

**A G E N D A**

**SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION**

1333 Main Street, 5<sup>th</sup> Floor  
Columbia, South Carolina 29201

**November 16, 2015 – 10:30 a.m.**

Commission Hearing Room A

*This meeting agenda was posted prior to the meeting and proper advance notice was made to all concerned parties in compliance with requirements in the Freedom of Information Act.*

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|-----|--|--|
| 1.  | CALL TO ORDER  | <i>CHAIRMAN BECK</i>   |
| 2.  | APPROVAL OF AGENDA OF BUSINESS MEETING OF NOVEMBER 16, 2015  | <i>CHAIRMAN BECK</i>   |
| 3.  | APPROVAL OF MINUTES OF THE BUSINESS MEETING OF OCTOBER 19, 2015 (Tab 1)  | <i>CHAIRMAN BECK</i>   |
| 4.  | GENERAL ANNOUNCEMENTS  | <i>MR. CANNON</i>  |
| 5.  | APPLICATIONS FOR APPROVAL TO SELF-INSURE (Tab 2)   | <i>MR. SMITH</i>   |
| 6.  | DEPARTMENT DIRECTORS' REPORTS<br>Human Resources (Tab 3)<br>Information Services (Tab 4)<br>Insurance, Medical & Administrative Services (Tab 5 & 6)<br>Claims (Tab 7)<br>Judicial (Tab 8) | <i>MS. OSBORNE<br/>MS. SPRANG<br/>MR. DUFFIELD<br/>MS. SPANN<br/>MS. BRACY</i> |
| 7.  | EXECUTIVE DIRECTOR'S REPORT (Tab 9)  | <i>MR. CANNON</i>  |
| 8.  | OLD BUSINESS<br>A. Budget Request FY 2016-17 (Tab 10)  | <i>CHAIRMAN BECK<br/>Mr. Cannon</i>  |
| 9.  | NEW BUSINESS<br>A. EPMS Policy (Tab 11)  | <i>CHAIRMAN BECK<br/>Mr. Cannon</i>  |
| 10. | ADJOURNMENT  | <i>CHAIRMAN BECK</i>   |

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THE  
SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION  
BUSINESS MEETING

**Monday, October 19, 2015**

A Business Meeting of the South Carolina Workers' Compensation Commission was held in Hearing Room A of the Workers' Compensation Commission on Monday, October 19, 2015, at 10:30 a.m. The meeting agenda was posted prior to the meeting and proper advance notice was made to all concerned parties in compliance with requirements in the Freedom of Information Act. The following Commissioners were present:

T. SCOTT BECK, CHAIRMAN  
SUSAN S. BARDEN, VICE CHAIR  
R. MICHAEL CAMPBELL, II, COMMISSIONER  
MELODY L. JAMES, COMMISSIONER  
GENE MCCASKILL, COMMISSIONER  
AISHA TAYLOR, COMMISSIONER  
AVERY B. WILKERSON, JR., COMMISSIONER

Present also were: Gary Cannon, Executive Director; Amy Bracy, Judicial Director; Wayne Ducote, Coverage & Compliance Director; Grant Duffield, Insurance, Medical & Administrative Services Director; Alicia Osborne, Human Resources Manager; Keith Roberts, Attorney; Marlene Johnson-Moore, Law Clerk; W.C. Smith, Self-Insurance Director; Sonji Spann, Claims Director; Sandee Sprang, IT Director; and Amanda Underhill, Business Analyst. Ricci Land Welch, Injured Workers' Advocates, was also present.

Chairman Beck called the meeting to order at 10:30 a.m.

**AGENDA**

Commissioner Barden moved that the agenda be approved. Commissioner McCaskill seconded the motion, and the motion was approved.

**APPROVAL OF MINUTES – BUSINESS MEETING OF SEPTEMBER 21, 2015**

Commissioner Taylor moved that the minutes of the Business Meeting of September 21, 2015 be approved. Commissioner McCaskill seconded the motion, and the motion was approved.

**GENERAL ANNOUNCEMENTS**

Gary Cannon, Executive Director, announced the work session to review proposed amendments to Commission regulation, Chapter 67, is Tuesday, October 20, 2015, at 2:00 p.m., in the first floor conference room.

**APPLICATIONS FOR APPROVAL TO SELF-INSURE**

Self-insurance applications were presented by W.C. Smith, Self-Insurance Director. Twenty-Two (22) prospective members of two (2) funds were presented to the Commission for approval. The applications were:

### **Palmetto Timber Fund**

B&B Logging, LLC  
Laws Lumber Company  
L&P Logging

### **SC Home Builders SIF**

EEM Flooring & Covering, LLC  
Gene Merritt dba Gene's Construction  
G&G Masonry of the Pee Dee, LLC  
I&E Masonry, LLC  
James E. Jones Grading  
Joe Hines  
Metro Construction, Inc.  
Lawn Shark Landscaping, LLC  
Paint Design, LLC  
Palmetto Total Home Services, LLC  
P&P Masonry  
Precise Painting & Flooring, LLC  
Robert Edwards dba Trim Masters of Florence  
Shenandoah Design & Construction, LLC  
Smart Move Properties, LLC  
Sonya Brown  
Sutton, Curtis Anthony dba Anthony Sutton Drywall  
TC'S Glass Service, LLC  
Vicki Folk and Scott Goggans dba Newberry Lawn Care

After examination of the applications, it was determined that each complied with the Commission's requirements and each was recommended for approval. Commissioner Wilkerson made the motion to approve the applications to self-insure, and Commissioner Taylor seconded the motion. The motion was unanimously approved.

### **DEPARTMENT DIRECTORS' REPORTS**

The Department Directors presented their reports which were also submitted to the Commission in written form.

#### **Human Resources Department**

Alicia Osborne presented the Human Resources report for the period of September 17 through October 14, 2015. Ms. Osborne announced the annual open enrollment for 2015 employee insurance updates concludes on October 31, 2015.

Ms. Osborne reported South Carolina state employees who make less than \$100,000 received a one-time bonus of \$800 minus taxes on October 16, 2015.

#### **Information Technology Department**

Sandee Sprang presented the Information Services Department's report. Ms. Sprang pointed out the following highlights from the report:

- Duane Earles continues to lead IT's effort with DTO to upgrade Progress software and implementation on virtual servers.
- DTO installed Unified Threat Management Devices at state internet access points. As a result, IT had fewer virus incidents in September.
- Amanda Underhill designed and implemented a process for converting the remaining paper claim files into indexed image files.

- The upgrade of the eCase web portal system was initiated and development is underway with Progress/Bravepoint. The expected completion date is January 2016.
- Ms. Sprang completed the agency's 2015 Security Review and IT Plan in accordance with Provisos 117.118 and 117.132 and submitted to the Department of Administration.
- Ms. Sprang completed the IT budget, project planning and justifications for FY 2016-17.

### **Insurance, Medical & Administrative Services Department**

Grant Duffield presented the Insurance, Medical & Administrative Services Department's report. Mr. Duffield reported the Lapse in Coverage Notification program registered 30 new registrants and issued five notices of potential lapse in coverage. The Compliance Division's fiscal year-to-date revenue trend is 35% of prior year, and coverage fines collections are at 27% of collections for prior year. Year to date Self-Insurance tax revenue is trending at 98% of prior year.

Mr. Duffield presented the Summary of Revenues and Expenditures for the period ended September 30, 2015. He reported that for the month of August some financial data that was posted in September was inadvertently pulled into the August report. Therefore, the benchmark reported in August was much higher than actual. He said the standard benchmark for third period ending in September is 25%. He reported the Commission's total expenses incurred are 27% of budget and earmarked revenue received is 29% of budget.

### **Claims Department**

Sonji Spann presented the Claims Department's report.

Ms. Spann reported the following for the month of September 2015:

- Closed 2,613 individual case files
- Received \$56,200 in fine revenue
- Claims examiners reviewed 907 individual case files
- 316 fines assessed
- 288 Form 18 fines assessed
- 13,127 forms processed
- 582 Form 18s processed through SROI
- 1,976 Form 18s received via Email
- 2,413 forms received via USPS – Ms. Spann noted an increase of 137 over prior month in the number of forms received via USPS. She said she anticipates an increase in October due to the office being closed 4 days because of hazardous weather and some carriers mailing forms to the Commission that they submitted electronically to ensure timely receipt by the Commission.

Ms. Spann reported the file review project is complete. It was discovered that 1,200 open files were not indexed at the time of scanning. DiAnn Davis will review each file and index accordingly.

### **Judicial Department**

Amy Bracy presented the Judicial Department's report. She reported the following for the month of September 2015:

- 118 Single Commissioner Hearings conducted
- 16 Full Commission Hearings conducted
- 231 informal conference cases
- 81 regulatory mediations scheduled
- 33 requested mediations
- 70 matters resolved in mediation with the receipt of Forms 70

## **EXECUTIVE DIRECTOR'S REPORT**

Gary Cannon, Executive Director, presented his report which was also submitted to the Commission in written form. He pointed out the following highlights from the report:

### **Debit Card Ad Hoc Advisory Committee**

The Debit Card Ad Hoc Advisory Committee met on Wednesday, September 23, 2015. The Committee's recommendation will be presented under New Business on the agenda.

### **Narcotics Use Ad Hoc Advisory Committee**

The Narcotics Use Ad Hoc Advisory Committee will meet on Thursday, December 17, 2015.

### **Annual Ethics & APA Training**

The required annual Ethics and Administration Procedures Act training for the Commissioners and their Administrative Assistances is Monday, November 16, 2015 from 1:00 p.m. 4:00 p.m.

### **2016 Self-Insurers Conference**

The 2016 Self-Insurers Conference is scheduled for April 5, 6 & 7.

## **OLD BUSINESS**

There was no old business.

## **NEW BUSINESS**

### **A. Debit Card Advisory Committee Recommendation**

On behalf of Chairman Johnny Baxley, Mr. Cannon briefed the Commissioners on the work of the committee and presented the following recommendation:

The committee conducted three meetings (April 1, May 28, and September 23). On September 23 the Committee voted to recommend the following changes to Regulation R67-1602.

~~Deleted language~~

New language

A. The employer's representative shall pay all compensation directly to the claimant or guardian, unless otherwise ordered by the Commission.

B. The employer's representative may make a check payable to the claimant and the claimant's attorney, as allowed according to an approved Form 61, Attorney Fee Petition, or by order of the Commission.

~~(C.) The employer's representative shall make each payment in the form of a check. Payment to a person other than as directed above shall not acquit, protect, or discharge the employer or its representative for the payment due.~~

C. The employer, employer's representative, or other payer shall make payment in the form of a check, unless the parties mutually agree to an alternate payment method as provided for in this section. An employer, employer's representative, or other payer may use an electronic payment system, including, but not limited to, an electronic funds transfer, a direct deposit, debit card, or similar payment system, as an alternative method of payment if:

(1) The claimant can immediately obtain payment in full;

(2) When payment is made to a debit card account:

(a) The payer shall not charge the claimant fees related to issuance of debit card.

(b) Claimant must be provided a reasonable method to obtain payment in full without usage fees being incurred.

(c) Any other fees associated with the use of the debit card shall be disclosed to the claimant in writing by the payer.

(3) The method of payment is easily and readily accessible to the claimant;

(4) The use of an electronic payment system is optional, at the election of the parties as documented in the records of the payer; and

(5) Once the parties have agreed to use an alternate payment system in accordance with this section, either party may opt to change the method of payment to another method consistent with this section by providing 30 days written notice to the other party.

D. Other than when making payment by check, an employer, employer's representative, or other payer shall not make a payment as described in section C above, without the full, free, and written consent of the claimant, obtained without intimidation, coercion, or fear of discharge or reprisal to accept an electronic payment as a method of payment. Default payment will be by check.

E. Payment other than as directed above shall not acquit, protect, or discharge the employer, employer's representative, or other payer for the payment due.

E. The claimant may request a hearing to assess a penalty and, or, interest for late payment by filing with the Commission's Judicial Department a motion to increase compensation payments according to R.67-215.

#### **Motion to Adopt Debit Card Advisory Committee's Recommendation**

Commissioner Wilkerson moved for the adoption of the recommendation. Commissioner Campbell seconded the motion. The motion was approved unanimously.

#### **B. Budget Request FY 2016-17**

Mr. Cannon presented a summary of the FY 2016-17 proposed budget. The requested amount is \$1,993,572 for General Fund Appropriations and \$4,690,648 for the Earmarked Funds, for a total annual operating budget of \$6,684,220. Mr. Cannon explained that as a result of Act 95 enacted by the General Assembly in 2014, the Commission is allowed to retain fifty percent of the Self-Insurance taxes collected. The proposed budget includes the use of those funds to offset expenditures proposed for FY 2016-17, the majority of which are one-time expenditures related to information technology security.

Mr. Cannon recognized Mr. Duffield. Mr. Duffield reviewed the FY 2016-17 annual operating budget proposal justifications for increased expenditures.

#### **Motion to approve FY 2016-17 Budget Request**

Commissioner Wilkerson made a motion to carry over the matter. Commissioner Taylor seconded the motion. The vote was taken, and the motion was unanimously approved.

#### **ADJOURNMENT**

Commissioner Barden made the motion to adjourn. Commissioner James seconded the motion, and the motion was approved.

The October 19, 2015 meeting of the South Carolina Workers' Compensation Commission adjourned at 11:00 a.m.

Reported November 16, 2015  
Kim Ballentine  
Office of the Executive Director

## MEMORANDUM

Date: November 6, 2015

**TO:** Mr. Gary Cannon  
Executive Director

**FROM:** Alicia Osborne  
Human Resources

**SUBJECT:** Human Resources Report Period of October 15, 2015 to November 6, 2015

Below is a summary of the Human Resources activity for the period of October 15 to November 6, 2015.

### Employee Relations (ER)

- Ongoing Workers' Compensation Injuries
  - Three active claims
    - Treatment being sought in two cases;
    - Pending closure of third claim
- FMLA
  - Two ongoing cases
  - Educated staff on FMLA policies as the need arose
- EPMS
  - Submitted revised EPMS policy to DSHR
  - Received approval to proceed with current combined PD/EPMS form
  - Received approval to adopt new version (3.0)
  - Submitted formal request to Commission to adopt EPMS policy 3.0
- Personnel Action taken

### Benefits

- Informed all staff of benefits changes at All Employee Meeting on October 22, 2015
- Met with or contacted all staff and Commissioners regarding benefits for Open Enrollment
- Began process of submission of all Open Enrollment changes to the various agencies
- Notified staff of updated Dental Contract, to include new Dental Plus premiums

### Division of State Human Resources (DSHR)

- Met with DSHR regarding NeoGov
- Verified data was correct for submission of EEOC report

### Fiscal Responsibilities (w/ Fiscal Technician II)

- Approved 40 SCEIS financial transactions
  - Within the SCEIS system approved documents and travel requests submitted by the Fiscal Technician and Director of IMAS for October and November to date
- Processed Off-Cycle Check for employee



## Reports

- Ran SCEIS Deductions Not Taken / Arrears report
  - Report is cleared
- Ran SCEIS Wage Type Report
  - No discrepancies
- Time Administration
  - Ran Time Collision Report; Unapproved Leave Report, and Missing Time Report
  - Approved Leave as requested by supervisors and commissioners
  - Assisted Employees with leave corrections and working time corrections
  - Notified supervisors and employees of missing time and ensured it was keyed in.
- EEOC Annual Report
  - Submitted report to EEOC
  - Awaiting results

## SCEIS

- Reports
  - Worked on requests by Executive Director
- Assisted staff with minor SCEIS concerns (mainly leave)
- Establishing new organizational structure in SRM to ensure smooth workflow
- Addressed communication concerns with SCEIS regarding e-mail notifications to relevant staff for notifications needed via SCEIS
- Entered Hazardous Weather Leave (8)
- Assisted with Hazardous Weather Leave entries (10)

## Mandatory All Employee Meeting – October 22, 2015

- Created Agenda
- Reminder to finish OE, misc. benefits, hazardous leave update
- Security Training update

## Miscellaneous

- Meeting(s) attended onsite
  - DSHR Director Kim Aydlette and Consultant Trina Poole – October 29, 2015
  - Department Head Meeting – November 3, 2015
  - Open Enrollment (23)
- Employment verifications (1)
- Social Committee –
  - Holiday Luncheon – December 14<sup>th</sup>



## Workers' Compensation Commission

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To: Gary Cannon, Executive Director  
From: Sandee Sprang, IT Director  
Date: November 6, 2015  
Subject: IT Department September 2015 Full Commission Report

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### IT Department Activities for the Month of October 2015

- **DTO Infrastructure**
  - Duane continues to lead our effort with DTO to upgrade Progress software and virtualize our servers. We established the development system in the new environment and are currently in test mode.
  - Amanda continues to work with DTO to coordinate an upgrade to our imaging system, OnBase, to version 13. Several workflow process changes have been completed and are being tested.
  
- **Production Issues**
  - Amanda worked with EDI trading partners to research and resolve EDI transaction errors. One additional trading partner was approved to submit SROI.
  - Duane researched and resolved several invoice / payment errors for staff.
  - Amanda and Duane dedicated a great deal of time to creating several new ad hoc reports for Commissioner Wilkerson, the Judicial Department, the Executive staff and the US Department of Labor.
  
- **Desktop Support**
  - Brian handles most desktop support issues. During the past month this has included addressing problems related to passwords, VPN access, and printers and other hardware. Brian also routinely provides user assistance for OnBase, eCase and secure email.
  
- **Projects**
  - The modernization of the eCase web portal system continues and development is 30% complete.
  - The SANS training system was configured and tested.
  - We began the preliminary design of the ePay and View enhancements to the eCase portal.
  - We are investigating the potential benefits of using video conference technology to conduct certain hearings.

State of South Carolina



Workers' Compensation Commission

To: Mr. Gary Cannon  
SCWCC Executive Director

From: Grant Duffield  
IMAS Director

Date: 10 – Nov – 2015

Subj: Insurance, Medical and Administrative Services Department  
October 2015 Full Commission Report

Please find attached information provided to summarize the status and workflow of initiatives currently underway within the Insurance, Medical and Administrative Services (IMAS) Department.

In addition to the statistical data provided, please be advised of the following workflow initiatives:

Compliance Division	<ol style="list-style-type: none"><li>1. Reviewing organizational structure.</li><li>2. Reviewing revenue metrics / projections.</li></ol>
Coverage Division	<ol style="list-style-type: none"><li>1. Working with staff to review workflow processes and explore opportunities to enhance service provision.</li><li>2. Lapse in Coverage: 42 new registrants; 5 notifications sent</li><li>3. Restructured duties and workflow in Data division</li></ol>
Medical Services	<ol style="list-style-type: none"><li>1. Answer inquiries related to new 2015 MSPM.</li><li>2. Released initial edits to MSPM.</li><li>3. Working with MedAssets and IT to improve Medical Bill reviews.</li></ol>
Administrative Svcs	<ol style="list-style-type: none"><li>1. Completed Year End reporting for CG's office.</li><li>2. Finalized 2016-17 Budget data.</li></ol>
IMAS Administration:	<ol style="list-style-type: none"><li>1. Working with Division Mgrs to provide cross coordination of mgmt. functions.</li><li>2. Working with Executive Team concerning strategic planning and future needs forecasting.</li><li>3. Completed SCEIS training.</li></ol>

Mr. Cannon, while this summary is in no way all-inclusive, it may serve to assist you and our Commissioners in understanding the key initiatives underway in the IMAS Department and provide measures by which the Department's effectiveness can be gauged. IMAS welcomes any guidance that you and/or our Commissioners can provide concerning our performance and direction.

**IMS COMPLIANCE DIVISION**

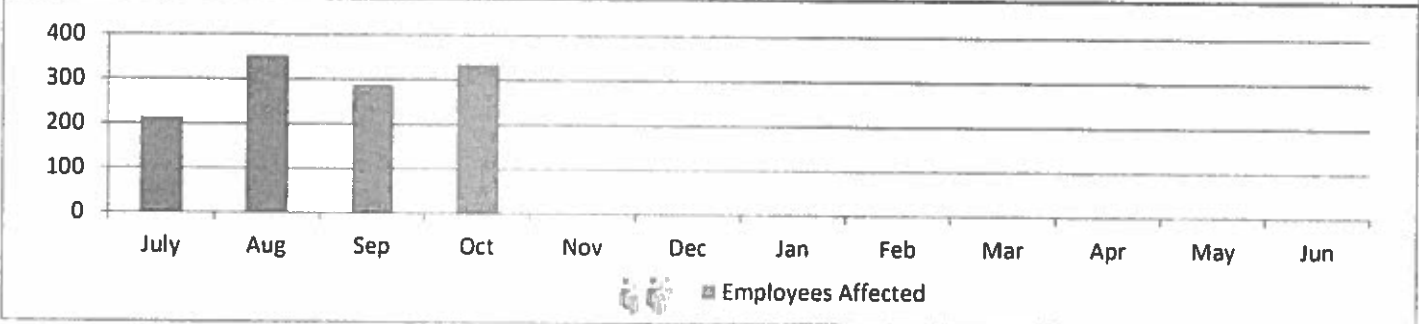
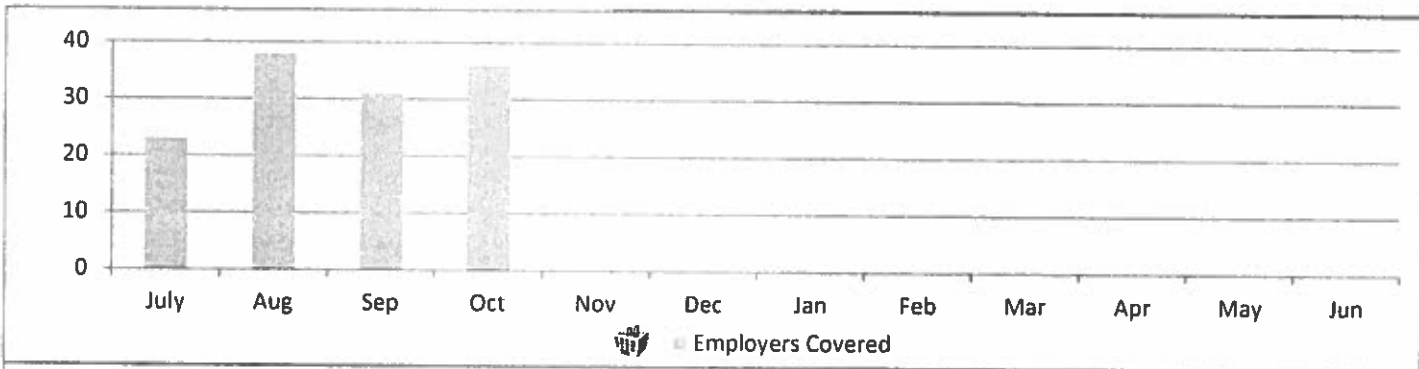
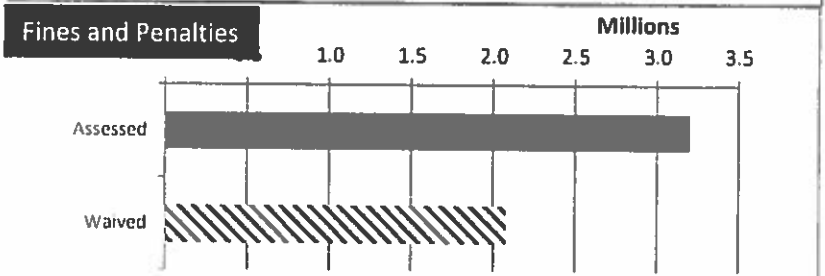
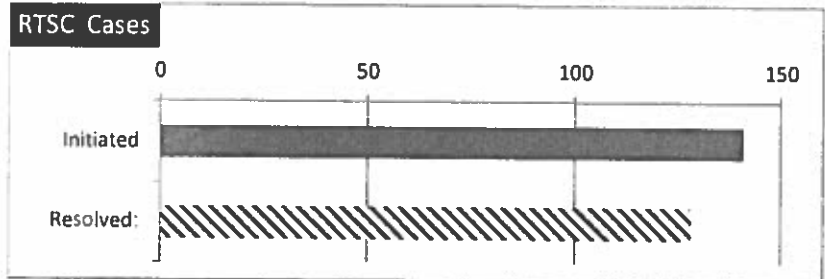
October 2015

**Employers Obtaining Coverage**

The Compliance Division works with great diligence to help uninsured employers become compliant with the South Carolina Workers' Compensation Act. Year to date, the Compliance Division has compelled 128 employers in South Carolina to come into compliance with the Act. In so doing, approximately 1,190 previously uninsured workers are now properly covered.

**Penalties Waived**

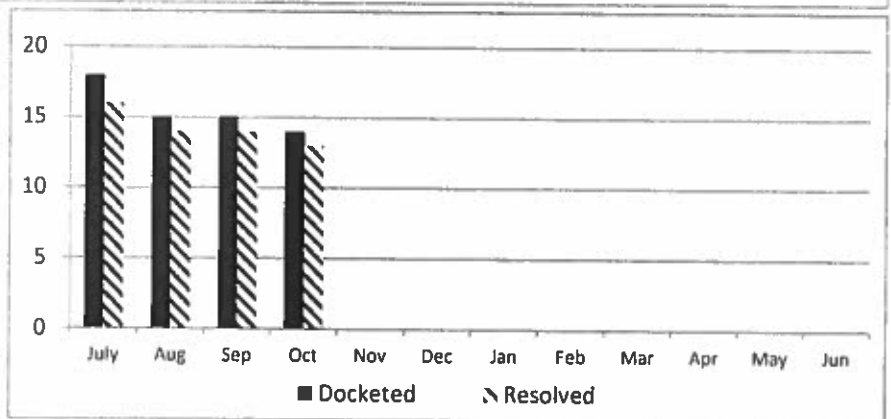
Although the Division has assessed \$ 3.2m in fines, over 65% of those fines (\$2.1m) have been waived or rescinded as employers have either obtained insurance coverage or were found not to be subject to the Act.



**Carrier Rule to Show Cause Hearings**

The Compliance Division manages the Rule to Show Cause process involving the recovery of outstanding carrier fines and penalties. In the month of October 2015, 14 carrier RTSC cases were docketed; 13 cases were resolved and \$13,150 was recovered.

Year to date, 62 carrier RTSC cases have been docketed, 57 cases have been resolved and \$61,125 has been recovered.



**IMS COMPLIANCE DIVISION**

October 2015

**Carryover Caseload:**

The Compliance Division closed October 2015 with 377 cases active, compared to an active caseload of 158 at the close of October 2014.

**Cases Resolved:**

For the month of October 2015, Compliance Division staff closed-out 96 cases.

**Compliance Fines:**

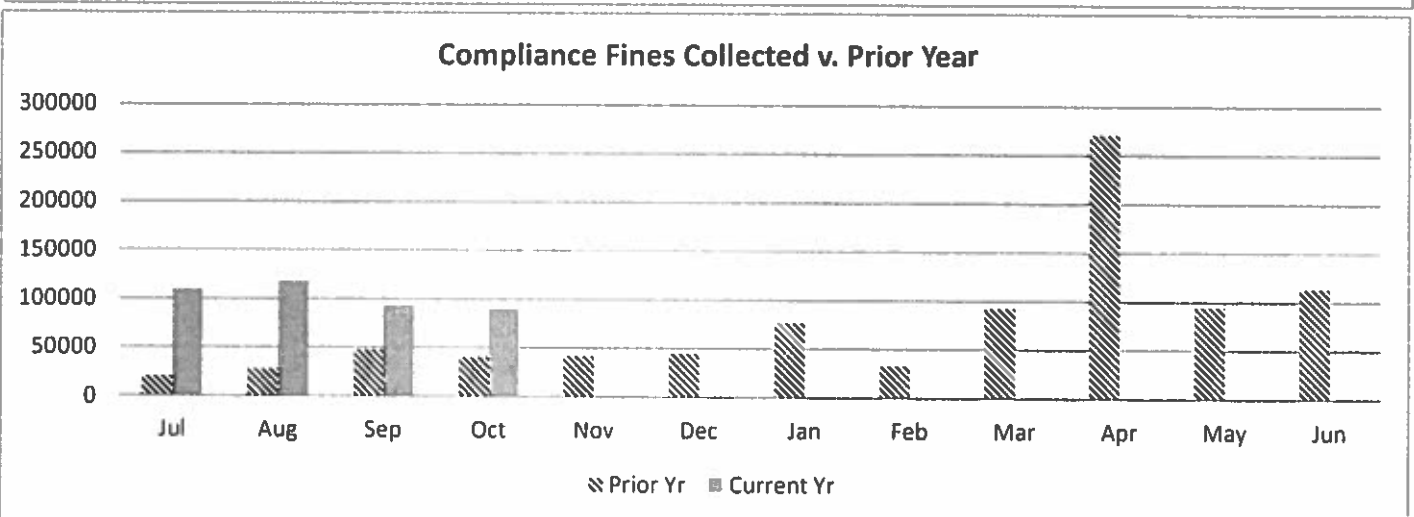
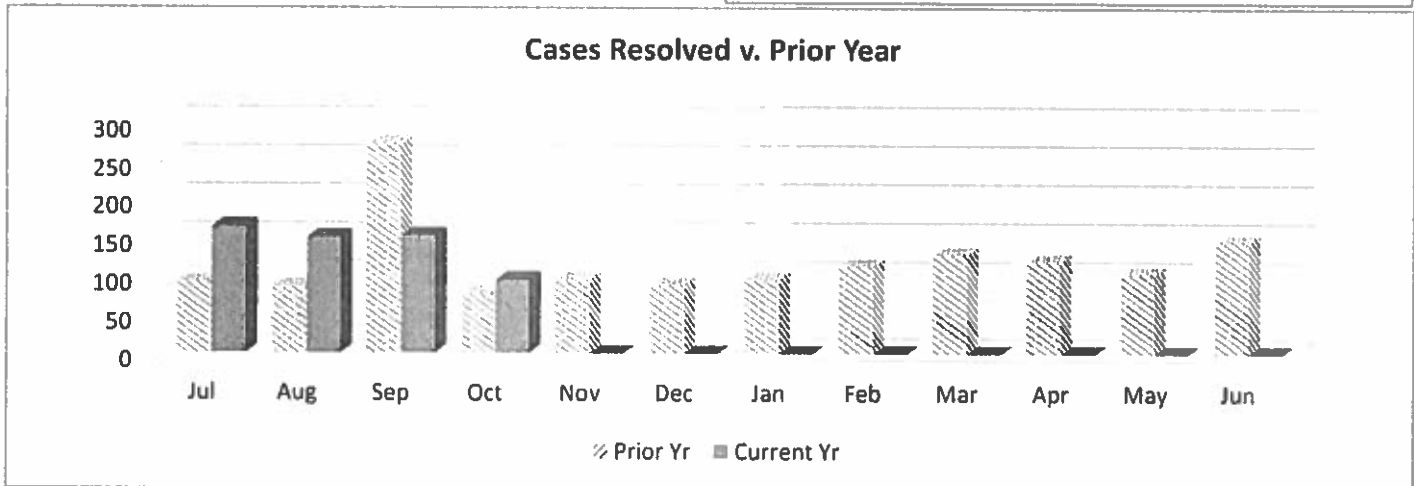
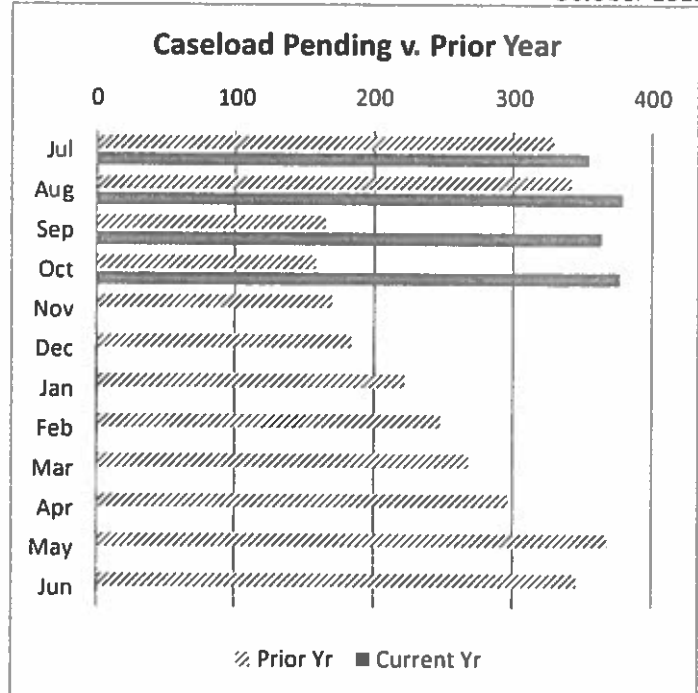
In October 2015, the Compliance Division collected \$89,810 in fines and penalties. Year to Date, the Compliance Division has collected \$410,020 in fines.

Year to Date vs Prior Year Total (906,833): 45%.

Oct 2015 vs. Oct 2014: 221%

YTD 2015 (July, Aug, Sept, Oct) vs YTD 2014: 299%

Current Year End trend is 136% of 2014-2015.



**IMS COVERAGE DIVISION**

October 2015

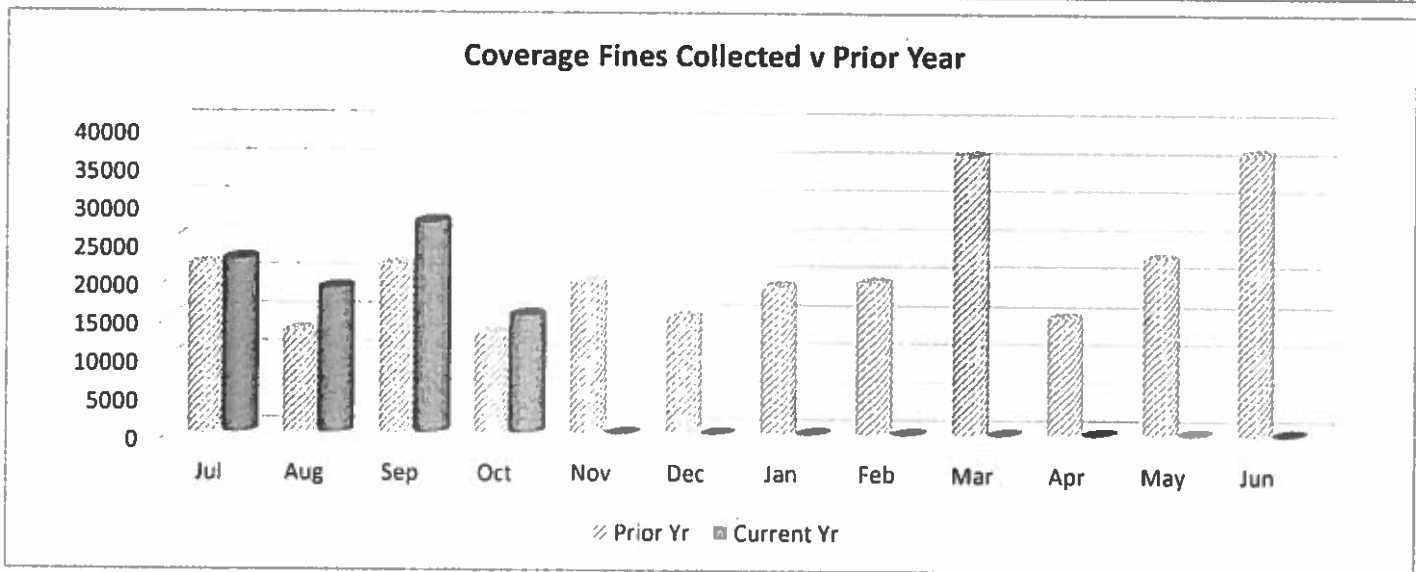
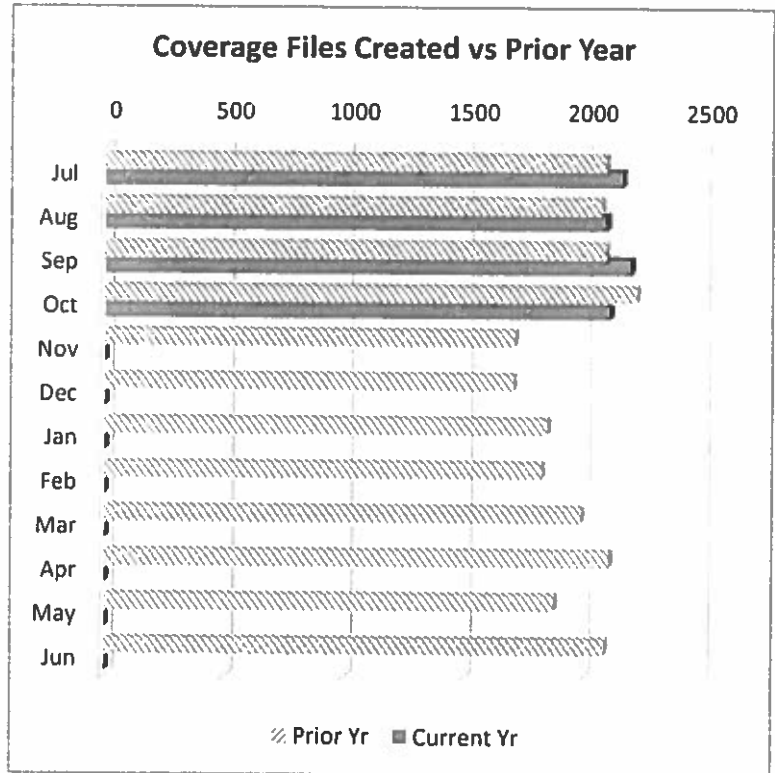
**WCC Claim Files:**

In October 2015, the Coverage Division recieved a total of 2,114 WCC Claim files. Of these, 1,713 were created through proper carrier filing of a 12A, and 401 were generated as a result of a Form 50 claim filing. Year to Date, 8,585 Claim files have been created which is 36% of claim file volume prior year (23,682).

**Coverage Fines:**

The Coverage Division collected \$15,400 in fine revenue in October 2015, as compared to \$13,000 in Coverage fines/penalties accrued during October 2014. Year on Year, Coverage fines are at 33% of collections for prior year.

Coverage Division fines represent 8% of the Commission's annual earmarked budget.



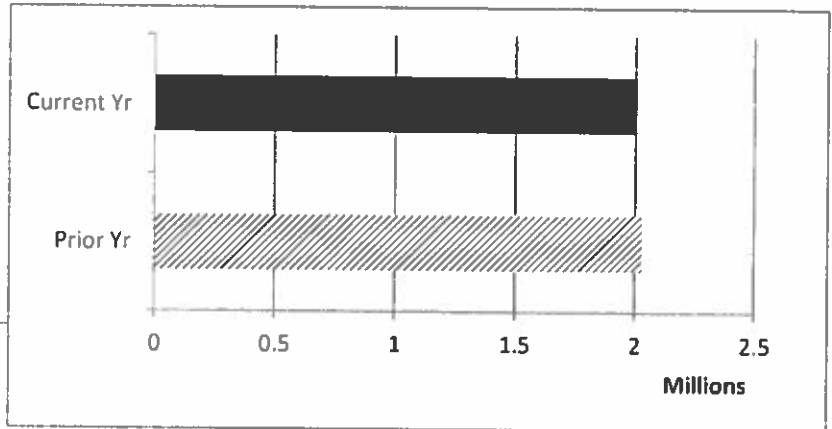
**IMS SELF INSURANCE DIVISION**

October 2015

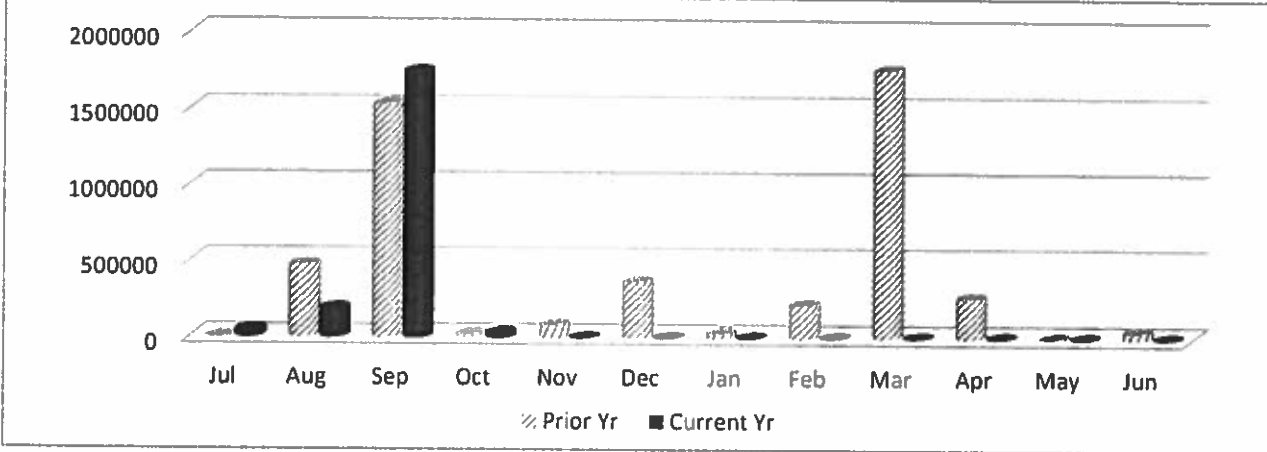
During the month of October 2015, the Self Insurance Division:

- \* collected \$29,951 in self-insurance tax.
- \* added 22 new self-insurers.
- \* conducted 4 Self Insurance audits.

Year to Date, Self Insurance tax revenue is trending at 99% of prior year and 16 Self Insurance audits have been completed.



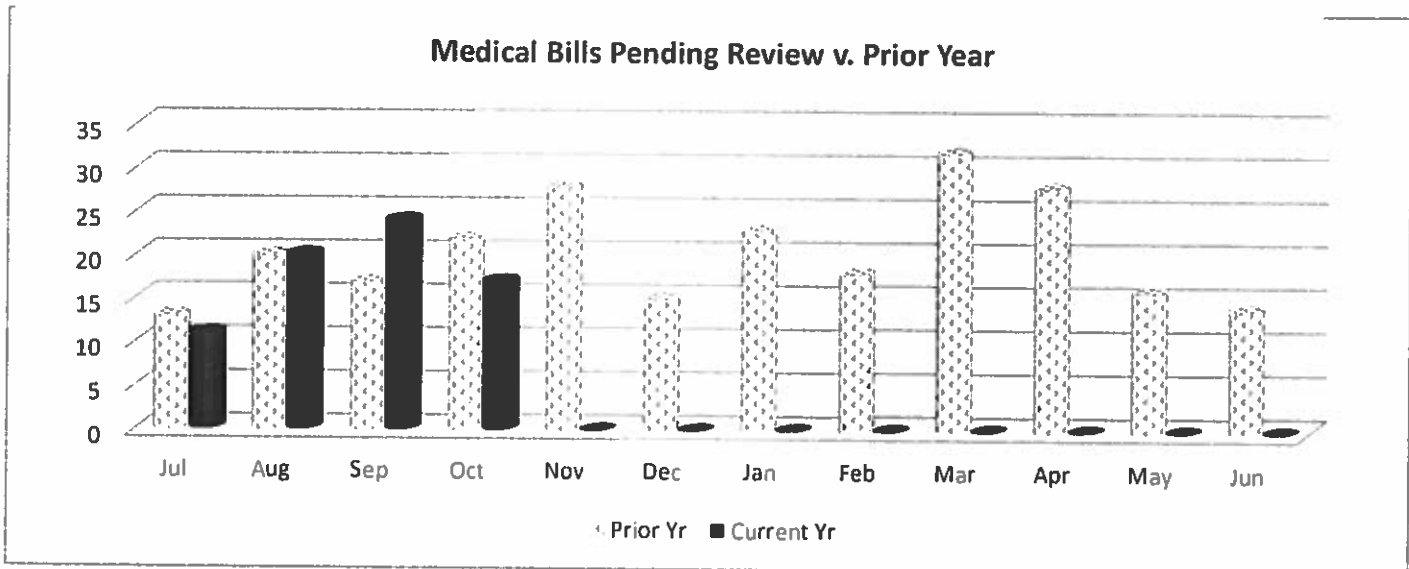
**Self Insurance Tax Collections v. Prior Year**



**IMS MEDICAL SERVICES DIVISION**

In October 2015, the Medical Services Division began the month with 24 bills pending review, received an additional 16 bills for review, conducted 23 bill reviews and ended the month with 17 bills pending.

**Medical Bills Pending Review v. Prior Year**



**South Carolina Workers' Compensation Commission**  
**Summary of Revenues and Expenditures 2015-16 Budget**  
**October 2015 - Period 4**

**Expenditures**

Bench:	38.1%	Annual Budget		Annual Final	Oct Spend	Year to Date Spend	Budget Remaining	Oct Spend %	Annual Spend %
<b>Commissioners</b>									
Personnel GA		1,133,336	19,314	1,152,650	153,673	453,749			
Personnel EM		-	-	-	-	-			
Ttl Pers		1,133,336	19,314	1,152,650	153,673	453,749	698,901	13%	39%
Expense GA		-	-	-	-	-			
Expense EM		285,700	-	285,700	14,026	78,670			
Ttl Expense		285,700	-	285,700	14,026	78,670	207,030	5%	28%
<b>Total Comm</b>		<b>\$ 1,419,036</b>		<b>\$ 1,438,350</b>	<b>\$ 167,699</b>	<b>\$ 532,419</b>	<b>\$ 905,931</b>	<b>12%</b>	<b>37%</b>

**Administration**

Personnel GA	146,007	800	146,807	20,734	59,001				
Personnel EM	606,119	19,973	626,092	55,794	159,189				
Ttl Pers	752,126		752,126	76,528	218,190	533,936	10%	29%	
Expense GA	75,000		75,000						
Expense EM	1,000,649		1,000,649	51,368	365,512				
Ttl Expense	1,075,649		1,075,649	51,368	365,512	710,137	5%	34%	
<b>Total Admin</b>	<b>\$ 1,827,775</b>		<b>\$ 1,827,775</b>	<b>\$ 127,896</b>	<b>\$ 583,702</b>	<b>\$ 1,244,073</b>	<b>7%</b>	<b>32%</b>	

**Claims**

Personnel GA	77,223	800	78,023	10,362	29,487				
Personnel EM	272,010	5,600	277,610	45,672	125,533				
Ttl Pers	349,233		349,233	56,034	155,020	194,213	16%	44%	
Expense GA									
Expense EM	19,700		19,700	1,138	6,782				
Ttl Expense	19,700		19,700	1,138	6,782	12,918	6%	34%	
<b>Total Claims</b>	<b>\$ 368,933</b>		<b>\$ 368,933</b>	<b>\$ 57,172</b>	<b>\$ 161,802</b>	<b>\$ 207,131</b>	<b>15%</b>	<b>44%</b>	

**IMS**

Personnel GA	26,632	800	27,432	4,129	10,787				
Personnel EM	467,881	7,200	475,081	79,920	206,278				
Ttl Pers	494,513		494,513	84,049	217,065	277,448	17%	44%	
Expense GA									
Expense EM	54,500		54,500	1,587	35,171				
Ttl Expense	54,500		54,500	1,587	35,171	19,329	3%	65%	
<b>Total IMS</b>	<b>\$ 549,013</b>		<b>\$ 549,013</b>	<b>\$ 85,636</b>	<b>\$ 252,236</b>	<b>\$ 296,777</b>	<b>16%</b>	<b>46%</b>	

**Judicial**

Personnel GA	29,267		29,267						
Personnel EM	292,779	6,400	299,179	47,436	129,509				
Ttl Pers	322,046		322,046	47,436	129,509	192,537	15%	40%	
Expense GA									
Expense EM	12,800		12,800	902	4,871				
Ttl Expense	12,800		12,800	902	4,871	7,929	7%	38%	
<b>Total Judicial</b>	<b>\$ 334,846</b>		<b>\$ 334,846</b>	<b>\$ 48,338</b>	<b>\$ 134,380</b>	<b>\$ 200,466</b>	<b>14%</b>	<b>40%</b>	

**Employer Contribution**

GA	496,796	11,891	508,687	55,539	202,942				
EM	559,928	7,920	567,848	71,815	227,736				
<b>Ttl Fringe</b>	<b>\$ 1,056,724</b>		<b>\$ 1,076,535</b>	<b>127,354</b>	<b>\$ 430,678</b>	<b>\$ 645,857</b>	<b>12%</b>	<b>40%</b>	

**Total Agency**

Ttl GA	1,984,261	33,605	2,017,866	244,437	755,966	1,261,900	12%	37%
Ttl EM	3,572,066	47,093	3,619,159	369,658	1,339,251	2,279,908	10%	37%
GF Carry Fwd		15,226	15,226			15,226	0%	0%
<b>Total Agency</b>	<b>\$ 5,556,327</b>	<b>\$ 95,924</b>	<b>\$ 5,652,251</b>	<b>\$ 614,095</b>	<b>\$ 2,095,217</b>	<b>\$ 3,557,034</b>	<b>11%</b>	<b>37%</b>



**Summary of Fiscal Activity - October 2015**

**Operational Funding**

The Workers' Compensation Commission derives its operational funding from three sources: General Fund Appropriation; Earmarked Funds (earned revenue); and Appropriated Fund Balance. The Commission's Fund Balance is supported by the retention of the greater of one-half of Self Insurance Tax receipts or \$2.4m annually.

For the month of October 2015, the Commission's operational funding of \$614,095 was received as follows:

General Fund Appropriation: \$244,437  
 Earmarked Funds: \$138,107  
 Fund Balance: \$231,551

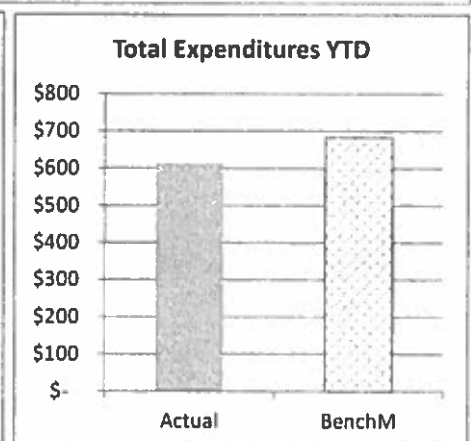
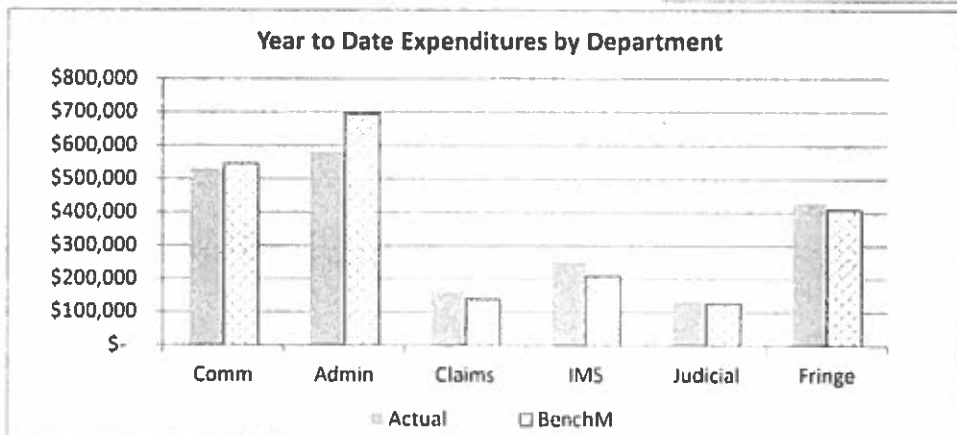
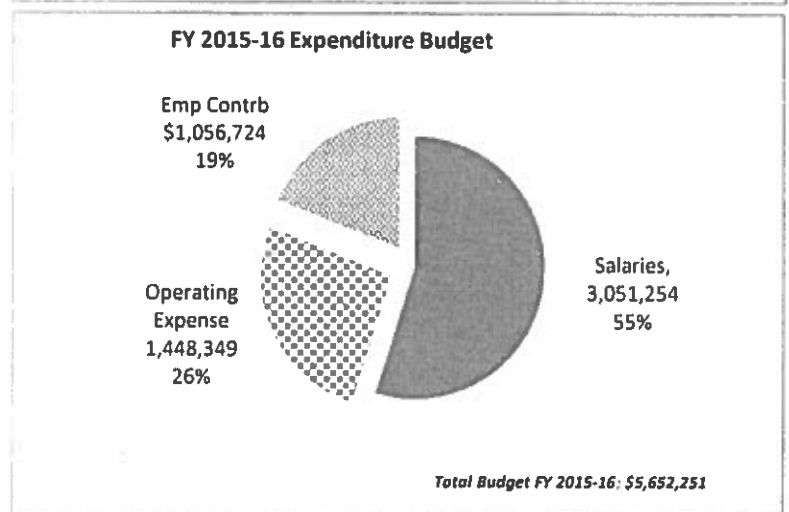
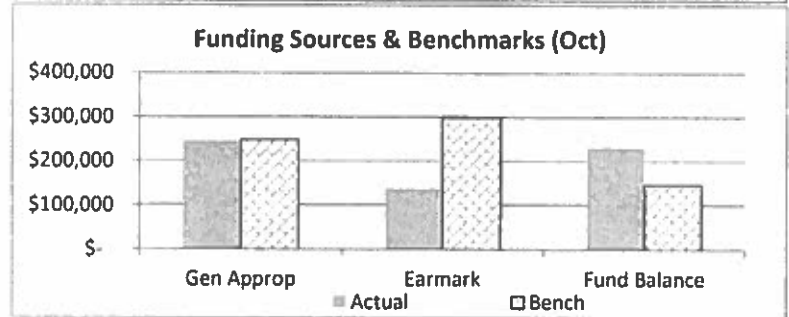
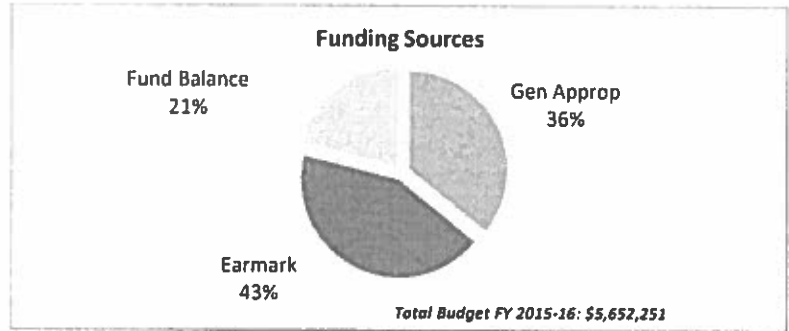
Self Insurance Tax Received:  
 October 2015: \$ 29,952  
 FY15-16 (YTD): \$ 2,003,491

**Operational Expenditures**

The Workers' Compensation Commission has budgeted expenditures for FY 2015-16 in the amount of \$5,652,251. In the current budget year, slightly more than 74% of budgeted costs are personnel related.

In October 2015, the Commission had expenditures totaling \$614,095. The benchmark for fourth period (October) is 38.1% (adjusted for 3 payroll periods). At the close of October 2015, the Commission's overall fiscal performance vs budget is as follows:

Total Expenses Incurred: 37% of budget  
 Gen Appropriation Received: 38% of budget  
 Earmarked Revenue Received: 35% of budget  
 Draw on Fund Balance: 42% of budget



**South Carolina Workers' Compensation Commission**  
**Summary of Revenues and Expenditures 2015-16 Budget**  
**October 2015 - Period 4**

**Funding and Appropriations**

Period 4

Annual Budget	Amend	Annual Final	Oct Received	Year to Date Received	Budget Remaining	Oct Rcvd %	Annual Rcvd %
\$ 1,984,261	\$ 33,605	\$ 2,017,866	\$ 244,437	\$ 755,966	1,261,900	12.3%	38.1%

General Fund Approp

**Earmarked Funds**

Training Reg Fee	5,000	\$ 5,000	0	\$ 810	4,190		
Sale of Publications	8,000	\$ 8,000	0	\$ 2,800	5,200		
Award Review Fee	73,000	\$ 73,000	1350	\$ 10,050	62,950		
Sale of Photocopies	88,000	\$ 88,000	3484	\$ 20,291	67,709		
WC Violation Fee	1,660,000	\$ 1,660,000	103294	\$ 640,683	1,019,317		
Listings and Labels	25,000	\$ 25,000	1240	\$ 6,765	18,235		
WC Hearing Fee	562,000	\$ 562,000	27199	\$ 160,724	401,276		
Parking	5,900	\$ 5,900	760	\$ 2,280	3,620		
Other	2000	\$ 2,000	780	\$ 3,795	(1,795)		
<b>Ttl Earmarked Funds</b>		<b>\$ 2,428,900</b>	<b>\$ 138,107</b>	<b>\$ 848,198</b>	<b>\$ 1,580,702</b>	<b>5.7%</b>	<b>34.9%</b>

Appro EM Fund Balance  
 GF Carry Forward

\$ 1,143,166	\$ 47,093	\$ 1,190,259	\$ 231,551	\$ 491,053	699,206		
	\$ 15,226	\$ 15,226		\$ -	15,226		
<b>Total Funding:</b>	<b>\$ 5,556,327</b>	<b>\$ 95,924</b>	<b>\$ 5,652,251</b>	<b>\$ 2,095,217</b>	<b>\$ 3,557,034</b>		

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## Workers' Compensation Commission

### MEMORANDUM

To: Gary Cannon, Executive Director

From: Sonji Spann, Claims Director

Date: November 5, 2015

Re: Claims Department – November 2015 Full Commission Report

Please find attached information provided to summarize key workflow benchmarks related to the functions of the Claims Department. In addition to the statistical data provided herein, please note the following information:

	Oct 2015	Sept 2015	Oct 2014
Individual Case Files Closed	2,028	2613	3116
Fine Revenue Collected	\$42,800	\$56,200	\$55,100
# of individual case files reviewed by examiners	240	907	883
Total Fines	279	316	421
Form 18 Fines	266	288	391
Total Forms Processed	12,464	13,127	13,054
SROI	618	506	
Email 18's	1997	1976	1680
USPS	2851	2413	2827

#### SPECIAL PROJECT (1200 OPEN)

	Oct 2015	Sept 2015	Aug 2015
Individual Case Files Closed	220	285	337
# of individual case files reviewed by examiner	53	679	473
Total Fines	5	26	13

The Claims Department continues their efforts to educate the stakeholders:

The 1200 Project: DiAnn has reviewed 77 of the 1200 Open files. As she separates the documents, she is reviewing for compliance and closure. Due to the severe weather, one Examiner on vacation and sick leave, DiAnn assisted the Examiners with processing the forms for the month of October.





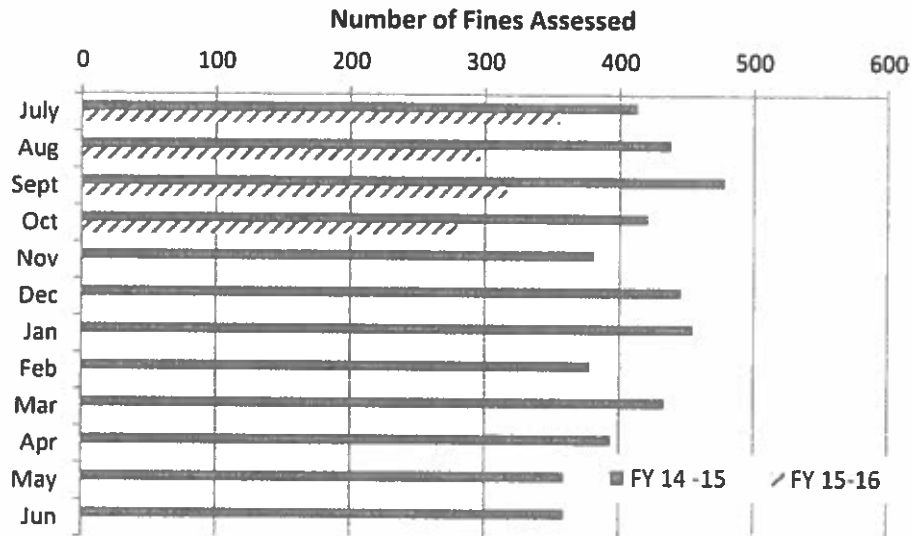




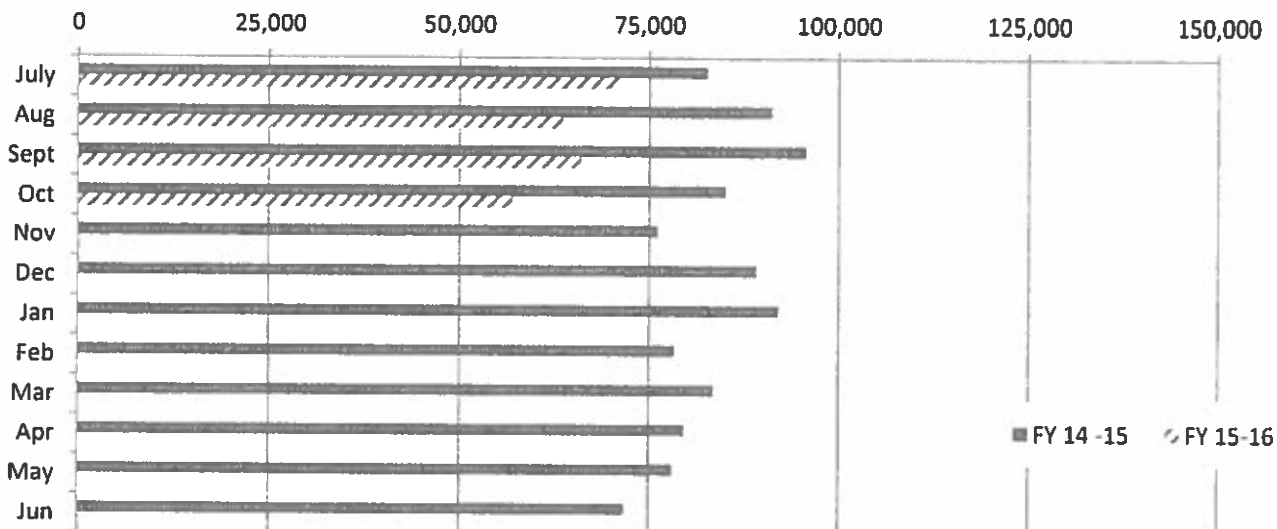
**CLAIMS DEPARTMENT - Fine Activity Report October 2015**

The number of fines assessed by the Claims Department decreased in number to 279 from 316 in October. The number of Claims fines paid decreased from 271 in September to 203 in October.

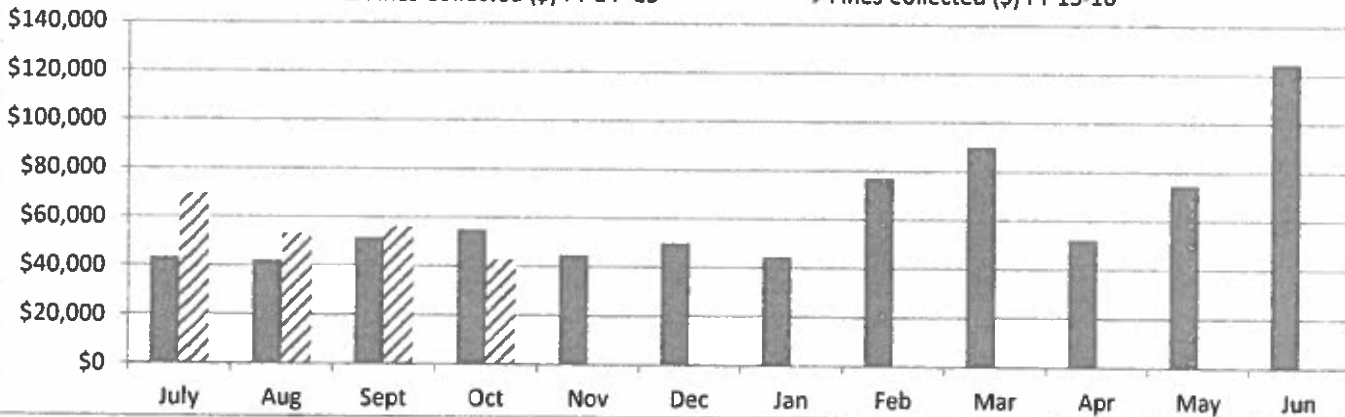
Total fine dollars assessed in October was \$57,000 a decrease over prior month \$66,000. Fine revenue received in October was \$42,800 a decrease over prior month \$56,200.



**Net Fines Assessed (\$)**



**Fines Collected (\$)**





Claims Department - Fine Activity Report

Fines Assessed (#)

	FY 14 -15	FY 15-16
July	413	355
Aug	438	296
Sept	478	316
Oct	421	279
Nov	381	0
Dec	446	0
Jan	455	0
Feb	378	0
Mar	434	0
Apr	394	0
May	390	0
Jun	359	0
<b>Total</b>	<b>4,987</b>	<b>1,246</b>
Mo Avg	416	312

Fines Received (#)

	FY 14-15	FY 15-16
July	198	341
Aug	205	260
Sept	254	271
Oct	259	203
Nov	234	0
Dec	245	0
Jan	224	0
Feb	368	0
Mar	423	0
Apr	234	0
May	363	0
Jun	604	0
<b>Total</b>	<b>3,611</b>	<b>1,075</b>
Mo Avg	301	269

Net Fines Assessed (\$)\*

	FY 14 -15	FY 15-16
July	82,650	71,050
Aug	91,250	63,600
Sept	95,700	66,000
Oct	85,200	57,000
Nov	76,200	0
Dec	89,200	0
Jan	92,100	0
Feb	78,400	0
Mar	83,600	0
Apr	79,700	0
May	78,100	0
Jun	71,800	0
<b>Total</b>	<b>1,003,900</b>	<b>200,650</b>
Mo Avg	83,658	50,163

Fines Collected (\$)

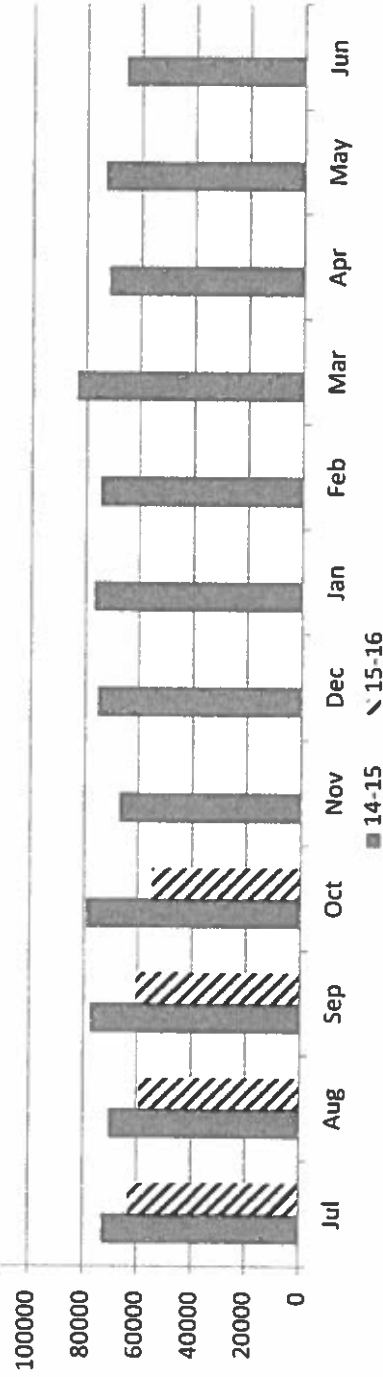
	FY 14 -15	FY 15-16
July	\$43,300	69,250
Aug	\$42,100	53,350
Sept	\$51,650	56,200
Oct	\$55,100	42,800
Nov	\$44,750	0
Dec	\$49,900	0
Jan	\$44,700	0
Feb	\$77,100	0
Mar	\$90,200	0
Apr	\$52,250	0
May	\$74,750	0
Jun	\$124,800	0
<b>Total</b>	<b>750,600</b>	<b>221,600</b>
Mo Avg	62,550	66,400

\*after reductions and rescinded

### FORM 18 FINE ASSESSMENTS

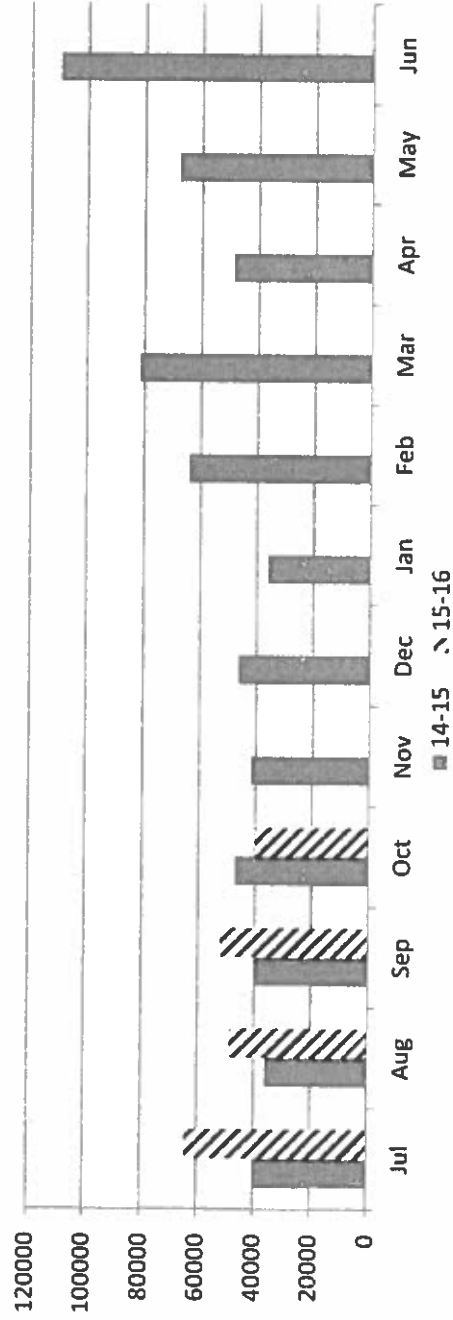
Consistent with overall Commission strategy, the Claims Department works with our Carrier partners to develop approaches that result in increased compliance levels and reduced Fine related costs to businesses in South Carolina.

A key "success measure" of this effort is the Form 18 Fine Assessment report. For the month of October 2015, this has resulted in an decrease in Form 18 Fine Assessments to \$54,400 as compared to September 2015 of \$60,400. The actual number of fines assessed decreased from 288 to 266 in October 2015.



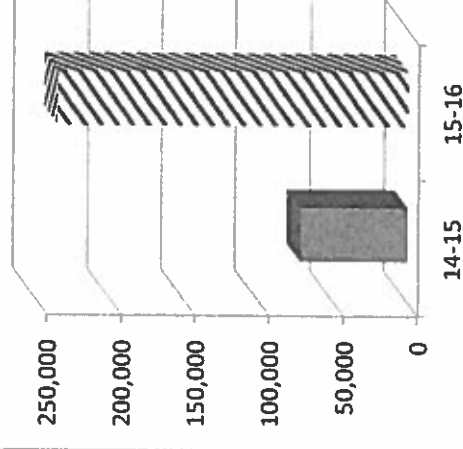
### FORM 18 FINE COLLECTION

In October 2015, the Claims Department received payment on Form 18 Fines resulting in revenue of \$39,900.



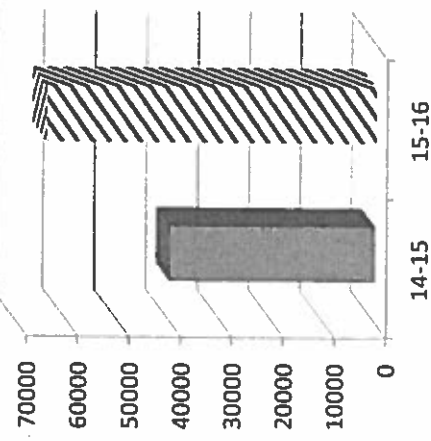
### FORM 18 FINE ASSESSMENTS YTD

Form 18 Fine Assessment is trending at 86% of prior year assessments.



### FORM 18 FINE REVENUE YTD

Form 18 Fine Revenue is trending at 160% of prior year collections.



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**Workers' Compensation Commission**

November 9, 2015

**To:** Gary M. Cannon  
Executive Director

**From:** Amy A. Bracy  
Judicial Director

**RE:** **Monthly Judicial Report for October 2015**

There were one hundred four (104) Single Commissioner Hearings conducted during the past month, and there were ten (10) Full Commission hearings held in October.

The Informal Conference system conducted two hundred (200) hearings during the last month.

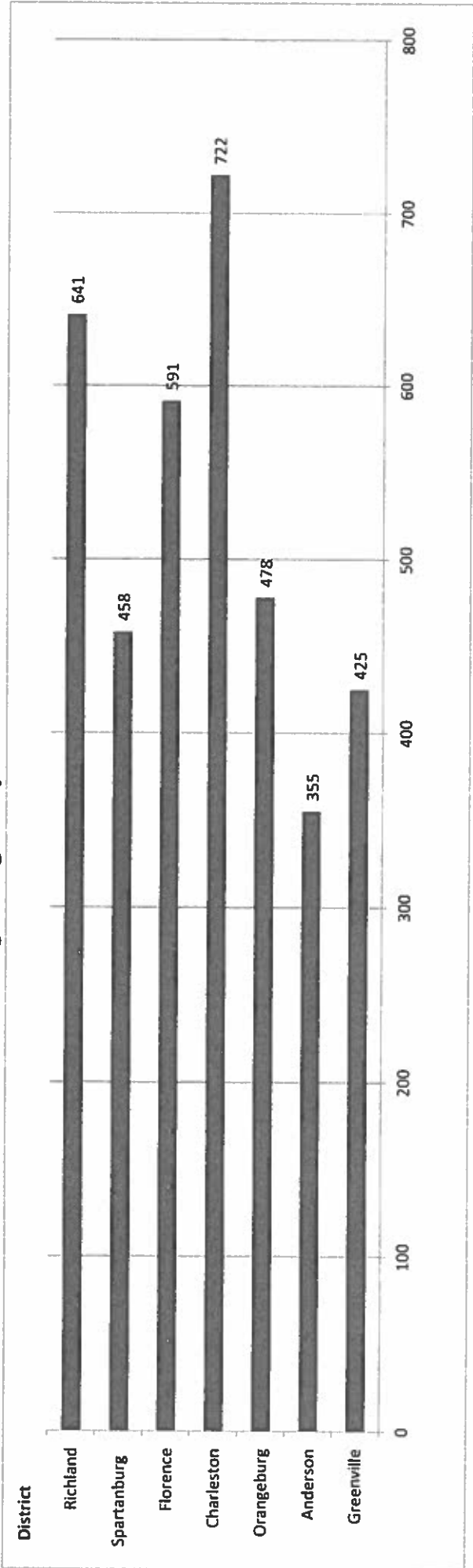
There were seventy-nine (79) regulatory mediations scheduled and twenty-two (22) requested mediations. The Judicial Department was notified of forty-four (44) matters resolved in mediation, with the receipt of Forms 70.



### Pleadings Assigned - Three Year Comparison by Month

	District 1 Greenville			District 2 Anderson			District 3 Orangeburg			District 4 Charleston			District 5 Florence			District 6 Spartanburg			District 7 Richland		
	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14	15-16	14-15	13-14
	107	103	119	90	92	96	118	119	121	181	140	164	144	145	117	130	116	111	166	141	135
Jul	110	86	121	76	96	71	109	120	121	171	153	170	122	146	131	122	104	119	138	164	141
Aug	102	105	102	88	84	80	132	105	97	198	155	163	154	126	137	110	70	90	167	124	132
Sep	106	83	124	101	78	84	119	115	128	172	143	170	171	146	159	96	112	106	170	156	160
Oct		80	115		56	67		93	115		115	163		135	115		80	79		127	112
Nov		99	78		86	93		108	102		133	123		119	108		85	95		146	113
Dec		109	92		80	56		120	100		163	151		158	95		108	88		174	119
Jan		98	93		86	98		92	98		141	157		110	146		111	93		114	106
Feb		112	101		91	76		132	107		156	121		118	130		122	91		140	128
Mar		99	98		87	69		97	100		165	144		120	141		88	101		149	150
Apr		101	88		73	97		105	124		158	169		140	121		101	100		158	153
May		89	81		66	79		102	95		143	148		147	110		117	79		139	123
Jun																					
Totals	425	1164	1212	355	975	966	478	1308	1308	722	1765	1843	591	1610	1510	458	1214	1152	641	1732	1572

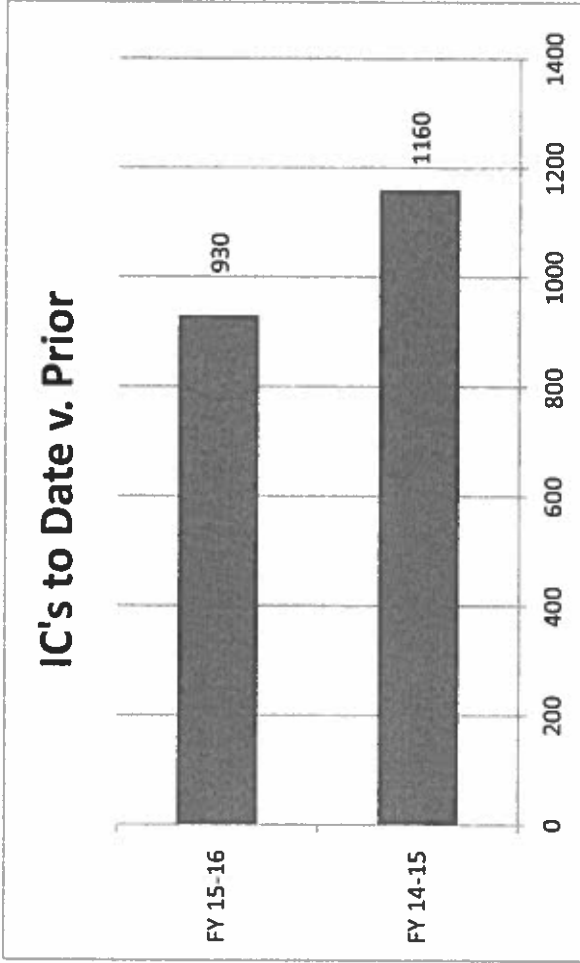
Pleadings Assigned by District Year to Date



**Informal Conf. Conducted**

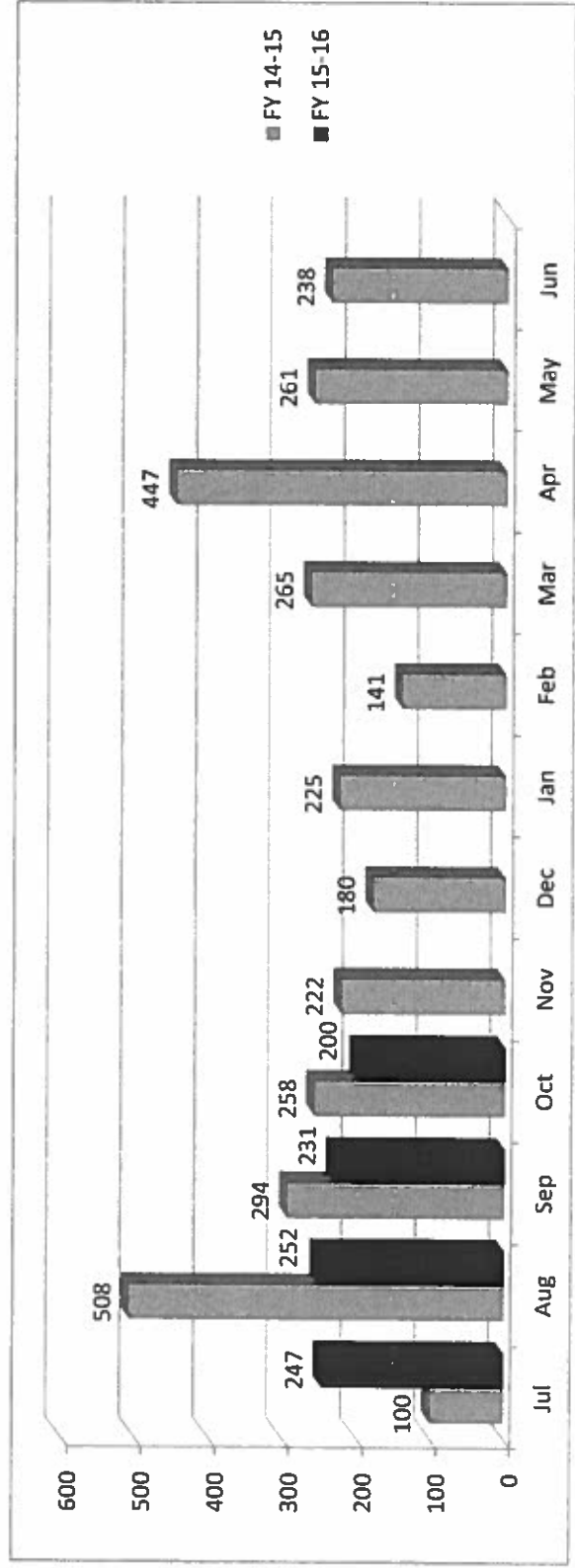
	FY 14-15	FY 15-16
Jul	100	247
Aug	508	252
Sep	294	231
Oct	258	200
Nov	222	
Dec	180	
Jan	225	
Feb	141	
Mar	265	
Apr	447	
May	261	
Jun	238	
<b>Total</b>	<b>3139</b>	<b>930</b>

**IC's to Date v. Prior**



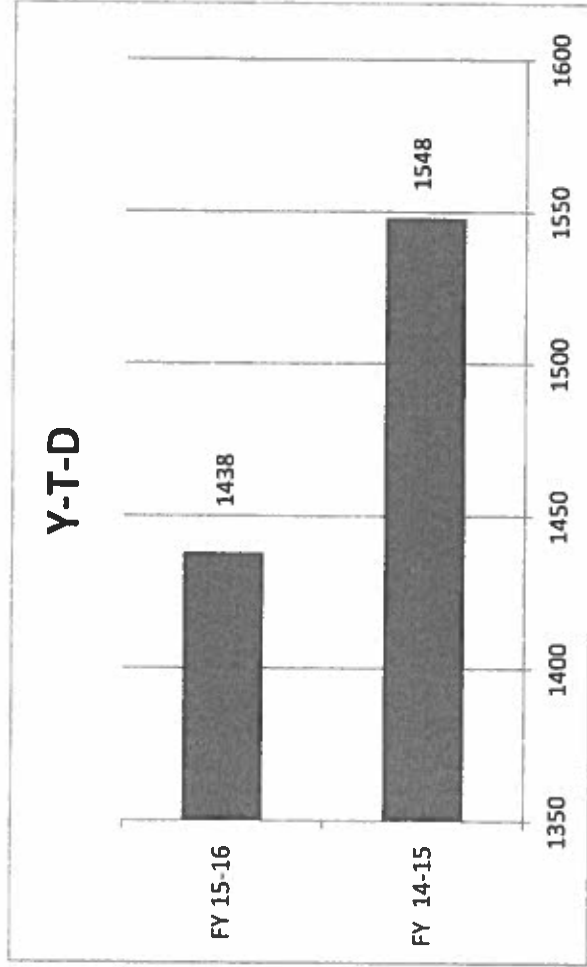
FY 14-15 FY 15-16  
**1160 930**

**Y-T-D**

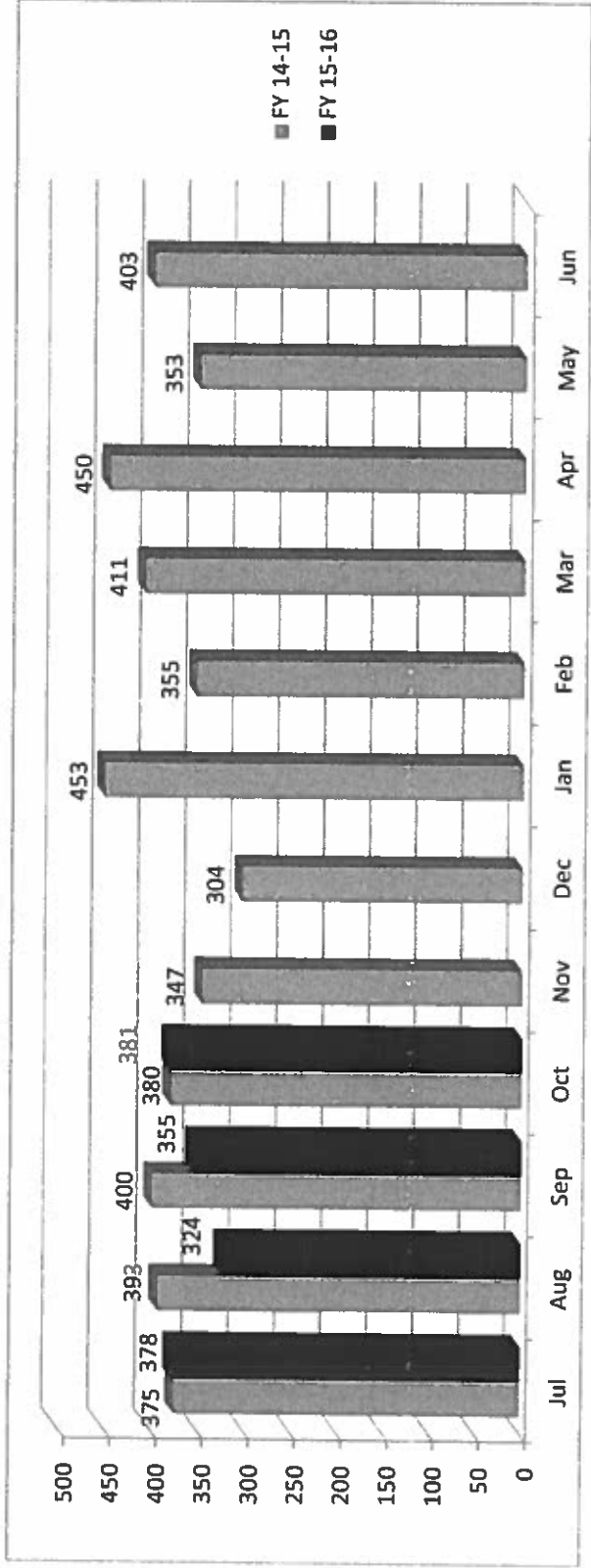


**Informal Conf. Requested**

	FY 14-15	FY 15-16
Jul	375	378
Aug	393	324
Sep	400	355
Oct	380	381
Nov	347	
Dec	304	
Jan	453	
Feb	355	
Mar	411	
Apr	450	
May	353	
Jun	403	
<b>Total</b>	<b>4624</b>	<b>1438</b>



	FY 14-15	FY 15-16
<b>Y-T-D</b>	<b>1548</b>	<b>1438</b>



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## *Workers' Compensation Commission*

### **Executive Director's Report Gary M. Cannon**

**November 10, 2015**

#### **Meetings/Activities**

The Executive Director participated in the following meetings/activities:

- October 20 – Participated in the proposed regulations work session
- October 22 – Met with representative of AHCS
- October 22 – Met with Director of the S.C. Department of Insurance
- October 26 – Met with Chairman of the Narcotics Use Ad Hoc Advisory Committee
- October 27 – Presentation to Forestry/Logging class at Clemson University
- October 29 – Met with Director and consultant with the Division of State Human Resources
- October 29 – Participated in a conference call with Grant Duffield and representatives of NCCI to review the September 2015 S.C. Medical Data Report
- November 4 – Participated in IAIABC Executive Committee Teleconference
- November 12-14 – Attend the Injured Workers' Advocates Association's Annual Convention in Greensboro, GA

#### **Narcotics Use Ad Hoc Advisory Committee**

The next meeting of the Narcotics Use Ad Hoc Advisory Committee is scheduled for Thursday, December 17, 2015, at 2:00 p.m. at the S.C. Pharmacy Association in Columbia.

#### **Proposed Amendments to Regulations**

The Commission reviewed the proposed amendments to regulations on October 20. The next work session will be scheduled in December.

#### **Employee Meetings**

An All Employee meeting was held on October 22. Employees participated in a Commission pot luck lunch on October 23. The next All Employee meeting is scheduled for November 19. The Executive Director met with the Department Heads on November 3.



**Constituent /Public Information Services**

For the period October 15, through November 9, 2015 the Executive Director's Office and the General Counsel's office had 431 contacts with various system constituents and stakeholders. The contacts included telephone communications; electronic and personal contacts with claimants or constituents, state agencies, federal agencies, attorneys, service providers, business partners; and letters with congressional offices.

**SCWCC Stakeholder Electronic Distribution List**

For the period October 15, 2015 through November 9, 2015, we added thirteen individuals to the distribution list. A total of 575 individuals currently receive notifications from the Commission.

**SC Vocational Rehabilitation Department (SCVRD)**

SCVRD reported three referrals in the following counties: Berkeley, Lexington and Richland. SCVRD reports 29 referrals year to date.

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## *Workers' Compensation Commission*

**TO: Commissioners**

**FROM: Gary M. Cannon**

**DATE: October 15, 2015**

**RE: Budget Proposal FY2016-17**

Attached is the proposed budget for FY2016-17. The requested amount is \$1,993,572 for General Fund Appropriations and \$4,690,648 for the Earmarked Funds, for a total annual operating budget of \$6,684,220. See attachment "SCWCC Funding Summary FY2016-17".

### **General Fund**

We are requesting the same level of funding in the General Fund Appropriations, \$1,993,572. The majority of this Fund contains expenditures for salaries and benefits for the Commissioners and their Administrative Assistants and various positions in other departments. In FY2015-16, the General Assembly approved an additional \$75,000 in recurring funds for the Information Security Program.

### **Earmarked Fund**

#### Revenues

The revenues projected in the Earmarked Fund are \$1,889,310. "See attachment SCWCC Funding Summary FY2016-17". This revenue figure is based on historical data and projected trends in the Commission activities. The Total Revenue proposed for FY16-17 is \$539,590 less than budgeted in FY15-16. Please note:

- a. Training Conference Registration Fee. Due to a scheduling change we will conduct one less training workshops for stakeholders resulting in a projected revenue decrease of \$1,422.
- b. Sale of Publication and Brochures. Projected revenue decreased by \$6,443 due to the Commission's arrangement with a third party vendor to produce and publish the Medical Services Provider Manual.
- c. Workers' Comp Award Review Fee. Projected revenue decreased \$40,749 based a fewer number of cases being appealed.
- d. Sale of Photo Copies. Projected revenue decreased by \$30,801 based on decreased purchases of paper document copies.

- e. Workers' Compensation Filing Violation Fee. We project a \$424,524 reduction in this Revenue center due to the development and implementation of additional phases of the Subsequent Report of Injuries (SROI).
- f. Sale of Listings and Labels. Anticipated reduction in revenues of \$19,313 due to decrease demand for purchases of listings and labels.
- g. Workers' Comp Hearing Fee. We project that the number of single and appellate hearings will continue to decrease resulting in a revenue reduction of \$16,338.

#### Appropriated Fund Balance

As a result of Act 95 enacted by the General Assembly in 2014, the Commission is allowed to retain fifty percent of the Self-Insurance (SI) taxes collected. Since implementation, annual SI tax funding retained by the Commission has been historically a little more than \$2.4 million per year. We are proposing the use of \$2,843,888 of those funds from the Earmarked Fund balance to cover the budgeted expenditures in the Earmarked Fund.

#### Expenditures

The attached worksheet "SCWCC FY16-17 Proposed Budget" contains the actual expenditures for FY2015 Fiscal Year, the budgeted amount for FY15-16 and the amount proposed for FY16-17. The FY16-17 column includes the increase shown as either "Recurring" or "One-time" expenses. The expenditures are listed by department and Fund. GA is General Appropriation and EAR is Earmarked Fund.

**FY 16-17**  
**Annual Operating Budget Proposal**  
**Justification for Increased Expenditures**  
**Sept 25, 2015**  
**See Attachment "SCWCC Proposed Budget"**

**1. Commissioners – Earmarked – Taxable Subsistence** **\$15,000**  
 Increased amount requested based on historical actual use and projected trend for next year.  
 Recurring

**2. Administration – Earmarked – Personnel** **\$194,000**  
Attorney I **\$55,000**  
 This is a new FTE for the Legal Division. (Recurring)

Business Analyst Position **\$45,000**  
 This is a new position in the Information Technology Department. The Commission is committed to effectively using technology to solve business problems and continually improving the business processes in the organization. One example is the recent implementation of electronic filing for SROI (Subsequent Report of Injury) for the Form 18. Previously these forms were sent in via mail or fax, a case was initiated, a file was created, the paper was scanned and then staff began processing. Our system now allows for the electronic filing of these forms, minimizing the work required by agency staff since the forms collection and processing are now fully automated. This system was designed and implemented by the one business analyst in place at the Commission. We have many other initiatives similarly focused on automating our current manual processes. To accurately and effectively automate these processes, it requires a business analyst to evaluate the current system, glean knowledge from the business unit and work closely with the business owners and IT department to design an automated business process. A business analyst will bridge the gap between the business unit owners and technology by translating the business needs into an appropriately designed system.

The executive leadership of the Commission sees the automation of business processes as a critical task for another reason. We have a large number of staff (almost 50%) capable of retiring in the next two years. The loss of this institutional knowledge will be staggering if we don't address this now. As we move from manual-based processes to automated workflows, the insight and perspective of those currently doing the work is instrumental in forging systems, processes and workflows that increase the efficiency and effectiveness of our operations. We want to augment our staff with another analyst at a salary of \$45,000. The total cost including fringe benefits is \$60,750. (Recurring)

Salary Adjustments – Reclassification and Performance Merit Program **\$94,000**  
 The amount budgeted for potential salary increases for a reclassification of positions and an employee performance merit program. Reclassification of a position may occur as a result of increased duties and responsibilities of the position. The approval of a Reclassification requires completion of reclassification request, justification indicating new duties and responsibilities, and approval by Chairman upon recommendation of the Executive Director. Funds are requested for salaries and fringe benefits for the Employee Bonus Program. In 2014 the bonus program provided eligible employees a one-time bonus of an amount not exceeding \$3,000. Under the performance merit program, the amount received will be based upon employees whose performance has exceeded expectations in their department's successful accomplishments. The total expense for the 2015 program was \$93,000. (Reclassification – Recurring: Performance Merit – One time)

**3. Administration – Earmarked – Other Personnel**

**\$21,060**

2 law clerks, 15 hours per week at 13.00/hour

There are several areas of responsibility in which the Commission could use some part-time assistance from someone with legal training. The primary area where the law clerks could be of assistance would be helping the Commissioners and Appellate Panels draft Orders. Numerous Orders need to be drafted or revised by staff on a monthly basis. I currently have 4 files on my desk which need Orders drafted. Depending on the complexity of the case, drafting an Order can take anywhere from 1-4 hours, with possible revisions as requested by the Commissioner.

A second area would be assisting Commissioners with organizing and reviewing the evidence submitted in a case pending a decision by the Commissioner. Commissioners will regularly receive cases where voluminous amounts of evidence have been submitted for the Commissioner to consider, including hundreds of pages of medical reports or multiple expert and lay depositions. Law clerks could assist with organizing and summarizing medical records, reading and briefing depositions, viewing and summarizing video recordings, and flagging crucial pieces of evidence for the Commissioner's review. Depending on the volume of evidence submitted, this type of project could take from a few hours to a few days.

Another area would be assisting the Commissioners and staff with simple legal research functions. While research involving detailed analysis and drawing legal conclusions based thereon should be performed by Counsel, the Commissioners and staff make frequent requests to have a particular case or statute found and printed or emailed. These types of basic research requests could easily be handled by a law clerk.

It would also be beneficial to have law clerks available to sit in and observe hearings occasionally. This would allow them to monitor issues arising in cases involving procedure implemented by the Commission's staff, and identify areas where the Commission can improve its processes. It also may be beneficial, at the request of a Commissioner, to have a clerk sit in on a hearing involving multiple parties or witnesses, or other complexities, in order to assist the Commissioner.

Having clerks available to assist the Commissioners would help ease the backlog of cases awaiting decision by the Commissioners. Further, having clerks to handle some of these smaller projects would free up existing legal staff to focus on larger, more long-term projects and issues. (Recurring)

**4. Administration – Earmarked – Expenses**

**\$20,000**

Funds budgeted for fixtures, shelving removal and other office furniture related items which may result from the relocation or renewal of the office space lease agreement. (One-time)

**5. Administration – Earmarked – Information Technology**

**\$711, 771**

Information Security Program (One-time)

There are multiple projects projected for FY 2016-17 designed to improve the Commission's security posture and to align information security with the Commission's mission, goals and objectives.

a. Mobile Device Management

**\$14,661**

Commissioners' conduct hearings all over the state and must be able to access agency information from mobile devices in order to execute their duties. This data is classified as confidential and restricted as it contains, at a minimum, medical records and PII (Personally Identifiable Information). It is imperative we secure the data, the applications and the resources used to conduct hearings through a mobile device management system. This system will allow us to provision, secure and manage mobile devices, applications and content while minimizing the security risk. It will also allow us to embrace Bring Your Own Device (BYOD), saving the device cost and data plan costs associated with each user. Mobile Iron is an application supported and recommended by DTO to accomplish this security objective. The anticipated cost to procure, install and configure the system is \$14,661. After the initial year, there will be a recurring maintenance cost of \$2,199. This amount is included in the first year's purchase price.

b. Update Progress System – Software rewrite \$80,334

The Progress system is a mission critical application for the Commission. It is the system that manages the data for all claims from the filing of Form 12A or Form 50 to the filing of a Form 19. Further, it is the backbone that allows us to provide the claims information to stakeholders through eCase. The Progress system code was written in 2006, a time when information security was not considered a priority in the development of the software application lifecycle. In this project, our application support vendor, BravePoint, will build the necessary security measures into the application using today's standards. The rewritten code will also improve the eCase application by providing a clearer and more intuitive user interface and enabling our application to be accessible in a mobile environment. This application rewrite has been estimated at \$80,334.

c. Information Security Compliance Program \$51,230

The Commission has made significant investments in building a security plan which adequately protects the agency's resources, minimizes the risks of exposure, and supports the agency's mission and objectives. Since security threats are ever-changing and evolving, it is crucial we periodically contract with a third-party firm who can independently assess the security and vulnerabilities in our key systems, networks and processes. This audit should be conducted routinely. It is most appropriate to conduct the review in FY 16-17 upon the completed implementation of critical security systems. We anticipate this audit to cost \$51,230.

d. DTO Services Contract for Infrastructure and Hosting \$104,569

The Commission is, at the recommendation of the Department of Technology Operations, under the State's Department of Administration, improving the security posture of the agency's aged hardware infrastructure. This will be done by migrating the applications and services running on two physical servers to a virtual environment. The new virtual environment will include an application server, a database server and a web server in both a development and production environment for a total of six virtual servers. The building of these development and production environments, the migration of the systems, processes and data, and the initial licensing fees will be a significant increase over prior contracts; the cost is projected at \$104,569. For subsequent years, the recurring cost for these hosted services is estimated at \$79,429; this amount is included in the initial cost.

e. View Image Project – Software Upgrade \$40,257

To further enhance the objective of improving the effectiveness of communicating with stakeholders and providing access to claims and judicial data, the Commission approved the View Images project. The View Images allows stakeholders a more efficient way to view electronic images of case documents via eCase and it reduces the amount of paper documents requested from the Commission by the stakeholders. This system upgrade will have to provide for the electronic transfer of funds from the stakeholder to the Commission for the payment for the access to the electronic images of case documents. The expected cost of this application enhancement is \$40,257.

f. Virtualization –Licenses \$12,555

With the conversion to a virtual environment and the separation of services between these environments, there will additional licensing costs for new server to server communications. These OnBase and BravePoint licenses are estimated at \$12,555, with a recurring annual maintenance licensing fee of \$1,883 for each year following. This recurring annual fee is not in addition to the initial cost.

Software Licenses

To continually improve the effectiveness and efficiency of the Commission's staff and to maintain compliance with licensing agreements, the Commission needs additional software licenses for existing applications required as well as new productivity applications.

a. Adobe Professional

\$13,930

To come into compliance with licensing agreements based on our extensive use of electronic forms, and to allow our ability to capture and use electronic signatures, an additional 40 Adobe DC Professional licenses are needed. The State has not been able to negotiate a state-term contract with this vendor, so the expense is estimated at the published volume discounted rate of \$349 per user for a total of \$13,930. Annual licensing fees for Adobe products are estimated at 15% of the initial cost for a total cost of \$2,088. This cost is not incurred in the first year; instead it is an annual subscription, renewal at the end of the one-year contract period.

b. HelpDesk Software

\$4,000

While the Commission is a small agency in terms of number of staff, we are a very mobile workforce. Additionally, because we provide our clients with a portal to access case information, we receive and respond to a large number of requests for assistance with the eCase system. HelpDesk software would allow us to achieve a higher level of efficiency at a low investment cost of \$4,000 in year one. The software maintenance agreement will cost \$600 annually thereafter. The benefits of tracking helpdesk requests are improved customer service for both internal and external customers, faster response times, and ultimately, lowering information technology costs and increasing staff productivity.

c. Imaging Software for Laptops/Desktops

\$4,500

The Commission needs a tool to effectively manage a standard desktop/laptop image. Presently, the lack of this tool requires an IT staff member spend over 4 hours building a new computer as a result of a virus or other issue. The HelpDesk technician spends approximately 15 hours per month doing this work. An Imaging System will reduce this time 30 minutes and will provide additional benefits such as tools that delete sensitive data prior to a leased computer being returned, the ability to restore an image to multiple computers at the same time, and a log viewer that allows you to see when system activities occur. The cost of this system is \$4,500 initially with a \$650 licensing renewal fee annually after year one.

Hardware Replacement

There are times when a computer asset has reached its maximum useful life and must be replaced. The decision is more than a financial consideration. Security, staff productivity, total costs of ownership and equipment performance should all be relevant. Changes in business processes should also be evaluated to validate if there is more appropriate technology to apply.

a. Printers

\$26,750

We currently have a total of 22 printers, many of which are consistently out of service. The poor performance and issues result in increased maintenance and service costs, more work for the IT staff in managing the issue and re-routing printer functionality for staff and overall inefficiencies in operations. We can minimize these by purchasing 10 printers and reallocating agency-wide resources to these printers at a cost of \$26,750.

b. iPads

\$12,708

The Commissioners use iPads as the preferred mobile device for accessing case information remotely. These devices presently in use are the first generation model which are considered "end of life" and are not accepted as compliant devices by Mobile Iron. The cost of replacing these devices is \$12,708.

c. Cell Phones

\$3,150

The standard model cell phone in use at the Commission is Apple's 4S. This device is considered "end of life" by Mobile Iron. To upgrade these devices to security-compliant models the cost will be \$3,150.

d. Desktop/Laptop Replacement

\$54,675

The Commission has 27 workstations that are over four years old and need to be replaced. The replacement of these will cost \$54,675.

e. Document Imaging Equipment

\$249,712

As we move from a paper-based claimant system to a digital one, many forms and records are submitted electronically. This shift in workflow demands we re-evaluate our current scanning processes. The Commission will continue to utilize high-speed scanners to handle the intake of voluminous files for certain areas like the mailroom, but we can reduce our recurring investment if we utilize less expensive desktop scanning equipment to handle the smaller files. The total cost to complete this project is \$249,712.

f. Video Conferencing

\$38,740

There are many reasons a video conference solution could benefit the Commission. Reducing travel costs and increasing the productivity of Commission staff are obvious ones. The more important benefit is minimizing the travel inconvenience for injured workers. Our claimants and the respective legal team would be far better served by a system which allowed non-contested hearings to be handled via streaming video and audio. The objective of this project is to build a proof of concept, or prototype system. Its success will require the commitment and participation of several law firms that practice Workers' Comp so the system can be successfully evaluated. This scope of this prototype is to outfit one of the hearing rooms at the Commission with all the required equipment and services to conduct video conferences. The cost to build the prototype with the required services is estimated at \$38,740 for the first year; for each thereafter, an annual support and maintenance agreement is estimated at \$5,811.

**IMAS – Earmarked – Expenses**

**6. Microfilm Conversion Project (One-time)**

**\$93,500**

The Commission is charged with providing insurance coverage verification in support of its "claims file processing" and "compliance enforcement" activities. In order to accomplish this task, the Commission utilizes two primary data sources. The first is information compiled by the National Council on Compensation Insurance (NCCI). NCCI is a non-profit, industry supported "watchdog" organization that (among other things) serves as a data clearinghouse for workers' compensation insurance policies. Although the Commission has utilized the NCCI data in part since the mid-1980s, it was not until NCCI incorporated self-insurer information into their database in 2008 that the Commission began to rely solely on NCCI for its insurance coverage verification.

The second data source is a microfilm database housed at the Commission's offices. The Commission's microfilm database is comprised of photographic images of workers' compensation insurance policy information for numerous companies and organizations in South Carolina. These images are stored on rolls of translucent microfilm. Currently, the Commission has 180 rolls of microfilm containing approximately 1,100,000 individual images. The information contained on these images relates to insurance coverage data compiled between the mid 1930's until 2008. Since 2008, all data has been stored through NCCI.

As the South Carolina Department of Archives and History will attest, microfilm (as a media) is susceptible to degradation over time. Exposure to heat (as well as flame) and other environmental conditions accelerate this degradation. In order to prevent the loss of information stored on its microfilm database, the Commission proposes implementing a project by which the microfilm images can be transferred to digital images and stored on specified server locations. By so doing, the Commission will be able to maintain these critical records in perpetuity.



Based on previous cost quotations received in previous years, the Commission anticipates a cost of \$93,500 (8.5 cents per image) to convert the microfilm data to a digital format. This cost estimate is inclusive of ancillary QA/QC processes as well and data storage cost in year one.

**7. Fringe Benefits – Earmarked – Fringe (Recurring) \$48,071**

Funds for the Commission's portion of retirement, social security, health insurance, workers' comp insurance, unemployment insurance, dental insurance, supplemental long term disability insurance, life insurance and tort insurance. (Law clerks - \$7, 371; Business Analyst I - \$15,750; Attorney I - \$18,150; Reclassification - \$6,800).

**SCWCC Funding Summary FY 2016-17**

Proposed Budget					
	FY	FY	FY	FY 2016-17	
	2014-15	2014-15	2015-16	Proposed	Variance
	Budget	Actual	Budget	Budget	
<b>General Appropriations</b>	\$ 1,924,402	\$ 1,915,177	\$ 1,993,572	\$ 1,993,572	\$ -
<b>Earmarked Fund Revenues</b>	\$ 2,421,000	\$ 2,743,744	\$ 2,428,900	\$ 1,889,310	\$ (539,590)
<b>Earmarked Fund Appropriated Fund Balance</b>	\$ 882,990	\$ 517,629	\$ 1,143,346	\$ 2,801,338	\$ 1,657,992
<b>Total Funding:</b>	\$ 5,228,392	\$ 5,176,550	\$ 5,565,818	\$ 6,684,220	\$ 1,118,402

**Appropriations and Revenues**

	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Budget	Proposed
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
<b>General Fund Appropriations</b>						\$ 1,993,572	\$ 1,993,572

FY15-16 budget a

**Earmarked Fund**

Revenue Source	Fiscal Year					Budget	Proposed	Difference
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	Budget	
Training Conference Registration Fee	\$ 8,020	\$ 6,315	\$ 8,450	\$ 5,780	\$ 400	\$ 5,000	\$ 3,578	\$ (1,422)
Sale of Publication and Brochures	\$ 21,963	\$ 6,370	\$ 4,465	\$ 3,900	\$ 4,215	\$ 8,000	\$ 1,557	\$ (6,443)
Workers' Comp Award Review Fee	\$ 75,000	\$ 73,200	\$ 61,790	\$ 39,750	\$ 38,850	\$ 73,000	\$ 32,251	\$ (40,749)
Sale of Photocopies	\$ 93,958	\$ 88,250	\$ 87,499	\$ 62,485	\$ 80,989	\$ 88,000	\$ 57,199	\$ (30,801)
Workers' Compensation Filing Violation Fee	\$ 2,036,697	\$ 1,669,188	\$ 1,576,011	\$ 1,613,161	\$ 2,026,689	\$ 1,660,000	\$ 1,235,476	\$ (424,524)
Sale of Listings and Labels	\$ 41,550	\$ 25,133	\$ 25,487	\$ 21,084	\$ 23,119	\$ 25,000	\$ 5,687	\$ (19,313)
Workers' Comp Hearing Fee	\$ 549,080	\$ 562,050	\$ 533,415	\$ 540,391	\$ 569,486	\$ 562,000	\$ 545,662	\$ (16,338)
Parking						\$ 5,900	\$ 5,900	\$ -
Other						\$ 2,000	\$ 2,000	\$ -
Insurance Reserve Refund		\$ 33,238	\$ 3,493					\$ -
<b>Total Earmarked Revenue:</b>	\$ 2,826,268	\$ 2,463,744	\$ 2,300,610	\$ 2,286,551	\$ 2,743,748	\$ 2,428,900	\$ 1,889,310	\$ (539,590)
<b>Earmarked Approp Fund Bal:</b>	\$ 427,815	\$ 612,490	\$ 535,066	\$ 951,066	\$ 517,625	\$ 1,143,346	\$ 2,801,338	
<b>General Fund Carry Forward FB:</b>						\$ 15,226		
<b>Total Fund Balance:</b>						\$ 1,158,572		

SCWCC FY16-17 Proposed Budget							
		FY 2014-15	FY 2014-15	FY 2015-16	FY 2016-17		
Commissioners		Budget	Actual	Budgeted	Increase/Decrease Recurring	One-time	Proposed Budget
GA	Chair	\$ 121,268	\$ 116,371	\$ 121,268			\$ 121,268
	Commissioner	\$ 698,231	\$ 723,265	\$ 698,231			\$ 698,231
	Staff	\$ 313,837	\$ 320,701	\$ 313,837			\$ 313,837
EAR	Personnel						\$ -
	taxable sub	\$ 50,000	\$ 60,272	\$ 55,000	\$ 15,000		\$ 70,000
	Expenses	\$ 212,219	\$ 233,929	\$ 230,700			\$ 230,700
Administration							
GA	Personnel	\$ 98,915	\$ 98,915	\$ 98,915			\$ 98,915
	Other Pers	\$ 47,092	\$ 52,152	\$ 47,092			\$ 47,092
	Expenses			\$ 75,000			\$ 75,000
EAR	Personnel	\$ 452,641	\$ 439,767	\$ 565,119	\$ 120,000	\$ 74,000	\$ 759,119
	Other Pers	\$ 85,004	\$ 80,034	\$ 41,000	\$ 21,060	\$ -	\$ 62,060
	Other Pers		\$ 7,103		\$ -	\$ -	\$ -
	Expenses	\$ 824,968	\$ 807,820	\$ 1,000,649		\$ 20,000	\$ 1,020,649
	Info Technology					\$ 711,771	\$ 711,771
Judicial							
GA	Personnel	\$ 29,267	\$ 2,908	\$ 29,267			\$ 29,267
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 299,450	\$ 290,931	\$ 292,779			\$ 292,779
	Other Pers						\$ -
	Expenses	\$ 28,890	\$ 14,835	\$ 12,800			\$ 12,800
IMAS							
GA	Personnel	\$ 26,632	\$ 26,632	\$ 26,632			\$ 26,632
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 455,799	\$ 445,362	\$ 445,000			\$ 445,000
	Other Pers		\$ 5,200	\$ 22,881			\$ 22,881
	Expenses	\$ 74,138	\$ 48,917	\$ 54,500	\$ -	\$ 93,500	\$ 148,000
Claims							
GA	Personnel	\$ 77,223	\$ 76,500	\$ 77,223			\$ 77,223
	Other Pers						\$ -
	Expenses						\$ -
EAR	Personnel	\$ 331,158	\$ 306,244	\$ 272,010			\$ 272,010
	Other Pers	\$ 5,475	\$ 5,466				\$ -
	Expenses	\$ 33,989	\$ 20,897	\$ 19,700			\$ 19,700

Fringe Benefits							
GA	Fringe	\$ 496,796	\$ 437,461	\$ 506,287			\$ 506,287
EAR	Fringe	\$ 465,400	\$ 554,868	\$ 559,928	\$ 48,071	\$ 15,000	\$ 622,999
Totals		\$ 5,228,392	\$ 5,176,550	\$ 5,565,818	\$ 204,131	\$ 914,271	\$ 6,684,220

# State of South Carolina

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## Workers' Compensation Commission

### MEMORANDUM

TO: Commissioners

FROM: Alicia Osborne  
Human Resources

DATE: November 16, 2015

SUBJECT: Revised Employee Performance Management System (EPMS) Policy

In an effort to ensure the information contained in the Commission's position descriptions accurately reflects the work being performed by the employees, the decision was made to combine the position description form and the employee performance management system form. This allows the supervisor to more accurately assess the employee's performance during the review period on the essential job duties. During the process of integrating the combined form, a draft of the form was submitted to the Division of State Human Resources (DSHR) along with an updated EPMS policy. The revised policy and form are both attached. Below is a summary of substantive changes. All changes are noted in the revised policy. The deleted language is indicated by ~~striketrough~~, added language is indicated in underlined.

- The planning stage now begins with ensuring the position description is current, and the PD/EPMS form serves as the planning stage document.
- Section VIII – Summary of Appraisal Results in the PD/EPMS form requires justification for all reviews as opposed to previously only those receiving an exceptional performance review required justification.
- The combined PD/EPMS form is described within the policy.

Having received preliminary approval from DSHR, it is my recommendation that the Commission adopt the proposed changes to EPMS Policy and the PD/EPMS form to be effective immediately.

#### Attachments:

EPMS Policy, Section 2.15, Administrative Policy and Procedures Manual, Version 3.0  
PD/EPMS Form

STATE OF SOUTH CAROLINA  
WORKERS' COMPENSATION COMMISSION

Administrative Policies and Procedures

Subject: <b>Employee Performance Management System (EPMS) Policy</b>		Revision Number: <del>2-0</del> <u>3.0</u>
Policy Number: 2.15	Date: <del>October 30,</del> 2015 November 16, 2015	Page 1 of 9

**THE LANGUAGE USED IN THIS DOCUMENT DOES NOT CREATE AN EMPLOYMENT CONTRACT BETWEEN THE EMPLOYEE AND THE SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION. THIS DOCUMENT DOES NOT CREATE ANY CONTRACTUAL RIGHTS OR ENTITLEMENTS. THE SOUTH CAROLINA WORKERS' COMPENSATION COMMISSION RESERVES THE RIGHT TO REVISE THE CONTENT OF THIS DOCUMENT, IN WHOLE OR IN PART. NO PROMISES OR ASSURANCES, WHETHER WRITTEN OR ORAL, WHICH ARE CONTRARY TO OR INCONSISTENT WITH THE TERMS OF THIS PARAGRAPH CREATE ANY CONTRACT OF EMPLOYMENT.**

**Purpose**

The Employee Performance Management System (EPMS) refers to the total process of communicating with an employees about their work. The process begins when the employee's supervisor (rater) and employee develop a performance plan in which they identify what is to be accomplished, what performance is expected, and specifically how it will be evaluated. This rater/employee communication continues informally with a day-to-day working relationship and formally encouraged ~~at least twice: once~~ at the midpoint of the appraisal and ~~again~~ formally at the end of the review period.

The appraisal will be used to ensure honest two-way communication between employees and their raters, to support employee development and to create trust by communicating with each other what is strong and what needs improvement in each job area, to make leaders' expectations clear by telling employees the criteria for success, to provide training for employee and raters in feedback structure and techniques and to create incentive in both employee and rater by getting involved and sharing feedback about the work and the South Carolina Workers' Compensation Commission (SCWCC) business plan.

**General Information**

All performance appraisals shall be made in writing by the employee's supervisor (rater) who has direct experience or knowledge of the work being performed. The appraisal shall be reviewed by the next higher-level supervisor (reviewer), unless the rater is the Agency head, prior to the appraisal being discussed with the employee. The reviewer may attach additional comments to the appraisal, and in the attachment may take exception to the rater's appraisal. In addition, the reviewer has the authority to change the appraisal completed by the rater. If the reviewer elects to change the rating, the change and associated justification should be noted on the appraisal document. Whenever an employee's job responsibilities change significantly, the

STATE OF SOUTH CAROLINA  
WORKERS' COMPENSATION COMMISSION

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appraisal document should be revised to reflect that change. The final appraisal must bear the signature of the rater, the reviewer and the employee, if possible. If any party refuses to sign the appraisal, a notation shall be made on the performance appraisal of this. If possible, a witness should sign to acknowledge that the party refused to sign the appraisal.

All performance appraisals shall become a permanent part of the employee's official personnel file. Upon request, the Agency shall furnish the employee with a copy of the performance appraisal with copies of all pertinent attachments including the form completed at the time of the planning stage and the final appraisal form.

The provisions of this policy address the appraisal process of both probationary and covered employees. Although not mentioned specifically in this policy, employees exempt from coverage under the State Employee Grievance Procedure Act shall also be given annual performance appraisals.

**Definitions**

- A. Performance Review Date – The employee's review date as established in accordance with State Human Resources Regulations.
- B. Universal Review Date – The date prior to which all classified employees' performance reviews are due. October 1 will be the universal review date for the Agency (Exceptions: probationary employees and trial employees).
- C. Short Year Review – Any performance appraisal that evaluates an employee's performance for a period of time less than twelve months (Exceptions: trial period reviews and warning notice reviews.)
- D. Short Year Planning Stage – Any performance appraisal planning stage document covering a period of time less than twelve months (Exceptions: trial period planning stages.)

**Universal Review Date**

All Agency employees shall be reviewed prior to October 1, the Agency universal review date. The Agency will maintain the performance review date for each employee presently established in accordance with the State Human Resources Regulations, in the event that some compensation

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or personnel action is dependent on the individual's performance review date rather than the universal review date.

**Training**

Training is encouraged for all employees within the Agency in regards to EPMS. New employees should be briefed on the performance evaluation system during their orientation session.

**Levels of Performance**

There shall be three levels of performance to rate each job function and objective and to rate overall performance:

1. Exceptional - Work that is above the criteria of the job function throughout the rating period.
2. Successful - Work that meets the criteria of the job function.
3. Unsuccessful - Work that fails to meet the criteria of the job function.

Performance characteristics shall not be rated by the three levels of performance, but shall be given a rating of pass or fail.

1. Pass - Meets requirements.
2. Fail - Fails to meet requirements.

**Components of the EPMS**

The components of the EPMS are the planning stage, ongoing performance management, and the evaluation stage. The Agency has combined the Position Description and the Employee Performance Management System into one document (PD/EPMS Form).

**Planning Stage**



STATE OF SOUTH CAROLINA  
WORKERS' COMPENSATION COMMISSION

Administrative Policies and Procedures

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Policy Number: 2.15	Date: <del>October 30,</del> <u>November 16, 2015</u>	Page 4 of 9

Each employee shall have a position description that is reviewed at the beginning of the review period and serves as a planning stage. The employee's job duties, objectives, and performance characteristics for the next rating period will be discussed at this time. These items, as included in the planning stage, are described below. The rater and employee should participate in drafting the planning stage document. The reviewing officer and the rater should discuss the requirements for the coming year prior to the planning stage. A rater may incorporate a team activity into the planning stage document. The team performance being evaluated could constitute a job ~~function~~ duty, an objective, or one criteria for a particular job function or objective. A rater may also link the employee's training plan to the planning stage document.

**A. JOB DUTIES**

The rater and the employee shall determine the job duties. In those instances where the rater and employee cannot agree upon the job duties, the rater's decision shall be final. The statement outlining the job duty should include descriptive information about the performance expectations (success criteria) of the rater. The descriptive statement should specify the expectations of the rater for the employees to be successful. Each job duty shall be rated in the evaluation stage based on the three levels of performance. It shall be mandatory for all raters to be evaluated on the timely completion of each employee's performance appraisal.

**B. OBJECTIVES**

Objectives shall be optional for all employees. An objective should be included when the employee is assigned a special, non-recurring project or assignment that is not included on the employee's ~~position description~~ PD/EPMS form. The statement outlining the objective(s) should also include descriptive information about the performance expectations (success criteria) of the rater. The descriptive statement should specify the expectations of the rater for the employee to be successful. Each objective shall be rated in the evaluation stage based on the three levels of performance.

**C. PERFORMANCE CHARACTERISTICS**

The ~~Office of Human Resources~~ Division of State Human Resources will provide agencies with a list of suggested performance characteristics and their definitions. Each performance characteristic shall be defined in the planning stage and rated as "pass" or "fail" in the evaluation stage. The performance characteristics section shall be used as a communication tool to emphasize those performance characteristics that are important to success in performing the job duties and objectives included in the planning document. The performance characteristics section shall not be weighted in the determination of the overall performance rating.

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It shall be mandatory for all managers and supervisors to be rated on the performance characteristic of "promoting equal opportunity." (Promoting equal opportunity includes such areas as hiring, promotion, or placement; level of personal and organizational commitment to equal opportunity; progress toward achieving a fully integrated and representative work force; and contribution toward minority programs and other social/economic equal opportunity goals.)

**Ongoing Performance Management**

A rater should continue to provide performance feedback to employees throughout the review period. An unofficial mid-year review is encouraged to facilitate this communication between raters and employees. In addition, various options are available to the rater in conducting performance management. A rater may gather feedback to prepare the appraisal document and/or conduct unofficial appraisals more frequently than required in this policy.

**Probationary Period**

Each new employee in probationary status shall be rated prior to the completion of a twelve month probationary period. The performance review date marks the beginning of a new review period. If that employee does not receive a performance appraisal prior to the performance review date, the employee will receive a "successful" rating by default and obtain covered status as a State employee and permanent status in the class. The probationary period may not be extended. If an employee is not performing satisfactorily during the probationary period, the employee shall be terminated before becoming a covered employee. Until an employee has completed the probationary period and has a "successful" or higher overall rating on the employee's evaluation, the employee has no grievance rights under the State Employee Grievance Procedure Act; therefore, the SCWCC is not required to follow the "Substandard Performance Process" to terminate a probationary employee. The "successful" rating is the equivalent to the "meets" performance rating referenced in the State Employee Grievance Procedures Act. A short year review and short year planning stage may be required to evaluate performance from the end of the probationary period to the universal review date.

**Trial Periods**

Each covered employee who has been demoted, promoted, or reclassified shall be appraised prior to the completion of a six-month trial period in the position. The performance review date marks the beginning of a new review period. If an employee does not receive a performance appraisal prior to the performance review date, the employee will receive a "successful" rating

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by default and obtain permanent status in the new classification, the employee retains permanent status in a class throughout the employee's continuous service. The six-month trial period may be extended up to 90 calendar days upon written notice to the employee prior to the end of the six-month trial period. The employee's performance review date shall be advanced for the time period such extension is in effect. A short year review and short year planning stage may be needed to evaluate performance from the end of the trial period to the universal review date.

The "Substandard Performance Process" is not required to demote or reclassify downward an employee in trial status to the same class from which promoted, if the demotion or reclassification occurs within the trial period. The "Substandard Performance Process" is also not required to demote or reclassify downward an employee in trial status to a class in an equal or higher pay band from which promoted, if the demotion or reclassification occurs within the trial period. The ~~E~~employee in trial status may not grieve such demotion. The employee in trial status may not be terminated or demoted to a class in a lower pay band than that from which promoted for performance reasons without following the "Substandard Performance Process."

#### **Annual Performance Reviews**

All employees shall be given an annual appraisal no more than 90 calendar days prior to the performance review date. An employee on approved leave with or without pay for more than 30 consecutive workdays may have the performance review date advanced up to 90 days after those first 30 workdays. A covered employee who within 30 calendar days of his performance review date receives a "Warning Notice of Substandard Performance," shall have the performance review date advanced up to 90 days. The performance review date marks the beginning of a new review period. If an employee does not receive an appraisal prior to the performance review date, the employee shall receive a "successful" rating by default. A covered employee may not be issued an overall "unsuccessful" appraisal at any time during the annual review period without following the "Substandard Performance Process." Should the review date advance, the employee may require a short year planning stage and a short year review period in order to move the employee back to the universal review date.

#### **Substandard Performance Process for Covered Employees**

A covered employee is entitled to adequate notice of substandard performance and the opportunity to improve the substandard performance before receiving an "unsuccessful" rating and being removed from the position. To ensure this occurs, the following procedures shall be followed:

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- A. A rater shall issue a "Warning Notice of Substandard Performance" prior to issuing an "unsuccessful" rating to a covered employee. If during the performance period an employee is considered "unsuccessful", in any essential job duty or objective which significantly impacts performance, the rater shall provide the employee with a written "Warning Notice of Substandard Performance." The warning notice shall provide for an improvement period of no less than 30 days and no more than 120 days. The warning notice may be issued at any time during the review period. Ordinarily, the warning period may not extend beyond the employee's review date. However, if the warning notice is issued less than 30 days from the employee's review date, the performance review date shall be advanced up to 90 days. Should the performance review date be advanced and the employee receives a "successful" or above rating on all essential job duties/objectives, which significantly impact performance, noted in the warning notice, the employee may require a short year planning stage and a short year review in order to move the employee back to the universal review date.
- B. The rater and employee should participate in drafting a work improvement plan. The work improvement plan should include a list of ways to improve the deficiencies and other appropriate performance related recommendations. In those instances where the rater and employee cannot agree upon the content of the work improvement plan, the rater's decision shall be final.
- C. During the warning period, the employee and the rater shall have regularly scheduled meetings during which they shall discuss the employee's progress. Documentation is required to verify that these counseling sessions were held. Copies of this documentation shall be placed in the employee's official personnel file and given to the employee upon request.
- D. If the employee's performance is rated "successful" or above, on all essential job duties or objectives, which significantly impact performance, noted in the warning notice by the end of the warning period, employment shall continue. If the employee is rated "unsuccessful" on any essential job duty or objective which significantly impacts performance as noted in the warning notice by the end of the warning period, the employee shall be removed from the position immediately (i.e. terminated, reassigned, or demoted).

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- E. Once a time frame for improving substandard performance has been given, the employee must receive a written appraisal prior to the end of the warning period or the employee will receive a "successful" rating by default.
  
- F. If an employee has been issued two warning notices within 365 day period and performance drops to a substandard level on any essential job duty/objective, which significantly impacts performance for a third time within a 365 day period, the employee shall be removed from the position upon the third recurrence of such substandard performance by issuing the "unsuccessful" appraisal. A warning notice is not required on the third occurrence.

**Warning Notice of Substandard Performance**

The requirements of a "Warning Notice of Substandard Performance" are:

- A. The notice shall be in writing, addressed to the employee, labeled as a "Warning Notice of Substandard Performance," and signed by the employee (witnessed, if employee will not sign).
  
- B. The notice shall list the areas included on the employee's position description that are considered "unsuccessful," with an explanation of the deficiencies for each job duty.
  
- C. The notice shall include the time period for improvement and the consequences if no improvement is noted (i.e. terminated, demotion, or reassignment).
  
- D. The notice shall include a plan for meetings to discuss employee progress during the warning period.

A copy of the notice shall be given to the employee and placed in the employee's official personnel file.

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**Method for Determining the Overall Rating**

The method used for determining the overall rating is based on a weighted system provided by the ~~Office of Human Resources~~ Division of State Human Resources using a point value and range. During the planning stage the rater and employee should determine a weight for each individual job ~~function~~ duty and objective, when used. Performance characteristics will not be given a numerical score, but will be given a rating of "pass" or "fail."

At the end of the performance review period, the rater assigns a rating level to the individual job duties and objectives, when used. Computations are performed with the final numerical score determined.

<u>Performance Level</u>	<u>Point Value</u>	<u>Range</u>
Exceptional Performance Rating (EPR)	3	2.5 and above
Successful Performance Rating (SPR)	2	1.5 to 2.4
Unsuccessful Performance Rating (UPR)	1	1.4 and below

*~~\*Section VIII - Summary of Appraisal Results of the performance appraisal should include a full justification for the overall rating being issued by the rater.~~*

EXAMPLE:	<u>Weight Factor</u>	<u>Rating</u>	<u>Numerical Score</u>
4 Duties	30%	EPR (3)	30 x 3 = 90
	25%	SPR (2)	25 x 2 = 50
	25%	EPR (3)	25 x 3 = 75
	20%	SPR (2)	20 x 2 = 40
	100%		255

FORMULA - Divide 255 by 100 = 2.55 = EPR or Exceptional Performance Requirements. The result should be rounded to the tenths position (example - 2.55 rounds to 2.6).