

Industrial Commission of Arizona

	FY 2015 ACTUAL	FY 2016 ESTIMATE	FY 2017 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	235.6	235.6	235.6
Personal Services	8,569,500	10,770,200	10,770,200
Employee Related Expenditures	3,638,000	4,040,700	4,040,700
Professional and Outside Services	1,586,900	1,757,100	1,757,100
Travel - In State	142,700	121,500	121,500
Travel - Out of State	16,800	52,200	52,200
Other Operating Expenditures	4,598,900	3,180,000	3,180,000
Equipment	342,400	18,600	18,600
AGENCY TOTAL	18,895,200	19,940,300	19,940,300
FUND SOURCES			
<i>Other Appropriated Funds</i>			
Administrative Fund	18,895,200	19,940,300	19,940,300
SUBTOTAL - Other Appropriated Funds	18,895,200	19,940,300	19,940,300
SUBTOTAL - Appropriated Funds	18,895,200	19,940,300	19,940,300
Other Non-Appropriated Funds	31,743,900	21,896,300	18,637,400
Federal Funds	4,843,000	3,216,500	3,216,500
TOTAL - ALL SOURCES	55,482,100	45,053,100	41,794,200

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. Payment of workers' compensation claims on insolvent insurers was transferred from the Special Fund to the Workers' Compensation Insurance Account of the Arizona Property and Casualty Insurance Guaranty Fund within the Department of Insurance effective July 1, 2015.

Operating Budget

The Baseline includes \$19,940,300 and 235.6 FTE Positions from the Administrative Fund in FY 2017 for the operating budget. These amounts are unchanged from FY 2016.

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FORMAT — Lump Sum by Agency

Other Issues

Workers' Compensation Insurance Account/Guaranty Fund

Laws 2014, Chapter 186 established the Workers' Compensation Insurance Account (WCIA) as part of the Arizona Property and Casualty Insurance Guaranty Fund (Guaranty Fund) within the Department of Insurance. The law transferred the rights and obligations related to

payment of workers' compensation claims on insolvent insurers from the Special Fund, administered by the Industrial Commission of Arizona (ICA), to the Guaranty Fund effective July 1, 2015. In accordance with the law, the commission transferred \$222,848,153 in assets from the Special Fund to the Guaranty Fund for deposit in the WCIA by July 1, 2015.

The WCIA is to be used to continue workers' compensation benefits for claimants of insolvent carriers and bankrupt self-insured employers.

In the event of an insolvency or bankruptcy, the Department of Insurance may cover the cost of claims on that insurer or employer by levying an assessment of up to 1% on the other solvent workers' compensation insurers' premiums from all policies issued during the preceding calendar year. The assessment revenue is deposited into the WCIA for payment of those claims.

SUMMARY OF FUNDS	FY 2015 Actual	FY 2016 Estimate
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	18,895,200	19,940,300
Year-End Fund Balance	9,424,000	5,522,700
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	4,843,000	3,216,500
Year-End Fund Balance	16,800	32,400
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	90,600	196,000
Year-End Fund Balance	147,500	86,600
Special Fund (ICA2180/A.R.S. § 23-1065)		Non-Appropriated
Source of Revenue: Assessments on workers' compensation premiums, 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. Laws 2014, Chapter 186 transferred \$222,848,153 in assets and the payment of workers' compensation claims on insolvent insurers from the Special Fund to the Workers' Compensation Insurance Account of the Arizona Property and Casualty Insurance Guaranty Fund within the Department of Insurance no less than 30 days before July 1, 2015.		
Funds Expended	31,653,300	21,700,300
Year-End Fund Balance	2,486,100	700,500