

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3536/1	Introduction Number AB-669
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Subject
 Worker's compensation changes

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Decrease Costs	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Local:

<input type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Indeterminate	1. <input checked="" type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>Employers subject to WC law</u> <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
		2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
		<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
		<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.445 (1) (t)	

Agency/Prepared By	Authorized Signature	Date
DWD/ Jim O'Malley (608) 266-0331	JoAnna Richard (608) 266-3131	11/18/2003

Fiscal Estimate Narratives

DWD 11/18/2003

LRB Number	03-3536/1	Introduction Number	AB-669	Estimate Type	Original
Subject					
Worker's compensation changes					

Assumptions Used in Arriving at Fiscal Estimate

Assumptions Used in Arriving at Fiscal Estimate

Assembly Bill 669 will impact the Work Injury Supplemental Benefit Fund (WISBF) under s. 102.65, Wis. Stats. in two (2) areas. This bill is not expected to significantly increase costs for worker's compensation insurance premiums or assessments from employers and insurance carriers.

The increased costs under AB 669 are due to benefit increases payable from the WISBF and increased revenues from employers and insurance carriers are due for work-related injuries resulting in death and dismemberment. As of July 1, 2003 the current balance of the WISBF was approximately \$ 4.3 million. Current annual income/revenue to the WISBF is approximately \$2 million. It is anticipated that the WISBF balance with the increased revenue will be sufficient to pay the increased benefits resulting from AB 669 .

The two (2) areas in which AB 669 will have a fiscal impact are:

1. This bill will increase the rate of supplemental benefits from a maximum of \$202 per week to \$233 per week under s. 102.44 (1), Wis. Stats. The increase in benefits will result in approximately an additional \$275,000 being paid from the WISBF annually. Currently there are 144 claimants eligible to receive these benefits. AB 669 will make an additional 59 claimants eligible to receive these benefits. Although the proposed statutory change will increase the maximum supplemental benefit rate to \$233 per week not all employees will be eligible to receive benefits at the maximum rate. If all eligible employees were eligible to be paid at the maximum rate the total increase in benefits would be \$327,000 rather than the projected \$275,000.

2. AB 669 will increase revenues from worker's compensation insurance carriers and self-insured employers under s. 102.49 (5), Wis. Stats., for work-related deaths from \$5,000 to \$10,000 and for injuries resulting in dismemberment from \$7,000 to \$10,000. In the last fiscal year there were 64 work-related death claims resulting in revenues of approximately \$320,000 and 13 dismemberment injuries resulting in revenues of approximately \$91,000. Over the last four (4) years there has been an average of about 60 work-related deaths and 15 dismemberment injuries annually. It is estimated that AB will increase revenues by about \$300,000 for death claims and \$45,000 for dismemberment injuries for a total of approximately \$345,000 annually.

This bill will not require any additional staff by the Worker's Compensation Division. This bill will not have a significant impact on increasing costs for worker's compensation insurance premiums or for self-insured employers. The increases in revenue are expected to involve approximately 75 injuries per year. The increased revenues provided for in this bill will be approximately \$345,000 annually compared to an estimated \$1.2 billion annual worker's compensation insurance premium in this state. Costs to local government for increased revenues will also be minimal since a very small portion of the approximate 75 injuries are likely to involve employees of local government.

Long-Range Fiscal Implications

There are no long-range fiscal implications other than mentioned above.

Fiscal Estimate Worksheet - 2003 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Worker's compensation changes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations	275,000		
TOTAL State Costs by Category	\$275,000		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S	275,000		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S	345,000		
TOTAL State Revenues	\$345,000		\$
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$275,000		\$
NET CHANGE IN REVENUE	\$345,000		\$
Agency/Prepared By		Authorized Signature	Date
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