

WORKERS' COMPENSATION COMMISSION

Enabling Laws

Act 2088 of 2005

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 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. 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. 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 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.

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 Arkansas Identification cards (AR-I) coverage filings. Act 796 of 1993 provided for Certificates of Non-Coverage (CnC) which are processed by the Compliance section.

SELF-INSURANCE

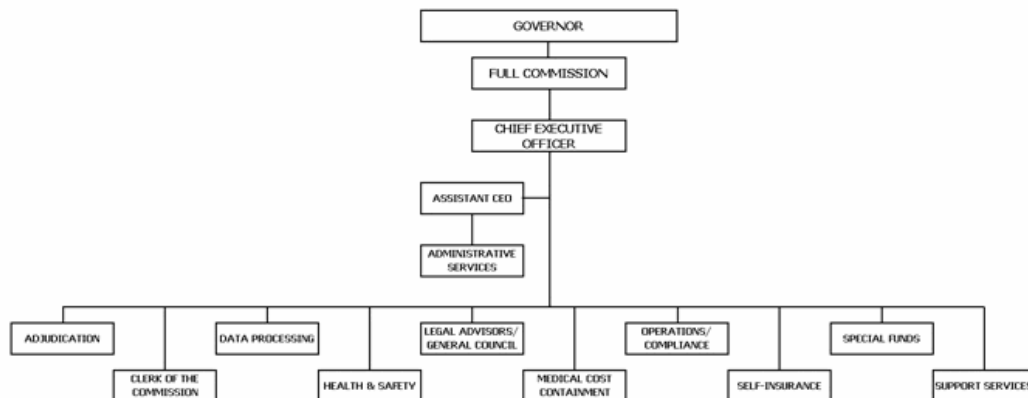
The Commission's Self-Insurance Division is responsible for the administration and regulation of the Self-Insurance Program in Arkansas. Commission Rule 5 governs the operation of the program. The Division processes the applications for individual self-insurance, group self-insurance, group members, 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 a change level reallocation of \$20,000 to increase funding "Kids' Chance" scholarships.

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 not requesting any additional funding.

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:

- Maintenance and Operation - \$54,500.00 is requested as a change level reallocation of commitment item 14, Refund of taxes.
- Capital Outlay - \$30,000 is requested as a change level increase and \$10,000 is requested as a change level reallocation of commitment item 14, Refund of taxes. This increase will be necessary to purchase a new vehicle and for additions to our law library.
- Computer Hardware/Software - \$103,000 is requested for FY2008, this is a change level decrease of \$56,160, with special language which would allow carry forward to FY2009 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 not requesting any additional funding.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
WORKERS' COMPENSATION COMMISSION
FOR THE YEAR ENDED JUNE 30, 2005

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	37	71	108	79 %
Black Employees	3	25	28	20 %
Other Racial Minorities	0	1	1	1 %
Total Minorities			29	21 %
Total Employees			137	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

		Historical Data						Agency Request and Executive Recommendation							
Appropriation		2005-2006		2006-2007		2006-2007		2007-2008				2008-2009			
		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	11,532,369	0	19,750,000	0	19,750,000	0	19,750,000	0	19,750,000	0	19,750,000	0	19,750,000	0
355	Administration	10,227,308	147	12,056,375	153	12,117,239	153	12,096,558	153	12,032,058	153	12,097,880	153	12,033,380	153
356	Second Injury Claims	3,164,965	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0	9,250,000	0
866	Seminar-Cash in Treasury	81,539	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0	140,000	0
Total		25,006,181	147	45,196,375	153	45,257,239	153	45,236,558	153	45,172,058	153	45,237,880	153	45,173,380	153

Funding Sources			%		%		%		%		%		%
Fund Balance	4000005	151,098,336	85.3	152,214,268	45.2			291,281,901	61.2	291,281,901	61.2	430,735,343	70.0
Cash Fund	4000045	129,277	0.1	257,693	0.1			190,000	0.0	190,000	0.0	190,000	0.0
Trust Fund	4000050	25,992,836	14.6	180,006,315	53.5			180,500,000	37.9	180,500,000	37.9	180,500,000	29.3
Annuity Purchases Contingency	4000095	0	0.0	4,000,000	1.2			4,000,000	0.9	4,000,000	0.9	4,000,000	0.7
Total Funds		177,220,449	100.0	336,478,276	100.0			475,971,901	100.0	475,971,901	100.0	615,425,343	100.0
Excess Appropriation/(Funding)		(152,214,268)		(291,281,901)				(430,735,343)		(430,799,843)		(570,187,463)	
Grand Total		25,006,181		45,196,375				45,236,558		45,172,058		45,237,880	

Agency Position Usage Report

FY2004-2005						FY2005-2006						FY2006-2007					
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	141	12	153	0	7.84%	153	137	16	153	0	10.46%	153	138	15	153	0	9.80%

Analysis of Budget Request

Appropriation: 113 - Purchase Annuities

Funding Sources: TDP - Death & Permanent Total Disability Trust

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

The Commission requests Base Level for each year of the 2007-09 biennium.

The Executive Recommendation provides for Agency Request.

Appropriation

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	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: 203 - Refunds and Claims

Funding Sources: TDP - Death & Permanent Total Disability Trust

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

The Commission requests Base Level for each year of the 2007-09 biennium.

The Executive Recommendation provides for Agency Request.

Appropriation

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	18,657	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Claims	5110015	11,513,712	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000	19,000,000
Total		11,532,369	19,750,000	19,750,000	19,750,000	19,750,000	19,750,000	19,750,000	19,750,000	19,750,000
Funding Sources										
Fund Balance	4000005	135,395,669	135,268,475		265,786,949	265,786,949	265,786,949	397,036,949	397,036,949	397,036,949
Trust Fund	4000050	11,405,175	150,268,474		151,000,000	151,000,000	151,000,000	151,000,000	151,000,000	151,000,000
Total Funding		146,800,844	285,536,949		416,786,949	416,786,949	416,786,949	548,036,949	548,036,949	548,036,949
Excess Appropriation/(Funding)		(135,268,475)	(265,786,949)		(397,036,949)	(397,036,949)	(397,036,949)	(528,286,949)	(528,286,949)	(528,286,949)
Grand Total		11,532,369	19,750,000		19,750,000	19,750,000	19,750,000	19,750,000	19,750,000	19,750,000

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 agency. Funding is derived from a premium tax (limited by law to 3%) on workers' compensation insurance premiums. This appropriation includes Salaries and Personal Services Matching costs for 153 Base Level positions.

A cost of living increase is not incorporated in Base Level pending the outcome of the Classification and Compensation Study. The Base Level request of \$7,012,518 for FY08 and \$7,012,518 for FY09 for Regular Salaries does include board member Stipend payments. FY07 salary levels have been held flat each year for all incumbents. Personal Services Matching may reflect increases in the Base Level due to the Social Security Tax maximum income limit and certain increases in Worker's Compensation and Unemployment Tax rates. Personal Services Matching also includes a \$30 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$350 per month.

The Commission requests an overall decrease of \$26,160 for FY08 and FY09. The agency requests the following:

- Reallocate \$64,500 in FY08 and FY09 from Refunds/Reimbursements to Operating Expenses (\$54,500) to offset increasing expenses and Capital Outlay (\$10,000) to purchase a new vehicle and for additions to the Commission's law library.
- Restore \$30,000 in Capital Outlay in FY08 and FY09 to purchase a vehicle for agency use and to allow for additions to the Commission's law library.
- A decrease of \$56,160 in Computer Software/Hardware in FY08 and FY09. This is in accordance with the Commission's IT plan to replace equipment every five years instead of every three years.

The Executive Recommendation provides for the following:

- Base Level for Operating Expenses in FY08 and FY09.
- Restore \$30,000 in Capital Outlay in FY08 and FY09.
- Base Level reduction of \$64,500 in Refunds/Reimbursements in FY08 and FY09.
- Base Level reduction of \$56,160 in Computer Software/Hardware in FY08 and FY09.

Appropriation

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	6,689,835	7,012,518	7,118,320	7,012,518	7,012,518	7,012,518	7,012,518	7,012,518	7,012,518
#Positions	147	153	153	153	153	153	153	153	153
Extra Help 5010001	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
#Extra Help	0	2	2	2	2	2	2	2	2
Personal Services Matching 5010003	1,870,544	1,974,528	1,929,590	2,070,871	2,070,871	2,070,871	2,072,193	2,072,193	2,072,193
Overtime 5010006	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses 5020002	1,459,034	1,645,609	1,645,609	1,645,609	1,700,109	1,645,609	1,645,609	1,700,109	1,645,609
Conference & Travel Expenses 5050009	27,776	96,096	96,096	96,096	96,096	96,096	96,096	96,096	96,096
Professional Fees 5060010	116,381	268,464	268,464	268,464	268,464	268,464	268,464	268,464	268,464
Data Processing 5090012	741	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Refunds/Reimbursements 5110014	21,773	750,000	750,000	750,000	685,500	685,500	750,000	685,500	685,500
Capital Outlay 5120011	28,831	30,000	30,000	0	40,000	30,000	0	40,000	30,000
Computer Software/Hardware 5900044	12,393	159,160	159,160	159,160	103,000	103,000	159,160	103,000	103,000
Total	10,227,308	12,056,375	12,117,239	12,122,718	12,096,558	12,032,058	12,124,040	12,097,880	12,033,380
Funding Sources									
Fund Balance 4000005	6,572,428	8,025,553		15,994,731	15,994,731	15,994,731	23,898,173	23,898,173	23,898,173
Trust Fund 4000050	11,680,433	20,025,553		20,026,160	20,000,000	20,000,000	20,026,160	20,000,000	20,000,000
Total Funding	18,252,861	28,051,106		36,020,891	35,994,731	35,994,731	43,924,333	43,898,173	43,898,173
Excess Appropriation/(Funding)	(8,025,553)	(15,994,731)		(23,898,173)	(23,898,173)	(23,962,673)	(31,800,293)	(31,800,293)	(31,864,793)
Grand Total	10,227,308	12,056,375		12,122,718	12,096,558	12,032,058	12,124,040	12,097,880	12,033,380

The FY07 Budgeted amount in Personal Services Matching exceeds the authorized amount due to matching rate adjustments during the 2005-2007 biennium.

Change Level by Appropriation

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

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	12,122,718	153	12,122,718	100.0	12,124,040	153	12,124,040	100.0
C01	Existing Program	30,000	0	12,152,718	100.2	30,000	0	12,154,040	100.2
C03	Discontinue Program	(56,160)	0	12,096,558	99.7	(56,160)	0	12,097,880	99.7
C04	Reallocation	0	0	12,096,558	99.7	0	0	12,097,880	99.7

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	12,122,718	153	12,122,718	100.0	12,124,040	153	12,124,040	100.0
C01	Existing Program	30,000	0	12,152,718	100.2	30,000	0	12,154,040	100.2
C03	Discontinue Program	(56,160)	0	12,096,558	99.7	(56,160)	0	12,097,880	99.7
C04	Reallocation	(64,500)	0	12,032,058	99.2	(64,500)	0	12,033,380	99.2

Justification

C01	The Agency requests a restoration of \$30,000 to Capital Outlay to purchase a vehicle and allow for additions to the law library.
C03	The Agency requests a decrease of \$56,160 in Computer Hardware/Software. This is in accordance with the Commission's IT plan to replace equipment every five years instead of every three years.
C04	The Agency requests a reallocation of \$64,500 from Refunds/Reimbursements to Operating Expenses (\$54,500) and Capital Outlay (\$10,000) to purchase a new vehicle and for additions to the Commission's law library.

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 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 requests Base Level for each year of the 2007-09 biennium.

The Executive Recommendation provides for Agency Request.

Appropriation

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	3,666	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Claims	5110015	3,161,299	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000	9,000,000
Total		3,164,965	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000
Funding Sources										
Fund Balance	4000005	4,970,026	4,712,289		5,174,577	5,174,577	5,174,577	5,424,577	5,424,577	5,424,577
Trust Fund	4000050	2,907,228	9,712,288		9,500,000	9,500,000	9,500,000	9,500,000	9,500,000	9,500,000
Total Funding		7,877,254	14,424,577		14,674,577	14,674,577	14,674,577	14,924,577	14,924,577	14,924,577
Excess Appropriation/(Funding)		(4,712,289)	(5,174,577)		(5,424,577)	(5,424,577)	(5,424,577)	(5,674,577)	(5,674,577)	(5,674,577)
Grand Total		3,164,965	9,250,000		9,250,000	9,250,000	9,250,000	9,250,000	9,250,000	9,250,000

Analysis of Budget Request

Appropriation: 866 - Seminar-Cash in Treasury

Funding Sources: NWC - Cash in Treasury

The Workers' Compensation Commission (WCC) annually hosts the Arkansas WCC Education Conference for interested companies, attorneys, and individuals. Registration and exhibit booth fees collected pay the expenses of the conference and contribute to "Kids Chance" scholarships. This scholarship program assists the children of employees who died as a result of a job-related accident or children of employees who were permanently and totally disabled in a compensable accident under the state workers' compensation laws. The scholarships allow students to continue their education at a vocational/technical school, college, or a university. Twenty (20) scholarships were awarded in 2006.

The Commission requests a reallocation of \$20,000 from Operating Expenses to Scholarships for each year of the 2007-09 biennium.

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

Appropriation

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2005-2006	2006-2007	2006-2007	2007-2008			2008-2009		
	Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses 5020002	55,189	105,000	105,000	105,000	85,000	85,000	105,000	85,000	85,000
Conference & Travel Expenses 5050009	0	0	0	0	0	0	0	0	0
Professional Fees 5060010	6,350	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	40,000	40,000	20,000	40,000	40,000
Capital Outlay 5120011	0	0	0	0	0	0	0	0	0
Total	81,539	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Funding Sources									
Fund Balance 4000005	160,213	207,951		325,644	325,644	325,644	375,644	375,644	375,644
Cash Fund 4000045	129,277	257,693		190,000	190,000	190,000	190,000	190,000	190,000
Total Funding	289,490	465,644		515,644	515,644	515,644	565,644	565,644	565,644
Excess Appropriation/(Funding)	(207,951)	(325,644)		(375,644)	(375,644)	(375,644)	(425,644)	(425,644)	(425,644)
Grand Total	81,539	140,000		140,000	140,000	140,000	140,000	140,000	140,000

Change Level by Appropriation

Appropriation: 866-Seminar-Cash in Treasury

Funding Sources: NWC - Cash in Treasury

Agency Request

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	140,000	0	140,000	100.0	140,000	0	140,000	100.0
C04	Reallocation	0	0	140,000	100.0	0	0	140,000	100.0

Executive Recommendation

Change Level		2007-2008	Pos	Cumulative	% of BL	2008-2009	Pos	Cumulative	% of BL
BL	Base Level	140,000	0	140,000	100.0	140,000	0	140,000	100.0
C04	Reallocation	0	0	140,000	100.0	0	0	140,000	100.0

Justification

C04	The Agency requests a reallocation of \$20,000 from Operating Expenses to Scholarships to fund additional Kids Chance scholarships.
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