

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Helen Giddings, Chair, House Committee on Business & Industry

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB2515 by McClendon (Relating to the continuation and functions of the State Office of Risk Management.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2515, As Introduced: a negative impact of (\$76,996) through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	(\$39,998)
2009	(\$36,998)
2010	\$18,851
2011	\$18,851
2012	\$18,851

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Savings from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable (Cost) from <i>INTERAGENCY</i> <i>CONTRACTS</i> 777	Change in Number of State Employees from FY 2007
2008	(\$114,698)	\$74,700	\$83,286	3.0
2009	(\$111,698)	\$74,700	\$61,786	3.0
2010	(\$55,849)	\$74,700	\$61,786	2.0
2011	(\$55,849)	\$74,700	\$61,786	2.0
2012	(\$55,849)	\$74,700	\$61,786	2.0

Fiscal Analysis

The bill continues the State Office of Risk Management (SORM) for 12 years. The bill requires state agencies that are not part of the Governor's Emergency Management Council and those that are not part of the State Data Center program to develop business continuity plans with the assistance of SORM. The bill requires SORM to provide state agencies return-to-work coordination services for injured employees and collect and analyze data concerning lost time and return to work outcomes of state agencies. The bill requires SORM to pay most indemnity benefits by electronic funds transfer by February 1, 2008. The bill requires SORM to study options to prepare state agencies in the event of catastrophic claims. The bill requires SORM, the Texas Building and Procurement Commission, and the State Fire Marshal's Office to exchange safety information.

Methodology

One additional FTE (Risk Management Specialist III) would be required at SORM to assist state agencies with the development of business continuity plans and would result in an annual cost of \$60,786 (salary and benefits) to hire an additional employee to perform the consultations. Additional costs include \$1,000 per fiscal year for additional travel and \$1,500 in fiscal year 2008 for a personal computer. This analysis assumes these costs would be recovered through Interagency Contracts by agencies provided these services.

It is estimated that an addition 2 FTEs would be needed by SORM to provide state agencies return-to-work coordination services for injured employees and collect and analyze data concerning lost time and return to work outcomes of state agencies. Salary and benefits for 2 Case Management IV FTEs would be \$109,698 for each fiscal year of the 2008-09 biennium. Additional costs include \$2,000 per fiscal year in travel and \$3,000 in fiscal year 2008 for personal computers. This results in a biennial cost of \$226,396 in General Revenue. This analysis assumes the establishment of a workers' compensation network that will include case management by the end of fiscal year 2009 therefore only one case manager would be necessary after fiscal year 2009.

Requiring SORM to pay indemnity benefits to injured state employees by electronic transfer rather than mailing paper checks would result in an estimated \$74,700 annual savings to General Revenue. This analysis assumes SORM will directly deposit 83 percent of the 50,000 checks it currently mails and a savings of \$1.80, estimated by the Comptroller's Office, for each payment converted from paper check to direct deposit.

The bill requires SORM to study and report how the State could best prepare to pay workers' compensation claims resulting from a disaster to the Lieutenant Governor, Speaker of the House of Representatives and the appropriate House and Senate standing committees by September 1, 2008. It is estimated that the agency will contract with a consultant for this study at an estimated cost of \$20,000 for fiscal year 2008 which SORM would recover through Interagency Contracts.

Technology

Estimated technology costs are \$4,500 for the 2008-09 biennium consisting of 3 personal computers at \$1,500 each.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 116 Sunset Advisory Commission, 479 State Office of Risk Management

LBB Staff: JOB, JRO, MN, MS, SMi