

State of South Carolina

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www.wcc.sc.gov

Workers' Compensation Commission

January 15, 2020

The Honorable Shannon S. Erickson, Chairman
House Ways and Means, Transportation and Regulatory Subcommittee
South Carolina House of Representatives
320C Blatt Building
Columbia, SC 29201

RE: FY2020-21 Budget

Dear Representative Erickson:

The SC Workers' Compensation Commission respectfully submits the FY20-21 Budget request. The Commission is requesting the same level of appropriations for operations in the General Fund of \$2.5 million and expenditures for operations in the Earmarked Fund of \$5.6 million for a total agency budget of \$8.1 million.

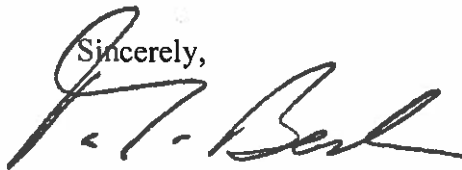
The Commission's Legacy IT System Modernization Project is in the third and final year of development and implementation. The system will provide Key Element Reporting Management and Incident Tracking (KERMIT) for internal and external users. The General Assembly approved non-recurring funding for the previous three fiscal years for system development and implementation. KERMIT was released in December 2019 with basic functionality to internal and external users. During the first two weeks of operation 260 organizations and 4,500 users registered. As expected with any new IT system there were a few issues which delayed the registration and functional use to some users. We anticipate these issues to be resolved during Q1 and Q2 of 2020.

Upon completion of Phase II at the end of 2020 users/stakeholders will be able to electronically submit required forms and documents; State agencies will exchange real-time data to ensure employers obtain the required coverage; data security will be enhanced to a higher level; and pro se claimants will have access to file claims and access information; documents will be totally migrated to an electronic document repository, and the use of predictive analytics for enhanced reporting.

Honorable Shannon S. Erickson
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Thank you for your consideration of this request. Please do not hesitate to contact me or Gary Cannon, our Executive Director, if you require additional information. We look forward to discussing this with you and other members of the subcommittee.

Sincerely,

A handwritten signature in black ink, appearing to read "T. Scott Beck". The signature is fluid and cursive, with a large initial "T" and "S".

T. Scott Beck
Chairman

cc: Gary M. Cannon, Executive Director

South Carolina Workers' Compensation Commission

List of Key Officials

T. Scott Beck, Chairman

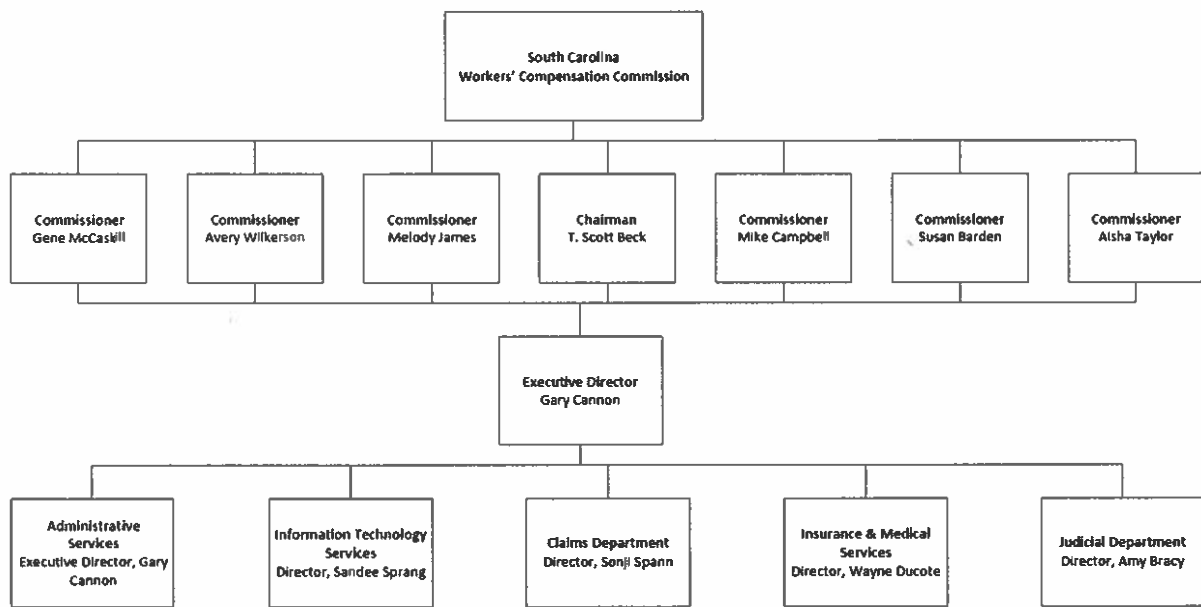
sbeck@wcc.sc.gov , (803) 737-5698

Gary Cannon, Executive Director

gcannon@wcc.sc.gov , (803) 737-5744

Sandee Sprang, Information Technology Director

ssprang@wcc.sc.gov (803) 737-5685



AGENCY NAME:	Workers' Compensation Commission	
AGENCY CODE:	R080	SECTION:

**Fiscal Year 2018-2019
Accountability Report**

SUBMISSION FORM

AGENCY MISSION	The mission of the South Carolina Workers' Compensation Commission is to provide an equitable and timely system of benefits to injured workers and employers in the most responsive, accurate, and reliable manner possible.
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AGENCY VISION	The vision of the SC Workers' Compensation Commission is to judiciously consider the facts of each case and render decisions based on the application of those facts to the law; for all stakeholders to be treated fairly and equitably and in a timely manner; to have an organizational culture that promotes efficiency and effectiveness; and to always keep in mind each case involves a human being.
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Please select yes or no if the agency has any major or minor (internal or external) recommendations that would allow the agency to operate more effectively and efficiently.


RESTRUCTURING RECOMMENDATIONS:	Yes	No
	<input type="checkbox"/>	<input checked="" type="checkbox"/>

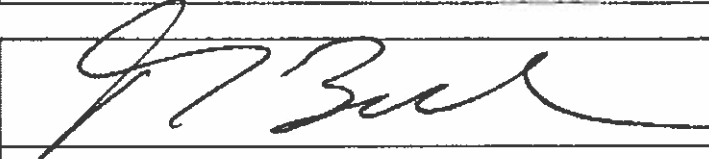
Please identify your agency's preferred contacts for this year's accountability report.

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Gary M Cannon	803-737-5726	gcannon@wcc.sc.gov
SECONDARY CONTACT:	Sandee Sprang	803-737-5685	ssprang@wcc.sc.gov

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I have reviewed and approved the enclosed FY 2016-2017 Accountability Report, which is complete and accurate to the extent of my knowledge.

AGENCY DIRECTOR (SIGN AND DATE):			09/13/2019
	(TYPE OR PRINT NAME): Gary M Cannon		

BOARD/CMSN. CHAIR (SIGN AND DATE):			09/13/2019
	(TYPE OR PRINT NAME): T. Scott Beck		

AGENCY NAME:

Workers' Compensation Commission

AGENCY CODE:

R080

SECTION:

AGENCY'S DISCUSSION AND ANALYSIS

Established in 1935 as the South Carolina Industrial Commission, the South Carolina Workers' Compensation Commission is charged with administration of the South Carolina Workers' Compensation Act (the Act) found in Title 42 of the Code of Laws of South Carolina. In accordance with the Administrative Procedures Act, the Commission also promulgates rules and regulations necessary to implement the provisions of Title 42. Every South Carolina employer and employee, with certain notable exceptions, is presumed to be covered by the Act. The system is based on a "no-fault" premise. The Act establishes "loss parameters" that limit the employers' losses to defined amounts while ensuring workers in South Carolina receive quality medical treatment and compensated wages if injured in the workplace.

Employers covered by the provisions of the Act are required to maintain insurance sufficient for the payment of compensation, or they may become self-insured by furnishing the Commission satisfactory proof of their ability to pay the compensation in the amount and manner due an injured employee. The South Carolina Department of Insurance is responsible for approving rates and classifications for all workers' compensation insurers.

A statistical summary of the Commission's outcomes and activities during FY19 is found on page A-9.

ORGANIZATIONAL STRUCTURE

Workers' Compensation Commission has a total of 63 authorized positions. During FY19 the Commission employed 54 FTEs and six temporary employees; 8 unclassified positions and 46 classified positions. An organization chart is on page A-7.

Commissioners

The Commission consists of seven Commissioners appointed by the Governor with the advice and consent of the Senate for terms of six years. The Governor designates one commissioner as Chairman for a term of two years. The Chair is the chief executive officer of the Commission and responsible for implementing policies established by the Commission in its capacity as the governing board. In its judicial capacity the Commissioners are responsible for hearing and determining all contested cases, conducting informal conferences, approving settlements, approving fee petitions and hearing appeals. An organization chart is located at the end of this report.

Administration

The Commission's annual operating budget is categorized in five departments in the Annual Appropriations Act: Administration, Commissioners, Judicial Management, Insurance and Medical Services and Claims. The department directors report to the Executive Director. The Executive Director is responsible for direct oversight of the administrative support services, human resources, budgeting and finance, procurement, facility management and legal services. The Information Technology (IT) Services function is budgeted under Administration in the Appropriations Act, however the department operates like the other functional departments where the department head reports to the Executive Director. The IT Director reports to the Executive Director.

Executive Director's Office

The Executive Director's Office serves as the primary source of information about Commission activities for the general public. This is accomplished by responding to stakeholders' telephone calls and emails,

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regularly updating the Commission's website and communicating general notices and policy advisories with stakeholders through an email distribution list. While the Executive Director's office does not provide legal advice to injured workers nor discuss the specifics details of an individual's case, one core function is to provide information about processes and procedures. During FY19, the office logged 6,793 contacts with various constituents and stakeholders. The contacts included telephone communications, electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, service providers, business partners; and letters with congressional offices. The office emailed forty-four (44) general notices, policy advisories and updates to stakeholders and other interested parties and posted twelve (12) agendas and supporting documents for the Commission Business Meetings. Sixty-nine (69) email addresses were added to the Commission's electronic general notice distribution list, increasing the total to 770.

Human Resources

The primary focus for Human Resources during FY19 was to manage and perform the day-to-day administration of all human resources functions to include recruitment, benefits, compensation, performance management, and employee relations. The HR Manager attended four State HR Advisory Meetings, one SCEIS training, a NeoGov Training Class, three SHRM training events, the annual State SHRM Conference, PEBA Benefits at Work, ethics training and procurement training. The HR Manager's primary focus was to provide the day-to day administration of the HR function. An important part of that was to identify talent, recruit talent, and onboard new employees. The Commission had 53 approved FTEs of which 51 FTEs are filled. During this period, two employees retired. Additionally, we had one employee separate from the Agency. We filled two vacant positions, one internally and one externally. The Agency utilized the services of two unpaid legal interns and one paid legal intern. The South Carolina Human Affairs Commission recognized the Agency for achieving Top Ten status and demonstrating Equal Opportunity during the 2017 – 2018 reporting period. A group of ten employees volunteered to help feed the homeless at Transitions, a Columbia, SC based homeless resource.

Information Technology Department

The IT Department's staff of five supports the internal stakeholders by providing the appropriate technology to allow staff to work efficiently. They support the agency's external stakeholders by providing assistance with EDI transmissions, electronic submission of files, and end user support of the eCase portal. During FY19, the IT Department completed evaluating the business processes and initiated coding for the IT Legacy System Modernization Project. The project will improve internal operational efficiency, allow stakeholders electronic access to filing pleadings, motions and periodic reports and permit electronic payment of filing fees and othe payments required by the Commission.

The Department continued to facilitate remote hearing sites with the Department of Corrections and Probation, Pardon and Parole (PPP) to give the Commissioners the ability to conduct hearings with injured workers under the supervision of the SC Department of Correction at PPP.

Insurance and Medical Services

The IMS Department is divided into three functional divisions: Coverage and Compliance, Medical Services and Self-insurance.

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Coverage and Compliance Division

Coverage is responsible for receiving all first reports of injury in order to ensure employers have workers' compensation insurance for the injured employee. The number of accidents reported to the Commission during FY19 was about 70,000. This is slightly more than the number reported the previous year. Of the number reported 38,000 were Minor Medical Reports which involved no lost time and the cost of medical was less than \$2,500. Three thousand seventy-six (3,076) cases were reopened and the Commission closed over 64,000 cases during FY19.

Employers meeting certain statutory requirements are required to carry workers' compensation insurance for their employees. The Compliance Division verifies employers are complying with the coverage requirement by examining each first report of injury filed with the Commission, reviewing quarterly wage and employment data obtained from the Department of Employment and Workforce (DEW) for the 62,000 employers in the State and following up on individual citizen reports of potential non-compliance by employers. During FY19 the Division caused 571 employers to obtain insurance coverage for approximately 5,212 previously uninsured workers. A total of \$1.6 million in fines and penalties were collected from these violations. The Division is responsible for collecting unpaid fines from insurance carriers for failure to submit required reports in a timely manner. Two hundred sixty-eight cases (268) cases were set for Rule to Show Cause Hearings, resulting in over \$100,000 fines being collected.

IMS Medical Services Division Medical Services

The Medical Services Division is responsible for overseeing the implementation of the medical fee schedules which establishes a maximum allowable payment for services provided in workers' compensation injuries. The In-hospital Fee Schedule and the Ambulatory Surgery Fee Schedule values are updated January 1 with the Center for Medicare and Medicaid Services (CMS). The values for these schedules are calculated by using the CMS values plus 40%. The Medical Services Provider Manual (MSPM) is updated annually in April. The maximum allowable payment is calculated by using medical codes from the American Medical Association, values established by the CMS and a dollar based conversion factor approved by the Commission. In FY19 the Division responded to 144 formal disputes through the Medical Fee Dispute Process as well as responding to general inquiries from medical service providers and payers.

IMS Self-Insurance Division

The Commission approves all applications for employers to be self-insured for workers' compensation insurance. The Self-Insurance Division of the IMS Department is responsible for reviewing all applications and to ensure the employer meets and maintains the qualifications and financial requirements to be approved to self-insure. During FY19 the Division recommended and the Commission approved 188 applications for self-insurance and conducted 47 audits to monitor the financial stability of those employers. The Division collects the 2.5% Self-Insurance Tax on the calculated premiums of self-insurers which resulted in \$5.1 million being collected. \$2.5 million was remitted to the State General Fund.

Claims Department

The Claims Department processes periodic reports filed by carriers, reviews all final settlements and responds to request for claims history data. During FY19, the department processed 25,661 initial notices/termination of payments (Forms 15, 15II, 17), and 49,647 Carrier's Periodic Report (Form 18). Of total Form 18s received, 21,835 were filed electronically through SROI; 20,861 were filed as an attachment to an email, and 6,951 were received through the US Postal Service. The department continues

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to encourage the use of electronic filing. With regard to Settlements, the department processed 10,208 Clinchers, 2845 Form 16s, and 34 Third Party Settlements. Claims Department continues to conduct outreach efforts to educate and inform stakeholders on the correct procedures for filing reports timely in order to avoid assessments of fines.

Judicial Department

The Judicial Department monitors, reviews and assigns all contested workers' compensation cases for hearings with a single Commissioner and scheduling Informal Conferences. The department's functional areas are Informal Conferences, Hearings, and Appeals. During FY19, the department processed over 36,000 pleadings, motions, appeals, and mediation documents. Arranging sites for Single Commissioner Hearings and Informal Conferences in the 7 districts is one of the core functions of the Judicial Department. This involves coordinating with state agencies, local governments, and educational institutions for the use of over 100 different locations in their facility.

Informal Conferences

An informal conference is an opportunity for the claimant and a representative of the employer's insurance carrier to meet with a Claims Mediator or a Commissioner to discuss the settlement of the claim. The Commission assigned 4,035 cases for Informal Conferences of which 2,718 were conducted. The Commissioners conducted 91 Informal Conferences when an agreement is not reached during the meeting with the Claims Mediator or the medical costs exceed \$50,000.

Single Commissioner Hearings and Other Case Related Activity

Of the number of cases assigned by the Department to the Commissioners offices 10,031 were docketed for single commissioner hearings during FY19. This number is relatively the same as the previous year. The number of hearings conducted decreased by 147 primarily due to the increase in the number of cases being settled after the case is docketed and before the hearing. In other case related activities the Commissioners approved 11,312 settlements, 8,314 attorney fee petitions, issued 5,763 administrative orders, conducted 1,725 clincher conferences, 313 pre-hearing conferences, reviewed 1,607 motions, and approved 1,003 relief of counsel motions.

Processing Time

The amount of time for a disputed case to be resolved is critical to the employee and employer. Time will impact the cost of the claim to the employer in the form of temporary compensation. To the injured employee a delay may result in medical services not provided or payment not made to the injured worker in a timely manner. The Commission constantly monitors the average number of days for processing a hearing request and docketing a hearing. The request is processed in an average of 30 days and a hearing is docketed in an average of 90 days. Both averages include the required notice period for each case. After the hearing the Commissioner issues order instructions within 90 days.

Full Commission Appellate Activity

There was no substantial change in the number of individual Commissioners' decisions appealed to the Full Commission. This year 298 single commissioner cases were appealed to the Full Commission of which 118 were heard by the Appellate Panel. Of the cases heard by the Appellate Panel, 61 were appealed to a higher court.

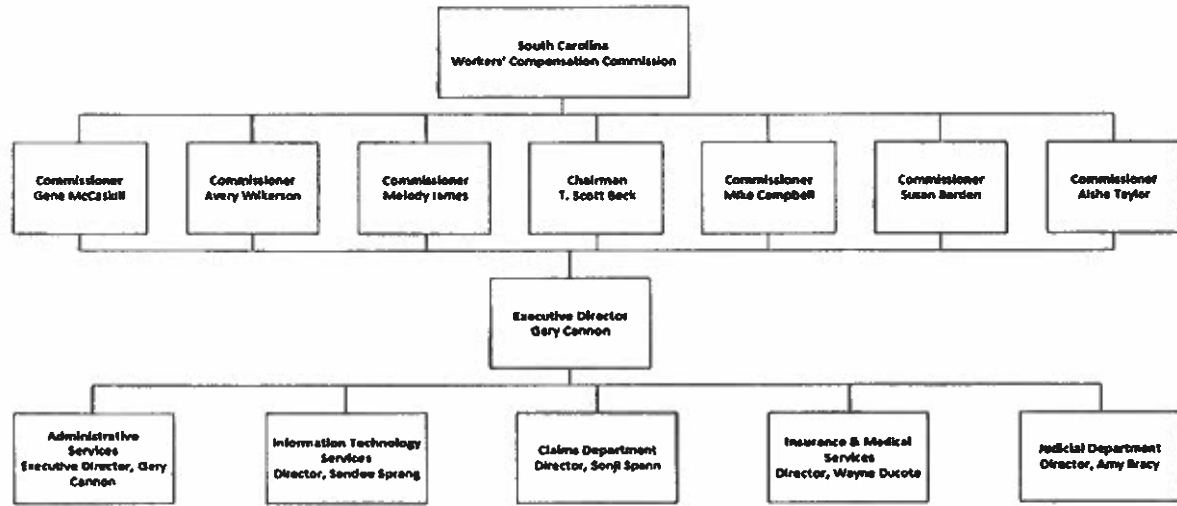
Mediations

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During this fiscal year 844 mediation outcomes were reported to the Commission via filing of the Form 70. Of those 647 were resolved, 187 failed to be resolved, and 10 remained with issues pending. Eleven mediations occurred as a result of an Order by a Commissioner.

Organization Chart

The following chart reflects the Commission's organization during FY19.



SC Department of Vocational Rehabilitation

The Commission continues to partner with S.C. Vocational Rehabilitation Department (SCVRD) to coordinate claimants' access to their services. SCVRD has one employee on site at the Commission one day per week to review claims and attend hearings and Informal Conferences to ascertain if the claimants would benefit from SCVRD services. SCVRD staff in local offices continued to access electronic portal to case records to contact claimants about SCVRD services. During FY19 SCVRD reported 742 claimants were contacted.

Risk Assessment and Mitigation Strategies

The Commission continues to assess risks and develop and implement strategies to mitigate the risks. One risk identified is failure to maintain an efficient and effective system of claims management in order to accomplish the goals of controlling cost of the system, providing medical care and benefits to injured workers in a timely manner in order to afford them the opportunity to return to work as soon as possible. During FY19 the Commission began phase II of the IT Legacy System Modernization Project which will mitigate this risk. The project is a complete revamp of the existing claims management system. Release date is scheduled for December 2019. The new system will improve internal operational efficiency by reducing paper documents received by the Commission and eliminate staff time to input data from those documents. External stakeholders will be able to submit all documents electronically as well as make payments of filing fees and fines electronically via credit card or ACH. The new system will provide increased security for the information entrusted to the Commission to meet the state and federal requirements. The improved efficiencies will assist with a quicker resolution to a claim in a fair and timely manner thereby reducing the cost to the employer, providing medical care and benefits to the injured

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worker in a more efficient manner with the ultimate goal of affording the injured worker the opportunity to return to work as soon as possible.

Another risk to the Commission is loss of corporate knowledge due to employees with many years of service to the Commission opting to retire and leave the Commission. During FY19 this risk was assessed at twenty-two employees as eligible to retire within the FY20. While the Commission does not expect a mass exodus of these employees within the near future, we are positioned to mitigate the risk by cross training employees on the new more efficient business processes implemented with the IT Legacy System Project and by realigning the duties and responsibilities of the vacant positions and hiring individuals to fill vacant positions with skill sets more in-line with the new system.

Financial Report

The Commission completed FY2019 with a General Fund appropriation of \$2 million and total expenditures \$1.9 million. General Fund expenditures are for personnel and related expenses for 18 positions which include the Commissioners, their Administrative Assistants, the Executive Director, Director of Claims, an Administrative Assistant and one Business Analyst position allocated to the IT Division. Earmarked Fund budgeted \$5.6 million in operating expenditures for 34 positions and other operating expenses. The actual expenditures were \$5 million. The Earmarked Operating Revenues budget was \$1.9 million. However, due to the increased efforts in coverage and compliance the actual amount of operating revenues received was \$3.8 million. The Self-Insurance Tax funds retained by the Commission are used to supplement the operational expenditures in the Earmarked Fund and for the IT Legacy System Modernization Project.

The budgetary challenges were reduced during the approval of the FY19 budget. The General Assembly approved an increase in the Commission's operating revenues by increasing the filing fee to \$50 which generates an additional \$600,000 per year. Further the General Assembly approved a one-time authorizing to spend \$1.4 million for Phase II of the Legacy System Modernization. However, that does not preclude the Commission's budget request being challenged as a result of the enforcement efforts of the Commission.

SC Workers' Compensation Commission				
Financial Report				
FY2018-19				
(July 1, 2018 - June 30, 2019)				
		Budget	Actual	% of budget
General Fund (1001)				
Appropriations		\$ 2,087,167	\$2,087,167	100%
Expenditures		\$ 2,087,167	\$1,927,664	92%
Earmarked Fund (3844)				
		Budget	Actual	% of budget
Operating Revenues		\$1,921,727	\$3,688,350	192%
Operating Expenditures		\$5,607,845	\$5,020,851	90%
IT Legacy Modernization Project Expense		\$1,400,000	\$1,400,000	100%
Self-Insurance Tax (3037)		\$2,500,000	\$2,655,978	106%

AGENCY NAME: **Workers' Compensation Commission**

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SECTION:

South Carolina Workers' Compensation Statistical Recap Sheet	FY 2017-2018	FY2018-2019	% chg
1. Number of Employers Purchasing Insurance	89,863	97,124	8.1%
2. Number of Employers Qualifying as Self-Insurers	2,105	2,285	8.6%
3. Investigations Active Beginning of Fiscal Year	144	369	156.3%
4. Investigations Initiated	2,032	2,234	9.9%
5. Investigations Set for Show Cause Hearings/ Consent Agreements Received	809	902	11.5%
6. Total Investigations Closed	1,804	1,940	7.5%
7. Investigations Active at Close of Fiscal Year	369	528	43.1%
8. Number of Accident Cases Filed with the Commission	67,255	65,827	-2.1%
A. New Cases	64,205	62,751	-2.3%
i. WCC Cases Created	24,318	24,155	-0.7%
ii. Minor Medical Reported (12M)	39,889	38,596	-3.2%
B. Reopened cases	2,872	3,076	7.1%
9. Number of Cases Closed during Fiscal Year	66,852	64,419	-3.6%
A. Individually Reported Accidents	26,963	25,823	-4.2%
B. Minor Medical Only Accidents Reported in Summary	39,889	38,596	-3.2%
10. Total Compensation & Medical Cost Paid on Closed Cases	\$934,859,520	\$995,364,542	6.5%
A. Medical Costs	\$352,701,292	\$361,345,767	8.1%
i. WCC Closed Cases	\$321,215,174	\$346,710,512	7.9%
ii. Minor Medical Reported (12M)	\$31,486,119	\$34,635,255	10.0%
B. Compensation	\$582,158,228	\$614,018,775	5.5%
11. Temporary Total Compensation Agreements	14,433	13,957	-3.3%
12. Supplemental Compensation Agreements	2,925	2,842	-2.8%
13. Applications for Stop Payment expedited hearing	1,505	1,480	-1.7%
14. Cases Docketed for Hearings	10,284	10,031	-2.5%
15. Cases Assigned for Informal Conferences	4,398	4,033	-8.3%
16. Hearings Conducted by Single Commissioners	899	752	-16.4%
17. Informal Conferences Conducted	2,972	2,780	-6.5%
18. Decisions, Opinions & Orders, Single Commissioners	2,718	2,834	4.3%
19. Cases Appealed to Full Commission for Review	289	298	3.1%
20. Reviews Conducted by Full Commission or Panel	134	118	-11.9%
21. Decisions and Opinions by Full Commission or Panel	194	199	2.6%
22. Commission Decisions Appealed to Higher Court	57	61	7.0%
23. Common Law Settlements	11,287	11,312	0.2%
24. Attorney Fee Approvals	8,706	8,314	-4.5%
25. Self-Insurance Tax Collected	5,205,363	\$5,056,527	-2.9%

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**Fiscal Year 2020-21
Agency Budget Plan**

FORM A - BUDGET PLAN SUMMARY

**OPERATING
REQUESTS
(FORM B1)**

For FY 2020-21, 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
(FORM B2)**

For FY 2020-21, 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
(FORM C)**

For FY 2020-21, my agency is (mark "X"):	
<input type="checkbox"/>	Requesting funding for Capital Projects.
<input checked="" type="checkbox"/>	Not requesting any changes.

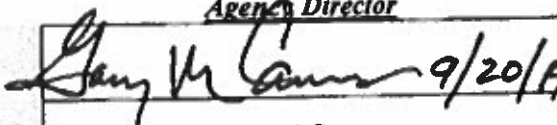
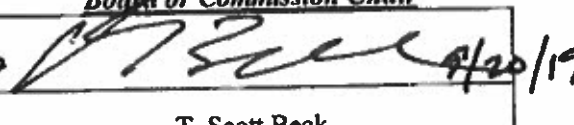
**PROVISOS
(FORM D)**

For FY 2020-21, my agency is (mark "X"):	
<input 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 checked="" type="checkbox"/>	Not requesting any proviso changes.

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

	<i>Name</i>	<i>Phone</i>	<i>Email</i>
PRIMARY CONTACT:	Gary M Cannon	803-737-5726	gcannon@wcc.sc.gov
SECONDARY CONTACT:	Sandee Sprang	803-737-5685	ssprang@wcc.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

SIGN/DATE:	<i>Agency Director</i>  9/20/19	<i>Board or Commission Chair</i>  9/20/19
TYPE/PRINT NAME:	Gary M Cannon	T. Scott Beck

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

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Fiscal Year 2020-21 Agency Budget Plan

FORM A - BUDGET PLAN SUMMARY

OPERATING REQUESTS <i>(FORM B1)</i>	For FY 2020-21, 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 2020-21, my agency is (mark "X"): <input type="checkbox"/> Requesting Non-Recurring Appropriations. <input type="checkbox"/> Requesting Non-Recurring Federal/Other Authorization. <input type="checkbox"/> Not requesting any changes.
CAPITAL REQUESTS <i>(FORM C)</i>	For FY 2020-21, my agency is (mark "X"): <input type="checkbox"/> Requesting funding for Capital Projects. <input type="checkbox"/> Not requesting any changes.
PROVISOS <i>(FORM D)</i>	For FY 2020-21, my agency is (mark "X"): <input 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 checked="" type="checkbox"/> Not requesting any proviso changes.

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

	Name	Phone	Email
PRIMARY CONTACT:	Gary M Cannon	803-737-5726	gcannon@wcc.sc.gov
SECONDARY CONTACT:	Sandee Sprang	803-737-5685	ssprang@wcc.sc.gov

I have reviewed and approved the enclosed FY 2020-21 Agency Budget Plan, which is complete and accurate to the extent of my knowledge.

	<i>Agency Director</i>	<i>Board or Commission Chair</i>
SIGN/DATE:	9/20/19	9/20/19
TYPE/PRINT NAME:	Gary M Cannon	T. Scott Beck

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

AGENCY NAME:

AGENCY CODE:

SECTION:

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

TITLE

Agency Cost Savings and General Fund Reduction Contingency Plan

AMOUNT

\$77,353

What is the General Fund 3% reduction amount (minimum based on the FY 2019-20 recurring appropriations)? This amount should correspond to the reduction spreadsheet prepared by EBO.

**ASSOCIATED FTE
REDUCTIONS**

One FTE

How many FTEs would be reduced in association with this General Fund reduction?

**PROGRAM/ACTIVITY
IMPACT**

Salaries and benefits account for most of the expenditures in the General Appropriations. To achieve a 3% reduction in the expenditures of this Fund, the Commission would transfer the funding for salary and benefits of one position from the General Appropriations to the Earmarked Fund. The total reduction in the cost of the position's salary and benefits in the General Fund Appropriations is over \$100,000.

What programs or activities are supported by the General Funds identified?

AGENCY NAME:

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SECTION:

SUMMARY

No impact on service delivery as a result of this reduction in funding to the General Fund. The position and associated costs will be transferred to the Earmarked Fund. Funding will be supported by revenues generated from filing fees, fines and assessments and Self-Insurance taxes collected by the Commission.

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

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?

AGENCY NAME:		SECTION:	
AGENCY CODE:			

FORM F – REDUCING COST AND BURDEN TO BUSINESSES AND CITIZENS

TITLE	IT Legacy System Modernization Project
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Provide a brief, descriptive title for this request.

EXPECTED SAVINGS TO BUSINESSES AND CITIZENS	Cost savings of an estimated \$50,000 to businesses for photocopies of documents and records.
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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	Mark "X" for all that apply:
	<input type="checkbox"/> Repeal or revision of regulations.
	<input type="checkbox"/> Reduction of agency fees or fines to businesses or citizens.
	<input checked="" type="checkbox"/> Greater efficiency in agency services or reduction in compliance burden.
	<input type="checkbox"/> Other

METHOD OF CALCULATION	Calculated cost savings are based the reduction in revenues collected from the copy charges; the total number of basic copy requests, and the number of additional pages requested and the potential reduction in charges for the number of additional pages requested to be copied.
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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	The implementation of the IT Legacy System Modernization will allow stakeholders to access case file documents electronically rather than request paper copies of the documents be produced by the Commission. This will reduce the cost for photocopy fees for paper documents. The current fee is \$20 for the first 20 copies and \$.50 per subsequent page. When the Legacy System is implemented, stakeholder businesses will have access to view, print and download case documents electronically if they have a portal account and are a party to the case. The FOIA requires the charge to be based on the actual cost of producing the copy. Since there will be no agency cost related to this, these costs for stakeholder businesses will be eliminated. All stakeholders will be offered the opportunity to have a portal account, including pro se claimants. If the stakeholder chooses not to have an account, then copy requests fees will apply in the same manner as they do today. The fee revenue for FY18-19 was \$63,000. The associated expenditures are within the Judicial Management program as salary and benefits and other operating costs. The enabling authority is the Freedom of Information Act Section 30-4-30(B).
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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

AGENCY NAME:	
AGENCY CODE:	SECTION:

previous fiscal year? What is the enabling authority for the issuance of the fee or fine?

REDUCTION OF REGULATION	The agency does not intend to amend or delete regulations pertaining to this activity. The enabling authority is the Freedom of Information Act Section 30-4-30(B).
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Which regulations does the agency intend to amend or delete? What is the enabling authority for the regulation?

SUMMARY	<p>The implementation of the IT Legacy System Modernization will allow stakeholders to access case file documents electronically rather than request paper copies of the documents. This will eliminate the financial cost to the stakeholder.</p> <p>The agency operations will benefit by reducing the need for an FTE to manually produce the paper copies which will allow the FTE's duties and responsibilities to be realigned to more productive activities.</p>
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Provide an explanation of the proposal and its positive results on businesses or citizens. How will the request affect agency operations?

Fiscal Year 1920-21 Operating Request Detail

Agency Code: R080

Agency Name: Workers' Compensation Commission

Section: 74

Summary All Funds		FY2019-20 Budget	FY2020-21 Budget Request
General Appropriations		\$ 2,578,439	\$ 2,788,954
Earmarked Fund		\$ 5,607,845	\$ 5,607,845
Total		\$ 8,186,284	\$ 8,396,799

Agency Funded Program	AGENCY Funded Program Name	State Funded Program	State Funded Program Description	MAMI	MAMI Description	Fund	FY2019-20 Budget	FY2020-21 Budget Request
General Appropriations								
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	501015	DIRECTOR	10010000	\$ 135,967	\$ 135,967
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	501026	CHAIRMAN	10010000	\$ 164,762	\$ 164,762
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	501033	COMMISSIONER	10010000	\$ 959,769	\$ 959,769
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	501050	TAXABLE SUBSISTENCE	10010000	\$ -	\$ -
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	501058	CLASSIFIED POSITIONS	10010000	\$ 347,717	\$ 347,717
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	501058	CLASSIFIED POSITIONS	10010000	\$ 47,092	\$ 47,092
R080C00010_0007	Claim Ser CC-Claim	1503.000000.000	CLAIMS	501058	CLASSIFIED POSITIONS	10010000	\$ 85,159	\$ 85,159
R080D00010_0006	Med Ser CC- Ins&Med	1002.000000.000	INS & MED SERVICES	501058	CLASSIFIED POSITIONS	10010000	\$ 29,646	\$ 29,646
R080E00010_0005	JUDDOCK CC - MANG	0500.050000.000	MANAGEMENT	501058	CLASSIFIED POSITIONS	10010000	\$ 29,267	\$ 29,267
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	512001	OTHER OPERATING	10010000	\$ 75,000	\$ 285,515
R080A00010_0004	Comis CC- Comis App	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	10010000	\$ 578,152	\$ 578,152
R080B00010_0000	Admin CC-Admin App	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	10010000	\$ 72,624	\$ 72,624
R080C00010_0007	Claim Ser CC-Claim	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	10010000	\$ 30,982	\$ 30,982
R080D00010_0006	Med Ser CC- Ins&Med	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	10010000	\$ 11,078	\$ 11,078
R080E00010_0005	JUDDOCK CC - MANG	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	10010000	\$ 11,224	\$ 11,224
Fund Total							\$ 2,578,439	\$ 2,788,954

Fiscal Year 1920-21 Operating Request Detail

Agency Code: R080

Agency Name: Workers' Compensation Commission

Section: 74

Agency Funded Program	AGENCY Funded Program Name	State Funded Program	State Funded Program Description	MAMI	MAMI Description	Fund	FY2019-20 Budget	FY2020-21 Budget Request
Earmarked Fund								
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	501050	TAXABLE SUBSISTENCE	38440000	\$ 70,000	\$ 70,000
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	501058	CLASSIFIED POSITIONS	38440000	\$ 791,985	\$ 791,985
R080C00010_0007	Claim Ser CC-Claim	1503.000000.000	CLAIMS	501058	CLASSIFIED POSITIONS	38440000	\$ 280,850	\$ 280,850
R080D00010_0006	Med Ser CC- Ins&Med	1002.000000.000	INS & MED SERVICES	501058	CLASSIFIED POSITIONS	38440000	\$ 459,463	\$ 459,463
R080E00010_0005	JUDDOCK CC - MANG	0500.050000.000	MANAGEMENT	501058	CLASSIFIED POSITIONS	38440000	\$ 302,294	\$ 302,294
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	501070	OTH PERSONAL SERVICES	38440000	\$ 41,000	\$ 41,000
R080D00010_0006	Med Ser CC- Ins&Med	1002.000000.000	INS & MED SERVICES	501070	OTH PERSONAL SERVICES	38440000	\$ 22,881	\$ 22,881
R080A00010_0004	Comis CC- Comis App	0500.010000.000	COMMISSIONERS	512001	OTHER OPERATING	38440000	\$ 230,700	\$ 230,700
R080B00010_0000	Admin CC-Admin App	0100.000000.000	ADMINISTRATION	512001	OTHER OPERATING	38440000	\$ 2,625,713	\$ 2,625,713
R080C00010_0007	Claim Ser CC-Claim	1503.000000.000	CLAIMS	512001	OTHER OPERATING	38440000	\$ 19,700	\$ 19,700
R080E00010_0005	JUDDOCK CC - MANG	0500.050000.000	MANAGEMENT	512001	OTHER OPERATING	38440000	\$ 12,800	\$ 12,800
R080A00010_0004	Comis CC- Comis App	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	38440000	\$ 21,000	\$ 21,000
R080B00010_0000	Admin CC-Admin App	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	38440000	\$ 175,000	\$ 175,000
R080C00010_0007	Claim Ser CC-Claim	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	38440000	\$ 125,000	\$ 125,000
R080D00010_0006	Med Ser CC- Ins&Med	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	38440000	\$ 184,959	\$ 184,959
R080E00010_0005	JUDDOCK CC - MANG	9500.050000.000	STATE EMPLOYER CONTR	513000	EMPLOYER CONTRIBUTIONS	38440000	\$ 190,000	\$ 190,000
Fund Total							\$ 5,607,845	\$ 5,607,845

Workers' Compensation Commission

FY20-2021 Budget Request

Earmarked Fund

Revenues

Acct No.	Earmarked Fund	Actual FY17-18	Budget FY18-19	Actual FY18-19	Budget FY19-20	Proposed Budget FY20-21	Difference + (-)
4380020000	Training Conference Registration Fee	\$ 7,597	\$ 6,000	\$ -	\$ 6,000	\$ 6,000	\$ -
4480040000	Sale of Publication and Brochures						\$ -
4350140000	Workers' Comp Award Review Fee	\$ 35,350	\$ 32,251	\$ 34,400	\$ 32,251	\$ 35,200	\$ (2,949)
4380050000	Sale of Photocopies	\$ 75,600	\$ 57,199	\$ 63,317	\$ 62,199	\$ 64,200	\$ (2,001)
4223030000	Workers' Compensation Filing Violation Fee	\$ 2,252,374	\$ 1,235,476	\$ 2,381,873	\$ 1,985,476	\$ 1,900,000	\$ 85,476
4480020000	Sale of Services			\$ 13,562			\$ -
4480060000	Sale of Listings and Labels	\$ 3,100	\$ 5,687	\$ 4,175	\$ 4,187	\$ 5,687	\$ (1,500)
4110090000	Workers' Comp Hearing Fee	\$ 593,325	\$ 545,662	\$ 1,070,550	\$ 1,091,322	\$ 1,164,281	\$ (72,959)
4350040000	Parking	\$ 5,460	\$ 5,900	\$ 5,465	\$ 5,900	\$ 5,900	\$ -
4520020006	Freedom of Information Act Refund	\$ 20					\$ -
4530030000	Other	\$ 1,420					\$ -
4480010000	Sale of Goods	\$ 1,134					\$ -
4160040000	Self-insurance Application Fee		\$ 26,577	\$ -	\$ 26,577	\$ 26,577	\$ -
4530030000	Miscellaneous Revenue	\$ -		\$ 1,588			\$ -
4530020000	Adjustment to Agency Deposits			\$ 83,025			\$ -
4511020000	Unclaimed Property	\$ 540					\$ -
4530010000	Return Checks			\$ (9,600)			\$ -
	Dep by Private Entity (prior year adjustment)						\$ -
	Total Earmarked Revenue:	\$ 2,975,919	\$ 1,914,752	\$ 3,648,355	\$ 3,213,912	\$ 3,207,845	\$ 6,067
	Self Insurance Tax (Special Revenue)	\$ 2,359,447	\$ 2,400,000	\$ 2,405,978	\$ 2,400,000	\$ 2,400,000	\$ -
	Total Operations Revenues	\$ 5,335,366	\$ 4,314,752	\$ 6,054,333	\$ 5,613,912	\$ 5,607,845	\$ 6,067

Balance Sheet

	Actual FY17-18	Actual FY18-19	Actual FY19-20	Budget FY19-20	Proposed Budget FY20-21
Total Operations Revenues	\$ 5,335,366	\$ 4,314,752	\$ 6,054,333	\$ 4,314,752	\$ 5,607,845
Total Expenditures	\$ (3,695,491)	\$ (5,607,845)	\$ (5,020,851)	\$ (5,607,845)	\$ (5,607,845)
Funding surplus (deficit)	\$ 1,639,875	\$ (1,293,093)	\$ 1,033,482	\$ 6,067	\$ -

FY20-21 Proviso Request

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

Transportation and Regulatory Subcommittee Proviso Request Summary			
Proviso # in FY 20-21 Act	Proviso Title	Short Summary	Agency Recommended Action (keep, change, delete, add)
74.1	Educational Seminar Revenue	All revenue earned from educational seminars shall be retained by the agency to be used for the printing of educational materials and other expenses related to conducting the seminar.	Keep
74.2	Retention of Filing Fees	The Workers' Compensation Commission is authorized to retain and expend all revenues received as a result of a \$50.00 filing fee for each requested hearing, settlement, or motion. If it is determined that the individual is indigent, this filing fee must be waived.	Keep

Worker's Compensation Commission
FY 2019-20
FTEs

			Other Funds	General Funds
I	Administration	0100.000000.000		
	Director			1
	Classified Positions		5	1
	Information Services			
	Classified Positions		5	0
II	Judicial			
	A. Commissioners	0500.010000.000		
	Chairman		0	1
	Commissioners		0	6
	Classified Positions		0	7
	B. Judicial Management	0500.050000.000		
	Classified Positions		10	0
III	Ins & Med Serv	1002.000000.000		
	Classified Positions		7	1
IV	Claims	1503.000000.000		
	Classified Positions		7	1
	Total FTEs by Fund		34	18
	Total FTEs			52