



UTAH LABOR COMMISSION

BUSINESS, ECONOMIC DEVELOPMENT & LABOR APPROPRIATIONS SUBCOMMITTEE
STAFF: ZACKERY KING

BUDGET BRIEF

SUMMARY

The Labor Commission has the primary role in maintaining a proper balance between the needs of Utah employees and the interests of Utah employers. The Labor Commission serves the citizens of Utah by assuring a safe, healthful, fair, non-discriminatory work environment; assuring fair housing practices; and promoting the general welfare of employees and employers in the State of Utah.

The Labor Commission’s budget breaks down into three line items. These are listed below with their respective programs:

- Labor Commission
 - Administration
 - Industrial Accidents
 - Appeals Board
 - Adjudication
 - Boiler, Elevator and Coal Mine Safety
 - Workplace Safety
 - Anti-Discrimination and Labor
 - Utah Occupational Safety and Health
 - Building Operations and Maintenance
- Employers Reinsurance Fund
- Uninsured Employers Fund

Additional detail on each of these line items and programs can be found in the Compendium of Budget Information at:

http://le.utah.gov/lfa/reports/cobi2012/agcy_660.htm

ISSUES AND RECOMMENDATIONS

BUDGET ADOPTION

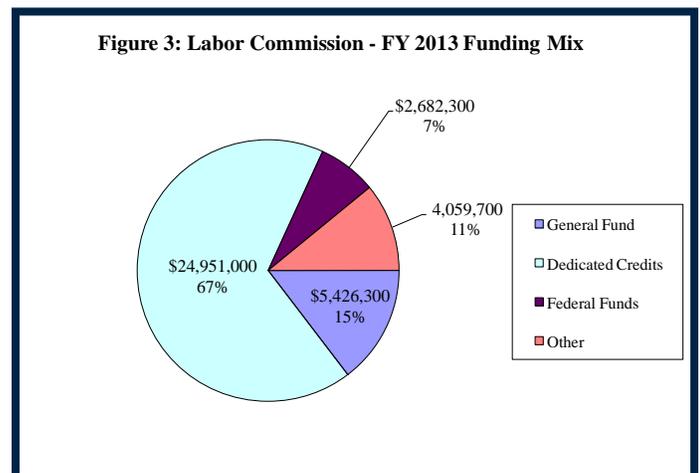
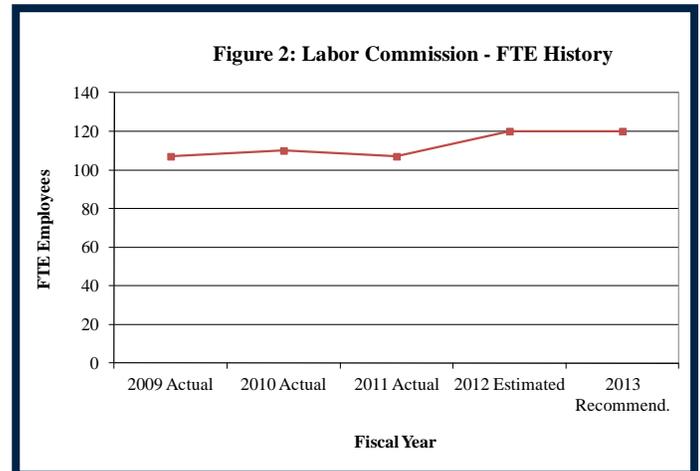
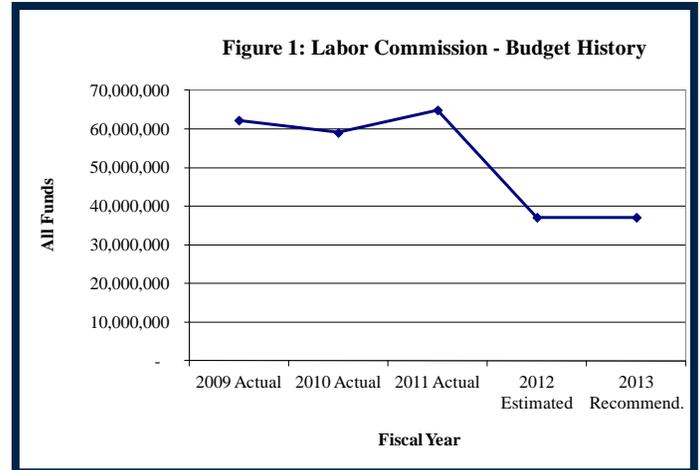
For the Labor Commission, the Fiscal Analyst recommends an FY 2013 budget of \$37,119,300.

The line item breakdown is as follows (please refer to the budget detail tables in pages 3 and 4 for additional information):

- Labor Commission - \$12,193,300
- Employers Reinsurance Fund - \$21,842,500
- Uninsured Employers Fund - \$3,083,500

Federal Funds

The Fiscal Analyst recommends the subcommittee approve federal funds for the Labor Commission as shown in the issue brief titled “Business, Economic Development, and Labor: Federal Funds.”



Fees

The Fiscal Analyst recommends the subcommittee approve the proposed fee schedule for the Labor Commission as shown in the issue brief titled "Labor Commission: FY 2013 Fee Schedule."

Elevator Inspector

The Fiscal Analyst recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$86,600 from the General Fund for an additional FTE in the Boiler, Elevator and Coal Mine Safety Division of the Labor Commission. The Governor has recommended this position and is also highlighted in the "Governor's Recommendations" section below

This position will provide the Labor Commission with the ability to meet the increasing demand for inspection of elevators and escalators across the state. Since the retirement of an inspector in FY 2009, overdue inspections have increased from 15% to 22% and are projected to continue to increase. Also, an elevator inspector returns revenue to the state through fees collected from inspections performed; the average amount of fees collected for an inspector over the past five years is \$85,000.

Electronic Data Interchange Project (EDI)

The Fiscal Analyst recommends the subcommittee forward to the Executive Appropriations Committee for further considerations, an FY 2012 supplemental increase of \$143,200 in one-time funding from the Industrial Accidents Restricted Account for the Labor Commission's EDI project. The Governor has recommended this request, it is highlighted in the "Governor's Recommendation" section below.

Due to a technical error in intent language referencing an incorrect section of the Utah Code, nonlapsing authority was not given to the Labor Commission at the end of FY 2011 for its original request of \$153,000. With the project already operational, \$143,200 was left by the end of FY 2011. Approval of this request will authorize the Labor Commission to access funds from a previously approved request, and continue its EDI project.

The Fiscal Analyst recommends the subcommittee consider the intent language below which would authorize the Labor Commission to carry over this funding when FY 2012 ends on June 30, 2012:

The Legislature intends that, Under Section 63J-1-603 of Utah Code that appropriations of \$143,200 from the Industrial Accidents Restricted Account, provided for the Labor Commission in Item 24, Chapter 1, Laws of Utah 2011, not lapse at the end of FY 2012; the use of these funds is limited to the Labor Commission's Electronic Data Interchange project.

Workers' Compensation Claims and Insurance Compliance

The Fiscal Analyst recommends that the subcommittee forward to the Executive Appropriations Committee for further consideration, an increase of \$56,800 in ongoing funding from the Industrial Accidents Restricted Account.

An additional investigator is needed to conduct investigations of companies that appear not to have purchased the legislatively-required workers' compensation insurance. There are over 75,000 employers in Utah and last year 2,950 investigations were performed, focusing on industries with high levels of injuries, but there is a significant backlog of cases that need to be investigated. An additional FTE could handle 750-900 investigations per year. The money for this request is available in the restricted fund – it just needs to be appropriated by the legislature.

Appropriation Corrections

The Fiscal Analyst recommends the subcommittee eliminate the double funding of SB 191 "Workers' Compensation Coverage Waivers" from the 2011 General Session.

Currently, \$180,000 is being appropriated each fiscal year, from IARA, to the Labor Commission, for the Workers' Compensation Coverage Waivers Act, instead of the intended \$10,000 one-time in FY 2011, the \$15,000 one-time and \$75,000 ongoing beginning FY 2012. A \$100,000 one-time decrease needs to be approved for FY 2012, as well as a \$15,000 ongoing decrease, beginning in FY 2013. All of these actions will bring appropriations in agreement with the language and intent of SB 191.

Governor's Recommendations

The Governor has made the following recommendations based upon the Labor Commission's requests:

<u>Name</u>	<u>Requested</u>	<u>Governor's Recommendation</u>
Elevator Inspector	\$86,600 ongoing GF	As Requested
Wage Claim Unit Caseload	\$59,000 ongoing GF	As Requested
Workers' Comp. Claims & Ins. Compliance	\$56,800 ongoing IARA	As Requested
Funding Shift	N/A	-\$90,000 ongoing IARA
Vehicle Purchase (FY 2012 Supplemental)	\$49,000 one-time GF	As Requested
EDI (FY 2012 Supplemental)	\$143,200 one-time IARA	As Requested

BUDGET DETAIL TABLES

Larger than normal reductions to the Employers Reinsurance Fund and the Uninsured Employers Fund are results of change in accounting methods.

Labor Commission						
	FY 2011	FY 2012		FY 2012		FY 2013*
Sources of Finance	Actual	Appropriated	Changes	Revised	Changes	Recommended
General Fund	5,872,100	5,426,300	0	5,426,300	0	5,426,300
Federal Funds	2,374,000	2,512,600	169,700	2,682,300	0	2,682,300
Dedicated Credits Revenue	25,000	25,000	0	25,000	0	25,000
GFR - Industrial Accident Restricted Account	2,084,600	2,512,500	(90,000)	2,422,500	0	2,422,500
GFR - Workplace Safety	1,563,200	1,563,600	0	1,563,600	0	1,563,600
Employers' Reinsurance Fund	73,000	73,600	0	73,600	0	73,600
Uninsured Employers' Fund	0	0	0	0	0	0
Lapsing Balance	(602,500)	0	0	0	0	0
Total	\$11,389,400	\$12,113,600	\$79,700	\$12,193,300	\$0	\$12,193,300
Programs						
Adjudication	1,163,000	1,201,400	14,800	1,216,200	0	1,216,200
Administration	1,626,100	1,789,600	(126,100)	1,663,500	0	1,663,500
Anti-Discrimination and Labor	1,604,600	1,561,200	154,700	1,715,900	0	1,715,900
Appeals Board	17,400	24,000	(6,300)	17,700	0	17,700
Boiler, Elevator and Coal Mine Safety Division	1,263,700	1,192,400	126,500	1,318,900	0	1,318,900
Building Operations and Maintenance	151,300	151,300	0	151,300	0	151,300
Industrial Accidents	1,348,900	1,454,000	(50,500)	1,403,500	0	1,403,500
Utah Occupational Safety and Health	3,533,700	3,540,200	37,800	3,578,000	0	3,578,000
Workplace Safety	680,700	1,199,500	(71,200)	1,128,300	0	1,128,300
Total	\$11,389,400	\$12,113,600	\$79,700	\$12,193,300	\$0	\$12,193,300
Categories of Expenditure						
Personnel Services	8,697,200	8,611,600	449,300	9,060,900	0	9,060,900
In-state Travel	25,100	28,200	(2,300)	25,900	0	25,900
Out-of-state Travel	30,800	28,800	7,300	36,100	0	36,100
Current Expense	991,800	1,242,600	(212,400)	1,030,200	0	1,030,200
DP Current Expense	1,041,600	1,038,700	(50,200)	988,500	0	988,500
Other Charges/Pass Thru	602,900	1,163,700	(112,000)	1,051,700	0	1,051,700
Total	\$11,389,400	\$12,113,600	\$79,700	\$12,193,300	\$0	\$12,193,300
Other Data						
Budgeted FTE	107.0	111.6	5.7	117.3	0.0	117.3
Actual FTE	110.5	0.0	0.0	0.0	0.0	0.0
Vehicles	33.0	34.0	(1.0)	33.0	0.0	33.0

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Labor Commission - Uninsured Employers Fund

	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Sources of Finance						
Dedicated Credits Revenue	17,745,200	0	2,783,500	2,783,500	300,000	3,083,500
Uninsured Employers' Fund	0	7,070,000	(7,070,000)	0	0	0
Total	\$17,745,200	\$7,070,000	(\$4,286,500)	\$2,783,500	\$300,000	\$3,083,500
Programs						
Uninsured Employers Fund	17,745,200	7,070,000	(4,286,500)	2,783,500	300,000	3,083,500
Total	\$17,745,200	\$7,070,000	(\$4,286,500)	\$2,783,500	\$300,000	\$3,083,500
Categories of Expenditure						
In-state Travel	0	5,530,000	(5,530,000)	0	0	0
DP Current Expense	0	1,000	(1,000)	0	0	0
Other Charges/Pass Thru	17,745,200	1,539,000	1,244,500	2,783,500	300,000	3,083,500
Total	\$17,745,200	\$7,070,000	(\$4,286,500)	\$2,783,500	\$300,000	\$3,083,500

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

Labor Commission - Employers Reinsurance Fund

	FY 2011 Actual	FY 2012 Appropriated	Changes	FY 2012 Revised	Changes	FY 2013* Recommended
Sources of Finance						
Dedicated Credits Revenue	35,742,900	0	39,908,500	39,908,500	(18,066,000)	21,842,500
Employers' Reinsurance Fund	0	17,766,000	(35,532,000)	(17,766,000)	17,766,000	0
Total	\$35,742,900	\$17,766,000	\$4,376,500	\$22,142,500	(\$300,000)	\$21,842,500
Programs						
Employers Reinsurance Fund	35,742,900	17,766,000	4,376,500	22,142,500	(300,000)	21,842,500
Total	\$35,742,900	\$17,766,000	\$4,376,500	\$22,142,500	(\$300,000)	\$21,842,500
Categories of Expenditure						
Current Expense	322,700	345,000	(345,000)	0	0	0
DP Current Expense	200	0	0	0	0	0
Other Charges/Pass Thru	35,420,000	17,348,000	4,794,500	22,142,500	(300,000)	21,842,500
Transfers	0	73,000	(73,000)	0	0	0
Total	\$35,742,900	\$17,766,000	\$4,376,500	\$22,142,500	(\$300,000)	\$21,842,500

*Does not include amounts in excess of subcommittee's state fund allocation that may be recommended by the Fiscal Analyst.

SUMMARY OF RECOMMENDATIONS

The Analyst recommends the Legislature:

1. Adopt an FY 2013 recommended budget of \$37,119,300 for the Labor Commission as explained on page 1 and contained in the budget detail tables on pages 3 and 4.
2. Approve federal funds for the Labor Commission as outlined on page 2 and contained in the issue brief titled "Business, Economic Development, and Labor: Federal Funds."
3. Approve the fee schedule as referenced on page 2 and contained in the issue brief titled "Labor Commission: FY 2013 Fee Schedule."
4. Forward to the Executive Appropriations Committee for further consideration, an ongoing General Fund increase of \$86,600 for an Elevator Inspector position.
5. Forward to the Executive Appropriations Committee for further consideration, an ongoing IARA increase of \$56,800 for an FTE in Workers' Compensation Claims and Insurance Compliance.
6. Forward to the Executive Appropriations Committee for further consideration, a one-time IARA increase of \$143,200 for the continuance of the Labor Commission's EDI project; in addition, consider for approval, the accompanying intent language with this request, authorizing nonlapsing authority for the \$143,200.
7. Approve the appropriation corrections outlined on page 2.