

## Report on Private Schools Study

Excerpt from the WCIRB Classification and Rating Committee Minutes  
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The WCIRB prepares and presents reports to the WCIRB's Classification and Rating Committee to assist in the formulation of proposed changes to the Insurance Commissioner's regulations. Once adopted by the Classification and Rating Committee, the recommendations contained in the report are provided to the WCIRB Governing Committee and may be included in a WCIRB regulatory filing that is submitted to the Insurance Commissioner for approval.

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## **Private Schools Study**

**8868, Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees**

**9101, Colleges or Schools – private – not automobile schools – all employees other than professors, teachers, or academic professional employees – including cafeterias**

### **I. Executive Summary**

#### **Objective**

The objective of this study is to perform a comprehensive review of Classifications 8868 and 9101. This study reviews the constituencies within Classifications 8868 and 9101 in order to assess whether these classifications can be better defined and whether additional classifications should be established for homogeneous subgroups. Several distinct subgroups within Classifications 8868 and 9101 with reasonably homogeneous operations and relatively similar exposure to workers' compensation losses were identified and analyzed. This study evaluates whether to assign these constituencies to an existing classification or, to the extent they meet the criteria, to a newly established classification.

#### **Findings**

Based upon a review of both the operations and the underlying loss and payroll experience of the employers currently assigned to Classifications 8868 and 9101, the WCIRB identified seven distinct employer subgroups. Provided below is a summary of the findings for each of these subgroups:

#### **1. Private K-12 Schools, Colleges and Universities**

- Private kindergartens,<sup>1</sup> elementary schools, middle schools, high schools, colleges and universities (K-College Schools) form an identifiable and homogeneous subgroup of employers. These employers are exposed to similar hazards and have significantly different loss to payroll experience than other subgroups of employers currently assigned to Classification 8868.
- The hazards to which the academic professional employees at K-College Schools are exposed are comparable to those of Clerical Office Employees and Outside Salespersons employed by K-College Schools and they have similar loss to payroll ratios. Based upon a similarity in duties and exposures, it is sometimes difficult to distinguish clerical office employees from academic employees at certain schools.
- While a significant portion of K-College Schools have operations assigned to companion Classification 9101, the proportion of total payroll assigned to Classification 9101 differs significantly among individual schools. In general, larger employers tend to report more payroll in Classification 9101 as a percentage of total payroll than smaller employers. The loss to payroll ratio of the K-College Schools exposure assigned to Classification 9101 is significantly higher than that of the K-College Schools exposure assigned to Classifications 8868, 8810, *Clerical Office Employees*, and 8742, *Salespersons – Outside*.

#### **2. Vocational Schools**

- Vocational schools, trade schools, technical schools, career colleges and employers engaged in the operation of vocational training programs (Vocational Schools) form an identifiable and homogeneous subgroup. It is common for instructors at Vocational Schools to be exposed to hazards that are not typical of the hazards found in office or classroom settings.
- The loss to payroll ratio of this subgroup of employers is significantly different than that of other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
- Academic professional employees in Vocational Schools have a much higher loss to payroll ratio than Clerical Office Employees and Outside Salespersons.

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<sup>1</sup> Kindergartens that are not part of a school that provides first grade instruction and higher are assigned to Classification 9059, *Day Care Centers*.

- While employers in this subgroup have a significant amount of data reported in Classification 9101, there is significant variability among these employers in the proportion of Classification 9101 exposure reported.

### **3. Educational and Enrichment Supplemental Programs**

- Employers that provide test preparation, tutoring and similar academic support courses, as well as personal enrichment, hobby and recreational programs such as arts and crafts classes, music classes and similar operations, form an identifiable and homogeneous subgroup.
- The loss to payroll ratio of this subgroup of employers is higher than that of K-College Schools.
- Employers in this subgroup have a significant amount of data reported in Classifications 8810 or 8742. For these employers, the loss to payroll ratios for Classifications 8810 and 8742 are well below that reported in Classification 8868, but are relatively close to statewide averages.
- The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

### **4. Training or Day Programs for Adults with Developmental Disabilities**

- Employers that operate Independent Living Skills (ILS) training and vocational training programs contracted through Regional Centers for adults with developmental disabilities and Adult Day Program centers licensed by the California Department of Social Services where 50% or more of the center's clients are adults with developmental disabilities form an identifiable and homogeneous subgroup.
- The loss to payroll ratio of this subgroup of employers is significantly different than that for other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
- The types of injuries incurred by employees working for this subgroup of employers are different from the types of injuries incurred by employees working for most other Classification 8868 employers.
- The Classification 8810 and 8742 exposures reported for this subgroup of employers developed much higher loss to payroll ratios than the Classification 8810 and 8742 exposures for all employers assigned to Classification 8868 and to Classifications 8810 and 8742 as a whole. However, these loss to payroll ratios are significantly less than those for the Classification 8868 exposure of this subgroup.
- The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

### **5. Special Educational Services for Children or Youth**

- Employers providing educational services for children or youth with developmental disabilities, including early intervention, behavioral therapy, speech therapy, social skills training and Applied Behavioral Analysis (ABA), form an identifiable and homogeneous subgroup.
- The loss to payroll ratio of this subgroup of employers is significantly different from the other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
- The types of injuries incurred by employees of this subgroup are different from most other Classification 8868 subgroups.
- The Classification 8810 and 8742 exposures reported for this subgroup developed much higher loss to payroll ratios than the Classification 8810 and 8742 exposures for all employers assigned to Classification 8868 and to Classifications 8810 and 8742 as a whole. However, these loss to payroll ratios are significantly less than those for the Classification 8868 exposure of this subgroup.
- The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

### **6. Senior Programs**

- Employers that operate Senior Programs including (a) Adult Day Health Care (ADHC) centers, or Adult Day Program (ADP) centers where less than 50% of the clients are adults with developmental disabilities, and (b) senior day programs and activity centers, form an identifiable and homogeneous group.

- The loss to payroll ratio of this subgroup of employers is significantly different than that of other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
- The Classification 8810 exposure reported for this subgroup developed much higher loss to payroll ratios than the Classification 8810 exposure for all employers assigned to Classification 8868 and to Classification 8810 as a whole.
- Because many employers in this subgroup provide meals, transportation and other services, the subgroup on average has a higher utilization of Classification 9101 than many other of the non-school subgroups of Classification 8868. However, data reported by these employers in Classification 9101 is limited and not statistically credible.

## 7. Social Service Organizations

- Social Service Organizations tend to be multi-faceted organizations that may serve meals, operate retail stores, provide medical services, provide in-home care services, offer emergency shelters and organize recreational activities, in addition to providing educational and counseling services, and segments of these operations have been assigned to Classification 8868 by analogy.
- Social Service Organization employers are dissimilar from K-College Schools from an operational standpoint.
- The loss to payroll ratios for Social Service Organization employers are significantly higher than those of K-College Schools.
- Social Service Organization employers have significant amounts of payroll reported in Classifications 8810 and 8742. However, the loss to payroll ratios produced from the data reported for Classifications 8810 and 8742 for Social Service Organization employers differs from that of the Standard Exception classifications, and there is often significant overlap and no clear line of demarcation between operations assigned to Classifications 8868, 8810 and 8742 for this subgroup of employers. Additionally, the loss to payroll ratios for Classifications 8868, 8810 and 8742 for these employers are fairly similar.
- The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

## Recommendations

Based on these findings, the WCIRB recommends:

Subgroup	Classification Assignment	Standard Exception Employees	Companion Classification Structure
<b>Private K-12 Schools, Colleges and Universities</b>	No Change for academic professional employees assignable to Classification 8868, <i>Colleges or Schools</i> , or non-academic professional employees assignable to Classification 9101, <i>Colleges or Schools</i>	Amend Classification 8868 to include Clerical Office Employees and Outside Salespersons	Retain Classification 9101 as a companion classification for Classification 8868
<b>Vocational Schools</b>	Reassign to newly established Classification 8869, <i>Vocational Schools – private – professors, teachers or academic professional employees</i>	Assign to Classifications 8810 and 8742	Establish a new companion Classification 9102, <i>Vocational Schools – private – all employees other than professors, teachers or academic professional employees</i>

<b>Subgroup</b>	<b>Classification Assignment</b>	<b>Standard Exception Employees</b>	<b>Companion Classification Structure</b>
<b>Educational and Enrichment Supplemental Programs</b>	Reassign to newly established Classification 8871, <i>Supplemental Educational Services – private – not day care centers, colleges or schools</i>	Assign to Classifications 8810 and 8742	Do not establish companion Classification <sup>2</sup>
<b>Training or Adult Day Program Centers for Adults with Developmental Disabilities</b>	Reassign to newly established Classification 8873, <i>Training or Adult Day Program Centers for Adults with Developmental Disabilities</i>	Assign to Classifications 8810 and 8742	Do not establish companion Classification <sup>2</sup>
<b>Special Educational Services for Children or Youth</b>	Reassign to newly established Classification 8874, <i>Special Educational Services for Children or Youth – N.O.C.</i>	Assign to Classifications 8810 and 8742	Do not establish companion Classification <sup>2</sup>
<b>Senior Programs</b>	Reassign to newly established Classification with two wordings: 8876(1), <i>Adult Day Health Care or Adult Day Program Centers</i> , and 8876(2), <i>Senior Day Programs or Activity Centers – N.O.C.</i>	Assign to Classifications 8810 and 8742	Do not establish companion Classification <sup>2</sup>
<b>Social Service Organizations</b>	Reassign to newly established Classification 8872, <i>Social Service, Charitable or Welfare Organizations – including Clerical Office Employees and Outside Salespersons – N.O.C.</i>	Include in Classification 8872	Do not establish companion Classification <sup>2</sup>

## II. Introduction and Background

The WCIRB receives a large number of questions and requests for inspections regarding employers assigned to Classifications 8868 and 9101. There have been concerns that employers with operations assigned to these classifications by analogy may have operations that differ significantly from those of colleges or schools. In 2004, the WCIRB conducted a comprehensive study of Classifications 8868 and 9101 that resulted in a proposal to adopt new classifications for a number of the employer subgroups then assigned to Classifications 8868 and 9101. The proposed changes were not adopted by the Insurance Commissioner due largely to concerns about the impact on certain groups of employers.

Given the wide diversity of employers assigned to Classifications 8868 and 9101 with operations and exposures that do not appear to be homogeneous, the Classification and Rating Committee recommended that the WCIRB conduct a two-year study to assess whether these classifications could be better defined and whether additional classifications should be established for homogeneous subgroups.

As part of the first phase of the multi-year study, the WCIRB reviewed the operations of employers assigned to Classification 8868 that provide athletic or fitness instructional programs, including but not limited to martial arts, gymnastics, dance, yoga and tennis instruction. As a result of that study, the WCIRB proposed the establishment of new Classification 8870, *Fitness Instruction Programs or Studios*, for employers engaged in operating fitness instruction programs or studios and this change was adopted by the Insurance Commissioner effective on policies incepting on or after January 1, 2018.

<sup>2</sup> Payroll currently reported in Classification 9101 for these employers will be included in the newly established classification or assigned as directed in the newly established classification.

The second phase of the multi-year study included a comprehensive review of the remaining employers assigned to Classifications 8868 and 9101. This study identifies several significant employer segments with operations that are not specifically described as colleges or schools but have long been classified as colleges or schools by analogy. The accumulation of analogous assignments and the underlying loss and payroll experience of the various employer subgroups assigned by analogy to Classifications 8868 and 9101 was reviewed to determine if those analogous assignments should be clarified by amending existing classifications, or if new classifications should be established if certain constituent groups met the criteria for the establishment of a unique classification.

### **III. Data and Study Methodology**

In conducting this study, the WCIRB utilized data from a variety of sources:

1. Payroll and loss data from unit statistical reports for policy years 2010 to 2014
2. Inspection reports produced and published by the WCIRB
3. Individual employer information from Dun & Bradstreet Hoovers
4. Information from public websites for policyholders with significant experience in Classifications 8868 and 9101 for which a WCIRB inspection report was not available
5. Interviews with industry executives and trade association representatives
6. Discussions with WCIRB insurer members that provide coverage to significant segments of the employers assigned to Classifications 8868 and 9101

One objective of the study was to identify operationally homogeneous and statistically credible subgroups within Classifications 8868 and 9101. WCIRB staff initially identified preliminary component groups and then, in order to assign each employer to a group, reviewed inspection reports, operations of large employers, classification history and outside data and sources such as Hoovers and public websites. Staff performed preliminary statistical analyses on the payroll and loss data of the various component groups that were identified based on the information summarized above. Based on the statistical findings, staff reviewed the component groups to create homogeneous and statistically credible subgroups. In total, 94 percent of the total exposure in Classification 8868 was identified and categorized through this process. Where not all experience in an existing classification could be assigned to one of the subgroups, the remaining unassigned (residual) experience was spread proportionately among all the subgroups so that all the experience of the original classification was reflected in the analysis.<sup>3</sup>

Based upon the above, the loss and payroll data was aggregated from unit statistical data reported for policies incepting in 2010 through 2014. The information was compiled and loss amounts adjusted using the methodologies and adjustment factors that underlie the 2018 Classification Relativities reflected in the WCIRB's January 1, 2018 Regulatory Filing.<sup>4</sup>

Another objective of the study was to clarify the scope of Classifications 8868 and 9101 and applicable administrative procedures. As Classifications 8868 and 9101 have been historically assigned by analogy to operations that are not specifically described as colleges or schools, this study assessed the propriety of assigning Classification 8868 to all the identified subgroups and evaluated whether the subgroups met the criteria for establishment of a unique classification. The criteria used to determine whether to establish a new classification are whether the subgroup of employers (1) represent a distinct and clearly identifiable subgroup, (2) engage in a relatively homogeneous set of operations, (3) have exposure to hazards that clearly differ from employers assigned to other classifications, and (4) are of sufficient size to generate enough data to develop a statistically credible advisory pure premium rate.

As part of this analysis, the WCIRB also reviewed the potential impact of the recommended changes in classification procedures on employers currently assigned to Classifications 8868 and 9101 by comparing the classification relativity of the existing classification to which the subgroup of employers is currently assigned to that of the recommended new classification. While this comparison is based on classification

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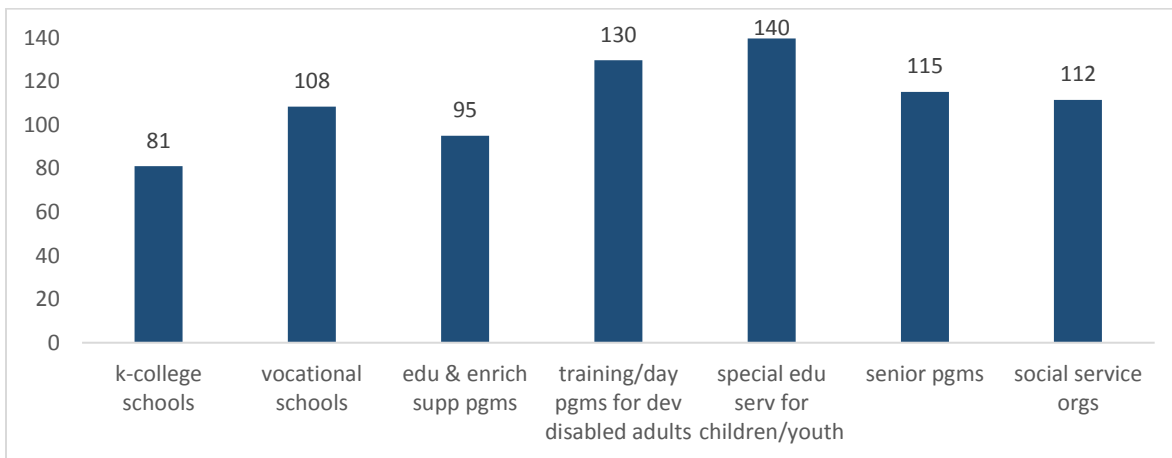
<sup>3</sup> Additional information regarding this data is in Appendix IV.

<sup>4</sup> See Section C, Appendix C, of the WCIRB's January 1, 2018 Regulatory Filing for a complete discussion of the methodologies underlying the 2018 Classification Relativities.

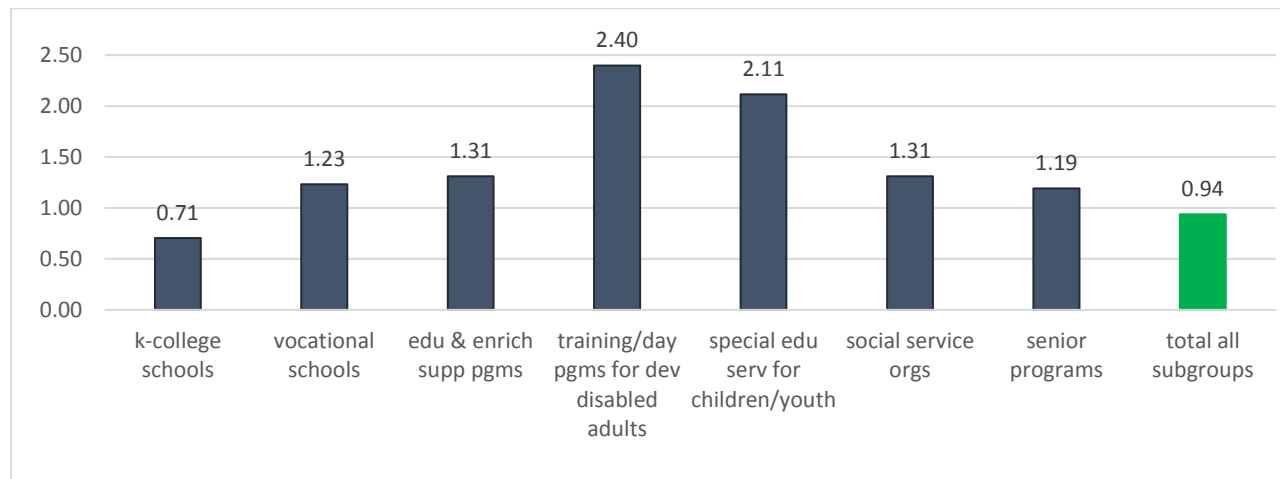
relativities, the final premium impact on any employer also depends on the impact of the change in its experience modification due to the new classification assignment as well as any individual insurer premium plan adjustments reflected in the final premium that are charged to the employer.

Figure 3.1 shows the average experience modification for various subgroups of employers currently assigned to Classification 8868 for policy year 2014. Figure 3.2 shows the average “final premium”<sup>5</sup> charged to various subgroups of employers assigned to Classification 8868 for policy year 2014 in relation to the advisory pure premium.<sup>6</sup> As shown in Figures 3.1 and 3.2, given the wide breadth of employers assigned to Classification 8868, there are significant differences in both the average experience modification and the relationship of final premium to advisory pure premium across the Classification 8868 subgroups of employers.

**Figure 3.1: Average Experience Modification of Various Subgroups**



**Figure 3.2: Average (Weighted) Ratio of Final Charged Premium to Advisory Pure Premium for Policy Year 2014 Policies<sup>7</sup>**



<sup>5</sup> Premium based on reported premium at the insurer rate level, which includes the impact of all insurer rating plan adjustments except for the application of deductible credits, retrospective rating plan adjustments and terrorism charges.

<sup>6</sup> Based on the application of the approved advisory pure premium rates to the reported payroll by classification.

<sup>7</sup> Reflects the weighted average of the reported final premium charged including the impact of all insurer rating plan adjustments (e.g., schedule rating adjustments, premium discounts) to the premium that would have been generated if the advisory pure premium rates had been charged.



## IV. Overview of Classifications 8868 and 9101

Classification 8868 applies to academic professional employees in private schools.<sup>8</sup> Academic professional employees include but are not limited to teachers, professors, deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists, counselors, teachers' aides and tutors, athletic team coaches and library employees. The responsibilities of such employees typically include planning, directing, administering, counseling or curriculum development. Currently, Classification 8868 does not include clerical employees or outside salespersons.

Classification 9101 is the companion classification to Classification 8868. It includes all other employees at private schools, including but not limited to cafeteria workers, drivers, maintenance employees, janitors, gardeners, security personnel, resident advisors or assistants, and book supply department employees.

Classification 8868 was originally established for schools, including kindergartens,<sup>9</sup> elementary schools, middle schools, high schools, colleges, universities and vocational or trade schools. The subjects that students study in schools are primarily academic, including liberal arts, mathematics, science, literature, history, computer science and engineering.

Over the years, the WCIRB has assigned by analogy a variety of operations or programs that are not schools to Classifications 8868 and 9101. These programs often include an instructional component in the services they provide, and because those services were not described by specific classifications, the programs were assigned by analogy to Classifications 8868 and 9101. These programs include social service organizations, senior programs, adult day programs, independent living skills training, special education for children or youth with developmental disabilities, tutoring and test preparation, and personal enrichment and growth classes.<sup>10</sup>

In order to identify homogeneous subgroups with distinct and identifiable operations, the WCIRB considered the types of services provided, who contracts for the services, where the services are provided, how employees perform the services, the instrumentalities used to perform the services and other relevant factors. After a comprehensive review of the wide range of operations and employers that are currently assigned to Classifications 8868 and 9101, the WCIRB identified the following initial subgroups that all include a significant number of employers with experience assigned to Classification 8868.<sup>11</sup>

<ul style="list-style-type: none"><li>• Higher education</li><li>• K-12 schools</li><li>• Tutoring and test preparation</li><li>• Senior programs</li><li>• Adult day program, independent living skills training or vocational training for adults with developmental disabilities</li></ul>	<ul style="list-style-type: none"><li>• Vocational schools</li><li>• High schools</li><li>• Personal enrichment and growth</li><li>• Social service organizations</li><li>• Special education for children and youth who may be experiencing mental, physical, social or emotional delays</li></ul>
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Payroll for 12,690 California employers was reported in Classification 8868 during policy years 2010 through 2014 and payroll for approximately 3,000 of these employers was also reported in Classification

<sup>8</sup> In California, public schools are assigned separately to Classification 8875(1), *Public Colleges or Schools – all employees – including cafeteria, Clerical Office Employees and Outside Salespersons*. Classification 8875 does not have a companion classification structure. Classification 8875 also applies to the following: before or after school programs operated by public colleges or schools; charter schools; state or county vocational training programs; and school counselors who are provided to public schools by separate concerns under contract. Classification 8875 does not apply to the operation of before or after school programs by separate employers at public school locations.

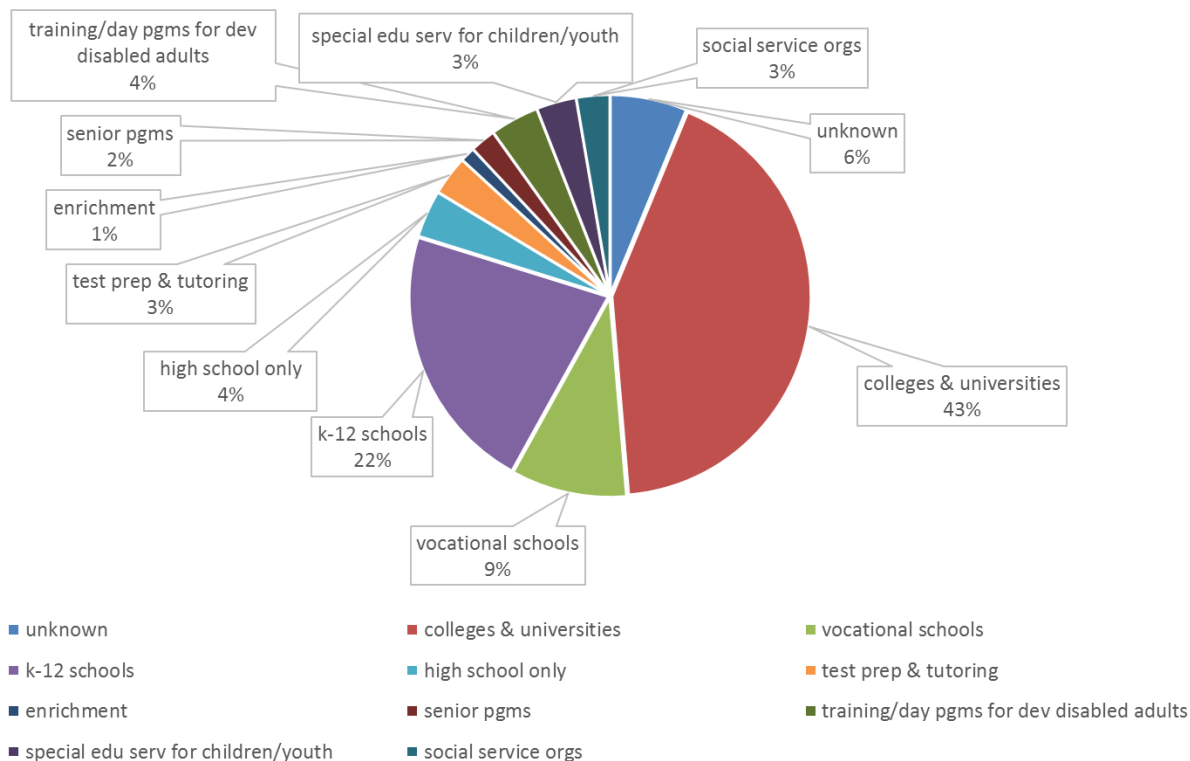
<sup>9</sup> Kindergartens that are not part of a school that provides first grade instruction and higher are assigned to Classification 9059, *Day Care Centers*.

<sup>10</sup> Prior to 2018, Classification 8868 was also often assigned by analogy to fitness instruction studios. Effective January 1, 2018, Classification 8870, *Fitness Instruction Programs or Studios*, was established to apply to employers engaged in operating fitness instruction programs.

<sup>11</sup> Some of the subgroups were consolidated based on our analysis.

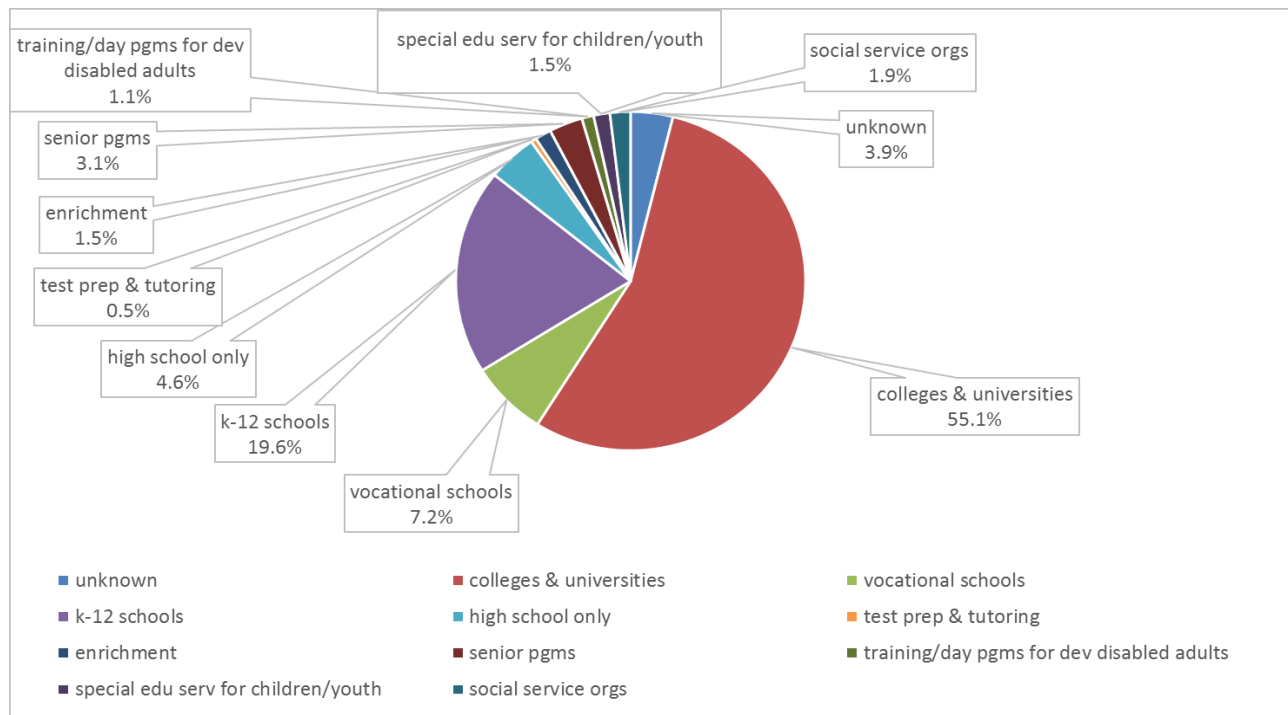
9101. The average annual payroll reported in Classifications 8868 and 9101 was \$9.2 billion and \$583 million, respectively, during policy years 2010 through 2014. Figures 4.1 and 4.2 display the share of payroll for each subgroup based on 2010 through 2014 policy year total payroll reported in Classifications 8868 and 9101. Higher education, K-12 schools, vocational schools and high schools are the largest subgroups in both classifications. These four subgroups also constitute the operations and types of employers that were originally defined by Classifications 8868 and 9101.

**Figure 4.1: Distribution of Payroll by Subgroup – Classification 8868**

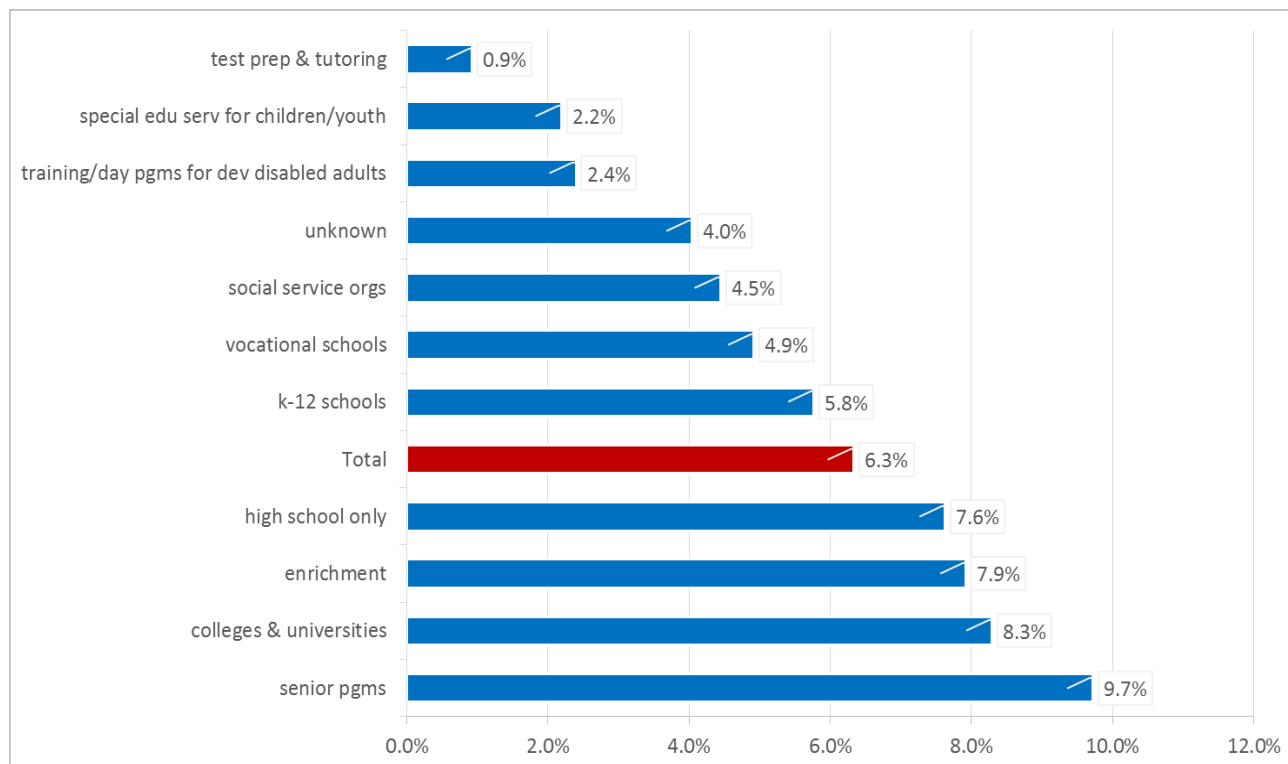


About 23 percent of employers with payroll reported in Classification 8868 also had payroll reported in Classification 9101. Figure 4.3 demonstrates that companion Classification 9101 was utilized unevenly across various subgroups. This is not surprising considering that the operations, customers and processes differ in varying degrees across subgroups.

**Figure 4.2: Distribution of Payroll by Subgroup – Classification 9101**



**Figure 4.3: Payroll in Class 9101 as a Percentage of Class 8868 by Subgroup**



## V. Analysis of Private K-12 Schools, Colleges and Universities

### *K-12 Schools*

These employers include private elementary schools, middle schools and high schools that instruct students from kindergarten through grade twelve.<sup>12</sup> Instructors in elementary, middle and secondary schools prepare lessons, perform classroom instruction, administer examinations, correct papers, grade work, meet with students and communicate with parents about students' progress. In addition, teachers may accompany students on field trips to parks, museums, concerts and similar locations. Academic professional employees such as principals, head masters, counselors and directors assist and direct students with academic progress, behavioral problems and similar issues, develop curriculum, and supervise teachers and other staff.

Many private elementary and secondary schools are affiliated with churches or religious organizations. According to the National Center for Education Statistics, about 60% of K-12 schools in the state of California are affiliated with religious organizations.<sup>13</sup>

### *Schools and Day Care*

Some schools may include pre-kindergarten programs, such as preschools and day care centers. When a school assigned to Classifications 8868 and 9101<sup>14</sup> also provides preschool and before or after school day care programs related to the school's operations, these programs are assigned to the applicable school classification. However, when there is no connection between the school and the day care program, both Classification 9059, *Day Care Centers*, and the applicable school classification are assignable, provided the provisions of the Multiple Enterprises rule<sup>15</sup> are met. When a kindergarten is part of a preschool or day care center that does not provide first grade instruction and higher, these operations are assignable to Classification 9059.

### *Colleges and Universities*

Colleges and universities are institutions of higher learning that instruct students in a variety of academic subjects and grant undergraduate and graduate degrees.

Professors, instructors or teaching assistants teach and advise students, plan lessons and assignments, perform classroom instruction, administer examinations and grade assignments, papers, exams and other work. In large colleges and universities, they may spend time conducting research or experiments in addition to teaching. Other professional employees engage in student counseling and academic administration of the educational institution. Students attending colleges and universities select a course of work and complete classes for academic credit and, upon completion of the necessary coursework, may receive bachelor or graduate degrees in their area of study. Academic credits and degrees are transferable to other academic institutions for continued academic study.

Home schools and private schools and colleges are required by regulation to register with the California superintendent of public instruction, but are not subject to approval by the Department of Education and are not required to be accredited. However, students cannot receive federal or state financial aid to attend higher education institutions that are not accredited by one of several independent agencies.

### *Classification Analysis*

K-College Schools represent a distinct and clearly identifiable subgroup and engage in a comparable set of operations in that they are all schools that provide classroom-based academic educational services.

Figure 5.1 depicts the loss to payroll ratios and credibility for the operations assigned to Classification 8868: higher education, K-12 schools, high schools and vocational schools. The loss to payroll ratios for

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<sup>12</sup> A private school, as defined by the National Center for Education Statistics, is not supported primarily by public funds, provides classroom instruction for one or more of grades K-12 or comparable ungraded levels, and has one or more teachers.

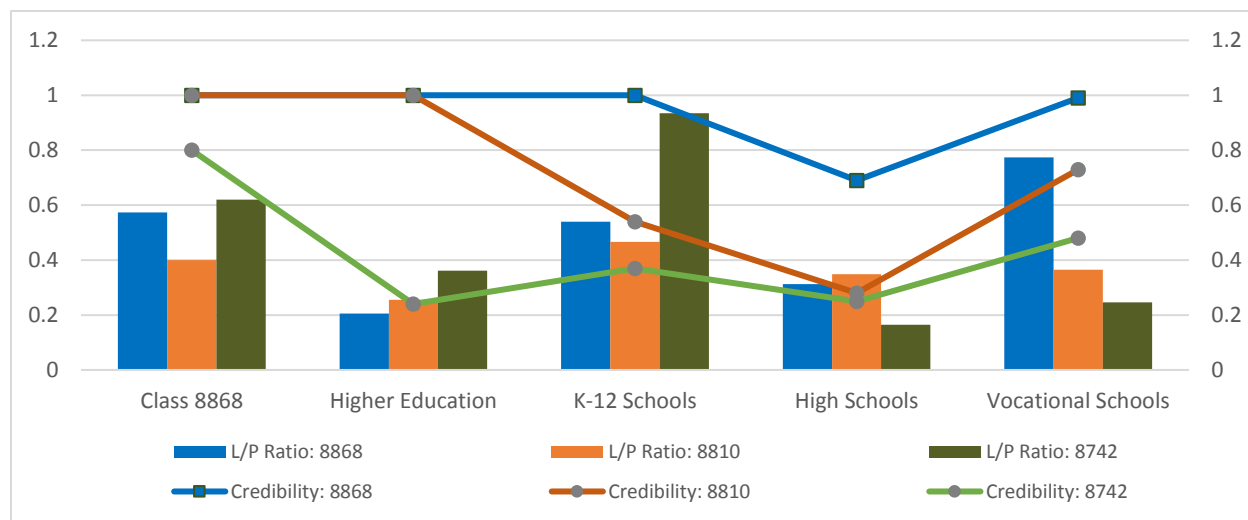
<sup>13</sup> <https://www.cde.ca.gov/ds/si/ps/>

<sup>14</sup> This classification procedure is also applicable to public schools and colleges assigned to Classification 8875(1), *Public Colleges or Schools*.

<sup>15</sup> The Multiple Enterprises rule can be found in the California *Workers' Compensation Uniform Statistical Reporting Plan—1995*, Part 3, *Standard Classification System*, Section III, *General Classification Procedures*, Rule 3.

higher education, K-12 schools and high schools only are 0.21, 0.54 and 0.30 per \$100 of payroll, respectively. If combined, the loss to payroll ratio for this subgroup would be 0.32 per \$100 of payroll, compared with 0.57 for Classification 8868 as a whole. Thus, this subgroup's exposure to hazards is different from other employers assigned to Classification 8868. Further, each of these three employer segments has at least relatively high statistical credibility and, when combined, the subgroup is fully credible with only two years of experience.

**Figure 5.1: Loss to Payroll Ratio and Credibility for K-Colleges and Vocational Schools (8868, 8810 and 8742)**



Given that K-College Schools meet the criteria for a distinct classification and develop experience that differs significantly from the remainder of Classification 8868, the WCIRB recommends that Classification 8868 be amended to include only K-College Schools.

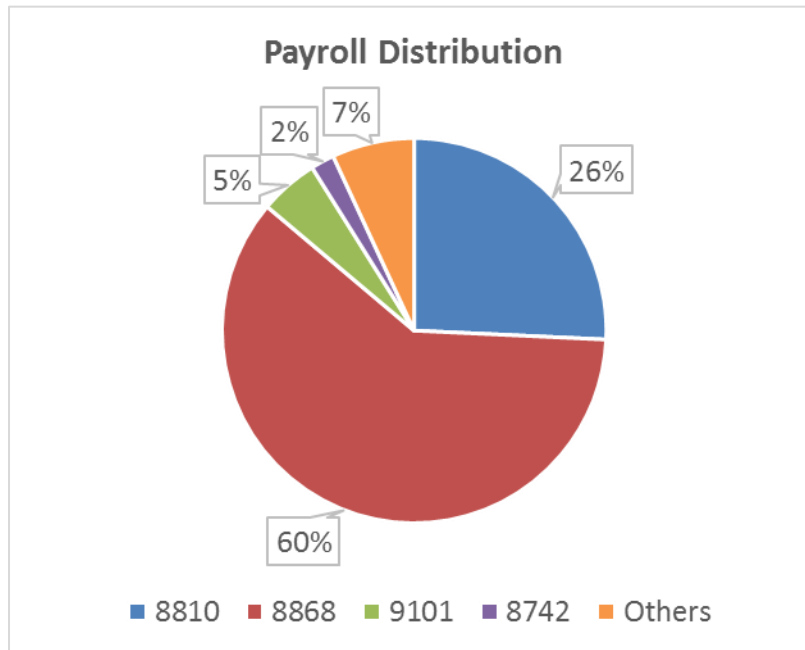
#### *Standard Exception Employees*

WCIRB staff evaluated whether proposed Classification 8868, consisting of only K-College Schools, should also include Clerical Office Employees and Outside Salespersons. Staff reviewed the operations, classification procedures and administrative issues of Standard Exception Employees as well as statistical metrics such as the size, credibility and loss to payroll ratios for these classifications. In addition, staff reviewed the practices of other jurisdictions, including NCCI, and other relevant California classifications such as Classification 8875(1), *Public Colleges or Schools*.

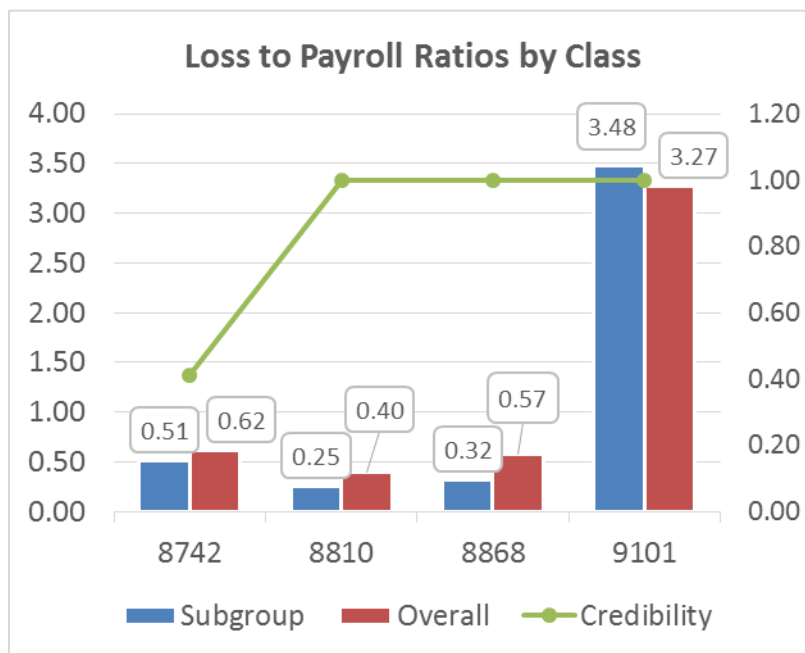
Based on staff's analysis, the WCIRB recommends that the proposed Classification 8868 include Clerical Office Employees and Outside Salespersons for the following reasons:

- As shown in Figure 5.2, payroll reported in Classification 8810 accounted for 26 percent of the total payroll reported for K-College Schools assigned to Classification 8868 during policy years 2010 through 2014. Payroll reported in Classification 8742 accounted for only 2 percent of the total payroll reported for K-College Schools. When combined, Classifications 8868, 8810 and 8742 constitute 88 percent of the total payroll reported for these employers.
- Some school employees may perform both clerical and teaching duties and it can be difficult to distinguish clerical employees from academic professional staff. Amending Classification 8868 to include clerical office employees and outside salespersons for K-College Schools would simplify the administration of this classification.
- As shown in Figure 5.3, the Classification 8810 loss to payroll ratio for K-College Schools assigned to Classification 8868 is 0.25, which is relatively close to the loss to payroll ratio (0.32) for Classification 8868 for the same subgroup of K-College School employers.
- NCCI Code 8868 includes clerical office employees and Classification 8875, assigned to public schools in California, also includes clerical office employees and outside salespersons.

**Figure 5.2: Payroll Distribution of K-College Schools**



**Figure 5.3: Loss to Payroll Ratios and Credibilities of K-College Schools**



#### *Companion Classification*

The WCIRB evaluated whether to maintain companion Classification 9101 for the proposed K-College Schools classification using a process similar to the one used to evaluate whether to include Standard Exception Employees. Based on this analysis, the WCIRB recommends that Classification 9101 be retained for K-College Schools for the following reasons:

- As shown in Figure 5.4, the Classification 9101 loss to payroll ratio for higher education, K-12 schools and high schools only are very similar and they are all very close to the average loss to payroll ratio for all employers currently assigned to Classification 8868. The 9101 experience of

higher education and K-12 schools has high statistical credibility, while the statistical credibility of Classification 9101 experience for high schools only is lower.

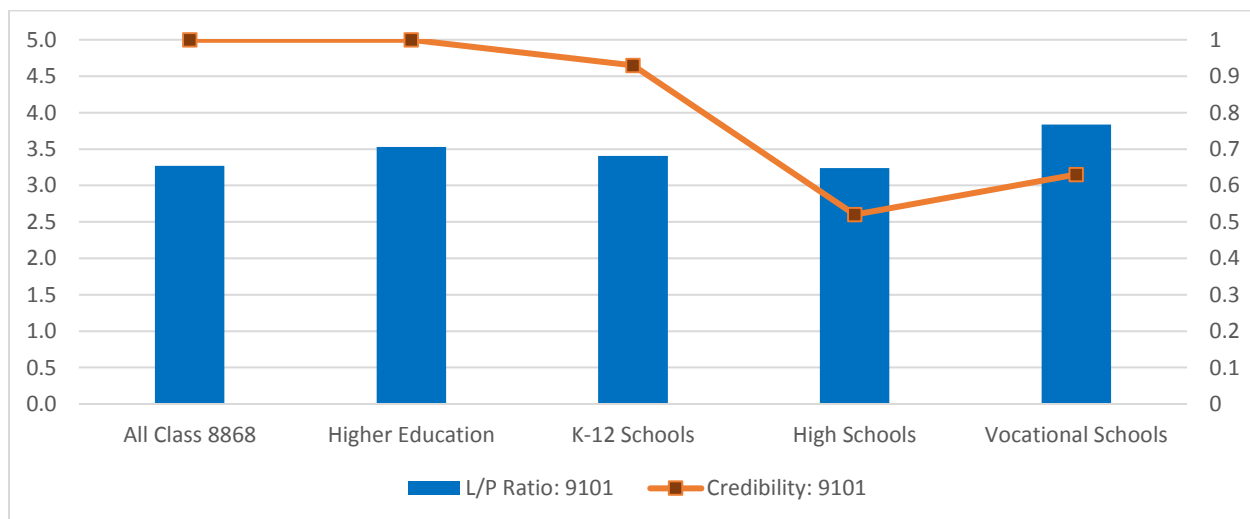
- A significant number of K-College Schools reported payroll in Classification 9101. As shown in Table 5.1, about 45 percent of K-College Schools reported payroll in Classification 9101 during policy years 2010 through 2014. In addition, as shown in Figure 5.5, payroll reported in Classification 9101 as a percentage of total payroll varies across K-College Schools. In particular, larger K-College School employers tend to report more payroll in Classification 9101, as a percentage of total payroll, than smaller employers.
- For K-College Schools, as shown in Figure 5.3, the loss to payroll ratio for Classification 9101 was more than ten times higher than the loss to payroll ratio for Classification 8868.

**Table 5.1: Classification 9101 Utilization Rate**

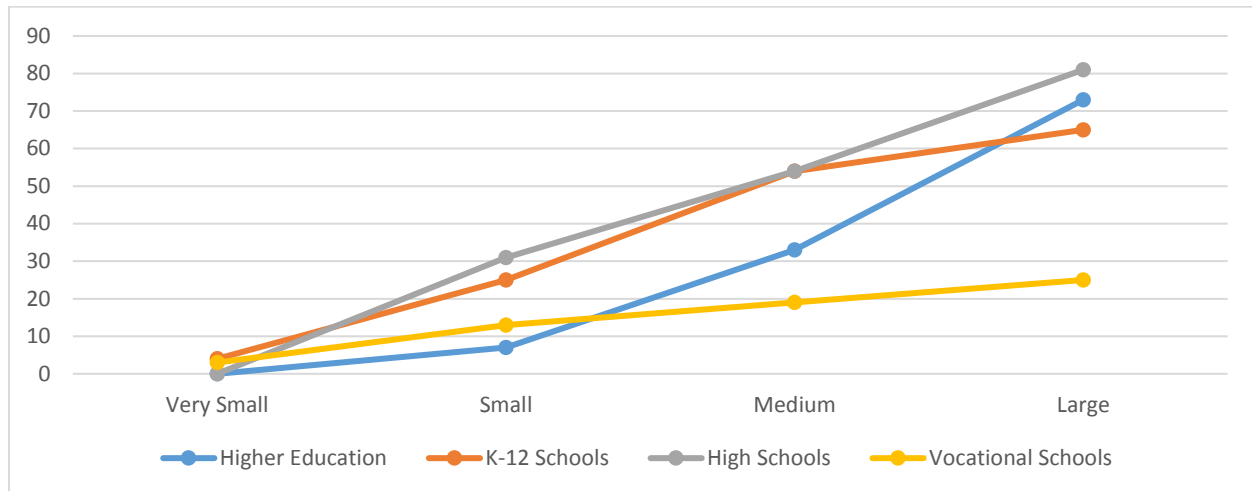
Type	Reported 9101	Total	Utilization Rate
Higher education	117	338	35%
K-12 schools	537	1153	47%
High schools	71	120	59%
<b>Total</b>	<b>725</b>	<b>1611</b>	<b>45%</b>

\* Based on the numbers of schools reviewed by WCIRB staff

**Figure 5.4: Loss to Payroll Ratio and Credibility for K-College Schools and Vocational Schools (9101)**



**Figure 5.5: Percentage of Employers Reporting 9101 Grouped by Employer Size**



Note: Size is defined based on 2014 policy year payroll reported in Classification 8868. Very small: <\$100,000; small: <\$500,000; medium: <\$5,000,000; large: >\$5,000,000.

#### *Summary of Loss to Payroll Experience*

Due to the large amount of payroll reported statewide in each of the two Standard Exception Classifications 8810 and 8742, the impact on Classifications 8810 and 8742 of reallocating K-College School Standard Exception Employees' payroll is negligible. Tables 5.3, 5.4 and 5.5 show the volume of payroll included in the proposed amended Classification 8868, including only K-College Schools, derived from Classifications 8868, 8810 and 8742, respectively.<sup>16</sup> Table 5.6 shows the payroll, losses, loss to payroll ratios and credibility of the proposed reconstituted Classification 8868.

Table 5.2 shows the Classification Relativity data for employers in Classification 8868 as it is currently defined at the policy year 2018 level.

**Table 5.2: All Classification 8868  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	9,705,086,939	54,124,540	0.558
2014	10,012,081,022	58,825,754	0.588
	19,717,167,961	112,950,294	

Two-Year Average Loss to Payroll Ratio: 0.573

Selected (Unlimited) Loss to Payroll Ratio: 0.659

Credibility	
Indemnity	Medical
1.00	1.00

Table 5.3 shows the Classification Relativity data for the subgroup of Classification 8868 employers identified as K-College Schools at the policy year 2018 level:

<sup>16</sup> As stated in Section III, *Data and Study Methodology*, unassigned (residual) experience was spread proportionately among all the subgroups. The historical payroll and loss ratios by year for the residual group as well as those for the subgroups with allocated payroll and losses from the residual group is shown in Appendix IV.



**Table 5.3: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers (K-College Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	6,555,643,771	20,310,708	0.310
2014	6,725,728,288	22,352,519	0.332
Total	13,281,372,059	42,663,227	

Two-Year Average Loss to Payroll Ratio: 0.321

Credibility	
Indemnity	Medical
1.00	1.00

As shown in Table 5.3, the average loss to payroll ratio for this subgroup of employers is significantly lower (approximately 44%, also see Figure 5.3) than the average loss to payroll ratio for Classification 8868 as a whole (Table 5.2). This data is fully credible with two years of experience.

Tables 5.4 and 5.5 show the Classification Relativity data reported in the Standard Exception classifications for K-College Schools currently assigned to Classification 8868.

**Table 5.4: Payroll and Losses in Classification 8810  
Based on Selected 8868 Employers (K-College Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,549,235,327	6,724,530	0.264
2011	2,568,801,252	5,304,937	0.207
2012	2,661,997,112	5,401,351	0.203
2013	2,582,160,831	8,234,471	0.319
2014	2,779,593,993	7,404,718	0.266
Total	13,141,788,516	33,070,007	

Five-Year Average Loss to Payroll Ratio: 0.252

Credibility	
Indemnity	Medical
1.00	1.00

Table 5.4 shows that the loss to payroll ratio for the Clerical Office Employees of this subgroup (0.252) is about 21% lower than that for the academic professional employees. The statewide average loss to payroll ratio for Classification 8810 was 0.231 (see Table C.1 in Appendix III). The data is fully credible with five years of experience.

**Table 5.5: Payroll and Losses in Classification 8742  
Based on Selected 8868 Employers (K-College Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	173,791,538	941,431	0.542
2011	172,058,523	831,577	0.483
2012	160,761,333	834,022	0.519
2013	156,659,934	1,024,540	0.654
2014	147,425,618	488,023	0.331
Total	810,696,944	4,119,594	

Five-Year Average Loss to Payroll Ratio: 0.508

Credibility	
Indemnity	Medical
0.41	0.34

Table 5.5 shows that the loss to payroll ratio for the Outside Salespersons of this subgroup (0.508) is about 58% higher than that of the academic professional employees. The statewide average loss to payroll ratio for Classification 8742 was 0.278 (see Table C.2 in Appendix III). This data has limited statistical credibility with 41% credibility for indemnity and 34% credibility for medical with five years of experience.

**Table 5.6: Payroll in Combined Classifications 8868, 8810 and 8742  
Based on Selected 8868 Employers (K-College Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	9,294,464,536	29,569,719	0.318
2014	9,652,747,899	30,245,260	0.313
Total	18,947,212,435	59,814,979	

Two-Year Average Loss to Payroll Ratio 0.316

Credibility	
Indemnity	Medical
1.00	1.00

Table 5.6 shows that once combined, the average two-year loss to payroll ratio for K-College Schools is 0.316, which is very comparable to that for Classification 8868 alone (0.321, see Table 5.3). The data is fully credible with two years of experience.

Table 5.7 shows the Classification Relativity data for employers in Classification 9101 as it is currently defined at the policy year 2018 level:

**Table 5.7: All Classification 9101  
Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	625,568,432	18,714,631	2.992
2014	616,958,032	21,925,686	3.554
	1,242,526,464	40,640,316	

Two-Year Average Loss to Payroll Ratio: 3.271  
Selected (Unlimited) Loss to Payroll Ratio: 4.195

Credibility	
Indemnity	Medical
1.00	1.00

Table 5.8 shows the Classification Relativity data for Classification 9101 employers in the K-College Schools subgroup that includes employers identified by the WCIRB as private kindergartens, elementary schools, middle schools, high schools, colleges and universities.

**Table 5.8: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (K-College Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2012	451,370,740	15,562,203	3.448
2013	494,292,487	15,578,547	3.152
2014	493,903,040	16,669,302	3.375
Total	1,439,566,267	47,810,051	

Three-Year Average Loss to Payroll Ratio: 3.321

Credibility	
Indemnity	Medical
1.00	1.00

Table 5.8 shows that the five-year average loss to payroll ratio for the K-College Schools subgroup in Classification 9101 is very close to the average loss to payroll ratio for all Classification 8868 employers that had payroll reported in Classification 9101 during policy years 2010 through 2014 (see Table 5.7). The data is fully credible with three years of experience.

#### *Impact Analysis*

Table 5.9 shows the impact on affected policyholders in Classification 8868 if the data for K-College Schools currently assigned to Classifications 8868, 8810 and 8742 are combined to create a new classification for K-College Schools. As shown in Table 5.9, the indicated Classification Relativity for the proposed Classification 8868 is 39.5 percent lower than the indicated relativity for the current Classification 8868 including the payroll previously reported in the Standard Exception classifications.<sup>17</sup> Typically, the WCIRB limits year-to-year classification relativity changes to be no more than 25%. The impact on any employer's premium charge also depends on the impact of the change in its experience rating as well as any individual insurer's premium adjustment plans.

The historical payroll and loss ratios by year for the residual group as well as those for the proposed classifications with allocated payroll and losses from the residual group are shown in Appendix IV.

**Table 5.9: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (K-College Schools)  
Revised Classification 8868 vs. Current Classification 8868, 8810 and 8742**

Current Classification	Loss to Payroll Ratio for Current Class	Revised Classification 8868, including 8810 and 8742	Difference (unlimited)
8868	0.659	0.399	-0.260 (-39.5%)
8810	0.265	0.399	0.134 (50.6%)
8742	0.338	0.399	0.061 (18.0%)

Table 5.10 depicts the impact if Classification 9101 is revised to apply only to K-College Schools. As shown in Table 5.10, the indicated Classification Relativity for the revised Classification 9101 is 0.8 percent higher than the indicated relativity for the current Classification 9101. The impact on any employer's premium charge also depends on the impact of the change in its experience rating as well as any individual insurer's premium adjustment plans.

<sup>17</sup> The WCIRB assigned employers representing approximately 94% of total payroll in Classification 8868 to the seven identifiable constituent subgroups. The residual experience from Classification 8868 was allocated to these seven subgroups in proportion to each subgroup's proportion of the total payroll each year. The Selected Loss to Payroll Ratio, with this residual experience spread proportionately among the subgroups for each of the classifications being recommended by the WCIRB, is shown in Tables 5.9 (Classification 8868) and 5.10 (Classification 9101).

**Table 5.10: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 9101 Employers (K-College Schools)  
Selected Employers vs. Current Classification 9101**

<b>Current Classification 9101</b>	<b>Revised Classification 9101</b>	<b>Difference</b>
4.195	4.229	0.034 (0.81%)

#### *Findings*

Based on staff's review, the WCIRB determined:

1. Private kindergartens,<sup>18</sup> elementary schools, middle schools, high schools, colleges and universities (K-College Schools) form an identifiable and homogeneous group of employers. These employers are exposed to similar hazards and have significantly different loss to payroll experience other subgroups of employers currently assigned to Classification 8868.
2. The hazards to which the academic professional employees at K-College Schools are exposed are comparable to those of Clerical Office Employees and Outside Salespersons employed by K-College Schools and they have similar loss to payroll ratios. Based upon a similarity in duties and exposures, it is sometimes difficult to distinguish clerical employees from academic employees at certain schools.
3. While a significant portion of K-College Schools have operations assigned to companion Classification 9101, the proportion of total payroll assigned to Classification 9101 differs significantly among individual schools. In general, larger employers tend to report more payroll in Classification 9101 as a percentage of total payroll than smaller employers. The loss to payroll ratio of K-College exposure assigned to Classification 9101 is significantly higher than that of the K-College exposure assigned to Classifications 8868, 8810, *Clerical Office Employees*, and 8742, *Salespersons – Outside*.

#### *Recommendations*

Based on these findings, the WCIRB recommends:

1. Amend Classification 8868 to apply to professors, teachers or academic professional employees at private kindergartens,<sup>19</sup> elementary schools, middle schools, high schools, colleges and universities and include Clerical Office Employees and Outside Salespersons.
2. Amend companion Classification 9101 to narrow its application to non-academic employees at private kindergartens, elementary schools, middle schools, high schools, colleges and universities.

## **VI. Analysis of Vocational Schools**

### *Vocational Education*

Vocational schools, trade schools, technical schools, career colleges and employers engaged in the operation of vocational training programs (Vocational Schools) are educational institutions that train students to perform jobs that require special skills. Instead of receiving a general education, students enrolled in Vocational Schools focus on developing a particular skillset and knowledge base for a career, including but not limited to construction, cosmetology, computer technology, business administration, media technology, culinary arts, paralegal studies, medical assistance, automotive and mechanical technology, and ground-based aviation instruction. Unlike four-year colleges or universities, Vocational Schools typically take less time to complete and the majority of training is hands-on.

<sup>18</sup> Kindergartens that are not part of a school that provides first grade instruction and higher are assigned to Classification 9059, *Day Care Centers*.

<sup>19</sup> Kindergartens that are not part of a school that provides first grade instruction and higher are assigned to Classification 9059, *Day Care Centers*.

Students attending Vocational Schools earn degrees (typically associate's degrees), certificates or a diploma. The schools are licensed by the California Bureau for Private Postsecondary Education. Accreditation is not required.

Career and technical education teachers create lesson plans and assignments to instruct students in classrooms, laboratories or workshops on how to develop certain skills and apply classroom knowledge through hands-on activities. For example, they may demonstrate and supervise the safe and proper use of tools and equipment. Students may spend a portion of their time performing on-the-job training. Academic professional employees such as principals, counselors and directors assist and direct students with academic progress and similar issues, develop curriculum, and supervise teachers and other staff.

Vocational Schools also allow workers to pursue short-term vocational training or professional development programs to advance their careers. These types of training programs include but are not limited to computer skills, media arts, safety training, first aid and CPR, management and communication skills, continuing education seminars, and sales and marketing coaching.

### *Classification Analysis*

Vocational Schools represent a distinct and clearly identifiable subgroup and engage in a comparable set of operations in that they are educational institutions that train students to perform jobs that require special skills.

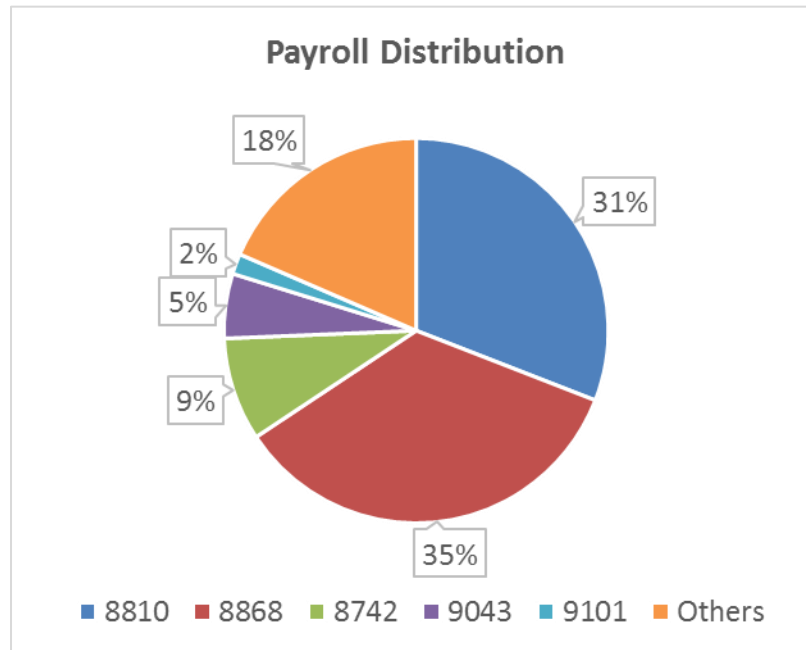
The operations of Vocational Schools differ from traditional four-year colleges or universities in a number of ways, including:

- Job-specific education and skill-based learning
- Less time to complete the program; typically less than two years
- Location of instruction includes classrooms, laboratories and workshops
- Instruction often involves tools or instruments
- Instructors often demonstrate techniques or procedures to help students learn

The difference in operations between Vocational Schools and four-year colleges or universities is supported by the difference in their loss to payroll ratios. As shown in Figure 5.1, the loss to payroll ratio for Classification 8868 for Vocational Schools is about three times higher than that for four-year colleges or universities. With respect to wage levels, according to the U.S. Bureau of Labor Statistics, the median annual wage for postsecondary career and technical education teachers in 2016 was \$50,660; the 2016 median annual wage for postsecondary teachers in private colleges, universities and professional schools was \$77,600. WCIRB staff finds that the different operational hazards to which Vocational School employees are exposed, coupled with their wage differences, significantly drive the differences seen in the loss to payroll ratios of Vocational Schools and four-year colleges or universities. In contrast, the loss to payroll ratio for companion Classification 9101 for Vocational Schools is 3.84, only slightly higher than that for four-year colleges or universities, which is 3.53 (see Figure 5.4).

Given that Vocational Schools meet the criteria for a distinct classification and develop experience that differs from the remainder of Classification 8868, and particularly four-year colleges, the WCIRB recommends the establishment of a new classification for Vocational Schools.

**Figure 6.1: Payroll Distribution of Vocational Schools**



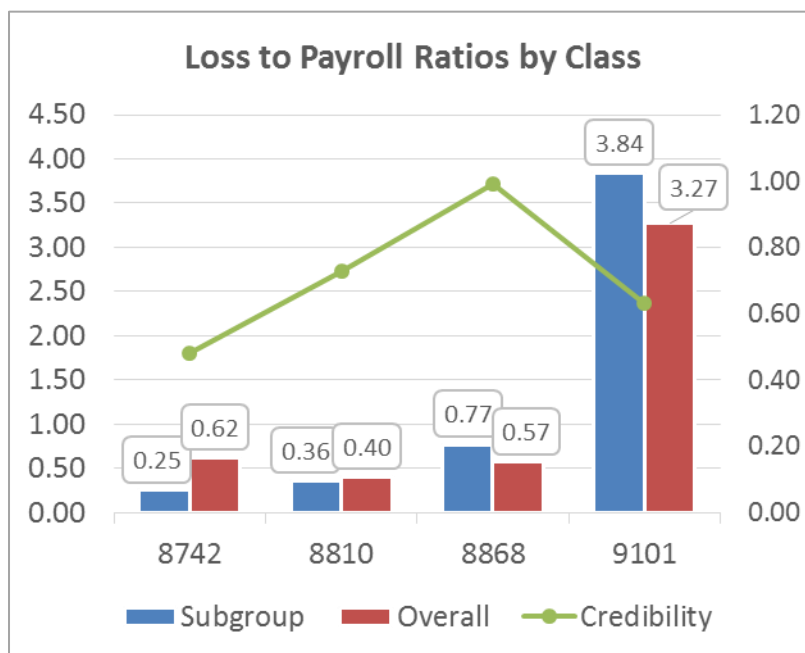
#### *Standard Exception Employees*

The WCIRB reviewed payroll and loss data for Vocational Schools reported in Classifications 8810 and 8742. As shown in Figure 6.1, Clerical Office Employees (8810) and Outside Salespersons (8742) account for a significant amount of payroll reported for Vocational Schools. Compared to colleges and universities, Vocational Schools tend to have a much higher percentage of employees assigned to Classification 8742 performing functions such as fund raising, public relations, and outside sales and promotion. In particular, for-profit career colleges tend to have large outside salesperson operations. Vocational training programs offered by companies in non-education industries, such as defense contractors and technology companies, are also reflected in the Vocational School subgroup of Classification 8868. These employers generate a significant amount of payroll in Classification 8742, much of which is not related to vocational training.

As shown in Figure 6.2, the Classification 8742 loss to payroll ratio for Vocational Schools was 0.25, slightly lower than the statewide average loss to payroll ratio for Classification 8742 of 0.28 (see Table C.2 in Appendix IV), but much lower than the Classification 8742 loss to payroll ratio for all employers currently assigned Classification 8868 (0.62).

The loss to payroll ratios for both Classifications 8810 and 8742 for Vocational Schools are much lower than the Classification 8868 loss to payroll ratio for the same subgroup. The Classification 8868 loss to payroll ratio of 0.77 for the Vocational Schools subgroup is also higher than that for all employers currently assigned to Classification 8868 (0.57) and, in particular, the K-College Schools (0.32, see Figure 5.3). This is not surprising given that instructors providing vocational training often are engaged in hands-on training and may need to handle tools or machines. For all these reasons, the WCIRB recommends that the proposed Vocational Schools classification not include Clerical Office Employees and Outside Salespersons.

**Figure 6.2: Loss to Payroll Ratios and Credibilities of Vocational Schools**



#### *Companion Classification*

WCIRB staff reviewed Classification 9101 data to determine whether to retain the companion classification structure for Vocational Schools. Overall, approximately 15 percent of Vocational Schools currently assigned to Classification 8868 had payroll reported in Classification 9101 during policy periods 2010 through 2014. As depicted in Figure 4.3, the amount of payroll reported in Classification 9101 for Vocational Schools is about 4.9 percent of that reported in Classification 8868, slightly below the overall average of 6.3 percent for all employers currently assigned to Classification 8868.

Figure 6.2 shows that the Classification 9101 loss to payroll ratio for Vocational Schools is moderately higher than that for all employers currently assigned Classification 8868. The experience has moderate statistical credibility (63%). As depicted in Figure 5.5, larger employers tend to utilize the companion classification more often. The WCIRB recommends retaining the companion classification structure for Vocational Schools.

#### *Summary of Loss to Payroll Experience*

Table 6.1 shows the Classification Relativity data for the subgroup of employers identified as Vocational Schools at the policy year 2018 level:

**Table 6.1: Payroll and Losses in Classification 8869  
Based on Selected 8868 Employers (Vocational Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	830,380,739	6,200,263	0.747
2011	843,040,398	6,417,553	0.761
2012	878,525,089	7,871,357	0.896
2013	874,519,237	7,840,079	0.897
2014	861,799,022	4,831,039	0.561
Total	4,288,264,485	33,160,290	

Five-Year Average Loss to Payroll Ratio: 0.773



Credibility	
Indemnity	Medical
0.99	0.93

As shown in Table 6.1, the five-year average loss to payroll ratio for employers in the Vocational School subgroup is significantly higher (35%) than the average loss to payroll ratio for Classification 8868 as a whole (Table 5.2). Additionally, this data is highly credible with 99% credibility for indemnity and 93% credibility for medical with five years of experience.

Table 6.2 shows the Classification 9101 Relativity data for the Vocational School subgroup at the policy year 2018 level:

**Table 6.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (Vocational Schools)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	48,218,308	1,131,492	2.347
2011	44,842,816	2,956,101	6.592
2012	38,352,329	1,185,447	3.091
2013	41,878,974	1,212,935	2.896
2014	37,967,075	1,608,725	4.237
Total	211,259,502	8,094,700	

Five-Year Average Loss to Payroll Ratio: 3.832

Credibility	
Indemnity	Medical
0.63	0.53

As shown in Table 6.2, the five-year average loss to payroll ratio for Classification 9101 for Vocational School employers is 17% higher than the average loss to payroll ratio for Classification 9101 as a whole (Table 5.7). This data is partially credible with 63% credibility for indemnity and 53% credibility for medical with five years of experience.

#### *Impact Analysis*

Table 6.3 shows the impact on affected policyholders if a separate classification is established for Vocational Schools. These estimated impacts are prior to the application of the 25% limitation on year-to-year changes in relativities.

**Table 6.3: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Vocational Schools)  
vs. Current Classification 8868**

Current Classification 8868	Vocational Schools 8869	Difference (Unlimited)
0.659	0.884	0.225 (34.1%)

As shown in Table 6.3, the Vocational School subgroup has a Selected (Unlimited) Loss to Payroll Ratio that is 34.1% higher than that for Classification 8868 as a whole. The impact on any employer's premium charge also depends on the impact of the change in its experience rating as well any individual insurer's premium adjustment plans.



Table 6.4 shows the impact on affected policyholders if a separate companion classification is established for Vocational Schools non-academic employees.

**Table 6.4: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Vocational Schools)  
vs. Current Classification 9101**

<b>Current Classification 9101</b>	<b>Vocational Schools 9102</b>	<b>Difference</b>
4.195	4.315	0.120 (2.9%)

As shown, Vocational Schools in Classification 9101 has a Selected (Unlimited) Loss to Payroll Ratio that is 2.9% higher than that for Classification 9101 as a whole.

#### *Findings*

Based on staff's review, the WCIRB determined:

1. Vocational schools, trade schools, technical schools, career colleges and employers engaged in the operation of vocational training programs (Vocational Schools) form an identifiable and homogeneous group. It is common for instructors at Vocational Schools to be exposed to hazards that are not typical of the hazards found in office or classroom settings.
2. The loss to payroll ratio of this subgroup of employers is significantly different than that of other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
3. Academic professional employees in Vocational Schools have a much higher loss to payroll ratio than Clerical Office Employees and Outside Salespersons.
4. While employers in this subgroup have a significant amount of data reported in Classification 9101, there is significant variability among these employers in the proportion of Classification 9101 exposure reported.

#### *Recommendations*

Based on these findings, the WCIRB recommends:

1. Establish Classification 8869, *Vocational Schools – private – professors, teachers or academic professionals*, to apply to professors, teachers or academic professional employees at Vocational Schools.
2. Do not include Clerical Office Employees and Outside Salespersons in the proposed Classification 8869.
3. Establish Classification 9102, *Vocational Schools – private – all employees other than professors, teachers or academic professionals*, to include non-academic employees at Vocational Schools as a companion classification to proposed Classification 8869.

## **VII. Analysis of Educational and Enrichment Supplemental Programs**

### *Description of Operations*

Educational and enrichment supplemental programs include academic enrichment providers, such as tutoring and test preparation centers and similar academic support courses. Supplemental programs also include personal enrichment and recreational programs, such as arts and crafts classes, music classes and similar offerings. These programs are provided to individuals of all ages, from young children to adults, often by the same employer.

Tutoring and test preparation centers help attendees to improve in areas of study such as math, science, reading and phonics. These employers also provide preparation courses for tests such as the SAT, ACT and various graduate program entrance exams. Operations often take place at the employer's tutoring center where students attend prescheduled tutoring sessions and test preparation courses for a specified amount of time.

Personal enrichment programs offer classes and workshops that are typically recreational in nature, including but not limited to classes specializing in painting, singing, pottery, theater, playing a musical instrument and similar areas of interest.

Enrichment classes that are athletic in nature such as yoga and gymnastics are assignable to Classification 8870, *Fitness Instruction Programs or Studios*.

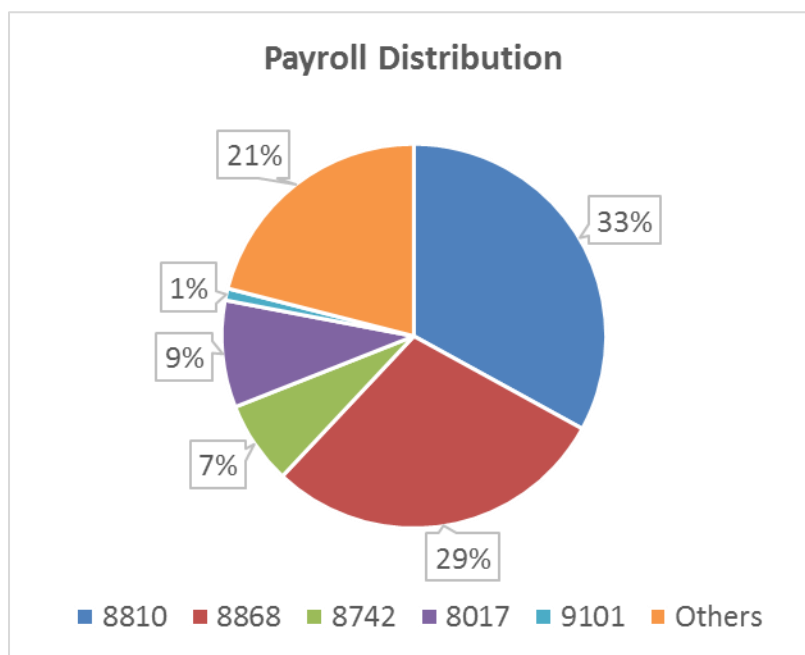
While there is an instructional or educational component to the programs described above, employers providing these services are not operating K-College Schools and their operations are distinctly different from K-College Schools.

#### *Classification Analysis*

Based on the above, educational and enrichment supplemental program providers represent a distinct and clearly identifiable subgroup of employers (Educational and Enrichment Supplemental Programs) and engage in a comparable set of operations in that they provide supplemental academic and personal enrichment and recreational programs to individuals of all ages, from young children to adults, often by the same employer.

The WCIRB also reviewed the classification and organizational structure of Educational and Enrichment Supplemental Programs for comparison to those of K-College Schools. Figure 7.1 depicts the payroll distribution for this identified homogeneous subgroup.

**Figure 7.1: Payroll Distribution of Educational and Enrichment Supplemental Programs**



As shown in Figure 7.1, only 29 percent of payroll for Educational and Enrichment Supplemental Programs is reported under Classification 8868, 33 percent is reported in Classification 8810, 7 percent in Classification 8742, 9 percent in Classification 8017(1), *Stores – retail*, and only 1 percent in Classification 9101. Additionally, 21 percent of the payroll was reported in other classifications.

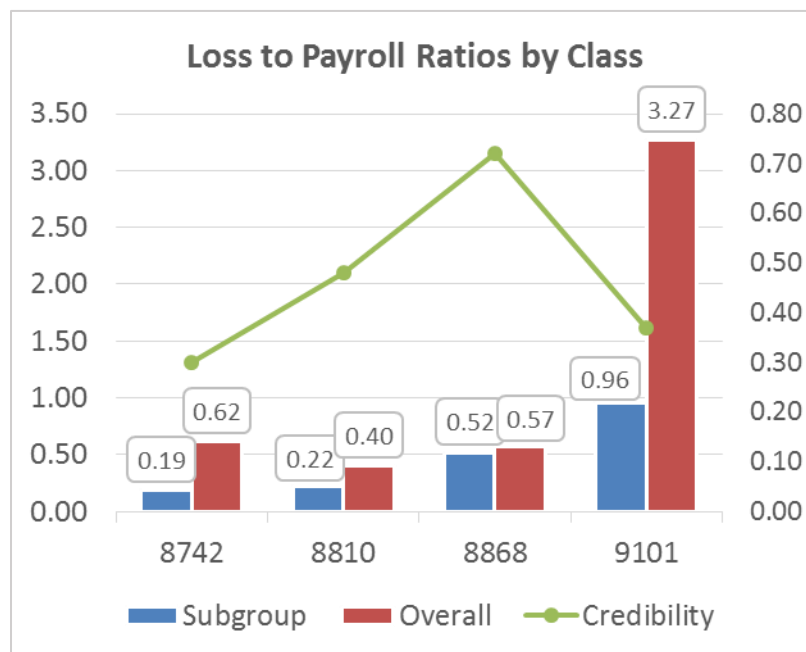
The payroll distribution for Educational and Enrichment Supplemental Programs is not consistent with that of K-College Schools. K-College Schools had the majority (60%) of its payroll reported in Classification 8868. Further, the utilization of companion Classification 9101 (1%) is much lower for this subgroup. In addition, nearly 9 percent of payroll for Educational and Enrichment Supplemental Programs is reported under Classification 8017(1), *Stores – retail*, as some stores offer personal enrichment classes to their customers. Finally, the Educational and Enrichment Supplemental Programs subgroup is assigned to a variety of other classifications.

The WCIRB reviewed the loss to payroll ratios for the data reported in Classifications 8868, 9101, 8742 and 8810 for Educational and Enrichment Supplemental Programs. Figure 7.2 shows the loss to payroll ratios and credibilities for this subgroup. The Classification 8868 loss to payroll ratio for this subgroup (0.52) is similar to that for all of Classification 8868 (0.57) but is significantly higher than that of K-College Schools and significantly lower than several other Classification 8868 subgroups. Additionally, the Classification 8868 experience of this subgroup has moderately high statistical credibility. As a result, and given some of the underlying differences in the operations of this subgroup from other Classification 8868 subgroups, the WCIRB recommends establishing a new classification for Educational and Enrichment Supplemental Programs.

#### *Standard Exception Employees*

Figure 7.2 shows the loss to payroll ratios for the Standard Exception Employees' experience for the Educational and Enrichment Supplemental Programs subgroup. The loss to payroll ratios for the two Standard Exception Classifications 8810 and 8742 for this subgroup are well below those of Classification 8868 as a whole, but are relatively close to the statewide averages for Classifications 8810 and 8742 (see Tables C.1 and C.2 in Appendix IV), suggesting that the Clerical Office Employees and Outside Salespersons employed by this subgroup should continue to be assigned to Classifications 8810 and 8742, respectively.

**Figure 7.2: Loss to Payroll Ratios and Credibility of Educational and Enrichment Supplemental Programs**



#### *Companion Classification*

As shown in Figure 7.1, very little of the payroll reported for the Educational and Enrichment Supplemental Programs subgroup is reported in Classification 9101 (1%). Classification 9101 was established as a companion classification to Classification 8868 as schools and colleges often employ cafeteria workers, drivers, maintenance employees, janitors, gardeners, security personnel, resident advisors or assistants, and book supply department employees. While Educational and Enrichment Supplemental Programs typically provide services at the employer's location, such programs typically do not have facility maintenance employees or food service employees similar to a school campus. The locations for Educational and Enrichment Supplemental Programs tend to be smaller in size than a school campus and clients usually attend programs on a weekly or one-time basis. Additionally, WCIRB staff did not observe any employers in this subgroup engaging in food service operations similar to those performed at a K-College School cafeteria. Finally, data in Classification 9101 for this subgroup is not statistically credible and deviates widely from the loss to payroll ratio in Classification 9101 for the group of all employers currently assigned to Classification 8868. This indicates that a stand-alone companion

classification for non-academic employees of Educational and Enrichment Supplemental Programs would not be appropriate. As a result, payroll currently reported in Classification 9101 for this subgroup will be included in the newly established classification or assigned as directed in the newly established classification.

#### *Summary of Loss Experience*

Table 7.1 shows the Classification 8868 Classification Relativity data for the subgroup of employers identified as Educational and Enrichment Supplemental Programs at the policy year 2018 level.

**Table 7.1: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers (Educational and Enrichment Supplemental Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	324,139,364	1,272,103	0.392
2011	359,925,800	1,873,100	0.520
2012	397,965,963	2,477,891	0.623
2013	442,853,952	2,443,754	0.552
2014	484,998,632	2,285,737	0.471
	2,009,883,711	10,352,584	

Five-Year Average Loss to Payroll Ratio: 0.515

Credibility	
Indemnity	Medical
0.73	0.69

As shown in Table 7.1, the five-year average loss to payroll ratio for this subgroup of employers is slightly lower (approximately 10%) than the average loss to payroll ratio for Classification 8868 as a whole (Table 5.2). This data has moderately high statistical credibility at 73% credibility for indemnity and 69% credibility for medical.

Table 7.2 shows the Classification 9101 Classification Relativity data for the subgroup of employers identified as Educational and Enrichment Supplemental Programs at the policy year 2018 level:

**Table 7.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (Educational and Enrichment Supplemental Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	10,545,271	153,725	1.458
2011	11,511,711	4,044	0.035
2012	11,470,471	247,886	2.161
2013	12,243,812	18,333	0.150
2014	11,191,585	120,748	1.079
	56,962,850	544,736	

Five-Year Average Loss to Payroll Ratio: 0.956

Credibility	
Indemnity	Medical
0.37	0.31

As shown in Table 7.2, the five-year average loss to payroll ratio for this subgroup of employers is significantly lower (approximately 71%) than the average loss to payroll ratio for Classification 9101 as a whole (Table 5.7). This data has low statistical credibility at 37% credibility for indemnity and 31% credibility for medical with five years of experience.

Table 7.3 shows the combined Classifications 8868 and 9101 Classification Relativity data for employers identified as Educational and Enrichment Supplemental Programs at the policy year 2018 level.

**Table 7.3: Payroll in Classifications 8868 and 9101  
Based on Selected 8868 Employers (Educational and Enrichment Supplemental Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	334,684,635	1,425,828	0.426
2011	371,437,511	1,877,144	0.505
2012	409,436,434	2,725,777	0.666
2013	455,097,764	2,462,087	0.541
2014	496,190,217	2,406,485	0.485
	2,066,846,561	10,897,320	

Five-Year Average Loss to Payroll Ratio: 0.527

Credibility	
Indemnity	Medical
0.79	0.72

Table 7.3 shows that once combined, the average five-year loss to payroll ratio is 0.527 for this subgroup, which is slightly lower than that for Classification 8868 alone. Additionally, this data has relatively high statistical credibility at 79% credibility for indemnity and 72% credibility for medical with five years of experience.

#### *Impact Analysis*

Table 7.4 depicts the impact on affected policyholders in Classification 8868 if the data currently assigned to Classifications 8868 and 9101 for Educational and Enrichment Supplemental Programs are combined to create a new classification for this subgroup.

**Table 7.4: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Educational and Enrichment Supplemental Programs)  
vs. Current Classification 8868**

Classification 8868	Revised Classification 8868, including 9101	Difference
0.659	0.642	-0.017(-2.6%)

As shown above, based on experience at the policy year 2018 level, the subgroup of Educational and Enrichment Supplemental Programs has a Selected (Unlimited) Loss to Payroll Ratio that is 2.6% lower than that of Classification 8868. The impact on any employer's premium charge also depends on the impact of the change in its experience rating as well as any individual insurer's premium adjustment plans.

Table 7.5 shows the impact on affected policyholders in Classification 9101 if the data currently assigned to Classifications 8868 and 9101 for Educational and Enrichment Supplemental Programs are combined to establish a new classification. As discussed above, only 1% of the total payroll reported for employers assigned to this subgroup is reported in Classification 9101.

**Table 7.5: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Educational and Enrichment Supplemental Programs)  
vs. Current Classification 9101**

Classification 9101	Revised Classification 8868, including 9101	Difference (Unlimited)
4.195	0.642	-3.553 (-84.7%)

### Findings

Based on staff's review, the WCIRB determined:

1. Employers that provide test preparation, tutoring and similar academic support courses, as well as personal enrichment, hobby and recreational programs such as arts and crafts classes, music classes and similar operations, form an identifiable and homogeneous subgroup.
2. The loss to payroll ratio of this subgroup of employers is higher than that of K-College Schools.
3. Employers in this subgroup have a significant amount of data reported in Classification 8810 or 8742. For these employers, the loss to payroll ratios for Classifications 8810 and 8742 are well below that reported in Classification 8868, but are relatively close to statewide averages.
4. The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

### Recommendations

Based on these findings, the WCIRB recommends:

1. Establish Classification 8871, *Supplemental Educational Services – private – not day care centers, colleges or schools – including receptionists*, to apply to employers providing supplemental educational and enrichment programs.
2. Do not include Clerical Office Employees and Outside Salespersons in the newly established Classification 8871.
3. Do not establish a companion classification to the newly established Classification 8871.

## VIII. Analysis of Training or Day Programs for Adults with Developmental Disabilities

### Description of Operations

Services for adults with developmental disabilities<sup>20</sup> include Adult Day Programs, Independent Living Skills (ILS) training and vocational training. These services provide recreation, socialization, community integration and life skills training to adult clients with developmental disabilities. The programs are typically contracted through and funded by Regional Centers.

Adult Day Programs provide care and supervision to clients who are adults with developmental disabilities. Instructors oversee clients and lead clients in activities such as arts and crafts and cognitive and life skills instruction. Instructors also accompany clients on outings in the community such as to shopping malls, bowling alleys and similar venues, as well as meals out at restaurants. In addition to providing recreation, such outings teach clients how to use public transportation, order a meal, budget money and otherwise participate in their communities.

ILS training offers one-on-one training to clients who wish to live on their own in the community using systematic teaching methods to foster independence and assist individuals as they learn to perform the daily tasks needed for an independent lifestyle. ILS counselors travel to clients' residences to instruct them on activities and skills such as personal health and hygiene, budgeting and money management, meal preparation, shopping, home maintenance and community resource awareness.

Vocational training programs provide individuals with developmental disabilities job training and job placement assistance. Programs may contract with businesses to employ clients to perform work such as recycling, packaging, preparing mailers, janitorial work and similar jobs. Counselors also assist clients in securing jobs throughout the community. Once a job is secured, counselors train the individual and then

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<sup>20</sup> Section 4512 of the California Welfare and Institutions Code defines developmental disability as "a disability that originates before an individual attains 18 years of age; continues, or can be expected to continue, indefinitely; and constitutes a substantial disability for that individual. As defined by the Director of Developmental Services, in consultation with the Superintendent of Public Instruction, this term includes intellectual disability, cerebral palsy, epilepsy, and autism. This term also include disabling conditions found to be closely related to intellectual disability or to require treatment similar to that required for individuals with an intellectual disability, but does not include other handicapping conditions that are solely physical in nature."

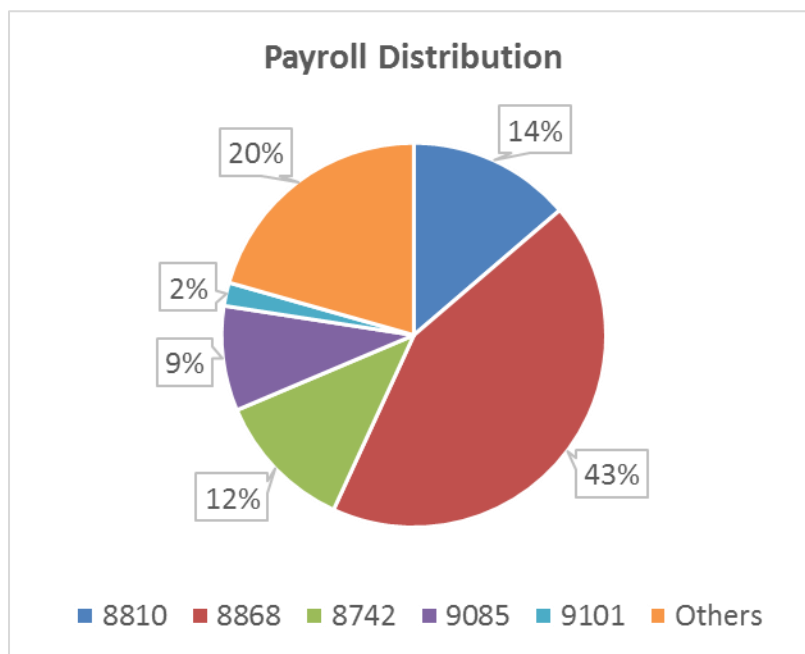
leave the jobsite, only returning in order to ensure success at work. Vocational programs may work in connection with the United States Department of Labor's (USDOL) Employment and Training Administration (ETA), which provides funds and administers grants to programs that offer training and employment assistance to people with disabilities. Vocational training programs are not Sheltered Workshops and are not certified as exempt from the minimum wage laws by the California Department of Industrial Relations and the USDOL. Sheltered Workshops or Work Activity Centers certified as exempt from the minimum wage laws by the USDOL, Employment Standards Administration, Wage and Hour Division, or the California Department of Industrial Relations, Division of Labor Standards Enforcement are assigned to Classification 8806, *Sheltered Workshops or Work Activity Centers*.

#### *Classification Analysis*

Adult Day Programs where 50% or more of the clients are adults with developmental disabilities, ILS training and vocational training employers represent a distinct and clearly identifiable subgroup (Training/Day Programs for Adults with Developmental Disabilities) and engage in a comparable set of operations in that they provide recreation, socialization, community integration and life skills training to adult clients with developmental disabilities. While there is an instructional or educational component to the programs described above, employers providing these services are not operating K-College Schools and their operations are distinctly different from K-College Schools.

The WCIRB also reviewed the classification and organizational structure of Training/Day Programs for Adults with Developmental Disabilities and compared these factors to those of K-College Schools. Figure 8.1 depicts the payroll distribution for the homogeneous group of Training/Day Programs for Adults with Developmental Disabilities for which payroll was reported in Classification 8868.

**Figure 8.1: Payroll Distribution of Training/Day Programs for Adults with Developmental Disabilities**



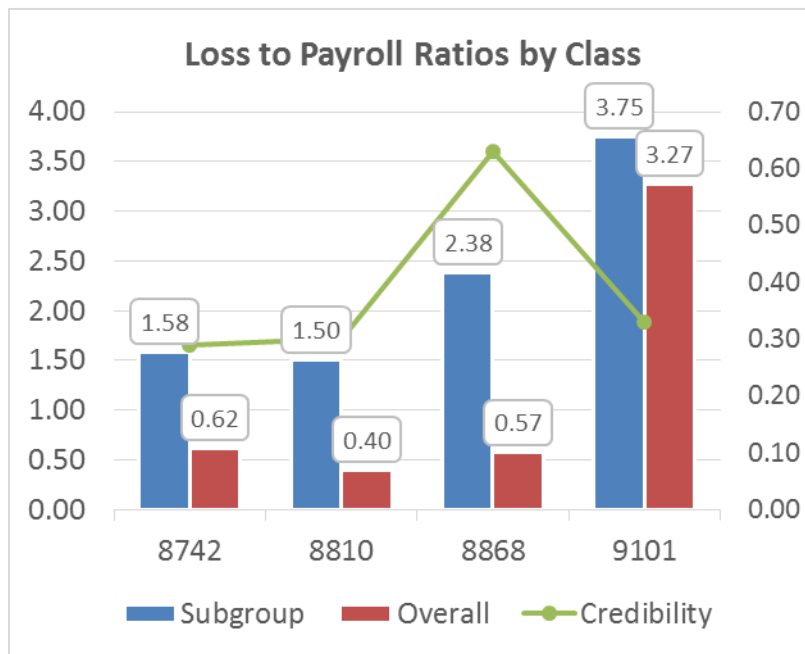
As shown in Figure 8.1, 43 percent of the payroll from Training/Day Programs for Adults with Developmental Disabilities is reported in Classification 8868, 14 percent is reported in Classification 8810, 12 percent in Classification 8742, 9 percent in Classification 9085, *Residential Care Facilities for the Developmentally Disabled*, and 2 percent in Classification 9101. Additionally, 20 percent of the payroll reported for these employers was reported in other classifications.



This payroll distribution is not consistent with that of employers operating K-College Schools (see Figure 5.2). Training/Day Programs for Adults with Developmental Disabilities had more payroll reported in Classification 8742 (Outside Salespersons) than K-College Schools. Additionally, this subgroup had more payroll reported in other classifications, including Residential Care Facilities. The payroll distributions shown in Figure 8.1 suggest that, although Training/Day Programs for Adults with Developmental Disabilities provide instruction to their clients, they are also involved in other operations that are not typical of K-College Schools.

As shown in Figure 8.2, the Classification 8868 loss to payroll ratios for this subgroup are more than four times higher than the average ratios for all employers currently assigned Classification 8868. Because causes of injuries are usually good indicators of work environment and process, WCIRB staff reviewed the leading causes of injury reported for employers assigned to Classification 8868 to observe any patterns or differences across all identified subgroups. As shown in Figure 8.3, the leading causes of injury for claimants injured while working for Training/Day Programs for Adults with Developmental Disabilities are inconsistent with the other subgroups reporting data in Classification 8868. The leading cause of injury (“struck or injured by”)<sup>21</sup> for claimants in this subgroup is nearly double that of the group total. In addition, as indicated in Figure 8.4, employers that provide Training/Day Programs for Adults with Developmental Disabilities (as well as children or youth) tend to have much higher claim frequency than other employers currently assigned to Classification 8868. For every \$10 million dollars in payroll during the five-year policy period 2010 to 2014, the average number of claims (20) for this group of employers was about four times higher than the average number of claims (5) for all employers assigned to Classification 8868. For all these reasons, the WCIRB recommends establishing a new classification for Training/Day Programs for Adults with Developmental Disabilities.

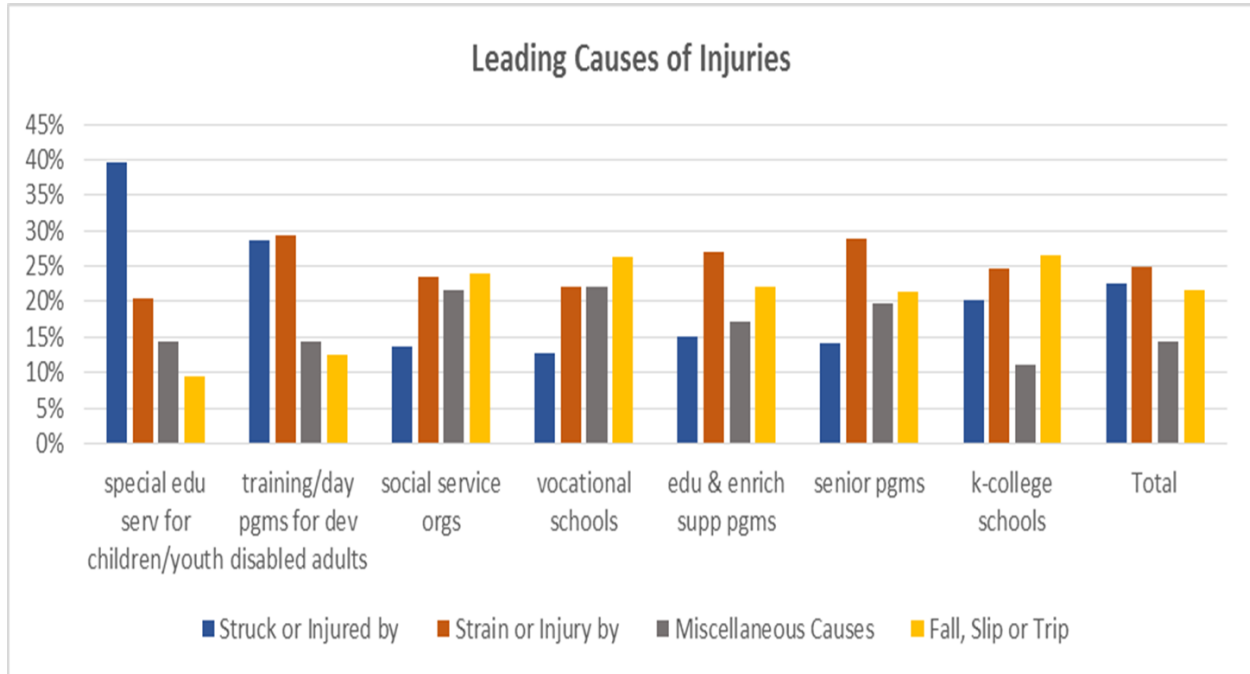
**Figure 8.2: Loss to Payroll Ratios and Credibilities of Training/Day Programs for Adults with Developmental Disabilities**



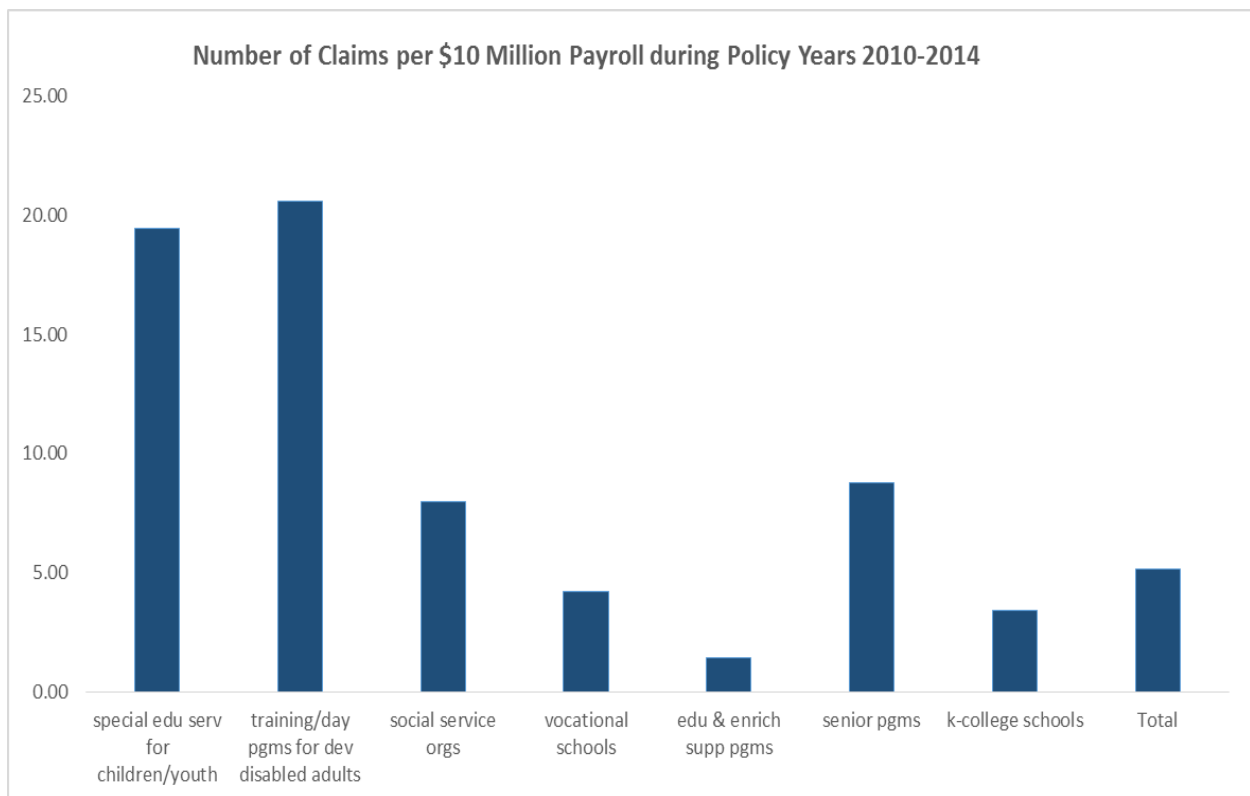
<sup>21</sup> “Struck or injured by” applies to cases in which the injury was produced by the impact created by the source of injury, rather than by the injured person. For detailed descriptions of injury types, see Appendix III, *Injury Description Codes*, of the *California Workers’ Compensation Uniform Statistical Reporting Plan—1995*.



**Figure 8.3: Leading Causes of Injuries (Policy Year 2010 – 2014)**



**Figure 8.4: Claim Frequency by Subgroup (Policy Year 2010 – 2014)**



### *Standard Exception Employees*

The WCIRB reviewed the loss to payroll ratios for the experience reported in Classifications 8810 and 8742 for Training/Day Programs for Adults with Developmental Disabilities. As shown in Figure 8.2, the loss to payroll ratios for Classifications 8810 and 8742 are significantly higher for this subgroup than the average loss to payroll ratios for all employers currently assigned to Classification 8868, as well as the average ratios for Classifications 8810 and 8742 in total (see Appendix IV, Tables C.1 and C.2). The relatively high loss to payroll ratios for Classifications 8810 and 8742 for this subgroup suggest that many of the Clerical Office Employees and Outside Salespersons in this subgroup are not engaged in operations typical to Standard Exception employees. However, this subgroup's experience reported in Classifications 8810 and 8742 is considerably lower than that of the reported Classification 8868 experience for these employers and there is considerable variation in the proportion of total payroll reported in the Standard Exception classifications for Training/Day Programs for Adults with Developmental Disabilities. As a result, the WCIRB recommends not including Standard Exception Employees in the proposed classification for Training/Day Programs for Adults with Developmental Disabilities.

### *Companion Classification*

As shown in Figure 8.1, Training/Day Programs for Adults with Developmental Disabilities do not utilize Classification 9101 to a significant extent (2 percent of total payroll). Classification 9101 was established as a companion classification to Classification 8868 as K-College Schools often employ cafeteria workers, drivers, janitors, gardeners, maintenance employees, security personnel, resident advisors or assistants and book supply department employees. ILS training services are provided at the client's home and in the community and therefore do not have facility maintenance or food service employees like a school campus. Location-based operations, such as Adult Day Programs and occasionally vocational training locations, tend to be smaller in size than a school campus and also tend not to employ separate facility maintenance employees. Further, staff did not observe any employers in this subgroup engaging in food service operations similar to those performed by a K-College School cafeteria as clients attending day programs or vocational training programs bring their own lunches or eat meals out at restaurants as part of community integration training. The WCIRB, therefore, does not recommend establishing a companion classification for the proposed classification for Training/Day Programs for Adults with Developmental Disabilities. Payroll currently reported in Classification 9101 for this subgroup would be included in the newly established classification or assigned as directed in the newly established classification.

### *Summary of Loss to Payroll Experience*

Table 8.1 shows the yearly payrolls, losses and loss to payroll ratios for this subgroup currently assigned to Classification 8868 at the policy year 2018 level.

**Table 8.1: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers  
(Training/Day Programs for Adults with Developmental Disabilities)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	260,173,701	6,975,748	2.681
2011	264,069,375	5,338,693	2.022
2012	280,613,995	6,431,266	2.292
2013	309,335,454	5,695,919	1.841
2014	320,714,741	9,686,710	3.020
	1,434,907,266	34,128,336	

Five-Year Average Loss to Payroll Ratio: 2.378

Credibility	
Indemnity	Medical
0.64	0.60

As shown in Table 8.1, the loss to payroll ratio in Classification 8868 for this subgroup is much higher than that for all employers currently assigned to Classification 8868. Additionally, the data is moderately credible with 64% credibility for indemnity and 60% credibility for medical with five years of experience.

Table 8.2 shows the yearly payrolls, losses and loss to payroll ratios for this subgroup currently assigned to Classification 9101 at the policy year 2018 level.

**Table 8.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers  
(Training/Day Programs for Adults with Developmental Disabilities)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	10,242,914	172,895	1.688
2011	9,334,045	162,502	1.741
2012	10,725,215	586,885	5.472
2013	11,080,192	261,794	2.363
2014	11,272,760	791,159	7.018
	52,655,126	1,975,235	

Five-Year Average Loss to Payroll Ratio: 3.751

Credibility	
Indemnity	Medical
0.3	0.31

As shown in Table 8.2, the loss to payroll ratio in Classification 9101 for this subgroup is slightly higher (15%) than the loss to payroll ratio in Classification 9101 for all employers currently assigned to Classification 8868. However, these employers do not have significant Classification 9101 operations and the data is not statistically credible with five years of experience.

Table 8.3 shows the yearly payrolls, losses and loss to payroll ratios for this subgroup currently assigned to Classifications 8868 and 9101 combined at the policy year 2018 level.

**Table 8.3: Payroll and Losses in Classification 8868 and 9101 Combined  
Based on Selected 8868 Employers  
(Training/Day Programs for Adults with Developmental Disabilities)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	270,416,615	7,148,643	2.644
2011	273,403,420	5,501,195	2.012
2012	291,339,210	7,018,151	2.409
2013	320,415,646	5,957,713	1.859
2014	331,987,501	10,477,869	3.156
	1,487,562,392	36,103,571	

Five-Year Average Loss to Payroll Ratio: 2.427

Credibility <sup>22</sup>	
Indemnity	Medical
0.70	0.64

<sup>22</sup> Credibility levels will increase over time once the expected loss rate is adjusted to reflect the higher loss experience for this subgroup.

As shown in Table 8.3, combining the data in Classification 9101 with the data in Classification 8868 for this subgroup has minimal impact on the adjusted loss to payroll ratio in Classification 8868. The loss to payroll ratio for this subgroup is much higher than that for the employers assigned to Classification 8868 as a whole. Additionally, the data has moderately high statistical credibility with 70% credibility for indemnity and 64% credibility for medical with five years of experience.

#### *Impact Analysis*

Table 8.4 shows the impact on affected policyholders currently assigned to Classification 8868 if a separate classification is established for Training/Day Programs for Adults with Developmental Disabilities.

**Table 8.4: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers  
(Training/Day Programs for Adults with Developmental Disabilities)  
New Classification 8873 vs. Current Classification 8868**

<b>Classification 8868</b>	<b>Training/Day Program Employers Group</b>	<b>Difference (unlimited)</b>
0.659	1.991	+1.332 (+202.1%)

As shown above, based on experience at the policy year 2018 level, the Training/Day Programs for Adults with Developmental Disabilities subgroup has a Selected (Unlimited) Loss to Payroll Ratio that is more than 200% higher than that for Classification 8868, prior to the application of any limitation.<sup>23</sup> The impact on any employer's premium charge also depends on the impact of the change on experience rating as well any individual insurer's premium adjustment plans.

Table 8.5 shows the impact on affected policyholders currently assigned to Classification 9101 if a separate classification is established for this subgroup.

**Table 8.5: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers  
(Training/Day Programs for Adults with Developmental Disabilities)  
New Classification 8873 vs. Current Classification 9101**

<b>Classification 9101</b>	<b>Training/Day Program Employers Group</b>	<b>Difference (unlimited)</b>
4.195	1.991	-2.204 (-52.5%)

As shown above, based on experience at the policy year 2018 level, the Training/Day Programs for Adults with Developmental Disabilities subgroup has a Selected (Unlimited) Loss to Payroll Ratio that is 52.5% lower than that for Classification 9101 and here is relatively little payroll reported in Classification 9101 for this subgroup.

#### *Findings*

Based on staff's review, the WCIRB determined:

1. Employers that operate Independent Living Skills (ILS) training and vocational training programs contracted through Regional Centers for adults with developmental disabilities and Adult Day Program centers licensed by the California Department of Social Services where 50% or more of the center's clients are adults with developmental disabilities form an identifiable and homogeneous subgroup.
2. The loss to payroll ratio of this subgroup of employers is significantly different than that for other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.

<sup>23</sup> Typically, year-to-year relativity changes are limited to 25%.

3. The types of injuries incurred by employees working for this subgroup of employers are different from the types of injuries incurred by employees working for most other Classification 8868 employers.
4. The Classification 8810 and 8742 exposures reported for this subgroup of employers developed much higher loss to payroll ratios than the Classification 8810 and 8742 exposures for all employers assigned to Classification 8868 and to Classifications 8810 and 8742 as a whole. However, these loss to payroll ratios are significantly less than those for the Classification 8868 exposure of this subgroup.
5. The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

### *Recommendations*

Based on these findings, the WCIRB recommends:

1. Establish Classification 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*, to apply to Independent Living Skills (ILS) training and vocational training programs contracted through Regional Centers and Adult Day Program centers licensed by the California Department of Social Services where 50% or more of the center's clients are adults with developmental disabilities.
2. Do not include Clerical Office Employees and Outside Salespersons in the proposed Classification 8873.
3. Do not establish a companion classification to proposed Classification 8873.

## **IX. Analysis of Special Educational Services for Children or Youth**

### *Description of Operations*

Services for children and youth with developmental disabilities include early intervention, behavioral and speech therapy, Applied Behavioral Analysis (ABA), daily living skills, social skills training and parental counseling. Employers providing these services may also provide school aides to "shadow" or accompany and support a student in the school setting. Developmental disabilities experienced by children or youth include but are not limited to autism, Down syndrome, learning disabilities, social disorders and visual impairments. Services may be provided at the employer's location, the child's school or at the child's home. This subgroup of employers includes private agencies or organizations that provide special education to children or youth experiencing mental, physical, social, intellectual or emotional delays, and does not include K-12 schools accredited by the California Department of Education.

Early intervention programs serve children typically ages 0 to 3 who have learning disorders due to autism, cerebral palsy, Down syndrome, Obsessive-compulsive disorder and similar disabilities. Programs are therapeutic in nature and provide behavior control, motor skills improvement, speech ability and similar types of assistance to improve the children's learning abilities.

Services for older children and youth with disabilities teach clients how to play games, socialize and interact with other children and adults and various other social skills. Youth clients may be provided with ILS training such as shopping, counting money, ordering a meal at a restaurant, preparing a meal at home and similar skills to prepare the individual for functioning in life at a higher level.

ABA is a common program provided to children with autism. Certified ABA staff typically meet with the child in his or her home for a specified amount of time each week. Staff work with the child on developing life skills, cognitive skills, gross motor skills, proper behavior and responses with regard to personal interactions and similar skills.

Employers providing the services summarized above may also provide school aides to children with developmental disabilities as requested in a child's Individualized Education Plan (IEP). The aide supports the student with various classroom and school needs such as keeping the student on track during class, working on goals outlined in the student's IEP and communicating with the student's

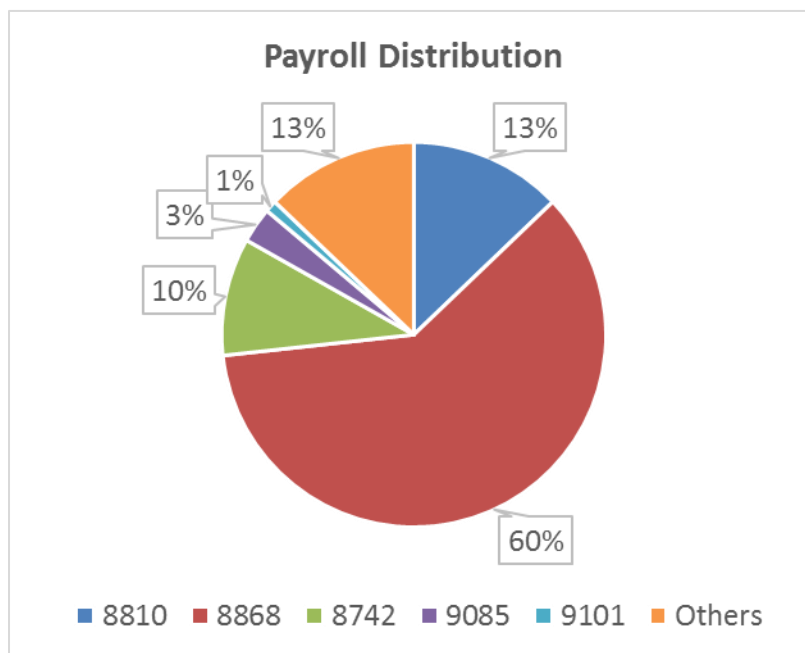
teacher(s) and case worker. These aides are not employees of the school where they provide assistance to the students with developmental disabilities.

#### Classification Analysis

Employers that provide services for children and youth with developmental disabilities,<sup>24</sup> including early intervention, behavioral and speech therapy, ABA, daily living and social skills training, parental counseling and school aides, represent a distinct and clearly identifiable subgroup (Special Education Services for Children/Youth) and engage in a comparable set of operations in that they provide services to children and youth with developmental disabilities. While there is an instructional or educational component to the programs described above, employers providing these services are not operating K-College Schools and their operations are distinctly different.

The WCIRB also reviewed the classification and organizational structure of this subgroup of employers and compared these factors to those of K-College Schools. Figure 9.1 shows the payroll distribution for the homogeneous Special Educational Services for Children/Youth subgroup of employers for which payroll was reported in Classification 8868.

**Figure 9.1: Payroll Distribution of Special Educational Services for Children/Youth**

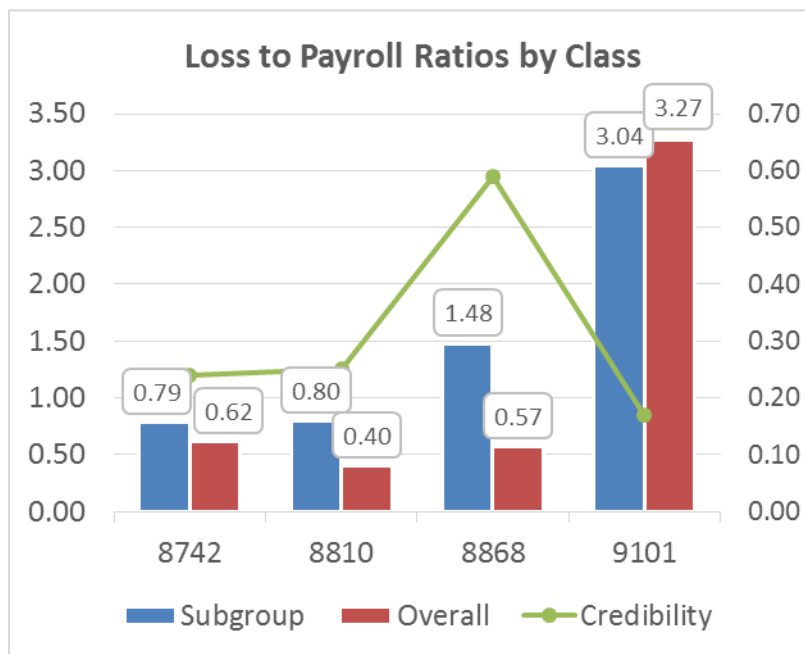


As seen in Figure 9.1, for the Special Educational Services for Children/Youth subgroup, 60 percent of payroll is reported in Classification 8868, 13 percent of payroll in Classification 8810, 10 percent in Classification 8742, 3 percent in Classification 9085, *Residential Care Facilities for the Developmentally Disabled*, and 1 percent in Classification 9101. Additionally, 13 percent of the payroll was reported in other classifications. Employers in this subgroup on average have much more payroll reported in Classification 8742 (Outside Salespersons) but much less in Classification 8810 (Clerical Office Employees) as compared to K-College Schools. Also, unlike K-College Schools, employers that provide Special Educational Services for Children/Youth do not utilize companion Classification 9101 at a significant level.

<sup>24</sup> If these services are provided by employees of a school, they are assigned to the applicable school classification.

As shown in Figure 9.2, the loss to payroll ratio for Classification 8868 is significantly higher for this subgroup than for all employers in Classification 8868 as a whole.

**Figure 9.2: Loss to Payroll Ratios and Credibilities of Special Educational Services for Children/Youth**



The WCIRB also reviewed the leading causes of injury for this subgroup (see Figure 8.3) which showed a significantly higher percentage of injuries in the “struck or injured by” category than most other subgroups currently assigned to Classification 8868. Similarly, as shown in Figure 8.4, the Special Educational Services for Children/Youth employers on average have a much higher claim frequency than most other groups of employers currently assigned to Classification 8868.

This data, as well as the differences in the operations of this subgroup of employers from those of K-College Schools suggest that these two subgroups are not homogeneous from an operational or hazard perspective, should be separately classified and a new classification for this subgroup should be established.

#### *Standard Exception Employees*

As shown in Figure 9.2, the loss to payroll ratios for the Standard Exception Employees of the Special Educational Services for Children/Youth subgroup are higher than those of other Classification 8868 subgroups but are much lower than the loss to payroll ratio for the employees engaged in operations assigned to Classification 8868. Additionally, there is wide variation in the proportion of Standard Exception payroll for this subgroup of employers. As a result, the WCIRB does not recommend including Standard Exception Employees in the proposed classification for Special Educational Services for Children/Youth.

#### *Companion Classification*

Classification 9101 was established as a companion classification to Classification 8868 as K-College Schools often employ cafeteria workers, drivers, janitors, gardeners, maintenance employees, security personnel, resident advisors or assistants, and book supply department employees. Special Educational Services for Children/Youth provide services at the client’s home, the client’s school, the employer’s counseling and therapy location and outside in the community. Such programs, therefore, do not have facility maintenance or food service employees like a school campus. Location-based operations, such as counseling and therapy locations, tend to be smaller in size than a school campus and also tend not to employ separate facility maintenance employees. Additionally, WCIRB staff did not observe any employers in this subgroup engaging in food service operations similar to those performed by a K-College

School cafeteria. As shown in Figure 9.2, the Classification 9101 loss to payroll ratio of Special Educational Services for Children/Youth is significantly higher than that of Classification 8868, but is not statistically credible with so little experience reported in 9101. The WCIRB, therefore, does not recommend establishing a companion classification for the proposed classification for Special Educational Services for Children/Youth. Payroll currently reported in Classification 9101 for this subgroup would be included in the newly established classification or assigned as directed in the newly established classification.

#### *Summary of Loss to Payroll Experience*

Table 9.1 shows the yearly payrolls, losses and loss to payroll ratios for the Special Educational Services for Children/Youth subgroup currently assigned to Classification 8868 at the policy year 2018 level.

**Table 9.1: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers (Special Educational Services for Children/Youth)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	179,653,141	3,061,319	1.704
2011	206,801,129	3,729,621	1.803
2012	223,372,181	2,593,942	1.161
2013	265,030,230	3,184,822	1.202
2014	296,634,010	4,726,619	1.593
	1,171,490,690	17,296,324	

Five-Year Average Loss to Payroll Ratio: 1.476

Credibility	
Indemnity	Medical
0.59	0.55

As shown in Table 9.1, the loss to payroll ratio in Classification 8868 for this subgroup is much higher than that for employers assigned to Classification 8868 as a whole. Additionally, the experience has moderate statistical credibility with 59% credibility for indemnity and 55% credibility for medical with five years of experience.

Table 9.2 shows the yearly payrolls, losses and loss to payroll ratios for the Special Educational Services for Children/Youth subgroup currently assigned to Classification 9101 at the policy year 2018 level.

**Table 9.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (Special Educational Services for Children/Youth)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	1,556,141	79,585	5.114
2011	1,865,840	10,156	0.544
2012	1,364,080	11,301	0.828
2013	1,762,604	12,844	0.729
2014	1,497,660	130,757	8.731
	8,046,326	244,642	

Five-Year Average Loss to Payroll Ratio: 3.040

Credibility	
Indemnity	Medical
0.17	0.14



As shown in Table 9.2, the loss to payroll ratio in Classification 9101 for this subgroup is slightly lower (7%) than that for all employers currently assigned Classification 9101. However, as mentioned, there is very little Classification 9101 experience for these employers and the data is not statistically credible.

Table 9.3 shows the yearly payrolls, losses and loss to payroll ratios for the Special Educational Services for Children/Youth subgroup that is currently assigned to Classifications 8868 and 9101 combined at the policy year 2018 level.

**Table 9.3: Payroll and Losses in Classification 8868 and 9101 Combined  
Based on Selected 8868 Employers (Special Educational Services for Children/Youth)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	181,209,282	3,140,904	1.733
2011	208,666,969	3,739,777	1.792
2012	224,736,261	2,605,243	1.159
2013	266,792,834	3,197,666	1.199
2014	298,131,670	4,857,376	1.629
	1,179,537,016	17,540,966	

Five-Year Average Loss to Payroll Ratio: 1.487

Credibility	
Indemnity	Medical
0.60	0.56

As shown in Table 9.3, combining the data in Classification 9101 with the data in Classification 8868 for this subgroup has minimal impact on the adjusted loss to payroll ratio in Classification 8868. The loss to payroll ratio for this subgroup is much higher than that for the employers assigned to Classification 8868 as a whole. Additionally, the data is moderately credible with 60% credibility for indemnity and 56% credibility for medical with five years of experience.<sup>25</sup>

#### *Impact Analysis*

Table 9.4 shows the impact on affected policyholders for which experience is currently reported in Classification 8868 if a separate classification is established for the Special Educational Services for Children/Youth subgroup.

**Table 9.4: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Special Educational Services for Children/Youth)  
to Current Classification 8868**

Classification 8868	Special Ed Children/Youth Service Employers Group	Difference (Unlimited)
0.659	1.285	0.626 (95.0%)

This subgroup has a Selected (Unlimited) Loss to Payroll Ratio that is 95%<sup>26</sup> higher than that for all of Classification 8868. The impact on any employer's premium charge also depends on the impact of the change on experience rating as well any individual insurer's premium adjustment plans.

Table 9.5 shows the impact on affected policyholders for which experience is currently reported in Classification 9101 if a separate classification is established for the Special Educational Services for Children/Youth subgroup.

<sup>25</sup> The WCIRB also identified a group of employers that provide services to both adults and youth with developmental disabilities. The data for these employers are summarized in Appendix IV, Tables D.1 – D.3.

<sup>26</sup> Typically, year-to-year relativity changes are limited to 25%.

**Table 9.5: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Special Educational Services for Children/Youth)  
to Current Classification 9101**

<b>Classification 9101</b>	<b>Special Ed Children/Youth Service Employers Group</b>	<b>Difference (Unlimited)</b>
4.195	1.285	-2.910 (-69.4%)

The Special Educational Services for Children/Youth subgroup has a Selected (Unlimited) Loss to Payroll Ratio that is 69.4% lower than that for Classification 9101. As discussed, there is relatively little payroll reported in Classification 9101 for this subgroup.

#### *Findings*

Based on staff's review, the WCIRB determined:

1. Employers providing educational services for children or youth with developmental disabilities, including early intervention, behavioral therapy, speech therapy, social skills training and Applied Behavioral Analysis (ABA), form an identifiable and homogeneous subgroup.
2. The loss to payroll ratio of this subgroup of employers is significantly different from the other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
3. The types of injuries incurred by employees of this subgroup are different from most other Classification 8868 subgroups.
4. The Classification 8810 and 8742 exposures reported for this subgroup developed much higher loss to payroll ratios than the Classification 8810 and 8742 exposures for all employers assigned to Classification 8868 and to Classifications 8810 and 8742 as a whole. However, these loss to payroll ratios are significantly less than those for the Classification 8868 exposure of this subgroup.
5. The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

#### *Recommendations*

Based on these findings, the WCIRB recommends:

1. Establish Classification 8874, *Special Educational Services for Children or Youth – N.O.C.*, to apply to employers that provide educational services to children or youth with developmental disabilities.
2. Do not include Clerical Office Employees or Outside Salespersons in the newly established Classification 8874.
3. Do not establish a companion classification to newly established Classification 8874.

## **X. Analysis of Senior Programs**

### *Description of Operations*

Senior programs include Adult Day Health Care (ADHC) centers licensed by the California Department of Public Health and Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are developmentally disabled, as well as senior day programs and senior activity centers that are not licensed by either the California Department of Public Health or the California Department of Social Services.

ADHC/ADP centers/programs provide services to seniors and adults with chronic medical, cognitive or mental health conditions or disabilities that are at risk of needing institutionalized care services. The services provided include but are not limited to therapeutic activities; social services; personal care; nutritional counseling; skilled nursing care; mental health services; and physical, occupational and speech therapy. Some programs provide transportation services for program attendees.

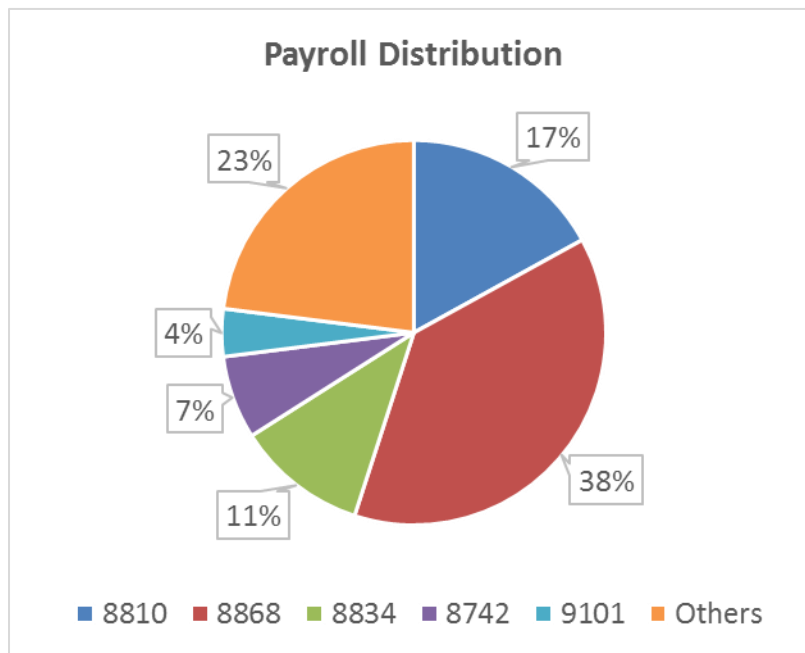
Senior day programs or senior activity centers provide activities and services for seniors, including but not limited to social activities; day trips; educational or exercise classes; nutritional support and meals; resource and referral counseling; and other programs to promote socialization and active, healthy lifestyles for seniors. Some programs provide transportation services for program attendees. Currently, these types of operations provided by community centers are assigned to Classification 9067(1), *Clubs – community health and wellness*, and senior activities centers operated by membership-based clubs are assigned to Classification 9061, *Clubs – N.O.C.*, depending on the operations.

#### Classification Analysis

Employers that provide programs for seniors, including ADHC centers that are licensed by the California Department of Public Health and ADP centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are adults with developmental disabilities, as well as senior day programs and senior activity centers that are not licensed by either the California Department of Public Health or the California Department of Social Services, represent a distinct and clearly identifiable subgroup (Senior Programs) and engage in a comparable set of operations in that they provide various types of services to seniors. While there is an instructional or educational component to some of the programs described above, employers providing these services are not operating K-College Schools and their operations are distinctly different.

The WCIRB also reviewed the classification and organizational structure of Senior Programs and compared these factors to those of K-College Schools. Figure 10.1 shows the payroll distribution for the Senior Programs subgroup for which exposure was reported in Classification 8868.

**Figure 10.1: Payroll Distribution of Senior Programs**



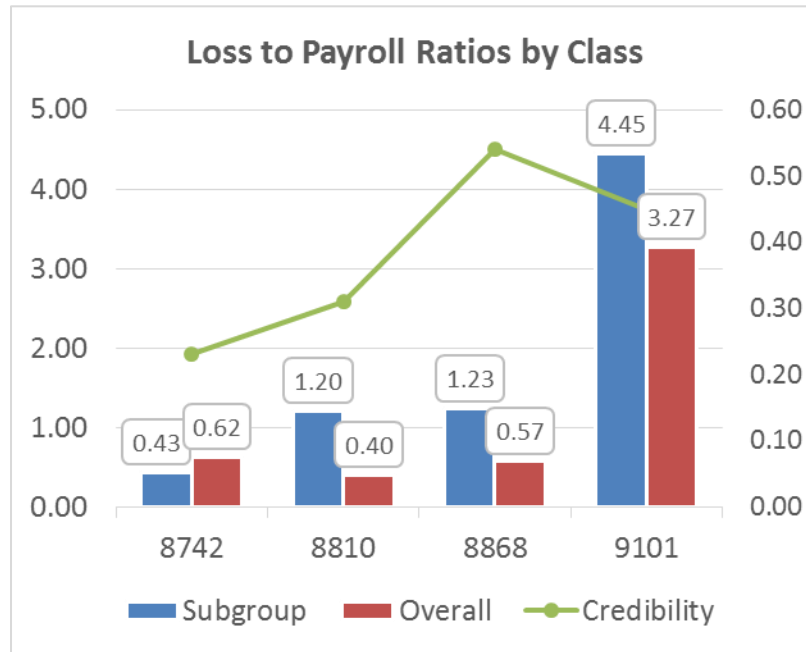
As shown in Figure 10.1, for the Senior Programs subgroup, 38 percent of payroll is reported in Classification 8868, 17 percent is reported in Classification 8810, 11 percent in Classification 8834, 7 percent in Classification 8742 and 4 percent in Classification 9101. Additionally, 23 percent of the payroll is reported in other classifications. Since many Senior Programs provide transportation and meal services for their attendees, this subgroup of employers has slightly more payroll in Classification 9101 than some of the other non-K-College Schools Classification 8868 subgroups.

The payroll distribution of the Senior Program subgroup is very different from that of employers operating K-College Schools. For employers operating K-College Schools, 60 percent of their payroll is reported in Classification 8868, much higher than that for this subgroup (38%). As ADHC and ADP centers typically provide medical services to their clients, a substantial portion of payroll is reported in Classification 8834,

*Physicians' Practices and Outpatient Clinics.* In addition, a significant portion of payroll for this subgroup is reported in other classifications.

Figure 10.2 shows the loss to payroll ratios for the data reported in Classifications 8868, 8810, 8742 and 9101 for the Senior Programs subgroup and compares those ratios to those of all Classification 8868 employers.

**Figure 10.2: Loss to Payroll Ratios and Credibilities of Senior Programs**



As shown in Figure 10.2, the loss to payroll ratios for Classifications 8810, 8868 and 9101 are significantly higher for Senior Programs than for Classification 8868 as a whole. Conversely, the loss to payroll ratio for Classification 8742 is somewhat lower for Senior Programs.

Given that the loss to payroll ratio for Senior Programs assigned to Classification 8868 is more than twice that of all employers assigned to Classification 8868, and that there are significant differences between the operations of Senior Programs and K-College Schools, the WCIRB recommends establishing a new and separate classification for Senior Programs.

#### *Standard Exception Employees*

As shown in Exhibit 10.2, the loss to payroll ratio for Classification 8810 for Senior Programs is significantly higher than that for other Classification 8868 employers. Additionally, there is wide variation in the proportion of Standard Exception payroll reported for Senior Programs, suggesting that the data for the Senior Programs subgroup's Standard Exception employees should not be combined with the data for this subgroup's professional employees.

#### *Companion Classification*

As shown in Exhibit 10.1, there is a somewhat greater proportion of Classification 9101 payroll (4%) reported for Senior Programs than for many of the non K-College Schools Classification 8868 subgroups. However, as shown in Exhibit 10.2, this experience does not have significant statistical credibility. In addition, unlike K-College Schools, where employees can be clearly separated into academic versus non-academic classifications, employees of Senior Programs are less clearly differentiated. WCIRB staff finds that drivers, maintenance and kitchen staff are integral parts of Senior Programs and their Classification 9101 experience should be included with the Classification 8868 experience of the Senior Programs' professional staff in the new classification.

### *Summary of Loss to Payroll Experience*

Table 10.1 shows the yearly payrolls, losses and loss to payroll ratios for the Senior Programs subgroup currently assigned to Classification 8868 at the policy year 2018 level.

**Table 10.1: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers (Senior Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	195,995,440	1,671,386	0.853
2011	185,163,118	3,000,107	1.620
2012	182,916,323	1,596,861	0.873
2013	187,652,499	3,182,936	1.696
2014	193,517,112	2,163,386	1.118
	945,244,493	11,614,678	

Five-Year Average Loss to Payroll Ratio: 1.229

Credibility	
Indemnity	Medical
0.54	0.51

As shown in Table 10.1, the loss to payroll ratio for Senior Programs assigned to Classification 8868 is much higher than that for the average of all employers assigned to Classification 8868. Additionally, the Classification 8868 experience for this subgroup has modest statistical credibility with 54% credibility for indemnity and 51% credibility for medical with five years of experience.

Table 10.2 shows the yearly payrolls, losses and loss to payroll ratios for Senior Programs currently assigned to Classification 9101 at the policy year 2018 level.

**Table 10.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (Senior Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	19,014,769	544,587	2.864
2011	17,342,304	941,535	5.429
2012	17,448,727	938,365	5.378
2013	18,150,431	526,209	2.899
2014	20,118,527	1,146,028	5.696
	92,074,757	4,096,725	

Five-Year Average Loss to Payroll Ratio: 4.449

Credibility	
Indemnity	Medical
0.45	0.38

As shown in Table 10.2, the loss to payroll ratio for Senior Programs assigned to Classification 9101 is much higher (36%) than that for all employers currently assigned to Classification 8868. However, the experience does not have high statistical credibility with 0.45 credibility for indemnity and 0.38 credibility for medical with five years of experience.

Table 10.3 shows the yearly payrolls, losses and loss to payroll ratios for the subgroup of Senior Programs employers that is currently assigned to either Classification 8868 or Classification 9101 at the policy year 2018 level.

**Table 10.3: Payroll and Losses in Classification 8868 and 9101 Combined  
Based on Selected 8868 Employers (Senior Programs)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	215,010,209	2,215,973	1.031
2011	202,505,422	3,941,642	1.946
2012	200,365,050	2,535,226	1.265
2013	205,802,930	3,709,145	1.802
2014	213,635,639	3,309,414	1.549
	1,037,319,250	15,711,403	

Five-Year Average Loss to Payroll Ratio: 1.515

Credibility	
Indemnity	Medical
0.66	0.60

As shown in Table 10.3, the combined loss to payroll ratio of the experience reported for Senior Programs in Classifications 8868 and 9101 is significantly higher than the overall loss to payroll ratio of all employers in Classification 8868. Additionally, the experience has moderately high statistical credibility with 66% credibility for indemnity and 60% credibility for medical.

#### *Impact Analysis*

Table 10.4 shows the impact on affected policyholders for which data is currently reported in Classification 8868 if a separate classification is established for Senior Programs.

**Table 10.4: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Senior Programs)  
New Classification 8876 vs. Current Classification 8868**

Classification 8868	Senior Service Employers Group	Difference (Unlimited)
0.659	1.383	0.724 (109.9%)

Based on experience at the policy year 2018 level, the Senior Programs subgroup has unlimited relativity more than twice<sup>27</sup> that of Classification 8868. The impact on any employer's premium charge also depends on the impact of the change on experience rating as well any individual insurer's premium adjustment plans.

Table 10.5 shows the impact on affected policyholders for which data is currently reported in Classification 9101 if a separate classification is established for Senior Programs.

**Table 10.5: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Senior Programs)  
New Classification 8876 vs. Current Classification 9101**

Classification 9101	Senior Service Employers Group	Difference (Unlimited)
4.195	1.383	-2.812 (-67.0%)

<sup>27</sup> Typically, year-to-year changes in classification relativities are limited to 25%.

### Findings

Based on staff's review, the WCIRB determined:

1. Employers that operate programs including (a) Adult Day Health Care (ADHC) centers licensed by the California Department of Public Health, (b) Adult Day Program (ADP) centers licensed by the California Department of Social Services where less than 50% of the clients are adults with developmental disabilities and (c) senior programs or activity centers that are not licensed, form an identifiable and homogeneous group.
2. The loss to payroll ratio of this subgroup of employers is significantly different than that of other subgroups of employers currently assigned to Classification 8868 and, in particular, is much higher than that of K-College Schools.
3. The Classification 8810 exposure reported for this subgroup developed much higher loss to payroll ratios than the Classification 8810 exposure for all employers assigned to Classification 8868 and to Classification 8810 as a whole.
4. Because many employers in this subgroup provide meals, transportation and other services, the subgroup on average has a higher utilization of Classification 9101 than many other of the non-school subgroups of Classification 8868. However, data reported by these employers in Classification 9101 is limited and not statistically credible.

### Recommendations

Based on these findings, the WCIRB recommends:

1. Establish Classification 8876(1), *Adult Day Health Care or Adult Day Program Centers*, to apply to Adult Day Health Care (ADHC) Program centers that are licensed by the California Department of Public Health and Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are adults with developmental disabilities.
2. Establish Classification 8876(2), *Senior Day Programs or Activity Centers – N.O.C.*, as an alternate wording to Classification 8876(1), to apply to senior day programs and senior activity centers that are not licensed by either the California Department of Public Health or the California Department of Social Services.
3. Do not include Clerical Office Employees or Outside Salespersons in newly established Classification 8876.
4. Do not establish a companion classification to newly established Classification 8876.

## XI. Analysis of Social Service Organizations

### Description of Operations

Social service, charitable and welfare organizations provide counseling and educational services to clients, including but not limited to at-risk youth, children in crisis, victims of domestic violence, persons with financial and employment hardships, mentally, physically or emotionally challenged persons and individuals performing drug- or alcohol-related community service.

Services provided include but are not limited to parenting classes, safety training, mental health and drug and alcohol counseling, early prevention and intervention programs, health and nutrition classes, English-as-a-Second Language classes, tutoring, after school and recreational activities, and classroom-based vocational training for at risk populations or those receiving services.

The focus of these programs can vary depending on the organization. Typically, employees meet with individuals or families, assess their situation or needs, mitigate any crisis situation and set up a care plan. Services are often counseling-oriented with therapists or counselors providing group or individual sessions at the employer's location or the clients' homes. Additionally, such organizations connect clients



with other required services, such as the Wraparound Program,<sup>28</sup> and any other resources that assist individuals and families in obtaining and maintaining shelter, food, family stability and a healthy path.

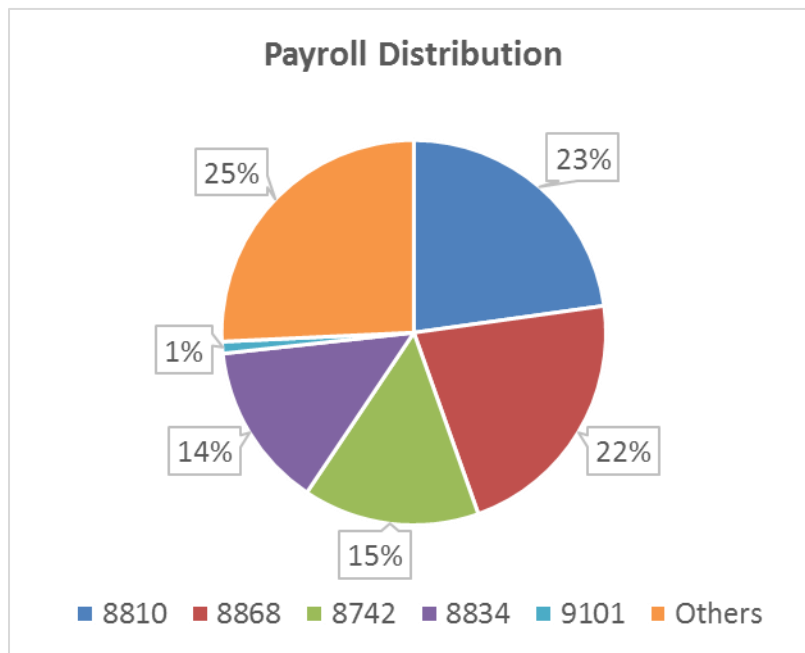
Social service organizations typically require a significant amount of employee time and resources dedicated to outreach, fundraising and administrative duties. The payroll for these operations have commonly been assigned to Classifications 8810 and 8742. However, the WCIRB's review suggests that there is overlap and no clear distinction in this industry between operations assigned to Classifications 8868, 8742 and 8810.

#### *Classification Analysis*

Social service, charitable and welfare organizations that provide counseling and educational services to clients, including but not limited to at-risk youth, children in crisis, victims of domestic violence, persons with financial and employment hardships, mentally, physically or emotionally challenged persons and individuals performing drug- or alcohol-related community service, represent a distinct and clearly identifiable subgroup (Social Service Organizations) and engage in a comparable set of operations in that they provide services to clients in need. While there is an instructional or educational component to some of the programs described above, employers providing these services are not operating K-College Schools and their operations are distinctly different from K-College Schools.

The WCIRB also reviewed the classification and organizational structure of this homogeneous subgroup of employers and compared these factors to those of K-College Schools. Figure 11.1 shows the payroll distribution for the Social Service Organization subgroup of employers assigned to Classification 8868.

**Figure 11.1: Payroll Distribution of Social Service Organizations**



As seen in Figure 11.1, for the Social Service Organizations subgroup of employers assigned to Classification 8868, 22 percent of payroll is reported in Classification 8868, 23 percent is reported in Classification 8810, 15 percent is reported in Classification 8742, 14 percent is reported in Classification 8834 and 1 percent is reported in Classification 9101. Additionally, 25 percent of the reported payroll is reported in other classifications.

<sup>28</sup> Providers of Wraparound Programs partner with families to provide intensive services to children with complex needs using a team approach. The California Wraparound Program was established in 1997 with Senate Bill No. 163 and is intended as an alternative to residential care. See [http://www.childsworld.ca.gov/res/FactSheets/Wraparound\\_Program.pdf](http://www.childsworld.ca.gov/res/FactSheets/Wraparound_Program.pdf).

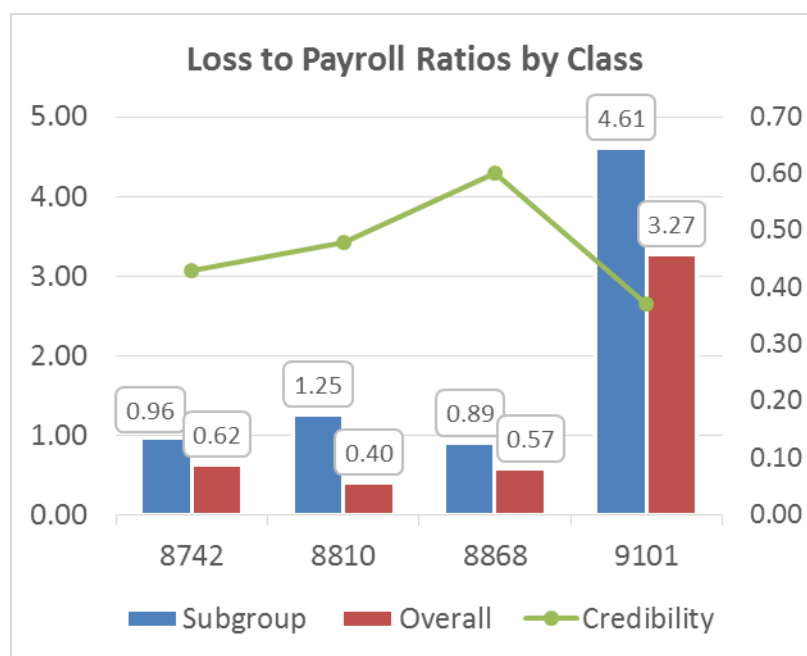


The payroll distribution for the Social Service Organizations subgroup is not consistent with that of employers operating K-College Schools. Employers operating K-College Schools have 60 percent of their payroll reported in Classification 8868, which is much higher than that of the Social Service Organizations subgroup that has 22 percent of its payroll reported in Classification 8868. The utilization of companion Classification 9101 is very low for the Social Service Organizations subgroup, with only 1 percent of payroll reported in Classification 9101.

A substantial portion of payroll (25%) for this subgroup is reported under other classifications, as most social service employers are multi-faceted organizations. Services are provided in a variety of ways to address various needs, including but not limited to medical needs, mental health needs, housing, nutrition, child care, homelessness, joblessness and re-entry into society after incarceration. It is, therefore, not surprising that there are a variety of classifications reported for this industry, in addition to Classification 8868, with significant exposure coming from Classification 8834, *Physicians' Practices and Outpatient Clinics*.

Figure 11.2 shows the loss to payroll ratios for the data reported in Classifications 8868, 8810, 8742 and 9101 for Social Service Organization employers as well as for all organizations with exposure reported in Classification 8868.

**Figure 11.2: Loss to Payroll Ratio and Credibilities of Social Service Organizations Assigned 8868**



As shown in Figure 11.2, the loss to payroll ratios for all four classifications (8742, 8810, 8868 and 9101) for Social Service Organizations are significantly higher than those for all employers assigned to Classification 8868. Given these differences in loss-to-payroll ratios, as well as the operational differences discussed above, the WCIRB recommends that a new classification be established for Social Service Organizations.

#### *Standard Exception Employees*

As shown in Figure 11.1, significant payroll is reported in the Standard Exception classifications for Social Service Organizations (38% of all payroll, compared to 22% for all of Classification 8868). Many employees who work for Social Service Organizations engage in outreach, fund raising, counseling and job coaching and are currently assigned to Classification 8742. Data for Social Service Organizations employees who are engaged in case management, counseling, client assessment, policy research and job placement is also reported in Classifications 8810 and 8742. As shown in Figure 11.2, the loss to

payroll ratios for the two Social Service Organization Standard Exception classifications are much higher than their respective statewide averages or the averages for all employers currently assigned to Classification 8868, and are even somewhat higher than the subgroup's Classification 8868 experience. Further, the data reported for Classifications 8810 and 8742 for Social Service Organizations differ from that of the Standard Exception classifications, and there is often significant overlap and no clear line of demarcation between operations assigned to Classifications 8868, 8810 and 8742 for this subgroup of employers. The WCIRB, therefore, recommends that the proposed classification for Social Services Organizations include Standard Exception Employees.

#### *Companion Classification*

Classification 9101 was established as a companion classification to Classification 8868, as K-College Schools often employ cafeteria workers, drivers, maintenance employees, janitors, gardeners, security personnel, resident advisors or assistants, and book supply department employees. Social Service Organizations may provide services at the client's home or school, out in the community or at the employer's location. Location-based operations typically include counseling offices and meeting rooms where clients come for counseling sessions, information sessions and to gather more information about obtaining services. Clients typically spend one to two hours at these locations, which tend to be smaller in size than a school campus. In addition, these locations tend to not employ separate facility maintenance employees and generally do not engage in food service operations similar to those performed at a K-College School. Thus, the utilization of Classification 9101 is minimal for Social Service Organizations. This conclusion is supported by the data found in Figure 11.1, which shows very little experience for Social Service Organizations reported in Classification 9101 (1%); however, Figure 11.2 shows the Classification 9101 loss to payroll ratio for these employers is much higher than that of other employers assigned to Classification 8868. Payroll currently reported in Classification 9101 for this subgroup would be included in the newly established classification or assigned as directed in the newly established classification.

#### *Summary of Loss to Payroll Experience*

Table 11.1 shows the Classification Relativity data for the Social Service Organizations at the policy year 2018 level:

**Table 11.1: Payroll and Losses in Classification 8868  
Based on Selected 8868 Employers (Social Service Organizations)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	235,823,377	1,866,021	0.791
2011	221,149,043	1,410,125	0.638
2012	246,679,725	3,287,159	1.330
2013	249,477,933	2,366,460	0.949
2014	281,557,753	1,806,540	0.642
	1,234,687,831	10,736,306	

Five-Year Average Loss to Payroll Ratio: 0.870

Credibility	
Indemnity	Medical
0.60	0.56

As shown in Table 11.1, the average loss to payroll ratio for this subgroup of employers is significantly higher (approximately 52%) than the average loss to payroll ratio for Classification 8868 as a whole (Table 5.2). The experience has modest statistical credibility at 60% credibility for indemnity and 56% credibility for medical with five years of experience.

Table 11.2 shows the Classification 9101 Classification Relativity data for the Social Service Organizations subgroup at the policy year 2018 level:

**Table 11.2: Payroll and Losses in Classification 9101  
Based on Selected 8868 Employers (Social Service Organizations)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	10,451,296	499,006	4.775
2011	10,398,289	623,744	5.999
2012	9,979,404	313,998	3.146
2013	13,038,796	517,545	3.969
2014	11,245,889	514,203	4.572
	55,113,673	2,468,496	

Five-Year Average Loss to Payroll Ratio: 4.479

Credibility	
Indemnity	Medical
0.37	0.31

As shown in Table 11.2, the average loss to payroll ratio for this subgroup of employers is significantly higher (approximately 37%) than the average loss to payroll ratio for Classification 9101 as a whole (Table 5.7). However, the experience has very limited statistical credibility with 37% credibility for indemnity and 31% credibility for medical with five years of experience.

Tables 11.3 and 11.4 show the Standard Exception Classification Relativity data for the Social Service Organizations subgroup at the policy year 2018 level:

**Table 11.3: Payroll and Losses in Classification 8742  
Based on Selected 8868 Employers (Social Service Organizations)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	185,528,223	2,057,521	1.109
2011	161,298,915	913,731	0.566
2012	155,845,246	1,742,724	1.118
2013	163,085,816	1,315,307	0.807
2014	162,810,613	1,477,520	0.908
	828,568,812	7,506,803	

Five-Year Average Loss to Payroll Ratio: 0.906

Credibility	
Indemnity	Medical
0.41	0.35

**Table 11.4: Payroll and Losses in Classification 8810  
Based on Selected 8868 Employers (Social Service Organizations)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	270,792,322	2,564,260	0.947
2011	255,124,437	3,478,433	1.363
2012	253,331,499	2,436,485	0.962
2013	266,244,223	2,639,953	0.992
2014	294,006,611	4,541,494	1.545
	1,339,499,093	15,660,625	

Five-Year Average Loss to Payroll Ratio: 1.169

Credibility	
Indemnity	Medical
0.46	0.40

As shown in Tables 11.3 and 11.4, the average loss to payroll ratios for the Standard Exception Classifications for this subgroup are significantly higher (approximately 206% and 341%) than the average loss to payroll ratio for Classifications 8810 and 8742 as a whole (see Appendix IV, Tables C.1 and C.2).

Consistent with the classification analysis summarized above, Table 11.5 shows the Classification Relativity data for Social Service Organization employers, including the data reported in Classifications 8868, 8810, 8742 and 9101 combined.

**Table 11.5: Payroll and Loss Summary Classification 8868, 8742, 8810 and 9101  
Based on Selected 8868 Employers (Social Service Organizations)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	702,595,218	6,986,808	0.994
2011	647,970,684	6,426,033	0.992
2012	665,835,874	7,780,366	1.169
2013	691,846,768	6,839,265	0.989
2014	749,620,866	8,339,757	1.113
	3,457,869,409	36,372,230	

Five-Year Average Loss to Payroll Ratio: 1.052

Credibility	
Indemnity	Medical
0.82	0.74

Table 11.5 shows that once combined, the average loss to payroll ratio for Social Service Organizations is significantly higher than that of Classification 8868 alone. This experience has high statistical credibility with 82% credibility for indemnity and 74% credibility for medical with five years of experience.

#### *Impact Analysis*

Table 11.6 shows the impact on affected policyholders assigned to Classification 8868 if the data currently assigned to Classifications 8868, 8810, 8742 and 9101 for Social Service Organizations are combined to create a new classification for Social Service Organizations.

**Table 11.6: Comparison of Selected (Unlimited) Loss to Payroll Ratios  
Based on Selected 8868 Employers (Social Service Organizations)  
Proposed Classification 8872 vs. Current Classification 8868**

<b>Current Classification</b>	<b>Current Rate</b>	<b>New Classification 8872, including 8742, 8810 and 9101<sup>29</sup></b>	<b>Difference (Unlimited)</b>
<b>8868</b>	0.659	1.038	0.379 (+57.5%)
<b>9101</b>	4.195	1.038	-3.157 (-75.3%)
<b>8742</b>	0.338	1.038	0.700 (207.1%)
<b>8810</b>	0.265	1.038	0.773 (291.7%)

As shown above, based on experience at the policy year 2018 level, Social Service Organizations have a Selected (Unlimited) Loss to Payroll Ratio that is 57.5%<sup>30</sup> higher than that for Classification 8868. The impact on any employer's premium charge also depends on the impact of the change on experience rating as well as any individual insurer's premium adjustment plans.

#### *Findings*

Based on staff's review, the WCIRB determined:

1. Social Service Organizations tend to be multi-faceted organizations that may serve meals, operate retail stores, provide medical services, provide in-home care services, offer emergency shelters and organize recreational activities, in addition to providing educational and counseling services and segments of these operations have been assigned to Classification 8868 by analogy.
2. Social Service Organization employers are dissimilar from K-College Schools from an operational standpoint.
3. The loss to payroll ratios for Social Service Organization employers are significantly higher than those of K-College Schools.
4. Social Service Organization employers have significant amounts of payroll reported in Classifications 8810 and 8742. However, the loss to payroll ratios produced from the data reported for Classifications 8810 and 8742 for Social Service Organization employers differs from that of the Standard Exception classifications, and there is often significant overlap and no clear line of demarcation between operations assigned to Classifications 8868, 8810 and 8742 for this subgroup of employers. Additionally, the loss to payroll ratios for Classifications 8868, 8810 and 8742 for these employers are fairly similar.
5. The amount of data reported in Classification 9101 for this subgroup of employers is not significant.

#### *Recommendations*

Based on these findings, the WCIRB recommends:

1. Establish Classification 8872, *Social Service, Charitable or Welfare Organizations – including Clerical Office Employees and Outside Salespersons – N.O.C.*, to apply to social service, charitable or welfare organizations and include Clerical Office Employees and Outside Salespersons.
2. Do not establish a companion classification to the newly established Classification 8872.

<sup>29</sup> Includes residual allocation. Tables C.1 and C.2 in Appendix IV display the Classification Relativity data for Classifications 8810 and 8742.

<sup>30</sup> Typically, year-to-year changes in classification relativities are limited to 25%.

## Appendix I – Classification History

The following is a timeline of the history of, and significant changes to, the classifications related to this study:

- Prior to the establishment of Classification 8868, colleges and schools were assigned to Classifications 8860, 8861, 8862, 8863, 8864 and 8865, which were differentiated by the type of school: agricultural, domestic science, manual training, military, veterinary and schools that were not otherwise classified. Classification 8868 was established sometime between 1920 and 1923 to apply to professors, teachers and academic professional employees, such as deans, principals, counselors, chief registrars, college presidents and school librarians employed by colleges or schools that instruct students in various subjects, including but not limited to mathematics, languages, history, liberal arts, science and business.
- Classification 9101 is an original classification dating back to 1915. This classification was established to apply to school employees other than professors and teachers, including but not limited to cafeteria workers, drivers, janitors and maintenance employees.
- Classification 8875, *Public Colleges or Schools – all employees – including cafeteria, Clerical Office Employees and Outside Salespersons*, was established in 1960 to differentiate between private and public schools. This classification applies to all employees of public schools, colleges and charter schools.
- In 1995, an employer argued before the Classification and Rating Committee that day learning centers operated by residential care facilities should be assigned to Classification 8868, similar to independent facilities, and not to Classification 9085, *Residential Care Facilities for the Developmentally Disabled*. The Committee voted to overturn the WCIRB's decision for this employer and directed that the employer's day learning center be assigned to Classification 8868, *Colleges or Schools – private*.
- In 1997, Classification 9059, *Day Care Centers – child*, was established as the result of a WCIRB study that determined that day care center operations were different from private schools and of sufficient size to produce a statistically credible advisory pure premium rate.
- In 2002, WCIRB staff studied private schools to determine whether it was appropriate to amend Classification 8868 to specifically include clerical operations. Rather than opting to have Classification 8868 include clerical office, the Classification and Rating Committee recommended amending the phraseologies and footnotes of Classifications 8868 and 9101 to better define each classification.
- In 2004, the WCIRB conducted a comprehensive study of Classifications 8868 and 9101 that resulted in a proposal to adopt new classifications for a number of employer subgroups that had been assigned to Classifications 8868 and 9101 by analogy. The proposed changes related to Classifications 8868 and 9101 were not adopted by the Insurance Commissioner due largely to concerns regarding their impact on various employer subgroups.
- In 2017, the WCIRB conducted a study of employers assigned to Classification 8868 that provide athletic or fitness instructional programs, including but not limited to martial arts, gymnastics, dance, yoga and tennis instruction. As a result of that study, the WCIRB proposed and the Insurance Commissioner adopted, effective January 1, 2018, the establishment of Classification 8870, *Fitness Instruction Programs or Studios*, for employers engaged in the operation of fitness instruction programs or studios.

## Appendix II – Classification Procedures in Other Jurisdictions

The WCIRB contacted the National Council on Compensation Insurance (NCCI) to review the classifications and operations that are the subject of this study.

Currently, both California and the NCCI assign Classification Code 8868 to private schools. However, NCCI also assigns Code 8868 to public schools, while California has a separate Classification 8875 applicable to public schools. In addition, while California currently does not include clerical office employees in Classification 8868, NCCI does include clerical operations within 8868. The WCIRB is recommending in this study that Classification 8868 be amended in California to include Clerical Office Employees and Outside Salespersons.

Currently, Classification Code 8868 applies to trade and vocational schools in both California and NCCI states. However, this study recommends establishing a new classification for vocational schools and vocational training programs in California.

Similar to California, NCCI currently assigns Classification Code 9101 to nonprofessional employees of academic, trade or vocational institutions.

In California, Classification 8868 currently excludes automobile driving schools and driving instructors are assigned to Classification 8748, *Automobile or Truck Dealers – vehicle salespersons*, and vehicle maintenance and repair operations are assigned to Classification 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*, whereas NCCI Code 8868 applies to driver training schools, including truck driving schools.

## **Appendix III – Summary of Outreach**

The WCIRB conducted extensive outreach to industry associations and employers in connection with this study. At the outset, WCIRB staff sent notifications to approximately 90 industry groups and employer associations whose constituents conduct operations that are the subject of this study. The WCIRB discussed the current issues and the reasons for this study with employers and associations, and collected feedback on how to improve the current classification phraseologies and their administration. The WCIRB's outreach thus far is summarized below.

1. WCIRB staff held a conference call with the California Association of Private School Organizations (CAPSO).
2. WCIRB staff held a conference call with representatives of an insurance brokerage that was referred to the WCIRB by the California Association of Private Postsecondary Schools (CAPPS).
3. WCIRB staff held a conference call with a number of organizations that offer services to developmentally disabled individuals, including the California Disability Services Association (CDSA), which represents employers for adults or children with developmental disabilities.
4. WCIRB staff held a meeting with underwriters and premium auditors from a major insurer that writes a significant share of the coverage for Classification 8868 operations.
5. WCIRB staff held a teleconference meeting with NCCI staff to discuss its Classification 8868 procedures.
6. WCIRB staff held a meeting with representatives from the Governmental Affairs Committee for the California Supported Living Network (CSLN) and their broker.
7. WCIRB staff presented the preliminary findings of this study to CDSA and about 40 of its members.
8. WCIRB staff held a meeting with staff from the California Department of Developmental Services.
9. WCIRB staff presented its findings at CSLN's annual leadership conference.



## Appendix IV – Supplemental Data and Statistical Analysis

### Classification 8868

Table A.1 presents the Classification Relativity data for employers in Classification 8868 that were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.1: Classification 8868 (Residual)**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	502,760,728	3,548,295	0.706
2011	575,957,169	5,797,826	1.007
2012	598,722,969	4,882,285	0.815
2013	580,653,761	5,477,212	0.943
2014	580,838,797	6,439,037	1.109
	2,838,933,424	26,144,654	

Five-Year Average Loss to Payroll Ratio: 0.921

Credibility	
Indemnity	Medical
0.84	0.79

Table A.2 presents the Classification Relativity data for the K-College Schools subgroup, which includes the experience of employers identified by the WCIRB as private kindergartens, primary schools, middle schools, high schools, colleges or universities, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.2: Classification 8868 (K-College Schools)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	6,977,368,834	24,288,772	0.348
2014	7,144,703,828	26,997,179	0.378
	14,122,072,661	51,285,951	

Two-Year Average Loss to Payroll Ratio: 0.363  
Selected (Unlimited) Loss to Payroll Ratio: 0.419

Credibility	
Indemnity	Medical
1.00	1.00

Table A.3 presents the Classification Relativity data for the Vocational Schools subgroup, which includes the experience of employers identified by the WCIRB as vocational schools, trade schools, career colleges, or vocational training programs, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.3: Classification 8868 (Vocational Schools)  
Classification Relativity Data at Policy Year 2018 Level  
(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	884,182,651	6,579,977	0.744
2011	902,740,494	7,018,519	0.777
2012	940,128,681	8,373,703	0.891
2013	930,777,126	8,370,750	0.899
2014	915,484,317	5,426,181	0.593
	4,573,313,270	35,769,131	

Five-Year Average Loss to Payroll Ratio: 0.783  
Selected (Unlimited) Loss to Payroll Ratio: 0.884

Credibility	
Indemnity	Medical
0.99	0.93

Table A.4 presents the Classification Relativity data for the subgroup of Educational and Enrichment Supplemental Programs, which includes the experience of employers identified by the WCIRB that provide tutoring and test preparation services or non-academic instructional programs or workshops for recreation and personal growth, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.4: Classification 8868 (Educational and Enrichment Supplemental Programs)  
Classification Relativity Data at Policy Year 2018 Level  
(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	345,140,956	1,420,324	0.412
2011	385,414,027	2,129,675	0.553
2012	425,871,976	2,705,451	0.635
2013	471,342,780	2,712,484	0.575
2014	515,211,355	2,620,668	0.509
	2,142,981,094	11,588,602	

Five-Year Average Loss to Payroll Ratio: 0.541  
Selected (Unlimited) Loss to Payroll Ratio: 0.610

Credibility	
Indemnity	Medical
0.73	0.69

Table A.5 presents the Classification Relativity data for the Training/Day Programs for Adults with Developmental Disabilities subgroup, which includes the experience of employers identified by the WCIRB that operate Adult Day Programs, Independent Living Skills training and vocational training for adults with developmental disabilities, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.5: Classification 8868 (Training/Day Programs for Adults with Developmental Disabilities)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	352,726,736	8,510,966	2.413
2011	356,763,867	7,177,187	2.012
2012	379,523,237	8,250,465	2.174
2013	410,430,963	7,567,713	1.844
2014	428,515,358	11,116,077	2.594
	1,927,960,162	42,622,408	

Five-Year Average Loss to Payroll Ratio: 2.211  
Selected (Unlimited) Loss to Payroll Ratio: 1.789

Credibility	
Indemnity	Medical
0.64	0.60

Table A.6 presents the Classification Relativity data for the Special Educational Services for Children/Youth subgroup, which includes the experience of employers identified by the WCIRB that provide special educational services for children or youth who may be experiencing mental, physical, social or emotional delays, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.6: Classification 8868 (Special Educational Services for Children/Youth)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	243,562,150	4,121,406	1.692
2011	279,393,135	5,169,404	1.850
2012	302,105,150	4,042,047	1.338
2013	351,646,121	4,788,524	1.362
2014	396,340,463	6,048,663	1.526
	1,573,047,020	24,170,043	

Five-Year Average Loss to Payroll Ratio: 1.537  
Selected (Unlimited) Loss to Payroll Ratio: 1.253

Credibility	
Indemnity	Medical
0.59	0.55

Table A.7 presents the Classification Relativity data for the Senior Programs subgroup, which includes the experience of employers identified by the WCIRB as ADHCs/CBAs or senior activity centers, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.7: Classification 8868 (Senior Programs)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	208,694,349	1,761,010	0.844
2011	198,275,486	3,132,102	1.580
2012	195,742,710	1,701,454	0.869
2013	199,724,199	3,296,806	1.651
2014	205,572,154	2,297,025	1.117
	1,008,008,897	12,188,397	

Five-Year Average Loss to Payroll Ratio: 1.209  
 Selected (Unlimited) Loss to Payroll Ratio: 1.002

Credibility	
Indemnity	Medical
0.54	0.51

Table A.8 presents the Classification Relativity data for the Social Service Organizations subgroup, which includes the experience of employers identified by the WCIRB as social service, charitable or welfare organizations, and a portion of losses reported for employers that had payroll reported in Classification 8868 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table A.8: Classification 8868 (Social Service Organizations)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	251,102,812	1,973,857	0.786
2011	236,809,762	1,567,772	0.662
2012	263,977,304	3,428,212	1.299
2013	265,526,867	2,517,847	0.948
2014	299,097,238	2,000,978	0.669
	1,316,513,984	11,488,667	

Five-Year Average Loss to Payroll Ratio: 0.873  
 Selected (Unlimited) Loss to Payroll Ratio: 0.811

Credibility	
Indemnity	Medical
0.60	0.56

**Classification 9101**

Table B.1 presents the Classification Relativity data for employers in Classification 9101 that were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.1: Classification 9101 (Residual)**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	27,225,572	612,936	2.251
2011	19,298,549	181,488	0.940
2012	22,048,069	828,292	3.757
2013	25,512,299	724,740	2.841
2014	20,858,282	300,303	1.440
	114,942,771	2,647,758	

Five-Year Average Loss to Payroll Ratio: 2.304

Credibility	
Indemnity	Medical
0.49	0.42

Table B.2 presents the Classification Relativity data for the K-College Schools subgroup, which includes the experience of employers identified by the WCIRB as private kindergartens, primary schools, middle schools, high schools, colleges or universities, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.2: Classification 9101 (K-College Schools)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	469,702,498	16,250,882	3.460
2013	515,488,563	16,180,674	3.139
2014	511,360,124	16,920,637	3.309
	1,496,551,186	49,352,193	

Three-Year Average Loss to Payroll Ratio: 3.298

Selected (Unlimited) Loss to Payroll Ratio: 4.229

Credibility	
Indemnity	Medical
1.00	1.00

Table B.3 presents the Classification Relativity data for the Vocational Schools subgroup, which includes the experience of employers identified by the WCIRB as vocational schools, trade schools, career colleges, or vocational training programs, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.3: Classification 9101 (Vocational Schools)  
Classification Relativity Data at Policy Year 2018 Level  
(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	50,656,387	1,186,381	2.342
2011	46,451,220	2,971,227	6.396
2012	39,909,952	1,243,963	3.117
2013	43,674,813	1,263,950	2.894
2014	39,309,028	1,628,045	4.142
	220,001,400	8,293,567	

Five-Year Average Loss to Payroll Ratio: 3.770  
Selected (Unlimited) Loss to Payroll Ratio: 4.315

Credibility	
Indemnity	Medical
0.63	0.53

Table B.4 presents the Classification Relativity data for the subgroup of Educational and Enrichment Supplemental Programs, which includes the experience of employers identified by the WCIRB that provide tutoring and test preparation services or non-academic instructional programs or workshops for recreation and personal growth, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.4: Classification 9101 (Educational and Enrichment Supplemental Programs)  
Classification Relativity Data at Policy Year 2018 Level  
(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	11,078,475	165,729	1.496
2011	11,924,608	7,927	0.066
2012	11,936,327	265,387	2.223
2013	12,768,847	33,248	0.260
2014	11,587,153	126,443	1.091
	59,295,411	598,734	

Five-Year Average Loss to Payroll Ratio: 1.010  
Selected (Unlimited) Loss to Payroll Ratio: 2.857

Credibility	
Indemnity	Medical
0.37	0.31

Table B.5 presents the Classification Relativity data for the Training/Day Programs for Adults with Developmental Disabilities subgroup, which includes the experience of employers identified by the WCIRB that operate Adult Day Programs, Independent Living Skills training and vocational training for adults with developmental disabilities, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.5: Classification 9101 (Training/Day Programs for Adults with Developmental Disabilities)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	13,478,790	700,811	5.199
2011	11,670,410	385,980	3.307
2012	13,158,643	824,840	6.268
2013	13,804,259	385,609	2.793
2014	14,353,194	975,903	6.799
	66,465,296	3,273,144	

Five-Year Average Loss to Payroll Ratio: 4.925  
Selected (Unlimited) Loss to Payroll Ratio: 4.532

Credibility	
Indemnity	Medical
0.36	0.31

Table B.6 presents the Classification Relativity data for the Special Educational Services for Children/Youth subgroup, which includes the experience of employers identified by the WCIRB that provide special educational services for children or youth who may be experiencing mental, physical, social or emotional delays, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.6: Classification 9101 (Special Educational Services for Children/Youth)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,047,747	159,788	7.803
2011	2,332,870	54,828	2.350
2012	1,673,574	41,565	2.484
2013	2,195,940	32,540	1.482
2014	1,906,916	155,302	8.144
	10,157,048	444,023	

Five-Year Average Loss to Payroll Ratio: 4.371  
Selected (Unlimited) Loss to Payroll Ratio: 3.945

Credibility	
Indemnity	Medical
0.17	0.14

Table B.7 presents the Classification Relativity data for the Senior Programs subgroup, which includes the experience of employers identified by the WCIRB as ADHCs/CBASs or senior activity centers, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of one of the study subgroups, at the policy year 2018 level:

**Table B.7: Classification 9101 (Senior Programs)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	19,976,219	566,232	2.835
2011	17,964,331	947,385	5.274
2012	18,157,381	964,987	5.315
2013	18,928,751	548,319	2.897
2014	20,829,620	1,156,266	5.551
	95,856,302	4,183,189	

Five-Year Average Loss to Payroll Ratio: 4.364  
Selected (Unlimited) Loss to Payroll Ratio: 4.442

Credibility	
Indemnity	Medical
0.45	0.38

Table B.8 presents the Classification Relativity data for the Social Service Organizations subgroup, which includes the experience of employers identified by the WCIRB as social service, charitable or welfare organizations, and a portion of losses reported for employers that had payroll reported in Classification 9101 but were not identified by the WCIRB as part of any one of the study subgroups, at the policy year 2018 level:

**Table B.8: Classification 9101 (Social Service Organizations)**  
**Classification Relativity Data at Policy Year 2018 Level**  
**(including allocated residual experience)**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	10,979,748	510,903	4.653
2011	10,771,251	627,251	5.823
2012	10,384,703	329,224	3.170
2013	13,597,921	533,428	3.923
2014	11,643,377	519,926	4.465
	57,377,000	2,520,733	

Five-Year Average Loss to Payroll Ratio: 4.394  
Selected (Unlimited) Loss to Payroll Ratio: 4.173

Credibility	
Indemnity	Medical
0.37	0.31



**Standard Exception Classifications**

Table C.1 presents the Classification Relativity data for all employers in Classification 8810 (Clerical Office Employees) as it is currently defined at the policy year 2018 level:

**Table C.1: Classification 8810**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	151,516,952,982	350,989,408	0.232
2014	160,966,899,812	370,780,845	0.230
	19,717,167,961	112,950,294	

Two-Year Average Loss to Payroll Ratio: 0.231  
Selected (Unlimited) Loss to Payroll Ratio: 0.265

Credibility	
Indemnity	Medical
1.00	1.00

Table C.2 presents the Classification Relativity data for all employers in Classification 8742 (Outside Salespersons) as it is currently defined at the policy year 2018 level:

**Table C.2: Classification 8742**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2013	40,915,529,084	116,211,202	0.284
2014	44,454,080,118	121,250,487	0.273
	19,717,167,961	237,461,690	

Two-Year Average Loss to Payroll Ratio: 0.278  
Selected (Unlimited) Loss to Payroll Ratio: 0.338

Credibility	
Indemnity	Medical
1.00	1.00

**Employers Operating Programs for both Adults and Youth with Developmental Disabilities**

Table D.1 presents the Classification Relativity data in Classification 8868 for the experience of employers identified by the WCIRB as providing both adult and youth programs to developmentally disabled individuals, at the policy year 2018 level:

**Table D.1: Payroll and Losses in Classification 8868**  
**Based on Selected 8868 Employers with Both Adult and Youth Programs**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	120,178,272	2,339,227	1.946
2011	123,216,120	2,854,779	2.317
2012	132,977,307	2,903,084	2.183
2013	141,650,054	3,041,007	2.147
2014	159,136,358	2,215,185	1.392
	677,158,110	13,353,281	

Five-Year Average Loss to Payroll Ratio: 1.972

Credibility	
Indemnity	Medical
0.48	0.44

Table D.2 presents the Classification Relativity data in Classification 9101 for the experience of employers identified by the WCIRB as providing both adult and youth programs to developmentally disabled individuals, at the policy year 2018 level:

**Table D.2: Payroll and Losses in Classification 9101**  
**Based on Selected 8868 Employers with both Adult and Youth Programs**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	2,980,194	591,295	19.841
2011	2,318,523	263,591	11.369
2012	2,164,044	246,472	11.389
2013	2,499,500	124,822	4.994
2014	2,934,593	201,297	6.859
	12,896,854	1,427,477	

Five-Year Average Loss to Payroll Ratio: 11.068

Credibility	
Indemnity	Medical
0.20	0.17

Table D.3 presents the Classification Relativity data for the combined experience in Classification 8868 and 9101 of employers identified by the WCIRB as providing both adult and youth programs to developmentally disabled individuals, at the policy year 2018 level:

**Table D.3: Payroll and Losses in Classification 8868 and 9101**  
**Based on Selected 8868 Employers with both Adult and Youth Programs**  
**Classification Relativity Data at Policy Year 2018 Level**

Year	Payroll	Losses	Loss to Payroll Ratio
2010	123,158,466	2,930,522	2.379
2011	125,534,643	3,118,370	2.484
2012	135,141,351	3,149,556	2.331
2013	144,149,554	3,165,829	2.196
2014	162,070,951	2,416,482	1.491
	690,054,964	14,780,758	

Five-Year Average Loss to Payroll Ratio: 2.142

Credibility	
Indemnity	Medical
0.50	0.46

## Recommendation

Amend Classification 8868, *Colleges or Schools – private – not automobile schools – professors, teachers or academic professional employees*, to clarify its intended application and provide direction as to how related operations should be classified.

## PROPOSED

### **COLLEGES OR SCHOOLS – private – not ~~automobile~~vocational schools – professors, teachers or academic professionals ~~employees~~– including Clerical Office Employees and Outside Salespersons** 8868

This classification applies to professors, teachers or academic professionals at private universities, colleges, high schools, middle schools, elementary schools, or kindergartens when part of a school that provides instruction for first grade and higher. This classification also applies to such employees in nonpublic schools certified by the California Department of Education. Academic professionals ~~employees~~ consist of, include but are not limited to, deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists and counselors. The and their responsibilities of such employees typically include planning, directing, administering, counseling or curriculum development. This classification also applies to teachers' aides, tutors, athletic team coaches or library employees of private or nonpublic colleges or schools.

This classification also applies to teachers' aides and tutors, athletic team coaches and library employees child day care, preschool, or before or after school programs that are operated in connection with private or nonpublic schools by the same employer. Child day care, preschools, kindergartens or before or after school programs that are not operated in connection with public or private schools that provide instruction for first grade and higher shall be classified as 9059, *Day Care Centers*.

The provision of special educational or counseling services, including but not limited to diagnosis and instruction, behavioral therapy, speech therapy, Applied Behavioral Analysis, shadow school aides, parental counseling, daily living and social skills training, and early intervention for children or youth by agencies that are not private or nonpublic schools shall be classified as 8874, *Special Educational Services for Children or Youth*.

~~Automobile driving schools~~ Vehicle operator training that includes behind the wheel instruction using automobiles, trucks, buses or other motor vehicles shall be classified as follows:

- Instructors – 8748, *Automobile or Truck Dealers – vehicle salespersons*
- Vehicle maintenance and repair – 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*

The operation of religious organizations, including but not limited to churches, temples, mosques and synagogues shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.

The operation of colleges or schools by municipal, state or other public agencies ~~or the operation of charter schools~~ shall be classified as 8875(1), *Public Colleges or Schools*.

When a private school places students in an employment or training position with a separate employer, the classification of the student workers shall be determined as though the student workers are employees of the separate employer.

Also refer to companion Classification 9101, *Colleges or Schools – private – not ~~automobile~~vocational schools – all employees other than professors, teachers or academic professionals ~~employees~~—including cafeterias*.

If an employee who performs duties described by Classification 8868 also performs duties described by Classification 9101, the payroll of that employee may be divided between Classifications 8868 and 9101, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to ~~Part 3~~, Section V, Rule 3.

\* \* \* \* \*

### Recommendation

Amend Classification 9101, *Colleges or Schools – private – not automobile schools – all employees other than professors, teachers, or academic professional employees*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **COLLEGES OR SCHOOLS – private – not ~~automobile~~ vocational schools – all employees other than professors, teachers, or academic professional ~~employees – including cafeterias~~ 9101**

This Classification 9101 includes applies to non-academic employees at private universities, colleges, high schools, middle schools, elementary schools, or kindergartens when part of a school that provides instruction for first grade and higher. Non-academic employees include but are not limited to cafeteria workers, drivers, maintenance employees, janitors, gardeners, security personnel, resident advisors or assistants and book supply department employees. This classification also applies to such employees in nonpublic schools certified by the California Department of Education.

~~The operation of religious organizations, including but not limited to churches, temples, mosques and synagogues shall be separately classified in accordance with the provisions of the Multiple Enterprises rule.~~

Also refer to companion Classification 8868, *Colleges or Schools – private – not ~~automobile~~ vocational schools – professors, teachers or academic professional ~~employees~~*.

If an employee who performs duties described by Classification 9101 also performs duties described by Classification 8868, the payroll of that employee may be divided between Classifications 9101 and 8868, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to ~~Part 3~~, Section V, Rule 3.

Retail store operations shall be separately classified.

\* \* \* \* \*

## Recommendation

Establish Classification 8869, *Vocational Schools – private – professors, teachers or academic professionals*, to differentiate these operations from the proposed Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals – including Clerical Office Employees and Outside Salespersons*.

## PROPOSED

### **VOCATIONAL SCHOOLS – private – professors, teachers or academic professionals**

**8869**

This classification applies to professors, teachers or academic professionals at private vocational schools, trade schools or career colleges who train students to perform jobs that require specific skills. Vocational schools do not provide general academic education, but focus on preparation for specific jobs or careers, and include but are not limited to schools that provide degree or certificate programs in construction, cosmetology, computer technology, media technology, culinary arts, paralegal studies, medical assistance, automotive and mechanical technology and ground-based aviation instruction. Academic professionals include but are not limited to deans, chancellors, vice chancellors, directors, principals, assistant principals, presidents, vice presidents, librarians, registrars, curriculum developers, psychologists, speech therapists and counselors; and their responsibilities typically include planning, directing, administering, counseling or curriculum development.

This classification also applies to vocational training or professional development programs or workshops, including but not limited to computer skills, media arts, safety training, first aid and CPR, management and communication skills, continuing education seminars, and sales and marketing coaching.

Private or nonpublic colleges or schools that provide general academic education shall be classified as 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals*.

Vehicle operator training that includes behind the wheel instruction using automobiles, trucks, buses or other motor vehicles shall be classified as follows:

- Instructors – 8748, *Automobile or Truck Dealers – vehicle salespersons*
- Vehicle maintenance and repair – 8391, *Automobile or Truck Dealers – all employees other than vehicle salespersons*

The operation of vocational schools or training programs by municipal, state or other public agencies, including but not limited to community colleges, shall be classified as 8875(1), *Public Colleges or Schools*.

Also refer to companion Classification 9102, *Vocational Schools – private – all employees other than professors, teachers or academic professionals*.

If an employee who performs duties described by Classification 8869 also performs duties described by Classification 9102, *Vocational Schools – private – all employees other than professors, teachers or academic professionals*, the payroll of that employee may be divided between Classifications 8869 and 9102, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Section V, Rule 3.

When a vocational school or program places students in an employment or training position with a separate employer, the classification of the student workers shall be determined as though the student workers are employees of the separate employer.

Vocational training for developmentally disabled individuals shall be classified as 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*.

Vocational training provided by social service organizations to individuals who are not developmentally disabled shall be classified as 8872, *Social Service, Charitable or Welfare*

Organizations.

Members of the flying crew of employers that provide flight instruction or training shall be separately classified as 7424(2), Aircraft Operation – flight schools and pilot training – members of the flying crew.

\* \* \* \* \*

**Recommendation**

Establish Classification 9102, *Vocational Schools – private – all employees other than professors, teachers or academic professionals*, as a companion classification to Classification 8869, *Vocational Schools – private – professors, teachers or academic professionals*.

PROPOSED

**VOCATIONAL SCHOOLS – private – all employees other than professors, teachers or academic professionals** **9102**

This classification applies to non-academic employees at private vocational schools, trade schools or career colleges, including but not limited to schools that provide degree or certificate programs in computer technology, business administration, media technology, construction, cosmetology, culinary arts, paralegal studies, medical assistance, mechanical engineering and ground-based aviation instruction. Non-academic employees include but are not limited to cafeteria workers, drivers, maintenance employees, janitors, gardeners, security personnel, resident advisors or assistants and book supply department employees.

This classification also applies to vocational training or professional development programs or workshops, including but not limited to computer skills, media arts, safety training, first aid and CPR, management and communication skills, continuing education seminars, and sales and marketing coaching.

Also refer to companion Classification 8869, *Vocational Schools – private – professors, teachers or academic professionals*.

If an employee who performs duties described by Classification 9102 also performs duties described by Classification 8869, *Vocational Schools – private – professors, teachers or academic professionals*, the payroll of that employee may be divided between Classifications 9102 and 8869, provided the employer maintains accurate records supported by time cards or time book entries that show such division. Refer to Section V, Rule 3.

Retail store operations shall be separately classified.

\* \* \* \* \*

## Recommendation

Establish Classification 8871, *Supplemental Educational Services – private – not day care centers, colleges or schools – including receptionists*, to differentiate from Classifications 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals*, and 9059, *Day Care Centers*.

## PROPOSED

### **SUPPLEMENTAL EDUCATIONAL SERVICES – private – not day care centers, colleges or schools – including receptionists**

**8871**

This classification applies to educational programs or services that are not colleges or schools as defined by Classifications 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals*, 8869, *Vocational Schools – private – professors, teachers or academic professionals*, or 8875(1), *Public Colleges or Schools*, but provide tutoring or test preparation services to students in subjects, including but not limited to reading, language arts, math and science to supplement academic instruction. This classification also applies to After School Education and Safety (ASES) or After School Safety and Enrichment for Teens (ASSETs) programs that are not private or public colleges or schools.

This classification also applies to non-academic instructional programs, activities, seminars or workshops for recreation or personal growth, including but not limited to painting, chess, pottery, parenting classes, language arts, music and performing arts.

The provision of supervised child care, including but not limited to day care centers, before or after school day care programs, and day camps that do not include overnight lodging, shall be classified as 9059, *Day Care Centers*.

Fitness instruction, including but not limited to martial arts, gymnastics, dance or yoga instruction shall be classified as 8870, *Fitness Instruction Programs or Studios*.

Vocational training or professional development programs or workshops shall be classified as 8869, *Vocational Schools – private – professors, teachers or academic professionals*.

Boys and girls clubs that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls*.

Non-profit community associations, including but not limited to YMCAs, YWCAs and Jewish Community Centers that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(1), *Clubs – community health and wellness*.

Overnight camps shall be classified as 9048(1), *Camps*.

\* \* \* \* \*

## Recommendation

Establish Classification 8872, *Social Service, Charitable or Welfare Organizations – including Clerical Office Employees and Outside Salespersons – N.O.C.*, to differentiate from Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professional employees – including Clerical Office Employees and Outside Salespersons.*

## PROPOSED

### **SOCIAL SERVICE, CHARITABLE OR WELFARE ORGANIZATIONS – including Clerical Office Employees and Outside Salespersons – N.O.C.** **8872**

This classification applies to counseling or educational services provided by social service, charitable or welfare organizations for individuals or families, including but not limited to at-risk youth, children in crisis, victims of domestic violence, mentally, physically or emotionally challenged individuals, individuals and families with financial or employment hardships, or individuals performing drug or alcohol related community service. Services include but are not limited to mental health counseling, parenting classes, drug and alcohol counseling, health and nutrition instruction, English as a Second Language (ESL) instruction, early prevention and intervention programs, safety training, tutoring, after school and recreational activities, and vocational training.

Services or operations may also include case management, client assessment, policy research, outreach, fund raising, lobbying, financial assistance, job placement and job coaching.

When a social service, charitable or welfare organization places clients in an employment or training position with a separate employer, the classification of the client workers shall be determined as though the client workers are employees of the separate employer.

Providing outpatient medical services, including but not limited to medical examinations and testing, psychiatric diagnosis and treatment, and prescribing medications shall be separately classified as 8834, *Physicians' Practices and Outpatient Clinics.*

Providing dental care shall be separately classified as 8839, *Dentists and Dental Surgeons.*

Residential facilities for adults needing social rehabilitation shall be separately classified as 8804(1), *Substance Use Disorder Recovery Homes*, or 8804(2), *Social Rehabilitation Facilities for Adults.*

Providing in-home personal care services for individuals who are in need of such services due to age, illness or disability shall be separately classified as 8827(1), *Home Care Services.*

YMCAs, YWCAs and Jewish Community Centers shall be classified as 9067(1), *Clubs – community health and wellness.*

Boys and girls clubs that provide supplemental after school or recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls.*

The preparation or serving of hot foods shall be separately classified as 9079(1), *Restaurants or Taverns.*

Retail stores shall be separately classified.

\* \* \* \* \*



## Recommendation

Establish Classification 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*, to differentiate these operations from the proposed Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals – including Clerical Office Employees and Outside Salespersons*.

## PROPOSED

### **TRAINING OR ADULT DAY PROGRAM CENTERS FOR ADULTS WITH DEVELOPMENTAL DISABILITIES**

**8873**

This classification applies to Independent Living Skills (ILS) training or vocational training contracted through Regional Centers for developmentally disabled adults. Services provided include but are not limited to job placement; psychological counseling; communication skills training; community and social skills training; and physical, occupational or speech therapy.

This classification also applies to Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where 50% or more of the center's clients are developmentally disabled adults. Services provided include but are not limited to protective supervision, structured activities, health monitoring, meals or respite care.

Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are developmentally disabled shall be classified as 8876(1), *Adult Day Health Care or Adult Day Program Centers*.

Senior day programs or senior activity centers that are not licensed by the California Department of Public Health or the California Department of Social Services and provide activities or services to senior citizens shall be classified as 8876(2), *Senior Day Programs or Activity Centers*.

Supported Living Services (SLS) or In-Home Support Services (IHSS) for developmentally disabled adults shall be classified as 8827(1), *Home Care Services*.

When a training or day program places consumers or students in an employment or training position with a separate employer, the classification of the consumer or student workers shall be determined as though the consumer or student workers are employees of the separate employer.

Sheltered workshop or supported employment program operations shall be separately classified.

\* \* \* \* \*

### Recommendation

Establish Classification 8874, *Special Educational Services for Children or Youth – N.O.C.*, to differentiate from Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professional employees – including Clerical Office Employees and Outside Salespersons.*

### PROPOSED

#### **SPECIAL EDUCATIONAL SERVICES FOR CHILDREN OR YOUTH – N.O.C.**

**8874**

This classification applies to special educational services provided for children or youth who are primarily (greater than 50%) under the age of 18 and who may be experiencing mental, physical, social, intellectual or emotional delays. Services provided include but are not limited to diagnosis and instruction, behavioral therapy, speech therapy, parental counseling, Applied Behavioral Analysis, shadow school aides, daily living skills, social skills training and early intervention for children or youth to improve physical, cognitive or scholastic skills.

This classification also applies to after school programs, day camps, childcare centers or respite services for developmentally disabled children or youth.

Special educational services for children or youth provided by social service organizations shall be classified as 8872, *Social Service, Charitable or Welfare Organizations.*

Special educational services provided by private or nonpublic schools shall be classified as 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals.*

Special educational services provided by public schools shall be classified as 8875(1), *Public Colleges or Schools.*

\* \* \* \* \*

### Recommendation

Establish Classification 8876(1), *Adult Day Health Care or Adult Day Program Centers*, to differentiate these operations from the proposed Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals – including Clerical Office Employees and Outside Salespersons.*

### PROPOSED

#### **ADULT DAY HEALTH CARE OR ADULT DAY PROGRAM CENTERS**

**8876(1)**

This classification applies to Adult Day Health Care (ADHC) centers licensed by the California Department of Public Health. This classification also applies to Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are developmentally disabled. This classification includes transportation services for program attendees.

Adult Day Health Care (ADHC) centers provide daytime services to seniors and adults with chronic medical, cognitive or mental health conditions or disabilities who are at risk of needing institutionalized care. Services include but are not limited to nursing care; therapeutic activities; social services; personal care; nutritional counseling; mental health services; and physical, occupational or speech therapy.

Adult Day Program (ADP) centers provide services that include but are not limited to structured activities, socialization, health monitoring, meals and respite care.

Adult Day Program (ADP) centers that provide services to adults where 50% or more of the center's clients are developmentally disabled shall be classified as 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*.

Senior day programs or senior activity centers that are not licensed by the California Department of Public Health or the California Department of Social Services shall be classified as 8876(2), *Senior Day Programs or Activity Centers*.

Senior programs offered by non-profit community associations, including but not limited to YMCAs, YWCAs and Jewish Community Centers shall be classified as 9067(1), *Clubs – community health and wellness*.

Hot food preparation shall be separately classified as 9079(1), *Restaurants or Taverns*.

\* \* \* \* \*

## **Recommendation**

Establish Classification 8876(2), *Senior Day Programs or Activity Centers – N.O.C.*, to differentiate these operations from the proposed Classification 8868, *Colleges or Schools – private – not vocational schools – professors, teachers or academic professionals – including Clerical Office Employees and Outside Salespersons*.

## PROPOSED

### **SENIOR DAY PROGRAMS OR ACTIVITY CENTERS – N.O.C.**

### **8876(2)**

This classification applies to senior day programs or senior activity centers that are not licensed by the California Department of Public Health or the California Department of Social Services and provide activities or services to senior citizens. Services include but are not limited to day trips; educational or exercise classes; social activities; nutritional support and meals; resource and referral counseling; and other programs in order to promote socialization and active, healthy lifestyles. This classification includes transportation services for clients.

Adult Day Health Care (ADHC) centers licensed by the California Department of Public Health shall be classified as 8876(1), *Adult Day Health Care or Adult Day Program Centers*.

Senior programs offered by non-profit community associations, including but not limited to YMCAs, YWCAs and Jewish Community Centers shall be classified as 9067(1), *Clubs – community health and wellness*.

Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where less than 50% of the center's clients are developmentally disabled shall be classified as 8876(1), *Adult Day Health Care or Adult Day Program Centers*.

Adult Day Program (ADP) centers that are licensed by the California Department of Social Services where 50% or more of the center's clients are developmentally disabled shall be classified as 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*.

Hot food preparation shall be separately classified as 9079(1), *Restaurants or Taverns*.

\* \* \* \* \*

## Amendments to Cross-References for Consistency

### Recommendation

Amend Classification 7424(2), *Aircraft Operation – flight schools and pilot training – members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for consistency with other proposed changes.

### PROPOSED

#### AIRCRAFT OPERATION

##### **AIRCRAFT OPERATION – flight schools and pilot training – members of the flying crew 7424(2)**

This classification applies to members of the flying crew of employers that provide flight instruction ~~and~~or training.

~~Classroom instructors who perform near are not members of the flying operations or in flight instruction or training crew shall be separately classified as 88688869, Colleges or Vocational Schools – private – not automobile schools – professors, teachers, or academic professionals employees.~~

Also refer to companion Classification 7428(2), *Aircraft Operation – flight schools and pilot training – not members of the flight crew*.

\* \* \* \* \*

### Recommendation

Amend Classification 7428(2), *Aircraft Operation – flight schools and pilot training – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for consistency with other proposed changes.

### PROPOSED

#### AIRCRAFT OPERATION

##### **AIRCRAFT OPERATION – flight schools and pilot training – not members of the flying crew 7428(2)**

This classification applies to the ground operations of employers that provide flight instruction ~~and~~or training. Ground operations include but are not limited to aircraft fueling, service and repair.

Ticket sellers or information clerks shall be separately classified as 8810, *Clerical Office Employees*.

~~Classroom instructors who perform near are not members of the flying operations or in flight instruction crew shall be separately classified as 88688869, Colleges or Vocational Schools – private – not automobile schools – professors, teachers or academic professionals employees.~~

Also refer to companion Classification 7424(2), *Aircraft Operation – flight schools and pilot training – members of the flying crew*.

\* \* \* \* \*

## Recommendation

Amend Classification 7428(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew*, which is part of the *Aircraft Operation* Industry Group, for clarity and consistency with other proposed changes.

## PROPOSED

### AIRCRAFT OPERATION

#### **AIRCRAFT OPERATION – other than agricultural, scheduled or supplemental air carriers – not members of the flying crew – N.O.C. 7428(1)**

This classification applies to the ground operations of employers engaged in aircraft operations not more specifically described by another *Aircraft Operation* Industry Group classification, including but not limited to air ambulance services; air freight services (nonscheduled); aerial fire-fighting; aerial exhibitions; aerial patrol; aerial advertising, skywriting, sightseeing and survey work; aerial log lifting and transport; and aerial news reporting. Ground operations include but are not limited to aircraft fueling, service and repair.

This classification also applies to the operating crew of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of 55 pounds or heavier used for other than agricultural operations, in accordance with the General Exclusions rule. See ~~Part 3~~, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier used for agricultural operations, including but not limited to dusting, spraying or seeding, shall be separately classified as 7410, *Aircraft Operation – agricultural – dusting, spraying or seeding – not members of the flying crew*, in accordance with the General Exclusions rule. See ~~Part 3~~, Section III, Rule 6, *General Exclusions*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds shall be classified in accordance with ~~Part 3~~, Section III, Rule 5, *General Inclusions*.

The shop repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier by the manufacturer shall be classified as 3830(2), *Unmanned Aircraft System Mfg.*

The repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of 55 pounds or heavier on a fee basis, ~~and/or~~ repair work performed by the manufacturer away from shop shall be classified as 7428(3), *Aircraft Remanufacture, Conversion, Modification and Repair Companies*.

Unmanned Aircraft Systems (aerial drones) operating crew members working remotely from an office location with no exposure outside of the clerical office shall be classified as 8810, *Clerical Office Employees*, subject to the Standard Exceptions rule. See ~~Part 3~~, Section III, Rule 4, *Standard Exceptions*.

Ticket sellers or information clerks shall be separately classified as 8810, *Clerical Office Employees*, ~~classroom~~ instructors who are not members of the flying crew shall be separately classified as ~~88688869, Colleges or Vocational Schools – private – not automobile schools – professors, teachers or academic professionals – employees~~, and ground photographic laboratory employees shall be separately classified as 4361(1), *Photographers*.

Also refer to companion Classification 7424(1), *Aircraft Operation – other than agricultural, scheduled or supplemental air carriers – members of the flying crew*.

\* \* \* \* \*

### Recommendation

Amend Classification 7429, *Aircraft Operators*, for consistency with other proposed changes.

### PROPOSED

#### **AIRPORT OPERATORS – all employees – including field or hangar instructors**

**7429**

This classification applies to all operations of airports, including but not limited to tower communications, facility or grounds maintenance, aircraft fueling or repair, airport parking and airport security.

Ticket sellers or information clerks shall be separately classified as 8810, *Clerical Office Employees*.

~~Classroom instructors who perform no flying operations or in-flight instruction or training are not members of the flying crew~~ shall be separately classified as ~~8868~~8869, ~~Colleges or Vocational Schools – private – not automobile schools – professors, teachers or academic professionals employees.~~

In-flight instructors or other members of the flying crew shall be separately classified.

\* \* \* \* \*

### Recommendation

Amend Classification 7382, *Bus, Shuttle Van or Limousine Operations*, for consistency with other proposed changes.

### PROPOSED

#### **BUS, SHUTTLE VAN OR LIMOUSINE OPERATIONS – all employees**

**7382**

This classification applies to transportation services provided to passengers on a scheduled route or charter basis using vehicles that include but are not limited to buses, vans and limousines. This classification also applies to Transportation Network Companies (TNC) that employ drivers. This classification includes tour guides provided by the sightseeing or tour bus operator.

This classification also applies to paratransit services for elderly or disabled individuals who do not require medical supervision while in transit.

This classification also applies to the transport of students by private employers under contract to public or private schools.

This classification also applies to the transport of deceased persons, and of funeral attendees when not performed in connection with funeral directing by the same employer.

The transport of students by school employees shall be classified as 9101, *Colleges or Schools – private – not automobile vocational schools – all employees other than professors, teachers, or academic professionals employees*, or 8875(1), *Public Colleges or Schools*.

Transportation services provided with medical supervision shall be classified as 7332, *Ambulance Services*.

\* \* \* \* \*

## Recommendation

Amend Classification 9059, *Day Care Centers*, for clarity and consistency with other proposed changes.

### PROPOSED

#### **DAY CARE CENTERS – child – not residential care facilities – all employees – including receptionists 9059**

This classification applies to child day care centers that provide non-medical care and supervision for children ranging from infancy to 17 years of age for periods of less than 24 hours; pre-school ~~and kindergarten instructional~~ programs; and before or after school programs that are not operated in connection with public or private schools operated by the same employer.

This classification also applies to day care services provided by employers primarily for the use of their employees' dependents.

This classification does not apply to child care or supervisory services, including but not limited to day care, preschools, kindergartens and before or after school programs that are operated by the same employer in connection with public or private schools ~~by the employer~~ which provide instruction for first grade and higher; such operations shall be classified as 8868, *Colleges or Schools – private – not automobile vocational schools – professors, teachers, or academic professionals-employees*, 9101, *Colleges or Schools – private – not automobile vocational schools – all employees other than professors, teachers, or academic professionals-employees*, or 8875(1), *Public Colleges or Schools*.

Boys and girls clubs that provide supplemental after school ~~and/or~~ recreational activities for school age children on an elective or drop-in basis shall be classified as 9067(2), *Clubs – boys and girls*.

Educational programs or services that are not day care centers, but provide tutoring or test-preparation services to supplement academic instruction shall be classified as 8873, *Supplemental Educational Services*.

After school programs, day camps, childcare centers or respite services for developmentally disabled children or youth shall be classified as 8874, *Special Educational Services for Children or Youth*.

\* \* \* \* \*

## Recommendation

Amend Classification 9085, *Residential Care Facilities for the Developmentally Disabled*, which is part of the *Health and Human Services* Industry Group, for clarity and consistency with other proposed changes.

### PROPOSED

#### **HEALTH AND HUMAN SERVICES**

#### **RESIDENTIAL CARE FACILITIES FOR THE DEVELOPMENTALLY DISABLED – including supervisors and receptionists 9085**

This classification applies to the operation of residential facilities that provide care and supervision for children or adults who are developmentally disabled. The term developmental disability refers to a severe and chronic disability that is attributable to a mental or physical impairment

that begins before an individual reaches adulthood.

This classification includes certified administrators, including but not limited to Nursing Home Administrators, Residential Care Facility for the Elderly Administrators, Adult Residential Facility Administrators and Qualified Intellectual Disabilities Professionals. This classification also includes employees who provide tours of the facility, including but not limited to tours for marketing, admission or inspection purposes.

This classification also applies to intermediate care facilities that may retain nursing staff to provide intermittent skilled nursing services (not continuous skilled nursing care) for developmentally disabled children or adults. Facilities that provide 24-hour continuous skilled nursing care for residents shall be classified as 8829(1), *Skilled Nursing Facilities*.

~~The operation of schools and/or Independent Living Skills (ILS) instructional programs that are administered through state-contracted Regional Centers shall be separately classified as 8868, *Colleges or Schools*, 8873, *Training or Adult Day Program Centers for Adults with Developmental Disabilities*, or 8874, *Special Educational Services for Children or Youth*. The provision of Supported Living Services (SLS) or In-Home Support Services (IHSS) to developmentally disabled individuals shall be classified as 8827(1), *Home Care Services*.~~

~~The operation of residential facilities that provide nonmedical care and supervision for children (not developmentally disabled) shall be classified as 8823, *Residential Care Facilities for Children*.~~

~~The operation of residential facilities that provide assisted care and supervision for adults (not developmentally disabled) shall be classified as 9070(3), *Residential Care Facilities for Adults*.~~

~~The operation of residential facilities that provide assisted care and supervision for the elderly (not developmentally disabled) shall be classified as 9070(1), *Residential Care Facilities for the Elderly*.~~

\* \* \* \* \*

## Recommendation

Amend Classification 8875(1), *Public Colleges or Schools*, which is part of the *Municipal, State or Other Public Agencies* Industry Group, for clarity and consistency with other proposed changes.

## PROPOSED

### MUNICIPAL, STATE OR OTHER PUBLIC AGENCIES

#### **PUBLIC COLLEGES OR SCHOOLS – all employees – including cafeteria, Clerical Office Employees and Outside Salespersons** 8875(1)

This classification applies to all operations of public colleges or schools, including but not limited to instruction, dormitories, cafeterias, book stores, transportation services, counseling, building and landscape maintenance, janitorial, libraries, athletic programs, parking, security, administration, clerical office employees and outside salespersons. This classification includes day care, preschools and before or after school care programs operated by public colleges or schools.

This classification also applies to the operation of charter schools.

This classification also applies to state or county vocational schools or training programs and to school counselors who are provided to public schools by separate concerns under contract.



~~The operation of pPrivate colleges or schools operations shall be classified as 8868, *Colleges or Schools – private – not automobile vocational schools – professors, teachers or academic professionals–employees*, and 9101, *Colleges or Schools – private – not automobile vocational schools – all employees other than professors, teachers or academic professionals–employees*.~~

~~The operation of Day care, preschools or before or after school programs operated by separate employers at public school locations shall be classified as 9059, *Day Care Centers*.~~

\* \* \* \* \*

## Recommendation

Amend Section VIII, *Abbreviated Classifications – Numeric Listing*, for consistency with other proposed changes.

## PROPOSED

### Section VIII – Abbreviated Classifications – Numeric Listing

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- 8869      Vocational Schools–private–professionals
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- 8871      Supplemental Education Svcs–private
- 8872      Social Svc/Charity/Welfare Orgs
- 8873      Training/Adult Day Program Centers
- 8874      Special Ed Services–children/youth
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- 8876(1)   Adult Day Health Care/Program Centers
- 8876(2)   Senior Day Programs/Activity Centers
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- 9101      Colleges/Schools–private–all others
- 9102      Vocational Schools–private–all others
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