

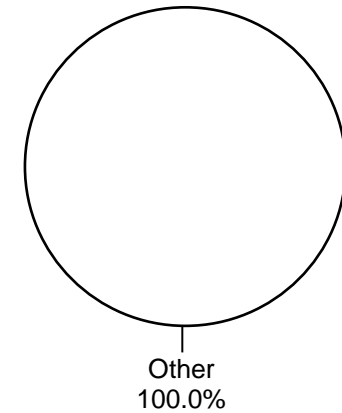
**State Office of Risk Management  
Summary of Recommendations - Senate**

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Jonathan Bow, Executive Director

Beth Tanner, LBB Analyst

<b>Method of Financing</b>	<b>2010-11 Appropriations</b>	<b>2010-11 Base</b>	<b>2012-13 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
General Revenue Funds	\$0	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Other	\$17,811,828	\$17,567,419	\$18,106,155	\$538,736	3.1%
<b>All Funds</b>	<b>\$17,811,828</b>	<b>\$17,567,419</b>	<b>\$18,106,155</b>	<b>\$538,736</b>	<b>3.1%</b>

RECOMMENDED FUNDING  
BY METHOD OF FINANCING



	<b>FY 2011 Appropriations</b>	<b>FY 2011 Budgeted</b>	<b>FY 2013 Recommended</b>	<b>Biennial Change</b>	<b>% Change</b>
<b>FTEs</b>	126.0	126.0	117.6	(8.4)	(6.7%)

The bill pattern for this agency (2012-13 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2012-13 biennium.

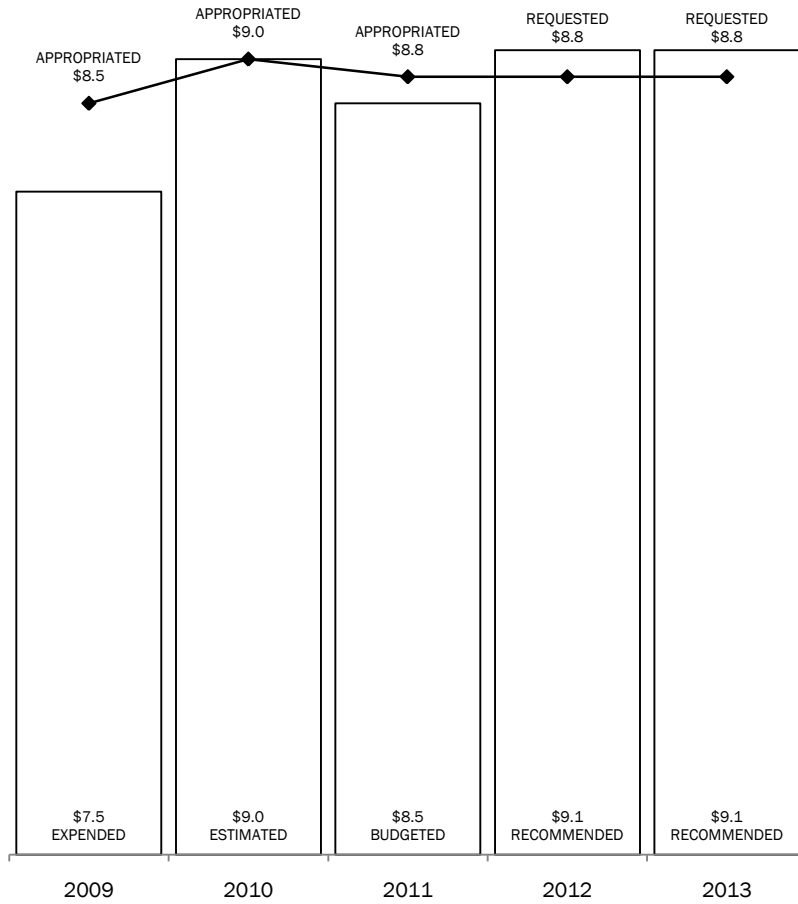
**State Office of Risk Management**

2012-2013 BIENNIUM

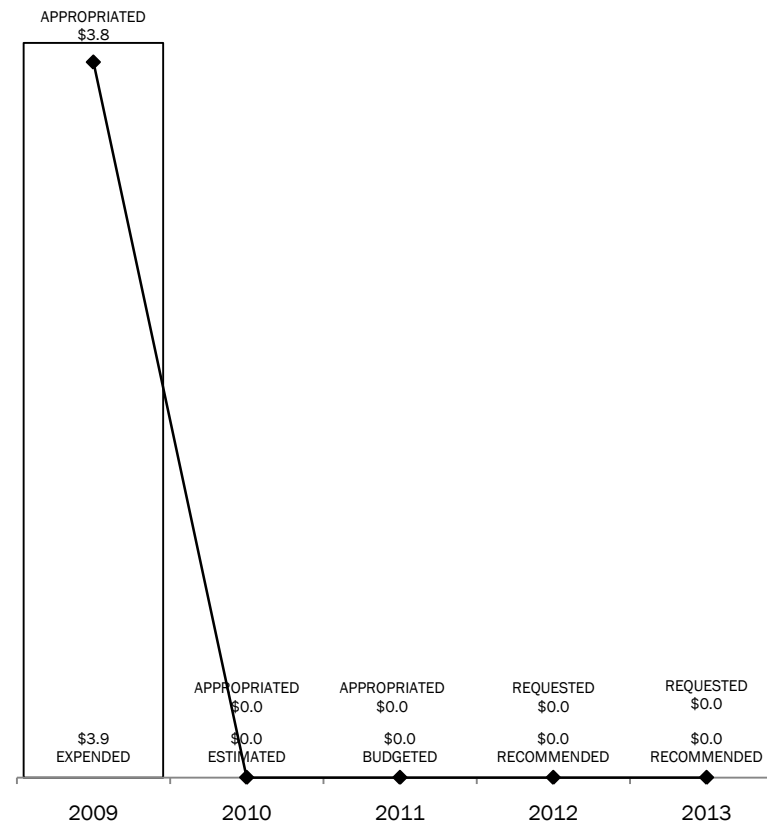
IN MILLIONS

TOTAL= \$18.2 MILLION

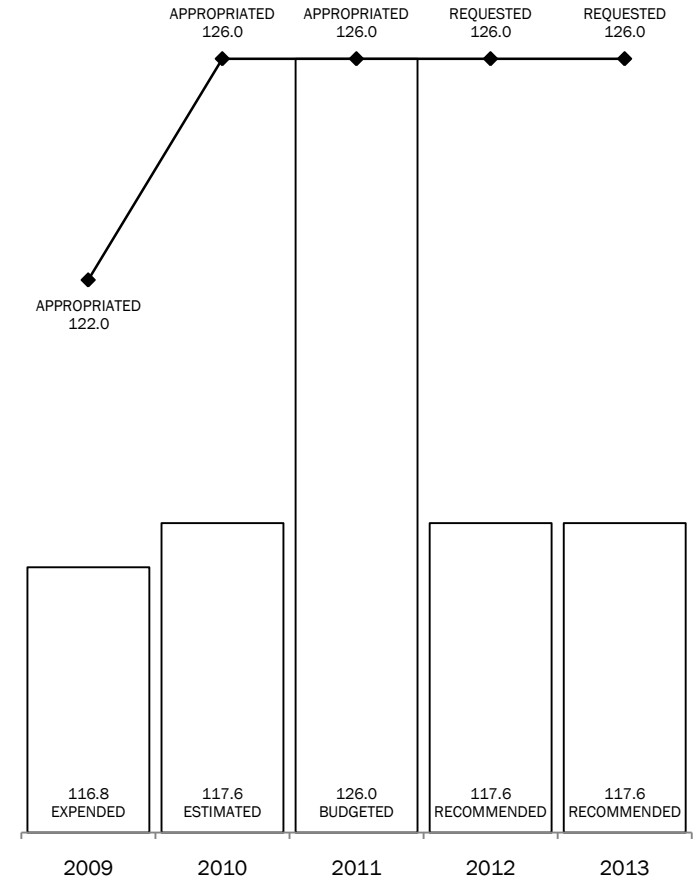
**ALL FUNDS**



**GENERAL REVENUE AND  
GENERAL REVENUE-DEDICATED FUNDS**



**FULL-TIME-EQUIVALENT POSITIONS**



**State Office of Risk Management**  
**Summary of Recommendations - Senate, By Method of Finance -- ALL FUNDS**

Strategy/Goal	2010-11 Base	2012-13 Recommended	Biennial Change	% Change	Comments (Optional)
RISK MANAGEMENT PROGRAM A.1.1	\$4,273,193	\$6,155,292	\$1,882,099	44.0%	Recommendations provide for risk management services such as reporting risk information and assisting agencies with their risk programs (\$3.9 million) and for indirect administration (\$2.3 million). SORM's indirect administration is performed by the Office of Attorney General (OAG) and historically has been funded out of General Revenue at the OAG. Recommendations shift funding to Interagency Contracts, resulting in an increase in assessments to state agencies by approximately 2.1 percent per fiscal year.
PAY WORKERS' COMPENSATION A.2.1	\$13,294,226	\$11,950,863	(\$1,343,363)	(10.1%)	Recommendations provide for administration of the state workers' compensation program. SORM investigates reported injury claims, determines indemnity, medical benefits for each claim, and maintains a customer service call center to provide claims processing information to state employees. In addition, SORM oversees contracted medical cost containment services, including auditing medical bills, identifying duplicate bills, and ensuring compliance with Texas Department of Insurance, Division of Workers' Compensation requirements. Recommendations include reductions primarily for capital budget items for one-time expenditures on scanners and workstations (\$0.2 million), fewer lump sum payments such as paying out vacation when an employee leaves employment (\$0.1 million), and reductions in professional fees and services for medical cost containment (\$1.0 million).
<b>Total, Goal A, MANAGE RISK AND ADMINISTER CLAIMS</b>	<b>\$17,567,419</b>	<b>\$18,106,155</b>	<b>\$538,736</b>	<b>3.1%</b>	
<b>Grand Total, All Strategies</b>	<b>\$17,567,419</b>	<b>\$18,106,155</b>	<b>\$538,736</b>	<b>3.1%</b>	

**State Office of Risk Management  
Selected Fiscal and Policy Issues**

**Fiscal Implications for LBB Recommendations:**

1. **Administrative Support for the State Office of Risk Management (SORM).** Recommendations reduce General Revenue at OAG and increases Interagency Contracts at SORM to pay for indirect administration provided by OAG for SORM per Labor Code 412.0111. This will result in an increase in assessments to state agencies of approximately \$2.3 million or 2.1 percent for the 2012-13 biennium. This increase will be in addition to the \$6.0 million (6.6 percent) increase in assessments for Workers' Compensation. No additional funding was provided to entities under SORM for these increases.

**Statutory Changes Required to Implement LBB Recommendations:**

1. **None.**

**State Office of Risk Management  
FTE Highlights**

Full-Time-Equivalent Positions	Expended 2009	Actual 2010	Budgeted 2011	Recommended 2012	Recommended 2013
Cap	122.0	126.0	126.0	117.6	117.6
Actual/Budgeted <sup>(a)</sup>	116.8	117.6	126.0	NA	NA
<b>Schedule of Exempt Positions (Cap)</b>					
Executive Director, Group 3 <sup>(b)</sup>	\$95,000	\$104,500	\$104,500	\$104,500	\$104,500

(a) Vacancies are primarily claim adjuster positions in the Claims Division, which is SORM's largest division. The vacancies result primarily because the agency tends to promote from within when vacancies occur, creating a situation where there are rolling vacancies. Recommendations include reducing the FTE cap in 2012-13 to the 2010 actual level. No layoffs are anticipated.

(b) The State Auditor's Office Report No. 10-706, A Classification Study of Exempt Positions dated July 2010, states that the Executive Director's current salary is within the recommended salary range and group.

**State Office of Risk Management (SORM)  
Performance Review and Policy Report Highlights**

<b>Reports &amp; Recommendations</b>	<b>GEER Report Page</b>	<b>Savings/ (Cost)</b>	<b>Gain/ (Loss)</b>	<b>Fund Type</b>	<b>Is included in the Introduced Bill</b>	<b>Action Required During Session</b>
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None.

NO RELATED RECOMMENDATIONS

**State Office of Risk Management  
Rider Highlights**

2. (old) **Capital Budget.** Remove capital budget rider for one-time capital expenditures on scanners and workstations.
3. (revised) **Insurable State Asset Study.** Recommendations provide an extension to January 1, 2013 to complete the insurable state asset study.
4. (new) **Administrative Support for the State Office of Risk Management (SORM).** Recommendations include a new rider to shift funding for administrative support provided by the Office of Attorney General (OAG) for SORM by increasing Interagency Contracts at SORM (\$2.3 million) and decreasing General Revenue at the OAG (\$2.3 million). SORM is administratively attached to the OAG per Labor Code 412.0111. SORM's indirect administration has historically been funded out of General Revenue at the OAG.

**State Office of Risk Management  
Items not Included in the Recommendations**

1. None.

<b>2012-13 Biennial Total</b>	
<b>GR &amp; GR- Dedicated</b>	<b>All Funds</b>
\$ -	\$ -
<div style="display: flex; justify-content: space-between;"> <span style="text-align: center;"><b>\$ -</b></span> <span style="text-align: center;"><b>\$ -</b></span> </div>	

**Total, Items Not Included in the Recommendations**

Note: Although SORM is not requesting any additional funding, SORM states that costs for medical cost containment services may increase due to a possible increase in medical bills related to workers' compensation claims. Since SORM's appropriations are estimated, if costs do rise, then assessments may rise to cover those costs.