

	FY 2006 Actual	FY 2007 Estimate	FY 2008 Approved
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	96.0	96.0	96.0
Personal Services	3,603,000	4,289,600	4,417,600
Employee Related Expenditures	1,154,700	1,564,800	1,717,000
Professional and Outside Services	72,600	142,500	142,500
Travel - In State	46,600	53,800	53,800
Travel - Out of State	3,400	13,400	13,400
Other Operating Expenditures	1,645,700	1,844,200	1,912,600
Equipment	37,000	53,600	53,600
OPERATING SUBTOTAL	6,563,000	7,961,900	8,310,500
SPECIAL LINE ITEMS			
External Legal Services	3,884,300	5,672,100	5,592,200
Highway Hazards Assessments	0	0	150,000 ^{1/}
Non-Legal Related Expenditures	2,679,000	3,153,800	3,153,900
Risk Management Losses and Premiums	42,402,400	47,322,400	46,726,200
Workers' Compensation Losses and Premiums	21,896,200	24,517,700	26,460,200
PROGRAM TOTAL	77,424,900	88,627,900	90,393,000^{2/}

FUND SOURCES

Other Appropriated Funds

Highway User Revenue Fund	0	0	150,000
Risk Management Revolving Fund	77,424,900	88,627,900	90,243,000
SUBTOTAL - Other Appropriated Funds	77,424,900	88,627,900	90,393,000
SUBTOTAL - Appropriated Funds	77,424,900	88,627,900	90,393,000
Other Non-Appropriated Funds	2,527,700	1,672,500	1,461,800
TOTAL - ALL SOURCES	79,952,600	90,300,400	91,854,800

COST CENTER DESCRIPTION — The Risk Management Division acts as the state's insurance agent, making property loss, liability, and workers' compensation payments, defending and recovering damages for the state and its employees, and directing loss prevention programs. With the exception of certain specialty and excess coverage, for which the division purchases insurance, the state is self-insured, paying for its own losses and liabilities. Costs of claims are paid through the Risk Management Revolving Fund.

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2008 Approved
PERFORMANCE MEASURES				
• Workers' compensation incidence rates/100 FTE Positions	5.2	4.2	4.1	4.1
• Customer satisfaction with self-insurance (Scale 1-8)	6.7	6.7	NA	6.8
Comments: The agency did not submit information for this measure in FY 2006 as required by the General Appropriation Act. The agency reports that it will resume administering the customer satisfaction survey in FY 2007.				

^{1/} The Highway Hazards Assessments line item is to be used to contract for an outside review of the state's highways for potential hazards. The Department shall submit a report with recommendations to the Joint Legislative Budget Committee by January 31, 2008. (General Appropriation Act footnote)

^{2/} General Appropriation Act funds are appropriated as an Operating Lump Sum with Special Line Items by Fund.

Operating Budget

The budget provides \$8,310,500 and 96 FTE Positions from the Risk Management Revolving Fund for the operating budget in FY 2008.

This amount funds the following adjustments:

Statewide Adjustments

The budget provides an increase of \$319,400 from the Risk Management Revolving Fund in FY 2008 for statewide adjustments.

(Please see the Statewide Adjustments section at the end of this Appropriations Report for details.)

Lease Backfill

The budget provides an increase of \$29,200 from the Risk Management Revolving fund in FY 2008 to fund lease-purchase and Privatized Lease-to-Own lease increases from prior years. The department was appropriated a total of \$100,000 from Other Appropriated Funds for this issue.

Special Line Items

External Legal Services

The budget provides \$5,592,200 from the Risk Management Revolving Fund for External Legal Services in FY 2008. This amount funds the following adjustment:

External Legal Expenses

The budget provides a decrease of \$(79,900) from the Risk Management Revolving Fund in FY 2008 for decreased external legal expenditures. This amount is based on a percentage of the actuarial determined property and liability losses and workers' compensation losses. Of this change, \$(96,200) is due to estimated decreases in property and liability losses and \$16,300 is due to estimated increases in workers' compensation losses.

This line item funds legal representation from outside the Office of the Attorney General in Risk Management or workers' compensation related lawsuits against the state. The division hires private counsel in circumstances where a legal conflict of interest exists. In the past few years, the division has also sought outside counsel when staffing from the Office of the Attorney General was not available.

Highway Hazards Assessments

The budget provides \$150,000 from the Highway User Revenue Fund in FY 2008 for a new Highway Hazards Assessments Special Line Item. The funding is for an outside review of state roadways for potential hazards. *(See footnote 1.)*

Non-Legal Related Expenditures

The budget provides \$3,153,900 from the Risk Management Revolving Fund in FY 2008 for Non-Legal

Related Expenditures. This amount funds the following adjustment:

Non-Legal Related Expenses

The budget provides an increase of \$100 from the Risk Management Revolving Fund in FY 2008 for increased non-legal related expenditures. This amount is based on a percentage of the actuarial determined property and liability losses and workers' compensation losses. Of this change, \$(45,600) is due to estimated decreases in property and liability losses and \$45,700 is due to estimated increases in workers' compensation losses.

This line item funds financial and actuarial analyses, relevant investigations, and related travel.

Risk Management Losses and Premiums

The budget provides \$46,726,200 from the Risk Management Revolving Fund in FY 2008 for Risk Management Losses and Premiums. This amount funds the following adjustment:

Property & Liability Losses

The approved amount includes a decrease of \$(596,200) from the Risk Management Revolving Fund in FY 2008 for decreased property and liability losses as projected by an actuary.

This line item represents estimated payments for liability and property settlements, medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.

Workers' Compensation Losses and Premiums

The budget provides \$26,460,200 from the Risk Management Revolving Fund in FY 2008 for Workers' Compensation Losses and Premiums. This amount funds the following adjustments:

Workers' Compensation Losses

The approved amount includes an increase of \$1,942,500 from the Risk Management Revolving Fund in FY 2008 for increased workers' compensation losses as projected by an actuary.

This line item accounts for the state's liability in workplace injuries. The funding represents payments for workers' compensation beneficiaries, hospital and medical expenses, and supplemental insurance premiums. An actuarial study annually updates the projected loss exposures.