

R16

Agency Certification and Transmittal Sheet

Code:

R16

Name:

Second Injury Fund

Mission Statement: To protect employers from the higher cost of insurance that can occur when an injury combines with a prior disability to result in substantially increased medical or disability costs than the accident alone would have produced. This ensures that an employer is not made to suffer a greater monetary loss or increased insurance costs because they hire or retain an employee who has a disability. To ensure payment of workers' compensation benefits to injured employees whose employers have failed to comply with the coverage provisions of the Workers' Compensation Law.

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SEP 30 2011

Budget & Control Board
OFFICE OF STATE BUDGET

To the Office of State Budget

This, and accompanying statements, schedules, and explanatory sheets consisting of 12 pages constitute the operating budget estimates of this agency for all proposed expenditures for the 2012-2013 fiscal year.

All statements and explanations contained in the estimates submitted herewith are true and correct to the best of my knowledge.

Signed:

Stephen H. Elliott
(Agency Head)

Date:

9/30/11

FISCAL YEAR 2012-13 BUDGET PLAN

I. EXECUTIVE SUMMARY

A. **Agency Section/Code/Name:**
Section 61/R16/Second Injury Fund

B. **Summary Description of Strategic or Long-Term Goals:**

- The orderly phase-out of the Fund in June 2013.
- To protect employers from increased workers' compensation insurance cost
- To ensure payment of workers' compensation benefits to injured employees whose employers are in violation of the Workers' Compensation Law
- Prompt determination of eligibility
- Efficient claims processing and payments
- Contain claims cost

Our budget plan is the main contributor to the agency's goals as shown by our major achievements for FY11 summarized below: The figure number corresponds to the paragraph number in the FY2011 Accountability Report.

- Customer satisfaction scores remained high (Figures 7.2-1 and 7.2-2)
- Cycle time to pay claims is lowest when compared to "like" funds (Figure 7.5-1)
- Annual assessment reduced by \$17.6 million (Figure 7.3-2)
- Claim and administrative costs continue to be less than published average for the private sector and "like" funds (Figures 7.3-1 and 7.3.3)
- Uninsured Employers' Fund payout reduced \$1 million by finding other coverage (Figure 7.6-1)

C. **2011-2012 Agency Recurring Base Appropriation:**

State	\$0
Federal	\$0
Other	\$1,814,702

D. **Number of Budget Categories:**

One (1)

E. **Agency-wide Vacant FTEs**

Vacant FTEs as of July 31, 2011: 5
% Vacant 22%

F. **Efficiency Measures:**

Our customer satisfaction scores remained high for the past year as outlined in paragraph 7.2 of our FY2011 Accountability Report. The agency's overall efficiency and effectiveness measures are outlined in paragraphs 7.3, 7.5 and 7.6 of the same report.

G. **Number of Provisos:**

None

IIA. OPERATING BUDGET PROGRAMS

Agency Section/Code/Name: Section 61/ R16/ Second Injury Fund

SUMMARY OF OPERATING BUDGET PROGRAMS FOR FY 2012-13

OPERATING BUDGET PROGRAMS			FUNDING					FTEs			
Title	Activity Name	Activity No.	Non-Recurring State	Recurring State	Federal	Other	Total	State	Federal	Other	Total
Administration	Claims Administration	1332				656,374	656,374			8.00	8.00
	Legal	1333				393,386	393,386			5.00	5.00
	Recoveries	1334				175,285	175,285			2.00	2.00
	Administration	1335				589,657	589,657			8.00	8.00
							0				0.00
							0				0.00
For additional rows, place cursor in this gray box and press "Ctrl" + "b". (You need to start in this gray box for each row needed or the formulas will not copy properly.)											
TOTAL OF ALL OPERATING BUDGET PROGRAMS			0	0	0	1,814,702	1,814,702	0.00	0.00	23.00	23.00

IIB. CAPITAL BUDGET/NON-RECURRING REQUESTS FOR FY 2012-13

Agency Section/Code/Name: Section 61/R16/Second Injury fund

SUMMARY OF CAPITAL BUDGET/NON-RECURRING REQUESTS FOR FY 2012-13

CAPITAL BUDGET/NON-RECURRING REQUESTS				Additional State Funds	Previously Authorized State Funds	Total Other Fund Sources	Project Total
Project No.*	Project Name	Activity Name	Activity No.				
NA							0
							0
							0
							0
							0
For additional rows, place cursor in this gray box and press "Ctrl" + "c". (You need to start in this gray box for each row needed or the formulas will not copy properly.)							
TOTAL OF ALL CAPITAL BUDGET/NON-RECURRING REQUESTS				0	0	0	0

*if applicable

A. **Summary description of programs and how they relate to the mission of the agency:** We have one program and it is the administration of Second Injury Fund and Uninsured Employer Fund claims. The program and the mission for the agency are basically the same.

B. **Budget Program Number and Name:** I. Administration

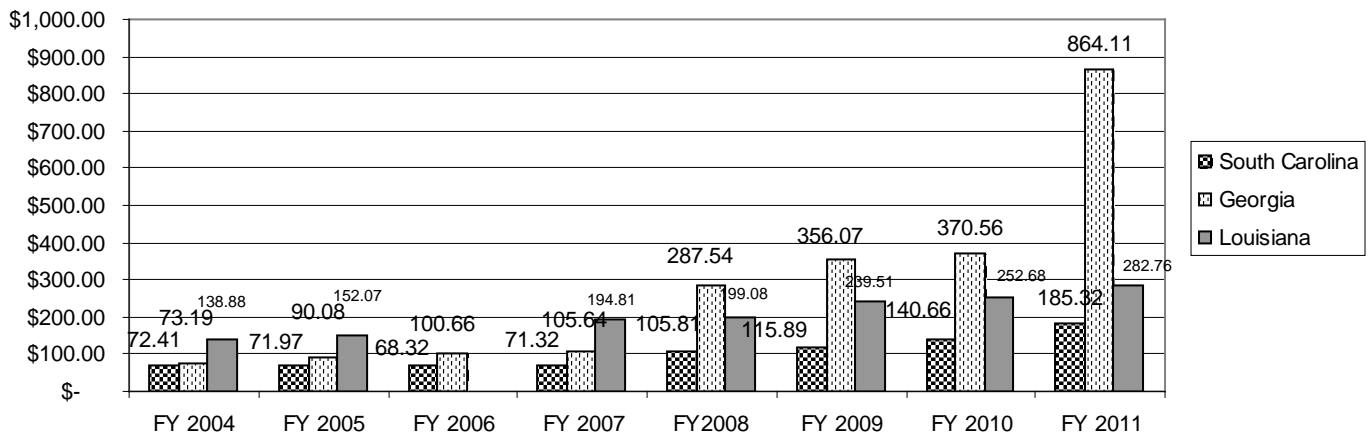
C. **Agency Activity Number and Name:**

Note: If more than one activity maps to this program; provide all activity numbers, names, and approximate funding amounts.

Activity Number	Activity Name	State Non-Recurring	State Recurring	Federal	Other	Total
1332	Claims Administration				656,374	656,374
1333	Legal				393,386	393,386
1334	Recoveries				175,285	175,285
1335	Administration				589,657	589,657

D. **Performance Measures** We measure 3 performance levels in this area. The first shows the Second Injury Fund’s average cost per claim compared to “like” funds from Georgia and Louisiana. Over the past eight years we have set the standard. Louisiana data for FY 2006 is not available.

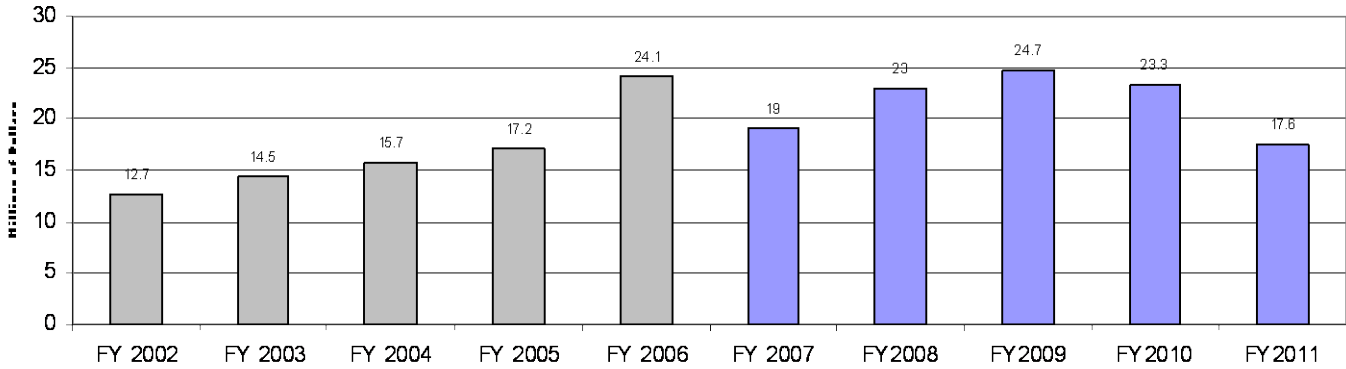
Second Injury Fund Administrative Average Cost per Claim



The second performance level we measure is the savings on the annual assessment caused by our internal review of reimbursements. By ensuring we only reimburse the amounts allowed by the Workers’ Compensation Commission Medical Fee schedule and

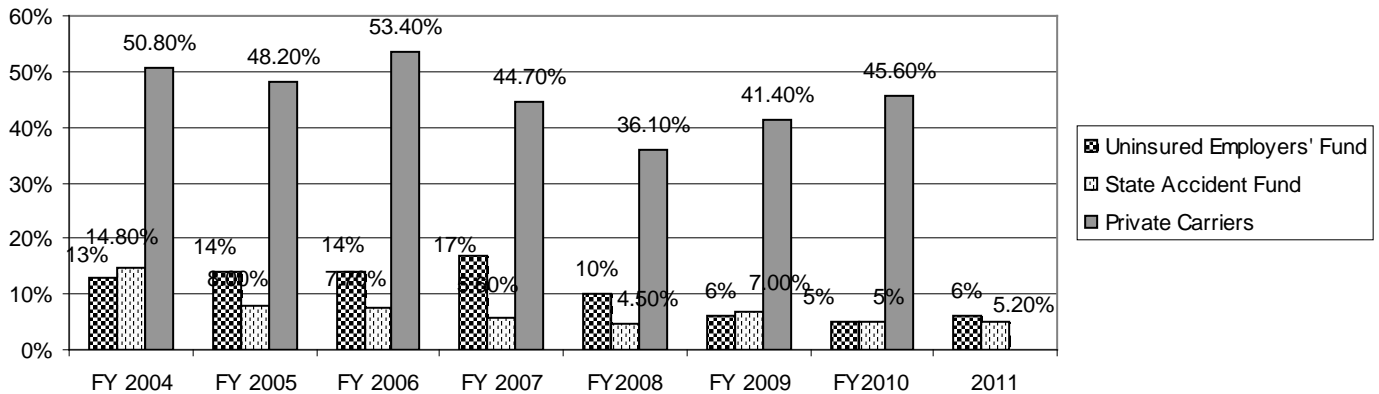
compensation ordered we continue to have a positive effect on the assessment process. Below shows that our internal review of reimbursements led to a \$17.6 million reduction in the annual assessment for FY 2011 and savings of \$191.8 million over the past 10 years.

Savings Achieved on Annual Assessment by Administrative Review



The last performance measurement we track is the administrative cost ratio of the Uninsured Employers' Fund. We compare the Fund with private carriers and the State Accident Fund. Figure This chart reflects that we are meeting our expectations by keeping our cost ratio lower than that of the private industry. FY 2011 data for private carriers is not available.

Uninsured Employers' Fund Administrative Cost Ratio



E. Program Interaction: Administration of Second Injury Fund and Uninsured Employers' Fund claims is our only program. As we move closer to termination in July 2013 and, as mission requirements dictate, we will decrease the staffing requirement of the agency as needed.

F. Change Management: The Workers' Compensation Act of 2007 terminates the Fund effective July 1, 2013. We have been in "run-off" in preparation of the July 2013 termination date.

G. Detailed Funding Information:

FY 2012-13 Cost Estimates:	State Non-Recurring	State Recurring	Federal	Other	Total

III. Budget Category Justification Sheet	Agency Code: R16	Agency Name: Second Injury Fund
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Number of FTEs*		0.00	0.00	23.00	23.00
Personal Service	\$0	\$0	\$0	\$1,059,591	\$1,059,591
Employer Contributions	\$0	\$0	\$0	\$351,951	\$351,951
Program/Case Services	\$0	\$0	\$0	\$0	\$ 0
Pass-Through Funds	\$0	\$0	\$0	\$0	\$ 0
Other Operating Expenses	\$0	\$0	\$0	\$403,160	\$403,160
Total	\$ 0	\$ 0	\$ 0	\$1,814,702	\$ 1,814,702
<i>* If new FTEs are needed, please complete Section G (Detailed Justification for FTEs) below.</i>					

Is this budget category or program associated with a Capital Budget Priority? No
 If yes, state Capital Budget Priority Number and Project Name:.

Please List proviso numbers that relate to this budget category or programs funded by this category. None

H. Changes to the Appropriation:

Please explain any changes, to include re-alignments and funding or FTE increases requested in this year’s appropriation, as detailed below: None

Funding:

Year	State Non-Recurring	State Recurring	Federal	Other (Earmarked or Restricted)
2011-2012 Act				1,814,702
2012-2013 Act				1,814,702
Difference				
% Difference				0%

Explanation of Changes:

I. Revenue Estimates:

Please detail Sources of revenue for this program, identified by SAP fund number if a live SCEIS agency or the STARS number if a STARS agency. If several sources remit to a single subfund that cannot be split by source and appropriation or program, provide an estimate of the revenue dedicated to this program.

SAP Fund Number	Source Name	General Fund	Other State	Earmarked	Restricted	Federal
47999000	Second Injury Administration				100%	

If expenditures for this program are greater than known or estimated revenues and the intent is to bridge part of this shortfall by drawing down balances in agency accounts or reserves, indicate the accounts and amount of the current reserve or balance that will likely be used below. NA

Please detail the long-term sustainability of this program if cash reserves are needed to operate. NA

If there is federal fund or other fund spending authority requested above the revenue streams detailed above, please indicate the amount and explanation for each. NA

J. FTE Positions:

Please detail the number of FTE's filled (F) by the program as of June 30 of each fiscal year, and the number authorized (A) by the Appropriations Act.

Fiscal Year	State	Other-Earmarked or Restricted	Federal	Total	Temporary, Temporary Grant, Time -limited
2012-2013 (A)		23			
2011-2012 (A)		23			
2010-2011 (F)		18			1
2010-2011 (A)		23			
2009-2010 (F)		20			1
2009-2010 (A)		23			
2008-2009 (F)		21			1
2008-2009 (A)		23			
2007-2008 (F)		21			1
2007-2008 (A)		23			

K. Detailed Justification for FTEs: NA

(1) Justification for New FTEs

(a) Justification:

(b) Future Impact on Operating Expenses or Facility Requirements:

(2) **Position Details:**

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

	State	Federal	Earmarked	Restricted	Total
Position Title:					
Number of FTEs	0.00	0.00	0.00	0.00	0.00
Personal Service	\$0	\$0	\$0	\$0	\$ 0
Employer Contributions	\$0	\$0	\$0	\$0	\$ 0

A. Proviso Number

Using the renumbered 2012-13 proviso base provided on the OSB website indicate the proviso number (*If new indicate "New #1", "New #2", etc.*):

N/A

B. Appropriation

Related budget category, program, or non-recurring request (*Leave blank if not associated with funding priority*):

C. Agency Interest

Is this proviso agency-specific, a general proviso that affects the agency, or a proviso from another agency's section that has had consequences?

D. Action

(Indicate Keep, Amend, Delete, or Add):

E. Title

Descriptive Proviso Title:

F. Summary

Summary of Existing or New Proviso:

G. Explanation of Amendment to/or Deletion of Existing Proviso

(If request to delete proviso is due to codification, note the section of the Code of Laws where the language has been codified):

H. Explanation of how this proviso directs the expenditure or appropriation of funds, and why this direction is necessary**I. Justification**

Refer to the instructions for the correct question to answer in this space, based on the action you selected

J. Fiscal Impact (Include impact on each source of funds – state, federal, and other)**K. Text of New Proviso with Underline or Entire Existing Proviso Text with Strikeover and Underline**

(INSERT PROVISOR FROM FY 2012-13 RENUMBERED PROVISOR BASE HERE)

Federal Aid Justification

0

Summary None None.....

Award Title

CFDA Number/Title → If "Other", identify:

Award Number (Federal) Start Date Federal Agency

Award Number (State) End Date Federal Subagency

Award Period → If "Other", explain:

Financial None

Total Award Amount Amount Available in FY 2012-13

State Match Required? If "Yes", describe, and provide SAP Fund Number(s) of funding sources

Local Match Required? If "Yes", describe

Assistance Type If "Other", explain

Is administrative and/or indirect cost recovery permitted? If so, explain: Explanation would be here.

Will funds be passed-through to other entities? If so, what types of entities, and how will funds be distributed? Answer and elaboration here.

Federal Aid Justification

0

Questions

How is the use of these funds essential to your agency's mission?

Text.

What budgetary, compliance, and programmatic obligations will the state incur (now or in the future) through the receipt of these funds?

Text.

What outcome and/or performance measures will you track and/or report on in association with this award?

Text.

What is the name and title of the individual in your agency who is responsible for the success of this program?

Text.