



State of Wisconsin
2025 - 2026 LEGISLATURE

LRB-1150/P3

MIM:wlj&cjs

DOA:.....Humphry, BB0205 - WISBF SEG Appropriation

FOR 2025-2027 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

EMPLOYMENT

WORKER'S COMPENSATION

Worker's compensation; appropriations

Under current law, the costs of DWD's administration of the worker's compensation program is generally funded by a general worker's compensation operations appropriation under the worker's compensation operations fund. However, the worker's compensation uninsured employers program and certain other worker's compensation activities are instead funded by a separate appropriation from the worker's compensation operations fund. The bill does the following:

1. Repeals the separate appropriation and instead funds the worker's compensation uninsured employers program and those other activities from the general appropriation.
2. Changes the general appropriation for worker's compensation from a sum certain to a sum sufficient appropriation.

Reimbursements for supplemental worker's compensation benefits

Under current law, worker's compensation insurers must pay supplemental benefits to certain employees who were permanently disabled by an injury that is compensable under worker's compensation.

DWD is authorized to collect up to \$5,000,000 from insurers that provide worker's compensation insurance to provide those supplemental benefits. This money must be used exclusively to provide reimbursements to insurers that pay those supplemental benefits and that request reimbursements. This bill creates a new, separate appropriation in the worker's compensation operations fund, to be used exclusively to provide these reimbursements. The bill does not increase revenue to DWD or collections from insurers.

Elimination of automatic transfer

Under current law, administration of the worker's compensation program is funded from a DWD appropriation from the worker's compensation operations fund. The Labor Industry and Review Commission decides appeals of worker's compensation decisions for DWD. Under current law, moneys are automatically

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transferred from the DWD appropriation to a LIRC appropriation account to pay for those hearing activities. This bill eliminates the automatic transfer of moneys. The bill retains the LIRC appropriation, but funds it directly from the worker's compensation operations fund, in an amount set in the appropriation schedule in ch. 20 of the statutes. With this change, any money remaining in the LIRC appropriation at the end of a fiscal year will lapse to the worker's compensation operations fund.

For further information see the state and local fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.427 (1) (ra) of the statutes is amended to read:

20.427 (1) (ra) *Worker's compensation operations fund; worker's compensation activities.* From the worker's compensation operations fund, the amounts in the schedule for the worker's compensation activities of the labor and industry review commission. ~~All moneys transferred from the appropriation account under s. 20.445 (1) (ra) shall be credited to this appropriation account.~~

****NOTE: This is reconciled s. 20.427 (1) (ra). This SECTION has been affected by drafts with the following LRB numbers: -1486/P1.

SECTION 2. 20.445 (1) (ra) of the statutes is amended to read:

20.445 (1) (ra) *Worker's compensation operations fund; administration.* From the worker's compensation operations fund, ~~the amounts in the schedule~~ a sum sufficient for the administration of the worker's compensation program by the department, for assistance to the department of justice in investigating and prosecuting fraudulent activity related to worker's compensation, and for transfer to the uninsured employers fund under s. 102.81 (1) (c), ~~and for transfer to the appropriation accounts under par. (rp) and s. 20.427 (1) (ra).~~ All moneys received under ss. 102.28 (2) (b) and 102.75 (1) shall be credited to this appropriation

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account. From this appropriation, an amount not to exceed \$5,000 may be expended each fiscal year for payment of expenses for travel and research by the council on worker's compensation; and an amount not to exceed \$500,000 may be transferred in each fiscal year to the uninsured employers fund under s. 102.81 (1) (c), ~~the amount in the schedule under par. (rp) shall be transferred to the appropriation account under par. (rp), and the amount in the schedule under s. 20.427 (1) (ra) shall be transferred to the appropriation account under s. 20.427 (1) (ra).~~

****NOTE: This is reconciled s. 20.445 (1) (ra). This SECTION has been affected by drafts with the following LRB numbers: -1150/P2, -1486/P1, and -1714/P1

SECTION 3. 20.445 (1) (rp) of the statutes is repealed.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

****NOTE: This is reconciled s. 20.445 (1) (rp). This SECTION has been affected by drafts with the following LRB numbers: -1714/P1.

SECTION 4. 20.445 (1) (rr) of the statutes is created to read:

20.445 (1) (rr) *Worker's compensation operations fund; special assessment insurer reimbursements.* From the worker's compensation operations fund, the amounts in the schedule for providing reimbursement to insurance carriers paying supplemental benefits under s. 102.44 (1) (c). All moneys received under s. 102.75 (1g) shall be credited to this appropriation account.

****NOTE: This SECTION involves a change in an appropriation that must be reflected in the revised schedule in s. 20.005, stats.

SECTION 5. 102.75 (1m) of the statutes is amended to read:

102.75 (1m) The moneys collected under subs. (1) and (1g) and under ss. 102.28 (2) and 102.31 (7), together with all accrued interest, shall constitute a separate nonlapsible fund designated as the worker's compensation operations

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fund. Moneys in the fund may be expended only as provided in ss. 20.427 (1) (ra) and 20.445 (1) (ra), (rb), and ~~(rp)~~ (rr) and may not be used for any other purpose of the state.

****NOTE: This is reconciled s. 102.75 (1m). This SECTION has been affected by drafts with the following LRB numbers: -1150/P2 and -1714/P1.

SECTION 6. 102.81 (2) of the statutes is amended to read:

102.81 (2) The department may retain an insurance carrier or insurance service organization to process, investigate and pay claims under this section and may obtain excess or stop-loss reinsurance with an insurance carrier authorized to do business in this state in an amount that the secretary determines is necessary for the sound operation of the uninsured employers fund. In cases involving disputed claims, the department may retain an attorney to represent the interests of the uninsured employers fund and to make appearances on behalf of the uninsured employers fund in proceedings under ss. 102.16 to 102.29. Section 20.930 and all provisions of subch. IV of ch. 16 do not apply to an attorney hired under this subsection. The charges for the services retained under this subsection shall be paid from the appropriation under s. 20.445 (1) ~~(rp)~~ (ra). The cost of any reinsurance obtained under this subsection shall be paid from the appropriation under s. 20.445 (1) (sm).

****NOTE: This is reconciled s. 102.81 (2). This SECTION has been affected by drafts with the following LRB numbers: -1714/P1.

SECTION 9250. Fiscal changes; Workforce Development.

(1) WORK INJURY SUPPLEMENTAL BENEFITS FUND. On the effective date of this subsection, there is transferred from the appropriation account under s. 20.445 (1)

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SECTION 9250

(t) to the appropriation account under s. 20.445 (1) (rr) the unencumbered balance of the amount collected under s. 102.75 (1g).

(END)