



Office of the City Manager

CONSENT CALENDAR
May 7, 2024

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Aram Kouyoumdjian, Director of Human Resources
 Subject: 2023 Fee Assessment – State of California Self-Insurance Fund
 (Workers' Compensation Program)

RECOMMENDATION

Adopt a Resolution authorizing payment to the State of California Department of Industrial Relations for Fiscal Year 2022-2023 for administering the Workers' Compensation Program, in an amount not to exceed \$240,397.76.

FISCAL IMPACTS OF RECOMMENDATION

The annual fee assessed by the Department of Industrial Relations for Fiscal Year 2022-2023 is \$240,397.76. For FY 2021-2022 the City paid \$275,905.36 in assessment fees. The decrease for FY 2022-2023 is \$35,507.60.

The FY 2022-2023 invoice amount calculation is based on the direct workers' compensation premiums reported to the Department of Insurance for total indemnity benefits. Funding for this annual fee is included in the Workers' Compensation Self-Insurance Fund, Budget Code, 676-99-900-900-0000-000-479-682110.

CURRENT SITUATION AND ITS EFFECTS

The State of California Department of Industrial Relations regulates the Workers' Compensation insurance industry. Under California Labor Code Sections 62.5 and 62.6, every year each City is assessed a fee by the Department of Industrial Relations to support the administration of the State's Workers' Compensation Program.

For the 2022-23 fiscal year, the City's assessment has been calculated at \$240,397.76.

BACKGROUND

Labor Code Sections 62.5 and 62.6 require allocation of the total assessment between insured and self-insured employers in proportion to payroll for the most recent year available. The City's share is calculated by multiplying the six self-insured employer

assessment factors listed below by the total indemnity paid in the previously reported fiscal year.

1. Workers' Compensation Administration Revolving Fund Assessment
2. Uninsured Employers Benefits Trust Fund Assessment
3. Subsequent Injuries Benefits Trust Fund Assessment
4. Occupational Safety and Health Fund Assessment
5. Workers' Compensation Fraud Account Assessment
6. Labor Enforcement and Compliance Fund Assessment

The assessments provide a stable funding source to support court operations to resolve claims more quickly, improve the overall operation of the state workers' compensation system, and ensure safe and healthy working conditions on the job, including enforcement of labor standards and requirements for workers' compensation coverage.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

Payment is required as a state-mandated fee assessment.

ALTERNATIVE ACTIONS CONSIDERED

None. This is a state-mandated fee assessment.

CONTACT PERSON

Aram Kouyoumdjian, Director of Human Resources, (510) 981-6807.
Cari McDonald, Associate Human Resources Analyst, (510) 981-6816.

Attachment:

- 1: Resolution

RESOLUTION NO. ##,###-N.S.

AUTHORIZING PAYMENT TO THE STATE OF CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS (WORKERS' COMPENSATION PROGRAM) FOR FY 2022-2023 FEES

WHEREAS, the City of Berkeley has been Self-Insured for Workers' Compensation since 1979; and

WHEREAS, the Workers' Compensation Insurance Industry is administered and regulated by the State of California, Department of Industrial Relations; and

WHEREAS, the State of California, under California Labor Code Sections 62.5 and 62.6, authorizes the Department of Industrial Relations to assess fees to employers for costs of administering the Workers' Compensation Program; and

WHEREAS, the City of Berkeley is assessed each year by the Department of Industrial Relations to support the state program; and

WHEREAS, for Fiscal Year 2022-2023, the City's share of assessments authorized by Labor Code Sections 62.5 and 62.6 is not expected to exceed \$240,397.76; and

WHEREAS, funds are available in the current budget in the Workers' Compensation Fund, budget code 676-99-900-900-0000-000-479-682110, to make this payment;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to pay the State of California, Department of Industrial Relations, Self-Insurance Plans invoice for Fiscal Year 2022-2023 for 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 in an amount not to exceed \$240,397.76.

