



Oklahoma Workers' Compensation Commission

FY 14 – Performance Review

FY-14 Under Budget

- ▶ Total transition spending (September through June) is projected to fall well below the FY-14 WCC appropriation.

Projected FY-14 Fund Balance

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|--------------------|--|
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| Income | |
| \$1,500,000 | General Revenue Appropriation |
| | |
| Expenses | |
| \$838,698 | WCC Personnel |
| 118,200 | Borrowed OWCC Personnel |
| 51,409 | AG's Contract |
| 131,662 | Other Costs |
| \$1,139,969 | Sub-Total of Expenditures |
| | |
| Balance | |
| \$360,031 | Estimated Transition Savings to be reinvested in technology to reduce future FTE costs. |

Compliance

- ▶ 85a OS 40 transfers compliance enforcement from the Department of Labor to WCC.
- ▶ 3 compliance officers currently work at Department of Labor.
- ▶ They are not a new cost to the system.
- ▶ Projected Feb–Jun compliance revenue:
 - 85a OS 40 & 40 OS 418
 - \$150,000
- ▶ Projected Feb–Jun compliance salaries:
 - \$96,621

Key Points for FY-14

- ▶ Delayed hiring as long as possible pending Supreme Court decision.
- ▶ Recognized the urgency of Feb. 1 deadline.
- ▶ Law mandated 13 new FTEs for FY-14 which only cost \$662,000. Additional associated expenses included-space, technology and support staff.

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|-----------------------|---------------------|
| | |
| 3 Commissioners | 4 ALJs |
| 2 Counselors | 1 Voc Rehab/Medical |
| 3 Compliance from DOL | |

More FTEs are required in FY-15 to perform these 5 functions.



Oklahoma Workers' Compensation Commission

FY 15 – Budget Request

FY-15 Total System Costs

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- ▶ Two benchmarks were provided.
- ▶ Projected costs are below both targets.

Designated Revenue

| | |
|---------------------|---|
| | |
| \$9,500,000 | Premium Tax (85a OS 122: SB 1062) |
| 2,300,000 | Other Fees |
| 300,000 | Compliance Fees (85a OS 40 & 40 OS 418) |
| \$12,100,000 | Total Expected Revenue |
| | |
| | |
| | |

Arkansas Experience (a smaller state)

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|---------------------|---------------------------------------|
| | |
| \$5,900,000 | FY-14 Appropriation |
| 2,300,000 | Fees |
| 300,000 | Compliance Fees |
| 5,000,000 | Estimate Based on Arkansas Experience |
| \$13,600,000 | Total Anticipated Expense |
| | |
| | |

FY-15 Projected Expenses

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|---------------------|---------------------|
| | |
| \$9,143,591 | Personnel |
| 2,039,862 | Other Expenses |
| 660,000 | Lease & Build-out |
| \$11,843,453 | Total FY-15 |
| | |
| Targets | |
| \$12,100,000 | Designated Revenue |
| \$13,600,000 | Arkansas Experience |

Projected spending is less than anticipated budget for FY-15.

Shared Services

- ▶ To reduce cost to the state, the Workers' Compensation Commission and the Court of Existing Claims are negotiating an historic agreement.
 - ▶ SB 1062 requires that all court employees be retained, creating a large duplication of services.
 - ▶ This eliminates duplicate services.
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New Mandated Expenses

- ▶ The FY-14 \$1,500,000 was a 5 month appropriation.
- ▶ Annualized the appropriation is \$3,600,000.
- ▶ **19 FTEs** are mandated for FY-15 by the new law at an annualized cost of \$2,800,000 plus required support and other associated expenses for a total of new \$3,600,000.
- ▶ Including the requirement to retain all current Court employees, **84 FTEs of a planned 97** are mandatory.

Total Additional Funding

| | |
|---------------|-------------------|
| FY-14 funding | \$8,200,000 |
| FY-15 request | <u>11,800,000</u> |
| New funds | \$3,600,000 |

This covers retaining all Court employees plus 19 mandated FTEs, plus support staff, plus expenses associated expenses.

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|-----------------------|---------------------|
| 3 Commissioners | 10 ALJs |
| 2 Counselors | 1 Voc Rehab/Medical |
| 3 Compliance from DOL | |

Potential Sources of Revenue

| \$9,500,000 | Premium Tax (85a OS 122: SB 1062) |
|---------------------|---|
| 2,300,000 | Other Fees |
| 300,000 | Compliance Fees (85a OS 40 & 40 OS 418) |
| \$12,100,000 | Total Expected Revenue |
| | |
| | |
| | |

Projected Benefits

- ▶ This new Workers' Compensation System is projected by the State Chamber to save
 - State and local government \$32,000,000 annually.
 - Oklahoma employers \$141,000,000 annually.
- ▶ Creating a projected 3 year savings of
\$519 million.

Highlights

- ▶ **Under budget for FY-14 projected expending**
 - ▶ **Below spending targets for FY-15**
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