# 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, Subsequent Injuries Benefits Trust Fund Assessment, Uninsured Employers Benefits 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 2023-2024

1. **Workers' Compensation Administration Revolving Fund Assessment (Labor Code § 62.5)**

   - **Total Assessment Required:** $661,491,124
   - **Fund Balance:** ($202,961,551)
   - **Insured Over/Undercollection:** $149,704,440
   - **Self-Insured Over/Undercollection:** $53,257,111
   - **Total:** $661,491,124

2. **Subsequent Injuries Benefits Trust Fund Assessment (Labor Code § 62.5)**

   - **Total Assessment Required:** $488,000,000
   - **Fund Balance:** ($160,373,484)
   - **Insured Over/Undercollection:** $118,291,481
   - **Self-Insured Over/Undercollection:** $42,082,003
   - **Total:** $488,000,000

3. **Uninsured Employers Benefits Trust Fund Assessment (Labor Code § 62.5)**

   - **Total Assessment Required:** $54,965,700
   - **Fund Balance:** ($27,570,781)
   - **Insured Over/Undercollection:** $20,336,208
   - **Self-Insured Over/Undercollection:** $7,234,573
   - **Total:** $54,965,700

4. **Occupational Safety and Health Fund Assessment (Labor Code § 62.5)**

   - **Total Assessment Required:** $217,831,327
   - **Fund Balance:** ($72,832,445)
   - **Insured Over/Undercollection:** $53,721,211
   - **Self-Insured Over/Undercollection:** $19,111,234
   - **Total:** $217,831,327
Step 2: Determine Payroll Amounts

(2.1) Total payroll for insured employers ........................................... $905,400,000,000
Source: California Workers’ Compensation Insurance Rating Bureau (WCIRB) policy year 2021

(2.2) Payroll for self-insured employers ........................................................ $298,458,101,971

(2.2.1) 2022-23 Fiscal Year for Public Sector* .... $162,097,250,113
(2.2.2) 2022 for Private Sector ................... $136,360,851,858
* Source: Department of Industrial Relations, Office of Self-Insurance Plans (excludes State of California)

(2.3) Payroll for State of California (including SCIF)** ................................. $23,644,237,406
** Source: Department of Industrial Relations, Office of Self-Insurance Plans

(2.4) Total payroll for self-insured employers ........................................... $322,102,339,377

(2.5) Total combined payroll ................................................................. $1,227,502,339,377
(Insured and self-insured employers)

1 (2.2) Payroll for Self-Insured Employers = sum of Methodology Section (2.2.1) and Methodology Section (2.2.2)
2 (2.4) Total Payroll for Self-Insured Employers = sum of Methodology Section (2.2) and Methodology Section (2.3)
3 (2.5) Total Combined Payroll = sum of Methodology Section (2.1) and Methodology Section (2.4)
**California Department of Industrial Relations**


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

#### (3.1) Insured Employers:

<table>
<thead>
<tr>
<th>Description</th>
<th>Methodology Section</th>
<th>Payroll</th>
<th>Percentage</th>
<th>Total Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insured Employer Payroll</td>
<td>(2.1)</td>
<td>$905,400,000,000</td>
<td>73.76%</td>
<td>$1,227,502,339,377</td>
</tr>
<tr>
<td>Total Combined Payroll</td>
<td>(2.5)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Methodology Section</th>
<th>Payroll</th>
<th>Percentage</th>
<th>Total Payroll</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self-Insured Employer Payroll</td>
<td>(2.4)</td>
<td>$322,102,339,377</td>
<td>26.24%</td>
<td>$1,227,502,339,377</td>
</tr>
<tr>
<td>Total Combined Payroll</td>
<td>(2.5)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Step 4: Determine the Total Assessments for Insured and Self-Insured Employers

<table>
<thead>
<tr>
<th>Workers’ Compensation Administration Revolving Fund (WCARF) Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calculation for Insured Employers:</strong></td>
</tr>
<tr>
<td>(WCARF Assessment) X 73.76% = $661,491,124 X 73.76%</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 [pursuant to CCR § 15606(f)]</td>
</tr>
<tr>
<td><strong>4.1 Resulting Final Insured Employers WCARF Assessment</strong></td>
</tr>
<tr>
<td><strong>Calculation for Self-Insured Employers:</strong></td>
</tr>
<tr>
<td>(WCARF Assessment) X 26.24% = $661,491,124 X 26.24%</td>
</tr>
<tr>
<td>DECREASED by the Self-Insurer overcollection from prior year</td>
</tr>
<tr>
<td><strong>4.2 Resulting Final Self-Insured Employers WCARF Assessment</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Subsequent Injuries Benefits Trust Fund (SIBTF) Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calculation for Insured Employers:</strong></td>
</tr>
<tr>
<td>(SIBTF Assessment) X 73.76% = $488,000,000 X 73.76%</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 [pursuant to CCR § 15606(f)]</td>
</tr>
<tr>
<td><strong>4.3 Resulting Final Insured Employers SIBTF Assessment</strong></td>
</tr>
<tr>
<td><strong>Calculation for Self-Insured Employers:</strong></td>
</tr>
<tr>
<td>(SIBTF Assessment) X 26.24% = $488,000,000 X 26.24%</td>
</tr>
<tr>
<td>DECREASED by the Self-Insurer overcollection from prior year</td>
</tr>
<tr>
<td><strong>4.4 Resulting Final Self-Insured Employers SIBTF Assessment</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uninsured Employers Benefits Trust Fund (UEBTF) Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Calculation for Insured Employers:</strong></td>
</tr>
<tr>
<td>(UEBTF Assessment) X 73.76% = $54,965,700 X 73.76%</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 [pursuant to CCR § 15606(f)]</td>
</tr>
<tr>
<td><strong>4.5 Resulting Final Insured Employers UEBTF Assessment</strong></td>
</tr>
</tbody>
</table>
California Department of Industrial Relations

2023-2024 Workers' Compensation Administration Revolving Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Uninsured Employers 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:

\[(\text{UEBTF Assessment}) \times 26.24\% = 54,965,700 \times 26.24\% \] $14,423,000

DECREASED by the Self-Insurer overcollection from prior year $7,234,573

\[\text{(4.6) Resulting Final Self-Insured Employers UEBTF Assessment} \] $7,188,427

Occupational Safety and Health Fund (OSHF) Assessment

Calculation for Insured Employers:

\[(\text{OSHF Assessment}) \times 73.76\% = 217,831,327 \times 73.76\% \] $160,672,387

INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $8,572,112

DECREASED by insurer overcollection [pursuant to CCR § 15606(f)] $(53,721,211)

\[\text{(4.7) Resulting Final Insured Employers OSHF Assessment} \] $115,523,288

Calculation for Self-Insured Employers:

\[(\text{OSHF Assessment}) \times 26.24\% = 217,831,327 \times 26.24\% \] $57,158,940

DECREASED by the Self-Insurer overcollection from prior year $(19,111,234)

\[\text{(4.8) Resulting Final Self-Insured Employers OSHF Assessment} \] $38,047,706

Labor Enforcement and Compliance Fund (LECF) Assessment

Calculation for Insured Employers:

\[(\text{LECF Assessment}) \times 73.76\% = 192,542,166 \times 73.76\% \] $142,019,102

INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $7,222,549

DECREASED by insurer overcollection [pursuant to CCR § 15606(f)] $(36,210,827)

\[\text{(4.9) Resulting Final Insured Employers LECF Assessment} \] $113,030,824

Calculation for Self-Insured Employers:

\[(\text{LECF Assessment}) \times 26.24\% = 192,542,166 \times 26.24\% \] $50,523,064

DECREASED by the Self-Insurer overcollection from prior year $(12,881,942)

\[\text{(4.10) Resulting Final Self-Insured Employers LECF Assessment} \] $37,641,122

Workers' Compensation Fraud Account (FRAUD) Assessment

Calculation for Insured Employers:

\[(\text{FRAUD Assessment}) \times 73.76\% = 86,985,892 \times 73.76\% \] $64,160,794

INCREASED by credits due individual insurers which undercollected against previous advances [CCR § 15609] $12,214,253

DECREASED by insurer overcollection [pursuant to CCR § 15606(f)] $(10,836,007)

\[\text{(4.11) Resulting Final Insured Employers Workers' Compensation Fraud Account Assessment} \] $65,539,040

Calculation for Self-Insured Employers:

\[(\text{FRAUD Assessment}) \times 26.24\% = 86,985,892 \times 26.24\% \] $22,825,098

DECREASED by the Self-Insurer overcollection from prior year $(3,854,892)

\[\text{(4.12) Resulting Final Self-Insured Employers Workers' Compensation Fraud Account Assessment} \] $18,970,206
California Department of Industrial Relations

2023-2024 Workers’ Compensation Administration Revolving Fund Assessment,
Subsequent Injuries Benefits Trust Fund Assessment,
Uninsured Employers Benefits Trust Fund Assessment,
Occupational Safety and Health Fund Assessment,
Labor Enforcement and Compliance Fund Assessment and
Workers’ Compensation Fraud Account Assessment

Step 5: Calculate the Assessment Factors

### Workers’ Compensation Administration Revolving Fund Assessment Factor

**Calculation for Insured Employers:**
\[
\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers’ Compensation}} = \frac{391,203,976}{15,900,000,000} = 0.024604
\]

**Calculation for Self-Insured Employers:**
\[
\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers’ Comp. Indemnity Pd}} = \frac{120,318,160}{2,777,450,697} = 0.043320
\]

**SOURCE:** Dept. of Industrial Relations, Office of Self-Insurance Plans [sum of Methodology Sections (5.2.1) to (5.2.3)]:
- (5.2.1) 2022-23 Public Sector: $1,744,498,727
- (5.2.2) 2022 Private Sector: $721,637,985
- (5.2.3) 2022-23 State of California: $311,313,985

### Subsequent Injuries Benefits Trust Fund Assessment Factor

**Calculation for Insured Employers:**
\[
\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers’ Compensation}} = \frac{252,670,042}{15,900,000,000} = 0.015891
\]

**Calculation for Self-Insured Employers:**
\[
\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers’ Comp. Indemnity Pd}} = \frac{85,969,197}{2,777,450,697} = 0.030953
\]

**SOURCE:** Dept. of Industrial Relations, Office of Self-Insurance Plans [sum of Methodology Sections (5.2.1) to (5.2.3)]:
- (5.2.1) 2022-23 Public Sector: $1,744,498,727
- (5.2.2) 2022 Private Sector: $721,637,985
- (5.2.3) 2022-23 State of California: $311,313,985

### Uninsured Employers Benefits Trust Fund Assessment Factor

**Calculation for Insured Employers:**
\[
\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers’ Compensation}} = \frac{23,931,492}{15,900,000,000} = 0.001505
\]

**Calculation for Self-Insured Employers:**
\[
\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers’ Comp. Indemnity Pd}} = \frac{7,188,427}{2,777,450,697} = 0.002588
\]

**SOURCE:** Dept. of Industrial Relations, Office of Self-Insurance Plans [sum of Methodology Sections (5.2.1) to (5.2.3)]:
- (5.2.1) 2022-23 Public Sector: $1,744,498,727
- (5.2.2) 2022 Private Sector: $721,637,985
- (5.2.3) 2022-23 State of California: $311,313,985

### Occupational Safety and Health Fund Assessment Factor

**Calculation for Insured Employers:**
\[
\frac{\text{Total Insured Employers Assessment}}{\text{Total Direct Workers’ Compensation}} = \frac{115,523,288}{15,900,000,000} = 0.007266
\]

**Calculation for Self-Insured Employers:**
\[
\frac{\text{Total Self-Insured Employers Assessment}}{\text{Total Amt. of Workers’ Comp. Indemnity Pd}} = \frac{7,188,427}{2,777,450,697} = 0.002588
\]

**SOURCE:** Dept. of Industrial Relations, Office of Self-Insurance Plans [sum of Methodology Sections (5.2.1) to (5.2.3)]:
- (5.2.1) 2022-23 Public Sector: $1,744,498,727
- (5.2.2) 2022 Private Sector: $721,637,985
- (5.2.3) 2022-23 State of California: $311,313,985
California Department of Industrial Relations

2023-2024 Workers' Compensation Administration Revolving Fund Assessment, Subsequent Injuries Benefits Trust Fund Assessment, Uninsured Employers Benefits Trust Fund Assessment, Occupational Safety and Health Fund Assessment, Labor Enforcement and Compliance Fund Assessment and Workers' Compensation Fraud Account Assessment

(5.8) Calculation for Self-Insured Employers:

\[
\text{Total Self-Insured Employers Assessment} = \frac{38,047,706}{2,777,450,697} = 0.013699
\]

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

(5.9) Calculation for Insured Employers:

\[
\text{Total Insured Employers Assessment} = \frac{113,030,824}{15,900,000,000} = 0.007109
\]

*Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)

(5.10) Calculation for Self-Insured Employers:

\[
\text{Total Self-Insured Employers Assessment} = \frac{37,641,122}{2,777,450,697} = 0.013552
\]

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

(5.11) Calculation for Insured Employers:

\[
\text{Total Insured Employers Assessment} = \frac{65,539,040}{15,900,000,000} = 0.004122
\]

*Estimated Premium (Source: WCIRB estimate for 2023 Policy Year)

(5.12) Calculation for Self-Insured Employers:

\[
\text{Total Self-Insured Employers Assessment} = \frac{18,970,206}{2,777,450,697} = 0.006830
\]

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

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

(6.1) Individual Insured Employers:

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

(6.2) Calculation for Individual Self-Insured Employers:

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

Step 7: Determine Individual Employer's Subsequent Injuries Benefits Trust Fund Assessment

(7.1) Individual Insured Employers:

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

(7.2) Calculation for Individual Self-Insured Employers:

\[\text{Assessment Factor} \times \text{Total Indemnity Paid by the Employer}\]
Step 8: Determine Individual Employer’s Uninsured Employers Benefits Trust Fund Assessment

(8.1) Individual Insured Employers:
Assessment Factor [ 0.001505 ] X Employer’s Expected Assessable Premium*

(8.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.002588 ] X Total Indemnity Paid by the Employer

Step 9: Determine Individual Employer’s Occupational Safety and Health Fund Assessment

(9.1) Individual Insured Employers:
Assessment Factor [ 0.007266 ] X Employer’s Expected Assessable Premium*

(9.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.013699 ] X Total Indemnity Paid by the Employer

Step 10: Determine Individual Employer’s Labor Enforcement and Compliance Fund Assessment

(10.1) Individual Insured Employers:
Assessment Factor [ 0.007109 ] X Employer’s Expected Assessable Premium*

(10.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.013552 ] 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 [ 0.004122 ] X Employer’s Expected Assessable Premium*

(11.2) Calculation for Individual Self-Insured Employers:
Assessment Factor [ 0.006830 ] 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.