



April 3, 2018

TO: District Superintendents of Kern County School Districts

FROM: Nick G. Kouklis, Chief Executive Officer
Self-Insured Schools of California

SUBJECT: 2018-2019 Unemployment Insurance (UI) Contribution Rate
and Local Experience Charge (LEC)

Information showing your district's 2018-2019 Unemployment Insurance Contribution Rate and Local Experience Charge is enclosed. Both the contribution rate and local experience charges are set by the Schools Employees Fund which is administered by Employment Development Department (EDD). The enclosed information should be used to prepare your district's 2018-2019 tentative and final budgets. The tax rate for the upcoming fiscal year will be 0.05%; the same tax rate as the previous fiscal year.

Although the UI tax rate is identical for all districts, the Local Experience Charge (LEC rate) varies from 0% to 15% according to each district's Unemployment Insurance reserve ratio. The reserve ratio and LEC rate are shown on your district's EDD form DE56. The Local Experience Charge is billed directly from EDD as a separate expense each quarter.

If you have any questions regarding your UI rate or LEC, please contact Carmen Gonzales at the SISC office. Carmen Gonzales may be reached at (661) 636-4416 or at cagonzales@kern.org

NGK:cg
Enc.

c: District Business Official
District UI Contact
Priscilla Quinn, External Financial Operations Officer, District Financial Services, KCSOS

Letter ID: L0951926560
 Issued Date: March 31, 2018
 Account ID: 942-XXXX-X
 1818793984_P875_E875

ATTN: SELF-INSURED SCHOOLS OF CA (SISC)
 SAMPLE SCHOOL DISTRICT
 PO BOX 1808
 BAKERSFIELD CA 93303-1808

IMPORTANT NOTICE

This is not a bill, do not pay this amount. This is to inform you of your Unemployment Insurance (UI) Contribution Rate and Local Experience Charge (LEC) Rate for the fiscal year shown above. The following is a breakdown of your UI account balance and the factors used to calculate your LEC Rate.

YOUR UI ACCOUNT BALANCE IS NON-REFUNDABLE.

If you have any questions regarding this letter, please call 916-653-5380.

Notice of Unemployment Insurance (UI) Contribution Rate and Local Experience Charge (LEC) Rate Statement for School Employees Fund Participants for Fiscal Year: 2018 / 2019

Your UI Contribution	0.05%
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Your LEC Rate (5%, 10%, or 15%)
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All school employees' Wages are Taxable Wages for Unemployment Insurance.
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1. Cumulative reserve balance as of 6/30/16		\$ 0.00
2. UI contributions paid from 7/1/16 to 6/30/17	\$ 0.00	
3. LEC paid from 7/1/16 to 6/30/17	\$ 0.00	
4. Interest distributed by the SEF (for positive reserve account employers only)	\$ 0.00	
5. TOTAL CREDITS		+ \$ 0.00
6. UI benefits charged to your account from 7/1/16 to 6/30/17	\$ 0.00	
TOTAL CHARGES		- \$ 0.00
7. New UI account balance as of 6/30/17		\$ 0.00
8. Reserve ratio for LEC Ranking/Rate (line 7 divided by line 6)		0.000

LEC RANKING AND PERCENTAGE MATRIX

Reserve Ratio	Rank	LEC Percentages
Negative to <1.00	1	15 %
= 1.00 to <2.00	2	10 %
= 2.00 to <3.00	3	5 %
= 3.00 or more	4	0 %
*	4	0 %
*	**	10 %

- * Unrated Accounts - no benefit charges with a positive account balance.
- ** New SEF Accounts - for the first three completed fiscal years.

EXPLANATION OF THE NOTICE OF UNEMPLOYMENT INSURANCE CONTRIBUTION RATE AND LOCAL EXPERIENCE CHARGE RATE STATEMENT FOR SCHOOL EMPLOYEES FUND PARTICIPANTS (DE 56)

The *Notice of Unemployment Insurance (UI) Contribution Rate and Local Experience Charge (LEC) Rate Statement for School Employees Fund (SEF) Participants (DE 56)* informs you of your UI and LEC contribution rates for a Fiscal Year, July 1 through June 30. It also shows the items used to determine your LEC rate and the balance in your UI reserve account as of June 30.

MAIL DATE

This is the official mail date for this notice. Due to bulk mailing, some notices are mailed prior to this date.

ACCOUNT NUMBER

This is the number assigned to you when you registered as an employer with the Employment Development Department (EDD). This number is assigned to you for UI only. Please refer to your employer account number when making inquiries about your account.

CONTRIBUTION RATE

UI Contribution Rate - Section 832 of the California Unemployment Insurance Code (CUIC) mandates the UI contribution rate for the Fiscal Year, July 1 through June 30. All SEF participants have the same UI contribution rate.

LOCAL EXPERIENCE CHARGE RATE

Local Experience Charge (LEC) - of the CUIC Section 828 mandates the LEC rate for the Fiscal Year, July 1 through June 30. All SEF participants are rated annually. Each SEF participant is responsible for a quarterly LEC, together with any associated penalties, as well as all costs for benefits, and reimbursement for charges shall be delinquent 30 days from the date of the notice. If not paid within the time required, the SEF participant shall pay a penalty of 10 percent of the unpaid amount, plus interest at the adjusted annual rate established pursuant to Section 1952 of the Revenue and Taxation Code from and after the date of delinquency until paid.

The LEC rate shall be 10 percent for the first three complete fiscal years of participation in the SEF.

The LEC rate for the fourth fiscal year, and each succeeding fiscal year, shall be determined by dividing the reserve balance at the end of the fiscal year which began 24 months prior to the fiscal year for which the rate is being calculated by the benefits paid for that same prior fiscal year.

Section 828 (c) of the CUIC mandates the DE 56 is sent to all SEF participants no later than March 31 of each year.

1. Cumulative reserve balance - Shows the ending balance in your UI reserve account as of June 30.
 2. UI Contributions paid from - Shows the total of all UI contributions paid by you from July 1 through June 30.
 3. LEC paid from - Shows the total of all LEC from July 1 through June 30.
 4. Section 827 of the CUIC mandates the interest distribution by the SEF - Shows the amount credited to positive UI reserve accounts for interest earned on the SEF. Employers with a negative UI reserve account balance do not receive a portion of these interest earnings.
 5. TOTAL CREDITS - Shows the total of all the items added to your UI reserve account beginning July 1 through June 30. This amount is the total of items 2 through 4.
 6. UI benefits charged to your Account - Shows the amount of UI benefits paid to your former employees from July 1 through June 30. This amount should agree with the amount shown on your *School Employee's Fund Employer Statement of Benefit (DE 428F)*. These charges may also be as a result of a UI reserve account transfer. For partial transfers, the successor will not receive the DE 428F.
- TOTAL CHARGES - Shows the total of all the items subtracted from your UI reserve account beginning July 1 through June 30.
7. New UI account balance - Shows your UI reserve balance as of June 30.

Previous Reserve Balance	Line 1
Plus Total Credits	Line 5
<u>Minus Total Charges</u>	<u>(Line 6)</u>
New UI Account Balance	Line 7

8. Reserve ratio for LEC Ranking / Rate - Shows your reserve ratio.

Line 7 divided by Line 6.