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 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 2014-2015

(1.1) Workers’ Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)… $197,205,152

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$439,830,814</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($278,879,000)</td>
</tr>
<tr>
<td>DWC 1314 Overcollection</td>
<td>$39,080,579</td>
</tr>
<tr>
<td>SIP 1314 Undercollection</td>
<td>($2,827,241)</td>
</tr>
<tr>
<td></td>
<td>$197,205,152</td>
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</table>

(1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)…………………… $32,653,213

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$59,453,531</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($33,638,000)</td>
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<tr>
<td>DWC 1314 Overcollection</td>
<td>$7,247,911</td>
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<tr>
<td>SIP 1314 Undercollection</td>
<td>($410,229)</td>
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<tr>
<td></td>
<td>$32,653,213</td>
</tr>
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</table>

(1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)…………………… $17,921,377

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tr>
<td>Total Assessment Required</td>
<td>$35,105,623</td>
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<tr>
<td>Fund Balance</td>
<td>($22,168,000)</td>
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<tr>
<td>DWC 1314 Overcollection</td>
<td>$6,287,655</td>
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<tr>
<td>SIP 1314 Undercollection</td>
<td>($303,901)</td>
</tr>
<tr>
<td></td>
<td>$17,921,377</td>
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(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5)………………………… $62,339,947

<table>
<thead>
<tr>
<th>Description</th>
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<tr>
<td>Total Assessment Required</td>
<td>$85,765,474</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($32,721,000)</td>
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<tr>
<td>DWC 1314 Overcollection</td>
<td>$9,796,287</td>
</tr>
<tr>
<td>SIP 1314 Undercollection</td>
<td>($499,814)</td>
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<tr>
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<td>$62,339,947</td>
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</table>

(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)………………………… $44,398,989

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Total Assessment Required</td>
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<tr>
<td>Fund Balance</td>
<td>($31,989,000)</td>
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<tr>
<td>DWC 1314 Overcollection</td>
<td>$9,943,670</td>
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<tr>
<td>SIP 1314 Undercollection</td>
<td>($563,624)</td>
</tr>
<tr>
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<td>$44,398,989</td>
</tr>
</tbody>
</table>
Workers' Compensation Fraud Account Assessment (Labor Code § 62.6) ........................................ $51,385,841

The workers' compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.

<table>
<thead>
<tr>
<th>Description</th>
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<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$53,445,000</td>
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<tr>
<td>Fund Balance</td>
<td>($12,451,686)</td>
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<tr>
<td>DWC 1314 Overcollection</td>
<td>$10,986,264</td>
</tr>
<tr>
<td>SIP 1314 Undercollection</td>
<td>($605,837)</td>
</tr>
<tr>
<td>Total</td>
<td>$51,385,841</td>
</tr>
</tbody>
</table>

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers .................. $492,602,355,962

Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2011

(2.2) Payroll for self-insured employers .................. $182,217,342,385

(2.2.1) 2013-14 Fiscal Year for Public Sector .......... $101,371,314,477

(2.2.2) 2013 for Private Sector .................... $80,846,027,908

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

(2.3) Payroll for State of California (including SCIF) ........ $15,539,220,277

Source: (Department of Personnel Administration, Fiscal Year 2013-14)

(2.4) Total payroll for self-insured employers ............ $197,756,562,662

(2.5) Total combined payroll ................................ $690,358,918,624

(Insured and self-insured employers)

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

(3.1) Insured Employers:

Insured Employer Payroll ................................ Methodology Section (2.1) $492,602,355,962

Total Combined Payroll ................................ Methodology Section (2.5) $690,358,918,624

Proportional Payroll = $492,602,355,962 / $690,358,918,624 = 71.35%

(3.2) Self-Insured Employers:

Self-Insured Employer Payroll ................................ Methodology Section (2.4) $197,756,562,662

Total Combined Payroll ................................ Methodology Section (2.5) $690,358,918,624

Proportional Payroll = $197,756,562,662 / $690,358,918,624 = 28.65%

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

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

3 Total Combined Payroll = Σ of Methodology Section (3.1) and Methodology Section (3.2)
Step 4: Determine the Total Assessments for Insured and Self-Insured Employers

### Workers' Compensation Administration Revolving Fund Assessment

**Calculation for Insured Employers:**
- **(WCARF Assessment)** $197,205,152
  - \( \times 71.35\% \) $140,705,875
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $11,982,247
- DECREASED by insurer overcollection 1314 [pursuant to CCR § 15606(f)] ($39,080,579)

\[4.1]\] Resulting Final Insured Employers Workers' Compensation User Funding Assessment $113,607,543

**Calculation for Self-Insured Employers:**
- **(WCARF Assessment)** $197,205,152
  - \( \times 28.65\% \) $56,499,276
- INCREASED by the Self-Insurer undercollection from prior year $2,827,241

\[4.2]\] Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment $59,326,517

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

**Calculation for Insured Employers:**
- **(UEBTF Assessment)** $32,653,213
  - \( \times 71.35\% \) $23,298,067
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $2,781,921
- DECREASED by insurer overcollection 1314 [pursuant to CCR § 15606(f)] ($7,247,911)

\[4.3]\] Resulting Final Insured Employers UEBT Fund Assessment $18,832,077

**Calculation for Self-Insured Employers:**
- **(UEBTF Assessment)** $32,653,213
  - \( \times 28.65\% \) $9,355,146
- INCREASED by the Self-Insurer undercollection from prior year $410,229

\[4.4]\] Resulting Final Self-Insured Employers UEBT Fund Assessment $9,765,375

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

**Calculation for Insured Employers:**
- **(SIBTF Assessment)** $17,921,377
  - \( \times 71.35\% \) $12,786,902
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $1,111,838
- DECREASED by insurer overcollection 1314 [pursuant to CCR § 15606(f)] ($5,287,655)

\[4.5]\] Resulting Final Insured Employers SIBT Fund Assessment $8,611,085

**Calculation for Self-Insured Employers:**
- **(SIBTF Assessment)** $17,921,377
  - \( \times 28.65\% \) $5,134,475
- INCREASED by the Self-Insurer undercollection from prior year $303,901

\[4.6]\] Resulting Final Self-Insured Employers SIBT Fund Assessment $5,438,376
**Occupational Safety and Health Fund (OSHF) Assessment**

**Calculation for Insured Employers:**

- \((\text{OSHF Assessment}) \times 71.35\% = \$62,339,947 \times 71.35\% \) ………………………… \$44,479,552
- \(\text{INCREASED by credits due individual insurers which undercollected against previous} \)
  \(\text{advances} [\text{CCR} \ § 15609] \)…………………………………………………………………………………………… \$2,888,013
- \(\text{DECREASED by insurer overcollection 1314 [pursuant to CCR} \ § 15606(f)] \)………………………………… \($9,795,287\)

\[\text{(4.7)}\]

**Resulting Final Insured Employers OSH Fund Assessment**: ………………………………………………………… \$37,572,278

**Calculation for Self-Insured Employers:**

- \((\text{OSHF Assessment}) \times 28.65\% = \$62,339,947 \times 28.65\% \) …………………………… \$17,860,395
- \(\text{INCREASED by the Self-Insurer undercollection from prior year} \)……………………………………………… \$499,814

\[\text{(4.8)}\]

**Resulting Final Self-Insured Employers OSH Fund Assessment**: ………………………………………………………… \$18,360,209

**Labor Enforcement and Compliance Fund (LECF) Assessment**

**Calculation for Insured Employers:**

- \((\text{LECF Assessment}) \times 71.35\% = \$44,398,989 \times 71.35\% \) …………………………… \$31,678,679
- \(\text{INCREASED by credits due individual insurers which undercollected against previous} \)
  \(\text{advances} [\text{CCR} \ § 15609] \)……………………………………………………………………………………………. \$2,342,741
- \(\text{DECREASED by insurer overcollection 1314 [pursuant to CCR} \ § 15606(f)] \)………………………………… \($9,943,670\)

\[\text{(4.9)}\]

**Resulting Final Insured Employers LEC Fund Assessment**: ………………………………………………………… \$24,077,750

**Calculation for Self-Insured Employers:**

- \((\text{LECF Assessment}) \times 28.65\% = \$44,398,989 \times 28.65\% \) ………………………………… \$12,720,310
- \(\text{INCREASED by the Self-Insurer undercollection from prior year} \)……………………………………………… \$563,624

\[\text{(4.10)}\]

**Resulting Final Self-Insured Employers LEC Fund Assessment**: ………………………………………………………… \$13,283,934

**Workers’ Compensation Fraud Account Assessment**

**Calculation for Insured Employers:**

- \((\text{Fraud Assessment}) \times 71.35\% = \$51,385,841 \times 71.35\% \) ………………………… \$36,663,798
- \(\text{INCREASED by credits due individual insurers which undercollected against previous} \)
  \(\text{advances} [\text{pursuant to CCR} \ § 15609] \)………………………………………………………………………………………… \$3,365,250
- \(\text{DECREASED by insurer overcollection 1314 [pursuant to CCR} \ § 15606(f)] \)………………………………… \($10,998,364\)

\[\text{(4.11)}\]

**Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment**: ……………………… \$29,030,684

**Calculation for Self-Insured Employers:**

- \((\text{Fraud Assessment}) \times 28.65\% = \$51,385,841 \times 28.65\% \) …………………………… \$14,722,043
- \(\text{INCREASED by the Self-Insurer undercollection from prior year} \)……………………………………………… \$605,837

\[\text{(4.12)}\]

**Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment**: ……………………… \$15,327,880
### Step 5: Calculate the Assessment Factors

<table>
<thead>
<tr>
<th>Assessment Fund</th>
<th>Calculation for Insured Employers</th>
<th>Calculation for Self-Insured Employers</th>
</tr>
</thead>
<tbody>
<tr>
<td>WCAR Fund</td>
<td>Total Insured Employers Assessment = $113,607,543</td>
<td>Total Self-Insured Employer Assessment = $59,326,517</td>
</tr>
<tr>
<td></td>
<td>Total Direct Workers' Compensation* = $16,000,000,000</td>
<td>Total Amt. of Workers' Comp. Indemnity Pd** = $1,695,778,390</td>
</tr>
<tr>
<td></td>
<td>0.007100</td>
<td>0.034985</td>
</tr>
<tr>
<td></td>
<td>*Estimated Premium</td>
<td>**SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans</td>
</tr>
</tbody>
</table>

| UEBT Fund       | Total Insured Employers Assessment = $18,832,077 | Total Self-Insured Employer Assessment = $9,765,375 |
|                 | Total Direct Workers' Compensation* = $16,000,000,000 | Total Amt. of Workers' Comp. Indemnity Pd** = $1,695,778,390 |
|                 | 0.001177 | 0.005759 |
|                 | *Estimated Premium | **SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans |

| SIBT Fund       | Total Insured Employers Assessment = $8,611,085 | Total Self-Insured Employer Assessment = $5,438,376 |
|                 | Total Direct Workers' Compensation* = $16,000,000,000 | Total Amt. of Workers' Comp. Indemnity Pd** = $1,695,778,390 |
|                 | 0.000538 | 0.003207 |
|                 | *Estimated Premium | **SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans |

| OSHF Fund       | Total Insured Employers Assessment = $37,572,278 | Total Self-Insured Employer Assessment = $59,326,517 |
|                 | Total Direct Workers' Compensation* = $16,000,000,000 | Total Amt. of Workers' Comp. Indemnity Pd** = $1,695,778,390 |
|                 | 0.002348 | 0.057599 |
|                 | *Estimated Premium | **SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans |
California Department of Industrial Relations
2014-2015 Workers’ Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers’ Compensation Fraud Account Assessment

[5.8] Calculation for Self-Insured Employers:
Total Self-Insured Employer Assessment = $18,360,209 = 0.010827
Total Amt. of Workers’ Comp. Indemnity Pd.** = $1,695,778,390
SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

[5.9] Calculation for Insured Employers:
Total Insured Employers Assessment = $24,077,750
Total Direct Workers' Compensation* = $16,000,000,000
SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

[5.10] Calculation for Self-Insured Employers:
Total Self-Insured Employer Surcharge = $13,283,934
Total Amt. of Workers’ Comp. Indemnity Pd.** = $1,695,778,390

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

[5.11] Calculation for Insured Employers:
Total Insured Employer Surcharge = $29,030,684
Total Direct Workers’ Compensation* = $16,000,000,000
SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans [Σ of Methodology Sections (5.2.1) to (5.2.3)]:

[5.12] Calculation for Self-Insured Employers:
Total Self-Insured Employer Surcharge = $15,327,880
Total Amt. of Workers’ Comp. Indemnity Pd.** = $1,695,778,390

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

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

[6.1] Individual Insured Employers:
Assessment Factor [ 0.007100 ] X Employer’s Expected Assessable Premium*

[6.2] Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.034985 ] 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 [ 0.001177 ] X Employer’s Expected Assessable Premium*

[7.2] Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.005759 ] 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 [0.000538] \times \text{Employer's Expected Assessable Premium}^*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.003207] \times \text{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 [0.002348] \times \text{Employer's Expected Assessable Premium}^*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.010827] \times \text{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 [0.001505] \times \text{Employer's Expected Assessable Premium}^*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.007834] \times \text{Total Indemnity Paid by the Employer}

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

(11.1) Individual Insured Employers:
Assessment Factor [0.001814] \times \text{Employer's Expected Assessable Premium}^*

(11.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [0.009039] \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.