



LABOR COMMISSION FISCAL NOTE AND BUILDING BLOCK FOLLOW-UP

BUSINESS, ECONOMIC DEVELOPMENT AND LABOR APPROPRIATIONS SUBCOMMITTEE
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BUDGET BRIEF

SUMMARY

This report follows-up on select fiscal notes and budget actions from past legislative sessions. For each item, the report includes a stop light (red, yellow, green) for implementation status, budget accuracy, and, where available, performance. It details original cost and/or revenue estimates, legislative appropriations, and actual experience. It is intended to create a feed-back loop that improves future estimates and initiatives.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Industrial Accidents Electronic Data Interchange Project

Committee: BEDL

Analyst: Clare Lence

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$750,000	\$0	\$400,000	\$0	\$400,000	\$200,000	\$200,000

Explanation

The Legislature appropriated \$300,000 General Fund and \$100,000 in restricted funds one-time to the Industrial Accidents Division of the Labor Commission for a multi-year computer project, the Electronic Data Interchange (EDI). The Commission received nonlapsing authority to carry unspent funds into FY 2016. Prior to the EDI project, all workers' compensation injury reports were submitted on paper forms and entered into the division's database manually. Implementing EDI allows information to be received and reported electronically, improving staff productivity and accuracy of the information.

Implementation

Implementation was delayed due to the need to replace servers, improve database encryption, and facilitate processing of the first stage of programming. Development began in the spring of 2015, when the Department of Technology Services (DTS) assigned three programmers to the project. Nonlapsing funds will support two DTS programmers in FY 2016.

Accuracy

The Legislature anticipated that the EDI project would span several years. The division expects to have spent \$200,000 in FY 2015 and to spend the remaining \$200,000 in FY 2016. Estimates from DTS are that an additional \$350,000 will be needed in FY 2017-18 to complete the project and one FTE will be needed to maintain the system on an ongoing basis.

Performance

Historically, the division manually processed 6,500 documents each month. After the first phase of EDI was implemented, approximately 3,000 fewer documents were processed manually, or 46 percent.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Southern Utah Office Relocation

Committee: BEDL

Analyst: Clare Lence

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$30,000	\$0	\$30,000	\$0	\$30,000	\$30,000	\$0

Explanation

The Southern Utah Office of the Labor Commission Adjudication Division was originally funded sufficiently to occupy a vacant space in the Parowan Court House, which had a very low rental rate. It was the Commission's aim to eventually move the office to St. George, where most of the individuals served by the office reside. The Legislature approved \$30,000 ongoing General Fund in FY 2015 to move the office to St. George.

Implementation

The Labor Commission signed a lease for the new location in St. George effective May 28, 2014. The space was remodeled to include a court room and opened in September 2014.

Accuracy

The St. George lease cost \$39,486 for FY 2015 and will cost \$42,688 per year for FY 2016-18. The difference between the appropriation and the lease amount was covered by savings from ending the Parowan lease, which was \$14,000. Most furniture for the office was left by the previous tenant or culled from various public agencies. One-time costs -- such as remodeling, phones, wiring, data connections, moving, and other furniture -- were covered within the Commission's existing budget.

Performance

The Southern Utah Office handles all cases for individuals that live south of Nephi. It schedules about 120 hearings each year. Based on the population distribution of southern Utah, most individuals likely travel a shorter distance to St. George as opposed to Parowan, which is a one-hour drive from St. George. The office relocation has thus improved the Commission's customer service for individuals residing in the southern part of the State.

FISCAL NOTE AND BUDGET ITEM FOLLOW-UP REPORT

2014 G.S. Wage Claim Caseload

Committee: BEDL

Analyst: Clare Lence

Cost Estimate	Revenue Estimate	Original Approp.	Changes	Subtotal	Experienced	Difference
\$55,000	\$0	\$55,000	\$0	\$55,000	\$52,322	\$2,678

Explanation

The number of wage claim cases filed with the Wage Claim Unit of the Labor Commission has risen significantly, creating a backlog of open cases. Untimely case resolution burdens both claimants who are legitimately owed wages and employers against whom unwarranted claims have been filed. To address the backlog, the Legislature appropriated \$55,000 one-time General Fund for a temporary clerical-level position to handle administrative tasks such as copying, filing, stuffing envelopes, and responding to questions about the status of claims, allowing other personnel to focus on investigations.

Implementation

One-time funds for this temporary clerical position were intended to be used in FY 2015. Although the Labor Commission began the hiring process immediately, they encountered difficulties in hiring a qualified person for the limited time frame. The hired individual began work on September 22, 2014, but began looking for a subsequent position prior to the end of employment and left on May 6, 2015. Two part-time temporary employees from temp agencies have recently fulfilled some of these responsibilities.

Accuracy

The Labor Commission spent \$33,122 on wages and an additional estimated \$3,000 on current expense items, such as a computer and technical support. The Commission's expenditures are consistent with expenses for an employee who worked for just over seven months, as opposed to a full year. Of the remaining \$18,878, approximately \$16,200 was spent on wages for the two part-time temps. Thus the Commission underspent by 4.9 percent.

Performance

The average number of wage claim cases resolved per month increased from an average of 116 in FY 2014 to an average of 170 while the clerical position was filled. The average age of an open case was reduced from 261 days to 173 days. Between FY 2014 and FY 2015, the wage claim unit increased the number of case closures by 43 percent, from 1,396 to approximately 2,001; however, the number of cases filed continues to increase and the impact of losing the clerical position is not yet known.

Appendix A - Guidelines for Scoring Follow-ups

Fiscal Note Building Block Follow-Up Report

The Analyst follows up on bills and building blocks from two sessions ago.

- **Item Explanation**
What the appropriation is supposed to do. For bills the explanation is the fiscal note
- **Implementation**
Is the item being implemented in a timely manner?
- **Accuracy**
Was the fiscal note accurate? Both the Analyst and the agency are rated.
- **Performance Measures**
Shown and evaluated when appropriate.
- **Follow the Money**
The report traces funding from the original request to the remaining balance.

Red - Yellow - Green Guidelines

We point out problems, potential trouble, and things going as expected with traffic light colors.

One Size Does Not Fit All

Early on, we found that what was reasonable for revenue estimates is unreasonable for ordinary bills and building blocks. Our guidelines are less stringent when an agency is asked to do something new and different than their usual fare.

\$10,000 Rule

The temptation to manage a fiscal note is so great that we give an automatic Yellow to any bill with a fiscal note near \$10,000.

The Director's Exception

The Director may draw your attention to any bill or building block with a yellow if the item needs your attention.

Current Rules

Accuracy of Familiar Programs / Processes

-  Green - Within 5% of estimate or variances less than \$10,000.
-  Yellow - Greater than 5% but less than or equal to 10% of estimate and more than \$10,000.
-  Red - Greater than 10% of estimate and more than \$10,000.

Accuracy of Unfamiliar Programs / Processes

-  Green - Within 10% of estimate or variances less than \$10,000.
-  Yellow - Greater than 10% but less than or equal to 20% of estimate and more than \$10,000.
-  Red - Greater than 20% of estimate and more than \$10,000.

Accuracy of Revenue Bills

-  Green - Within the estimates margin of error.
-  Yellow - Greater than margin of error but less than two times margin of error.
-  Red - Greater than two times margin of error.

Implementation

-  Green - Implemented within the first month of the bill's effective date. The definition of implemented will vary according to the difficulty of the bill's task. Tasks that are too large to be implemented in the first month can be considered implemented if the agency has a reasonable plan and they are on schedule.
-  Yellow - Implemented after the first month but before the fourth month of the bill's effective date.
-  Red - Implemented after three months of the bill's effective date.

Performance Measures

The Analyst will decide if performance measures are appropriate and will use the "Implementation" guidelines. The Analyst will evaluate the agency's performance measures and recommend alternate measures when necessary.