

STATE CONTROLLER'S OFFICE
PERSONNEL AND PAYROLL SERVICES DIVISION
P.O. BOX 942850
SACRAMENTO, CA 94250-5878

DATE: November 25, 2025

PAYROLL LETTER #25-019

TO: All Agencies/Campuses in the Uniform State Payroll System

FROM: Lisa Dean, Acting Chief
Personnel and Payroll Services Division

RE: 2026 STATE DISABILITY INSURANCE RATE

The Employment Development Department (EDD) published the revised State Disability Insurance (SDI) rate for 2026. The withholding rate increased to 1.3% of eligible earnings in 2026. Effective January 1, 2024, all wages are subject to SDI contributions. This means all employees subject to SDI contributions will pay CA SDI tax on all taxable wages. These changes will take effect with payments issued on January 1, 2026. The 2026 SDI rate can be accessed on EDD's website: [Contribution Rates, Withholding Schedules, and Meals and Lodging Values](#). Revisions to the [Payroll Procedures Manual \(PPM\) Sections E803 and N171](#) are forthcoming.

Please direct questions regarding this Payroll Letter to the Statewide Tax Support Program via email at PPSDSTSP@sco.ca.gov.

PPSD and CSU Contact Information:

- [PPSD Contacts and Additional Information](#)
- [Campus Information Retrieval System \(CIRS\) | Contact Email](#)

Web Resources:

- [For HR Personnel](#)
- [For State Employees](#)

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