

2005 REPORT
ON THE
HIGH HAZARD ENFORCEMENT PROGRAM
AND
HIGH HAZARD CONSULTATION PROGRAM

DEPARTMENT OF INDUSTRIAL RELATIONS

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2005

**HIGH HAZARD EMPLOYER PROGRAM
ANNUAL REPORT**

EXECUTIVE SUMMARY

**Targeted Inspection and Consultation Fund
High Hazard Enforcement Program
High Hazard Consultation Program**

January 11, 2007

**Division of Occupational Safety and Health
Department of Industrial Relations**

I. EXECUTIVE SUMMARY

The 1993 and subsequent reforms of the California workers' compensation system required the Division of Occupational Safety and Health (Cal/OSHA) to focus its consultative and compliance resources on "employers in high hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses." As a result of these reforms the Division of Occupational Safety and Health developed and implemented what has become known as the High Hazard Employer Program. Even though a statutory mandate no longer exists, the Division of Occupational Safety and Health believes that it is important to report annually on the status of the constituent parts of the High Hazard Employer Program, specifically the Targeted Inspection and Consultation Fund, the High Hazard Enforcement Program and the High Hazard Consultation Program.

High Hazard Employer Program

The High Hazard Employer Program (HHEP) is designed to:

- Identify employers in hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses.
- Offer and provide consultative assistance to these employers to eliminate preventable injuries and illnesses and workers' compensation losses.
- Inspect those employers on a random basis to verify that they have made appropriate changes in their health and safety programs.
- Develop appropriate educational materials and model programs to aid employers in maintaining a safe and healthful workplace.

The Department of Industrial Relations (DIR) has the statutory authority to levy and collect assessments from employers to support the targeted inspection and consultation programs on an ongoing annual basis.

High Hazard Enforcement Program

In 2004, 379 employers underwent a targeted high hazard enforcement inspection. Follow-up inspections were conducted for 11 employers. During these inspections, 2,055 violations were observed and cited.

In 2004, 510 additional employers underwent an inspection as part of the Agriculture Safety and Health Inspection Project (ASHIP). During these inspections, 644 violations were observed and cited.

In 2004, 2,839 additional employers underwent an inspection as part of the Construction Safety and Health Inspection Project (CSHIP). During these inspections, 4,058 violations were observed and cited.

Since 1994, a total of 14,930 employers have undergone a high hazard enforcement inspection, and 37,051 Title 8 violations have been observed and cited.

The efficacy of targeted high hazard enforcement is assessed through measurement of a high hazard employer's Days Away, Restricted, or Transferred Rate (DART). For employers who underwent a targeted high hazard enforcement inspection in 2002 and were surveyed in 2004 (n=416), 222 employers responded with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their DART for the year prior to the enforcement inspection and for the year following the inspection. The average DART for this 2002 cohort decreased by 15 percent (from 8.84 to 7.51).

High Hazard Consultation Program

In 2004, 1,112 employers with elevated Workers' Compensation Experience Modification Rates were provided targeted high hazard consultative assistance. During consultation with these employers, 6,725 Title 8 violations were observed and corrected as a result of the provision of consultative assistance.

In 2004, sub-sets of employers with elevated Workers' Compensation Experience Modification Rates concurrently underwent a consultation as part of the Safety and Health Inspection Project. 198 employers concurrently underwent a consultation as part of the Agricultural Safety and Health Inspection Project (ASHIP), 17 employers concurrently underwent a consultation as part of the Bloodborne Safety and Health Inspection Project (BSHIP), and 200 employers concurrently underwent a consultation as part of the Construction Safety and Health Inspection Project (CSHIP). During these consultations, 2,366 hazards were observed and corrected.

Since 1994, a total of 8,724 employers have been provided high hazard consultative assistance, and 42,863 Title 8 violations have been observed and corrected.

The efficacy of targeted high hazard consultative assistance is assessed through measurement of a high hazard employer's Days Away, Restricted, or Transferred Rate (DART) and an employer's Experience Modification Rating (ExMod). For employers who were provided targeted high hazard consultative assistance in 2002 and were surveyed in 2004 (n=506), 260 employers responded with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their DART for the year prior to the consultative assistance intervention and for the year following the intervention. The average DART for this 2002 cohort decreased by 52 percent (from 5.64 to 2.72). For the same cohort, the 2004 ExMod of all 506 employers was obtained from the Workers' Compensation Rating Bureau (WCIRB) and compared with the ExMod for the year prior to the consultative assistance intervention. The average ExMod for this 2000 cohort decreased by 29 percent (from 183 to 129).

Targeted Inspection and Consultation Fund

The 2004 Report describes the status of the Targeted Inspection and Consultation Fund (TICF) for insured and self-insured employers.

The Workers' Compensation Insurance Rating Bureau (WCIRB) reported for 2004 that 15,588 employers have had an ExMod of 1.25 or more and were subject to the TICF assessment. The Office of Self Insurance Plans reported for 2004 that 98 self-insured employers have had an ExMod equivalent of 1.25 or more and were subject to the TICF

assessment. For 2004 the total amount assessed these insured and self-insured employers was \$11,157,021. As of 13 October 2005, \$10,740,501 (96%) was collected by the Department of Industrial Relations.

Employers who have been sent TICF invoices, but who have failed to pay the amount assessed in thirty (30) days, receive a "Notice of Delinquency" from the Department of Industrial Relations. Delinquent TICF invoices (plus a 25% penalty) are then referred to the Franchise Tax Board, Non-Tax Debt Collection Unit, for collection after 15 days of non-payment. For the 2004 assessment, a total of 802 unpaid TICF accounts were referred to the Franchise Tax Board, representing \$579,950 in uncollected monies (with imposition of the 25% penalty, the total is \$724,937). As of 13 October 2005, \$288,845 (39.8%) has been collected by the Franchise Tax Board.

2005 High Hazard Employer Program Annual Report

The 2005 Report summarizes the status of the programs established by the Department of Industrial Relations as a result of the 1993 and subsequent reforms to the workers' compensation insurance system -- the High Hazard Enforcement Program and the High Hazard Consultation Program -- their activities during the calendar year 2004 and measures of how effective the programs have been in meeting their goals.

Please direct any questions about the 2005 Report, or suggestions for the 2006 Report, to Chief, Division of Occupational Safety and Health, P.O. Box 420603, San Francisco, CA 94142-0603.

Thank you.

II. EMPLOYER TESTIMONIALS

The following are excerpts from letters received from employers in Cal/OSHA's High Hazard Consultation and Enforcement programs during calendar year 2004.

“Since our inspection and follow-up consultation we have and continue to develop an aggressive safety program...I plan to once again call for a consultation ... to help insure our compliance and to keep me up to date with new regulations...Thank you for your support.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...We have worked very closely with Cal/OSHA Consultation Service to ensure not only compliance but to learn ways to improve our overall program...Education has been the best means of improving our safety records...We have networked with various organizations throughout the [Area] to make safety a collaborative effort...the human aspect of our safety program is the strongest and most successful part.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...We appreciated [Consultant] visit and the additional support Cal/OSHA Consultation Service has provided.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“Safety is (now) a part of our every day business and a responsibility of all our employees....”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...Informing our employees of rules and how to maintain a safe work environment...conduct routine inspections... Provide safety training to all employees.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“I am excited to inform you that [Company] has committed to provide all employees a safer work environment...Our goal is to be part of the VP program sponsored by OSHA...Year to date [Company] has on injury, thus drastically reducing the amount of recordable injuries form the previous year.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...Cal/OSHA's consultation visits were a helpful tool in helping to focus these corrective actions...Partnering effectively with insurance broker loss consultants to improve programs...Involving employees in routine safety/housekeeping tours... Improving workstation ergonomics...Safety is recognized as playing an important role.... to operate and grow as a company.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...We as a company are very concerned about the safety of our employees. We (now) hold safety meetings on a monthly basis.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance

“[Company]...is very proactive in administering its safety program...We diligently investigate all injuries to determine the true nature of the injury...safety meeting and trainings are provided...unsafe items are corrected immediately...Ineffective workers compensation laws have been disappointing...employees are often represented by attorneys which add to the cost of treatment...the laws work in favor of the employees...the company is frustrated with the system.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“We have made many changes...we’ve put people in safety positions...it has made a difference.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“I am wondering how we became involved with the Cal/OSHA High Hazard Unit in the first place...We were told, during the inspection that it was routine and not as a result of an accident or complaint. If that is true, how did we get involved with the High Hazard Unit? At any rate, ...our efforts at controlling occupational injuries...continues to be the same...we are a seasonal industry...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“[Company] has always been committed to providing a safe and healthy environment for all of its’ teammates...We understand the financial effects that can occur when businesses do not make “safety” a top priority in their daily operations.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...We have complied with all requirements of the California Injury and Illness Prevention Program....”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“[Company] is committed to providing a safe and healthful workplace for our employees... We work closely with our workers’ compensation insurance broker...to minimize work-related injuries and illness’.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“Injury prevention is multi-faceted. Safety committee members...act as floor wardens... and are CPR certified.... Efforts toward injury prevention specific to repetitive stress have been extensive.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“The [consultation]... confirmed to us that our greatest area of concern was that of repetitive motion tasks...We enlisted the services of company... designed to educate employees... proper posture and workstation design...We continue our educational efforts at all levels regarding the importance of workplace safety.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“We complied with all the recommendations of the consultation unit...hands on training to all staff...instructional in-service... annual refresher courses.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“The consultant... was exceptionally familiar with the numerous safety issues... carefully reviewed our practices... These have shown positive results...audits are not always pleasant, we found them exceptionally useful and productive.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“I have been very dissatisfied with your agency in terms of the investigative procedures...the main purpose of OSHA is to ensure a safe work place...however, I have never received any notices, regulations or information from OSHA...concerning workplace safety...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“You... could inspect my business... not one corrective procedure I could have taken to prevent a single injury...To prevent such a position again I no longer hire hourly... Use only licensed installers with own liability insurance... Our rules and regulations are condemning our young people to low paying jobs...”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...Accident rates have gone down because an increased effort of supervisors and employees to work smarter and more cautiously.... Having this improved training schedule on a regular basis has greatly improved our accident rate as well as providing our employee with light duty while they heal on any injury that requires light duty creating minimal loss time....”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“One of our best efforts at controlling occupational injuries and illnesses is our monthly safety meeting...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...We were pleased that this inspection resulted in the issuance of a Notice of No Violation...We have a fully implemented Injury and Illness Prevention Plan....”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“We make every attempt to do everything within our control to ensure a safe environment...”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“(The) Cal/OSHA program is much appreciated. (DOSH District Office) is very helpful...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...We showed five different videos to all employees on general safety and ergonomics...power point presentations and work shops regarding ergonomics... hired a physical therapist... created an exercise squeeze toy... distributed at an all employee meeting.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...[Company] is making a renewed effort to focus on our commitment to employee safety...including our “progressive discipline” policy in our Injury and Illness Program, and will be aggressively enforcing it...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...Restricted or modified cases rose...more acceptable than lost time entries...due in part to strengthening our “Return-to Work” philosophy...ExMod decreased from 174% to 125%. Our goal is “not to hear” from you next year!”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“[Company] is working aggressively every day in the prevention of accidents....”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“We instituted a bonus plan for reduction of accidents.... We also implemented a more strenuous training plan... pay plan to retain employees...value of longevity... we are pleased with the results of our increased efforts.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“[Company] has been stressing that safety must be one of the most important elements to any part of the job.... Training is the key to a safer workplace...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“We are working very hard to control occupational injuries & illnesses... initiated a safety team...the visit by the Cal/OSHA rep was very helpful... Great program, thank you!”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“Safety meeting and discussions are a continuous part of weekly work schedules...Actions are taken to correct any faulty or unsafe conditions in all areas.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“We have had OSHA consultation come into our facility. They have helped us with our IIPP... our inspections in and around the workplace assist us in reducing employee injuries & illness’s as well as lost work time.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“Regular, monthly, safety meetings are (now) held...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“This company has always taken our safety program very seriously. We are projecting an ExMod of 65 or lower for 2005. Our daily goal is zero accidents and injuries.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“[Company] is committed to the goal of providing its employees with the safest work environment possible...By attempting to identify safety hazards...by having a group of employees...carry out post-accident investigations...we work together with employees and their physicians...we work in as many ways...to strive for the ideals set forth in the Cal/OSHA Mission Statement...to comply with Cal/OSHA laws and safety guidelines.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“...We continue to conduct safety worker training...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“Our efforts to control occupational injuries and illnesses, we have made significant improvements to our safety program... daily stretching... job rotation... semi-monthly training meetings... our IIPP is currently being revised and updated... we are pleased that the above improvements have been made and remain committed to continuous improvements in our safety program.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“Since meeting with OSHA consultation and getting involved in the Voluntary Protection Program we have seen our injury rate drop.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“We are a very small company, that makes it very easy to control occupational injuries...We perform monthly safety meetings...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“Following the inspection in 2002, we immediately corrected all safety related problems...We developed an IIPP... I welcome any suggestions from you to help keep my employees safe at all times. Thank you.”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“The company (now) emphasizes a sustainable safety process by developing and implementing proactive safety elements...”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“This year thus far we have yet to have any workers compensation injuries... I believe a lot has to do with the changes implemented with regards to the hiring process... this along with the incentives programs has helped our company dramatically.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

“...An Injury and Illness Prevention Program has been developed and implemented according to the requirements stipulated by Cal/OSHA guidelines....”

Excerpted from a 2004 letter from an employer who underwent a targeted enforcement inspection.

“The Cal/OSHA Consultation Service is an excellent program! Your reps are all very helpful in targeting problem areas and suggestions for improvement... we look forward to a continues relationship with your reps and in decreasing our ExMod even further...we have drastically improved our safety communication with our employees.”

Excerpted from a 2004 letter from an employer who received targeted consultative assistance.

III. HIGH HAZARD EMPLOYER PROGRAM

A. Overview of the High Hazard Program

In order to implement the targeted inspection and targeted consultation programs as a single program, the Division of Occupational Safety and Health established the "High Hazard Employer Program."

The High Hazard Employer Program (HHEP) is designed to:

- Identify employers in hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses.
- Offer and provide consultative assistance to these employers to eliminate preventable injuries and illnesses and workers' compensation losses.
- Inspect those employers on a random basis to verify that they have made appropriate changes in their health and safety programs.
- Develop appropriate educational materials and model programs to aid employers in maintaining a safe and healthful workplace.

B. The High Hazard Enforcement Program.

1. The High Hazard Enforcement Program

The High Hazard Enforcement Program utilizes a two part approach for targeted inspection meeting the targeting formula found in California Labor Code 6314.1. The selection of employers for targeted inspections begins with the selection of high hazard industries. Industries are first selected from injury and illness data obtained from the California Injury and Illness Survey Data, which is compiled yearly by the Division of Labor Statistics and Research (DLSR) in the Department of Industrial Relations (Table I). After industries with high injury and illness incidence rates are selected, employer-members of that industry are selected at "random" for inspection. Establishments are selected at random from sources such as the Dun & Bradstreet establishment listings, or from the telephone directory and other primary data sources.

The employers selected at random for high hazard targeted enforcement inspections are next screened "on-site" by compliance personnel to determine if the employer is a high hazard member of that industry by means of an on-site review of their injury, illness and loss data and other regulatorily-required programs, e.g., Injury and Illness Prevention Program (IIPP). Based on the outcome of the on-site review process, a determination can be made as to whether that particular establishment is "high hazard" and should receive a comprehensive compliance inspection.

The High Hazard Enforcement Program also receives formal complaints, serious informal complaints, and accident referrals from the Division of Occupational Safety and Health (DOSH) District Offices of establishments in an industry on the List of Highest Hazard Industries. When responding to any complaint or accident referral, the High Hazard Enforcement Program also conducts, in addition to the complaint inspection or accident investigation, a targeted inspection of the place of employment if the establishment has an DART incidence rate which is the same or higher than the DART of that establishment's industry.

The High Hazard Enforcement Program also receives referrals of employers subject to targeted inspection from the High Hazard Consultation Program. Referrals are received through the Chief, DOSH, from the High Hazard Consultation Program Coordinator. Referrals from the High Hazard Consultation Program include those employers subject to targeted inspection who either refuse to accept High Hazard Consultation, fail to cooperate with High Hazard Consultation Program (and serious hazards are present in their workplace), or fail to implement High Hazard Consultation recommendations.

2. Source Data for Highest Hazard Industry Lists

The source data for determining highest hazard industries is provided by the Division of Labor Statistics and Research (DLSR) in their "Annual Survey of Nonfatal Occupational Injuries and Illnesses."

Department of Industrial Relations
Division of Labor Statistics and Research
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102
(415) 703-4780

Mailing address:

Department of Industrial Relations
Division of Labor Statistics and Research
P.O. Box 420603
San Francisco, CA 94142-0603

On an annual basis, the Division of Occupational Safety and Health compiles a list of the "highest hazardous industries" (Table I). Industries are selected based on their "Cases with days away from work, job transfer, or restriction rate" arising from nonfatal occupational injuries and illnesses--often referred to as the "DART."

The Division of Occupational Safety and Health uses Table 1 of the Annual Nonfatal Survey, which is entitled "Incidence Rates of Nonfatal Injuries and Illnesses by Industry and Selected Case Types." To be included on the Division's List of Highest Hazard Industry List, industries are ranked by calculating how much their DART rate exceeds the average for California employers in the private sector (expressed as a percentage). Only private sector industries with a DART which is equal to

or greater than 200% of the DART for private sector employers in California are included on the Division's Annual List of Highest Hazard Industries.

The Annual Survey of Nonfatal Occupational Injuries and Illnesses is released by DLSR in January of the second year following the year during which the injuries occurred, e.g., the 2003 Annual Survey is released in January of 2005.

**TABLE I
2004-2005 HIGHEST HAZARDOUS INDUSTRY LIST**

Industry Group	NAICS	Industry Activity	DART	# Employers	# Employees
Construction	23811	Poured concrete foundation and structure contractors	7.1	1,709	38,100
	23816	Roofing contractors	7.9	2,381	23,300
Manufacturing: Nondurable Goods	3113	Sugar and confectionery product manufacturing	6.9	285	9,900
	1 3114	Fruit and vegetable preserving and specialty food manufacturing	6.9	385	34,400
	31151	Dairy product (except frozen) manufacturing	7.6	144	14,400
	3116	Animal slaughtering and processing	9.2	235	21,200
	31211	Soft drink and ice manufacturing	9.5	138	8,500
	31213	Wineries	7.0	790	22,800
	Manufacturing: Durable Goods	3211	Sawmills and wood preservation	10.3	127
2	3219	Other wood product manufacturing	7.3	984	24,500
	323113	Commercial screen printing	7.1	588	9,500
	33231	Plate work and fabricated structural product manufacturing	6.7	474	10,900
3	33232	Ornamental and architectural metal products manufacturing	7.9	989	23,400
	3331	Agriculture, construction, and mining machinery manufacturing	7.4	262	5,400
	3362	Motor vehicle body and trailer manufacturing	7.0	216	9,700
	33711	Wood kitchen cabinet and countertop manufacturing	6.9	1,116	15,400
Transportation and Warehousing	481	Air transportation	12.3	530	53,800
	492	Couriers and messengers	10.3	1,594	69,800
	493	Warehousing and storage	7.3	1,529	56,000
Waste Management	5622	Waste treatment and disposal	10.4	316	12,200
The following Activity Groups are not included in the targeted group. (DART is below threshold.)					
1	311421	Fruit and vegetable canning	--	166	14,900
2	32191	Millwork	--	466	11,800
3	332322	Sheet metal work manufacturing	--	517	11,600

C. High Hazard Consultation Program

1. Onsite Assistance Program

The purpose of the High Hazard Consultation Onsite Assistance Program is to evaluate the cause(s) of the employer's preventable work-related injuries, illnesses and workers' compensation losses. High hazard consultative assistance focuses on the areas, processes, conditions or machinery which are pertinent to the employer's preventable work-related injury, illness or loss rate and not solely on conditions which are violative of Title 8 occupational safety and health standards. As a result of the consultative visit, a set of recommendations or an Action Plan is developed for employer implementation. Follow-up visits are arranged as appropriate per the employer.

On an annual basis, the High Hazard Consultation Program Coordinator compiles and provides each Area Office with lists of employers with Experience Modification (ExMod) rates of 125% or greater that are subject to Targeted Inspection. The High Hazard Consultation Program Coordinator also provides each area office with annual information on the highest hazard industries, employee class codes, and division wide emphasis programs. The area offices utilize this information to provide consultative outreach and targeting to employers in the highest hazardous industries with the highest incidence of preventable occupational injuries and illnesses, targeting the worst employers first.

Employers who either refuse to accept High Hazard Consultation, fail to cooperate with the High Hazard Consultation Program (and serious hazards are present in their workplace), or fail to implement High Hazard Consultation recommendations are referred to the High Hazard Consultation Program Coordinator for referral to the High Hazard Enforcement Program.

2. Source Data for Highest Hazard Industry Lists

On an annual basis, the Division of Occupational Safety and Health obtains a list of insured employers with ExMods of 125% or greater from the California Workers' Compensation Insurance Rating Bureau (WCIRB). The WCIRB is comprised of all companies licensed to transact workers' compensation insurance in California and the designated statistical agent of the California Insurance Commissioner. The data provided by the WCIRB includes employer contact information, the current and historical ExMods and the Class Codes (type of employment).

The WCIRB also supplies on an annual basis the Pure Premium Rate of each Class Code. This provides a measure of losses (hazardousness) of each class code.

Workers' Compensation Insurance Rating Bureau
525 Market Street, Suite 800
San Francisco, CA 94105-2767
Attn: Customer Service
Tel: 415.777.0777
Fax: 415.778.7007
e-mail: wcirb@wcirbonline.org

3. Research and Education Unit

The Research & Education Unit, an organizational unit of the Cal/OSHA Consultation Service, provides educational assistance for the targeted enforcement and consultation programs. The Research and Education Unit's responsibilities include:

- a. Advising Targeted Consultation Program offices about the availability of workplace safety and health materials, especially educational and instructional materials relating to acute and chronic musculoskeletal, nerve and other ergonomic injuries and illnesses, including acute and chronic injuries to the back;
- b. Developing educational products for reducing or eliminating safety and health hazards causing employee injuries and illnesses and materials to assist consultation personnel on how to effectively evaluate an employer's injury and illness recordkeeping;
- c. Establishing model injury and illness prevention training programs to prevent repetitive motion injuries for employer use in industries and work activities such as computer workstation, construction, agriculture, manufacturing and materials handling;
- d. Disseminating the model programs to employers, employer associations, workers' compensation insurers, and employee organizations on request; and
- e. Coordinating the distribution of publications.
- f. Coordinating employer outreach activities.

D. Safety and Health Inspection Programs (SHIPs)

Safety and Health Inspection Projects (SHIPs) are part of the High Hazard Consultation and Enforcement Programs. SHIPs are designed to coordinate activities of multiple Division of Occupational Safety and Health (DOSH) programs. SHIPs target industries, processes, and hazards that justify special emphasis and/or have shown high rates of both fatal and non-fatal injuries and illnesses.

IV. HIGH HAZARD PROGRAMS ACTIVITY MEASURES

Even though a statutory mandate no longer exists, the Division of Occupational Safety and Health believes that it is important to report annually on the activities of the constituent parts of the High Hazard Employer Program, specifically the High Hazard Consultation Program and the High Hazard Enforcement Program.

For 2004 the High Hazard Enforcement and Consultation Programs reported the following activity measures:

A. The High Hazard Enforcement Program.

1. High Hazard Inspections

TABLE II-A
HIGH HAZARD INSPECTIONS BY TYPE (2004)

<i>Targeted Inspections*</i>	<i>379</i>
<i>Safety and Health Inspection Project (SHIP) Inspections</i>	<i>3349</i>
<i>Total</i>	<i>3728</i>

2. High Hazard Inspections by Standard Industrial Classification (SIC)

TABLE II-B
HIGH HAZARD INSPECTIONS* BY SIC CODE (2004)

<i>SIC and Description</i>	<i>Inspections</i>
<i>0111-0783 Agriculture</i>	<i>540</i>
<i>0811-0971 Forestry</i>	<i>0</i>
<i>1011-1499 Mining, Oil, and Gas</i>	<i>0</i>
<i>1521-1799 Construction</i>	<i>2903</i>
<i>2011-3999 Manufacturing</i>	<i>235</i>
<i>4011-4971 Transportation / Communication / Electricity / Gas / Sanitary Services</i>	<i>23</i>
<i>5012-5199 Wholesale Trade</i>	<i>8</i>
<i>5211-5999 Retail Trade</i>	<i>3</i>
<i>6011-6799 Finance, Insurance & Real Estate</i>	<i>0</i>
<i>7011-8999 Services</i>	<i>16</i>
<i>9111-9721 Public Administration</i>	<i>0</i>
<i>Total</i>	<i>3728</i>

** Includes Safety and Health Inspection Project (SHIP) Inspections.
Excludes Targeted Follow-up Inspections and Non-enforcement
interventions.*

3. Violations Observed During High Hazard Inspections

TABLE II-C
VIOLATIONS OBSERVED DURING HIGH HAZARD INSPECTIONS (2004)

<i>Targeted Inspections</i>	
<i>Targeted - Serious, Willful, Repeat</i>	1000
<i>Targeted - Other Than Serious</i>	1055
<i>Safety and Health Inspection Project (SHIP) Inspections</i>	
<i>ASHIP* - Serious, Willful, Repeat</i>	139
<i>ASHIP* - Other Than Serious</i>	505
<i>CSHIP* - Serious, Willful, Repeat</i>	1277
<i>CSHIP* - Other Than Serious</i>	2781
<i>Total</i>	6757
*ASHIP Agriculture Safety and Health Inspection Project	
*CSHIP Construction Safety and Health Inspection Project	

4. Enforcement Actions Taken During High Hazard Inspections

TABLE II-D
ENFORCEMENT ACTIONS TAKEN DURING HIGH HAZARD INSPECTIONS* (2004)

<i>Warrants</i>	2
<i>Order Prohibiting Use</i>	1
<i>Information Memorandums</i>	78
<i>Citations</i>	1496
* Excludes Safety and Health Inspection Project (SHIP) enforcement actions taken.	

5. Most Frequently Observed Violations During High Hazard Inspections

TABLE II-E
MOST FREQUENTLY OBSERVED VIOLATIONS DURING HIGH HAZARD INSPECTIONS * (2004)

<i>Title 8 Section</i>	<i>Description</i>
6151	<i>Portable Fire Extinguishers</i>
3203	<i>Injury and Illness Prevention Program</i>
4650	<i>Storage, Handling, and Use of Cylinders</i>
2340.23	<i>Openings, Electrical Installations</i>
461	<i>Permit to Operate Air Tank</i>
3578	<i>Permissible Wheel Exposure for Grinder</i>
3999	<i>Guarding, Conveyors</i>
5185	<i>Eyewash/Shower, Battery Charging Stations</i>
3314	<i>Control of Hazardous Energy</i>
4050	<i>Guarding – Shafts, Collars, Clutches, Couplings</i>

* Excludes Safety and Health Inspection Project (SHIP) Inspections

6. High Hazard Violation To Inspection Ratios

TABLE II-F
HIGH HAZARD VIOLATION TO INSPECTION RATIOS (2004)

<i>Targeted Inspections</i>	<i>5.42</i>
<i>Safety and Health Inspection Project (SHIP) Inspections</i>	<i>1.40</i>

B. The High Hazard Consultation Program

1. High Hazard Consultations By Type

TABLE III-A
HIGH HAZARD CONSULTATIONS BY TYPE* (2004)
(125+ ExMods)

<i>Initial Consultations</i>	<i>1064</i>
<i>Follow-up Consultations</i>	<i>33</i>
<i>Training and Assistance Consultations</i>	<i>15</i>
Total	1112

* Includes Safety and Health Inspection Project (SHIP) Consultations

2. High Hazard Consultations by Standard Industrial Classification (SIC)

TABLE III-B
HIGH HAZARD CONSULTATIONS BY SIC CODE* (2004)
(125+ ExMods)

<i>SIC and Description</i>	<i>Consultations</i>
<i>0111-0783 Agriculture</i>	<i>199</i>
<i>0811-0971 Forestry</i>	<i>2</i>
<i>1011-1499 Mining, Oil, and Gas</i>	<i>2</i>
<i>1521-1799 Construction</i>	<i>200</i>
<i>2011-3999 Manufacturing</i>	<i>159</i>
<i>4011-4971 Transportation / Communication / Electricity / Gas / Sanitary Services</i>	<i>48</i>
<i>5012-5199 Wholesale Trade</i>	<i>59</i>
<i>5211-5999 Retail Trade</i>	<i>246</i>
<i>6011-6799 Finance, Insurance & Real Estate</i>	<i>13</i>
<i>7011-8999 Services</i>	<i>183</i>
<i>9111-9721 Public Administration</i>	<i>9</i>
<i>Non-coded</i>	<i>1</i>
Total	1121

* Includes Safety and Health Inspection Project (SHIP) Consultations

3. Safety and Health Inspection Project (SHIP) Consultations by Project

TABLE III-C
SAFETY AND HEALTH INSPECTION PROJECT (SHIP)
CONSULTATIONS BY PROJECT (2004)
(Carve Out of 125+ ExMods)

<i>Agricultural Safety and Health Inspection Project (ASHIP)</i>	<i>198</i>
<i>Bloodborne Safety and Health Inspection Project (BSHIP)</i>	<i>17</i>
<i>Construction Safety and Health Inspection Project (CSHIP)</i>	<i>200</i>
Total	415

4. Hazards Identified During High Hazard Consultations

TABLE III-D
HAZARDS IDENTIFIED DURING HIGH
HAZARD CONSULTATIONS* (2004)
(125+ ExMods)

<i>Imminent Hazards</i>	<i>2</i>
<i>Serious</i>	<i>1908</i>
<i>General</i>	<i>4240</i>
<i>Regulatory</i>	<i>575</i>
Total	6725

** Includes Safety and Health Inspection Project (SHIP) Consultations*

5. Hazards Identified During Safety and Health Inspection Project (SHIP) Consultations

TABLE III-E
HAZARDS IDENTIFIED DURING SAFETY AND HEALTH INSPECTION PROJECT (SHIP)
CONSULTATIONS (2004) (125+ ExMods)

	<i>ASHIP</i>	<i>BSHIP</i>	<i>CSHIP</i>	<i>TOTAL</i>
<i>Imminent Hazards</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>2</i>
<i>Serious</i>	<i>367</i>	<i>17</i>	<i>252</i>	<i>636</i>
<i>General</i>	<i>645</i>	<i>46</i>	<i>769</i>	<i>1460</i>
<i>Regulatory</i>	<i>110</i>	<i>1</i>	<i>157</i>	<i>268</i>
Total	1122	64	1180	2366

<i>ASHIP</i>	<i>Agricultural Safety and Health Inspection Project</i>
<i>BSHIP</i>	<i>Bloodborne Safety and Health Inspection Project</i>
<i>CSHIP</i>	<i>Construction Safety and Health Inspection Project</i>

6. Most Frequently Identified Hazards During High Hazard Consultations

TABLE III-F
MOST FREQUENTLY IDENTIFIED HAZARDS DURING HIGH HAZARD CONSULTATIONS* (2004)

Title 8 Section	Description
5194	Chemical Hazard Communication
3203	Injury and Illness Prevention Program
6151	Fire Extinguisher
2340.23	Electrical Equipment – Installation
1512	Construction Emergency Medical Services
1509	Construction Injury and Illness Prevention Program
2340.22	Electrical Equipment – Identification
1527	Construction – Washing Facilities
461	Permit to Operate Air Tank

** Includes Safety and Health Inspection Project (SHIP) Consultations*

7. High Hazard Violation To Inspection Ratios

TABLE III-G
HIGH HAZARD VIOLATION TO CONSULTATION RATIO* (2004)

Violation / Consultation Ratio	5.99
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** Includes Safety and Health Inspection Project (SHIP) Consultations*

8. Publication Research, Development and Distribution

During 2004, the Research & Education Unit conducted the following activities for the High Hazard Enforcement and the High Hazard Consultation Programs:

a. New Electronic Products

- Reducing Blood borne pathogens Exposures in Dentistry – An Update
- C/D of all publications available from Cal/OSHA in PDF format.
- Print ready C/D's of individual publications for large businesses/Industries to have professionally printed.

b. New Publications

- Easy Ergonomics: A guide to Selecting Non-Powered hand Tool
- Farm Workers' Rights Pamphlet (Spanish)

c. Revisions/Updates

- Fall Protection for the Construction Industry Summary Packet
- Cal/OSHA Pocket Guide for the Construction Industry – English

- Cal/OSHA Pocket Guide for the Construction Industry – Spanish Insert
- Forms and Interactive web site for Employers Records of Occupational Injuries and Illnesses.

d. Research and Development

During 2004, the Research and Education Unit engaged in a number of "R&D" collegial partnerships with various governmental and private entities throughout the United States. These partnerships were undertaken to develop a variety of educational products including:

1.) Working Safer and Easier for Janitors Custodians and Housekeepers

A "best practices" educational product to assist employers and employees in the cleaning industry. Partners in the development of this publication include: The Maintenance Cooperation Trust Fund (MCTF); SEIU Local 1877, Leadership Training & Education Fund; UCSF Community Occupational Health Project (COHP); Occupational Health Branch, California Department of Health Services; Labor Occupational Health Program (LOHP); Independent Maintenance Contractors Association (IMCA); University of California, Davis; and the Elk Grove Unified School District.

The primary goal of this project is to develop clear and simple educational products to increase awareness of the most common safety and health hazards janitors and custodians face on the job. The material will include practical solutions and improvement options employers and employees can implement to reduce the potential for work-related injuries and illnesses. Using this information will help employers, managers, and supervisors lower the cost of doing business, reduce workers' compensation costs, and retain a more stable workforce that delivers quality work with greater efficiency and productivity. Employees can benefit by protecting their health, income, and future job opportunities.

Two educational products were developed: 1.) A series of fact sheets, and 2.) A series of posters. Both products are designed to be used by companies of any size in places such as schools, universities, office buildings, apartments, rental properties, hospitals, hotels and motels.

Fact Sheets

- Fact sheets (1–8) titled *Tips for Managers* are intended to provide business owners, managers, and supervisors with helpful tips for managing the staff and the workload. The remaining fact sheets are intended for owners, managers, and supervisors to use when training employees during new employee orientation, tailgate meetings, classroom training, and whenever the sharing of information is useful.

- Fact sheets (9–15) titled *General Guidelines* address various topics to help increase awareness of the most common workplace hazards. They give ideas for greater efficiency and the prevention of injuries.
- Fact sheets (16–33) titled *Using Ergonomics* address specific tasks and the risks involved. They feature ways of using equipment and best work practices.

Posters

The posters are to be displayed where they can help janitors, custodians, and housekeepers with the tasks they perform routinely. Practical suggestions for accomplishing tasks safely are shown in photos. The posters are designed to be displayed a few at a time in areas frequented by employees. Managers should periodically change the display to give employees new tips on working safely yet efficiently.

2.) Best Practice Guidelines for Manual Materials Handling

This educational product will be a “best practices resource” designed to assist employers, in a variety of industries, when they address material handling issues. It is a collegial partnership with the Ergonomic Assist Systems and Equipment (E.A.S.E.) Council, the Material Handling Industry of America, the National Institute of Occupational Safety and Health (NIOSH) St. Paul Insurance, UC Berkeley Ergonomics Program, UC Davis Ergonomics and Johnson & Johnson. An advisory committee, review panel and focus groups are working on the project.

Products will include a booklet and Internet modules. Topics will include: a simplified Matrix for users to select the work tasks they wish to improve, a process for making ergonomic improvements, risk factors associated with Musculoskeletal Disorders, a specific listing of the most common manual materials tasks across a variety of industries, multiple improvement option choices for each specific tasks listed and a variety of additional resources.

3.) Easy Ergonomics for Desktop Computer Users

A picture driven educational resource, which will include suggestions for healthy and productive computer usage. Partners include Interface Analysis Associates, UCLA Environmental Health and Safety, Cornell University Human Factors/Ergonomics Laboratory, the National Institute for Occupational Safety and Health, Sports and Occupational Medical Associates / Mouse Key do, Office Mart Furniture, Bickmore Risk Services, Vision Services Plan and governmental cooperators.

This booklet is intended for use by desktop computer users to help reduce the chances of being injured. It will provide help in identifying common desktop computer workstation problems and exploring improvement options. Suggestions in this booklet are made to improve the workstation first by utilizing existing furniture and equipment. After that, suggestions are made to improve the workstation by purchasing new or replacing existing furniture and equipment.

Sections of this booklet will begin with an action goal, which tells the user what they need to do to work more safely and more comfortably. Some action goals involve using different equipment or furniture. If the action goals in this booklet are followed and there continues to be problems, computer users are encouraged to contact their supervisor to discuss options.

The booklet also will include a Checklist, which serves as a way to identify computer tasks that may expose the user to the risk of injury. The pages that follow the checklist will offer suggestions for improving the workstation and various work practices.

4.) Developing an Effective Injury and Illness Prevention Program

A workshop was prepared on how to develop an effective written Injury and Illness Prevention Program for supervisors, managers and owners of small businesses. Participants will be required to go into their workplaces to work on their IIPP and then return to class for feedback and analysis on their programs. By the end of the workshop, participants will be able to:

- Describe the eight required elements of an effective Injury and Illness Prevention Program
- Perform a safety and health program assessment
- Draft a written Injury and Illness Prevention Program
- Develop an action plan so that participants can successfully implement an Injury and Illness Prevention Program.
- Instruction methods will be interactive and combine multiple visual aids, hands-on exercises, case studies, small group discussions, brainstorming and problem-solving sessions. The workshop will include information on the steps for Safety and Health Program Assessment including:
 - Identifying Workplace Hazards
 - Planning
 - Developing an Action Plan
 - Taking Action

- Maintaining your Program

5.) Additional Activities

The R&D Unit also collaborated with numerous educators in various industry and labor groups in various areas of educational product development including (but not limited to):

- content development
- layout
- editing
- holding focus groups and workshops
- image selection and insertion

9. Publications Distributed By High Hazard Consultation Program

TABLE III-H
PUBLICATIONS DISTRIBUTED BY HIGH HAZARD CONSULTATION PROGRAM (2004)*

Publication Requests	27,720
Printed Publications Distributed	125,730

** Includes Safety and Health Inspection Project (SHIP) Activities*

10. Outreach Seminars Provided By High Hazard Consultation Program

TABLE III-I
OUTREACH SEMINARS PROVIDED BY HIGH HAZARD CONSULTATION PROGRAM (2003)*

Outreach Seminars	126
Employers Attending Outreach Seminars	3190
Estimated Number Of Employees Affected	81,276

** Includes Safety and Health Inspection Project (SHIP) Activities*

V. HIGH HAZARD PROGRAMS EFFICACY MEASURES

For the 2004 Report, the High Hazard Enforcement Program collected Days Away, Restricted, or Transferred Rate (DART) data. The High Hazard Consultation Program collected Days Away, Restricted, or Transferred Rate (DART) data and workers' compensation Experience Modification (ExMod) Rate data.

A. DART -- High Hazard Consultation and Enforcement

DARTs were collected by employer survey for the full year proceeding the year in which the intervention occurred, either a targeted consultative visit or a targeted enforcement inspection. Comparative DARTs were collected by employer survey for the full year after the year in which the intervention occurred, again, either a targeted consultative visit or a targeted enforcement inspection.

Since DART is the most historically accurate measure of an employer's injury rate status and it is the measure by which employers are initially selected for a targeted enforcement inspection, its measurement, again, a year after the intervention has occurred, is an important efficacy trend indicator.

B. ExMod -- High Hazard Consultation

ExMods were collected from the Workers' Compensation Insurance Rating Bureau (WCIRB) for the year before a consultative assistance intervention occurred and for the latest ExMod rate is available in the year following the year in which consultative assistance was provided.

Since employers are initially selected for targeted consultative assistance based on their ExMod, the Division believes that serially measuring the effect on the ExMod that the consultative assistance intervention has is an important efficacy trend indicator to follow on a long-term basis.

C. 2004 Efficacy Measures -- High Hazard Enforcement

1. Days Away, Restricted, or Transferred Rate (DART) (And Percent Change) For Employers Who Underwent High Hazard Enforcement

TABLE IV-A

DAYS AWAY, RESTRICTED, OR TRANSFERRED RATE (DART) (AND PERCENT CHANGE) FOR EMPLOYERS WHO UNDERWENT HIGH HAZARD ENFORCEMENT

<i>Inspection Year</i>	<i>DART Baseline Year</i>	<i>DART Baseline Average</i>	<i>DART Comparison Year</i>	<i>DART Comparison Average</i>	<i>% DART Change</i>
2002	2001	8.84	2003	7.51	-15.21%

D. 2003 Efficacy Measures -- High Hazard Consultation

1. Days Away, Restricted, or Transferred Rate (DART) (And Percent Change) For Employers Who Underwent High Hazard Consultation

TABLE V-A

DAYS AWAY, RESTRICTED, OR TRANSFERRED RATE (DART) (AND PERCENT CHANGE) FOR EMPLOYERS WHO UNDERWENT HIGH HAZARD CONSULTATION

<i>Consultation Year</i>	<i>DART Baseline Year</i>	<i>DART Baseline Average</i>	<i>DART Comparison Year</i>	<i>DART Comparison Average</i>	<i>% DART Change</i>
2002	2001	5.64	2003	2.72	-51.76%

2. Experience Modification Rating (ExMod) (And Percent Change) For Employers Who Underwent High Hazard Consultation

TABLE V-B

EXPERIENCE MODIFICATION RATING (ExMod) (AND PERCENT CHANGE) FOR EMPLOYERS WHO UNDERWENT HIGH HAZARD CONSULTATION

<i>Consultation Year</i>	<i>ExMod Baseline Year</i>	<i>ExMod Baseline Average</i>	<i>ExMod Comparison Year</i>	<i>ExMod Comparison Average</i>	<i>% ExMod Change</i>
2002	2001	183%	2003	129%	-29%

E. 2004 Efficacy Measures Summary

1. High Hazard Enforcement

For employers who underwent high hazard enforcement inspections in 2002 and surveyed in 2004 (n=416), 222 (53%) employers responded with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their Days Away, Restricted, or Transferred rates (DART) for the year prior to the enforcement inspection and for the year following the inspection. As Table IV-A indicates, the average DART for this 2002 cohort, decreased by 15% (from 8.84 to 7.51).

2. High Hazard Consultation

Days Away, Restricted, or Transferred Rates (DART)

For employers who were provided high hazard consultative assistance in 2002 and surveyed in 2004 (n=506), 260 (51%) employers responded

with detailed information from their Log 300 Records of Occupational Injuries and Illnesses to calculate their Days Away, Restricted, or Transferred rates (DART) for the year prior to the consultative assistance intervention and for the year following the intervention. As Table V-A indicates, the average DART for this 2002 cohort decreased by 52% (from 5.64 to 2.72).

ExMod

For the same cohort, the 2004 Experience Modification Rating (ExMod) of 464 (92%) employers was obtained from the Workers' Compensation Rating Bureau (WCIRB) and compared to the ExMod for the year prior to the consultative assistance intervention. As Table V-B indicates, the average ExMod for this 2002 cohort decreased by 29% (from 183% to 129%).

F. Summary of Efficacy Measures for 2005 Report

The efficacy findings of the 2005 Report show that the targeting of establishments for consultative assistance which have elevated rates of workplace injuries and illnesses, and the application of consultation and enforcement resources to those high hazard establishments is an effective way to reduce those injury and illness incidence rates and workers' compensation loss indicators.

In reviewing efficacy measures from a sample of high hazard employers, the 2005 Report indicates that both the High Hazard Enforcement and the High Hazard Consultation Programs have a continuing role to play as part of Cal/OSHA's efforts to eliminate workplace hazards, reduce injuries and illnesses and workers' compensation losses in California workplaces.

VI. TARGETED INSPECTION AND CONSULTATION FUND (TICF) AND ASSESSMENTS

A. Targeted Inspection and Consultation Fund

The Targeted Inspection and Consultation Fund (TICF) was authorized and created by California Labor Code 62.7. The Targeted Inspection and Consultation Fund (TICF) is a special account in the State Treasury. Proceeds of the fund may be expended by the department, upon appropriation by the Legislature, for the costs of the Cal-OSHA targeted inspection program provided by California Labor Code 6314.1, for the costs of the Cal-OSHA targeted consultation program provided by California Labor Code 6354, and for the costs related to assessments levied and collected pursuant to California Labor Code 62.9. The Targeted Inspection and Consultation Fund (TICF) consist of assessments made pursuant to California Labor Code 62.9 and other monies transferred to the fund.

B. Targeted Inspection and Consultation Fund Assessments

California Labor Code 62.9 specifies the manner by which the director shall identify, levy, and collect assessments from those insured employers having a workers' compensation experience modification rate (ExMod) of 125% or more and those private self insured employers having an equivalent workers' compensation experience modification rate of 125% or more. Private self insured employers are selected for assessment according to the formula specified in Title 8 California Code of Regulations Section 15601.7.1.

1. Targeted Inspection and Consultation Fund Assessment Rates In Dollars For Insured And Self-Insured Employers.

California Labor Code 62.9 establishes the annual assessment rates as follows:

TABLE VI-A

TICF ASSESSMENT RATES IN DOLLARS FOR INSURED AND SELF-INSURED EMPLOYERS

<i>Payroll Range</i>	<i>Assessment Amount</i>
Less than \$250,000	\$100
\$250,001 to \$500,000	\$200
\$500,001 to 750,000	\$400
\$750,001 to \$1,000,000	\$600
\$1,000,001 to \$1,500,000	\$800
\$1,500,001 to \$2,000,000	\$1,000
\$2,000,001 to \$2,500,000	\$1,500
\$2,500,001 to \$3,500,000	\$2,000
\$3,500,001 and above	\$2,500

2. 2004 Targeted Inspection and Consultation Fund Invoices, Assessments, And Department of Industrial Relations Collections In Dollars For Insured Employers.

Table VI-B lists the number of Targeted Inspection and Consultation Fund (TICF) invoices sent to insured employers, their assessment account amount, and the amount collected by the Department of Industrial Relations as of 13 October 2005.

TABLE VI-B
2004 TICF INVOICES, ASSESSMENTS, AND DIR
COLLECTIONS IN DOLLARS FOR INSURED EMPLOYERS

<i>Invoices</i>	<i>Assessment</i>	<i>DIR Collection</i>
15,588	\$11,157,021	\$10,740,501

3. 2004 TICF Invoices, Assessments, and DIR Collections In Dollars For Self-Insured Employers.

Table VI-C lists the number of Targeted Inspection and Consultation Fund (TICF) invoices sent to self-insured employers, their assessment account amount, and the amount collected by the Department of Industrial Relations as of 13 October 2005.

TABLE VI-C
2004 TICF INVOICES, ASSESSMENTS, AND DIR
COLLECTIONS IN DOLLARS FOR SELF-INSURED
EMPLOYERS

<i>Invoices</i>	<i>Assessment</i>	<i>DIR Collection</i>
98	\$242,500	\$242,500

4. 2004 Targeted Inspection and Consultation Fund Accounts Referred, Assessments, Penalties, And Franchise Tax Board Collections In Dollars.

Employers who have been sent TICF invoices, but who have failed to pay the amount assessed in thirty (30) days, receive a "Notice of Delinquency" from the Department of Industrial Relations. Delinquent TICF invoices (plus a 25% penalty) are then referred to the Franchise Tax Board, Non-Tax Debt Collection Unit, for collection after 15 days of non-payment.

Table VI-D lists the number of delinquent accounts referred to the Franchise Tax Board, Non-Tax Debt Collection Unit in 2004. Table VI-D includes the Initial Assessment amount, the 25% Penalty, the Total Assessment, and the amount of Franchise Tax Board Collections as of 13 October 2005. Franchise Tax Board collections continue past 13 October 2005.

TABLE VI-D
2004 TICF ACCOUNTS REFERRED, ASSESSMENTS, PENALTIES AND FTB
COLLECTIONS IN DOLLARS

<i>Accounts</i>	<i>Initial Assessment</i>	<i>Penalty</i>	<i>Total Assessment</i>	<i>FTB Collection</i>
802	\$579,950	\$144,987	\$724,937	\$288,845

VII. ATTACHMENTS

- A. California Labor Code 62.7 – Cal-OSHA Targeted Inspection and Consultation Fund**
- B. California Labor Code 62.9 – Assessments for Inspection and Consultation Fund**
- C. California Labor Code 6314.1 – Identification of Highest Hazard Industries in State – Targeted Inspection Program**
- D. California Labor Code 6354 – Occupational Safety and Health Programs and Services**
- E. Title 8 California Code of Regulations 15601.7 – Determination of Targeted Inspection Assessment (Self-Insured Plans)**
- F. Sample 2004 TICF Assessment Invoice and Offer Letter**

ATTACHMENT – A

California Labor Code 62.7 Cal-OSHA Targeted Inspection and Consultation Fund

(a) The Cal-OSHA Targeted Inspection and Consultation Fund is hereby created as a special account in the State Treasury. Proceeds of the fund may be expended by the department, upon appropriation by the Legislature, for the costs of the Cal-OSHA targeted inspection program provided by Section 6314.1 and the costs of the Cal-OSHA targeted consultation program provided by subdivision (a) of Section 6354, and for costs related to assessments levied and collected pursuant to Section 62.9.

(b) The fund shall consist of the assessments made pursuant to Section 62.9 and other moneys transferred to the fund.

ATTACHMENT – B

California Labor Code 62.9 Assessments for Inspection and Consultation Fund

(a)

(1) The director shall levy and collect assessments from employers in accordance with this section. The total amount of the assessment collected shall be the amount determined by the director to be necessary to produce the revenue sufficient to fund the programs specified by Section 62.7, except that the amount assessed in any year for those purposes shall not exceed 50 percent of the amounts appropriated from the General Fund for the support of the occupational safety and health program for the 1993-94 fiscal year, adjusted for inflation. The director also shall include in the total assessment amount the department's costs for administering the assessment, including the collections process and the cost of reimbursing the Franchise Tax Board for its cost of collection activities pursuant to subdivision (c). (2) The insured employers and private sector self-insured employers that, pursuant to subdivision (b), are subject to assessment shall be assessed, respectively, on the basis of their annual payroll subject to premium charges or their annual payroll that would be subject to premium charges if the employer were insured, as follows:

(A) An employer with a payroll of less than two hundred fifty thousand dollars (\$250,000) shall be assessed one hundred dollars (\$100).

(B) An employer with a payroll of two hundred fifty thousand dollars (\$250,000) or more, but not more than five hundred thousand dollars (\$500,000), shall be assessed two hundred dollars (\$200).

(C) An employer with a payroll of more than five hundred thousand dollars (\$500,000), but not more than seven hundred fifty thousand dollars (\$750,000), shall be assessed four hundred dollars (\$400).

(D) An employer with a payroll of more than seven hundred fifty thousand dollars (\$750,000), but not more than one million dollars (\$1,000,000), shall be assessed six hundred dollars (\$600).

(E) An employer with a payroll of more than one million dollars (\$1,000,000), but not more than one million five hundred thousand dollars (\$1,500,000), shall be assessed eight hundred dollars (\$800).

(F) An employer with a payroll of more than one million five hundred thousand dollars (\$1,500,000), but not more than two million dollars (\$2,000,000), shall be assessed one thousand dollars (\$1,000).

(G) An employer with a payroll of more than two million dollars (\$2,000,000), but not more than two million five hundred thousand dollars (\$2,500,000), shall be assessed one thousand five hundred dollars (\$1,500).

(H) An employer with a payroll of more than two million five hundred thousand dollars (\$2,500,000), but not more than three million five hundred thousand dollars (\$3,500,000), shall be assessed two thousand dollars (\$2,000).

(I) An employer with a payroll of more than three million five hundred thousand dollars (\$3,500,000) shall be assessed two thousand five hundred dollars (\$2,500).

(b)

(1) In the manner as specified by this section, the director shall identify those insured employers having a workers' compensation experience modification rating of 1.25 or more, and private sector self-insured employers having an equivalent experience modification rating of 1.25 or more as determined pursuant to subdivision (e).

(2) The assessment required by this section shall be levied annually, on a calendar year basis, on those insured employers and private sector self-insured employers, as identified pursuant to paragraph (1), having the highest workers' compensation experience modification ratings or equivalent experience modification ratings, that the director determines to be required numerically to produce the total amount of the assessment to be collected pursuant to subdivision (a).

(c) The director shall collect the assessment from insured employers as follows:

(1) Upon the request of the director, the Department of Insurance shall direct the licensed rating organization designated as the department's statistical agent to provide to the director, for purposes of subdivision (b), a list of all insured employers having a workers' compensation experience rating modification of 1.25 or more, according to the organization's records at the time the list is requested, for policies commencing the year preceding the year in which the assessment is to be collected.

(2) The director shall determine the annual payroll of each insured employer subject to assessment from the payroll that was reported to the licensed rating organization identified in paragraph (1) for the most recent period for which one full year of payroll information is available for all insured employers.

(3) On or before September 1 of each year, the director shall determine each of the current insured employers subject to assessment, and the amount of the total assessment for which each insured employer is liable. The director immediately shall notify each insured employer, in a format chosen by the insurer, of the insured's obligation to submit payment of the assessment to the director within 30 days after the date the billing was mailed, and warn the insured of the penalties for failure to make timely and full payment as provided by this subdivision.

(4) The director shall identify any insured employers that, within 30 days after the mailing of the billing notice, fail to pay, or object to, their assessments. The director shall mail to each of these employers a notice of delinquency and a notice of the intention to assess penalties, advising that, if the assessment is

not paid in full within 15 days after the mailing of the notices, the director will levy against the employer a penalty equal to 25 percent of the employer's assessment, and will refer the assessment and penalty to the Franchise Tax Board for collection. The notices required by this paragraph shall be sent by United States first-class mail.

(5) If an assessment is not paid by an insured employer within 15 days after the mailing of the notices required by paragraph (4), the director shall refer the delinquent assessment and the penalty to the Franchise Tax Board for collection pursuant to Section 19290.1 of the Revenue and Taxation Code.

(d) The director shall collect the assessment directly from private sector self-insured employers. The failure of any private sector self-insured employer to pay the assessment as billed constitutes grounds for the suspension or termination of the employer's certificate to self-insure.

(e) The director shall adopt regulations implementing this section that include provision for a method of determining experience modification ratings for private sector self-insured employers that is generally equivalent to the modification ratings that apply to insured employers and is weighted by both severity and frequency.

(f) The director shall determine whether the amount collected pursuant to any assessment exceeds expenditures, as described in subdivision (a), for the current year and shall credit the amount of any excess to any deficiency in the prior year's assessment or, if there is no deficiency, against the assessment for the subsequent year.

ATTACHMENT – C

California Labor Code 6314.1 Identification of Highest Hazard Industries in State Targeted Inspection Program

(a) The division shall establish a program for targeting employers in high hazardous industries with the highest incidence of preventable occupational injuries and illnesses and workers' compensation losses. The employers shall be identified from any or all of the following data sources: the California Work Injury and Illness program, the Occupational Injuries and Illness Survey, the federal hazardous employers' list, experience modification and other relevant data maintained and furnished by all rating organizations as defined in Section 11750.1 of the Insurance Code, histories of violations of Occupational Safety and Health Act standards, and any other source deemed to be appropriate that identifies injury and illness rates.

(b) The division shall establish procedures for ensuring that the highest hazardous employers in the most hazardous industries are inspected on a priority basis. The division may send a letter to the high hazard employers who are identified pursuant to this section informing them of their status and directing them to submit a plan, including the establishment of joint labor-management health and safety committees, within a time determined by the division for reducing their occupational injury and illness rates. Employers who submit plans that meet the requirements of the division may be placed on a secondary inspection schedule. Employers on that schedule shall be inspected on a random basis as determined by the division. Employers who do not submit plans meeting the requirements of the division within the time specified by the division shall be placed on the primary inspection list. Every employer on the primary inspection list shall be subject to an inspection. The division shall employ sufficient personnel to meet minimum federal targeted inspection standards.

(c) The division shall establish and maintain regional plans for allocating the division's resources for the targeted inspection program in addition to the inspections required or authorized in Sections 6309, 6313, and 6320. Each regional plan shall focus on industries selected from the targeted inspection program as well as any other scheduled inspections that the division determines to be appropriate to the region, including the cleanup of hazardous waste sites. All targeted inspections shall be conducted on a priority basis, targeting the worst employers first.

(d) In order to maximize the impact of the regional plans, the division shall coordinate its education, training, and consulting services with the priorities established in the regional plans.

ATTACHMENT – D

California Labor Code 6354 Occupational Safety and Health Programs and Services

The division shall, upon request, provide a full range of occupational safety and health consulting services to any employer or employee group. These consulting services shall include:

(a) A program for identifying categories of occupational safety and health hazards causing the greatest number and most serious preventable injuries and illnesses and workers' compensation losses and the places of employment where they are occurring. The hazards, industries, and places of employment shall be identified from the data system that is used in the targeted inspection program pursuant to Section 6314.1. The division shall develop procedures for offering consultation services to high hazard employers who are identified pursuant to this section. The services may include the development of educational material and procedures for reducing or eliminating safety and health hazards, conducting workplace surveys to identify health and safety problems, and development of plans to improve employer health and safety loss records.

The program shall include a component for reducing the number of work-related, repetitive motion injuries, including, but not limited to, back injuries. The division may formulate recommendations for reducing repetitive motion injuries after conducting a survey of the workplace of the employer who accepts services of the division. The recommendations shall include, wherever appropriate, the application of generally accepted ergonomic and engineering principles to eliminate repetitive motions that are generally expected to result in injuries to workers. The recommendations shall also include, wherever appropriate, training programs to instruct workers in methods for performing job-related movements, such as lifting heavy objects, in a manner that minimizes strain and provides safeguards against injury.

The division shall establish model injury and illness prevention training programs to prevent repetitive motion injuries, including recommendations for the minimum qualifications of instructors. The model programs shall be made available to employers, employer associations, workers' compensation insurers, and employee organizations on request.

(b) A program for providing assistance in the development of injury prevention programs for employees and employers. The highest priority for the division's consulting services shall be given to development of these programs for businesses with fewer than 250 employees in industries identified in the regional plans developed pursuant to subdivision (b) of Section 6314.1.

(c) A program for providing employers or employees with information, advice, and recommendations on maintaining safe employment or place of employment, and on applicable occupational safety and health standards, techniques, devices, methods, practices, or programs.

ATTACHMENT – E

Title 8 California Code of Regulations 15601.7 Determination of Self Insured Employers Subject to the Targeted Inspection Assessment.

On or before September 1 of each year, the Manager of Self-Insurance Plans shall identify for the Director each Private Self Insurer subject to the Targeted Inspection Assessment as determined below.

(a) The Targeted Inspection Assessment shall apply to each Self Insurer in each grouping set forth in subsection (b) that has a current 1-year average number of indemnity claims per 100 employees as calculated in subsection (e) below, that is equal to or in excess of 125 percent of the 3 year base figure determined for each grouping in subsection (d) of this section.

(b) The Manager shall categorize all private self insurers into groups for the purpose of calculating the Cal/OSHA assessment. All private self insurers shall be categorized into groups by the first digit of their Standard Industrial Classification Code (SIC Code) as reported on Page 1 of the Self Insurer's Annual Report for the reporting period immediately prior to the current budget year. For purposes of such categorization, each private group self insurer shall be considered as a single entity. The Manager may correct the SIC Code reported for cause or where the Manager believes an error was made by the self insurer in designating their SIC Code on the Annual Report.

(c) For each SIC Code grouping set forth in subsection (a), the Manager shall calculate the historical average number of indemnity claims per 100 employees from the Consolidated Liabilities page of the full year Self Insurer's Annual Reports submitted by the members in each SIC Code group for the 3 year reporting period immediately prior to the current 1-year period used to calculate the individual self insurer's indemnity claims per 100 employees.

(d) The Manager shall calculate a figure that will be 125 percent of each SIC Code grouping's 3 year historical average number of indemnity claims per 100 employees.

(e) For each private self insurer, the Manager shall calculate an individual 1-year number of indemnity claims per 100 employees, using information reported by each self insurer on its last full year Self Insurer's Annual Report submitted for the reporting period immediately prior to the current budget year. In this calculation, the manager shall divide the total number of indemnity claims reported in the most recent claim year by the total number of California employees reported, with the result multiplied by 100. Any self insurer with less than 100 total employees shall be considered to have 100 employees for purposes of this calculation.

ATTACHMENT – F

Sample 2004 TICF Assessment Invoice and Offer Letter

March, 2004

Dear California Employer:

RE: 2004 BILLING NOTICE FOR Cal/OSHA TARGETED INSPECTION AND CONSULTATION FUND

Enclosed is your 2004 Cal/OSHA Targeted Inspection and Consultation Fund (TICF) Assessment Billing Notice. Reforms of the California workers' compensation insurance system passed by the California Legislature in 1993 and 1995 require the Division of Occupational Safety and Health ("Cal/OSHA") to identify on or before 1 September of each year all insured employers having a workers' compensation experience modification rating (ExMOD) of 125% or greater (in the previous policy year) and levy an assessment on those employers to support the Cal/OSHA targeted inspection and consultation programs.

Based on data reported by your workers' compensation insurance carrier for the policy year 2003, you are a California employer with an ExMOD of 125% or greater and are subject to the 2004 TICF Assessment.

The amount you have been assessed for the 2004 TICF Assessment is based upon your payroll subject to workers' compensation insurance for the policy year 2001 as reported by your workers' compensation insurance carrier to the Workers' Compensation Insurance Rating Bureau (WCIRB).

The amount of assessment you owe in turn is based on the payroll range schedule below, as set forth in Labor Code Section 62.9(a).

<u>Workers' Compensation Payroll Range</u>		<u>Assessment Amount</u>
Less than \$250,000		\$100
\$250,000	to \$500,000	\$200
\$500,001	to \$750,000	\$400
\$750,001	to \$1,000,000	\$600
\$1,000,001	to \$1,500,000	\$800
\$1,500,001	to \$2,000,000	\$1,000
\$2,000,001	to \$2,500,000	\$1,500
\$2,500,001	to \$3,500,000	\$2,000
\$3,500,001 and above		\$2,500

Please remit a check for the full amount of the 2004 TICF Assessment to the "Department of Industrial Relations, Fund 096.01" and send it to the following address:

Department of Industrial Relations
Accounting -- TIC Fund 096.01
P.O. Box 420603
San Francisco, CA 94142-0603

Be sure to include your 2004 Billing Notice Number on your check so that you can be properly credited for your payment.

- OVER -

If you dispute your 2001 payroll amount or your 2003 ExMOD as reported to the WCIRB by your workers' compensation insurance carrier, please contact your insurance carrier (or previous insurance carrier if you have changed carriers recently) to verify your 2001 payroll and 2003 ExMOD data.

If your own workers' compensation insurer determines that the payroll and/or ExMOD contained in this Billing Notice are in error, please contact the Department at telephone number (415) 703-5110 **and** have your insurer mail the revised payroll and/or ExMOD information to the following address:

Cal/OSHA TICF Assessment Unit
Attention: Joyce Richardson
P.O. Box 420603
San Francisco, CA 94142

California Labor Code §62.9(c)(5) and (6) provide that if you do not pay your 2004 TICF Assessment in full and in a timely manner, the Department of Industrial Relations will levy against you a penalty equal to 25% of your 2004 TICF Assessment and will then refer your assessment and penalty to the California Franchise Tax Board for collection of a non-tax debt pursuant to Section 19290.1 of the California Revenue and Taxation Code.

If you should have any questions regarding your 2004 TICF Assessment, please call the Cal/OSHA TICF Assessment Unit at (415) 703-5110.

I encourage you to arrange for assistance in identifying and eliminating the hazards causing your elevated ExMOD by calling the High Hazard Consultation Program at (559) 454-0615. If you are an employer with a significantly elevated ExMOD (i.e., 200% or greater), you will be contacted by a consultant from the High Hazard Consultation Program.

Sincerely,

Len Welsh
Acting Chief

/jr

enclosure: 2004 TICF Assessment Billing Notice