

2017-19 Biennium Budget Decision Package

Agency: 190 Board of Industrial Insurance Appeals

Decision Package Code/Title: WI Appeals Workload Increase

Budget Period: 2017-19

Budget Level: M1 – Mandatory Caseload and Enrollment Changes

Agency Recommendation Summary Text:

The Board of Industrial Insurance Appeals (BIIA) has been experiencing sustained growth in appeals and the number of appeals granted. Since July 2014 appeals received have increased from approximately 13,100 per year to 14,000 per year, growth of approximately 6.75%. Compounding the effect of the growing number of appeals received, the number of appeals granted has also increased by approximately 5%. We are asking for a modest increase in agency staffing to deal with the increase in workload. This item requests 3.0 FTEs and \$808,000 to manage the growth in appeals and appeals granted.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	209,500	194,500	194,500	194,500
Fund 609-1	209,500	194,500	194,500	194,500
Total Cost	419,000	389,000	389,000	389,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	3.0	3.0	3.0	3.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	0.0	0.0	0.0	0.0
Fund 609-1	0.0	0.0	0.0	0.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Object A - Salaries	229,000	229,000	229,000	229,000
Object B - Benefits	71,000	71,000	71,000	71,000
Object E – Goods/Services	83,000	83,000	83,000	83,000
Object G - Travel	6,000	6,000	6,000	6,000
Object J - Equipment	30,000	0	0	0

Package Description

The BIIA has experienced an increase in appeals of nearly 7% since July 2014 and an increase in appeals granted of approximately 5% in the last year. This request is for 2.0 Judicial FTEs, 1.0 legal support FTE and \$808,000, which is an increase of approximately 2% over current

staffing levels. We are requesting one hearings judge and one mediation/review judge to conduct hearings and mediation conferences. We will also need one Legal Assistant for support functions which include drafting simple orders, case management functions, reviewing the record, entering data into the agency case tracking system, identifying the claim history necessary to establish authority for the claim, docketing, file preparation, etc.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- **Budget impacts in future biennia:**

All costs are ongoing except for one time equipment purchases of approximately \$30,000 (object J in detail) in the first fiscal year.

- **Expenditure Calculations and Assumptions:**

Our assumptions are based on an increase of 400 new appeals per year, not the actual 900 appeal increase we are experiencing. We are also only applying the increase in grant rate to the 400 appeals in our calculation. We think with the efficiencies we have achieved in our processes that calculating the request based on 400 new appeals per year will be sufficient.

Calculations are as follows: 400 new appeals per year (3% increase) X 64% grant rate-43.5% settlement rate = 145 appeals to hearings. We budget hearing judges at 11.5 case assignments per month, which would equate to approximately 1.0 hearing judges for the increased appeals.

An additional 1.0 mediation/review judge is needed to manage the expected increase in caseload. Based on the assumptions stated above we expect 256 (400 new appeals x 64% grant rate) more mediation assignments and approximately 21 (145 hearings x 35% order rate x 41% PFR rate) new Petitions For Review (PFRs). The staffing for mediation judges is based on 32.5 assignments per mediator and 50 PFR assignments per review judge.

An additional Legal Assistant is needed to manage the workload produced by the additional judicial staff.

<u>Object Detail</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Total</u>
FTEs	3.0	3.0	3.0
A – Salaries	\$229,000	\$229,000	\$458,000
B – Benefits	71,000	71,000	142,000

E – Goods and Services	83,000	83,000	166,000
G – Travel	6,000	6,000	12,000
J – Equipment	30,000		30,000
Totals	\$419,000	\$389,000	\$808,000

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance Measure detail:

Goal:

Incremental Changes
FY 2018 **FY 2019**

Average weeks required to resolve industrial insurance appeals

Maintain

Maintain

Fully describe and quantify expected impacts on state residents and specific populations served.

The mission of the Board of Industrial Insurance Appeals is to serve the public by resolving appeals in a consistent, impartial, timely and efficient manner. We are continuously seeking to improve our processes to most effectively and efficiently meet the needs of our customers. The increase in staff supports the agency mission of providing a quality dispute resolution process and the goal of maintaining or reducing the average weeks to completion.

Reason for change:

Per RCW 51.52.050, workers, beneficiaries, and employers have the right to appeal from a Department of Labor and Industries decision concerning a worker's claim for benefits. The Board of Industrial Insurance Appeals (BIIA) hears and decides these appeals.

The BIIA workload continues to grow at a rate much higher than anticipated. The BIIA has made process and business practice improvements to keep up with the challenge of the increased workload. Significant improvements in the areas of scheduling, writing proposed decisions and orders and technology have been achieved over the last several years but the workload increases we are experiencing are outstripping our efficiencies.

There are several leading indicators of stress on our system that we are concerned about. We are currently at an all-time high for case assignments per hearing judge, approximately 8% over our optimal point. We are also seeing an increase in caseload at month end. This measure has increased by over 10% during the last 24 months. The increases in these measures tell us that our decisions will take longer and workers and employers will not receive as timely resolution of their disputes.

The workload increase also affects our mediation/review judges in both aspects of their job. Mediation/review judges divide their time between review work for the Board Members and mediation. As more appeals are granted more mediation assignments are given to these judges. If mediation judges are assigned more cases than they can effectively handle, we will not be able to provide the parties with assistance in exploring settlement options that allow them to avoid costly and time-consuming litigation. The increase in grants also leads to more

hearings and more proposed decisions and orders being issued. The increase in orders leads to more petitions for reviews and the workload for the mediation/review judges increases.

Impact on clients and stakeholders: If this decision package is funded we will be able to continue providing a high quality dispute resolution process in a consistent, impartial, timely and efficient manner.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify: N/A
Other local gov't impacts?	No	Identify: N/A
Tribal gov't impacts?	No	Identify: N/A
Other state agency impacts?	No	Identify: N/A
Responds to specific task force, report, mandate or exec order?	No	Identify: N/A
Does request contain a compensation change?	No	Identify: N/A
Does request require a change to a collective bargaining agreement?	No	Identify: N/A
Facility/workplace needs or impacts?	No	Identify: No new facilities are needed.
Capital Budget Impacts?	No	Identify: N/A
Is change required to existing statutes, rules or contracts?	No	Identify: N/A
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office): N/A
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions

Identify other important connections		N/A
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Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

The agency has implemented several efficiencies which have helped mitigate the impact of the increase in appeals and grants. If we had not implemented these efficiencies the request would be for more than double the staff and costs.

This option was chosen because though we continue to explore and implement efficiencies, the increasing workload is outpacing any gains we make.

What are the consequences of not funding this request?

Without the additional judicial and support staff, the agency expects decisions to take longer and workers and employers will not receive timely resolution of their disputes. The backlog of cases will also continue to increase.

How has or can the agency address the issue or need in its current appropriation level?

The agency does not expect to be able to address this increased workload in its current appropriation level. As stated above, we continue to implement efficiencies including major changes in how we write our decisions and orders and in scheduling, as well as providing better training. These changes have helped to mitigate the impact of the increase in appeals and grants but the increasing workload is outpacing any gains we make.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

- No 
- Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: **190 Board of Industrial Insurance Appeals**

Decision Package Code/Title: **8L Lease Rate Adjustment**

Budget Period: **2017-19**

Budget Level: **M2 – Inflation and Other Rate Changes**

Agency Recommendation Summary Text:

The Board of Industrial Insurance Appeals leases office space in ten locations across the state. During the 2017-19 Biennium leases will be renewed in four locations: Yakima, Seattle, Everett, and Vancouver. This item requests funding in the amount of \$66,864 for these lease renewals.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	3,494	29,938	28,690	2,245
Fund 609-1	3,494	29,938	28,690	2,245
Total Cost	6,988	59,876	57,380	4,490
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	0.0	0.0	0.0	0.0
Fund 609-1	0.0	0.0	0.0	0.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Object E – Goods/Services	6,988	59,876	57,380	4,490

Package Description

- The board of Industrial Insurance Appeals will be renewing four leases during the 2017-19 Biennium. The chart below details the lease renewal dates, approximate increases and assumptions as provided by OFM Facilities Oversight Program.

Lease Renewal		Current								
Lease	Renew Date	Square Feet	\$ Per SQ FT	NEW RATE	\$ Change /SQ FT	% Change	FY18 Change	FY19 Change	FY20 CFL	FY21 CFL
Yakima	11/1/2017	4,133	20.25	22.79	2.54	12.524%	6,988	10,482	3,495	
Seattle	8/1/2018	13,951	26.75	30.16	3.41	12.755%	-	43,634	47,600	3,967
Everett	11/1/2018	1,658	25.00	28.19	3.19	12.755%	-	3,525	3,845	320
Vancouver	11/1/2018	1,589	16.55	18.66	2.11	12.755%	-	2,236	2,440	204
							6,988	59,876	57,380	4,490

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

- The estimated percentage increases to the leases in this decision package were provided by the Office of Financial Management Facilities Oversight Program.

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

This package is for increases in lease rates for lease renewals. It is not tied to specific performance outcomes.

Performance Measure detail:

Fully describe and quantify expected impacts on state residents and specific populations served.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify: N/A
Other local gov't impacts?	No	Identify: N/A
Tribal gov't impacts?	No	Identify: N/A
Other state agency impacts?	No	Identify: N/A
Responds to specific task force, report, mandate or exec order?	No	Identify: N/A
Does request contain a compensation change?	No	Identify: N/A
Does request require a change to a collective bargaining agreement?	No	Identify: N/A

Facility/workplace needs or impacts?	No	Identify: N/A
Capital Budget Impacts?	No	Identify: N/A
Is change required to existing statutes, rules or contracts?	No	Identify: N/A
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office): N/A
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

No viable alternative to explore as we require physical sites to conduct proceedings.

What are the consequences of not funding this request?

The agency will be unable to provide efficient, effective and convenient services to the customer.

How has or can the agency address the issue or need in its current appropriation level?

No viable alternative to explore as we require physical sites to conduct proceedings.

Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No 

Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)

2017-19 Biennium Budget Decision Package

Agency: 190 Board of Industrial Insurance Appeals

Decision Package Code/Title: CR Court Reporter Rate Increase

Budget Period: 2017-19

Budget Level: M2 – Inflation and Other Rate Changes

Agency Recommendation Summary Text:

Hearings before the Board of Industrial Insurance Appeals (BIIA) are required by law to be reported verbatim and transcribed. The BIIA record forms the basis for all subsequent levels of appellate review.

The BIIA has a court reporting contract which was competitively bid and awarded for a five year term ending June 30, 2020. During the 2017-19 Biennium the terms of the contract include a rate increase of approximately 5%. The BIIA currently spends approximately \$1.35 million per year through this contract. This item requests funding in the amount of \$68,000 annually for the contractual rate increase.

Fiscal Summary: Decision package total dollar and FTE cost/savings by year, by fund, for 4 years. Additional fiscal details are required below.

Operating Expenditures	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	34,000	34,000	34,000	34,000
Fund 609-1	34,000	34,000	34,000	34,000
Total Cost	68,000	68,000	68,000	68,000
Staffing	FY 2018	FY 2019	FY 2020	FY 2021
FTEs	0.0	0.0	0.0	0.0
Revenue	FY 2018	FY 2019	FY 2020	FY 2021
Fund 608-1	0.0	0.0	0.0	0.0
Fund 609-1	0.0	0.0	0.0	0.0
Object of Expenditure	FY 2018	FY 2019	FY 2020	FY 2021
Object E – Goods/Services	68,000	68,000	68,000	68,000

Package Description

- The BIIA has a court reporting contract which was competitively bid and awarded for a five year term ending June 30, 2020. During the 2017-19 Biennium the terms of the contract include a rate increase of approximately 5%. The BIIA currently spends approximately \$1.35 million per year through this contract. This item requests funding in the amount of \$68,000 annually for the contractual rate increase.

Base Budget: If the proposal is an expansion or alteration of a current program or service, provide information on the resources now devoted to the program or service. Please include annual expenditures and FTEs by fund and activity (or provide working models or backup materials containing this information).

Decision Package expenditure, FTE and revenue assumptions, calculations and details: Agencies must clearly articulate the workload or policy assumptions used in calculating expenditure and revenue changes proposed.

Budget impacts in future biennia:

The contract terms will have a carryforward impact for the 2017-19 Biennium. The carryforward impact is detailed in the Package Description section.

Expenditure Calculations and Assumptions:

<u>Object Detail</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>Total</u>
E Goods and Services	\$ 68,000	\$ 68,000	\$136,000

Decision Package Justification and Impacts

What specific performance outcomes does the agency expect?

Describe and quantify the specific performance outcomes the agency expects as a result of this funding change.

Performance Measure detail:

Goal:

Incremental Changes

FY 2018 FY 2019

N/A

N/A

Fully describe and quantify expected impacts on state residents and specific populations served.

The mission of the Board of Industrial Insurance Appeals is to serve the public by resolving appeals in a consistent, impartial, timely and efficient manner. We are continuously seeking to improve our processes to most effectively and efficiently meet the needs of our customers. We are required by law to have a verbatim reporting and transcript of our hearings.

Reason for change:

The Board of Industrial Insurance Appeals has a current contract for these services with a pending increase.

What are the other important impacts or connections related to this proposal?

The BIIA hears and decides appeals from decisions of the Department of Labor and Industries. Business and Labor are two primary stakeholders for the BIIA. Without adequate funding for verbatim reporting and transcription of hearings the BIIA our services will suffer.

Impact on clients and services:

Having transcripts is essential to the agency customers and the processes we are using.

What are other important connections or impacts related to this proposal? Please complete the following table and provide detailed explanations or information below:

Impact(s) To:		Identify / Explanation
Regional/County impacts?	No	Identify: N/A
Other local gov't impacts?	Select Y/N	Identify: N/A
Tribal gov't impacts?	No	Identify: N/A
Other state agency impacts?	No	Identify: N/A
Responds to specific task force, report, mandate or exec order?	No	Identify: N/A
Does request contain a compensation change?	No	Identify: N/A
Does request require a change to a collective bargaining agreement?	No	Identify: N/A
Facility/workplace needs or impacts?	No	Identify: N/A
Capital Budget Impacts?	No	Identify: N/A
Is change required to existing statutes, rules or contracts?	No	Identify: N/A
Is the request related to or a result of litigation?	No	Identify lawsuit (please consult with Attorney General's Office):
Is the request related to Puget Sound recovery?	No	If yes, see budget instructions Section 14.4 for additional instructions
Identify other important connections		

Please provide a detailed discussion of connections/impacts identified above.

What alternatives were explored by the agency and why was this option chosen?

No viable alternatives to explore as we need transcripts to conduct business.

What are the consequences of not funding this request?

The agency will be unable to provide efficient, effective and convenient services to the customer.

How has or can the agency address the issue or need in its current appropriation level?

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Other supporting materials: Please attach or reference any other supporting materials or information that will help analysts and policymakers understand and prioritize your request.

Information technology: Does this Decision Package include funding for any IT-related costs, including hardware, software, services (including cloud-based services), contracts or IT staff?

No



Yes Continue to IT Addendum below and follow the directions on the bottom of the addendum to meet requirements for OCIO review.)