

WORKERS' COMPENSATION COMMISSION

Enabling Laws

Act 227 of 2003

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 enforces the workers' compensation law to ensure that all covered employers 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, which 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 payment 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. All 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 purpose 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 thirteen (13) Administrative Law Judges (ALJs), each of which has one (1) Administrative Assistant as support staff. Ten (10) 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, 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.

DATA PROCESSING

The Data Processing 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 over 250,000 reported claims, 78,000 employers, 480 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 joint petition hearings; 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; and monitors insurance carriers via Report Cards (under Rule 29) for the timeliness of forms filing and first benefit payments. The Compliance section is the investigative arm of the Commission, making certain all employers under the law have secured payment of compensation, and receives and maintains AR-I coverage filings. 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 5 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

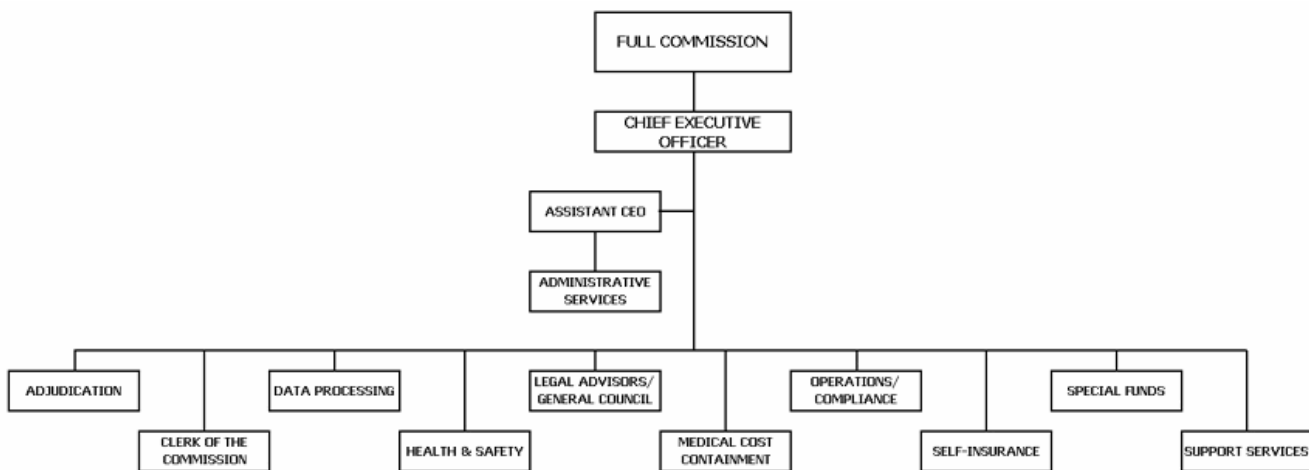
evaluation on both individual self-insurers and group self-insurers, subject to Commission approval, to renew the Certificate of Authority for Self-Insurance. The Division prepares annual renewal evaluations on third-party administrators, subject to Commission approval, for renewal of their Certificate 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.

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. 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 \$50,000 or \$75,000, whichever is applicable by law.

SUPPORT SERVICES

The prime focus of this division is to provide information to the public concerning workers' compensation in Arkansas and to provide support to the Full Commission, Administration and all divisions of the agency. Support Services coordinates the distribution of the "Laws and Rules, Advisories and Forms for the Commission", coordinates the annual educational conference along with assisting in form seminars, health and safety seminars, special projects and programs for the Commission. Support Services compiles and prepares the agency biennial report. This division is responsible for maintaining and operating all mailroom activities for the Commission and supporting the District offices. Support Services oversees the Commission's security and maintenance of its buildings.



Agency Commentary

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

- Appropriation 866 - Seminar
- Appropriation 113 - Annuities

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 appropriation request includes appropriation to continue funding "Kids' Chance" scholarships and appropriation sufficient to pay all expenses of the conference.

APPROPRIATION 113 - ANNUITIES

The Commission is requesting only the continuation of Base Level for each year of the biennium. This appropriation is in place so that the Commission may purchase annuities for the Death & Permanent Total Disability claims in certain circumstances and cases.

APPROPRIATION 203 - DEATH & PERMANENT TOTAL DISABILITY CLAIMS

This appropriation contains two parts. The first part is the Refund of Taxes (Commitment Item 14) appropriation, which exists so that we may refund premium tax overpayments in the event we receive them. The second part is the Claims (Commitment Item 15) appropriation. The Commission is requesting additional amounts each fiscal year of the biennium. The total request is estimated to be sufficient to cover the cost of all claims for these years, plus additional appropriation to fund a more aggressive approach to making claim settlements.

APPROPRIATION 355 - WCC ADMINISTRATION

This appropriation is to pay expenditures related to the operation of the Commission such as salaries and benefits of all Commission employees, maintenance and operation, travel and conferences, professional fees and services, and capital outlay. Included in Base Level are 155 positions each year. The change level requests include the following:

- Career Ladder Incentive Program (CLIP) and associated matching - \$2,353 for FY2006 and \$2,423 for FY2007
- Maintenance and Operation - No change level is requested.
- Capital Outlay - \$30,000 is requested as a change level increase and will be sufficient appropriation to purchase a new vehicle and for additions to our law library.
- Computer Hardware/Software - \$174,830 is requested for FY2006 and \$159,160 is requested for FY2007 with special language, which would allow carry forward to FY2007 of unspent appropriation. This request is in accordance with the Commission's information technology plan.

APPROPRIATION 356 - SECOND INJURY CLAIMS

This appropriation contains two parts. The first part is the Refund of Taxes (Commitment Item 14) appropriation, which exists so that we may refund premium tax overpayments in the event we

receive them. The second part is the Claims (Commitment Item 15) appropriation. The Commission is requesting additional amounts each fiscal year of the biennium. The total request is estimated to be sufficient to cover the cost of all claims for these years, plus additional appropriation to fund a more aggressive approach to making claim settlements.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
WORKERS' COMPENSATION COMMISSION
FOR THE YEAR ENDED JUNE 30, 2002

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	34	75	109	78 %
Black Employees	4	25	29	21 %
Other Racial Minorities	0	1	1	1 %
Total Minorities			30	22 %
Total Employees			139	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 other interested parties.

Department Appropriation / Program Summary

Historical Data						Agency Request and Executive Recommendation								
Appropriation / Program	2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
	Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
113 Purchase Annuities	0	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0	4,000,000	0
203 Refunds and Claims	10,721,502	0	16,750,000	0	16,750,000	0	17,750,000	0	17,750,000	0	19,750,000	0	19,750,000	0
355 Administration	9,811,050	147	11,397,602	153	11,663,013	153	11,902,594	153	11,902,594	153	12,117,239	153	12,117,239	153
356 Second Injury Claims	3,195,435	0	4,250,000	0	4,250,000	0	8,250,000	0	8,250,000	0	9,250,000	0	9,250,000	0
866 Seminar-Cash in Treasury	72,200	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0
Total	23,800,187	147	36,537,602	153	36,803,013	153	42,042,594	153	42,042,594	153	45,257,239	153	45,257,239	153

Funding Sources			%		%		%		%		%		%		
Fund Balance	4000005	156,279,272	88.2	153,371,271	83.5			147,223,669	81.2	147,223,669	81.2	139,321,075	79.9	139,321,075	79.9
Cash Fund	4000045	105,811	0.1	140,000	0.1			140,000	0.1	140,000	0.1	140,000	0.1	140,000	0.1
Trust Fund	4000050	20,786,375	11.7	26,250,000	14.3			30,000,000	16.5	30,000,000	16.5	31,000,000	17.8	31,000,000	17.8
Annuity Purchases Contingency	4000095	0	0.0	4,000,000	2.1			4,000,000	2.2	4,000,000	2.2	4,000,000	2.2	4,000,000	2.2
Total Funds		177,171,458	100.0	183,761,271	100.0			181,363,669	100.0	181,363,669	100.0	174,461,075	100.0	174,461,075	100.0
Excess Appropriation/(Funding)		(153,371,271)		(147,223,669)				(139,321,075)		(139,321,075)		(129,203,836)		(129,203,836)	
Grand Total		23,800,187		36,537,602				42,042,594		42,042,594		45,257,239		45,257,239	

Analysis of Budget Request

Appropriation / Program: 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 Commission requests Base Level for each year of the 2005-07 biennium.

The Executive Recommendation provides for Base Level.

Appropriation / Program Summary

Appropriation / Program: 113 Purchase Annuities
Funding Sources: TDP-Death & Permanent Total Disability Trust

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Purchase Annuities 5900046	0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total	0	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Funding Sources									
Fund Balance 4000005	4,000,000	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Annuity Purchases Contingency 4000095	0	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000
Total Funding	4,000,000	8,000,000		8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Excess Appropriation/(Funding)	(4,000,000)	(4,000,000)		(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Grand Total	0	4,000,000		4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Analysis of Budget Request

Appropriation / Program: 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 is requesting an additional \$1,000,000 for FY06 and \$3,000,000 for FY07 in appropriation only to support a more aggressive approach to claims settlement.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Refund/Reimbursements 5110014	4,042	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Claims 5110015	10,717,460	16,000,000	16,000,000	16,000,000	17,000,000	17,000,000	16,000,000	19,000,000	19,000,000
Total	10,721,502	16,750,000	16,750,000	16,750,000	17,750,000	17,750,000	16,750,000	19,750,000	19,750,000
Funding Sources									
Fund Balance 4000005	136,211,684	135,905,381		130,155,381	130,155,381	130,155,381	124,405,381	124,405,381	124,405,381
Trust Fund 4000050	10,415,199	11,000,000		11,000,000	12,000,000	12,000,000	9,000,000	12,000,000	12,000,000
Total Funding	146,626,883	146,905,381		141,155,381	142,155,381	142,155,381	133,405,381	136,405,381	136,405,381
Excess Appropriation/(Funding)	(135,905,381)	(130,155,381)		(124,405,381)	(124,405,381)	(124,405,381)	(116,655,381)	(116,655,381)	(116,655,381)
Grand Total	10,721,502	16,750,000		16,750,000	17,750,000	17,750,000	16,750,000	19,750,000	19,750,000

Change Level by Appropriation

Appropriation / Program: 203-Refunds and Claims

Funding Sources: TDP-Death & Permanent Total Disability Trust

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	16,750,000	0	16,750,000	100.0	16,750,000	0	16,750,000	100.0
C01	Existing Program	1,000,000	0	17,750,000	105.9	3,000,000	0	19,750,000	117.9

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	16,750,000	0	16,750,000	100.0	16,750,000	0	16,750,000	100.0
C01	Existing Program	1,000,000	0	17,750,000	105.9	3,000,000	0	19,750,000	117.9

Justification

C01	This change level is requested in order to sufficiently fund the payments for known claims, estimates for future claims and claim settlements.
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Analysis of Budget Request

Appropriation / Program: 355 - Administration

Funding Sources: TJW-Workers' Compensation Trust

The WCC Administration appropriation is comprised of all of the administrative and judicial functions of the Workers' Compensation Commission. Funding is derived from a premium tax (limited by law to 3%) on workers' compensation insurance premiums. Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 153 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Commission's Change Level requests total \$207,183 for FY06 and \$191,583 for FY07 and are as follows:

- Salary and associated matching totaling \$2,353 for FY06 and \$2,423 for FY07 to support one position reclassification
- Capital Outlay requests of \$30,000 each year to permit the purchase of a vehicle for agency use and to allow for additions to the Commission's law library
- Computer Hardware/Software requests of \$174,830 for FY06 and \$159,160 for FY07 in order to purchase replacement PCs, additional software, and software maintenance for a new imaging system

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	6,434,457	6,708,771	6,983,836	6,922,197	6,924,177	6,924,177	7,116,281	7,118,320	7,118,320
#Positions	147	153	153	153	153	153	153	153	153
Extra Help 5010001	6,782	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help	2	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	1,621,748	1,778,662	1,768,833	1,893,045	1,893,418	1,893,418	1,929,206	1,929,590	1,929,590
Overtime 5010006	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses 5020002	1,567,228	1,645,609	1,645,784	1,645,609	1,645,609	1,645,609	1,645,609	1,645,609	1,645,609
Travel-Conference Fees 5050009	45,220	96,096	96,096	96,096	96,096	96,096	96,096	96,096	96,096
Professional Fees and Services 5060010	103,629	268,464	268,464	268,464	268,464	268,464	268,464	268,464	268,464
Data Processing 5090012	3,286	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refund/Reimbursements 5110014	4,003	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Capital Outlay 5120011	9,931	30,000	30,000	0	30,000	30,000	0	30,000	30,000
Computer Software/Hardware 5900044	14,766	0	0	0	174,830	174,830	0	159,160	159,160
Total	9,811,050	11,397,602	11,663,013	11,695,411	11,902,594	11,902,594	11,925,656	12,117,239	12,117,239
Funding Sources									
Fund Balance 4000005	7,701,426	6,880,837		6,483,235	6,483,235	6,483,235	6,580,641	6,580,641	6,580,641
Trust Fund 4000050	8,990,461	11,000,000		11,792,817	12,000,000	12,000,000	11,808,417	12,000,000	12,000,000
Total Funding	16,691,887	17,880,837		18,276,052	18,483,235	18,483,235	18,389,058	18,580,641	18,580,641
Excess Appropriation/(Funding)	(6,880,837)	(6,483,235)		(6,580,641)	(6,580,641)	(6,580,641)	(6,463,402)	(6,463,402)	(6,463,402)
Grand Total	9,811,050	11,397,602		11,695,411	11,902,594	11,902,594	11,925,656	12,117,239	12,117,239

The FY05 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2003-05 biennium.
The Computer Software/Hardware line item is not budgeted for FY05 because it is a carryforward requiring approval from the Arkansas Legislative Council or Joint Budget Committee.

Change Level by Appropriation

Appropriation / Program: 355-Administration

Funding Sources: TJW-Workers' Compensation Trust

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	11,695,411	153	11,695,411	100.0	11,925,656	153	11,925,656	100.0
C01	Existing Program	30,000	0	11,725,411	100.2	30,000	0	11,955,656	100.2
C08	Technology	174,830	0	11,900,241	101.7	159,160	0	12,114,816	101.5
C09	CLIP Reclass	2,353	0	11,902,594	101.7	2,423	0	12,117,239	101.6

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	11,695,411	153	11,695,411	100.0	11,925,656	153	11,925,656	100.0
C01	Existing Program	30,000	0	11,725,411	100.2	30,000	0	11,955,656	100.2
C08	Technology	174,830	0	11,900,241	101.7	159,160	0	12,114,816	101.5
C09	CLIP Reclass	2,353	0	11,902,594	101.7	2,423	0	12,117,239	101.6

Justification

C01	This change level is requested in order to purchase a new vehicle for agency use and travel, and additional books for the law library.
C08	This change level is requested in order to purchase replacement PC's, additional software and for software maintenance for our new imaging system.
C09	CLIP Reclass requested for one position.

Analysis of Budget Request

Appropriation / Program: 356 - Second Injury Claims

Funding Sources: TSW-Second Injury Trust

The Workers' Compensation Commission administers a Second Injury Claims Fund 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.

The Commission is requesting an additional \$4,000,000 for FY06 and \$5,000,000 for FY07 in appropriation only to support a more aggressive approach to claims settlement.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 356 Second Injury Claims
Funding Sources: TSW-Second Injury Trust

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Refund/Reimbursements 5110014	560	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Claims 5110015	3,194,875	4,000,000	4,000,000	4,000,000	8,000,000	8,000,000	4,000,000	9,000,000	9,000,000
Total	3,195,435	4,250,000	4,250,000	4,250,000	8,250,000	8,250,000	4,250,000	9,250,000	9,250,000
Funding Sources									
Fund Balance 4000005	8,274,376	6,459,656		6,459,656	6,459,656	6,459,656	4,209,656	4,209,656	4,209,656
Trust Fund 4000050	1,380,715	4,250,000		2,000,000	6,000,000	6,000,000	2,000,000	7,000,000	7,000,000
Total Funding	9,655,091	10,709,656		8,459,656	12,459,656	12,459,656	6,209,656	11,209,656	11,209,656
Excess Appropriation/(Funding)	(6,459,656)	(6,459,656)		(4,209,656)	(4,209,656)	(4,209,656)	(1,959,656)	(1,959,656)	(1,959,656)
Grand Total	3,195,435	4,250,000		4,250,000	8,250,000	8,250,000	4,250,000	9,250,000	9,250,000

Change Level by Appropriation

Appropriation / Program: 356-Second Injury Claims

Funding Sources: TSW-Second Injury Trust

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	4,250,000	0	4,250,000	100.0	4,250,000	0	4,250,000	100.0
C01	Existing Program	4,000,000	0	8,250,000	194.1	5,000,000	0	9,250,000	217.6

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	4,250,000	0	4,250,000	100.0	4,250,000	0	4,250,000	100.0
C01	Existing Program	4,000,000	0	8,250,000	194.1	5,000,000	0	9,250,000	217.6

Justification

C01	This change level is requested in order to sufficiently fund the payments for known claims, estimates for future claims and claim settlements.
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Analysis of Budget Request

Appropriation / Program: 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. Fifteen (15) scholarships of this type were awarded in FY04.

The Commission requests Base Level for each year of the 2005-07 biennium.

The Executive Recommendation provides for Base Level. Expenditure of appropriation is contingent upon available funding.

Appropriation / Program Summary

Appropriation / Program: 866 Seminar-Cash in Treasury
Funding Sources: NWC-Cash in Treasury

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	49,950	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Travel-Conference Fees 5050009	0	0	0	0	0	0	0	0	0
Professional Fees and Services 5060010	2,250	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	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	72,200	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Funding Sources									
Fund Balance 4000005	91,786	125,397		125,397	125,397	125,397	125,397	125,397	125,397
Cash Fund 4000045	105,811	140,000		140,000	140,000	140,000	140,000	140,000	140,000
Total Funding	197,597	265,397		265,397	265,397	265,397	265,397	265,397	265,397
Excess Appropriation/(Funding)	(125,397)	(125,397)		(125,397)	(125,397)	(125,397)	(125,397)	(125,397)	(125,397)
Grand Total	72,200	140,000		140,000	140,000	140,000	140,000	140,000	140,000