

MAINE STATE LEGISLATURE

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M
R. G. S.

L.D. 297

DATE: *May 25, 2001*

(Filing No. S-266)

LABOR

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**STATE OF MAINE
SENATE
120TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "*A*" to S.P. 77, L.D. 297, Bill, "An Act to Allow the Workers' Compensation Board to Maintain its Current Level of Services"

Amend the bill by striking out the title and substituting the following:

'Resolve, Authorizing a Study of the Governance and Administrative Structure of the Workers' Compensation System and Authorizing One-time Uses of the Workers' Compensation Board Reserve Account'

Further amend the bill by striking out everything after the title and before the summary and inserting in its place the following:

'Emergency preamble. Whereas, Acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the workers' compensation system in Maine is facing a number of budgetary and administrative issues; and

Whereas, this legislation seeks to provide one-time allocations from the Workers' Compensation Board reserve account and to direct the Department of Administrative and Financial Services to administer a study of the governance and administrative structure of the State's workers' compensation system; and

Whereas, this legislation requires the results of that study to be reported to the Legislature and to the Workers' Compensation Board by December 15, 2001; and

COMMITTEE AMENDMENT

2 **Whereas**, in the judgment of the Legislature, these facts
4 create an emergency within the meaning of the Constitution of
6 Maine and require the following legislation as immediately
8 necessary for the preservation of the public peace, health and
10 safety; now, therefore, be it

12 **Sec. 1. Authorization of study of the governance and administrative**
14 **structure of the State's workers' compensation system. Resolved:** That
16 the Department of Administrative and Financial Services shall
18 administer a feasibility study, in consultation with the advisory
20 committee established in this resolve, of the governance and
22 administrative structure of the State's workers' compensation
24 system to determine if greater efficiencies may be gained in the
26 operational structure and processes of the Workers' Compensation
28 Board and the advantages and disadvantages, if any, of a closer
30 alignment of the Workers' Compensation Board with other agencies
32 in State Government; and be it further

34 **Sec. 2. Factors to be considered. Resolved:** That the study must
36 include consideration of the following factors:

38 1. Underlying policy considerations in the Maine Workers'
40 Compensation Act of 1992 that led to the creation of the current
42 governance structure;

44 2. The need for independence in the quasi-judicial
46 functions of the workers' compensation system;

48 3. The 1997 Coopers and Lybrand business assessment and the
50 progress made in implementing its recommendations;

52 4. The effect of the existing governance system and its
54 progress to date on the operation of the workers' compensation
56 system and alternative models for structuring the governance
58 system;

60 5. The forms of governance and administration used by other
62 states;

64 6. The existence of resources and programs in other areas
66 of State Government that could be more closely aligned with the
68 workers' compensation system to achieve greater capacity and to
70 facilitate continued progress;

72 7. Whether overall safety efforts can be improved through
74 affiliation of workers' compensation safety initiatives with
76 other state safety-related programs;

8. The effectiveness and adequacy of the current assessment and budgeting mechanisms, with particular attention to the adequacy of the monitoring and enforcement function; and

9. Methods to improve short- and long-range fiscal stability and predictability of the revenue stream; and be it further

Sec. 3. Authority to contract. Resolved: That the Department of Administrative and Financial Services may administer the study established in this resolve and may enter into contracts with consultants for the performance of that study. After consultation with the advisory committee established in this resolve, the Department of Administrative and Financial Services shall determine the nature and extent of the contractual services necessary for the completion of the study in accordance with this resolve and shall prepare and administer all contracts pursuant to those determinations in accordance with the Maine Revised Statutes, Title 5, chapter 155; and be it further

Sec. 4. Advisory committee established. Resolved: That the study established in this resolve must be administered in consultation with an advisory committee, consisting of 10 members, as follows:

1. Four members of the Joint Standing Committee on Labor, appointed jointly by the Senate Chair and the House Chair, with the membership reflecting an equal balance with respect to political party affiliation;

2. The Executive Director of the Workers' Compensation Board or the executive director's designee;

3. One labor representative from the Workers' Compensation Board, appointed by the Workers' Compensation Board;

4. One management representative from the Workers' Compensation Board, appointed by the Workers' Compensation Board;

5. The Commissioner of Labor or the commissioner's designee;

6. The Commissioner of Professional and Financial Regulation or the commissioner's designee; and

7. One representative from the Office of the Governor, appointed by the Governor; and be it further

Sec. 5. Reporting. Resolved: That the Department of Administrative and Financial Services shall report its findings, including any proposed implementation plan or legislation, to the

P. 6 of 8.

COMMITTEE AMENDMENT "A" to S.P. 77, L.D. 297

Legislature and the Workers' Compensation Board by December 15, 2001. The Joint Standing Committee on Labor may report out any recommended legislation relating to the department's report to the 2nd Regular Session of the 120th Legislature; and be it further

Sec. 6. Authorization to use reserve account to fund study.

Resolved: That the Workers' Compensation Board shall transfer \$125,000 from the reserve account created pursuant to the Maine Revised Statutes, Title 39-A, section 154, subsection 6 to the Department of Administrative and Financial Services to fund the study provided for in this resolve. The Department of Administrative and Financial Services shall transfer funds from the authorized amount to the Legislature to reimburse the Legislature for its payment of per diem and expenses for Legislators who serve on the advisory committee created in section 4 of this resolve. The Department of Administrative and Financial Services shall transfer all funds not spent or encumbered for the study by January 1, 2002 to the Workers' Compensation Board for deposit in the reserve account. This is a one-time authorization and does not apply to any ongoing use of the reserve account for these purposes; and be it further

Sec. 7. Authorization to use reserve account for fiscal year 2001-2002 expenses.

Resolved: That the Workers' Compensation Board is authorized to spend up to \$700,000 from its reserve account created pursuant to the Maine Revised Statutes, Title 39-A, section 154, subsection 6 for current services expenses in fiscal year 2001-2002, including reclassification of 4 positions approved by the Department of Administrative and Financial Services, Bureau of Human Resources. This is a one-time authorization and does not apply to any ongoing use of the reserve account for these purposes; and be it further

Sec. 8. Allocation. Resolved: That the following funds are allocated from Other Special Revenue funds to carry out the purposes of this resolve.

2001-02

WORKERS' COMPENSATION BOARD

Administration - Workers' Compensation Board

Personal Services	\$451,034
All Other	230,483
TOTAL	<u>\$681,517</u>

11. 4. 8.

COMMITTEE AMENDMENT "A" to S.P. 77, L.D. 297

2 Provides funds from the workers' compensation reserve account for current services expenses.

4
6 **Administration - Workers' Compensation Board**

8 Personal Services \$18,483

10 Provides funds from the workers' compensation reserve account for the approved position reclassifications of 2 Clerk Typist III (pay range 12) to Legal Secretary (pay range 13), one Legal Secretary to Clerk IV (pay range 15) and one Administrative Secretary (pay range 16) to Administrative Assistant (pay range 20).

18
20 **WORKERS' COMPENSATION BOARD TOTAL** \$700,000

22 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF**

24 **Miscellaneous Acts and Resolves**

26 All Other \$122,480

28 Provides funds via a transfer from the workers' compensation reserve account to pay for a study of the governance and organizational structure of the State's workers' compensation system.

34
36 **ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF TOTAL** \$122,480

38 **LEGISLATURE**

40 **Study Commissions - Funding**

42 Personal Services \$1,320
44 All Other 1,200

46 Provides funds via a transfer from the Department of Administrative and Financial Services from funds received from the workers' compensation reserve account for the per diem and expenses of legislative

members of the advisory committee for the feasibility study related to the State's workers' compensation system.

**LEGISLATURE
TOTAL**

\$2,520

Emergency clause. In view of the emergency cited in the preamble, this resolve takes effect when approved.'

Further amend the resolve by inserting at the end before the summary the following:

FISCAL NOTE

2001-02

APPROPRIATIONS/ALLOCATIONS

Other Funds \$825,000

The Administration - Workers' Compensation Board program will require an Other Special Revenue funds allocation totaling \$700,000 in fiscal year 2001-02 for current services expenses and approved position reclassifications. Funding for these activities will come from the reserve account of the Workers' Compensation Board.

The Department of Administrative and Financial Services will require an Other Special Revenue funds allocation of \$122,480 in fiscal year 2001-02 to pay for a study of the governance and administrative structure of the State's workers' compensation system. Funding for this activity will come from a transfer of revenue in the amount of \$125,000 from the Workers' Compensation Board's reserve account. The department is also authorized to transfer necessary amounts from these funds to the Legislative Council to pay per diem and expenses of certain members of the advisory committee established in this resolve.

The Legislature will require an additional Other Special Revenue funds allocation of \$2,520 for the per diem and expenses of legislative members of the advisory committee for the study.

The additional costs associated with membership on the advisory committee established in this resolve can be absorbed by the Office of the Governor, the Workers' Compensation Board, the Department of Professional and Financial Regulation and the Department of Labor utilizing existing budgeted resources.'

SUMMARY

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This amendment directs the Department of Administrative and Financial Services to administer a feasibility study of the governance and administrative structure of the State's workers' compensation system to determine if greater efficiencies may be gained in its operational structure and processes. The department may enter into contracts for consulting services to assist in carrying out the study. The study is funded by up to \$125,000 from the Workers' Compensation Board reserve account. The department is directed to consult with an advisory committee composed of members of the Legislature, the Workers' Compensation Board, the Department of Labor and the Department of Professional and Financial Regulation and the Governor's office and to report its findings to the Legislature and the Workers' Compensation Board by December 15, 2001. The Joint Standing Committee on Labor may report out any recommended legislation relating to the report of the Department of Administrative and Financial Services to the Second Regular Session of the 120th Legislature.

This amendment authorizes the Workers' Compensation Board to use up to \$700,000 from its reserve account to fund board expenses in fiscal year 2001-2002. It authorizes some of that money to fund position reclassifications already approved by the Department of Administration and Financial Services, Bureau of Human Resources.

It also adds an appropriation section and a fiscal note to the bill.