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**Workers' Compensation  
Budget Advisory Committee**

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November 27, 2015

The Hon. Lawrence J. Hogan, Jr.  
Governor of Maryland  
State House  
100 State Circle  
Annapolis, MD 21401 - 1925

Re: Report of Budget Advisory Committee for the  
Workers' Compensation Commission for Fiscal Year 2017 Budget

Dear Governor Hogan:

The Budget Advisory Committee has completed its review and analysis of the draft proposed budget for the Maryland Workers' Compensation Commission for fiscal year 2017. Pursuant to the requirements of Chapter 487, Laws of 2002, Senate Bill 772-2002, codified as Sec. 9-318, Md. Labor & Employment Code Ann., we the committee are hereby providing you with our recommendations and our annual report.

We are a 12-member advisory committee charged with the duty to review the annual proposed budget of the Commission. You appoint our committee with the advice and consent of the Senate and the statute provides that each geographic region of the State be represented. The composition of the committee must also represent business, labor, the insurance industry, the vocational rehabilitation industry, the medical profession, the claimant's bar and the defense bar. Members of our committee receive no compensation, but are entitled to standard State travel reimbursement.

By September 1 of each year, the Commission must prepare its tentative operating budget and submit it to the committee for review as was done this year. The Commission must give due consideration to the committee's recommendations prior to submitting its final budget to you.

By December 1, the committee is required to submit a report to you and the General Assembly on the recommendations it made to the Commission regarding the Commission's budget. The statute asks that you give due consideration to the committee's recommendations.

As part of our review of the FY 2017 budget, after reviewing the detailed budget documents, the committee met with Chairman R. Karl Aumann and Mary K. Ahearn, Chief Executive Officer, along with two key members of the Commission's staff, David E. Jones, Chief Financial Officer and James E. Moore, III, Deputy Director of Financial Services. A quorum of the committee attended with Sandra Dorsey, Mary Larkin and Ricardo Loaiza having last minute conflicts.

Based upon our meetings with those essential persons, the committee was able to develop a better understanding of the day-to-day operations of the Commission, the interactions of the various departments and the needs of the departments in regards to personnel and equipment. In addition, the committee was made aware of the budgetary recommendations of the State Department of Budget and Management and that the proposed FY 2017 budget met the target established by the Department of Budget and Management.

The FY 2017 Budget Request of \$14,345,000 is flat relative to the FY 2016 Budget with no approved increases to salaries.

The committee understands that the Commission will be funding, in part, any adjustments that DBM may approve in the future for salary/step increases by managing wisely the filling of normal anticipated employee turnover. It must be

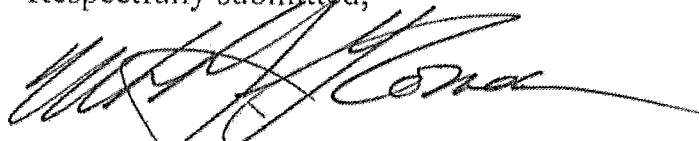
noted that the total number of authorized permanent positions and contractual positions has remained almost unchanged in recent years. Four employees took advantage of the 2015 Voluntary Separation Program offered by the State.

The committee is confident and satisfied with the current status of the Commission's budget situation and recommends approval of the FY 2017 Budget Request as presented.

The committee is pleased the Commission's ongoing project to update and modernize the agency's information technology capabilities is progressing. Over the next few years, the Commission and the people of Maryland will benefit from a total redesign and upgrade of the Commission's dated computer system.

The committee wishes to express its gratitude to the Chairman and the Commission staff for its full cooperation in the Budget Review process. The committee requested the Commission to incorporate our recommendations in the development of its final budget for submission to you.

Respectfully submitted,



Budget Advisory Committee  
Michael G. Comeau, Chair

CC: President, Maryland Senate  
Speaker, Maryland House of Delegates  
Chairman, Maryland Workers' Compensation Commission