

**California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers' Compensation Fraud Account Assessment**

METHODOLOGY

Labor Code Sections 62.5 and 62.6 require the Department of Industrial Relations to levy the total amounts of the Workers' Compensation Administration Revolving Fund Assessment, Uninsured Employers Benefits Trust Fund Assessment, Subsequent Injuries Trust Fund Assessment, Occupational Safety and Health Fund Assessment, Labor Enforcement and Compliance Fund Assessment and Workers' Compensation Fraud Account Assessment between insured employers and self-insured employers in proportion to payroll paid in the most recent year for which information is available.

Step 1: Determine Total Assessments Required for 2018-2019

(1.1)	Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).....	\$325,501,751
	Total Assessment Required.....	\$482,621,751
	Fund Balance.....	(\$157,120,000)
	DWC 1718 Undercollection.....	(\$1,658,800)
	SIP 1718 Overcollection.....	\$1,658,800
		\$325,501,751
(1.2)	Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).....	\$36,449,338
	Total Assessment Required.....	\$55,157,838
	Fund Balance.....	(\$35,467,000)
	DWC 1718 Overcollection.....	\$14,318,173
	SIP 1718 Overcollection.....	\$2,440,327
		\$36,449,338
(1.3)	Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).....	\$78,990,000
	Total Assessment Required.....	\$106,862,000
	Fund Balance.....	(\$41,187,000)
	DWC 1718 Overcollection.....	\$12,153,085
	SIP 1718 Overcollection.....	\$1,161,915
		\$78,990,000
(1.4)	Occupational Safety and Health Fund Assessment (Labor Code § 62.5).....	\$88,181,903
	Total Assessment Required.....	\$122,981,952
	Fund Balance.....	(\$39,443,000)
	DWC 1718 Overcollection.....	\$4,419,608
	SIP 1718 Overcollection.....	\$223,343
		\$88,181,903
(1.5)	Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5).....	\$82,502,214
	Total Assessment Required.....	\$107,587,614
	Fund Balance.....	(\$29,588,400)
	DWC 1718 Overcollection.....	\$3,092,229
	SIP 1718 Overcollection.....	\$1,410,771
		\$82,502,214

California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
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(1.6) Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).....	\$66,870,974
<i>The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.</i>	
Total Assessment Required.....	\$66,609,696
Fund Balance.....	(\$4,225,831)
DWC 1718 Overcollection.....	\$4,075,542
SIP 1718 Overcollection.....	\$411,567
	\$66,870,974

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers.....	<u>\$634,634,608,741</u>
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2015</i>	

(2.2) Payroll for self-insured employers	\$226,410,040,600¹
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(2.2.1) 2017-18 Fiscal Year for Public Sector*	<u>\$123,084,572,006</u>
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(2.2.2) 2017 for Private Sector.....	<u>\$103,325,468,594</u>
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* *Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)*

(2.3) Payroll for State of California (including SCIF)**.....	<u>\$18,515,471,237</u>
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** *Source: (Department of Personnel Administration, Fiscal Year 2017-18)*

(2.4) Total payroll for self-insured employers.....	<u>\$244,925,511,837²</u>
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(2.5) Total combined payroll.....	<u>\$879,560,120,578³</u>
<i>(Insured and self-insured employers)</i>	

Step 3: Calculate Proportional Payroll for Insured and Self-Insured Employers

(3.1) Insured Employers:

$$\frac{\text{Insured Employer Payroll}}{\text{Total Combined Payroll}} = \frac{\text{Methodology Section (2.1)}}{\text{Methodology Section (2.5)}} = \frac{\$634,634,608,741}{\$879,560,120,578} = \underline{\underline{72.15\%}}$$

(3.2) Self-Insured Employers:

$$\frac{\text{Self-Insured Employer Payroll}}{\text{Total Combined Payroll}} = \frac{\text{Methodology Section (2.4)}}{\text{Methodology Section (2.5)}} = \frac{\$244,925,511,837}{\$879,560,120,578} = \underline{\underline{27.85\%}}$$

¹ **(2.2) Payroll for Self-Insured Employers** = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)

² **(2.4) Total Payroll for Self-Insured Employers** = Σ of Methodology Section (2.2) and Methodology Section (2.3)

³ **(2.5) Total Combined Payroll** = Σ of Methodology Section (2.1) and Methodology Section (2.4)

California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers' Compensation Fraud Account Assessment

Step 4: Determine the Total Assessments for Insured and Self-Insured Employers

Workers' Compensation Administration Revolving Fund Assessment

Calculation for Insured Employers:

▶ (WCARF Assessment) X 72.15% = \$325,501,751 X 72.15%	\$234,849,513
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$15,427,191
▶ INCREASED by insurer undercollection 1718 [pursuant to CCR § 15606(f)]	\$1,658,800
(4.1) Resulting Final Insured Employers Workers' Compensation User Funding Assessment	<u>\$251,935,504</u>

Calculation for Self-Insured Employers:

▶ (WCARF Assessment) X 27.85% = \$325,501,751 X 27.85%	\$90,652,238
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$1,658,800)
(4.2) Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment	<u>\$88,993,438</u>

Uninsured Employers Benefits Trust (UEBT) Fund Assessment

Calculation for Insured Employers:

▶ (UEBTF Assessment) X 72.15% = \$36,449,338 X 72.15%	\$26,298,197
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$2,485,858
▶ DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)]	(\$14,318,173)
(4.3) Resulting Final Insured Employers UEBT Fund Assessment	<u>\$14,465,882</u>

Calculation for Self-Insured Employers:

▶ (UEBTF Assessment) X 27.85% = \$36,449,338 X 27.85%	\$10,151,141
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$2,440,327)
(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment	<u>\$7,710,814</u>

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

Calculation for Insured Employers:

▶ (SIBTF Assessment) X 72.15% = \$78,990,000 X 72.15%	\$56,991,285
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$2,777,290
▶ DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)]	(\$12,153,085)
(4.5) Resulting Final Insured Employers SIBT Fund Assessment	<u>\$47,615,490</u>

Calculation for Self- Insured Employers:

▶ (SIBTF Assessment) X 27.85% = \$78,990,000 X 27.85%	\$21,998,715
▶ DECREASED by the Self-Insurer overcollection from prior year	(\$1,161,915)
(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment	<u>\$20,836,800</u>

**California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
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Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers' Compensation Fraud Account Assessment**

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

▶ (OSHF Assessment) X 72.15% =	\$88,181,903	X 72.15%	\$63,623,243
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....			\$6,306,676
▶ DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)].....			(\$4,419,608)
(4.7) Resulting Final Insured Employers OSH Fund Assessment.....			<u>\$65,510,311</u>

Calculation for Self- Insured Employers:

▶ (OSHF Assessment) X 27.85% =	\$88,181,903	X 27.85%	\$24,558,660
▶ DECREASED by the Self-Insurer overcollection from prior year.....			(\$223,343)
(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment.....			<u>\$24,335,317</u>

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

▶ (LECF Assessment) X 72.15% =	\$82,502,214	X 72.15%	\$59,525,347
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....			\$3,262,501
▶ DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)].....			(\$3,092,229)
(4.9) Resulting Final Insured Employers LEC Fund Assessment.....			<u>\$59,695,619</u>

Calculation for Self- Insured Employers:

▶ (LECF Assessment) X 27.85% =	\$82,502,214	X 27.85%	\$22,976,867
▶ DECREASED by the Self-Insurer overcollection from prior year.....			(\$1,410,771)
(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment.....			<u>\$21,566,096</u>

Workers' Compensation Fraud Account Assessment

Calculation for Insured Employers:

▶ (Fraud Assessment) X 72.15% =	\$66,870,974	X 72.15%	\$48,247,408
▶ INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].....			\$5,903,431
▶ DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)].....			(\$4,075,542)
(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment..			<u>\$50,075,297</u>

Calculation for Self- Insured Employers:

▶ (Fraud Assessment) X 27.85% =	\$66,870,974	X 27.85%	\$18,623,566
▶ DECREASED by the Self-Insurer overcollection from prior year.....			(\$411,567)
(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.....			<u>\$18,211,999</u>

**California Department of Industrial Relations
 2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
 Uninsured Employers Benefits Trust Fund Assessment,
 Subsequent Injuries Benefits Trust Fund Assessment,
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 Workers' Compensation Fraud Account Assessment**

Step 5: Calculate the Assessment Factors

Workers' Compensation Administration Revolving Fund Assessment Factor

(5.1) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$251,935,504}{\$17,400,000,000} = \underline{\underline{0.014479}}$$

**Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)*

(5.2) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$88,993,438}{\$2,031,360,396} = \underline{\underline{0.043810}}$$

*** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:*

(5.2.1)	2017-18 Public Sector.....	\$1,206,282,172
(5.2.2)	2017 Private Sector.....	\$614,499,454
(5.2.3)	2017-18 State of California***	\$210,578,770

**** SOURCE: Department of Personnel Administration*

Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor

(5.3) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$14,465,882}{\$17,400,000,000} = \underline{\underline{0.000831}}$$

**Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)*

(5.4) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$7,710,814}{\$2,031,360,396} = \underline{\underline{0.003796}}$$

*** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:*

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor

(5.5) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$47,615,490}{\$17,400,000,000} = \underline{\underline{0.002737}}$$

**Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)*

(5.6) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employer Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$20,836,800}{\$2,031,360,396} = \underline{\underline{0.010258}}$$

*** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:*

Occupational Safety and Health Fund (OSHF) Assessment Factor

(5.7) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$65,510,311}{\$17,400,000,000} = \underline{\underline{0.003765}}$$

**Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)*

**California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
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(5.8) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$24,335,317</u>	=	<u>0.011980</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,031,360,396		

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

Labor Enforcement and Compliance Fund (LECF) Assessment Factor

(5.9) Calculation for Insured Employers:

<u>Total Insured Employers Assessment</u>	=	<u>\$59,695,619</u>	=	<u>0.003431</u>
Total Direct Workers' Compensation*		\$17,400,000,000		

*Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)

(5.10) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	<u>\$21,566,096</u>	=	<u>0.010617</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,031,360,396		

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

Workers' Compensation Fraud Account Assessment Factor

(5.11) Calculation for Insured Employers:

<u>Total Insured Employer Surcharge</u>	=	<u>\$50,075,297</u>	=	<u>0.002878</u>
Total Direct Workers' Compensation*		\$17,400,000,000		

*Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)

(5.12) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Surcharge</u>	=	<u>\$18,211,999</u>	=	<u>0.008965</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,031,360,396		

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

Step 6: Determine Individual Employer's Workers' Compensation Administration Revolving Fund Assessment

(6.1) Individual Insured Employers:

Assessment Factor [0.014479] X Employer's Expected Assessable Premium*

(6.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.043810] X Total Indemnity Paid by the Employer

Step 7: Determine Individual Employers Uninsured Employers Benefits Trust (UEBT) Fund Assessment

(7.1) Individual Insured Employers:

Assessment Factor [0.000831] X Employer's Expected Assessable Premium*

(7.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.003796] X Total Indemnity Paid by the Employer

**California Department of Industrial Relations
2018-2019 Workers' Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
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Workers' Compensation Fraud Account Assessment**

Step 8: Determine Individual Employers Subsequent Injuries Benefit Trust (SIBT) Fund Assessment

(8.1) Individual Insured Employers:
Assessment Factor [0.002737] X Employer's Expected Assessable Premium*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.010258] X Total Indemnity Paid by the Employer

Step 9: Determine Individual Employers Occupational Safety and Health (OSHF) Fund Assessment

(9.1) Individual Insured Employers:
Assessment Factor [0.003765] X Employer's Expected Assessable Premium*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.011980] X Total Indemnity Paid by the Employer

Step 10: Determine Individual Employers Labor Enforcement and Compliance (LECF) Fund Assessment

(10.1) Individual Insured Employers:
Assessment Factor [0.003431] X Employer's Expected Assessable Premium*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.010617] X Total Indemnity Paid by the Employer

Step 11: Determine Individual Employer's Workers' Compensation Fraud Account Assessment

(11.1) Individual Insured Employers:
Assessment Factor [0.002878] X Employer's Expected Assessable Premium*

(11.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.008965] X Total Indemnity Paid by the Employer

*** Assessable Premium**

The premium the insured is charged after all rating adjustments (experience rating, schedule rating, premium discounts, expense constants, etc.) except for adjustments resulting from the application of deductible plans, retrospective rating or the return policyholder dividends.