



Legislative Appropriations Request for Fiscal Years 2018 and 2019

Submitted to the
Office of the Governor, Budget Division,
and the Legislative Budget Board

by

STATE OFFICE of RISK MANAGEMENT

August 19, 2016



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Administrator's Statement

The mission of the State Office of Risk Management (Office) is to provide active leadership to enable State of Texas agencies to protect their employees, the general public, and the State's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

The primary focus of this legislative appropriation request for the biennium beginning September 1, 2017 is to protect safety and health of the State's employees and assets by implementing risk-based approaches for identifying exposures and emphasizing strategies intended to reduce financial and performance losses at client agencies, while continuing to support the fiscal controls that have reduced the State's costs by over \$31 million per year.

AGENCY BACKGROUND

The Office was established in 1997 by the 75th Legislature and is administratively attached to the Office of the Attorney General. The Office is governed by a five-member Board and is charged by law to operate as a full-service enterprise risk and insurance manager for state agencies, including the enterprise risk and insurance management programs, the continuity of government operations program, and the self-insured government employees workers' compensation program. Its mission is to enable State of Texas agencies to protect their employees, the general public, and the State's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner.

The Office provides services to all state agencies subject to Chapters 412 and 501 of the Texas Labor Code. Texas A&M and University of Texas systems, and the Texas Department of Transportation are not subject to these provisions as they operate separate workers' compensation and risk management programs pursuant to Texas Labor Code Chapters 502, 503, and 505, respectively.

AGENCY FUNDING SOURCES

The Office receives no General Revenue and is funded solely by Interagency Contracts. Annual assessments, similar to premiums, are determined by a formula based on historic FTE, payroll, claims, and claims cost data. The shift to IAC funding in 2009 has had the effect of removing the cost of the Office's operations from General Revenue and shifting those costs proportionately to the agencies that utilize Office services. Costs borne by state agencies have been offset by the reductions in claims losses resulting from the Office's financial controls.

EXCEPTIONAL ITEMS

The Board of Directors of the State Office of Risk Management is seeking one exceptional item.

Increase in Board Authority to Compensate Executive Director: The Executive Director position is currently classified as Group 3, with a range of \$92,600 to \$149,240; however, the Board's actual authority is limited by the GAA to \$138,102. This authority is significantly below the position's market average. The Board is seeking an increase in its authority to the salary range cap of \$149,704, with a reclassification to Group 4, consistent with the SAO's 2014 *Report on Executive Compensation at State Agencies*, or as supplanted by the SAO's pending 2016 report, to attract and retain a qualified person in the future to serve as Executive Director of the Office, consistent with its mandates under law.

AGENCY ADMINISTRATION

The Office is governed by a five-member Board appointed by the Governor. Members of the Board serve staggered terms of six years.

Lloyd M. Garland, M.D., Chair

Lubbock, Texas

Term to expire February 1, 2021

John Youngblood

Cameron, Texas

Term to expire February 1, 2019

Rosemary Gammon

Plano, Texas

Term to expire February 1, 2021

Tomas Gonzalez

El Paso, Texas

Term to expire February 1, 2017

Gerald Ladner, Sr.

Austin, Texas

Term to expire February 1, 2021

Rulemaking authority to implement Chapters 412 and 501 of the Texas Labor Code is vested with the Board, including adopting rules relating to reporting requirements for covered entities. The Board reports to each Legislature on the methods to reduce the exposure of state agencies to the risks of property and liability losses, including workers' compensation losses; the operation, financing, and management of those risks; and the handling of claims brought against the State. The Board is also responsible for oversight and for hiring the Executive Director of the Office, who manages agency operations.

Summary of Injuries and Claims per Section 501.048, Texas Labor Code

Pursuant to the requirements of Section 501.048, Texas Labor Code, the following summary information is provided relating to the injury reports and workers' compensation claims from the State Office of Risk Management.

| Fiscal Year | Number of First Reports of Injury | Medical Benefits Paid | Indemnity Benefits Paid | Number of Injuries per 100 FTEs |
|----------------|---|--------------------------|----------------------------|---------------------------------------|
| 2015 | 3 | \$3,089 | \$0 | 2.60 |
| 2016 | 7 | \$7,690 | \$0 | 6.03 |
| Biennium Total | 10 | \$10,779 | \$0 | 4.32 |

Respecting job safety and reduction of injuries, the Office is especially active in the implementation and promulgation of health and safety policies and guidelines, both externally in providing training and resources to client entities and the general public and internally through participation of all levels of staff in related industry training and professional membership opportunities.

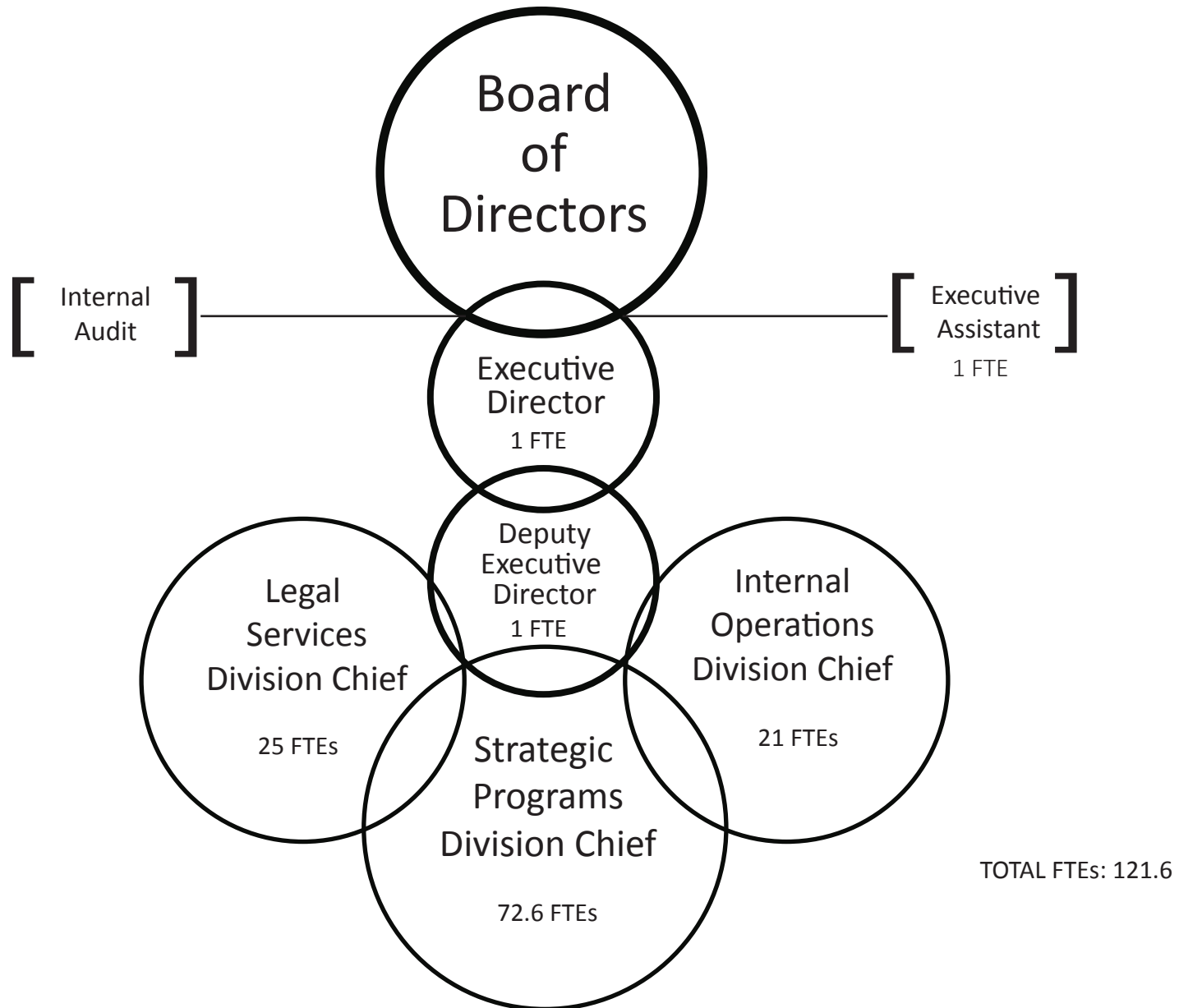
Conclusion

Effective oversight is the key to protecting the State's employees and resources while minimizing losses. The Office looks forward to presenting its appropriation request during the session.

Respectfully,



Stephen S. Vollbrecht, J.D., AINS, AIS, PCP
State Risk Manager, Executive Director



Descriptions of Functional Units

Board of Directors:

The Board's duties are to implement Chapters 412 and 501 of the Texas Labor Code to enable State of Texas agencies to protect their employees, the general public, and the State's physical and financial assets by reducing and controlling risk in the most efficient and cost-effective manner. The Board accomplishes these goals by adopting rules, authorizing assessments of client agencies, and reporting to the Legislature. The Board is also responsible for hiring the Executive Director.

Executive Management:

Executive management consists of the Executive Director, Deputy Executive Director, and three Division Chiefs. The Executive Director's duties are described at Texas Labor Code §412.041. The Director serves as the State Risk Manager and administrator of all statutory programs, and is responsible for the day-to-day oversight of all the agency's functions, with the Deputy and Division Chiefs with delegated responsibilities.

Strategic Programs Division:

The Strategic Programs Division is comprised of four departments: Risk Management, Claims Operations, Document Processing, and Communications and Development.

The Risk Management department provides enterprise risk management, insurance, and continuity of operations planning (COOP) services to client agencies. SORM's Risk Managers assist state agencies in establishing and maintaining risk management programs to protect state employees, state assets, and the public served, and support the insurance, COOP, and workers' compensation programs. SORM's Insurance Managers develop and administer insurance programs to transfer the financial risk of the state, and provide consultative insurance services to our clients. In coordination with the Department of Public Safety, Office of Homeland Security and Texas Division of Emergency Management, and Department of Information Resources, SORM's Continuity Planner assists agencies with the implementation of the Business Continuity Planning Initiative (COOP).

The State is self-insured for the purposes of workers' compensation. Claims Operations performs initial file investigations of each reported injury, determines compensability, and processes medical and indemnity benefits. Claims examiners handle all aspects of claims as required by law and policy.

Document Processing is responsible for the initial setup and data entry of injury claims received, as well as the maintenance of all inactive claim files, and general document management.

Communications and Development is responsible for training, media, and business communications. The department focuses on internal and external education, client and vendor relations, website services, video production, marketing, and public/business correspondence.

Legal Services Division:

The Legal Services Division is comprised of three departments: Litigation Management, Special Investigations, and Compliance and Practices.

The Litigation Management department is responsible for presenting and directing SORM's defenses during various administrative dispute resolution processes. Litigation also monitors and assists the Tort Litigation Division of the Office of the Attorney General when it represents the agency in administrative and judicial proceedings.

The Special Investigations department focuses on subrogation, medical recovery, and fraud investigation. This Section is responsible for the recovery of workers' compensation benefits, medical costs, and other expenses paid on behalf of state employees injured in the course and scope of employment due to the negligence of a third party. Medical recovery focuses on recovering monies from health care providers due to billing errors and coordinates with our two investigators in identifying fraudulent practices by injured workers and/or providers. They coordinate with various district attorneys across the State to recover these funds.

The Compliance and Practices department focuses on the review and updating of existing policies and procedures. The department also provides quality assurance by auditing claims for compliance with all statutory and policy requirements, and tracking overpayments, both statutory and errors. In addition, the department manages contracts, customer complaint/ethics, and open record functions. The department also provides legal and policy assistance for agency-wide issues, as well as decisions that affect covered state agencies, and track relevant legislation and respond to Legislative inquiries. Finally, the department works with executive management to comment and educate on proposed rules and legislation.

Internal Operations Division:

The Internal Operations Division consists of three departments: Accounting and Finance, Human Resources, and Information Technology.

Accounting and Finance processes and issues approved workers' compensation medical and indemnity payments to claimants and medical providers, including the cancellation, re-issue, and correction of warrants. This division also administers the assessment program which allocates the amounts to participating state agencies for the costs of operating the agency, including processing workers' compensation claims. Fund Accounting provides all accounting and budget functions for the agency in coordination with the Office of Attorney General (OAG) Accounting and Budget Divisions.

Human Resources serves as a liaison between the Office and the full OAG HR division and the Office's Legal Services Division, and is responsible for personnel action and leave accounting.

Information Technology maintains RMIS, CMS and other agency systems and interfaces; monitors and provides data; and oversees and responds to security issues. The support staff conducts all agency hardware and software maintenance; monitors software licensing; maintains user access; maintains passwords; and interfaces with OAG ITS.



CERTIFICATE

Agency Name State Office of Risk Management

This is to certify that the information contained in the agency Legislative Appropriation Request filed with the Legislative Budget Board (LBB) and the Office of the Governor, Budget Division, is accurate to the best of my knowledge and that the electronic submission to the LBB via the Automated Budget and Evaluation System of Texas (ABEST) and the PDF file submitted via the LBB Document Submission application are identical.

Additionally, should it become likely at any time that unexpended balances will accrue for any account, the LBB and the Governor's office will be notified in writing in accordance with Article IX, Section 7.01 (2016-17 GAA).

Chief Executive Officer or Presiding Judge

A handwritten signature in black ink, appearing to read "Stephen S. Vollbrecht".

Signature

Stephen S. Vollbrecht
Printed Name

State Risk Manager, Executive Director
Title

August 19, 2016
Date

Board or Commission Chair

A handwritten signature in black ink, appearing to read "Lloyd M. Garland, M.D.".

Signature

Lloyd M. Garland, M.D.
Printed Name

Board Chair
Title

August 19, 2016
Date

Chief Financial Officer

A handwritten signature in black ink, appearing to read "Stuart B. Cargile".

Signature

Stuart B. Cargile
Printed Name

Division Chief of Internal Operations, CFO
Title

August 19, 2016
Date

2.A. Summary of Base Request by Strategy

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

479 State Office of Risk Management

| Goal / Objective / STRATEGY | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
|--|--------------|--------------|--------------|--------------|--------------|
| <u>1</u> Manage Claim Costs and Protect State Assets | | | | | |
| <u>1</u> Risk Management and Claims Administration | | | | | |
| 1 ENTERPRISE RISK MGMT/CLAIMS ADMIN | 9,817,577 | 10,757,894 | 11,251,905 | 11,004,899 | 11,004,900 |
| TOTAL, GOAL 1 | \$9,817,577 | \$10,757,894 | \$11,251,905 | \$11,004,899 | \$11,004,900 |
| <u>2</u> Workers' Compensation Payments: Estimated and Nontransferable | | | | | |
| <u>1</u> Workers' Compensation Payments: Estimated and Nontransferable | | | | | |
| 1 WORKERS' COMPENSATION PAYMENTS | 38,615,610 | 39,717,727 | 39,868,603 | 39,793,165 | 39,793,165 |
| TOTAL, GOAL 2 | \$38,615,610 | \$39,717,727 | \$39,868,603 | \$39,793,165 | \$39,793,165 |
| TOTAL, AGENCY STRATEGY REQUEST | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST* | | | | \$0 | \$0 |
| GRAND TOTAL, AGENCY REQUEST | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |

2.A. Summary of Base Request by Strategy

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

479 State Office of Risk Management

| Goal / Objective / STRATEGY | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>METHOD OF FINANCING:</u> | | | | | |
| General Revenue Funds: | | | | | |
| 1 General Revenue Fund | 0 | 0 | 0 | 0 | 0 |
| SUBTOTAL | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Funds: | | | | | |
| 666 Appropriated Receipts | 654 | 1,221 | 0 | 0 | 0 |
| 777 Interagency Contracts | 47,732,359 | 49,906,650 | 50,552,758 | 50,230,314 | 50,230,315 |
| 8052 Subrogation Receipts | 700,174 | 567,750 | 567,750 | 567,750 | 567,750 |
| SUBTOTAL | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| TOTAL, METHOD OF FINANCING | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |

*Rider appropriations for the historical years are included in the strategy amounts.

Budget Overview - Biennial Amounts
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

| 479 State Office of Risk Management | | | | | | | | | | | |
|---|---------|--------------|---------|---------------|---------|-------------|-------------|-------------|-------------|------------------------------|---------|
| Appropriation Years: 2018-19 | | | | | | | | | | | |
| GENERAL REVENUE FUNDS | | GR DEDICATED | | FEDERAL FUNDS | | OTHER FUNDS | | ALL FUNDS | | EXCEPTIONAL ITEM FUNDS | |
| 2016-17 | 2018-19 | 2016-17 | 2018-19 | 2016-17 | 2018-19 | 2016-17 | 2018-19 | 2016-17 | 2018-19 | 2016-17 | 2018-19 |
| Goal: 1. Manage Claim Costs and Protect State Assets | | | | | | | | | | | |
| 1.1.1. Enterprise Risk Mgmt/Claims Admin | | | | | | 22,009,799 | 22,009,799 | 22,009,799 | 22,009,799 | | |
| Total, Goal | | | | | | 22,009,799 | 22,009,799 | 22,009,799 | 22,009,799 | | |
| Goal: 2. Workers' Compensation Payments: Estimated and Nontransferable | | | | | | | | | | | |
| 2.1.1. Workers' Compensation Payments | | | | | | 79,586,330 | 79,586,330 | 79,586,330 | 79,586,330 | | |
| Total, Goal | | | | | | 79,586,330 | 79,586,330 | 79,586,330 | 79,586,330 | | |
| Total, Agency | | | | | | 101,596,129 | 101,596,129 | 101,596,129 | 101,596,129 | | |
| Total FTEs | | | | | | | | 121.6 | 121.6 | 0.0 | |

2.B. Summary of Base Request by Method of Finance
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

8/19/2016 2:57:46PM

| Agency code: 479 | | Agency name: State Office of Risk Management | | | | |
|---------------------------|---|---|----------------|------------|------------|------------|
| METHOD OF FINANCING | | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | | |
| <u>666</u> | Appropriated Receipts | | | | | |
| | <i>REGULAR APPROPRIATIONS</i> | | | | | |
| | S.B. 1, 83rd Leg., R.S. Art IX, Sec 8.03, Pg IX-40 (2014-15 GAA) | | | | | |
| | | \$654 | \$0 | \$0 | \$0 | \$0 |
| | H.B. 1, 84th Leg., R.S. Art IX, Sec 8.02 Page IX-43 (2016-17 GAA) | | | | | |
| | | \$0 | \$1,221 | \$0 | \$0 | \$0 |
| TOTAL, | Appropriated Receipts | \$654 | \$1,221 | \$0 | \$0 | \$0 |
| <u>777</u> | Interagency Contracts | | | | | |
| | <i>REGULAR APPROPRIATIONS</i> | | | | | |
| | S.B. 1, 83rd Leg., R.S. Art I, Page I-82 (2014-15 GAA) | | | | | |
| | | \$10,262,366 | \$0 | \$0 | \$0 | \$0 |
| | Comments: Manage Risk & Administer Claims | | | | | |
| | S.B. 1, 83rd Leg., R.S. Art I, Page I-82 (2014-15 GAA) | | | | | |
| | | \$41,201,706 | \$0 | \$0 | \$0 | \$0 |
| | Comments: Workers' Compensation Payments | | | | | |

2.B. Summary of Base Request by Method of Finance

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85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | Agency name: State Office of Risk Management | | | | |
|---|---|--------------|--------------|--------------|--------------|
| METHOD OF FINANCING | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | |
| H.B. 1, 84th Leg., R.S. Art I, Page I-84 (2016-17 GAA) | \$0 | \$11,068,657 | \$11,123,201 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims | | | | | |
| H.B. 1, 84th Leg., R.S. Art I, Page I-84 (2016-17 GAA) | \$0 | \$39,300,853 | \$39,300,853 | \$0 | \$0 |
| Comments: Workers' Compensation Payments | | | | | |
| Regular Appropriations from MOF Table (2018-19 GAA) | \$0 | \$0 | \$0 | \$50,230,314 | \$50,230,315 |
| <i>RIDER APPROPRIATION</i> | | | | | |
| S.B. 1, 83rd Leg., R.S. Art IX, Sec 15.02, Para C(2) Pg IX-59(2014-15 GAA) | \$308,661 | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims | | | | | |
| <i>TRANSFERS</i> | | | | | |
| Art IX, Sec 17.06 Salary Increase for General State Employees (2014-15 GAA) | \$197,208 | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | Agency name: State Office of Risk Management | | | | |
|--|---|-----------|-----------|----------|----------|
| METHOD OF FINANCING | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | |
| Art IX, Sec 18.02, Salary Increase for General State Employees (2016-17) | \$0 | \$138,196 | \$128,704 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |
| <i>LAPSED APPROPRIATIONS</i> | | | | | |
| Lapsed Appropriation-Authority Only for UB (2014-15 GAA) | \$(1,431,849) | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims | | | | | |
| Lapsed Appropriation-Authority Only for UB (2014-15 GAA) | \$(3,131,997) | \$0 | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| Lapsed Appropriation-Unexercised Authority(2014-15 GAA) | \$(6,866) | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims | | | | | |
| Lapsed Appropriation-Unexercised Authority (2014-15 GAA) | \$(453,425) | \$0 | \$0 | \$0 | \$0 |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | Agency name: State Office of Risk Management | | | | |
|--|---|-----------------|-----------------|-----------------|-----------------|
| METHOD OF FINANCING | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| Lapsed Appropriation-Authority Only for UB (2016-17 GAA) | \$0 | \$(1,207,795) | \$(450,000) | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims | | | | | |
| Lapsed Appropriation-Authority Only for UB (2016-17 GAA) | \$0 | \$(2,832,839) | \$(100,000) | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| Lapsed Appropriation-Unexercised Authority (2016-17 GAA) | \$0 | \$(50,853) | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| <i>UNEXPENDED BALANCES AUTHORITY</i> | | | | | |
| S.B. 1, 83rd Leg., R.S., Art I, Rider 5, Page I-84 (2014-15 GAA) | \$1,452,566 | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |
| H.B. 1, 84th Leg., R.S., Art I, Rider 2, Page I-85 (2016-17 GAA) | | | | | |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | Agency name: State Office of Risk Management | | | | |
|---|---|-----------------|-----------------|-----------------|-----------------|
| METHOD OF FINANCING | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | |
| | \$(1,207,615) | \$1,207,615 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |
| S.B. 1, 83rd Leg., R.S., Art IX, Section 15.02, Para H, Page IX-59.(2014-15 GAA) | | | | | |
| | \$3,131,991 | \$0 | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| S.B. 1, 83rd Leg., R.S., Art IX, Section 15.02, Para H, Page IX-59.(2014-15 GAA) | | | | | |
| | \$(2,832,816) | \$2,832,816 | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | |
| S.B. 1, 83rd Leg., R.S., Art IX, Section 14.03, Para i, Page IX-56. (2014-15 GAA) | | | | | |
| | \$242,429 | \$0 | \$0 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |
| H.B. 1, 84th Leg., R.S., Rider 4, Page I-85 (2016-17 GAA) | | | | | |
| | \$0 | \$(450,000) | \$450,000 | \$0 | \$0 |
| Comments: Manage Risk & Administer Claims (Goal A) | | | | | |
| H.B. 1 84th Leg., R.S. Art IX, Section 15.02, Para H, Page IX-71 (2016-17 GAA) | | | | | |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | | Agency name: State Office of Risk Management | | | | |
|--|------------------------|--|--------------|--------------|--------------|--------------|
| METHOD OF FINANCING | | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | | |
| | | \$0 | \$(100,000) | \$100,000 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | | |
| TOTAL, | Interagency Contracts | | | | | |
| | | \$47,732,359 | \$49,906,650 | \$50,552,758 | \$50,230,314 | \$50,230,315 |
| <u>8052</u> | Subrogation Receipts | | | | | |
| | REGULAR APPROPRIATIONS | | | | | |
| S.B. 1, 83rd Leg., R.S. Art I, Page I-82 (2014-15 GAA) | | | | | | |
| | | \$567,750 | \$0 | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Claim appropriation | | | | | | |
| H.B. 1, 84th Leg., R.S. Art I, Page I-83 (2016-17 GAA) | | | | | | |
| | | \$0 | \$567,750 | \$567,750 | \$0 | \$0 |
| Comments: Workers' Compensation Claim appropriation | | | | | | |
| Regular Appropriations from MOF Table (2018-19 GAA) | | | | | | |
| | | \$0 | \$0 | \$0 | \$567,750 | \$567,750 |
| RIDER APPROPRIATION | | | | | | |
| S.B. 1, 83rd Leg., R.S. Art IX, Sec 15.02 (g) Pg IX-59 (2014-15 GAA) | | | | | | |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| | | | | | | |
|--|-----------------------------|---|-----------------|-----------------|-----------------|-----------------|
| Agency code: 479 | | Agency name: State Office of Risk Management | | | | |
| METHOD OF FINANCING | | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| <u>OTHER FUNDS</u> | | | | | | |
| | | \$132,424 | \$0 | \$0 | \$0 | \$0 |
| Comments: Workers' Compensation Payments (Goal B) | | | | | | |
| TOTAL, | Subrogation Receipts | | | | | |
| | | \$700,174 | \$567,750 | \$567,750 | \$567,750 | \$567,750 |
| TOTAL, ALL | OTHER FUNDS | | | | | |
| | | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| GRAND TOTAL | | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |

2.B. Summary of Base Request by Method of Finance

8/19/2016 2:57:46PM

85th Regular Session, Agency Submission, Version 1

Automated Budget and Evaluation System of Texas (ABEST)

| Agency code: 479 | Agency name: State Office of Risk Management | | | | |
|---|---|-----------------|-----------------|-----------------|-----------------|
| METHOD OF FINANCING | Exp 2015 | Est 2016 | Bud 2017 | Req 2018 | Req 2019 |
| FULL-TIME-EQUIVALENT POSITIONS | | | | | |
| REGULAR APPROPRIATIONS | | | | | |
| S.B. 1, 83rd Leg., R.S. Art I, Page I-82 (2014-15 GAA) | 121.6 | 0.0 | 0.0 | 0.0 | 0.0 |
| H.B. 1, 84th Leg., R.S. Art I, Page I-83 (2016-17 GAA) | 0.0 | 121.6 | 121.6 | 0.0 | 0.0 |
| Regular Appropriations from MOF Table (2018-19 GAA) | 0.0 | 0.0 | 0.0 | 121.6 | 121.6 |
| UNAUTHORIZED NUMBER OVER (BELOW) CAP | | | | | |
| S.B. 1, 83rd Leg., R.S. Art I (2014-15 GAA) | (6.3) | 0.0 | 0.0 | 0.0 | 0.0 |
| H.B. 1, 84th Leg., R.S. Art I,(2016-17 GAA) | 0.0 | (5.6) | 0.0 | 0.0 | 0.0 |
| TOTAL, ADJUSTED FTES | 115.3 | 116.0 | 121.6 | 121.6 | 121.6 |

**NUMBER OF 100% FEDERALLY
FUNDED FTEs**

2.C. Summary of Base Request by Object of Expense

8/19/2016 2:57:47PM

85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)**479 State Office of Risk Management**

| OBJECT OF EXPENSE | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 1001 SALARIES AND WAGES | \$5,783,238 | \$6,329,606 | \$6,878,705 | \$6,878,705 | \$6,878,705 |
| 1002 OTHER PERSONNEL COSTS | \$433,920 | \$441,000 | \$450,000 | \$450,000 | \$450,000 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$1,338,826 | \$1,750,891 | \$2,030,000 | \$2,030,000 | \$2,030,000 |
| 2003 CONSUMABLE SUPPLIES | \$22,360 | \$27,584 | \$28,500 | \$28,500 | \$28,500 |
| 2004 UTILITIES | \$1,827 | \$7,984 | \$9,500 | \$9,500 | \$9,500 |
| 2005 TRAVEL | \$167,766 | \$186,755 | \$190,000 | \$190,000 | \$190,000 |
| 2006 RENT - BUILDING | \$720 | \$720 | \$720 | \$720 | \$720 |
| 2007 RENT - MACHINE AND OTHER | \$20,034 | \$21,964 | \$22,000 | \$22,000 | \$22,000 |
| 2009 OTHER OPERATING EXPENSE | \$40,592,761 | \$41,709,117 | \$41,511,083 | \$41,188,639 | \$41,188,640 |
| 5000 CAPITAL EXPENDITURES | \$71,735 | \$0 | \$0 | \$0 | \$0 |
| OOE Total (Excluding Riders) | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| OOE Total (Riders) | | | | | |
| Grand Total | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |

2.D. Summary of Base Request Objective Outcomes
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

8/19/2016 2:57:47PM

| 479 State Office of Risk Management | | | | | |
|---|-----------------|-----------------|-----------------|----------------|----------------|
| <i>Goal/ Objective / Outcome</i> | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
| 1 Manage Claim Costs and Protect State Assets | | | | | |
| 1 <i>Risk Management and Claims Administration</i> | | | | | |
| KEY 1 Incident Rate of Injuries & Illnesses/100 Covered FT State Employees | | | | | |
| | 3.40% | 3.39% | 3.50% | 3.60% | 3.60% |
| KEY 2 Cost of Workers' Compensation Per Covered State Employee | | | | | |
| | 243.04 | 243.81 | 250.00 | 252.00 | 252.00 |
| KEY 3 Cost of Workers' Compensation Coverage Per \$100 State Payroll | | | | | |
| | 0.59 | 0.62 | 0.62 | 0.63 | 0.63 |

2.E. Summary of Exceptional Items Request
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/19/2016
TIME : 2:57:48PM

Agency code: 479

Agency name: State Office of Risk Management

| Priority | Item | 2018 | | | 2019 | | | Biennium | |
|---|-------------------------------------|---------------------------|------------|------|------------------------|------------|------|------------------------|------------|
| | | GR and GR/GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds | FTEs | GR and GR Dedicated | All Funds |
| 1 | Incr to Executive Director's Salary | | \$0 | | | \$0 | | | \$0 |
| Total, Exceptional Items Request | | | \$0 | | | \$0 | | | \$0 |

Method of Financing

General Revenue

General Revenue - Dedicated

Federal Funds

Other Funds

| | | | |
|------------|------------|------------|------------|
| | 0 | 0 | 0 |
| \$0 | \$0 | \$0 | \$0 |

Full Time Equivalent Positions

Number of 100% Federally Funded FTEs

2.F. Summary of Total Request by Strategy
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/19/2016
TIME : 2:57:48PM

| Agency code: 479 | Agency name: State Office of Risk Management | | | | | |
|---|--|--------------|---------------------|---------------------|-----------------------|-----------------------|
| Goal/Objective/STRATEGY | Base 2018 | Base 2019 | Exceptional 2018 | Exceptional 2019 | Total Request 2018 | Total Request 2019 |
| 1 Manage Claim Costs and Protect State Assets | | | | | | |
| 1 Risk Management and Claims Administration | | | | | | |
| 1 ENTERPRISE RISK MGMT/CLAIMS ADMIN | \$11,004,899 | \$11,004,900 | \$0 | \$0 | \$11,004,899 | \$11,004,900 |
| TOTAL, GOAL 1 | \$11,004,899 | \$11,004,900 | \$0 | \$0 | \$11,004,899 | \$11,004,900 |
| 2 Workers' Compensation Payments: Estimated and Nontransferable | | | | | | |
| 1 Workers' Compensation Payments: Estimated and Nontransferable | | | | | | |
| 1 WORKERS' COMPENSATION PAYMENTS | 39,793,165 | 39,793,165 | 0 | 0 | 39,793,165 | 39,793,165 |
| TOTAL, GOAL 2 | \$39,793,165 | \$39,793,165 | \$0 | \$0 | \$39,793,165 | \$39,793,165 |
| TOTAL, AGENCY STRATEGY REQUEST | \$50,798,064 | \$50,798,065 | \$0 | \$0 | \$50,798,064 | \$50,798,065 |
| TOTAL, AGENCY RIDER APPROPRIATIONS REQUEST | | | | | | |
| GRAND TOTAL, AGENCY REQUEST | \$50,798,064 | \$50,798,065 | \$0 | \$0 | \$50,798,064 | \$50,798,065 |

2.F. Summary of Total Request by Strategy
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE : 8/19/2016

TIME : 2:57:48PM

| Agency code: 479 | | Agency name: State Office of Risk Management | | | | | |
|--------------------------------|-----------------------|--|--------------|---------------------|---------------------|-----------------------|-----------------------|
| Goal/Objective/STRATEGY | | Base 2018 | Base 2019 | Exceptional 2018 | Exceptional 2019 | Total Request 2018 | Total Request 2019 |
| General Revenue Funds: | | | | | | | |
| 1 | General Revenue Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Funds: | | | | | | | |
| 666 | Appropriated Receipts | 0 | 0 | 0 | 0 | 0 | 0 |
| 777 | Interagency Contracts | 50,230,314 | 50,230,315 | 0 | 0 | 50,230,314 | 50,230,315 |
| 8052 | Subrogation Receipts | 567,750 | 567,750 | 0 | 0 | 567,750 | 567,750 |
| | | \$50,798,064 | \$50,798,065 | \$0 | \$0 | \$50,798,064 | \$50,798,065 |
| TOTAL, METHOD OF FINANCING | | \$50,798,064 | \$50,798,065 | \$0 | \$0 | \$50,798,064 | \$50,798,065 |
| | | | | | | | |
| FULL TIME EQUIVALENT POSITIONS | | 121.6 | 121.6 | 0.0 | 0.0 | 121.6 | 121.6 |

2.G. Summary of Total Request Objective Outcomes
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation system of Texas (ABEST)

Date : 8/19/2016
Time: 2:57:49PM

Agency code: 479 Agency name: State Office of Risk Management

Goal/ Objective / Outcome

| | | BL 2018 | BL 2019 | Excp 2018 | Excp 2019 | Total Request 2018 | Total Request 2019 |
|------------|---|------------|------------|--------------|--------------|--------------------------|--------------------------|
| 1 | Manage Claim Costs and Protect State Assets | | | | | | |
| 1 | Risk Management and Claims Administration | | | | | | |
| KEY | 1 Incident Rate of Injuries & Illnesses/100 Covered FT State Employees | | | | | | |
| | | 3.60% | 3.60% | | | 3.60% | 3.60% |
| KEY | 2 Cost of Workers' Compensation Per Covered State Employee | | | | | | |
| | | 252.00 | 252.00 | | | 252.00 | 252.00 |
| KEY | 3 Cost of Workers' Compensation Coverage Per \$100 State Payroll | | | | | | |
| | | 0.63 | 0.63 | | | 0.63 | 0.63 |

479 State Office of Risk Management

GOAL: 1 Manage Claim Costs and Protect State Assets

OBJECTIVE: 1 Risk Management and Claims Administration

Service Categories:

STRATEGY: 1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin

Service: 05

Income: A.2

Age: B.3

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|------------------------------------|---|-------------|-------------|-------------|-------------|-------------|
| Output Measures: | | | | | | |
| KEY 1 | Number of Written Risk Management Program Reviews Conducted | 29.00 | 29.00 | 29.00 | 29.00 | 29.00 |
| KEY 2 | Number of On-site Consultations Conducted | 296.00 | 250.00 | 229.00 | 229.00 | 229.00 |
| 3 | Number of Risk Management Training Sessions Conducted | 203.00 | 254.00 | 254.00 | 254.00 | 254.00 |
| 4 | Number of Initial Eligibility Determinations Made | 7,533.00 | 7,341.00 | 7,400.00 | 7,400.00 | 7,400.00 |
| KEY 5 | Number of Medical Bills Processed | 101,450.00 | 88,139.00 | 90,000.00 | 90,000.00 | 90,000.00 |
| KEY 6 | Number of Indemnity Bills Paid | 27,364.00 | 27,413.00 | 27,600.00 | 27,650.00 | 27,700.00 |
| Efficiency Measures: | | | | | | |
| 1 | Cost Per Hour of Direct Risk Management Service Provided | 103.92 | 105.27 | 105.00 | 105.00 | 105.00 |
| KEY 2 | Average Cost to Administer Claim | 630.25 | 665.78 | 668.00 | 668.00 | 668.00 |
| Explanatory/Input Measures: | | | | | | |
| 1 | Percentage of Total Assessments Collected Used for Claim Payments | 94.69 % | 98.85 % | 99.00 % | 99.00 % | 99.00 % |
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$5,783,238 | \$6,329,606 | \$6,878,705 | \$6,878,705 | \$6,878,705 |
| 1002 | OTHER PERSONNEL COSTS | \$433,920 | \$441,000 | \$450,000 | \$450,000 | \$450,000 |

479 State Office of Risk Management

GOAL: 1 Manage Claim Costs and Protect State Assets
OBJECTIVE: 1 Risk Management and Claims Administration Service Categories:
STRATEGY: 1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin Service: 05 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|--|--------------------------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| 2001 | PROFESSIONAL FEES AND SERVICES | \$1,338,826 | \$1,750,891 | \$2,030,000 | \$2,030,000 | \$2,030,000 |
| 2003 | CONSUMABLE SUPPLIES | \$22,360 | \$27,584 | \$28,500 | \$28,500 | \$28,500 |
| 2004 | UTILITIES | \$1,827 | \$7,984 | \$9,500 | \$9,500 | \$9,500 |
| 2005 | TRAVEL | \$167,766 | \$186,755 | \$190,000 | \$190,000 | \$190,000 |
| 2006 | RENT - BUILDING | \$720 | \$720 | \$720 | \$720 | \$720 |
| 2007 | RENT - MACHINE AND OTHER | \$20,034 | \$21,964 | \$22,000 | \$22,000 | \$22,000 |
| 2009 | OTHER OPERATING EXPENSE | \$1,977,151 | \$1,991,390 | \$1,642,480 | \$1,395,474 | \$1,395,475 |
| 5000 | CAPITAL EXPENDITURES | \$71,735 | \$0 | \$0 | \$0 | \$0 |
| TOTAL, OBJECT OF EXPENSE | | \$9,817,577 | \$10,757,894 | \$11,251,905 | \$11,004,899 | \$11,004,900 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Method of Financing: | | | | | | |
| 666 | Appropriated Receipts | \$654 | \$1,221 | \$0 | \$0 | \$0 |
| 777 | Interagency Contracts | \$9,816,923 | \$10,756,673 | \$11,251,905 | \$11,004,899 | \$11,004,900 |
| SUBTOTAL, MOF (OTHER FUNDS) | | \$9,817,577 | \$10,757,894 | \$11,251,905 | \$11,004,899 | \$11,004,900 |

479 State Office of Risk Management

GOAL: 1 Manage Claim Costs and Protect State Assets
OBJECTIVE: 1 Risk Management and Claims Administration Service Categories:
STRATEGY: 1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin Service: 05 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|--|-------------|--------------------|---------------------|---------------------|---------------------|---------------------|
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$11,004,899 | \$11,004,900 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$9,817,577 | \$10,757,894 | \$11,251,905 | \$11,004,899 | \$11,004,900 |
| FULL TIME EQUIVALENT POSITIONS: | | 115.3 | 116.0 | 121.6 | 121.6 | 121.6 |

STRATEGY DESCRIPTION AND JUSTIFICATION:

The Executive Director of the Office serves by law as the State Risk Manager. The Office's responsibilities include enterprise risk and insurance management, continuity of government operations, and the self-insured government employees workers' compensation program. The Office provides services to 138 state agencies and 122 Community Supervision and Corrections Departments with 188,000 state employees, nearly \$8.8B in insured real and personal property, and assets estimated in excess of \$70B.

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

479 State Office of Risk Management

GOAL: 1 Manage Claim Costs and Protect State Assets
OBJECTIVE: 1 Risk Management and Claims Administration Service Categories:
STRATEGY: 1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin Service: 05 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

External factors likely to impact Office efforts are: legislation and administrative rulemaking altering the types/levels of risk experienced or requiring additional resources for compliance, including potential exposure to penalties; market volatility and absence of self-insured retentions at the state level; increased losses in response to external factors outside the control of client agencies (e.g., economic downturns, natural disasters, security threats, reductions in workforce); marginalization of risk management leading to inadequate planning/failure to anticipate, avert, and reduce the impact of associated exposures; inadequate continuity planning and testing by client agencies resulting in failure to operate during a crisis; insufficient enforcement mechanisms to encourage compliance; demographic changes affecting the number and severity of injuries; rising medical and indemnity costs; and greater demands respecting the full range of enterprise risk management services.

Internal factors likely to impact efforts are: budgetary constraints negatively affecting available resources, including but not availability/retention of staff with appropriate skills/expertise; increasing contractual complexity requiring specialized expertise; and legacy computer systems negatively affecting the Office's ability to efficiently streamline data compilation/analysis.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

| <u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u> | | <u>BIENNIAL CHANGE</u> | <u>EXPLANATION OF BIENNIAL CHANGE</u> | |
|--|---|----------------------------|---------------------------------------|--|
| <u>Base Spending (Est 2016 + Bud 2017)</u> | <u>Baseline Request (BL 2018 + BL 2019)</u> | | <u>\$ Amount</u> | <u>Explanation(s) of Amount (must specify MOFs and FTEs)</u> |
| \$22,009,799 | \$22,009,799 | \$0 | \$0 | Appropriated receipts are for record request copy fees and are not a continuing MOF. |
| | | | \$0 | Total of Explanation of Biennial Change |

479 State Office of Risk Management

| | | | |
|------------|---|---|--|
| GOAL: | 2 | Workers' Compensation Payments: Estimated and Nontransferable | |
| OBJECTIVE: | 1 | Workers' Compensation Payments: Estimated and Nontransferable | Service Categories: |
| STRATEGY: | 1 | Workers' Compensation Payments: Estimated and Nontransferable | Service: 06 Income: A.2 Age: B.3 |

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|--|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Objects of Expense: | | | | | | |
| 1001 | SALARIES AND WAGES | \$0 | \$0 | \$0 | \$0 | \$0 |
| 1002 | OTHER PERSONNEL COSTS | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2001 | PROFESSIONAL FEES AND SERVICES | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2003 | CONSUMABLE SUPPLIES | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2004 | UTILITIES | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2005 | TRAVEL | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2006 | RENT - BUILDING | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2007 | RENT - MACHINE AND OTHER | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2009 | OTHER OPERATING EXPENSE | \$38,615,610 | \$39,717,727 | \$39,868,603 | \$39,793,165 | \$39,793,165 |
| 5000 | CAPITAL EXPENDITURES | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL, OBJECT OF EXPENSE | | \$38,615,610 | \$39,717,727 | \$39,868,603 | \$39,793,165 | \$39,793,165 |
| Method of Financing: | | | | | | |
| 1 | General Revenue Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBTOTAL, MOF (GENERAL REVENUE FUNDS) | | \$0 | \$0 | \$0 | \$0 | \$0 |
| Method of Financing: | | | | | | |
| 666 | Appropriated Receipts | \$0 | \$0 | \$0 | \$0 | \$0 |

479 State Office of Risk Management

| | | | |
|------------|---|---|--|
| GOAL: | 2 | Workers' Compensation Payments: Estimated and Nontransferable | |
| OBJECTIVE: | 1 | Workers' Compensation Payments: Estimated and Nontransferable | Service Categories: |
| STRATEGY: | 1 | Workers' Compensation Payments: Estimated and Nontransferable | Service: 06 Income: A.2 Age: B.3 |

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|--|-----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 777 | Interagency Contracts | \$37,915,436 | \$39,149,977 | \$39,300,853 | \$39,225,415 | \$39,225,415 |
| 8052 | Subrogation Receipts | \$700,174 | \$567,750 | \$567,750 | \$567,750 | \$567,750 |
| SUBTOTAL, MOF (OTHER FUNDS) | | \$38,615,610 | \$39,717,727 | \$39,868,603 | \$39,793,165 | \$39,793,165 |
| TOTAL, METHOD OF FINANCE (INCLUDING RIDERS) | | | | | \$39,793,165 | \$39,793,165 |
| TOTAL, METHOD OF FINANCE (EXCLUDING RIDERS) | | \$38,615,610 | \$39,717,727 | \$39,868,603 | \$39,793,165 | \$39,793,165 |

FULL TIME EQUIVALENT POSITIONS:

STRATEGY DESCRIPTION AND JUSTIFICATION:

Workers' Compensation Payments: Estimated and Nontransferable

This strategy is a separate goal for paying medical expenses and compensation to injured state workers. The Office provides self-insured workers' compensation claims administration services to all state agencies and Community Supervision and Corrections Departments subject to Chapters 412 and 501 of the Texas Labor Code, with the exception of the Texas A&M System, the University of Texas System, and the Texas Department of Transportation. The Office acts in the capacity of insurer, and is responsible for receiving and investigating reports of injuries filed on behalf of employees, determining whether a claim is compensable, and paying income and medical benefits as due. This strategy contributes directly to the priority goal of general state government to support effective, efficient, and accountable state government operations.

479 State Office of Risk Management

GOAL: 2 Workers' Compensation Payments: Estimated and Nontransferable
OBJECTIVE: 1 Workers' Compensation Payments: Estimated and Nontransferable Service Categories:
STRATEGY: 1 Workers' Compensation Payments: Estimated and Nontransferable Service: 06 Income: A.2 Age: B.3

| CODE | DESCRIPTION | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|------|-------------|----------|----------|----------|---------|---------|
|------|-------------|----------|----------|----------|---------|---------|

EXTERNAL/INTERNAL FACTORS IMPACTING STRATEGY:

Annual costs of the State's workers' compensation program have been reduced by more than \$31 million since FY03. The decrease is due to greater accountability on the part of agencies and improved controls in the Office's claims processing. The annual savings noted are more than sufficient to fund the agency's administrative strategy's costs for a full biennium. There is no transfer authority between this strategy appropriation and the administrative strategies.

Both the medical fee schedule and the indemnity rate may rise, resulting in long term increases. Continued implementation of a workers' compensation certified health care network may result in increased administrative costs for contracting and monitoring the network, though performance-based monitoring and treatment guidelines are anticipated to result in improved outcomes and the potential for long-term savings.

External changes in the law, rules, guidelines, compensation rates, and legal determinations made by TDI/DWC directly affect this strategy. Factors which affect the number/cost of injuries include the number of employees covered, occupational risk levels, safety programs, fraud rates, and staffing levels. Loss of subrogation recoveries would increase net costs by reducing revenue from non-state sources.

EXPLANATION OF BIENNIAL CHANGE (includes Rider amounts):

| <u>STRATEGY BIENNIAL TOTAL - ALL FUNDS</u> | | <u>BIENNIAL CHANGE</u> | <u>EXPLANATION OF BIENNIAL CHANGE</u> | |
|--|--------------------------------------|----------------------------|---------------------------------------|--|
| Base Spending (Est 2016 + Bud 2017) | Baseline Request (BL 2018 + BL 2019) | | \$ Amount | Explanation(s) of Amount (must specify MOFs and FTEs) |
| \$79,586,330 | \$79,586,330 | \$0 | \$0 | Subrogation recoveries are collected as available, and used to reduce IAC collections. |
| | | | \$0 | Total of Explanation of Biennial Change |

SUMMARY TOTALS:

| | | | | | |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| OBJECTS OF EXPENSE: | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| METHODS OF FINANCE (INCLUDING RIDERS): | | | | \$50,798,064 | \$50,798,065 |
| METHODS OF FINANCE (EXCLUDING RIDERS): | \$48,433,187 | \$50,475,621 | \$51,120,508 | \$50,798,064 | \$50,798,065 |
| FULL TIME EQUIVALENT POSITIONS: | 115.3 | 116.0 | 121.6 | 121.6 | 121.6 |

3.B. Rider Revisions and Additions Request

| Agency Code: 479 | Agency Name: State Office of Risk Management | Prepared By: Jennifer Hinojosa | Date: 08/18/2016 | Request Level: Baseline |
|-----------------------------|--|---|----------------------------|-----------------------------------|
| Current Rider Number | Page Number in 2016–17 GAA | Proposed Rider Language | | |
| 2 | I-85 | <p>Unexpended Balances Between Biennia. Included in amounts appropriated above are unexpended and unobligated balances remaining as of August 31, <u>2017</u> 2015, (estimated to be \$0 in Interagency Contracts) in Strategy A.1.1, Risk Management and Claims Administration Program, and Strategy A.2.1, Pay Workers' Compensation, for the fiscal year beginning September 1, <u>2017</u> 2015, to be applied toward assessments charged to state agencies for the administration of the workers' compensation and risk management and claims administration programs for fiscal year <u>2018</u> 2016.</p> <p><i>The rider is updated for the 2018-2019 biennium.</i></p> | | |
| 3 | I-85 | <p>Administrative Support for the State Office of Risk Management. Out of funds appropriated above in Strategy A.1.1, Risk Management Program and Claims Administration, the State Office of Risk Management shall enter into an interagency contract with the Attorney General for administrative support services which shall consist of the same levels of service and approximate costs as were provided to the State Office of Risk Management during the <u>2016-17</u> 2014-15 biennium.</p> <p><i>The rider is updated for the 2018-2019 biennium.</i></p> | | |
| 4 | I-85 | <p>Unexpended Balances within the Biennia. Any unexpended and unobligated balances remaining as of August 31, <u>2018</u> 2016, out of appropriations made above in Strategy A.1.1, Risk Management Program and Strategy A.2.1, Pay Workers' Compensation and Claims Administration, are appropriated to the State Office of Risk Management for the fiscal year beginning September 1, <u>2018</u> 2016, to be applied toward assessments charged to state agencies for the administration of the workers' compensation and risk management programs for fiscal year <u>2019</u> 2017.</p> <p><i>The rider is updated for the 2018-2019 biennium.</i></p> | | |

3.B. Rider Revisions and Additions Request (continued)

| Current Rider Number | Page Number in 2016–17 GAA | Proposed Rider Language |
|----------------------------|----------------------------------|--|
| 5 | I-85 | <p>Appropriation - Subrogation of Receipts. All sums of money recovered by the State Office of Risk Management from third parties by way of subrogation are appropriated to the State Office of Risk Management during the biennium of receipt to be used for the payment of workers' compensation benefits to state employees.</p> <p><i>No change requested.</i></p> |
| 6 | I-85 | <p>Cost Containment. The State Office of Risk Management shall submit a report detailing the effectiveness of various cost containment measures undertaken and proposing additional measures to reduce workers' compensation costs. This report shall be submitted to the legislative and executive budget offices, in the form those offices require, within 45 days after the close of each fiscal year</p> <p><i>No change requested.</i></p> |
| 7 | I-85 | <p>Reporting of Workers' Compensation Claims. For the purpose of reporting expenditures to the Uniform Statewide Accounting System (USAS), the State Office of Risk Management (SORM) shall account for payments of workers' compensation claims based on the date on which the bill for services is presented for payment to SORM.</p> <p>In addition, not later than November 1 of each year, SORM shall submit a report to the Comptroller of Public Accounts, the Governor's Office, and the Legislative Budget Board which accounts for workers' compensation expenditures for the preceding fiscal year based on the date on which the injury occurred and the medical or related service was performed.</p> <p><i>No change requested.</i></p> |

3.B. Rider Revisions and Additions Request (continued)

| Current Rider Number | Page Number in 2016–17 GAA | Proposed Rider Language |
|----------------------------|----------------------------------|---|
| 15.02 | IX-70 | <p>Payments to the State Office of Risk Management (SORM).</p> <p>(a) In this section:</p> <p>(1) "Agency" includes a state agency as defined under §2151.002, Government Code, which includes an institution of higher education (except a public junior college) as defined under §61.003, Education Code, and may also include any other unit of state government as defined by the rules of SORM, which participates in cost allocation plan provided under this section;</p> <p>(2) "Assessment" means the amount of the workers' compensation assessment placed on an agency by SORM and the agencies' proportion of SORM's costs to administer workers' compensation payments and other statutory obligations contained in A.1.1, Risk Management <u>and Claims Administration, Program and</u> A.2.1, Pay Workers' Compensation, as provided by this section and other relevant law; and</p> <p>(3) "SORM" means the State Office of Risk Management.</p> <p>(b) At the beginning of each fiscal year, SORM shall prepare a statement reflecting the assessments due from all agencies and present it to the Comptroller.</p> <p>(c)</p> <p>(1) Notwithstanding other provisions in this Act, agencies shall transfer to SORM seventy-five percent (75%) of their assessed allocation which includes amounts for workers' compensation coverage for their employees from funding in the same proportion as their expected payroll funding, including General Revenue Funds, dedicated General Revenue Fund accounts, Other Funds or local bank accounts and the agencies' proportion of SORM's costs to administer workers' compensation payments and other statutory obligations contained in A.1.1, Risk Management <u>and Claims Administration</u> Program and A.2.1, Pay Workers' Compensation.</p> <p><i>Continued on next page.</i></p> |

3.B. Rider Revisions and Additions Request (continued)

| Current Rider Number | Page Number in 2016–17 GAA | Proposed Rider Language |
|----------------------------|----------------------------------|--|
| 15.02 | IX-70 | <p>(2) Not later than May 1 of each fiscal year, SORM shall determine, based on actual costs since the beginning of the fiscal year and other estimated costs, the remaining assessment due from each agency. SORM shall prepare a statement reflecting the remaining assessments due from each agency and present the statement to the Comptroller. Each agency shall transfer to SORM the remaining assessed allocation which includes amounts for workers' compensation coverage for their employees from funding in the same proportion as their expected payroll funding, including General Revenue Funds, dedicated General Revenue Fund accounts, Other Funds or local bank accounts and the agencies' proportion of SORM's costs to administer workers' compensation payments and other statutory obligations contained in A.1.1, Risk Management and Claims Administration Program and A.2.1, Pay Workers' Compensation.</p> <p>(d) Transfers and payments as are authorized under law shall be made not more than 30 days from receipt of the statement of payments due.</p> <p>(e) The Comptroller may prescribe accounting procedures and regulations to implement this section.</p> <p>(f) Upon certification by SORM of amounts due, the Comptroller may transfer funds from an agency if the assessment amount due remains unpaid after more than 30 days from receipt of the statement of payments due.</p> <p>(g) All funds recovered by SORM from third parties by way of subrogation are appropriated to SORM to be used for the payment of workers' compensation benefits to state employees and shall be retained in Strategy B.1.1, Workers' Compensation Payments, in whole for that purpose.</p> <p><i>Continued on next page.</i></p> |

3.B. Rider Revisions and Additions Request (continued)

| Current Rider Number | Page Number in 2016–17 GAA | Proposed Rider Language |
|----------------------------|----------------------------------|---|
| 15.02 | IX-70 | <p>(h) Amounts not to exceed 2 percent in total of workers' compensation annual expenditures may be awarded to agencies by SORM for the purposes of risk management and loss prevention. In the event that collections in Strategy B.1.1, Workers' Compensation Payments, funded by the annual assessments to agencies, exceeds 110 percent of the expected annual payments, the portion of the excess over 110 percent funded from all funding sources shall be returned to agencies. The excess returned to the agencies by SORM is appropriated to the agencies for expenditures consistent with the original funding source. Any funding less than 110 percent of collections in Strategy B.1.1, Workers' Compensation Payments, not used for workers' compensation payments shall be used by SORM to lower the cumulative assessments to agencies the following fiscal year.</p> <p>(i) In the event the total assessments in any year prove insufficient to fund expenditures, SORM may, with the approval of the Legislative Budget Board, temporarily utilize additional general revenue in an amount not to exceed 20 percent of the cumulative assessments for that fiscal year. Any additional general revenue funds will be utilized only for the purpose of temporary cash flow and must be repaid upon receipt of the following year's assessments in accordance with procedures established by the Comptroller. All transfers from and repayments to the General Revenue Fund shall be reported by SORM to the Legislative Budget Board within 30 days of the transfer.</p> <p>(j) The reimbursement requirements established by this section may be waived or delayed, either in whole or in part, by the Legislative Budget Board.</p> <p>(k) SORM shall require agencies to provide to SORM and agencies shall submit to SORM information regarding the specific funding sources from which agencies pay their assessed allocation amounts for workers' compensation coverage for their employees.</p> <p><i>The rider is updated for the 2018-2019 biennium.</i></p> |

4.A. Exceptional Item Request Schedule
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **8/19/2016**
TIME: **2:57:50PM**

Agency code: **479**

Agency name:

State Office of Risk Management

| CODE | DESCRIPTION | Excp 2018 | Excp 2019 |
|-----------------------------|---|------------|------------|
| | Item Name: Statutory Increase to Executive Director's Salary Limit Item Priority: 1 IT Component: No Anticipated Out-year Costs: No Involve Contracts > \$50,000: No Includes Funding for the Following Strategy or Strategies: 01-01-01 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin | | |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 0 | 0 |
| | TOTAL, OBJECT OF EXPENSE | \$0 | \$0 |
| METHOD OF FINANCING: | | | |
| 777 | Interagency Contracts | 0 | 0 |
| | TOTAL, METHOD OF FINANCING | \$0 | \$0 |

DESCRIPTION / JUSTIFICATION:

The Board of the Office requests that the maximum salary authorized for the Executive Director Exempt Position be increased to \$149,704, with a reclassification to Group 4, consistent with SAO's 2014 Classification of Study of Exempt Positions. The purpose of this request is to provide the Board the ability to recruit and retain at a competitive salary a qualified individual to serve as Executive Director of the Office, consistent with its duties under Chapter 412, Texas Labor Code. The Board is not requesting additional funding or appropriation authority.

EXTERNAL/INTERNAL FACTORS:

Since its inception in September 1997, the statutory mission of the Office has been expanded significantly by the Legislature to include full service risk and insurance management functions and enterprise continuity of operations. In the 19 years of operation, the Board has hired four executive directors, with staff serving in an interim capacity as required. The past several SAO Classification Studies of Exempt Positions indicate that the maximum salary currently authorized for this position is not competitive in the market average, raising concern for both the short-term and long-term retention of a qualified Risk Manager for the State of Texas.

Agency code: 479 Agency name: State Office of Risk Management

| Code | Description | Excp 2018 | Excp 2019 |
|-----------------------------------|-----------------------|--|------------|
| Item Name: | | Statutory Increase to Executive Director's Salary Limit | |
| Allocation to Strategy: | | 1-1-1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp / | |
| OBJECTS OF EXPENSE: | | | |
| 1001 | SALARIES AND WAGES | 0 | 0 |
| TOTAL, OBJECT OF EXPENSE | | \$0 | \$0 |
| METHOD OF FINANCING: | | | |
| 777 | Interagency Contracts | 0 | 0 |
| TOTAL, METHOD OF FINANCING | | \$0 | \$0 |

4.C. Exceptional Items Strategy Request
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 8/19/2016
TIME: 2:57:51PM

Agency Code: **479** Agency name: **State Office of Risk Management**

GOAL: 1 Manage Claim Costs and Protect State Assets

OBJECTIVE: 1 Risk Management and Claims Administration

Service Categories:

STRATEGY: 1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrks' Comp Admin

Service: 05 Income: A.2 Age: B.3

CODE DESCRIPTION

Excp 2018

Excp 2019

EXCEPTIONAL ITEM(S) INCLUDED IN STRATEGY:

Statutory Increase to Executive Director's Salary Limit

6.A. Historically Underutilized Business Supporting Schedule
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/19/2016**
Time: **2:57:51PM**

Agency Code: **479** Agency: **State Office of Risk Management**

COMPARISON TO STATEWIDE HUB PROCUREMENT GOALS

A. Fiscal Year 2014 - 2015 HUB Expenditure Information

| Statewide HUB Goals | Procurement Category | % Goal | HUB Expenditures FY 2014 | | | Total Expenditures | | HUB Expenditures FY 2015 | | | Total Expenditures | |
|------------------------|---------------------------|---------|--------------------------|--------|-----------------|-----------------------|---------|--------------------------|------|------------------|-----------------------|--|
| | | | % Actual | Diff | Actual \$ | FY 2014 | % Goal | % Actual | Diff | Actual \$ | FY 2015 | |
| 11.2% | Heavy Construction | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | |
| 21.1% | Building Construction | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | |
| 32.9% | Special Trade | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | 0.0 % | 0.0% | 0.0% | \$0 | \$0 | |
| 23.7% | Professional Services | 100.0 % | 100.0% | 0.0% | \$19,470 | \$19,470 | 100.0 % | 100.0% | 0.0% | \$27,270 | \$27,270 | |
| 26.0% | Other Services | 2.4 % | 2.4% | 0.0% | \$39,788 | \$1,656,709 | 45.8 % | 45.8% | 0.0% | \$656,825 | \$1,432,895 | |
| 21.1% | Commodities | 74.7 % | 41.0% | -33.7% | \$2,573 | \$6,281 | 46.0 % | 46.0% | 0.0% | \$112,592 | \$244,908 | |
| | Total Expenditures | | 3.7% | | \$61,831 | \$1,682,460 | | 46.7% | | \$796,687 | \$1,705,073 | |

B. Assessment of Fiscal Year 2014 - 2015 Efforts to Meet HUB Procurement Goals

Attainment:

The agency exceeded two of three, or 67% of the applicable statewide HUB procurement goals in FY 2014. The agency exceeded three of the three, or 100% applicable statewide HUB procurement goals in FY 2015.

Applicability:

The Heavy Construction, Building Construction, or Special Trades categories are not applicable to agency operations.

Factors Affecting Attainment:

SORM has been authorized by the Legislature to procure statewide insurance contracts which state agencies and universities may utilize in order to mitigate risk and save taxpayer dollars. This has presented a challenge to the agency as the Insurance industry's business practices do not readily lend themselves to subcontracting opportunities.

The purchase of an insurance policy is an intangible product, unlike purchasing a commodity or a service. Most policy services are conventionally provided internally in the insurance industry. This, coupled with the scope of exposures presented by the State of Texas, does limit the number of available markets and thus subcontracting opportunities.

SORM's Cost Containment, Director's and Officer's, Property, and Volunteer Insurance contracts are the largest that the agency awards. All were awarded to Non HUB vendors performing the work without subcontracting. There are a limited number of HUB vendors who may submit bids as Prime contractors for large insurance contracts.

6.A. Historically Underutilized Business Supporting Schedule
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Date: **8/19/2016**
Time: **2:57:51PM**

Agency Code: **479** Agency: **State Office of Risk Management**

"Good-Faith" Efforts:

The SORM attained an overall HUB percentage of 8.50% in FY 2014 and 42.76% in FY 2015. SORM's written purchasing procedures require solicitation of HUB vendors and include HUB Subcontracting Plans for purchases over \$100,000 over the term of the contract including any renewals.

In order to meet the requirements of TAC Rule §20.13 SORM developed its own HUB goals consistent with the Disparity Study findings and the agency's unique purchasing requirements.

**6.B. Current Biennium One-time Expenditure Schedule
Part 1 - Strategy Allocation 2016-17 Biennium**

| | | | | | |
|---|--|-------------------------------------|--------------------------|---------------------------|---------------------------|
| Agency Code: 479 | Agency Name: State Office of Risk Management | Prepared By: Belinda Hood | Date 08/05/16 | | |
| PROJECT ITEM: Facility Renovations | | | | | |
| ALLOCATION TO STRATEGY: 1.1.1. Manage Risk and Administer Claims | | | | | |
| Code | Strategy Allocation | Estimated 2016 | Budgeted 2017 | Requested 2018 | Requested 2019 |
| 2009 | Objects of Expense: Other Operating | 126,359 | | | |
| | Total, Objects of Expense | \$126,359 | \$0 | \$0 | \$0 |
| 777 | Method of Financing: Interagency Contracts | 126,359 | | | |
| | Total, Method of Financing | \$126,359 | \$0 | \$0 | \$0 |

Description of Item for 2016-17

| |
|---------------------------|
| Facility renovation costs |
|---------------------------|

6.B. Current Biennium Onetime Expenditure Schedule

| | | | | |
|----------------------|---|------------------------------|--------------------------|-----|
| Agency Code: 479 | Agency Name: State Office of Risk Management | Prepared By: Belinda Hood | Date: 8/5/2016 | |
| Item | 2016–17 Est/Bud | | 2018–19 Baseline Request | |
| | Amount | MOF | Amount | MOF |
| Facility Renovations | 126,359 | 777 | | |
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6.E. Estimated Revenue Collections Supporting Schedule
85th Regular Session, Agency Submission, Version 1
Automated Budget and Evaluation System of Texas (ABEST)

Agency Code: **479** Agency name: **State Office of Risk Management**

| FUND/ACCOUNT | Act 2015 | Exp 2016 | Exp 2017 | Bud 2018 | Est 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <u>777</u> Interagency Contracts | | | | | |
| Beginning Balance (Unencumbered): | \$0 | \$0 | \$0 | \$0 | \$0 |
| Estimated Revenue: | | | | | |
| 3719 Fees/Copies or Filing of Records | 654 | 1,221 | 0 | 0 | 0 |
| 3805 Subrogation Recoveries | 700,174 | 567,750 | 567,750 | 567,750 | 567,750 |
| 3947 State Office of Risk Mgmt Assessmts | 53,459,578 | 52,460,848 | 52,647,320 | 52,324,876 | 52,324,877 |
| Subtotal: Actual/Estimated Revenue | 54,160,406 | 53,029,819 | 53,215,070 | 52,892,626 | 52,892,627 |
| Total Available | \$54,160,406 | \$53,029,819 | \$53,215,070 | \$52,892,626 | \$52,892,627 |
| DEDUCTIONS: | | | | | |
| Expended/Budgeted | (48,433,187) | (50,475,621) | (51,120,508) | (50,798,064) | (50,798,065) |
| Transfer-Employee Benefits | (1,686,787) | (2,004,198) | (2,094,562) | (2,094,562) | (2,094,562) |
| UB to Next AY (COBJ 3947) | (4,040,432) | (550,000) | 0 | 0 | 0 |
| Total, Deductions | \$(54,160,406) | \$(53,029,819) | \$(53,215,070) | \$(52,892,626) | \$(52,892,627) |
| Ending Fund/Account Balance | \$0 | \$0 | \$0 | \$0 | \$0 |

REVENUE ASSUMPTIONS:

CONTACT PERSON:

Stuart B. Cargile

Agency code: **479**

Agency name: **State Office of Risk Management**

| Strategy | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| 1-1-1 Assist/Review/Monitor Agys' Risk Mgmt Prog & Provide Wrkrs' Comp Admin | | | | | |
| OBJECTS OF EXPENSE: | | | | | |
| 1001 SALARIES AND WAGES | \$485,880 | \$617,144 | \$656,262 | \$656,262 | \$656,262 |
| 1002 OTHER PERSONNEL COSTS | 26,350 | 9,560 | 9,840 | 10,780 | 10,800 |
| 2001 PROFESSIONAL FEES AND SERVICES | 58,058 | 75,469 | 83,470 | 83,470 | 83,470 |
| 2003 CONSUMABLE SUPPLIES | 970 | 1,189 | 1,172 | 1,172 | 1,172 |
| 2004 UTILITIES | 79 | 344 | 390 | 390 | 390 |
| 2005 TRAVEL | 12,445 | 16,422 | 18,000 | 18,000 | 18,000 |
| 2006 RENT - BUILDING | 31 | 31 | 30 | 30 | 30 |
| 2007 RENT - MACHINE AND OTHER | 869 | 947 | 905 | 905 | 905 |
| 2009 OTHER OPERATING EXPENSE | 85,739 | 85,836 | 67,536 | 57,380 | 57,380 |
| 5000 CAPITAL EXPENDITURES | 3,111 | 0 | 0 | 0 | 0 |
| Total, Objects of Expense | \$673,532 | \$806,942 | \$837,605 | \$828,389 | \$828,409 |
| METHOD OF FINANCING: | | | | | |
| 777 Interagency Contracts | 673,532 | 806,942 | 837,605 | 828,389 | 828,409 |
| Total, Method of Financing | \$673,532 | \$806,942 | \$837,605 | \$828,389 | \$828,409 |
| FULL-TIME-EQUIVALENT POSITIONS (FTE): | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |

DESCRIPTION

The administrative and support costs are related to the Executive Director, Deputy Executive Director, CFO, General Counsel, and Chief of Strategic Programs. The salaries, other personnel costs, and travel are the expenses for these positions and all other objects of expense are calculated on a pro-rata basis.

Agency code: **479**

Agency name: **State Office of Risk Management**

| | Exp 2015 | Est 2016 | Bud 2017 | BL 2018 | BL 2019 |
|---|------------------|------------------|------------------|------------------|------------------|
| GRAND TOTALS | | | | | |
| Objects of Expense | | | | | |
| 1001 SALARIES AND WAGES | \$485,880 | \$617,144 | \$656,262 | \$656,262 | \$656,262 |
| 1002 OTHER PERSONNEL COSTS | \$26,350 | \$9,560 | \$9,840 | \$10,780 | \$10,800 |
| 2001 PROFESSIONAL FEES AND SERVICES | \$58,058 | \$75,469 | \$83,470 | \$83,470 | \$83,470 |
| 2003 CONSUMABLE SUPPLIES | \$970 | \$1,189 | \$1,172 | \$1,172 | \$1,172 |
| 2004 UTILITIES | \$79 | \$344 | \$390 | \$390 | \$390 |
| 2005 TRAVEL | \$12,445 | \$16,422 | \$18,000 | \$18,000 | \$18,000 |
| 2006 RENT - BUILDING | \$31 | \$31 | \$30 | \$30 | \$30 |
| 2007 RENT - MACHINE AND OTHER | \$869 | \$947 | \$905 | \$905 | \$905 |
| 2009 OTHER OPERATING EXPENSE | \$85,739 | \$85,836 | \$67,536 | \$57,380 | \$57,380 |
| 5000 CAPITAL EXPENDITURES | \$3,111 | \$0 | \$0 | \$0 | \$0 |
| Total, Objects of Expense | \$673,532 | \$806,942 | \$837,605 | \$828,389 | \$828,409 |
| Method of Financing | | | | | |
| 777 Interagency Contracts | \$673,532 | \$806,942 | \$837,605 | \$828,389 | \$828,409 |
| Total, Method of Financing | \$673,532 | \$806,942 | \$837,605 | \$828,389 | \$828,409 |
| Full-Time-Equivalent Positions (FTE) | 5.0 | 5.0 | 5.0 | 5.0 | 5.0 |