

FISCAL NOTE

(Return original and 13 copies)

Bill/Resolution No.: _____ Amendment to: Engrossed HB 1440
Requested by Legislative Council Date of Request: March 24, 1997

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities and school districts.

Narrative:

(see attached)

- 2. State fiscal effect in dollar amounts:

1995-97 <u>Biennium</u>		1997-99 <u>Biennium</u>		1999-2001 <u>Biennium</u>	
<u>General</u>	<u>Special</u>	<u>General</u>	<u>Special</u>	<u>General</u>	<u>Special</u>
<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>	<u>Fund</u>	<u>Funds</u>

Revenues:

Expenditures:

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1995-97 biennium: _____
- b. For the 1997-99 biennium: _____
- c. For the 1999-2001 biennium: _____

- 4. County, City and School District fiscal effect in dollar amounts:

1995-97 <u>Biennium</u>			1997-99 <u>Biennium</u>			1999-2001 <u>Biennium</u>		
<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>	<u>Counties</u>	<u>Cities</u>	<u>School Districts</u>

If additional space is needed, attach a supplemental sheet.

Signed J. Patrick Traynor

Typed Name J. Patrick Traynor

Date Prepared: 3/24/97

Department Workers Compensation Bureau

Phone Number (701) 328-3856

NORTH DAKOTA WORKERS COMPENSATION BUREAU
1997 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: Board of Directors
BILL NO: Amendment to EHB 1440

DATE: 3/24/97

SUMMARY OF ACTUARIAL INFORMATION: The Workers Compensation Bureau, together with its Actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in concordance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation will establish a board of directors, outline the board's duties and provide for compensation for its members. In addition, the bill would require a biennial, independent performance audit of all Workers Compensation Bureau operations. The proposed changes would also allow the Bureau to formulate a "target achievement budget" rather than the current method.

SUMMARY OF APPROPRIATION INFORMATION: The Workers Compensation Bureau has included in its 1997/99 appropriation request, an amount sufficient to reimburse proposed board members for their travel expenses related to board meetings because an amount of \$3,200 was already budgeted for the 14 existing Advisory Council members (four scheduled meetings). The assumption is the Board of Directors, though only seven members, will meet quarterly (double the current level). Thus, no change is needed. Compensation expenses will total \$3,540 and are not contemplated in the 1997/99 budget request.

We envision the cost of the performance audit conducted biennially will not exceed \$100,000 per biennium. These costs were not included in the 1997/99 budget request.

FISCAL IMPACT: We anticipate little or no impact to reserve or rate levels. Additional administrative expenses would require a \$103,540 total increase to the Workers Compensation Bureau's appropriation. It is anticipated the benefits received from the independent audit will more than offset the costs incurred for performing the audit. The independent audit will serve to identify areas for improvement in providing the best possible service at the lowest possible cost.

AMENDMENT: The proposed amendment expands the make-up of the Board from 7 to 10 members which will consist of 6 employer representatives, 3 employee representatives and 1 nonvoting representative from the North Dakota Medical Association; shifts appointment duties from the Board to the Governor. The Governor will select the employer members and the NDMA representative based on a list of candidates provided by the Board. The 3 employee representatives will be selected by the Governor of which 1 will be based on a list submitted by a statewide organization representing a good cross-section of organized labor. The proposed legislation changes the effective date for the subsequent board to Jan. 1, 1998; expands the term limits from 4 to 6 years; and outlines term expiration periods so no more than 3 members' terms will expire at the same time. The proposed amendment eliminates the target achievement budgeting section; expands the scope of the independent performance audit to include the performance of the Board; and directs the Bureau to develop and maintain comprehensive, objective performance measurements.

SUMMARY OF AMENDED APPROPRIATION INFORMATION: Due to the proposed expansion of the Board from 7 to 10 members an additional \$2,831 will be required to cover increased per diem compensation and travel expenses. The costs to conduct the independent performance audit were added to our appropriation request through SB 2074.

FISCAL IMPACT: The proposed amendments will result in no other significant impact.