

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

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Stephen Vollbrecht, State Risk Manager, Executive Director

Avery Saxe, LBB Analyst

Method of Financing	2016-17 Base	2018-19 Recommended	Biennial Change (\$)	Biennial Change (%)
General Revenue Funds	\$0	\$0	\$0	0.0%
GR Dedicated Funds	\$0	\$0	\$0	0.0%
<i>Total GR-Related Funds</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0%</i>
Federal Funds	\$0	\$0	\$0	0.0%
Other	\$101,596,129	\$101,596,129	\$0	0.0%
All Funds	\$101,596,129	\$101,596,129	\$0	0.0%

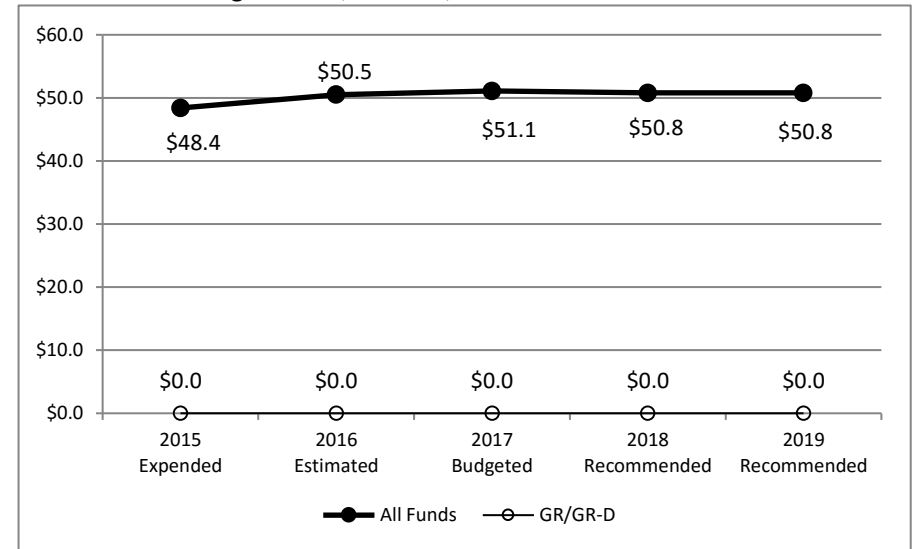
	FY 2017 Budgeted	FY 2019 Recommended	Biennial Change	Percent Change
FTEs	121.6	121.6	0.0	0.0%

Agency Budget and Policy Issues and/or Highlights

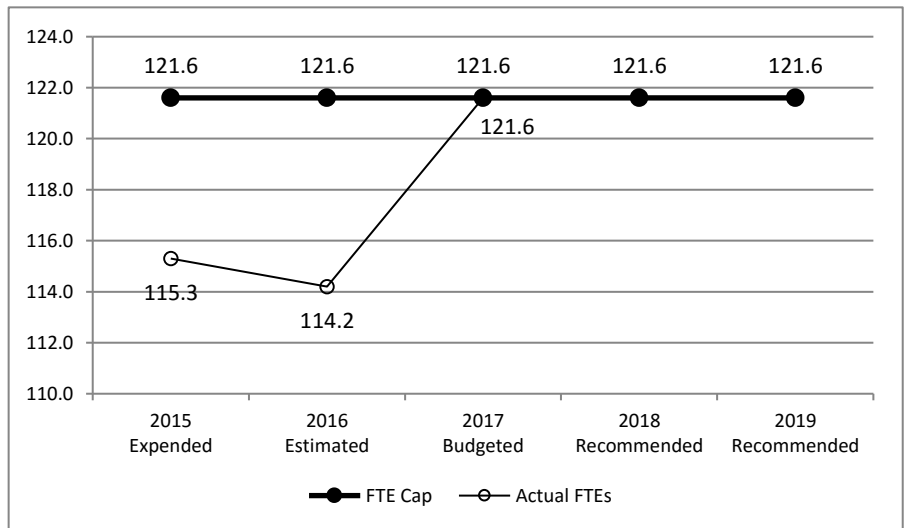
- Recommendations provide funding at the FY 2016-17 levels for state risk management and payment of worker's compensation. Recommendations include \$100,460,629 in Interagency Contracts and \$1,135,500 in Subrogation Receipts.

The bill pattern for this agency (2018-19 Recommended) represents an estimated 100% of the agency's estimated total available funds for the 2018-19 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 2018-19 Biennium compared to the 2016-17 Base Spending Level (in millions)		General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
Funding Changes and Recommendations:							
A)	None.	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	
TOTAL Funding Changes and Recommendations (in millions)		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>Funding Increases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed
<i>Funding Decreases</i>		\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	As Listed

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

1. House Bill 3750 – Study of Insurable State Assets.

- The enactment of HB 3750 required SORM to conduct a study of insurable state assets using information provided by the Legislative Budget Board to develop a statewide strategy to ensure that all real property owned by the state, including buildings, facilities, and land, is adequately insured.
- SORM presented the draft report findings to the House and Senate Select Committees on State Real Property Data Collection, Reporting and Assessment on September 28, 2016. The final report was published in December 2016 and is available on the agency's website.
- The final report estimated the reported value of state land, buildings, and building contents to be over \$80 billion and the potential exposure of uninsured and underinsured assets to be \$7.4 billion in total insurable value. However, the agency commented that a lack of complete, accurate, and centralized data reduced the valuation confidence and noted that not all of the \$7.4 billion requires risk transfer through insurance.
- The report recommended adopting a statewide property insurance program through legislative action. The agency also found that maintaining a centralized database of state real property would require multi-agency cooperation and consideration of protective measures for data posing a potential security risk.

State Office of Risk Management
Rider Highlights - House

New Riders

2. **Capital Budget.** Recommendations add new rider to provide capital budget authority totaling \$98,000 in fiscal years 2018-19 for the replacement of personal computers and laptops. Agency will fund project cost using base appropriations.

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

	2018-19 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2020-21	
	GR & GR-D	All Funds	FTEs				
Agency Exceptional Items - In Agency Priority Order							
1)	Increase in authority only to Executive Director's Salary (from \$138,102 to \$155,091) and reclassification from Group 3 to 4.	\$0	\$0	0.0	No	No	\$0
TOTAL Items Not Included in Recommendations		\$0	\$0	0.0			\$0

**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 - House, by Strategy -- ALL FUNDS**

Strategy/Goal	2016-17 Base	2018-19 Recommended	Biennial Change	% Change	Comments
ENTERPRISE RISK MGMT/CLAIMS ADMIN A.1.1	\$22,009,799	\$22,009,799	\$0	0.0%	Recommendations include \$1,221 decrease in Appropriated Receipts, offset by \$1,221 increase in Interagency Contracts. FY 2016-17 Appropriated Receipts include copy fees in response to open records requests, which are not a reliable revenue source due to annual variation.
Total, Goal A, MANAGE RISK AND ADMINISTER CLAIMS	\$22,009,799	\$22,009,799	\$0	0.0%	
WORKERS' COMPENSATION PAYMENTS B.1.1	\$79,586,330	\$79,586,330	\$0	0.0%	
Total, Goal B, WORKERS' COMPENSATION PAYMENTS	\$79,586,330	\$79,586,330	\$0	0.0%	
Grand Total, All Strategies	\$101,596,129	\$101,596,129	\$0	0.0%	

**State Office of Risk Management
FTE Highlights - House**

Full-Time-Equivalent Positions	Expended 2015	Estimated 2016	Budgeted 2017	Recommended 2018	Recommended 2019
Cap	121.6	121.6	121.6	121.6	121.6
Actual/Budgeted	115.3	114.2	121.6	NA	NA

Schedule of Exempt Positions (Cap)

Executive Director, Group 3	\$107,656	\$138,102	\$138,102	\$138,102	\$138,102
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Notes:

a) Fiscal years 2015 and 2016 actual FTE figures are less than FTE cap limits primarily due to staff turnover, particularly in Claims Operations. The agency anticipates full staffing in FY 2017.

b) The State Auditor's Office Report, *Executive Compensation at State Agencies* (Report No.16-706, August 2016), indicates a market average salary of \$155,091 for the Executive Director position at the State Office of Risk Management and recommends changing the Group classification for the position from Group 3 to Group 4. The agency requests a reclassification from Group 3 to Group 4 and an increase in salary cap authority to \$155,091. Recommendations do not include changes to Group classification or salary cap.