

WORKERS' COMPENSATION COMMISSION

Enabling Laws

Act 405 of 2007
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. 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 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 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 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

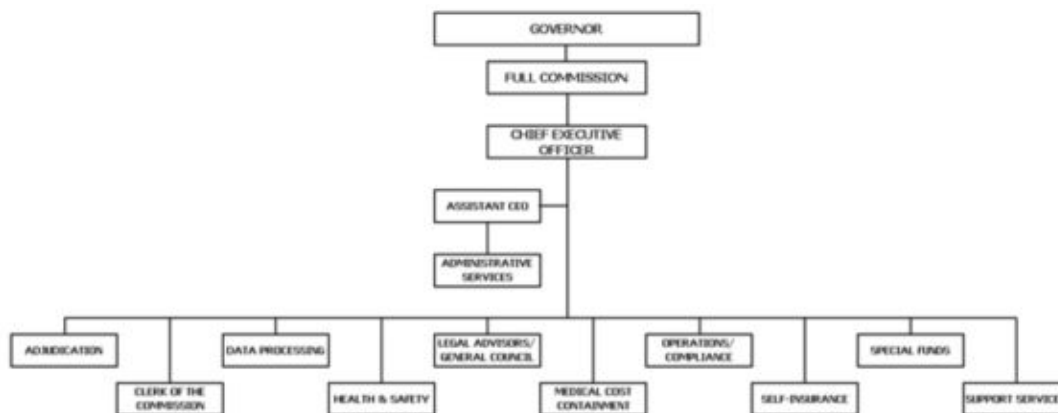
as a Third-Party Administrator. The Division also collects the workers' compensation premium tax from the self-insurers and group self-insurers. The Division also administers Rule 099.39 (report card monitoring) for the insurance companies, self-insurers and TPA's.

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

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 Commission is requesting only the continuation of Base Level for each year of the biennium

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 and Permanent Total Disability Claims

This appropriation contains three parts:

Refund of Taxes - To address premium tax overpayments in the event we receive them.

- Claims - The Commission is requesting an additional \$2,000,000.00 in appropriation to adequately fund Death and Total Disabled claimant payments.
- Investments - The Commission is requesting \$142,000,000.00 in appropriation to invest 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 155 positions each year. The change level requests include the following:

- Operating Expenses- \$63,700 is requested as a change level increase for utilities, maintenance, and fuel costs.
- Capital Outlay - \$20,000 is requested as a change level increase. This increase will be necessary to purchase a new vehicle and for additions to our law library.
- Computer Hardware/Software - \$353,500 is requested for each year of the biennium, this is a change level increase of \$250,500. -This request is in accordance with the Commission's information technology plan.
- Investments - The Commission is requesting \$15,000,000.00 in appropriation to invest in the Money Market Management Fund at the Office of the Treasurer.

Appropriation 356 - Second Injury Claims

This appropriation contains two parts:

- Refund of Taxes - To refund premium tax overpayments in the event we receive them.
- Claims - 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, 2007

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	36	61	97	76 %
Black Employees	6	23	29	23 %
Other Racial Minorities	0	1	1	1 %
Total Minorities			30	24 %
Total Employees			127	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 Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2007-2008		2008-2009		2008-2009		2009-2010						2010-2011					
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	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	4,000,000	0	4,000,000	0
203 Refunds and Claims	12,852,088	0	19,750,000	0	19,750,000	0	19,750,000	0	163,750,000	0	163,750,000	0	19,750,000	0	163,750,000	0	163,750,000	0
355 Administration	9,939,202	142	12,184,720	153	12,373,549	153	12,657,239	153	27,991,439	153	27,991,439	153	12,822,078	153	28,156,278	153	28,156,278	153
356 Second Injury Claims	2,551,761	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	9,250,000	0	9,250,000	0
866 Seminar-Cash in Treasury	60,040	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
Total	25,403,091	142	45,324,720	153	45,513,549	153	45,797,239	153	205,131,439	153	205,131,439	153	45,962,078	153	205,296,278	153	205,296,278	153

Funding Sources		%		%		%		%		%		%		%		%	
Fund Balance	4000005	154,323,972	83.9	158,506,801	75.8	163,746,652	76.6	163,746,652	76.6	163,746,652	76.6	172,749,413	77.4	13,415,213	6.1	13,415,213	6.1
Cash Fund	4000045	79,831	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0	50,000	0.0
Trust Fund	4000050	29,506,089	16.0	46,514,571	22.2	46,000,000	21.5	46,000,000	21.5	46,000,000	21.5	46,500,000	20.8	46,500,000	21.0	46,500,000	21.0
Annuity Purchases Contingency	4000095	0	0.0	4,000,000	1.9	4,000,000	1.9	4,000,000	1.9	4,000,000	1.9	4,000,000	1.8	4,000,000	1.8	4,000,000	1.8
Investments	4000315	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0	157,000,000	71.1	157,000,000	71.1
Total Funds		183,909,892	100.0	209,071,372	100.0	213,796,652	100.0	213,796,652	100.0	213,796,652	100.0	223,299,413	100.0	220,965,213	100.0	220,965,213	100.0
Excess Appropriation/(Funding)		(158,506,801)		(163,746,652)		(167,999,413)		(8,665,213)		(8,665,213)		(177,337,335)		(15,668,935)		(15,668,935)	
Grand Total		25,403,091		45,324,720		45,797,239		205,131,439		205,131,439		45,962,078		205,296,278		205,296,278	

Investments provides appropriation authority to reinvest Commission fund balances in both years of the biennium in Appropriations 203 and 355.

FY10 ending fund balances do not equal FY11 beginning fund balances due to unfunded appropriation for Claims in Appropriation 356.

Agency Position Usage Report

FY2006 - 2007						FY2007 - 2008						FY2008 - 2009					
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	135	18	153	0	11.76 %	153	130	23	153	0	15.03 %	153	127	26	153	0	16.99 %

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 2009-11 biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 113 - Purchase Annuities

Funding Sources: TDP - Death & Permanent Total Disability Trust

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
	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's Change Level requests total \$144,000,000 each year and reflect the following:

Claims increase of \$2,000,000 each year to adequately fund Death and Total Disabled claimant payments.

Investments in the amount of \$142,000,000 each year to invest in the Money Market Management Fund at the Office of the Treasurer.

The Executive Recommendation provides for 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		2007-2008	2008-2009	2008-2009	2009-2010			2010-2011		
		Actual	Budget	Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	10,160	750,000	750,000	750,000	750,000	750,000	750,000	750,000	750,000
Claims	5110015	12,841,928	19,000,000	19,000,000	19,000,000	21,000,000	21,000,000	19,000,000	21,000,000	21,000,000
Investments	5120013	0	0	0	0	142,000,000	142,000,000	0	142,000,000	142,000,000
Total		12,852,088	19,750,000	19,750,000	19,750,000	163,750,000	163,750,000	19,750,000	163,750,000	163,750,000
Funding Sources										
Fund Balance	4000005	136,049,795	138,427,114		143,677,114	143,677,114	143,677,114	148,927,114	4,927,114	4,927,114
Trust Fund	4000050	15,229,407	25,000,000		25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000
Investments	4000315	0	0		0	0	0	0	142,000,000	142,000,000
Total Funding		151,279,202	163,427,114		168,677,114	168,677,114	168,677,114	173,927,114	171,927,114	171,927,114
Excess Appropriation/(Funding)		(138,427,114)	(143,677,114)		(148,927,114)	(4,927,114)	(4,927,114)	(154,177,114)	(8,177,114)	(8,177,114)
Grand Total		12,852,088	19,750,000		19,750,000	163,750,000	163,750,000	19,750,000	163,750,000	163,750,000

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		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	19,750,000	0	19,750,000	100.0	19,750,000	0	19,750,000	100.0
C01	Existing Program	2,000,000	0	21,750,000	110.1	2,000,000	0	21,750,000	110.1
C02	New Program	142,000,000	0	163,750,000	829.1	142,000,000	0	163,750,000	829.1

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	19,750,000	0	19,750,000	100.0	19,750,000	0	19,750,000	100.0
C01	Existing Program	2,000,000	0	21,750,000	110.1	2,000,000	0	21,750,000	110.1
C02	New Program	142,000,000	0	163,750,000	829.1	142,000,000	0	163,750,000	829.1

Justification

C01	The Commission is requesting an additional \$2,000,000.00 in appropriation to adequately fund Death and Total Disabled claimant payments.
C02	The Commission is requesting \$142,000,000.00 in appropriation to invest in the Money Market Management Fund at the Office of the Treasurer.

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 salaries for classified positions reflect the recommendations of the Pay Plan Study as well as the recommendation for the transition of three unclassified positions to classified. Current unclassified positions reflect similar adjustments in line item salaries. A 2.3% Cost of Living Allowance is reflected in the second year of the biennium. The Base Level request for Regular Salaries may include board member Stipend payments and Career Service payments for eligible employees. Personal Services Matching includes a \$75 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$425.

The Commission's Change Level requests total \$15,334,200 each year and reflect the following:

- Operating Expenses increase of \$63,700 each year for increases in utilities, maintenance and fuel costs.
- Capital Outlay in the amount of \$20,000 each year to purchase a vehicle for agency use and to allow for reference materials for the Commission's law library.
- Computer Software/Hardware in the sum of \$250,500 each year in accordance with the Commission's IT plan to replace outdated computers, servers, and printers.
- Investments totaling \$15,000,000 each year to invest in the Money Market Management Fund at the Office of the Treasurer.
- A Reallocation of \$10,000 from Data Processing to Operating Expenses to properly classify expenditures.

The Commission also requests to discontinue carry forward special language.

The Executive Recommendation provides for the Agency Request with the exception of Operating Expenses which is approved at Base Level.

Appropriation Summary

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

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	6,486,894	7,218,946	7,296,480	7,503,847	7,503,847	7,503,847	7,641,620	7,641,620	7,641,620
#Positions		142	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	1,883,833	2,017,105	2,128,400	2,234,723	2,234,723	2,234,723	2,261,789	2,261,789	2,261,789
Overtime	5010006	0	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Operating Expenses	5020002	1,426,732	1,645,609	1,645,609	1,645,609	1,719,309	1,719,309	1,645,609	1,719,309	1,719,309
Conference & Travel Expenses	5050009	37,391	96,096	96,096	96,096	96,096	96,096	96,096	96,096	96,096
Professional Fees	5060010	76,999	268,464	268,464	268,464	268,464	268,464	268,464	268,464	268,464
Data Processing	5090012	138	10,000	10,000	10,000	0	0	10,000	0	0
Refunds/Reimbursements	5110014	13,124	685,500	685,500	685,500	685,500	685,500	685,500	685,500	685,500
Capital Outlay	5120011	8,888	30,000	30,000	0	20,000	20,000	0	20,000	20,000
Investments	5120013	0	0	0	0	15,000,000	15,000,000	0	15,000,000	15,000,000
Computer Software/Hardware	5900044	5,203	103,000	103,000	103,000	353,500	353,500	103,000	353,500	353,500
Total		9,939,202	12,184,720	12,373,549	12,657,239	27,991,439	27,991,439	12,822,078	28,156,278	28,156,278
Funding Sources										
Fund Balance	4000005	9,230,199	11,650,575		15,965,855	15,965,855	15,965,855	19,808,616	4,474,416	4,474,416
Trust Fund	4000050	12,359,578	16,500,000		16,500,000	16,500,000	16,500,000	17,000,000	17,000,000	17,000,000
Investments	4000315	0	0		0	0	0	0	15,000,000	15,000,000
Total Funding		21,589,777	28,150,575		32,465,855	32,465,855	32,465,855	36,808,616	36,474,416	36,474,416
Excess Appropriation/(Funding)		(11,650,575)	(15,965,855)		(19,808,616)	(4,474,416)	(4,474,416)	(23,986,538)	(8,318,138)	(8,318,138)
Grand Total		9,939,202	12,184,720		12,657,239	27,991,439	27,991,439	12,822,078	28,156,278	28,156,278

Investments provides 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		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,657,239	153	12,657,239	100.0	12,822,078	153	12,822,078	100.0
C01	Existing Program	83,700	0	12,740,939	100.7	83,700	0	12,905,778	100.7
C02	New Program	15,000,000	0	27,740,939	219.2	15,000,000	0	27,905,778	217.6
C04	Reallocation	0	0	27,740,939	219.2	0	0	27,905,778	217.6
C08	Technology	250,500	0	27,991,439	221.1	250,500	0	28,156,278	219.6

Executive Recommendation

Change Level		2009-2010	Pos	Cumulative	% of BL	2010-2011	Pos	Cumulative	% of BL
BL	Base Level	12,657,239	153	12,657,239	100.0	12,822,078	153	12,822,078	100.0
C01	Existing Program	83,700	0	12,740,939	100.7	83,700	0	12,905,778	100.7
C02	New Program	15,000,000	0	27,740,939	219.2	15,000,000	0	27,905,778	217.6
C04	Reallocation	0	0	27,740,939	219.2	0	0	27,905,778	217.6
C08	Technology	250,500	0	27,991,439	221.1	250,500	0	28,156,278	219.6

Justification

C01	The Commission is requesting an increase of \$63,700 in Operations Expenses in each year of the biennium for increases in utilities, maintenance, and rising fuel costs. Also, an increase of \$20,000 is requested in Capital Outlay for the purchase of a new vehicle and for reference material additions to our law library.
C02	The Commission is requesting \$15,000,000.00 in appropriation to invest in the Money Market Management Fund at the Office of the Treasurer.
C04	The Commission pays the Dept. of Information Systems a monthly fee for access to the AFGM system. To properly classify this expense within the State's accounting system, a reallocation from Data Processing to Operating Expenses is needed.
C08	The Commission requests an increase of \$250,500 each year of the biennium in Computer Hardware/Software for the replacement of outdated computers, servers, and printers in accordance with the Commission's IT plan on page 4 under Future Hardware Purchases.

CARRY FORWARD OF ANY UNEXPENDED BALANCE OF APPROPRIATION AND/OR FUNDING FROM FISCAL YEAR 2008 TO FISCAL YEAR 2009

Agency: Worker's Compensation Commission

Program: Administration

Act #: 405 of 2007 Section(s) #: 3 & 8

Estimated Carry Forward Amount \$ 97,797.00 Appropriation Funds

Funding Source: Trust

Accounting Information:

Business Area: 0390 Funds Center: 355 Fund: TJW Functional Area: HHS

Line Item	Commitment Item	Estimated Carry Forward Amount	Actual Carry Forward Amount
Computer Software/Hardware	5900044	97,797.00	0.00
Total		\$ 97,797.00	\$ 0.00

Current law requires a written statement be submitted to the DFA Office of Budget stating the reason(s) to carry forward appropriation and/or funding for a program or a specific line item within a program from the first fiscal year of the biennium to the second fiscal year of the biennium.

Justification for carry forward of unexpended balance of appropriation and/or funding:

To purchase computer equipment as needed.

Actual Funding Carry Forward Amount \$ 0.00

Current status of carry forward appropriation/funding:

The Arkansas Workers' Compensation Commission must seek prior review of carry forward appropriation from the Arkansas Legislative Council. The Arkansas Workers' Compensation Commission will not use these funds in fiscal year 2009, therefore the carry forward appropriation of \$97,797.00 will not be requested.

D. Alan McClain
Chief Executive Officer

08-25-2008
Date

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 2009-11 biennium.

The Executive Recommendation provides for Agency Request.

Appropriation Summary

Appropriation: 356 - Second Injury Claims

Funding Sources: TSW - Second Injury Trust Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			2009-2010			2010-2011		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	Base Level	Agency	Executive	Base Level	Agency	Executive
Refunds/Reimbursements	5110014	2,117	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Claims	5110015	2,549,644	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		2,551,761	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	4,870,086	4,235,429		0	0	0	0	0	0
Trust Fund	4000050	1,917,104	5,014,571		4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Total Funding		6,787,190	9,250,000		4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000
Excess Appropriation/(Funding)		(4,235,429)	0		4,750,000	4,750,000	4,750,000	4,750,000	4,750,000	4,750,000
Grand Total		2,551,761	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.

The Commission requests Base Level for each year of the 2009-11 biennium.

The Executive Recommendation provides for 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		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2007-2008 Actual	2008-2009 Budget	2008-2009 Authorized	2009-2010			2010-2011		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Operating Expenses	5020002	20,040	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	40,000	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		60,040	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000
Funding Sources										
Fund Balance	4000005	173,892	193,683		103,683	103,683	103,683	13,683	13,683	13,683
Cash Fund	4000045	79,831	50,000		50,000	50,000	50,000	50,000	50,000	50,000
Total Funding		253,723	243,683		153,683	153,683	153,683	63,683	63,683	63,683
Excess Appropriation/(Funding)		(193,683)	(103,683)		(13,683)	(13,683)	(13,683)	76,317	76,317	76,317
Grand Total		60,040	140,000		140,000	140,000	140,000	140,000	140,000	140,000