

1) Two Appropriation Changes Previously Approved by WCAC for 2017 Agreed Upon Bill and provided to WCAC on 3/12/2019

a) Fund 227 WC Operations New Alpha Appropriation

2015 Act 55 provided for a maximum \$5.0 million annually in assessments and payments to be separated from Fund 226 WISBF assessments and payments and instead be included within the Fund 227 WC operations assessment process, but it did not add \$5.0 million in budget authority associated with those payments.

Create a new Workers Compensation s. 20.445 alpha appropriation. It is recommended that the alpha appropriation be a Segregated Annual Funds appropriation (SEG), with \$5.0 million of annual budget authority, and within Fund 227. This change will not affect assessments or payments from this fund.

b) Fund 229 WC Uninsured Employers Fund Appropriation Type Change

Modify the designation of appropriation 20.445 (1) (sm) *Uninsured employers fund; payments* from a Segregated Revenue Sum Sufficient appropriation to a Segregated Revenue Continuing appropriation. This change more accurately reflects the actual fiscal process for the appropriation. Moreover, the modification will create efficiencies for accounting and budget transactions and cash balance reporting. This change will not affect assessments or payments from this fund.

2) Three Additional Appropriation Changes for Possible Proposal to WCAC

a) Appropriation 162 Reduction of \$83,900 Budget Authority and Realignment from DO to WC

Realign Fund 227 SEG continuing appropriation s. 20.445 (1) (rb) numeric 162 from subprogram 70 Division of Operations to subprogram 40 Division of Worker's Compensation, and reduce 162 budget authority from \$93,900 to \$10,000 (total reduction: -\$83,900).

Fund 227 SEG appropriation s. 20.445 (1) (rb) *Worker's compensation operations fund; contracts*, has all budget authority assigned to subprogram 70 (see Table 1). When Fund 227 was established by 2005 WI Act 172 the initial budget was assigned to subprogram 70 which reflected the expenditure charging practice at that time. As shown below in Table 2, the current business practice is to record expenditures in subprogram 40. This change will not affect assessments or payments from this fund.

Table 1. Chapter 20 Budget Authority Levels

Numeric	SubProg	Allot Line	SFY16	SFY17	SFY18	SFY19
162	70	Line 4	\$ 93,900	\$ 93,900	\$ 93,900	\$ 93,900

Table 2. SFY16-SFY19 Actual Expenditures

Numeric	Subprog	Allot Line	SFY16	SFY17	SFY18	SFY19 04/03/19
162	40	Line 4	\$ 4,523	\$ 4,522	\$ 4,536	\$ 6,045

b) Appropriation 169 Create 0.2 SEG FTE with Associated Budget for Salary and Fringe

WC has a 0.8 FTE position (#320673) that has been difficult to staff and has been vacant since 06/14/2018. As such, the division recommends making it a 1.0 FTE position by creating 0.2 FTE in appr. 169. This position is currently classified as a Worker's Compensation Assistant 2 with a minimum hourly rate of \$14.84. To fully fund this position, the increase in budget authority proportional to the 0.2 FTE increase is \$9,000 (\$6,200 salary, \$2,800 fringe). This change will not affect assessments or payments from this fund.

c) Appropriation 169 \$275,000 New Budget Authority

Create \$275,000 budget authority for appr. 169 to restore the supplies and services budget line following the 2017 WI Act 59 creation of 5.0 SEG FTE authorized without new budget authority.

The previous Governor's 2017-19 Executive Budget proposed creating five new 1.0 SEG FTE positions authorized in appr. 169, but did not provide new salary and fringe budget authority to fund those positions. As enacted in 2017 WI Act 59, the budget bill created 5.0 SEG FTE without salary and fringe budget authority for those positions. When LFB did biennial budget file maintenance entries to implement the provision to create 5.0 SEG FTE, the entries deleted \$275,000 in budget authority from appr. 169 supplies and services and transferred it to salary and fringe for a net-zero budget change. While this transfer aligned salary and fringe budgets with FTE levels, it also reduced the supplies and services budget for WC operations. To properly restore WC budget, \$275,000 must be added to appr. 169 supplies and services to offset the transfer that occurred because new budget authority was not included with the creation of 5.0 SEG FTE. This change will not affect assessments or payments from this fund.

3) Two Appropriation Changes Dependent Upon 2019-21 Budget Bill Outcome

If the transfer to DWD of WC adjudicatory functions and the 36.5 FTE are included in the enacted budget, then items a) and b) below can be pursued.

Note: Future opportunities to pursue item b) exist, though having WCAC endorsement could be helpful.

a) Appropriation 169 \$46,300 Full Funding for 36.5 FTE Transferred from DHA

The 2019-21 budget bill does not fully fund the 36.5 FTE transferred from DOA Division of Hearings and Appeals (DHA) to DWD Worker's Compensation Division (WC). If these positions had been at DWD and thus included in DWD's BB17-19 and BB19-21 Adjusted Base and Agency Budget Requests, they would have received standard full funding Ch. 20 budget authority increases as prescribed in the State Budget Office Agency Budget Request Technical Instructions.

DWD estimates that \$46,300 full funding must be added to appr. 169 salary budget authority. This amount is derived from the DIN 3003 standard budget adjustment increases in DOA's Agency Budget Requests for DHA positions that included the FTE transferred from WC.

The \$46,300 estimate is based on the following proportions. DOA's BB17-19 budget request provided an additional \$44,900 in budget authority for full funding of DHA's 83.15 FTE of which 32.0 FTE (38.48%) were transferred from WC. DOA's BB19-21 budget request provided an additional \$69,600 in budget authority for full funding of DHA's now 87.65 FTE of which 36.5 FTE (41.64%) were transferred from WC. This change will not affect assessments or payments from this fund.

b) Appropriation 169 Budget Authority Adjustment

In the DIN 6008 ChangeAuthor 3A B2 entries done for DWD, too much budget authority was moved from the supplies & services line to the salary and fringe lines. The 3A reductions from appr. 169 supplies & services of \$2,400,000 in SFY20 and \$4,800,000 in SFY21 correspond with the amounts described in DOA's Executive Budget for the Department of Administration's Item 7 associated with the Worker's Compensation Appellate Functions transfer, but these Item 7 amounts include salary, fringe, as well as supplies & services. The 3A adjustments for DWD should only move budget authority from the supplies & services line associated with salary and fringe for 36.5 FTE.

Instead of the amounts above, transfer \$1,899,400 in SFY20 and \$3,798,800 in SFY21 from supplies & services to the salary and fringe lines as follows:

Table 3. 169 Budget Authority Adjustment

Line	SFY20	SFY21
Salary	\$1,304,700	\$2,609,400
Fringe	\$594,700	\$1,189,400
Supplies & Services	-\$1,899,400	-\$3,798,800
Net Budget Change	\$0	\$0

If the transfer from DHA to DWD of WC adjudicatory functions is approved, LFB can make file maintenance entries to implement the above adjustment. A WCAC endorsement could be included in a DWD request to LFB for this adjustment. This change will not affect assessments or payments from this fund.