

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2033 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1163

2001 HOUSE APPROPRIATIONS

HB 1163

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1163

House Appropriations Committee
Education and Environment Division

Conference Committee

Hearing Date January 17, 2001

Tape Number	Side A	Side B	Meter #
1 of 1	x		2,190
Committee Clerk Signature <i>Judy Schock</i>			

Minutes:

Representatives Aarsvold, Boehm, Gulleson, Martinson, Monson, Wald, Wentz.

Diek Johnson: (151) Chairman of audit committee of the Workers Compensation Board of Directors. See attached.

Tammy Dolan: (415) Vice President for Employer and Fiscal Services at ND Workers Compensation. See attached.

Representative Aarsvold: (1066) There seems to be a conflict with your testimony and Mr. Johnson's in regards to statistics. He reports claims reported and you claim paid. That creates a bit of a problem for me.

Tammy Dolan: Our statistics are all reflective of claims that are excepted by the Bureau. Many may be reported, but not true occupation injuries and therefore are not covered.

Representative Aarsvold: The conclusion you would like us to draw, is that the program you are seeking additional funding for now has a significant impact in and of itself on the claims that were paid.

Tammy Dolan: Yes, we feel that our program has had an impact on the number of injuries that actually take place in the work place that are related to work.

Representative Wald: (1188) Was this entire amount in the original request in the Schafer's budget? When did you decide it was a worthy project to ask for another 761,000 dollars?

Tammy Dolan: No it was not, but we have always felt that this was an important consideration. We were not able to include this amount of funding in our budget request to the Governor.

Representative Wald: You are asking for one FTE. How many people are involved in the safety. I realize when you spend another 700,000 you'll need more man power. If we didn't give you the FTE, how would you function? Would you have any objections if we amended this request into your HB1024 and kill this one to have it all on one bill?

Tammy Dolan: We have 17 employees in our loss and prevention department. We do have staff that is monitoring the program. Should you not give us the money, this program is critical enough to us that we will do what we have to within our current staffing. No we would not object.

Michael Wolf: (1470) Manager of the County Employer Group (GEG) for the ND Association of Counties (NDACo). See attached.

Representative Aarsvold: (1630) Your salary comes from the grant, or do counties hire you and you administer grants to the counties?

Michael Wolf: I am an employee of the Association of Counties. However, through the grant program we hired an internal claims manager to manage the safety grant program.

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Education and Environment Division
Bill/Resolution Number HB1163
Hearing Date January 17, 2001

Curt Peterson: (1695) I represent associated general contractors, one other grantees of this program. We need safe practice. We inspect and provide reports to owner of risks. Our range of membership and contractors in the industry varies greatly. We feel this is a great benefit to workers in the construction industry and we encourage you to approve this.

Bob Lamp: Representing ND Automobile and Implement Dealers Association. I represent about 275 small business men around the state. I can tell you, short of this program, many of the dealers would not have not taken the initiative, nor taken the interest of working on safety program. This is a worth while program for these small business.

Representative Wald: (2045) There is correlation between the work place accident and the Workers Compensation scenario and also in the general liability. Have you gotten any feed back about how this safety program impacts not only in the work place injuries, but also other types of claims in the liability arena?

Bob Lamp: I don't have any specific information. The dealers tell me they have been able to implement things in their dealerships that are reducing injury, and they have had the ability to conform to some of the Federal standards. It is beneficial to these business.

Representative Wentz: Does anyone else wish to appear in opposition of HB1163? Seeing none we will close the hearing on HB1163.


2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. **HB1163**

House Appropriations Committee

Conference Committee

Hearing Date **February 2, 2001**

Tape Number	Side A	Side B	Meter #
1		x	4449 - 4655
Committee Clerk Signature 			

Minutes:

HOUSE APPROPRIATIONS ACTION ON HB1163.

Rep. Francis Wald: I would move a DO NOT PASS on HB1163 in lieu of the fact that all of the contents in that bill has now been incorporated into HB1024. Seconded by Rep. Skarphol.

Rep. Mike Timm: Any Questions on the bill? Roll call on a DO NOT PASS.

(YES) 20 NO (0) ABSENT and not voting (1). Motion Passed. Rep. Wald will carry bill to floor.

FISCAL NOTE
 Requested by Legislative Council
 01/05/2001

REVISION

Bill/Resolution No.: HB 1163

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$761,600		
Appropriations				\$761,600		

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

**NORTH DAKOTA WORKERS COMPENSATION
 2001 LEGISLATION
 SUMMARY OF ACTUARIAL INFORMATION**

BILL DESCRIPTION: Safety Grant Expansion

BILL NO: HB 1163

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

The proposed legislation expands the funding for safety grants by \$630,000 to approximately \$1.2 million per biennium. The bill also includes \$131,600 and 1 FTE for the administration of the program.

FISCAL IMPACT: The proposed funding adjustment of \$762 thousand will increase administrative costs by 0.5% to 1% of anticipated premium for fiscal year 2001-02. However, NDWC's past successes with other incentive programs suggests that loss cost savings may ultimately off-set the additional costs for the expanded program.

DATE: December 27, 2000

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

 - B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

 - C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

Name:	Paul R. Kramer	Agency:	ND Workers Compensation
Phone Number:	328-3856	Date Prepared:	01/04/2001

FISCAL NOTE
 Requested by Legislative Council
 01/03/2001

Bill/Resolution No.: HB 1163

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

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Name:	Paul R. Kramer	Agency:	ND Workers Compensation
Phone Number:	328-3856	Date Prepared:	01/04/2001

Date: January 26, 01
Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. Appropriations Education and Environment Division

House _____ Committee _____

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken Do not pass HB 1163

Motion Made By Rep Wald Seconded By Rep Boehm

Representatives	Yes	No	Representatives	Yes	No
Rep. Janet Wentz -Chairman	✓				
Rep. James Boehm - Vice Chairman	✓				
Rep. Ole Aarsvold					
Rep. Pam Gulleon	✓				
Rep. Bob Martinson	✓				
Rep. David Monson	✓				
Rep. Francis J. Wald	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 02-02-01
 Roll Call Vote #: 1

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
 BILL/RESOLUTION NO. HB 1163

House APPROPRIATIONS Committee

- Subcommittee on _____
 or
 Conference Committee

Legislative Council Amendment Number _____

Action Taken DO NOT PASS

Motion Made By WALD Seconded By SKARPHOL

Representatives	Yes	No	Representatives	Yes	No
Timm - Chairman	✓				
Wald - Vice Chairman	✓				
Rep - Aarsvold	✓		Rep - Koppelman	✓	
Rep - Boehm	✓		Rep - Martinson	✓	
Rep - Byerly	✓		Rep - Monson	✓	
Rep - Carlisle	✓		Rep - Skarphol	✓	
Rep - Delzer	✓		Rep - Svedjan	✓	
Rep - Glassheim	✓		Rep - Thoreson	✓	
Rep - Gulleeson	✓		Rep - Warner	✓	
Rep - Huether	✓		Rep - Wentz	✓	
Rep - Kempenich	✓				
Rep - Kerzman					
Rep - Kliniske	✓				

Total (Yes) 20 No 0

Absent 1

Floor Assignment WALD

If the vote is on an amendment, briefly indicate intent:

2001 TESTIMONY

HB 1163

House Bill No. 1163

**Fifty-Seventh Legislative Assembly
Before the House Appropriations Committee,
Education and Environment Division
January 17, 2001**

Testimony Regarding Workers Compensation Safety Partnership Grant Expansion

Madame Chair, Members of the Committee:

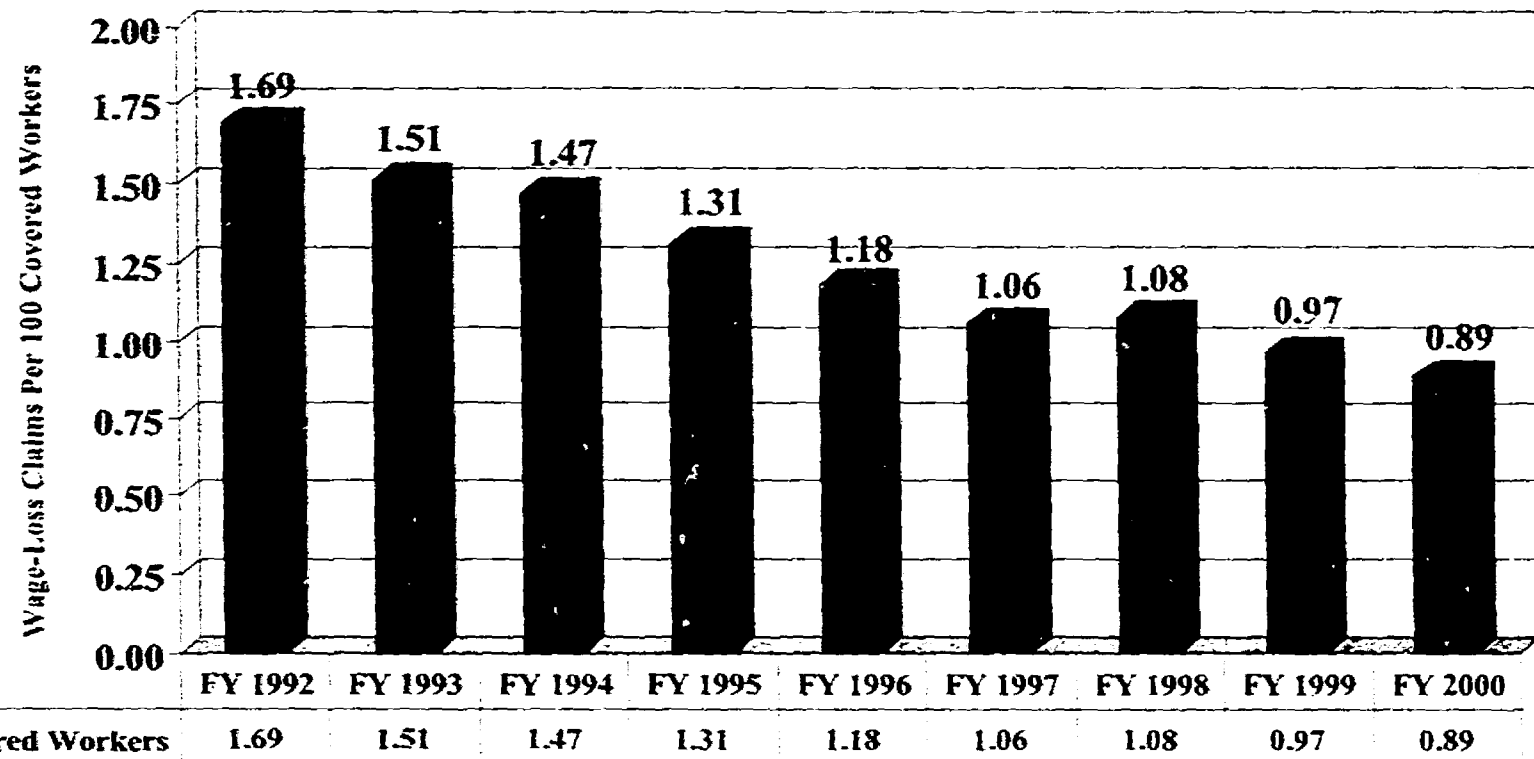
My name is Dick Johnsen, and I am the chairman of the audit committee of the Workers Compensation Board of Directors. I am here today to testify in support of House Bill No. 1163 that expands funding for the Safety Partnership grant program.

The Board measures NDWC's operational results by a set of defined benchmarks called Outcomes. These outcomes are established to reflect the most critical aspects of each major NDWC department. For the Loss Prevention Department the outcome includes providing inspections and other programs geared toward improving workplace safety and reducing the frequency and severity of job-related injuries for covered employees. The Board believes that this grant program, established by the 1999 Legislative Assembly, has gone a long way towards assisting NDWC in achieving that outcome.

While we cannot directly tie the reduction of workplace injuries to the safety grant program, we can say that during the past two years less than 1 in 100 covered workers suffered a wage-loss injury. Attached is a graph showing the reduction in wage-loss injuries over the last several years. Significant reductions began after 1994 when safety programs, such as the risk management program, began. Further reductions came with the inception of the Safety Grant program in 1999. This is a trend that the Board of Directors would like to see continue. Therefore, we request your favorable consideration of this measure.

Safety Pays

Wage-Loss Claims Reported Per 100 Covered Workers



The Safety Program was introduced in early 1994.

By 2000, there were about 1,115 employers (representing over 1/2 of the state's workforce) utilizing an approved safety plan.

House Bill No. 1163

**Fifty-Seventh Legislative Assembly
Before the House Appropriations Committee,
Education and Environment Division**

January 17, 2001

Testimony Regarding Workers Compensation Safety Partnership Grant Expansion

Madame Chair, Members of the Committee:

My name is Tammy Dolan, and I am the Vice President for Employer and Fiscal Services at North Dakota Workers Compensation. I am here today to testify in support of House Bill No. 1163 that expands the Safety Partnership grant program. The Workers Compensation Board of Directors unanimously supports this bill.

The Safety Partnership grant program was authorized by the 1999 Legislative Assembly as part of a broader effort to continue the decline in the number and severity of occupational injuries in North Dakota. The fundamental objective of this program is to reduce losses in specifically targeted high-hazard industries. The partnership seeks to enlist the expertise and the networking structure of various industry groups to promote safety and reduce the human suffering and economic costs that accompany workplace injuries.

With the initial program in 1999, NDWC solicited proposals from interested employee and employer organizations to assist in providing loss prevention services. NDWC received 15 proposals from various groups requesting over \$1.6 million. Since only \$600,000 was appropriated for the grant program, NDWC selected those projects that offered the most potential to reduce losses.

NDWC funded four of the proposals, committing \$600,000 for the 1999-2001 biennium. Grants were awarded to:

1) Associated General Contractors (AGC)

The AGC hired a safety director to provide a full range of loss control services to their membership and others within the construction industry. The safety director has conducted over 100 consultative and courtesy inspections for construction contractors, and also provided training for over 700 construction workers.

2) Labor Education Council

The Labor Education Council hired a trainer to provide educational opportunities to construction apprentices and tradesmen on a wide variety of industry-specific topics. The trainer has conducted over 50 training sessions on a variety of construction topics to skilled tradesmen. Both a 10-hour and a 30-hour OSHA certification class are offered. Training has been provided to about 680 craftsmen.

3) Motor Carriers Association, Automobile Dealers Association, Implement Dealers Association

These three associations formed an alliance to contract safety and risk management for their industry members. During 2000, the contractor visited 83 different businesses across North Dakota and provided forklift and hazardous material training for 653 employees.

4) North Dakota Association of Counties (NDACo)

NDACo is NDWC's largest public account. NDACo has hired a claims specialist to develop and implement a model return-to-work program and improve safety services to the member counties.

The effectiveness of any safety initiative oftentimes takes years to become evident. We do not yet have a complete set of data to quantify the effectiveness of these programs. However, the most important ingredient to success in safety may be awareness. The more that people hear about safety and talk about safety, the more they will practice safety. The Safety Partnership grant program focuses safety talk where it is needed most - in those industries that experience the most accidents. Awareness of the importance of occupational safety and health has never been greater, and over time this should prove to reduce injuries in North Dakota workplaces.

There are already some encouraging signs. In the five-year period from 1995-1999, the North Dakota Association of Counties averaged \$446,000 in yearly claim costs. In 2000, their total claim cost was \$49,400 based on data valued at year-end. Some of the credit for this positive trend must be attributed to their safety program and aggressive claims management, both of which were significantly enhanced by being the focus of their Safety Partnership Initiative grant.

The overall success of NDWC's investment in loss prevention is evident. In 1994 there were 3,745 lost time claims accepted by NDWC. That important statistic has declined steadily to 2,652 in 1999. This is a drop of nearly 30% over 6 years and represents a savings to the system of millions of dollars. It affects not only the health of thousands of individual workers, but the economic health of the entire state. It has also been an important factor in the reduction of rates each of the last six years.

House Bill No. 1163 appropriates an additional \$630,000 to double the size of the grant program to \$1.26 million. NDWC is entirely funded with employer premium. Therefore, no general fund dollars are required to fund this expansion. The additional funding will increase the scope of the grant program by encouraging innovation and aggressive new methods to combat serious old problems. Funding may provide for the purchase of safety equipment (e.g. mechanical lifts in nursing homes), professional training or seminars, or any new method to prevent or manage occupational injuries. NDWC will closely monitor each project and account for every premium dollar spent. Benchmarks will be established to measure performance and statistical analysis will be conducted to quantify results.

As the grant program expands, the staff time required to administer the program and to monitor and support grantee activity will grow from a part-time to a full-time job. **House Bill No. 1163 also adds 1 FTE for a program coordinator with a requested \$108,000 in Salary and Benefits and \$23,600 in Operating Expenses for the 2001-2003 biennium.** This brings the total cost of this bill to \$761,600.

NDWC requests your favorable consideration of House Bill No. 1163. If there are any questions, I would be more than happy to answer them at this time. Thank you.

**TESTIMONY TO THE
HOUSE APPROPRIATIONS COMMITTEE**
Prepared January 17, 2001 by the
North Dakota Association of Counties
Michael W. Wolf, County Employer Group Manager

CONCERNING HOUSE BILL NO. 1163

Madam Chair, members of the committee. Good morning, my name is Michael Wolf and I am the Manager of the County Employer Group (CEG) for the North Dakota Association of Counties (NDACo). Thank you for allowing me the opportunity to appear before you today. I am here today testifying in support of the expansion of the Safety Partnership Grant Program.

I appeared before your committee last week concerning HB1024 requesting your consideration to continue the existing Safety Partnership Grant Program. From that testimony, you were informed that the existing Safety Grant Program has been highly successful for both the County Employer Group and North Dakota Workers Compensation.

The Loss Prevention Department of North Dakota Workers Compensation is charged with protecting the safety and health of covered workers and controlling the losses to the Fund. We feel that any program with a focus on accident and claims costs reduction is of great value. We feel there are other groups, associations, and industries that could benefit from the existing Safety Grant Program were to be expanded.

Within the total appropriation for North Dakota Workers Compensation, we feel the Safety Partnership Grant Program should be retained and expanded. Thank You. I would be happy to answer any questions you may have.