

March 1, 2021

The Honorable Robert Olsen, Chairperson
Senate Committee on Commerce
Statehouse, Room 236A-E
Topeka, Kansas 66612

Dear Senator Olsen:

SUBJECT: Fiscal Note for SB 164 by Senator Holland

In accordance with KSA 75-3715a, the following fiscal note concerning SB 164 is respectfully submitted to your committee.

Under current law, the maximum workers compensation benefit that is payable by an employer to an employee for permanent total disability is \$155,000. SB 164 would remove this cap and require an employee who has suffered permanent total disability to be paid the employee's average weekly wage in effect on the date of injury, starting from the date of maximum medical improvement and continuing for the lifetime of the employee.

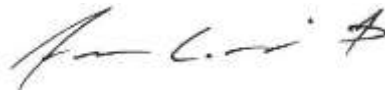
Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$10,068,322
FTE Pos.	--	--	--	--

The Department of Administration estimates the bill would increase expenditures from the State Self Insurance Fund by \$10,068,322 in FY 2022. The amount includes \$2,467,618 for the costs related to the current average number of state employees who are in permanent total disability status. The estimate for current state employees assumes approximately two employees would receive total annual benefits of \$96,314 (2.1 employees X \$882 average weekly wage X 52 weeks) for 29 years. The total amount of lifetime benefits, \$2,793,118 (96,314 annual benefit X 29 years), is reduced by \$325,500. The reduction reflects the amount that would be paid under current law.

The Department's total fiscal effect also includes \$7,600,704 for the costs related to the projected number of state employees who would be in permanent total disability status under the bill. The estimate for future state employees assumes six employees would receive total annual benefits of \$275,184 (6 employees X \$882 average weekly wage X 52 weeks) for 31 years. The total amount of lifetime benefits, \$8,530,704 (\$275,184 annual benefit X 31 years), is reduced by \$930,000. The reduction reflects the amount that would be paid under current law.

The increase in State Self Insurance Fund expenditures would result in an increase in workers compensation assessment rates for state agencies. This would increase agency expenditures for employee benefits, which would be funded from a variety of funding sources including the State General Fund. However, the fiscal effect on state agencies cannot be determined because the rate increases that would occur under the bill are unknown. The bill would have no fiscal effect on the Department of Labor. Any fiscal effect associated with SB 164 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Dawn Palmberg, Department of Labor
Jeff Scannell, Department of Administration