

Department 485 - Workforce Safety and Insurance
Senate Bill No. 2021

Executive Budget Comparison to Base Level

| | General Fund | Other Funds | Total |
|--------------------------|---------------------|--------------------|--------------|
| 2023-25 Executive Budget | \$0 | \$75,724,955 | \$75,724,955 |
| 2023-25 Base Level | 0 | 62,122,928 | 62,122,928 |
| Increase (Decrease) | \$0 | \$13,602,027 | \$13,602,027 |

Selected Budget Changes Recommended in the Executive Budget

| | General Fund | Other Funds | Total |
|---|---------------------|--------------------|--------------|
| 1. Adds funding for state employee salary and benefit increases of which \$3,418,583 is for salary increases and \$1,189,468 is for health insurance increases | \$0 | \$4,608,051 | \$4,608,051 |
| 2. Increases funding from the Workforce Safety and Insurance (WSI) fund for information technology (IT) contractual services for software support to provide a total of \$9,387,940 for IT contractual services. | \$0 | \$1,637,572 | \$1,637,572 |
| 3. Adds one-time funding from the WSI fund for the claims and policy system replacement project. The project began in 2015 and is expected to be complete in January 2030 at an estimated total cost of \$34.5 million. | \$0 | \$4,950,000 | \$4,950,000 |
| 4. Adds one-time funding from the Workforce Safety and Insurance fund for the myWSI enhancement project. The project began in 2017 and is expected to be complete in March 2026 at an estimated total cost of \$6.9 million. | \$0 | \$1,830,000 | \$1,830,000 |

A summary of the executive budget changes to the agency's base level appropriations is attached as an appendix.

A copy of the draft appropriations bill containing the executive budget recommendations is attached as an appendix.

Selected Bill Sections Recommended in the Executive Budget

There are no additional sections recommended for this agency.

Continuing Appropriations

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

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.

Alternative dispute resolution - Section 65-01-18 - Up to \$50,000 in the WSI fund is appropriated each biennium on a continuing basis for an alternative dispute resolution pilot program to assess alternative options to resolve disputes with injured employees.

Building maintenance account - 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.

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.

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

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.

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.

Independent performance evaluation - Section 65-02-30 - Money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

Credit card fees - Section 65-02-38 - Money in the WSI fund is appropriated on a continuing basis for the purpose of paying fees associated with credit or debit card payments made to the organization.

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.

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.

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.

Deficiency Appropriations

There are no deficiency appropriations for this agency.

Significant Audit Findings

The financial statement audit for WSI conducted by Eide Bailly LLP, for the period ending June 30, 2022, identified no significant audit findings.

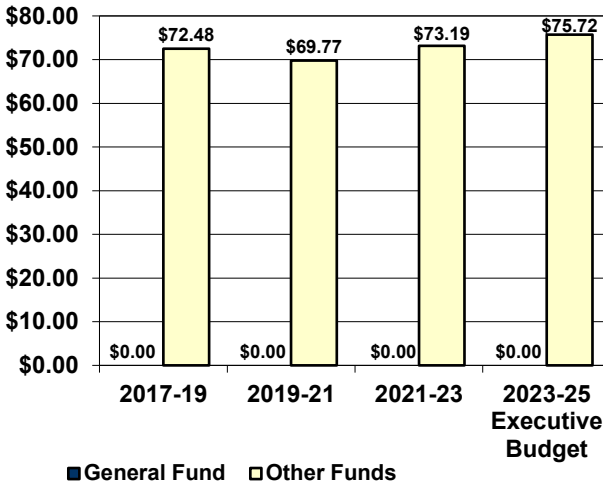
Major Related Legislation

Senate Bill No. 2038 - This bill would repeal Section 65-02-30, which provides money in the WSI fund is appropriated on a continuing basis for costs to complete a performance evaluation of the functions and operations of the organization every 4 years.

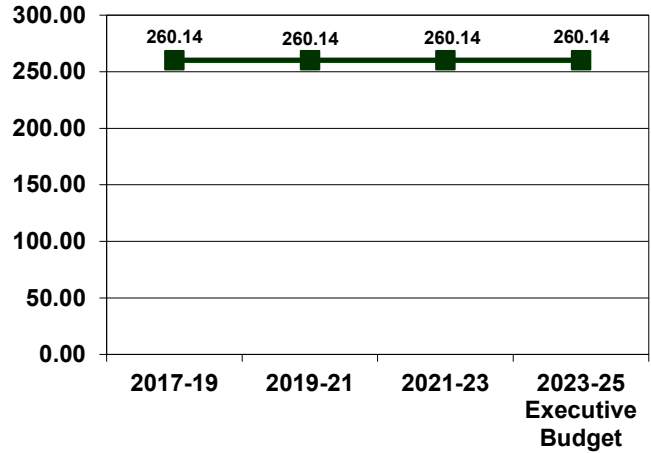
Historical Appropriations Information

Agency Appropriations and FTE Positions

Agency Funding (Millions)



FTE Positions



Ongoing Other Funds Appropriations

| | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 Executive Budget |
|---|--------------|--------------|---------------|--------------|--------------------------|
| Ongoing other funds appropriations | \$61,865,170 | \$63,473,062 | \$60,887,842 | \$62,122,928 | \$68,944,955 |
| Increase (decrease) from previous biennium | N/A | \$1,607,892 | (\$2,585,220) | \$1,235,086 | \$6,822,027 |
| Percentage increase (decrease) from previous biennium | N/A | 2.6% | (4.1%) | 2.0% | 11.0% |
| Cumulative percentage increase (decrease) from 2015-17 biennium | N/A | 2.6% | (1.6%) | 0.4% | 11.4% |

Major Increases (Decreases) in Ongoing Other Funds Appropriations

2017-19 Biennium

1. Reduced funding for temporary salaries (\$357,942)
2. Increased funding for operating expenses, including increases in professional service fees and IT 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

1. Reduced funding for operating expenses, primarily related to travel, IT software supplies, rent, IT data processing, IT contractual services and repairs, and professional development (\$1,332,010)

2023-25 Biennium (Executive Budget Recommendation)

1. Adds funding from the WSI fund for IT contractual services for software support \$1,637,572

One-Time Other Funds Appropriations

| | 2015-17 | 2017-19 | 2019-21 | 2021-23 | 2023-25 Executive Budget |
|--------------------------------------|----------------|----------------|----------------|----------------|---|
| One-time general fund appropriations | \$7,000,000 | \$9,008,597 | \$8,878,052 | \$11,064,000 | \$6,780,000 |

Major One-Time Other Funds Appropriations

2017-19 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$8,120,097 |
| 2. myWSI enhancement project | \$538,500 |
| 3. Internal reporting system | \$275,000 |
| 4. Electronic payment processing system | \$75,000 |

2019-21 Biennium

- | | |
|--|-------------|
| 1. Claims and policy system replacement project | \$7,010,000 |
| 2. myWSI enhancement project | \$850,000 |
| 3. COVID-19 pandemic first responder workers compensation claims (federal funds) | \$1,018,052 |

2021-23 Biennium

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$7,500,000 |
| 2. myWSI enhancement project | \$3,050,000 |
| 3. WSI building upgrades | \$514,000 |

2023-25 Biennium (Executive Budget Recommendation)

- | | |
|---|-------------|
| 1. Claims and policy system replacement project | \$4,950,000 |
| 2. myWSI enhancement project | \$1,830,000 |

Workforce Safety and Insurance - Budget No. 485
Senate Bill No. 2021
Base Level Funding Changes

| | Executive Budget Recommendation | | | |
|---|--|-------------------------|------------------------|--------------|
| | FTE Positions | General Fund | Other Funds | Total |
| 2023-25 Biennium Base Level | 260.14 | \$0 | \$62,122,928 | \$62,122,928 |
| 2023-25 Ongoing Funding Changes | | | | |
| Adds funding for the cost to continue salary increases | | | \$379,160 | \$379,160 |
| Salary increase | | | 3,418,583 | 3,418,583 |
| Health insurance increase | | | 1,189,468 | 1,189,468 |
| Adds funding for IT rate increases | | | 197,244 | 197,244 |
| Adds funding for IT contractual services for software support | | | 1,637,572 | 1,637,572 |
| Total ongoing funding changes | 0.00 | \$0 | \$6,822,027 | \$6,822,027 |
| One-time funding items | | | | |
| Adds funding for the claims and policy system replacement | | | \$4,950,000 | \$4,950,000 |
| Adds funding for the myWSI enhancement project | | | 1,830,000 | 1,830,000 |
| Total one-time funding changes | 0.00 | \$0 | \$6,780,000 | \$6,780,000 |
| Total Changes to Base Level Funding | 0.00 | \$0 | \$13,602,027 | \$13,602,027 |
| 2023-25 Total Funding | 260.14 | \$0 | \$75,724,955 | \$75,724,955 |
| <i>Federal funds included in other funds</i> | | | \$0 | |
| <i>Total ongoing changes as a percentage of base level</i> | 0.0% | | 11.0% | 11.0% |
| <i>Total changes as a percentage of base level</i> | 0.0% | | 21.9% | 21.9% |

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

Executive Budget Recommendation

There are no additional sections for this agency.

**SENATE BILL NO. 2021
(Governor's Recommendation)**

Introduced by

Appropriations Committee

(At the request of the Governor)

A bill for an act to provide an appropriation for defraying the expenses of workforce safety and insurance.

BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:

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, 2023 and ending June 30, 2025, as follows:

| | <u>Base Level</u> | <u>Adjustments or Enhancements</u> | <u>Appropriation</u> |
|---|---------------------|--|----------------------|
| Workforce Safety and Insurance Operations | <u>\$62,122,928</u> | <u>\$13,602,027</u> | <u>\$75,724,955</u> |
| Total Special Funds | \$62,122,928 | \$13,602,027 | \$75,724,955 |
| Full-time Equivalent Positions | 260.14 | (0.00) | 260.14 |

SECTION 2. ONE-TIME FUNDING - EFFECT ON BASE BUDGET - REPORT TO SIXTY-NINTH LEGISLATIVE ASSEMBLY. The following amounts reflect the one-time funding items approved by the sixty-seventh legislative assembly for the 2021-23 biennium and the 2023-25 one-time funding items included in the appropriation of section 1 of this Act:

| <u>One-Time Funding Description</u> | <u>2021-23</u> | <u>2023-25</u> |
|-------------------------------------|----------------|----------------|
| CAPS Software Replacement Project | \$7,500,000 | \$ 4,950,000 |
| Extranet Computer Project | 3,050,000 | 1,830,000 |
| Building Energy Updates | <u>514,000</u> | <u>0</u> |
| Total Other Funds | \$11,064,000 | \$6,780,000 |

The 2023-25 one-time funding amounts are not a part of the entity's base budget for the 2025-27 biennium. The workforce safety and insurance agency shall report to the appropriations committees of the sixty-ninth legislative assembly on the use of this one-time funding for the biennium beginning July 1, 2023 and ending June 30, 2025.