

State Office of Risk Management
Summary of Budget Recommendations - House

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Method of Financing	2022-23 Base	2024-25 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
Total GR-Related Funds	\$0	\$0	\$0	0.0%
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$101,309,256	\$102,457,342	\$1,148,086	1.1%
All Funds	\$101,309,256	\$102,457,342	\$1,148,086	1.1%

	FY 2023 Budgeted	FY 2025 Recommended	Biennial Change	Percent Change
FTEs	131.6	131.6	0.0	0.0%

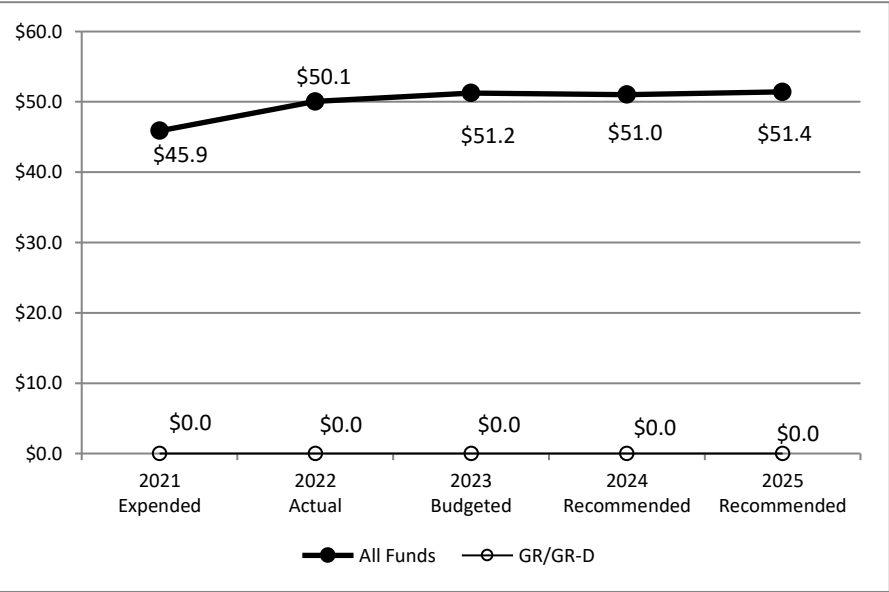
Agency Budget and Policy Issues and/or Highlights

-The State Office of Risk Management (SORM) provides risk management and continuity of operations planning services to state agencies and administers the state's worker compensation program.

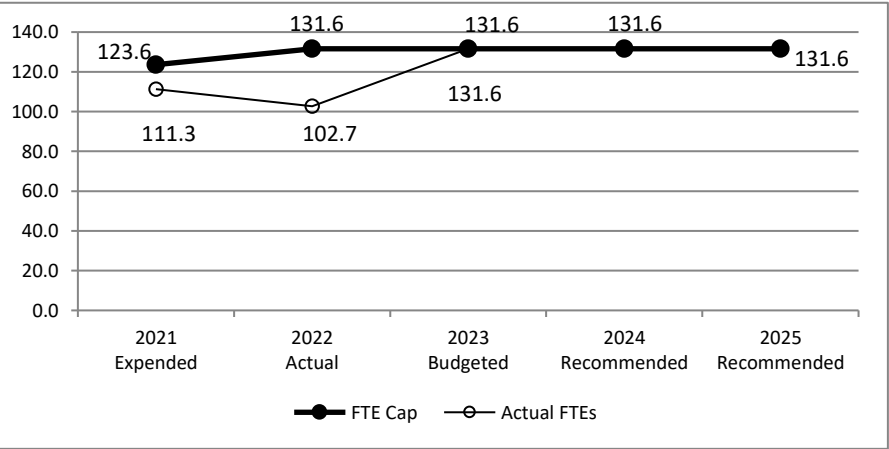
-The agency's funding is comprised of interagency contracts received through its allocation program and subrogation receipts. The agency does not receive General Revenue, General Revenue-Dedicated, or Federal Funds.

The bill pattern for this agency (2024-25 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2024-25 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



State Office of Risk Management
Summary of Funding Changes and Recommendations - House

Funding Changes and Recommendations for the 2024-25 Biennium compared to the 2022-23 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

A)	Funding represents an increase of \$1,148,086 million in Interagency Contracts for the statewide salary adjustments.	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	C.1.1
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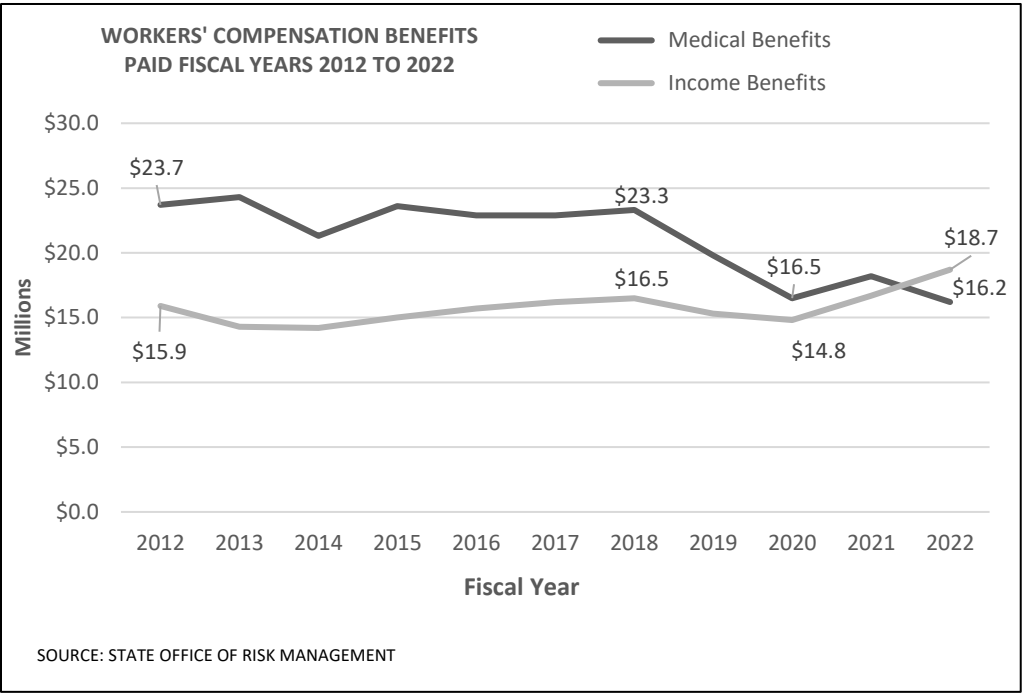
TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$1.1	\$1.1	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

NOTE: Totals may not sum due to rounding.

State Office of Risk Management
Selected Fiscal and Policy Issues - House

1. **Workers' Compensation Claims - Update on COVID-19 Related Claims.** The State Office of Risk Management administers the state workers' compensation program for the state which covers all state employees except those statutorily exempt at the University of Texas System, the Texas A&M University System, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, and the Texas Department of Transportation. The graph provided indicates the workers' compensation benefits paid from fiscal years 2012 to fiscal year 2022. The overall trend of the graph shows low fluctuation until 2018 in which there was a drop in both medical and income benefits. When the COVID pandemic occurred in 2020, both the medical and income benefits increased.

Senate Bill 22, 87th Legislature, Regular Session (SB22) was enacted to address COVID-19 related workers compensation claims involving public safety employees and survivors of certain public safety employees. SORM did not receive additional funding for the bill but noted that state agencies could experience an increase in assessments. However, the agency's budgeted amounts for workers compensation payments for the 2024-25 biennium, reflected in the recommendations at \$78,226,672 is nearly level with estimated payments for the current biennium (\$78,453,345). In their LAR, the agency notes COVID-19 as being the most significant externality impacting payments. The agency indicates that SB22 claims are not an independent factor affecting assessment increases. Current assessments formulas include weighted averages of the injury frequency rate, total cost of all claims, and total number of all claims based on the last three years. The assessments are calculated across all state agencies. SORM indicates the impact of COVID-19 to workers compensation are still unknown and in part may depend on how the science of long COVID or post-COVID conditions evolve and the effectiveness of treatments and vaccines.



State Office of Risk Management
Items Not Included in Recommendations - House

	2024-25 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2026-27
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	Authority for Executive Director Salary Increase. The agency is requesting an increase in authority only for the Executive Director Exempt Position from \$150,068 in FY 2024 and \$159,574 in FY 2025 in the introduced bill to \$171,688 per year. The agency is requesting a change from the Group 4 classification to Group 5.	\$0	\$0	0.0	No	No	\$0
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TOTAL Items Not Included in Recommendations		\$0	\$0	0.0			\$0
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State Office of Risk Management
Appendices - House

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* Appendix is not included - no significant information to report

State Office of Risk Management
Funding Changes and Recommendations by Strategy - House -- ALL FUNDS

Strategy/Goal	2022-23 Base	2024-25 Recommended	Biennial Change	% Change	Comments
ENTERPRISE RISK MGMT/CLAIMS ADMIN A.1.1	\$21,947,084	\$21,947,084	\$0	0.0%	Recommendations reflect a continuation of the 2022-23 appropriation level for the 2024-25 biennium.
Total, Goal A, MANAGE RISK AND ADMINISTER CLAIMS	\$21,947,084	\$21,947,084	\$0	0.0%	
WORKERS' COMPENSATION PAYMENTS B.1.1	\$79,362,172	\$79,362,172	\$0	0.0%	Recommendations reflect a continuation of the 2022-23 appropriation level for the 2024-25 biennium.
Total, Goal B, WORKERS' COMPENSATION PAYMENTS	\$79,362,172	\$79,362,172	\$0	0.0%	
SALARY ADJUSTMENTS C.1.1	\$0	\$1,148,086	\$1,148,086	100.0%	Funding represents an increase of \$1,148,086 in Other Funds for the statewide salary adjustments.
Total, Goal C, SALARY ADJUSTMENTS	\$0	\$1,148,086	\$1,148,086	100.0%	
Grand Total, All Strategies	\$101,309,256	\$102,457,342	\$1,148,086	1.1%	

State Office of Risk Management
FTE Highlights - House

Full-Time-Equivalent Positions	Expended 2021	Actual 2022	Budgeted 2023	Recommended 2024	Recommended 2025
Cap	123.6	131.6	131.6	131.6	131.6
Actual/Budgeted	111.3	102.7	131.6	N/A	NA

Schedule of Exempt Positions (Cap)					
Executive Director, Group 4	\$150,563	\$150,563	\$150,563	\$155,068	\$159,574

- Notes:
- a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 22-706, August 2022) indicates a market average salary of \$159,574 for the Executive Director position at the State Office of Risk Management.
 - b) The State Auditor's Office is the source of the FY 2021 and FY 2022 annual average (actual) FTE levels.