

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2007-08		FY 2008-09	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	533,617		533,617	
CASH FUNDS	211,433		211,433	
FEDERAL FUNDS	161,092		161,092	
OTHER FUNDS	100,682		100,682	
TOTAL FUNDS	1,006,824		1,006,824	

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

This bill will change workers' compensation provisions covering disability payments during vocational rehabilitation.

STATE IMPACT: This bill could increase the state's workers compensation expenditures. The Department of Administrative Services Risk Management Division (DAS) states that currently vocational rehabilitation payments are included in the total weeks of payment due from the employer to the injured employees. This bill requires compensation paid during vocational rehabilitation to be in addition to any amount paid for temporary or permanent disability, rather than part of the compensation for disability.

The increase in workers compensation expenditures is estimated in the following table that uses data from the DAS:

1. Annual Claims	21
2. Workers' compensation benefit for state employees	\$ 461
3. Maximum vocational rehabilitation time (weeks)	104
4. Maximum increase per claim	\$ 47,944
5. Maximum increase in the workers compensation claims per year	\$ 1,006,824

The estimate in the above table is then allocated by fund source and displayed in the boxes at the top of this fiscal note. All fund sources would be impacted because DAS charges agencies an assessment to pay for workers compensation costs.

Please note that on the response of DAS they show the same amounts in the boxes at the top under both "EXPENDITURES" and "REVENUE". From the viewpoint of DAS, this is accurate since DAS charges all agencies a workers compensation assessment (revenue) that must cover anticipated workers compensation claims (expenditures). From the perspective of this fiscal note, it is only shown as expenditures since no additional revenue will be generated by this bill to pay for these estimated additional expenditures.

Notes to the above table, summarized from DAS:

1. Annual Claims. The number of injured state employees receiving vocational rehabilitation varies greatly year to year so it is difficult to know how many claims would be paid at the increased rate. DAS reviewed vocational rehabilitation claims and estimates 21 to be an average annual number of claims.
2. The workers' compensation benefit is calculated as follows: \$35,990 average annual state employee salary, divided by 52 weeks in a year equals the state employee average weekly wage of \$692. The workers' compensation benefit is 66 2/3 percent of the average weekly wage, which is \$461. This amount is lower than the current maximum of \$617.
3. The maximum increase would be 104 weeks (maximum vocational rehabilitation time) at \$461 per week = \$47,944 per claim.
4. See #3 above.
5. The maximum annual fiscal impact to the state was calculated as follows:
 21 claims per year x \$47,944 per claim = \$1,006,824.

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DAS also notes that the bill would also likely increase the number of requests for vocational rehabilitation, and therefore the state's litigation expenses, since it extends by two years the time for which employees qualify for benefits. DAS states that it is difficult to estimate how many additional claims for vocational rehabilitation they would receive and how many would be successful.

The Workers Compensation Court (WCC) estimates no fiscal impact.

IMPACT ON POLITICAL SUBDIVISIONS: This bill could increase workers compensation expenditures of political subdivisions in a manner similar to the state impact noted above. This amount is not known at this time.

DEPARTMENT OF ADMINISTRATIVE SERVICES

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COMMENTS					
WORKERS' COMP COURT – No fiscal impact.					
DAS – No basis to disagree.					