

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5363-01
Bill No.: HB 2302
Subject: Attorneys; Labor and Industrial Relations Department; Workers Compensation
Type: Original
Date: March 25, 2008

Bill Summary: This proposal requires all claims filed against the Second Injury Fund after August 28, 2008, to use staff attorneys employed by the Division of Workers' Compensation to provide legal services on claims.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Second Injury Fund	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Labor and Industrial Relations (DOLIR)** assume this bill transfers the defense of the Second Injury Fund (SIF) from the Attorney General's Office to the Department's Division of Workers' Compensation. Currently, the Office of Attorney General employs 46 FTE to defend claims against the SIF. The Department is unsure if the proposal will require the full 46 FTEs to carry out the provisions of the bill. Currently there are 28,698 SIF cases pending. Based on appropriations for FY 2008 the cost of the 46 FTEs transferred from the AGO to the Department is \$3,252,084. Of that amount, \$2,026,305 is personal service and \$1,225,779 is expense and equipment. Without knowing the amount of rental space needed, the amount of computer hardware and other information technology requirements, the amount of office supplies needed, or the number of support personnel required, the Department estimates the minimum cost would be \$3,252,084.

Officials at the **Office of the Attorney General (AGO)** assumes that fiscal costs for this proposal are not determinable because of the new provision found within Section 287.220.2 allowing outside counsel to defend the Second Injury Fund. As a result, the AGO assumes costs are unknown.

Oversight assumes that since the Second Injury Fund already pays for the services of the attorneys there is no additional cost to the Second Injury Fund to move the staff from the Office of the Attorney General to the Department of Labor and Industrial Relations. Oversight has shown the transfer out of the Attorney General Office and into the Dept. of Labor.

Officials at the **Missouri Senate, Office of the State Treasurer, Missouri House of Representatives, Department of Insurance, Financial Institutions and Professional Registration** and the **Office of the Governor** assume that there is no fiscal impact from this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
SECOND INJURY FUND			
<u>Transfer Out</u> - Attorney General Office second injury fund attorneys and equipment	(Unknown)	(Unknown)	(Unknown)
<u>Transfer In</u> - Dept. of Labor second injury fund attorneys and equipment	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON SECOND INJURY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, the State Treasurer, with the advice and consent of the Attorney General, must defend against any claim in which recovery against the Second Injury Fund is sought for permanent partial disability, permanent total disability, or death. The Attorney General instructs the Assistant Attorney General to provide legal services required in all claims made for recovery from the fund. This bill specifies that for all pending and new claims filed against the fund after August 28, 2008, the Director of the Division of Workers' Compensation within the Department of Labor and Industrial Relations will assign staff attorneys employed by the division to appear on behalf of the State Treasurer to defend the claims. In circumstances where an actual or potential conflict of interest exists, the division director can assign cases to staff attorneys employed by the department or, with the consent of the State Treasurer, hire outside counsel. All legal expenses, medical examination fees, vocational testing fees, vocational rehabilitation assessment fees, and other associated costs will be paid from the fund.

JH:LR:OD (12/07)

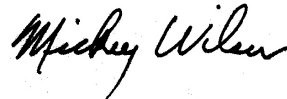
FISCAL DESCRIPTION (continued)

Beginning September 1, 2009, and each year thereafter, the division director is required to report to the Governor, State Treasurer, and General Assembly on all expenses and deposits regarding the fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Labor and Industrial Relations
Missouri Senate
Office of the State Treasurer
Office of the Governor
Missouri House of Representatives
Department of Insurance, Financial Institutions and Professional Registration
Office of the Attorney General

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 25, 2008