

State of Arkansas

77th General Assembly

Regular Session, 1989

A Bill

SENATE BILL

471

By: Senator Russ

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 6-17-1403 TO CHANGE THE METHOD OF FUNDING REIMBURSEMENT OF THE WORKERS' COMPENSATION REVOLVING FUND AS TO WORKERS' COMPENSATION BENEFITS PAID ON BEHALF OF THE SCHOOL DISTRICTS OF THE STATE OF ARKANSAS; AND FOR OTHER PURPOSES."

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code 6-17-1403 is hereby amended to read as follows:

"6-17-1403. Financing coverage.

(1) As used in this section, unless the context otherwise requires:

(A) 'Payroll' means the gross total amount expended for a payroll period for regular salaries, extra help, and authorized overtime payments;

(B) 'Contribution' means a percentage of payroll expenditures paid to the Workers' Compensation Revolving Fund by a school district in order to provide current and timely reimbursements of benefit awards paid by the Public Employee Claims Division of the State Insurance Department and charged to the school district; and

(C) 'Experience rate' means the process of adjustment in a future period of the contribution rate of a school district based on the difference of the amounts paid to the Revolving Fund for a fiscal year compared to the amounts of workers' compensation benefits charged to the school district in order to recover deficits and refund surpluses.

(2) This section shall be administered by the Chief Fiscal Officer of the State. The Chief Fiscal Officer of the State shall have the authority to establish procedures and to make such rules and regulations as are necessary to enforce the provisions of this section.

(3) Commencing on July 1, 1989, each school district of the State of Arkansas shall make contributions to the Workers' Compensation Revolving Fund

at the end of each payroll period. Such contributions shall amount to one-half of one percent (½ of 1%) of the gross Regular Salary and Extra Help payroll expenditures of each school district for each payroll period for the biennium ending June 30, 1991. After June 30, 1991, the contributions for each school district shall be experience-rated. The experience rate for each even-numbered fiscal year will be used to fix the rate for the next even-numbered fiscal year. Each odd-numbered fiscal year's experience rate will be used to fix the next off-numbered fiscal year's rate.

(4) All awards made to school district employees under the provisions of this subchapter shall be paid from the Workers' Compensation Revolving Fund on vouchers drawn by the Public Employee Claims Division of the State Insurance Department.

(5) If during any fiscal year the Chief Fiscal Officer of the State determines that the contribution rate for any school district will result in a significant surplus or deficit for that fiscal year, he shall be authorized to adjust the school district's contribution rate to reduce such surplus or recover any such deficit, subject to the provisions of subsection (6) of this section as to deficits.

(6) In the event a school district incurs a deficit which would require a contribution rate greater than two percent (2%), the school district shall continue to make contributions at the rate of two percent (2%), even though eligible for an experience rate reduction, until any deficit owed the Revolving Fund is repaid. In the event a school district's experience rate exceeds two percent (2%) for one (1) full fiscal year, the Chief Fiscal Officer of the State may adjust the district's contribution to equal its experience rate, not to exceed a maximum of five percent (5%); and the district's contributions shall remain at that level until its experience rate decreases and its accumulated deficit is repaid.

(7) If the Workers' Compensation Revolving Fund does not have sufficient funds available from contributions by school districts for paying either benefits awarded to school district employees or benefits determined by the Public Employee Claims Division to be due school district employees, the Chief Fiscal Officer of the State may authorize transfers of monies as loans to be made from the Public School Fund to the Revolving Fund to make such benefit awards. Any such monies loaned to the Workers' Compensation Revolving Fund shall be repaid no later than June 30th of the next fiscal year following the

fiscal year in which such loans were made.

(8) The Chief Fiscal Office shall also cause to be transferred to the Workers' Compensation Revolving Fund from the Public School Fund such amounts as may be certified to him by the State Insurance Commissioner as the cost of administering the provisions of this subchapter for school district employees."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. All provisions of this Act of a general and permanent nature are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code Revision Commission shall incorporate the same in the Code.

SECTION 4. It is hereby determined by the General Assembly that current provisions of Arkansas law as to reimbursement of the Workers' Compensation Revolving Fund for benefit awards paid to school district employees of this State are inadequate, and this Act is necessary to change the method of reimbursement. Therefore, an emergency is hereby declared to exist and this Act being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.