California Department of Industrial Relations
2015-2016 Workers’ Compensation Administration Revolving Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers’ Compensation Fraud Account Assessment

METHODOLOGY

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

Step 1: Determine Total Assessments Required for 2015-2016

1.1 Workers’ Compensation Administration Revolving Fund Assessment (Labor Code § 62.5) ............... $164,278,972

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$400,976,150</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($346,117,286)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$62,991,566</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($3,171,458)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$164,278,972</strong></td>
</tr>
</tbody>
</table>

1.2 Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5) .......................... $33,208,852

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$59,652,500</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($41,508,330)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$15,509,034</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($444,352)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$33,208,852</strong></td>
</tr>
</tbody>
</table>

1.3 Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5) .............................. $38,999,245

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$46,983,800</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($15,666,486)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$7,929,734</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($247,803)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$38,999,245</strong></td>
</tr>
</tbody>
</table>

1.4 Occupational Safety and Health Fund Assessment (Labor Code § 62.5) .................................. $63,651,262

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$97,822,071</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($46,468,483)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$13,134,228</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($536,553)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$63,651,262</strong></td>
</tr>
</tbody>
</table>

1.5 Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5) ........................... $46,128,523

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$69,188,550</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($35,277,447)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$12,823,972</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($606,502)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$46,128,523</strong></td>
</tr>
</tbody>
</table>
The workers’ compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$58,862,000</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($11,062,086)</td>
</tr>
<tr>
<td>DWC 1415 Overcollection</td>
<td>$17,828,077</td>
</tr>
<tr>
<td>SIP 1415 Undercollection</td>
<td>($784,501)</td>
</tr>
</tbody>
</table>

Total $64,843,490

Step 2: Determine Payroll Amounts

1. **Total payroll for insured employers**: $522,684,567,031  
   - Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2012

2. **Payroll for self-insured employers**: $207,425,416,322

   - **2014-15 Fiscal Year for Public Sector**: $117,567,862,904
   - **2014 for Private Sector**: $89,857,553,418

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

3. **Payroll for State of California (including SCIF)**: $16,309,991,067
   - Source: Department of Personnel Administration, Fiscal Year 2014-15

4. **Total payroll for self-insured employers**: $223,735,407,389

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

5. **Total combined payroll (Insured and self-insured employers)**: $746,419,974,420

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

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

1. **Insured Employers**:  
   - **Insured Employer Payroll**: $522,684,567,031  
   - **Total Combined Payroll**: $746,419,974,420  
   - **Proportion**: 70.03%

2. **Self-Insured Employers**:  
   - **Self-Insured Employer Payroll**: $223,735,407,389  
   - **Total Combined Payroll**: $746,419,974,420  
   - **Proportion**: 29.97%

---

1. Total Payroll for Self-Insured Employers = % of Methodology Section (2.1) and Methodology Section (2.2)
2. Total Payroll for Self-Insured Employers = % of Methodology Section (2.2) and Methodology Section (2.3)
3. Total Combined Payroll = % 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>Description</th>
<th>Calculation</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
<td></td>
<td>$115,044,564</td>
</tr>
<tr>
<td><em>(WCARF Assessment)</em> X 70.03% = $164,278,972 X 70.03%</td>
<td></td>
<td>$115,044,564</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against</td>
<td></td>
<td></td>
</tr>
<tr>
<td>previous advances [CCR § 15609]</td>
<td></td>
<td>$9,055,313</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)]</td>
<td></td>
<td>($62,991,566)</td>
</tr>
<tr>
<td>(4.1) Resulting Final Insured Employers Workers' Compensation User Funding Assessment</td>
<td></td>
<td>$61,108,311</td>
</tr>
</tbody>
</table>

| Calculation for Self-Insured Employers:                                     |                                                                             | $49,234,088          |
| *(WCARF Assessment)* X 29.97% = $164,278,972 X 29.97%                      |                                                                             |                     |
| INCREASED by the Self-Insurer undercollection from prior year               |                                                                             | $3,171,458           |
| (4.2) Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment |                                                                             | $52,405,866          |

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
<td></td>
<td>$23,256,159</td>
</tr>
<tr>
<td><em>(UEBTF Assessment)</em> X 70.03% = $33,208,852 X 70.03%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against</td>
<td></td>
<td>$1,722,086</td>
</tr>
<tr>
<td>previous advances [CCR § 15609]</td>
<td></td>
<td>($15,509,034)</td>
</tr>
<tr>
<td>(4.3) Resulting Final Insured Employers UEBT Fund Assessment</td>
<td></td>
<td>$9,469,211</td>
</tr>
</tbody>
</table>

| Calculation for Self-Insured Employers:                                     |                                                                             | $9,952,693           |
| *(UEBTF Assessment)* X 29.97% = $33,208,852 X 29.97%                      |                                                                             |                     |
| INCREASED by the Self-Insurer undercollection from prior year               |                                                                             | $444,352             |
| (4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment          |                                                                             | $10,397,045          |

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Calculation</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
<td></td>
<td>$27,311,171</td>
</tr>
<tr>
<td><em>(SIBTF Assessment)</em> X 70.03% = $38,999,245 X 70.03%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against</td>
<td></td>
<td>$1,820,282</td>
</tr>
<tr>
<td>previous advances [CCR § 15609]</td>
<td></td>
<td>($7,929,734)</td>
</tr>
<tr>
<td>(4.5) Resulting Final Insured Employers SIBT Fund Assessment</td>
<td></td>
<td>$21,201,719</td>
</tr>
</tbody>
</table>

| Calculation for Self-Insured Employers:                                     |                                                                             | $11,688,074          |
| *(SIBTF Assessment)* X 29.97% = $38,999,245 X 29.97%                      |                                                                             |                     |
| INCREASED by the Self-Insurer undercollection from prior year               |                                                                             | $247,803             |
| (4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment          |                                                                             | $11,935,877          |
Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

- **(OSHF Assessment)** × 70.03% = $63,651,262 × 70.03% .............................................. $44,574,979
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].............................................................................................. $2,823,040
- DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)]................. ($13,134,228)

(4.7) Resulting Final Insured Employers OSH Fund Assessment........................................ $34,263,791

Calculation for Self-Insured Employers:

- **(OSHF Assessment)** × 29.97% = $63,651,262 × 29.97% .............................................. $19,076,283
- INCREASED by the Self-Insurer undercollection from prior year........................................ $193,554

(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment.............................. $19,912,837

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

- **(LECF Assessment)** × 70.03% = $46,128,523 × 70.03% .............................................. $32,303,805
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609].............................................................................................. $2,145,002
- DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)]................. ($12,823,972)

(4.9) Resulting Final Insured Employers LEC Fund Assessment.............................. $21,624,835

Calculation for Self-Insured Employers:

- **(LECF Assessment)** × 29.97% = $46,128,523 × 29.97% .............................................. $13,824,718
- INCREASED by the Self-Insurer undercollection from prior year........................................ $606,502

(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment.............................. $14,431,220

Workers’ Compensation Fraud Account Assessment

Calculation for Insured Employers:

- **(Fraud Assessment)** × 70.03% = $64,843,490 × 70.03% .............................................. $45,409,896
- INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609].............................................................................................. $3,406,910
- DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)]................. ($17,828,077)

(4.11) Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment.............................. $30,988,729

Calculation for Self-Insured Employers:

- **(Fraud Assessment)** × 29.97% = $64,843,490 × 29.97% .............................................. $19,433,594
- INCREASED by the Self-Insurer undercollection from prior year........................................ $784,501

(4.12) Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment.............................. $20,218,095
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td></td>
<td>$61,108,311</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation</td>
<td></td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Workers' Compensation Administration Revolving Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.003433</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td></td>
<td>$52,405,866</td>
<td></td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd**</td>
<td></td>
<td>$1,812,522,103</td>
<td></td>
</tr>
<tr>
<td><strong>Workers' Compensation Administration Revolving Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.028913</strong></td>
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</tr>
</tbody>
</table>

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans (5.2.1) to (5.2.3)

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td></td>
<td>$9,469,211</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.000532</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td></td>
<td>$10,397,045</td>
<td></td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd **</td>
<td></td>
<td>$1,812,522,103</td>
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</tr>
<tr>
<td><strong>Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.005736</strong></td>
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</tr>
</tbody>
</table>

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans (5.2.1) to (5.2.3)

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td></td>
<td>$21,201,719</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.001191</strong></td>
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</table>

*Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td></td>
<td>$11,935,877</td>
<td></td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd **</td>
<td></td>
<td>$1,812,522,103</td>
<td></td>
</tr>
<tr>
<td><strong>Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor</strong></td>
<td></td>
<td><strong>0.006585</strong></td>
<td></td>
</tr>
</tbody>
</table>

** SOURCE: Dept. of Industrial Relations, Office of Self-Insurance Plans (5.2.1) to (5.2.3)

### Occupational Safety and Health Fund (OSHF) Assessment Factor

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td></td>
<td>$34,263,791</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td><strong>Occupational Safety and Health Fund (OSHF) Assessment Factor</strong></td>
<td></td>
<td><strong>0.001925</strong></td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)
Calculation for Self-Insured Employers:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td>$19,912,837</td>
<td>0.010986</td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Paid**</td>
<td>$1,812,522,103</td>
<td></td>
</tr>
</tbody>
</table>

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

Labor Enforcement and Compliance Fund (LECF) Assessment Factor

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td>$21,624,835</td>
<td>0.001215</td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td>$17,800,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)

Workers' Compensation Fraud Account Assessment Factor

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Surcharge</td>
<td>$14,431,220</td>
<td>0.007962</td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Paid**</td>
<td>$1,812,522,103</td>
<td></td>
</tr>
</tbody>
</table>

** 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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Insured Employers: Assessment Factor</td>
<td>0.003433</td>
<td>X Employer's Expected Assessable Premium*</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Insured Employers: Assessment Factor</td>
<td>0.000532</td>
<td>X Employer's Expected Assessable Premium*</td>
</tr>
</tbody>
</table>

Calculation for Individual Self-Insured Employers:

Assessment Factor [0.028913] X Total Indemnity Paid by the Employer

Assessment Factor [0.005736] 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 \[ 0.001191 \] \times \text{Employer's Expected Assessable Premium}\[*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.006585 \] \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 \[ 0.001925 \] \times \text{Employer's Expected Assessable Premium}\[*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.010986 \] \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 \[ 0.001215 \] \times \text{Employer's Expected Assessable Premium}\[*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.007962 \] \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 \[ 0.001741 \] \times \text{Employer's Expected Assessable Premium}\[*

(11.2) Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.011155 \] \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, etc.) except for adjustments resulting from the application of deductible plans, retrospective rating or the return policyholder dividends.