

**WORKERS' COMPENSATION COMMISSION  
(AGENCY 390) 2007-09 BIENNIUM**

**I) AGENCY SUMMARY & REVENUE SOURCES**

**MISSION**

"The Mission of the Arkansas Workers' Compensation Commission is to provide a fair, efficient, and professional public agency to serve the people of Arkansas by administering actions required or authorized by Arkansas workers' compensation law." The Workers' Compensation Commission administers and enforces the Arkansas Workers' Compensation Law and adjudicates all work related injury claims by employees against their employers or insurance carriers.

**TOTAL BIENNIAL BUDGET**

The total authorized appropriation for the Commission is \$45.3 million in FY08 and \$45.5 million in FY09, which is an overall increase of \$30,000 each year over base level.

**FUNDING SOURCE**

The Agency is 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. .03% of total funding).

**II) SIGNIFICANT CHANGES**

<b>Total Increases over Base Level</b>	<b>FY08</b>	<b>FY09</b>
Capital Outlay for purchase of a vehicle and law library holdings	\$30,000	\$30,000
<b>Adjustments to Base Level:</b>		
Administration Appropriation:		
% Cost of Living Adjustment	\$168,379	\$340,169
Refunds/Reimbursements	(\$64,500)	(\$64,500)
Comp Software/Hardware	(\$56,160)	(\$56,160)
<b>Total Increase to Base Level</b>	<b>\$ 47,719</b>	<b>\$219,509</b>

• **Purchase Annuities**

This appropriation is funded by the Death and Permanent Total Disability Trust Fund (which is funded by a 3% Premium Tax) and is used to fund financial obligations of the Death and Permanent Disability Trust Fund for claimants or beneficiaries through the purchase of structured annuity contracts from insurance companies. The appropriation amount for each year of the biennium is \$4 million which is a continuation of base level.

• **Refunds and Claims**

This appropriation is funded by the Death and Permanent Total Disability Trust Fund (which is funded by a 3% Premium Tax) and has 2 parts: 1) Refunds of Taxes- which is used to refund premium tax overpayments, and the appropriation is \$750,000 each year which is a continuation of base level. 2) Claims - which is used to pay Death and Permanent Total Disability claims, and the appropriation is \$19 million each year which is a continuation of base level.

• **Administration**

This appropriation is used to pay the general operating expenses of the Commission, and is a total of \$12,200,437 in FY2008 and \$12,373,549 in FY2009, and is funded by the portion of the 3% premium tax that is credited to the Workers' Compensation Trust Fund. This appropriation

level is a continuation of the adjusted base level (see adjustments above) for all line items **EXCEPT** the following:

1) **Capital Outlay:** The appropriation is \$30,000 each year of the biennium, for the purchase of a vehicle and for additional law library holdings.

- **Second Injury Claims**

This appropriation is used to pay claims which insure that an employer employing a handicapped worker will not, in the event the worker suffers injury on the job, be held liable for a greater disability or impairment than actually occurred while the worker was in his or her employment. The appropriation is a continuation of base level of \$9.25 million each year, and is funded by the portion of the 3% premium tax that is credited to the Second Injury Trust Fund.

- **Seminar - Cash In Treasury**

This appropriation is used for the costs of hosting the annual Arkansas WCC Education Conference and for contributing to the "Kids Chance" Scholarship Program. This appropriation is funded by registration and exhibit booth fees which are deposited into a Cash Fund in the State Treasury. The appropriation is a continuation of Base Level of \$140,000 each year, with a reallocation of \$20,000 from Operating Expenses to Kids Chance Scholarships.

- **Workers' Compensation Commission Building**

Act 1263 of 2007 (SB476) provides an appropriation in the amount of \$218,500 for various maintenance, renovation, equipping, construction, improvement, upgrade and repair projects for the Workers' Compensation Building.

### **III) ADDITIONAL POSITIONS**

Total positions for FY 2007-09 Biennium: 153

Total budgeted positions for FY2007: 153

Increase / (Decrease): 0

### **IV) SPECIAL LANGUAGE**

**CARRY FORWARD:** Authorizes the agency to carry forward unexpended balances of appropriation for computer software and hardware from the first to the second year of the biennium and further requires, a prior statement of need must be submitted to the Department of Finance and Administration - Office of Budget, a report must be submitted to the Arkansas Legislative Council (ALC) or Joint Budget Committee (JBC) providing all carried forward amounts, a report of status of funds carried forward must be submitted to ALC/JBC, and finally agencies must include all of the above information in the biennial budget manuals or a statement of non-compliance.

**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 Program and the Medical Cost Containment Program.

**Provides for the deletion of the following special language. Fund Balance language will appear in the DFA Disbursing Agency Appropriation Act. FUND BALANCES. WORKER'S COMPENSATION FUND, DEATH AND PERMANENT TOTAL DISABILITY TRUST FUND, and SECOND INJURY TRUST FUND:** Provides that, should fund balances fall below [\$3,440,200 for the Workers' Compensation Fund] [\$69,949,740 for the Death and Permanent Total Disability Trust Fund] and [\$3,229,841 for the Second Injury Trust Fund], the Commission's disbursing officer notifies the agency head who requests and justifies expenditures to the Chief Fiscal Officer of the State who approves or disapproves such expenditures after seeking a prior review by the

Legislative Council. The documentation required to be submitted by the Agency Head must include a plan that outlines the impact on the fund balance, measures to be taken or programs to be cut to restore the balance, the extent to which the proposed expenditures are one-time purchases and a statement that expenditures will not deplete the fund or jeopardize the health of the agency.

**EXPENDITURES:** Any expenditure from the Workers' Compensation Commission Building appropriation or any combination of expenditures exceeding ten thousand dollars (\$10,000) shall require approval from Legislative Council. Classifies the legislative prior approval language as non-severable language, and if the prior approval is ruled unconstitutional then the entire section is void.