

Agency Name:	Workers' Compensation Commission		
Agency Code:	R080	Section:	74



Fiscal Year FY 2024-2025

Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting General Fund Appropriations.
	<input type="checkbox"/>	Requesting Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

NON-RECURRING REQUESTS <i>(FORM B2)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting Non-Recurring Appropriations.
	<input type="checkbox"/>	Requesting Non-Recurring Federal/Other Authorization.
	<input checked="" type="checkbox"/>	Not requesting any changes.

CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input type="checkbox"/>	Requesting funding for Capital Projects.
	<input checked="" type="checkbox"/>	Not requesting any changes.

PROVISOS <i>(FORM D)</i>	For FY 2024-2025, my agency is (mark "X"):	
	<input checked="" type="checkbox"/>	Requesting a new proviso and/or substantive changes to existing provisos.
	<input type="checkbox"/>	Only requesting technical proviso changes (such as date references).
	<input type="checkbox"/>	Not requesting any proviso changes.

Please identify your agency's preferred contacts for this year's budget process.

	<u>Name</u>	<u>Phone</u>	<u>Email</u>
PRIMARY CONTACT:	Gary M Cannon	(803) 737-5726	gcannon@wcc.sc.gov
SECONDARY CONTACT:	Kristen McRee	(803) 737-5671	kmcree@wcc.sc.gov

I have reviewed and approved the enclosed FY 2024-2025 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<u>Agency Director</u>	<u>Board or Commission Chair</u>
SIGN/DATE:		
TYPE/PRINT NAME:		

This form must be signed by the agency head – not a delegate.

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FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Hiring Outside Counsel
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	3844 Earmarked Fund Administration Other Operating Expenses
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	None
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Is this request associated with a budget request you have submitted for FY 2024-2025? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	None
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>The Commission has experienced issues with the obtaining approval to engage outside counsel. Section 1-7-170 sets forth the requirements of a state agency for engaging an attorney on a fee basis. It must be approved by the Attorney General. The Commission has had difficulty obtaining approval from the Attorney General's Office to engage an outside attorney in a highly specialized area of law to represent and employee of the Commission when an action is brought against them for actions and decisions made in the course of exercising the statutory duties and responsibilities of their office or position.</p> <p>Section 1-7-170 provides an exemption to employment of attorneys in special cases and in inferior courts with limitations on the amount of the fee. The Commission is of the opinion classifies as an inferior court in that the decisions and actions are reviewable by a higher court. It should be exempt from the requirements in Section 1-7-170. Actions have been brought against Commissioners for exercising their official duties and responsibilities. In the current environment more actions are being brought against individuals making judicial decisions. The Commission believes it should have the right to engage outside counsel to represent the employees when these actions occur. The Commission has the funds and desires to have the responsibility and authority for approving outside counsel in specialized areas of law to represent the Commission and its individual employees.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

No Fiscal Impact

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

The Workers' Compensation Commission is exempt from Section 1-7-170 of the SC Code.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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FORM D – PROVISO REVISION REQUEST

NUMBER	NEW
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Cite the proviso according to the renumbered list (or mark "NEW").

TITLE	Retention of Self-Insurance Tax
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Provide the title from the renumbered list or suggest a short title for any new request.

BUDGET PROGRAM	3844 Earmarked Fund Administration Other Operating Expenses
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Identify the associated budget program(s) by name and budget section.

RELATED BUDGET REQUEST	None
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Is this request associated with a budget request you have submitted for FY 2024-2025? If so, cite it here.

REQUESTED ACTION	Add
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Choose from: Add, Delete, Amend, or Codify.

OTHER AGENCIES AFFECTED	None
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Which other agencies would be affected by the recommended action? How?

SUMMARY & EXPLANATION	<p>Section 42-5-190 authorizes the Commission to assess a maintenance tax of 2.5% of the self-insured actual costs for the previous year. It allows the Commission to retain in every fiscal year the greater of fifty percent or two million two hundred thousand dollars of the maintenance tax revenues to be used to pay the salaries and expenses of the Commission. The balance of the funds must be remitted to the State Treasurer for the credit to the General Fund of the State.</p> <p>The Commission receives an average of five million dollars of the maintenance tax annually and remits an average of \$2.5 million to the State Treasurer. The current annual operating revenues generated by filing fees and fines amount to an average of \$1.7 million, which does not cover the annual operating expenses. Annual operating cost continues to increase, and the annual operating revenues have and will continue to decline. The Commission's recent improvements to the IT Legacy (case management) System has reduced the annual operating revenues in the form of copy cost to stakeholders by granting access to view and download documents. Future improvements to the IT System will allow stakeholders to file required reports to be filed electronically in a timely manner thereby eliminating fines assessed for not filing by the required date. The retention of the maintenance tax will replace the lost general operating revenues as well as provide funds for future improvements to the IT Legacy System.</p>
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Summarize the existing proviso. If requesting a new proviso, describe the current state of affairs without it. Explain the need for your requested action. For deletion requests due to recent codification, please identify SC Code section where language now appears.

FISCAL IMPACT

Estimated reduction in annual revenues of \$2.5 million to the General Fund.

Provide estimates of any fiscal impacts associated with this proviso, whether for state, federal, or other funds. Explain the method of calculation.

**PROPOSED
PROVISO TEXT**

Notwithstanding any other provision of law, the provision in Section 42-5-190 of the SC Code of Laws requiring the Commission to remit the balance of the maintenance tax revenues the General Fund is suspended for the current fiscal year.

Paste existing text above, then bold and underline insertions and strikethrough deletions. For new proviso requests, enter requested text above.

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**FORM E – AGENCY COST SAVINGS AND GENERAL FUND REDUCTION
CONTINGENCY PLAN**

TITLE	Agency Cost Savings and General Fund Reduction Contingency Plan
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AMOUNT	\$83,002 <i>What is the General Fund 3% reduction amount? This amount should correspond to the reduction spreadsheet prepared by EBO.</i>
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ASSOCIATED FTE REDUCTIONS	One FTE <i>How many FTEs would be reduced in association with this General Fund reduction?</i>
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PROGRAM / ACTIVITY IMPACT	Salaries and benefits account for the greatest majority of expenditures in the General Fund. To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund. <i>What programs or activities are supported by the General Funds identified?</i>
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SUMMARY	The services provided by the agency will not be impacted by the elimination of one FTE in the General Appropriations because the position and associated salary and benefits will be transferred to the Earmarked Fund. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.
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Please provide a detailed summary of service delivery impact caused by a reduction in General Fund Appropriations and provide the method of calculation for anticipated reductions. Agencies should prioritize reduction in expenditures that have the least significant impact on service delivery.

**AGENCY COST
SAVINGS PLANS**

To achieve a 3% reduction in the expenditures the agency will eliminate one FTE in the General Appropriations. The total reduction in cost is \$100,000. The FTE is currently funded in program R080 10013225 Claims. There will be no impact on the services provided by this program because the position will be transferred to the Earmarked Fund.

Savings will be repurposed for the Other Operating Costs associated with the IT program.

What measures does the agency plan to implement to reduce its costs and operating expenses by more than \$50,000? Provide a summary of the measures taken and the estimated amount of savings. How does the agency plan to repurpose the savings?

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FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	Copy Cost Elimination and Fines Reduction
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	<p>The agency is in the process of upgrading the IT Legacy System, which is the backbone of the agency's business processes for serving citizens and stakeholders of the system. Upon implementation of the upgrade the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
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What is the expected savings to South Carolina's businesses and citizens that is generated by this proposal? The savings could be related to time or money.

FACTORS ASSOCIATED WITH THE REQUEST	<p>Mark "X" for all that apply:</p> <table border="1"> <tr> <td><input type="checkbox"/></td> <td>Repeal or revision of regulations.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Reduction of agency fees or fines to businesses or citizens.</td> </tr> <tr> <td><input type="checkbox"/></td> <td>Greater efficiency in agency services or reduction in compliance burden.</td> </tr> <tr> <td><input checked="" type="checkbox"/></td> <td>Other</td> </tr> </table>	<input type="checkbox"/>	Repeal or revision of regulations.	<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.	<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.	<input checked="" type="checkbox"/>	Other
<input type="checkbox"/>	Repeal or revision of regulations.								
<input type="checkbox"/>	Reduction of agency fees or fines to businesses or citizens.								
<input type="checkbox"/>	Greater efficiency in agency services or reduction in compliance burden.								
<input checked="" type="checkbox"/>	Other								

METHOD OF CALCULATION	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
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Describe the method of calculation for determining the expected cost or time savings to businesses or citizens.

REDUCTION OF FEES OR FINES	<p>The reduction in charges for copies of documents and records is calculated using the current fee schedule for such charges, which is \$20 for the first 20 pages and \$.50 per page thereafter.</p> <p>The reduction in fines to stakeholders is calculated using the amount of the fine associated with a late filing of the Form 18. The insurance carrier is required to submit the Form 18 every six months during an active case. Late filing of the Form 18 will result in a \$200.00 fine to the stakeholder.</p>
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Which fees or fines does the agency intend to reduce? What was the fine or fee revenue for the previous fiscal year? What was the associated program expenditure for the previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	None
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	<p>As a result of the implementation of the modernized IT Legacy System, the cost savings to all stakeholders is calculated to be \$75,000 per year by eliminating charges for copies of records and documents requested by stakeholders. Stakeholders will have electronic access to the documents and records at no charge. Stakeholders will also be allowed to submit required reports electronically rather than manually thereby reducing the cost of fines and penalties associated with not filing the reports by the required due date. As a result of this change the savings to stakeholders is estimated to be \$500,000 annually.</p>
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SUMMARY

Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?