## 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

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Total Assessment Required</th>
<th>Fund Balance</th>
<th>DWC 1415 Overcollection</th>
<th>SIP 1415 Undercollection</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1.1)</td>
<td>Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)</td>
<td>$164,278,972</td>
<td>$(346,117,286)</td>
<td>$62,991,566</td>
<td>$(3,171,458)</td>
</tr>
<tr>
<td>(1.2)</td>
<td>Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)</td>
<td>$33,208,852</td>
<td>$(41,508,330)</td>
<td>$15,509,034</td>
<td>$(444,352)</td>
</tr>
<tr>
<td>(1.3)</td>
<td>Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)</td>
<td>$38,999,245</td>
<td>$(15,666,486)</td>
<td>$7,929,734</td>
<td>$(247,803)</td>
</tr>
<tr>
<td>(1.4)</td>
<td>Occupational Safety and Health Fund Assessment (Labor Code § 62.5)</td>
<td>$63,651,262</td>
<td>$(836,553)</td>
<td>$13,134,228</td>
<td>$(836,553)</td>
</tr>
<tr>
<td>(1.5)</td>
<td>Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)</td>
<td>$46,128,523</td>
<td>$(35,277,447)</td>
<td>$12,823,972</td>
<td>$(606,502)</td>
</tr>
</tbody>
</table>
### Step 2: Determine Payroll Amounts

#### (2.1) Total Payroll for Insured Employers

Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2012

**Total Payroll for Insured Employers** = $522,684,567,031

#### (2.2) Payroll for Self-Insured Employers

**Payroll for Self-Insured Employers** = $207,425,416,322

#### (2.2.1) Payroll for 2014-15 Fiscal Year for Public Sector

**2014-15 Fiscal Year for Public Sector** = $117,567,862,904

#### (2.2.2) Payroll for 2014 for Private Sector

**2014 for Private Sector** = $89,857,553,418

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

#### (2.3) Payroll for State of California (including SCIF)

**Payroll for State of California (including SCIF)** = $16,309,991,067

**Source:** Department of Personnel Administration, Fiscal Year 2014-15

#### (2.4) Total Payroll for Self-Insured Employers

**Total Payroll for Self-Insured Employers** = $223,735,407,389

#### (2.5) Total Combined Payroll

**Total Combined Payroll** = $746,419,974,420

(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)** = $522,684,567,031
- **Total Combined Payroll** = **Methodology Section (2.5)** = $746,419,974,420
- **Insured Payroll as % of Total Combined Payroll** = 70.03%

#### (3.2) Self-Insured Employers:

- **Self-Insured Employer Payroll** = **Methodology Section (2.4)** = $223,735,407,389
- **Total Combined Payroll** = **Methodology Section (2.5)** = $746,419,974,420
- **Self-Insured Payroll as % of Total Combined Payroll** = 29.97%

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1. **Payroll for Self-Insured Employers** = % of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2. **Total Payroll for Self-Insured Employers** = % of Methodology Section (2.2.1) 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

**Calculation for Insured Employers:**
- $\times \ 70.03\% = \$164,278,972 \times \ 70.03\% \ $115,044,564$
- INCREASED by credits due individual insurers which undercollected against previous advances [$CCR \ § 15609] \,$9,055,313
- DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)] \,$61,108,311

**Resulting Final Insured Employers Workers' Compensation User Funding Assessment:**

#### Calculation for Self-Insured Employers:
- $\times \ 29.97\% = \$164,278,972 \times \ 29.97\% \ $49,234,408$
- INCREASED by the Self-Insurer undercollection from prior year \,$3,171,458

**Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment:**

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

**Calculation for Insured Employers:**
- $\times \ 70.03\% = \$33,208,852 \times \ 70.03\% \ $23,256,159$
- INCREASED by credits due individual insurers which undercollected against previous advances [$CCR \ § 15609] \,$1,722,086
- DECREASED by the Insurer overcollection for 1415 [pursuant to CCR § 15606(f)] \,$10,397,045

**Resulting Final Insured Employers UEBT Fund Assessment:**

**Calculation for Self-Insured Employers:**
- $\times \ 29.97\% = \$33,208,852 \times \ 29.97\% \ $9,952,693$
- INCREASED by the Self-Insurer undercollection from prior year \,$444,352

**Resulting Final Self-Insured Employers UEBT Fund Assessment:**

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

**Calculation for Insured Employers:**
- $\times \ 70.03\% = \$38,999,245 \times \ 70.03\% \ $27,311,171$
- INCREASED by credits due individual insurers which undercollected against previous advances [$CCR \ § 15609] \,$1,820,282
- DECREASED by insurer overcollection 1415 [pursuant to CCR § 15606(f)] \,$21,201,719

**Resulting Final Insured Employers SIBT Fund Assessment:**

**Calculation for Self-Insured Employers:**
- $\times \ 29.97\% = \$38,999,245 \times \ 29.97\% \ $11,688,074$
- INCREASED by the Self-Insurer undercollection from prior year \,$247,803

**Resulting Final Self-Insured Employers SIBT Fund Assessment:**
Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

\[
\text{(OSHF Assessment)} \times 70.03\% = \text{63,651,262} \times 70.03\% \quad \cdots \quad \text{\$44,574,979}
\]

\(\text{INCREASED by credits due individual insurers which undercollected against previous advances} \quad \text{CCR § 15609}\)

\(\text{DECREASED by insurer overcollection 1415} \quad \text{CCR § 15606(f)}\)

\(\text{(4.7) Resulting Final Insured Employers OSH Fund Assessment} \quad \text{\$34,263,791}\)

Calculation for Self-Insured Employers:

\(\text{(OSHF Assessment)} \times 29.97\% = \text{63,651,262} \times 29.97\% \quad \cdots \quad \text{\$19,076,283}\)

\(\text{INCREASED by the Self-Insurer undercollection from prior year}\)

\(\text{(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment} \quad \text{\$19,912,837}\)

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

\(\text{(LECF Assessment)} \times 70.03\% = \text{46,128,523} \times 70.03\% \quad \cdots \quad \text{\$32,303,805}\)

\(\text{INCREASED by credits due individual insurers which undercollected against previous advances} \quad \text{CCR § 15609}\)

\(\text{DECREASED by insurer overcollection 1415} \quad \text{CCR § 15606(f)}\)

\(\text{(4.9) Resulting Final Insured Employers LEC Fund Assessment} \quad \text{\$21,624,835}\)

Calculation for Self-Insured Employers:

\(\text{(LECF Assessment)} \times 29.97\% = \text{46,128,523} \times 29.97\% \quad \cdots \quad \text{\$13,824,718}\)

\(\text{INCREASED by the Self-Insurer undercollection from prior year}\)

\(\text{(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment} \quad \text{\$14,431,220}\)

Workers’ Compensation Fraud Account Assessment

Calculation for Insured Employers:

\(\text{(Fraud Assessment)} \times 70.03\% = \text{64,843,490} \times 70.03\% \quad \cdots \quad \text{\$45,409,896}\)

\(\text{INCREASED by credits due individual insurers which undercollected against previous advances} \quad \text{CCR § 15609}\)

\(\text{DECREASED by insurer overcollection 1415} \quad \text{CCR § 15606(f)}\)

\(\text{(4.11) Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment} \quad \text{\$30,988,729}\)

Calculation for Self-Insured Employers:

\(\text{(Fraud Assessment)} \times 29.97\% = \text{64,843,490} \times 29.97\% \quad \cdots \quad \text{\$19,433,594}\)

\(\text{INCREASED by the Self-Insurer undercollection from prior year}\)

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

### Workers' Compensation Administration Revolving Fund Assessment Factor

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

*Source: WCIRB estimate for 2015 Policy Year

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

- **2014-15 Public Sector** $1,021,438,990
- **2014 Private Sector** $608,307,148
- **2014-15 State of California*** $179,329,143

***Source: Department of Personnel Administration

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$9,469,211</th>
<th>0.000532</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: WCIRB estimate for 2015 Policy Year

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

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$21,201,719</th>
<th>0.001191</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: WCIRB estimate for 2015 Policy Year

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th>$11,935,877</th>
<th>0.006585</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Self-Insured Employer Assessment</td>
<td>$1,812,522,103</td>
<td></td>
</tr>
<tr>
<td>Total Amt. of Workers' Comp. Indemnity Pd**</td>
<td></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)]

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>$34,263,791</th>
<th>0.001925</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Insured Employers Assessment</td>
<td>$17,800,000,000</td>
<td></td>
</tr>
<tr>
<td>Total Direct Workers' Compensation*</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Source: WCIRB estimate for 2015 Policy Year
Occupational Safety and Health Fund Assessment,
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

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = \frac{19,912,837}{1,812,522,103} = 0.010986
\]

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

**Calculation for Insured Employers:**

\[
\text{Estimated Premium (Source: WCIRB estimate for 2015 Policy Year)}
\]

**Calculation for Self-Insured Employers:**

\[
\text{Total Self-Insured Employer Assessment} = 19,912,837
\]

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

**Workers' Compensation Fraud Account Assessment Factor**

\[
\text{Total Self-Insured Employer Assessment} = 14,431,220
\]

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

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

\[
\text{Total Self-Insured Employer Assessment} = 14,431,220
\]

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

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

\[
\text{Assessment Factor} = 0.003433 \times \text{Employer's Expected Assessable Premium*}
\]

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

\[
\text{Assessment Factor} = 0.00532 \times \text{Employer's Expected Assessable Premium*}
\]

**Calculation for Individual Self-Insured Employers:**

\[
\text{Assessment Factor} = 0.028913 \times \text{Total Indemnity Paid by the Employer}
\]

**Calculation for Individual Self-Insured Employers:**

\[
\text{Assessment Factor} = 0.005736 \times \text{Total Indemnity Paid by the Employer}
\]
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.