

WORKERS' COMPENSATION COMMISSION (0390)
2011-13 BIENNIUM - ALC/JBC RECOMMENDATION

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Workers' Compensation Commission (WCC) administers and enforces the Arkansas Workers' Compensation Law to ensure that all covered employers secure insurance coverage from commercial carriers or through self-insurance programs and adjudicates all work related injury claims by employees against their employers or insurance carriers. The WCC laws are designed to protect employers, employees, and their dependents from financial burdens imposed by job-related injury and disease. In addition, the AWCC regulates workers' compensation awards to insure that benefit providers make correct and timely payments to eligible claimants.

TOTAL APPROPRIATION

The total recommended operating appropriation for the Commission is \$200,793,725 for each year of the 2011-13 biennium.

FUNDING SOURCES

The appropriations for the WCC are funded by a 3% premium tax on worker's compensation insurance premiums (credited to 3 Trust Funds: Second Injury Trust Fund, Death and Permanent Total Disability Trust Fund, and the Workers' Compensation Fund) and Cash Funds from seminar receipts (approx. .06% of total funding).

II) SIGNIFICANT CHANGES

Purchase Annuities (APPROPRIATION 113)

This appropriation can be used to allow the Death and Permanent Total Disability Trust Fund (funded by a 3% Premium Tax) to provide for claimants or beneficiaries through the purchase of structured annuity contracts from insurance companies. The base level appropriation is \$4 million. It is recommended to be discontinued due to lack of participation. This appropriation was last used in FY 1997-98.

Administration (APPROPRIATION 355)

This appropriation is used to pay the general operating expenses of the Commission, and is funded by the 3% premium tax proceeds credited to the Workers' Compensation Trust Fund. The total recommended appropriation for each year of the 2011-13 biennium is \$27,653,725, which includes the following changes:

Regular Salaries & Matching - recommends discontinuing 5 positions, no longer needed as a result of job duty consolidation which results in a reduction in appropriation of \$159,302 each year.

Operating Expenses - recommend an increase of \$63,500 for increases in utilities(\$7,700), building and maintenance costs (\$38,050), debt service principle (\$1,750), office equipment maintenance (\$4,000), rent of facilities (\$3,500) and mileage/fuel costs (\$8,500).

Capital Outlay - recommend \$30,000 each year, for a new vehicle each year and for law library holdings.

Computer Software/Hardware - Recommends \$182,700 each year which is a **reduction** of \$170,800. The base level of \$353,500 is not required to maintain their Information Technology Plan.

III) ADDITIONAL POSITIONS

Total Positions for 2011-13 Biennium: 148
Total Budgeted Positions for FY 2010-11: 153
Increase / (Decrease): (5)

Recommends discontinuing:

2 Administrative Specialist III (C112)

2 Administrative Specialist II (C109)

1 Administrative Specialist I (C106)

IV) SPECIAL LANGUAGE

RECOMMENDS DELETION OF THE FOLLOWING LANGUAGE - QUARTERLY REPORTS: Requires the Commission to provide quarterly reports to Legislative Council and the House and Senate Public Health, Welfare and Labor Committees on the progress of the Health and Safety and the Medical Cost Containment Programs.

INVESTMENTS: Authorizes funds in the Death and Permanent Total Disability Trust Fund, Second Injury Trust Fund, and Workers' Compensation Trust Fund to be invested and reinvested in all such investments authorized for use by the Office of Treasurer, and provides the investments will be completed by fund transfer as directed by the Chief Executive Officer of the Workers' Compensation Commission.

RECOMMENDS DELETION OF THE FOLLOWING LANGUAGE - WCC BUILDING APPROPRIATION EXPENDITURE LANGUAGE: The language requires Legislative Council approval for any expenditure, or any combination of expenditures that exceeds ten thousand dollars (\$10,000), from the Workers' Compensation Commission Building appropriation.

Revised October 26, 2010