Arizona Department of Administration
Risk Management

JLBC: Paul Shannon
OSPB: Theresa Garcia *Subcommittee:* Assets

DESCRIPTION	FY 2002 ACTUAL	FY 2003 ESTIMATE	FY 2004 OSPB	FY 2004 JLBC
OPERATING BUDGET				
Full Time Equivalent Positions	96.0.	96.0	96.0	96.0
Personal Services	3,353,400	3,558,300	3,617,200	3,610,100
Employee Related Expenditures	743,600	894,100	887,000	886,200
Professional and Outside Services	90,000	212,400	244,800	246,400
Travel - In State	50,200	53,800	53,800	53,800
Travel - Out of State	800	13,400	13,400	13,400
Other Operating Expenditures	1,989,300	2,614,900	2,920,600	1,842,600
Equipment	672,700	195,600	53,600	53,600
OPERATING SUBTOTAL	6,900,000	7,542,500	7,790,400	6,706,100
SPECIAL LINE ITEMS				
Risk Management Losses, Premiums and Related Expenditures SLI	37,838,300	45,658,400	55,873,200	55,873,200
Workers' Compensation Losses, Premiums and Related Expenditures SLI	18,503,800	23,651,000	25,183,700	25,183,800
Attorney General Defense SLI	6,605,900	7,295,600	6,134,700	7,322,700
Insurance Premiums SLI	6,539,300	0	0	0
PROGRAM TOTAL	**76,387,300**	**84,147,500**	**94,982,000**	**95,085,800**
FUND SOURCES				
Other Appropriated Funds				
Risk Management Fund	76,387,300	84,147,500	94,982,000	95,085,800
SUBTOTAL - Other Appropriated Funds	76,387,300	84,147,500	94,982,000	95,085,800
SUBTOTAL - Appropriated Funds	**76,387,300**	**84,147,500**	**94,982,000**	**95,085,800**
TOTAL - ALL SOURCES	76,387,300	84,147,500	94,982,000	95,085,800

CHANGE IN FUNDING SUMMARY

	FY 2003 to FY 2004 JLBC $ Change	FY 2003 to FY 2004 JLBC % Change
Other Appropriated Funds	10,938,300	13.0%

COST CENTER DESCRIPTION — *The Risk Management section acts as the state's insurance agent, which includes making property loss and liability payments, as well as developing and administering loss control programs. With the exception of certain limited areas of coverage, the state is self-insured, paying for its own losses and liabilities. Costs of claims are paid by the Risk Management Fund.*

PERFORMANCE MEASURES	FY 2002 Appropriation	FY 2002 Actual	FY 2003 Appropriation	FY 2004 Recommend.
• Number of settlements and judgments of greater than $150,000	25	12	25	15
• Number of liability claims opened	4,200	3,533	4,200	3,800
• Cost of risk per capita	14.3	15.3	14.3	--
• Workers' Compensation incidence rates/100 FTE Positions	6.0	5.44	6.0	5.4
• % of Workers' Compensation claims reported within 48 hours	75	72	75	75

RECOMMENDED CHANGES FROM FY 2003

		FY 2004
Standard Changes	**OF**	**$138,700**

Risk Management Losses OF 10,220,100
The JLBC recommends a Risk Management Fund increase in the Risk Management Losses, Premiums and Related Expenditures SLI for actuarially estimated increases in property and liability claims, increased insurance premiums, increased premium taxes and increased costs associated with pre-employment exams. Of the increase, $6,761,100 will be for increased re-insurance premiums.

Workers' Compensation Losses OF 1,089,800
The JLBC recommends a Risk Management Fund increase in the Workers' Compensation Losses, Premiums and Related Expenditures SLI for actuarially estimated decreases in Workers' Compensation claims.

RMIS Continuing Charges OF (537,900)
The JLBC recommends a Risk Management Fund decrease for the Risk Management Information System (RMIS). The decrease is the net of the elimination of development costs and data center charges and increases for licensing charges and consulting costs associated with the ongoing operation of the system.

Technical Corrections OF (25,600)
The JLBC recommends a Risk Management Fund decrease for technical adjustments between 3 lines of the Risk Management budget to more accurately reflect salary adjustments legislated in the 2002 regular session. The changes consist of an increase of $444,300 in the Workers' Compensation Losses, Premiums and Related Expenditures SLI, a decrease of $(385,900) in the Risk Management operating budget, and a decrease of $(84,000) in the Attorney General Defense SLI.

Legal Services Cost Allocation OF 53,200
The JLBC recommends a Risk Management Fund increase to cover higher Attorney General legal services due to the cost allocation of the Attorney General's Risk Management Charge to client agencies.

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JLBC RECOMMENDED FORMAT — Detailed Line Item by Fund. *(In the FY 2003 budget, the department had a Lump Sum by Fund with Special Line Items format.)*

SUMMARY OF FUNDS - SEE AGENCY SUMMARY

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