

# WORKERS' COMPENSATION COMMISSION

## Enabling Laws

Act 128 of 2012

Act 141 of 2012

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

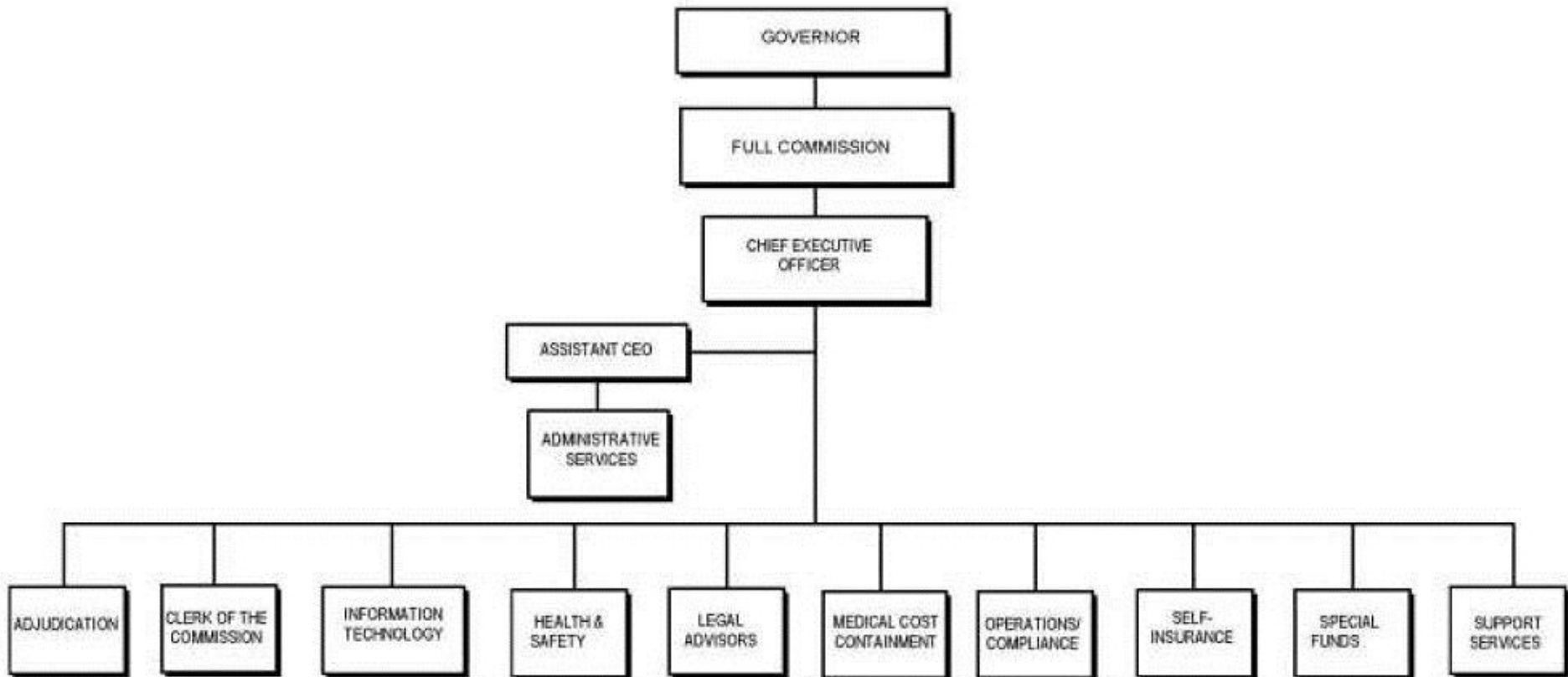
The Commission's Self-Insurance Division is responsible for the administration and regulation of the Self-Insurance Program in Arkansas. Commission Rule 099.05 governs the operation of the program. The Division processes the applications for individual self-insurance, group self-insurance, group members, 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 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 a change level decrease of \$5,000,000 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 148 positions each year. The change level requests include the following:

- Operating Expenses - The Commission is requesting continuation at Base Level 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 and for additions to our law library.
- Computer Hardware/Software - -\$260,000 is requested for each year of the biennium, this is a change level increase of \$77,300. This request is in accordance with the Commission's information technology plan.

- Personnel - The Commission is requesting discontinuing two positions for a change level decrease of \$67,274.
- 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.
- Building Repairs/Maintenance - \$105,450 is requested for each year of the biennium for major building repairs and maintenance. This request is a change level decrease of \$247,325.

Appropriation 356 - Second Injury Claims

This appropriation contains two parts:

- Refund of Taxes - To refund premium tax overpayments.

Claims - The Commission is requesting a change level decrease of \$2,000,000 for each year of the biennium.

**Audit Findings**

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
WORKERS' COMPENSATION COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings	Recommendations
<p>The Agency maintains several bank accounts to account for the payment of self-insured workers' compensation claims. Frequently, disbursements are made from these accounts to third parties who process the claims. Our review of the internal controls related to the receipts and disbursements of these accounts revealed that inadequate management oversight resulted in the following deficiencies:</p> <ul style="list-style-type: none"> <li>• Prenumbered receipts were not used to account for deposits to one bank account as required by the State's Financial Management Guide.</li> <li>• Temporary checks, which were not numbered, were used for disbursements and only one signature was required to issue the checks.</li> <li>• There was no formal agreement maintained to document the duties and responsibilities of the third party claims processor.</li> </ul>	<p>Strengthen internal controls over the self-insured bank accounts to lessen the probability of misappropriation of funds.</p>

DIVISION OF LEGISLATIVE AUDIT  
AUDIT OF :  
WORKERS' COMPENSATION COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2011

Findings

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Our review of the computer systems at the Agency identified the following internal control deficiencies:

- Daily backup files were not stored in a building adequately distant from the computer system.
- Management passwords were not required to be routinely changed every 90 days or less.
- The contingency plan that addresses the Agency's procedures in the event of a short- or long-term interruption of computer service had not been adequately tested.

Failure to properly implement controls increases the risk of inappropriate access to data and inability to restore computer systems.

Recommendations

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Implement strong control over its computer systems to help prevent improper use and ensure successful restoration.

**State Contracts Over \$25,000 Awarded To Minority Owned Businesses Fiscal Year 2012**

None



**Employment Summary**

	Male	Female	Total	%
White Employees	29	54	83	75 %
Black Employees	4	21	25	23 %
Other Racial Minorities	0	2	2	2 %
	Total Minorities		27	25 %
	Total Employees		110	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	2011-2012		2012-2013		2012-2013		2013-2014						2014-2015					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
203 Refunds and Claims	15,488,683	0	163,750,000	0	163,750,000	0	163,750,000	0	158,750,000	0	158,750,000	0	163,750,000	0	158,750,000	0	158,750,000	0
355 Administration	10,078,846	117	27,808,394	148	28,086,822	148	27,857,577	148	27,897,603	146	27,897,603	146	27,863,736	148	27,903,762	146	27,903,762	146
356 Second Injury Claims	208,080	0	9,250,000	0	9,250,000	0	9,250,000	0	7,250,000	0	7,250,000	0	9,250,000	0	7,250,000	0	7,250,000	0
866 Seminar-Cash in Treasury	75	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
99T Building Repair	17,388	0	352,775	0	352,775	0	352,775	0	105,450	0	105,450	0	352,775	0	105,450	0	105,450	0
<b>Total</b>	<b>25,793,072</b>	<b>117</b>	<b>201,301,169</b>	<b>148</b>	<b>201,579,597</b>	<b>148</b>	<b>201,350,352</b>	<b>148</b>	<b>194,143,053</b>	<b>146</b>	<b>194,143,053</b>	<b>146</b>	<b>201,356,511</b>	<b>148</b>	<b>194,149,212</b>	<b>146</b>	<b>194,149,212</b>	<b>146</b>

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance 4000005	144,972,299	86.8	141,171,653	70.1		30,567	0.1	30,567	0.1	30,567	0.1	295,694	0.5	295,694	0.5	295,694	0.5
Cash Fund 4000045	475	0.0	22,000	0.0		22,000	0.0	22,000	0.0	22,000	0.0	22,000	0.0	22,000	0.0	22,000	0.0
Trust Fund 4000050	21,991,951	13.2	60,138,083	29.9		60,138,083	99.9	59,890,758	99.9	59,890,758	99.9	60,138,083	99.5	59,890,758	99.5	59,890,758	99.5
Total Funds	166,964,725	100.0	201,331,736	100.0		60,190,650	100.0	59,943,325	100.0	59,943,325	100.0	60,455,777	100.0	60,208,452	100.0	60,208,452	100.0
Excess Appropriation/(Funding)	(141,171,653)		(30,567)			141,159,702		134,199,728		134,199,728		140,900,734		133,940,760		133,940,760	
Grand Total	25,793,072		201,301,169			201,350,352		194,143,053		194,143,053		201,356,511		194,149,212		194,149,212	

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

## Agency Position Usage Report

FY2010 - 2011						FY2011 - 2012						FY2012 - 2013					
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	114	39	153	0	25.49 %	148	108	40	148	0	27.03 %	148	110	38	148	0	25.68 %

## **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 Agency's Base Level is \$163,750,000 each year of the biennium which includes Refunds/Reimbursements, Claims, and Investments.

The Commission is requesting a Change Level decrease of (\$5,000,000) each year of the biennium in the Investments line item due to a decrease in revenue.

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			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	13,702	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Claims	5110015	15,474,981	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	137,000,000	137,000,000	142,000,000	137,000,000	137,000,000
<b>Total</b>		<b>15,488,683</b>	<b>163,750,000</b>	<b>163,750,000</b>	<b>163,750,000</b>	<b>158,750,000</b>	<b>158,750,000</b>	<b>163,750,000</b>	<b>158,750,000</b>	<b>158,750,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	132,780,424	128,524,648		0	0	0	0	0	0
Trust Fund	4000050	11,232,907	35,225,352		35,225,352	35,225,352	35,225,352	35,225,352	35,225,352	35,225,352
<b>Total Funding</b>		<b>144,013,331</b>	<b>163,750,000</b>		<b>35,225,352</b>	<b>35,225,352</b>	<b>35,225,352</b>	<b>35,225,352</b>	<b>35,225,352</b>	<b>35,225,352</b>
Excess Appropriation/(Funding)		(128,524,648)	0		128,524,648	123,524,648	123,524,648	128,524,648	123,524,648	123,524,648
<b>Grand Total</b>		<b>15,488,683</b>	<b>163,750,000</b>		<b>163,750,000</b>	<b>158,750,000</b>	<b>158,750,000</b>	<b>163,750,000</b>	<b>158,750,000</b>	<b>158,750,000</b>

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

## Change Level by Appropriation

**Appropriation:** 203 - Refunds and Claims  
**Funding Sources:** TDP - Death & Permanent Total Disability Trust

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>163,750,000</b>	<b>0</b>	<b>163,750,000</b>	<b>100.0</b>	<b>163,750,000</b>	<b>0</b>	<b>163,750,000</b>	<b>100.0</b>
C03	Discontinue Program	(5,000,000)	0	158,750,000	96.9	(5,000,000)	0	158,750,000	96.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>163,750,000</b>	<b>0</b>	<b>163,750,000</b>	<b>100.0</b>	<b>163,750,000</b>	<b>0</b>	<b>163,750,000</b>	<b>100.0</b>
C03	Discontinue Program	(5,000,000)	0	158,750,000	96.9	(5,000,000)	0	158,750,000	96.9

### Justification

C03	The Commission is requesting a decrease in the investment appropriation of \$5,000,000.
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## **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 Regular Salaries and Personal Services Matching includes Career Service payments for eligible employees. Personal Services Matching also includes a \$20 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$410 per month. Base Level salaries and matching do not include appropriation for a Cost of Living Adjustment or Merit Pay Increases.

The Agency's Base Level request is \$27,857,577 in FY14 and \$27,863,736 in FY15 with one hundred forty-eight (148) budgeted base level positions.

The Change Level requests are as follows:

- Discontinue two (2) positions, totaling \$67,274 each year, due to the duties being absorbed through technology.
- Capital Outlay increase \$30,000 each year for the purchase of a new vehicle and Library Holdings.
- Computer Software/Hardware increase \$77,300 each year for servers and other outdated equipment (referenced on page 8, 11, and 13, under the "Cost Section" in the Agency's IT Plan.)

The Executive Recommendation provides for the Agency Request.

## 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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,594,762	7,396,616	7,745,557	7,429,684	7,382,589	7,382,589	7,433,884	7,386,789	7,386,789
<b>#Positions</b>		<b>117</b>	<b>148</b>	<b>148</b>	<b>148</b>	<b>146</b>	<b>146</b>	<b>148</b>	<b>146</b>	<b>146</b>
Extra Help	5010001	2,551	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
<b>#Extra Help</b>		<b>1</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
Personal Services Matching	5010003	2,048,086	2,319,934	2,249,396	2,366,049	2,345,870	2,345,870	2,368,008	2,347,829	2,347,829
Overtime	5010006	6	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	1,249,272	1,719,084	1,719,109	1,719,084	1,719,084	1,719,084	1,719,084	1,719,084	1,719,084
Conference & Travel Expenses	5050009	28,786	96,096	96,096	96,096	96,096	96,096	96,096	96,096	96,096
Professional Fees	5060010	21,262	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	13,702	685,500	685,500	685,500	685,500	685,500	685,500	685,500	685,500
Capital Outlay	5120011	1,667	30,000	30,000	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	118,752	182,700	182,700	182,700	260,000	260,000	182,700	260,000	260,000
<b>Total</b>		<b>10,078,846</b>	<b>27,808,394</b>	<b>28,086,822</b>	<b>27,857,577</b>	<b>27,897,603</b>	<b>27,897,603</b>	<b>27,863,736</b>	<b>27,903,762</b>	<b>27,903,762</b>
<b>Funding Sources</b>										
Fund Balance	4000005	10,184,442	10,824,273		30,141	30,141	30,141	0	0	0
Trust Fund	4000050	10,718,677	17,014,262		17,014,262	17,014,262	17,014,262	17,014,262	17,014,262	17,014,262
<b>Total Funding</b>		<b>20,903,119</b>	<b>27,838,535</b>		<b>17,044,403</b>	<b>17,044,403</b>	<b>17,044,403</b>	<b>17,014,262</b>	<b>17,014,262</b>	<b>17,014,262</b>
Excess Appropriation/(Funding)		(10,824,273)	(30,141)		10,813,174	10,853,200	10,853,200	10,849,474	10,889,500	10,889,500
<b>Grand Total</b>		<b>10,078,846</b>	<b>27,808,394</b>		<b>27,857,577</b>	<b>27,897,603</b>	<b>27,897,603</b>	<b>27,863,736</b>	<b>27,903,762</b>	<b>27,903,762</b>

FY13 Budget amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2011-2013 Biennium.

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		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>27,857,577</b>	<b>148</b>	<b>27,857,577</b>	<b>100.0</b>	<b>27,863,736</b>	<b>148</b>	<b>27,863,736</b>	<b>100.0</b>
C01	Existing Program	30,000	0	27,887,577	100.1	30,000	0	27,893,736	100.1
C03	Discontinue Program	(67,274)	(2)	27,820,303	99.9	(67,274)	(2)	27,826,462	99.9
C08	Technology	77,300	0	27,897,603	100.1	77,300	0	27,903,762	100.1

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>27,857,577</b>	<b>148</b>	<b>27,857,577</b>	<b>100.0</b>	<b>27,863,736</b>	<b>148</b>	<b>27,863,736</b>	<b>100.0</b>
C01	Existing Program	30,000	0	27,887,577	100.1	30,000	0	27,893,736	100.1
C03	Discontinue Program	(67,274)	(2)	27,820,303	99.9	(67,274)	(2)	27,826,462	99.9
C08	Technology	77,300	0	27,897,603	100.1	77,300	0	27,903,762	100.1

### Justification

C01	The Commission is requesting a change level increase of \$30,000 for capitol outlay. This appropriation is necessary for a car and Library Holdings.
C03	The Commission is requesting discontinuing two positions; this is a change level decrease of \$67,274. The duties of these positions have been absorbed through technology.
C08	The Commission is requesting an increase of \$77,300 for our computer hardware/software appropriation. This increase is necessary for needed servers and other outdated equipment. This request is referenced on pages 8,11, and 13 under the "Cost Section" in the Agency's IT 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 Agency's Base Level request is \$9,250,000 each year of the biennium which includes Refunds/Reimbursements and Claims.

The Agency's Change Level request is a decrease each year of (\$2,000,000) in the Claims line item due to the Commission no longer taking new recipients for this program. The Agency is currently working with 100 to 200 injured workers. The total request for this appropriation is \$7,250,000 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			2013-2014			2014-2015		
		2011-2012 Actual	2012-2013 Budget	2012-2013 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	208,080	9,000,000	9,000,000	9,000,000	7,000,000	7,000,000	9,000,000	7,000,000	7,000,000
<b>Total</b>		<b>208,080</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>9,250,000</b>	<b>7,250,000</b>	<b>7,250,000</b>	<b>9,250,000</b>	<b>7,250,000</b>	<b>7,250,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	1,889,407	1,704,306		0	0	0	295,694	295,694	295,694
Trust Fund	4000050	22,979	7,545,694		7,545,694	7,545,694	7,545,694	7,545,694	7,545,694	7,545,694
<b>Total Funding</b>		<b>1,912,386</b>	<b>9,250,000</b>		<b>7,545,694</b>	<b>7,545,694</b>	<b>7,545,694</b>	<b>7,841,388</b>	<b>7,841,388</b>	<b>7,841,388</b>
Excess Appropriation/(Funding)		(1,704,306)	0		1,704,306	(295,694)	(295,694)	1,408,612	(591,388)	(591,388)
<b>Grand Total</b>		<b>208,080</b>	<b>9,250,000</b>		<b>9,250,000</b>	<b>7,250,000</b>	<b>7,250,000</b>	<b>9,250,000</b>	<b>7,250,000</b>	<b>7,250,000</b>

## Change Level by Appropriation

**Appropriation:** 356 - Second Injury Claims  
**Funding Sources:** TSW - Second Injury Trust Fund

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,250,000</b>	<b>0</b>	<b>9,250,000</b>	<b>100.0</b>	<b>9,250,000</b>	<b>0</b>	<b>9,250,000</b>	<b>100.0</b>
C03	Discontinue Program	(2,000,000)	0	7,250,000	78.4	(2,000,000)	0	7,250,000	78.4

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>9,250,000</b>	<b>0</b>	<b>9,250,000</b>	<b>100.0</b>	<b>9,250,000</b>	<b>0</b>	<b>9,250,000</b>	<b>100.0</b>
C03	Discontinue Program	(2,000,000)	0	7,250,000	78.4	(2,000,000)	0	7,250,000	78.4

### Justification

C03	The Commission is requesting a decrease in the Second Injury claims appropriation of \$2,000,000.
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## **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 \$140,000 each year of the biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of this appropriation is contingent upon 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		
		2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	75	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	0	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
<b>Total</b>		<b>75</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>
<b>Funding Sources</b>										
Fund Balance	4000005	118,026	118,426		426	426	426	0	0	0
Cash Fund	4000045	475	22,000		22,000	22,000	22,000	22,000	22,000	22,000
<b>Total Funding</b>		<b>118,501</b>	<b>140,426</b>		<b>22,426</b>	<b>22,426</b>	<b>22,426</b>	<b>22,000</b>	<b>22,000</b>	<b>22,000</b>
Excess Appropriation/(Funding)		(118,426)	(426)		117,574	117,574	117,574	118,000	118,000	118,000
<b>Grand Total</b>		<b>75</b>	<b>140,000</b>		<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>	<b>140,000</b>

## **Analysis of Budget Request**

**Appropriation:** 99T - Building Repair

**Funding Sources:** TJW - Workers' Compensation Trust

This appropriation is for maintenance, renovation, equipping, construction, improvement, upgrade and repair projects for the Workers' Compensation Commission. It is funded from the Workers' Compensation Fund.

The Agency's Base Level request is \$352,775 each year of the biennium which includes Building Repairs and Maintenance.

The Agency's Change Level request is a decrease of (\$247,325) each year of the biennium. This appropriation is mainly used for minor building repairs and maintenance.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 99T - Building Repair

**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		
	2011-2012 Actual	2012-2013 Budget	2012-2013 Authorized	2013-2014			2014-2015		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Buidling Repairs and Maintenance 5090005	17,388	352,775	352,775	352,775	105,450	105,450	352,775	105,450	105,450
Total	17,388	352,775	352,775	352,775	105,450	105,450	352,775	105,450	105,450
<b>Funding Sources</b>									
Trust Fund 4000050	17,388	352,775		352,775	105,450	105,450	352,775	105,450	105,450
Total Funding	17,388	352,775		352,775	105,450	105,450	352,775	105,450	105,450
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	17,388	352,775		352,775	105,450	105,450	352,775	105,450	105,450



## Change Level by Appropriation

**Appropriation:** 99T - Building Repair  
**Funding Sources:** TJW - Workers' Compensation Trust

### Agency Request

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>352,775</b>	<b>0</b>	<b>352,775</b>	<b>100.0</b>	<b>352,775</b>	<b>0</b>	<b>352,775</b>	<b>100.0</b>
C03	Discontinue Program	(247,325)	0	105,450	29.9	(247,325)	0	105,450	29.9

### Executive Recommendation

Change Level		2013-2014	Pos	Cumulative	% of BL	2014-2015	Pos	Cumulative	% of BL
<b>BL</b>	<b>Base Level</b>	<b>352,775</b>	<b>0</b>	<b>352,775</b>	<b>100.0</b>	<b>352,775</b>	<b>0</b>	<b>352,775</b>	<b>100.0</b>
C03	Discontinue Program	(247,325)	0	105,450	29.9	(247,325)	0	105,450	29.9

### Justification

C03	The Commission is requesting a decrease of \$247,325 in the building repair appropriation.
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