



DATE: November 29, 2021

TO: California Self-Insured Employer

FROM: Katrina S. Hagen, Director, Department of Industrial Relations

SUBJECT: Fiscal Year 2021/2022 Assessments:

- Workers' Compensation Administration Revolving Fund (WCARF)
- Uninsured Employers Benefits Trust Fund (UEBTF)
- Subsequent Injuries Benefits Trust Fund (SIBTF)
- Occupational Safety and Health Fund (OSHF)
- Labor Enforcement and Compliance Fund (LECF)
- Workers' Compensation Fraud Account (FRAUD)

Labor Code Sections 62.5 and 62.6 authorize the Department of Industrial Relations to assess employers for the costs of the administration of the workers' compensation, health and safety and labor standards enforcement programs. These assessments provide a stable funding source to the support operations of the courts, to ensure safe and healthy working conditions on the job, to ensure the enforcement of labor standards and requirements for workers' compensation coverage.

The purpose of this letter is to inform you that you will be receiving an invoice for your share of the assessments authorized by Labor Code Sections 62.5 and 62.6. The Labor Code requires allocation of the total assessment between insured and self-insured employers in proportion to payroll for the most recent year available

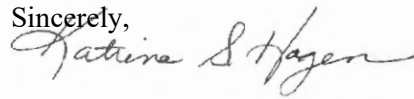
Authority	Type	Total Assessment for all Payers	2022 Self-Insured Employer Assessment Factor
Labor Code § 62.5	Workers' Compensation Administration Revolving Fund Assessment (WCARF)	\$562,924,500	0.031386
Labor Code § 62.5	Uninsured Employers Benefits Trust Fund Assessment (UEBTF)	\$52,692,900	0.002301
Labor Code § 62.5	Subsequent Injuries Benefits Trust Fund Assessment (SIBTF)	\$372,069,914	0.034845
Labor Code § 62.5	Occupational Safety and Health Fund Assessment (OSHF)	\$168,104,708	0.016639
Labor Code § 62.5	Labor Enforcement and Compliance Fund Assessment (LECF)	\$143,662,000	0.012606
Labor Code § 62.6	Workers' Compensation Fraud Account Assessment (FRAUD)	\$77,909,442	0.008178

Attached is a worksheet detailing the methodology used to compute the Workers' Compensation Administration Revolving Fund, Uninsured Employers Benefits Trust Fund, Subsequent Injuries Trust Fund, Occupational Safety and Health Fund, Labor, Labor Enforcement and Compliance Fund allocation and Workers' Compensation Fraud Account Assessment and to allocate the assessment between insured and self-insured employer.

Your share of the various assessments will be calculated by multiplying the self-insured employer assessment factors for each assessment by the total indemnity paid by your organization.

If you have any questions, please contact the Office of Self-Insurance Plans in Sacramento at (916)464-7000.

Sincerely,

A handwritten signature in cursive script that reads "Katrina S. Hagen".

Katrina S. Hagen
Director

Enclosure



DATE: November 29, 2021

TO: California Legally Uninsured Employer

FROM: Katrina S. Hagen, Director, Department of Industrial Relations

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- Workers' Compensation Administration Revolving Fund (WCARF)
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The purpose of this letter is to inform you that you will be receiving an invoice for your share of the assessments authorized by Labor Code Sections 62.5 and 62.6. The Labor Code requires allocation of the total assessment between insured and self-insured employers in proportion to payroll for the most recent year available.

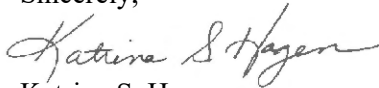
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Attached is a worksheet detailing the methodology used to compute the Workers' Compensation Administration Revolving Fund, Uninsured Employers Benefits Trust Fund, Subsequent Injuries Trust Fund, Occupational Safety and Health Fund, Labor Enforcement and Compliance Fund allocation and Workers' Compensation Fraud Account Assessment and to allocate the assessment between insured and self-insured employer.

Your share of the various assessments will be calculated by multiplying the self-insured employer assessment factors for each assessment by the total indemnity paid by your organization.

If you have any questions, please contact the Office of Self Insurance Plans in Sacramento at (916)464-7000.

Sincerely,

A handwritten signature in cursive script that reads "Katrina S. Hagen".

Katrina S. Hagen
Director

Enclosure

California Department of Industrial Relations
2021-2022 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 2021-2022

(1.1) Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5).....		\$562,924,500
Total Assessment Required.....	\$562,924,500	
Fund Balance.....	(\$277,472,686)	
Insured Over/Undercollection.....	\$205,468,524	
Self-Insured Over/Undercollection.....	<u>\$72,004,162</u>	
	\$562,924,500	
(1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5).....		\$52,692,900
Total Assessment Required.....	\$52,692,900	
Fund Balance.....	(\$31,766,464)	
Insured Over/Undercollection.....	\$23,523,067	
Self-Insured Over/Undercollection.....	<u>\$8,243,398</u>	
	\$52,692,900	
(1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5).....		\$372,069,914
Total Assessment Required.....	\$372,069,914	
Fund Balance.....	(\$55,157,868)	
Insured Over/Undercollection.....	\$40,844,401	
Self-Insured Over/Undercollection.....	<u>\$14,313,467</u>	
	\$372,069,914	
(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5).....		\$168,104,708
Total Assessment Required.....	\$168,104,708	
Fund Balance.....	(\$16,777,646)	
Insured Over/Undercollection.....	\$12,423,847	
Self-Insured Over/Undercollection.....	<u>\$4,353,799</u>	
	\$168,104,708	
(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5).....		\$143,662,000
Total Assessment Required.....	\$143,662,000	
Fund Balance.....	(\$29,009,809)	
Insured Over/Undercollection.....	\$21,481,764	
Self-Insured Over/Undercollection.....	<u>\$7,528,045</u>	
	\$143,662,000	
(1.6) Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).....		\$77,909,442
<i>The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.</i>		
Total Assessment Required.....	\$77,909,442	
Fund Balance.....	(\$3,530,616)	
Insured Over/Undercollection.....	\$2,614,421	
Self-Insured Over/Undercollection.....	<u>\$916,195</u>	
	\$77,909,442	

* Fund balance amounts reflect the best available information for use in decision-making for this assessment. Additional review and reconciliation will occur on an ongoing basis and adjustments will be made to future assessments as necessary.

California Department of Industrial Relations
2021-2022 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 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers.....	\$817,620,774,661
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2019</i>	
(2.2) Payroll for self-insured employers	\$266,331,088,479¹
(2.2.1) 2020-21 Fiscal Year for Public Sector*	\$139,945,939,165
(2.2.2) 2020 for Private Sector.....	\$126,385,149,314
<i>* Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)</i>	
(2.3) Payroll for State of California (including SCIF)**.....	\$20,150,870,297
<i>* Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)</i>	
(2.4) Total payroll for self-insured employers.....	\$286,481,958,776²
(2.5) Total combined payroll.....	\$1,104,102,733,437³
<i>(Insured and self-insured employers)</i>	

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

(3.1) Insured Employers:			
Insured Employer Payroll	=	Methodology Section (2.1)	=
Total Combined Payroll	=	Methodology Section (2.5)	=
		$\frac{\$817,620,774,661}{\$1,104,102,733,437}$	= 74.05%
(3.2) Self-Insured Employers:			
Self-Insured Employer Payroll	=	Methodology Section (2.4)	=
Total Combined Payroll	=	Methodology Section (2.5)	=
		$\frac{\$286,481,958,776}{\$1,104,102,733,437}$	= 25.95%

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)

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 74.05%	=	\$416,845,592
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....			\$60,430,875
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....			(\$205,468,524)
(4.1) Resulting Final Insured Employers Workers' Compensation User Funding Assessment.....			\$271,807,943
Calculation for Self-Insured Employers:			
▶ (WCARF Assessment)	X 25.95%	=	\$146,078,908
▶ DECREASED by the Self-Insurer overcollection from prior year.....			(\$72,004,162)
(4.2) Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment.....			\$74,074,746

**California Department of Industrial Relations
2021-2022 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**

Uninsured Employers Benefits Trust (UEBT) Fund Assessment

Calculation for Insured Employers:

▶ (UEBTF Assessment) X 74.05% =	\$52,692,900	X	74.05%	\$39,019,092
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....				\$5,013,991
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....				(\$23,523,067)
(4.3) Resulting Final Insured Employers UEBT Fund Assessment.....				<u>\$20,510,017</u>

Calculation for Self-Insured Employers:

▶ (UEBTF Assessment) X 25.95% =	\$52,692,900	X	25.95%	\$13,673,808
▶ DECREASED by the Self-Insurer overcollection from prior year.....				(\$8,243,398)
(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment.....				<u>\$5,430,410</u>

Subsequent Injuries Benefits Trust (SIBT) Fund Assessment

Calculation for Insured Employers:

▶ (SIBTF Assessment) X 74.05% =	\$372,069,914	X	74.05%	\$275,517,771
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....				\$11,380,941
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....				(\$40,844,401)
(4.5) Resulting Final Insured Employers SIBT Fund Assessment.....				<u>\$246,054,311</u>

Calculation for Self- Insured Employers:

▶ (SIBTF Assessment) X 25.95% =	\$372,069,914	X	25.95%	\$96,552,143
▶ DECREASED by the Self-Insurer overcollection from prior year.....				(\$14,313,467)
(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment.....				<u>\$82,238,676</u>

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

▶ (OSHF Assessment) X 74.05% =	\$168,104,708	X	74.05%	\$124,481,536
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....				\$17,335,821
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....				(\$12,423,847)
(4.7) Resulting Final Insured Employers OSH Fund Assessment.....				<u>\$129,393,510</u>

Calculation for Self- Insured Employers:

▶ (OSHF Assessment) X 25.95% =	\$168,104,708	X	25.95%	\$43,623,172
▶ DECREASED by the Self-Insurer overcollection from prior year.....				(\$4,353,799)
(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment.....				<u>\$39,269,373</u>

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

▶ (LECF Assessment) X 74.05% =	\$143,662,000	X	74.05%	\$106,381,711
▶ INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].....				\$15,244,055
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....				(\$21,481,764)
(4.9) Resulting Final Insured Employers LEC Fund Assessment.....				<u>\$100,144,002</u>

Calculation for Self- Insured Employers:

▶ (LECF Assessment) X 25.95% =	\$143,662,000	X	25.95%	\$37,280,289
▶ DECREASED by the Self-Insurer overcollection from prior year.....				(\$7,528,045)
(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment.....				<u>\$29,752,244</u>

**California Department of Industrial Relations
 2021-2022 Workers' Compensation Administration Revolving Fund Assessment,
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 Subsequent Injuries Benefits Trust Fund Assessment,
 Occupational Safety and Health Fund Assessment,
 Labor Enforcement and Compliance Fund Assessment and
 Workers' Compensation Fraud Account Assessment**

Workers' Compensation Fraud Account Assessment

Calculation for Insured Employers:

▶ (Fraud Assessment) X 74.05% =	\$77,909,442	X	74.05%	\$57,691,942
▶ INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].....				\$13,392,817
▶ DECREASED by insurer overcollection [pursuant to CCR § 15606(f)].....				(\$2,614,421)
(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment..				\$68,470,338

Calculation for Self- Insured Employers:

▶ (Fraud Assessment) X 25.95% =	\$77,909,442	X	25.95%	\$20,217,500
▶ DECREASED by the Self-Insurer overcollection from prior year.....				(\$916,195)
(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.....				\$19,301,305

Step 5: Calculate the Assessment Factors

Workers' Compensation Administration Revolving Fund Assessment Factor

(5.1) Calculation for Insured Employers:

Total Insured Employers Assessment	\$271,807,943	=	<u>0.019277</u>
Total Direct Workers' Compensation*	\$14,100,000,000	=	

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.2) Calculation for Self-Insured Employers:

Total Self-Insured Employer Assessment	\$74,074,746	=	<u>0.031386</u>
Total Amt. of Workers' Comp. Indemnity Pd**	\$2,360,103,569	=	

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

(5.2.1)	2020-21 Public Sector.....	\$1,465,499,943
(5.2.2)	2020 Private Sector.....	\$637,670,804
(5.2.3)	2020-21 State of California.....	\$256,932,822

Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor

(5.3) Calculation for Insured Employers:

Total Insured Employers Assessment	\$20,510,017	=	<u>0.001455</u>
Total Direct Workers' Compensation*	\$14,100,000,000	=	

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.4) Calculation for Self-Insured Employers:

Total Self-Insured Employer Assessment	\$5,430,410	=	<u>0.002301</u>
Total Amt. of Workers' Comp. Indemnity Pd **	\$2,360,103,569	=	

** 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:

Total Insured Employers Assessment	\$246,054,311	=	<u>0.017451</u>
Total Direct Workers' Compensation*	\$14,100,000,000	=	

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.6) Calculation for Self-Insured Employers:

Total Self-Insured Employer Assessment	\$82,238,676	=	<u>0.034845</u>
Total Amt. of Workers' Comp. Indemnity Pd.**	\$2,360,103,569	=	

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

California Department of Industrial Relations
2021-2022 Workers' Compensation Administration Revolving Fund Assessment,
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Labor Enforcement and Compliance Fund Assessment and
Workers' Compensation Fraud Account Assessment

Occupational Safety and Health Fund (OSHF) Assessment Factor

(5.7) Calculation for Insured Employers:

<u>Total Insured Employers Assessment</u>	=	\$129,393,510	=	<u>0.009177</u>
Total Direct Workers' Compensation*		\$14,100,000,000		

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.8) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	\$39,269,373	=	<u>0.016639</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,360,103,569		

**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>	=	\$100,144,002	=	<u>0.007102</u>
Total Direct Workers' Compensation*		\$14,100,000,000		

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.10) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Assessment</u>	=	\$29,752,244	=	<u>0.012606</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,360,103,569		

**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>	=	\$68,470,338	=	<u>0.004856</u>
Total Direct Workers' Compensation*		\$14,100,000,000		

*Estimated Premium (Source: WCIRB estimate for 2021 Policy Year)

(5.12) Calculation for Self-Insured Employers:

<u>Total Self-Insured Employer Surcharge</u>	=	\$19,301,305	=	<u>0.008178</u>
Total Amt. of Workers' Comp. Indemnity Pd.**		\$2,360,103,569		

**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 [0.019277] X Employer's Expected Assessable Premium*

(6.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.031386] 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 [0.001455] X Employer's Expected Assessable Premium*

(7.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.002301] X Total Indemnity Paid by the Employer

California Department of Industrial Relations
2021-2022 Workers' Compensation Administration Revolving 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 [0.017451] X Employer's Expected Assessable Premium*
(8.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.034845] 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 [0.009177] X Employer's Expected Assessable Premium*
(9.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.016639] 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 [0.007102] X Employer's Expected Assessable Premium*
(10.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.012606] 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 [0.004856] X Employer's Expected Assessable Premium*
(11.2) Calculation for Individual Self-Insured Employers:
 Assessment Factor [0.008178] 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.