

Greenbook

LBO Analysis of Enacted Budget

Bureau of Workers' Compensation Ohio Industrial Commission

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Attachments:

- 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 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.
- OIC is headed by three commissioners appointed by the Governor.

Agency/Fund Group	FY 2018 Actual	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
BWC: Dedicated Purpose & Federal	\$263,973,077	\$291,703,518	\$319,841,506	\$324,787,349
% change	--	10.5%	9.6%	1.5%
OIC: Dedicated Purpose	\$46,087,747	\$46,665,211	\$54,640,924	\$54,828,778
% change	--	1.3%	17.1%	0.3%
BWC & OIC Total	\$310,060,824	\$338,368,729	\$374,482,430	\$379,616,127
% change	--	9.1%	10.7%	1.4%

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 \$27.9 billion in assets as of January 31, 2019. 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

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. In FY 2018, approximately 242,000 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.

Appropriation summary

The table in the "Quick look" section shows appropriations in the enacted budgets 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 actual expenditures for BWC and OIC were \$291.7 million and \$46.7 million, respectively.

H.B. 80 appropriates \$319.8 million in FY 2020 for BWC. This amount is \$28.1 million (9.6%) higher than actual expenditures in FY 2019. The appropriation for FY 2020 includes additional funding for the 27th paycheck that would occur in that fiscal year² and pay raises under the new bargaining contract. BWC's appropriation for FY 2021 is \$324.8 million, which is \$4.9 million (1.5%) higher than the appropriation for FY 2020. Increases in BWC's total appropriation in FY 2020 are largely due to funding increases in all line items, except for line item 855610, Safety Grants. Increases in all line items are largely related to payroll costs mentioned above. The enacted budget also provides BWC with federal funding of

² Most fiscal years have 26 paychecks.

approximately \$1.9 million each in FY 2020 and FY 2021. This amount is about \$90,500 lower than the actual federal funding of \$2.0 million in FY 2019. The decrease in 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) and the Occupational Safety and Health Administration (OSHA).

The enacted budget authorizes the Director of Natural Resources to annually request the Administrator of Workers' Compensation to transfer up to \$1 million of the net position of the Coal-Workers Pneumoconiosis Fund to the Mining Regulation and Safety Fund created in the Coal Surface Mining Law by July 1 or as soon as possible thereafter. The enacted budget requires the Administrator, with the advice and consent of the BWC Board of Directors, to adopt rules governing the transfer to ensure the solvency of the Coal-Workers Pneumoconiosis Fund. H.B. 80 also makes a technical correction to replace an obsolete cross-reference with the correct cross-reference for the purposes of defining "apprentice" and "apprenticeship agreement" in the Workers' Compensation Law.

H.B. 79 appropriates \$54.6 million for OIC in FY 2020. This amount is about \$8.0 million higher than actual expenditures in FY 2019. The appropriation for FY 2020 includes additional funding for the 27th paycheck that would occur in that fiscal year. OIC's appropriation for FY 2021 is \$54.8 million. This amount is about \$188,000 higher than the appropriation for FY 2020. Increases in OIC's appropriations in FY 2020 and FY 2021 are primarily due to increases in line item 845321, Operating Expenses. Appropriation in line item 845321 accounts for about 91% of OIC's total budget in each fiscal year.

Analysis of FY 2020-FY 2021 budget for BWC

Introduction

This section provides an analysis of 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 enacted budget.

In the analysis, each line item's actual expenditures for FY 2019 and 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 included in the enacted budget.

Categorization of BWC's Appropriation Line Items for Analysis of FY 2020-FY 2021 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
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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
7023 ALI 855407, Claims, Risk and Medical Management	\$116,138,603	\$120,939,816	\$124,329,031
	% change	--	4.1%
			2.8%

The appropriation for FY 2020 is \$4.8 million higher than the actual expenditures for FY 2019. Total appropriation for FY 2021 is \$3.4 million higher than the appropriation for FY 2020. This line item accounts for about 38% of BWC's 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.

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%
Ombudsperson	\$770,140	0.6%	\$775,472	0.6%
Special Investigations*	\$528,453	0.4%	\$533,801	0.4%
Total	\$120,939,816	100.0%	\$124,329,031	100.0%

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

Field Operations

The 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.

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.

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.

Safety Violations

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

Ombudsperson

BWC's Ombudsperson's Office is responsible for answering inquiries and investigating complaints made about the processing of claims.

C1:2: Fraud Prevention (ALI 855408)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
7023 ALI 855408, Fraud Prevention	\$13,007,705	\$14,095,916	\$14,231,413
% change	--	8.4%	1.0%

The appropriation for FY 2020 is \$1.1 million higher than actual expenditures in FY 2019. The increase in the appropriation 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.

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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
7023 ALI 855409, Administrative Services	\$105,545,131	\$117,250,236	\$116,025,396
% change	--	11.1%	-1.0%

The appropriation for this line item accounts for about 36% of the enacted budget. 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 appropriation increase in the enacted 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
7023 ALI 855410, Attorney General Payments	\$4,523,726	\$4,621,850	\$4,621,850
% change	--	2.2%	0.0%

The appropriation for this item in FY 2020 is about \$98,000 higher than the actual spending in FY 2019. The appropriation for FY 2021 is identical to the appropriation for FY 2020. 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 enacted 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 enacted 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8220 ALI 855606, Coal Workers' Fund	\$147,330	\$186,632	\$188,487
% change	--	26.7%	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.

C3:2: Marine Industry (ALI 855608)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8230 ALI 855608, Marine Industry	\$51,465	\$78,188	\$78,698
% change	--	51.9%	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.

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

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8250 ALI 855605, Disabled Workers Relief Fund	\$159,104	\$193,419	\$195,709
% change	--	21.6%	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.

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 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855609, Safety and Hygiene Operating	\$22,339,237	\$24,079,350	\$23,745,661
% change	--	7.8%	1.4%

This item supports the operations of the Division of Safety and Hygiene. The Division is responsible for ensuring that employers provide safe work environments through the investigation of industrial accidents and occupational diseases 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 on 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 enacted 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)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855610, Safety Grants	\$21,830,183	\$20,000,000	\$20,000,000
% change	--	-8.4%	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 was 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. 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. 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.

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

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855611, Health and Safety Initiative	\$4,177,034	\$6,000,000	\$6,000,000
% change	--	43.6%	0.0%

This item is used to implement an employer health and wellness program that targets small employers (150 or fewer employees) in specific high-risk industries, as well as injured workers with certain types of injuries. The initiative also includes smoking cessation programs, health coaching, and chronic disease management.

C4:4: Safety Campaign (ALI 855612)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855612, Safety Campaign	\$1,356,858	\$1,500,000	\$1,500,000
% change	--	10.5%	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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855613, Research Grants	\$224,969	\$2,000,000	\$2,000,000
% change	--	789.0%	0.0%

This item is used to pay for the 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. This competitive 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
8260 ALI 855618, Substance Use Recovery and Workplace Safety Program	\$215,582	\$5,000,000	\$10,000,000
% change	--	2,219.3%	100.0%

This appropriation item is used to pay for the operation of the Substance Use Recovery and Workplace Safety Program. Funding for a pilot program was originally established by the Controlling Board on September 24, 2018. The enacted budget appropriates an additional \$4.8 million and \$9.8 million for this program in FY 2020 and FY 2021, respectively, compared to actual expenditures in FY 2019.

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

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

The enacted budget creates this line item. The appropriation in FY 2020 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
3490 ALI 855601, OSHA Enforcement	\$1,678,966	\$1,676,000	\$1,676,000
% change	--	-0.2%	0.0%

This item is used to support OSHA's On-Site Consultation Program, which provides small private employers with services related 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
3FW0 ALI 855614, BLS SOII Grant	\$143,106	\$195,104	\$195,104
% change	--	36.3%	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.³ Funding in this line item comes from BLS.

C4:10: NIOSH Grant (ALI 855615)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
3FW0 ALI 855615, NIOSH Grant	\$164,519	\$24,995	\$0
% change	--	-84.8%	-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).

³ 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 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5W30 ALI 845321, Operating Expenses	\$41,840,053	\$49,697,274	\$49,885,128
% change	--	18.8%	0.4%

Appropriations in this line item represent about 91% of OIC's total appropriations 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 enacted 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 Actual	FY 2020 Appropriation	FY 2021 Appropriation
5W30 ALI 845402, Rent	\$1,031,507	\$1,150,000	\$1,150,000
% change	--	11.5%	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 in FY 2020 is about \$118,500 higher than actual spending in FY 2019. The appropriation for FY 2021 is the same as that of the first year of the biennium.

Attorney General Payments (ALI 845410)

Fund/ALI	FY 2019 Actual	FY 2020 Appropriation	FY 2021 Appropriation
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. The yearly appropriation in this budget is identical to actual expenditures in FY 2019.

FY 2020 - FY 2021 Final Appropriations

All Fund Groups

Line Item Detail by Agency			Appropriations			FY 2019 to FY 2020	Appropriations	FY 2020 to FY 2021
			FY 2018	FY 2019	FY 2020	% Change	FY 2021	% Change
Report For: BWC Budget			Version: As Enacted					
BWC Bureau of Workers' Compensation								
7023	855407	Claims, Risk and Medical Management	\$ 107,957,594	\$ 116,138,603	\$ 120,939,816	4.13%	\$ 124,329,031	2.80%
7023	855408	Fraud Prevention	\$ 12,802,628	\$ 13,007,705	\$ 14,095,916	8.37%	\$ 14,231,413	0.96%
7023	855409	Administrative Services	\$ 104,133,380	\$ 105,545,131	\$ 117,250,236	11.09%	\$ 116,025,396	-1.04%
7023	855410	Attorney General Payments	\$ 4,621,850	\$ 4,523,726	\$ 4,621,850	2.17%	\$ 4,621,850	0.00%
8220	855606	Coal Workers' Fund	\$ 150,931	\$ 147,330	\$ 186,632	26.68%	\$ 188,487	0.99%
8230	855608	Marine Industry	\$ 48,396	\$ 51,465	\$ 78,188	51.92%	\$ 78,698	0.65%
8250	855605	Disabled Workers Relief Fund	\$ 49,097	\$ 159,104	\$ 193,419	21.57%	\$ 195,709	1.18%
8260	855609	Safety and Hygiene Operating	\$ 21,080,114	\$ 22,339,237	\$ 24,079,350	7.79%	\$ 23,745,661	-1.39%
8260	855610	Safety Grants	\$ 9,127,504	\$ 21,830,183	\$ 20,000,000	-8.38%	\$ 20,000,000	0.00%
8260	855611	Health and Safety Initiative	\$ 1,245,189	\$ 4,177,034	\$ 6,000,000	43.64%	\$ 6,000,000	0.00%
8260	855612	Safety Campaign	\$ 843,000	\$ 1,356,858	\$ 1,500,000	10.55%	\$ 1,500,000	0.00%
8260	855613	Research Grants	\$ 0	\$ 224,969	\$ 2,000,000	789.01%	\$ 2,000,000	0.00%
8260	855618	Substance Use Recovery and Workplace Safety Program	\$ 0	\$ 215,582	\$ 5,000,000	2,219.30%	\$ 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	\$ 289,716,927	\$ 317,945,407	9.74%	\$ 322,916,245	1.56%
3490	855601	OSHA Enforcement	\$ 1,630,654	\$ 1,678,966	\$ 1,676,000	-0.18%	\$ 1,676,000	0.00%
3FW0	855614	BLS SOII Grant	\$ 132,393	\$ 143,106	\$ 195,104	36.34%	\$ 195,104	0.00%
3FW0	855615	NIOSH Grant	\$ 150,347	\$ 164,519	\$ 24,995	-84.81%	\$ 0	-100.00%
Federal Fund Group Total			\$ 1,913,394	\$ 1,986,591	\$ 1,896,099	-4.56%	\$ 1,871,104	-1.32%
Bureau of Workers' Compensation Total			\$ 263,973,077	\$ 291,703,518	\$ 319,841,506	9.65%	\$ 324,787,349	1.55%

FY 2020 - FY 2021 Final Appropriations

All Fund Groups

Line Item Detail by Agency			FY 2018	FY 2019	Appropriations FY 2020	FY 2019 to FY 2020 % Change	Appropriations FY 2021	FY 2020 to FY 2021 % Change
Report For: OIC Budget			Version: As Enacted					
OIC Ohio Industrial Commission								
5W30	845321	Operating Expenses	\$ 41,276,260	\$ 41,840,053	\$ 49,697,274	18.78%	\$ 49,885,128	0.38%
5W30	845402	Rent - William Green Building	\$ 1,017,838	\$ 1,031,507	\$ 1,150,000	11.49%	\$ 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	\$ 46,665,211	\$ 54,640,924	17.09%	\$ 54,828,778	0.34%
Ohio Industrial Commission Total			\$ 46,087,747	\$ 46,665,211	\$ 54,640,924	17.09%	\$ 54,828,778	0.34%