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 2018-2019

(1.1) Workers’ Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)
Total Assessment Required: $325,501,751
Fund Balance: $(157,120,000)
DWC 1718 Undercollection: $(1,658,800)
SIP 1718 Overcollection: $1,658,800
Total: $325,501,751

(1.2) Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)
Total Assessment Required: $36,449,338
Fund Balance: $(35,467,000)
DWC 1718 Overcollection: $14,318,173
SIP 1718 Overcollection: $2,440,327
Total: $36,449,338

(1.3) Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)
Total Assessment Required: $78,990,000
Fund Balance: $(41,187,000)
DWC 1718 Overcollection: $12,153,085
SIP 1718 Overcollection: $1,161,915
Total: $78,990,000

(1.4) Occupational Safety and Health Fund Assessment (Labor Code § 62.5)
Total Assessment Required: $88,181,903
Fund Balance: $(39,443,000)
DWC 1718 Overcollection: $4,419,608
SIP 1718 Overcollection: $223,343
Total: $88,181,903

(1.5) Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)
Total Assessment Required: $82,502,214
Fund Balance: $(29,588,400)
DWC 1718 Overcollection: $3,092,229
SIP 1718 Overcollection: $1,410,771
Total: $82,502,214
Workers' Compensation Fraud Account Assessment (Labor Code § 62.6).................................................. $66,870,974

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

Total Assessment Required .......................................................... $66,609,696
Fund Balance................................................................. ($4,225,831)
DWC 1718 Overcollection ........................................ $4,075,542
SIP 1718 Overcollection............................................... $411,567

$66,870,974

Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers................................................................. $634,634,608,741
Source: California Workers' Compensation Insurance Rating Bureau (WCIRB) policy year 2015

(2.2) Payroll for self-insured employers ................................................................. $226,410,040,600

(2.2.1) 2017-18 Fiscal Year for Public Sector*........................................ $123,084,572,006
(2.2.2) 2017 for Private Sector ................................................................. $103,325,468,594
Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

(2.3) Payroll for State of California (including SCIF)**........................................... $18,515,471,237
**Source: Department of Personnel Administration, Fiscal Year 2017-18

(2.4) Total payroll for self-insured employers........................................................ $244,925,511,837

(2.5) Total combined payroll ................................................................. $879,560,120,578
(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) = $634,634,608,741 = 72.15%
Total Combined Payroll = Methodology Section (2.5) = $879,560,120,578

(3.2) Self-Insured Employers:
Self-Insured Employer Payroll = Methodology Section (2.4) = $244,925,511,837 = 27.85%
Total Combined Payroll = Methodology Section (2.5) = $879,560,120,578

1 (2.2) Payroll for Self-Insured Employers = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2 (4.4) Total Payroll for Self-Insured Employers = Σ of Methodology Section (2.4) 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:**

\[
\text{Assessment} = \text{Assessment} \times 72.15\% = 325,501,751 \times 72.15\% = 234,849,513
\]

\[
\text{Assessment INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]} = 15,427,191
\]

\[
\text{Resulting Final Insured Employers Workers' Compensation User Funding Assessment} = 251,355,504
\]

**Calculation for Self-Insured Employers:**

\[
\text{Assessment} = \text{Assessment} \times 27.85\% = 325,501,751 \times 27.85\% = 90,652,238
\]

\[
\text{Assessment DECREASED by the Self-Insurer overcollection from prior year} = (1,658,800)
\]

\[
\text{Resulting Final Self-Insured Employers Workers' Compensation User Funding Assessment} = 88,993,438
\]

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

**Calculation for Insured Employers:**

\[
\text{UEBT Fund Assessment} = \text{Assessment} \times 72.15\% = 36,449,338 \times 72.15\% = 26,298,197
\]

\[
\text{Assessment INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]} = 2,485,858
\]

\[
\text{Resulting Final Insured Employers UEBT Fund Assessment} = 14,465,882
\]

**Calculation for Self-Insured Employers:**

\[
\text{UEBT Fund Assessment} = \text{Assessment} \times 27.85\% = 36,449,338 \times 27.85\% = 10,151,141
\]

\[
\text{Assessment DECREASED by the Self-Insurer overcollection from prior year} = (2,440,327)
\]

\[
\text{Resulting Final Self-Insured Employers UEBT Fund Assessment} = 7,710,814
\]

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

**Calculation for Insured Employers:**

\[
\text{SIBT Fund Assessment} = \text{Assessment} \times 72.15\% = 78,990,000 \times 72.15\% = 56,991,285
\]

\[
\text{Assessment INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]} = 2,777,290
\]

\[
\text{Resulting Final Insured Employers SIBT Fund Assessment} = 47,615,490
\]

**Calculation for Self-Insured Employers:**

\[
\text{SIBT Fund Assessment} = \text{Assessment} \times 27.85\% = 78,990,000 \times 27.85\% = 21,998,715
\]

\[
\text{Assessment DECREASED by the Self-Insurer overcollection from prior year} = (1,161,915)
\]

\[
\text{Resulting Final Self-Insured Employers SIBT Fund Assessment} = 20,836,800
\]
### Occupational Safety and Health Fund (OSHF) Assessment

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OSHF Assessment) X 72.15% = $88,181,903 X 72.15%…………………</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)]…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.7) Resulting Final Insured Employers OSH Fund Assessment…………………………………………..</td>
</tr>
<tr>
<td>$63,623,243</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(OSHF Assessment) X 27.85% = $88,181,903 X 27.85%…………………</td>
</tr>
<tr>
<td>DECREASED by the Self-Insurer overcollection from prior year…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.8) Resulting Final Self-Insured Employers OSH Fund Assessment…………………………………………..</td>
</tr>
<tr>
<td>$24,558,660</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(LECF Assessment) X 72.15% = $82,502,214 X 72.15%…………………</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)]…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.9) Resulting Final Insured Employers LEC Fund Assessment…………………………………………..</td>
</tr>
<tr>
<td>$59,525,347</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(LECF Assessment) X 27.85% = $82,502,214 X 27.85%…………………</td>
</tr>
<tr>
<td>DECREASED by the Self-Insurer overcollection from prior year…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.10) Resulting Final Self-Insured Employers LEC Fund Assessment…………………………………………..</td>
</tr>
<tr>
<td>$22,976,867</td>
</tr>
</tbody>
</table>

### Workers’ Compensation Fraud Account Assessment

<table>
<thead>
<tr>
<th>Calculation for Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fraud Assessment) X 72.15% = $66,870,974 X 72.15%…………………</td>
</tr>
<tr>
<td>INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609]………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>DECREASED by insurer overcollection 1617 [pursuant to CCR § 15606(f)]…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.11) Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment…………………………………………..</td>
</tr>
<tr>
<td>$48,247,408</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Fraud Assessment) X 27.85% = $66,870,974 X 27.85%…………………</td>
</tr>
<tr>
<td>DECREASED by the Self-Insurer overcollection from prior year…………………………………………………………………………………………………………………………</td>
</tr>
<tr>
<td>(4.12) Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment…………………………………………..</td>
</tr>
<tr>
<td>$18,623,566</td>
</tr>
</tbody>
</table>
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 = $251,935,504</th>
<th>Total Direct Workers' Compensation* = $17,400,000,000</th>
<th>0.014479</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th>Total Self-Insured Employer Assessment = $88,993,438</th>
<th>Total Amt. of Workers' Comp. Indemnity Pd** = $2,031,360,396</th>
<th>0.043810</th>
</tr>
</thead>
</table>

**Source: Dept. of Industrial Relations, Office of Self-Insurance Plans [1] of Methodology Sections (5.2.1) to (5.2.3):

<table>
<thead>
<tr>
<th>Year/Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-18 Public Sector</td>
<td>$1,206,282,172</td>
</tr>
<tr>
<td>2017 Private Sector</td>
<td>$614,499,454</td>
</tr>
<tr>
<td>2017-18 State of California**</td>
<td>$210,578,770</td>
</tr>
</tbody>
</table>

**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 = $14,468,882</th>
<th>Total Direct Workers' Compensation* = $17,400,000,000</th>
<th>0.000831</th>
</tr>
</thead>
</table>

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

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th>Total Self-Insured Employer Assessment = $7,710,814</th>
<th>Total Amt. of Workers' Comp. Indemnity Pd** = $2,031,360,396</th>
<th>0.003796</th>
</tr>
</thead>
</table>

**Source: Dept. of Industrial Relations, Office of Self-Insurance Plans [1] 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 = $47,615,490</th>
<th>Total Direct Workers' Compensation* = $17,400,000,000</th>
<th>0.002737</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)

<table>
<thead>
<tr>
<th>Calculation for Self-Insured Employers:</th>
<th>Total Self-Insured Employer Assessment = $20,836,800</th>
<th>Total Amt. of Workers' Comp. Indemnity Pd** = $2,031,360,396</th>
<th>0.010258</th>
</tr>
</thead>
</table>

**Source: Dept. of Industrial Relations, Office of Self-Insurance Plans [1] 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 = $65,510,311</th>
<th>Total Direct Workers' Compensation* = $17,400,000,000</th>
<th>0.003765</th>
</tr>
</thead>
</table>

*Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)
Calculation for Self-Insured Employers:

\[ \text{Total Self-Insured Employer Assessment} = \frac{24,335,317}{2,031,360,396} = 0.011980 \]

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

Calculation for Insured Employers:

*Estimated Premium (Source: WCIRB estimate for 2018 Policy Year)*

\[ \text{Calculation for Individual Insured Employers:} \]

\[ \text{Total Insured Employer Surcharge} = \frac{50,075,297}{17,400,000,000} = 0.002878 \]

\[ \text{Total Direct Workers' Compensation} = \frac{59,695,619}{17,400,000,000} = 0.003431 \]

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

Labor Enforcement and Compliance Fund (LECF) Assessment Factor

\[ \text{Calculation for Self-Insured Employers:} \]

\[ \text{Total Self-Insured Employer Assessment} = \frac{21,566,096}{2,031,360,396} = 0.010617 \]

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

Workers' Compensation Fraud Account Assessment Factor

\[ \text{Calculation for Insured Employers:} \]

\[ \text{Total Insured Employer Surcharge} = \frac{50,075,297}{17,400,000,000} = 0.002878 \]

\[ \text{Total Direct Workers' Compensation} = \frac{59,695,619}{17,400,000,000} = 0.003431 \]

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

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

\[ \text{[6.1] Individual Insured Employers:} \]

\[ \text{Assessment Factor} [0.014479] \times \text{Employer's Expected Assessable Premium*} \]

\[ \text{[6.2] Calculation for Individual Self-Insured Employers:} \]

\[ \text{Assessment Factor} [0.043810] \times \text{Total Indemnity Paid by the Employer} \]

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

\[ \text{[7.1] Individual Insured Employers:} \]

\[ \text{Assessment Factor} [0.000831] \times \text{Employer's Expected Assessable Premium*} \]

\[ \text{[7.2] Calculation for Individual Self-Insured Employers:} \]

\[ \text{Assessment Factor} [0.003796] \times \text{Total Indemnity Paid by the Employer} \]
Step 8: Determine Individual Employers Subsequent Injuries Benefit Trust (SIBT) Fund Assessment

\[0.1\] Individual Insured Employers:
Assessment Factor \[0.002737\] \[X\] Employer's Expected \textit{Assessable Premium}\[\ast\]

\[0.2\] Calculation for Individual Self-Insured Employers:
Assessment Factor \[0.010258\] \[X\] 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 \[0.003785\] \[X\] Employer's Expected \textit{Assessable Premium}\[\ast\]

\[0.2\] Calculation for Individual Self-Insured Employers:
Assessment Factor \[0.011980\] \[X\] Total Indemnity Paid by the Employer

Step 10: Determine Individual Employers Labor Enforcement and Compliance (LECF) Fund Assessment

\[0.1\] Individual Insured Employers:
Assessment Factor \[0.003431\] \[X\] Employer's Expected \textit{Assessable Premium}\[\ast\]

\[0.2\] Calculation for Individual Self-Insured Employers:
Assessment Factor \[0.010617\] \[X\] Total Indemnity Paid by the Employer

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

\[0.1\] Individual Insured Employers:
Assessment Factor \[0.002878\] \[X\] Employer's Expected \textit{Assessable Premium}\[\ast\]

\[0.2\] Calculation for Individual Self-Insured Employers:
Assessment Factor \[0.008965\] \[X\] Total Indemnity Paid by the Employer

\textit{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.