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 2019-2020

1.1 Workers’ Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)……………………………………… $399,709,690
   Total Assessment Required……………………………………………………………………………………………………………………… $541,748,181
   Fund Balance……………………………………………………………………………………………………………………………………………… $(173,577,000)
   DWC 1819 Over/Undercollection…………………………………………………………………………………………………… $22,005,061
   SIP 1819 Over/Undercollection…………………………………………………………………………………………………… $9,532,548
   $399,709,690

1.2 Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)…………………………………………………… $37,398,382
   Total Assessment Required……………………………………………………………………………………………………………………… $55,856,328
   Fund Balance……………………………………………………………………………………………………………………………………………… $(31,392,000)
   DWC 1819 Over/Undercollection…………………………………………………………………………………………………… $10,193,555
   SIP 1819 Over/Undercollection…………………………………………………………………………………………………… $2,740,499
   $37,398,382

1.3 Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)………………………………………………………… $106,459,000
   Total Assessment Required……………………………………………………………………………………………………………………… $140,262,000
   Fund Balance……………………………………………………………………………………………………………………………………………… $(33,803,000)
   DWC 1819 Over/Undercollection…………………………………………………………………………………………………… $(54,240)
   SIP 1819 Over/Undercollection…………………………………………………………………………………………………… $(54,240)
   $106,459,000

1.4 Occupational Safety and Health Fund Assessment (Labor Code § 62.5)…………………………………………………………… $93,480,750
   Total Assessment Required……………………………………………………………………………………………………………………… $133,084,141
   Fund Balance……………………………………………………………………………………………………………………………………………… $(48,946,000)
   DWC 1819 Over/Undercollection…………………………………………………………………………………………………… $8,470,202
   SIP 1819 Over/Undercollection…………………………………………………………………………………………………… $872,407
   $93,480,750

1.5 Labor Enforcement and Compliance Fund Assessment (Labor Code § 62.5)………………………………………………………… $93,539,146
   Total Assessment Required……………………………………………………………………………………………………………………… $128,199,530
   Fund Balance……………………………………………………………………………………………………………………………………………… $(44,810,000)
   DWC 1819 Over/Undercollection…………………………………………………………………………………………………… $9,322,236
   SIP 1819 Over/Undercollection…………………………………………………………………………………………………… $827,380
   $93,539,146
California Department of Industrial Relations
2019-2020 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


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

<table>
<thead>
<tr>
<th>Assessment</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assessment Required</td>
<td>$72,138,372</td>
</tr>
<tr>
<td>Fund Balance</td>
<td>($2,713,925)</td>
</tr>
<tr>
<td>DWC 1819 Over/Undercollection</td>
<td>$2,539,651</td>
</tr>
<tr>
<td>SIP 1819 Over/Undercollection</td>
<td>$174,274</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$72,138,372</strong></td>
</tr>
</tbody>
</table>

**Step 2: Determine Payroll Amounts**

[2.1] Total payroll for insured employers ................................................................. $675,036,168,801

Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2016

[2.2] Payroll for self-insured employers .................................................................. $243,948,673,558

[2.2.1] Payroll for 2018-19 Fiscal Year for Public Sector* .................................. $131,250,538,751

[2.2.2] Payroll for 2018 for Private Sector ............................................................... $112,698,134,807

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

[2.3] Payroll for State of California (including SCIF)** ........................................... $18,527,810,044

**Source: Department of Personnel Administration, Fiscal Year 2018-19

[2.4] Total payroll for self-insured employers ......................................................... $262,476,483,602

[2.5] Total combined payroll .................................................................................... $937,512,652,403

(Insured and self-insured employers)

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

[3.1] Insured Employers:

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Methodology</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured Employer Payroll</td>
<td>Methodology Section (2.1)</td>
<td>$675,036,168,801</td>
</tr>
<tr>
<td>Total Combined Payroll</td>
<td>Methodology Section (2.5)</td>
<td>$937,512,652,403</td>
</tr>
</tbody>
</table>

= 72.00%

[3.2] Self-Insured Employers:

<table>
<thead>
<tr>
<th>Payroll</th>
<th>Methodology</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Insured Employer Payroll</td>
<td>Methodology Section (2.4)</td>
<td>$262,476,483,602</td>
</tr>
<tr>
<td>Total Combined Payroll</td>
<td>Methodology Section (2.5)</td>
<td>$937,512,652,403</td>
</tr>
</tbody>
</table>

= 28.00%

---

1 Payroll for Self-Insured Employers = Σ of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2 Total Payroll for Self-Insured Employers = Σ of Methodology Section (2.2) and Methodology Section (2.3)
3 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

<table>
<thead>
<tr>
<th>Workers’ Compensation Administration Revolving Fund Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
</tr>
<tr>
<td>► (WCARF Assessment) X 72.00% = $399,709,690 X 72.00% ..........</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 1819 [pursuant to CCR § 15606(f)]..................................................................................</td>
</tr>
<tr>
<td>(4.1) Resulting Final Insured Employers Workers’ Compensation User Funding Assessment..................................................</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers:

► (WCARF Assessment) X 28.00% = $399,709,690 X 28.00% .............. $111,918,713

DECREASED by the Self-Insurer overcollection from prior year........................................................................................................... ($9,532,548)

(4.2) Resulting Final Self-Insured Employers Workers’ Compensation User Funding Assessment.................................................. $102,386,165

<table>
<thead>
<tr>
<th>Uninsured Employers Benefits Trust (UEBT) Fund Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
</tr>
<tr>
<td>► (UBEFT Assessment) X 72.00% = $37,398,382 X 72.00% ...........</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 1819 [pursuant to CCR § 15606(f)]...............................................................</td>
</tr>
<tr>
<td>(4.3) Resulting Final Insured Employers UEBT Fund Assessment.................................................................</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers:

► (UBEFT Assessment) X 28.00% = $37,398,382 X 28.00% .............. $10,471,547

DECREASED by the Self-Insurer overcollection from prior year........... ($2,740,499)

(4.4) Resulting Final Self-Insured Employers UEBT Fund Assessment................................................................. $7,731,048

<table>
<thead>
<tr>
<th>Subsequent Injuries Benefits Trust (SIBT) Fund Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calculation for Insured Employers:</td>
</tr>
<tr>
<td>► (SIBTF Assessment) X 72.00% = $106,459,000 X 72.00% ......</td>
</tr>
<tr>
<td>► INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]........................</td>
</tr>
<tr>
<td>► DECREASED by insurer undercollection 1819 [pursuant to CCR § 15606(f)]...............................................................</td>
</tr>
<tr>
<td>(4.5) Resulting Final Insured Employers SIBT Fund Assessment.................................................................</td>
</tr>
</tbody>
</table>

Calculation for Self-Insured Employers:

► (SIBTF Assessment) X 28.00% = $106,459,000 X 28.00% .............. $29,808,520

DECREASED by the Self-Insurer overcollection from prior year........... ($54,240)

(4.6) Resulting Final Self-Insured Employers SIBT Fund Assessment................................................................. $29,754,280
Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

\[
(\text{OSHF Assessment}) \times 72.00\% = \$93,480,750 \times 72.00\% \quad \text{………} \quad \$67,306,140
\]

\[
\text{INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]}\quad \text{…………………………} \quad \$5,806,082
\]

\[
\text{DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]} \quad \text{……………………………………………………………………………………………………………………} \quad \$8,470,202
\]

\[
(4.7) \quad \text{Resulting Final Insured Employers OSH Fund Assessment} \quad \text{………………………………………} \quad \$64,642,020
\]

Calculation for Self-Insured Employers:

\[
(\text{OSHF Assessment}) \times 28.00\% = \$93,480,750 \times 28.00\% \quad \text{………………………………} \quad \$26,174,610
\]

\[
\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \text{……………………………………………………..} \quad \$872,407
\]

\[
(4.8) \quad \text{Resulting Final Self-Insured Employers OSH Fund Assessment} \quad \text{………………………………………} \quad \$25,302,203
\]

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

\[
(\text{LECF Assessment}) \times 72.00\% = \$93,539,146 \times 72.00\% \quad \text{………………………………} \quad \$67,348,185
\]

\[
\text{INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609]}\quad \text{……………………………………………………………………………………………………………………} \quad \$4,883,189
\]

\[
\text{DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]} \quad \text{……………………………………………………………………………………………………………………} \quad \$9,322,236
\]

\[
(4.9) \quad \text{Resulting Final Insured Employers LEC Fund Assessment} \quad \text{………………………………………} \quad \$62,909,138
\]

Calculation for Self-Insured Employers:

\[
(\text{LECF Assessment}) \times 28.00\% = \$93,539,146 \times 28.00\% \quad \text{………………………………} \quad \$26,190,961
\]

\[
\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \text{……………………………………………………………………………………………………………………} \quad \$827,380
\]

\[
(4.10) \quad \text{Resulting Final Self-Insured Employers LEC Fund Assessment} \quad \text{………………………………………} \quad \$25,363,581
\]

Workers’ Compensation Fraud Account Assessment

Calculation for Insured Employers:

\[
(\text{Fraud Assessment}) \times 72.00\% = \$72,138,372 \times 72.00\% \quad \text{………………………………} \quad \$51,939,628
\]

\[
\text{INCREASED by credits due individual insurers which undercollected against previous advances [pursuant to CCR § 15609]}\quad \text{……………………………………………………………………………………………………………………} \quad \$5,859,329
\]

\[
\text{DECREASED by insurer overcollection 1819 [pursuant to CCR § 15606(f)]} \quad \text{……………………………………………………………………………………………………………………} \quad \$2,539,651
\]

\[
(4.11) \quad \text{Resulting Final Insured Employers Workers’ Compensation Fraud Account Assessment} \quad \text{………………………………………} \quad \$55,259,306
\]

Calculation for Self-Insured Employers:

\[
(\text{Fraud Assessment}) \times 28.00\% = \$72,138,372 \times 28.00\% \quad \text{………………………………} \quad \$20,198,744
\]

\[
\text{DECREASED by the Self-Insurer overcollection from prior year} \quad \text{……………………………………………………………………………………………………………………} \quad \$174,274
\]

\[
(4.12) \quad \text{Resulting Final Self-Insured Employers Workers’ Compensation Fraud Account Assessment} \quad \text{………………………………………} \quad \$20,024,470
\]
Step 5: Calculate the Assessment Factors

### Workers' Compensation Administration Revolving Fund Assessment Factor

**Calculation for Insured Employers:**

| Total Insured Employers Assessment | $281,166,186 | = | Total Direct Workers' Compensation* | $16,500,000,000 | = | 0.017040 |

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)

**Calculation for Self-Insured Employers:**

| Total Self-Insured Employer Assessment | $102,386,165 | = | Total Amt. of Workers' Comp. Indemnity Pd** | $2,042,192,686 | = | 0.050135 |

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

1. **2018-19 Public Sector**
   - $1,214,375,072
2. **2018 Private Sector**
   - $614,881,701
3. **2018-19 State of California**
   - $212,935,913

**SOURCE:** Department of Personnel Administration

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

**Calculation for Insured Employers:**

| Total Insured Employers Assessment | $21,015,010 | = | Total Direct Workers' Compensation* | $16,500,000,000 | = | 0.001274 |

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)

**Calculation for Self-Insured Employers:**

| Total Self-Insured Employer Assessment | $7,731,048 | = | Total Amt. of Workers' Comp. Indemnity Pd** | $2,042,192,686 | = | 0.003786 |

**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

**Calculation for Insured Employers:**

| Total Insured Employers Assessment | $79,672,408 | = | Total Direct Workers' Compensation* | $16,500,000,000 | = | 0.004829 |

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)

**Calculation for Self-Insured Employers:**

| Total Self-Insured Employer Assessment | $29,754,280 | = | Total Amt. of Workers' Comp. Indemnity Pd** | $2,042,192,686 | = | 0.014570 |

**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

**Calculation for Insured Employers:**

| Total Insured Employers Assessment | $64,642,020 | = | Total Direct Workers' Compensation* | $16,500,000,000 | = | 0.003918 |

*Estimated Premium (Source: WCIRB estimate for 2019 Policy Year)
**CALCULATION FOR SELF-INSURED EMPLOYERS:**

Total Self-Insured Employer Assessment $25,302,203

Total Amt. of Workers' Comp. Indemnity Pd.** $2,042,192,686

**SOURCE**: Dept. of Industrial Relations, Office of Self-Insurance Plans [12 of Methodology Sections (5.2.1) to (5.2.3)]

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**CALCULATION FOR INSURED EMPLOYERS:**

Total Insured Employers Assessment $62,909,138

Total Direct Workers' Compensation* $16,500,000,000

**SOURCE**: WCIRB estimate for 2019 Policy Year

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**CALCULATION FOR SELF-INSURED EMPLOYERS:**

Total Self-Insured Employer Surcharge $20,024,470

Total Amt. of Workers' Comp. Indemnity Pd.** $2,042,192,686

**SOURCE**: Dept. of Industrial Relations, Office of Self-Insurance Plans [12 of Methodology Sections (5.2.1) to (5.2.3)]

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**STEP 6: DETERMINE INDIVIDUAL EMPLOYER'S WORKERS' COMPENSATION ADMINISTRATION REVOLVING FUND ASSESSMENT**

**INDIVIDUAL INSURED EMPLOYERS:**

Assessment Factor [ 0.03 ] X Employer's Expected Assessable Premium*

**CALCULATION FOR INDIVIDUAL SELF-INSURED EMPLOYERS:**

Assessment Factor [ 0.003786 ] X Total Indemnity Paid by the Employer

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**STEP 7: DETERMINE INDIVIDUAL EMPLOYERS UNINSURED EMPLOYERS BENEFITS TRUST (UEBT) FUND ASSESSMENT**

**INDIVIDUAL INSURED EMPLOYERS:**

Assessment Factor [ 0.03 ] X Employer's Expected Assessable Premium*

**CALCULATION FOR INDIVIDUAL SELF-INSURED EMPLOYERS:**

Assessment Factor [ 0.003786 ] 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 [ 0.004829 ] X Employer's Expected Assessable Premium*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.014570 ] X 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 [ 0.003918 ] X Employer's Expected Assessable Premium*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.012390 ] X 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 [ 0.003813 ] X Employer's Expected Assessable Premium*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.012420 ] X Total Indemnity Paid by the Employer

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

(11.1) Individual Insured Employers:
Assessment Factor [ 0.003349 ] X Employer's Expected Assessable Premium*

(11.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.009805 ] X 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.