

Fiscal Estimate Narratives

DWD 5/20/2025

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|--|-----------|---------------------|---------|---------------|----------|
| LRB Number | 25-2823/2 | Introduction Number | SB-0229 | Estimate Type | Original |
| Description transferring adjudicatory functions for worker's compensation from the Division of Hearings and Appeals in the Department of Administration to the Department of Workforce Development | | | | | |

Assumptions Used in Arriving at Fiscal Estimate

The bill transfers, from the Department of Administration (DOA) Division of Hearings and Appeals (DHA) to the Department of Workforce Development (DWD), the adjudicatory functions relating to disputed worker's compensation claims currently administered by DHA. Under the bill, the effective date of the transfer is January 1, 2026.

The estimated fiscal impact of this bill is a one-time cost of \$72,000 which the department estimates can be absorbed.

Under this bill, the department assumes 37.5 FTE in position authority would be transferred from DHA to DWD on January 1, 2026. This is the position authority transferred from the department to DHA when adjudication functions were transferred under 2015 Act 55 and 2017 Act 59.

The bill does not modify budget authority for the department or DHA. Under current law, DWD reimburses DOA for DHA expenses related to disputed worker's compensation claims. These reimbursements cover the cost of staff salaries, fringe benefits and overhead costs, which include rent, IT costs, and other support service costs. Because adjudicatory service costs provided by DHA are already reimbursed by DWD, it is assumed that the budget authority in the appropriation at s. 20.445(1)(ra) is sufficient to cover the on-going expenses for adjudicatory services provided by DWD after the transfer.

The department would incur one-time costs associated with the transfer. Because staff are changing departments, new computers would need to be purchased for incumbents. Costs would also be incurred for IT set up, providing and activating phones if needed, and other miscellaneous supplies. These one-time costs are \$72,000 using an estimated 36 incumbents based on the assumed 37.5 FTE to be transferred and accounting for a 3% vacancy rate.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

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| Description transferring adjudicatory functions for worker's compensation from the Division of Hearings and Appeals in the Department of Administration to the Department of Workforce Development | | | | | | | |
| I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): One-time costs associated with the transfer including computers, phone activation, BITS staff time and miscellaneous supplies would be \$72,000. | | | | | | | |
| 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) | (37.5 FTE) | | | | | | |
| State Operations - Other Costs | | | | | | | |
| Local Assistance | | | | | | | |
| Aids to Individuals or Organizations | | | | | | | |
| TOTAL State Costs by Category | \$ | | | | | | |
| B. State Costs by Source of Funds | | | | | | | |
| GPR | | | | | | | |
| FED | | | | | | | |
| PRO/PRS | | | | | | | |
| SEG/SEG-S | | | | | | | |
| 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 | | | | | | | |
| TOTAL State Revenues | \$ | | | | | | |
| NET ANNUALIZED FISCAL IMPACT | | | | | | | |
| | <u>State</u> <u>Local</u> | | | | | | |
| NET CHANGE IN COSTS | \$ | | | | | | |
| NET CHANGE IN REVENUE | \$ | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Agency/Prepared By</td> <td style="width: 40%;">Authorized Signature</td> <td style="width: 20%;">Date</td> </tr> <tr> <td>DWD/ Andrew Evenson (608) 405-4472</td> <td>Lee Sensenbrenner (608) 405-4202</td> <td>5/20/2025</td> </tr> </table> | | Agency/Prepared By | Authorized Signature | Date | DWD/ Andrew Evenson (608) 405-4472 | Lee Sensenbrenner (608) 405-4202 | 5/20/2025 |
| Agency/Prepared By | Authorized Signature | Date | | | | | |
| DWD/ Andrew Evenson (608) 405-4472 | Lee Sensenbrenner (608) 405-4202 | 5/20/2025 | | | | | |