### METHODOLOGY

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

#### Step 1: Determine Total Assessments Required for 2013-2014

<table>
<thead>
<tr>
<th>Assessment Fund</th>
<th>Total Assessment Required</th>
<th>Fund Balance</th>
<th>DWC 1213 Overcollection</th>
<th>SIP 1213 Undercollection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers' Compensation Administration Revolving Fund</td>
<td>$228,967,134</td>
<td>$(189,881,000)</td>
<td>$31,135,693</td>
<td>$(1,831,582)</td>
</tr>
<tr>
<td>(1.1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Uninsured Employers Benefits Trust Fund Assessment</td>
<td>$33,701,736</td>
<td>$(32,900,000)</td>
<td>$8,639,356</td>
<td>$(465,811)</td>
</tr>
<tr>
<td>(1.2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsequent Injuries Benefits Trust Fund Assessment</td>
<td>$24,576,613</td>
<td>$(16,925,000)</td>
<td>$3,718,200</td>
<td>$(8,639,356)</td>
</tr>
<tr>
<td>(1.3)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Occupational Safety and Health Fund Assessment</td>
<td>$40,268,998</td>
<td>$(38,194,000)</td>
<td>$5,254,132</td>
<td>$(40,268,998)</td>
</tr>
<tr>
<td>(1.4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor Enforcement and Compliance Fund Assessment</td>
<td>$45,304,744</td>
<td>$(24,424,000)</td>
<td>$4,348,760</td>
<td>$(45,304,744)</td>
</tr>
<tr>
<td>(1.5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers: $466,082,434,446
Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2010

(2.2) Payroll for self-insured employers: $180,238,341,067

(2.2.1) 2012-13 Fiscal Year for Public Sector: $96,686,540,961
(2.2.2) 2012 for Private Sector: $83,551,800,106

Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

(2.3) Payroll for State of California (including SCIF): $14,500,104,410
Source: Department of Personnel Administration, Fiscal Year 2012-13

(2.4) Total payroll for self-insured employers: $194,738,445,477

(2.5) Total combined payroll: $660,820,879,923

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

(3.1) Insured Employers:

\[
\text{Insured Employer Payroll} = \frac{\text{Methodology Section (2.1)}}{\text{Methodology Section (2.5)}} = \frac{466,082,434,446}{660,820,879,923} = 70.53\%
\]

(3.2) Self-Insured Employers:

\[
\text{Self-Insured Employer Payroll} = \frac{\text{Methodology Section (2.4)}}{\text{Methodology Section (2.5)}} = \frac{194,738,445,477}{660,820,879,923} = 29.47\%
\]

1 (2.7) Payroll for Self-Insured Employers = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2 (2.4) Total Payroll for Self-Insured Employers = Σ of Methodology Section (2.2) and Methodology Section (2.3)
3 (2.5) Total Combined Payroll = Σ of Methodology Section (2.1) and Methodology Section (2.4)
Step 4: Determine the Total Assessments for Insured and Self-Insured Employers

**Workers’ Compensation Administration Revolving Fund Assessment**

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(WCARF Assessment) X 70.53% = $228,967,134 X 70.53%</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609],</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1213 [pursuant to CCR § 15606(f)].</td>
</tr>
<tr>
<td>(4.1) Resulting Final Insured Employers Workers’ Compensation User Funding Assessment</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(WCARF Assessment) X 29.47% = $228,967,134 X 29.47%</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
</tr>
<tr>
<td>(4.2) Resulting Final Self-Insured Employers Workers’ Compensation User Funding Assessment</td>
</tr>
</tbody>
</table>

**Uninsured Employers Benefits Trust (UEBT) Fund Assessment**

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(UEBTF Assessment) X 70.53% = $33,701,736 X 70.53%</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].</td>
</tr>
<tr>
<td>DECREASED by the Insurer overcollection for 1213 [pursuant to CCR § 15606(f)].</td>
</tr>
<tr>
<td>(4.3) Resulting Final Insured Employers UEBT Fund Assessment</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(UEBTF Assessment) X 29.47% = $33,701,736 X 29.47%</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
</tr>
<tr>
<td>(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment</td>
</tr>
</tbody>
</table>

**Subsequent Injuries Benefits Trust (SIBT) Fund Assessment**

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SIBTF Assessment) X 70.53% = $24,576,613 X 70.53%</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1213 [pursuant to CCR § 15606(f)].</td>
</tr>
<tr>
<td>(4.5) Resulting Final Insured Employers SIBT Fund Assessment</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(SIBTF Assessment) X 29.47% = $24,576,613 X 29.47%</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
</tr>
<tr>
<td>(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment</td>
</tr>
</tbody>
</table>
Occupational Safety and Health Fund (OSHF) Assessment

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$28,401,724</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OSHF Assessment) X 70.53% = $40,268,998 X 70.53%</td>
<td>$28,401,724</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].</td>
<td>$6,090,799</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1213 [pursuant to CCR § 15606(f)].</td>
<td>($5,254,132)</td>
</tr>
<tr>
<td>Resulting Final Insured Employers OSH Fund Assessment.</td>
<td>$29,238,392</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$11,867,274</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OSHF Assessment) X 29.47% = $40,268,998 X 29.47%</td>
<td>$11,867,274</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
<td>$375,177</td>
</tr>
<tr>
<td>Resulting Final Self-Insured Employers OSH Fund Assessment.</td>
<td>$12,242,451</td>
</tr>
</tbody>
</table>

Labor Enforcement and Compliance Fund (LECF) Assessment

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$31,953,436</th>
</tr>
</thead>
<tbody>
<tr>
<td>(LECF Assessment) X 70.53% = $45,304,744 X 70.53%</td>
<td>$31,953,436</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].</td>
<td>$5,494,155</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1213 [pursuant to CCR § 15606(f)].</td>
<td>($4,348,760)</td>
</tr>
<tr>
<td>Resulting Final Insured Employers LEC Fund Assessment.</td>
<td>$33,098,832</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$13,723,014</th>
</tr>
</thead>
<tbody>
<tr>
<td>(LECF Assessment) X 29.47% = $45,304,744 X 29.47%</td>
<td>$13,723,014</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
<td>$371,706</td>
</tr>
<tr>
<td>Resulting Final Self-Insured Employers LEC Fund Assessment.</td>
<td>$14,094,720</td>
</tr>
</tbody>
</table>

Workers' Compensation Fraud Account Assessment

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$34,344,611</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fraud Assessment) X 70.53% = $49,115,005 X 70.53%</td>
<td>$34,344,611</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].</td>
<td>$9,181,770</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1213 [pursuant to CCR § 15606(f)].</td>
<td>($9,477,972)</td>
</tr>
<tr>
<td>Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment.</td>
<td>$34,344,611</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$14,977,081</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fraud Assessment) X 29.47% = $49,115,005 X 29.47%</td>
<td>$14,977,081</td>
</tr>
<tr>
<td>INCREASED by the Self-Insurer undercollection from prior year.</td>
<td>$502,889</td>
</tr>
<tr>
<td>Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment.</td>
<td>$14,474,192</td>
</tr>
</tbody>
</table>
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = \frac{\text{Total Direct Workers' Compensation}}{13,500,000,000} = 0.012247
\]

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{\text{Total Amt. of Workers' Comp. Indemnity Pd}}{1,676,477,939} = 0.041342
\]

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

- **2012-13 Public Sector**.......................... $937,771,648
- **2012 Private Sector**.............................. $560,652,058
- **2012-13 State of California**.................. $178,054,233

**SOURCE:** Department of Personnel Administration

### Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = \frac{\text{Total Direct Workers' Compensation}}{13,500,000,000} = 0.001603
\]

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{\text{Total Amt. of Workers' Comp. Indemnity Pd}}{1,676,477,939} = 0.006202
\]

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

### Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor

**Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = \frac{\text{Total Direct Workers' Compensation}}{13,500,000,000} = 0.006291
\]

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{\text{Total Amt. of Workers' Comp. Indemnity Pd}}{1,676,477,939} = 0.004461
\]

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

Page 5 of 8
### Occupational Safety and Health Fund (OSHF) Assessment Factor

**[5.7] Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = \frac{29,238,392}{13,500,000,000} = 0.002166
\]

\*Estimated Premium (Source: WCIRB estimate for 2013 Policy Year)

**[5.8] Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{12,242,451}{1,676,477,939} = 0.007302
\]

**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 (LECF) Assessment Factor

**[5.9] Calculation for Insured Employers:**

\[
\text{Total Insured Employers Assessment} = \frac{33,098,832}{13,500,000,000} = 0.002452
\]

\*Estimated Premium (Source: WCIRB estimate for 2013 Policy Year)

**[5.10] Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{13,723,014}{1,676,477,939} = 0.008186
\]

**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:**

\[
\text{Total Insured Employer Surcharge} = \frac{34,344,611}{13,500,000,000} = 0.002544
\]

\*Estimated Premium (Source: WCIRB estimate for 2013 Policy Year)

**[5.12] Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Surcharge} = \frac{14,977,081}{1,676,477,939} = 0.008934
\]

**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 [ 0.012247 ] X Employer's Expected Assessable Premium*

(6.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.041342 ] X Total Indemnity Paid by the Employer

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

(7.1) Individual Insured Employers:
Assessment Factor [ 0.001603 ] X Employer's Expected Assessable Premium*

(7.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.006202 ] X Total Indemnity Paid by the Employer

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

(8.1) Individual Insured Employers:
Assessment Factor [ 0.001291 ] X Employer's Expected Assessable Premium*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.004461 ] X Total Indemnity Paid by the Employer

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

(9.1) Individual Insured Employers:
Assessment Factor [ 0.002166 ] X Employer's Expected Assessable Premium*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.008186 ] X Total Indemnity Paid by the Employer

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

(10.1) Individual Insured Employers:
Assessment Factor [ 0.002452 ] X Employer's Expected Assessable Premium*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.008186 ] X Total Indemnity Paid by the Employer
Step 11: Determine Individual Employer's Workers' Compensation Fraud Account Assessment

\[(11.1)\text{ Individual Insured Employers:}\]
\[\text{Assessment Factor } [0.002544] \times \text{Employer's Expected Assessable Premium}^*\]

\[(11.2)\text{ Calculation for Individual Self-Insured Employers:}\]
\[\text{Assessment Factor } [0.008934] \times \text{Total Indemnity Paid by the Employer}\]

*Assessable Premium*

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