

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0845	Date: February 3, 2014
Prime Sponsor(s): Sen. Hodge Rep. May	Bill Status: Senate Appropriations
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SHORT TITLE: STATE EMPLOYEE WORKERS' COMP ACCOUNT APPROP

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Appropriation Required: None. See State Appropriations section.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

Under current law, the state's workers' compensation program is administered by the Department of Personnel and Administration (DPA), and funded from the state employee workers' compensation account in the Risk Management Fund. All moneys in the account are subject to annual appropriations by the General Assembly.

This bill, recommended by the **Joint Budget Committee**, gives the DPA continuous spending authority for the benefits portion of the workers' compensation program; all direct and indirect administrative costs for the program remain subject to annual appropriations. Administrative costs include operational expenses for the risk management system, legal services, litigation expenses, and third-party administrator expenses. Under the bill, all unexpended and unencumbered moneys at the end of the fiscal year will remain in the account and are not transferred to the General Fund or any other fund.

Background

The DPA's risk management fund is comprised of three distinct accounts: the property account, the liability account, and the state employee workers' compensation account. Under current law, the property account and the liability account are continuously appropriated.

State Expenditures

This bill does not directly alter state expenditures or require any change in the workload of the DPA; the bill merely shifts the spending authority over worker benefit payments paid by the DPA, instead of requiring the General Assembly to make annual appropriations of these funds. The legislature retains spending authority for the administrative costs of the workers' compensation

account. Since spending authority for future expenditures will be shared by the DPA and the legislature, the amount of spending may change from the historical amounts that the legislature has authorized for the DPA in past fiscal years.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

This bill does not require an appropriation. The bill shifts spending authority over a portion of funds, allowing the DPA to have continuous appropriations over the benefits portion of expenses for the state employee workers' compensation program. The actual appropriations for the program will be incorporated in the annual appropriations act (the Long Bill).

State and Local Government Contacts

Personnel