

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: \_\_\_\_\_ Amendment to: SB 2206

Requested by Legislative Council Date of Request: 2-21-91

Please estimate the fiscal impact of the above measure for:

State general or special funds  Counties  Cities

In the following space note the fiscal effect in dollars of this measure:

Narrative:

See attached.

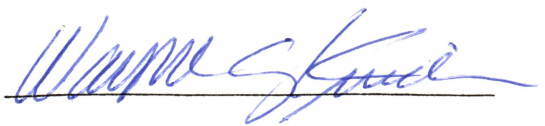
State Fiscal Effect:

<u>1991-92</u>		<u>1992-93</u>		<u>Biennium Total</u>	
<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>
	\$ 671,850		\$ 356,150		\$ 1,028,000

County and City Fiscal Effect:

<u>1991-92</u>		<u>1992-93</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name Wayne G. Kindem

Date Prepared: 3/4/91

Department Job Service North Dakota

Phone Number 224-3033

The following provisions of SB 2206 are projected to have a cost impact above the amount currently proposed for appropriation from Workers Compensation special funds.

1. (Section 25) Fiscal Impact Statement

\$48,000 for contracted actuarial services calculated at 30 bills times an average of 8 hours of actuarial service per bill times \$200 per hour. If the reference to actuary were removed from this section it is projected that much of the fiscal impact statement requirement could be met by existing bureau staff.

2. (Section 28 and 31) Arbitration Panel

\$269,000 is the projected cost of the arbitration panel. This cost is based on an estimated 100 cases per year requiring a part-time three member panel (one week each month) supported by a full-time professional position and a full-time secretarial position. The cost detail schedule is attached and includes salaries of the panel and staff, operating expenses (travel, office space, etc.) and equipment.

Provisions of defeated SB 2265 would need to be enacted to provide for the reduction in legal fees initially envisioned by SB 2265 to offset the arbitration panel cost.

Also, it should be noted that the \$250 employer deductible provision of SB 1243, if enacted, could substantially increase the anticipated arbitration panel workload thus increasing the arbitration panel cost projected in this note.

3. Workers Compensation Staff Salary Equity Adjustments

\$411,000 in equity salary adjustments is the maximum projected to bring average salary levels of Workers Compensation staff into equity with average salaries of Job Service staff at comparable grade levels. This maximum was calculated by comparing the average Workers Compensation salary to the average Job Service salary for each grade level. Variances where Workers Compensation averages exceeded Job Service averages were multiplied times the current number of Workers Compensation positions in the applicable grade. Job Service equity adjustments were not included since any such equity increases would have to be absorbed within existing Job Service federal grant resources.

Implementation of any salary equity adjustments would only occur as a result of an in-depth study of individual positions and would include the participation of the Central Personnel Division of the Office of Management and Budget.

4. (Section 32 and 33) Employer Reporting/Premium Payment Timing and Contribution by Employees

\$300,000 is the maximum amount projected to upgrade the Job Service computer system to accommodate integrating of Workers Compensation program changes necessary to convert the Workers Compensation employer reporting, premium payment and annual rate change process to a January first basis and create a mechanism for collecting and recording of wage data and accounting for revenue associated with the proposed employee contribution. This estimated added cost for computer system changes includes equipment costs for additional main memory, disc storage, application software development contract service and staff programming time.

Other staff costs for accommodating the one-time conversion for these changes and the additional recurring administrative cost associated with the employee contribution system are unable to be identified as specific cost estimates at this time. However, it is estimated they can be handled within current staff and appropriation levels.

The consolidation of the Job Service and Workers Compensation agencies will have a cost impact on both the Workers Compensation Fund (special funds) and the Job Service administrative funds (federal funds). There will be a one-time cost of planning and implementing the integration of administrative support functions such as accounting, reporting, budgeting, personnel, payroll, administrative disbursements, property management, purchasing, mailing, legal, internal audit, data processing, etc. It is expected that ongoing recurring cost savings will occur once these support functions are fully integrated. While those costs cannot be specifically estimated at this time, we feel that the current Job Service and Workers Compensation appropriation levels proposed for the 91-93 biennium are sufficient in total to accommodate these cost impacts. Some switching between line items (salaries and operating expense) may be required.

COST PROJECTION  
 ARBITRATION PANEL PROVISION  
 SB 2206

	<u>Monthly</u>	<u>Nonrecurring</u>	<u>Biennium</u>
Salaries and wages			
Part Time: (one week per month)			
Panel Member (\$20 x 40 hr.)	\$ 800		
Panel Member (\$20 x 40 hr.)	800		
Panel Member (\$20 x 40 hr.)	800		
S.T.	<u>\$2,400</u>		
Benefits at 10%	240		
Total Panel Members	<u>\$2,640</u>		
Full Time:			
Professional (Grade 31 - 2nd Qrt.)	\$3,000		
Secretary (Grade 12 - 2nd Qrt.)	<u>1,280</u>		
S.T.	<u>\$4,280</u>		
Benefits at 26%	<u>1,113</u>		
Total Support Staff	<u>\$5,393</u>		
TOTAL	<u>\$8,033</u>	x 24 Months =	\$192,792
Operating Expenses			
Travel	\$1,405		
Office Rent	417		
All Other	<u>\$ 700</u>		
TOTAL	<u>\$2,522</u>	x 24 Months =	\$ 60,528
Equipment (For Full Time Staff)			
Personal Computer and Software (1)	\$ 6,000		
Word Processor (1)	3,000		
Desks (2) \$1500 @	3,000		
Chairs (2) \$700 @	1,400		
Chairs - Side (2) \$150 @	300		
Dictation System	<u>\$ 2,000</u>		
TOTAL	<u>\$15,700</u>		<u>\$ 15,700</u>
TOTAL			<u>\$269,020</u>