

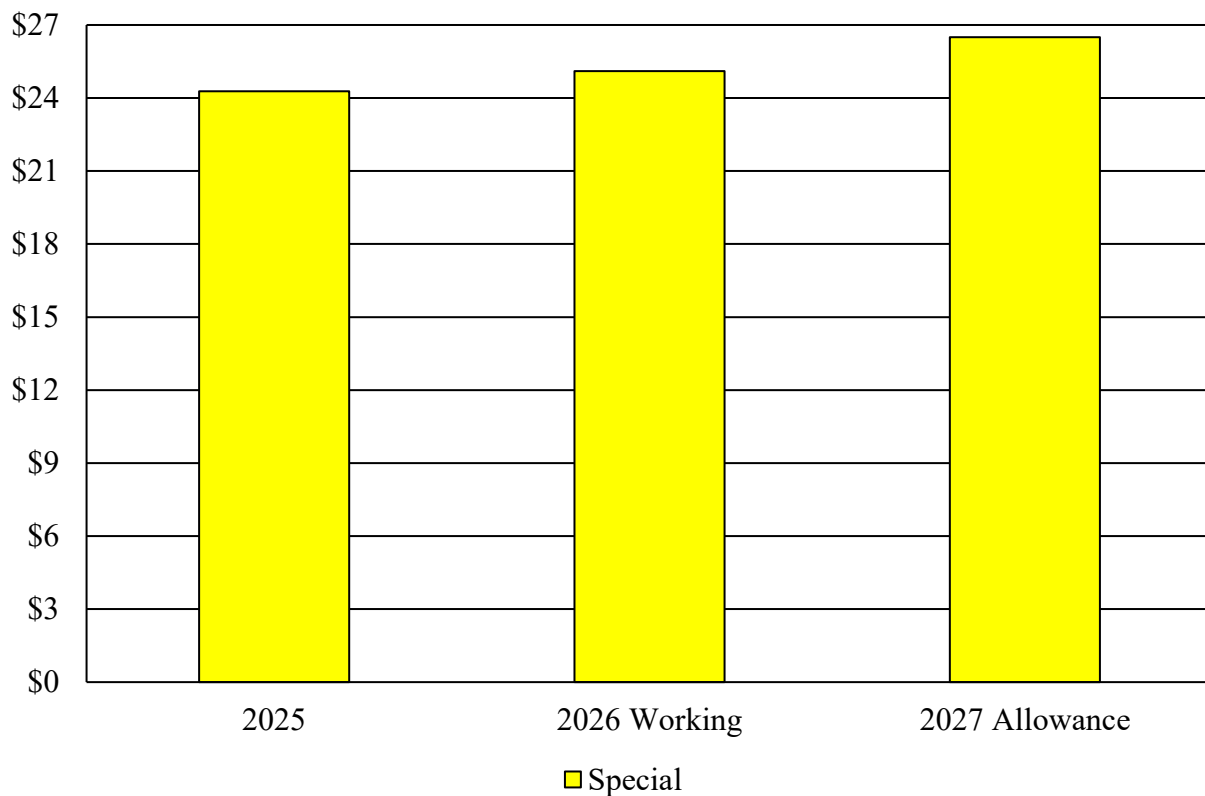
C98F00
Workers' Compensation Commission

Program Description

The Workers' Compensation Commission (WCC) administers the State Workers' Compensation Law, which requires most employers in the State to maintain insurance to provide benefits to employees who sustain an accidental personal injury, occupational disease, or death in the course of their employment. WCC receives, processes, and adjudicates these claims and refers appropriate claimants to medical and rehabilitation vocational services. WCC is supported by an annual maintenance assessment levied on insurance carriers and self-insured employers.

Operating Budget Summary

Fiscal 2027 Budget Increases \$1.4 Million, or 5.7%, to \$26.5 Million
(\$ in Millions)



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

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Fiscal 2026

A budget amendment increased WCC’s fiscal 2026 special fund appropriation by \$1.5 million to support costs related to continued maintenance for the Comp Hub system to bring the funding level to about \$4.7 million. The fiscal 2027 allowance continues funding for the Comp Hub at the same level. WCC has started the procurement process to obtain a multi-year contract for future maintenance.

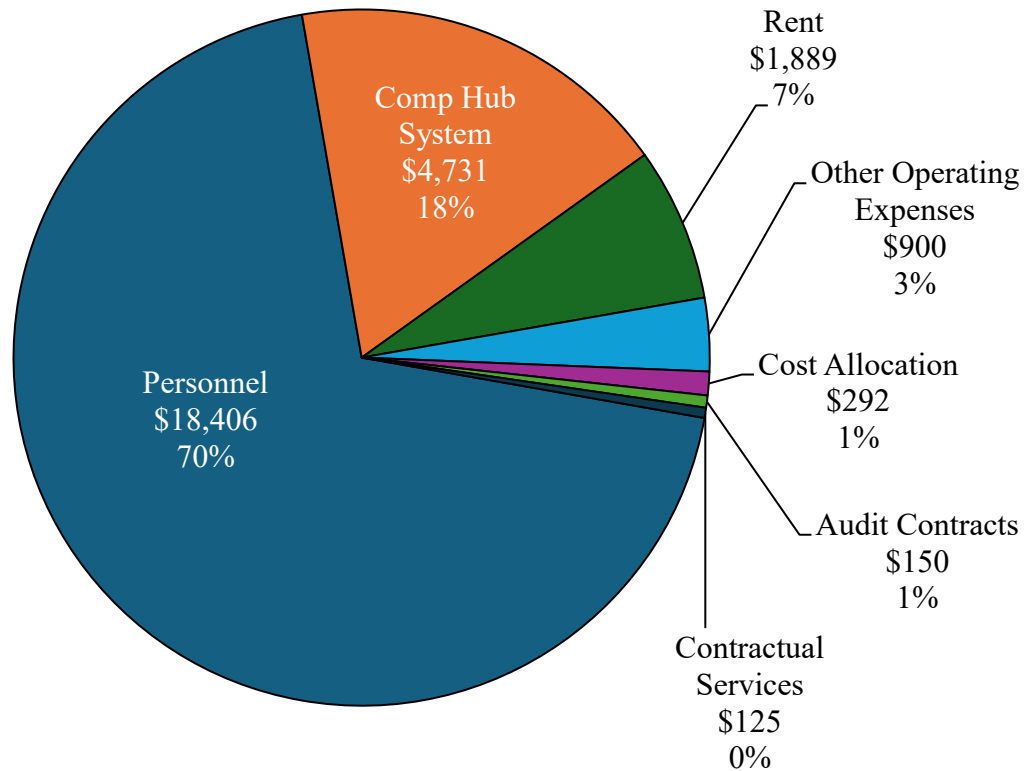
Status of Legislative Additions

Section 21 of Chapter 602 of 2025 added \$100,000 in special funds from the Uninsured Employers’ Fund (UEF) to WCC to hire a special monitor to assess the financial condition of UEF contingent on the enactment of SB 219 of 2025. However, on May 16, 2025, the Governor vetoed SB 219; therefore, the appropriation for this purpose did not occur.

Fiscal 2027 Overview of Agency Spending

The fiscal 2027 allowance totals \$26.5 million. As shown in **Exhibit 1**, the majority of the fiscal 2027 allowance (\$18.4 million, or 70%) supports personnel costs, for 109 regular positions and 18.25 contractual full-time equivalents. The Comp Hub comprises approximately \$4.7 million, or 18%, of the allowance, and this is WCC’s system to manage the provisions of Maryland Workers’ Compensation Law for the timely scheduling of nonpermanency hearings, issuing commission orders, and allocating awards ordered by the commission.

Exhibit 1
Overview of Agency Spending
Fiscal 2027 Allowance
(\$ in Thousands)



Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2027 Budget Books

Proposed Budget Change

As shown in **Exhibit 2**, WCC’s fiscal 2027 allowance increases by a net of \$1.4 million compared to the fiscal 2026 appropriation. The overall increase on personnel costs is \$1,420,264 and accounts for nearly all of the change between the fiscal 2026 working appropriation and the fiscal 2027 allowance.

Exhibit 2
Proposed Budget
Workers’ Compensation Commission
(\$ in Thousands)

How Much It Grows:	<u>Special Fund</u>	<u>Total</u>
Fiscal 2025 Actual	\$24,280	\$24,280
Fiscal 2026 Working	25,065	25,065
Fiscal 2027 Allowance	26,494	26,494
Fiscal 2026-2027 \$ Change	\$1,430	\$1,430
Fiscal 2026-2027 % Change	5.70%	5.70%

Where It Goes	<u>Change</u>
Personnel Expenses	
Salary increases and associated fringe benefits	\$939
Employee and retiree health insurance	487
Other fringe benefit adjustments	-6
Other Changes	
Contractual employee salary and fringe benefits.....	40
Rent.....	18
Office supplies	-12
Cost allocations.....	-38
Other expenses.....	2
Total	\$1,430

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Personnel Data

	FY 25	FY 26	FY 27	FY 26-27
	<u>Actual</u>	<u>Working</u>	<u>Allowance</u>	<u>Change</u>
Regular Positions	115.00	109.00	109.00	0.00
Contractual FTEs	<u>18.25</u>	<u>18.25</u>	<u>18.25</u>	<u>0.00</u>
Total Personnel	133.25	127.25	127.25	0.00

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	7.40	6.79%
Positions and Percentage Vacant as of 12/31/2025	11.00	10.00%
Vacancies Above Turnover	3.60	

- As of December 31, 2025, WCC had 11 vacant positions, a decrease of 8 compared to December 31, 2024. Of these vacant positions, 6 have been vacant for more than six months. The current level of vacant positions is 3.60 more than necessary to meet budgeted turnover.
- On October 22, 2025, the Board of Public Works approved the abolition of 502.7 positions statewide, representing 170.7 vacant positions and 332 for positions associated with personnel participating in the Voluntary Separation Program (VSP). Of the VSP-related abolitions, 6 were WCC positions: claims review I (2); administrative officer II (1); administrative specialist II (1); computer operator supervisor (1); and administrative officer III (1).

Key Observations

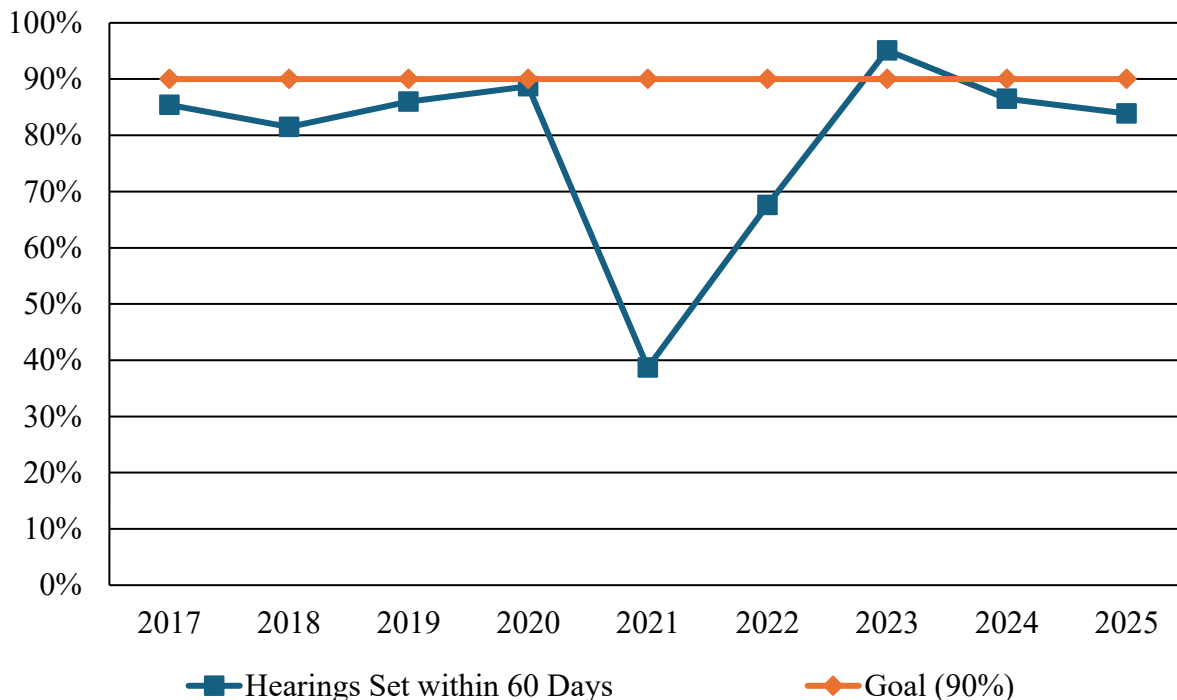
1. Timeliness of Hearings Downward Trend

The commission adjudicates on-the-job injury claims at seven locations across the State: Abingdon; Baltimore City; Beltsville; Cambridge; Cumberland; Frederick; and La Plata. At each of these locations, WCC’s 10 commissioners conduct hearings and make decisions. If these decisions are appealed, they are then sent to State, county, or municipal circuit courts. In fiscal 2025, employees filed 21,837 claims, a decrease of 312 compared to fiscal 2024. WCC also reported 22,936 nonpermanency (for nonpermanent injuries) hearings set in fiscal 2025, a decrease of 2,069 compared to fiscal 2024. Some of the hearings that are set are from claims that were filed in previous fiscal years, which can lead to more hearings set than claims filed in a fiscal year. The

number of commission orders issued in fiscal 2025 increased by 2,286 to 11,622 compared to fiscal 2024. There were 10,546 awards ordered after the hearings in fiscal 2025, which was an increase of 1,885 compared to fiscal 2024.

WCC’s goal is to set 90% of hearings within 60 days of the filing date. **Exhibit 3** shows the percentage of nonpermanency hearings set within 60 days. Historically, WCC has set greater than 80% of nonpermanency hearings within 60 days. In fiscal 2021 only 39% were set in this time, (a 50 percentage point decrease compared to fiscal 2020), due to the COVID-19 pandemic causing scheduling delays and a backlog of hearings. Following that year, performance improved, and WCC exceeded its 90% goal in fiscal 2023. However, WCC failed to meet that goal in fiscal 2024 and 2025. In fiscal 2025, WCC had 83.9% of hearings set in this timeframe, 6.1 percentage points lower than the 90% goal and a 2.6 percentage point decrease compared to fiscal 2024. WCC notes that during a portion of fiscal 2025, there were vacant Commissioner positions. Due to these vacancies fewer hearings could be held until new Commissioners were in place. **WCC should discuss the current status of hearing timeliness and other efforts the agency has made to improve them.**

Exhibit 3
Percentage of Nonpermanency Hearings Set within 60 Days
Fiscal 2017-2025



Source: Workers’ Compensation Commission

2. Assessment Increases Due to Salary Increase

WCC collects a payroll-based assessment from the State’s licensed insurers and authorized self-insured entities for its operating budget. In addition, WCC transfers a portion of those assessment funds to the Maryland Department of Labor to support the State’s Workplace Fraud Act of 2009, as well as the Maryland Occupational Safety and Health Program (MOSH). MOSH provides outreach, education, and other services designed to improve workplace safety and health.

Exhibit 4 lists the payroll base, commission expense, MOSH safety program costs, and resulting assessments since fiscal 2016. In fiscal 2025, the total insurer assessment increased by \$3.7 million compared to fiscal 2024. The base insurer payroll increased by 2.2%, or \$3.9 billion, while commission expenses increased by \$1.1 million or 5.0%. As a result, the formula-based assessment rate per \$1,000 of payroll increased by 7.6%.

Exhibit 4
WCC Insurer Assessments and Operational Funding Base
Fiscal 2016-2025
(\$ in Thousands)

	Assessment Base Insurer Payroll	Commission Expense	Safety Program Cost	Total Expenses	Insurer Assessments	Assessment Per \$1,000 of Payroll
2016	\$130,198,576	\$13,243	\$12,279	\$25,522	\$25,522	0.196
2017	141,868,668	15,049	11,105	26,154	26,154	0.184
2018	144,091,231	14,475	10,867	25,342	25,331	0.175
2019	126,224,923	16,657	11,345	28,002	28,002	0.221
2020	130,534,710	18,321	12,694	31,015	31,015	0.239
2021	150,445,569	18,244	13,029	31,274	31,012	0.206
2022	145,764,851	18,633	13,875	32,507	33,220	0.227
2023	168,798,594	20,937	14,164	35,101	35,020	0.207
2024	176,679,327	22,405	15,911	38,316	37,163	0.210
2025	180,593,267	23,524	16,693	40,217	40,870	0.226

WCC: Workers’ Compensation Commission

Note: Total expenses for fiscal 2021 and 2022 reflect timing adjustments.

Source: Workers’ Compensation Commission

Operating Budget Recommended Actions

1. Concur with Governor's allowance.

Updates

- Chapter 78 of 2024 amends § 9-407 of the Labor and Employment Article to increase the cap on penalties from \$10,000 to \$25,000 for employers who fail to comply with an order of WCC regarding an employer's failure to secure required workers' compensation insurance. Implementing fines at the \$25,000 level is up to the discretion of the WCC commissioner. As of January 2026, WCC notes they have assessed penalties between \$10,000 and \$25,000.

Appendix 1
Object/Fund Difference Report
Workers' Compensation Commission

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Working Appropriation</u>	<u>FY 27 Allowance</u>	<u>FY 26-27 \$ Change</u>	<u>% Change</u>
Positions					
01 Regular	115.00	109.00	109.00	0.00	0.0%
02 Contractual	18.25	18.25	18.25	0.00	0.0%
Total Positions	133.25	127.25	127.25	0.00	0.0%
Objects					
01 Salaries, Wages, and Fringe Benefits	\$15,047,197	\$15,557,664	\$16,977,928	\$1,420,264	9.1%
02 Technical and Special Fees	1,300,196	1,388,064	1,428,470	40,406	2.9%
03 Communications	317,770	466,462	466,462	0	0.0%
04 Travel	247,500	167,512	167,512	0	0.0%
06 Fuel and Utilities	5,024	12,214	12,214	0	0.0%
07 Motor Vehicle Operation and Maintenance	77,844	82,700	84,240	1,540	1.9%
08 Contractual Services	5,413,290	5,268,861	5,231,576	-37,285	-0.7%
09 Supplies and Materials	110,546	157,752	145,504	-12,248	-7.8%
10 Equipment – Replacement	21,189	0	0	0	N/A
11 Equipment – Additional	5,418	0	0	0	N/A
12 Grants, Subsidies, and Contributions	52,387	52,387	52,387	0	0.0%
13 Fixed Charges	1,682,087	1,911,020	1,927,901	16,881	0.9%
Total Objects	\$24,280,448	\$25,064,636	\$26,494,194	\$1,429,558	5.7%
Funds					
03 Special Funds	\$24,280,448	\$25,064,636	\$26,494,194	\$1,429,558	5.7%
Total Funds	\$24,280,448	\$25,064,636	\$26,494,194	\$1,429,558	5.7%

Note: The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.