

**CI.00**  
**Subsequent Injury Fund**

***Operating Budget Data***

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(\$ in Thousands)

	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>		<b>% Change</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>	<b><u>Prior Year</u></b>
Special Fund	\$1,558	\$1,708	\$1,746	\$39	2.3%
Reimbursable Fund	<u>0</u>	<u>8</u>	<u>8</u>	<u>0</u>	<u>1.4%</u>
<b>Total Funds</b>	<b>\$1,558</b>	<b>\$1,716</b>	<b>\$1,754</b>	<b>\$39</b>	<b>2.3%</b>

- \$31,999 of the increase is in salaries for the annualization of the fiscal 2002 general salary increase and increments.
- \$8,234 is for increased rent.

***Personnel Data***

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	<b>FY 01</b>	<b>FY 02</b>	<b>FY 03</b>	
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	18.60	18.60	18.60	0.00
Contractual FTEs	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>18.60</b>	<b>18.60</b>	<b>18.60</b>	<b>0.00</b>

***Vacancy Data: Regular Positions***

Budgeted Turnover: FY 03	1.60	8.60%
Positions Vacant as of 12/31/01	2.00	10.75%

Note: Numbers may not sum to total due to rounding.

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***Analysis in Brief***

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**Recommended Actions**

1. Concur with Governor's allowance.

**Updates**

***Fund Status:*** The Subsequent Injury Fund fiscal 2001 closing fund balance was \$32,632,296.

**CI.00**  
**Subsequent Injury Fund**

***Operating Budget Analysis***

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**Program Description**

The Subsequent Injury Fund (SIF) compensates injured workers whose pre-existing injuries, diseases, or congenital conditions are substantially worsened by their current injuries. SIF receives special funds from a legislatively mandated 6.5% assessment on: (1) awards against employers or insurers for permanent disability or death; and (2) amounts payable by employers or insurers under settlement agreements, including those agreements approved by the Workers' Compensation Commission (WCC). The purpose of the fund is to encourage the employment of disabled individuals by limiting an employer's liability should a subsequent occupational injury render an individual permanently disabled or result in death. Employers or their insurers are only liable for damage caused by current injuries. SIF is then liable for damage from the combined effects of any injuries and conditions.

**Adjustments to Current Budget**

SIF is a small special fund agency with 18.6 employees. There were no cost containment reductions taken in salaries in the fiscal 2002 budget. However, there were reductions of \$7,000 taken in operating expenses.

**Governor's Proposed Budget**

The fiscal 2003 allowance for SIF indicates a \$38,648 increase, or 2.3%, as indicated in **Exhibit 1**. The significant increases are the annualization of the fiscal 2002 general salary increase, salary increments, and rent.

**Fiscal Unit**

Since July 1, 1998, the fiscal unit has provided services to both SIF and the Uninsured Employers' Fund (UEF). This includes the processing of cash receipts, maintenance of accounts receivable records, processing of claim payments, and other disbursements. One fiscal clerk on the UEF payroll works full time out of the SIF office. The allowance includes \$8,000 in reimbursable funds from UEF as a contribution for the fiscal unit expenses. WCC maintains the workers' compensation case files. SIF and UEF have on-line access to those files, and SIF pays WCC \$43,860 in fiscal 2003 for the service.

CI.00 - Subsequent Injury Fund

Exhibit 1

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**Governor's Proposed Budget  
Subsequent Injury Fund  
(\$ in Thousands)**

<b>How Much It Grows:</b>	<b>Special Fund</b>	<b>Reimbursable Fund</b>	<b>Total</b>
2002 Working Appropriation	\$1,708	\$8	\$1,716
2003 Governor's Allowance	1,746	8	1,754
Amount Change	\$39	\$0	\$39
Percent Change	2.3%	1.4%	2.3%

**Where It Goes:**

**Personnel Expenses**

Fiscal 2003 increments . . . . .	\$12
Annualize fiscal 2002 general salary increase . . . . .	20
<b>Subtotal</b>	<b>\$32</b>

**Other Changes**

Legal and medical services . . . . .	(12)
Rent . . . . .	8
Other expenses . . . . .	10
<b>Total</b>	<b>\$39</b>

Note: Numbers may not sum to total due to rounding.

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*CI.00 - Subsequent Injury Fund*

**Performance Analysis: Managing for Results**

The mission of SIF is to encourage the employment of disabled workers by assuming the financial responsibility for the combined effects of a pre-existing disability and an accidental injury. The goal is to provide timely payment to disabled workers injured on the job and to maintain integrity of the fund. The average time to process a claim for payment is three days. As shown in **Exhibit 2**, the current 6.5% assessment on carriers is sufficient to cover benefit payments and operating expenses of the agency.

**Exhibit 2**

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**Program Measurement Data  
Subsequent Injury Fund  
Fiscal 1999 through 2003**

	<u>Actual 1999</u>	<u>Actual 2000</u>	<u>Est. 2001</u>	<u>Actual 2001</u>	<u>Est. 2002</u>	<u>Est. 2003</u>	<u>Ann. Chg. 99-01</u>	<u>Ann. Chg. 01-03</u>
Cases set before WCC for administrative hearing	1,952	1,958	1,950	1,852	1,900	1,900	-2.6%	1.3%
Court cases	502	400	520	447	325	400	-5.6%	-5.4%
Court or WCC hearings attended	663	1,108	1,100	898	1,000	1,000	16.4%	5.5%
New cases opened	798	816	800	819	900	900	1.3%	4.8%
Cases reopened	126	117	120	107	120	120	-7.8%	5.9%
Cases resolved	1,237	737	1,000	1,095	1,100	1,100	-5.9%	0.2%
Benefit payments	21,882	21,752	21,900	21,601	21,800	21,900	-0.6%	0.7%
Benefits paid (\$ in thousands)	\$11,740	\$11,320	\$11,450	\$13,358	\$13,500	\$13,750	6.7%	1.5%
Assessments collected from carriers (\$ in thousands)	\$14,914	\$16,556	\$16,600	\$17,314	\$18,000	\$18,300	7.7%	2.8%

Source: Subsequent Injury Fund

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*CI.00 - Subsequent Injury Fund*

***Recommended Actions***

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1. Concur with Governor's allowance.

## *CI.00 - Subsequent Injury Fund*

### *Updates*

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#### **1. Fund Status**

Currently, fund obligations are funded on a pay-as-you-go basis. Future claims will have to be paid from future assessments collected from employers and insurance companies. The fund collected \$17,313,778 in fiscal 2001 and paid out \$13,357,730 in claims. Administrative expenses were \$1,557,730 in fiscal 2001. Special fund revenue from the 6.5% assessment on all workers' compensation disability, death awards, or settlements is the sole source of funds to pay claims and administrative expenses. SIF had a fund balance of \$32,632,296.

The current statute imposing the 6.5% assessment sunsets on June 30, 2003.

***Current and Prior Year Budgets***

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**Current and Prior Year Budgets  
Subsequent Injury Fund  
(\$ in Thousands)**

	<b><u>General Fund</u></b>	<b><u>Special Fund</u></b>	<b><u>Federal Fund</u></b>	<b><u>Reimb. Fund</u></b>	<b><u>Total</u></b>
<b>Fiscal 2001</b>					
Legislative Appropriation	\$0	\$1,535	\$0	\$8	\$1,543
Deficiency Appropriation	0	0	0	0	0
Budget Amendments	0	45	0	0	45
Reversions and Cancellations	0	(22)	0	0	(22)
<b>Actual Expenditures</b>	<b>\$0</b>	<b>\$1,558</b>	<b>\$0</b>	<b>\$8</b>	<b>\$1,565</b>
<b>Fiscal 2002</b>					
Legislative Appropriation	\$0	\$1,715	\$0	\$8	\$1,723
Budget Amendments	0	(7)	0	0	(7)
<b>Working Appropriation</b>	<b>\$0</b>	<b>\$1,708</b>	<b>\$0</b>	<b>\$8</b>	<b>\$1,716</b>

Note: Numbers may not sum to total due to rounding.

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A reduction of \$7,000 in special funds in fiscal 2002 reflects the 1.5% cost containment savings in operating expenses.

**CI.00 - Subsequent Injury Fund**

Appendix 2

**Object/Fund Difference Report  
Subsequent Injury Fund**

<u>Object/Fund</u>	<u>FY02</u>		<u>FY03</u> <u>Allowance</u>	<u>FY02 - FY03</u> <u>Amount Change</u>	<u>Percent</u> <u>Change</u>
	<u>FY01</u> <u>Actual</u>	<u>Working</u> <u>Appropriation</u>			
<b>Positions</b>					
01 Regular	18.60	18.60	18.60	0	0%
<b>Total Positions</b>	<b>18.60</b>	<b>18.60</b>	<b>18.60</b>	<b>0</b>	<b>0%</b>
<b>Objects</b>					
01 Salaries and Wages	\$ 1,101,303	\$ 1,161,126	\$ 1,193,125	\$ 31,999	2.8%
02 Technical & Spec Fees	254,430	377,273	365,500	(11,773)	(3.1%)
03 Communication	30,019	21,000	23,054	2,054	9.8%
04 Travel	29,199	27,500	30,000	2,500	9.1%
08 Contractual Services	8,800	6,628	7,473	845	12.7%
09 Supplies & Materials	15,811	12,500	16,000	3,500	28.0%
10 Equipment -- Replacement	5,504	0	957	957	N/A
11 Equipment -- Additional	614	0	0	0	0.0%
12 Grants, Subsidies, Contr	55,000	55,860	55,860	0	0%
13 Fixed Charges	57,050	53,802	62,368	8,566	15.9%
<b>Total Objects</b>	<b>\$ 1,557,730</b>	<b>\$ 1,715,689</b>	<b>\$ 1,754,337</b>	<b>\$ 38,648</b>	<b>2.3%</b>
<b>Funds</b>					
03 Special Fund	\$ 1,557,730	\$ 1,707,800	\$ 1,746,337	\$ 38,537	2.3%
09 Reimbursable Fund	0	7,889	8,000	111	1.4%
<b>Total Funds</b>	<b>\$ 1,557,730</b>	<b>\$ 1,715,689</b>	<b>\$ 1,754,337</b>	<b>\$ 38,648</b>	<b>2.3%</b>

Note: Full-time and contractual positions and salaries are reflected for operating budget programs only.

*CI.00 - Subsequent Injury Fund*

Appendix 3

**Fiscal Summary  
Subsequent Injury Fund**

<u>Unit/Program</u>	<u>FY01 Actual</u>	<u>FY02 Legislative Appropriation</u>	<u>FY02 Working Appropriation</u>	<u>FY01 - FY02 % Change</u>	<u>FY03 Allowance</u>	<u>FY02 - FY03 % Change</u>
01 General Administration	\$ 1,557,730	\$ 1,722,689	\$ 1,715,689	10.1%	\$ 1,754,337	2.3%
<b>Total Expenditures</b>	<b>\$ 1,557,730</b>	<b>\$ 1,722,689</b>	<b>\$ 1,715,689</b>	<b>10.1%</b>	<b>\$ 1,754,337</b>	<b>2.3%</b>
Special Fund	\$ 1,557,730	\$ 1,714,800	\$ 1,707,800	9.6%	\$ 1,746,337	2.3%
<b>Total Appropriations</b>	<b>\$ 1,557,730</b>	<b>\$ 1,714,800</b>	<b>\$ 1,707,800</b>	<b>9.6%</b>	<b>\$ 1,746,337</b>	<b>2.3%</b>
Reimbursable Fund	\$ 0	\$ 7,889	\$ 7,889	N/A	\$ 8,000	1.4%
<b>Total Funds</b>	<b>\$ 1,557,730</b>	<b>\$ 1,722,689</b>	<b>\$ 1,715,689</b>	<b>10.1%</b>	<b>\$ 1,754,337</b>	<b>2.3%</b>