

Ohio Industrial Commission

House Agriculture Subcommittee

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Legislative Service Commission*

February 26, 2003

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LSC Redbook for the Ohio Industrial Commission

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Attachment: LSC Budget Spreadsheet By Line Item

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Note: The estimated General Revenue Fund (GRF) spending for FY 2003 used in this LSC Redbook reflects the 2.5% reduction made as a result of the Governor's January 22, 2003 budget cut order. The executive reduction was applied across-the-board to FY 2003 GRF appropriations, subject to certain exceptions. Subsequent to such reductions (and not reflected in the Redbook), state agencies were permitted to reallocate the amount that each of their GRF appropriation line items was reduced, while still absorbing the 2.5% budget cut within the total amount of their GRF appropriations.

Ohio Industrial Commission

- Recommended funding is at core budget level for all programs
- Total funding for each fiscal year is equal to 2003 appropriations
- OIC is implementing a new Document Management System

OVERVIEW

The Ohio Industrial Commission (OIC) hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation (BWC). Disputed claims typically involve conflicts over medical decisions or lost time benefits. Ohio Industrial Commission operations, as well as those of BWC, are funded through an Administrative Cost Fund (ACF) assessment that is added to employer workers' compensation premiums. Neither OIC nor BWC receives general revenue funds.

The Commission's proceedings are quasi-judicial in nature and provide an opportunity for all parties to be heard before a decision is made. The hearing process is comprised of three levels of adjudication. Claimants or employers make first appeals before District Hearing Officers. Second-level appeals are conducted by Staff Hearing Officers. District and staff-level hearings take place at OIC offices located throughout the state, and must occur within 45 days of a claimant or employer filing an appeal with the Commission. Third-level appeals are held in Columbus with the three-member panel of commissioners. A Commission level hearing is conducted on a discretionary basis. Typically, commissioners hear unresolved cases that deal with an issue of policy or special circumstance that they believe warrants further consideration. If an injured worker or employer disagrees with the Commission's decision, the issue can be further adjudicated in the court system.

Between fiscal years (FYs) 1996 and 2002, hearings conducted at all levels declined from 231,733 to 196,546, a 15% decline. Since 1996, total staffing levels at the Commission have fallen from 643 to the current level of 537. This decline was realized through retirement, attrition, and without any layoffs or buyouts.

The executive funding recommendation for the upcoming biennium is \$59,999,383 in each of FYs 2004 and 2005.

ANALYSIS OF EXECUTIVE PROPOSAL

Ohio Industrial Commission

Purpose: The Ohio Industrial Commission strives to adjudicate disputed workers' compensation claims in an expedient, fair, and impartial manner. Hearings take place in the agency's 16 offices statewide and in its headquarters in Columbus.

The following table shows the line items that are used to fund this agency, as well as the Governor's recommended funding levels.

Fund	ALI	Title	FY 2004	FY 2005
023	845-321	Operating Expenses	\$50,716,383	\$50,370,800
023	845-402	Rent-William Green Building	\$5,670,883	\$6,016,466
023	845-410	Attorney General Payments	\$3,454,984	\$3,454,984
821	845-605	Service Account	\$157,133	\$157,133
Total funding: OHIO INDUSTRIAL COMMISSION			\$59,999,383	\$59,999,383

Industrial Commission

Program Description: All funding for the agency is directed toward adjudicating workers' compensation claims disputes and administering the hearing process at all three levels of the Commission.

Funding Source: Line items within Fund 023 are supported by Administrative Cost Fund (ACF) assessments charged to state insurance fund employers. Assessment revenue is shared proportionately between OIC and BWC. Fund 821 is supported by conference income, income received from coin copiers, and the sale of publications.

Line Items: 845-321, Operating Expenses; 845-402, Rent-William Green Building; 845-410, Attorney General Payments; 845-605, Service Account

Implication of Recommendation: The executive budget recommends funding at the core budget level of \$59,999,383 in each of FYs 2004 and 2005. At this funding level, the agency will continue support of its adjudicatory functions at the same funding level recommended in FY 2003.

The agency will also pay its share of expenses related to the operation of the Attorney General's Workers' Compensation Section and make lease payments for the William Green Building, OIC's office headquarters located in Columbus. The increase in appropriation between FY 2004 and FY 2005 for the William Green Lease Payments line item represents the only appropriation increase requested by OIC for the biennium. The building is owned by the Ohio Building Authority and was funded by tax-exempt bonds, the principal on which is paid by the building's tenants (OIC and BWC). The amounts of principal payments are identified in the original schedule of bond retirement and have not been changed.

ADDITIONAL FACTS AND FIGURES

Overall Staffing Levels from Calendar Years 2000 to 2005

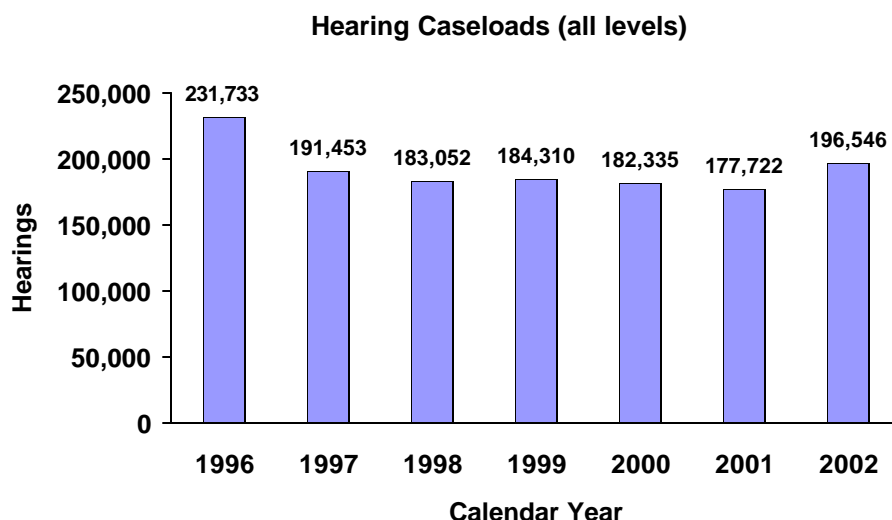
The following chart illustrates OIC's total staffing levels between FY 2000 and FY 2005, with the numbers for FY 2004 and FY 2005 being estimates.

Program Series/Division	2000	2001	2002	2003	2004 (estimated)*	2005 (estimated)*
Industrial Commission	571	560	545	537	554	554
Totals	571	560	545	537	554	554

Source: Ohio Industrial Commission

* Estimated figures are maximum funded positions under Office of Budget and Management recommendations. Currently in FY 2003, OIC has approximately 40 funded positions unfilled.

Hearing Caseloads from Calendar Year 1996 to 2002



- According to Industrial Commission data, the total number of hearings held between 1996 and 2002 has dropped from 231,733 to 196,546, a 15% decrease in workload. This accounts for hearings at the District Hearing Officer level, Staff Hearing Officer level, and Commission Hearing level. Over the last several years, hearing load has stabilized at approximately 183,000 per year.
- The Ohio Industrial Commission is required to hear claims and issue orders at the District level within 52 days (45 days to hear the claim, and 7 days to issue the order). If a decision is appealed, OIC has another 52 days to conduct a second-level hearing and issue an order. In the last four quarters for which data are available (third quarter of 2001 through second quarter of 2002), OIC compiled a 91% compliance rate at the District Hearing Officer level and a 93% compliance rate at the Staff Hearing Officer level.

Technology at the Ohio Industrial Commission

During the current biennium, OIC implemented several technological enhancements in order to provide customers with better service and more online options. The Commission's enhanced website was launched in 2001. The newest feature of the website is called ICON (Industrial Commission Online Network). The feature allows customers to file most appeals online, and allows injured workers, employers, and their representatives to view specific workers' compensation claim information easily. This information includes hearing times and schedules, notices of hearings, hearing orders, continuance letters, and other related correspondence. Currently, an average of 1,300 online appeals and motions are being filed weekly via ICON.

In another area of technological development, OIC has developed the work processes and technology necessary to implement the first phase of its new Document Management System (DMS). The system is an electronic imaging system, intended to provide OIC staff and its customers with paperless, remote access to claim files and to all imaged documents contained within claim files. Currently, printing and paper costs comprise major expenses for the Commission. Average daily paper use totals some 42,000 sheets per day. In order to dispose of this paper, the Commission contracts with a commercial paper pulverizing company. Implementation of the DMS should provide numerous benefits, including better file integrity, more uniform and complete files, immediate and simultaneous access to claim file information, significant decreases in the amount of paper used by the Commission, and decreased staff time currently being spent preparing claim files for hearings.

Due to budgetary constraints, the Commission has slowed the full implementation of the DMS. Currently, the Commission is considering whether it needs to issue a Request for Proposals (RFP) for development of the software required to run the system, or whether a program purchased off-shelf would suffice (thereby reducing system expenses and the need for programmers).

PERMANENT AND TEMPORARY LAW

This section describes permanent and temporary law provisions contained in the executive budget that will affect the agency's activities and spending decisions during the next biennium.

Permanent Law Provisions

There are no permanent law provisions contained in the Industrial Commission appropriations bill.

Temporary Law Provisions

Rent – William Green

This language specifies that appropriation line item 845-402, Rent – William Green, be used for the rent and operating expenses for the space occupied by the Industrial Commission in the William Green Building. The building is owned by the Ohio Building Authority and was funded by tax-exempt bonds, the principal on which is paid by the building's tenants, OIC and BWC.

Service Account

This language specifies that appropriation line item 845-605, Service Account, be used for expenses related to revenues collected and deposited in Fund 821. These expenses include the purchase of copiers, copier maintenance, and related supplies, coin changer purchases, expenses related to conferences, publications, and replacement of furniture and equipment.

REQUESTS NOT FUNDED

The executive budget recommendation fully funds all programs included in OIC's FY 2004-2005 budget request. Total recommended appropriations are \$59,999,383 in each of FYs 2004 and 2005.

Workers' Compensation Fund Group

023 845-321 Operating Expenses

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$40,216,494	\$40,523,001	\$42,589,470	\$51,055,568	\$50,716,383	\$50,370,800
	0.8%	5.1%	19.9%	-0.7%	-0.7%

Source: WCF: Administrative Cost Fund assessments paid by employers

Legal Basis: Section 3 of Sub. H.B. 74 of the 124th G.A. (originally established by Am. Sub. H.B. 362 of the 122nd G.A.)

Purpose: This line item funds personal services, maintenance, and equipment costs involved with commission operations.

023 845-402 Rent-William Green Building

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$4,591,819	\$4,729,465	\$4,858,461	\$5,331,698	\$5,670,883	\$6,016,466
	3.0%	2.7%	9.7%	6.4%	6.1%

Source: WCF: Administrative Cost Fund assessments paid by employers

Legal Basis: ORC 4123.443 and Section 3 of Sub. H.B. 74 of the 124th G.A.

Purpose: This account is used to pay rent and miscellaneous maintenance costs for the commission's offices at the William Green Building.

023 845-410 Attorney General Payments

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$2,955,394	\$3,020,270	\$3,264,855	\$3,454,984	\$3,454,984	\$3,454,984
	2.2%	8.1%	5.8%	0.0%	0.0%

Source: WCF: Administrative Cost Fund assessments charged to employers

Legal Basis: ORC 4123.92 and Section 3 of Sub. H.B. 74 of the 124th G.A.

Purpose: This line item funds fifty percent of the costs related to the legal services of the Attorney General's Workers' Compensation unit. BWC pays the remaining portion. Both agencies make alternating quarterly payments during the fiscal year.

821 845-605 Service Account

2000	2001	2002	2003 Estimate	2004 Executive Proposal	2005 Executive Proposal
\$86,309	\$102,369	\$4,833	\$157,133	\$157,133	\$157,133
	18.6%	-95.3%	3151.3%	0.0%	0.0%

Source: WCF: Revenues from such sources as coin copiers, pay telephones, publications sold, and income from conferences

Legal Basis: ORC 4121.03, ORC 131.32 and Section 3 of Sub. H.B. 74 of the 124th G.A.

Purpose: This line item pays for expenses related to photocopiers, replacement of office equipment and furniture, and conferences sponsored by the commission.

LSC Budget Spreadsheet by Line Item, FY 2004 - FY 2005

<i>Fund</i>	<i>ALI</i>	<i>ALI Title</i>	<i>2002</i>	<i>Estimated 2003</i>	<i>Executive 2004</i>	<i>% Change 2003 to 2004</i>	<i>Executive 2005</i>	<i>% Change 2004 to 2005</i>
<i>OIC Ohio Industrial Commission</i>								
023	845-321	Operating Expenses	\$ 42,589,470	\$51,055,568	\$ 50,716,383	-0.7%	\$ 50,370,800	-0.7%
023	845-402	Rent-William Green Building	\$ 4,858,461	\$5,331,698	\$ 5,670,883	6.4%	\$ 6,016,466	6.1%
023	845-410	Attorney General Payments	\$ 3,264,855	\$3,454,984	\$ 3,454,984	0.0%	\$ 3,454,984	0.0%
821	845-605	Service Account	\$ 4,833	\$157,133	\$ 157,133	0.0%	\$ 157,133	0.0%
Workers' Compensation Fund Group Total			\$ 50,717,619	\$ 59,999,383	\$ 59,999,383	0.0%	\$ 59,999,383	0.0%
<i>Total All Budget Fund Groups</i>			\$ 50,717,619	\$ 59,999,383	\$ 59,999,383	0.0%	\$ 59,999,383	0.0%