

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	See Below		See Below	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS		See Below		See Below
TOTAL FUNDS	See Below		See Below	

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

This bill would make annual adjustments for workers' compensation total disability income benefits.

The Workers Compensation Court estimates no fiscal impact from the provisions of this bill.

The Department of Administrative Services (DAS) response is attached. DAS estimates an increase in General Fund expenditures of \$188,760 in both FY10 and FY11. DAS states that 242 employees are awarded total disability each year. They also note that the wage increase would be \$780 per year per employee. DAS states that the state workers compensation fund assesses state agencies based on exposure (salary expenditures) and past loss history. DAS also states that the rates are set for the biennium, so they would require General Funds if this bill were enacted.

This bill does not have the emergency clause, so it would not take effect until September. So the first year impact would be adjusted for the effective date of the bill, lowering the estimate of DAS. Additionally, not all the employees will qualify under the provisions of this bill immediately and for the full year, which is what the estimate appears to assume. This would lower the estimate even further. In the past, workers compensation rate assessments have been part of the budget process.

In 2007, legislation was enacted (LB588) that DAS had estimated could increase workers compensation expenditures by almost \$6 million dollars per year. DAS also estimated a maximum incurred liability of almost \$183 million dollars. There were also cost savings provisions in the bill. DAS initially estimated a savings of \$0-\$400,000, but after the adoption of certain amendments, DAS stated that there could be cost savings, but they were unable to estimate the savings.

In the 2009 budget request for DAS, the funds analysis for the workers compensation fund shows workers compensation payments as decreasing. The funds analysis shows FY09 estimated expenditures as \$15,360,825, FY10 decreasing to \$15,355,882, and FY11 further decreasing to \$15,344,933. It is also noted that actual workers compensation expenditures have decreased from \$11.8 million in FY06 to \$11.4 million in FY08.

Since the effective date of this bill is in September, there are roughly four months before the next Legislative Session that this bill would be in effect. This would allow a budget adjustment, if necessary, after a relatively short period of time if actual expenditures are higher than the amount used in this fiscal note.

IMPACT ON POLITICAL SUBDIVISIONS: This bill could impact the workers compensation expenditures of political subdivisions. This amount is not known at this time.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Joe Wilcox	DATE	2/4/09	PHONE	471-2526
<p>COMMENTS</p> <p>ADMINISTRATIVE SERVICES: Do not disagree with agency calculations or overall analysis, however, the actual expenditures out of the Worker's Compensation Claims Program (#593, Agency 65) over the past 5 years indicates the agency spends an average of 71% of appropriations each year, which could allow Revolving Funds to absorb the cost of the program even in the current biennium, until new rates were established for assessments. The fiscal impact would not necessarily have to be absorbed by the General Fund.</p> <p>NEBRASKA WORKERS' COMPENSATION COURT: Concur with agency analysis.</p>					