

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

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Stephen Vollbrecht, Executive Director

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Method of Financing	2024-25 Base	2026-27 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	\$106,958,324	\$116,451,119	\$9,492,795	8.9%
All Funds	\$106,958,324	\$116,451,119	\$9,492,795	8.9%

	FY 2025 Budgeted	FY 2027 Recommended	Biennial Change	Percent Change
FTEs	131.6	131.6	0.0	0.0%

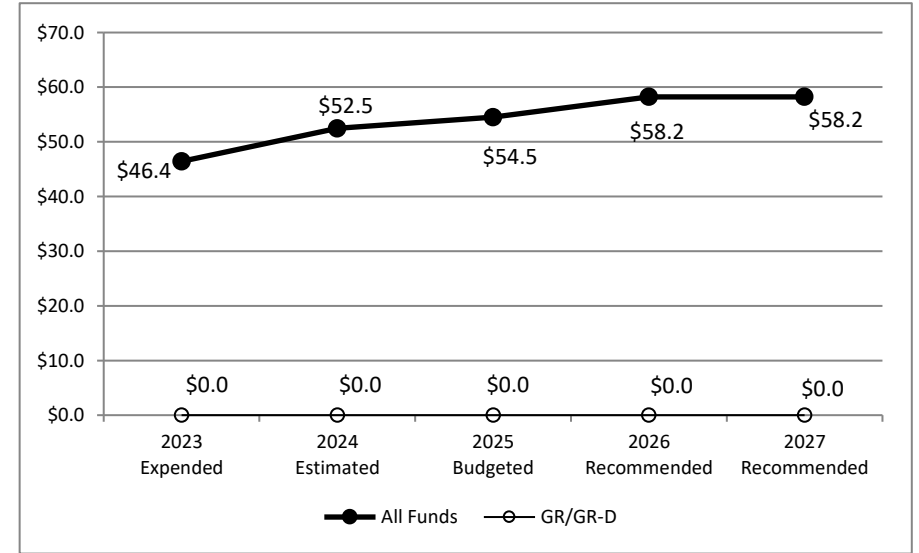
Agency Budget and Policy Issues and/or Highlights

The State Office of Risk Management (SORM) provides risk management planning services, insurance, purchase and review, and continuity of operations planning services to state agencies.

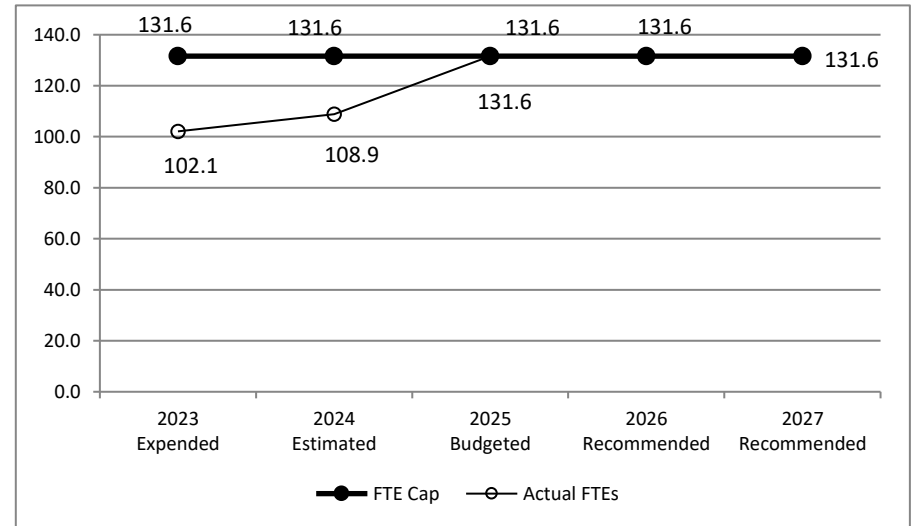
The agency's funding is comprised of interagency contracts received through its allocation program and subrogation receipts. The agency does not receive General Revenue, General Revenue-Dedicated, or Federal Funds.

The bill pattern for this agency (2026-27 Recommended) represents an estimated 100.0% of the agency's estimated total available funds for the 2026-27 biennium.

Historical Funding Levels (Millions)



Historical Full-Time-Equivalent Employees (FTEs)



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

Funding Changes and Recommendations for the 2026-27 Biennium compared to the 2024-25 Base Spending Level (in millions)	General Revenue	GR-Dedicated	Federal Funds	Other Funds	All Funds	Strategy in Appendix A
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SIGNIFICANT Funding Changes and Recommendations (each issue is explained in Section 3 and additional details are provided in Appendix A):

A)	Increase of \$9,231,364 in Interagency Contracts for increased projected indemnity payments due to statewide salary increases, medical costs as projected by the Medicare Fee Guidelines, and board approved increases for actual claims made in the 2024-25 biennium; offset by a reduction of \$200 in Appropriated Receipts.	\$0.0	\$0.0	\$0.0	\$9.2	\$9.2	B.1.1
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OTHER Funding Changes and Recommendations (these issues are not addressed in Section 3 but details are provided in Appendix A):

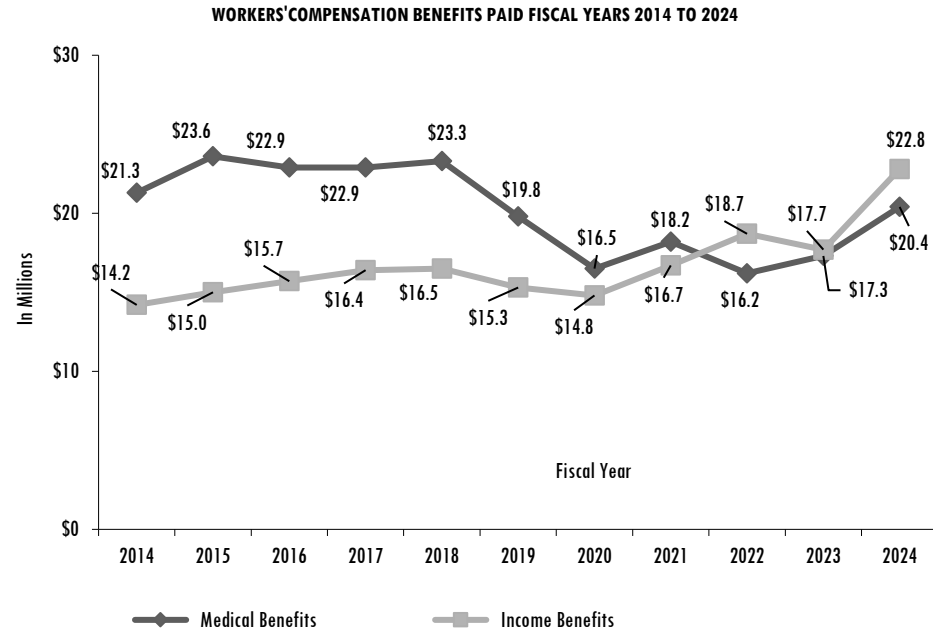
B)	Increase of \$420,453 in Interagency Contracts due to statewide salary adjustments included in the 2024-25 appropriations.	\$0.0	\$0.0	\$0.0	\$0.4	\$0.4	A.1.1
C)	Increase of \$526,650 in Interagency Contracts for increased costs for administrative support through the Office of the Attorney General and \$15,742 in Interagency Contracts for other operating costs.	\$0.0	\$0.0	\$0.0	\$0.5	\$0.5	A.1.1
D)	Decrease of \$701,214 in Interagency Contracts due to the full collection of funds to be used for a DCS capital project during the 2024-25 biennium.	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	A.1.1

TOTAL SIGNIFICANT & OTHER Funding Changes and Recommendations (in millions)	\$0.0	\$0.0	\$0.0	\$9.5	\$9.5	As Listed
<i>SIGNIFICANT & OTHER Funding Increases</i>	\$0.0	\$0.0	\$0.0	\$10.2	\$10.2	As Listed
<i>SIGNIFICANT & OTHER Funding Decreases</i>	\$0.0	\$0.0	\$0.0	(\$0.7)	(\$0.7)	As Listed

NOTE: Totals may not sum due to rounding.

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

- Workers' Compensation Claims.** The State Office of Risk Management administers the workers' compensation program for the state which covers all state employees except those statutorily exempt at the University of Texas System, the Texas A&M University System, the Employees Retirement System of Texas, the Teacher Retirement System of Texas, and the Texas Department of Transportation. The graph provided indicates the workers' compensation benefits paid from fiscal years 2014 to fiscal year 2024. Increases in income benefits for 2024 are related to the statewide salary adjustments. Additionally, the recent growth in medical benefits is related to increases in medical costs.



- Increases for Workers' Compensation Payments.** The agency has requested an increase to their biennial baseline appropriation of \$9,231,364 in interagency contract funds to address increases in Workers' Compensation payments. Of this amount, the agency projects \$4,500,000 in additional indemnity payments due to statewide salary increases and \$1,840,000 due to the Medicare Fee Guidelines projecting a 4.6 percent increase in medical costs over the next biennium. Additionally, the increase includes \$2,891,364 for board approved increases based on actual claims made in the 2024-25 biennium. The Workers' Compensation appropriation is estimated and non-transferrable. Increases in Interagency Contracts are offset by a decrease of \$200 in Appropriated Receipts not anticipated to continue into the 2026-27 biennium.

**State Office of Risk Management
Rider Highlights - Senate**

Modification of Existing Riders.

7. **Cost Containment.** Rider revised to specify that the agency must submit the Cost Containment report within 45 calendar days after the close of each fiscal year.

New Riders

9. **Unexpended and Unobligated Balances for Server Migration.** Recommendations include a new rider that would grant authority to carry forward unexpended balances of all interagency contracts received by the agency during the 2024-25 biennium for the purpose of acquiring Data Center/Shared Technology Services provided through the Department of Information Resources into the 2026-27 biennium. Rider 3, Unexpended Balances Between Biennia, and Rider 5, Unexpended Balances within the Biennium, of SORM's bill pattern require any unexpended balances to be applied toward assessments charged to agencies in the following year. The rider would ensure that unexpended balances remain available for the implementation of the Data Center Services – Server Migration project identified in the capital budget without increasing assessments charged to agencies in later years.

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

	2026-27 Biennial Total			Information Technology Involved?	Contracting Involved?	Estimated Continued Cost 2028-29
	GR & GR-D	All Funds	FTEs			

Agency Exceptional Items Not Included (in agency priority order)

1)	<p>Training and Education. Request for a new budgetary line item (new strategy) to support operating costs and the collection of fees related to education and training. Funding in the strategy would be an unknown amount of appropriated receipts from fees charged for hosting events.</p>	\$0	\$0	0.0	No	No	\$0
2)	<p>Risk Management Information System. Request for interagency contract funding to integrate additional functionality onto the cloud-based Risk Management Information System (RMIS), including enterprise risk management, insurance purchasing, continuity of operations planning (COOP), and current and future operational systems.</p>	\$0	\$1,194,904	0.0	Yes	Yes	\$1,230,751
3)	<p>Increase in authority to compensate the Executive Director. Request for authority to increase the Executive Director salary to the maximum authorized salary for Group 4 of \$171,688. This would be a \$12,114 increase per year in interagency contract funding from the current 2025 salary of \$159,574.</p>	\$0	\$24,228	0.0	No	No	\$24,228
4)	<p>Air Ambulance Disputes. Request for interagency contract funding to resolve SORM's obligation for medical fee disputes related to air ambulance services provided to state employees. A final decision on amounts each carrier should pay is expected during the 2026-27 biennium.</p>	\$0	\$2,865,693	0.0	No	No	\$0

TOTAL Items Not Included in Recommendations	\$0	\$4,084,825	0.0			\$1,254,979
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**State Office of Risk Management
Appendices - Senate**

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* Appendix is not included - no significant information to report

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

Strategy/Goal	2024-25 Base	2026-27 Recommended	Biennial Change	% Change	Comments
ENTERPRISE RISK MGMT/CLAIMS ADMIN A.1.1	\$24,849,488	\$25,111,119	\$261,631	1.1%	Increase of \$420,453 in Interagency Contracts to biennialize statewide salary increases included in 2024-25 appropriations, \$526,650 due to increased costs of administrative support from the Office of the Attorney General, and \$15,742 for professional fees and services, other personnel costs, and travel/office expenses, offset by a decrease of \$701,214 due to a Data Center/Shared Technology Services capital budget project funding being collected in the 2024-25 biennium, and being spent down over the next 4 years.
Total, Goal A, MANAGE RISK AND ADMINISTER CLAIMS	\$24,849,488	\$25,111,119	\$261,631	1.1%	
WORKERS' COMPENSATION PAYMENTS B.1.1	\$82,108,836	\$91,340,000	\$9,231,164	11.2%	Increase of \$4,500,000 in Interagency Contracts for increased indemnity payments due to statewide salary increases, \$1,840,000 due to Medicare Fee Guidelines projecting a 4.6 percent increase in medical costs, and \$2,891,364 due to board approved increased for actual claims made in the 2024-25 biennium, offset by a \$200 reduction in Appropriated Receipts.
Total, Goal B, WORKERS' COMPENSATION PAYMENTS	\$82,108,836	\$91,340,000	\$9,231,164	11.2%	
Grand Total, All Strategies	\$106,958,324	\$116,451,119	\$9,492,795	8.9%	

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

Full-Time-Equivalent Positions	Expended 2023	Actual 2024	Budgeted 2025	Recommended 2026	Recommended 2027
Cap	131.6	131.6	131.6	131.6	131.6
Actual/Budgeted	102.1	108.9	131.6	NA	NA

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

Notes:

a) The State Auditor's Office Report, Executive Compensation at State Agencies (Report 25-702, October 2024), indicates a market average salary of \$166,887 for the executive director position at the State Office of Risk Management. The report recommends a change to the salary classification from Group 4 to Group 5. The agency is requesting to increase the salary cap for the Executive Director position from \$159,574 to \$171,688. The agency is not requesting a change to the salary classification.

b) For fiscal years 2023 and 2024, the agency expended FTEs less than their cap due to high turnover.