

1993-94 SESSION
COMMITTEE HEARING
RECORDS

Committee Name:

Joint Committee on
Finance (JC-Fi)

Sample:

Record of Comm. Proceedings ... RCP

- 05hrAC-EdR_RCP_pt01a
- 05hrAC-EdR_RCP_pt01b
- 05hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ **

➤ Miscellaneous ... Misc

➤ 93hrJC-Fi_Misc_pt62

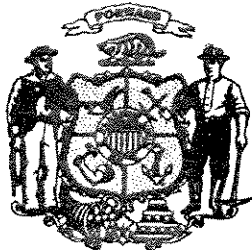
➤ Record of Comm. Proceedings ... RCP

➤ **

State of Wisconsin

SENATE CHAIR
JOE LEEAN

Room 119 South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: 266-0751



ASSEMBLY CHAIR
BARBARA J. LINTON

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JOINT COMMITTEE ON FINANCE

December 23, 1993

TO: Mr. James R. Klauser, Secretary
Department of Administration

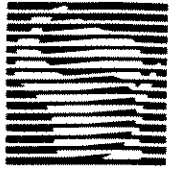
FROM: Senator Joe Leean
Representative Barbara J. Linton
Co-Chair, Joint Committee on Finance

We have reviewed the request from the Department of Administration dated December 13, 1993 under s. 16.515 and 16.505(2) pertaining to requests from the University of Wisconsin System, Commissioner of Savings and Loan and the Department of Health and Social Services.

Please be advised that the University of Wisconsin System withdrew its request to increase positions and spending authority for the Office of Safety and Loss Prevention. There were no objections to the other requests and accordingly they have been approved.

JL:BJL:ns

cc: Roger Grossman
Bob Lang



The University of Wisconsin System

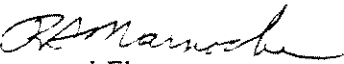
Vice President for Business and Finance

1752 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706
(608) 262-1311 FAX (608) 262-3985

DATE: December 13, 1993

TO: James R. Klauser
Secretary, Department of Administration

Senator Joseph Leean
Representative Barbara Linton
Co-Chairs, Joint Committee on Finance

FROM: Raymond A. Marnocha 
Vice President for Business and Finance

RE: University of Wisconsin System 16.505/16.515 Requests

Please be advised that the University of Wisconsin System is withdrawing its request to increase positions and spending authority for the Office of Safety and Loss Prevention.

I can be reached at 262-1311 if you have any questions.

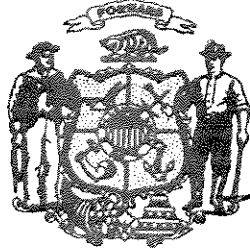
cc: President Lyall
Vice Presidents
Assistant Vice President Durcan
Robert Lang
David Suchman
Marty Olle

g:\acct\dad\osipreq

State of Wisconsin

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JOINT COMMITTEE ON FINANCE

December 3, 1993

TO: JOINT COMMITTEE ON FINANCE MEMBERS

FROM: Senator Joe Leean
Representative Barbara J. Linton
Co-Chair, Joint Committee on Finance

Attached is a copy of a request from the Department of Administration dated December 3, 1993 pertaining to requests from the University of Wisconsin System, Commissioner of Savings and Loan and the Department of Health and Social Services.

Please review these items and notify Senator Leean's office not later than Monday, December 20, 1993 if you have any concerns about the requests or would like the Committee to meet formally to consider it.

Also, please contact us if you need additional information.

JL:BJL:ns

Attachments

CORRESPONDENCE/MEMORANDUM

STATE OF WISCONSIN
Department of Administration

Date: Dec. 3, 1993

To: Honorable Joseph Leraan, Co-Chair
Honorable Barbara J. Linton, Co-Chair

From: James R. Klauser
Secretary
Department of Administration

Subject: s. 16.515/16.505(2) Requests

Enclosed are requests which have been approved by this department under the authority granted in s. 16.515 and s. 16.505(2). The explanation for each request is included in the attached materials. Listed below is a summary of each item:

<u>AGENCY</u>	<u>DESCRIPTION</u>	<u>1993-94</u>		<u>1994-95</u>	
		<u>AMOUNT</u>	<u>FTE</u>	<u>AMOUNT</u>	<u>FTE</u>
U.W.S. 20.285(3)(iz)	Gen. Opns. Receipts	\$ 189,500	6.0	\$ 330,000	6.0
S. & L. 20.175(1)(g)	Comp. Equip. Trvl. & Trng.	37,900			
D.H.S.S. 20.435(1)(kx)	Lead-Based Paint Abatement		2.5*		2.5*

* PRS project positions.

As provided in s. 16.515, this request will be approved on Dec. 27, 1993 unless we are notified prior to that time that the Joint Committee on Finance wishes to meet in formal session about this request.

Please contact Roger Grossman at 266-1072, or the analyst who approved the request in the Division of State Executive Budget and Planning, if you have any additional questions.

Attachments:

CORRESPONDENCE/MEMORANDUM

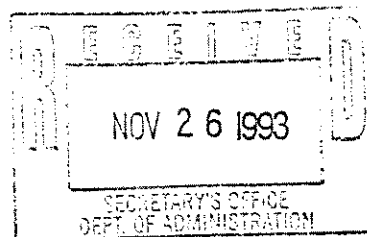
STATE OF WISCONSIN
Department of Administration

Date: November 24, 1993

To: James R. Klauser
Secretary, Department of Administration

From: Mary Hartzheim
Education Team

Subject: s. 16.505/515 Request for the University of Wisconsin System Administration



REQUEST

The UW System requests approval of \$330,000 PR additional spending authority and 6.0 FTE under s. 20.285 (3) (iz), University of Wisconsin System Administration general operations receipts appropriation.

BACKGROUND

UW System requests 6.0 FTE program revenue positions and \$330,000 PR additional spending authority to staff a newly created Safety and Loss Prevention Program which will be housed in the System Administration Department of Physical Planning and Development. The office will have a total of 12.8 FTE staff positions and three program components-- Workers Compensation, Risk Management, and Environmental/Occupational Health. Physical Planning and Development currently has workers compensation, risk management, and environmental health and safety positions, but they are not organized within a single program. The 6.8 FTE positions not contained in this request represent a reallocation of these existing positions. (See attached organizational chart.)

The UW System is requesting a safety and loss prevention program for two reasons:

1. UW System workers compensation costs have increased 138% in the last four years to a level of \$4.1 million in the current year. Other state agencies have experienced similar dramatic increases in workers compensation costs. In response to this trend, the Governor issued Executive Order #194 relating to workplace health and safety of state employees. As it affects the UW System, the executive order requires every campus and center to promulgate a comprehensive health and safety program. The System Administration safety and loss prevention program will organize and direct the campus efforts and provide education, training, and inspection to each program.
2. DOA is currently providing agencies with supplements to meet the increasing cost of workers compensation premiums. However, beginning July 1, 1995, funding for workers compensation will be built into an agency's base. Any increase in an agency's premiums will become the responsibility of that agency. By creating a safety and loss prevention program, the UW hopes to reduce the incidence of injuries thereby leveling off premium costs.

To support the new office and positions, the UW System requests a base spending authority increase of \$330,000 PR in its general operations receipts appropriation, fund 336. Fund 336 is a PR-S appropriation with \$223,500 current spending authority. Each UW institution, including UW-Extension and the 2-year Center System, would be assessed a \$22,000 surcharge to provide the \$330,000 revenue for the program. The manner in which the \$22,000 is generated will be left to the discretion of each campus. While a uniform charge may seem inequitable given the variation in campus size, the uniform charge option was chosen by a committee with membership from each campus.

As of the November 1, 1993 PMIS report, there are 7.38 FTE UW System Administration vacancies. According to the UW, each of these positions is in recruitment. As of November 1, 1993, total system vacancies are 614.78 FTE, or 2.0% of authorized positions, of which 64.24 are program revenue positions. According to UW, none of these PR positions is available for reallocation to the risk management program.

ANALYSIS

The following positions are requested:

<u>Position</u>	<u>FTE</u>	<u>Est. Annual Salary</u>	<u>Est. 1993-94 Salary</u>
Director	1.0	60,500	30,250
Workers Comp. Claims Supervisor	1.0	37,200	18,600
Workers Comp. Claims Examiner	1.0	29,800	14,900
Occupational Health Supervisor	1.0	35,000	17,500
Program Assistants	2.0	42,000	21,500
TOTAL	6.0	204,500	102,250

Each of the positions would be located in the Office of Safety and Loss Prevention which is housed in the System Administration Department of Physical Planning and Development. It should be noted that there is currently a Workers Compensation Claims Supervisor in the Department of Physical Planning and Development, but this is a project position which will end December 31, 1993.

Position Descriptions for Requested Positions

With the exception of the director, each of the requested positions is a classified position. (See organizational chart for integration of new and existing positions.)

Director. Provide program direction and coordinate office efforts to create and implement training programs, develop and monitor guidelines for institutional safety committees, arrange and conduct inspections, establish a data base for worker injuries, and coordinate risk management and environmental health and safety efforts.

Workers Compensation Claims Supervisor. Work closely with the campuses to assure prompt and accurate reporting of claims and assure statistical information is properly collected and coded, establish and maintain a data base which will determine root causes of accidents and injuries.

Workers Compensation Claims Examiner. Review workers compensation claims and assure prompt action is taken to avoid late payment penalties and "lack of good faith" fines and forfeitures.

Occupational Health Specialist. Assure workplace safety through activities such as air quality investigations and monitoring availability and use of proper personal protective devices.

Program Assistants. Provide program and clerical support to entire safety and loss prevention program.

The DOA Bureau of State Risk Management, which currently handles workers compensation for all agencies except UWS and DOT, believes the additional positions are necessary for the UW to properly manage workers

compensation claims. The bureau director reviewed the organizational structure of the proposed program and supports UW's requested workers compensation staffing level, with the recommendation that the work of claims examiners be categorized and organized in a manner similar to that of DOA claims examiners. Although DOA has delegated authority to UW System to manage its own workers compensation, UW is required to comply with DOA standards and will be forced to relinquish management of workers compensation if these standards are not met.

UW estimates the following annual expenditures for the program:

<u>Expenditure</u>	<u>Est. Annual Cost</u>	<u>Est. 1993-94 Cost</u>
Permanent Salaries	204,500	102,250
Fringe Benefits (@ 32.1%)	65,645	32,822
Supplies and Expenses	59,855	33,428
Permanent Property	0	21,000
TOTAL	330,000	189,500

According to UW System, the \$22,000 assessment to campuses would be prorated in the first year at a level to support six months of salaries and fringes, as well as start up training and equipment needs. The permanent property budget for 1993-94 would be used to purchase personal computers for each new position, at an estimated cost of \$3,500 per computer. This estimate is in line with DOA cost guidelines for computer purchase and set-up. The UW does not have a standard for estimating supply and expenses expenditures. The only justification for the estimate given is that it was the amount remaining after all other expenses are subtracted from the \$22,000 per campus surcharge. However, this estimate appears reasonable on basis of comparative analysis of other agencies.

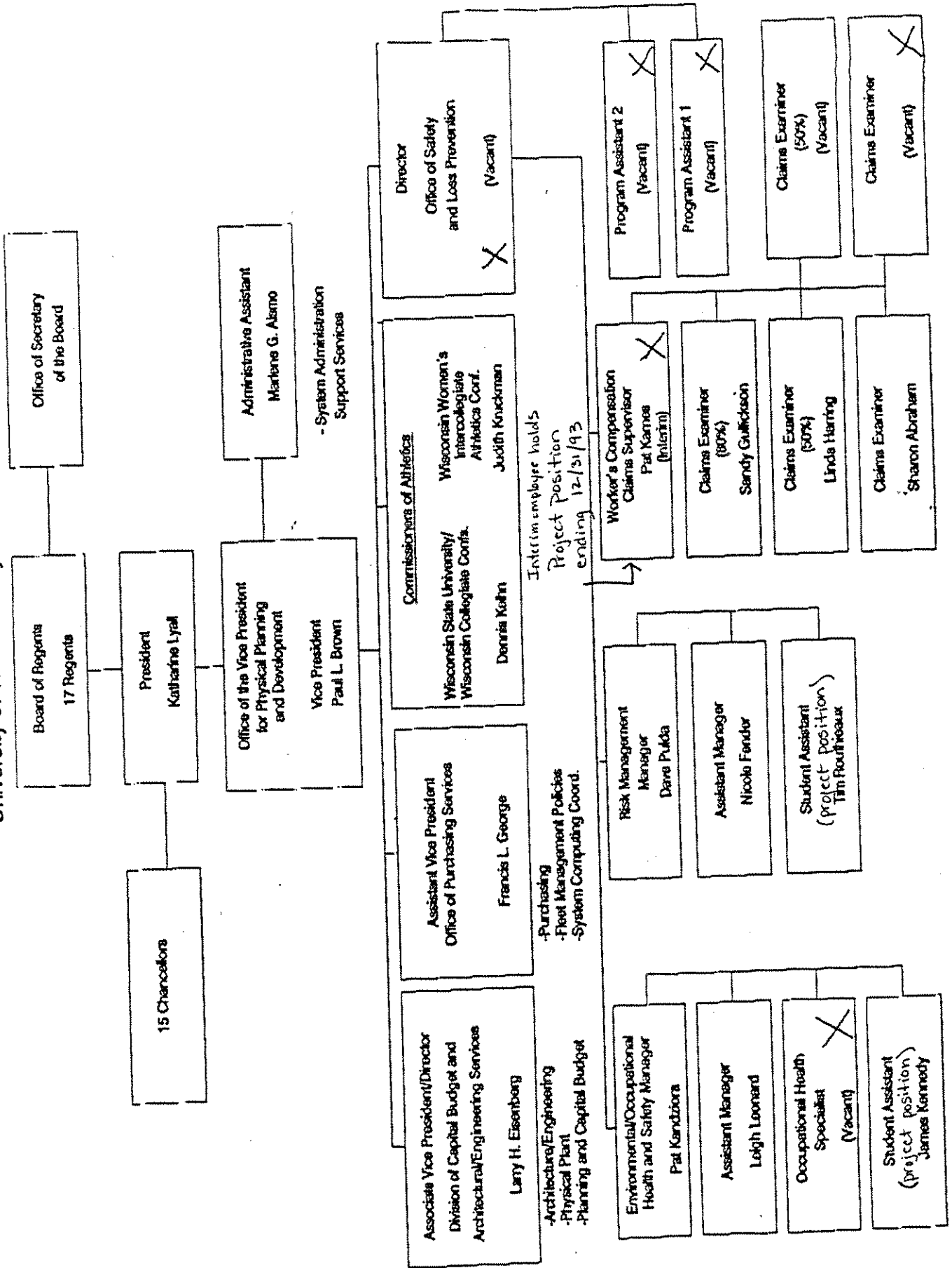
Overall, UW System's request appears reasonable. The requested positions would be used to achieve the objectives of Executive Order #194 and have been approved by DOA's Bureau of Risk Management. The program would facilitate efforts to decrease the escalation in workers compensation costs in the UW System and may achieve net cost savings. Furthermore, as of November 1, 1993, all system administration vacancies are in recruitment and overall vacancy rates are relatively low-- total program revenue vacancy rate is 1.0% and, according to the UW, all these positions are in recruitment. The GPR vacancy rate is 2.6% and total vacancy rate is 2.0%.

RECOMMENDATION

- Approve the creation of 6.0 FTE permanent positions on the condition that UW organize workload of claims examiners consistent with DOA examiner workload standards.
- Approve \$189,500 increased spending authority in 1993-94 and \$330,000 in FY95.
- DOA should monitor the safety and loss prevention program in order to assess the impact of the program on injury prevention and controlling workers compensation costs.

NOTE: This document contains two technical corrections to the s. 16.505/16.515 request. The salary estimate for the occupational health supervisor is \$35,000 rather than \$17,500, with the additional expense taken from the supplies and expenses estimate. The total number of FTE positions in the Safety and Loss Program is 12.8 rather than 12.0.

OFFICE OF THE VICE PRESIDENT FOR PHYSICAL PLANNING AND DEVELOPMENT University of Wisconsin System



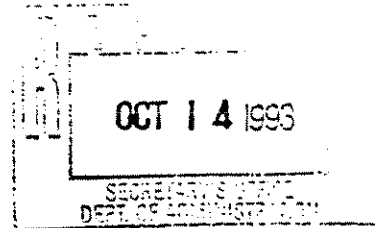
NOTE: Positions marked with an "X" are the requested positions. The remaining Safety and Loss Prevention positions are existing reallocated positions.



The University of Wisconsin System

Vice President for Business and Finance
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October 13, 1993



To: James Klauser
Secretary, Department of Administration

From: Raymond A. Marnocha *R. Marnocha*
Vice President for Business and Finance

Re: Request for Six Program-Revenue-Funded Positions for the
Safety and Loss Prevention Program

A. Summary of Request

This request is for six program-revenue-funded positions which, together with the internal reallocation of six GPR positions, will staff a newly created Safety and Loss Prevention program. The program is charged with curtailing rapidly escalating workers compensation costs and being responsive to the Governor's Executive Order #194. The Executive Order mandates a Workplace Health and Safety program for State Employees. The request is for position authorization only, with the cost of the positions being absorbed within the existing appropriations. No budget increase is requested. At this time, all UW System Administration program revenue positions are filled.

B. Background

UW System workers compensation costs have increased a dramatic 138% in the last four years to a level of \$4.1 million in the current year. They are projected to continue rising at that rate and will exceed \$10 million by the year 2000. These cost increases are not peculiar to the UW System. Other state agencies have been experiencing similar increases as have other states and the private sector. Cost escalation of these significant proportions has become a major concern. In an effort to heighten awareness of these expenditures and to curtail the growth in costs, the Department of Administration (DOA) has transferred the funding from a central DOA appropriation and has allocated the funds to pay premiums to each agency's operating budget. This biennium, DOA has been providing supplements to meet the increased costs of the premiums. However, DOA has informed us that, beginning July 1, 1995, agencies will be responsible for their own premiums, which will be based on a three-year average of claims payments experience. There will be no supplements, except on an individual exception basis and, without the supplements, the agencies will be required to absorb the increased costs. To avoid having to reallocate resources from other important programs in the future, the UW System has determined that it is essential that a proactive approach be undertaken now to avoid the incidence of injuries and to control the costs when they do occur. It is considered a prudent course of

action to make this initial investment to prevent incurring much larger expenditures in the future.

A second major reason that underlies this request is the need to comply with the Governor's Executive Order #194 relating to Workplace Health and Safety of State Employees. That Executive Order states that every university campus and center must develop and promulgate a comprehensive written health and safety program whose purpose is to attain the following objectives:

1. Minimize the risk of occupational injuries and illnesses by the use of recommended loss prevention and control techniques.
2. Establish written performance/accountability standards and objectives for managers and supervisors to reduce occupational injuries and illnesses and enhance workplace health and safety.
3. Provide adequate health and safety training and education for managers, supervisors and employees.
4. Establish health and safety committees consisting of representatives from all levels and areas of the organization.
5. Promote health and safety awareness and safe work practices.
6. Establish a procedure for conducting periodic health and safety inspections/surveys so that potential hazards are detected and corrected or controlled in a timely manner.
7. Provide for increased compliance with all applicable State and Federal health and safety standards and regulations.
8. Designate an individual to serve as the organization's Health and Safety Coordinator to assist in directing its injury/illness prevention program.
9. Promote effective investigation and management of workers compensation claims and the early return to work of injured employees using transitional work assignments and other rehabilitation strategies.

There is a considerable amount of organization and direction that needs to be given to education, training, inspection, and remedial action to comply with this Executive Order on the 26 UW System campuses.

In response to the rising costs of workers compensation and the Governor's Executive Order, the UW System Administration convened a team with representatives from each campus to address the issues. The team concluded that if workers compensation claims are to be aggressively managed to hold down their incidence, reduce costs, and promote early back-to-work programs, there are several needs that must be addressed such as the following:

1. The need to train and educate the campus personnel to give them a better understanding of the laws and the processes.
2. The need to install a process to save money by the prompt reporting of claims and more aggressive management of medical costs.
3. The need to streamline procedures and reduce duplication of effort by giving more attention to the accurate reporting of claims.
4. The need to make all campus personnel aware of the rise in claims and costs and their impact on the operating budget.
5. The need to be more pro-active in establishing programs to prevent legitimate workers compensation claims from occurring through increased safety training and awareness.
6. The need to revise some hiring practices and examinations to document pre-employment impairments that could result in claims.
7. The need to develop some processes for temporary assignment to light-duty jobs for people on workers compensation status to get them back to work sooner.
8. The need for System Administration to communicate more extensively with the campuses on the status of claims.
9. The need for more staff to investigate claims more thoroughly and take effective remedial action.
10. The need to develop a comprehensive database system to compile accurate information about accidents and injuries to facilitate loss prevention program planning.

The team members discussed the acute need for resources for safety programming if a serious campaign to curb workers compensation claims is to be undertaken. It was recognized that it will be difficult for each institution to allocate enough resources to effectively establish and sustain an effective program on its own. However, it was felt that a consortial effort could serve to pool resources to initiate a program that could be effective and yield savings that could repay the initial investment with dividends.

C. Position Needs, Position Descriptions, Funding Sources

Six positions will be reallocated from Workers Compensation, Risk Management, and Environmental Health and Safety to the newly created Safety and Loss Prevention program. Additional resources will also be invested. Campuses will provide resources and share in the costs through an administrative surcharge. The purpose of the program is to carry out the expectations of section B. UW System Administration will administer the program.

The program would envision a staff of twelve positions. Six of the positions would be obtained from a reallocation of System Administration positions,

duties, and responsibilities, and six positions funded from an administrative surcharge to the campuses similar to the way the Department of Administration funds its Workers Compensation staff.

The conclusion that six additional positions would be needed was arrived at through a series of reviews of existing work duties, campus capabilities, and realignment of responsibilities. A major ingredient to the conclusion was a memo from Rollie Boeding, Director of the Bureau of State Risk Management in the Department of Administration. Mr. Boeding had been asked to determine the staffing levels that would be required at UW System to properly manage workers compensation claims. Mr. Boeding used the materials developed by the Tillinghast consultant when the staffing levels were established for DOA. Those materials indicate a staffing level of six would be required, including 1 claims supervisor, 2.5 Lost Time claims adjusters, 1.5 Medical Only claims adjusters, .5 Lost Time claims assistant, and .5 clerical support. The UW System Administration presently has 1.8 positions assigned to the workers compensation program. Thus, if we were to meet the Tillinghast recommended staffing levels, we would have to add 4.2 positions for workers compensation alone. However, by restructuring our other risk management and environmental health and safety duties, we believe we can meet both our responsibilities for workers compensation and compliance with the Governor's Executive Order with six positions. The positions are described below, and the funding source and necessary approvals provided on the attachment.

1. Director

The consolidation of the workers compensation, risk management, and environmental health and safety functions into a coordinated Safety and Loss Prevention program will require the skills of someone well versed in this whole array of disciplines to provide proper direction. The program has to be given a major forward thrust if it is to gain the momentum and acquire the needed level of sustained support to be successful. The institutional people have to be convinced that it is in their best interest to accept, participate, and advance the concepts embodied in the program. A multitude of training programs have to be identified and offered; guidelines for institutional safety committees need to be developed and monitored; inspections have to be arranged and conducted; a computerized, comprehensive, compatible data base has to be established for worker injuries; risk management and environmental health and safety have to be brought into focus with the entire program. It will take someone with tact, imagination, drive, and perseverance to provide direction and impetus, or the whole effort will fall far short of its goals.

2. Workers Compensation Claims Supervisor

3. Workers Compensation Claims Examiner

These two positions would be used to supplement the 1.8 people presently handling the workers compensation program. The Supervisor would be expected to work closely with the campuses to assure the

prompt and accurate reporting of claims and to make certain that the statistical information was properly collected and coded to establish and maintain the much-needed data base to determine root causes of accidents and injuries. The Claims Examiner would be used to assure that prompt action is taken to avoid late payment penalties and "lack of good faith" fines and forfeitures.

4. Occupational Health Specialist

This position would be an Industrial Hygienist to do workplace monitoring and air quality investigations to determine that exposure levels are not being exceeded and that proper personal protective devices are available and being used. Lab safety is a special area of concern.

5. & 6. Program Assistants

These two positions would provide program support to the entire program effort. They would be expected to be proficient in data processing and word processing operations needed to develop the manuals, rules guidelines, and directives which this program encompasses. They would also provide the clerical support for the ten professional positions in the program.


UNIVERSITY OF WISCONSIN

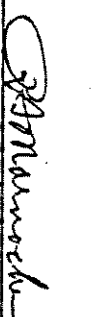
REQUEST FOR PROGRAM AND SEGREGATED REVENUE POSITIONS*

School/College	UDDS	Title	Classified or Unclassified	Pay Basis	Full-Time Base Rate	FTE	Fund-Accnt
Physical Planning and Development	W-35-3000	Director	Unclassified	FT	\$50,000	1	128
Physical Planning and Development	W-35-3000	Workers Comp. Claims Super.	Classified	FT	\$40,000	1	128
Physical Planning and Development	W-35-3000	Workers Comp. Claims Examiner	Classified	FT	\$25,000	1	128
Physical Planning and Development	W-35-3000	Occupational Health Super.	Classified	FT	\$35,000	1	128
Physical Planning and Development	W-35-3000	Program Assistants	Classified	FT	\$25,000/ \$23,000	2	128

*Please attach program and workload requirements which justify additional staff and describe funding source.

APPROVALS:


10/13/93
 Physical Planning Department


10/13/93
 System Administration Department

Department of Administration



The University of Wisconsin System

Vice President for Business and Finance

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(608) 262-1311 FAX (608) 262-3985

NOV 12 1993

July 13

Date: November 11, 1993

To: James R. Klauser
Secretary, Department of Administration

From: Raymond A. Marnocha *R. Marnocha*
Vice President for Business and Finance

Re: S. 16.515 Request for Office of Safety and Loss Protection

This is an amendment to my memo of October 13, which requested establishment of 6.0 FTE program revenue positions under s.16.505 for the University of Wisconsin System's new Office of Safety and Loss Prevention. That memo incorrectly indicated that additional expenditure authority would not be needed. We have since determined that increased expenditure authority of \$330,000 will be required each year on an ongoing basis for the appropriation under s.20.285(3)(iz) for this purpose.

As explained in the previous request, The UW System intends to utilize the 6.0 new PR positions, along with 6.0 existing GPR funded positions already devoted to environmental, safety and risk management activities in a consolidated office charged with managing Systemwide Workers' Compensation, Risk Management and Environmental Health and Safety programs.

Each UW Institution, including UW-Extension and the 2-year Center System will be assessed \$22,000 per year to support the non-GPR portion of the program. Although this assessment is an internal funding mechanism, additional expenditure authority will be needed in appropriation 336 to (re)spend the \$330,000 funds assessed, as base 1993-94 expenditure authority in that appropriation (\$223,500, compared to actual 1992-93 expenditures of \$215,800) is insufficient to support the new activity.

Attached is a schedule summarizing the projected annual PR expenditures for the Office of Safety and Loss Prevention. We anticipate that the PR assessment will be prorated in the first year at a level high enough to support six months of salaries and fringes, as well as start up training and equipment needs: estimated at \$189,500 in 1993-94. As noted previously, we request a base 336 spending authority increase of \$330,000 per year.

cc: Paul Brown
Kathi Sell
Tom Sonnleitner
Debbie Durcan
Bob Andersen
Megan Christiansen
Marty Olle
Mary Hartzheim

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PROJECTED ANNUAL PR EXPENDITURES
 APPN. 336

		Est. Annual Cost	Est. Cost in 1993-94
Permanent Salaries:			
Director	1.0 FTE	60,500	30,250
Workers Comp. Claims Supvr	1.0 FTE	37,200	18,600
Workers Comp. Claims Examiner	1.0 FTE	29,800	14,900
Occupational Health Supvr	1.0 FTE	17,500	8,750
Program Assistants	2.0 FTE	42,000	21,000
Total Perm. Salaries	6.0 FTE	187,000	93,500
Fringe Benefits @ 32.1%		60,000	30,000
Supplies & Expenses *		83,000	45,000
Permanent Property *		0	21,000
TOTAL		330,000	189,500

* Non-Salary distribution provides for purchase of personal Computers for new staff in the first year. In subsequent years, those funds would be allotted as S&E for travel and materials for training programs at Institutions.