



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill #	HB0516.02 R	Title:	Move workers' compensation court to judicial branch
Primary Sponsor:	Ken Walsh	Status:	As Amended in Senate

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$812,374	\$61,481	\$62,403	\$63,339
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 516 as amended, transfers the Worker's Compensation Court from the Department of Labor and Industry to the Judicial Branch. As amended, the bill transfers HB 2 state special revenue appropriations for the Workers' Compensation Judge, staff, and associated operations from the Department of Labor and Industry (DLI) to the Judicial Branch and creates a state special revenue fund for the Judicial Branch to accept an annual transfer of funding from DLI.

FISCAL ANALYSIS

Assumptions:

Department of Labor and Industry (DLI)

- HB 516 requires DLI to transfer the 5.00 FTE associated with the Workers Compensation Court to the Judicial Branch. The corresponding HB 2 appropriation reductions would be \$726,421 for FY 2026, \$727,178 for FY 2027, \$738,086 for FY 2028, and \$749,157 for FY 2029. Costs for FY 2028 and 2029 include inflationary increase of 1.5% in each year.

Judicial Branch

2. The transfer of the Workers' Compensation Court will be effective July 1, 2025.
3. The Judicial Branch assumes transfer in assumption #1 occurs.
4. The Workers' Compensation Court will be integrated into the Judicial Branch FullCourt Enterprise case management and E-Filing systems.
5. One-time costs for implementation, data migration, and E-Filing integration are estimated at \$757,696. Estimates are based on conversations and previous estimates provided by the systems' vendors. Implementation and integration will be completed by July 1, 2026, with the one-time vendor payments in FY 2026.
6. On-going annual costs, which include, software maintenance and support, database storage costs, and public access application costs are estimated at \$10,799. These costs will start in FY 2027.
7. The workers' compensation court is a specialty court that will require a 0.50 FTE Technical Coordinator/System Administrator to provide ongoing IT support. The Judicial Branch estimates a start date of July 1, 2025, for a cost of \$50,539 in each FY 2026 and FY 2027.
8. Total costs by expenditure type are as follows: personal services costs of \$598,817 in FY 2026 which includes \$548,278 from DLI plus \$50,539 Judicial Branch IT FTE; \$599,631 in FY 2027 which includes \$549,092 from DLI and \$50,539 Judicial Branch IT FTE; operating costs of : \$886,063 in FY 2026 which includes \$126,228 from DLI and \$761,835 for Judicial Branch IT one-time-only; \$137,109 in FY 2027 which includes \$126,171 from DLI and \$10,942 for Judicial Branch IT ongoing costs; and debt service costs of \$51,915 in each year transferred from DLI.
9. Personal services, operating expenses and debt service amounts for FY 2028 and FY 2029 have been increased by 1.5% over the previous year to account for inflation.
10. As amended, Section 3 establishes a cash transfer into a state special revenue fund, of the amount approved in HB 2 from the Department of Labor and Industry at the beginning of each fiscal year to fund the court.
11. The Judicial Branch costs related to E-File integration and on-going IT support will be funded from additional funds from the worker's compensation state special revenue account.

Public Employees Retirement Board

12. The Workers' Compensation Judge would reside under the Judicial Branch instead of the Department of Labor and Industry. There is currently one workers' compensation judge who would be eligible to choose to participate in the Judges' Retirement System. A workers' compensation judge can elect in writing to remain in the Public Employees' Retirement System on or before October 1, 2025. If all assumptions are met, there will be no actuarial impact to the Judges' Retirement System. If all assumptions are met, there will be no actuarial impact to the Judges' Retirement System.

Worker's Compensation Court Transfer

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
DLI FTE	(5.00)	(5.00)	(5.00)	(5.00)
Judicial FTE	5.00	5.00	5.00	5.00
Net FTE Change - Transfer	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services - DLI	(\$548,278)	(\$549,092)	(\$557,328)	(\$565,688)
Personal Services - Judicial	\$548,278	\$549,092	\$557,328	\$565,688
Operating Expenses - DLI	(\$126,228)	(\$126,171)	(\$128,064)	(\$129,985)
Operating Expenses - Judicial	\$126,228	\$126,171	\$128,064	\$129,985
Debt Service - DLI	(\$51,915)	(\$51,915)	(\$52,694)	(\$53,484)
Debt Service - Judicial	\$51,915	\$51,915	\$52,694	\$53,484
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Additional Judicial Branch Requirements

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
Judicial FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services	\$50,539	\$50,539	\$51,297	\$52,067
Operating Expenses	\$761,835	\$10,942	\$11,106	\$11,272
Debt Service	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$812,374	\$61,481	\$62,403	\$63,339
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$812,374	\$61,481	\$62,403	\$63,339
TOTAL Funding of Exp.	\$812,374	\$61,481	\$62,403	\$63,339
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$812,374)	(\$61,481)	(\$62,403)	(\$63,339)

Sponsor's Initials

Date

Budget Director's Initials

Date