

Section 1

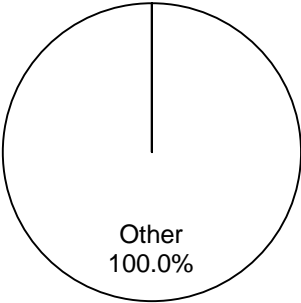
State Office of Risk Management
Summary of Recommendations - Senate

Page: I-87
Jonathan D. Bow, Executive Director

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Method of Financing	2012-13 Base	2014-15 Recommended	Biennial Change	% 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	\$103,027,643	\$103,026,583	(\$1,060)	(0.0%)
All Funds	\$103,027,643	\$103,026,583	(\$1,060)	(0.0%)

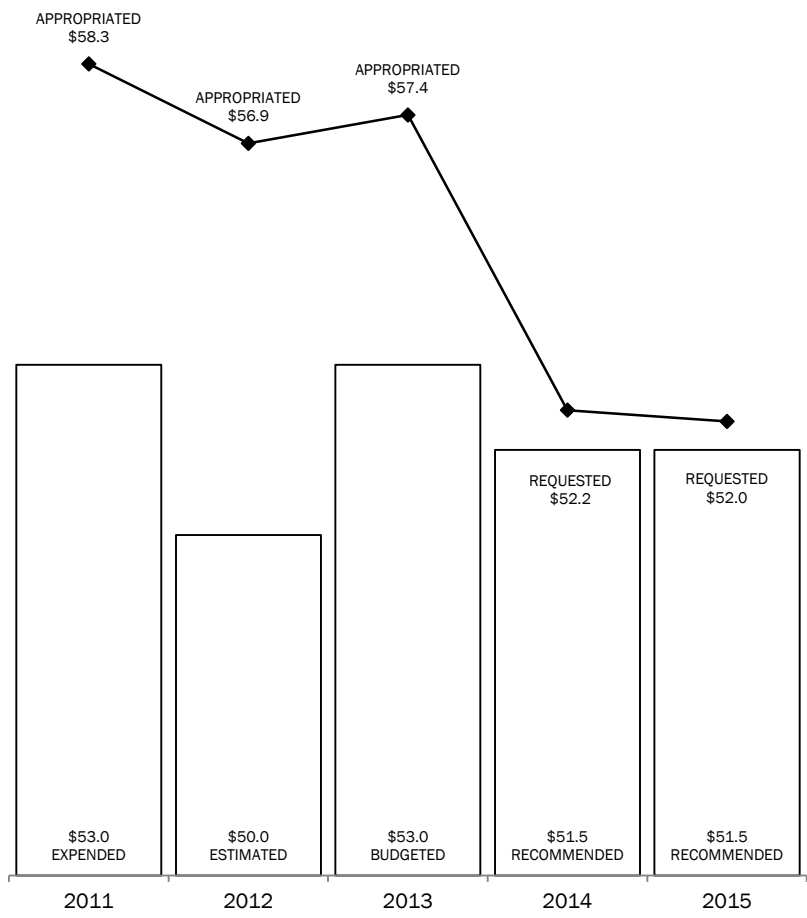
RECOMMENDED FUNDING
BY METHOD OF FINANCING



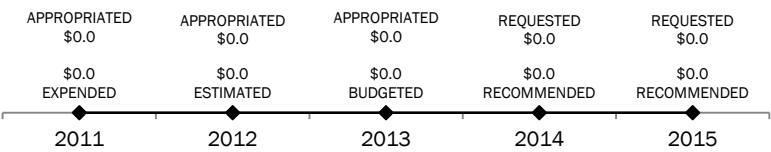
	FY 2013 Budgeted	FY 2015 Recommended	Biennial Change	% Change
FTEs	117.6	117.6	0.0	0.0%

The bill pattern for this agency (2014-15 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2014-15 biennium.

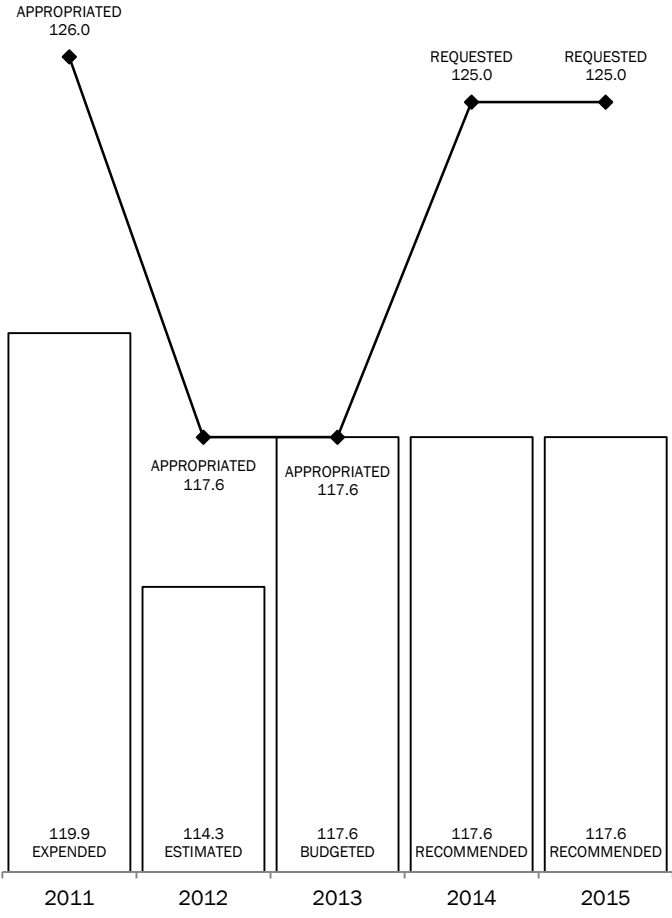
ALL FUNDS



GENERAL REVENUE AND
GENERAL REVENUE-DEDICATED FUNDS



FULL-TIME-EQUIVALENT POSITIONS



Section 2

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

Strategy/Goal	2012-13 Base	2014-15 Recommended	Biennial Change	% Change	Comments
					Recommendations provide funding at the 2012-13 level primarily out of Interagency Contracts for risk management and monitoring, processing workers' compensation claims, and workers' compensation payments. The agency is funded through subrogation receipts (\$1.1 million) and Interagency Contracts (\$101.9 million) paid by state agencies in the form of annual assessments. Assessments are determined by a formula based on affected agencies' historic full-time equivalent (FTE) positions, salaries and wages, number of claims filed, and total amount of claims.
RISK MANAGEMENT PROGRAM A.1.1	\$5,882,954	\$5,882,954	\$0	0.0%	
PAY WORKERS' COMPENSATION A.2.1	\$13,605,778	\$13,604,718	(\$1,060)	(0.0%)	
Total, Goal A, MANAGE RISK AND ADMINISTER CLAIMS	\$19,488,732	\$19,487,672	(\$1,060)	(0.0%)	
WORKERS' COMPENSATION PAYMENTS B.1.1	\$83,538,911	\$83,538,911	\$0	0.0%	
Total, Goal B, WORKERS' COMPENSATION PAYMENTS	\$83,538,911	\$83,538,911	\$0	0.0%	
Grand Total, All Strategies	\$103,027,643	\$103,026,583	(\$1,060)	(0.0%)	

Section 3

State Office of Risk Management Selected Fiscal and Policy Issues

1. **Workers' Compensation Payments Bill Pattern.** During the 2014-15 Strategic Planning process, the Legislative Budget Board and the Governor's Office of Budget, Planning, and Policy, approved the consolidation of the Workers' Compensation Payments bill pattern into the bill pattern of the State Office of Risk Management. This consolidation provides clarification that the State Office of Risk Management not only provides risk management monitoring and claim processing, but also provides workers' compensation payments to injured workers. During that same process, a provision was included in Strategy B.1.1, Workers' Compensation Payments, to limit the transfer of funds out of that strategy. The recommendations provide for all related riders from the Workers' Compensation Payments bill pattern be included within the State Office of Risk Management bill pattern.

Section 3

State Office of Risk Management
FTE Highlights

Full-Time-Equivalent Positions	Expended 2011	Estimated 2012	Budgeted 2013	Recommended 2014	Recommended 2015
Cap	126.0	117.6	117.6	117.6	117.6
Actual/Budgeted	119.9	114.3	117.6	NA	NA
Schedule of Exempt Positions (Cap)					
Executive Director, Group 3	\$95,000	\$104,500	\$104,500	\$104,500	\$104,500

The agency is requesting an increase in authority for the Executive Director's exempt position from \$104,500 to \$145,600, totaling \$41,100 per year, and maintain the current Group 3.

The State Auditor's Office Report 12-708, *Executive Compensation at State Agencies*, indicates a market average of \$128,238 for the Executive Director position. No changes to the current Group 3 classification were recommended.

Section 4

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

Reports & Recommendations	Report Page	Savings/ (Cost)	Gain/ (Loss)	Fund Type	Included in Introduced Bill	Action Required During Session
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NO RELATED RECOMMENDATIONS

Section 5

**State Office of Risk Management
Rider Highlights**

- Art. IX, Sec 15.02 (revise) **Payments to the State Office of Risk Management.** Revise rider to clarify that any funding received in collections from state agencies for assessments under 110 percent shall be used to lower assessments to state agencies the following year; and to provide a timeline to notify the LBB of any General Revenue transfers.
2. (revise) **Unexpended Balances Between Biennia.** Revise rider to separate unexpended balances between biennia within this rider and provide unexpended balances within the biennia in a new rider.
3. (old) **Insurable State Asset Study.** Delete rider due to due to the agency having completed the Insurable State Asset Study.
4. (new) **Unexpended Balances within the Biennia.** Add new rider that provides unexpended balance authority within the biennia, which was previously incorporated into the same rider providing unexpended balance authority between biennia.
5. (new) **Appropriation – Subrogation of Receipts.** Add new rider previously in the bill pattern for Workers’ Compensation Payments and related to the Strategy Workers’ Compensation Payments, which was moved into the State Office of Risk Management bill pattern during the 2014-15 Strategic Planning process.
6. (new) **Cost Containment.** Add new rider previously in the bill pattern for Workers’ Compensation Payments and related to the Strategy Workers’ Compensation Payments, which was moved into the State Office of Risk Management bill pattern during the 2014-15 Strategic Planning process.
7. (new) **Reporting of Workers’ Compensation Claims.** Add new rider previously in the bill pattern for Workers’ Compensation Payments and related to the Strategy Workers’ Compensation Payments, which was moved into the State Office of Risk Management bill pattern during the 2014-15 Strategic Planning process.

Section 6

State Office of Risk Management
Items not Included in Recommendations - Senate

		2014-15 Biennial Total	
		GR & GR-Dedicated	All Funds
Agency Exceptional Items - In Agency Priority Order			
1. Additional Interagency Contract authority and capital budget rider which would provide authority for the following capital budget projects:			
a. Upgrade current Workers' Compensation Claims Management System (CMS) and an additional 4.0 full-time equivalent positions (1.0 project analyst and 3.0 programmers). The CMS serves as the repository for all workers' compensation claims information. Funding would provide for four servers with related software and licensing expenses (\$0.4 million) and salaries and wages for 4 additional staff to provide project management and programming services (\$0.6 million).		\$ -	\$ 970,000
b. Desktop computer replacement of approximately 120 computers (\$90,000 per fiscal year).		\$ -	\$ 180,000
c. Unexpended balance authority and to allow the transfer of any unexpended and unobligated balances from capital items to noncapital items to be used to lower assessments to affected state agencies the following fiscal year without approval from the Legislative Budget Board and the Governor.			
2. Increase salary cap for the Executive Director exempt position from \$104,500 to \$145,600 (increase of \$41,100 per fiscal year) and maintain current Group 3.			
The State Auditor's Office report, <i>Executive Compensation at State Agencies</i> (Report No. 12-708, August 2012), indicates a market average of \$128,238 for the Executive Director position. No changes to the current Group 3 classification were recommended.			
3. Additional Interagency Contract authority to replace current telephone system with a telephone voice interactive response system which includes related software and licensing expenses.		\$ -	\$ 96,000
4. Increase number of full-time equivalent (FTE) cap from 117.6 to 121 (3.4 FTEs) to provide for approximately 118 filled positions and allow for the average historical turn-over rate of approximately 3 FTEs per fiscal year.			
Total, Items Not Included in the Recommendations		\$ -	\$ 1,246,000