

Operating Budget for Fiscal Year 2018

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

by

The State Office of Risk Management



December 1, 2017



CERTIFICATE

Agency Name State Office of Risk Management

This is to certify that the information contained in the agency operating budget filed with the Legislative Budget Board (LBB) and the Governor's Office of Budget, Planning and Policy (GOBPP) 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 GOBPP will be notified in writing in accordance with Senate Bill 1, Article IX, Section 7.01, Eighty-fifth Legislature, Regular Session, 2017.

Chief Executive Office 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

December 1, 2017
Date

Board or Commission Chair

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

Signature

Lloyd M. Garland M.D.
Printed Name

Board Chair
Title

December 1, 2017
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

December 1, 2017
Date

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Agency Name: (479) STATE OFFICE OF RISK MANAGEMENT

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Budget Overview
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

479 State Office of Risk Management
Appropriation Years: 2018-19

		GENERAL REVENUE FUNDS				OTHER FUNDS		ALL FUNDS	
		2017	2018	2017	2018	2017	2018	2017	2018
Goal: 1. Manage Claim Costs and									
Protect State Assets									
1.1.1. Enterprise Risk Mgmt/Claims Admin						9,859,446	11,005,154	9,859,446	11,005,154
Total, Goal						9,859,446	11,005,154	9,859,446	11,005,154
Goal: 2. Workers' Compensation									
Payments: Estimated and									
Nontransferable									
2.1.1. Workers' Compensation Payments						39,338,892	41,567,750	39,338,892	41,567,750
Total, Goal						39,338,892	41,567,750	39,338,892	41,567,750
Total, Agency						49,198,338	52,572,904	49,198,338	52,572,904
Total FTEs								110.0	118.5

2.A. Summary of Budget By Strategy

DATE : 12/1/2017

TIME : 1:48:10PM

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

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

Goal/Objective/STRATEGY	EXP 2016	EXP 2017	BUD 2018
1 Manage Claim Costs and Protect State Assets			
1 <i>Risk Management and Claims Administration</i>			
1 ENTERPRISE RISK MGMT/CLAIMS ADMIN	\$9,455,541	\$9,859,446	\$11,005,154
TOTAL, GOAL 1	\$9,455,541	\$9,859,446	\$11,005,154
2 Workers' Compensation Payments: Estimated and Nontransferable			
1 <i>Workers' Compensation Payments: Estimated and Nontransferable</i>			
1 WORKERS' COMPENSATION PAYMENTS	\$38,641,649	\$39,338,892	\$41,567,750
TOTAL, GOAL 2	\$38,641,649	\$39,338,892	\$41,567,750

2.A. Summary of Budget By Strategy

DATE : 12/1/2017

TIME : 1:48:10PM

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

Agency code: 479

Agency name: State Office of Risk Management

Goal/Objective/STRATEGY	EXP 2016	EXP 2017	BUD 2018
General Revenue Funds:			
1 General Revenue Fund	\$0	\$0	\$0
	\$0	\$0	\$0
Other Funds:			
666 Appropriated Receipts	\$1,346	\$1,177	\$255
777 Interagency Contracts	\$47,461,477	\$48,563,888	\$52,004,899
8052 Subrogation Receipts	\$634,367	\$633,273	\$567,750
	\$48,097,190	\$49,198,338	\$52,572,904
TOTAL, METHOD OF FINANCING	\$48,097,190	\$49,198,338	\$52,572,904
FULL TIME EQUIVALENT POSITIONS	114.2	110.0	118.5

2.B. Summary of Budget By Method of Finance
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **12/1/2017**
TIME: **1:49:08PM**

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

METHOD OF FINANCING		Exp 2016	Exp 2017	Bud 2018
<u>OTHER FUNDS</u>				
<u>666</u>	Appropriated Receipts			
	<i>REGULAR APPROPRIATIONS</i>			
	H.B. 1, 84th Leg., R.S. Art IX, Sec 8.02 Page IX-43 (2016-17 GAA)			
		\$1,346	\$1,177	\$0
	S.B. 1, 85th Leg., R.S. Art IX, Sec 8.02 (2018-19 GAA)			
		\$0	\$0	\$255
TOTAL,	Appropriated Receipts			
		\$1,346	\$1,177	\$255
<u>777</u>	Interagency Contracts			
	<i>REGULAR APPROPRIATIONS</i>			
	H.B. 1, 84th Leg., R.S. Art I, Page I-84 (2016-17 GAA)			
		\$11,068,657	\$11,123,201	\$0
	Comments: Manage Risk & Administer Claims (Goal A)			
	H.B. 1, 84th Leg., R.S. Art I, Page I-84 (2016-17 GAA)			
		\$39,300,853	\$39,300,853	\$0
	Comments: Workers' Compensation Payments (Goal B)			
	S.B. 1, 85th Leg., R.S. Art I,(2018-19 GAA)			
		\$0	\$0	\$11,004,899
	Comments: Enterprise Risk Mgmt/Claims Admin (Goal A)			
	S.B. 1, 85th Leg., R.S. Art I,(2018-19 GAA)			
		\$0	\$0	\$39,225,415
	Comments: Workers' Compensation Payments (Goal B)			
	<i>RIDER APPROPRIATION</i>			
	S.B. 1, 85th Leg., R.S., Art IX, Sec 15.02, Para C,(2018-19 GAA)			
		\$0	\$0	\$1,774,585
	Comments: Workers' Compensation Payments (Goal B)			
	<i>TRANSFERS</i>			

2.B. Summary of Budget By Method of Finance
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **12/1/2017**
TIME: **1:49:08PM**

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

METHOD OF FINANCING	Exp 2016	Exp 2017	Bud 2018
HB 1, 84th Leg., R.S. Art IX, Sec 18.02, 2.5% salary increase Comments: Manage Risk & Administer Claims (Goal A)	\$138,196	\$115,196	\$0
<i>LAPSED APPROPRIATIONS</i>			
Lapsed Appropriation-Authority Only (2016-17 GAA) Comments: Manage Risk & Administer Claims (Goal A)	\$(1,207,615)	\$0	\$0
Lapsed Appropriation-Authority Only (2016-17 GAA) Comments: Workers' Compensation Payments (Goal B)	\$(2,742,753)	\$(1,978,867)	\$0
Lapsed Appropriation-Authority Only (2016-17 GAA) Comments: Enterprise Risk Mgmt/Claims Admin (Goal A)	\$0	\$(2,732,923)	\$0
Savings Due to Hiring Freeze Comments: Enterprise Risk Mgmt/Claims Admin (Goal A)	\$0	\$(397,859)	\$0
<i>UNEXPENDED BALANCES AUTHORITY</i>			
H.B. 1, 84th Leg., R.S., Art I,Rider 2, Page I-85 (2016-17 GAA) Comments: Manage Risk & Administer Claims (Goal A)	\$1,205,611	\$0	\$0
H.B. 1 84th Leg., R.S. Art IX, Sec 15.02, Para H,(2016-17 GAA) Comments: Workers' Compensation Payments (Goal B)	\$2,832,816	\$0	\$0
H.B. 1, 84th Leg., R.S., Rider 4, Page I-85 (2016-17 GAA) Comments: Manage Risk & Administer Claims (Goal A)	\$(1,750,654)	\$1,750,654	\$0
H.B. 1 84th Leg., R.S. Art IX, Sec 15.02, Para H,(2016-17 GAA) Comments: Workers' Compensation Payments (Goal B)	\$(1,383,634)	\$1,383,633	\$0

2.B. Summary of Budget By Method of Finance
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **12/1/2017**
TIME: **1:49:08PM**

Agency code: 479		Agency name: State Office of Risk Management		
METHOD OF FINANCING		Exp 2016	Exp 2017	Bud 2018
TOTAL,	Interagency Contracts	\$47,461,477	\$48,563,888	\$52,004,899
8052	Subrogation Receipts			
	<i>REGULAR APPROPRIATIONS</i>			
	H.B. 1, 84th Leg., R.S. Art I, Page I-83 (2016-17 GAA)	\$567,750	\$567,750	\$0
	Comments: Workers' Compensation Payments (Goal B)			
	S.B. 1, 85th Leg., R.S., Art I, (2018-19 GAA)	\$0	\$0	\$567,750
	Comments: Workers' Compensation Payments (Goal B)			
	<i>RIDER APPROPRIATION</i>			
	H.B. 1, 84th Leg., R.S. Art IX, Sec 15.02 (g) Pg IX-71 (2016-17 GAA)	\$66,617	\$65,523	\$0
	Comments: Workers' Compensation Payments (Goal B)			
TOTAL,	Subrogation Receipts	\$634,367	\$633,273	\$567,750
TOTAL, ALL	OTHER FUNDS	\$48,097,190	\$49,198,338	\$52,572,904
GRAND TOTAL		\$48,097,190	\$49,198,338	\$52,572,904

2.B. Summary of Budget By Method of Finance
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **12/1/2017**
TIME: **1:49:08PM**

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

METHOD OF FINANCING	Exp 2016	Exp 2017	Bud 2018
FULL-TIME-EQUIVALENT POSITIONS			
REGULAR APPROPRIATIONS			
HB.1,84th Leg.,R.S. Art I,(2016-17GAA)	121.6	121.6	0.0
SB.1,85th Leg.,R.S.,Art I (2018-19 GAA)	0.0	0.0	121.6
UNAUTHORIZED NUMBER OVER (BELOW) CAP			
HB.1,84th Leg.,R.S.Art I(2016-17 GAA)	(7.4)	(4.4)	0.0
Savings Due to Hiring Freeze	0.0	(7.2)	0.0
SB.1,85th Leg.,R.S.,Art I (2018-19 GAA)	0.0	0.0	(3.1)
TOTAL, ADJUSTED FTES	114.2	110.0	118.5

NUMBER OF 100% FEDERALLY FUNDED FTES

2.C. Summary of Budget By Object of Expense
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 12/1/2017
TIME: 1:50:06PM

Agency code: 479

Agency name: State Office of Risk Management

OBJECT OF EXPENSE		EXP 2016	EXP 2017	BUD 2018
1001	SALARIES AND WAGES	\$6,090,089	\$6,270,301	\$6,773,454
1002	OTHER PERSONNEL COSTS	\$183,752	\$402,032	\$450,000
2001	PROFESSIONAL FEES AND SERVICES	\$1,254,833	\$1,316,275	\$1,767,645
2003	CONSUMABLE SUPPLIES	\$24,109	\$26,030	\$28,500
2004	UTILITIES	\$17,445	\$6,175	\$9,500
2005	TRAVEL	\$164,630	\$169,116	\$190,000
2006	RENT - BUILDING	\$720	\$720	\$720
2007	RENT - MACHINE AND OTHER	\$21,506	\$21,496	\$22,000
2009	OTHER OPERATING EXPENSE	\$40,340,106	\$40,986,193	\$43,282,085
5000	CAPITAL EXPENDITURES	\$0	\$0	\$49,000
Agency Total		\$48,097,190	\$49,198,338	\$52,572,904

2.D. Summary of Budget By Objective Outcomes
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation system of Texas (ABEST)

Date : 12/1/2017
Time: 1:50:58PM

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

Goal/ Objective / OUTCOME		Exp 2016	Exp 2017	Bud2018
1	Manage Claim Costs and Protect State Assets			
	<i>1 Risk Management and Claims Administration</i>			
KEY	1 Incident Rate of Injuries & Illnesses/100 Covered FT State Employees	3.38 %	3.39 %	3.60 %
KEY	2 Cost of Workers' Compensation Per Covered State Employee	236.61	239.29	252.00
KEY	3 Cost of Workers' Compensation Coverage Per \$100 State Payroll	0.55	0.55	0.63

3.A. Strategy Level Detail

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 12/1/2017
TIME: 1:51:44PM

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

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

Service Categories:

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

CODE	DESCRIPTION	EXP 2016	EXP 2017	BUD 2018
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Output Measures:

KEY 1	Number of Written Risk Management Program Reviews Conducted	29.00	29.00	29.00
KEY 2	Number of On-site Consultations Conducted	277.00	269.00	229.00
	3 Number of Risk Management Training Sessions Conducted	259.00	181.00	200.00
	4 Number of Initial Eligibility Determinations Made	7,499.00	7,656.00	7,656.00
KEY 5	Number of Medical Bills Processed	86,441.00	87,578.00	90,000.00
KEY 6	Number of Indemnity Bills Paid	27,582.00	27,165.00	27,650.00

Efficiency Measures:

1	Cost Per Hour of Direct Risk Management Service Provided	99.63	111.95	105.00
KEY 2	Average Cost to Administer Claim	583.66	593.82	668.00

Explanatory/Input Measures:

1	Percentage of Total Assessments Collected Used for Claim Payments	98.45 %	94.79 %	99.00 %
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Objects of Expense:

1001	SALARIES AND WAGES	\$6,090,089	\$6,270,301	\$6,773,454
1002	OTHER PERSONNEL COSTS	\$183,752	\$402,032	\$450,000
2001	PROFESSIONAL FEES AND SERVICES	\$1,254,833	\$1,316,275	\$1,767,645
2003	CONSUMABLE SUPPLIES	\$24,109	\$26,030	\$28,500
2004	UTILITIES	\$17,445	\$6,175	\$9,500
2005	TRAVEL	\$164,630	\$169,116	\$190,000
2006	RENT - BUILDING	\$720	\$720	\$720
2007	RENT - MACHINE AND OTHER	\$21,506	\$21,496	\$22,000
2009	OTHER OPERATING EXPENSE	\$1,698,457	\$1,647,301	\$1,714,335
5000	CAPITAL EXPENDITURES	\$0	\$0	\$49,000
TOTAL, OBJECT OF EXPENSE		\$9,455,541	\$9,859,446	\$11,005,154

3.A. Strategy Level Detail

DATE: 12/1/2017

TIME: 1:51:44PM

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)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

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

Service Categories:

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

CODE	DESCRIPTION	EXP 2016	EXP 2017	BUD 2018
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Method of Financing:

1	General Revenue Fund	\$0	\$0	\$0
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SUBTOTAL, MOF (GENERAL REVENUE FUNDS)		\$0	\$0	\$0
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Method of Financing:

666	Appropriated Receipts	\$1,346	\$1,177	\$255
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777	Interagency Contracts	\$9,454,195	\$9,858,269	\$11,004,899
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SUBTOTAL, MOF (OTHER FUNDS)		\$9,455,541	\$9,859,446	\$11,005,154
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TOTAL, METHOD OF FINANCE :		\$9,455,541	\$9,859,446	\$11,005,154
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FULL TIME EQUIVALENT POSITIONS:		114.2	110.0	118.5
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3.A. Strategy Level Detail

DATE: 12/1/2017

TIME: 1:51:44PM

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

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

GOAL: 2 Workers' Compensation Payments: Estimated and Nontransferable

OBJECTIVE: 1 Workers' Compensation Payments: Estimated and Nontransferable

STRATEGY: 1 Workers' Compensation Payments: Estimated and Nontransferable

Service Categories:

Service: 06 Income: A.2 Age: B.3

CODE	DESCRIPTION	EXP 2016	EXP 2017	BUD 2018
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Objects of Expense:

2009 OTHER OPERATING EXPENSE	\$38,641,649	\$39,338,892	\$41,567,750
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TOTAL, OBJECT OF EXPENSE	\$38,641,649	\$39,338,892	\$41,567,750
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Method of Financing:

777 Interagency Contracts	\$38,007,282	\$38,705,619	\$41,000,000
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8052 Subrogation Receipts	\$634,367	\$633,273	\$567,750
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SUBTOTAL, MOF (OTHER FUNDS)	\$38,641,649	\$39,338,892	\$41,567,750
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TOTAL, METHOD OF FINANCE :	\$38,641,649	\$39,338,892	\$41,567,750
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FULL TIME EQUIVALENT POSITIONS:

3.A. Strategy Level Detail

DATE: 12/1/2017

TIME: 1:51:44PM

85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

SUMMARY TOTALS:

OBJECTS OF EXPENSE:	\$48,097,190	\$49,198,338	\$52,572,904
METHODS OF FINANCE :	\$48,097,190	\$49,198,338	\$52,572,904
FULL TIME EQUIVALENT POSITIONS:	114.2	110.0	118.5

Agency code: 479

Agency name: State Office of Risk Management

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

EXP 2016

EXP 2017

BUD 2018

5005 Acquisition of Information Resource Technologies

1/1 PC Replacement

OBJECTS OF EXPENSE

Capital

5000 CAPITAL EXPENDITURES

\$0

\$0

\$49,000

Capital Subtotal OOE, Project 1

\$0

\$0

\$49,000

Subtotal OOE, Project 1

\$0

\$0

\$49,000

TYPE OF FINANCING

Capital

CA 777 Interagency Contracts

\$0

\$0

\$49,000

Capital Subtotal TOF, Project 1

\$0

\$0

\$49,000

Subtotal TOF, Project 1

\$0

\$0

\$49,000

Capital Subtotal, Category 5005

\$0

\$0

\$49,000

Informational Subtotal, Category 5005

Total, Category 5005

\$0

\$0

\$49,000

AGENCY TOTAL -CAPITAL

\$0

\$0

\$49,000

AGENCY TOTAL -INFORMATIONAL

AGENCY TOTAL

\$0

\$0

\$49,000

METHOD OF FINANCING:

Capital

777 Interagency Contracts

\$0

\$0

\$49,000

Total, Method of Financing-Capital

\$0

\$0

\$49,000

Total, Method of Financing

\$0

\$0

\$49,000

Agency code: 479

Agency name: State Office of Risk Management

Category Code / Category Name

Project Sequence/Project Id/ Name

OOE / TOF / MOF CODE

EXP 2016

EXP 2017

BUD 2018

TYPE OF FINANCING:

Capital

CA CURRENT APPROPRIATIONS

\$0

\$0

\$49,000

Total, Type of Financing-Capital

\$0

\$0

\$49,000

Total,Type of Financing

\$0

\$0

\$49,000

Capital Budget Allocation to Strategies
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: **12/1/2017**
TIME: **1:53:28PM**

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

Category Code/Name

Project Sequence/Project Id/Name

Goal/Obj/Str		Strategy Name	EXP 2016	EXP 2017	BUD 2018
5005 Acquisition of Information Resource Technologies					
<i>1/1</i>		<i>PC Replacement</i>			
Capital	1-1-1	ENTERPRISE RISK MGMT/CLAIMS ADMIN	0	0	\$49,000
		TOTAL, PROJECT	\$0	\$0	\$49,000
		TOTAL CAPITAL, ALL PROJECTS	\$0	\$0	\$49,000
		TOTAL INFORMATIONAL, ALL PROJECTS			
		TOTAL, ALL PROJECTS	\$0	\$0	\$49,000

4.D. Estimated Revenue Collections Supporting Schedule
85th Regular Session, Fiscal Year 2018 Operating Budget
Automated Budget and Evaluation System of Texas (ABEST)

DATE: 12/1/2017
TIME: 1:54:05PM

Agency Code: **479**

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

FUND/ACCOUNT		Exp 2016	Exp 2017	Bud 2018
<u>777</u>	Interagency Contracts			
	Beginning Balance (Unencumbered):	\$0	\$0	\$0
	Estimated Revenue:			
3719	Fees/Copies or Filing of Records	1,346	1,177	255
3805	Subrogation Recoveries	634,367	633,273	567,750
3947	State Office of Risk Mgmt Assessmts	52,484,395	54,881,839	54,269,626
	Subtotal: Estimated Revenue	53,120,108	55,516,289	54,837,631
	Total Available	\$53,120,108	\$55,516,289	\$54,837,631
DEDUCTIONS:				
	Expended/Budgeted	(48,097,190)	(49,198,338)	(52,572,904)
	Transfer-Employee Benefits	(1,888,630)	(1,961,991)	(2,264,727)
	UB to Next AY	(3,134,288)	(4,355,960)	0
	Total, Deductions	\$(53,120,108)	\$(55,516,289)	\$(54,837,631)
Ending Fund/Account Balance		\$0	\$0	\$0

REVENUE ASSUMPTIONS:

CONTACT PERSON:

Stuart B Cargile, CFO