

**Department 485 - Workforce Safety and Insurance  
House Bill No. 1021**

**Executive Budget Comparison to Prior Biennium Appropriations**

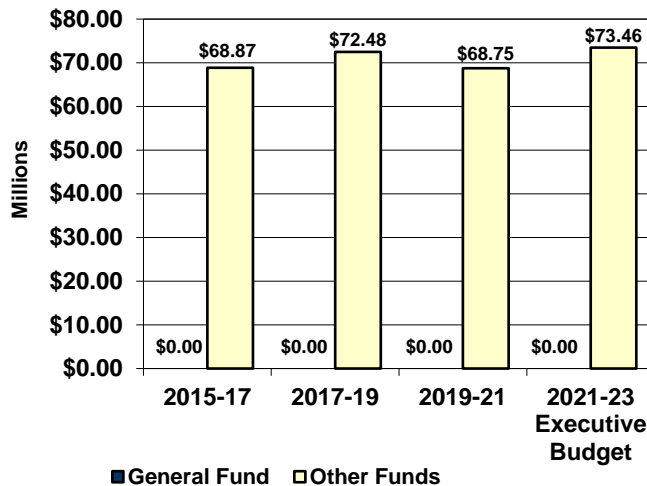
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	248.14	\$0	\$73,460,852	\$73,460,852
2019-21 Legislative Appropriations	260.14	0	68,747,842	68,747,842
Increase (Decrease)	(12.00)	\$0	\$4,713,010	\$4,713,010

<sup>1</sup>The 2019-21 biennium agency appropriation amounts have not been adjusted for additional federal COVID-19 funds authority of \$1,018,052, resulting from Emergency Commission action during the 2019-21 biennium.

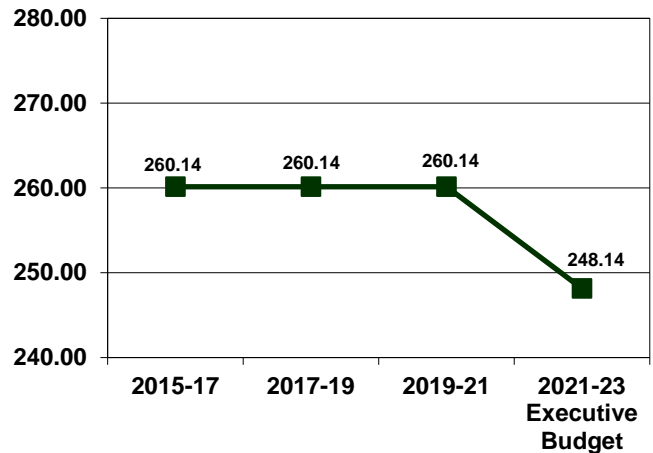
**Ongoing and One-Time Other Funds Appropriations**

	Ongoing Other Funds Appropriation	One-Time Other Funds Appropriation	Total Other Funds Appropriation
2021-23 Executive Budget	\$62,396,852	\$11,064,000	\$73,460,852
2019-21 Legislative Appropriations	60,887,842	7,860,000	68,747,842
Increase (Decrease)	\$1,509,010	\$3,204,000	\$4,713,010

**Agency Funding**



**FTE Positions**



**Executive Budget Comparison to Base Level**

	General Fund	Other Funds	Total
2021-23 Executive Budget	\$0	\$73,460,852	\$73,460,852
2021-23 Base Level	0	60,887,842	60,887,842
Increase (Decrease)	\$0	\$12,573,010	\$12,573,010

Attached as an appendix is a detailed comparison of the executive budget to the agency's base level appropriations.

**Executive Budget Highlights**

	General Fund	Other Funds	Total
1. Provides funding for state employee salary and benefit increases, of which \$1,225,941 is for salary increases, \$11,699 is for health insurance increases, and \$239,313 is for retirement contribution increases	\$0	\$1,476,953	\$1,476,953
2. Adds funding for base payroll changes, primarily related to salaries and wages of 6 FTE positions unfunded during the 2019-21 biennium	\$0	\$1,332,010	\$1,332,010
3. Reduces funding for operating expenses, primarily related to travel, information technology software supplies, rent, information technology data processing, information technology contractual services and repairs, and professional development	\$0	(\$1,332,010)	(\$1,332,010)

4. Transfers 12 FTE information technology positions to the Information Technology Department for an information technology unification initiative, which includes a \$2.6 million decrease of salaries and wages and a \$2.6 million increase of operating expenses	\$0	\$0	\$0
5. Adds funding for Microsoft Office 365 license expenses	\$0	\$32,057	\$32,057
6. Adds <b>one-time funding</b> from the Workforce Safety and Insurance (WSI) fund for Releases 9 through 13 of the claims and policy system replacement project. The estimated total amount that will be spent on the project during the 2015-17, 2017-19, and 2019-21 bienniums is \$14.9 million. The entire project is estimated to cost \$29.6 million and is estimated to be completed near the end of the 2025-27 biennium.	\$0	\$7,500,000	\$7,500,000
7. Adds <b>one-time funding</b> from the WSI fund for Releases 5 through 8 of the myWSI enhancement project. Workforce Safety and Insurance spent \$945,121 on the project during the 2017-19 biennium and anticipates spending the entire 2019-21 biennium appropriation of \$850,000. If approved for the 2021-23 biennium, the total spent on the project would be \$4,545,121.	\$0	\$3,050,000	\$3,050,000
8. Adds <b>one-time funding</b> from the WSI fund for building upgrades, including costs related to lighting, elevator door operators, and geothermal heat pump replacements	\$0	\$514,000	\$514,000

### **Other Sections Recommended to be Added in the Executive Budget (As Detailed in the Attached Appendix)**

There are no other sections related to this agency.

### **Continuing Appropriations**

**Building maintenance account** - North Dakota Century Code Section 65-02-05.1 - Money in the WSI building maintenance account is appropriated on a continuing basis for bond principal and interest payments, operating, maintenance, repair, and payment in lieu of taxes expenses of the buildings and grounds.

**Reinsurance and other states' coverage** - Section 65-02-13.1 - Money in the WSI fund is appropriated on a continuing basis to allow the agency to establish a program of reinsurance and a program of extraterritorial coverage and other states' insurance.

**Allocated loss adjustment expenses** - Section 65-02-06.1 - Money in the WSI fund is appropriated on a continuing basis for the payment of all allocated loss adjustment expenses experienced by the agency.

**Preferred worker program** - Section 65-05-36 - Money in the WSI fund is appropriated on a continuing basis for the payment of the expense of conducting a biennial independent performance evaluation.

**Insurance fraud unit** - Section 65-02-23 - Money in the WSI fund is appropriated on a continuing basis for the payment of costs associated with identifying, preventing, and investigating employer or provider fraud.

**Information fund** - Section 65-01-13 - Money in the WSI information fund is appropriated on a continuing basis for the payment of publication and statistical processing expenses incurred by the agency.

**Safety programs** - Section 65-03-04 - Money in the WSI fund is appropriated on a continuing basis for the purpose of funding work safety and loss prevention programs.

**Educational revolving loan fund** - Section 65-05.1-08 - Money in the WSI educational revolving loan fund is appropriated on a continuing basis to maintain the fund and provide loans to individuals wanting to pursue a postsecondary education.

**Litigation expense** - Section 65-02-06.2 - Money in the WSI fund is appropriated for expenses associated with litigating employer-related issues and for payment of organization expenses associated with litigating medical provider-related issues.

**Collection agency fees** - Section 54-06-29 - Payment of fees to The Affiliated Group to assist in collection of past-due accounts.

**Independent performance evaluation** - Section 65-02-30 - Requires that once every 4 years, the WSI director shall request the State Auditor's office to select a firm with extensive expertise in workers' compensation practices and standards to complete a performance evaluation of the functions and operations of the organization.

### **Significant Audit Findings**

The financial statement audit for WSI conducted by Eide Bailly LLP, for the period ending June 30, 2020, identified no significant audit findings.

### **Major Related Legislation**

**House Bill No. 1051** - This bill allows certain employers to be eligible for reimbursement of attorney fees and other legal costs if the employer is found to be uninsured or noncompliant by the workers' compensation authorities of another state, as long as the employer's employees did not regularly work in the other state. The bill also provides WSI a continuing appropriation from the WSI fund for the payment of fees associated with credit and debit card payments made to WSI.

**Workforce Safety and Insurance - Budget No. 485**  
**House Bill No. 1021**  
**Base Level Funding Changes**

**Executive Budget Recommendation**

	<b>FTE Positions</b>	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
<b>2021-23 Biennium Base Level</b>	260.14	\$0	\$60,887,842	\$60,887,842
<b>2021-23 Ongoing Funding Changes</b>				
Base payroll changes			\$1,332,010	\$1,332,010
Salary increase			1,225,941	1,225,941
Health insurance increase			11,699	11,699
Retirement contribution increase			239,313	239,313
Transfers FTE information technology positions to ITD	(12.00)			0
Reduces funding for operating expenses			(1,332,010)	(1,332,010)
Adds funding for Microsoft Office 365 license expenses			32,057	32,057
Total ongoing funding changes	(12.00)	\$0	\$1,509,010	\$1,509,010
<b>One-time funding items</b>				
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000
Adds funding for the myWSI enhancement project			3,050,000	3,050,000
Adds funding for building upgrades			514,000	514,000
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000
<b>Total Changes to Base Level Funding</b>	(12.00)	\$0	\$12,573,010	\$12,573,010
<b>2021-23 Total Funding</b>	248.14	\$0	\$73,460,852	\$73,460,852
<i>Total ongoing changes as a percentage of base level</i>	(4.6%)		2.5%	2.5%
<i>Total changes as a percentage of base level</i>	(4.6%)		20.6%	20.6%

**Other Sections in Workforce Safety and Insurance - Budget No. 485**

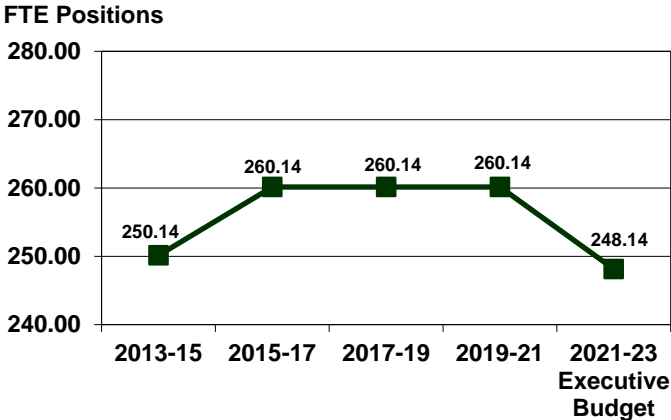
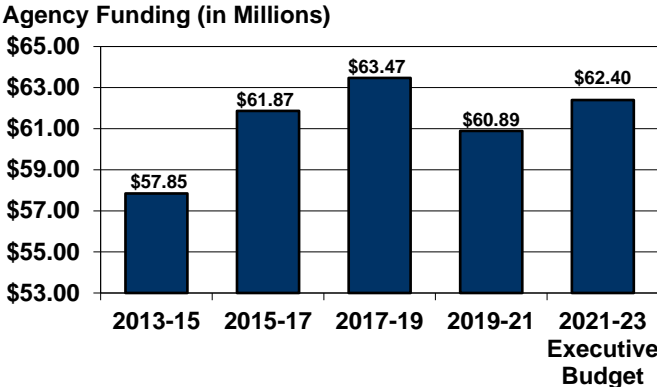
**Executive Budget Recommendation**

There are no other sections related to this agency.

Department 485 - Workforce Safety and Insurance

# Historical Appropriations Information

## Ongoing Other Funds Appropriations Since 2013-15



Ongoing Other Funds Appropriations					
	2013-15	2015-17	2017-19	2019-21	2021-23 Executive Budget
Ongoing other funds appropriations	\$57,847,422	\$61,865,170	\$63,473,062	\$60,887,842	\$62,396,852
Increase (decrease) from previous biennium	N/A	\$4,017,748	\$1,607,892	(\$2,585,220)	\$1,509,010
Percentage increase (decrease) from previous biennium	N/A	6.9%	2.6%	(4.1%)	2.5%
Cumulative percentage increase (decrease) from 2013-15 biennium	N/A	6.9%	9.7%	5.3%	7.9%

### Major Increases (Decreases) in Ongoing Other Funds Appropriations

**2015-17 Biennium**

- 1. Added 6 FTE positions, including 1 FTE underwriter position, 2 FTE vocational rehabilitation case manager positions, 2 FTE nurse case manager positions, and 1 FTE physical therapist position \$878,474
- 2. Converted temporary positions to FTE positions, including 3 FTE claim adjuster positions and 1 FTE collections specialist position \$499,217
- 3. Reduced operating expenses primarily relating to a reduction in information technology software of \$1.5 million (\$1,999,857)

**2017-19 Biennium**

- 1. Reduced funding for temporary salaries (\$357,942)
- 2. Increased funding for operating expenses, including increases in professional service fees and information technology data processing \$1,199,920
- 3. Removed funding for credit card fees (\$1,200,000)

**2019-21 Biennium**

- 1. Unfunded 6 FTE positions (\$1,012,252)
- 2. Reduced funding for operating expenses, primarily related to professional service fees (\$2,332,176)

**2021-23 Biennium (Executive Budget Recommendation)**

- 1. Adds funding for base payroll changes, primarily related to salaries and wages of 6 FTE positions unfunded during the 2019-21 biennium \$1,332,010
- 2. Reduces funding for operating expenses, primarily related to travel, information technology software supplies, rent, information technology data processing, information technology contractual services and repairs, and professional development (\$1,332,010)
- 3. Transfers 12 FTE information technology positions to the Information Technology Department for an information technology unification initiative, which includes a \$2.6 million decrease of salaries and wages and a \$2.6 million increase of operating expenses \$0

**GOVERNOR'S RECOMMENDATION FOR  
WORKFORCE SAFETY AND INSURANCE AS SUBMITTED  
BY THE OFFICE OF MANAGEMENT AND BUDGET**

**SECTION 1. APPROPRIATION.** The funds provided in this section, or so much of the funds as may be necessary, are appropriated from special funds derived from the workforce safety and insurance fund in the state treasury, not otherwise appropriated, to workforce safety and insurance, for the biennium beginning July 1, 2021 and ending June 30, 2023, as follows:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce Safety and Insurance Operations	\$60,887,872	\$12,573,010	\$73,460,852
Total Special Funds	\$60,887,842	\$12,573,010	\$73,460,852
Full-time Equivalent Positions	260.14	(12.00)	248.14

**SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY.** The following amounts reflect the one-time funding items approved by the sixty- sixth legislative assembly for the 2019-21 biennium and the 2021-23 one-time funding items included in the appropriation of section 1 of this Act:

<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
CAPS Software Replacement Project	\$7,010,000	\$ 7,500,000
Extranet Computer Project	850,000	3,050,000
Building Energy Updates	<u>0</u>	<u>514,000</u>
Total Other Funds	\$7,860,000	\$11,064,000

The 2021-23 one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. The workforce safety and insurance agency shall report to the appropriations committees of the sixty-eighth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2021 and ending June 30, 2023.