

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	See below	See below	See below	See below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 272 proposes to reduce the wait time to begin disability compensation from seven days to three days. It also proposes to compute compensation from the date disability began (if disability continues for only two weeks) as opposed to the current six-week time period. The Department of Administrative Services (DAS) anticipates that this would impact the workers' compensation program in that there will be an increase in the number of claims that will be handled as indemnity workers' compensation payment, that formerly would have been processed as a medical claim only.

DAS provides a calculation that shows that for FY22, claim payments would have increased by \$37,943 based on the provisions of LB 272. Those additional costs would result in the need for additional revolving fund appropriation and an increase in the Workers' Compensation Assessment. The biennial FY23-25 Worker's Compensation Assessment has already been published and would need to be adjusted, thus impacting agencies, boards and commissions, the University, and the State Colleges.

The table provided by DAS summarizes the estimated impact by fund type of the increased enterprise-wide Workers Compensation Assessment. The allocation by fund type is based on a four-year average of the payment of previous Workers Compensation Assessments. These amounts are not included in the table above since the increased appropriation would be allocated among the agencies and other entities described above.

	FY23-24	FY24-25
Fund Type		
General	44,308	44,308
Cash	20,224	20,224
Federal	10,434	10,434
Revolving	2,595	2,595
Total Estimate	77,561	77,561

The analyst in the Fiscal Office has no basis to disagree with the calculations provided by the Department of Administrative Services (DAS).

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 272	AM:	AGENCY/POLT. SUB: Department of Administrative Services – Risk Management Division (065)
REVIEWED BY: Joe Wilcox	DATE: 01/18/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Department of Administrative Services Risk Management Division estimate of potential Fiscal Impact to the Agency and the State from LB 272.		

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 272	AM:	AGENCY/POLT. SUB: Nebraska Workers' Compensation Court (037)
REVIEWED BY: Joe Wilcox	DATE: 01/23/2023	PHONE: (402) 471-4178
COMMENTS: No basis to disagree with the Nebraska Workers' Compensation Court estimate of No direct Fiscal Impact to the Agency from LB 272.		

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2023

LB⁽¹⁾ 272

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept of Administrative Services (DAS) – Risk Management Division

Prepared by: ⁽³⁾ Allen D. Simpson Date Prepared: ⁽⁴⁾ 01/12/2023 Phone: ⁽⁵⁾ (402)471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	\$77,561	\$77,561 ⁽¹⁾	\$77,561	\$77,561 ⁽¹⁾
TOTAL FUNDS	<u>\$77,561</u>	<u>\$77,561</u>	<u>\$77,561</u>	<u>\$77,561</u>

⁽¹⁾ See the table below for the enterprise-wide impact by fund type for the increase in revenue.

Explanation of Estimate:

LB 272 proposes to reduce the wait time to begin disability compensation from seven days to three days. It also proposes to compute compensation from the date disability began if disability continues for only two weeks as opposed to the current six-week time period. The impact on the workers' compensation program is that there will be an increase in claim conversions from medical only to indemnity workers' compensation payment for Temporary Total Disability (TTD)/Temporary Partial Disability (TPD).

From July 1, 2021, to June 30, 2022, there were 130 reported claims, which fell during the waiting period of four to seven days. Using an average rate of \$20 per hour x 40 hours per week totals an average weekly wage of \$800 (\$20 X 40 hours per week = \$800). TTD payments are equal to 2/3 of the average weekly wage (\$800 X 2/3 = \$533.33). The additional four TTD/TPD days would be calculated as follows:

$$\text{Weekly Rate} / 7 = \text{Daily Rate} \times 4 \text{ additional days} = \text{Total Additional Compensation Per Claim}$$

$$\$533.33 / 7 \times 4 = \$304.76$$

Using FY2022 data the 130 claims with four additional days of payment would have resulted in additional payments of **\$39,618.80** (\$304.76 additional cost x 130 claims = \$39,618.80).

Reducing the time frame from six weeks to two weeks when disability compensation would begin on the date of disability would have resulted in 166 additional claims from July 1, 2021, to June 30, 2022. This would have required payment of three additional days from the workers compensation program for TTD/TDP payments.

$$\text{Weekly Rate} / 7 = \text{Daily Rate} \times 3 \text{ additional days} = \text{Total Additional Compensation Per Claim}$$

$$\$533.33 / 7 = \$76.19 \times 3 = \$228.57$$

The total additional cost for FY2022 would have been **\$37,942.62** (\$228.57 X 166 claims = \$37,942.62).

Total FY2022 - \$77,561.42 (\$37,942.62 + \$39,561.42 = \$77,561.42).

These additional costs would result in the need for additional revolving fund appropriation and an increase in the Workers' Compensation Assessment. The biennial FY23-25 Worker's Compensation Assessment has already been published and would need to be adjusted, thus impacting agencies, boards and commissions, the University, and the State Colleges.

The total impact for the prior fiscal year described above ($\$39,618.80 + \$37,942.62 = \$77,561.42$) is used below, without any adjustments for possible increases in the average hourly rate as a result of salary increases.

The table below summarizes the estimated impact by fund type of the increased enterprise-wide Workers' Compensation Assessment. The allocation by fund type is based on a four-year (2019-2022) average of the payment of previous Workers Compensation Assessments.

	FY23-24	FY24-25
	Expenditures	Expenditures
General Funds	\$44,308	\$44,308
Cash Funds	\$20,224	\$20,224
Federal Funds	\$10,434	\$10,434
Revolving Funds	\$2,595	\$2,595
Total Funds	\$77,561	\$77,561

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....			\$77,561	\$77,561
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			\$77,561	\$77,561

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2023

LB⁽¹⁾ 272

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Workers' Compensation Court

Prepared by: ⁽³⁾ Jill Gradwohl Schroeder Date Prepared: ⁽⁴⁾ January 23, 2023 Phone: ⁽⁵⁾ (402) 471-3602

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 272 is not expected to have a direct fiscal impact on the operations of the Nebraska Workers' Compensation Court.

To the extent that the Workers' Compensation Court is an employer, IF a workplace injury were to occur, there is the potential that workers' compensation benefits would be payable based on this legislation. That potential is too speculative to quantify.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____