

# Classification and Rating Committee

## Meeting Agenda

<b>Date</b>	<b>Time</b>	<b>Location</b>	<b>Staff Contact</b>
February 11, 2020	9:45 AM	WCIRB California 1221 Broadway, Suite 900 Oakland, CA	Brenda Keys
1221 Broadway, Suite 900 • Oakland, CA 94612 • 415.777.0777 • Fax 415.778.7007 • www.wcirb.com • wcirb@wcirb.com			

Released: January 29, 2020

To Members of the Classification and Rating Committee, WCIRB Members and All Interested Parties:

**This meeting is Open to the Public.**

### I. Approval of Minutes

Meeting held October 15, 2019

### II. Unfinished Business

### III. New Business

	<b>Page</b>
A. Draft Report on Extension of Payroll Limitations	3
B. Payroll – Remuneration: Severance, Overtime and Back Pay	15
C. Proposed Classification Enhancements	24
D. Wage Report Demo	53

### IV. Matters Arising at Time of Meeting

### V. Next Meeting Date: April 14, 2020

### VI. Adjournment

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## Item III-A

### Draft Report on Extension of Payroll Limitations

- 8601(1), Engineers – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including Outside Salespersons and Clerical Office Employees**
- 8601(2), Oil or Gas Geologists or Scouts – including mapping of subsurface areas – including Outside Salespersons and Clerical Office Employees**
- 8601(4), Forest Engineers – including Outside Salespersons and Clerical Office Employees**
- 8741, Real Estate Agencies – all employees – including Clerical Office Employees and Outside Salespersons**
- 8749, Mortgage Bankers – all employees – including Clerical Office Employees and Outside Salespersons**
- 8801, Credit Unions – all employees – including Clerical Office Employees and Outside Salespersons**
- 8808, Banks – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees and Outside Salespersons**
- 8822, Insurance Companies – all employees – including Clerical Office Employees and Outside Salespersons**

#### Background and Objective

Payroll, also referred to as remuneration, is used as a proxy for measuring exposure to workers' compensation losses for ratemaking and experience rating purposes. Remuneration is reasonably correlated with losses and can be audited and validated against other documents that are reported to state or federal government agencies.

However, given the wide dispersion of payroll among highly compensated employees and concerns as to the lack of correlation of exposure to loss at very high wage levels, the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) includes limitations on an individual's annual payroll for workers' compensation purposes for certain types of highly compensated employees. These include executive officers, partners, individual employers and members of a limited liability company as well as employees in several classifications related to entertainers and athletes.

As part of the WCIRB's continuing efforts to analyze payroll as the basis of workers' compensation premium, the WCIRB completed a study in 2018 and found that at very high wage levels there is no evidence of increasing exposure to workers' compensation losses with increasing wage levels. As a result, the WCIRB determined that it is appropriate to apply payroll limitations to classifications that (a) have unusually high levels of employees with wages above the current USRP annual payroll maximum, (b) have relatively low advisory pure premium rates that are likely driven by the high wage levels in the industry and (c) include all employees so that any payroll limitation could be administered in a relatively straightforward manner. As part of that study, the WCIRB identified five classifications<sup>1</sup> that met these criteria and, in the January 1, 2019 Regulatory Filing, the WCIRB proposed and the Insurance Commissioner adopted limitations to payroll for those five classifications to be effective January 1, 2020. In the January 1, 2020 Pure Premium Rate Filing, the WCIRB recommended and the Insurance Commissioner adopted adjustments to the advisory pure premium rates for those five classifications to reflect the estimated amount of payroll to be eliminated by the limitation. For 2020, the USRP annual payroll limitation for all of these above-mentioned highly compensated employees is \$139,100 per year.<sup>2</sup>

For this year's study, the WCIRB used these same criteria to identify several more classifications. The WCIRB reviewed all standard classifications and, for classifications that met the stated requirements, the

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<sup>1</sup> Classifications 7607(1), *Video Post-Production*; 7607(2), *Audio Post-Production*; 8803, *Auditing, Accounting, or Management Consulting Services*; 8859(1), *Computer Programming or Software Development*; 8859(2), *Internet or Web-Based Application Development or Operation*; 8820, *Law Firms*; and 8743, *Mortgage Brokers*.

<sup>2</sup> The limit is adjusted annually for wage inflation.

WCIRB considered whether to recommend limiting individual employees' annual payroll. In completing this analysis, the WCIRB used publicly available sources of wage information by industry to estimate the payroll to be eliminated in each classification due to imposition of the payroll limitation and the resultant potential adjustment to advisory future pure premium rates.

### **Analysis and Findings**

To assess the variability of losses with payroll at high wage levels, the WCIRB reviewed California wage data by industry and occupation from the American Community Survey (ACS) published by the United States Census Bureau and policy year 2017 unit statistical data.

Given the lack of evidence of increasing exposure to workers' compensation losses at high wage levels as well as potential limitations and large swings when changing advisory pure premium rates and expected loss rates for classifications for which those rates are very low, the WCIRB identified several additional classifications for which limiting each employees' annual payroll would be appropriate. Specifically, the WCIRB identified the following classifications that (a) have unusually high levels of employees with wages above the current USRP annual payroll maximum, (b) have relatively low advisory pure premium rates that are likely driven by high wage levels in the industry and (c) include all employees so that the limitation would be applied on a relatively uniform basis to employers with operations assigned to the classification:

- 8601(1), *Engineers – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including Outside Salespersons and Clerical Office Employees*
- 8601(2), *Oil or Gas Geologists or Scouts – including mapping of subsurface areas – including Outside Salespersons and Clerical Office Employees*
- 8601(4), *Forest Engineers – including Outside Salespersons and Clerical Office Employees*
- 8741, *Real Estate Agencies – all employees – including Clerical Office Employees and Outside Salespersons*
- 8749, *Mortgage Bankers – all employees – including Clerical Office Employees and Outside Salespersons*
- 8801, *Credit Unions – all employees – including Clerical Office Employees and Outside Salespersons*
- 8808, *Banks – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees and Outside Salespersons*
- 8822, *Insurance Companies – all employees – including Clerical Office Employees and Outside Salespersons*

In general, average indemnity and medical claim severities increase with higher wages up to the approximate level of the current USRP payroll limitation.<sup>3</sup> However, as shown in Figure 1, there was little variation in claim severities at wage levels above that amount for the selected classes.

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<sup>3</sup> The 2020 USRP annual payroll maximum corresponds to a weekly wage of \$2,675.

**Figure 1: Average Severity on Indemnity Claims by Wage Level (Selected Classes)**

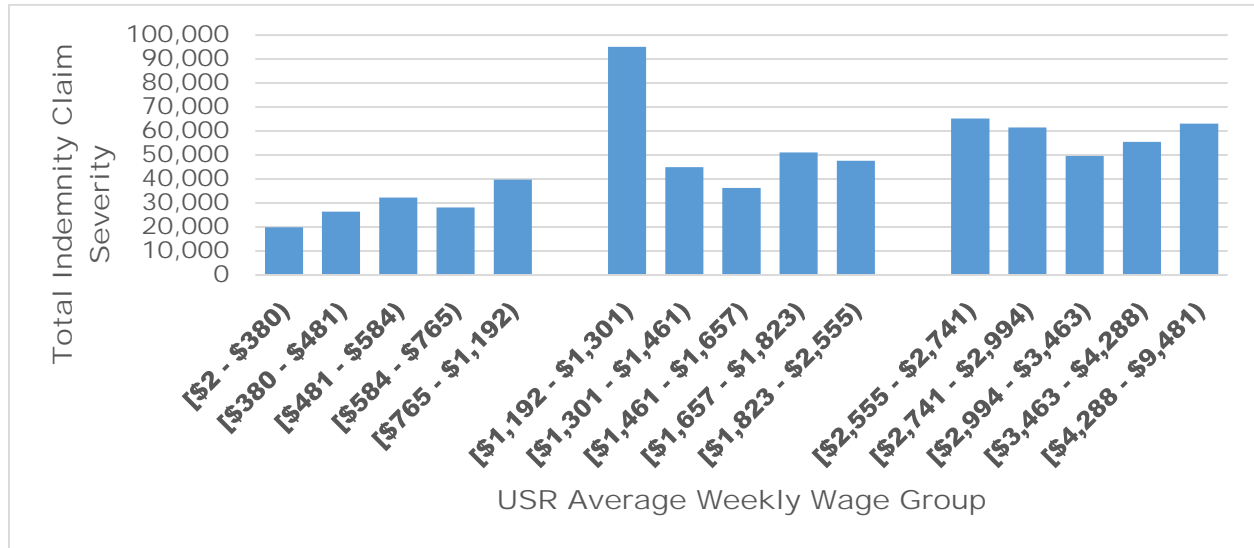
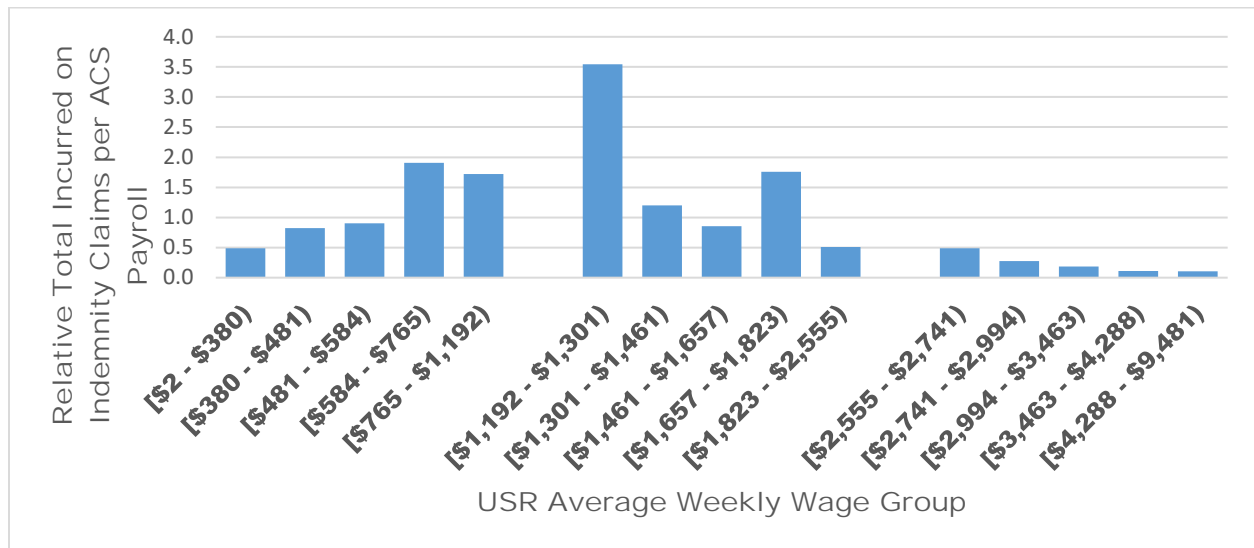


Figure 2 shows an estimated distribution of total losses on indemnity claims per ACS payroll by wage level interval for the selected classes based on ACS data and policy year 2017 unit statistical data. As shown, when considering the impact of claim frequency differences, claim costs generally decreased as higher wage levels increased. For Policy Year 2017, the USRP payroll limitation was equivalent to an average weekly wage of \$2,350. The WCIRB reviewed similar data for all industries and saw relatively similar results.

**Figure 2: Relative Total Incurred per ACS payroll by Wage Level Interval (Selected Classes)**



The WCIRB's preliminary analysis of ACS wage data suggests that the amount of payroll for each of these identified classifications in excess of the current USRP payroll limitation is very significant, ranging from approximately 14% to 31%. As a result, in order for the implementation of a payroll limitation in these classifications to be pure premium neutral, significant adjustments to the advisory pure premium rates for these classifications would be needed. These adjustments would be computed in a similar manner to the adjustments for the five classifications subject to the annual payroll maximum effective in 2020. Figure 3 shows the preliminary estimates of the portion of payroll which would be eliminated for each class.

**Figure 3: Preliminary Estimated Share of Payroll to be Eliminated by Class**

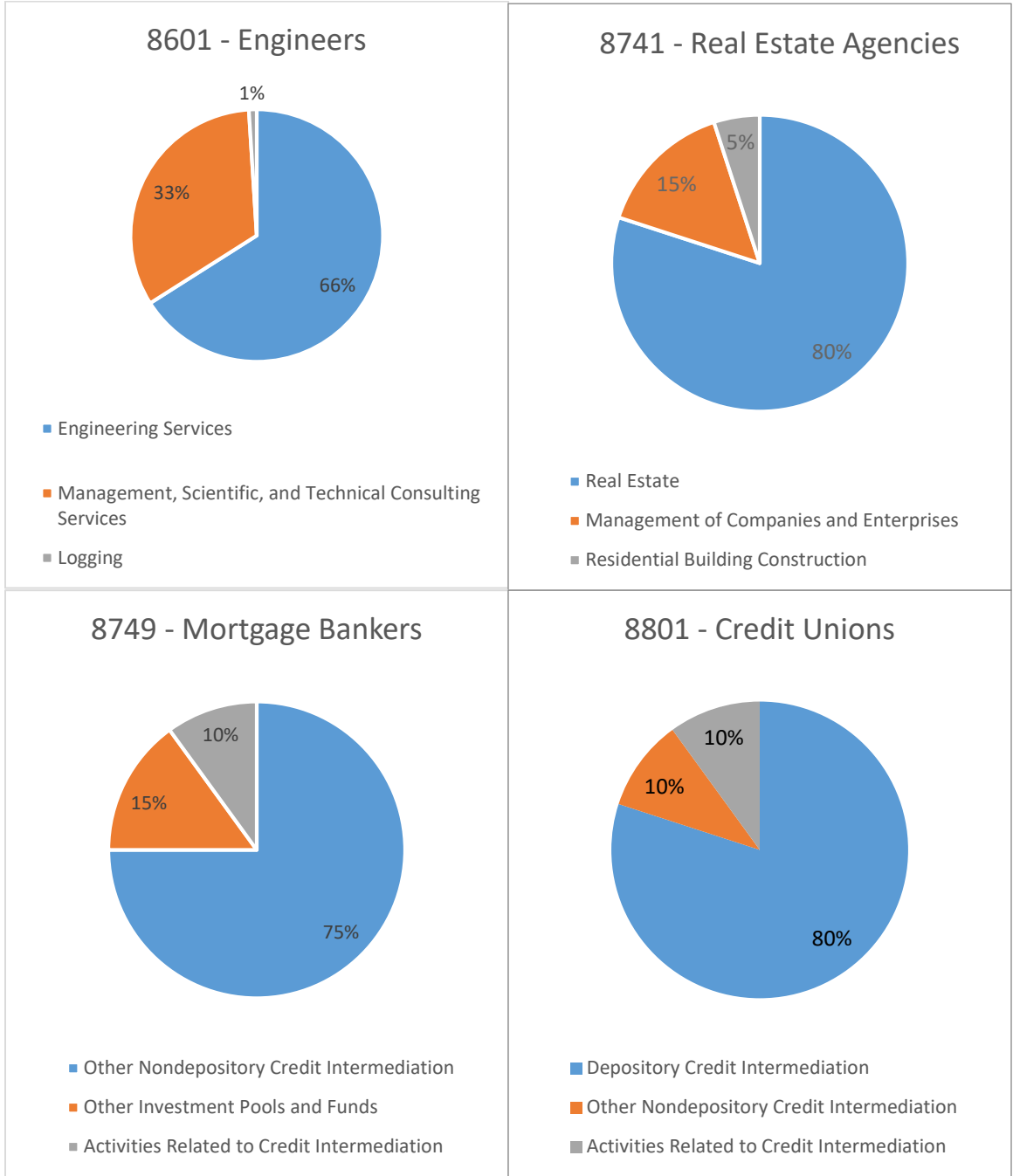
<b>Class Code</b>	<b>Estimated Payroll Eliminated</b>
8601	14%
8741	31%
8749	28%
8801	23%
8808	23%
8822	20%

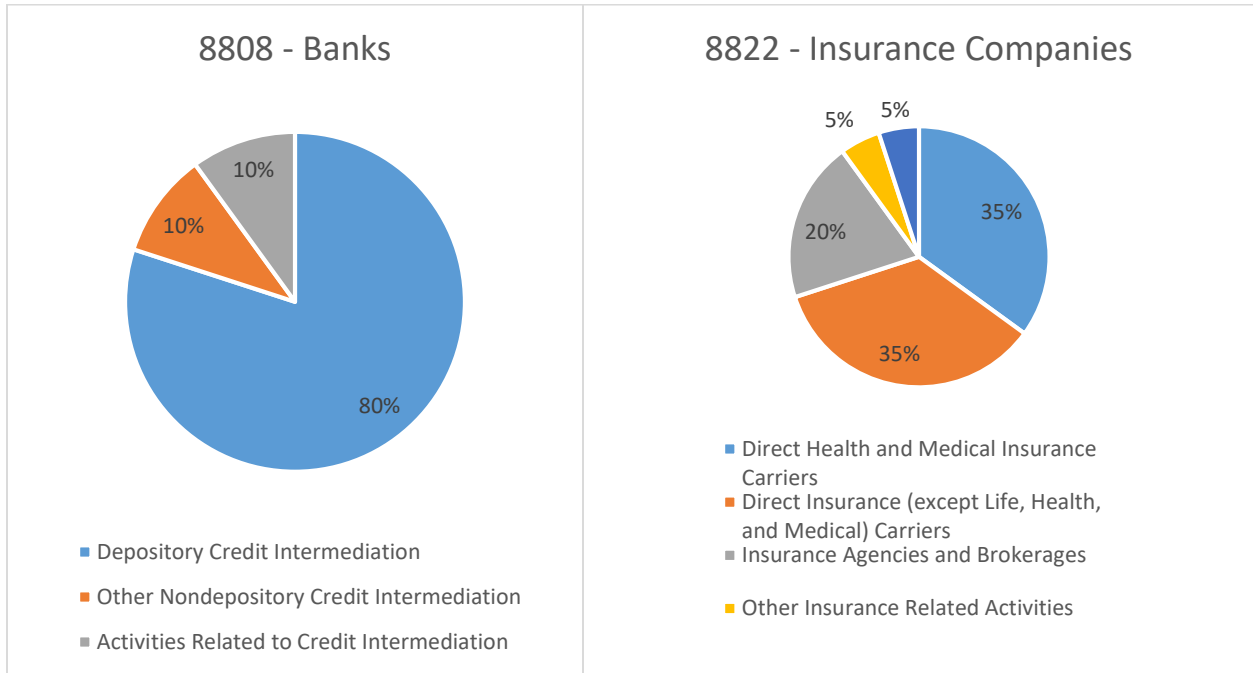
The WCIRB evaluated available data sources to develop factors to adjust historical insured payrolls used in the classification relativity process to a basis with a maximum payroll limitation. The ACS data provides sufficiently refined data to estimate the share of wages and salaries expected to be above the given annual salary thresholds for select occupations and industries. The data is available at both occupation and industry levels, and can be used either independently or in combination. Additionally, the ACS allows the exclusion of data for officers of companies, as these payrolls are already generally limited for workers' compensation purposes.

The appropriateness of developing adjustment factors from the ACS data relies on an adequate mapping between WCIRB classifications and ACS industries or occupations for which statewide worker wage information is available.<sup>4</sup> WCIRB staff determined a mapping that they believe appropriate for each of the selected classifications. These mappings are summarized below.

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<sup>4</sup> In addition to an appropriate mapping between classifications and industries or occupations, there are definitional differences among the available data sources on California wages. The WCIRB reviewed the definitions of wages and salaries in the available data sources and determined that the Bureau of Labor Statistics (BLS) wage series most closely approximates insured payrolls. The BLS series is the same used to on-level wages in aggregate ratemaking and for which the UCLA Anderson Forecast provides forecasts, but does not include information showing a distribution of wages within an industry. The BLS wage series includes income items such as profit sharing and stock bonuses that are not included in the ACS wage data but, for the most part, are included in insured payrolls. If needed, the WCIRB could correct for this in the advisory pure premium rate adjustment for each classification to be limited by adjusting the ACS source data to bring the average ACS wage level to the BLS level in the development of proposed advisory pure premium rates for each of the limited classifications.





**Recommendations**

Based on the analysis summarized above, the WCIRB recommends that individual employee’s annual payroll developed in Classifications 8601(1), 8601(2), 8601(4), 8741, 8749, 8801, 8808 and 8822 be subject to the USRP annual payroll limitation. Given the impact of this change on employers with operations in the affected classifications, as well as on producers, premium auditors and underwriters, the WCIRB also recommends including these changes in the September 1, 2021 Regulatory Filing with a proposed effective date of September 1, 2022. If adopted by the Insurance Commissioner, this will allow the WCIRB to conduct extensive outreach prior to the September 1, 2022 effective date. Additionally, if these changes are adopted by the Commissioner, the WCIRB will propose adjusted advisory pure premium rates and classification expected loss rates in the September 1, 2022 Pure Premium Rate and Regulatory Filings to reflect the estimated reduction in reported exposure in each classification resulting from application of the limitation as outlined above.



**Recommendation**

Amend Classification 8601(1), *Engineers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**ENGINEERS – consulting – mechanical, civil, electrical or mining engineers or architects – not engaged in actual construction or operation – including Outside Salespersons and Clerical Office Employees** **8601(1)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to engineering or architectural consultants who provide technical advice to construction companies, land development companies, building contractors or similar concerns on a fee basis, or to the testing of construction building materials in connection with consulting engineering performed by the same employer. This classification also applies to land surveying prior to or during construction for separate concerns on a fee basis.

Engineering, when performed in support of an employer's own manufacturing, processing or construction operations, is assigned to the applicable manufacturing, processing or construction classification or to the applicable Standard Exception classification.

This classification also applies to fee-based construction management companies that do not engage in or supervise construction operations, but serve as an intermediary between the general contractor and project owner, or otherwise provide expertise regarding a construction project.

Forest engineers shall be classified as 8601(4), *Forest Engineers*.

Oil or gas geologists or scouts shall be classified as 8601(2), *Oil or Gas Geologists or Scouts*.

Fee-based testing operations, including but not limited to the testing of air, water, soil, metal, concrete and other building materials not resulting in recommendations, remediation options or design advice shall be classified as 4511, *Analytical or Testing Laboratories*.

\* \* \* \* \*

**Recommendation**

Amend Classification 8601(2), *Oil or Gas Geologists or Scouts*, which is part of the *Petroleum Industry Group*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**PETROLEUM INDUSTRY**

**OIL OR GAS GEOLOGISTS OR SCOUTS – including mapping of subsurface areas – including Outside Salespersons and Clerical Office Employees 8601(2)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to geologists or scouts who travel to potential oil drilling sites to observe and gather data that is compiled into reports that describe the probability that oil or gas deposits are present. This classification includes analyzing technical data from monitoring instruments and analyzing drilling mud or well cuttings to identify the types of subsurface formations in the region and the presence of hydrocarbons. This classification also applies to the geophysical exploration of subsurface areas using physical methods, including but not limited to seismic, gravitational, magnetic, electrical and electromagnetic methods to measure the physical properties of rock.

Consulting engineers, including but not limited to civil, electrical, mechanical and mining engineers who do not perform oil or gas related operations as described above shall be classified as 8601(1), *Engineers*.

Geologists or scouts who perform outside operations in connection with oil or gas well drilling or redrilling, oil or gas lease operations, or oil or gas pipeline operations by the employer shall be assigned to the applicable *Petroleum Industry Group* classification.

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**Recommendation**

Amend Classification 8601(4), *Forest Engineers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**FOREST ENGINEERS – including Outside Salespersons and Clerical Office Employees 8601(4)**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification includes timber cruising.

\* \* \* \* \*

**Recommendation**

Amend Classification 8741, *Real Estate Agencies*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**REAL ESTATE AGENCIES – all employees – including Clerical Office Employees and Outside Salespersons 8741**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions.

The operation or management of rental property, construction and remodeling operations shall be separately classified.

This classification also applies to non-residing leasing agents of a property management company who are engaged exclusively in the rental or leasing of property to clients and who have no other duties of any kind except clerical office work and the property management company retains separate employees to manage the property.

Employers that specialize in residential and commercial mortgage brokerage or mortgage banking operations that do not engage in the direct lending of mortgage funds shall be classified as 8743, *Mortgage Brokers*.

Employers that specialize in the direct lending of funds for residential and commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

\* \* \* \* \*

**Recommendation**

Amend Classification 8749, *Mortgage Bankers*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**MORTGAGE BANKERS – all employees – including Clerical Office Employees and Outside Salespersons** **8749**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to companies that specialize in direct lending of funds for residential or commercial mortgages. This classification includes loaning money held on deposit and funding loans through a line of credit.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency, shall be classified as 8808, *Banks*.

\* \* \* \* \*

**Recommendation**

Amend Classification 8801, *Credit Unions*, to limit an employee's annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**CREDIT UNIONS – all employees – including Clerical Office Employees and Outside Salespersons** **8801**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to not-for-profit, member-owned depository financial institutions that are chartered as federal or state credit unions providing financial services, including but not limited to share draft accounts, individual retirement accounts, savings accounts, travelers' checks and consumer and commercial loans.

Commissioned loan brokers engaged exclusively in matching qualified mortgage applicants with

lenders with no direct lending of funds shall be classified as 8743, *Mortgage Brokers*.

Companies that specialize in direct lending of funds for residential or commercial mortgages shall be classified as 8749, *Mortgage Bankers*.

Real estate agencies that represent buyers, sellers, lessees and lessors in real estate transactions shall be classified as 8741, *Real Estate Agencies*.

The operation of depository financial institutions that are licensed as banks to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency shall be classified as 8808, *Banks*.

The operation of properties away from the credit union premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend 8808, *Banks*, to limit an employee’s annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**BANKS – all employees – including appraisers, bank guards and attendants, field auditors, office machine repair, Clerical Office Employees and Outside Salespersons** **8808**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to the operation of depository financial institutions that are licensed to perform financial services, including but not limited to accepting deposits, paying interest, clearing checks, making loans and exchanging currency. This classification also applies to depository financial institutions that operate entirely online or through electronic transactions.

The operation of properties away from the bank premises, including but not limited to trusts, repossessed properties and other business properties shall be separately classified.

Mortgage brokers shall be classified as 8743, *Mortgage Brokers*.

Mortgage bankers shall be classified as 8749, *Mortgage Bankers*.

Credit unions shall be classified as 8801, *Credit Unions*.

Check cashing locations at which the fees charged for check cashing, deferred deposit transactions, money orders and wire transfers equal or exceed 75% of gross receipts shall be classified as 8850, *Check Cashers*.

\* \* \* \* \*

**Recommendation**

Amend Classification 8822, *Insurance Companies*, to limit an employee’s annual payroll to \$XXX,XXX and direct that the maximum payroll amount shall be prorated based upon the number of weeks in the policy period when the policy is in force for less than a 12-month period.

PROPOSED

**INSURANCE COMPANIES – all employees – including Clerical Office Employees and Outside Salespersons 8822**

**The entire remuneration of each employee shall be included, subject to a maximum of \$XXX,XXX per year. When the policy is in force for less than a 12-month period, the maximum payroll amount shall be prorated based upon the number of weeks in the policy period.**

This classification applies to employers licensed by the California Department of Insurance as insurance companies to underwrite a variety of commercial or personal coverages, including but not limited to health, disability, automobile, property, title, liability, workers’ compensation, life and annuity insurance, and surety bonds.

Fee-based inspections for insurance, safety or valuation purposes shall be classified as 8720(1), *Inspection for Insurance, Safety or Valuation Purposes*.

The operations performed by insurance administrators, brokers, agents or adjustors who are not employed by a licensed insurance company shall be assigned to the employer’s standard classification or to the applicable Standard Exception classification.

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## Item III-B

### Payroll – Remuneration: Severance, Overtime and Back Pay

#### Introduction

The *California Workers' Compensation Uniform Statistical Reporting Plan—1995* (USRP) defines reportable payroll and includes a number of provisions for adjusting, limiting or excluding specific forms of compensation. Among these provisions are directions for the treatment of: (1) severance pay, (2) overtime pay and (3) back pay. As part of an effort to clarify the rules, promote accurate data reporting and align with other jurisdictions, the WCIRB evaluated how to treat severance pay, overtime pay and back pay for statistical reporting purposes.

#### Analysis

Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, and Appendix II, *Payroll/Remuneration Table*, of the USRP<sup>1</sup> contain rules directing how different types of compensation are treated for statistical reporting purposes.<sup>2</sup> The intent of these rules is to capture the monetary value at which an employee's service is compensated and to ensure that this amount is a reasonable proxy for the exposure during the policy period.

The WCIRB evaluated the definition of payroll/remuneration and the rules regarding (1) severance pay, (2) overtime pay and (3) back pay found in Rule 1 and Appendix II to enhance their clarity and consistency in order to promote accurate data reporting and, where possible, to align with other jurisdictions.

#### 1. Severance Pay

Severance pay is defined in the USRP<sup>3</sup> as payments to which an employee is entitled only upon the termination of the employment relationship. Currently, the rule directs that severance payments are not included as payroll. Sums, such as accrued vacation and sick pay, commissions and bonuses, paid to an employee at the time the employment relationship is terminated are to be included in the payroll, provided such sums would have been payable to the employee at some future date if the employment relationship had not been terminated.

#### Evaluation

Severance pay is one type of remuneration that may be paid to employees upon termination of employment. The amount of severance is usually based on the length of employment at the time of termination. There is no requirement under California law that employers provide severance pay to an employee upon termination.

Although severance pay is one type of remuneration that may be paid upon termination of employment, severance payments are made only *due to* the termination of the employment relationship. In some instances, employees may receive other types of remuneration upon termination, including but not limited to accrued vacation or sick pay, commissions, bonuses or retention pay.

Employees who are scheduled to be terminated due to an impending business closure or ownership change may receive retention pay to encourage them to continue working for a specified time. These retention payments are not severance pay.

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<sup>1</sup> Rule 1 contains 16 subrules, each of which directs the inclusion, exclusion, computation or limitation of various forms of payroll for reporting purposes. In addition, a table of more than 50 directives is provided in Appendix II, and many of the table entries reference specific provisions of Rule 1.

<sup>2</sup> This is also the basis used by most insurers to determine the base payrolls used to calculate premium for workers' compensation insurance.

<sup>3</sup> See Part 3, Section V, *Payroll – Remuneration*, Rule 1e.

Staff recommends that the current definition of severance be amended to clarify that severance is only paid to an employee due to the termination of the employment relationship, and that retention pay and similar payments that are not due to the termination of employment are included as payroll.

## 2. Overtime

Overtime remuneration is defined in the USRP,<sup>4</sup> in part, as the portion of the total remuneration that is derived from the application of an increase above and in addition to the regular rate of pay or regular piecework rate because of time worked on holidays, Saturdays or Sundays or because of the number of hours worked in any one week or day beyond the standard for the industry. The USRP directs that overtime remuneration is included in payroll unless the employer's books and records are maintained so as to show regular and overtime earnings separately by employee and in summary by type of operation performed. Currently, the rule directs that when the employer has maintained sufficient books and records, "overtime remuneration shall be excluded from premium computation."

The USRP also provides additional direction regarding the treatment of overtime pay for determining the hourly wage for Dual Wage construction or erection classifications. Specifically, section IV, *Special Industry Classification Procedures*, Rule 2a(2)(b) directs that the "premium portion of overtime pay" shall not be used to determine the total remuneration for the regular hourly wage calculation for Dual Wage classifications.

### Evaluation

The overtime rule is not consistent in the use of the term "overtime remuneration." In addition, references to premium or excess overtime are in both the overtime rule as well as the Special Industry Classification Procedures for Dual Wage classifications. Further, the use of the term "premium" with regard to the premium portion of overtime pay is commonly used by the California Department of Industrial Relations, the United States Department of Labor and the workers' compensation premium audit industry, but is not specifically defined in the USRP.

In order to avoid ambiguity or confusion, staff recommends defining and using the term "premium portion of overtime pay" in the USRP. Staff also recommends restructuring, simplifying and clarifying the rule, including the examples, and updating the rule's terminology. The intent is to simplify and clarify the rule without making any substantive changes to the way in which overtime remuneration is currently reported.

## 3. Back Wages/Back Pay

Back Pay is defined in the USRP<sup>5</sup> as payments made to employees as part of a remedy for wage violations where the employer is ordered to make up the difference between what the employee was paid and what the employee should have been paid. The USRP directs that if the back pay is awarded for time worked during the current policy period, back pay is included as payroll for that year's policy. However, if the back pay is awarded for time worked during a prior policy period, the rule directs that the back pay is not included as payroll for the current policy.

The underlying rationale for the back pay reporting rule is that, to the extent possible, back pay should be reported as payroll within the policy period in which the employee earned the wages that generated the back pay. This approach is consistent with the definition of payroll and the premise that reported payroll should reasonably correspond to potential loss exposure.

### Evaluation

Although the USRP defines back pay and directs when it should be included as payroll, staff determined that the definition of back pay should be clarified. The current rule directs that back pay refers to payments to employees as part of a remedy for wage violations. Staff is recommending that the USRP be amended to clarify that back pay consists of amounts paid or awarded to employees

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<sup>4</sup> See Part 3, Section V, *Payroll – Remuneration*, Rule 1c.

<sup>5</sup> See Appendix II, *Payroll/Remuneration Table*.



where the employer corrects or is ordered to make up the difference between what the employee was paid and the amount the employee should have been paid, and that only the back pay amounts earned during the subject policy period should be included as payroll for the subject policy.

With respect to how other jurisdictions treat Back Pay, while not every jurisdiction has rules directing that back pay earned in past policy periods is excluded from the subject policy, the consensus of the PRAC is that the practice of excluding these amounts from the subject policy has merit, provided the employer maintains sufficient records that can be used by the insurer to verify when back pay amounts were originally earned. WCIRB staff agrees that back pay should continue to be reported as payroll within the policy period in which the employee originally earned the wages.

### **Recommendations**

In view of the above, the WCIRB recommends the following:

1. Amend the USRP at Part 3, *Standard Classification System*, Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, for clarity.
2. Amend the USRP at Part 3, Section V, Rule 1e, *Severance Pay*, to clarify that (a) severance pay based on the termination of employment is not included as remuneration and (b) retention bonuses and similar payments that incentivize employees to remain employed for a period of time are included as payroll.
3. Amend the USRP at Part 3, Section V, Rule 1c, *Overtime Remuneration*, to (a) restructure the rule for clarity, (b) remove the reference to premium computation for consistency and (c) incorporate and define the term “premium portion of overtime pay” as the portion of overtime payments that is above and in addition to the regular rate of pay.
4. Amend Appendix II, *Payroll/Remuneration Table*, of the USRP to (a) clarify that back pay consists of amounts paid or awarded to employees as a remedy for wage violations where the employer corrects or is ordered to make up the difference between what the employee was paid and the amount the employee should have been paid and (b) direct that back pay is included as remuneration for the policy period in which it was earned.

**Recommendation**

Amend Part 3, *Standard Classification System*, Section II, *Classification Terminology*, to add Rule 22 to define “Premium Portion of Overtime Pay,” renumber all subsequent rules and capitalize all instances of the term “premium portion of overtime pay.”

PROPOSED

**Section II – Classification Terminology**

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**22. Premium Portion of Overtime Pay**

The portion of overtime payments that is above and in addition to the regular rate of pay. (See also Section V, *Payroll Remuneration*, Rule 1c, *Overtime Payments*.)

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**Recommendation**

Amend Part 3, Section V, *Payroll – Remuneration*, Rule 1, *Payroll – Remuneration*, to (1) amend the definition of *Payroll – Remuneration* for clarity; (2) restructure Subrule c, *Overtime Remuneration*, to remove the reference to premium computation for consistency, incorporate and define the term “Premium Portion of Overtime Pay” and for clarity; and (3) amend Subrule e, *Severance Pay*, to clarify that severance is only paid due to the termination of the employment relationship and that retention bonuses and similar payments that incentivize employees to remain employed for a period of time are included as payroll.

PROPOSED

**Section V – Payroll – Remuneration**

**1. Payroll – Remuneration<sup>1</sup>**

As used in this Plan, payroll and remuneration are synonymous and mean the monetary value at which service is recompensed. Except as provided herein, remuneration includes all money earned and all substitutes for money earned during the policy period by employees and officers of the employer, and any other persons for whom voluntary coverage is provided under the policy, including: gross wages, salaries, commissions, bonuses, overtime payments, the market value of gifts, and vacation, holiday and sick pay, overtime payments, the market value of gifts, and all substitutes for money earned during the policy period by employees and officers of the employer, and any other persons for whom voluntary coverage is provided under the policy.

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c. Overtime Remuneration Payments

~~Overtime Remuneration is that portion of the total remuneration which is derived from the application of an increase above and in addition to the regular rate of pay or regular piecework rate (or additional pay for hours not worked but allowed in lieu of such an increased rate). Employees may receive overtime payments because of time worked on holidays, Saturdays or Sundays or because of the number of hours worked in any one week or day is beyond the standard for the industry, or because of participation by athletic teams in play-off, championship, or similar games which are in excess of their regularly scheduled league games. Overtime remuneration payments does not include: extra pay for swing shifts, or graveyard shifts, for or working certain hours on the clock, or incentive or bonus pay figured on volume without regard to hours worked.~~

~~The regular rate of remuneration per game for an athletic team is the remuneration earned by such team for the regular season, divided by the number of regularly scheduled league games in which the team engaged during the season. Remuneration received for each play-off, championship or similar game, which is in excess of the regular rate of remuneration per game, is overtime remuneration. Overtime payments are generally paid at a rate that is at least one and one-half times the employee's regular rate of pay; however, overtime may also be paid at double time or some other multiplier of the regular rate of pay. If overtime is paid at one and one-half times the regular rate of pay, one-third (1/3) of the total overtime pay is the Premium Portion of Overtime Pay. For employers that are operators of an athletic team, remuneration earned for each post season game that exceeds the average remuneration per regular season game is the Premium Portion of Overtime Pay.~~

~~In accordance with Section IV, *Special Industry Classification Procedures*, Rule 4c, *Payroll Inclusions*, Subrule (3), all payments to workers performing farming operations shall be included as remuneration when paid on a price per unit (piecework), contract or measure basis.~~

~~Overtime remuneration shall be included in the payroll except as follows: The portion of overtime payments representing the regular rate of pay shall be included as payroll. The Premium Portion of Overtime Pay shall be excluded from the payroll only in the following situations:~~

- ~~(1) If the eEmployer's books and records are (other than operators of athletic teams) maintained so as to records that show separately by employee and in summary by type of operation performed either:
  - ~~(a) remuneration earned at regular or straight time rates or regular piecework rates of pay for total all hours worked, and the Premium Portion of Overtime Pay, or~~
  - ~~(b) overtime remuneration earned at regular rates of pay for all non-overtime hours worked and total remuneration earned for overtime hours.~~

~~overtime remuneration shall be excluded from premium computation.~~~~
- ~~(2) If the employer's books and records are maintained so as to show separately by employee and in summary by type of operation performed:
  - ~~(a) remuneration earned at regular or straight time rates or regular piecework rates of pay for hours worked when there is no overtime remuneration, and~~
  - ~~(b) total remuneration earned for those hours worked when there is overtime remuneration, one third (1/3), or such other portion of the total remuneration earned for those hours worked when there is overtime remuneration, shall be excluded from the payroll.~~~~

- ~~(3)(2) If the employer is that are operators of an athletic team and the employer's books and maintain records are maintained so as to that show: the average regular rate of remuneration earned per game for the regular season and remuneration received for each playoff, championship or similar post-season game.~~

Employers engaged in farming operations where employees are paid on a price per unit (piecework), contract or measure basis shall not deduct any payroll as the Premium Portion of Overtime Pay; payroll shall be based upon the total remuneration earned by such persons. Refer to Section IV, *Special Industry Classification Procedures*, Rule 4b, *Payroll (Farms)*.

- ~~(a) the number of play-off, championship, or similar game(s) in which the team engaged during the season, and~~
- ~~(b) the regular rate of remuneration per game, or the total remuneration earned by such athletic team during the regular season and the number of regularly scheduled league games in which the team participated during said season, overtime remuneration shall be excluded from the payroll.~~

#### **Example 1 – Premium Portion of Overtime Pay Shown Separately**

The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the overtime hours worked at the overtime premium rate. The employer compensates its workers on an hourly basis. An employee is paid a regular hourly rate of \$10.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid 1/2 times the regular rate as overtime remuneration for five overtime hours.

Regular Pay – 45 total hours x \$10.00 per hour = \$450.00

~~Excess or Premium~~ Premium Rate – \$10.00 x 1/2 = \$5.00 per hour

~~Excess or Premium~~ Portion of Overtime Pay – \$5.00 x 5 hours overtime = \$25.00

Total Payroll before Potential Adjustment – (\$450.00 (Regular Pay) + \$25.00 (Premium Portion of Overtime Pay) = \$475.00

Reportable Payroll (if conditions are met) – \$475.00 – \$25.00 (Premium Portion of Overtime Pay) = \$450.00

In Example 1, the \$25.00 paid to the employee as ~~excess or the p~~ Premium p Portion of e Overtime Pay is eligible for exclusion ~~as overtime remuneration.~~

#### **Example 2 – Premium Portion of Overtime Pay Not Shown Separately**

The employer compensates its workers on an hourly basis. The employer records the total hours worked at the regular rate of pay and the total overtime hours worked at the overtime rate (regular rate plus the overtime premium rate). The employer compensates its workers on an hourly basis. An employee is paid a regular hourly rate of \$10.00 per hour. The worker works 9 hours per day, or 45 hours in a 5-day week. The worker was paid an overtime rate of 1-1/2 times the regular rate as overtime remuneration for five overtime hours.

Regular Pay – 40 regular hours x \$10.00 per hour = \$400.00

Overtime Rate – \$10.00 x 1.5 = \$15.00 per hour (\$10.00 Regular Rate + \$5.00 Overtime Premium Rate)

Total Overtime Payment – \$15.00 x 5 hours overtime = \$75.00

~~Excess or Premium~~ Portion of Overtime Pay – \$75.00 x 1/3 = \$25.00

Total Payroll before Potential Adjustment – (\$400.00 (Regular Pay) + \$75.00 (Overtime Payment) = \$475.00

Reportable Payroll (if conditions are met) – \$475.00 – \$25.00 (Premium Portion of Overtime Pay) = \$450.00

~~In Example 2, 1/3 of the \$75.00 (or the \$25.00) paid to the employee as the Premium Portion of Overtime Pay is eligible for exclusion as excess or premium overtime remuneration. The fraction used to determine the Premium Portion of Overtime Pay will vary depending on the overtime premium rate. For example, overtime may be paid at 1-1/2 times, 2 times or some other multiplier of the regular rate of pay. In this example, the worker was paid at 1-1/2 times the regular rate, so one-third (1/3) of the overtime payment is the Premium Portion of Overtime Pay.~~

### **Example 3 – Piecework**

#### **(a) Overtime Paid at 1-1/2 Times the Piece Rate**

The employer compensates its workers on a piece rate basis. Records show the pieces completed by the hour and an overtime factor is applied to the piece rate for work completed during the overtime hour(s).

An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker made 10 pieces between the eighth and ninth hours and was paid 1-1/2 times the regular piece rate for the pieces completed during the overtime period.

~~Straight Regular Pay by Piece~~ – 80 pieces x \$1.00 per piece = \$80.00

Overtime Rate per Piece – \$1.00 x 1.5 = \$1.50

Total Overtime Payment – 10 pieces x \$1.50 per piece = \$15.00

~~Excess or Premium Portion of Overtime Pay~~ – \$15.00 x 1/3 = \$5.00

Total Payroll before Potential Adjustment – (\$80.00 (Regular Pay) + \$15.00 (Overtime Payment)) = \$95.00

Reportable Payroll (if conditions are met) – \$95.00 – \$5.00 (Premium Portion of Overtime Pay) = \$90.00

~~In Example 3(a), 1/3 of the \$15.00 combination straight time and overtime pay, or the \$5.00, is eligible for exclusion as paid to the employee as the Premium Portion of Overtime remuneration. Pay is eligible for exclusion.~~

#### **(b) Piece Rate – Overtime Computed Based on Regular Hourly Rate**

The employer compensates its workers on a piece rate basis. The employer's records do not reflect the pieces completed by the hour. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).

An employee earns a regular piece rate of \$1.00 per piece. The worker makes 90 pieces in a 9-hour day. The worker was paid an overtime premium of 1/2 times the regular rate as overtime remuneration.

Regular Rate or Straight Pay by Piece – 90 pieces x \$1.00 per piece = \$90.00

Regular Rate of Pay – \$90.00 divided by 9 hours = \$10.00 per hour

Regular Pay – 8 hours x \$10.00 per hour = \$80.00

~~Excess or Premium Overtime Rate~~ – \$10.00 x 1/2 = \$5.00 per hour (\$10.00 Regular Rate + \$5.00 Overtime Premium Rate)

~~Excess or Premium Overtime~~ – \$5.00 x 1 hour overtime = \$5.00

Overtime Payment – 1 hour x 10.00 (Regular Rate) + 1 hour x \$5.00 (Overtime Premium Rate) = \$15.00

Premium Portion of Overtime Pay – \$5.00 x 1 hour overtime = \$5.00

Total Payroll before Potential Adjustment – (\$9080.00 (Regular Pay) + \$15.00 (Overtime Payment) = \$95.00

Reportable Payroll (if conditions are met) – \$95.00 – \$5.00 (Premium Portion of Overtime Pay) = \$95.00

In Example 3(b), the \$5.00 paid to the employee as the Premium Portion of eOvertime Pay is eligible for exclusion ~~as overtime remuneration~~.

#### **Example 4 – Commission – Overtime Computed Based On Regular Hourly Rate**

The employer compensates employees on a commission basis. A regular rate of pay is computed with an overtime factor applied to the regular rate of pay for work completed during the overtime hour(s).

An automobile mechanic earns 40% of the book rate (hourly rate charged the customer) for each repair completed. The employer's labor rate billed to customers is \$80.00 per hour. The mechanic is paid an overtime premium of 1/2 times the regular rate. During the period, the mechanic worked 44 hours and completed jobs with 55 billable hours. To determine the regular rate of pay, the daily or weekly remuneration must be divided by the daily or weekly hours.

Total Repair Revenue – 55 billable hours x \$80.00 per hour = \$4,400.00

~~Employee's Commission~~ Remuneration – \$4,400.00 x 40% = \$1,760.00

Regular Rate of Pay – \$1,760.00 divided by 44 hours = \$40.00 per hour

Regular Pay – 40 hours x \$40.00 (Regular Rate of Pay) = \$1,600.00

~~Premium Overtime Rate – \$40.00 x 1/2 = \$20.00 per hour (\$40.00 Regular Rate + \$20.00 Overtime Premium Rate)~~

Overtime Payment – 4 hours x \$40.00 (Regular Rate) + 4 hours x \$20.00 (Overtime Premium Rate) = \$240.00

~~Premium or Excess~~ Portion of Overtime Pay – \$20.00 x 4 overtime hours = \$80.00

Total Payroll before Potential Adjustment – (\$1,760.00 (Regular Pay) + \$240.00 (Overtime Payment) = \$1,840.00

Reportable Payroll (if conditions are met) – \$1,840.00 – \$80.00 (Premium Portion of Overtime Pay) = \$1,760.00

In Example 4, the \$80.00 paid to the employee as the Premium Portion of eOvertime remuneration ~~Pay~~ is eligible for exclusion ~~as overtime remuneration~~.

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#### e. Severance Pay

Except as noted herein, payments to which an employee is only entitled only upon ~~only upon~~ the termination of the employment relationship are not to be included in the as ~~the as~~ payroll. Payments, such as retention bonuses, that incentivize employees to remain employed for a period of time, including through termination, are included as payroll. In addition, Sums, such as commissions, bonuses and accrued vacation and sick pay, commissions and bonuses, paid to an employee at the time the employment

relationship is terminated are to be included in the payroll, provided such sums would have been payable to the employee at some future date if the employment relationship had not been terminated. Such sums accrued during periods for which the employer was legally self-insured shall not be included in the as payroll.

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**Recommendation**

Amend the Back Wages/Back Pay entry in Appendix II, *Payroll Remuneration Table*, to clarify that back pay consists of amounts paid or awarded to employees where the employer corrects or is ordered to make up the difference between what the employee was paid and the amount the employee should have been paid.

PROPOSED

Appendix II

**Payroll/Remuneration Table**

Type of Compensation	Is Payment Included as Payroll?	Exception or Comment
•		
•		
•		
<b>Back Wages/Back Pay</b>		"Back Wages" or "Back Pay" refer to <del>payments made</del> <u>amounts paid or awarded</u> to employees as <del>part of a</del> remedy for wage violations where the employer <u>corrects or is ordered to</u> make up the difference between what the employee was paid and the amount s/he should have been
<del>Awarded for time worked</del> <u>Amounts earned during the current</u> <del>subject</del> policy period	Yes	
<del>Awarded for time worked</del> <u>Amounts earned during a prior</u> <del>different</del> policy period	No	<del>Exclude when reporting payrolls for the current policy</del>
•		
•		
•		
<b>Overtime Payments</b>		See USRP, Part 3, Section V, Rule 1c
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•		
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### Item III-C

#### Proposed Classification Enhancements to the *California Workers' Compensation Uniform Statistical Reporting Plan—1995*

The WCIRB continually reviews the standard classifications contained in the *California Workers' Compensation Uniform Statistical Reporting Plan—1995* to ensure that the intended application of each classification is comprehensive and clear. WCIRB staff has identified several classifications that could be clarified and, therefore, the following revisions are proposed to provide clear and consistent direction about how related operations are classified.



### Recommendation

Amend Classification 9519(1), *Household Appliances*, to provide direction as to how related operations should be classified.

### PROPOSED

#### **HOUSEHOLD APPLIANCES – installation, service or repair – shop or outside**

**9519(1)**

This classification applies to the installation, service or repair of household appliances, including but not limited to refrigerators, freezers, washers, dryers, dishwashers, ovens, ranges, broilers, barbeques, grills, fryers, dehumidifiers, trash compactors, garbage disposals, patio heaters, vacuum cleaners, sewing machines and portable air conditioning units for separate concerns on a fee basis. This classification also applies to the installation, service or repair of exercise equipment for household use.

This classification also applies to the installation, service or repair of beer coils; ~~or soft drink dispensing machines;~~ or countertop appliances used in commercial kitchens. It also applies to the repair of motorized wheelchairs or mobility scooters; ~~or the installation, service or repair of countertop appliances used in commercial kitchens~~ other than shop repair by the manufacturer.

This classification also applies to the installation, service or repair of automatic door openers. The installation of doors other than overhead doors shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*. The installation of overhead doors shall be classified as 5108, *Door Installation – overhead doors*.

The shop repair of electric appliances by the manufacturer shall be classified as 3570, *Electric Appliance Mfg.*

The shop repair of motorized wheelchairs or mobility scooters by the manufacturer shall be classified as 3076(6), *Wheelchair Mfg.*

The shop repair of self-contained metal refrigerators or freezers by the manufacturer shall be classified as 3165(2), *Refrigerator Mfg.*

The shop repair of gas or electric household or commercial stoves or ovens by the manufacturer shall be classified as 3169(1), *Stove or Oven Mfg.*

The installation, service or repair of exercise equipment in health clubs, fitness studios or other commercial or public exercise facilities shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of appliances, other than countertop appliances, in commercial kitchens shall be classified as 3724(1), *Millwright Work*.

The installation, service or repair of commercial refrigeration systems or equipment, including but not limited to commercial ice makers, refrigerators and walk-in refrigerators, when any portion of these operations is performed away from the shop, shall be classified as 5183(2)/5187(2), *Refrigeration Equipment*.

The installation, service or repair of air conditioning systems that are not portable units shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*.

The installation, service or repair of water heaters shall be classified as 5183(1)/5187(1), *Plumbing*.

The installation or placement of house furnishings for other concerns on a fee basis shall be classified as 9521(1), *House Furnishings*.

The installation, service or repair of household water softening, conditioning or filtration systems shall be classified as 9519(4), *Water Softening, Conditioning or Filtration Systems*.

Electrical wiring shall be separately classified.

Repair departments at stores shall be classified in accordance with Section IV, Rule 6, *Stores*.

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**Recommendation**

Amend Classification 3570, *Electric Appliance Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**ELECTRIC APPLIANCE MFG. – N.O.C.**

**3570**

This classification applies to the manufacture ~~or repair~~ of electric appliances, including but not limited to domestic appliances and portable cooking appliances. Electric appliances include but are not limited to lighting apparatus, flashlights, heating elements, portable space heaters, battery chargers, battery pack assemblies, and domestic appliances such as vacuum cleaners, food processors and hair dryers, microwave ovens, food processors, toaster ovens, waffle irons and slow cookers. This classification includes the shop repair of electric appliances by the manufacturer.

The shop repair of electric appliances by repair shops that are not the manufacturer shall be classified as 9519(1), *Household Appliances*.

The installation, service or repair of electric appliances away from the shop shall be separately classified as 9519(1), *Household Appliances*.

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**Recommendation**

Amend Classification 3076(6), *Wheelchair Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**WHEELCHAIR MFG. – metal**

**3076(6)**

This classification applies to the manufacture of metal wheelchairs, including motorized wheelchairs and mobility scooters. This classification includes the shop repair of metal wheelchairs by the manufacturer.

~~Upholstery operations shall be separately classified as 9522(5), *Upholstering – wheelchair*.~~

The manufacture of metal furniture shall be classified as 3076(1), *Furniture Mfg. – metal*.

The shop repair of motorized wheelchairs or mobility scooters by repair shops that are not the manufacturer shall be classified as 9519(1), Household Appliances.

Upholstery operations shall be separately classified as 9522(5), Upholstering – wheelchair.

The repair of motorized wheelchairs ~~and~~or mobility scooters away from the shop shall be separately classified as 9519(1), Household Appliances.

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**Recommendation**

Amend Classification 3165(2), *Refrigerator Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**REFRIGERATOR MFG. – metal**

**3165(2)**

This classification applies to the manufacture ~~or shop repair~~ of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets, and includes shop repair by the manufacturer.

The manufacture of metal refrigerator cabinets or enclosure panels that do not include refrigeration equipment shall be classified as 3076(1), *Furniture Mfg. – metal.*

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by repair shops that are not the manufacturer shall be classified as 9519(1), Household Appliances.

The installation, service or repair of self-contained metal refrigerators, refrigerated drink dispensing machines or refrigerated ice cream cabinets away from the shop shall be separately classified as 9519(1), *Household Appliances.*

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**Recommendation**

Amend Classification 3169(1), *Stove or Oven Mfg.*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**STOVE OR OVEN MFG. – gas or electric**

**3169(1)**

This classification applies to the manufacture of gas or electric commercial or household stoves or ovens used in cooking ~~and~~or baking food, and includes shop repair by the manufacturer. This classification also applies to the manufacture of wood burning stoves.

~~The installation or shop repair of gas or electric household or household stoves or ovens by shops that are not the manufacturer shall be classified as 9519(1), *Household Appliances*.~~

~~The installation or repair of gas or electric commercial stoves or ovens shall be classified as 3724(1), *Millwright Work*.~~

The manufacture of industrial ovens shall be classified as 3175, *Furnace or Heater Mfg.*

The manufacture of commercial food processing equipment or machinery, including food conveyors and conveyor ovens, shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.

The manufacture of microwave ovens ~~and/or~~ portable electric cooking appliances, including but not limited to toaster ovens, waffle irons and crock pots shall be classified as 3570, *Electric Appliance Mfg.*

The installation, service or repair of gas or electric household stoves or ovens away from the shop shall be separately classified as 9519(1), *Household Appliances*.

The installation or repair of gas or electric commercial stoves or ovens away from the shop shall be separately classified as 3724(1), *Millwright Work*.

The installation or repair of wood burning stoves away from the shop shall be separately classified.

\* \* \* \* \*

### Recommendation

Amend Classification 3724(1), *Millwright Work*, to clarify its intended application and provide direction as to how related operations should be classified.

### PROPOSED

#### **MILLWRIGHT WORK – N.O.C. – erection or repair of machinery or equipment at customers' locations 3724(1)**

This classification applies to the operation, installation, service or repair of machinery or equipment, including but not limited to agricultural, construction, industrial, sawmill, food processing and commercial equipment at customers' locations unless the work is specifically described by another classification. This classification also applies to the installation, service or repair of machinery or equipment, including but not limited to pumps (such as gasoline, oil or water pumps), conveyor systems, printing presses, automated "pick and place" machinery, industrial laundry equipment, filling and bottling equipment, industrial scales, escalators, gate openers, riding lawnmowers and air compressors, unless the work is specifically described by another classification. This classification also applies to stump grinding; rigging operations; or the installation or repair of spa or pool equipment when performed on a fee basis and not in connection with the employer's other operations at the same job or location.

This classification does not apply to the operation, installation or repair of machinery or equipment at facilities both occupied and operated by the employer; such operations shall be classified based on the employer's other classifiable operations.

The installation, service or repair of countertop appliances used in commercial kitchens shall be classified as 9519(1), *Household Appliances*.

Shop manufacturing or repair operations shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 5107, *Door, Door Frame or Pre-Glazed Window Installation*, which is part of the *Construction and Erection* Industry Group, for consistency with other proposed changes.

PROPOSED

**DOOR, DOOR FRAME OR PRE-GLAZED WINDOW INSTALLATION – not overhead doors 5107**

This classification applies to the installation or erection of prefabricated doors, door frames or pre-glazed windows within commercial or residential buildings, provided such operations are not performed in connection with structures framed by the employer at the same job or location.

The installation or erection of ~~prefabricated~~ doors, door frames or pre-glazed windows in connection with wood or steel framing performed by the employer at the same job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation, service or repair of overhead doors, including tilt-up, sectional and roll-up doors, shall be classified as 5108, *Door Installation – overhead doors*.

The installation, service or repair of automatic door openers shall be separately classified as 9519(1), *Household Appliances*.

The installation of sheet glass windows or insulated glass units at customers' locations shall be separately classified as 5467/5470, *Glaziers*.

The installation of shower doors, screen doors or mirrors shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

\* \* \* \* \*

**Recommendation**

Amend Classification 5183(2)/5187(2), *Refrigeration Equipment*, to provide direction as to how related operations should be classified.

PROPOSED

**REFRIGERATION EQUIPMENT – not household units – installation, service or repair – including shop, yard or storage operations – employees whose regular hourly wage does not equal or exceed \$28.00 per hour – N.O.C. 5183(2)**

This classification applies to the installation, service or repair of commercial refrigeration systems or equipment, including but not limited to walk-in refrigerators, commercial refrigerators or freezers, refrigerated display cases, refrigerated drinking fountains and ice makers.

The manufacture of commercial refrigeration systems or equipment, or shop repair of commercial refrigeration systems or equipment by employers that do not perform installation, service or repair at customers' locations shall be classified as 3165(1), *Air Conditioning or Refrigeration Equipment Mfg.*

The installation, service or repair of ~~household refrigeration equipment~~ self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by the manufacturer shall be classified as 3165(2), Refrigerator Mfg.

**REFRIGERATION EQUIPMENT – not household units – installation, service or repair – including shop, yard or storage operations – employees whose regular hourly wage equals or exceeds \$28.00 per hour – N.O.C. 5187(2)**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$28.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$28.00 per hour shall be classified as 5183(2), *Refrigeration Equipment*.**

This classification applies to the installation, service or repair of commercial refrigeration systems or equipment, including but not limited to walk-in refrigerators, commercial refrigerators or freezers, refrigerated display cases, refrigerated drinking fountains and ice makers.

The manufacture of commercial refrigeration systems or equipment, or shop repair of commercial refrigeration systems or equipment by employers that do not perform installation, service or repair at customers' locations shall be classified as 3165(1), *Air Conditioning or Refrigeration Equipment Mfg.*

The installation, service or repair of ~~household refrigeration equipment~~ self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

The shop repair of self-contained metal refrigerators or freezers, refrigerated drink dispensing machines or refrigerated ice cream cabinets by the manufacturer shall be classified as 3165(2), Refrigerator Mfg.

\* \* \* \* \*

**Recommendation**

Amend Classification 8015, *Stores – furniture*, which is part of the *Stores* Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

**STORES**

**STORES – furniture – wholesale or retail**

**8015**

This classification applies to stores engaged in the sale or rental of furniture, including but not limited to couches, chairs, tables, dressers, bed frames, desks and bookcases. This classification also applies to furniture auctioneers.

This classification also applies to the operation of furniture galleries or showrooms that display samples of furniture for viewing and direct sale to customers. Such operations include but are not limited to the sale of furniture by salespersons, interior decorators or designers retained by the employer, and furniture shipping, receiving and delivery. This classification includes travel to customers' locations by salespersons, interior decorators or designers to gather information ~~and~~ or provide advice in support of furniture sales.

This classification does not apply to the operation of furniture galleries or showrooms that sell exclusively from samples to buyers for stores (no direct sales) and where no inventory (exclusive of showroom samples) is maintained at the gallery or showroom location. Such gallery or showroom salespersons shall be classified as 8742, *Salespersons – Outside*, provided they have no other duties of any kind in the service of the employer except clerical work or outside sales. See Part 3, Section IV, Rule 6, *Stores*.

Stores engaged only in the sale of mattresses or box springs shall be classified as 8017(1), *Stores – retail*.

The installation, service or repair of household appliances shall be separately classified as 9519(1), *Household Appliances*.

The installation of linoleum, vinyl, ~~carpet, rugs or cork~~, asphalt or rubber tile, or laminate (not hardwood) flooring within buildings, as well as the laying of carpets or rugs, shall be separately classified as 9521(2), *Floor Covering – installation*.

The installation of hardwood ~~flooring~~ or bamboo floors, including baseboard molding installed in connection therewith, shall be separately classified as 5436, *Hardwood Floor Laying*.

The installation of window coverings ~~and, including~~ associated hardware, within buildings shall be separately classified as 9521(3), *Window Covering*.

~~Stores engaged in the sale of mattresses and box springs only shall be classified as 8017(1), *Stores – retail*.~~

\* \* \* \* \*

**Recommendation**

Amend Classification 9521(1), *House Furnishings*, to provide direction as to how related operations should be classified and for consistency with other proposed changes.

PROPOSED

**HOUSE FURNISHINGS – ~~N.O.C.~~ – installation – including upholstery – N.O.C.**

**9521(1)**

This classification applies to the installation or placement of house furnishings, including but not limited to freestanding furniture, fireplace hardware, wall padding, wall upholstery, upholstered acoustical wall panels and decorative accessories when there is no other classification that more accurately describes the operations. This classification also applies to picture hanging or artwork installation services for separate concerns on a fee basis.

The installation of cabinets, fixtures, paneling, shutters, sliding wardrobe doors, accordion doors, bathtub enclosures, interior trim, ~~builders finish~~, display racks, exhibit booths, restaurant or store fixtures, theatrical scenery, modular office partitions or laminate, wood or plastic countertops, shall be classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

Window covering installation other than shutters within buildings shall be classified as 9521(3), *Window Covering*.

~~Household appliance~~ The installation, service or repair of household appliances shall be classified as 9519(1), *Household Appliances*.

Painting or wallpaper installation shall be classified as 5474(1)/5482(1), *Painting or Wallpaper Installation*.

~~The t~~ransporting of household goods, ~~or~~ furniture, office furniture or fixtures for separate concerns on a fee basis shall be classified as 8293(2), *Furniture Moving*.

Floor covering or light fixture installation shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 9522(5), *Upholstering – wheelchair*, for consistency with other proposed changes.

PROPOSED

**UPHOLSTERING – wheelchair**

**9522(5)**

This classification applies to the upholstery of wheelchair or mobility scooter seats or backs.

The manufacture or assembly of metal wheelchairs shall be classified as 3076(6), *Wheelchair Mfg.*

The repair of motorized wheelchairs or mobility scooters, other than shop repair by the manufacturer, shall be classified as 9519(1), *Household Appliances*.

\* \* \* \* \*



**Recommendation**

Amend Classification 5146(1), *Cabinet or Fixtures*, which is part of the *Construction and Erection* Industry Group, to clarify its intended application.

PROPOSED

**CABINET, OR FIXTURES OR TRIM INSTALLATION – portable; interior trim – installation –** 5146(1)  
**N.O.C.**

**At a particular job or location, Classification 5146(1) shall not be used for division of payroll in connection with Classifications 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.**

This classification applies to the following operations when the employer does not also perform construction framing at the job or location: the installation of cabinets, fixtures, paneling, shutters, mirrors, sliding wardrobe doors, accordion doors, bathtub or shower enclosures, screen doors, window screens, interior trim, ~~builders finish~~, display racks, exhibit booths, restaurant or store fixtures, theatrical scenery, modular office partitions, unupholstered acoustical wall panels, or laminate, wood or plastic countertops; or the assembly, from prefabricated kits, of wooden residential greenhouses or similar wooden backyard structures, including but not limited to gazebos, play structures and hot tub enclosures. This classification also applies to the disassembly and reinstallation of modular furniture, partitions or workstations in connection with moving office furniture.

If the employer is engaged in wood or steel framing, any work described above that is performed at the same job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided no framing is performed by the employer at the same job or location.

~~If the employer is engaged in wood or steel framing, any work described above that is performed at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.~~

The installation of hardwood or bamboo floors, including baseboard molding installed in connection therewith, shall be classified as 5436, *Hardwood Floor Laying*.

\* \* \* \* \*

### Recommendation

Amend Classification 5467/5470, *Glaziers*, which is part of the *Construction and Erection* Industry Group, for consistency with other proposed changes.

### PROPOSED

**GLAZIERS – away from shop – employees whose regular hourly wage does not equal or exceed \$33.00 per hour** **5467**

This classification applies to the installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings. This classification includes the incidental installation of framework and glass cutting at the job site.

The installation of prefabricated doors, door frames or pre-glazed windows within residential or commercial buildings shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing, the installation of doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, *Automobile or Truck Repair Facilities*.~~

The application of window film or glass tinting shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The shop cutting of glass shall be classified as 4130, *Glass Merchants*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, *Automobile or Truck Repair Facilities*.~~

**GLAZIERS – away from shop – employees whose regular hourly wage equals or exceeds \$33.00 per hour** **5470**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$33.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$33.00 per hour shall be classified as 5467, *Glaziers*.**

This classification applies to the installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings. This classification includes the incidental installation of framework and glass cutting at the job site.

The installation of prefabricated doors, door frames or pre-glazed windows within residential or commercial buildings shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing, the installation of doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, Automobile or Truck Repair Facilities.~~

The application of window film or glass tinting shall be classified as 9507, *Sign Painting or Lettering and Quick Sign Shops*.

The shop cutting of glass shall be classified as 4130, *Glass Merchants*.

~~The repair or replacement of automobile or truck glass shall be separately classified as 8389, Automobile or Truck Repair Facilities.~~

\* \* \* \* \*

### Recommendation

Amend Classification 2806(2), *Shutter Mfg.*, for consistency with other proposed changes.

### PROPOSED

#### **SHUTTER MFG. – wood or plastic**

**2806(2)**

This classification applies to the manufacture of interior or exterior shutters from wood, synthetic wood ~~and~~ or plastic materials.

The installation of shutters shall be classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

The manufacture of metal, wood, fabric or plastic window coverings, including but not limited to mini blinds, vertical blinds, louvered blinds and window shades shall be classified as 2852, *Window Blind Mfg. or Assembly*.

The manufacture of wood doors or windows shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood*.

When an employer deals in any lumber or building materials or in any fuel and materials in addition to products manufactured, yard operations, including drivers and their helpers, shall be separately classified as 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, or 8232(3), *Fuel and Material Dealers*, depending on the products sold.

~~The manufacture of wood doors and windows shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood*.~~

\* \* \* \* \*

**Recommendation**

Amend Classification 2812, *Cabinet Mfg.*, for consistency with other proposed changes.

PROPOSED

**CABINET MFG. – wood – including the manufacture of commercial or industrial fixtures** **2812**

This classification applies to the manufacture of cabinets ~~and~~ fixtures, including but not limited to kitchen and bathroom cabinets, commercial showcases, trade show exhibition booths and retail displays that are designed to be affixed to building walls or floors. This classification also applies to the manufacture of wood or laminate countertops.

The manufacture of metal cabinets or fixtures shall be classified as 3076(1), Furniture Mfg. – metal.

Upholstery operations shall be separately classified as 9522(1), *Upholstering – N.O.C.*

For employers that deal in any lumber or building materials or in any fuel and materials in addition to performing cabinet manufacturing operations, yard operations, including drivers and their helpers, shall be separately classified as 8232(1), *Lumberyards*, 8232(2), *Building Material Dealers*, or 8232(3), *Fuel and Material Dealers*, depending on the products sold.

The installation of cabinets, fixtures ~~and~~ wood or laminate countertops shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

The manufacture of solid plastic, composite acrylic, stone or cultured marble countertops shall be separately classified.

~~The manufacture of metal cabinets and fixtures shall be classified as 3076(1), Furniture Mfg. – metal.~~

\* \* \* \* \*

**Recommendation**

Amend Classification 3060(3), *Door or Window Mfg. – screen*, to clarify its intended application.

PROPOSED

**DOOR OR WINDOW SCREEN MFG. – ~~screen~~ metal or plastic framed** **3060(3)**

This classification applies to the manufacture of metal or plastic framed screen doors or window screens.

~~The installation of screen doors or window screens shall be separately classified as 5146(1), Cabinet or Fixtures.~~

The manufacture of wood framed screen doors or window screens shall be classified as 2806(1), *Door, Sash or Window Mfg. – wood*.

The manufacture of metal, plastic or combination metal, plastic ~~and~~ glass doors or windows shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic*.

The manufacture of metal or plastic door or window frames shall be classified as 3060(2), *Door or Window Frame Mfg. – metal or plastic.*

The installation of screen doors or window screens shall be separately classified as 5146(1), Cabinet, Fixture or Trim Installation.

\* \* \* \* \*

**Recommendation**

Amend Classification 4130, *Glass Merchants*, to clarify its intended application, and for consistency with other proposed changes.

PROPOSED

**GLASS MERCHANTS – including bending, grinding, beveling or silvering plate glass – including counterpersons 4130**

This classification applies to glass ~~dealers or shops~~ merchants that sell glass stock or insulated glass units to other concerns. This classification also applies to related fabrication, including but not limited to the cutting, beveling, tempering, laminating and polishing of glass as required by customer orders, and the incidental engraving of the fabricated glass. This classification also applies to the manufacture of mirrored glass by silvering. This classification includes the shop repair of glass items, including but not limited to windows, mirrors and table tops.

Glass cutting operations that are performed in connection with door or window manufacturing operations by the same employer shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic.*

The manufacture of hand-blown glass or hand-assembled glass products shall be classified as 4111(1), *Glassware Mfg. – no automatic or semi-automatic machines.*

The manufacture of glass products by use of automatic or semi-automatic machines shall be classified as 4114, *Glassware Mfg. – N.O.C.*

The manufacture of stained glass windows, leaded glass windows, art glass panels, glass mosaics or lampshades shall be classified as 4111(3), *Cathedral or Art Glass Products Mfg.*

The installation of tub or shower enclosures, mirrors, mirrored wardrobe doors or window screens shall be separately classified as 5146(1), *Cabinet, or Fixtures or Trim Installation.*

The repair or replacement of automobile or truck glass shall be separately classified as 8389, *Automobile or Truck Repair Facilities.*

The installation of glass panes or insulated glass units at customers' locations shall be separately classified as 5467/5470, *Glaziers.*

\* \* \* \* \*

**Recommendation**

Amend Classification 5020, *Ceiling Installation*, which is part of the *Construction and Erection Industry Group*, to clarify its intended application and for consistency with other proposed changes.

PROPOSED

**CEILING INSTALLATION – suspended acoustical grid type panels**

**5020**

This classification applies to the installation of suspended ceilings, including but not limited to acoustical, t-bar, grid or luminous suspended panel ceilings.

This classification also applies to the installation of acoustical ceiling panels that are applied directly to existing ceilings.

~~This classification also applies to the installation of luminous suspended ceilings.~~

The installation of lighting fixtures shall be classified as 5140/5190, *Electrical Wiring*.

The installation of upholstered acoustical wall panels shall be classified as 9521(1), *House Furnishings*.

The installation of acoustical wall panels that are not upholstered shall be classified as 5146(1), *Cabinet, or-Fixtures or Trim Installation*.

Insulation work shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 5403/5432, *Carpentry*, which is part of the *Construction and Erection Industry Group* to clarify its intended application and for consistency with other proposed changes.

PROPOSED

**CARPENTRY – including the installation of interior trim, ~~builders finish~~, doors and cabinet work in connection therewith – employees whose regular hourly wage does not equal or exceed \$35.00 per hour – N.O.C.**

**5403**

This classification applies to rough carpentry, or a combination of rough and finish carpentry operations in connection with the new construction or remodeling of residential or commercial buildings.

This classification also applies to the installation of shingle roofing ~~and/or~~ the installation or application of insulation materials in buildings or within building walls, but only if installed by the same employer ~~who~~that performs the carpentry work in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The installation of cabinets, fixtures, or interior trim and builders finish shall be classified as 5146(1), *Cabinet, ~~or Fixtures or Trim Installation~~*, only if the employer performs no rough carpentry operations at the same job or location.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

**CARPENTRY – including the installation of interior trim, ~~builders finish~~, doors and cabinet work in connection therewith – employees whose regular hourly wage equals or exceeds \$35.00 per hour – N.O.C. 5432**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$35.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$35.00 per hour shall be classified as 5403, *Carpentry*.**

This classification applies to rough carpentry, or a combination of rough and finish carpentry operations in connection with the new construction or remodeling of residential or commercial buildings.

This classification also applies to the installation of shingle roofing and/or the installation or application of insulation materials in buildings or within building walls, but only if installed by the same employer whethat performs the carpentry work in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The installation of cabinets, fixtures, or interior trim and builders finish shall be classified as 5146(1), *Cabinet, ~~or Fixtures or Trim Installation~~*, only if the employer performs no rough carpentry operations at the same job or location.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, only if the employer performs no rough carpentry operations at the same job or location.

The structural framing of residential or commercial structures using light gauge, cold formed steel studs and joists shall be classified as 5632/5633, *Steel Framing*.

\* \* \* \* \*

### Recommendation

Amend Classification 5632/5633, *Steel Framing*, which is part of the *Construction and Erection Industry Group*, to clarify its intended application and for consistency with other proposed changes.

### PROPOSED

**STEEL FRAMING – light gauge – including the incidental installation of interior trim, ~~builders finish, doors and cabinet work~~ – employees whose regular hourly wage does not equal or exceed \$35.00 per hour** **5632**

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, ~~builders finish, doors and~~ cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer ~~who~~ that performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.

The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*, or 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height*.

**STEEL FRAMING – light gauge – including the incidental installation of interior trim, ~~builders finish, doors and cabinet work~~ – employees whose regular hourly wage equals or exceeds \$35.00 per hour** **5633**

**Assignment of this classification is subject to verification at the time of final audit that the employee's regular hourly wage equals or exceeds \$35.00 per hour. The payroll of an employee whose regular hourly wage is not shown to equal or exceed \$35.00 per hour shall be classified as 5632, *Steel Framing*.**

This classification applies to the structural framing of buildings using cold formed, light gauge steel studs and joists that are #15 gauge or lighter.

This classification also applies to incidental carpentry operations, including but not limited to the installation of interior trim, ~~builders finish, doors and~~ cabinets; the installation of shingle roofing; and the installation or application of insulation materials in buildings or within building walls, but only if such work is performed by the same employer ~~who~~ that performs light gauge steel framing in constructing new buildings or additions to existing buildings at the same job or location. All other roofing shall be separately classified.

The making, erecting or stripping of forms in connection with concrete work shall be assigned to the appropriate concrete classification.



The assembly of light gauge steel building components, including but not limited to wall panels and trusses at a permanent shop or yard location shall be classified as 3066(1), *Sheet Metal Products Mfg.*

The erection of steel structures constructed from steel beams shall be classified as 5040(1), *Iron or Steel Erection – structural and exterior installation*, or 5059, *Iron or Steel Erection – structural – in the construction of buildings not over two stories in height.*

\* \* \* \* \*

**Recommendation**

Amend Classification 5436, *Hardwood Floor Laying*, which is part of the *Construction and Erection* Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

**HARDWOOD FLOOR LAYING – including finishing**

**5436**

This classification applies to the installation of unfinished, prefinished or engineered hardwood or bamboo flooring or the refinishing of hardwood or bamboo floors. This classification includes the installation of baseboard molding performed in connection with floor installation or refinishing.

The installation of linoleum, vinyl, cork, asphalt or rubber tile, or laminate floor covering (not hardwood) flooring} within buildings, as well as the laying of carpets or rugs, shall be classified as 9521(2), *Floor Covering – installation.*

The installation of tile, stone, mosaic or terrazzo flooring shall be classified as 5348, *Tile, Stone, Mosaic or Terrazzo Work.*

\* \* \* \* \*

**Recommendation**

Amend Classification 3560(2), *Machinery Mfg. – industrial*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**MACHINERY MFG. – industrial – N.O.C.**

**3560(2)**

This classification applies to the manufacture or shop repair of stationary industrial machinery utilized in metal working, woodworking, plastics manufacturing, textiles, paper producing, printing or chemical industries. This includes industrial machinery such as lathes, drills, compressors, autoclaves, printing equipment, bindery equipment, robotics equipment, power presses, plating units, autoclaves and chemical mixers and robotic systems that are not material handling systems.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture or shop repair of portable power tools or machinery shall be classified as 3501(1), Machinery Mfg. – portable tools.

The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), Machinery Mfg. – commercial food processing equipment.

The manufacture or shop repair of material handling equipment, including robotic material handling systems, shall be classified as 3560(3), Machinery Mfg. – material handling equipment.

~~The manufacture of portable power tools shall be classified as 3501(1), Machinery Mfg. – portable tools.~~

The manufacture or shop repair of agricultural, construction, mining or ore milling equipment shall be classified as 3507, Machinery or Equipment Mfg.

Installation, service or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 3501(1), Machinery Mfg. – portable tools, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**MACHINERY MFG. – portable tools**

**3501(1)**

This classification applies to the manufacture or shop repair of portable power tools or machinery, including but not limited to spray guns, pneumatic tools, ~~portable~~ air compressors, compactors, grinders, vibrators, chain saws, ~~power~~ saws, ~~power~~ staple guns, hand drills, routers, ~~and~~ sanders, and portable lawn care equipment such as leaf blowers, lawn mowers (~~non-riding~~), lawn edgers, hedgers and seeders. This classification also applies to the manufacture or shop repair of household lawn or garden tractors.

The manufacture of non-powered cutting, machining or hand tools shall be classified as 3099, Tool Mfg.

The manufacture or shop repair of swimming pool or spa equipment shall be classified as 3501(2), Machinery Mfg. – swimming pool or spa.

The manufacture or shop repair of ~~riding lawn mowers~~ agricultural, construction or ore mining or milling equipment shall be classified as 3507, Machinery or Equipment Mfg.

The manufacture of stationary industrial machinery shall be classified as 3560(2), Machinery Mfg. – industrial.

Installation, service or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 3175, *Furnace or Heater Mfg.*, to provide direction as to how related operations should be classified.

PROPOSED

**FURNACE OR HEATER MFG.**

**3175**

This classification applies to the manufacture of industrial ovens or kilns, or commercial or household furnaces. This classification also applies to the manufacture of metal fireplaces, gas or propane space heaters, paint booth heaters, industrial clothes dryers or crematory equipment.

~~The installation, service or repair of industrial ovens or kilns shall be classified as 3724(1), *Millwright Work*.~~

The installation, service or repair of heaters or furnaces within commercial or residential buildings away from the shop shall be classified as 5183(3)/5187(3), *Heating or Air Conditioning Equipment*, provided the same employer does not engage in the installation of ductwork at the same job or location. The installation or repair of heating or air conditioning equipment where ductwork installation is performed by the employer at the same job or location shall be classified as 5538(2)/5542(2), *Heating or Air Conditioning Ductwork*.

The manufacture or shop repair by the manufacturer of portable electric space heaters shall be classified as 3570, *Electric Appliance Mfg.*

The manufacture of wood burning stoves, or gas or electric commercial or household stoves or ovens used in cooking or baking food shall be classified as 3169(1), *Stove or Oven Mfg.*

The manufacture of commercial or household water heaters if 50% or more of the metal used is lighter than #9 gauge shall be classified as 3169(2), *Water Heater Mfg.* If more than 50% of the metal used is #9 gauge or heavier, the manufacture of commercial or household water heaters shall be classified as 3620(1), *Boiler Mfg.*

The manufacture or shop repair of swimming pool or spa water heaters shall be classified as 3501(2), *Machinery Mfg. – swimming pool or spa*.

~~The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.~~

The manufacture or shop repair of industrial autoclaves shall be classified as 3560(2), *Machinery Mfg. – industrial*.

The installation, service or repair of industrial ovens or kilns shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 3507, *Machinery or Equipment Mfg.*, to provide direction as to how related operations should be classified.

PROPOSED

**MACHINERY OR EQUIPMENT MFG. – agricultural, construction, mining or ore milling** **3507**

This classification applies to the manufacture or shop repair of agricultural, construction, mining or ore milling equipment, including but not limited to tractors, combines, harvesters, road construction equipment, boom cranes, personnel lifts, plaster spraying equipment, bridge crane trucks, oil well drilling equipment, earth moving equipment, paving equipment, jaw crushers, hammer mills and grinding mills.

The manufacture or shop repair of portable power tools, portable power machinery or household lawn or garden tractors shall be classified as 3501(1) Machinery Mfg. – portable tools.

~~The repair of agricultural, construction, mining or ore milling machinery or equipment away from the shop shall be separately classified as 3724(1), Millwright Work.~~

The manufacture of commercial food processing equipment or machinery shall be classified as 3560(1), *Machinery Mfg. – commercial food processing equipment*.

The manufacture of stationary industrial machinery utilized in metal working, woodworking, plastics manufacturing, textiles, paper producing, printing and/or chemical industries shall be classified as 3560(2), *Machinery Mfg. – industrial*.

~~The manufacture of conveyors, pallet jacks, loading and unloading equipment, industrial carts, packaging equipment and labeling material handling equipment shall be assigned~~classified as 3560(3), *Machinery Mfg. – material handling equipment*.

The repair of agricultural, construction, mining or ore milling machinery or equipment away from the shop shall be separately classified as 3724(1), Millwright Work.

\* \* \* \* \*

**Recommendation**

Amend Classification 3560(1), *Machinery Mfg. – commercial food processing equipment*, to clarify its intended application.

PROPOSED

**MACHINERY MFG. – commercial food processing equipment** **3560(1)**

This classification applies to the manufacture or shop repair of commercial food processing equipment or machinery, including but not limited to bakery machinery, food choppers, mixers, grinders, slicing machines, meat and poultry processing machinery, fruit or vegetable grading equipment, bottling equipment, food packaging equipment and juice extractors.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture of household food processing appliances shall be classified as 3570, *Electric Appliance Mfg.*

The manufacture of commercial or household ovens ~~and~~ stoves shall be classified as 3169(1), *Stove or Oven Mfg.*

Installation or repair operations away from the shop shall be separately classified.

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**Recommendation**

Amend Classification 3560(3), *Machinery Mfg. – material handling equipment*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**MACHINERY MFG. – material handling equipment**

**3560(3)**

This classification applies to the manufacture or shop repair of material handling equipment, including but not limited to conveyors, pallet jacks, loading and unloading equipment, industrial carts, robotic material handling systems, and packaging equipment ~~and~~ labeling equipment.

~~Installation or repair operations away from the shop shall be separately classified.~~

The manufacture of forklift trucks shall be classified as 3815(1), *Truck, Truck Trailer or Bus Mfg. or Assembling.*

The manufacture of portable power tools shall be classified as 3501(1), *Machinery Mfg. – portable tools.*

The manufacture or shop repair of agricultural, construction, mining or ore milling equipment shall be classified as 3507, *Machinery or Equipment Mfg.*

Installation or repair operations away from the shop shall be separately classified.

\* \* \* \* \*

**Recommendation**

Amend Classification 3681(1), *Instrument Mfg.*, which is part of the *Electronics* Industry Group, to provide direction as to how related operations should be classified.

PROPOSED

**ELECTRONICS INDUSTRY**

**INSTRUMENT MFG. – electronic – professional or scientific – N.O.C.**

**3681(1)**

This classification applies to the manufacture or shop repair of electronic instruments that are not specifically described by another classification, including but not limited to electronic altimeters, air speed indicators and telemetry instruments, electronic centrifuges, cell sequencers, bio-

sensor equipment, mass spectrometers, electronic scales, programmable electronic control systems, electronic point of sale (POS) systems, calculators, electron and laser microscopes, electron accelerators and fraction collectors, electronic toxic gas or vapor detection systems, radiation monitoring equipment, ohm meters, frequency synthesizers and printed circuit board test equipment. This classification also applies to the manufacture of electronic or electronically controlled manufacturing equipment for the semiconductor industry, including but not limited to vapor ovens, wafer inspection stations, wafer probe systems, wet processing equipment, photo mask inspection equipment, diffusion etching machines, wafer cleaning equipment, wafer dicing saws and plasma etching machines.

This classification also applies to the manufacture or fee-based shop repair of Unmanned Aircraft Systems (aerial drones) with an aircraft system and payload total combined weight of less than 55 pounds.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The installation or repair of instruments, or the repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

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

The manufacture of electronic medical equipment used for diagnostic or treatment purposes shall be classified as 3572, *Medical Instrument Mfg*.

The manufacture of non-electronic instruments shall be classified as 3682, *Instrument Mfg. – non-electronic*.

The manufacture of industrial robotic systems shall be classified as 3560(2), *Machinery Mfg. – industrial, or 3560(3), Machinery Mfg. – material handling equipment*.

The operating crew of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, including but not limited to test flight operations performed by the manufacturer shall be classified in accordance with Section III, Rule 5, *General Inclusions*.

The installation or repair of instruments, or the repair of Unmanned Aircraft Systems (aerial drones) with a total combined weight of less than 55 pounds, away from shop shall be separately classified as 5128, *Instrument Installation, Service or Repair*.

\* \* \* \* \*

**Recommendation**

Amend Classification 3099, *Tool Mfg.*, for clarity and to provide direction as to how related operations should be classified.

PROPOSED

**TOOL MFG. – N.O.C.**

**3099**

This classification applies to tool manufacturing ~~and/or~~ maintenance operations that are not specifically described by another manufacturing or assembling classification. This classification includes the manufacture and maintenance of products, including but not limited to non-powered hand tools, cutting and machining tools, abrasive sanding disks and belts, dies, molds, and jigs and fixtures used to position materials for machining.

This classification also applies to the sharpening of knives, blades ~~and/or~~ cutting tools.

Classification 3099 shall be assigned to the payroll of a tool and die department operated by a plastic products manufacturer provided certain conditions are met. Refer to the Plastic Products Manufacturing Industry Group. For all other types of manufacturers, the payroll of a tool and die department shall ~~by~~ be classified as 3099 when more than 50% of the tools ~~and/or~~ dies are sold commercially and are not used in any way in the employer's production operations. Otherwise, the payroll of a tool and die department shall be assigned to the governing classification. (See Section II, *Classification Terminology*, for the definition of "Governing Classification.")

~~The hot forming of metal to produce tool parts, including but not limited to gears, shafts and blades shall be separately classified as 3110(1), *Forging Works*.~~

The manufacture or shop repair of portable power tools shall be classified as 3501(1), *Machinery Mfg. – portable tools*.

The hot forming of metal to produce tool parts, including but not limited to gears, shafts and blades shall be separately classified as 3110(1), *Forging Works*

\* \* \* \* \*

**Recommendation**

Amend Classification 3110(1), *Forging Works*, to clarify its intended application and provide direction as to how related operations should be classified.

PROPOSED

**FORGING WORKS – drop or machine – including trimming or grinding, heat treating and die making operations**

**3110(1)**

This classification applies to the heating and shaping of metal using compressive forces. This classification includes incidental processing operations, including but not limited to heat treating and trimming and grinding to remove excess metal ~~and heat treating~~. This classification also includes the manufacture of tool parts or dies that are used in the employer's operations.

~~The machining of forged parts to produce finished parts or products, including but not limited to connectors, fittings, valves, couplings, connecting rods, cylinders, engine mounts, pliers, hammers, sledges, wrenches and sockets shall be separately classified.~~

The manufacture of hand-forged iron, brass, bronze or steel products shall be classified as 3110(3), *Blacksmithing*.

The casting of iron shall be classified as 3081, *Foundries – iron*.

The casting of steel shall be classified as 3082, *Foundries – steel castings*.

The casting of nonferrous metal shall be classified as 3085, *Foundries – nonferrous*.

The machining of forged parts to produce finished parts or products, including but not limited to connectors, fittings, valves, couplings, connecting rods, cylinders, engine mounts, pliers, hammers, sledges, wrenches and sockets shall be separately classified.

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**Recommendation**

Amend Classification 9521(3), *Window Covering*, for consistency with other proposed changes.

PROPOSED

**WINDOW COVERING – installation – within buildings**

**9521(3)**

This classification applies to the installation of window coverings, including but not limited to blinds, shades and draperies, within buildings.

The installation of wooden or plastic shutters ~~and~~ window screens shall be classified as 5146(1), *Cabinet, ~~or-Fixtures~~ or Trim Installation*.

The manufacture or assembly of window coverings, including blinds, and shades, ~~and wooden shutters~~ shall be classified as 2852, *Window Blind Mfg. or Assembly*.

The manufacture of fabric curtains and draperies shall be classified as 2501(1), *Clothing Mfg.*

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided no framing is performed by the employer at the same job or location.

The installation of window security bars and security shutters shall be classified as 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The sale of window coverings shall be separately classified using the applicable Stores Industry Group classification.

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**Recommendation**

Amend Classification 3060(1), *Door or Window Mfg. – metal or plastic*, for consistency with other proposed changes.

PROPOSED

**DOOR OR WINDOW MFG. – metal or plastic – including shop glazing**

**3060(1)**

This classification applies to the manufacture or shop repair of metal, plastic or combination metal, plastic or glass doors or windows, including but not limited to entry doors, patio doors, garage doors, mirrored wardrobe doors, shower doors, revolving doors, casement windows, sliding windows, awning windows and skylights. This classification also applies to the manufacture of metal, plastic or combination metal, plastic or glass tub or shower enclosures, moveable interior wall partitions, bulletin boards or basketball backboards.

~~The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg. – wood.*~~

~~The installation of tub or shower enclosures, mirrored wardrobe doors, screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures.*~~

The manufacture of metal or plastic door or window frames shall be classified as 3060(2), *Door or Window Frame Mfg.*

The manufacture of metal or plastic framed screen doors or window screens shall be classified as 3060(3), *Door or Window Screen Mfg. – ~~screen.~~*

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing at the same job or location, the installation of ~~prefabricated~~ doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

The installation of overhead or roll up doors shall be classified as 5108, *Door Installation*.

The installation of tub or shower enclosures, mirrored wardrobe doors, screen doors or window screens shall be separately classified as 5146(1), *Cabinet, Fixture or Trim Installation.*

The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg. – wood.*

\* \* \* \* \*

**Recommendation**

Amend Classification 3060(2), *Door or Window Frame Mfg.*, for consistency with other proposed changes.

PROPOSED

**DOOR OR WINDOW FRAME MFG. – metal or plastic**

**3060(2)**

This classification applies to the manufacture of metal or plastic door or window frames. This classification also applies to the manufacture of metal or plastic frames or components for use in the manufacture of mirrors, skylights, screen doors, window screens, patio covers or sunroom enclosures.

~~The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet or Fixtures*.~~

~~The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg.*~~

The manufacture of metal, plastic or combination metal, plastic or glass doors or windows shall be classified as 3060(1), *Door or Window Mfg. – metal or plastic*.

The manufacture of metal or plastic framed screen doors or window screens shall be classified as 3060(3), *Door or Window Screen Mfg.—~~screen~~*.

The installation of prefabricated doors, door frames or pre-glazed windows shall be classified as 5107, *Door, Door Frame or Pre-Glazed Window Installation*, provided such operations are not performed in connection with structures framed by the employer at the same job or location. If the employer is engaged in wood or light gauge steel framing at the same job or location, the installation of ~~prefabricated~~ doors, door frames or pre-glazed windows at such job or location shall be classified as 5403/5432, *Carpentry*, or 5632/5633, *Steel Framing*.

The installation of unglazed metal window frames shall be classified as 5102(1), *Iron, Steel, Brass, Bronze or Aluminum Erection*.

The installation of glass panes or insulated glass units within framework in connection with residential or commercial buildings, including the incidental installation of framework and glass cutting at the job site, shall be classified as 5467/5470, *Glaziers*.

The installation of screen doors or window screens shall be separately classified as 5146(1), *Cabinet, Fixture or Trim Installation*.

The manufacture of wood doors or windows shall be separately classified as 2806(1), *Door, Sash or Window Mfg.*

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**Recommendation**

Amend Classification 8293(2), *Furniture Moving*, for consistency with other proposed changes.

PROPOSED

**FURNITURE MOVING – including packing or handling**

**8293(2)**

This classification applies to transporting, preparing or packing furniture or household goods for other concerns on a fee basis. This classification also applies to transporting, preparing or packing office furniture or fixtures for other concerns on a fee basis.

The storage of new furniture for furniture manufacturers or stores shall be classified as 8292, *Warehouses – general merchandise*.

The storage of furniture or household goods for other concerns on a fee basis shall be classified as 8293(1), *Warehouses – furniture*.

The storage of portable storage units, regardless of their contents, shall be classified as 8292, *Warehouses – general merchandise*.

The transporting of furniture under contract for furniture manufacturers or stores shall be classified as 7219(1), *Trucking Firms*.

The disassembly and reinstallation of modular furniture, partitions or workstations in connection with moving office furniture shall be separately classified as 5146(1), *Cabinet, ~~or~~ Fixtures or Trim Installation*.

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**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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- 3060(3) Door/Window Screen Mfg–screen
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- 5146(1) Cabinet/Fixtures/Trim Installation
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**Recommendation**

Amend Appendix I, *Construction and Erection Classifications*, to amend Classification 5146(1), *Cabinet or Fixtures*, as a *Construction or Erection* classification and for consistency with proposed classification phraseology.

PROPOSED

Appendix I

**Construction and Erection Classifications**

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- 
- 5146(1) Cabinet/Fixtures/Trim Installation
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Item III-D  
Wage Report Demo

The WCIRB has developed an updated Wage, Payroll and Exposure Report, which is available to subscribers on Analytics Portal. A brief demo of the report will be provided at the meeting.