

Fiscal Note & Local Impact Statement

127th General Assembly of Ohio

Ohio Legislative Service Commission
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BILL: **Am. Sub. H.B. 79** DATE: **December 16, 2008**

STATUS: **As Reported by Senate Insurance,
Commerce and Labor** SPONSOR: **Rep. Batchelder**

LOCAL IMPACT STATEMENT REQUIRED: **No — No local cost**

CONTENTS: **Allows the Bureau of Workers' Compensation to collect assessments for the Workers' Compensation Council and makes other changes**

State Fiscal Highlights

STATE FUND	FY 2009	FY 2010 - FUTURE YEARS
GRF and other various Funds		
Revenues	- 0 -	
Expenditures	Increase distributed among all state agencies to pay for new WCC administrative assessments	Likely increase in FY 2010 distributed among all state agencies to pay for projected WCC administrative assessments Potential increase or decrease in assessments in future years

Note: The state fiscal year is July 1 through June 30. For example, FY 2009 is July 1, 2008 – June 30, 2009.

- The bill would allow the Bureau of Workers' Compensation to charge public and private employees an administrative assessment to pay for the operating costs of the Workers' Compensation Council (WCC). For FY 2008, the total amount of administrative assessments collected from all public and private employers was \$284.35 million. State employers (114 agencies) paid approximately \$8 million (3.1%) of those administrative assessments. This amount would increase to cover the costs of the Workers' Compensation Council.
- For FY 2010, the cumulative assessment paid by state government agencies would be approximately \$20,000. Since there are 114 state agencies, the average additional assessment paid per agency is expected to be around \$176
- The bill authorizes a transfer of \$315,000 in FY 2009 to pay for the employee expenses of the Workers' Compensation Council. The source of the funds are moneys held in a custodial account by the Treasurer of State.



Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2009	FY 2010 – FUTURE YEARS
Municipalities, Counties, and Townships		
Revenues	- 0 -	
Expenditures	Increase distributed among all political subdivisions to pay for new administrative assessments	Increase of approximately \$66,000 in FY 2010 distributed among all state agencies to pay for WCC administrative assessments Potential increase or decrease in assessments in future years

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The cumulative assessment paid by local governments for FY 2010 would be approximately \$66,000. Since there are 2,335 local governments, the average additional assessment paid per local government is expected to be around \$28.

Detailed Fiscal Analysis

Additional administrative assessments

The bill clarifies procedures for the operation of the Workers' Compensation Council (WCC), first created in H.B. 100 of the 127th General Assembly. These changes are primarily administrative in nature and the majority would therefore have no fiscal effect on the state. However, the bill does authorize WCC to charge public and private employers—via the Director of the Bureau of Workers' Compensation (BWC)—an administrative assessment to cover the cost of its operations. As such, all state agencies and local subdivisions will be charged an additional administrative assessment to pay for WCC. WCC's entire budget will be funded through this administrative assessment. Because WCC is a newly created agency that began operations this year, its budget for FY 2009 is \$520,000, but will probably be larger in future fiscal years when additional staff is hired.

The nature and size of each agency or subdivision will affect how large the additional cost will be. BWC uses a formula to divide its administrative assessment amongst employers according to the amount of time and resources it spends on each employer. Employers which require the most attention pay the greatest portion of the assessment and vice versa. WCC expects to use BWC's formula to divide its assessment between employers in the same manner.

For FY 2008, the total amount of administrative assessments collected from all public and private employers was \$284.35 million. State employers paid approximately \$8 million in administrative assessments and local government employers paid \$29 million. Thus, state employers paid 3.1% and local governments paid 10.2% of BWC's total administrative costs. Applying these percentages to WCC's budgets for FY 2009 and FY 2010 yield the following results.

Estimated Public Employer Administrative Assessments for the Workers' Compensation Council		
Public Employer	FY 2009 (\$)	FY 2010 (\$)
Local Governments	53,040	66,300
State Agencies	16,120	20,150

Since there are 114 state agencies—77 smaller agencies and boards, 25 executive agencies, and 12 other elected, legislative, or judicial agencies—the average additional assessment paid per state agency would be approximately \$141 for FY 2009 and \$176 in FY 2010. Since there are 2,335 local governments—1,308 townships, 688 villages, 251 cities, 88 counties—the average additional assessment paid per local government would be approximately \$23 for FY 2009 and \$28 in FY 2010.

Additionally, the bill authorizes a transfer of \$315,000 in FY 2009 to pay for the employee expenses of the Workers' Compensation Council. The source of the funds are moneys held in a custodial account by the Treasurer of State.

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