

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3394-01
Bill No.: SB 825
Subject: Administrative Law; Judges; Workers' Compensation
Type: Original
Date: February 22, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Workers' Compensation	\$668,050	\$822,167	\$843,203
General Revenue	(\$48,822)	(\$60,094)	(\$61,640)
Total Estimated Net Effect on <u>All</u> State Funds	\$619,228	\$762,073	\$781,563

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Unemployment Compensation Administration Fund	(\$481,856)	(\$593,107)	(\$608,370)
Total Estimated Net Effect on <u>All</u> Federal Funds	(\$481,856)	(\$593,107)	(\$608,370)

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Division of Motor Carrier and Railroad Safety**, **Department of Insurance**, and the **Department of Transportation** assume the proposed legislation would have no fiscal impact on their agencies.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate the proposal would not significantly alter its caseload and assume no fiscal impact.

Officials from the **Office of the State Courts Administrator (CTS)** state they cannot accurately predict how many plaintiffs might choose to proceed in appellate court and therefore cannot anticipate the possible workload. CTS notes any significant workload increase would be reflected in future budget requests.

Officials from the **Department of Labor and Industrial Relations (DOL)** assume the Labor and Industrial Relations Committee (LIRC) would no longer have appellate jurisdiction for Workers' Compensation cases. DOL notes the Workers' Compensation Fund currently supports 9.51 FTE and 65% of the expense and equipment budget. The LIRC will continue to review unemployment compensation appeals, crime victim appeals, prevailing wage objections, and the new tort victim compensation cases. DOL notes the reduction in workload would enable the LIRC staff to be reduced from 9.51 FTE to 6.5 FTE. DOL assumes the 6.5 FTE that would be retained would be supported out of General Revenue and Unemployment Compensation Administration Funds based on established cost allocation percentages (9.2% General Revenue and 91.8% Unemployment Compensation Administration Fund). DOL assumes the expense and equipment dollars would be replaced with funds cost allocated between General Revenue and Unemployment Compensation Administration Funds.

DOL assumes the creation of the Administrative Law Judges of the Missouri Division of Workers Compensation could cause administrative costs, the degree of which would be minimal. DOL assumes such costs could be offset by the savings to the Workers' Compensation fund.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
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WORKERS' COMPENSATION FUND

Savings – 9 FTE (LIRC)

Personal Service	\$433,993	\$533,811	\$547,157
Fringe Benefits	\$156,281	\$192,225	\$197,031
Expense and Equipment	<u>\$77,776</u>	<u>\$96,131</u>	<u>\$99,015</u>
Total Savings	\$668,050	\$822,167	\$843,203

ESTIMATED NET EFFECT ON WORKERS' COMPENSATION FUND	<u>\$668,050</u>	<u>\$822,167</u>	<u>\$843,203</u>
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GENERAL REVENUE

Costs – .6 FTE (LIRC)

Personal Service	(\$30,635)	(\$37,681)	(\$38,623)
Fringe Benefits	(\$11,032)	(\$13,569)	(\$13,908)
Expense and Equipment	<u>(\$7,155)</u>	<u>(\$8,844)</u>	<u>(\$9,109)</u>
Total Costs	(\$48,822)	(\$60,094)	(\$61,640)

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$48,822)</u>	<u>(\$60,094)</u>	<u>(\$61,640)</u>
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**UNEMPLOYMENT COMPENSATION
ADMINISTRATION FUND**

Costs – 5.9 FTE (LIRC)

Personal Service	(\$302,357)	(\$371,899)	(\$381,196)
Fringe Benefits	(\$108,879)	(\$133,921)	(\$137,269)
Expense and Equipment	<u>(\$70,620)</u>	<u>(\$87,287)</u>	<u>(\$89,905)</u>
Total Costs	(\$481,856)	(\$593,107)	(\$608,370)

ESTIMATED NET EFFECT ON UNEMPLOYMENT COMPENSATION ADMINISTRATION FUND	<u>(\$481,856)</u>	<u>(\$593,107)</u>	<u>(\$608,370)</u>
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FISCAL IMPACT - Local Government

FY 2003
(6 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses will have to pay a \$50 filing fee for filing a Workers' Compensation claim with the Missouri Court of Appeals. Currently, the Labor and Industrial Relations Committee do not charge a filing fee to review Workers' Compensation cases.

DESCRIPTION

This proposal creates a commission of the Administrative Law Judges of the Missouri Division of Workers Compensation. For each Division office that employs more than one Administrative Law Judge (ALJ), the office shall be headed by a chief ALJ who shall supervise the office, assign judges and ensure decisional independence of each judge, establish standards and training programs and coordinate continuing education programs, effective January 1, 2003. This proposal also changes appellate jurisdiction from the Labor and Industrial Relations Commission to the Court of Appeals.

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

Department of Economic Development - Division of Motor Carrier and Railroad Safety
Office of Administration - Administrative Hearing Commission
Department of Labor and Industrial Relations
Department of Transportation
Department of Insurance



Mickey Wilson, CPA
Acting Director

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