

# **Redbook**

## **LBO Analysis of Executive Budget Proposal**

### **Bureau of Workers' Compensation Ohio Industrial Commission**

**Ruhaiza Ridzwan, Senior Economist**  
**February 2019**

#### **TABLE OF CONTENTS**

<b>Quick look.....</b>	<b>3</b>
<b>Overview.....</b>	<b>4</b>
Agency overview .....	4
Bureau of Workers' Compensation.....	4
Ohio Industrial Commission .....	4
Appropriation summary.....	5
Staffing levels .....	6
<b>Analysis of FY 2020-FY 2021 budget proposal for BWC .....</b>	<b>7</b>
Introduction .....	7
Category 1: Claims Management.....	8
C1:1: Claims, Risk and Medical Management (ALI 855407) .....	8
C1:2: Fraud Prevention (ALI 855408) .....	10
Category 2: Administration .....	11
C2:1: Administrative Services (ALI 855409) .....	11
C2:2: Attorney General Payments (ALI 855410) .....	11
Category 3: Special Benefit Funds .....	12
C3:1: Coal Workers' Fund (ALI 855606) .....	12
C3:2: Marine Industry (ALI 855608) .....	13
C3:3: Disabled Workers Relief Fund (ALI 855605) .....	13

Category 4: Safety and Hygiene Programs .....	13
C4:1: Safety and Hygiene Operating (ALI 855609).....	13
C4:2: Safety Grants (ALI 855610) .....	14
C4:3: Health and Safety Initiative (ALI 855611) .....	15
C4:4: Safety Campaign (ALI 855612) .....	15
C4:5: Research Grants (ALI 855613).....	16
C4:6: Substance Use Recovery and Workplace Safety Program (ALI 855618) .....	16
C4:7: Safety and Health Center of Excellence (ALI 855619) .....	16
C4:8: OSHA Enforcement (ALI 855601) .....	17
C4:9: BLS SOII Grant (ALI 855614) .....	17
C4:10: NIOSH Grant (ALI 855615) .....	17
<b>Analysis of FY 2020-FY 2021 budget proposal for OIC .....</b>	<b>18</b>
Operating Expenses (ALI 845321) .....	18
Rent – William Green Building (ALI 845402) .....	18
Attorney General Payments (ALI 845410) .....	19
<b>Facts and Figures .....</b>	<b>20</b>
Workers’ Compensation Claims Statistics .....	20
Average collectible rate for private employers and public employers .....	20
OIC hearings .....	22

#### **ATTACHMENTS:**

- BWC Catalog of Budget Line Items
- BWC Appropriation Spreadsheet
- OIC Catalog of Budget Line Items
- OIC Appropriation Spreadsheet

## LBO Redbook

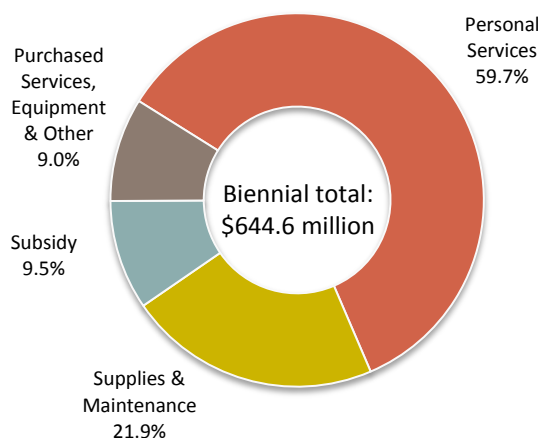
# Bureau of Workers' Compensation Ohio Industrial Commission

### Quick look...

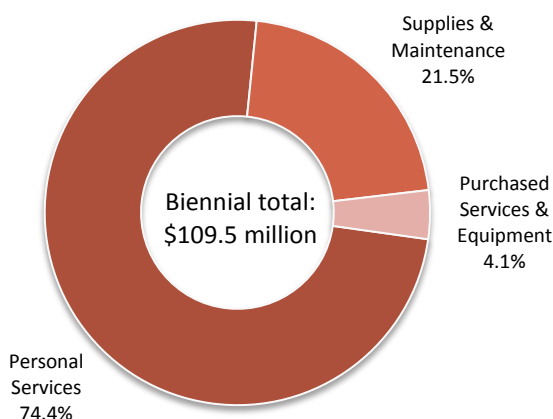
- The workers' compensation system in Ohio consists of (1) the Bureau of Workers' Compensation (BWC) – the insurance provider and administrator, and (2) the Ohio Industrial Commission (OIC) – the adjudicator of disputed workers' compensation claims.
  - BWC also operates workplace safety consulting services, safety and hygiene training, and other programs for Ohio employers to support them in providing safe and healthy workplaces.
- BWC and OIC receive no GRF funding. Workers' compensation coverage is funded by premiums paid by employers to BWC while BWC's and OIC's operations are paid by employers' assessments.
- In January 2019, BWC and OIC had 1,714 and 330 full-time employees, respectively.
- The BWC Administrator and an 11-member Board of Directors are appointed by the Governor.
- The OIC is headed by three commissioners appointed by the Governor.

Agency/Fund Group	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
BWC: Dedicated Purpose & Federal	\$263,973,077	\$304,076,202	\$319,841,506	\$324,787,349
% Change	--	15.2%	5.2%	1.5%
OIC: Dedicated Purpose	\$46,087,747	\$52,167,300	\$54,640,924	\$54,828,778
% Change	--	13.2%	4.7%	0.3%
<b>BWC &amp; OIC Total</b>	<b>\$310,060,824</b>	<b>\$356,243,502</b>	<b>\$374,482,430</b>	<b>\$379,616,127</b>
% Change	--	14.9%	5.1%	1.4%

**Chart 1: BWC Budget by Expense Category  
FY 2020-FY 2021 Biennium**



**Chart 2: OIC Budget by Expense Category  
FY 2020-FY 2021 Biennium**



## Overview

### Agency overview

#### **Bureau of Workers' Compensation**

The Ohio Bureau of Workers' Compensation (BWC) is the largest exclusive workers' compensation system in the nation<sup>1</sup> with approximately \$28.9 billion in assets. An exclusive workers' compensation system is a system in which the state is the sole insurance provider, not private insurers. The Bureau provides workers' compensation insurance to all public and private employers in Ohio, except for certain companies that have sufficient financial and administrative resources and thus are qualified for self-insured programs. BWC has oversight authority over those self-insured companies. BWC-issued workers' compensation insurance policies cover approximately 60% of Ohio's workforce, including private, state, and local government employees. In FY 2018, approximately 241,000 employers maintained policies with the Bureau while nearly 1,200 employers qualified for self-insurance. The BWC Board of Directors represents employers, employees, and labor unions, entities that have an interest in workers' compensation in Ohio. There are five Board subcommittees devoted to oversight of BWC's actuarial, audit, governance, investment, and medical services and safety policies. In addition to its main office in Columbus, BWC operates 11 customer service offices throughout the state.

#### **Ohio Industrial Commission**

The Ohio Industrial Commission (OIC) hears worker and employer appeals of disputed workers' compensation claims made by BWC and self-insured employers. Disputed claims typically involve conflicts over the extent of medical services provided or lost-time (otherwise known as indemnity) benefits. Disputed claims are heard at three levels: (1) the first hearing is made before District Hearing Officers (DHOs), (2) if the DHO's hearing is appealed, the second hearing is conducted by Staff Hearing Officers (SHOs), and (3) if that is appealed, the third hearing is held at the Commission's level. Hearings take place at 12 OIC offices statewide. In FY 2018, the Commission heard about 112,000 disputed claims at all three levels. The average time for a first-level hearing and a second-level hearing from their filing date was 38 days and 35 days, respectively. The statutory requirement to adjudicate the first and second-level hearings is 45 days. OIC operations are funded through an administrative assessment that is added to employers' workers' compensation premiums paid to BWC and transferred to OIC. The Commission is led by a panel of three commissioners. Each commissioner must have at least six years of experience in workers' compensation and at least one member must be licensed to practice law in Ohio. One member represents employees, one represents employers, and one represents the public.

---

<sup>1</sup> Currently, there are three other states with exclusive workers' compensation systems – North Dakota, Washington, and Wyoming.

## Appropriation summary

The table in the “**Quick look**” section shows the executive budget recommendations for BWC and OIC contained in H.B. 80 and H.B. 79, respectively. Neither agency receives funding from the GRF. Funding for their operations is primarily derived from assessments paid by employers. In addition, BWC receives some federal grants. In FY 2019, the estimated expenditures for BWC and OIC are \$304.1 million and \$52.2 million, respectively.

The executive’s recommended total funding for BWC is \$319.8 million for FY 2020. This amount is \$15.8 million (5.2%) higher than estimated expenditures in FY 2019. The recommended total funding for FY 2020 includes additional funding for the 27th paycheck that would occur in that fiscal year<sup>2</sup> and pay raises under the new bargaining contract. BWC’s recommended total funding for FY 2021 is \$324.8 million, which is \$4.9 million (1.5%) higher than the recommended funding for FY 2020. Increases in BWC’s recommended total funding in FY 2020 are largely due to funding increases in line items 855606, Coal Workers’ Fund; 855608, Marine Industry; 855605, Disabled Workers Relief Fund; 855618, Substance Use Recovery and Workplace Safety Program; and a newly created line item 855619, Safety and Health Center of Excellence. Increases in all line items, except for the new line item, are largely related to payroll costs mentioned above. The executive budget also provides BWC with federal funding of approximately \$1.9 million each in FY 2020 and FY 2021. This amount is about \$175,000 lower than the estimated federal funding of \$2.1 million in FY 2019. The decrease in recommended federal funding for the FY 2020-FY 2021 biennium is primarily due to decreases in funding from federal grants from the U.S. National Institute for Occupational Safety and Health (NIOSH).

The executive’s recommended total funding for OIC is \$54.6 million for FY 2020. This amount is \$2.5 million higher than estimated expenditures in FY 2019. The recommended total funding for FY 2020 includes additional funding for the 27th paycheck that would occur in that fiscal year. OIC’s recommended total funding for FY 2021 is \$54.8 million. This amount is about \$188,000 higher than the recommended funding for FY 2020. Increases in OIC’s recommended funding in FY 2020 and FY 2021 are entirely due to increases in line item 845321, Operating Expenses. Funding in line item 845321 accounts for about 91% of OIC’s total budget in each fiscal year.

Charts 1 and 2 provide recommended appropriations by expense category for BWC and OIC, respectively. The largest expense category for BWC and OIC is the “Personal Services” category, which includes payroll and benefit costs for BWC’s and OIC’s employees, followed by “Supplies & Maintenance.” “Subsidies” is BWC’s third largest category, which includes grants associated with the Safety Grants, Drug-Free Safety Program, and Workplace Wellness Grant Program. The smallest category for BWC and OIC is the “Purchased Services, Equipment & Other,” which includes contract services, equipment, and transfers.

---

<sup>2</sup> Most fiscal years have 26 paychecks.

## Staffing levels

BWC and OIC employed 1,714 and 330 full-time employees as of January 2019, respectively. BWC's programs are organized into the following 12 areas, while employees of OIC work in claim adjudication. Staffing levels data below are from each agency and include part-time staff and interns. BWC estimates the number of employees to remain unchanged in the next biennium.

Table 1. BWC Staffing Levels, by Program, FY 2018-FY 2019		
Program Name	FY 2018 Actual	FY 2019 Estimate
Field Operations	600	600
Injury Management Services	98	98
Employer Services	195	195
Self-Insured Services	27	27
Safety Violation Investigations	8	8
Special Investigations	108	108
Safety & Hygiene	159	159
Special Benefit Funds	4	4
Customer Contact Center	53	53
Communications	17	17
Ombudsman	8	8
Program Management	440	440
<b>Total FTEs</b>	<b>1,717</b>	<b>1,717</b>

Table 2. OIC Staffing Levels, by Program, FY 2018-FY 2021				
Program Name	FY 2018 Actual	FY 2019 Estimate	FY 2020 Estimate	FY 2021 Estimate
Claims Adjudication	342.7	349.5	351.2	352.2
<b>Total FTEs</b>	<b>342.7</b>	<b>349.5</b>	<b>351.2</b>	<b>352.2</b>

# Analysis of FY 2020-FY 2021 budget proposal for BWC

## Introduction

This section provides an analysis of the Governor's recommended funding for each appropriation line item (ALI) in BWC's budget. For organizational purposes, these ALIs are grouped into four major categories based on their funding purposes. The analysis for an ALI with a lower category or subcategory designation will appear before that for an ALI with a higher category or subcategory designation. That is, the analysis for an ALI with a category designation of C1:8 will appear before the analysis for an ALI with a category designation of C2:1 and the analysis for an ALI with a category designation of C1:3 will appear before the analysis for an ALI with a category designation of C1:8.

To aid the reader in locating each ALI in the analysis, the following table shows the category in which each ALI has been placed, listing the ALIs in order within their respective fund groups and funds. This is the same order the ALIs appear in the BWC budget bill.

In the analysis, each appropriation item's estimated expenditures for FY 2019 and recommended appropriations for FY 2020 and FY 2021 are listed in a table. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are proposed by the Governor.

### Categorization of BWC's Appropriation Line Items for Analysis of FY 2020-FY 2021 Budget Proposal

Fund	ALI	ALI Name	Category
<b>Dedicated Purpose Fund Group</b>			
7023	855407	Claims, Risk and Medical Management	1 Claims Management
7023	855408	Fraud Prevention	1 Claims Management
7023	855409	Administrative Services	2 Administration
7023	855410	Attorney General Payments	2 Administration
8220	855606	Coal Workers' Fund	3 Special Benefit Funds
8230	855608	Marine Industry	3 Special Benefit Funds
8250	855605	Disabled Workers Relief Fund	3 Special Benefit Funds
8260	855609	Safety and Hygiene Operating	4 Safety and Hygiene Programs
8260	855610	Safety Grants	4 Safety and Hygiene Programs
8260	855611	Health and Safety Initiative	4 Safety and Hygiene Programs
8260	855612	Safety Campaign	4 Safety and Hygiene Programs
8260	855613	Research Grants	4 Safety and Hygiene Programs
8260	855618	Substance Use Recovery and Workplace Safety Program	4 Safety and Hygiene Programs
8260	855619	Safety and Health Center of Excellence	4 Safety and Hygiene Programs

### Categorization of BWC's Appropriation Line Items for Analysis of FY 2020-FY 2021 Budget Proposal

#### Federal Fund Group

3490	855601	OSHA Enforcement	4	Safety and Hygiene Programs
3FW0	855614	BLS SOII Grant	4	Safety and Hygiene Programs
3FW0	855615	NIOSH Grant	4	Safety and Hygiene Programs

## Category 1: Claims Management

This category of appropriation line items provides funding for BWC's claims management functions. These items also fund oversight and communications related to the Bureau's managed care system under which medical claims are handled. In addition, this category includes funding for BWC's fraud prevention and detection efforts.

### C1:1: Claims, Risk and Medical Management (ALI 855407)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
7023 ALI 855407, Claims, Risk and Medical Management	\$119,353,057	\$120,939,816	\$124,329,031
% change	--	1.3%	2.8%

The executive recommended funding for FY 2020 is \$1.6 million higher than the estimated expenditures for FY 2019. Total recommended funding for FY 2021 is \$3.4 million higher than the recommended funding for FY 2020. This line item accounts for about 38% of BWC's proposed budget in each fiscal year.

This line item supports personnel, maintenance, and equipment costs associated with BWC's claims, risk, and medical management programs, including Injury Management, Employer Services, and Customer Service operations. The line item also supports BWC's Safety Violations Program, which prepares reports concerning alleged safety violations that OIC uses to determine Violations of Specific Safety Requirements (VSSRs) and actions required to correct any violations. Finally, the line item supports BWC's Ombudsman's Office. This office answers inquiries and investigates complaints made concerning the processing of claims by employers, injured workers, and medical providers. The various functions funded by the appropriation, as well as the recommended funding levels for each, are listed in the table below.



**Table 3. Uses of Fund 7023 ALI 855407, Claims, Risk and Medical Management**

Function	FY 2020	% of Total	FY 2021	% of Total
Field Operations	\$71,568,489	59.2%	\$72,180,491	58.1%
Injury Management Services	\$16,039,629	13.3%	\$18,801,250	15.1%
Employer Services	\$22,262,497	18.4%	\$21,846,535	17.6%
Customer Contact Center	\$5,492,961	4.5%	\$5,874,083	4.7%
Self-Insured Services	\$3,262,522	2.7%	\$3,289,614	2.6%
Safety Violations Investigations	\$1,015,125	0.8%	\$1,027,785	0.8%
Ombudsman	\$770,140	0.6%	\$775,472	0.6%
Special Investigations*	\$528,453	0.4%	\$533,801	0.4%
<b>Total</b>	<b>\$120,939,816</b>	<b>100.0%</b>	<b>\$124,329,031</b>	<b>100.0%</b>

\*Additional funding for the Special Investigation Department is included in line item 855408, Fraud Prevention.

### Field Operations

The recommended funding for Field Operations accounts for the largest portion of appropriations in this line item each fiscal year. Field Operations is responsible for providing claims services to injured workers and employers. In addition to providing initial determinations of claims, Field Operations handles additional allowances in medical-only claims and processes requests for claims to receive hearings by OIC. During FY 2018, Field Operations managed more than 97,000 injured worker claims with an average determination period of 11 days from claim filing.

### Injury Management Services

Injury Management Services oversees the Bureau's medical, pharmaceutical, and vocational rehabilitation providers, including 12 managed care organizations (MCOs) currently certified to manage injury claims. The program serves roughly 250,000 active claims per year. In FY 2018, the Bureau paid \$526.4 million in medical benefits from the State Insurance Fund.

### Employer Services

Employer Services is responsible for developing and implementing workers' compensation insurance products and providing underwriting and technical support for employers, including "Destination: Excellence," a discount rating plan that allows employers to choose among several programs intended to promote workplace wellness, return-to-work strategies, and accident prevention. Employer Services also oversees the BWC group rating discount program for private and public employers. This operation annually manages approximately 250,000 employer policies relative to statewide coverage initiation, policy maintenance, and payroll processing.

## Customer Contact Center

The Customer Contact Center provides information regarding BWC's processes, law, policies, and procedures to employers, injured workers, health care providers, and MCOs. It also assists new employers in obtaining BWC coverage and helps employers that already have coverage with policy account information regarding invoices, payroll data, and other issues. The Center fielded approximately 400,000 customer inquiries annually.

## Self-Insured Services

Self-Insured Services is responsible for auditing self-insuring employers for compliance with the Workers' Compensation Law and BWC administrative rules. Additionally, this section processes assessment invoices for self-insured employers and assumes responsibility for the administration of claims in cases of default or bankruptcy of self-insured employers. About 1,200 employers<sup>3</sup> self-insured against workers' compensation liability in FY 2018.

## Safety Violations

The Safety Violations Program prepares reports concerning alleged safety violations that the Industrial Commission uses to determine Violations of Specific Safety Requirements (VSSRs) and actions required to correct any violations. In FY 2018, the program conducted about 350 such investigations.

## Ombudsman

BWC's Ombudsman's Office is responsible for answering inquiries and investigating complaints made about the processing of claims. In calendar year 2017, the Ombudsman's Office handled a total of 6,670 contacts with customers (employers, injured workers, and medical providers), of which 940 were complaints and 5,730 were general inquiries.

## C1:2: Fraud Prevention (ALI 855408)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
7023 ALI 855408, Fraud Prevention	\$12,945,330	\$14,095,916	\$14,231,413
% change	--	8.9%	1.0%

The \$1.1 million or 8.9% increase in the executive budget in FY 2020 is largely due to higher administrative costs of BWC and security upgrades at its various facilities. This item supports the Special Investigations Department, which is responsible for investigating and deterring fraud committed by employers, injured workers, or medical service providers. The Special Investigations staff works closely with local and state prosecutors, including the Ohio Attorney General. The line item also provides for security services at BWC's facilities throughout the state. In FY 2018, 1,622 fraud cases were closed, which was 38% higher than the corresponding total in FY 2017.

<sup>3</sup> These employers have about 5,300 subsidiary entities.

## Category 2: Administration

This category of appropriation line items provides funding for the administrative functions related to management of the workers' compensation system in the state, including constructing sound actuarial and investment strategies for the State Insurance Fund and other funds that support injured workers. This category also includes appropriations for payments that BWC makes to cover the operating expenses of the Workers' Compensation Section within the Attorney General's Office.

### C2:1: Administrative Services (ALI 855409)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
7023 ALI 855409, Administrative Services	\$110,241,072	\$117,250,236	\$116,025,396
% change	--	6.4%	-1.0%

The recommended funding for this line item accounts for about 36% of the executive budget each fiscal year. This item supports general administrative duties within the Bureau in seven divisions: (1) Fiscal and Planning, (2) Actuarial, (3) Investments, (4) Human Resources, (5) Legal, (6) Infrastructure and Technology, and (7) Internal Audit. The Fiscal and Planning Division oversees fiscal management, general accounting, payroll, and other fiscal functions for BWC. This Division is also responsible for receipt and distribution of agency funds including benefits payable to injured workers. The Actuarial Division maintains the stability of the State Insurance Fund by setting premium rates and claims reserves and assists Employer Services in the creation of ratings plans. The Investments Division invests the assets of the State Insurance Fund according to the investment policy established by BWC's Board of Directors. The Human Resources Division provides leadership and guidance to BWC management and staff in areas of equal employment opportunity, employee and labor relations, payroll and benefits, and quality services. The Legal Division provides legal advice to BWC on claims procedures and policy, and represents the State Insurance Fund in administrative appeals. The Infrastructure and Technology Division is responsible for all computer equipment and software maintenance. Internal Audit evaluates the effectiveness of BWC's internal controls; validates agency compliance with policies, applicable laws, and regulations; and evaluates business processes to ensure that risks are mitigated and agency objectives can be met. The increase in the executive budget in FY 2020 is largely due to increases in payroll costs, including pay raises under the new bargaining contract and the 27th paycheck in FY 2020.

### C2:2: Attorney General Payments (ALI 855410)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
7023 ALI 855410, Attorney General Payments	\$4,621,850	\$4,621,850	\$4,621,850
% change	--	0.0%	0.0%

The recommended funding for this item in each year of the biennium is identical to the estimated spending in FY 2019. This item supports half of the cost of the legal services of the Attorney General's Workers' Compensation Section. The remaining half is paid by OIC. The Workers' Compensation Section provides legal counsel to BWC and OIC. Most cases are appeals of workers' compensation claims filed in county common pleas courts. In addition, temporary law included within the executive budget requires that up to \$828,200 be used specifically to pay the expenses of the Workers' Compensation Fraud Unit of the Attorney General's Office. In contrast with other costs split with OIC, the Bureau pays all costs associated with the Fraud Unit.

### Category 3: Special Benefit Funds

This category of appropriation line items supports operating costs associated with policies and claims offered through the following three special funds. The special funds provide cost-of-living adjustments and supplemental benefits to certain injured workers. The additional workers' compensation coverage for coal workers and maritime workers are required by federal law. However, BWC is not obligated to provide such coverage; employers that hired coal workers and maritime workers may obtain the federally required coverage through BWC's special funds or private insurers. In addition, the Disabled Workers Relief Fund provides cost-of-living adjustments and supplements benefits for permanently and totally disabled workers. Sources of funding for the Special Benefit Funds are additional assessments on specified employers. For all three funds, the increase in the executive budget in FY 2020 is largely related to payroll costs, including pay raises under the new bargaining contract and the 27th paycheck in that fiscal year.

#### C3:1: Coal Workers' Fund (ALI 855606)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8220 ALI 855606, Coal Workers' Fund	\$162,931	\$186,632	\$188,487
% change	--	14.6%	1.0%

This item is used to pay operating costs associated with the Coal Workers' Pneumoconiosis Fund (Fund 8220), which provides benefits for workers who are disabled due to pneumoconiosis, or "black lung" disease, as dictated by the federal Coal Mine Health and Safety Act of 1969. The fund is maintained through a premium charge, in addition to regular State Insurance Fund premiums, paid by coal operators, including certain other employers engaged in coal mine construction, maintenance, and coal transportation that elect to insure payment of benefits required by the federal Act. This fund provided coverage for 28 employers and paid 218 claims in FY 2018. Total revenues deposited into the fund for FY 2018 were \$151,553; disbursements from the fund were \$150,931.

**C3:2: Marine Industry (ALI 855608)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8230 ALI 855608, Marine Industry	\$65,140	\$78,188	\$78,698
% change	--	20.0%	0.7%

This item is used to pay operating costs associated with the Marine Industry Fund (Fund 8230), which provides benefits to injured dock workers and other maritime employees that are not seamen, as required by the Longshoreman's and Harbor Workers' Compensation Act Amendments of 1972. The fund is maintained through a premium charge, in addition to regular State Insurance Fund premiums, that is paid by marine industry employers who elect to insure payment of benefits required by this Act. In FY 2018, this fund provided services to 121 employers. During FY 2018, total revenues deposited into the fund were \$51,829; disbursements from the fund were \$48,396.

**C3:3: Disabled Workers Relief Fund (ALI 855605)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8250 ALI 855605, Disabled Workers Relief Fund	\$174,332	\$193,419	\$195,709
% change	--	11.0%	1.2%

This item pays operating costs associated with the Disabled Workers Relief Fund (DWRF). The Fund provides supplemental cost-of-living benefits to permanently and totally disabled workers. Approximately 12,584 permanently and totally disabled individuals are receiving benefits from the DWRF. During FY 2018, total revenues deposited into the fund were \$44,403; disbursements from the fund were \$49,097.

**Category 4: Safety and Hygiene Programs**

This category of appropriation line items provides funding for BWC programs geared toward ensuring that employers meet applicable safety standards and laws. The funding is also used to provide safety training to employers. The bulk of operating revenue for the Division of Safety and Hygiene, which oversees the various programs within this category of appropriations, comes from an assessment charged to employers. The assessment is 1.0% of paid premiums for private employers, and 0.75% of paid premiums for public employers. The Division also operates using a small portion of federal funding.

**C4:1: Safety and Hygiene Operating (ALI 855609)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855609, Safety and Hygiene Operating	\$22,317,031	\$24,079,350	\$23,745,661
% change	--	7.9%	1.4%

This item supports the operations of the Division of Safety and Hygiene. The Division is responsible for ensuring that employers offer safe work environments through the investigation of industrial accidents and occupational disease and through programs designed to prevent these problems. The Division's responsibilities include (1) making targeted visits to employers with high frequency of accidents to educate them in risk and safety management, (2) providing safety and health consultative services to Ohio's public employers, (3) administering the Safety Grants Program (see line item 855610, Safety Grants, below) that assists employers with the cost of implementing programs designed to reduce cumulative stress disorder and other injuries, and (4) supporting local safety councils, which offer educational resources for safety and health in the workplace.

During FY 2018, the Safety and Hygiene Division provided 18,554 web-based and onsite training services in industrial hygiene, industrial and construction safety, ergonomics, and risk and safety management. The Division also provided 96 courses through 407 classes at 13 locations. In regard to public employers, the Public Employment Risk Reduction Program (PERRP) ensures that public employers in Ohio are operating safe workplaces pursuant to state and federal law. Requirements include reporting hospitalizations and deaths from serious workplace injuries to BWC. PERRP also has the authority to investigate complaints about unsafe work conditions and issue citations. In addition to this enforcement element, the Safety and Hygiene Division offers public employers consultation and training designed to reduce workplace hazards and eliminate unsafe conditions. The increase in the executive budget in FY 2020 is largely related to payroll costs, including pay raises under the new bargaining contract and the 27th paycheck in FY 2020.

#### **C4:2: Safety Grants (ALI 855610)**

<b>Fund/ALI</b>	<b>FY 2019 Estimate</b>	<b>FY 2020 Introduced</b>	<b>FY 2021 Introduced</b>
8260 ALI 855610, Safety Grants	\$20,000,000	\$20,000,000	\$20,000,000
% change	--	0.0%	0.0%

This appropriation item supports the Safety Grants Program. The program offers private and public State Insurance Fund employers funding for training, wellness programs, and equipment intended to reduce workplace injuries and illnesses. The Controlling Board approved an increase in funding for FY 2019 from \$15.0 million to \$20.0 million for this line item on September 10, 2018. The increase will be used for additional safety grant programs for Ohio police departments, schools, and state agencies. The program includes the Safety Intervention Grant (SIG) Program, the Firefighter Exposure to Environmental Elements Grant (FEEEG), the Employers Working with Persons with Developmental Disabilities (EWPDD) Grant, and the School Safety and Security Grant (SSSG).

The SIG Program provides financial assistance to buy ergonomic or safety-enhancing equipment. In FY 2018, 263 SIG grants were awarded totaling \$6.4 million to 259 employers.

The FEEEG Program is available only to Ohio firefighter employers; eligible employers may receive up to \$15,000 for the duration of the grant program. In FY 2018, the FEEEG Program awarded 237 grants totaling \$2.4 million to 235 employers.

The EWPDD Grant Program is used to assist employers with ensuring the safety of their staff when carrying out the services for developmentally disabled children and adults; eligible Ohio employers may receive up to \$20,000 for the duration of the grant program. In FY 2018, a total of \$0.2 million was awarded under the EWPDD Program to 15 employers.

The SSSG Program is used to provide assistance to Ohio employers with ensuring the safety of their staff who instruct children in the state. In FY 2018, a total of \$0.6 million was awarded under the SSSG Program. The SSSG Program is available only to Ohio employers that operate licensed preschool through 12th grade educational facilities; eligible employers may receive up to \$40,000 for the duration of the grant program.

The Safety Grant Program also provides grants under the Drug-Free Safety Program (DFSP) Grants and the Workplace Wellness Grant Program (WWGP). DFSP assists employers in developing and implementing drug-free workplace programming. In FY 2018, a total of \$13,648 was awarded under DFSP to 14 employers. WWGP helps employers in developing workplace health promotion programs, including health risk appraisals and biometric screening, as well as fitness programs provided by outside vendors. In FY 2018, 63 employers participated in WWGP and received a total of \$125,100.

### **C4:3: Health and Safety Initiative (ALI 855611)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855611, Health and Safety Initiative	\$6,000,000	\$6,000,000	\$6,000,000
% change	--	0.0%	0.0%

This item is used to implement an employer health and wellness program that targets small employers (50 or fewer employees) in specific high-risk industries, as well as injured workers with certain types of injuries. The initiative also entails smoking cessation programs, health coaching, and chronic disease management.

### **C4:4: Safety Campaign (ALI 855612)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855612, Safety Campaign	\$1,624,355	\$1,500,000	\$1,500,000
% change	--	-7.7%	0.0%

This item is used for the creation and operation of a statewide safety awareness and education campaign dealing with the avoidance of slips, trips and falls, overexertion, and motor vehicle accidents. This campaign also involves online and mobile training tools that address workplace safety.

**C4:5: Research Grants (ALI 855613)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855613, Research Grants	\$2,000,000	\$2,000,000	\$2,000,000
% change	--	0.0%	0.0%

This item is used to pay for the competitive Ohio Occupational Safety and Health Research Program, which focuses on maximizing the impact research efforts in the areas of occupational safety and health have on the overall safety, health, productivity, and competitiveness of Ohio's workforce. The program provides up to \$250,000 for each selected research project. The duration of each research project is limited to 12 to 24 months. Only colleges, universities, and not-for-profit research institutions located within the state of Ohio are eligible. Funding for this program was originally established by the Controlling Board on September 10, 2018.

**C4:6: Substance Use Recovery and Workplace Safety Program (ALI 855618)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855618, Substance Use Recovery and Workplace Safety Program	\$2,500,000	\$5,000,000	\$10,000,000
% change	--	100.0%	100.0%

This item is used to pay for the creation and operation of the Substance Use Recovery and Workplace Safety Program. The executive budget provides an additional \$2.5 million and \$7.5 million for this program in FY 2020 and FY 2021, respectively, compared to the estimated expenditures in FY 2019. Funding for a pilot program was originally established by the Controlling Board on September 24, 2018.

**C4:7: Safety and Health Center of Excellence (ALI 855619)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
8260 ALI 855619, Safety and Health Center of Excellence	\$0	\$2,000,000	\$0
% change	--	--	-100.0%

This newly created item will be used to establish a center of excellence at the Ohio Center of Occupational Safety and Health.



**C4:8: OSHA Enforcement (ALI 855601)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
3490 ALI 855601, OSHA Enforcement	\$1,676,000	\$1,676,000	\$1,676,000
% change	--	0.0%	0.0%

This item is used to support OSHA's On-Site Consultation Program, which provides small private employers with services relating to workplace safety and health. Services are provided to employers with fewer than 250 employees at fixed sites and with no more than 500 employees corporate-wide. Under the program, employers can learn about potential hazards at their workplaces, improve their safety and health management systems, and may qualify for an exemption from routine OSHA inspections. State matching funds for the program are provided by Fund 8260 line item 855609, Safety and Hygiene Operating.

**C4:9: BLS SOII Grant (ALI 855614)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
3FW0 ALI 855614, BLS SOII Grant	\$195,104	\$195,104	\$195,104
% change	--	0.0%	0.0%

This item is used to fund BWC's participation in the U.S. Bureau of Labor Statistics (BLS) Survey of Occupational Injuries and Illnesses (SOII). SOII is an establishment-based survey used to estimate incidence rates and counts of workplace injuries and illnesses and is a cooperative effort between the US Department of Labor and agencies in participating states.<sup>4</sup> Funding in this line item comes from BLS.

**C4:10: NIOSH Grant (ALI 855615)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
3FW0 ALI 855615, NIOSH Grant	\$200,000	\$24,995	\$0
% change	--	-87.5%	-100.0%

This item supports an initiative that uses BWC claim and policy systems for surveillance and prevention of occupational injuries, illnesses, fatalities, and exposures to occupational hazards. Data are then analyzed to develop rates of claims for injuries per FTE by employer size, sector, and type of injury. Funding in this line item comes from grants through the U.S. National Institute for Occupational Safety and Health (NIOSH).

---

<sup>4</sup> This survey is the only comprehensive measure of work-related injuries and illnesses in American workplaces. As such, it is relied on by employers, employees, public policy makers, and researchers.

## Analysis of FY 2020-FY 2021 budget proposal for OIC

The OIC budget consists of three line items, all of which are supported by administrative assessments paid by Ohio employers that are paid in addition to workers' compensation premium payments. Assessments are collected by BWC and transferred upon receipt to the Industrial Commission Operating Fund (Fund 5W30).

### Operating Expenses (ALI 845321)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
5W30 ALI 845321, Operating Expenses	\$47,223,650	\$49,697,274	\$49,885,128
% change	--	5.2%	0.4%

Appropriations in this line item represent about 91% of OIC's total recommended funding for the biennium. This item supports the claims adjudication function within the state's workers' compensation system. Disputed claims typically involve the extent of medical services provided or lost-time benefits. The Commission's operations are organized geographically within five regions: Akron, Cincinnati, Cleveland, Columbus, and Toledo. Within these regions, there are district offices at 12 locations. The increase in the executive budget in FY 2020 is largely related to payroll costs, including pay raises under the new bargaining contract and the 27th paycheck in the fiscal year. Other increases are associated with technology and security upgrades and mailing costs. OIC is currently required, under the statute, to provide paper hearing notices and hearing orders to all parties to a claim. Annually, OIC sends approximately 1.2 million pieces of mail.

### Rent – William Green Building (ALI 845402)

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
5W30 ALI 845402, Rent	\$1,150,000	\$1,150,000	\$1,150,000
% change	--	0.0%	0.0%

This item is used to pay rent and miscellaneous maintenance costs for OIC's offices located in the William Green Building in Columbus. Proposed funding in the FY 2020-FY 2021 biennium is flat compared to estimated spending in FY 2019.

**Attorney General Payments (ALI 845410)**

Fund/ALI	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
5W30 ALI 845410, Attorney General Payments	\$3,793,650	\$3,793,650	\$3,793,650
% change	--	0.0%	0.0%

This item pays for OIC's portion of the costs related to the legal services of the Attorney General's Workers' Compensation Section. The remaining portion of the cost is paid by BWC. The Attorney General provides investigative and other legal services related to workers' compensation cases.

## Facts and Figures

### Workers' Compensation Claims Statistics

Table 4 below provides Workers' Compensation Claims Statistics in the last three fiscal years. It shows total benefits paid, number of new allowed claims, and number of open claims, all of which have decreased.

Table 4. Workers' Compensation Claims Statistics			
	FY 2016	FY 2017	FY 2018
<b>Benefits Paid</b>			
Medical	\$580,294,319	\$550,569,114	\$526,379,567
Lost Time	\$1,021,602,467	\$940,765,085	\$937,002,675
<b>Total</b>	<b>\$1,601,896,786</b>	<b>\$1,491,334,199</b>	<b>\$1,463,382,242</b>
<b>Number of New Allowed Claims</b>			
<b>Total</b>	<b>88,170</b>	<b>86,290</b>	<b>85,136</b>
<b>Number of Open Claims</b>			
<b>Total</b>	<b>752,312</b>	<b>704,756</b>	<b>672,188</b>

### Average collectible rate for private employers and public employers

The rate an employer pays to insure an employee is based on the industry type of the employer. BWC assigns manual classifications, to the employer, that correspond with the work being done and the risk of injury due to hazards associated with that work. For example, the classification for an office worker would carry a lower premium rate than the classification for a construction worker. Currently, public employers have 14 classes while private employers have about 520 classes, and each class has its own rate. Charts 3 and 4 below show the average collectible rate and the percentage change in that rate for all private employers and all public employers, respectively. Thus, the average collectible rate in both charts represents the annual average rate for all classes of public employers or private employers.

Chart 3: Average Collectible Rate, Private Employers

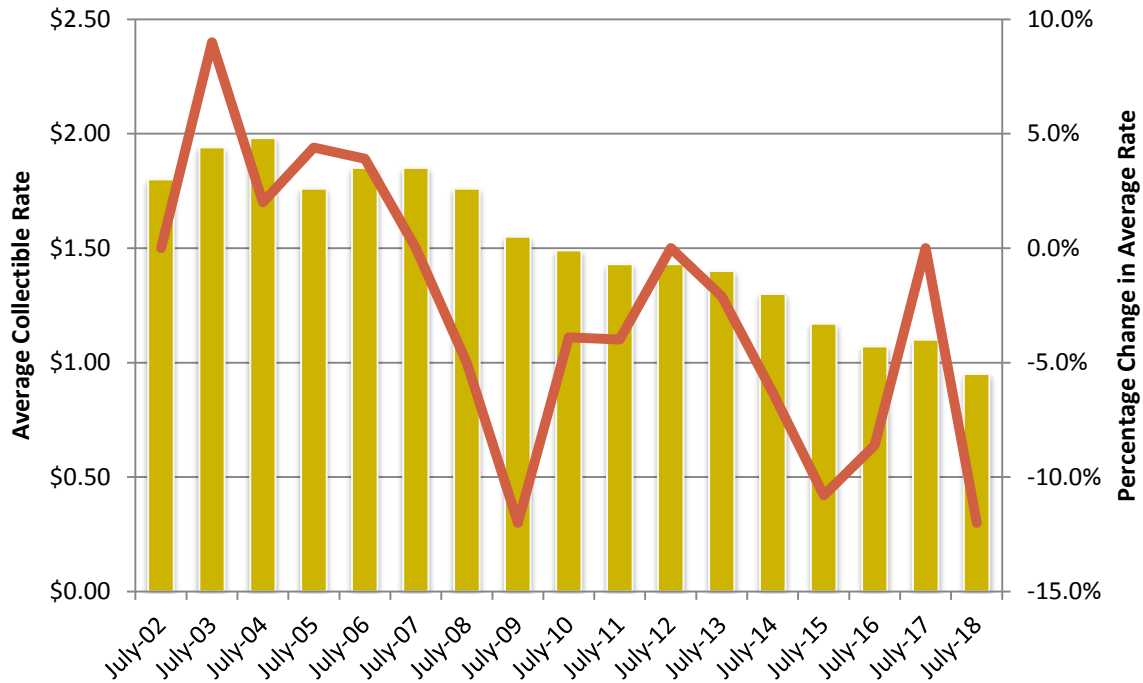
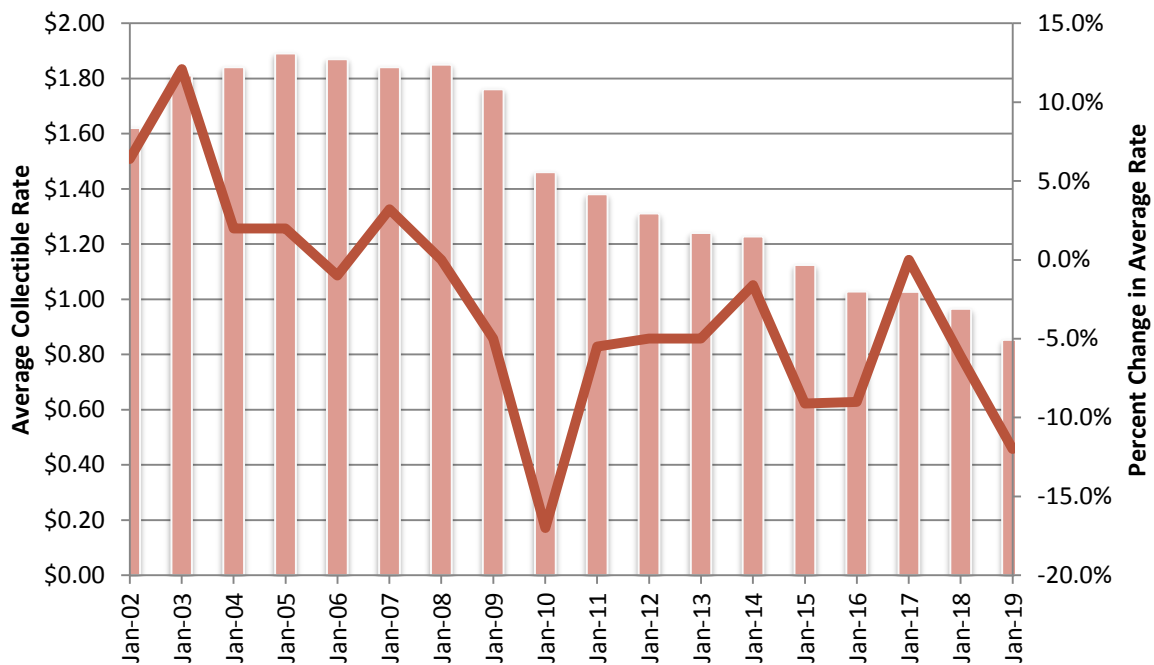


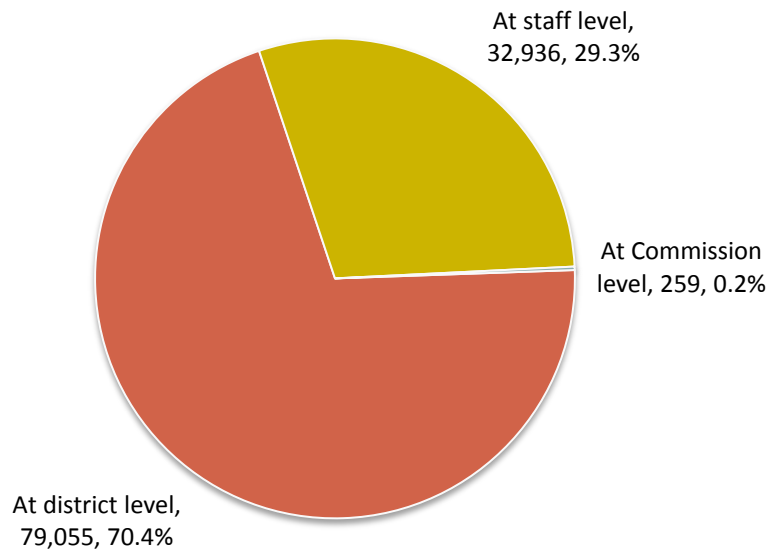
Chart 4: Average Collectible Rate, Public Employers



## OIC hearings

As stated in the “**Agency overview**,” disputed claims are heard at the staff level, at the district level, and by Commission members. Chart 5 below provides hearings statistics at the various levels in FY 2018.

Chart 5: OIC Hearings in FY 2018



## Bureau of Workers' Compensation

### Dedicated Purpose Fund Group

#### 7023 855407 Claims, Risk and Medical Management

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$109,998,334	\$118,442,711	\$107,957,594	\$119,353,057	\$120,939,816	\$124,329,031
% change	7.7%	-8.9%	10.6%	1.3%	2.8%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** The line item funds personnel, maintenance, and equipment costs associated with BWC's claims, risk, and medical management programs, including Injury Management, Employer Management, and Customer Service operations. The line item also supports BWC's Safety Violations program, which prepares reports concerning alleged safety violations that the Industrial Commission uses to determine Violations of Specific Safety Requirement (VSSRs) and actions required to correct any violations, as well as BWC's Ombudsperson's Office, which answers inquiries and investigates complaints made by employers, injured workers, and medical providers concerning the processing of claims.

#### 7023 855408 Fraud Prevention

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$11,902,835	\$12,481,838	\$12,802,628	\$12,945,330	\$14,095,916	\$14,231,413
% change	4.9%	2.6%	1.1%	8.9%	1.0%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds personnel, maintenance, and equipment costs for investigating workers' compensation fraud. Fraud investigation is geared toward detecting and preventing fraudulent claims on the part of claimants, employers, and health care providers.

## Bureau of Workers' Compensation

### 7023 855409 Administrative Services

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$102,818,206	\$113,147,556	\$104,133,380	\$110,241,072	\$117,250,236	\$116,025,396
% change	10.0%	-8.0%	5.9%	6.4%	-1.0%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers

**Legal Basis:** Sections 201.10 and 201.20 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds personnel, maintenance, and equipment costs associated with the oversight of general administrative functions at BWC, including finance, actuarial, investments, human resources, legal, and infrastructure and technology. For the FY 2018-FY 2019 biennium, H.B. 27 earmarks \$425,000 in each fiscal year to be used to pay the Bureau's share of the cost that the Inspector General incurs for the activities of the Deputy Inspector General for the Bureau of Workers' Compensation and the Industrial Commission. These amounts are deposited into the Deputy Inspector General for the Bureau of Workers' Compensation and Industrial Commission Fund (Fund 5FT0) under the Inspector General's budget.

### 7023 855410 Attorney General Payments

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$4,578,464	\$4,621,650	\$4,621,850	\$4,621,850	\$4,621,850	\$4,621,850
% change	0.9%	0.0%	0.0%	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds 50% of the costs related to the legal services of the Attorney General's Workers' Compensation Section. This includes expenses related to workers' compensation fraud investigation. The Ohio Industrial Commission pays the remaining portion of these expenses. Both agencies make alternating quarterly payments during the fiscal year. For the FY 2018-FY 2019 biennium, H.B. 27 earmarks \$828,200 in each fiscal year, to be distributed in equal amounts at the beginning of each quarter, specifically to cover expenses for the Attorney General's workers' compensation fraud unit.



## Bureau of Workers' Compensation

### 8220      855606      Coal Workers' Fund

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$128,544	\$141,882	\$150,931	\$162,931	\$186,632	\$188,487
% change	10.4%	6.4%	8.0%	14.5%	1.0%

**Source:** Dedicated Purpose Fund Group: Additional assessments paid by coal industry employers as required under Title IV of the Federal Coal Mine Health and Safety Act of 1969

**Legal Basis:** ORC 4131.03; Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds the administrative costs that BWC incurs for handling claims under the Coal Workers' Pneumoconiosis Fund, which is in the custody of the Treasurer of State. The fund provides workers' compensation benefits to employees in the coal industry as directed by the Federal Coal Mine Health and Safety Act of 1969.

### 8230      855608      Marine Industry

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$45,014	\$45,703	\$48,396	\$65,140	\$78,188	\$78,698
% change	1.5%	5.9%	34.6%	20.0%	0.7%

**Source:** Dedicated Purpose Fund Group: Additional assessments charged to marine industry employers under requirements of the Longshoremen's and Harbor Workers' Compensation Act Amendments of 1972

**Legal Basis:** ORC 4131.13; Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds the administrative costs of the Marine Industry Fund, which is in the custody of the Treasurer of State. The fund provides benefits as prescribed by the Longshoremen's and Harbor Workers' Compensation Act, as amended in 1972.

## Bureau of Workers' Compensation

### 8250      855605      Disabled Workers Relief Fund

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$83,195	\$69,723	\$49,097	\$174,332	\$193,419	\$195,709
% change	-16.2%	-29.6%	255.1%	10.9%	1.2%

**Source:** Dedicated Purpose Fund Group: Additional assessments paid by employers calculated at \$0.10 per \$100 of payroll and 0.01% of the basic premium rate

**Legal Basis:** ORC 4123.412; Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item is used to pay payroll and other operating expenses of the Disabled Workers' Relief Fund (DWRF), as well as costs related to providing the supplemental benefits provided under the fund to eligible recipients. The fund is in the custody of the Treasurer of State. DWRF benefits are cost-of-living adjustments granted to permanently and totally disabled workers. H.B. 493 of the 130th G.A. eliminated the minimum assessments collected for "DWRF I" claims, or those related to injuries before January 1, 1987, since these costs have been falling.

### 8260      855609      Safety and Hygiene Operating

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$19,463,721	\$20,440,613	\$21,080,114	\$22,317,031	\$24,079,350	\$23,745,661
% change	5.0%	3.1%	5.9%	7.9%	-1.4%

**Source:** Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** ORC 4121.37; Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item provides all operating funds for the Division of Safety and Hygiene. The Division's responsibilities include making workplace inspections, providing safety training to employers, operating the Public Employment Risk Reduction Program (PERRP), running the OSHA On-Site Consultation Program, and hosting the annual Ohio Safety Congress and Expo.

## Bureau of Workers' Compensation

### 8260 855610 Safety Grants

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$14,999,277	\$12,552,030	\$9,127,504	\$20,000,000	\$20,000,000	\$20,000,000
% change	-16.3%	-27.3%	119.1%	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item funds the Division of Safety and Hygiene's Safety Intervention Grant Program. These grants are available to State Insurance Fund employers (private and public) that wish to purchase equipment that substantially reduces or eliminates injuries and illnesses associated with tasks or operations particular to their industry. Of the annual total available for grants, \$2.0 million in each fiscal year is set aside for fire departments to buy protective equipment that minimizes exposure to harmful environmental elements, and \$2.0 million in each fiscal year is set aside for employers that provide social and health care services to disabled children and adults. Under the grant program, every dollar contributed by the employer is matched by \$3 from BWC, up to a maximum BWC contribution of \$40,000 toward the equipment purchase.

### 8260 855611 Health and Safety Initiative

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$0	\$1,245,189	\$6,000,000	\$6,000,000	\$6,000,000
% change	N/A	N/A	381.9%	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item is used to implement an employer health and wellness program that targets small employers (50 or fewer employees) in specific high-risk industries, as well as injured workers with certain types of injuries. The initiative also entails smoking cessation programs, health coaching, and chronic disease management.

## Bureau of Workers' Compensation

### 8260 855612 Safety Campaign

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$0	\$843,000	\$1,624,355	\$1,500,000	\$1,500,000
% change	N/A	N/A	92.7%	-7.7%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) transferred from the State Insurance Fund

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item is used for the creation and operation of a statewide safety awareness and education campaign dealing with the avoidance of slips, trips and falls, overexertion, and motor vehicle accidents. This campaign also involves online and mobile training tools that address workplace safety.

### 8260 855613 Research Grants

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$0	\$0	\$2,000,000	\$2,000,000	\$2,000,000
% change	N/A	N/A	N/A	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** Created by the Controlling Board on September 10, 2018

**Purpose:** This newly created line item will allow for the establishment of the BWC Division of Safety and Hygiene (DSH) Ohio Occupational Safety and Health Research Program apart from their regular operating budget. Moneys provided in this line item will be used to fund the competitive Ohio Occupational Safety and Health Research Program, which focuses on maximizing the impact research efforts in the areas of occupational safety and health on the overall safety, health, productivity and competitiveness of Ohio's workforce. The program will provide up to \$250,000 for each selected research project. The duration of each research project is limited to 12 to 24 months. Only colleges/universities and not-for-profit research institutions located within the state of Ohio are eligible for funding.

## Bureau of Workers' Compensation

### 8260 855618 Substance Use Recovery and Workplace Safety Program

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$0	\$0	\$2,500,000	\$5,000,000	\$10,000,000
% change	N/A	N/A	N/A	100.0%	100.0%

**Source:** Dedicated Purpose Fund Group: Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** Created by the Controlling Board on September 24, 2018

**Purpose:** This line item is used to assist employers in keeping employees in recovery at work and to help employers hiring and managing employees in recovery.

### 8260 855619 Safety and Health Center of Excellence

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$0	\$0	\$0	\$2,000,000	\$0
% change	N/A	N/A	N/A	N/A	-100%

**Source:** Dedicated Purpose Fund Group: Dedicated Purpose Fund Group: Assessments charged to employers calculated as a percentage of paid workers' compensation premiums (1.0% for private employers and 0.75% for all public employer taxing districts and state agency employers) that are transferred from the State Insurance Fund

**Legal Basis:** As proposed in H.B. 80 of the 133rd G.A.

**Purpose:** This newly created item will be used to establish a center of excellence at the Ohio Center of Occupational Safety and Health.

## Bureau of Workers' Compensation

### Federal Fund Group

#### 3490 855601 OSHA Enforcement

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$1,547,792	\$1,590,121	\$1,630,654	\$1,676,000	\$1,676,000	\$1,676,000
% change	2.7%	2.5%	2.8%	0.0%	0.0%

**Source:** Federal Fund Group: Cooperative agreement with the Occupational Safety and Health Administration under CFDA 17.504, OSHA Consultation Agreements

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item is used to support OSHA's On-Site Consultation Program, which provides small private employers with services relating to workplace safety and health. Services are provided to employers with fewer than 250 employees at fixed sites and with no more than 500 employees corporate-wide. Under the program, employers can learn about potential hazards at their workplaces, improve their safety and health management systems, and may qualify for an exemption from routine OSHA inspections. State matching funds for the program are provided by Fund 8260 line item 855609, Safety and Hygiene Operating.

#### 3FW0 855614 BLS SOII Grant

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$103,752	\$115,613	\$132,393	\$195,104	\$195,104	\$195,104
% change	11.4%	14.5%	47.4%	0.0%	0.0%

**Source:** Federal Fund Group: CFDA 17.005: U.S. Bureau of Labor Statistics Survey of Occupational Injuries and Illnesses Grant

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A.

**Purpose:** This line item is used to fund BWC's participation in the U.S. Bureau of Labor Statistics (BLS) Survey of Occupational Injuries and Illnesses (SOII).

## Bureau of Workers' Compensation

**3FW0    855615    NIOSH Grant**

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$0	\$55,105	\$150,347	\$200,000	\$24,995	\$0
% change	N/A	172.8%	33.0%	-87.5%	-100%

**Source:** Federal Fund Group: CFDA 93.262: U.S. National Institute for Occupational Safety and Health Grants

**Legal Basis:** Section 201.10 of H.B. 27 of the 132nd G.A. (originally established by Controlling Board in September 2016)

**Purpose:** This funding from the National Institute for Occupational Safety and Health (NIOSH) goes toward an initiative that uses BWC claim and policy systems for surveillance and prevention of occupational injuries, illnesses, fatalities and exposures to occupational hazards. This data is then analyzed to develop rates of claim of injury per FTE by employer size and injury sector.

# FY 2020 - FY 2021 Appropriations - As Introduced

# All Fund Groups

Line Item Detail by Agency			Estimate	Introduced	FY 2019 to FY 2020	Introduced	FY 2020 to FY 2021	
			FY 2018	FY 2019	FY 2020	% Change	FY 2021	% Change
Report For: BWC Budget			Version: As Introduced					
BWC Bureau of Workers' Compensation								
7023	855407	Claims, Risk and Medical Management	\$ 107,957,594	\$ 119,353,057	\$ 120,939,816	1.33%	\$ 124,329,031	2.80%
7023	855408	Fraud Prevention	\$ 12,802,628	\$ 12,945,330	\$ 14,095,916	8.89%	\$ 14,231,413	0.96%
7023	855409	Administrative Services	\$ 104,133,380	\$ 110,241,072	\$ 117,250,236	6.36%	\$ 116,025,396	-1.04%
7023	855410	Attorney General Payments	\$ 4,621,850	\$ 4,621,850	\$ 4,621,850	0.00%	\$ 4,621,850	0.00%
8220	855606	Coal Workers' Fund	\$ 150,931	\$ 162,931	\$ 186,632	14.55%	\$ 188,487	0.99%
8230	855608	Marine Industry	\$ 48,396	\$ 65,140	\$ 78,188	20.03%	\$ 78,698	0.65%
8250	855605	Disabled Workers Relief Fund	\$ 49,097	\$ 174,332	\$ 193,419	10.95%	\$ 195,709	1.18%
8260	855609	Safety and Hygiene Operating	\$ 21,080,114	\$ 22,317,031	\$ 24,079,350	7.90%	\$ 23,745,661	-1.39%
8260	855610	Safety Grants	\$ 9,127,504	\$ 20,000,000	\$ 20,000,000	0.00%	\$ 20,000,000	0.00%
8260	855611	Health and Safety Initiative	\$ 1,245,189	\$ 6,000,000	\$ 6,000,000	0.00%	\$ 6,000,000	0.00%
8260	855612	Safety Campaign	\$ 843,000	\$ 1,624,355	\$ 1,500,000	-7.66%	\$ 1,500,000	0.00%
8260	855613	Research Grants	\$0	\$ 2,000,000	\$ 2,000,000	0.00%	\$ 2,000,000	0.00%
8260	855618	Substance Use Recovery and Workplace Safety Program	\$0	\$ 2,500,000	\$ 5,000,000	100.00%	\$ 10,000,000	100.00%
8260	855619	Safety and Health Center of Excellence	\$0	\$ 0	\$ 2,000,000	N/A	\$ 0	-100.00%
Dedicated Purpose Fund Group Total			\$ 262,059,683	\$ 302,005,098	\$ 317,945,407	5.28%	\$ 322,916,245	1.56%
3490	855601	OSHA Enforcement	\$ 1,630,654	\$ 1,676,000	\$ 1,676,000	0.00%	\$ 1,676,000	0.00%
3FW0	855614	BLS SOII Grant	\$ 132,393	\$ 195,104	\$ 195,104	0.00%	\$ 195,104	0.00%
3FW0	855615	NIOSH Grant	\$ 150,347	\$ 200,000	\$ 24,995	-87.50%	\$ 0	-100.00%
Federal Fund Group Total			\$ 1,913,394	\$ 2,071,104	\$ 1,896,099	-8.45%	\$ 1,871,104	-1.32%
Bureau of Workers' Compensation Total			\$ 263,973,077	\$ 304,076,202	\$ 319,841,506	5.18%	\$ 324,787,349	1.55%



## Ohio Industrial Commission

### Dedicated Purpose Fund Group

#### 5W30 845321 Operating Expenses

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$40,248,632	\$41,170,394	\$41,276,260	\$47,223,650	\$49,697,274	\$49,885,128
% change	2.3%	0.3%	14.4%	5.2%	0.4%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** ORC 4121.021; Section 1 of H.B. 28 of the 132nd G.A.

**Purpose:** This line item pays for the operating expenses of the Industrial Commission. The Commission hears worker and employer appeals of workers' compensation claims decisions made by the Bureau of Workers' Compensation.

#### 5W30 845402 Rent - William Green Building

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$1,022,101	\$1,033,262	\$1,017,838	\$1,150,000	\$1,150,000	\$1,150,000
% change	1.1%	-1.5%	13.0%	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** Section 1 of H.B. 28 of the 132nd G.A.

**Purpose:** This line item is used to pay rent and miscellaneous maintenance costs for the Commission's offices located in the William Green Building in downtown Columbus.

#### 5W30 845410 Attorney General Payments

FY 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Estimate	FY 2020 Introduced	FY 2021 Introduced
\$3,793,650	\$3,793,650	\$3,793,650	\$3,793,650	\$3,793,650	\$3,793,650
% change	0.0%	0.0%	0.0%	0.0%	0.0%

**Source:** Dedicated Purpose Fund Group: Assessments paid by employers and transferred to the Industrial Commission Operating Fund

**Legal Basis:** Section 1 of H.B. 28 of the 132nd G.A.

**Purpose:** This line item funds the Ohio Industrial Commission's share of costs related to legal services provided by the Attorney General's Workers' Compensation Section. The Bureau of Workers' Compensation pays the remaining portion. Both agencies make alternating quarterly payments for this purpose during the fiscal year.

FY 2020 - FY 2021 Appropriations - As Introduced

All Fund Groups

Line Item Detail by Agency			FY 2018	Estimate FY 2019	Introduced FY 2020	FY 2019 to FY 2020 % Change	Introduced FY 2021	FY 2020 to FY 2021 % Change
Report For: OIC Budget			Version: As Introduced					
OIC Ohio Industrial Commission								
5W30	845321	Operating Expenses	\$ 41,276,260	\$ 47,223,650	\$ 49,697,274	5.24%	\$ 49,885,128	0.38%
5W30	845402	Rent - William Green Building	\$ 1,017,838	\$ 1,150,000	\$ 1,150,000	0.00%	\$ 1,150,000	0.00%
5W30	845410	Attorney General Payments	\$ 3,793,650	\$ 3,793,650	\$ 3,793,650	0.00%	\$ 3,793,650	0.00%
Dedicated Purpose Fund Group Total			\$ 46,087,747	\$ 52,167,300	\$ 54,640,924	4.74%	\$ 54,828,778	0.34%
Ohio Industrial Commission Total			\$ 46,087,747	\$ 52,167,300	\$ 54,640,924	4.74%	\$ 54,828,778	0.34%