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Methods of Funding Central Panels: The Fiscal, Management, and Policy Implications

Bruce H. Johnson*

I. INTRODUCTION

To date some twenty-four states have established central panel administrative hearing offices or are well along the path toward doing so.1 The decision of how to fund a central panel is commonly made when the panel is first established. This decision tends to reflect the political environments, local organizational needs, and fiscal realities that prevail at that time. However, these factors can change over time, sometimes so profoundly that central panel funding re-emerges as an issue. This recently happened in Minnesota. Since its establishment, the Minnesota Office of Administrative Hearings' (OAH) Administrative Law Division has been funded exclusively from a revolving fund comprised of revenues from hourly billings for hearing services.2

In 1987, the legislature directed OAH to establish an administrative process for establishing child support obligations.3 By 1998, OAH was performing that function in all of Minnesota's eighty-seven counties. In the 1999 fiscal year, child support hearings generated approximately $3.7 million in revenues, or about 75% of all the Division's revolving fund revenues. In January 1999, the Minnesota Supreme Court held that OAH's administrative child support hearing process amounted to an unconstitutional delegation of judicial power to an executive branch agency.4 That spring, legisla-

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1. Attachment A lists the states whose fiscal practices were studied and provides summary information on how their central panels are funded. The states under study were selected as a result of participation in annual Central Panel Directors' Conferences. The author recognizes that movement toward a central panel may also be occurring in other states.

2. The Minnesota OAH also has a Workers' Compensation Division that is funded by an appropriation from the state's Special Compensation Fund.


4. See Holmberg v. Holmberg, 588 N.W.2d 720, 725-26 (Minn. 1999) (relying on the separation of powers doctrine to determine that the administrative process was unconstitutional).
tion was enacted transferring that function back to the state court system. The transfer produced some significant fiscal and management problems for the Minnesota OAH and prompted a re-examination of how the administrative law function is funded.⁵

II. FUNDING METHODS

There are nearly as many different ways of funding administrative hearings, as there are central panels. Generally, funding methods fall into three main categories: (1) appropriating funds directly to the hearing office; (2) assessing other agencies for their allocated shares of the hearing office’s costs; and (3) allowing the hearing office to maintain a revolving fund account and to bill referring agencies an hourly rate for the time spent on hearings. Many states use two or more of these methods in combination. Some hearing offices receive other kinds of revenues, but those income streams rarely represent funding primary sources. As Attachment “A” indicates, ten state administrative hearing offices are funded entirely by appropriated funds, five are funded exclusively or mainly by assessments made to other state agencies, and three are funded exclusively by hourly billings that are deposited in a revolving fund.⁶ The remaining six states (including Minnesota)⁷ rely on some hybrid of those three main funding methods.

A. Funding by Appropriation

Ten states rely almost exclusively on appropriations to pay for the cost of operating their administrative hearing offices. Seven of these states receive all of their appropriations from their state’s general fund revenues.⁸ Three others receive most of their appropriations from restricted state funds. For example, Iowa’s general fund appropriation is relatively small, consisting of only about 15% of its annual budget; the remaining 85% is appropriated from a dedicated or special revenue fund. In Michigan, the hearing office

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⁵. This study was originally prepared at the request of the Minnesota Department of Finance to assist it in making budget decisions for the fiscal year 2002-2003 biennial budget. Recently, Maryland actually made some significant changes in the way its OAH is funded because of some serious budget issues that arose there.

⁶. Iowa, Michigan, and Wyoming.

⁷. Minnesota is considered a hybrid because its Workers’ Compensation Division is funded with a special workers’ compensation fund appropriation.

⁸. Namely, Alabama, Georgia, Massachusetts, Missouri, North Carolina, South Dakota, and South Carolina.
currently has rather limited hearing jurisdiction. About 21% of the Michigan hearing office's revenue comes from a state general fund appropriation that is used as a state match for the federal funds available for certain types of hearings, while about 75% is appropriated by the legislature from a restricted special revenue fund. Finally, 60% of the Wyoming office's budget is funded by a special fund appropriation from that state's special workers' compensation fund, with the remaining 40% funded by trunk highway funds.

1. Fiscal Implications

One of the main advantages of funding a central panel with appropriated funds is that it results in a relatively simple and predictable budget process that produces a measure of fiscal stability sometimes lacking with funding by assessment or hourly billing. There may also be incidental fiscal benefits, such as not having to tie up funds in a revolving fund balance as a reserve against revenue fluctuations. These may be reasons why more central panels are funded by direct appropriation than by any other method.

Funding by appropriation can also be financially advantageous to requesting agencies. For example, agencies do not have to project and budget for annual hearing costs. More importantly, there is no opportunity for the agency to avoid providing hearings as a way of managing its own budgets. Hearings are often rare and difficult for small agencies to anticipate and include in their budgets. Funding by appropriation, therefore, relieves small agencies (that may only occasionally require hearings) of hearing costs that can be an unanticipated financial burden. It also helps small agencies that regularly request hearings avoid the budget turmoil that can occur when they encounter high-cost, complex contested cases.

Funding a hearing office entirely with appropriated funds can also reduce the aggregate cost to the taxpayers of administering the state's justice systems. For example, in Minnesota the direct and associated costs attributable to a district court judge are currently about $330,000, with the costs attributable to an Administrative Law Judge (ALJ) about one-half of those costs. Local units of government must now pay an hourly rate to use the Minnesota OAH, while it costs local units of government nothing to use the state court system, if that is an option. So there is a financial incentive

9. For example, the Minnesota OAH may conduct hearings for as many as eighty different state and local agencies each year, most of them small agencies.
for local units to use the court system, rather than OAH, for even minor civil or administrative hearings. The overall cost to taxpayers, however, is higher.

There are also some disadvantages to funding by appropriation. For example, because it bills for hearing services on an hourly basis, the Minnesota OAH can generate the revenue to hire contract ALJs when faced with sudden, short-term increases in caseload. The appropriated funding model provides no revenue stream to use for this purpose.\(^\text{10}\) Funding by appropriation also does not necessarily encourage settlement. Where funds for hearings are directly appropriated to the hearing office, there are no fiscal incentives for requesting agencies to avoid hearings. Furthermore, some view appropriated funding as a state subsidy for costs that they believe should not be the state’s responsibility. For example, state professional licensing boards’ hearing costs are usually built into licensing fees and passed on to the practitioners being licensed. Similarly, the Minnesota Public Utilities Commission currently passes hearing costs on to regulated utilities. Using appropriated funds to pay for all administrative hearings also can be viewed as an indirect subsidy to those local units of government that use the state hearing office to conduct various kinds of due process hearings.\(^\text{11}\)

Finally, changing from some other funding method to funding by appropriation is potentially a complex process. For example, shifting from an hourly billing method to appropriation funding involves the fiscal complexity of backing out hearing costs from the budgets of larger state agencies, that are heavy users of hearing services, and directly or indirectly receive appropriated funds for that purpose.

\(^{10}\) Legislation enacted in the 2000 legislative session now gives OAH the ability to cross-train some of its thirty-seven workers’ compensation judges to conduct administrative hearings. This may be helpful for dealing with sudden and short-term caseload increases. But since the law also requires that the special compensation fund appropriation be credited for time workers’ compensation judges spend on administrative matters, there still remains the problem of how to pay for the cost of their services.

\(^{11}\) However, the utilities and professional practitioners, in turn, almost invariably pass hearing costs on to their ratepayers or clients. So it is members of the public who ultimately pay in either situation. The issue of local units of government having a state-funded administrative forum has policy dimensions that are discussed later.
2. Management Implications

Although the process might be fiscally complex, shifting appropriations for hearing costs from requesting agencies to a central hearing office can improve both program and fiscal accountability. In Minnesota, it is currently difficult to determine whether agencies that request hearings are actually using appropriated funds for that purpose or whether they are curtailing hearings and using funds budgeted for hearings to fund other things. Funding by appropriation also relieves potential pressure on a hearing office to lay off judges or to build redundancy into its hourly rates in response to short-term decreases in caseload. But funding by appropriation can present a problem when sudden increases in caseload occur. Existing staff must necessarily handle that increased caseload, at least until the next budget cycle. Moreover, a degree of personal accountability that accompanies other funding methods may be absent when funding is by appropriation. For example, funding by hourly billing requires ALJs to account daily for their time in order to produce hourly billings to agencies. Some degree of billing accountability is also necessary with the assessment method in order to produce accurate agency assessments. On the other hand, appropriated funding tends to give the governor and the legislature a much greater degree of oversight and control over the hearing office's activities than the assessment and billing methods. For example, operating a central panel as a revolving fund activity essentially means operating it as an enterprise, creating a natural pressure on the office to seek out and find new sources of hearings. Whether part of a state's legal system should be operated as an enterprise is a legitimate policy question.

3. Policy Implications

Funding a central panel office with appropriated funds advances important public policy objectives. For example, both the billing and the assessment methods of funding mean that the public agency or body, which is one of the parties to a contested case, pays for the ALJ. These methods of funding often give rise to pub-

12. With its new statutory ability to cross-train workers' compensation judges, the Minnesota OAH is not likely to have any problem in finding judges to handle a sudden increase in caseload. But as previously noted, there would remain the problem of how to pay for those additional judicial services until the next budget cycle. 13. See infra Part II.A.3 (discussing the disadvantages of the assessment method).
lic perceptions that the hearing office may be under pressure to produce a result that is favorable to the agency that is paying the bill. Such perceptions can create a serious threat to judicial independence. The billing and assessment methods of funding also can erode public confidence in the impartiality of the administrative process, a forum where many members of the public have their only encounter with a state's legal system.

In many states, both private parties and government agencies rely on the availability of a state-funded forum for resolution of disputes. For example, counties were originally responsible for funding Minnesota's state court system, but over time the state gradually assumed nearly all the financial burden. Many local units of government, particularly small ones with small tax bases, have the same expectation of a state-funded forum for administrative disputes, such as annexation hearings, personnel hearings, etc., as well as for minor disputes that are now directed into the court system.

A related policy consideration is budgetary in nature. Funding the administrative process by appropriation potentially offers the state court system relief from increasing workloads and financial pressures from within by diverting minor cases that can be handled quickly and less expensively in an administrative process. The other two available methods of funding cannot reasonably achieve these objectives.\(^{14}\) Furthermore, billing agencies for the cost of administrative hearings results in pressure on the central panel office to keep those costs to a minimum. This sometimes results in undue pressure on ALJs to only superficially address complex matters in order to minimize the cost to the referring agency. Finally, agencies may hesitate to promulgate a rule or set a matter for hearing because it appears too costly or because the agency’s budget for those functions is exhausted. Appropriated funding can relieve these pressures.

**B. Funding by Assessment**

Five state administrative hearing offices\(^{15}\) rely entirely or primarily on what can be characterized as assessment methods of funding. Two other states rely partially on assessment methods.\(^{16}\) The

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14. These advantages may not be available in states where the administrative law function is funded by appropriations from special or dedicated funds.
15. Colorado, Florida, Maryland, Oregon, and Texas.
16. Louisiana and New Jersey.
particular features of these assessment systems vary widely from state to state, depending mainly on the structure of each state’s budget process. However, all assessment systems involve some kind of periodic pro rata allocation of the hearing office’s costs to the agencies that use its services.

For example, Maryland recently shifted from a billing system to an assessment system. The features of Maryland’s system are typical. The Maryland hearing office submits a biennial budget proposal to that state’s executive finance agency. That agency approves the budget and then allocates the cost of the hearing office’s operations to the state agencies expected to request hearings during the biennium. The allocations are based on each agency’s historical use of hearing services. The amounts allocated then appear as line items in each requesting agency’s budget, and the legislature appropriates the funds for hearings to those agencies. The Maryland hearing office then obtains access to those funds by billing the other state agencies an hourly rate for services. That hourly rate, however, is merely a device for obtaining payment, because it is established by dividing the hearing office’s authorized budget by the aggregate estimate of hours of service that it expects to provide during the biennium.17

1. Fiscal Implications

As with funding by appropriation, there are fiscal advantages and disadvantages to the assessment method of funding administrative hearing services. Although periodic assessments do not create as much fiscal stability as funding by appropriation, they at least eliminate the worry that annual revenues from billing will be insufficient to cover annual costs. Therefore, the budget of a hearing office funded by assessment is more predictable and stable than the budget of a hearing office funded entirely by hourly billings. Another problem posed by the billing method is that many cases referred to the central panel settle before there is any ALJ involvement. States like Minnesota, which only bill for ALJ time, are unable to recapture any costs associated with the time the staff spends on docketing and other support functions for those cases.18 The

17. In other assessment states, agencies make a single annual lump sum transfer of their assessment to the administrative hearing office, thereby decreasing the cost of the billing process. Texas’ assessment system is an example of that.

18. In effect, those costs are passed on and spread among the agencies that are billed for ALJ time. Some offices have started to address the problem with other charges, such as filing fees. See infra, Part II.D.
required cost accounting system for assessment funding method is easily adapted to recover those costs. Also, as with funding by appropriation, the assessment method of funding does not require funds to be tied up in a revolving fund balance as a reserve against revenue fluctuations. Finally, an assessment system can be designed to accommodate hiring contract ALJs, thereby providing a hearing office greater ability to manage a sudden caseload increase. For example, Texas allows its hearing office to charge agencies what amounts to an “outlier” if hearing volume exceeds estimates by ten percent or more.

As is the case with the other funding methods, there are also some fiscal disadvantages to an assessment system. Because agencies can be expected to have an interest in reducing their annual assessments, there is a fiscal incentive for them to avoid providing citizens with due process hearings.\(^{19}\) Another problem with funding by assessment is the difficulty in establishing assessments for smaller state agencies and licensing boards that are only occasionally confronted with contested case proceedings. But by far the greatest problem with funding by assessment is that it does not work with hearing services provided to local units of government, that is, governmental entities not included within the state budget system. Finally, the assessment method of funding requires a fairly elaborate internal cost accounting system.

2. Management Implications

Accounts with agencies can be settled on an annual basis, therefore, the assessment method of funding can provide more flexibility in managing caseload fluctuations than appropriated funding allows. On the other hand, the assessment method does share one quality assurance benefit with the billing method.\(^{20}\) The cost-accounting system that is required for an assessment funding system still requires judges, to some degree, to account for the time that they spend on individual cases. On a larger scale, an assessment funding system generally requires greater involvement with the state’s Executive Budget Agency and greater control over budget development than a billing system. Finally, an assessment method is not vulnerable to criticism for operating part of the legal system as an enterprise.

\(^{19}\) Making hearing costs a line item in agency budgets tends to partially mitigate this concern.

\(^{20}\) See infra Part II.B.3 (discussing the disadvantages of an assessment system).
3. Policy Implications

In the assessment method of funding, there are usually one or more intermediaries in the financial dealings between an administrative hearing office and the state agencies for which it conducts hearings. Depending on the model, those intermediaries can include the state Executive Budget Agency, the Governor’s office, and even the Legislature. Where there are such intermediaries, there is less danger of state agencies using financial pressure to influence the outcomes of administrative hearings. So the assessment method guarantees more neutrality and impartiality in the administrative process than the billing method. Greater fiscal distance between the administrative hearing office and its referring agencies also tends to diminish public perceptions of lack of neutrality and impartiality.21

On the other hand, because local units of government are not part of the state budget process, the only workable way to include local agencies in an assessment model would be a model similar to that used in Texas, where the administrative hearing office negotiates with some agencies for annual lump sum payments.22 But in order to serve local units of government with only occasional hearing needs, an assessment method would have to be combined with limited hourly billing to those agencies.

Furthermore, an assessment method does not effectively deal with any desires or expectations of political subdivisions to have a state-funded forum for administrative disputes that is commensurate with the state-funded forum for court disputes. Political subdivisions are still responsible for the cost of the administrative forum, as well as their own legal costs. Therefore, applying the assessment method to hearings requested by local units of government does little to divert minor matters away from overloaded state court systems to the quicker and less expensive administrative process. On the other hand, because the assessment method looks at an

21. For example, in the Colorado and Maryland assessment models, where hearing costs appear as line items in agency budgets, the legislature ultimately decides on the levels of hearing services that state agencies offer and provide. So there is a very strong check and balance against state agencies using fiscal pressure on the administrative hearings office as a way of trying to influence outcomes. On the other hand, in the Texas model where the administrative hearing office simply negotiates with other state agencies for annual lump sum payments, the potential for undue influence remains.

22. Referring to larger counties and municipalities with a relatively large and steady hearing volume.
agency’s aggregate annual hearing costs rather than the cost of individual hearings, there is less pressure on ALJs to address complex cases superficially out of concern for what an individual case may be costing the referring agency. Finally, the cost accounting systems that are necessary for an assessment system preserve the quality assurance check inherent in requiring ALJs to account for their time on a regular basis.

C. Funding by Hourly Billing

There are only three state administrative hearing offices that rely entirely on an hourly billing method of funding. However, three other states, relying primarily on assessment funding systems, also allow a minor amount of hourly billing. Five other states have hybrid funding systems that rely partly on hourly billing.

Tennessee and New Jersey are unique among states that employ hybrid funding methods. In Tennessee, the legislature effectively subsidizes the hourly billing rate that the hearing office charges by giving it an annual general fund appropriation to cover 60% of its hearing costs. Similarly, the New Jersey administrative hearing office receives a general fund appropriation that covers part of the cost of hearing services for agencies that are unable to pass hearing costs on to third parties.

The three other states that have hybrid funding systems all use different criteria for determining which agencies are billed at an hourly rate and which are not. Minnesota funds all of its administrative hearings, other than workers’ compensation, by billing its costs at an hourly rate and may be considered an hourly billing state. Arizona bills an hourly rate to licensing boards that recover hearing costs through licensing fees. And Wisconsin only uses a revolving fund for billing the cost of special education appeals to school districts.

23. Large complex cases would still remain a problem for small agencies with only occasional hearing experience.
25. Florida bills political subdivisions an hourly rate for hearings conducted for them. Texas bills an hourly rate to agencies that do not pay for hearing costs with general fund appropriations. Oregon bills an hourly rate to agencies that did not make a contribution to the office’s establishment.
27. New Jersey bills a full hourly rate to agencies that are able to pass hearing costs on.
The hourly rates that administrative hearing offices charge to other agencies also widely vary. On the low end with its 60% legislative subsidy, Tennessee only bills agencies $40.00 per hour. On the high end, New Jersey charges agencies $249.00 per hour. The billing rates of California, Wisconsin, Florida, Minnesota, and North Dakota fall in between these two extremes. Oregon charges $63.00 per hour for the services of ALJs, but it also bills agencies for the time the office support staff spends on cases at the rate of $40.00 per hour. However, whether the administrative hearing office relies entirely, partially, or minimally on hourly billing, the method has both positive and negative fiscal implications.

1. Fiscal Implications

Billing agencies at an hourly rate for time that ALJs spend on administrative proceedings has some fiscal advantages. One major advantage is that the state does not pay for the cost of providing hearing services for local units of government or for state agencies that are able to pass the costs on to users of their services. Also, billing for time spent works particularly well for hearing offices that conduct large numbers of high volume, low cost hearings, such as drivers’ license suspension and revocation hearings, and human services entitlement hearings, where changes in volume tend to occur slowly and predictably. Moreover, when sudden and unanticipated increases in caseload do occur, the hearing agency has assurance of sufficient funds to hire additional staff to do the work. Finally, requiring agencies to pay the full cost of administrative hearings from their own operating budgets creates an incentive to settle disputes that might otherwise result in hearings.

There are also a number of financial disadvantages to the billing method of funding. The most significant of these is potential financial instability. When annual hearing volume is in a state of flux and unpredictable, the hearing office’s revenues will fluctuate, causing difficult and unpredictable budgeting. Furthermore, when there is a sudden reduction in hearing volume, the hearing office may be forced to suddenly and substantially increase billing rates.

28. As noted above, some agencies receive a subsidy toward this rate.
29. $137.00.
30. $135.00.
31. $100.00.
32. $91.00.
33. $79.52.
34. Minnesota recently experienced such a sudden reduction in hearing volume.
to cover lay-off costs and general office overhead expenses that remain relatively constant. This, in turn, can create budget difficulties for the agencies that request hearings. Also, using the hourly billing method and a revolving fund requires tying up money to maintain a fund balance as a reserve against revenue fluctuations. Moreover, many administrative cases referred to hearing offices settle before an ALJ actually invests any time in them. Therefore, unless the hearing office bills agencies for the support staff’s time spent on docketing and other pre-hearing functions, those costs end up being factored into ALJ rates and are effectively shifted to other user agencies. Finally, the billing method of funding requires ALJs to spend additional time accounting for their time every day (commonly in six-minute increments). This cost must also be built into the ALJs hourly billing rate.

From the standpoint of client agencies, hourly billing generally does not work well for small agencies or units of government whose need for contested case hearings is only occasional and sporadic. One or two complex contested cases can wreak havoc with a small agency’s annual budget. In the case of large agencies, there can be pressure on the agency to avoid giving people hearings as a way of balancing budgets or funding other agency activities that are considered more important unless funds appropriated by the legislature for hearings are restricted (which is rarely the case).

2. Management Implications

The billing method of funding, combined with the use of contract ALJs to handle caseload overflow, provides the greatest amount of flexibility in managing a hearing office’s docket. Requiring ALJs to account on an hourly or a sub-hourly basis for the way they spend their time fosters a sense of personal accountability. The downside of that practice is that ALJs and agencies often become too concerned about time spent on individual cases, adding pressure on ALJs to treat complex issues superficially solely out of concern for costs. The billing method of funding essentially treats a state’s administrative justice system as an enterprise, with the state’s executive budget agency and legislature exercising only lim-

35. It appears that only Oregon bills separately for support staff time.
36. Costs can also be a problem with appropriated or assessment funding, but the main concern in those contexts is likely to be aggregate costs and not the cost a particular case.
ited oversight over the budget process and related policy issues.\(^{37}\) In that environment it is easy for executive branch leadership to take the hearing office for granted, making it difficult to get the leadership to address policy issues that periodically arise with respect to the hearing office’s work.

3. Policy Implications

The billing method of funding presents the greatest opportunity for agencies to exert subtle, if not overt, financial pressure on the hearing office in order to influence the outcomes of particular cases.\(^{38}\) Because the relationship between hearing provider and requesting agency is essentially contractual, there is always the risk that the requesting agency will try to bring the hearing function in-house or seek to contract elsewhere. Even where no such pressure exists, the perception of partiality and lack of neutrality is strongest where the requesting agency is billed directly for the cost of a particular party’s hearing. On the other hand, the billing method of funding makes it possible for local units of government to use a central panel administrative hearing office to hear disputes of a local nature at no cost to the state.

However, there are associated disadvantages. Rather than pay for the cost of a neutral administrative forum, many local units of government tend to refer local disputes to their own employees or governing bodies, a practice that gives the appearance of partiality and lack of neutrality to members of the public. The lack of a state-funded administrative forum also discourages local units of government from diverting minor matters away from overloaded state court systems. Because the cost of providing a court trial is about twice the amount of providing an administrative hearing, the aggregate cost to taxpayers of handling minor civil and administrative matters is unnecessarily higher.

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37. However, in Minnesota, there is central control of state salaries, as well as more general controls on real estate leases and purchasing. These are all indirect methods of oversight.

38. This problem can also occur with the assessment method, but by focusing on cost in the aggregate, there is less danger of exerting pressure to influence the outcome of a particular case. Also, bringing a neutral agency, such as the executive budget agency, into the assessment process tends to neutralize any such pressure.
D. Other Revenue Sources

Some administrative hearing offices have started to charge client agencies filing fees or other types of fees and charges. For example, California started charging referring agencies a $75.00 filing fee. The purpose of this charge is to ensure that the hearing office is compensated for staff time spent on cases that quickly settle or, for other reasons, require very little ALJ involvement. Tennessee has taken a different approach to the same problem, by charging all referring agencies a minimum of two ALJ hours. If an ALJ spends more time than two hours on the case, the hearing office simply bills for the actual time spent. However, if less than two hours is spent on the case, the referring agency is still billed the minimum charge. Maryland started charging appellants a $15.00 filing fee as a way of discouraging frivolous appeals. In special education cases, Wisconsin has authority to charge school districts a $300.00 late cancellation fee to encourage early efforts at settlement.

New Jersey has what is perhaps the most unique source of other revenue. West Publishing Company has a contract under which it pays the state for the right to publish and sell the New Jersey Administrative Code and the New Jersey Register. The contract payment that the state receives from West is used to fund the New Jersey hearing office's Rules and Publications Unit. The New Jersey hearing office also receives royalties from West resulting from the sale of the New Jersey Register and the New Jersey Administrative Code.

III. Conclusion

There are different fiscal, management, and policy implications associated with each of the three major methods by which central panels are funded. No method of funding appears to be intrinsically superior to the others in all situations. The funding method or combination that will work best for a particular state is usually context dependent. So, when issues of funding arise, it is important to recognize some of the unintended consequences of funding choices. That, in turn, requires recognition of the fiscal, management, and policy consequences likely to flow from possible funding choices when viewed in light of the local situational context. Local

39. Two ALJ hours in Tennessee totals $80.00.
factors, such as case mix, levels of activity for various agencies, political issues, and history of relationships between agencies, will often dictate the best funding choice for a particular central panel.
## ATTACHMENT A

### METHODS OF FUNDING STATE ADMINISTRATIVE HEARING OFFICES

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<tr>
<th>State</th>
<th>Appropriated Funding Method</th>
<th>Assessment Funding Method</th>
<th>Revolving Fund Billing Method</th>
<th>Other Revenue Sources</th>
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* Appropriated funds entirely or primarily from special or restricted funds.

** Workers' compensation function only. Administrative law function funded by revolving fund.

† Appropriated funds entirely or primarily from general fund.