

**WORKERS' COMPENSATION COMMISSION
(AGENCY 390) 2009-11 BIENNIUM**

I) AGENCY SUMMARY & REVENUE SOURCES

MISSION

The Workers' Compensation Commission 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 BIENNIAL BUDGET

The total appropriation for the Commission is \$205,067,739 for FY2010 and \$205,232,578 for FY2011, which is an increase of \$159.3 million each year or a 347% increase, with \$157 million of the increase provided to allow the Commission to make investments through the State Treasury Money Market Management Fund Program.

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. .02% of total funding).

II) SIGNIFICANT CHANGES

Purchase Annuities (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 appropriation is \$4 million each year of the biennium.

Refunds and Claims (203)

This appropriation is funded by the Death and Permanent Total Disability Trust Fund to pay: 1) Refunds of premium tax overpayments - \$750,000 each year, 2) Claims for benefits for employees/dependents when they have reached the \$75,000 maximum benefit level employers are required to pay - \$21 million each year which is an increase of \$2 million each year, and 3) a new Investment line item to allow the Commission to invest in the State Treasury's Money Market Management Fund - \$142 million each year.

Administration (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 appropriation is \$27,927,739 in FY2010 and \$28,092,578 in FY2011. This appropriation provides for the following increases/changes:

Operating Expenses - Reallocate \$10,000 from Data Processing to Operating Expenses to properly classify expenditures.

Capital Outlay - \$20,000 each year to purchase a vehicle and reference materials for the Commission's Law Library.

Computer Software/Hardware - \$250,500 each year to replace computers, servers, and printers, and purchase software licenses.

Investments - Creates a new Investment line item of \$15 million each year to allow the Commission to invest in the State Treasury's Money Market

Management Fund.

Second Injury Claims (356)

This appropriation is used to pay claims which insure that an employer employing a permanently disabled 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 the 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 (866)

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. The appropriation is a continuation of Base Level of \$140,000 each year.

III) ADDITIONAL POSITIONS

Total Positions for 2009-11 Biennium: 153

Total Positions for 2007-09 Biennium: 153

Increase / (Decrease): 0

IV) SPECIAL LANGUAGE

RECOMMENDS THE DELETION OF CARRY FORWARD LANGUAGE that authorizes the Commission to carry forward unexpended balances of appropriation for computer software and hardware from the first to the second year of the biennium.

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.

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.

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.

Revised March 2009