

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4356-01
Bill No.: HB 1490
Subject: Workers Compensation; Employees - Employers
Type: Original
Date: January 11, 2016

Bill Summary: This proposal establishes the Joint Committee on Missouri Division of Workers' Compensation

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	(\$130,193)	(\$102,413)	(\$103,386)
Total Estimated Net Effect on General Revenue	(\$130,193)	(\$102,413)	(\$103,386)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
General Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** states assuming the Joint Committee on Missouri Division of Workers' Compensation (Committee), which would be established by this legislation, requests the division to provide data relating to all injuries that are resolved through settlements for CY2014 and CY2015, the division estimates that it would take the research analyst approximately eight to twenty-five hours to initially conduct a search for the total number of settlements in the system. The data would relate to all injuries that are resolved through settlements only for CY2014 and CY2015. The hourly rate for the research analyst is \$24.06.

DOLIR assumes there are approximately 34,800 settlements for two years. If the Committee requests the documents from the division, staff time would be involved to conduct a search in the AICS computer system in order to print the settlements from the imaged case file or to obtain the case file from State archives depending upon the age of the case, to redact confidential information and to copy the records. The maximum costs in the first year are estimated on the division printing, redacting and copying 34,800 stipulations for two years. It is assumed there are three pages per stipulation and it will take an estimated three minutes to print the stipulation, five minutes per stipulation to redact the confidential information, and thirty minutes per 1,000 pages to copy the redacted pages.

If the request for data is on a continuing basis there may be, additional costs involved based upon the complexity of the data request. The division has regulatory oversight over the workers' compensation system and administers several programs such as Injury Processing, Second Injury Fund, Fraud and Noncompliance, Workers' Safety, Self-Insurance, Adjudication, Administration and Legal. There are 7 adjudication offices throughout the state of Missouri and docket settings are offered for conferences, pre hearings, mediating, hearing (including hardship and \$287.203) and issuance of awards. If data is requested on a specific program there would be additional costs based upon type of data requested.

DOLIR estimates 317.52 hours of programming at a rate of \$75 per hour for a total of \$23,814. DOLIR also estimates 70 hours of ad hoc report requests at \$75 per hour for a total of \$4,375. This estimate is based on the assumption there would be some sort of data capture required based upon the feasibility study concluding an evaluation will be obtained from the claimant. It is unknown what the parameters would be and whether the Division would be required to capture such data; however, the cost estimate includes hours to create a new correspondence letter, a web survey, and a database to capture the results of the survey.

ASSUMPTION (continued)

In Summary, DOLIR assumes the need for 2.5 FTE Administrative Office Support Assistants (at \$32,338 each) plus related expenses totaling \$164,000 in FY17 and per year thereafter, approximately \$150,000.

Oversight assumes the requested .5 FTE can be absorbed.

Oversight has, for fiscal note purposes only, changed the starting salary for the two Administrative Office Support Assistants (\$28,104) to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees over the last six months and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Officials at the **Missouri Senate** and the **Missouri House of Representatives** each assume this proposal will not have a fiscal impact on their respective organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
GENERAL REVENUE			
<u>Costs - DOLIR</u>			
Personal Service	(\$46,800)	(\$56,770)	(\$57,338)
Fringe Benefits	(\$29,617)	(\$35,694)	(\$35,849)
Equipment and Expenses	(\$25,587)	(\$9,949)	(\$10,199)
Programming	(\$28,189)	\$0	\$0
<u>Total Costs - DOLIR</u>	<u>(\$130,193)</u>	<u>(\$102,413)</u>	<u>(\$103,386)</u>
FTE Change - DOLIR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON			
GENERAL REVENUE	<u>(\$130,193)</u>	<u>(\$102,413)</u>	<u>(\$103,386)</u>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2017 (10 Mo.)	FY 2018	FY 2019
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

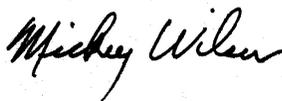
This bill establishes the Joint Committee on Missouri Division of Workers' Compensation comprising of seven members from the House of Representatives appointed by the Speaker of the House and Minority Floor Leader of the House of Representatives, with no more than four members from one party, and seven members of the Senate appointed by the President Pro Tem and Minority Floor Leader of the Senate, with no more than four members from one party. Each Members' appointment will be for the member's term of office or until a successor is appointed when a member's term has expired. A majority of the committee will constitute a quorum but the concurrence of a majority of the members is required for the determination of any matter within the committee's duties, which are specified in the bill.

The provisions of this bill will expire on January 30, 2021.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Departments of Labor and Industrial Relations
Missouri Senate
Missouri House of Representative



Mickey Wilson, CPA
Director
January 11, 2016

Ross Strobe
Assistant Director
January 11, 2016