

Fiscal Estimate - 2019 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 19-5114/1	Introduction Number SB-673
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Description
 various changes to the worker's compensation law and making an appropriation

Fiscal Effect

State:

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

Local:

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

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)(ra), (1)(t), (1)(rc), (1)(sm)

Agency/Prepared By DWD/ Paul Farnum (608) 266-6496	Authorized Signature Danielle Williams (608) 266-2284	Date 1/13/2020
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Fiscal Estimate Narratives

DWD 1/13/2020

LRB Number	19-5114/1	Introduction Number	SB-673	Estimate Type	Original
Description various changes to the worker's compensation law and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

The Worker's Compensation Advisory Council, through its Agreed Upon Bill proposes various changes in the worker's compensation law. The Workers Compensation program is administered by the Department of Workforce Development.

The Agreed Upon Bill proposes creation of a new segregated Fund 227 Worker's Compensation Operations annual appropriation, s. 20.445(1)(rc) with \$5,000,000 in budget authority beginning the second year of the 2019-2021 biennium for processing reimbursement payments to insurance carriers under s. 102.75 (1g). This proposal provides a distinct appropriation and budget authority for already occurring payments being made from s. 20.445 (1)(t) Work injury supplemental benefit appropriation. This proposal will not increase or decrease expenditures or revenues.

The Agreed Upon Bill also proposes transfer of 35.5 FTE from DOA's Division of Hearings and Appeals Office of Worker's Compensation Hearings and Appeals (OWCH) to DWD's Worker's Compensation Division (WC). Since its creation, OWCH has billed 100% of their personnel and supplies & services costs to WC. Following the transfer of 35.5 FTE from OWCH to WC, those costs previously billed to WC will be directly charged to WC and thus the ongoing impact will be cost neutral. One-time IT set up and move costs, are estimated to be \$7,000, and can be absorbed by the Department.

The Agreed Upon Bill includes a \$275,000 increase in budget authority in s. 20.445(1)(ra) [SEG] to restore budget authority not included with the creation of 5.0 SEG FTE under 2017 Wisconsin Act 59. Any expenditures made following this additional budget authority will be funded with revenue from the annual Worker's Compensation General Assessment.

Also included in the Agreed Upon Bill is a proposal for 0.2 FTE and \$9,000 in budget authority in s. 20.445(1)(ra) [SEG]. The 0.2 FTE will allow the department to make a difficult-to-staff 0.8 FTE position into a 1.0 FTE position. Costs associated with filling the 1.0 FTE position are absorbable and are estimated to be \$38,000 in the first year and \$50,000 ongoing annually.

Lastly, the Agreed Upon Bill includes law changes to the conditions of liability for worker's compensation benefits. The proposed changes allow law enforcement officers or full-time fire fighters, diagnosed with post-traumatic stress disorder related to employment, to bring a claim for worker's compensation benefits and sets a maximum duration of benefits at 32 weeks.

This estimate assumes that the number of submitted claims for Worker's Compensation benefits would increase, and with an increased number of claims, that the number of hearings regarding contested claims would increase. As a result, operational and administrative costs are expected to increase under s.20.445(1)(ra). The bill would also broaden the long-term (several years down the road) exposure of the Work Injury Supplemental Benefit appropriation [s.20.445(1)(t)] to claims under the barred claims statute s.102.66. The Department, however, is not able to reliably project the number of increased claims and hearings, and those associated costs, thus the fiscal effect of these changes in the Agreed Upon Bill are indeterminate.

Regarding the impact of these changes to local governments, costs would increase to all types of local government units subject to the Worker's Compensation provisions that employ law enforcement officers or full-time fire fighters. However, the Department is unable to accurately project the extent to which these costs would increase.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

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Description various changes to the worker's compensation law and making an appropriation		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time IT set up and move costs, are estimated to be \$7,000, and can be absorbed by the Department.		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$50,000	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$50,000	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S	50,000	
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	50,000	
TOTAL State Revenues	\$50,000	\$
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$50,000	\$
NET CHANGE IN REVENUE	\$50,000	\$
Agency/Prepared By Authorized Signature Date		
DWD/ Paul Farnum (608) 266-6496	Danielle Williams (608) 266-2284	1/13/2020