## 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 2016-2017

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Total Assessment Required</th>
<th>Fund Balance</th>
<th>DWC 1516 Overcollection</th>
<th>SIP 1516 Undercollection</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)</td>
<td>$147,512,012</td>
<td>$(452,328,500)</td>
<td>$(359,209,000)</td>
<td>$(2,452,426)</td>
</tr>
<tr>
<td>1.2</td>
<td>Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)</td>
<td>$27,367,499</td>
<td>$56,914,500</td>
<td>$(36,969,000)</td>
<td>$(503,895)</td>
</tr>
<tr>
<td>1.3</td>
<td>Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)</td>
<td>$40,673,377</td>
<td>$54,965,509</td>
<td>$(19,436,000)</td>
<td>$(624,023)</td>
</tr>
<tr>
<td>1.4</td>
<td>Occupational Safety and Health Fund Assessment (Labor Code § 62.5)</td>
<td>$71,521,990</td>
<td>$106,128,662</td>
<td>$(44,970,000)</td>
<td>$(967,480)</td>
</tr>
<tr>
<td>1.5</td>
<td>Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)</td>
<td>$62,344,728</td>
<td>$85,588,500</td>
<td>$(34,406,000)</td>
<td>$(700,923)</td>
</tr>
</tbody>
</table>
California Department of Industrial Relations

(1.6) Workers’ Compensation Fraud Account Assessment (Labor Code § 62.6) ........................................ $53,835,223
The workers’ compensation fraud account assessment is established by the Department of Insurance, Fraud Commission.

<table>
<thead>
<tr>
<th></th>
<th>Required</th>
<th>Fund Balance</th>
<th>DWC 1516 Overcollection</th>
<th>SIP 1516 Undercollection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment</td>
<td>$53,835,223</td>
<td>($15,046,926)</td>
<td>$11,017,560</td>
<td>($997,411)</td>
</tr>
</tbody>
</table>

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers ................................................................. $554,248,592,005
Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2013

(2.2) Payroll for self-insured employers .................................................................. $218,198,514,998 ¹

(2.2.1) 2015-16 Fiscal Year for Public Sector ........................................... $123,084,023,234
Source: Department of Industrial Relations, Office of Self-Insurance Plans

(2.2.2) 2015 Fiscal Year for Private Sector .................................................. $95,114,491,764
Source: Department of Industrial Relations, Office of Self-Insurance Plans

(2.3) Payroll for State of California (including SCIF)** ........................................ $16,907,515,130
Source: Department of Personnel Administration, Fiscal Year 2015-16

(2.4) Total payroll for self-insured employers ....................................................... $235,106,030,128 ²

(2.5) Total combined payroll .................................................................................. $789,354,622,133 ³
(Insured and self-insured employers)

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

(3.1) Insured Employers:

<table>
<thead>
<tr>
<th>Insured Employer Payroll</th>
<th>Methodology Section (2.1)</th>
<th>$554,248,592,005</th>
<th>70.22%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Combined Payroll</td>
<td>Methodology Section (2.5)</td>
<td>$789,354,622,133</td>
<td></td>
</tr>
</tbody>
</table>

(3.2) Self-Insured Employers:

<table>
<thead>
<tr>
<th>Self-Insured Employer Payroll</th>
<th>Methodology Section (2.4)</th>
<th>$235,106,030,128</th>
<th>29.78%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Combined Payroll</td>
<td>Methodology Section (2.5)</td>
<td>$789,354,622,133</td>
<td></td>
</tr>
</tbody>
</table>

¹ (2.1) 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

Calculation for Insured Employers:
- \(( \text{WCARF Assessment}) \times 70.22\% - \$147,512,012 \times 70.22\% \)  
  \[ \text{Resulting Final Insured Employers Workers' Compensation User Funding Assessment} \]  
  \[ \$103,582,935 \]

Calculation for Self-Insured Employers:
- \(( \text{WCARF Assessment}) \times 29.78\% - \$147,512,012 \times 29.78\% \)  
  \[ \text{Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment} \]  
  \[ \$43,929,077 \]

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

Calculation for Insured Employers:
- \(( \text{UEBTF Assessment}) \times 70.22\% - \$27,367,499 \times 70.22\% \)  
  \[ \text{Resulting Final Insured Employers UEBT Fund Assessment} \]  
  \[ \$19,217,458 \]

Calculation for Self-Insured Employers:
- \(( \text{UEBTF Assessment}) \times 29.78\% - \$27,367,499 \times 29.78\% \)  
  \[ \text{Resulting Final Self-Insured Employers UEBT Fund Assessment} \]  
  \[ \$8,150,041 \]

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

Calculation for Insured Employers:
- \(( \text{SIBTF Assessment}) \times 70.22\% - \$40,673,377 \times 70.22\% \)  
  \[ \text{Resulting Final Insured Employers SIBT Fund Assessment} \]  
  \[ \$28,560,845 \]

Calculation for Self-Insured Employers:
- \(( \text{SIBTF Assessment}) \times 29.78\% - \$40,673,377 \times 29.78\% \)  
  \[ \text{Resulting Final Self-Insured Employers SIBT Fund Assessment} \]  
  \[ \$12,112,532 \]
## Occupational Safety and Health Fund (OSHF) Assessment

**Calculation for Insured Employers:**
- \((OSHF\ \text{Assessment}) \times 70.22\% = 71,521,990 \times 70.22\% = 50,222,741\)
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]: $2,036,218
- DECREASED by insurer overcollection 1516 [pursuant to CCR § 15606(f)]: ($11,330,809)
- **Resulting Final Insured Employers OSH Fund Assessment:** $41,261,150

**Calculation for Self-Insured Employers:**
- \((OSHF\ \text{Assessment}) \times 29.78\% = 71,521,990 \times 29.78\% = 21,299,249\)
- INCREASED by Self-Insurer undercollection from prior year: $967,480
- **Resulting Final Self-Insured Employers OSH Fund Assessment:** $22,266,729

## Labor Enforcement and Compliance Fund (LECF) Assessment

**Calculation for Insured Employers:**
- \((LECF\ \text{Assessment}) \times 70.22\% = 62,344,728 \times 70.22\% = 43,778,468\)
- INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]: $2,408,604
- DECREASED by insurer overcollection 1516 [pursuant to CCR § 15606(f)]: ($11,863,151)
- **Resulting Final Insured Employers LEC Fund Assessment:** $34,323,921

**Calculation for Self-Insured Employers:**
- \((LECF\ \text{Assessment}) \times 29.78\% = 62,344,728 \times 29.78\% = 18,566,260\)
- INCREASED by Self-Insurer undercollection from prior year: $700,923
- **Resulting Final Self-Insured Employers LEC Fund Assessment:** $19,267,183

## Workers’ Compensation Fraud Account Assessment

**Calculation for Insured Employers:**
- \((Fraud\ \text{Assessment}) \times 70.22\% = 53,835,223 \times 70.22\% = 37,803,094\)
- INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609]: $3,204,089
- DECREASED by insurer overcollection 1516 [pursuant to CCR § 15606(f)]: ($11,017,560)
- **Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment:** $29,989,623

**Calculation for Self-Insured Employers:**
- \((Fraud\ \text{Assessment}) \times 29.78\% = 53,835,223 \times 29.78\% = 16,032,129\)
- INCREASED by Self-Insurer undercollection from prior year: $997,411
- **Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment:** $17,029,540
### Step 5: Calculate the Assessment Factors

#### Workers' Compensation Administration Revolving Fund Assessment Factor

For Insured Employers:

- Total Insured Employers Assessment: $55,992,143
- Total Direct Workers' Compensation: $17,900,000,000

**Assessment Factor:** 0.003128

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

For Self-Insured Employers:

- Total Self-Insured Employer Assessment: $46,381,503
- Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570

**Assessment Factor:** 0.025226

**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

For Insured Employers:

- Total Insured Employers Assessment: $12,907,056
- Total Direct Workers' Compensation: $17,900,000,000

**Assessment Factor:** 0.000721

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

For Self-Insured Employers:

- Total Self-Insured Employer Assessment: $8,653,936
- Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570

**Assessment Factor:** 0.004707

**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

For Insured Employers:

- Total Insured Employers Assessment: $23,890,110
- Total Direct Workers' Compensation: $17,900,000,000

**Assessment Factor:** 0.001335

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

For Self-Insured Employers:

- Total Self-Insured Employer Assessment: $12,736,555
- Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570

**Assessment Factor:** 0.006927

**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

For Insured Employers:

- Total Insured Employers Assessment: $41,261,150
- Total Direct Workers' Compensation: $17,900,000,000

**Assessment Factor:** 0.002305

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

**Step 5: Calculate the Assessment Factors**

- **Workers' Compensation Administration Revolving Fund Assessment Factor**
  - For Insured Employers:
    - Total Insured Employers Assessment: $55,992,143
    - Total Direct Workers' Compensation: $17,900,000,000
    - Assessment Factor: 0.003128
  - For Self-Insured Employers:
    - Total Self-Insured Employer Assessment: $46,381,503
    - Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570
    - Assessment Factor: 0.025226

- **Uninsured Employers Benefits Trust (UEBT) Fund Assessment Factor**
  - For Insured Employers:
    - Total Insured Employers Assessment: $12,907,056
    - Total Direct Workers' Compensation: $17,900,000,000
    - Assessment Factor: 0.000721
  - For Self-Insured Employers:
    - Total Self-Insured Employer Assessment: $8,653,936
    - Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570
    - Assessment Factor: 0.004707

- **Subsequent Injuries Benefits Trust (SIBT) Fund Assessment Factor**
  - For Insured Employers:
    - Total Insured Employers Assessment: $23,890,110
    - Total Direct Workers' Compensation: $17,900,000,000
    - Assessment Factor: 0.001335
  - For Self-Insured Employers:
    - Total Self-Insured Employer Assessment: $12,736,555
    - Total Amt. of Workers' Comp. Indemnity Pd.: $1,838,616,570
    - Assessment Factor: 0.006927

- **Occupational Safety and Health Fund (OSHF) Assessment Factor**
  - For Insured Employers:
    - Total Insured Employers Assessment: $41,261,150
    - Total Direct Workers' Compensation: $17,900,000,000
    - Assessment Factor: 0.002305

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(5.8) Calculation for Self-Insured Employers:
Total Self-Insured Employer Assessment = $22,299,729
Total Amt. of Workers' Comp. Indemnity Pd.** = $1,838,616,570
Assessment Factor = 0.012111

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

(6.1) Individual Insured Employers:
Assessment Factor [ 0.003128 ] X Employer's Expected Assessable Premium

(6.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.025226 ] X Total Indemnity Paid by the Employer

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

(5.9) Calculation for Insured Employers:
Total Insured Employers Assessment = $34,323,921
Total Direct Workers' Compensation* = $17,900,000,000
Assessment Factor = 0.001918

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

(5.10) Calculation for Self-Insured Employers:
Total Self-Insured Employer Assessment = $19,267,183
Total Amt. of Workers' Comp. Indemnity Pd.** = $1,838,616,570
Assessment Factor = 0.010479

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

(5.11) Calculation for Insured Employers:
Total Insured Employer Surcharge = $29,989,623
Total Direct Workers' Compensation* = $17,900,000,000
Assessment Factor = 0.001675

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

(5.12) Calculation for Self-Insured Employers:
Total Self-Insured Employer Surcharge = $17,029,540
Total Amt. of Workers' Comp. Indemnity Pd.** = $1,838,616,570
Assessment Factor = 0.009262

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

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

(7.1) Individual Insured Employers:
Assessment Factor [ 0.000721 ] X Employer's Expected Assessable Premium

(7.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.004707 ] 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 \(0.001335\) \(\times\) Employer’s Expected Assessable Premium*

#### 8.2 Calculation for Individual Self-Insured Employers:
- Assessment Factor \(0.006927\) \(\times\) 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 \(0.002305\) \(\times\) Employer’s Expected Assessable Premium*

#### 9.2 Calculation for Individual Self-Insured Employers:
- Assessment Factor \(0.012111\) \(\times\) 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 \(0.001918\) \(\times\) Employer’s Expected Assessable Premium*

#### 10.2 Calculation for Individual Self-Insured Employers:
- Assessment Factor \(0.010479\) \(\times\) Total Indemnity Paid by the Employer

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

#### 11.1 Individual Insured Employers:
- Assessment Factor \(0.001675\) \(\times\) Employer’s Expected Assessable Premium*

#### 11.2 Calculation for Individual Self-Insured Employers:
- Assessment Factor \(0.009262\) \(\times\) 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.