

Greenbook

LBO Analysis of Enacted Budget

Bureau of Workers' Compensation Ohio Industrial Commission

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BWC Appropriation Spreadsheet

OIC Appropriation Spreadsheet

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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 July 2021, BWC and OIC had 1,636 and 240 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 2020 Actual	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
BWC: Dedicated Purpose & Federal	\$297,672,098	\$302,647,143	\$353,222,861	\$361,906,643
% change	--	1.7%	16.7%	2.5%
OIC: Dedicated Purpose	\$46,581,460	\$45,121,456	\$54,070,048	\$54,070,048
% change	--	-3.1%	19.8%	0.0%
BWC & OIC total	\$344,253,558	\$347,768,599	\$407,292,909	\$415,976,691
% change	--	1.0%	17.1%	2.1%

Agency overview

Bureau of Workers' Compensation

The Ohio Bureau of Workers' Compensation (BWC) is the largest exclusive workers' compensation system in the nation¹ with approximately \$25.89 billion in assets as of June 30, 2020. 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 qualify for self-insurance programs. BWC has oversight authority over those self-insured companies. BWC-issued workers' compensation

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

insurance policies cover approximately 60% of Ohio's workforce, including private, state, and local government employees. 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 decision is appealed, the second hearing is conducted by staff hearing officers (SHOs), and (3) if that decision is appealed, the third hearing is held at the Commission's level. Hearings take place at 12 OIC offices statewide. 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.

Appropriation summary

The table in the **"Quick look"** section shows the enacted budget appropriations for BWC and OIC contained in H.B. 75 and H.B. 76, 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 2021, the actual expenditures for BWC and OIC were \$302.6 million and \$45.1 million, respectively.

H.B. 75 appropriates \$353.2 million for FY 2022 for BWC. This amount is \$50.6 million (16.7%) higher than actual expenditures in FY 2021 (which were affected by agency spending reduction suggested by the Governor related to the COVID-19 pandemic). BWC's appropriation for FY 2023 is \$361.9 million, which is \$8.7 million (2.5%) higher than that of FY 2022. Increases in BWC's appropriations in FY 2022 are largely due to increases in the following line items: 855409, Administrative Services; 855619, Safety and Health Center of Excellence; 855407, Claims, Risk and Medical Management; 855609, Safety and Hygiene; 855408, Fraud Prevention; 855618, Substance Use Recovery and Workplace Safety Program; and 855613, Research Grants. The enacted budget also provides BWC with federal funding of approximately \$2.1 million each in FY 2022 and FY 2023. This amount is about \$630,000 higher than the federal funding of \$1.4 million in FY 2021, due to an increase in a grant from the U.S. Department of Labor for services to employers related to workplace safety and health.

H.B. 76 appropriates \$54.1 million each in FY 2022 and FY 2023 for OIC. This amount is \$8.9 million higher than actual expenditures in FY 2021, due to increased funding for line item 845321, Operating Expenses, which accounts for about 92% of OIC's total budget in each fiscal year.

Analysis of FY 2022-FY 2023 budget for BWC

Introduction

This section provides an analysis of each appropriation line item (ALI) in BWC's budget (H.B. 75). 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 enacted budget.

In the analysis, each appropriation item's actual expenditures for FY 2021 and appropriations for FY 2022 and FY 2023 are listed in a table. Following the table, a narrative describes how the appropriation is used and any changes affecting the appropriation that are included in the enacted budget.

Categorization of BWC's Appropriation Line Items for Analysis of FY 2022-FY 2023 Enacted Budget				
Fund	ALI	ALI Name		Category
Dedicated Purpose Fund Group				
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
Federal Fund Group				
3490	855601	OSHA Enforcement	4	Safety and Hygiene Programs
3FW0	855614	BLS SOII Grant	4	Safety and Hygiene Programs
5CV1	855620	COVID Response – BWC Indoor Air Quality Assistance	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 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7023 ALI 855407, Claims, Risk and Medical Management	\$108,106,793	\$118,006,090	\$121,583,115
% change	--	9.2%	3.0%

The appropriation for FY 2022 is \$9.9 million higher than the actual expenditures for FY 2021; the appropriation for FY 2023 is \$3.6 million higher than the appropriation for FY 2022. This line item accounts for about 33% and 34% of BWC's budget in FY 2022 and FY 2023, respectively.

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. This line item also 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 funding levels for each, are listed in the table below.

Uses of Fund 7023 ALI 855407, Claims, Risk and Medical Management				
Function	FY 2022	% of Total	FY 2023	% of Total
Field Operations	\$68,629,744	58.2%	\$70,960,157	58.4%
Injury Management Services	\$18,563,554	15.7%	\$19,005,270	15.6%
Employer Services	\$22,190,125	18.8%	\$22,717,800	18.7%
Customer Contact Center	\$4,728,962	4.0%	\$4,939,070	4.1%
Self-Insured Services	\$3,131,058	2.7%	\$3,185,658	2.6%
Ombudsman	\$762,647	0.6%	\$775,160	0.6%
Total	\$118,006,090	100.0%	\$121,583,115	100.0%

Field Operations

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 2020, Field Operations managed about 82,000 injured worker claims.

Injury Management Services

Injury Management Services oversees the Bureau's medical, pharmaceutical, and vocational rehabilitation providers, including managed care organizations (MCOs) currently certified to manage injury claims. The program manages the enrollment and credentialing of providers, including overseeing and planning providers' and nursing professionals' education, training, and development. The program serves roughly 250,000 active claims per year, but the number of claims fell to 234,000 in FY 2020, as fewer claims were initiated or processed during the pandemic. In FY 2020, the Bureau paid \$430.4 million in medical benefits from the State Insurance Fund.

Employer Services

Employer Services is responsible for developing, implementing, and monitoring workers' compensation insurance products and providing underwriting and technical support for employers. Employer Services also assists employers with risk strategies to enable reductions in accidents and severity of such accidents. 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 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 fields approximately 400,000 customer inquiries annually.

Self-Insured Services

The Self-Insured Services section ensures self-insuring employers maintain a self-administered workers' compensation program and evaluates prospective employers' ability to self-administer a workers' compensation program. The program audits 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 1,100 employers self-insured against workers' compensation liability in FY 2020.

Ombudsman

BWC's Ombudsman's Office is responsible for answering inquiries and investigating complaints made about the processing of claims. The Office utilizes a standard call center program, the ePowerCenter, to answer customers' (employers, injured workers, and medical providers) calls.

C1:2: Fraud Prevention (ALI 855408)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7023 ALI 855408, Fraud Prevention	\$11,616,390	\$15,936,735	\$18,011,577
% change	--	37.2%	13.0%

The appropriation for FY 2022 is \$4.3 million higher than actual expenditures for FY 2021, and FY 2023 funding is \$2.1 million higher than that of the previous year. Increases in the enacted budget are largely due to an estimated increase in personnel costs, and the shifting of funding for Safety Violation Investigation and Special Investigations units to this line item, from line item 855407, Claims, Risk and Medical Management in the previous budget. ALI 855408, Fraud Prevention, will now support 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.

This item supports the Special Investigations Department, which is responsible for investigating and deterring fraud committed by employers, injured workers, or medical service providers, and responsible for asset protection of state property located in all BWC facilities. The Special Investigations staff works closely with local and state prosecutors, including the Ohio Attorney General.

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 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7023 ALI 855409, Administrative Services	\$96,313,448	\$124,325,665	\$129,108,432
% change	--	29.1%	3.8%

The appropriation for this line item accounts for about 35% and 36% of the enacted budget's total appropriations in FY 2022 and FY 2023, respectively; the spending growth each year is largely due to regular inflationary increases to maintain current operations and increases in personnel costs. 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. 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.

C2:2: Attorney General Payments (ALI 855410)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
7023 ALI 855410, Attorney General Payments	\$3,999,121	\$6,080,080	\$6,080,080
% change	--	52.0%	0.0%

The appropriation for this item in FY 2022 is \$2.1 million higher than the actual spending in FY 2021. The appropriation for FY 2023 is identical to the appropriation in FY 2022. The appropriation increase is expected to be used to support additional legal resources by the Attorney General's Office to BWC.

This appropriation line item supports the cost of BWC (60%) for legal services of the Attorney General's Workers' Compensation Section. Beginning in FY 2022, the enacted budget for OIC, H.B. 76, reduces to 40% the proportion of costs paid by OIC that are related to the legal services of the Attorney General's Workers' Compensation Section. Previously, BWC and OIC equally shared those legal costs. The Workers' Compensation Section provides legal counsel to both BWC and OIC. Most cases are appeals of workers' compensation claims filed in county common pleas courts. The enacted budget requires that up to \$828,200 in each fiscal year 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 BWC operating costs associated with policies and claims offered through 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. The funding for the three line items in FY 2022 is slightly higher than actual spending in FY 2021, with the increase largely related to payroll costs.

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

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8220 ALI 855606, Coal Workers' Fund	\$157,060	\$190,090	\$190,100
% change	--	21.0%	0.0%

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 and 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 26 employers in FY 2020.

C3:2: Marine Industry (ALI 855608)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8230 ALI 855608, Marine Industry	\$53,682	\$79,273	\$79,276
% change	--	47.7%	0.0%

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 federal Act. In FY 2020, this fund provided services to 129 employers.

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

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8250 ALI 855605, Disabled Workers Relief Fund	\$174,178	\$197,612	\$197,621
% change	--	13.5%	0.0%

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.

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 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855609, Safety and Hygiene Operating	\$17,539,010	\$25,343,000	\$25,085,000
% change	--	44.5%	-1.0%

The appropriation for this item in FY 2022 is \$7.8 million higher than the actual spending in FY 2021. The appropriation for FY 2023 is \$258,000 lower than funding in FY 2022. The increase in FY 2022 is expected to be used to support regular inflationary increases to maintain current operations, increases in payroll costs, and additional costs of projects that will allow BWC to continue to improve and help serve injured workers and employers. This line item is also used for state matching requirements for federal grants in line item 855601, OSHA Enforcement and line item 855614, BLS SOII Grant.

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 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 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.

C4:2: Safety Grants (ALI 855610)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855610, Safety Grants	\$49,183,423	\$35,000,000	\$35,000,000
% change	--	-28.8%	0.0%

The appropriation for this item in FY 2022 and in FY 2023 is \$14.2 million lower than the actual spending in FY 2021. The Controlling Board approved an increase in funding for this line item from \$35.0 million to \$71.8 million on September 14, 2020, for the distribution of face masks to Ohio employers as a response to the COVID-19 pandemic. However, at the end of the

fiscal year, actual spending of \$49.2 million proved to be less than anticipated in September 2020. The appropriation levels in the enacted budget implies the face mask distribution might be a nonrecurring event.

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 program also provides funding for safety grant programs for Ohio police departments, schools, and state agencies. It includes the following programs: Safety Intervention Grant (SIG), Firefighter Exposure to Environmental Elements Grant (FEEEG), Employers Working with Persons with Developmental Disabilities Grant (EWPDD), School Safety and Security Grant (SSSG), Drug-Free Safety Grant Program (DFSP), Workplace Wellness Grant Program (WWGP), and Trench Safety Grant (TSG).

The SIG Program provides financial assistance to buy ergonomic or safety-enhancing equipment. 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. 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. The SSSG Program is used to provide assistance to Ohio employers with ensuring the safety of their staff who instruct children in the state. The SSSG Program is available only to Ohio employers that operate licensed preschool through twelfth grade educational facilities; eligible employers may receive up to \$40,000 for the duration of the grant program. The TSG Program provides grants to employers that perform trenching and excavating; eligible employers may receive up to \$12,000 for the duration of the TSG 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. 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.

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

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855611, Health and Safety Initiative	\$3,277,784	\$3,000,000	\$3,000,000
% change	--	-8.5%	0.0%

The appropriation in each year of the biennium is roughly \$278,000 below FY 2021 spending, to better align funding needs with employer participation in the program. This item is used for a health and wellness program ("Better You, Better Ohio!") that provides health and wellness resources and services to employees and injured workers who do not have access to these services through their employers. The program began in FY 2018 and serves employers in high-risk industries; currently it serves employers with less than 150 employees, and all employers that participate in the Substance Use Recovery and Workplace Safety Program (SURWSP).

C4:4: Safety Campaign (ALI 855612)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855612, Safety Campaign	\$1,520,000	\$1,500,000	\$1,500,000
% change	--	-1.3%	0.0%

ALI 855612, Safety Campaign, is essentially flat funded in the enacted budget. This item is used for the 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, and is used for the campaign to promote the use of facial coverings for the purpose of preventing workplace illnesses.

C4:5: Research Grants (ALI 855613)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855613, Research Grants	\$404,975	\$3,000,000	\$1,000,000
% change	--	640.8%	-66.7%

The appropriation for this item in FY 2022 is \$2.6 million higher than the actual spending in FY 2021. The appropriation for FY 2023 is \$2.0 million lower than the appropriation for FY 2022. The large increase in FY 2022 is due to funding for a research grant focusing on genetic markers for opioid addiction, which is expected to be awarded and completed within the first year of the biennium. FY 2023 spending is a substantial decrease from that of FY 2022; a BWC official indicated that a research program that has existed for several years is reducing in size in each fiscal year of the biennium.

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.

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

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855618, Substance Use Recovery and Workplace Safety Program	\$614,472	\$3,500,000	\$4,000,000
% change	--	469.6%	14.3%

Actual expenditures in FY 2021 were vastly reduced compared to expected expenditures of \$10.0 million, possibly due to spending limitation put in place when the Governor declared a state of emergency in March 2020. The appropriation for this item in FY 2022 is \$2.9 million higher than the actual spending in FY 2021. The appropriation for FY 2023 is \$0.5 million higher than the appropriation in FY 2022.

This item is used to pay for the operation of the SURWSP to assist employers in keeping employees in recovery at work and to help employers hiring and managing employees in recovery. The program pays for reimbursements to local addiction and mental health (ADAMH) boards to assist in hiring and managing workers in recovery.

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

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
8260 ALI 855619, Safety and Health Center of Excellence	\$0	\$15,000,000	\$15,000,000
% change	--	--	0.0%

The enacted budget provides funding for personnel costs and related administrative costs for dedicated staff working for the Center of Excellence. Funding for the Center was appropriated in the previous budget, but went unspent due to COVID-19-related budget cuts. Funding will be used to award competitive grants to Ohio universities and not-for-profit research institutions. This line item is used to promote the safety and health of Ohio's workforce, and will provide resources and fund research and development efforts by Ohio research institutions and universities.

C4:8: OSHA Enforcement (ALI 855601)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2021 Appropriation
3490 ALI 855601, OSHA Enforcement	\$1,283,436	\$1,869,212	\$1,876,338
% change	--	45.6%	0.4%

This item is used to support the Occupational Safety and Health Administration's (OSHA) 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 line item 855609, Safety and Hygiene Operating. The increase in funding in FY 2022 is due to a federal grant increase approved by the U.S. Department of Labor. BWC reportedly will use the increase for operating expenses and reduce the required state matching funds from line item 855609, Safety and Hygiene Operating.

C4:9: BLS SOII Grant (ALI 855614)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
3FW0 ALI 855614, BLS SOII Grant	\$150,825	\$195,104	\$195,104
% change	--	29.4%	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 U.S. Department of Labor and agencies in participating states.² Funding for this line item comes from BLS. State matching funds for the program are provided by line item 855609, Safety and Hygiene Operating.

C4:10: COVID Response – BWC Indoor Air Quality Assistance (ALI 855620)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5CV1 ALI 855620, COVID Response – BWC Indoor Air Quality Assistance	\$8,252,548	\$0	\$0
% change	--	-100.0%	0.0%

The enacted budget does not provide funding for this item in the FY 2022-FY 2023 biennium. Funding in this line item in FY 2021 came from the Federal Coronavirus Relief Fund, made available under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. This item was used to fund BWC's COVID-19 Indoor Air Quality Assistance Program, which was appropriated \$28.0 million by the Controlling Board on November 23, 2020. Under the program, eligible employers would apply for reimbursements related to eligible costs of indoor heating, ventilation, and air conditioning (HVAC) systems for the purpose of controlling the spread of COVID-19.

² 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 2022-FY 2023 budget for OIC

The Ohio Industrial Commission's (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). Beginning in FY 2022, H.B. 76 reduces to 40% the proportion of costs paid by OIC related to the legal services of the Attorney General's Workers' Compensation Section. Previously, BWC and OIC equally shared those legal costs. For each line item in OIC's budget, the appropriation for FY 2023 is identical to the amount for FY 2022.

Operating Expenses (ALI 845321)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5W30 ALI 845321, Operating Expenses	\$40,607,992	\$49,885,128	\$49,885,128
% change	--	22.8%	0.0%

Appropriations in this line item represent about 92% of OIC's total appropriations for the biennium. The appropriation for FY 2022 is about \$9.3 million higher than actual spending in FY 2021. 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 appropriation increase is largely related to payroll costs, including fringe benefits. It will also be used to improve IT infrastructure, including the migration of legacy systems to state-of-the-art platforms, and the efficiency of the electronic hearing process.

Rent – William Green Building (ALI 845402)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5W30 ALI 845402, Rent	\$1,015,484	\$1,150,000	\$1,150,000
% change	--	13.2%	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. The appropriation for FY 2022 is about \$134,500 higher than the actual spending in FY 2021, due to the anticipated increase in costs related to maintenance of the building.

Attorney General Payments (ALI 845410)

Fund/ALI	FY 2021 Actual	FY 2022 Appropriation	FY 2023 Appropriation
5W30 ALI 845410, Attorney General Payments	\$3,497,979	\$3,034,920	\$3,034,920
% change	--	-13.2%	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. The appropriation for each year of the biennium is about \$463,000 lower than the actual spending in FY 2021, due to the recent change in the share of costs paid by OIC.

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2021 to FY 2022	Appropriations	FY 2022 to FY 2023
			FY 2020	FY 2021	FY 2022	% Change	FY 2023	% Change
Report For: BWC Budget			Version: As Enacted					
BWC Bureau of Workers' Compensation								
5CV1	855620	COVID Response - BWC Indoor Air Quality Assistance	\$ 0	\$ 8,252,548	\$ 0	-100.00%	\$ 0	N/A
7023	855407	Claims, Risk and Medical Management	\$ 114,790,527	\$ 108,106,793	\$ 118,006,090	9.16%	\$ 121,583,115	3.03%
7023	855408	Fraud Prevention	\$ 13,468,690	\$ 11,616,390	\$ 15,936,735	37.19%	\$ 18,011,577	13.02%
7023	855409	Administrative Services	\$ 105,821,923	\$ 96,313,448	\$ 124,325,665	29.08%	\$ 129,108,432	3.85%
7023	855410	Attorney General Payments	\$ 4,399,430	\$ 3,999,121	\$ 6,080,080	52.04%	\$ 6,080,080	0.00%
8220	855606	Coal Workers' Fund	\$ 154,047	\$ 157,060	\$ 190,090	21.03%	\$ 190,100	0.01%
8230	855608	Marine Industry	\$ 52,296	\$ 53,682	\$ 79,273	47.67%	\$ 79,276	0.00%
8250	855605	Disabled Workers Relief Fund	\$ 171,643	\$ 174,178	\$ 197,612	13.45%	\$ 197,621	0.00%
8260	855609	Safety and Hygiene Operating	\$ 22,441,798	\$ 17,539,010	\$ 25,343,000	44.50%	\$ 25,085,000	-1.02%
8260	855610	Safety Grants	\$ 28,754,809	\$ 49,183,423	\$ 35,000,000	-28.84%	\$ 35,000,000	0.00%
8260	855611	Health and Safety Initiative	\$ 3,486,405	\$ 3,277,784	\$ 3,000,000	-8.47%	\$ 3,000,000	0.00%
8260	855612	Safety Campaign	\$ 1,401,679	\$ 1,520,000	\$ 1,500,000	-1.32%	\$ 1,500,000	0.00%
8260	855613	Research Grants	\$ 999,076	\$ 404,975	\$ 3,000,000	640.79%	\$ 1,000,000	-66.67%
8260	855618	Substance Use Recovery and Workplace Safety Program	\$ 160,319	\$ 614,472	\$ 3,500,000	469.59%	\$ 4,000,000	14.29%
8260	855619	Safety and Health Center of Excellence	\$0	\$0	\$ 15,000,000	N/A	\$ 15,000,000	0.00%
Dedicated Purpose Fund Group Total			\$ 296,102,640	\$ 301,212,882	\$ 351,158,545	16.58%	\$ 359,835,201	2.47%
3490	855601	OSHA Enforcement	\$ 1,378,548	\$ 1,283,436	\$ 1,869,212	45.64%	\$ 1,876,338	0.38%
3FW0	855614	BLS SOII Grant	\$ 169,714	\$ 150,825	\$ 195,104	29.36%	\$ 195,104	0.00%
3FW0	855615	NIOSH Grant	\$ 21,197	\$ 0	\$ 0	N/A	\$ 0	N/A
Federal Fund Group Total			\$ 1,569,459	\$ 1,434,261	\$ 2,064,316	43.93%	\$ 2,071,442	0.35%
Bureau of Workers' Compensation Total			\$ 297,672,098	\$ 302,647,143	\$ 353,222,861	16.71%	\$ 361,906,643	2.46%

FY 2022 - FY 2023 Final Appropriations

All Fund Groups

Line Item Detail by Agency			FY 2020	FY 2021	Appropriations FY 2022	FY 2021 to FY 2022 % Change	Appropriations FY 2023	FY 2022 to FY 2023 % Change
Report For: OIC Budget			Version: As Enacted					
OIC	Ohio Industrial Commission							
5W30	845321	Operating Expenses	\$ 41,800,650	\$ 40,607,992	\$ 49,885,128	22.85%	\$ 49,885,128	0.00%
5W30	845402	Rent - William Green Building	\$ 1,044,667	\$ 1,015,484	\$ 1,150,000	13.25%	\$ 1,150,000	0.00%
5W30	845410	Attorney General Payments	\$ 3,736,142	\$ 3,497,979	\$ 3,034,920	-13.24%	\$ 3,034,920	0.00%
Dedicated Purpose Fund Group Total			\$ 46,581,460	\$ 45,121,456	\$ 54,070,048	19.83%	\$ 54,070,048	0.00%
Ohio Industrial Commission Total			\$ 46,581,460	\$ 45,121,456	\$ 54,070,048	19.83%	\$ 54,070,048	0.00%