

WORKERS' COMPENSATION COMMISSION

Enabling Laws

Act 129 of 2010

Act 130 of 2010

Constitution of Arkansas Amendment 7

Constitution of Arkansas Amendment 26

History and Organization

Workers' compensation insurance is directed to the moral, social and economic benefits of protecting employers, employees, and their dependents from financial burdens imposed by job-related injury and disease. Arkansas law provides that employers in categories not specifically exempted must provide insurance coverage for employee costs incurred as a result of job-related accidents and disease.

The Arkansas Workers' Compensation Commission (WCC) enforces the workers' compensation law to ensure that all covered employer's secure insurance coverage from commercial carriers or through self-insurance programs. In addition, the Commission regulates workers' compensation awards to insure that benefit providers make correct and timely payments to eligible claimants.

The extent of disability and the fairness of total compensation can be an item of dispute among the parties involved. The Arkansas Workers' Compensation Commission, through its three Commissioners and a staff of Administrative Law Judges, adjudicates disputed workers' compensation cases with binding decisions that can be appealed to the Arkansas Court of Appeals and the Arkansas Supreme Court.

The constitutional authority for the organization and operation of the Arkansas Workers' Compensation Commission is found in Amendment No. 26 to the Constitution of the State of Arkansas, which was adopted by the people at the General Election held November 8, 1938. The amendment provides that the General Assembly shall have the power to enact laws prescribing the amount of compensation to be paid by employers for injuries to or death of employees and to provide the means, methods and forum for adjudicating claims under said law.

Pursuant to the constitutional authority, the people of the State of Arkansas, acting under the Initiated and Referendum amendment (Amendment 7) to the Constitution of Arkansas, adopted Initiated Act No. 4 of 1948 known as the Workmen's Compensation Law. The Act, together with certain amendments, now comprises the workers' compensation law of this state.

The Commission

The three-member commission is responsible for the administration of the workers' compensation law in Arkansas. The Commissioners are appointed by the Governor for a term of six years. One of the Commissioners represents the interests of labor, another management, and the Chairman acts as a neutral party, representing the interests of the public.

The administrative and regulatory functions of the Arkansas Workers' Compensation Commission include monitoring all claims and benefit payments to injured workers, processing settlements, lump sum payments, and requests for changes of physicians; ensuring that employers maintain required insurance coverage; approving applications of employers to act as self-insurers; and participating in programs to explain the functions of the Commission to the general public. The divisions that assist in carrying out these functions are: Adjudication, Administrative Services, Clerk of the Commission, Data Processing, Health and Safety, Legal Advisor, Medical Cost Containment, Operations and Compliance, Self-Insurance, Special Funds, and Support Services. These divisions operate under the direction of a Chief Executive Officer.

Adjudication

It is the function and responsibility of the Adjudication Division to see that the primary purposes of the workers' compensation laws are accomplished. Specifically, that timely temporary and permanent disability benefits are paid to all legitimately injured workers who suffer an injury or disease arising out of and in the course of their employment, together with reasonable and necessary medical expenses, before returning them to the work force.

The Division is currently staffed by twelve (12) Administrative Law Judges (ALJs), and nine (9) Administrative Assistants as support staff. Nine (9) ALJs have offices in Little Rock, two (2) are in Fort Smith, and one (1) is located in Springdale.

Based upon the number of claims filed within each county, Arkansas has been divided into six (6) geographic districts. Administrative Law Judges travel throughout the state within an assigned district and conduct hearings when disputes arise between injured employees and their employers and/or insurance carriers. Cases are assigned according to the county in which the incident occurred. Pulaski County cases are assigned to all ALJs who have offices in Little Rock as a means of balancing the overall caseload.

Clerk of the Commission

The Clerk's office was established to serve as a conduit for filing, processing and internal routing of pleadings, legal documents and other notices received by the Workers' Compensation Commission. This office is responsible for the assignment of all cases to the Administrative Law Judges and Legal Advisors. In addition, the Clerk maintains the required dockets for cases appealed to the Full Commission, prepares the record/transcripts for lodging with the Court of Appeals, reviews the record on appealed cases, certifies record composition, and certifies copies of documents from the commission files requested in writing from interested parties.

Administrative Services

Fiscal Section:

The Commission's operations are funded from a premium tax (limited by law to three percent) on workers' compensation premiums paid by insurance companies writing workers' compensation policies, companies qualifying as self-insurers, and all public employers. The Fiscal Section of the Administrative Services Division disburses these funds. All purchasing, accounting, investments, travel and budget analyses are the responsibility of this division.

Human Resources Section:

The Human Resources section of the Administrative Services Division is responsible for developing, implementing and monitoring Commission human resource systems and policy, as well as payroll transactions. Job announcement, interviewing and selection of applicants, performance evaluation, leave accounting, quality management, training and the switchboard are administered by the division. In addition, human resources coordinates with the Office of Personnel Management, provides support to the Chief Executive Officer in the compilation and analysis of Commission personnel budget requests, and counsels with agency management and staff regarding the resolution of sensitive issues associated with performance, discipline, promotion, and selection or other related matters.

Information Technology

The IT Division is responsible for the automation of the Commission. The backbone of the system is an in-house developed application that captures data from the inception of a claim and maintains and updates this data throughout the life of the claim. The Division currently maintains databases consisting of reported claims, employers, insurance carriers and adjusters, and various other supporting databases.

Health and Safety

Act 796 of 1993 created the Health and Safety Division that serves as a resource center on safety issues pertinent to employers and employees in Arkansas. Within the Division are the following sections: Accident Prevention Section, Hazardous Employer Section, Job Safety Information Section, and Education and Training Section.

Legal Advisor

The Legal Advisor Division is a dispute resolution system created to provide legal information and assistance to interested parties who have questions concerning the Arkansas workers' compensation law. The Legal Advisors are attorneys who know both the law and the procedures through which the parties must navigate during the claims process. The Division gives presentations at various conferences and meetings, and will make on-site visits to businesses when invited to do so. The Legal Advisors serve as a link between unrepresented claimants and insurance adjusters, and often help resolve problems before they escalate into issues that must be litigated.

Legal Advisors also conduct mediations, legal advisor conferences, and assist the Commission staff.

Medical Cost Containment

The major function of this Division is to oversee the Medical Fee Schedule, which limits the reimbursement to providers for treatment rendered to injured workers and the administration of the Comprehensive Managed Care Program (including requests for changes of physician), which was established by Act 796 of 1993.

Operations and Compliance

The Operations section of this Division is concerned primarily with the processing of compensation claims filed directly with the Commission by parties other than the employer receives and establishes files for all First Reports of Injury. The Compliance section is the investigative arm of the Commission, making certain all employers under the law have secured payment of compensation. Act 796 of 1993 provided for Certificates of Non-Coverage (CnC), which are processed by the Compliance section.

Self-Insurance

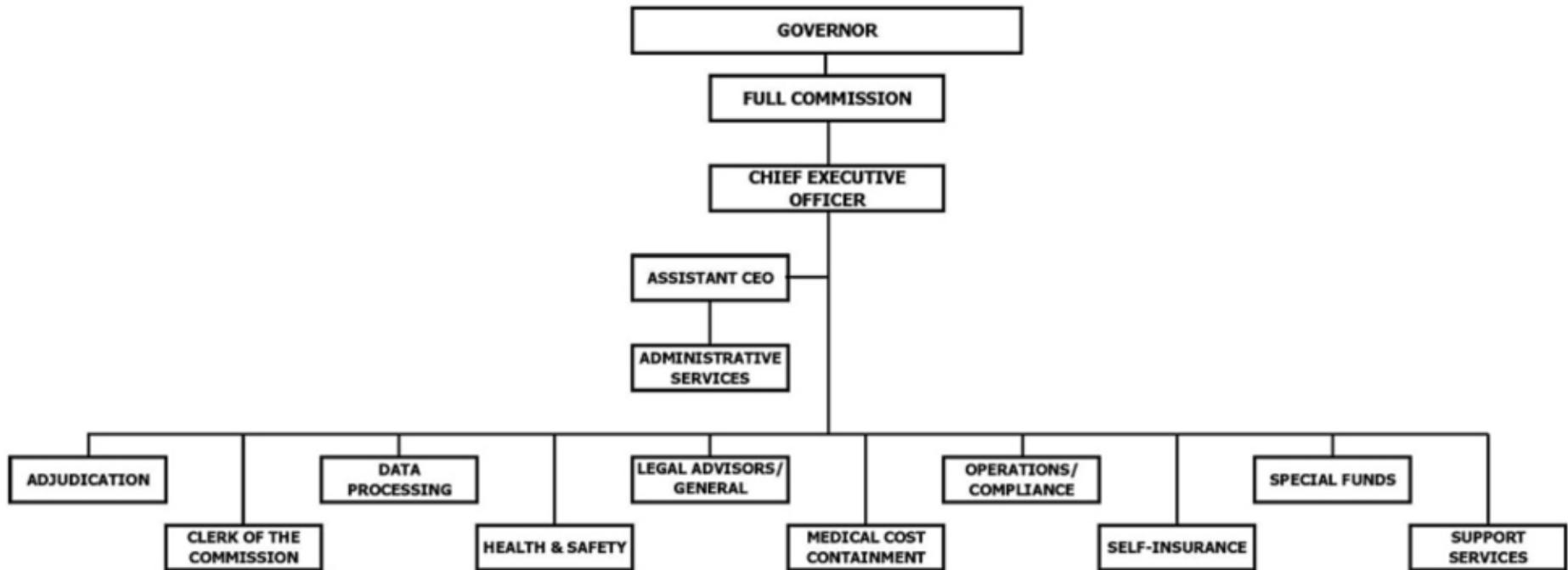
The Commission's Self-Insurance Division is responsible for the administration and regulation of the Self-Insurance Program in Arkansas. Commission Rule 099.05 governs the operation of the program. The Division processes the applications for individual self-insurance, group self-insurance, group members, and applications for third-party administrators. The Division prepares an annual renewal evaluation on both individual self-insurers and group self-insurers, subject to Commission approval, to renew the Certificate of Authority for Self-Insurance. The Division prepares annual renewal evaluations on third-party administrators, subject to Commission approval, for renewal of their Certificate of Authority to act as a Third-Party Administrator. The Division also collects the workers' compensation premium tax from the self-insurers and group self-insurers. The Division also administers Rule 099.39 (report card monitoring) for the insurance companies, self-insurers and TPA's.

Special Funds

The Special Funds Division is comprised of two individual funds, the Second Injury Trust Fund and the Death and Permanent Total Disability Trust Fund. The Second Injury Trust Fund was statutorily created to encourage employment of disabled workers by limiting, in the event of subsequent injury, the employer's liability for permanent disability benefits. Act 1415 of 2007 provided that no claims shall be made against the Second Injury Trust Fund on or after January 1, 2008. The Death and Permanent Total Disability Trust Fund pays weekly benefits to permanent and totally disabled workers or dependents of deceased workers after the workers' compensation insurer has paid indemnity liability of a threshold amount that is equal to 325 times the maximum total disability rate at the time of the injury.

Support Services

This division coordinates the annual educational conference programs for the Commission. Support Services prepares the agency biennial report from information compiled by the IT Division. This Division is responsible for maintaining and operating all mailroom activities for the Commission and supporting the District offices. Support Services oversees the Commissions security and maintenance of its buildings.



Agency Commentary

The Arkansas Workers' Compensation Commission operates with four appropriations. These are:

- Appropriation 866 - Seminar
- Appropriation 203 - Death & Permanent Total Disability Claims
- Appropriation 355 - WCC Administration
- Appropriation 356 - Second Injury Claims

Appropriation 866 - Seminar

The Commission annually hosts AWCC Educational Conference for interested companies, attorneys, and individuals. Registration and exhibit booth fees collected pay the expenses of the conferences.

The Commission is requesting only the continuation of Base Level for each year of the biennium.

Appropriation 113- Annuities

The Commission is requesting to discontinue this appropriation due to lack of participation.

Appropriation 203 - Death and Permanent Total Disability Claims

This appropriation contains three parts:

- Refund of Taxes - To address premium tax overpayments
- Claims - The Commission is requesting continuation at Base Level for each year of the biennium
- Investments - The Commission is requesting continuation at Base Level for each year of the biennium for investments in the Money Market Management Fund at the Office of the Treasurer

Appropriation 355 - WCC Administration

This appropriation is to pay expenditures related to the operation of the Commission such as Regular Salaries and Personal Services Matching for all Commission employees, Operating Expenses, Conference Fees and Travel, Professional Fees, and Capital Outlay. Included in Base Level are 153 positions each year. The change level requests include the following:

- Operating Expenses - \$63,500 is requested as a change level increase for utilities, minor building repairs and maintenance, debt service, and fuel costs.
- Capital Outlay - \$30,000 is requested as a change level increase. This increase will be necessary to purchase a new vehicle as a replacement of an existing vehicle if needed and for additions to our law library.
- Computer Hardware/Software - \$182,700 is requested for each year of the biennium, this is a change level decrease of \$170,800. This request is in accordance with the Commission's information technology plan.
- Personnel - The Commission is requesting a change level reclass of \$6,763 for the first year of the biennium and \$10,057 for the second year, this will correct a position's incorrect classification on the Pay Plan. This request includes Salaries and Matching.

- Investments - The Commission is requesting continuation at Base Level for each year of the biennium for investments in the Money Market Management Fund at the Office of the Treasurer.
- Personnel - The Commission is requesting discontinuing five positions due to consolidation of job duties these positions are no longer needed and to retain the monthly matching insurance expense. This request will result in a change level decrease of \$159,302. This request includes Salaries and Matching.

Appropriation 356 - Second Injury Claims

This appropriation contains two parts:

- Refund of Taxes - To refund premium tax overpayments
- Claims - The Commission is requesting continuation at Base Level for each year of the biennium

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 WORKERS' COMPENSATION COMMISSION
 FOR THE YEAR ENDED JUNE 30, 2009

Findings

Insufficient segregation of duties and a lack of controls over the receipting of funds for and issuance of certificates of non-coverage have placed Agency assets at risk. Because a significant amount of cash is received as payment for certificates of non-coverage, segregation of duties and good internal controls are essential to insure that all cash received is deposited timely and intact.

Recommendations

Strengthen controls over the issuance of certificates of non-coverage and segregate duties to the extent possible.

Employment Summary

	Male	Female	Total	%
White Employees	33	55	88	76 %
Black Employees	5	21	26	22 %
Other Racial Minorities	0	2	2	2 %
Total Minorities			28	24 %
Total Employees			116	100 %

Publications

A.C.A. 25-1-204

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution
		Governor	General Assembly		
Annual Report	11-9-208	N	N	25	To meet the requirements of ACA 11-9-208 and to have sufficient copies for interested parties.
Biennial Report	11-9-208	Y	Y	50	To meet the requirements of Act 1276 and ACA 11-9-208 and to have sufficient copies for interested parties.

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2009-2010		2010-2011		2010-2011		2011-2012						2012-2013					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
113 Purchase Annuities	0	0	4,000,000	0	4,000,000	0	4,000,000	0	0	0	0	0	4,000,000	0	0	0	0	0
203 Refunds and Claims	14,481,764	0	163,750,000	0	163,750,000	0	163,750,000	0	163,750,000	0	163,750,000	0	163,750,000	0	163,750,000	0	163,750,000	0
355 Administration	10,051,829	122	27,897,821	153	28,092,578	153	27,890,327	153	27,660,488	148	27,653,725	148	27,890,327	153	27,663,782	148	27,653,725	148
356 Second Injury Claims	1,005,481	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0
866 Seminar-Cash in Treasury	8,994	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0
Total	25,548,068	122	205,037,821	153	205,232,578	153	205,030,327	153	200,800,488	148	200,793,725	148	205,030,327	153	200,803,782	148	200,793,725	148

Funding Sources		%		%		%		%		%		%		%		%
Fund Balance	4000005	157,699,590	88.8	152,088,402	74.2		32,204	0.1	32,204	0.1	32,204	0.1	0	0.0	0	0.0
Cash Fund	4000045	6,375	0.0	30,000	0.0		30,000	0.1	30,000	0.1	30,000	0.1	30,000	0.1	30,000	0.1
Trust Fund	4000050	19,927,902	11.2	52,951,623	25.8		52,730,000	99.9	48,730,000	99.9	48,730,000	99.9	52,730,000	99.9	48,730,000	99.9
M & R Sales	4000340	2,603	0.0	0	0.0		0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		177,636,470	100.0	205,070,025	100.0		52,792,204	100.0	48,792,204	100.0	48,792,204	100.0	52,760,000	100.0	48,760,000	100.0
Excess Appropriation/(Funding)		(152,088,402)		(32,204)			152,238,123		152,008,284		152,001,521		152,270,327		152,043,782	
Grand Total		25,548,068		205,037,821			205,030,327		200,800,488		200,793,725		205,030,327		200,803,782	

Investments provide appropriation authority to reinvest Commission fund balances in both years of the biennium in Refunds and Claims (203) and Administration (355). Variance in fund balances due to unfunded appropriation.

Agency Position Usage Report

FY2008 - 2009						FY2009 - 2010						FY2010 - 2011					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
153	124	29	153	0	18.95 %	153	119	34	153	0	22.22 %	153	118	35	153	0	22.88 %

Analysis of Budget Request

Appropriation: 113 - Purchase Annuities

Funding Sources: TDP - Death & Permanent Total Disability Trust

Arkansas Code §11-9-210 authorized the Workers' Compensation Commission to fund financial obligations of the Death and Permanent Disability Trust Fund through the purchase of structured annuity contracts from insurance companies. These annuity contracts can be purchased for the benefit payments of claimants or beneficiaries.

The Base Level for this appropriation is \$4,000,000 each year of the biennium.

The Commission is requesting to discontinue this appropriation due to lack of participation.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 113 - Purchase Annuities

Funding Sources: TDP - Death & Permanent Total Disability Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2009-2010	2010-2011	2010-2011	2011-2012			2012-2013		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase Annuities 5900046	0	4,000,000	4,000,000	4,000,000	0	0	4,000,000	0	0
Total	0	4,000,000	4,000,000	4,000,000	0	0	4,000,000	0	0
Funding Sources									
Trust Fund 4000050	0	4,000,000		4,000,000	0	0	4,000,000	0	0
Total Funding	0	4,000,000		4,000,000	0	0	4,000,000	0	0
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	0	4,000,000		4,000,000	0	0	4,000,000	0	0

THIS APPROPRIATION NOT REQUESTED FOR THE 2011-2013 BIENNIUM.

Change Level by Appropriation

Appropriation: 113 - Purchase Annuities

Funding Sources: TDP - Death & Permanent Total Disability Trust

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	4,000,000	0	4,000,000	100.0	4,000,000	0	4,000,000	100.0
C03	Discontinue Program	(4,000,000)	0	0	0.0	(4,000,000)	0	0	0.0

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	4,000,000	0	4,000,000	100.0	4,000,000	0	4,000,000	100.0
C03	Discontinue Program	(4,000,000)	0	0	0.0	(4,000,000)	0	0	0.0

Justification

C03	The Commission is requesting discontinuing this appropriation due to lack of participation.
-----	---

Analysis of Budget Request

Appropriation: 203 - Refunds and Claims

Funding Sources: TDP - Death & Permanent Total Disability Trust

The Workers' Compensation Commission administers the Death and Permanent Disability Claims Program as established by Act 221 of 1973 (ACA §11-9-301 et seq.) An employee or dependent that has received the maximum benefit of \$75,000 from his/her employer under the provisions of Act 221 of 1973 is then eligible to receive benefits payable by the Commission from this appropriation. Funding is derived from the premium taxing authority authorized in Act 393 of 1983.

The Commission requests Base Level of \$163,750,000 for each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 203 - Refunds and Claims

Funding Sources: TDP - Death & Permanent Total Disability Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	3,390	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Claims	5110015	14,478,374	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
Investments	5120013	0	142,000,000	142,000,000	142,000,000	142,000,000	142,000,000	142,000,000	142,000,000	142,000,000
Total		14,481,764	163,750,000	163,750,000	163,750,000	163,750,000	163,750,000	163,750,000	163,750,000	163,750,000
Funding Sources										
Fund Balance	4000005	142,275,784	138,712,667		0	0	0	0	0	0
Trust Fund	4000050	10,918,647	25,037,333		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Total Funding		153,194,431	163,750,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Excess Appropriation/(Funding)		(138,712,667)	0		138,750,000	138,750,000	138,750,000	138,750,000	138,750,000	138,750,000
Grand Total		14,481,764	163,750,000		163,750,000	163,750,000	163,750,000	163,750,000	163,750,000	163,750,000

Investments provide appropriation authority to reinvest Commission fund balances in both years of the biennium.

Analysis of Budget Request

Appropriation: 355 - Administration

Funding Sources: TJW - Workers' Compensation Trust

The Workers' Compensation Commission (WCC) Administration appropriation is comprised of all administrative and judicial functions within the Commission. Funding is derived from a premium tax (limited by law to 3%) on workers' compensation insurance premiums.

Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Career Service Payments. The Base Level salary of unclassified positions reflects the FY11 line item maximum.

The Commission requests a Base Level of \$27,890,327 each year of the biennium and includes the following Change Level Requests:

- Operating Expenses increase \$63,500 each year for increases in utilities, minor building repairs and maintenance, debt service, and fuel costs
- Capital Outlay increase \$30,000 each year for purchase of a new vehicle as a replacement if needed and additions to the law library.
- Computer Software/Hardware decrease \$170,800 each year due to additional appropriation levels not being needed to maintain the Commission information technology plan
- Discontinue 5 positions; two Administrative Specialist III, two Administrative Specialist II, and one Administrative Specialist I and associated Personal Services Matching Decreases due to positions no longer being needed as a result of job duty consolidation
- Total reclass increase of \$6,763 in FY12 and \$10,057 FY13 due to one WCC ASST Chief Executive Officer requested to become unclassified, total includes Matching increases

The Executive Recommendation provides for the Agency Request with the exception of the reclassification of the WCC ASST Chief Executive Officer. Replacement of aging, high mileage vehicle will be determined in accordance with A.C.A. §22-8-201 et seq., Automobile and Pickup Truck Acquisition Act, which establishes guidelines for automobile replacement.

Appropriation Summary

Appropriation: 355 - Administration
Funding Sources: TJW - Workers' Compensation Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,547,636	7,531,931	7,641,620	7,484,776	7,377,356	7,371,731	7,484,776	7,380,106	7,371,731
#Positions		122	153	153	153	148	148	153	148	148
Extra Help	5010001	6,558	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help		1	2	2	2	2	2	2	2	2
Personal Services Matching	5010003	1,926,028	2,176,721	2,261,789	2,236,382	2,191,263	2,190,125	2,236,382	2,191,807	2,190,125
Overtime	5010006	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	1,336,380	1,655,609	1,655,609	1,655,609	1,719,109	1,719,109	1,655,609	1,719,109	1,719,109
Conference & Travel Expenses	5050009	32,611	96,096	96,096	96,096	96,096	96,096	96,096	96,096	96,096
Professional Fees	5060010	36,935	268,464	268,464	268,464	268,464	268,464	268,464	268,464	268,464
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Refunds/Reimbursements	5110014	3,390	685,500	685,500	685,500	685,500	685,500	685,500	685,500	685,500
Capital Outlay	5120011	1,736	20,000	20,000	0	30,000	30,000	0	30,000	30,000
Investments	5120013	0	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000	15,000,000
Computer Software/Hardware	5900044	160,555	353,500	353,500	353,500	182,700	182,700	353,500	182,700	182,700
Total		10,051,829	27,897,821	28,092,578	27,890,327	27,660,488	27,653,725	27,890,327	27,663,782	27,653,725
Funding Sources										
Fund Balance	4000005	12,213,620	11,116,733		0	0	0	0	0	0
Trust Fund	4000050	8,952,339	16,781,088		16,600,000	16,600,000	16,600,000	16,600,000	16,600,000	16,600,000
M & R Sales	4000340	2,603	0		0	0	0	0	0	0
Total Funding		21,168,562	27,897,821		16,600,000	16,600,000	16,600,000	16,600,000	16,600,000	16,600,000
Excess Appropriation/(Funding)		(11,116,733)	0		11,290,327	11,060,488	11,053,725	11,290,327	11,063,782	11,053,725
Grand Total		10,051,829	27,897,821		27,890,327	27,660,488	27,653,725	27,890,327	27,663,782	27,653,725

Investments provide appropriation authority to reinvest Commission fund balances in both years of the biennium.

Change Level by Appropriation

Appropriation: 355 - Administration
Funding Sources: TJW - Workers' Compensation Trust

Agency Request

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	27,890,327	153	27,890,327	100.0	27,890,327	153	27,890,327	100.0
C01	Existing Program	93,500	0	27,983,827	100.3	93,500	0	27,983,827	100.3
C03	Discontinue Program	(330,102)	(5)	27,653,725	99.2	(330,102)	(5)	27,653,725	99.2
C10	Reclass	6,763	0	27,660,488	99.2	10,057	0	27,663,782	99.2

Executive Recommendation

Change Level		2011-2012	Pos	Cumulative	% of BL	2012-2013	Pos	Cumulative	% of BL
BL	Base Level	27,890,327	153	27,890,327	100.0	27,890,327	153	27,890,327	100.0
C01	Existing Program	93,500	0	27,983,827	100.3	93,500	0	27,983,827	100.3
C03	Discontinue Program	(330,102)	(5)	27,653,725	99.2	(330,102)	(5)	27,653,725	99.2
C10	Reclass	0	0	27,653,725	99.2	0	0	27,653,725	99.2

Justification

C01	The Commission is requesting an additional \$63,500 to adequately fund maintenance and operation expenses due to increases in utilities, minor building repairs, debt service, and fuel costs. The Commission is requesting an additional \$30,000 in capital outlay to purchase a new vehicle as a replacement of an existing vehicle if needed and for additions to our law library.
C03	The Commission is requesting \$182,700 for computer hardware/software; this is a change level decrease of \$170,800. The Commission is requesting discontinuing five positions; this is a change level decrease of \$113,045 in Regular Salaries and \$46,257 in Matching.
C10	The Commission is requesting a change level reclass of \$6,763 for the first year of the biennium and \$10,057 for the second year, this will correct a position's incorrect classification on the Pay Plan.

Analysis of Budget Request

Appropriation: 356 - Second Injury Claims

Funding Sources: TSW - Second Injury Trust Fund

The Workers' Compensation Commission administers a Second Injury Claims Fund A.C.A. 19-5-911 for the purpose of paying claims of permanently disabled persons in accordance with Act 253 of 1979. Funding is derived from the premium taxing authority authorized by Act 393 of 1983. Act 1415 of 200 provided that no claims shall be made against the Second Injury Trust Fund on or after January 1, 2008. The Commission appropriation need for this program is due to claims prior to January 1, 2008.

The Commission requests Base Level of \$9,250,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 356 - Second Injury Claims

Funding Sources: TSW - Second Injury Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2011-2012			2012-2013		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	0	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Claims	5110015	1,005,481	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Total		1,005,481	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000
Funding Sources										
Fund Balance	4000005	3,065,363	2,116,798		0	0	0	0	0	0
Trust Fund	4000050	56,916	7,133,202		7,130,000	7,130,000	7,130,000	7,130,000	7,130,000	7,130,000
Total Funding		3,122,279	9,250,000		7,130,000	7,130,000	7,130,000	7,130,000	7,130,000	7,130,000
Excess Appropriation/(Funding)		(2,116,798)	0		2,120,000	2,120,000	2,120,000	2,120,000	2,120,000	2,120,000
Grand Total		1,005,481	9,250,000		9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000

Analysis of Budget Request

Appropriation: 866 - Seminar-Cash in Treasury

Funding Sources: NWC - Cash in Treasury

The Workers' Compensation Commission (WCC) annually hosts the Arkansas WCC Education Conference for interested companies, attorneys, and individuals. Registration and exhibit booth fees collected pay the expenses of the conference and contribute to "Kids Chance" scholarships. This scholarship program assists the children of employees who died as a result of a job-related accident or children of employees who were permanently and totally disabled in a compensable accident under the state workers' compensation laws. The scholarships allow students to continue their education at a vocational/technical school, college, or a university.

The Commission requests Base Level of \$144,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of appropriation is contingent on available funding.

Appropriation Summary

Appropriation: 866 - Seminar-Cash in Treasury

Funding Sources: NWC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2009-2010 Actual	2010-2011 Budget	2010-2011 Authorized	2011-2012			2012-2013		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	3,944	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	0	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Scholarships	5100030	5,050	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		8,994	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Funding Sources										
Fund Balance	4000005	144,823	142,204		32,204	32,204	32,204	0	0	0
Cash Fund	4000045	6,375	30,000		30,000	30,000	30,000	30,000	30,000	30,000
Total Funding		151,198	172,204		62,204	62,204	62,204	30,000	30,000	30,000
Excess Appropriation/(Funding)		(142,204)	(32,204)		77,796	77,796	77,796	110,000	110,000	110,000
Grand Total		8,994	140,000		140,000	140,000	140,000	140,000	140,000	140,000