

How Complete are your Payroll Records? Will they pass a Work Comp Audit?

Excerpts from a State Compensation Insurance Fund Article

The Dual Wage Level Classification was created to provide a more equitable distribution of premium in the construction industry and affects 19 classifications.

The system provides a method for reporting your workers' compensation payroll. While the descriptions of the operations remain the same each classification has two codes, depending on the regular hourly wage paid to each employee in any given pay period.

To determine the classification code for salaried employees, divide their earnings by the number of hours in the salary period. If an employee is paid on a piecework basis, determine the regular hourly wage by dividing the actual payroll developed by the number of hours worked.

Effective January 1, 2008, the start and stop times for all hourly and piecework construction trade employees must be made available to you State Fund payroll auditor. The original time cards will be used at the time of audit to verify the hourly wages of all construction employees.

The earnings of employees with classification shown in the following table must be listed on the payroll report under the appropriate class codes.

CLASSIFICATION	COLUMN 1	COLUMN 2	COLUMN 3
	Regular Hourly Wage	If regular hourly wage is less than Column 1, use:	If regular hourly wage equals or exceeds Column 1, use:
Automatic Sprinkler Installation	\$26.00	Code 5185	Code 5186
Carpentry- Residences	\$25.00	Code 5645	Code 5697
Carpentry – Commercial	\$25.00	Code 5403	Code 5432
Concrete or Cement Work	\$23.00	Code 5201	Code 5205
Electrical Wiring	\$27.00	Code 5190	Code 5140
Excavation/Grading/Land Leveling	\$25.00	Code 6216	Code 6220
Gas Mains or Connections Const.	\$25.00	Code 6315	Code 6316
Glaziers	\$25.00	Code 5467	Code 5470
Masonry	\$23.00	Code 5027	Code 5028
Painting/Waterproofing	\$23.00	Code 5474	Code 5482
Plastering or Stucco Work	\$24.00	Code 5484	Code 5485
Plumbing/Refrigeration	\$24.00	Code 5183	Code 5187
Roofing	\$22.00	Code 5552	Code 5553
Sewer Construction	\$25.00	Code 6307	Code 6308
Sheet Metal Work	\$24.00	Code 5538	Code 5542
Steel Framing, Light Gauge – Res	\$25.00	Code 5630	Code 5631
Steel Framing, Light Gauge- Comm	\$25.00	Code 5632	Code 5633
Wallboard Application	\$25.00	Code 5446	Code 5447
Water Mains or Connections Const	\$25.00	Code 6315	Code 6316

This does not affect the method for computing your experience modification rate.

For your own protection, it is important to fill out the payroll report as accurately as possible. If an employer does not maintain separate records for each classification, and the end-of-year audit cannot determine the correct classifications, the higher-rated classification will apply.

Accurate records and correct payroll reporting will help reduce the possibility of unexpected premium owed at the end of the policy period. Remember, your ability to use lower-cost construction codes will depend on your ability to provide original time cards with start and stop times for all construction employees during your payroll audit. Failure to provide these records will result in increased premium costs.

Please contact the nearest State Fund location if you have any questions regarding Dual Wage Level Classifications.

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DUAL WAGE CONSTRUCTION AND ERECTION CLASSIFICATIONS PROCEDURES CLARIFIED December 21, 2007

On November 28, 2007, the Insurance Commissioner approved amendments to the *California Workers' Compensation Uniform Statistical Reporting Plan - 1995* (USRP) intended to clarify how to determine the regular hourly wage for dual wage construction or erection classifications. These amendments, which are effective January 1, 2008, are contained in Part 3, *Standard Classification System*, Section IV, *Special Industry Classification Procedures*, Rule 2, *Construction or Erection Work*, Paragraph a, *Determination of Dual Wage Construction or Erection Classification*.

The rule requires that assignment of the high wage classification to any employee (other than a salaried employee) is contingent on a reconciliation of the number of hours worked against actual time cards or time sheets that document the daily start and stop times for each employee. Determination of an employee's regular hourly wage requires employers to produce records to verify the number of actual hours worked as well as actual time cards or time sheets that document the daily start and stop times for each employee. For salaried employees, the regular hourly wage is determined by dividing the total annual remuneration by 2000 hours. If an employee is salaried for less than twelve months, the regular hourly wage for the salaried period is calculated on a prorated basis.

California's construction employers are currently required to maintain precise records of hours worked each day for each employee in accordance with regulations issued by the California Department of Industrial Relations. The approved changes to the USRP do not place a new requirement on employers.