

**SUMMARY BUDGET INFORMATION**  
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**WORKERS' COMPENSATION COMMISSION**

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# WORKERS' COMPENSATION COMMISSION

## State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2018

None

### Employment Summary

	Male	Female	Total	%
White Employees	22	44	66	74 %
Black Employees	4	17	21	24 %
Other Racial Minorities	0	2	2	2 %
Total Minorities			23	26 %
Total Employees			89	100 %

### Publications

#### A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
Annual Report	11-9-209	N	N	25	To meet the requirements of ACA 11-9-209 and to have sufficient copies for interested parties.	0	0.00
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.	0	0.00

## Department Appropriation Summary

Appropriation	Historical Data						Agency Request and Executive Recommendation							
	2017-2018		2018-2019		2018-2019		2019-2020				2020-2021			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
203 Refunds and Claims	14,498,176	0	21,550,000	0	21,550,000	0	21,550,000	0	21,550,000	0	21,550,000	0	21,550,000	0
355 Administration	8,098,658	96	11,576,443	115	11,106,093	115	11,313,131	115	11,256,520	115	11,315,060	115	11,258,449	115
356 Second Injury Claims	0	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0	500,000	0
866 Seminar-Cash in Treasury	84,380	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0
99T Building Repair	0	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0	150,000	0
<b>Total</b>	<b>22,681,214</b>	<b>96</b>	<b>33,916,443</b>	<b>115</b>	<b>33,446,093</b>	<b>115</b>	<b>33,653,131</b>	<b>115</b>	<b>33,596,520</b>	<b>115</b>	<b>33,655,060</b>	<b>115</b>	<b>33,598,449</b>	<b>115</b>

  

Funding Sources		%		%		%		%		%		%			
Fund Balance	4000005	72,449,646	74.6	74,486,319	80.3			58,889,876	78.6	58,889,876	78.6	41,286,745	72.0	41,343,356	72.0
Cash Fund	4000045	109,756	0.1	90,000	0.1			90,000	0.1	90,000	0.1	90,000	0.2	90,000	0.2
Trust Fund	4000050	24,608,131	25.3	18,230,000	19.6			15,960,000	21.3	15,960,000	21.3	15,960,000	27.8	15,960,000	27.8
Total Funds		97,167,533	100.0	92,806,319	100.0			74,939,876	100.0	74,939,876	100.0	57,336,745	100.0	57,393,356	100.0
Excess Appropriation/(Funding)		(74,486,319)		(58,889,876)				(41,286,745)		(41,343,356)		(23,681,685)		(23,794,907)	
Grand Total		22,681,214		33,916,443				33,653,131		33,596,520		33,655,060		33,598,449	

Budget in FC 355 exceeds authorized appropriation due to salary and matching rate adjustments during the 2017-2019 Biennium.

## **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. During the Third Extraordinary Session of 2016, Act 5 was enacted by the Arkansas Legislature which provides that no claims shall be made to the Death and Permanent Total Disability Trust Fund after June 30, 2019. Additionally, the current maximum premium tax rate of three percent (3%) will be reduced to one and five-tenths percent (1.5%) upon the final payment of the remaining liabilities in the Trust Fund.

The Agency is requesting the FY19 Authorized Appropriation Level of \$21,550,000 each year of the Biennium.

The Agency's Request to maintain appropriation above 10% of their FY18 actual expenditures include the following justifications:

- Refunds/Reimbursements-a total of \$550,000 each year due to the uncertainty of the receipt of over-payments of premium tax and is necessary to meet the required reimbursement commitments.
- Claims-a total of \$21,000,000 each year due to the uncertainty of claims and related litigation.

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	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Refunds/Reimbursements 5110014	643	550,000	550,000	550,000	550,000	550,000	550,000
Claims 5110015	14,497,533	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000	21,000,000
<b>Total</b>	<b>14,498,176</b>	<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>
<b>Funding Sources</b>							
Fund Balance 4000005	60,740,358	61,629,210		51,179,210	51,179,210	38,029,210	38,029,210
Trust Fund 4000050	15,387,028	11,100,000		8,400,000	8,400,000	8,400,000	8,400,000
<b>Total Funding</b>	<b>76,127,386</b>	<b>72,729,210</b>		<b>59,579,210</b>	<b>59,579,210</b>	<b>46,429,210</b>	<b>46,429,210</b>
Excess Appropriation/(Funding)	(61,629,210)	(51,179,210)		(38,029,210)	(38,029,210)	(24,879,210)	(24,879,210)
<b>Grand Total</b>	<b>14,498,176</b>	<b>21,550,000</b>		<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>	<b>21,550,000</b>

## **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 solely from a premium tax (limited by law to 3%) levied on workers' compensation policies in the State of Arkansas.

The Agency's Change Level Request for appropriation each year of the Biennium includes the following:

- Operating Expenses decrease of (\$240,535) each year. Due to enhanced efficiencies in operations, more streamlined processes, and improved technology, expenses have been reduced for utilities, services contracts, insurance premiums, and some travel items.
- Capital Outlay increase of \$50,000 each year for the replacement of two vehicles.

The Agency's Request to maintain appropriation above 10% of their FY18 actual expenditures includes the following justifications:

- Operating Expenses is needed due to increased expenses (postage, office supplies, travel) related to the implementation of the new drug formulary rule and the closing to new claims in the Death & Permanent Total Disability fund. Increased data processing maintenance and software related expenses, and potential additional ongoing costs of migrating to Microsoft 365 as mandated by the Governor as the Commission does not currently run an Exchange Server and does not pay Department of Information Systems for domains, active directory or e-mail accounts.
- Conference and Travel in order for the Commission to establish a national presence at conferences and events which may directly impact the Workers' Compensation Commission.
- Professional Fees is necessary to cover engineering and architectural fees required for the repair of the on-site parking deck as well as other professional service fees associated with the installation of fiber to the building.
- Refunds/Reimbursements is necessary to address premium tax over-payments.
- Computer Software/Hardware is necessary to maintain and update the technology requirements of the agency.

The Executive Recommendation provides for the Agency Request, with the exception of Conference and Travel recommended at \$20,000 each year due to the five year actual expenditures.

## Appropriation Summary

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

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Regular Salaries 5010000	5,330,470	6,684,262	6,314,948	6,661,185	6,661,185	6,662,285	6,662,285
<b>#Positions</b>	<b>96</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>
Extra Help 5010001	2,892	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>
Personal Services Matching 5010003	1,773,932	2,124,740	2,023,704	2,125,040	2,125,040	2,125,869	2,125,869
Overtime 5010006	0	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses 5020002	794,293	1,546,030	1,546,030	1,305,495	1,305,495	1,305,495	1,305,495
Conference & Travel Expenses 5050009	1,843	76,611	76,611	76,611	20,000	76,611	20,000
Professional Fees 5060010	19,067	241,000	241,000	241,000	241,000	241,000	241,000
Data Processing 5090012	0	0	0	0	0	0	0
Refunds/Reimbursements 5110014	3,106	500,000	500,000	500,000	500,000	500,000	500,000
Capital Outlay 5120011	1,183	50,000	50,000	50,000	50,000	50,000	50,000
Computer Software/Hardware 5900044	171,872	243,800	243,800	243,800	243,800	243,800	243,800
<b>Total</b>	<b>8,098,658</b>	<b>11,576,443</b>	<b>11,106,093</b>	<b>11,313,131</b>	<b>11,256,520</b>	<b>11,315,060</b>	<b>11,258,449</b>
<b>Funding Sources</b>							
Fund Balance 4000005	10,177,811	11,277,285		6,670,842	6,670,842	2,757,711	2,814,322
Trust Fund 4000050	9,198,132	6,970,000		7,400,000	7,400,000	7,400,000	7,400,000
<b>Total Funding</b>	<b>19,375,943</b>	<b>18,247,285</b>		<b>14,070,842</b>	<b>14,070,842</b>	<b>10,157,711</b>	<b>10,214,322</b>
<b>Excess Appropriation/(Funding)</b>	<b>(11,277,285)</b>	<b>(6,670,842)</b>		<b>(2,757,711)</b>	<b>(2,814,322)</b>	<b>1,157,349</b>	<b>1,044,127</b>
<b>Grand Total</b>	<b>8,098,658</b>	<b>11,576,443</b>		<b>11,313,131</b>	<b>11,256,520</b>	<b>11,315,060</b>	<b>11,258,449</b>

FY19 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2017-2019 Biennium.

## **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 2007 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. There are twenty-three (23) open files at which any time could be litigated and an award of benefits made.

The Agency is requesting the FY19 Authorized Appropriation level of \$500,000 each year of the Biennium.

The Agency's Request to maintain appropriation above 10% of their FY18 actual expenditures includes the following justification:

- Due to the uncertainty of claims and related litigation.

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	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Claims 5110015	0	500,000	500,000	500,000	500,000	500,000	500,000
Total	0	500,000	500,000	500,000	500,000	500,000	500,000
Funding Sources							
Fund Balance 4000005	1,437,005	1,459,976		969,976	969,976	479,976	479,976
Trust Fund 4000050	22,971	10,000		10,000	10,000	10,000	10,000
Total Funding	1,459,976	1,469,976		979,976	979,976	489,976	489,976
Excess Appropriation/(Funding)	(1,459,976)	(969,976)		(479,976)	(479,976)	10,024	10,024
Grand Total	0	500,000		500,000	500,000	500,000	500,000

## **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 Agency is requesting the FY19 Authorized Appropriation level of \$140,000 each year of the Biennium.

The Agency's Request to maintain appropriation above 10% of their FY18 actual expenditures includes the following justification:

- The request is necessary as the Commission hopes to grow the conference and as a result increase the contribution to Kids Chance. The Commission annually hosts the AWCC Educational Conference for interested companies, attorneys, and individuals.

The Executive Recommendation provides for the Agency Request.

## Appropriation Summary

**Appropriation:** 866 - Seminar-Cash in Treasury

**Funding Sources:** NWC - Cash in Treasury

### Historical Data

### Agency Request and Executive Recommendation

Commitment Item		2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
		Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Operating Expenses	5020002	59,380	85,000	85,000	85,000	85,000	85,000	85,000
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0
Professional Fees	5060010	0	15,000	15,000	15,000	15,000	15,000	15,000
Data Processing	5090012	0	0	0	0	0	0	0
Scholarships	5100030	25,000	40,000	40,000	40,000	40,000	40,000	40,000
Capital Outlay	5120011	0	0	0	0	0	0	0
<b>Total</b>		<b>84,380</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	94,472	119,848		69,848	69,848	19,848	19,848
Cash Fund	4000045	109,756	90,000		90,000	90,000	90,000	90,000
<b>Total Funding</b>		<b>204,228</b>	<b>209,848</b>		<b>159,848</b>	<b>159,848</b>	<b>109,848</b>	<b>109,848</b>
Excess Appropriation/(Funding)		(119,848)	(69,848)		(19,848)	(19,848)	30,152	30,152
<b>Grand Total</b>		<b>84,380</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 is requesting the FY19 Authorized Appropriation level of \$150,000 each year of the Biennium.

The Agency's Request to maintain appropriation above 10% of their FY18 actual expenditures includes the following justification:

- Due to several maintenance and repair projects required due to the age and condition of the building. The maintenance and repair projects include upgrading the fire suppression system in the server room from a water based system to a SAFE system, replacing the server room environmental control and cooling system, and installing fiber to the building for improved connectivity in order to enhance the network to accommodate upgraded technology.

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	2017-2018	2018-2019	2018-2019	2019-2020		2020-2021	
	Actual	Budget	Authorized	Agency	Executive	Agency	Executive
Building Repairs and Maintenance 5090005	0	150,000	150,000	150,000	150,000	150,000	150,000
Total	0	150,000	150,000	150,000	150,000	150,000	150,000
Funding Sources							
Trust Fund 4000050	0	150,000		150,000	150,000	150,000	150,000
Total Funding	0	150,000		150,000	150,000	150,000	150,000
Excess Appropriation/(Funding)	0	0		0	0	0	0
Grand Total	0	150,000		150,000	150,000	150,000	150,000