

WORKERS' COMPENSATION COMMISSION (0390)

FISCAL YEARS 2018 & 2019

Per Executive 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 appropriation for the Commission is \$33,482,389 in FY2018 and \$33,446,093 in FY2019.

FUNDING SOURCES

The appropriations for the WCC are funded by a 3% premium tax on workers' compensation insurance premiums (credited to 3 Trust Funds: Second Injury Trust Fund (receives 0.2% of the tax), Death and Permanent Total Disability Trust Fund (receives 1.3%), and the Workers' Compensation Fund (receives 1.5%) and Cash Funds from seminar receipts (approx. .06% of total WCC funding).

II) CHANGE LEVEL REQUESTS

REFUNDS AND CLAIMS (APPROPRIATION 203)

This appropriation is funded by Premium Tax proceeds levied on workers' compensation insurance premiums, and is used to pay required benefits that exceed established thresholds: \$75,000 for injuries that occurred prior to January 1, 2008; for injuries that occurred on or after January 1, 2008 the threshold is 325 times the maximum total disability rate; for CY2014 injuries the threshold is \$200,525 or 325 times the maximum disability rate of \$617. The total appropriation is \$21,550,000 and includes a \$200,000 reduction in the **Refunds/Reimbursements** line item to provide for a more efficient use of funds.

ADMINISTRATION (APPROPRIATION 355)

This appropriation is funded by Premium Tax proceeds levied on workers' compensation insurance premiums and is used to provide operating expenses for the administrative and judicial functions of the Commission. The total appropriation is \$11,456,392 in FY2018 and \$11,461,596 in FY2019 and includes the following changes:

Operating Expenses - Decrease of \$173,054 each year of the biennium

Conference and Travel Expenses - Decrease of \$19,485 each year

Professional Fees and Services - Decrease of \$27,464 each year

Refunds/Reimbursements - Decrease of \$185,000 each year all decreases for a more efficient use of funds.

Capital Outlay - Increase of \$50,000 for car replacement and law library

holdings.

Computer Software/Hardware - Increase of \$41,500 in FY18 only for a new telephone system, servers, and desktop computers per the Commission's IT Plan.

SECOND INJURY CLAIMS (APPROPRIATION 356)

This appropriation is funded by Premium Tax proceeds levied on workers' compensation insurance premiums and is used to pay the claims of permanently disabled persons injured on the job so that the employer is not held liable for greater disability or impairment than actually occurred while the employee was employed. Due to the passage of Act 1415 of 2007 which prohibits claims for second injuries after January 1, 2008. The appropriation is \$500,000 and includes the following:

Refunds/Reimbursements - Decrease of \$250,000 due to the fund no longer receiving tax revenues.

Claims - Decrease of \$500,000 due to the Commission no longer accepting new recipients for the program.

BUILDING REPAIR (APPROPRIATION 99T)

This appropriation is funded by Premium Tax proceeds levied on workers' compensation insurance premiums and is to be used for maintenance, renovation, equipping, construction, improvement, upgrade and repair projects for the Workers' Compensation Commission Building. This appropriation is \$150,000 and includes an increase of \$44,550 each year to purchase a new HVAC system for the Commission and make major building repairs

III) ADDITIONAL POSITIONS (Total FY2017 Authorized Positions: 115)

Total Positions FY2019: 115

Total Positions FY2018: 115

Total Base Level Positions FY2017: 115

Increase / (Decrease) over Base Level: 0

Extra Help Positions FY2018 and FY2019: 2 (Total FY2017 Authorized Extra Help: 2)

IV) SPECIAL LANGUAGE

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.

***NEW LANGUAGE* REFUND TO EXPENDITURE:** The proceeds from travel expense reimbursement by the Commission shall be deposited into the same State Treasury fund or Fund account from which those travel expenditures was incurred as a refund to expenditure to the credit of the appropriation line from which the original expenditure was made.

***NEW LANGUAGE* FUND TRANSFERS:** After receiving approval from the Chief Fiscal Officer, the Director of the Worker's Compensation Commission is authorized to transfer funds from the Second Injury

Trust Fund to the Death and Total Disability Trust Fund and/or
the Workers' Compensation Trust Fund.