

WORKERS' COMPENSATION COMMISSION

Enabling Laws

Act 236 of 2014

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

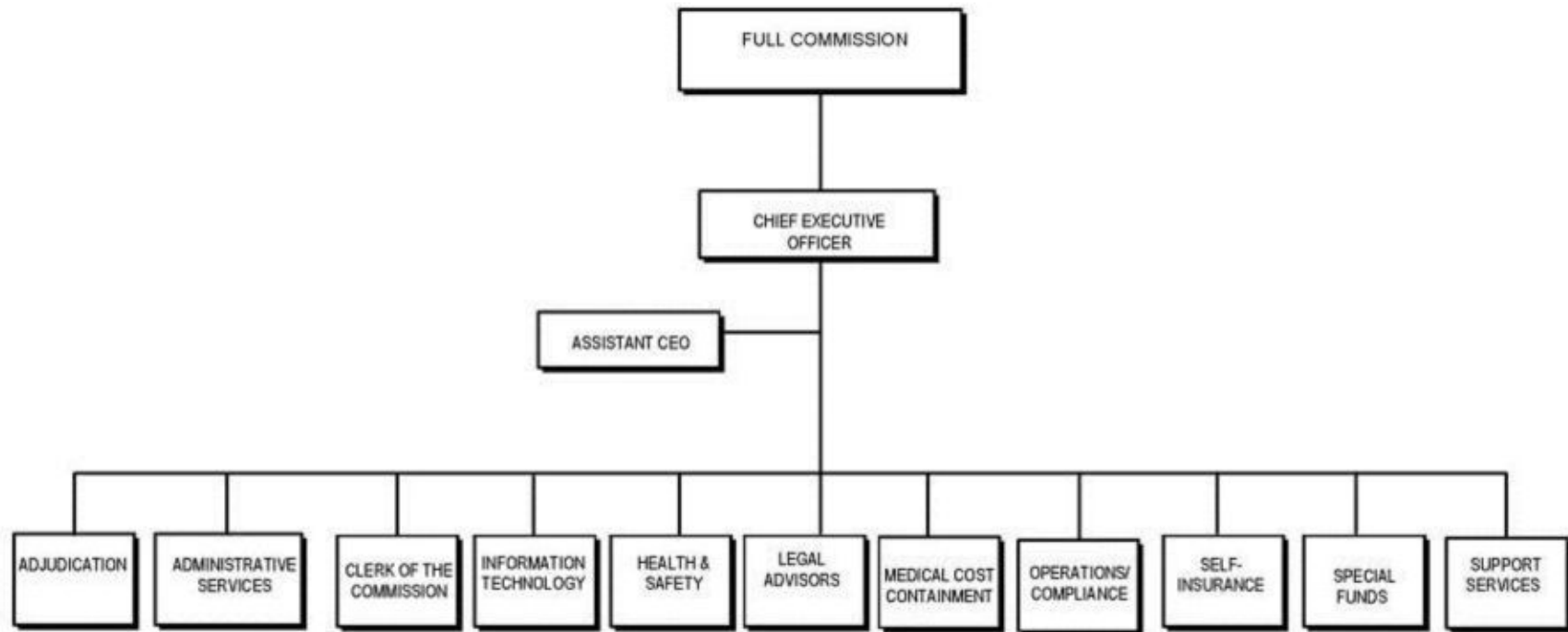
The Commission's Self-Insurance Division is responsible for the administration and regulation of the Self-Insurance Program in Arkansas. Commission Rule 099.05 governs the operation of the program. The Division processes the applications for individual self-insurance, group self-insurance, group members, 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 \$7,000,000 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 146 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 cost.
- Capital Outlay - \$40,000 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 - \$243,800 is requested for each year of the biennium, this is a change level decrease of \$16,200. 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 \$45,066 plus matching of \$20,208 for a total decrease of \$65,274.
- Investments - The Commission is requesting a change level decrease of \$1,000,000 for each year of the biennium for investments in the Money Market Management Fund at the Office of the Treasurer.
- Building Repairs/Maintenance - \$500,000 is requested for each year of the biennium for a Capital Project request. This request is a change level increase of \$394,550.

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 \$3,000,000 for each year of the biennium.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
WORKERS' COMPENSATION COMMISSION
FOR THE YEAR ENDED JUNE 30, 2013

| Findings | Recommendations |
|----------|-----------------|
| None | None |

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

| | Male | Female | Total | % |
|-------------------------|------|--------|-------|-------|
| White Employees | 26 | 52 | 78 | 75 % |
| Black Employees | 4 | 20 | 24 | 23 % |
| Other Racial Minorities | 0 | 2 | 2 | 2 % |
| Total Minorities | | | 26 | 25 % |
| Total Employees | | | 104 | 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 | 11-9-208 | N | N | 25 | To meet the requirements of ACA 11-9-208 and to have sufficient copies for interested parties. | 25 | 15.00 |
| 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. | 50 | 25.00 |

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

| Appropriation | 2013-2014 | | 2014-2015 | | 2014-2015 | | 2015-2016 | | | | | | 2016-2017 | | | | | |
|------------------------------|------------|-----|-------------|-----|-------------|-----|-------------|-----|-------------|-----|-------------|-----|-------------|-----|-------------|-----|-------------|-----|
| | Actual | Pos | Budget | Pos | Authorized | Pos | Base Level | Pos | Agency | Pos | Executive | Pos | Base Level | Pos | Agency | Pos | Executive | Pos |
| 203 Refunds and Claims | 15,600,277 | 0 | 158,750,000 | 0 | 158,750,000 | 0 | 158,750,000 | 0 | 151,750,000 | 0 | 151,750,000 | 0 | 158,750,000 | 0 | 151,750,000 | 0 | 151,750,000 | 0 |
| 355 Administration | 9,735,835 | 109 | 27,768,565 | 146 | 28,041,892 | 146 | 27,812,558 | 146 | 26,771,084 | 144 | 26,771,084 | 144 | 27,819,815 | 146 | 26,778,341 | 144 | 26,778,341 | 144 |
| 356 Second Injury Claims | 26,891 | 0 | 7,250,000 | 0 | 7,250,000 | 0 | 7,250,000 | 0 | 4,250,000 | 0 | 4,250,000 | 0 | 7,250,000 | 0 | 4,250,000 | 0 | 4,250,000 | 0 |
| 866 Seminar-Cash in Treasury | 10,000 | 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 | 0 | 0 | 105,450 | 0 | 105,450 | 0 | 105,450 | 0 | 500,000 | 0 | 105,450 | 0 | 105,450 | 0 | 500,000 | 0 | 105,450 | 0 |
| Total | 25,373,003 | 109 | 194,014,015 | 146 | 194,287,342 | 146 | 194,058,008 | 146 | 183,411,084 | 144 | 183,016,534 | 144 | 194,065,265 | 146 | 183,418,341 | 144 | 183,023,791 | 144 |

| Funding Sources | | % | | % | | | % | | % | | % | | % | | % | | % |
|--------------------------------|---------------|-------|-------------|-------|--|-------------|-------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| Fund Balance 4000005 | 134,386,011 | 86.9 | 129,236,604 | 66.5 | | 181,290 | 0.3 | 181,290 | 0.3 | 181,290 | 0.3 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Cash Fund 4000045 | 409 | 0.0 | 33,000 | 0.0 | | 33,000 | 0.1 | 33,000 | 0.1 | 33,000 | 0.1 | 33,000 | 0.1 | 33,000 | 0.1 | 33,000 | 0.1 |
| Trust Fund 4000050 | 20,223,187 | 13.1 | 64,925,701 | 33.4 | | 53,874,255 | 99.6 | 54,268,805 | 99.6 | 53,874,255 | 99.6 | 53,874,255 | 99.9 | 54,268,805 | 99.9 | 53,874,255 | 99.9 |
| Total Funds | 154,609,607 | 100.0 | 194,195,305 | 100.0 | | 54,088,545 | 100.0 | 54,483,095 | 100.0 | 54,088,545 | 100.0 | 53,907,255 | 100.0 | 54,301,805 | 100.0 | 53,907,255 | 100.0 |
| Excess Appropriation/(Funding) | (129,236,604) | | (181,290) | | | 139,969,463 | | 128,927,989 | | 128,927,989 | | 140,158,010 | | 129,116,536 | | 129,116,536 | |
| Grand Total | 25,373,003 | | 194,014,015 | | | 194,058,008 | | 183,411,084 | | 183,016,534 | | 194,065,265 | | 183,418,341 | | 183,023,791 | |

Agency Position Usage Report

| FY2012 - 2013 | | | | | | FY2013 - 2014 | | | | | | FY2014 - 2015 | | | | | |
|-------------------------|----------|----------|-------|---------------------|------------------------------|-------------------------|----------|----------|-------|---------------------|------------------------------|-------------------------|----------|----------|-------|---------------------|------------------------------|
| Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused | Authorized in Act | Budgeted | | | Unbudgeted Total | % of Authorized Unused |
| | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | | | Filled | Unfilled | Total | | |
| 148 | 110 | 38 | 148 | 0 | 25.68 % | 146 | 102 | 44 | 146 | 0 | 30.14 % | 146 | 105 | 41 | 146 | 0 | 28.08 % |

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 \$158,750,000 each year of the 2015-2017 Biennium which includes Refunds/Reimbursements, Claims, and Investments.

The Commission is requesting a Change Level decrease of (\$7,000,000) each year of the biennium in the Investments line item due to declining 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 | | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | | | 2016-2017 | | |
|--------------------------------|---------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Refunds/Reimbursements | 5110014 | 523,047 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Claims | 5110015 | 15,077,230 | 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 | 137,000,000 | 137,000,000 | 137,000,000 | 130,000,000 | 130,000,000 | 137,000,000 | 130,000,000 | 130,000,000 |
| Total | | 15,600,277 | 158,750,000 | 158,750,000 | 158,750,000 | 151,750,000 | 151,750,000 | 158,750,000 | 151,750,000 | 151,750,000 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 122,508,721 | 117,381,305 | | 177,210 | 177,210 | 177,210 | 0 | 0 | 0 |
| Trust Fund | 4000050 | 10,472,861 | 41,545,905 | | 34,545,905 | 34,545,905 | 34,545,905 | 34,545,905 | 34,545,905 | 34,545,905 |
| Total Funding | | 132,981,582 | 158,927,210 | | 34,723,115 | 34,723,115 | 34,723,115 | 34,545,905 | 34,545,905 | 34,545,905 |
| Excess Appropriation/(Funding) | | (117,381,305) | (177,210) | | 124,026,885 | 117,026,885 | 117,026,885 | 124,204,095 | 117,204,095 | 117,204,095 |
| Grand Total | | 15,600,277 | 158,750,000 | | 158,750,000 | 151,750,000 | 151,750,000 | 158,750,000 | 151,750,000 | 151,750,000 |

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 | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|--------------------|----------|--------------------|--------------|--------------------|----------|--------------------|--------------|
| BL | Base Level | 158,750,000 | 0 | 158,750,000 | 100.0 | 158,750,000 | 0 | 158,750,000 | 100.0 |
| C03 | Discontinue Program | (7,000,000) | 0 | 151,750,000 | 95.6 | (7,000,000) | 0 | 151,750,000 | 95.6 |

Executive Recommendation

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|--------------------|----------|--------------------|--------------|--------------------|----------|--------------------|--------------|
| BL | Base Level | 158,750,000 | 0 | 158,750,000 | 100.0 | 158,750,000 | 0 | 158,750,000 | 100.0 |
| C03 | Discontinue Program | (7,000,000) | 0 | 151,750,000 | 95.6 | (7,000,000) | 0 | 151,750,000 | 95.6 |

Justification

| | |
|-----|--|
| C03 | The Commission is requesting a decrease in the investment appropriation of \$7,000,000 due to declining revenue. |
|-----|--|

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 include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases. The Base Level salary of unclassified positions reflects the FY15 line item maximum plus the previously authorized 2015 1% Cost of Living Adjustment.

The Agency's Base Level request is \$27,812,558 in FY16 and \$27,819,815 in FY17 with one hundred forty-six (146) budgeted base level positions.

The Agency's Change Level requests totaling (\$1,041,474) each year are as follows:

- Discontinue two (2) positions, an Administrative Specialist III Grade C112 and Mail Services Coordinator Grade C107, totaling (\$65,274) each year in Regular Salaries and Personal Services Matching, due to the duties being absorbed through technology.
- Reclassifications on three (3) positions: a (C009C) Hearing Reporter Grade C118 to (C010C) Executive Assistant to Director Grade C118; a (G076C) Administrative Services Manager Grade C124 to (A042C) Insurance Senior Examiner Grade C122; and a (X123C) Insurance Investigator Grade C116 to (A093C) Statistician Grade C114.
- Capital Outlay increase \$40,000 each year for the purchase of a new vehicle and Library Holdings.
- Investments decrease (\$1,000,000) each year.
- Computer Software/Hardware decrease (\$16,200) each year.

The Executive Recommendation provides for the Agency Request, with the exception of the position reclassifications.

Appropriation Summary

Appropriation: 355 - Administration

Funding Sources: TJW - Workers' Compensation Trust

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | | | 2016-2017 | | |
|--------------------------------|---------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries | 5010000 | 6,043,288 | 7,249,888 | 7,484,141 | 7,291,317 | 7,246,251 | 7,246,251 | 7,296,317 | 7,251,251 | 7,251,251 |
| #Positions | | 109 | 146 | 146 | 146 | 144 | 144 | 146 | 144 | 144 |
| Extra Help | 5010001 | 22,688 | 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 | 2,075,695 | 2,349,533 | 2,388,607 | 2,382,097 | 2,361,889 | 2,361,889 | 2,384,354 | 2,364,146 | 2,364,146 |
| Overtime | 5010006 | 10 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Operating Expenses | 5020002 | 1,003,008 | 1,719,084 | 1,719,084 | 1,719,084 | 1,719,084 | 1,719,084 | 1,719,084 | 1,719,084 | 1,719,084 |
| Conference & Travel Expenses | 5050009 | 12,295 | 96,096 | 96,096 | 96,096 | 96,096 | 96,096 | 96,096 | 96,096 | 96,096 |
| Professional Fees | 5060010 | 22,915 | 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 | 492,312 | 685,500 | 685,500 | 685,500 | 685,500 | 685,500 | 685,500 | 685,500 | 685,500 |
| Capital Outlay | 5120011 | 3,355 | 30,000 | 30,000 | 0 | 40,000 | 40,000 | 0 | 40,000 | 40,000 |
| Investments | 5120013 | 0 | 15,000,000 | 15,000,000 | 15,000,000 | 14,000,000 | 14,000,000 | 15,000,000 | 14,000,000 | 14,000,000 |
| Computer Software/Hardware | 5900044 | 60,269 | 260,000 | 260,000 | 260,000 | 243,800 | 243,800 | 260,000 | 243,800 | 243,800 |
| Total | | 9,735,835 | 27,768,565 | 28,041,892 | 27,812,558 | 26,771,084 | 26,771,084 | 27,819,815 | 26,778,341 | 26,778,341 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 10,208,154 | 10,219,219 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Trust Fund | 4000050 | 9,746,900 | 17,549,346 | | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 |
| Total Funding | | 19,955,054 | 27,768,565 | | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 | 16,500,000 |
| Excess Appropriation/(Funding) | | (10,219,219) | 0 | | 11,312,558 | 10,271,084 | 10,271,084 | 11,319,815 | 10,278,341 | 10,278,341 |
| Grand Total | | 9,735,835 | 27,768,565 | | 27,812,558 | 26,771,084 | 26,771,084 | 27,819,815 | 26,778,341 | 26,778,341 |

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 | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 27,812,558 | 146 | 27,812,558 | 100.0 | 27,819,815 | 146 | 27,819,815 | 100.0 |
| C01 | Existing Program | 40,000 | 0 | 27,852,558 | 100.1 | 40,000 | 0 | 27,859,815 | 100.1 |
| C03 | Discontinue Program | (1,081,474) | (2) | 26,771,084 | 96.3 | (1,081,474) | (2) | 26,778,341 | 96.3 |
| C10 | Reclass | 0 | 0 | 26,771,084 | 96.3 | 0 | 0 | 26,778,341 | 96.3 |

Executive Recommendation

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 27,812,558 | 146 | 27,812,558 | 100.0 | 27,819,815 | 146 | 27,819,815 | 100.0 |
| C01 | Existing Program | 40,000 | 0 | 27,852,558 | 100.1 | 40,000 | 0 | 27,859,815 | 100.1 |
| C03 | Discontinue Program | (1,081,474) | (2) | 26,771,084 | 96.3 | (1,081,474) | (2) | 26,778,341 | 96.3 |
| C10 | Reclass | 0 | 0 | 26,771,084 | 96.3 | 0 | 0 | 26,778,341 | 96.3 |

Justification

| | |
|-----|--|
| C01 | The Commission is requesting a change level increase of \$40,000 for capital outlay. This appropriation is necessary for a car and Library Holdings. |
| C03 | The Commission is requesting the following change level decreases: 1. To discontinue two positions, this is a change level decrease of \$65,274. The duties of these positions have been absorbed through technology. 2. A change level decrease of \$16,200 in our computer hardware/software appropriation. 3. A change level decrease of \$1,000,000 in the investment appropriation. |
| C10 | This request is for reclassifications on three (3) positions: a (C009C) Hearing Reporter Grade C118 to (C010C) Executive Assistant to Director Grade C118; a (G076C) Administrative Services Manager Grade C124 to (A042C) Insurance Senior Examiner Grade C122; and a (X123C) Insurance Investigator Grade C116 to (A093C) Statistician Grade C114. |

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.

Base Level is \$7,250,000 each year of the 2015-2017 Biennium which includes Refunds/Reimbursements and Claims.

The Agency's Change Level request is a decrease each year of (\$3,000,000) 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 \$4,250,000 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 | | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | | | 2016-2017 | | |
|--------------------------------|---------|-------------|-----------|------------|------------|-----------|-----------|------------|-----------|-----------|
| | | Actual | Budget | 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 | 26,891 | 7,000,000 | 7,000,000 | 7,000,000 | 4,000,000 | 4,000,000 | 7,000,000 | 4,000,000 | 4,000,000 |
| Total | | 26,891 | 7,250,000 | 7,250,000 | 7,250,000 | 4,250,000 | 4,250,000 | 7,250,000 | 4,250,000 | 4,250,000 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 1,550,584 | 1,527,119 | | 2,119 | 2,119 | 2,119 | 0 | 0 | 0 |
| Trust Fund | 4000050 | 3,426 | 5,725,000 | | 2,722,900 | 2,722,900 | 2,722,900 | 2,722,900 | 2,722,900 | 2,722,900 |
| Total Funding | | 1,554,010 | 7,252,119 | | 2,725,019 | 2,725,019 | 2,725,019 | 2,722,900 | 2,722,900 | 2,722,900 |
| Excess Appropriation/(Funding) | | (1,527,119) | (2,119) | | 4,524,981 | 1,524,981 | 1,524,981 | 4,527,100 | 1,527,100 | 1,527,100 |
| Grand Total | | 26,891 | 7,250,000 | | 7,250,000 | 4,250,000 | 4,250,000 | 7,250,000 | 4,250,000 | 4,250,000 |

Change Level by Appropriation

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

Agency Request

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|------------------|----------|------------------|--------------|------------------|----------|------------------|--------------|
| BL | Base Level | 7,250,000 | 0 | 7,250,000 | 100.0 | 7,250,000 | 0 | 7,250,000 | 100.0 |
| C03 | Discontinue Program | (3,000,000) | 0 | 4,250,000 | 58.6 | (3,000,000) | 0 | 4,250,000 | 58.6 |

Executive Recommendation

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|---------------------|------------------|----------|------------------|--------------|------------------|----------|------------------|--------------|
| BL | Base Level | 7,250,000 | 0 | 7,250,000 | 100.0 | 7,250,000 | 0 | 7,250,000 | 100.0 |
| C03 | Discontinue Program | (3,000,000) | 0 | 4,250,000 | 58.6 | (3,000,000) | 0 | 4,250,000 | 58.6 |

Justification

| | | | | | | | | | |
|-----|---|--|--|--|--|--|--|--|--|
| C03 | The Commission is requesting a change level decrease in the Second Injury claims appropriation of \$3,000,000 due to the Commission no longer taking new recipients for this program. | | | | | | | | |
|-----|---|--|--|--|--|--|--|--|--|

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 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request. Expenditure of 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 | | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | | | 2016-2017 | | |
|--------------------------------|---------|-----------|-----------|------------|------------|---------|-----------|------------|---------|-----------|
| | | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses | 5020002 | 0 | 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 | 10,000 | 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 | | 10,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 118,552 | 108,961 | | 1,961 | 1,961 | 1,961 | 0 | 0 | 0 |
| Cash Fund | 4000045 | 409 | 33,000 | | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 | 33,000 |
| Total Funding | | 118,961 | 141,961 | | 34,961 | 34,961 | 34,961 | 33,000 | 33,000 | 33,000 |
| Excess Appropriation/(Funding) | | (108,961) | (1,961) | | 105,039 | 105,039 | 105,039 | 107,000 | 107,000 | 107,000 |
| Grand Total | | 10,000 | 140,000 | | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 | 140,000 |

Expenditure of appropriation is contingent upon available funding.

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 \$105,450 each year of the 2015-2017 Biennium which includes Building Repairs and Maintenance.

The Agency's Change Level request is an increase of \$394,550 each year of the biennium. This request is to purchase a new HVAC system and for other major building repairs.

The Executive Recommendation provides for Base Level.

Appropriation Summary

Appropriation: 99T - Building Repair

Funding Sources: TJW - Workers' Compensation Trust

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2013-2014 | 2014-2015 | 2014-2015 | 2015-2016 | | | 2016-2017 | | |
|--|-----------|-----------|------------|------------|---------|-----------|------------|---------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Building Repairs and Maintenance 5090005 | 0 | 105,450 | 105,450 | 105,450 | 500,000 | 105,450 | 105,450 | 500,000 | 105,450 |
| Total | 0 | 105,450 | 105,450 | 105,450 | 500,000 | 105,450 | 105,450 | 500,000 | 105,450 |
| Funding Sources | | | | | | | | | |
| Trust Fund 4000050 | 0 | 105,450 | | 105,450 | 500,000 | 105,450 | 105,450 | 500,000 | 105,450 |
| Total Funding | 0 | 105,450 | | 105,450 | 500,000 | 105,450 | 105,450 | 500,000 | 105,450 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 0 | 105,450 | | 105,450 | 500,000 | 105,450 | 105,450 | 500,000 | 105,450 |

Change Level by Appropriation

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

Agency Request

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|-------------------|----------------|----------|----------------|--------------|----------------|----------|----------------|--------------|
| BL | Base Level | 105,450 | 0 | 105,450 | 100.0 | 105,450 | 0 | 105,450 | 100.0 |
| C01 | Existing Program | 394,550 | 0 | 500,000 | 474.2 | 394,550 | 0 | 500,000 | 474.2 |

Executive Recommendation

| Change Level | | 2015-2016 | Pos | Cumulative | % of BL | 2016-2017 | Pos | Cumulative | % of BL |
|--------------|-------------------|----------------|----------|----------------|--------------|----------------|----------|----------------|--------------|
| BL | Base Level | 105,450 | 0 | 105,450 | 100.0 | 105,450 | 0 | 105,450 | 100.0 |
| C01 | Existing Program | 0 | 0 | 105,450 | 100.0 | 0 | 0 | 105,450 | 100.0 |

Justification

| | | | | | | | | | |
|-----|---|--|--|--|--|--|--|--|--|
| C01 | The Commission is requesting a change level increase of \$394,550 for a new HVAC system and other major building repairs. | | | | | | | | |
|-----|---|--|--|--|--|--|--|--|--|