

California Department of Industrial Relations

2023-2024 Workers' Compensation Administration Revolving Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Uninsured Employers 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, Subsequent Injuries Benefits Trust Fund Assessment, Uninsured Employers Benefits 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 2023-2024

(1.1) Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5) ...		\$661,491,124
Total Assessment Required:	\$661,491,124	
Fund Balance:	(\$202,961,551)	
Insured Over/Undercollection:	\$149,704,440	
Self-Insured Over/Undercollection:.....	\$53,257,111	
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	\$661,491,124	
(1.2) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5) ...		\$488,000,000
Total Assessment Required:	\$488,000,000	
Fund Balance:	(\$160,373,484)	
Insured Over/Undercollection:	\$118,291,481	
Self-Insured Over/Undercollection:.....	\$42,082,003	
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	\$488,000,000	
(1.3) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5) ...		\$54,965,700
Total Assessment Required:	\$54,965,700	
Fund Balance:	(\$27,570,781)	
Insured Over/Undercollection:	\$20,336,208	
Self-Insured Over/Undercollection:.....	\$7,234,573	
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	\$54,965,700	
(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5) ...		\$217,831,327
Total Assessment Required:	\$217,831,327	
Fund Balance:	(\$72,832,445)	
Insured Over/Undercollection:	\$53,721,211	
Self-Insured Over/Undercollection:.....	\$19,111,234	
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	\$217,831,327	

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(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5) ...		\$192,542,166
Total Assessment Required:	\$192,542,166	
Fund Balance:	(\$49,092,769)	
Insured Over/Undercollection:	\$36,210,827	
Self-Insured Over/Undercollection:.....	\$12,881,942	
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	\$192,542,166	
 (1.6) Workers' Compensation Fraud Account Assessment (Labor Code § 62.6) ...		 \$86,985,892
<i>The Workers' Compensation Fraud Account assessment is established by the Department of Insurance, Fraud Commission</i>		
Total Assessment Required:	\$86,985,892	
Fund Balance:	(\$14,690,899)	
Insured Over/Undercollection:	\$10,836,007	
Self-Insured Over/Undercollection:.....	\$3,854,892	
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	\$86,985,892	

* 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.

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers		<u>\$905,400,000,000</u>
<i>Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2021</i>		
(2.2) Payroll for self-insured employers		<u>\$298,458,101,971</u> ¹
(2.2.1) 2022-23 Fiscal Year for Public Sector*	\$162,097,250,113	
(2.2.2) 2022 for Private Sector	\$136,360,851,858	
<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)**		<u>\$23,644,237,406</u>
<i>** Source: Department of Industrial Relations, Office of Self-Insurance Plans</i>		
(2.4) Total payroll for self-insured employers		<u>\$322,102,339,377</u> ²
(2.5) Total combined payroll		<u>\$ 1,227,502,339,377</u> ³
<i>(Insured and self-insured employers)</i>		

¹ **(2.2) Payroll for Self-Insured Employers** = sum of Methodology Section (2.2.1) and Methodology Section (2.2.2)
² **(2.4) Total Payroll for Self-Insured Employers** = sum of Methodology Section (2.2) and Methodology Section (2.3)
³ **(2.5) Total Combined Payroll** = sum of Methodology Section (2.1) and Methodology Section (2.4)

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

(3.1) Insured Employers:

$$\frac{\text{Insured Employer Payroll}}{\text{Total Combined Payroll}} = \frac{\text{Methodology Section (2.1)}}{\text{Methodology Section (2.5)}} = \frac{\$ 905,400,000,000}{\$ 1,227,502,339,377} = \underline{\underline{73.76\%}}$$

(3.2) Self-Insured Employers:

$$\frac{\text{Self-Insured Employer Payroll}}{\text{Total Combined Payroll}} = \frac{\text{Methodology Section (2.4)}}{\text{Methodology Section (2.5)}} = \frac{\$ 322,102,339,377}{\$ 1,227,502,339,377} = \underline{\underline{26.24\%}}$$

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

Workers' Compensation Administration Revolving Fund (WCARF) Assessment

Calculation for Insured Employers:

(WCARF Assessment) X 73.76% = \$ 661,491,124 X 73.76%	\$ 487,915,853
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 52,992,563
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 149,704,440)
(4.1) Resulting Final Insured Employers WCARF Assessment	<u>\$ 391,203,976</u>

Calculation for Self-Insured Employers:

(WCARF Assessment) X 26.24% = \$ 661,491,124 X 26.24%	\$ 173,575,271
DECREASED by the Self-Insurer overcollection from prior year	(\$ 53,257,111)
(4.2) Resulting Final Self-Insured Employers WCARF Assessment	<u>\$ 120,318,160</u>

Subsequent Injuries Benefits Trust Fund (SIBTF) Assessment

Calculation for Insured Employers:

(SIBTF Assessment) X 73.76% = \$ 488,000,000 X 73.76%	\$ 359,948,800
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 11,012,723
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 118,291,481)
(4.3) Resulting Final Insured Employers SIBTF Assessment	<u>\$ 252,670,042</u>

Calculation for Self-Insured Employers:

(SIBTF Assessment) X 26.24% = \$ 488,000,000 X 26.24%	\$ 128,051,200
DECREASED by the Self-Insurer overcollection from prior year	(\$ 42,082,003)
(4.4) Resulting Final Self-Insured Employers SIBTF Assessment	<u>\$ 85,969,197</u>

Uninsured Employers Benefits Trust Fund (UEBTF) Assessment

Calculation for Insured Employers:

(UEBTF Assessment) X 73.76% = \$ 54,965,700 X 73.76%	\$ 40,542,700
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 3,725,000
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 20,336,208)
(4.5) Resulting Final Insured Employers UEBTF Assessment	<u>\$ 23,931,492</u>

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Calculation for Self-Insured Employers:

(UEBTF Assessment) X 26.24% = \$ 54,965,700 X 26.24%	\$ 14,423,000
DECREASED by the Self-Insurer overcollection from prior year	(\$ 7,234,573)
(4.6) Resulting Final Self-Insured Employers UEBTF Assessment	<u>\$ 7,188,427</u>

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

(OSHF Assessment) X 73.76% = \$ 217,831,327 X 73.76%	\$ 160,672,387
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 8,572,112
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 53,721,211)
(4.7) Resulting Final Insured Employers OSHF Assessment	<u>\$ 115,523,288</u>

Calculation for Self-Insured Employers:

(OSHF Assessment) X 26.24% = \$ 217,831,327 X 26.24%	\$ 57,158,940
DECREASED by the Self-Insurer overcollection from prior year	(\$ 19,111,234)
(4.8) Resulting Final Self-Insured Employers OSHF Assessment	<u>\$ 38,047,706</u>

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

(LECF Assessment) X 73.76% = \$ 192,542,166 X 73.76%	\$ 142,019,102
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 7,222,549
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 36,210,827)
(4.9) Resulting Final Insured Employers LECF Assessment	<u>\$ 113,030,824</u>

Calculation for Self-Insured Employers:

(LECF Assessment) X 26.24% = \$ 192,542,166 X 26.24%	\$ 50,523,064
DECREASED by the Self-Insurer overcollection from prior year	(\$ 12,881,942)
(4.10) Resulting Final Self-Insured Employers LECF Assessment	<u>\$ 37,641,122</u>

Workers' Compensation Fraud Account (FRAUD) Assessment

Calculation for Insured Employers:

(FRAUD Assessment) X 73.76% = \$ 86,985,892 X 73.76%	\$ 64,160,794
INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]	\$ 12,214,253
DECREASED by insurer overcollection [pursuant to CCR § 15606(f)]	(\$ 10,836,007)
(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment	<u>\$ 65,539,040</u>

Calculation for Self-Insured Employers:

(FRAUD Assessment) X 26.24% = \$ 86,985,892 X 26.24%	\$ 22,825,098
DECREASED by the Self-Insurer overcollection from prior year	(\$ 3,854,892)
(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment	<u>\$ 18,970,206</u>

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Step 5: Calculate the Assessment Factors

Workers' Compensation Administration Revolving Fund Assessment Factor

(5.1) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$ 391,203,976}{\$ 15,900,000,000} = \underline{0.024604}$$

**Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)*

(5.2) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$ 120,318,160}{\$ 2,777,450,697} = \underline{0.043320}$$

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

<i>(5.2.1) 2022-23 Public Sector.....</i>	<i>\$ 1,744,498,727</i>
<i>(5.2.2) 2022 Private Sector.....</i>	<i>\$ 721,637,985</i>
<i>(5.2.3) 2022-23 State of California.....</i>	<i>\$ 311,313,985</i>

Subsequent Injuries Benefits Trust Fund Assessment Factor

(5.3) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$ 252,670,042}{\$ 15,900,000,000} = \underline{0.015891}$$

**Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)*

(5.4) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$ 85,969,197}{\$ 2,777,450,697} = \underline{0.030953}$$

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

Uninsured Employers Benefits Trust Fund Assessment Factor

(5.5) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$ 23,931,492}{\$ 15,900,000,000} = \underline{0.001505}$$

**Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)*

(5.6) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd}^{**}} = \frac{\$ 7,188,427}{\$ 2,777,450,697} = \underline{0.002588}$$

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

Occupational Safety and Health Fund Assessment Factor

(5.7) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation}^*} = \frac{\$ 115,523,288}{\$ 15,900,000,000} = \underline{0.007266}$$

**Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)*

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(5.8) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd**}} = \frac{\$ 38,047,706}{\$ 2,777,450,697} = \underline{0.013699}$$

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

Labor Enforcement and Compliance Fund Assessment Factor

(5.9) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation*}} = \frac{\$ 113,030,824}{\$ 15,900,000,000} = \underline{0.007109}$$

*Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)

(5.10) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd**}} = \frac{\$ 37,641,122}{\$ 2,777,450,697} = \underline{0.013552}$$

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

Workers' Compensation Fraud Account Assessment Factor

(5.11) Calculation for Insured Employers:

$$\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers' Compensation*}} = \frac{\$ 65,539,040}{\$ 15,900,000,000} = \underline{0.004122}$$

*Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)

(5.12) Calculation for Self-Insured Employers:

$$\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers' Comp. Indemnity Pd**}} = \frac{\$ 18,970,206}{\$ 2,777,450,697} = \underline{0.006830}$$

**SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [sum 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 [0.024604] X Employer's Expected Assessable Premium*

(6.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.043320] X Total Indemnity Paid by the Employer

Step 7: Determine Individual Employer's Subsequent Injuries Benefits Trust Fund Assessment

(7.1) Individual Insured Employers:

Assessment Factor [0.015891] X Employer's Expected Assessable Premium*

(7.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.030953] X Total Indemnity Paid by the Employer

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Step 8: Determine Individual Employer's Uninsured Employers Benefits Trust Fund Assessment

(8.1) Individual Insured Employers:

Assessment Factor [0.001505] X Employer's Expected Assessable Premium*

(8.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.002588] X Total Indemnity Paid by the Employer

Step 9: Determine Individual Employer's Occupational Safety and Health Fund Assessment

(9.1) Individual Insured Employers:

Assessment Factor [0.007266] X Employer's Expected Assessable Premium*

(9.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.013699] X Total Indemnity Paid by the Employer

Step 10: Determine Individual Employer's Labor Enforcement and Compliance Fund Assessment

(10.1) Individual Insured Employers:

Assessment Factor [0.007109] X Employer's Expected Assessable Premium*

(10.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.013552] 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 [0.004122] X Employer's Expected Assessable Premium*

(11.2) Calculation for Individual Self-Insured Employers:

Assessment Factor [0.006830] 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.