Workers'
Compensation
Insurance
Rating Bureau
of California

Report on the Cotton Farms and Batting Study

Excerpt from the WCIRB Classification and Rating Committee Minutes
October 15, 2019

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

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The WCIRB is California's trusted, objective provider of actuarially-based information and research, advisory pure premium rates, and educational services integral to a healthy workers' compensation system. Learn more at www.wcirb.com.

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This Report was developed by the Workers' Compensation Insurance Rating Bureau of California (WCIRB) to assist in the formulation of proposed changes to the Insurance Commissioner's regulations. The WCIRB has made reasonable efforts to ensure the accuracy of this Report. You must make an independent assessment regarding the use of this Report based upon your particular facts and circumstances.

Cotton Farms and Batting Study

0044, *Cotton Farms*
2211(1), *Cotton Batting, Wadding or Waste Mfg.*
2211(3), *Felting Mfg.*
2211(4), *Wool Combing or Scouring*

Executive Summary

Objective
Employers assigned to Classifications 0044, *Cotton Farms;* 2211(1), *Cotton Batting, Wadding or Waste Mfg.;* 2211(3)*, Felting Mfg.;* and 2211(4)*, Wool Combing or Scouring*, do not develop sufficient data to produce statistically credible advisory pure premium rates and, as a result, loss experience from year-to-year is volatile. Consistent with the WCIRB's practice of reviewing classifications with low statistical credibility, the WCIRB studied these classifications to determine whether to eliminate these classifications and reassign their constituents to one or more existing classifications.

Findings
Based on staff's review, the WCIRB determined:

1. The aggregate payroll and loss data reported under Classification 0044*, Cotton Farms*, is not sufficient to generate a statistically fully credible pure premium rate and, as a result, there are year-to-year fluctuations in loss to payroll ratios for this classification. The annual payroll reported for the employers assigned to Classification 0044 has been decreasing each year and is not expected to increase.

2. The operations currently contemplated under Classification 0044, *Cotton Farms*, are similar to those contemplated by Classification 0171, *Field Crops*, and employers in both classifications use very similar machinery. Further, there appears to be significant overlap in the operations performed by these employers.

3. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 0044, *Cotton Farms,* and 0171, *Field Crops*, combined is 67% higher than that for Classification 0044, and 11% lower than that for Classification 0171. Although the average loss to payroll ratio for Classification 0044 is less than that for Classification 0171, given the low statistical credibility of Classification 0044 and the historical fluctuations in loss to payroll experience for Classifications 0044 and 0171, WCIRB staff does not think these current differences are statistically meaningful.

4. The aggregate payroll and loss data reported under Classifications 2211(1), *Cotton Batting, Wadding or Waste Mfg.*; 2211(3), *Felting Mfg.*; and 2211(4), *Wool Combing or Scouring*, is not sufficient to generate a statistically credible pure premium rate and, as a result, there are large year-to-year fluctuations in loss to payroll ratios for this classification.

5. The operations currently under Classification 2211 are similar with regard to process and hazard to those performed by employers described by Classification 2222, *Spinning or Weaving.* Both classifications apply to the machine finishing and processing of fiber or fabric raw materials using similar equipment and result in materials that will later be used in similar manufacturing operations.

6. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 2211 and 2222, *Spinning or Weaving*, combined is 45% lower than that for Classification 2211, and 11% higher than that for Classification 2222. Although the average loss to payroll ratio for Classification 2211 is higher than that for Classification 2222, given the low statistical credibility of Classification 2211 and its wide fluctuations in year-to-year loss to payroll ratios, WCIRB staff does not think these differences are meaningful.

Recommendations

Based on the findings, the WCIRB recommends:

1. Combining Classification 0044, *Cotton Farms*, with Classification 0171, *Field Crops*, for ratemaking purposes and limiting the advisory pure premium rate relativity change for constituents of Classification 0044 to 25% each year until the advisory pure premium rate for Classification 0044 better aligns with that of Classification 0171, at which time Classification 0044 would be eliminated and its constituents assigned to Classification 0171.

2. Eliminating Classification 2211, reassigning the constituents to Classification 2222, *Spinning or Weaving*, and amending Classification 2222 to clarify how such operations should be classified.

Introduction

The WCIRB regularly reviews classifications that do not develop sufficient data to produce statistically credible advisory pure premium rates. Classifications 0044, *Cotton Farms*, 2211(1), *Cotton Batting, Wadding or Waste Mfg.*, 2211(3), *Felting Mfg.* and 2211(4), *Wool Combing or Scouring*, have low statistical credibility. In light of this low statistical credibility, the WCIRB studied Classifications 0044 and 2211 to determine whether to eliminate these classifications and assign their constituents to one or more existing classifications. The WCIRB also reviewed the operations and experience of Classification 0171, *Field Crops*, to assess whether it should be combined with Classification 0044, and reviewed Classification 2222, *Spinning or Weaving*, to assess whether it should be combined with Classification 2211.

Classification History

A chronological summary of the history of Classifications 0044, 0171, 2221 and 2222 is in Appendix I of this study.

Description of Operations

Classification 0044, *Cotton Farms*, applies to the growing and harvesting of cotton. Typically, machinery is used to cultivate, plow and disk farmland prior to planting cotton. Farm tractors or mechanical planters are used to plant cotton seeds, and during the growing season the cotton is watered, fertilized, weeded, cultivated and sprayed with pesticides, herbicides and defoliants. The defoliant causes the plant leaves to dry and shrink, exposing the cotton lint. Once the cotton is ready, it is harvested using mechanical cotton harvesters that pick or glean the cotton lint from the cotton plants and loaded onto trailers or mobile bailing machines.

The main piece of equipment used in the cotton farming industry is the cotton picker or harvester. Cotton pickers are operator driven machines, with a broadcast attachment that looks similar to a grain header on a combine harvester, that automate cotton harvesting. All harvesting systems use air to convey and elevate the seed cotton into a storage bin or basket. Once the basket is full, the stored cotton is dumped into a boll buggy, trailer or module builder.

Classification 0171, *Field Crops*, is currently assignable to the growing and harvesting of hay, alfalfa, flax, safflower, maize, sorghum and cereal grains, including but not limited to wheat, barley, rice, oats and feed corn. Operations typically involve tilling, planting, cultivating, irrigating, disking, fertilizing, weeding and applying pesticides. Automatic harvesters are utilized at harvest time.

The main piece of equipment used for the majority of field crops is the operator driven combine harvester. Combine harvesters cut the crop and separate the grain from the plant while processing and spreading the remaining material over the field.

Classification 2211(1), *Cotton Batting, Wadding or Waste Mfg.*, applies to the manufacture of batting from cotton or synthetic fibers, primarily for distribution to manufacturers of clothing, quilting materials, bedding and furniture to be used as upholstery stuffing. Operations typically involve receiving cotton or synthetic materials in large bales, breaking the bales up, and feeding the bales into automatic pickers where the material is shredded, carried by air flotation to condensers and then gravity fed to garnetting machines that comb, layer and mat the cotton or polyester into batting. The batting is then cut to width and rolled to

2

produce rolls of batting in the desired sizes. The final product may be treated with boric acid or similar agents that provide flame retardant properties.

Classification 2211(3), *Felting Mfg.*, applies to the manufacture of wool or synthetic felt. Felt is a dense, non-woven fabric that is composed wholly from synthetic fibers, or wool that is mixed with synthetic fibers, in order to create a sturdy, resilient material for craft or industrial use. Felted fabric is made from matted and compressed fibers with no apparent system of threads and is produced by pressing the fibers together using heat, moisture and pressure. Operations typically involve combining raw fibers in a cylinder to create a matted mass, transferring the mass to carding machines that mat the fibers into a web and then layering the webs to create the desired thickness of felt. The material is passed through steam tables and compressing steel rollers as felt must be subjected to heat, moisture and pressure in order to be matted densely. The final product may be treated with boric acid or similar agents that provide flame retardant properties.

Classification 2211(4), *Wool Combing or Scouring*, applies to the combing or scouring of raw wool to prepare it for conversion to yarn and similar materials that may ultimately be used to produce fabric-based finished goods. Operations typically involve putting wool fibers through a series of combing steps called carding, which involves running fibers through a series of machine driven drums covered with "card cloth" that combs the wool by transferring it back and forth from one drum to another. Following this process, the wool fibers are divided into small strips and collected on large spools, which are later spun to create yarn. The final product may be treated with boric acid or similar agents that provide flame retardant properties.

Classification 2222, *Spinning or Weaving,* applies to the spinning or weaving of natural or synthetic fibers, including but not limited to cotton, jute, wool, nylon or polyester, to produce yarn, thread or fabric, typically for distribution to separate manufacturing concerns. Spinning consists primarily of the mechanical twisting of fibers so that they become interlaced, creating thread or yarn. Multiple strands of thread or yarn can be mechanically spun to create thicker or stronger strands. The finished yarn is wound onto warps, which are then loaded onto looms.

Additionally, a common operation assigned to Classification 2222 is the manufacture of garment labels using a weaving process. Manufacturers typically receive natural or synthetic yarn, which is loaded onto and fed through automatic weaving loom machines. After entering the customers' specifications for the garment label into the weaving machine, the machine automatically weaves the yarn into labels that display the customers' specific garment label artwork, information and colors. The manufactured labels are automatically re-rolled onto large spools (referred to as "tapes") for further processing.

Classification Analysis

Farm Classifications
Classifications 0044, *Cotton Farms*, and 0171, *Field Crops*, both apply to all acreage devoted to the cultivation and harvesting of crops that grow above ground and that are harvested using operator driven farming combines. The process and equipment used for cotton and field crop harvesting is similar with the most notable difference being the type of attachment on the harvesting combine.

Additionally, of the 596 unique risks with payroll reported under Classification 0044 for the 2020 relativity period, 454 also had payroll reported in Classification 0171 suggesting that there is a significant overlap in the farming of these types of crops.

Fiber Processing Classifications
Classifications 2211(1), *Cotton Batting, Wadding or Waste Mfg.*, 2211(3), *Felting Mfg.*, and 2211(4), *Wool Combing or Scouring*, describe similar processing of raw fibrous materials. The processes for these classifications involve loading various raw fibrous materials into machinery that stretches, heats, presses, layers and otherwise manipulates the material to form rolls of processed raw material for use in textile, upholstery, sewing or other finished good manufacturing operations by separate manufacturing concerns.

Similarly, Classification 2222, *Spinning or Weaving,* involves a variety of fiber processing operations using mechanical spinning and weaving machinery to convert fibers and raw materials into yarn, thread or cloth products that will subsequently be used by separate manufacturing concerns.

The processes performed by employers assigned to Classifications 2211 and 2222 all include rolls or spools of raw fibrous materials being processed through a variety of machinery in order to achieve fabric, yarn or thread of the desired thickness, color, finish or texture.

Statistical Analysis
Table 1 shows the Classification Relativity Data at the policy year 2020 level for Classification 0044.

Table 1
Classification 0044
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2012	65,760,151	2,085,088	3.171
2013	56,378,016	1,040,689	1.846
2014	45,887,783	819,015	1.785
2015	38,144,962	350,529	0.919
2016	41,217,054	420,227	1.020
Total:	247,387,966	4,715,549	

Adjusted Loss to Payroll Ratio: 1.906
Selected (Unlimited) Loss to Payroll Ratio: 2.435

Credibility Factors

Indemnity	Medical
0.61	0.57

Table 1 indicates that Classification 0044 develops sufficient payroll and loss data to generate a marginally statistically credible advisory pure premium rate; however, the payroll for each year is low and the loss to payroll ratios fluctuate from year-to-year. The payroll reported in this classification is declining and the industry is not expected to see future growth in California.

Table 2 shows the classification relativity data at the policy year 2020 level for Classification 0171.

Table 2
Classification 0171
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2013	219,970,957	7,748,130	3.522
2014	217,268,310	6,679,563	3.074
2015	213,949,880	8,259,988	3.861
2016	208,981,119	8,281,641	3.963
Total:	860,170,266	30,969,322	

Adjusted Loss to Payroll Ratio: 3.600
Selected (Unlimited) Loss to Payroll Ratio: 4.542

Credibility Factors

Indemnity	Medical
1.00	1.00

As indicated in Table 2, Classification 0171 is fully credible with four years of payroll and loss data and year-to-year loss to payroll ratios are relatively stable.

Table 3 shows the combined experience of Classifications 0044 and 0171 at the policy year 2020 level.

Table 3
Classifications 0044 and 0171 Combined
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2014	263,162,335	7,529,012	2.861
2015	252,025,329	8,641,932	3.429
2016	250,179,645	8,671,317	3.466
Total:	765,367,309	24,842,262	

Adjusted Loss to Payroll Ratio: 3.246
Selected (Unlimited) Loss to Payroll Ratio: 4.065

Credibility Factors

Indemnity	Medical
1.00	1.00

As indicated in Table 3, when Classifications 0044 and 0171 are combined they generate a fully credible rate with three years of payroll and loss data. Because the Adjusted Loss to Payroll Ratio and the Selected (Unlimited) Loss to Payroll Ratio for Classification 0044 are significantly lower than those for Classification 0171, staff reviewed additional data to determine if these differences are meaningful.

Staff reviewed historical (1993-2016) Loss to Payroll Ratios to determine if they have been consistently higher for Classification 0171 than for Classification 0044. As shown in Appendix II, throughout this time frame the Loss to Payroll Ratios for both classifications have fluctuated significantly, intersected at times

and, while the loss to payroll ratio for Classification 0171 was generally higher, the loss to payroll ratio for Classification 0044 has been higher in some years.

Given the volatile Loss to Payroll Ratios for both classifications, the low credibility of Classification 0044 experience and the similarity and overlap in operations between these classifications, WCIRB staff does not think these current statistical differences are meaningful.

Table 4 shows the Classification Relativity Data at the policy year 2020 level for Classification 2211.

Table 4
Classification 2211
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2012	4,752,574	544,733	11.462
2013	8,227,095	430,239	5.230
2014	3,823,712	185,566	4.853
2015	4,441,030	131,481	2.961
2016	3,468,684	144,199	4.157
Total:	24,713,096	1,436,218	

Adjusted Loss to Payroll Ratio: 5.812
Selected (Unlimited) Loss to Payroll Ratio: 8.153

Credibility Factors

Indemnity	Medical
0.38	0.38

Table 4 indicates that Classification 2211 does not develop sufficient payroll and loss data to generate a statistically credible advisory pure premium rate as the payroll for each year is low and generally declining and the loss to payroll ratios fluctuate from year-to-year, most notable being the high outlier for 2012. (The 2012 data producing the loss to payroll ratio that is significantly higher than that for the other years will no longer be included in the five-year experience used for the 2021 classification relativities.)

Table 5 shows the Classification Relativity Data at the policy year 2020 level for Classification 2222.

Table 5
Classification 2222
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2012	24,026,256	1,579,818	6.575
2013	28,284,649	1,110,522	3.926
2014	40,492,402	1,130,228	2.791
2015	33,541,439	653,736	1.949
2016	34,457,142	953,862	2.768
Total:	160,801,889	5,428,166	

| Adjusted Loss to Payroll Ratio: | 3.376 |
| Selected (Unlimited) Loss to Payroll Ratio: | 4.033 |

Credibility Factors

Indemnity	Medical
0.63	0.61

As indicated in Table 5, significantly more payroll is reported in Classification 2222 than in Classification 2211, although Classification 2222 is also not fully credible.

Table 6 shows the combined experience of Classifications 2211 and 2222 at the policy year 2020 level.

Table 6
Classifications 2211 and 2222 Combined
Relativity Data at Policy Year 2020 Level

Year	Payroll	Losses	Adj. Loss to P/R Ratio
2012	28,778,830	2,124,551	7.382
2013	36,511,744	1,540,761	4.220
2014	44,316,114	1,315,794	2.970
2015	37,982,469	785,217	2.067
2016	37,925,826	1,098,061	2.895
Total:	185,514,983	6,864,384	

| Adjusted Loss to Payroll Ratio: | 3.709 |
| Selected (Unlimited) Loss to Payroll Ratio: | 4.465 |

Credibility Factors

Indemnity	Medical
0.70	0.68

As indicated in Table 6, when Classifications 2211 and 2222 are combined they generate a marginally statistically credible pure premium rate with five years of payroll and loss data. While the Adjusted Loss to Payroll Ratio and the Selected (Unlimited) Loss to Payroll Ratio for Classification 2211 are significantly higher than those for Classification 2222, given the low statistical credibility of Classification 2211 experience and its fluctuating year-to-year loss to payroll ratios, the WCIRB does not think these differences are meaningful.

Impact Analysis
Table 7 shows the potential impact on affected policyholders currently assigned to Classifications 0044 and 0171 if these classifications are combined prior to the impact of the WCIRB's standard 25% limitation on year-to-year classification relativity changes. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 0044 and 0171 combined is 67% higher than that for Classification 0044 alone. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 0044 and 0171 combined is 11% lower than that for Classification 0171 alone.

Table 7
Classifications 0044 and 0171 vs. Classification 0044 and 0171 Combined
Comparison of Selected (Unlimited) Loss to Payroll Ratios at Policy Year 2020 Level

Classification	Selected (Unlimited) Ratio	Classifications 0044 and 0171 Combined	Difference
0044	2.435	4.065	+1.63 (+66.94%)
0171	4.542	4.065	-0.477 (-10.5%)

Table 8 shows the potential impact on affected policyholders currently assigned to Classifications 2211 and 2222 if those classifications are combined. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 2211 and 2222 combined is 45% lower than that for Classification 2211 alone. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 2211 and 2222 combined is 11% higher than that for Classification 2222 alone.

Table 8: Classifications 2211 and 2222 vs. Classification 2211 and 2222 Combined Comparison of Selected (Unlimited) Loss to Payroll Ratios at Policy Year 2020 Level

Classification	Selected (Unlimited) Ratio	Classifications 2211 and 2222 Combined	Difference
2211	8.153	4.465	-3.688 (-45.23%)
2222	4.033	4.465	+0.432 (+10.71%)

Findings
Based on staff's review, the WCIRB determined:

1. The aggregate payroll and loss data reported under Classification 0044*, Cotton Farms*, is not sufficient to generate a statistically fully credible pure premium rate and, as a result, there are year-to-year fluctuations in loss to payroll ratios for this classification. The annual payroll reported for the employers assigned to Classification 0044 has been decreasing each year and is not expected to increase.

2. The operations currently contemplated under Classification 0044, *Cotton Farms,* are similar to those contemplated by Classification 0171, *Field Crops*, and employers in both classifications use very similar machinery. Furthermore, there appears to be significant overlap in the operations performed by these employers.

3. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 0044, *Cotton Farms*, and 0171, *Field Crops*, combined is 67% higher than that for Classification 0044, and 11% lower than that for Classification 0171. Although the average loss to payroll ratio for Classification 0044 is less than that for Classification 0171, given the low statistical credibility of Classification 0044 and the historical fluctuations in loss to payroll experience for Classifications 0044 and 0171, WCIRB staff does not think these current differences are statistically meaningful.

4. The aggregate payroll and loss data reported under Classifications 2211(1), *Cotton Batting, Wadding or Waste Mfg.*, 2211(3), *Felting Mfg.*, and 2211(4), *Wool Combing or Scouring*, is not sufficient to generate a statistically credible pure premium rate and, as a result, there are large year-to-year fluctuations in loss to payroll ratios for this classification (loss to payroll ratios for the 2020 relativity study period range from 2.961 to 11.462).

5. The operations currently under Classification 2211 are similar with regard to process and hazard to those performed by employers described by Classification 2222, *Spinning or Weaving.* Both classifications apply to the machine finishing and processing of fiber or fabric raw materials using similar equipment and result in materials that will later be used in similar manufacturing operations.

8

6. The Selected (Unlimited) Loss to Payroll Ratio for Classifications 2211 and 2222, *Spinning or Weaving*, combined is 45% lower than that for Classification 2211, and 11% higher than that for Classification 2222. Although the average loss to payroll ratio for Classification 2211 is higher than that for Classification 2222, given the low statistical credibility of Classification 2211 and its wide fluctuations in year-to-year loss to payroll ratios, WCIRB staff does not think these differences are meaningful.

Recommendations

Based on the findings, the WCIRB recommends:

1. Combining Classification 0044, *Cotton Farms*, with Classification 0171, *Field Crops*, for ratemaking purposes and limiting the advisory pure premium rate relativity change for constituents of Classification 0044 to 25% each year until the advisory pure premium rate for Classification 0044 better aligns with that of Classification 0171, at which time Classification 0044 would be eliminated and its constituents assigned to Classification 0171.

2. Eliminating Classification 2211, reassigning the constituents to Classification 2222, *Spinning or Weaving*, and amending Classification 2222 to clarify how such operations should be classified.

Appendix I

Classification History
The following is a timeline of the significant changes to the scope and application of the relevant classifications:

- 1915 – Originally all farm labor was assigned to Classification 0006, *Farm Labor – no blasting*.

- 1924 – Classification 0050, *Farm Machinery – operation by contractors or by farmers while elsewhere than upon their own premises*, was established.

- 1935 – Classification 0044, *Cotton Farms,* was established.

- 1974 – Classification 0171, *Field Crops*, was established.
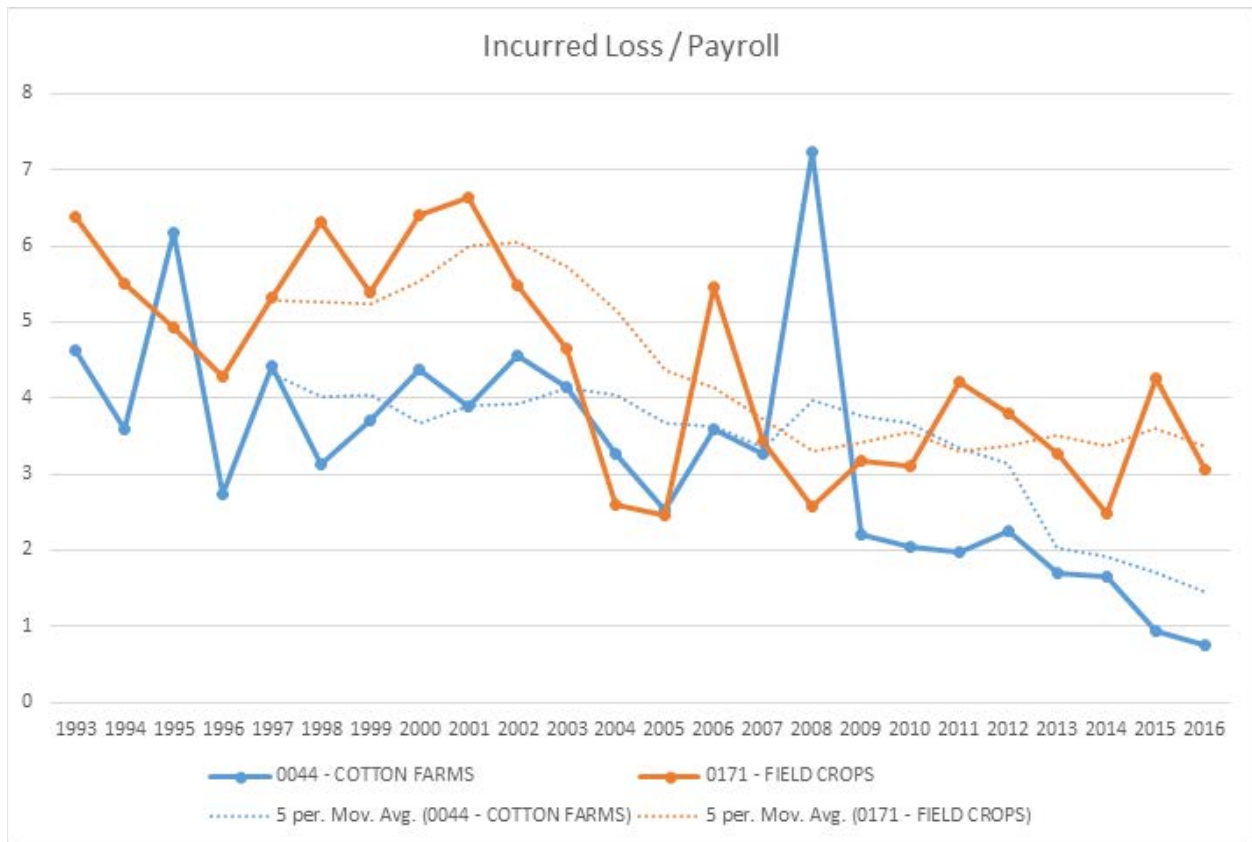
Classification 2211
- 1915 – Original classifications were 2211, *Cotton Batting Manufacturing*, 2288, *Felting Manufacturing,* and 2260, *Wool Combing or Scouring.*

- 1969 – The Classification and Rating Committee approved WCIRB staff's recommendations to combine Classifications 2211, *Cotton Batting Manufacturing,* 2288*, Felting Manufacturing,* and 2260, *Wool Combing or Scouring*, into Classification 2211 and to eliminate Classifications 2288 and 2260 due to their very low statistical credibility.

- 1971 – The Classification and Rating Committee approved WCIRB staff's recommendation to eliminate Classification 2352, *Cordage, Rope or Twine Manufacturing*, and to reassign its constituents to Classification 2211.

- 1992 – The Classification and Rating Committee directed that a recommendation be made to eliminate Classification 2211(2), *Cordage, Rope or Twine Mfg.*, effective January 1, 1993, and that its constituents be assigned to Classification 2222(1), *Spinning or Weaving*.

Classification 2222
- 1915 – Original classification was 2222, *Cotton Spinning and Weaving.*

- 1921 – Classification 2220, *Yarn or Thread Mfg.*, was eliminated and its constituents were reassigned to Classification 2222, *Cotton Spinning and Weaving*.

Appendix II

Historical Loss to Payroll Ratios for Classifications 0044, *Cotton Farms*, and 0171, *Field Crops.*

Recommendation
Eliminate Classification 2211(1), *Cotton Batting, Wadding or Waste Mfg.,* because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving*.

<div align="center">PROPOSED</div>

COTTON BATTING, WADDING OR WASTE MFG. 2211(1)

This classification applies to the manufacture of natural cotton, kapok and synthetic fiber batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation.

The manufacture of wool or synthetic felt shall be classified as 2211(3), *Felting Mfg.*

The preparation of raw wool by combing or scouring shall be classified as 2211(4), *Wool Combing or Scouring*.

Cotton gin operations shall be classified as 0401, *Cotton Gin Operation*.

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Recommendation
Eliminate Classification 2211(3), *Felting Mfg.,* because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving*.

<div align="center">PROPOSED</div>

FELTING MFG. 2211(3)

This classification applies to the manufacture of wool or synthetic felt.

The manufacture of natural and synthetic batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation shall be classified as 2211(1), *Cotton Batting, Wadding or Waste Mfg.*

The preparation of raw wool by combing or scouring shall be classified as 2211(4), *Wool Combing or Scouring*.

The manufacture of asphalt saturated building or roofing paper or felt shall be classified as 4283, *Building or Roofing Paper or Felt Asphalt Saturation*.

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Recommendation

Eliminate Classification 2211(4), *Wool Combing or Scouring,* because it is no longer statistically credible and reassign the operations described by this classification to Classification 2222, *Spinning or Weaving.*

<u>PROPOSED</u>

~~**WOOL COMBING OR SCOURING**~~ ~~**2211(4)**~~

~~This classification applies to the preparation of raw wool by combing or scouring.~~

~~The manufacture of natural and synthetic batting, wadding and waste for use as pillow stuffing, furniture upholstery, quilt lining and clothing insulation shall be classified as 2211(1), *Cotton Batting, Wadding or Waste Mfg.*~~

~~The manufacture of wool or synthetic felt shall be classified as 2211(3), *Felting Mfg.*~~

~~The spinning or weaving of natural or synthetic fiber to produce yarn, thread or fabric shall be classified as 2222, *Spinning or Weaving.*~~

*   *   *   *   *   *   *

Recommendation

Amend Classification 2222, *Spinning or Weaving*, to include felting manufacturing; cotton batting, wadding or waste manufacturing; and wool combing and scouring operations.

<u>PROPOSED</u>

SPINNING, ~~OR~~ WEAVING <u>OR FIBER PROCESSING</u> – natural ~~and~~<u>or</u> synthetic fibers – N.O.C. **2222**

This classification applies to spinning ~~and~~<u>or</u> weaving natural ~~and~~<u>or</u> synthetic fibers <u>to produce yarn, thread or fabric</u>, including but not limited to cotton, jute, wool, nylon or polyester~~, to produce yarn, thread or fabric~~. This classification also applies to the manufacture of <u>wool or synthetic felt; jute or hemp carpets or rugs; natural cotton, kapok or synthetic fiber batting, wadding or waste; or</u> spun or woven products, including but not limited to braid, ~~silk fly fishing lines,~~ webbing, rope, ~~carpet seam tape~~<u>nets</u>, cloth labels, fire hose, ~~nets~~<u>carpet seam tape, silk fly fishing lines</u> and plush or velvet fabric. This classification also applies to the ~~manufacture of jute or hemp carpets or rugs~~<u>processing of natural or synthetic fibers, including but not limited to the preparation of raw wool by combing or scouring</u>.

The extrusion of plastic to produce plastic strands for spinning or weaving shall be classified as 4495, *Plastics – extrusion molded products mfg.*

Knitting operations shall be classified as 2362, *Knitting.*

The bleaching, dyeing, mercerizing ~~and~~<u>or</u> finishing of textile fabrics shall be classified as 2413, *Textiles.*

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13

Recommendation

Amend Classification 0401, *Cotton Gin Operation*, for consistency with other proposed changes.

<u>PROPOSED</u>

COTTON GIN OPERATION – during both active and dormant seasons – including installation   **0401**
or repair of equipment; yard employees; seed or fuel haulers

This classification applies to the ginning (removing cotton fibers from their seeds) of cotton, including drying, raking, compressing and baling of cotton, when performed for other concerns on a fee basis or when performed in connection with the purchase and sale of cotton.

The contract storage of baled cotton or purchase and sale of cotton, including cotton compressing, when no ginning operations are performed, shall be classified as 0400, *Warehouses – cotton.*

Cotton batting manufacturing shall be classified as ~~2211(1), *Cotton Batting, Wadding or Waste Mfg*~~*2222, Spinning, Weaving or Fiber Processing.*

The cultivation and harvesting of cotton shall be separately classified as 0044, *Cotton Farms.*

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Recommendation

Amend Classification 0400, *Warehouses – cotton*, for consistency with other proposed changes.

<u>PROPOSED</u>

WAREHOUSES – cotton – including cotton compressing   **0400**

This classification applies to the storage of cotton for other concerns on a fee basis and includes incidental cotton compressing. This classification also applies to cotton dealers or merchants.

This classification does not apply to cotton gin operations; all operations, including the storage, compressing, sale and distribution of cotton in connection with cotton gin operations shall be classified as 0401, *Cotton Gin Operation.*

Cotton batting manufacturing shall be classified as ~~2211(1), *Cotton Batting, Wadding or Waste Mfg*~~*2222, Spinning, Weaving or Fiber Processing.*

The cultivation and harvesting of cotton shall be separately classified as 0044, *Cotton Farms.*

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Recommendation
Amend Classification 2402, *Carpet or Rug Mfg.*, for consistency with other proposed changes.

<u>PROPOSED</u>

CARPET OR RUG MFG. – other than jute or hemp carpets or rugs   **2402**

This classification applies to the manufacture of carpets or rugs from materials other than jute or hemp. This classification includes incidental dyeing of the completed carpet or rug products. This classification also applies to the manufacture of artificial grass ~~and~~or tufted tapestries.

The manufacture of jute or hemp carpets or rugs shall be classified as 2222, *Spinning, ~~or~~ Weaving or Fiber Processing.*

The dyeing ~~and~~or finishing of yarn prior to use in the manufacturing of carpet or rug products shall be separately classified as 2585(2), *Dyeing.*

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Recommendation
Amend Classification 2501(1), *Clothing Mfg.*, for consistency with other proposed changes.

<u>PROPOSED</u>

CLOTHING MFG. – including embroidery manufacturing   **2501(1)**

This classification applies to the manufacture of clothing and to the sewing of clothing for other concerns on a fee basis. This classification also applies to the manufacture of leather garments. This classification also applies to specialty operations, including but not limited to:

- Embroidery work,
- Attaching labels, trim, buttons, snaps and zippers onto clothing,
- Cutting clothing parts, and
- Inspecting and repairing new clothing.

This classification includes stone washing, bleaching, sanding or dyeing of clothing when performed incidental to clothing manufacturing operations by the employer. Stone washing, bleaching, sanding or dyeing of clothing when performed for other concerns on a fee basis not in connection with clothing manufacturing operations shall be classified as 2585(2), *Dyeing.*

This classification includes clothing manufacturers that design garments, even if some or all of the sample making, production sewing or assembling operations are subcontracted. Employers that do not design or manufacture the garments in California, but purchase garments for wholesale distribution shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale.*

This classification also applies to the manufacture of water bed bladders, inflatable mattresses and sewn products not specifically described by another classification.

The manufacture of hats and helmets shall be classified as 2501(2), *Hat Mfg.*

The manufacture of custom tailored garments or altering garments for other concerns on a fee basis shall be classified as 2501(4), *Tailoring*.

The manufacture of pillows, quilts, comforters, cushions, stuffed animals, sleeping bags and similar non-clothing products that are filled with insulation such as batting or down shall be classified as 2571, *Pillow, Quilt, Comforter or Cushion Mfg*.

The spinning ~~and~~or weaving of natural ~~and~~or synthetic fibers shall be classified as 2222, *Spinning, ~~or~~ Weaving or Fiber Processing*.

Machine knitting operations shall be classified as 2362, *Knitting*.

The bleaching, dyeing, mercerizing and finishing of fabric shall be classified as 2413, *Textiles*.

The manufacture of fabric goods, including but not limited to awnings, tarps, canopies, tents, automobile covers, boat covers and sails shall be classified as 2576, *Awning, Tarp or Canvas Goods Mfg*.

The manufacture of leather goods other than clothing shall be classified as 2688, *Leather Goods Mfg*.

Clothing manufacturers that only maintain a distribution center in California shall be classified as 8032, *Stores – clothing, shoes, linens or fabric products – wholesale*.

<center>*   *   *   *   *   *   *</center>

Recommendation
Amend Classification 2362, *Knitting*, for consistency with other proposed changes.

<center>PROPOSED</center>

KNITTING – N.O.C.   **2362**

This classification applies to knitting natural or synthetic yarn or thread using automated equipment to produce fabric.

The sewing and assembly of knit components to produce garments shall be separately classified as 2501(1), *Clothing Mfg.*, in accordance with the provisions of the Multiple Enterprises rule.

Hand knitting operations, without the use of automated equipment, to produce fabric or garments shall be classified as 2501(1), *Clothing Mfg.*

The spinning or weaving of natural or synthetic fiber to produce yarn, thread or fabric shall be classified as 2222, *Spinning, ~~or~~ Weaving or Fiber Processing*.

<center>*   *   *   *   *   *   *</center>

Recommendation

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

<u>PROPOSED</u>

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~~2211(1)~~	~~Cotton Batting/Wadding/Waste Mfg~~
~~2211(3)~~	~~Felting Mfg~~
~~2211(4)~~	~~Wool Combing/Scouring~~
2222	Spinning/Weaving/<u>Fiber Processing</u>

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