

Mike DeWine, Governor

Thomas H. Bainbridge, *Chairman*

Jodie M. Taylor, *Member*

Karen L. Gillmor, Ph.D., *Member*

Tim Adams, *Executive Director*

The Industrial Commission of Ohio Biennial Budget Request for Fiscal Years 2020 & 2021

Chairman Oelslager, Vice Chairman Scherer, Ranking Minority Member Cera, and Members of the House Finance Committee: Good morning. I am Tim Bainbridge, Chairman of the Industrial Commission of Ohio.

It is my pleasure to present proponent testimony on House Bill 79 - the Industrial Commission's 2020 and 2021 Biennial Budget Request. I would like to thank Chairman Oelslager for sponsoring this bill. In order to accommodate statutory payroll adjustments and an increase in wages due to the last collective bargaining agreement, the Industrial Commission is requesting an increase in its total budget of 5.7%.

Past and ongoing technical and work process innovations have allowed the Industrial Commission to reduce staff by 48% through attrition and without layoffs from 643 positions in 1997 to 335 positions as of January 2019, without sacrificing the quality of service. However, staffing attrition is slowing, noting the last 18 months' appeal experience. At this point, we are in process of onboarding some necessary core positions in order to meet operational needs. With a budget request of \$109.5 million for Biennium Years 20 / 21, the Industrial Commission's biennium budget remains well below its twelve-year high of \$123.6 million in FY 2008 / FY 2009. Our proposed budget for Fiscal Years 2020-2021 will need to accommodate approximately \$1.5 million to fund statutory payroll adjustments, along with a 2.75% pay increase in FY 2020, and a 3% pay increase in FY 2021.

As a non-GRF agency, the Commission is funded solely by an Administrative Cost Fund surcharge applied to the workers' compensation insurance base coverage rate. Prudent fiscal management has enabled the Commission to maintain a stable environment for Administrative Cost rates for our Ohio employer group stakeholders. We intend to maintain the optimal rate structure through the end of the next biennial budget period to fund operations and benefit Ohio's injured workers and employers.

Decision quality is also of paramount importance to the Commission. In calendar year 2018, our 82 hearing officers, all of whom are licensed attorneys, adjudicated over 114,000 claims. During 2018, the affirmation rate for Commission orders challenged by mandamus action was 84% at the Tenth

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District Court of Appeals. Further, the volume of mandamus complaints dropped to 49 in 2018, down from 52 in 2017 and 69 in 2016, a new twelve-year low. To put this achievement in perspective, there were 145 actions filed in mandamus for 2007 and 295 filings in 2001.

The OIC continues to meet the required statutory timeframe of providing a hearing within 45 days of appeal filing, and 7 days to issue an order after that hearing, for a 52-day period maximum for both District Hearing Officer and Staff Hearing Officer levels. For calendar year **2018** at the District Hearing Officer level, 45,200 claims were heard that qualified under the statutory timeframe. These claims were heard and an order issued, on average, at 42 days with 87% meeting the 52 day combined timeframe. At the Staff Hearing Officer level, 25,000 claims were heard that qualified under the statutory timeframe. These claims were heard and an order issued, on average, at 40 days with 91% receiving a hearing within the 52-day timeframe.

The IC intends to maintain our momentum by continuing to upgrade our technological hearing process structure and focusing on the assurance of quality decisions rendered in a timely manner while building on our history of fiscal prudence through realized savings.

Your valuable consideration of our budget request is appreciated. Thank you Chairman Oelslager, Vice Chairman Scherer, Ranking Minority Member Cera, and members of the House Finance Committee. With me today are several senior level Industrial Commission staff, each of whom are subject matter experts in their areas of operation. We will be happy to address questions you may have at this time.