G99G00

Injured Workers' Insurance Fund

Operating Budget Data

($ in Thousands)

	CY 09 Budget	CY 10 Budget	CY 11 Budget	CY 10-11 Change	% Change Prior Year
Nonbudgeted Fund	$43,795	$42,868	$45,798	$2,930	6.83%
Total Funds	**$43,795**	**$42,868**	**$45,798**	**$2,930**	**6.83%**

- The Injured Workers' Insurance Fund's (IWIF) projected calendar 2011 budget increases by $2.9 million, or 6.8%, in nonbudgeted funds.

Personnel

	CY 09 Budget	CY 10 Budget	CY 11 Budget	CY 10-11 Change	% Change Prior Year
Regular Positions	383	380	387	7	1.84%
Total Personnel	**383**	**380**	**387**	**7**	**1.84%**

- A net of 7 positions will be added to the calendar 2011 budget, as 3 positions are abolished and 10 trainee positions are created as part of a succession planning initiative.

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

For further information contact: Dylan R. Baker Phone: (410) 946-5530

Analysis in Brief

Major Trends

Productivity Measures: Productivity figures reflect the continued contraction of the workers' compensation industry in a recessionary economy.

Financial Indicators: IWIF earns positive net income for the second straight year by managing expenses and from capital gains.

Issues

State IWIF Contract and Third-party Administration Fees: In spite of processing claims of nearly identical dollar value for the State in fiscal 2010 as in fiscal 2009, the charge to Maryland for this nonprofit administration service increases by $1.8 million in the allowance. **The Department of Legislative Services (DLS) recommends that IWIF comment on the administrative charge increase. Also, utilizing the forthcoming Maryland Insurance Administration report, the Department of Budget and Management and the State Treasurer's Office should develop a redesigned formula by which the State is charged for this service before any competitive procurement is issued to ensure that the State's solicitation yields the lowest possible cost for its claims administration.**

Budget Transfer Related to End of Premium Tax Exemption and IWIF Personnel Status Change: IWIF estimates value of tax applicable in fiscal 2012 to be $1.8 million, while budget assumes $6.0 million transfer to the general fund. The balance in play may serve to account for granting IWIF complete personnel independence. **DLS recommends that an amendment to the Budget Reconciliation and Financing Act of 2011 be adopted that explicitly defines any difference between the $6.0 million transfer and the actual premium tax payment made in fiscal 2012 as a business transaction that offsets past State personnel cost exposure for IWIF in conjunction with legislation that proposes to amend Section 10-113 of the Labor and Employment Article to remove all IWIF employees from the State Personnel Management System.**

Recommended Actions

1. Nonbudgeted.

Updates

IWIF-maintained Bank Accounts and Long-term Liability Funded Status: Due to multiple transfers out of the account that holds monies for the prefunding of the State's long-term workers' compensation liability that were used to help balance past budgets, the outstanding liability now has a funded status of 1.7%.

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Injured Workers' Insurance Fund

Operating Budget Analysis

Program Description

The Injured Workers' Insurance Fund (IWIF) is a nonbudgeted, independent entity. IWIF is governed by a board of nine directors (appointed by the Governor to five-year terms), which approves the operating and capital budgets. By law, IWIF's calendar 2011 budget is submitted to the General Assembly for informational purposes only. The primary purpose of IWIF is to serve as a competitive insurer in the marketplace and guarantee the availability of workers' compensation coverage in the State. Financing for IWIF is derived solely from premium and investment income.

The primary goals of IWIF include:

- financial stability;
- focus on underwriting performance through effective application of sound principles and practices;
- skill and expertise acquisition development and management;
- investments in technology and operations, which meet our return-on-investment benchmarks to drive strategies; and
- focus on medical cost controls and tail reduction.

Performance Analysis: Managing for Results

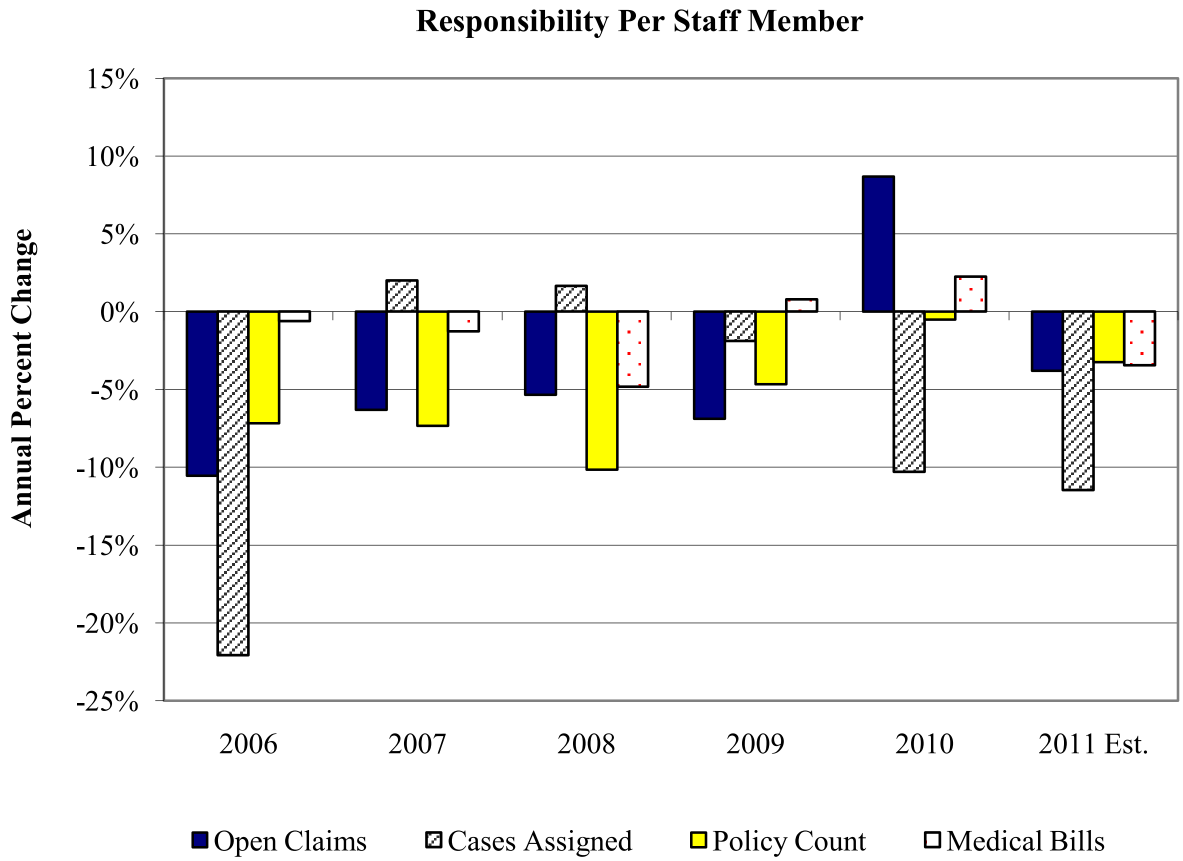
As an independent self-supporting entity, IWIF does not participate in the Managing for Results program. However, it tracks its performance through productivity and financial indicators that have been provided to the Department of Legislative Services (DLS).

Productivity Indicators

IWIF has experienced declining business volumes and market share in each consecutive year since calendar 2005. The property and casualty industry has also seen four consecutive years of decline in premiums written. IWIF was also impacted by the economic recession. Competition across the industry further reduced IWIF's share of the market, leading its policy totals to fall as well. While IWIF is still the leading writer of workers' compensation insurance in Maryland, its share of the market has fallen from 32.9% in 2005 to 22.7% in 2009.

These declines in workload are reflected in the per employee responsibilities shown in **Exhibit 1**. From 2006 to 2009, each of the fund's employees had been responsible for fewer open claims, policies, and medical bills, with case assignments stabilizing after a large initial drop off. These declines prompted IWIF to reduce its workforce by 21 employees over 2008 and 2009. In 2010, a further reduction of 3 staff members led to an uptick in open claims per employee. For calendar 2011, a new human resources initiative to involve trainees in its operations had yet to completely assign work responsibilities. The new members should be fully incorporated in 2011, when estimated productivity figures again reflect the reduced size of IWIF's policy writing operation.

Exhibit 1
Injured Workers' Insurance Fund Productivity Measures
Calendar 2006-2011



Source: Injured Workers' Insurance Fund

Financial Indicators

From calendar 2009 to 2010, IWIF posted its second consecutive year of positive net income in excess of $12.0 million, following a calendar 2008 loss of $1.8 million. As **Exhibit 2** indicates, IWIF significantly reduced operating expenses during the period, decreasing spending from $39.0 million in 2009 to $36.6 million in 2010, a decline of 6.2%. Such actions were necessary as net premiums earned, IWIF's principal operational source of cash flows, fell by nearly 7.5% over the same interval.

Exhibit 2
Injured Workers' Insurance Fund Status
Calendar 2007-2010
($ in Thousands)

	GAAP*		STAT**			
	2007	**2008**	**2009**	**2010**	**Change 2009-2010**	**% Change 2009-2010**
Balance Sheet Data						
Assets						
Total investments	$1,356,948	$1,363,297	$1,318,538	$1,249,885	-$68,653	-5.2%
Cash and equivalents	186,875	188,164	286,978	379,982	93,004	32.4%
Subtotal Cash and Investments	**$1,543,823**	**$1,551,461**	**$1,605,516**	**$1,629,867**	**$24,351**	**1.5%**
Other assets	94,632	68,389	77,544	79,013	1,469	1.9%
Total Assets	**$1,638,455**	**$1,619,850**	**$1,683,060**	**$1,708,880**	**$25,820**	**1.5%**
Liabilities						
Accrual unpaid claims and related expense	$1,263,749	$1,286,820	$1,298,070	$1,307,070	$9,000	0.7%
Other liabilities	91,682	68,572	97,440	94,829	-2,611	-2.7%
Total Liabilities	**$1,355,431**	**$1,355,392**	**$1,395,510**	**$1,401,899**	**$6,389**	**0.5%**
Total fund equity	283,024	264,458	287,550	306,981	19,431	6.8%
Total Liabilities and Fund Equity	**$1,638,455**	**$1,619,850**	**$1,683,060**	**$1,708,880**	**$25,820**	**1.5%**
Income Statement Data						
Income						
Net premiums earned	$290,824	$244,315	$182,625	$168,859	-$13,766	-7.5%
Other income	614	611	869	753	-116	-13.3%
Investment income and gains	83,843	37,260	70,336	65,145	-5,191	-7.4%
Total Income	**$375,281**	**$282,186**	**$253,830**	**$234,757**	**-$19,073**	**-7.5%**
Net claim expenses	256,118	216,677	202,752	186,172	-16,580	-8.2%
Net operating expenses	71,970	67,287	38,992	36,568	-2,424	-6.2%
Total Expenses	**$328,088**	**$283,964**	**$241,744**	**$222,740**	**-$19,004**	**-7.9%**
Income/Loss	**$47,193**	**-$1,778**	**$12,086**	**$12,017**	**-$69**	**-0.6%**

*Calendar 2007 and 2008 are based on GAAP (generally accepted accounting principles)
**Calendar 2009 and 2010 are based on STAT (statutory accounting principles) accounting.

Source: Injured Workers' Insurance Fund

The State's share of these costs is based on the percentage of total claims paid on behalf of State employees, which is recalculated each month. Some expenditures, such as the cost of marketing, are removed before the calculation is made. In the closeout for fiscal 2010, the percentage of IWIF's total general and administrative expenditures paid by the State was 24.81%, which is up from 23.41% in fiscal 2009. The calculation of this factor is shown for fiscal 2009 to 2011 in **Appendix 2**. A reduction of non-State claim activity causes the percentage of total expenses paid by the State to increase, as its claims represent a larger share of the overall IWIF business portfolio. This is the case for the current fiscal year and will be discussed in the Issues section.

Fiscal 2011 Actions

Impact of Cost Containment

Although a nonbudgeted agency, IWIF is participating in the fiscal 2011 furlough and service reduction day programs because of the executive order. All regular and contractual employees were affected. Based on current payroll, a reduction of expenses totaling $703,000 is projected for fiscal 2011 that will close to policyholder surplus.

Proposed Budget

The IWIF budget for calendar 2011 is shown in **Exhibit 3**. IWIF's budget increases $2.9 million between calendar 2010 expenditures and those budgeted for calendar 2011. The largest increase is for cost-of-living and merit increases of $1.1 million to the budget. Additional personnel items increase programmed expenditures, chief among them the $750,000 associated with 10 new trainee positions and $615,000 to fund increases in employee retirement contributions, although IWIF's health insurance expenditures should decrease by $280,000. Among operating expenses, the largest adjustment is a $280,000 increase in audit fees, while services fee declines in legal and reproduction management functions nearly offset this growth.

Exhibit 3
Proposed Budget
Injured Workers' Insurance Fund
($ in Thousands)

How Much It Grows:	Nonbudgeted Fund	Total
Calendar 2010 Budget	$42,868	$42,868
Calendar 2011 Budget	45,798	45,798
Amount Change	2,930	2,930
Percent Change	6.83%	6.83%

Where It Goes:	
Personnel Expenses	
Employee cost-of-living and merit increase	$1,100
Addition of 10 new trainee positions	750
Employee retirement contributions	615
Temporary and contractual employees	375
Employee and retiree health insurance	-280
Other Changes	
Audit fees	280
Consulting	67
Director's fees	60
Training	63
Employee Relations	59
Books and subscriptions	52
Actuarial reserve funding	-50
Insurance payments	-54
Policy audits	-60
Reproductive facility management	-65
Legal fees	-75
Other	93
Total	**$2,930**

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

Issues

1. State IWIF Contract and Third-party Administration Fees

Due to its historic links to the State, IWIF acts as the third-party administrator of the State's self-funded workers' compensation claims. This relationship is nominally a nonprofit one, as the State is charged via a formula that determines the percentage of IWIF's total claims represented by those administered on the State's behalf. Expenditures not related to securing the State's business, such as the cost of marketing, are removed before the calculation is made. Administratively, the claims paid by IWIF in a given fiscal year form the basis for prefunding charges two years later, so actual fiscal 2010 claims experience determines the State's assessments for fiscal 2012.

Same Payments, Higher Price

A reduction of non-State claim activity causes the percentage of total expenses paid by the State to increase, as its claims represent a larger share of the overall IWIF business portfolio. In fiscal 2012, this is proving to be the case to a significant degree. As illustrated in **Exhibit 4**, the amount of claims paid for the State is roughly $53.0 million for the periods corresponding to payments due in fiscal 2011 and 2012. Yet, for the same amount of service, the administrative charge to the State is $1.8 million more for fiscal 2012 than it had been for fiscal 2011.

Exhibit 4
State Workers' Compensation Claims and Charges
Fiscal 2010-2012

	2010		2011		2012	
	$ Expended	$ Change	$ Expended	$ Change	$ Expended	$ Change
Net Claims Paid	$57,275,036	$10,505,882	$52,773,902	-$4,501,134	$53,060,072	$286,170
Net Operating Expenses Charged	10,330,806	240,797	9,722,025	608,781	11,538,435	1,816,410
State Risk Management Office (SERMA)	628,091	44,986	0	-628,091	0	0
Unfunded Liability	0	-5,000,000	0	0	0	0
Cash Cushion	0	-2,011,074	0	0	0	0
Budget Bill Reduction	**0**	**0**	-5,500,000	-5,500,000	**0**	5,500,000
Final Assessment	**$68,233,933**	**$3,780,591**	**$56,995,927**	**-$11,238,006**	**$64,598,507**	**$7,602,580**

Note: Section 21 of the fiscal 2011 budget bill reduced $5 million, and Section 23 reduced $500,000 from the total assessment.

Source: Injured Workers' Insurance Fund

This situation has been in place throughout the duration of IWIF's role as the State's third-party claims administrator. As the circumstances change, the payments generated by the formula guiding the administrative charge can favor IWIF or the State, depending on the relative role of the State's business within the larger portfolio. At present, the arrangement is particularly valuable to IWIF as it provides the organization with cash flows when it needs them most, that is, when its other sources of revenue are dwindling. The reverse has been partially true in the past since growth in IWIF's other business units should reduce the percentage of costs represented by the State, and thus lower the cost of its claims administration. However, in this case, IWIF typically reduces premiums for its private policyholders, lowering the value of its entire pool of business, so the savings to the State are not nearly as pronounced as the increases. The appropriateness of the formula that allows for this support mechanism is of increased interest in light of recent audit-based calls for the State's claim administration contract to be competitively bid, which has never previously occurred.

Issue for Contract Review

Moreover, in response to several contractual issues brought forward by the Office of Legislative Audits, the Maryland Insurance Administration (MIA) is nearing a completion of a targeted review of the current memorandum of understanding that governs the relationship between IWIF and the State. Several key factors, such as the reasonableness of the cost allocation method, are under examination. In spite of numerous requests, MIA was unwilling to share the report with DLS in time for the writing of this analysis due to the fact that the report was still in draft form. IWIF advises that the MIA report details the various benefits the State and IWIF mutually receive from the current arrangement. DLS does not dispute the fact that additional costs and benefits to the current relationship exist and is focusing exclusively on the equity of the expensing formula in this issue.

Other issues to be reported on include IWIF's efforts to contain costs for the State and the quasi-governmental insurer's impact of the larger workers' compensation industry in Maryland. This report should serve as the point of departure for a redesign of the formula used to charge the State for claims administration services, regardless of whether or not a competitive procurement is recommended.

DLS recommends that IWIF comment on the administrative charge increase. Also, utilizing the forthcoming MIA report, the Department of Budget and Management (DBM) and the State Treasurer's Office should develop a redesigned formula by which the State is charged for this service before any competitive procurement is issued to ensure that the State's solicitation yields the lowest possible cost for its claims administration.

2. Budget Transfer Related to End of Premium Tax Exemption and IWIF Personnel Status Change

IWIF's status as a quasi-governmental entity has historically made its activities as a workers' compensation insurer exempt from the 2% tax paid on premiums written by similar private entities. The role of IWIF as an insurer of last resort, *i.e.*, the insurer that will provide coverage to the most risky of businesses to help ensure that no worker in Maryland goes uncovered in case of injury, adds exposure risk to the agency not incurred by its private counterparts. MIA studied the role of IWIF in the insurance market in a report undertaken pursuant to Chapter 612 of the 2008 session. Among the report's findings was MIA's conclusion that IWIF be required to pay the premium tax while continuing its dual role as a competitive insurer and the insurer of last resort. Consequently, the Budget Reconciliation and Financing Act (BRFA) of 2011 (HB 72/SB 87) proposes to end this exemption, and the Governor's budget plan assumes a $6.0 million revenue in fiscal 2012 to the general fund of the newly assessed taxes.

Amount of Transfer Overstates Projected Tax Receipt

The tax is 2% of an insurer's direct written premium, net of policyholder dividends and other statutory deductions. However, given IWIF's recent net premium levels which, as shown in Exhibit 2, totaled $168.9 million in 2010, the 2% premium tax would currently only yield $3.4 million in a single year. Moreover, given the timing of the BRFA of 2011's implementation, which would be for the period after its June 1, 2011 effective date, the taxable premium amount would be approximately $93.0 million, thus generating a tax payment in March 2012 of $1.86 million. This amount is well short of the $6.0 million figure assumed by the Governor. Notwithstanding the total amount, the tax would be passed through to IWIF's policyholders, *e.g.,* businesses and governmental entities operating in Maryland that require workers' compensation insurance. The Administration has two options, either reduce the fiscal 2012 general fund balance by the $4.2 million differential between the project premium tax receipts and the proposed transfer, or find an alternative source for the funds. While IWIF believes the pre-payment of future premium taxes could be such an alternative source, DLS has an alternative proposal.

Appropriateness of IWIF Merit Increases

If other considerations are included in the intended transfer, they have not been made explicit in the BRFA of 2011, or elsewhere. To this point, however, IWIF is proposing legislation (HB 598/SB 693) that would remove its employees from the State Personnel Management System (SPMS). This change would effectively exempt IWIF from compliance with statewide personnel actions, such as furloughs and prohibitions on bonus payments. IWIF has benefited from its membership in the SPMS through various arrangements not open to its private competitors. These include but are not limited to the ability of its employees to form part of the State's pension system, which avails them of a pre-established administrative apparatus and investment professionals, and IWIF's status as a satellite agency of the State's employee/retiree health plans, which in addition to the administrative work undertaken by DBM provides a negotiated premium that is well below the cost IWIF would encounter as an individual business concern due to the volume associated with the State's overall health offerings.

More pertinent to the current budgetary process, it would exclude IWIF personnel from Section 36 of Chapter 484 of 2010 and its fiscal 2012 counterpart, Section 21 of the BRFA of 2011. Together, these sections prohibit merit increases for all State employees from July 2010 through April 2014, including those at nonbudgeted agencies like IWIF. As discussed in the proposed budget section, IWIF's calendar 2011 budget includes $1.1 million worth of employee cost-of-living and merit increases. Since the restriction on merit increases applies to IWIF's employees, such payments should not be permitted, in the absence of their removal from the SPMS. **DLS recommends that an amendment to the BRFA of 2011 be adopted that explicitly defines any difference between the $6.0 million transfer and the actual premium tax payment made in fiscal 2012 as a business transaction that offsets past State personnel cost exposure for IWIF in conjunction with legislation that proposes to amend Section 10-113 of the Labor and Employment Article to remove all IWIF employees from the SPMS.**

In light of the DLS recommendation, the budget committees essentially have four options with respect to the IWIF premium tax in the BRFA:

- reject the application of the premium tax to IWIF, recognizing that the Administration's budget plan assumes a $6.0 million general fund revenue based on IWIF transfers, which will be lost for fiscal 2012 and all years going forward;

- concur with the Administration proposal to levy the premium tax on IWIF but modify the amount to $1.86 million in general fund revenue based on expected attainment, thus removing $4.2 million from the expected fiscal 2012 general fund balance;

- concur with the Administration proposal to levy the premium tax on IWIF and specify that the $6.0 million general fund transfer constitutes the fiscal 2012 amount, with the balance representing a prepayment against the tax's future attainment; and

- transfer the full $6.0 million in the Administration proposal based on a combination of the expected attainment and the recommendation by DLS to recognize personnel cost benefits realized by IWIF from its longstanding participation in the SPMS.

Recommended Actions

1. Nonbudgeted.

Updates

1. IWIF-maintained Bank Accounts and Long-term Liability Funded Status

Traditionally, the aggregated assessment collected from State departments each year through the budget is placed into two bank accounts entrusted to IWIF: one for the operating expenses related to annual claims; and another to pre-fund the long-term liability associated with outstanding claims. DBM deposits the entire appropriation for these two purposes into the appropriate account at the beginning of the fiscal year. IWIF, in turn, pays the State claims it receives on a monthly basis and then draws a reimbursement for the claims it has paid from the balance in the operating account. It sends a record of these transactions to DBM and DLS. The figures as they relate to the current account maintained by IWIF are encapsulated in **Exhibit 5**.

Exhibit 5
Injured Workers' Insurance Fund Claims Operating Account
Fiscal 2008 to 2010

	2008	2009	2010
Balance at June 30 Begin Year	**$12,414,484**	**$9,158,875**	**$5,661,554**
Source			
Account Funding	$62,926,351	$59,453,342	$67,605,843
Interest Income (Before Bank Fees)	1,608,083	424,183	40,133
Total Source	**$64,534,434**	**$59,877,525**	**$67,645,976**
Use			
Claims Paid (Net of Reimbursements)	$56,377,686	$52,578,544	$52,207,701
Reinsurance	986,446	1,117,920	1,213,260
Claim Cost Allocation	10,847,023	9,674,050	9,886,706
Bank Fees	5,000	5,000	5,000
Total Use	**$68,216,155**	**$63,375,515**	**$63,312,667**
Reconciliation			
June Activity Cash Transfer in Transit	$5,487,629	$5,488,297	$4,845,802
June Cash Transfer	-5,008,768	-5,487,629	-5,488,297
Other – Credit from Cost Reconciliation	-52,749	0	0
Bank Balance at June 30 End Year	**$9,158,875**	**5,661,554**	**$9,352,369**
Reconciling Items			
June Activity Cash Transfer in Transit	-5,487,629	-5,488,297	-4,845,802
State of Maryland, June 30 Book Balance	**$3,671,246**	**$173,257**	**$4,506,566**

Source: Injured Workers' Insurance Fund

Long-term Liability

Exhibit 6 shows the most recent accounting of the dedicated account for pre-funding the State's long-term workers' compensation liability. As was the case in fiscal 2010 and fiscal 2011, the fiscal 2012 allowance contains no funding to pay down the liability. Transfers out of this account were utilized in the 2009 and 2010 sessions to provide $34.0 million to the State general fund. As a result, as of November 30, 2010, the account contained just over $4.8 million.

Exhibit 6
Injured Workers' Insurance Fund
Long-term Liability Account and Funded Status
Fiscal 2008-2011

Bank Balance at June 30, 2008	**$33,396,132**	
Fiscal 2009 Transactions		
Account Funding	$5,000,000	
Interest Income	395,822	
Bank Balance at June 30, 2009	**$38,791,954**	
Fiscal 2010 Transactions		
Account Funding	$0	
Interest Income	19,885	
Less Transfer Realized in July 2009	-28,000,000	
Less Transfer Realized in June 2010	-6,000,000	
Bank Balance at June 30, 2010	**$4,811,839**	
Fiscal 2011 Transactions		
Account Funding	$0	
Interest Income	2,024	
Bank Balance at November 30, 2010	**$4,813,863**	
Long-term Liability		**Funded Status**
As of June 2008	**$270,106,000**	12.4%
As of June 2009	**$275,007,000**	14.1%
As of June 2010	**$282,217,000**	1.7%

Source: Injured Workers' Insurance Fund, Deloitte Consulting

Given the depleted balance and historically low interest rates, the amount of interest income earned by the funds held in trust has fallen from over $1.2 million in fiscal 2008 to just $2,024 during the first five months of fiscal 2011. Yet, the liability for which these funds are intended to pay was estimated by Deloitte Consulting to be $282.2 million at the end of fiscal 2010, an increase of $7.2 million from fiscal 2009's actuarial calculation. Consequently, the funded status of the liability fell from the 14.1% posted at the end of fiscal 2009 to the current level of 1.7% funded.

Object/Fund Difference Report
Injured Workers' Insurance Fund
Calendar 2007-2011
($ in Thousands)

	CY 2007 Actual	CY 2008 Actual	CY 2009 Annual	CY 2010 Actual	CY 2011 Budget	CY 10-11 Change	CY 10-11 % Change
Positions							
Regular Positions	404.0	404.0	383.0	380.0	387.0	7.0	1.8%
Objects							
Salaries and Fringe Benefits	$34,265.0	$35,835	$34,580	$33,723	$36,416	$2,693	8.0%
Travel	300.0	295.0	350.0	295.0	280.0	-15.0	-5.1%
Training	295.0	275.0	355.0	380.0	451.0	71.0	18.7%
Facility Costs	920.0	900.0	870.0	897.0	948.0	51.0	5.7%
Postage Costs	735.0	700.0	670.0	687.0	705.0	18.0	2.6%
Telecommunications	405.0	390.0	415.0	391.0	433.0	42.0	10.7%
Advertising/Promotion	1,090.0	1,090.0	1,080.0	1,075.0	1,104.0	29.0	2.7%
Staff Costs	205.0	200.0	235.0	243.0	302.0	59.0	24.3%
Printing	150.0	160.0	170.0	161.0	142.0	-19.0	-11.8%
Contractual Services	820.0	800.0	890.0	662.0	446.0	-216.0	-32.6%
Consulting Services	900.0	900.0	795.0	783.0	1,079.0	296.0	37.8%
Legal Expenses	200.0	425.0	430.0	485.0	435.0	-50.0	-10.3%
Automobile Expense	160.0	160.0	210.0	218.0	229.0	11.0	5.0%
Supplies	695.0	625.0	630.0	667.0	713.0	46.0	6.9%
Computer Maintenance	295.0	260.0	260.0	233.0	211.0	-22.0	-9.4%
Other Operating Costs	1,435.0	1,655.0	1,855.0	1,968.0	1,904.0	-64.0	-3.3%
Total General &Administrative Objects	**$42,870.0**	**$44,670.0**	**$43,795.0**	**$42,868.0**	**$45,798.0**	**$2,930.0**	**6.8%**
Capital Budget	**$2,400.0**	**$2,977.0**	**$3,568.0**	**$3,774.0**	**$3,889.0**	**$115.0**	**3.0%**
Total	**$45,270.0**	**$47,647.0**	**$47,363.0**	**$46,642.0**	**$49,687.0**	**$3,045.0**	**6.5%**
Funds							
Nonbudgeted Funds	$45,270.0	$47,647.0	$47,363.0	$46,642.0	$49,687.0	$3,045.0	6.5%

Source: Injured Workers' Insurance Fund

Appendix 1

Appendix 2

Injured Workers' Insurance Fund Claims Paid and State Share
Fiscal 2009-2011

2011 Est.

	Regular	Beth. Steel	State	Total
Gross Paid Losses	$153,500,000	$1,910,000	$50,102,000	$205,512,000
Assumed Claims	5,000,000			5,000,000
Reimbursements	-3,000,000	-10,000	-1,800,000	-4,810,000
Reinsurance Recoveries	-500,000		-502,000	-1,002,000
Net Paid Losses	**$155,000,000**	**$1,900,000**	**$47,800,000**	**$204,700,000**
Percentage of Total	**75.72%**	**0.93%**	**23.35%**	

2010

	Regular	Beth. Steel	State	Total
Gross Paid Losses	$153,968,238	$2,043,456	$54,117,303	$210,128,998
Assumed Claims	6,875,747	0	0	6,875,747
Reimbursements	-4,108,379	-15,810	-1,101,682	-5,225,871
Reinsurance Recoveries	-538,845	0	-807,920	-1,346,766
Net Paid Losses	**$156,196,761**	**$2,027,647**	**$52,207,701**	**$210,432,108**
Percentage of Total	**74.23%**	**0.96%**	**24.81%**	

2009

	Regular	Beth. Steel	State	Total
Gross Paid Losses	$169,460,053	$2,129,829	$54,209,750	$225,799,632
Assumed Claims	4,946,011	0	0	4,946,011
Reimbursements	-3,998,569	-22,820	-1,405,375	-5,426,764
Reinsurance Recoveries	-533,689	0	-225,831	-759,520
Net Paid Losses	**$169,873,806**	**$2,107,009**	**$52,578,544**	**$224,559,359**
Percentage of Total	**75.65%**	**0.94%**	**23.41%**	

Source: Injured Workers' Insurance Fund