Workers' Compensation — Financial Management

BRIEF

Policy Summary
This policy provides guidelines for the financial management of workers' compensation costs at Berkeley Lab.

Who Should Read This Policy
All Office of the Chief Financial Officer (OCFO) employees with responsibility for workers' compensation costs at Berkeley Lab

To Read the Full Policy, Go To:
The POLICY tab on this wiki page

Contact Information
- Indirect Budget Manager, OCFO
- Budget Officer, OCFO

POLICY

A. Purpose
This policy defines the process for expensing workers' compensation at Lawrence Berkeley National Laboratory (Berkeley Lab).

B. Persons Affected
All Office of the Chief Financial Officer (OCFO) employees with responsibility for workers' compensation costs at Berkeley Lab

C. Exceptions
None

D. Policy Statement
1. General
   a. Berkeley Lab participates in the University of California (UC) Workers’ Compensation Self-Insurance Program. The program's annual funding is based on the results of an independent actuarial study. The study's objective is to estimate the funding required for a given fiscal year and recommend accrual rates for each UC location. The rates are identified as a rate per $100 of...
payroll. UC provides the independent actuarial study results around January of each calendar year and the recommended rates are applicable for the next fiscal year. The actuarial study does not account for claims incurred but not reported (IBNR) because of the Department of Energy’s (DOE) prohibition against recognizing contingencies. The practice of not accounting for IBNR claims can contribute to underfunding the workers’ compensation plan, which can result in deficits.

2. Standard Practice
   a. Each month, the Laboratory costs its share of the UC Workers’ Compensation Self-Insurance Program to payroll burden, based on applying the independent actuarial recommended rate for a given fiscal year to the monthly payroll costs. Deficit or surplus funding amounts for workers’ compensation are charged to payroll burden as an adjustment to the current year, or charged to payroll burden during future fiscal years, via the actuarial recommended rates.
   b. Any additional adjustments for deficit or surplus funding amounts reported by the actuary will be based on an assessment of the Laboratory’s recent history of actuarially determined deficits and surpluses.

E. Roles and Responsibilities

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibility</th>
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<tbody>
<tr>
<td>UC Office of the President (UCOP) — Risk Management Services</td>
<td>Provides the actuarial study report to the Budget Office.</td>
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<tr>
<td>Indirect Budget Manager</td>
<td>Ensures workers’ compensation costs are expensed in compliance with the above Laboratory policy and procedures, and all supporting documentation is retained.</td>
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F. Definitions/Acronyms

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
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<tbody>
<tr>
<td>Workers’ Compensation</td>
<td>Insurance (paid for by the employer) that provides cash benefits, retraining, and medical care to an employee who is injured or contracts a disease within the course and scope of employment</td>
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G. Recordkeeping Requirements

All supporting documentation is to be retained.

H. Implementing Documents

None

I. Contact Information

- Indirect Budget Manager, OCFO
- Budget Officer, OCFO

J. Revision History

<table>
<thead>
<tr>
<th>Date</th>
<th>Revision</th>
<th>By Whom</th>
<th>Revision Description</th>
<th>Section(s) Affected</th>
<th>Change Type</th>
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<tr>
<td>9/5/2018</td>
<td>1.2</td>
<td>I. Freeman</td>
<td>Periodic Review; minor edits</td>
<td>D</td>
<td>Minor</td>
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<tr>
<td>3/25/2013</td>
<td>1.1</td>
<td>L. Freeman</td>
<td>Review completed 12/1/2012, no changes</td>
<td>Pub &amp; next review dates</td>
<td>Minor</td>
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<tr>
<td>1/2/2012</td>
<td>1</td>
<td>M. Mock</td>
<td>Reformat for wiki</td>
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Document Information

DOCUMENT INFORMATION

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<tr>
<th>Title:</th>
<th>Workers’ Compensation — Financial Management</th>
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<tbody>
<tr>
<td>Document number</td>
<td>11.02.008.000</td>
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<td>1.2</td>
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<tr>
<td>Publication date:</td>
<td>9/5/2018</td>
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Policy Area: Budget

RPM Section (home) Financial Management

RPM Section (cross-reference) 11.48

Functional Division OCF0

Prior reference information (optional) RPM, Chapter 11, Section 11.48

**Source Requirements Documents**

U.S. Department of Energy Contract No. DE-AC02-05CH11231, Clause I.38 - FAR 52.230-2 and Clause I-98

**Implementing Documents**

None