

Industrial Commission of Arizona

JLBC: Steve Grunig
 OSPB: Matt Gottheiner

DESCRIPTION	FY 2006 ACTUAL	FY 2007 ESTIMATE	FY 2008 JLBC	FY 2009 JLBC
OPERATING BUDGET				
<i>Full Time Equivalent Positions</i>	285.0	285.0	291.0	291.0
Personal Services	9,289,800	10,432,900	10,692,400	10,692,400
Employee Related Expenditures	2,991,700	3,637,600	3,713,600	3,717,500
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	19,307,400	19,294,500

FUND SOURCES

<u>Other Appropriated Funds</u>				
Industrial Commission Administrative Fund	17,386,600	18,938,900	19,307,400	19,294,500
SUBTOTAL - Other Appropriated Funds	17,386,600	18,938,900	19,307,400	19,294,500
SUBTOTAL - Appropriated Funds	17,386,600	18,938,900	19,307,400	19,294,500
<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	87,494,700	87,481,800

CHANGE IN FUNDING SUMMARY

	FY 2007 to FY 2008 JLBC		FY 2007 to FY 2009 JLBC	
	\$ Change	% Change	\$ Change	% Change
Other Appropriated Funds	368,500	1.9%	355,600	1.9%
Total Appropriated Funds	368,500	1.9%	355,600	1.9%
Non Appropriated Funds	0	0.0%	0	0.0%
Total - All Sources	368,500	0.4%	355,600	0.4%

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 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 JLBC
• 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

CHANGES FROM FY 2007

Operating Budget

The JLBC includes \$19,307,400 and 291 FTE Positions from the Industrial Commission Administrative Fund for the operating budget in FY 2008 and \$19,294,500 and 291 FTE Positions in FY 2009. These amounts would fund the following adjustments:

		<u>FY 2008</u>	<u>FY 2009</u>
Standard Changes	OF	\$6,000	\$9,900

The JLBC includes an increase of \$6,000 from the Industrial Commission Administrative Fund in FY 2008 and \$9,900 in FY 2009 for standard changes.

MIS and Accounting Positions

	OF	194,100	185,700
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The JLBC includes 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, firmware 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 will have an associated one-time equipment cost of \$8,400 in FY 2008.

Elevator Inspectors OF 168,400 160,000

The JLBC includes an increase of \$168,400 and 3 FTE Positions from the Industrial Commission Administrative Fund in FY 2008 and \$160,000 in FY 2009 to hire 3 new elevator inspectors. The amount includes \$116,500 in Personal Services, \$37,500 in Employee Related Expenditures and \$6,000 for Travel- In State. This amount will allow the Industrial Commission to hire 3 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 will have an associated one-time equipment cost of \$8,400 in FY 2008.

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FORMAT — Lump Sum by Agency

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
Federal Grants (ICA2000/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Federal grants.		
Purpose of Fund: To enforce occupational safety and health standards in all industries in Arizona except businesses relating to mining and smelting, businesses located on Indian reservations and federal agencies.		
Funds Expended	3,969,700	5,029,900
Year-End Fund Balance	2,896,300	2,476,100
Industrial Commission Administrative Fund (ICA2177/A.R.S. § 23-1081)		Appropriated
Source of Revenue: Annual tax on workers' compensation premiums that can not exceed 3%.		
Purpose of Fund: For all expenses of the Industrial Commission in carrying out its powers and duties.		
Funds Expended	17,386,600	18,938,900
Year-End Fund Balance	16,126,700	15,273,800

SUMMARY OF FUNDS	FY 2006 Actual	FY 2007 Estimate
Revolving Fund (ICA2002/A.R.S. § 35-142)		Non-Appropriated
Source of Revenue: Charges for claims education seminars and training materials, charges for medical fee schedules and other miscellaneous revenue.		
Purpose of Fund: To fund an annual seminar on workers' compensation for insurance carriers and self-insured employers; to print a medical fee schedule for workers' compensation; and to provide a holding account for money owed to employees by their employers for back wages.		
Funds Expended	208,100	217,400
Year-End Fund Balance	202,300	194,400
Special Fund (ICA9003/A.R.S. § 23-1065)		Non-Appropriated
Source of Revenue: Earnings on investments, rent proceeds, and reimbursement of the cost of benefits provided to injured employees of uninsured employers.		
Purpose of Fund: To provide medical benefits in excess of original policy limits on claims occurring prior to a 1973 law change requiring unlimited statutory medical benefits; to provide compensation benefits resulting from second injuries; to provide vocational rehabilitation benefits; and to provide benefits on claims against uninsured employers and insolvent insurance carriers.		
Funds Expended	58,538,400	62,940,000
Year-End Fund Balance	13,259,800	1,846,400