

HB 2788 STAFF MEASURE SUMMARY

Joint Committee On Ways and Means

Prepared By: Krista Dauenhauer, Budget Analyst

Meeting Dates: 5/28

WHAT THE MEASURE DOES:

The legislation requires the Department of Consumer and Business Services (DCBS) to increase the minimum fund balance of the Workers' Benefit Fund, from six months to twelve months, of projected operating expenditures. Furthermore, if the balance of the Fund falls below minimum requirements, DCBS is required to report to the Workers' Compensation Management-Labor Advisory Committee with a plan to increase the balance to the required amount and the Committee must provide advise to the Director regarding the plan.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Workers' Benefit Fund supports return-to-work programs and cost-of-living adjustments to permanently and totally disabled workers and to the spouses and children of workers who died from an occupational injury or disease. The Fund revenue comes from an assessment of 2.4 cents per hour worked that is shared equally by employers and workers. In 2014, the Legislative Assembly reduced the required balance of the Workers' Benefit Fund from 12 months to six months of projected expenditures in response to issues with the solvency of several self-insured employer groups. The legislation, Senate Bill 1558, required the Management-Labor Advisory Committee (MLAC) to review the change and recommend to the Legislative Assembly whether to retain or change the Fund balance requirements. MLAC studied the issue and concluded that the Fund balance should be an amount that covers 12 months of projected expenditures.

House Bill 2788 requires the Department of Consumer and Business Services to maintain a balance in the Workers' Benefit Fund that is adequate to cover 12 months of projected operating expenditures. The Department must also develop a plan to increase the Fund if it falls below the required amount.