

Industrial Commission of Arizona

	FY 2014 ACTUAL	FY 2015 ESTIMATE	FY 2016 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	235.6	235.6	235.6
Personal Services	8,373,700	9,240,500	9,240,500
Employee Related Expenditures	3,568,000	3,865,100	3,865,100
Professional and Outside Services	1,795,800	1,590,700	1,590,700
Travel - In State	146,600	111,200	111,200
Travel - Out of State	8,900	0	0
Other Operating Expenditures	5,377,000	5,187,300	5,187,300
Equipment	292,900	0	0
AGENCY TOTAL	19,562,900	19,994,800	19,994,800
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Administrative Fund	19,562,900	19,994,800	19,994,800
SUBTOTAL - Other Appropriated Funds	19,562,900	19,994,800	19,994,800
SUBTOTAL - Appropriated Funds	19,562,900	19,994,800	19,994,800
Other Non-Appropriated Funds	45,061,300	30,119,500	19,527,300
Federal Funds	5,173,400	5,633,900	5,685,100
TOTAL - ALL SOURCES	69,797,600	55,748,200	45,207,200

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 or insolvent carriers.

Operating Budget

The Baseline includes \$19,994,800 and 235.6 FTE Positions from the Administrative Fund in FY 2016 for the operating budget. These amounts are unchanged from FY 2015.

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FORMAT — Lump Sum by Agency

OTHER ISSUES FOR LEGISLATIVE CONSIDERATION

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 transfers 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. The law requires the ICA to transfer \$222,848,153 in assets from the Special Fund to

the Guaranty Fund for deposit in the WCIA no less than 30 days before 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 2014 Actual	FY 2015 Estimate
Administrative Fund (ICA2177/A.R.S. § 23-1081)		Appropriated
Source of Revenue: Annual tax on workers' compensation premiums that cannot exceed 3%.		
Purpose of Fund: For all expenses of the Industrial Commission in carrying out its powers and duties.		
Funds Expended	19,562,900	19,994,800
Year-End Fund Balance	8,033,700	9,838,900
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	5,173,400	5,633,900
Year-End Fund Balance	2,222,800	2,239,300
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	182,500	155,600
Year-End Fund Balance	155,000	121,800
Special Fund (ICA9003/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 transfers \$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	44,878,800	29,963,900
Year-End Fund Balance	888,300	456,800