

Director: Larry J. Etchechury

JLBC Analyst: Dan Hunting

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved	FY 2009 Approved
OPERATING BUDGET				
Full Time Equivalent Positions	285.0	285.0	294.0	294.0
Personal Services	9,289,800	10,432,900	11,127,600	10,779,600
Employee Related Expenditures	2,991,700	3,637,600	4,004,000	3,752,000
Professional and Outside Services	1,372,700	1,767,800	1,767,800	1,767,800
Travel - In State	217,200	261,000	267,000	267,000
Travel - Out of State	20,400	23,000	23,000	23,000
Other Operating Expenditures	2,681,700	2,780,200	2,807,200	2,790,400
Equipment	813,100	36,400	36,400	36,400
AGENCY TOTAL	17,386,600	18,938,900	20,033,000^{1/}	19,416,200^{1/}

FUND SOURCES

<u>Other Appropriated Funds</u>				
Industrial Commission Administrative Fund	17,386,600	18,938,900	20,033,000	19,416,200
SUBTOTAL - Other Appropriated Funds	17,386,600	18,938,900	20,033,000	19,416,200
SUBTOTAL - Appropriated Funds	17,386,600	18,938,900	20,033,000	19,416,200
<u>Other Non-Appropriated Funds</u>				
Federal Funds	58,746,500	63,157,400	63,157,400	63,157,400
TOTAL - ALL SOURCES	80,102,800	87,126,200	88,220,300	87,603,500

AGENCY DESCRIPTION — The Industrial Commission regulates the workers' compensation insurance industry. The commission is also responsible for child labor issues, occupational safety and health issues, wage claim dispute resolutions, licensing of private employment agencies and providing workers' compensation coverage for claimants of uninsured and self-insured employers or insolvent carriers.

PERFORMANCE MEASURES	FY 2004	FY 2005	FY 2006	FY 2008
	Actual	Actual	Actual	Approved
• Average number of days to resolve a case by the Administrative Law Judge Division	130.5	118.5	118	118
• % of worker's compensation claims processed within 5 days	97	97	97	99
• Elevator inspections conducted	4,771	4,580	4,789	6,300
• Customer satisfaction rating for Workers' Compensation Program (Scale 1-8)	7.0	7.1	7.1	7.1

Operating Budget

The budget provides \$20,033,000 and 294 FTE Positions from the Industrial Commission Administrative Fund for the operating budget in FY 2008 and \$19,416,200 and 294 FTE Positions in FY 2009. These amounts fund the following adjustments:

Statewide Adjustments

The budget provides an increase of \$609,900 from the Industrial Commission Administrative Fund in FY 2008 and an increase of \$9,900 in FY 2009 for statewide adjustments. (Please see the Statewide Adjustments section at the end of this Appropriations Report for details. The annualization of these adjustments for FY 2009 will be addressed in the 2008 budget process.)

^{1/} General Appropriation Act funds are appropriated as a Lump Sum by Agency.

MIS and Accounting Positions

The budget provides an increase of \$194,100 and 3 FTE Positions from the Industrial Commission Administrative Fund in FY 2008 and \$185,700 in FY 2009 to hire 3 new positions. The amount includes \$143,000 in Personal Services and \$42,700 in Employee Related Expenditures. This amount will allow the Industrial Commission of Arizona to hire:

- A Network Administrator (IT Specialist IV) to maintain a multi-location LAN/WAN network. The position will be responsible for repair and updating of hardware and software.
- An Information Systems Trainer (IT Specialist III) to install, maintain, and troubleshoot in-house applications. The position will be responsible for training ICA staff in using computer applications.
- An Accountant IV to assist in preparation of financial statements and to aid in the development of a new Special Fund accounting system/information system. The position will be responsible for assisting both the Chief Financial Officer and the Assistant Chief Financial Officer.

These positions have a one-time equipment cost of \$8,400 in FY 2008.

Elevator Inspectors

The budget provides an increase of \$168,400 and 3 FTE Positions from the Industrial Commission Administrative Fund in FY 2008 and \$160,000 and 3 FTE Positions in FY 2009 to hire new elevator inspectors. This will bring the total number of inspectors to 10.5, with the Chief Inspector working half-time on inspections. Each inspector can conduct an average of 600 inspections per year, or a total of 6,300 inspections per year with the addition of the new inspectors. The Arizona Division of Occupational Safety and Health (ADOSH) is currently responsible for inspecting 6,983 units on an annual basis compared to 5,873 units in 2004. Under existing staffing levels, ADOSH is able to inspect only 64% of the total units in a year. These positions have a one-time equipment cost of \$8,400 in FY 2008.

Minimum Wage Enforcement

The budget provides an increase of \$121,700 and 3 FTE Positions from the Industrial Commission Administrative Fund in FY 2008 and FY 2009 for enforcement of the new minimum wage created by Proposition 202.