

- SUBJECT:** Workers' Compensation Research and Oversight Council
- COMMITTEE:** Business and Industry — favorable, with amendments
- VOTE:** 9 ayes — Brimer, Brady, Corte, Crabb, Eiland, Giddings, Janek, Rhodes, Solomons
- 0 nays
- WITNESSES:** For — George B. Allen, Texas Apartment Association; Pam Beachley, Business Insurance Consumers Association; Roy Evans; Joe Hanson and Ted Roberts, Texas Association of Business and Chambers of Commerce; M. Dillon Snowden, Texas Association of Rehabilitation Professionals in Private Sector.
- Against — Sam D. Seale, Texas Association of Counties; Joseph Hamilton.
- On — Aric Garza, David Holland, John Hubbard and Ken Levine, Sunset Advisory Commission.
- BACKGROUND:** The Texas Workers' Compensation Research Center will expire under Texas Sunset Act on September 1, 1995, unless continued by the Legislature. The center was established in 1989 to advise the Texas Workers' Compensation Commission and conduct studies related to benefit delivery, workers' compensation litigation, insurance rates, workplace safety and other relevant issues related to workers' compensation. The center's governing statutes are found in Labor Code Chapter 404. The research center is funded through assessment of a maintenance tax collected annually from all workers' compensation insurance companies at a rate set by the Texas Workers' Compensation Commission
- The Legislative Oversight Committee for Workers' Compensation was established in 1989 as a temporary committee to monitor the implementation of major changes in the workers' compensation system. It is composed of three senators appointed by the lieutenant governor and three House members appointed by the speaker. It is not subject to the Texas Sunset Act, but by law will be abolished September 1, 1995.
- DIGEST:** HB 1091, as amended, would create the Research and Oversight Council on Workers' Compensation as an advisory agency to the Texas Workers' Compensation Commission. The council would study the Texas Workers' Compensation Fund and collect information to assess the effectiveness of

the workers' compensation system and would assume the general powers and duties of the Texas Workers' Compensation Research Center.

The council could contract with other entities to carry out research and have access to records of the Texas Workers' Compensation Insurance Facility, the Texas Workers' Compensation Insurance Fund and other state agencies. The center's records, property and employees would be transferred to the council on August 31, 1995.

The council would be governed by a board composed of three senators appointed by the lieutenant governor, three House members appointed by the speaker, a wage earner representative and an employer representative appointed by the commission and the commissioner of insurance or a designee. The lieutenant governor and the speaker would alternate the designation of the chair and vice chair, who would serve two-year terms. The initial chair would serve until February 1, 1998.

The board would be required to hold public hearings and receive testimony and reports from state agencies and any other public or private entity involved in the Texas workers' compensation system. The board would also be required to receive information about proposed or adopted rules and about legislative recommendations by these entities. The board could request reports and other information from these entities.

HB 1091 would also include standard provisions recommended by the Sunset Commission regarding board and employee qualifications and removal, career ladder and equal employment opportunity, public information requirements and complaint resolution procedures.

The council would be subject to the Texas Sunset Act and would be abolished on September 1, 2007, unless continued by the Legislature. Labor Code Chapter 405, governing the Legislative Oversight Committee, would be repealed.

HB 1091 would take effect September 1, 1995.

**SUPPORTERS
SAY:**

Consolidating the Texas Worker's Compensation Research Center and the Legislative Oversight Committee into a new Research and Oversight Council for Worker's Compensation would ensure that needed research and monitoring of the worker's compensation system continues while abolishing a legislative agency and freeing funds for other purposes. The merger

would save money previously allocated to the oversight committee from the Legislative Council's budget — the new council would be funded through the current maintenance tax for the research center.

Legislators would be appointed to the council's board to ensure that as the worker's compensation system changes the Legislature can use the system-wide information provided by the council to evaluate the performance of the system, identify potential problems and direct the council to correct problems before a full blown-crisis occurs.

The current high quality of workers' compensation research would not be diminished. The original mission of the research center would not be compromised; independent research could continue to give a broader objective view of the system as it is monitored by the council.

The council would not impose financial burdens on entities from which it requests information. The information the council has the authority to request is already made public in the annual reports prepared by the entities to be monitored by the council. No evidence suggests that the information requested would create an undue financial burden, and the data would help protect workers.

**OPPONENTS
SAY:**

The consolidation of the Texas Worker's Compensation Research Center with the Legislative Oversight Committee for Worker's Compensation would reduce the effectiveness of the center as an independent source of information. The committee's role is primarily to make policy recommendations, while the center's role is to provide independent research. Combining these functions under the same governing board would destroy the center's credibility as an independent organization. Even if the research was not prejudiced, it could be perceived as tainted from being gathered under the authority of a board with legislator members who might be susceptible to political pressure. Since the proposed council would hear testimony, much of the information it gathered may be anecdotal and not objective.

HB 1091 would place a significant and unnecessary financial burden on public and private entities involved in the worker's compensation system. The council would have considerably more authority than the existing organizations that are to be consolidated. Specifically, HB 1091 would compel any public or private entity that is involved in the workers' compensation system — such as persons, cities, counties, school districts

and hospitals — to produce any information of interest to the council. The annual cost of complying with such requirements could be a financial burden on local governments.

NOTES:

Committee amendments would require the council to notify the lieutenant governor, the speaker and the attorney general, instead of the governor and the attorney general, when a potential ground for removal of a board member existed; allow the board to contract with higher education institutions to conduct "economical studies of high quality" instead of "quality and economics studies," and require the board to "hold regular public hearings and receive testimony from " instead of "meet regularly with" state and other public or private entities involved in the workers' compensation system.

Also on today's calendar is HB 1089, continuing the Texas Workers' Compensation Commission, and HB 1090, continuing the Texas Workers' Compensation Insurance Fund.