

**HOUSE OF REPRESENTATIVES
FINAL BILL ANALYSIS**

BILL #:	CS/HB 5203 (SB 1992)	FINAL HOUSE FLOOR ACTION:	
SPONSOR(S):	Appropriations Committee, Higher Education Appropriations Subcommittee and O'Toole (Budget)	118 Y's	0 N's
COMPANION BILLS:	SB 1992	GOVERNOR'S ACTION: Pending	

SUMMARY ANALYSIS

CS/HB 5203 passed the House and Senate on March 9, 2012. The bill provides substantive changes in law to conform to budgetary reductions in the Fiscal Year 2012-2013 General Appropriations Act (GAA).

The Division of Vocational Rehabilitation (DVR), Bureau of Rehabilitation and Reemployment Services (BRRS) in the Department of Education provides reemployment services to injured workers who are not able to return to their usual and customary occupation due to their work injury and require additional services. Services provided include vocational counseling; job-seeking training skills; transferable skills analysis; job placement; labor market information; and, if qualified, training and education, which includes payment for books, tuition, tools, uniforms, and authorized supplies.

The bill amends s. 440.491, F.S., relating to reemployment of injured workers, effective July 1, 2012, to eliminate duties of the BRRS. By removing the definition of "Department" to mean Department of Education (DOE) in this section of statute, program responsibilities shift to the Department of Financial Services (DFS). Additionally, DFS is provided authorization to contract with one or more third parties to administer services of the program.

Effective June 30, 2013, the Workers' Compensation Administration Trust Fund (WCATF) within the DOE is repealed and terminated. The remaining fund balance and all revenues of the trust fund are transferred to the WCATF within the DFS.

The GAA for Fiscal Year 2012-2013 includes a reduction of 27 full-time equivalent positions and \$2.3 million from the Workers' Compensation Administration Trust Fund (WCATF) from DVR appropriations. Budget authority of approximately \$200,000 remains in the trust fund at DOE to allow for the payment of anticipated program expenditures in Fiscal Year 2012-2013.

An appropriation of \$350,000, five full-time equivalent positions and associated salary rate of 260,000 is appropriated in CS/SB 5203 to DFS from the WCATF to carry out provisions of the bill.

Subject to the Governor's veto powers, the effective date of the bill is July 1, 2012, except as otherwise expressly provided.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

The Department of Education Division of Vocational Rehabilitation's Bureau of Rehabilitation and Reemployment Services (BRRS) provides reemployment services to injured workers in accordance with s. 440.491, Florida Statutes (Florida Workers' Compensation Law), and Rule Chapter 6A-22, Florida Administrative Code. Reemployment Services are provided to injured workers who are not able to return to their usual and customary occupation due to their work injury and require additional services to return to suitable gainful employment as defined in ss. 440.491(1)(h). Reemployment services provided by the BRRS include vocational counseling; job-seeking skills training; transferable skills analysis; job placement; labor market information; and training and education, including payment for books, tuition, tools, uniforms, and authorized supplies. Additional services may include referrals to other entities for services to assist with needs outside the scope of the Workers' Compensation System. The program organized by this section has existed since 1993.

The Workers' Compensation Administration Trust Fund (WCATF) within Department of Financial Services provides for the payment of expenses in respect to the administration of the workers' compensation program in the state.¹ Additionally, each fiscal year, funds are appropriated from the WCATF to be transferred to other agencies to support related programs. Besides the Department of Education's Division of Vocational Rehabilitation, funds from the WCATF are also transferred annually to other agencies which include the Agency for Health Care Administration, Department of Business and Professional Regulation, Department of Management Services/Division of Administrative Hearings, First District Court of Appeal, and Justice Administration Commission (for use by the State Attorney in the 11th Judicial Circuit for the prosecution of workers' compensation fraud).

The major revenue source (other than fines imposed by the Division of Workers' Compensation) for the WCATF comes from assessments on workers' compensation insurance premiums as provided for in s. 440.51(1), F.S. Each year, by July 1, the department is required to notify insurance carriers and self-insurers of the assessment rate necessary for the enforcement of chapter 440, F.S. The assessment rate is effective the following January 1. In an economic downturn, workers' compensation claims can exceed revenues produced, which in turn requires either expenditures to be reduced where possible, or imposition of assessment rate increases.

During the 2011 legislative session, budgetary reductions were made to the BRRS Injured Worker Program, and certain investigative, monitoring and regulatory duties of the Division of Vocational Rehabilitation related to the program were eliminated. The program was reduced by 55 full-time-equivalent (FTE) positions, and \$5.5 million in funding. These reductions were the result of declining cash balances in the WCATF.

According to the Division of Vocational Rehabilitation, the BRRS has approximately 1,800 active open cases. Injured workers are referred to the BRRS program by insurance carriers, attorneys, health care providers, and rehabilitation providers.

The BRRS program's 2011-2012 budget includes \$2.5 million in WCATF to support the remaining 27 FTE who assist Florida's injured workers with reemployment services to return them to suitable gainful employment.

Effect of Changes

The bill amends s. 440.491, Florida Statutes, relating to reemployment/rehabilitative services for injured workers. Beginning in FY 2012-2013, services provided to injured workers will now be provided by the Department of Financial Services (DFS), instead of the Department of Education.

¹ Section 440.50, F.S.

The Department of Financial Services is authorized to contract with one or more third parties, including, but not limited to rehabilitation providers, to administer training and education screenings, reemployment assessments, vocational evaluations, and reemployment services. Any person or firm selected by the department may not have a conflict of interest that could affect the ability to perform assigned responsibilities. Further, a rehabilitation provider who contracts with DFS may not provide training or education to the injured worker.

The bill repeals the WCATF within the Department of Education, effective June 30, 2013. The bill provides procedures for transferring balances remaining in, and all revenues of the trust fund to the WCATF within the DFS; provides procedures for payment of outstanding debts and obligations of the trust fund; and requires the Chief Financial Officer to close out and remove the trust fund from the various state accounting systems upon the trust funds termination.

The sum of \$350,000 in recurring funds from the Workers' Compensation Administration Trust Fund within the DFS, five full-time equivalent positions and associated salary rate of 260,000 are appropriated to DFS for implementation.

B. SECTION DIRECTORY:

Section 1. Repeals s. 1010.87, F.S., relating to the WCATF in the Department of Education, providing an effective date of June 30, 2013.

Section 2. Terminates the WCATF in the Department of Education and provides for the transfer the balance remaining in, and all revenues of, the terminated fund.

Section 3. Amends s. 440.015, F.S., revising legislative intent to remove the Department of Education's duty to administer the Workers' Compensation Law.

Section 4. Amends s. 440.125, F.S., removing the authorization of the Department of Financial Services to share confidential and exempt records, reports or information with the Department of Education.

Section 5. Amends s. 440.44, F.S., revising legislative intent; deleting certain powers and duties of the Department of Education relating to workers' compensation.

Section 6. Amends s. 440.491, F.S., relating to reemployment of injured workers and rehabilitation; removing the definition of the term "department"; authorizing the Department of Financial Services to contract with third parties to administer training and education screenings, reemployment assessments, vocational evaluations, and reemployment services; providing requirements of third parties.

Section 7. Amends s. 440.50, F.S., deleting a reference related to the WCATF in the Department of Education to conform.

Section 8. Amend s. 440.591, F.S.; removing rulemaking authority of the Department of Education with respect to the WCATF.

Section 9. Provides an appropriation and authorizes additional positions for the Department of Financial Services.

Section 10. Provides effective dates.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

See Fiscal Comments.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may result in government-provided services being contracted to and administered by private providers.

D. FISCAL COMMENTS:

A reduction of 27 full-time-equivalent positions and \$2.3 million from the WCATF in the Department of Education, Division of Vocational Rehabilitation is included in the Fiscal Year 2012-2013 GAA due to elimination of the duties performed by the division related to reemployment services for injured workers. Approximately \$200,000 is left in the trust fund to allow payment of anticipated costs associated with job eliminations, such as employee leave payouts and payment of unemployment compensation in Fiscal Year 2012-2013.

An appropriation of \$350,000, five full-time equivalent positions and associated salary rate of 260,000 is appropriated in CS/SB 5203 to DFS from the Workers' Compensation Trust Fund to carry out provisions of the bill.