

Table of Contents

2016-17 Governor's Budget - Workers Compensation Court of Appeals

Agency Profile - Workers Compensation Court of Appeals.....	1
Expenditures Overview.....	3
Financing by Fund.....	4
Change Item: Compensation Adjustment to Maintain Core Operations....	5
Change Item: Separation & Retirement Adjustment to Maintain Core Operations.....	6

<http://mn.gov/workcomp>

AT A GLANCE

- Five appellate judges, who sit as panels of three or five.
- Budget 100% funded by the Special Compensation Fund.
- We review workers' compensation appeals from the Office of Administrative Hearings, the Department of Labor & Industry and union workers' compensation arbitration.
- We also decide petitions to reopen workers' compensation settlements.
- Our website provides information, rules and searchable text of decisions of the court.
- Appeals from our decisions proceed directly to the Minnesota Supreme Court.

PURPOSE

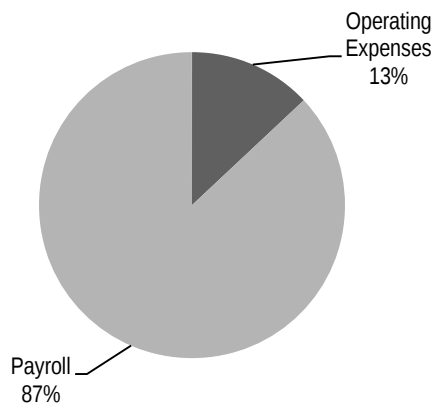
The Workers' Compensation Court of Appeals' mission is to provide equal access to fair and timely review of disputed workers' compensation issues which affect entitlement to and delivery of workers' compensation wage loss and medical benefits.

Statewide outcomes supposed by our agency include:

- Efficient and accountable government services
- A thriving economy that encourages business growth and employment opportunities
- People in Minnesota are safe
- All Minnesotans have optimal health

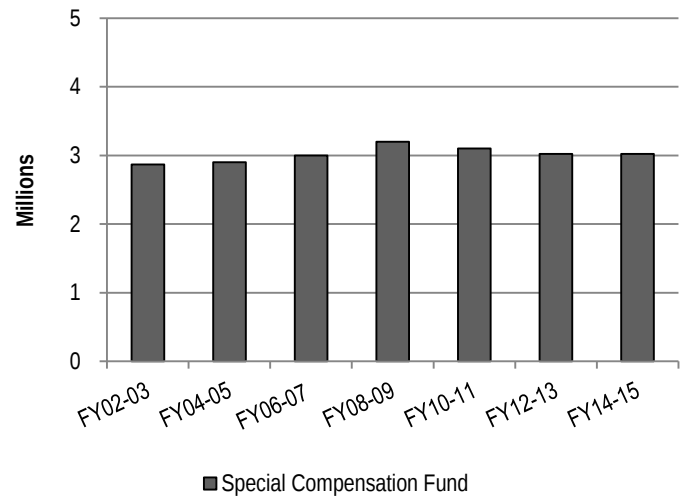
BUDGET

**Spending by Category
FY 13 Actual**



Source: SWIFT

Historical Spending



Source: Consolidated Fund Statement

STRATEGIES

We work to provide equal access to fair and timely review of disputes before us by:

- Reviewing the evidentiary record created by the initial decision making body;
- Presiding over oral arguments;
- Conducting necessary legal research
- Deciding the issues; and
- Issuing appropriate written orders, decisions and memoranda.

RESULTS

We decide disputes before us promptly under our statutory mandate to:

- Ensure the quick and efficient delivery of benefits to injured workers at a reasonable cost to employers;
- Maintain economic stability for injured workers and their families;
- Provide for appropriate medical treatment of work-related illnesses and injuries;
- Support a competitive business climate for Minnesota employers by reducing the amount of litigation; and
- Support employers in creating safe and healthy work environments.

Decisions are written to inform the parties and the public of the bases for the court's decisions and to create a consistent body of law interpreting and applying the Minnesota Workers' Compensation Act. Our decisions are provided to the public both in published volumes and at: <http://search.state.mn.us/workcomp/>.

<i>Type of Measure</i>	<i>Name of Measure</i>	<i>Previous</i>	<i>Current</i>	<i>Dates</i>
Quantity	Cases processed by the WCCA	143	148	FY 2012: FY 2103
Quality	Average number of days between case assignment and issuance of decision	60	62	FY 2012: FY 2103
Results	% of WCCA decisions reversed by Supreme Court	0%	1%	FY 2012: FY 2103

The legal authority for the Workers' Compensation Court of Appeals is provided by Minn. Stat. Chapters 175A and 176 (<https://www.revisor.mn.gov/statutes/?id=175A>; <https://www.revisor.mn.gov/statutes/?id=176>).

Expenditures By Fund

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY13	FY14	FY15	FY16	FY17	FY16	FY17
2830 - Workers Compensation	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913
Total	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913
Biennial Change				595		(210)		204
Biennial % Change				20		(6)		6
Governor's Change from Base								414
Governor's % Change from Base								12

Expenditures by Program

Program: Workers Comp Ct Of Appeals	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913
Total	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913

Expenditures by Category

Compensation	1,245	1,378	1,435	1,601	1,492	1,492	1,696	1,702
Operating Expenses	195	205	187	382	211	211	211	211
Capital Outlay-Real Property			11					
Total	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913

Full-Time Equivalents

	12.5	12.7	12.9	12.8	11.1	10.5	13.1	13.2
--	------	------	------	------	------	------	------	------

(Dollars in Thousands)

2830 - Workers Compensation

	Actual		Actual	Estimate	Forecast Base		Governor's Recommendation	
	FY12	FY 13	FY 14	FY15	FY16	FY17	FY16	FY17
Balance Forward In		265		280				
Direct Appropriation	1,703	1,703	1,913	1,703	1,703	1,703	1,907	1,913
Receipts				0	0	0	0	0
Cancellations		385						
Expenditures	1,439	1,582	1,633	1,983	1,703	1,703	1,907	1,913
Balance Forward Out	264		280					
<i>Biennial Change in Expenditures</i>				595		(210)		204
<i>Biennial % Change in Expenditures</i>				20		(6)		6
<i>Gov's Exp Change from Base</i>								414
<i>Gov's Exp % Change from Base</i>								12
FTEs	12.5	12.7	12.9	12.8	11.1	10.5	13.1	13.2

Workers' Compensation Court of Appeals

FY16-17 Biennial Budget Change Item

Change Item: Compensation Adjustment to Maintain Core Operations

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation Fund				
Expenditures	114	210	210	210
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	114	210	210	210
FTEs	2	2.65	2.65	2.65

Recommendation:

The Governor recommends a base increase for the Workers Compensation Court of Appeals to maintain core operations.

Rationale/Background:

- Currently the WCCA consists of 5 judges, appointed pursuant to Minn.Stat. §175A.01, supported by 7 full-time and 2 part-time support staff positions. The WCCA is entirely funded from the Special Compensation Fund.
- Each year compensation costs rise due to cost of living increases, insurance cost increases and step increases.
- Over the past decade, the WCCA has been able to absorb increases in payroll costs by streamlining and computerizing clerical operations, reorganizing and eliminating some support positions, and entering into interagency agreements to reduce overhead costs. Further significant cost-savings by these methods are no longer available.
- During FY2016 and FY2017 our projections indicate that additional salary funding from the Special Compensation Fund will be necessary to meet the increased salary obligations for existing staff.
- Because payroll costs currently represent 92 percent of the entire WCCA budget, there are no effective alternatives to fund the required increased salary expenses other than by layoffs and reductions in support staff.
- Failure to increase Special Compensation Fund allotments to the WCCA to fund core operations would result in significant delays in deciding workers' compensation cases.

Proposal:

This proposal is an increase in Special Compensation Fund allotments to the WCCA to fund existing core operations.

IT Related Proposals:

Not Applicable.

Results:

The WCCA will continue to meet the statutory requirement that decisions are issued within 90 days. This will result in the WCCA continuing to provide equal access to fair and timely review of disputed workers' compensation issues. Outcomes include:

- Efficient and accountable government services
- A thriving economy that encourages business growth and employment opportunities
- People in Minnesota are safe
- All Minnesotans have optimal health

Performance measures: Performance is measured by the average number of days between case assignment and issuance of decision. This measure balances complexity, quality and time to meet the statutory requirement that decisions be issued within 90 days. Current trends on this measure have been stable at about 60 days.

Statutory Change(s):

Not applicable.

Workers' Compensation Court of Appeals

FY16-17 Biennial Budget Change Item

Change Item: Separation & Retirement Adjustment to Maintain Core Operations

Fiscal Impact (\$000s)	FY 2016	FY 2017	FY 2018	FY 2019
General Fund				
Expenditures	0	0	0	0
Revenues	0	0	0	0
Workers' Compensation Fund				
Expenditures	90	0	0	0
Revenues	0	0	0	0
Net Fiscal Impact = (Expenditures – Revenues)	90	0	0	0
FTEs	0	0	0	0

Recommendation:

The Governor recommends \$90,000 in one-time funding to assist with separation and retirement costs.

Rationale/Background:

- Currently the WCCA consists of 5 judges, appointed pursuant to Minn.Stat. §175A.01, supported by 7 full-time and 2 part-time support staff positions. The WCCA is entirely funded from the Special Compensation Fund.
- Eleven of the current 13 WCCA employees are potentially eligible for retirement or separation payouts over the next biennium.
- Over the past decade, the WCCA has been able to absorb increases in payroll costs by streamlining and computerizing clerical operations, reorganizing and eliminating some support positions, and entering into interagency agreements to reduce overhead costs. Further significant cost-savings by these methods are no longer available.
- During FY2016 and FY2017 our projections indicate that additional funding from the Special Compensation Fund will be necessary to meet projected separation or retirement costs.
- Because payroll costs currently represent 92 percent of the entire WCCA budget, there are no effective alternatives to fund the required increased salary expenses other than by layoffs and reductions in support staff.
- Failure to increase Special Compensation Fund allotments to the WCCA to fund core operations would result in significant delays in deciding workers' compensation cases.

Proposal:

This proposal is a one-time increase in Special Compensation Fund appropriations to the WCCA to fund projected separation and retirement costs while maintaining existing core operations.

IT Related Proposals:

Not Applicable.

Results:

The WCCA will continue to meet the statutory requirement that decisions are issued within 90 days. This will result in the WCCA continuing to provide equal access to fair and timely review of disputed workers' compensation issues. Outcomes include:

- Efficient and accountable government services
- A thriving economy that encourages business growth and employment opportunities
- People in Minnesota are safe
- All Minnesotans have optimal health

Performance measures: Performance is measured by the average number of days between case assignment and issuance of decision. This measure balances complexity, quality and time to meet the statutory requirement that decisions be issued within 90 days. Current trends on this measure have been stable at about 60 days.

Statutory Change(s):

Not applicable.