**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 2017-2018

#### (1.1) Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$437,952,163</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($345,002,909)</td>
</tr>
<tr>
<td>DWC 1617 Overcollection</td>
<td>$68,790,896</td>
</tr>
<tr>
<td>SIP 1617 Overcollection</td>
<td>$15,458,604</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$277,148,751</strong></td>
</tr>
</tbody>
</table>

#### (1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$55,900,500</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($34,024,970)</td>
</tr>
<tr>
<td>DWC 1617 Overcollection</td>
<td>$30,939,431</td>
</tr>
<tr>
<td>SIP 1617 Overcollection</td>
<td>$1,965,470</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$54,789,431</strong></td>
</tr>
</tbody>
</table>

#### (1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$101,162,000</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($664,345)</td>
</tr>
<tr>
<td>DWC 1617 Undercollection</td>
<td>($6,690,902)</td>
</tr>
<tr>
<td>SIP 1617 Undercollection</td>
<td>($1,316,248)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$77,999,883</strong></td>
</tr>
</tbody>
</table>

#### (1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$110,154,217</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($41,299,000)</td>
</tr>
<tr>
<td>DWC 1617 Overcollection</td>
<td>$13,957,671</td>
</tr>
<tr>
<td>SIP 1617 Overcollection</td>
<td>$664,345</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$77,999,883</strong></td>
</tr>
</tbody>
</table>

#### (1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$93,220,650</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($41,299,000)</td>
</tr>
<tr>
<td>DWC 1617 Overcollection</td>
<td>$11,951,763</td>
</tr>
<tr>
<td>SIP 1617 Overcollection</td>
<td>$1,254,737</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$65,128,150</strong></td>
</tr>
</tbody>
</table>
Workers’ Compensation Fraud Account Assessment (Labor Code § 62.6)…………………………………… $62,211,350

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

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers……………………………………………………………………… $594,725,100,153
Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2014

(2.2) Payroll for self-insured employers ……………………………………………………………………… $220,475,518,475 1

(2.2.1) 2016-17 Fiscal Year for Public Sector* …………………...………… $120,108,374,018
(2.2.2) 2016 for Private Sector…………………………………….. $100,367,144,457
Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

(2.3) Payroll for State of California (including SCIF)**…………………………………………………… $17,660,677,406
** Source: Department of Personnel Administration, Fiscal Year 2016-17

(2.4) Total payroll for self-insured employers……………………………………………………………………… $238,136,195,881 2

(2.5) Total combined payroll…………………………………………………………………………………… $832,861,296,034 3
(Insured and self-insured employers)

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

(3.1) Insured Employers:

\[
\text{Insured Employer Payroll} = \frac{\text{Methodology Section (2.1)}}{\text{Methodology Section (2.5)}} = \frac{594,725,100,153}{832,861,296,034} = 71.41\%
\]

(3.2) Self-Insured Employers:

\[
\text{Self-Insured Employer Payroll} = \frac{\text{Methodology Section (2.4)}}{\text{Methodology Section (2.5)}} = \frac{238,136,195,881}{832,861,296,034} = 28.59\%
\]

1 (2.2) 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:**

\[
\text{(WCARF Assessment)} \times 71.41\% = 277,148,751 \times 71.41\% = \$197,911,923 \\
\text{INCREASED by credits due individual insurers which undercollected against previous advances (CCR § 15609)} = \$15,879,310 \\
\text{DECREASED by insurer overcollection 1617 (pursuant to CCR § 15606(f))} = (\$68,790,896) \\
\text{(4.1) Resulting Final Insured Employers Workers’ Compensation User Funding Assessment} = \$145,000,337
\]

**Calculation for Self-Insured Employers:**

\[
\text{(WCARF Assessment)} \times 28.59\% = 277,148,751 \times 28.59\% = \$79,236,828 \\
\text{DECREASED by the Self-Insurer overcollection from prior year} = (\$15,458,604) \\
\text{(4.2) Resulting Final Self-Insured Employers Workers’ Compensation User Funding Assessment} = \$63,778,224
\]

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

**Calculation for Insured Employers:**

\[
\text{(UEBTF Assessment)} \times 71.41\% = 54,789,431 \times 71.41\% = \$39,125,133 \\
\text{INCREASED by credits due individual insurers which undercollected against previous advances (CCR § 15609)} = \$2,015,841 \\
\text{DECREASED by insurer overcollection 1617 (pursuant to CCR § 15606(f))} = (\$30,939,431) \\
\text{(4.3) Resulting Final Insured Employers UEBT Fund Assessment} = \$10,201,543
\]

**Calculation for Self-Insured Employers:**

\[
\text{(UEBTF Assessment)} \times 28.59\% = 54,789,431 \times 28.59\% = \$15,664,298 \\
\text{DECREASED by the Self-Insurer overcollection from prior year} = (\$1,965,470) \\
\text{(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment} = \$13,698,828
\]

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

**Calculation for Insured Employers:**

\[
\text{(SIBTF Assessment)} \times 71.41\% = 75,776,850 \times 71.41\% = \$54,112,249 \\
\text{INCREASED by credits due individual insurers which undercollected against previous advances (CCR § 15609)} = \$3,267,196 \\
\text{INCREASED by insurer undercollected 1617 (pursuant to CCR § 15606(f))} = \$6,690,902 \\
\text{(4.5) Resulting Final Insured Employers SIBT Fund Assessment} = \$64,070,347
\]

**Calculation for Self-Insured Employers:**

\[
\text{(SIBTF Assessment)} \times 28.59\% = 75,776,850 \times 28.59\% = \$21,664,601 \\
\text{INCREASED by the Self-Insurer undercollection from prior year} = \$1,316,248 \\
\text{(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment} = \$22,980,849
\]
Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

- \((\text{OSHF Assessment}) \times 71.41\% \times 71.41\%\) = $77,999,883
- INCREASED by credits due individual insurers which undercollected against previous advances \([\text{CCR } \S 15609]\)…………………………………………………………... $5,519,154
- DECREASED by insurer overcollection 1617 \([\text{pursuant to CCR } \S 15606(f)]\)…………………………………………………………... ($13,957,671)

\[4.7\] Resulting Final Insured Employers OSH Fund Assessment………………………………………….. $47,261,199

Calculation for Self-Insured Employers:

- \((\text{OSHF Assessment}) \times 28.59\% \times 28.59\%\) = $77,999,883
- DECREASED by the Self-Insurer overcollection from prior year…………………………………………………….. ($664,345)

\[4.8\] Resulting Final Self-Insured Employers OSH Fund Assessment………………………………………….. $21,635,822

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

- \((\text{LECF Assessment}) \times 71.41\% \times 71.41\%\) = $65,128,150
- INCREASED by credits due individual insurers which undercollected against previous advances \([\text{CCR } \S 15609]\)……………………………………………………... $3,718,083
- DECREASED by insurer overcollection 1617 \([\text{pursuant to CCR } \S 15606(f)]\)……………………………………………………... ($11,951,763)

\[4.9\] Resulting Final Insured Employers LEC Fund Assessment………………………………………….. $38,274,332

Calculation for Self-Insured Employers:

- \((\text{LECF Assessment}) \times 28.59\% \times 28.59\%\) = $65,128,150
- DECREASED by the Self-Insurer overcollection from prior year…………………………………………………….. ($1,254,737)

\[4.10\] Resulting Final Self-Insured Employers LEC Fund Assessment………………………………………….. $17,365,401

Workers’ Compensation Fraud Account Assessment

Calculation for Insured Employers:

- \((\text{Fraud Assessment}) \times 71.41\% \times 71.41\%\) = $62,211,350
- INCREASED by credits due individual insurers which undercollected against previous advances \([\text{pursuant to CCR } \S 15609]\)……………………………………………………... $4,844,337
- DECREASED by insurer overcollection 1617 \([\text{pursuant to CCR } \S 15606(f)]\)……………………………………………………... ($3,886,461)

\[4.11\] Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment.. $45,383,001

Calculation for Self-Insured Employers:

- \((\text{Fraud Assessment}) \times 28.59\% \times 28.59\%\) = $62,211,350
- DECREASED by the Self-Insurer overcollection from prior year…………………………………………………….. ($600,648)

\[4.12\] Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment.. $17,185,577
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>Total Insured Employers Assessment</th>
<th>$145,000,337</th>
<th>Total Direct Workers’ Compensation*</th>
<th>$17,800,000,000</th>
<th>0.008146</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)

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

| Total Self-Insured Employer Assessment | $63,778,224 | Total Amt. of Workers’ Comp. Indemnity Pd** | $1,955,199,732 | 0.032620 |

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

- ** (5.2.1) 2016-17 Public Sector……………………………………………………………. $1,141,103,950
- ** (5.2.2) 2016 Private Sector……………………………………………………………. $625,387,071
- ** (5.2.3) 2016-17 State of California…………………………………………………… $188,708,711

** SOURCE: Department of Personnel Administration

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
<th>Total Insured Employers Assessment</th>
<th>$10,201,543</th>
<th>Total Direct Workers’ Compensation*</th>
<th>$17,800,000,000</th>
<th>0.000573</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)

** Calculation for Self-Insured Employers:

| Total Self-Insured Employer Assessment | $13,698,828 | Total Amt. of Workers’ Comp. Indemnity Pd** | $1,955,199,732 | 0.007006 |

** 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>Total Insured Employers Assessment</th>
<th>$64,070,347</th>
<th>Total Direct Workers’ Compensation*</th>
<th>$17,800,000,000</th>
<th>0.003599</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)

** Calculation for Self-Insured Employers:

| Total Self-Insured Employer Assessment | $22,980,849 | Total Amt. of Workers’ Comp. Indemnity Pd** | $1,955,199,732 | 0.011754 |

** 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>Total Insured Employers Assessment</th>
<th>$47,261,199</th>
<th>Total Direct Workers’ Compensation*</th>
<th>$17,800,000,000</th>
<th>0.002655</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)
Occupational Safety and Health Fund Assessment,
California Department of Industrial Relations
2017-2018 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

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

Calculation for Self-Insured Employers:

Total Self-Insured Employer Assessment = $21,635,822
Total Amt. of Workers' Comp. Indemnity Pd.* = $1,955,199,732

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

Calculation for Insured Employers:

*Estimated Premium (Source: WCIRB estimate for 2017 Policy Year)

Calculation for Individual Self-Insured Employers:

Individual Insured Employers: X Employer's Expected Assessable Premium*

Calculation for Individual Self-Insured Employers:

Individual Insured Employers: X Total Indemnity Paid by the Employer

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

Assessment Factor [ 0.008146 ] X Employer's Expected Assessable Premium*

Calculation for Individual Self-Insured Employers:

Assessment Factor [ 0.032620 ] X Total Indemnity Paid by the Employer

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

Assessment Factor [ 0.000573 ] X Employer's Expected Assessable Premium*

Calculation for Individual Self-Insured Employers:

Assessment Factor [ 0.007006 ] X Total Indemnity Paid by the Employer

Workers' Compensation Fraud Account Assessment Factor

Calculation for Insured Employers:

Total Insured Employers Surcharge = $45,383,001
Total Direct Workers' Compensation* = $17,800,000,000

Calculation for Self-Insured Employers:

Total Self-Insured Employer Surcharge = $17,185,577
Total Amt. of Workers' Comp. Indemnity Pd.* = $1,955,199,732

Labor Enforcement and Compliance Fund (LECF) Assessment Factor

Calculation for Insured Employers:

Total Insured Employers Assessment = $38,274,332
Total Direct Workers' Compensation* = $17,800,000,000

Calculation for Self-Insured Employers:

Total Self-Insured Employer Assessment = $21,635,822
Total Amt. of Workers' Comp. Indemnity Pd.* = $1,955,199,732

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

Assessment Factor [ 0.008790 ] X Employer's Expected Assessable Premium*

Calculation for Individual Self-Insured Employers:

Assessment Factor [ 0.000573 ] X Total Indemnity Paid by the Employer

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

Assessment Factor [ 0.007006 ] X Total Indemnity Paid by the Employer
Step 8: Determine Individual Employers Subsequent Injuries Benefit Trust (SIBT) Fund Assessment

\[ 0.1 \] Individual Insured Employers:
Assessment Factor \[ 0.003599 \] \times \text{Employer's Expected Assessable Premium}^*

\[ 0.2 \] Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.011754 \] \times \text{Total Indemnity Paid by the Employer}

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

\[ 0.1 \] Individual Insured Employers:
Assessment Factor \[ 0.002655 \] \times \text{Employer's Expected Assessable Premium}^*

\[ 0.2 \] Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.010666 \] \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 \[ 0.002150 \] \times \text{Employer's Expected Assessable Premium}^*

\[ 10.2 \] Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.008882 \] \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 \[ 0.002550 \] \times \text{Employer's Expected Assessable Premium}^*

\[ 11.2 \] Calculation for Individual Self-Insured Employers:
Assessment Factor \[ 0.008790 \] \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.