

- Policy & Procedure
- Take Note
- Milestones

State of California

DWCNewsline

Division of Workers' Compensation
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Division of Workers' Compensation posts fund assessment rates for fiscal year 2007/08 on its Web site

The CA Division of Workers' Compensation (DWC) has posted the fiscal year 2007-2008 assessment rates for the Workers' Compensation Administration Revolving Fund (WCARF) and other funds on its Web site. Insurance companies and self-insured employers will also receive assessment notices in the mail.

Legislation in 2003 converted the DWC to a user-funded program supported by employers. The annual WCARF assessment has increased by \$20 million from the first fiscal year of user-funding in 2004/05 to the current assessment for 2007/08. This amount tracks closely with the \$28 million actual increase in DWC's budget for the same time period.

The WCARF assessment for 2007/08 reflects an increase of \$62 million above last year's assessment. This increase is due to several factors:

- A smaller fund balance being carried forward from the prior year
- A \$13 million loan to the Division of Occupational Safety and Health to replace a funding gap in the Targeted Inspection and Consultation Fund while a permanent solution to the revenue shortfall is determined
- An \$18 million increase in the DWC's general operating expenses, primarily due to negotiated salary increases for represented employees
- \$24.8 million in **one time** costs for the Electronic Adjudication Management System, DWC's computer-based court system, which will simplify and improve its case management process.

The assessment also covers the following funds:

- The Uninsured Employers Benefit Trust Fund
- The Subsequent Injuries Benefit Trust Fund
- The Workers' compensation fraud account.

In addition to funding the DWC, state law requires insurers to collect money from employers to fund antifraud efforts by the California Department of Insurance and local district attorneys, to

pay benefits to injured workers whose employers were illegally uninsured, and to provide compensation to injured workers who already had a disability or impairment at the time of injury.

Insurers must pay the funding due to the state for policy holders and recover those funds from policy holders through workers' compensation policy surcharges and assessments.

The division will mail letters and invoices to insurers and self-insured employers soon, showing the share of the assessments and surcharges due. Insurers or self-insured employers with questions should call DWC Staff Services Manager Amadeo Urbano at (510) 286-7083 or DWC Analyst Naomi Carter at (510) 286-7087 for more information.

The fund assessment notice is posted on the "what's new" page of the DWC Web site at <http://www.dir.ca.gov/dwc/whatsnew.htm>.

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