

2021 HOUSE APPROPRIATIONS

HB 1021

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

Executive Budget Comparison to Prior Biennium Appropriations

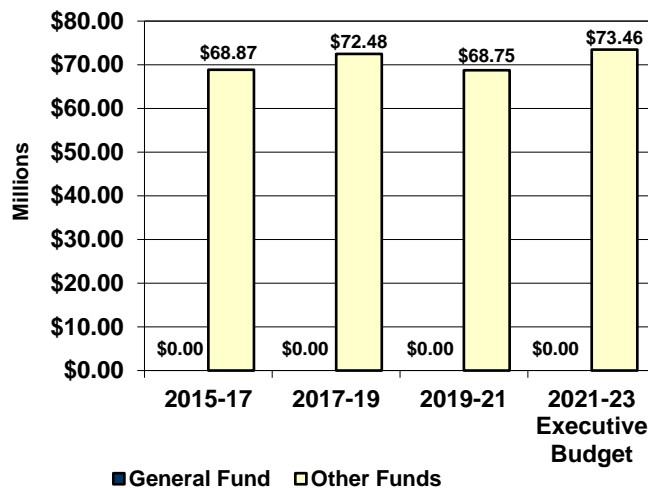
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	248.14	\$0	\$73,460,852	\$73,460,852
2019-21 Legislative Appropriations	260.14	0	68,747,842	68,747,842
Increase (Decrease)	(12.00)	\$0	\$4,713,010	\$4,713,010

¹The 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.

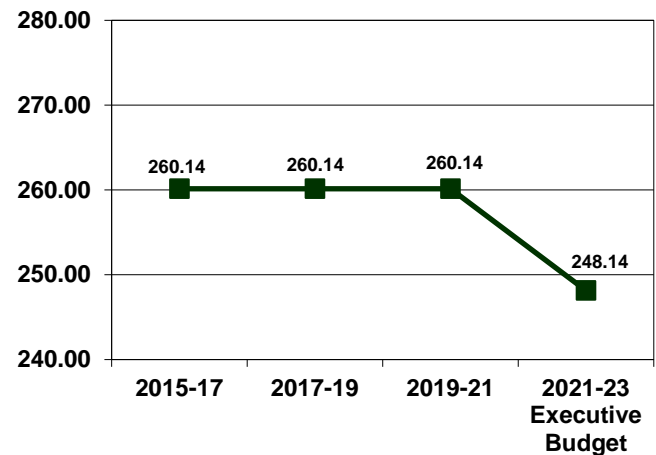
Ongoing and One-Time Other Funds Appropriations

	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 one-time funding 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 one-time funding 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 one-time funding 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			
	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842
2021-23 Ongoing Funding Changes				
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
One-time funding items				
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
Total Changes to Base Level Funding	(12.00)	\$0	\$12,573,010	\$12,573,010
2021-23 Total Funding	248.14	\$0	\$73,460,852	\$73,460,852
Total ongoing changes as a percentage of base level	(4.6%)		2.5%	2.5%
Total changes as a percentage of base level	(4.6%)		20.6%	20.6%

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

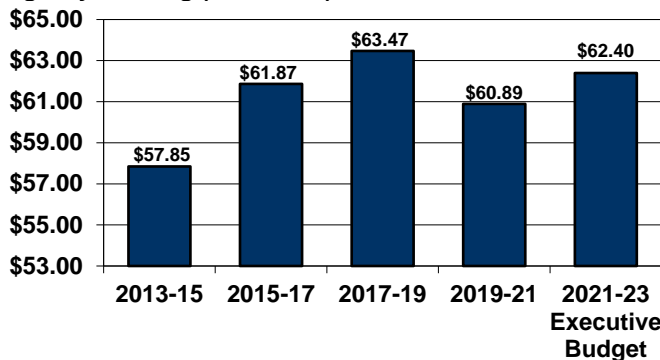
Executive Budget Recommendation
There are no other sections related to this agency.

Department 485 - Workforce Safety and Insurance

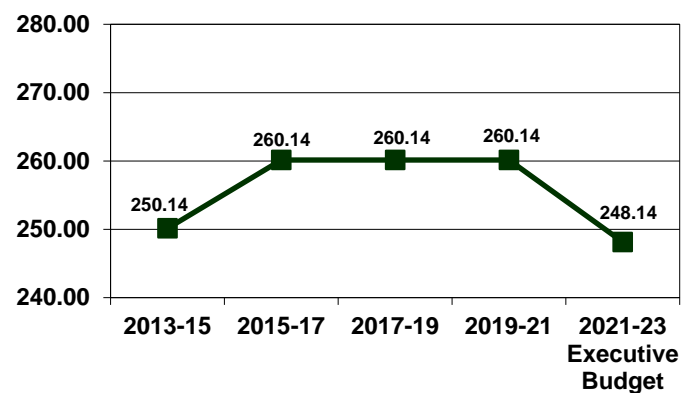
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



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

- 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
- Converted temporary positions to FTE positions, including 3 FTE claim adjuster positions and 1 FTE collections specialist position \$499,217
- Reduced operating expenses primarily relating to a reduction in information technology software of \$1.5 million (\$1,999,857)

2017-19 Biennium

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

2019-21 Biennium

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

2021-23 Biennium (Executive Budget Recommendation)

- 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
- 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)
- 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	0	514,000
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.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
1/11/2021

House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman David Monson called the meeting to order at 2:31 p.m. **Chairman David Monson, Vice Chairman Jim Schmidt, Representative Bob Martinson, Representative Mike Nathe, Representative Mark Sanford, and Representative Mike Schatz** were all present. **Representative Tracy Boe** was absent.

Discussion Topics:

- Workforce Safety and Insurance (WSI)
- Strategic plan, vision & budget
- Strategic highlights
- Historical workers' compensation benefit and service enhancement legislation
- Claims filed
- Medical Expense Assistance Program (MEAP)

Bryan Klipfel (2:32 p.m.) testified in favor. Testimony #292.

Russ Hanson (3:31 p.m.) testified in favor. Testimony #371.

Arik Spencer (3:35 p.m.) answered questions.

Chairman David Monson closed the hearing at 3:43 p.m.

Klarissa Pudwill, Committee Clerk

**2021 House Bill No. 1021
Testimony before the House Appropriations Committee
Education & Environment Division**

**Presented by:
Bryan Klipfel, WSI Director
Workforce Safety & Insurance
January 11, 2021**

Mr. Chairman and Members of the Committee:

Good morning. My name is Bryan Klipfel, Director of Workforce Safety & Insurance (WSI). I am here today to provide testimony on House Bill 1021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

My testimony today will be brief. We have provided you with PowerPoint slides. I will reference various slides that will assist in providing you an overall picture of WSI. The slides should provide you in-depth information for each area of discussion.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars (**slide 2**).

WSI Today – Strategic Plan – Vision (where we are going & why the budget requested)

I started with WSI in 2009, shortly after an initiated measure placed the agency back under the Governor (**slide 3**). I have worked hard to provide strategic leadership, improve the culture and climate within the agency, and to efficiently manage its' resources. First, we initiated a **Strategic Plan (slides 4-5)**.

We implemented the Balanced Scorecard Strategy – a tool that would allow WSI to set and achieve goals.

As outlined on **slide 5**, we identified four major focus areas, or **Strategic Perspectives**. It is called Balanced Scorecard because you concentrate on the four legs of the stool.

1. Customer - Improve customer experience and workforce safety and health.

2. Finance – Ensure resources are secure and utilized efficiently.
3. Internal Process – Improve communications and business operations.
4. Learning & Growth – Improve the agency culture, climate, and employee development.

One important addition to our Strategic Journey was the addition of the servant leadership philosophy. Basically, to lead is to serve. We, as leaders, are responsible for serving and developing those with whom we work. We at WSI have a noble profession of “Caring for Injured Workers.

An initial enhancement of our Strategic Journey was adopting a WSI Philosophy to create a healthy organization.

1. Build a cohesive leadership team
2. Create clarity – core purpose; values; strategic anchors; business definition
3. Over-communicate clarity
4. Reinforce clarity

The Strategic Journey was then further enhanced by adopting Crucial Conversations.

WSI's Core Purpose is “**To care for injured workers**”. That is why WSI exists. North Dakota is known as a state that provides good benefits to injured workers, and good payments to medical providers. **Slides 6-7** provide additional information and insight into how this was accomplished.

WSI offers the lowest premium rates in the nation and still provides good benefits. **Slides 8-12** illustrate how WSI benefits compare with other states.

Throughout history, the North Dakota Legislature has worked closely with WSI to develop legislation to help ensure this purpose is fulfilled. **Slides 13-17** provide a listing of past benefit / service enhancement legislation.

Performance Measures were identified to measure our success on **Slides 18-22**.

WSI Performance Metrics

Performance Indicators	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Injured Worker Satisfaction Survey	4.11	4.06	3.99	4.13	4.15	4.18
Employer Satisfaction Survey	4.27	4.31	4.41	4.42	4.32	4.37
Claims Filed/100 Covered Workers	5.69	4.97	4.91	4.90	4.86	4.54
Wage-loss Claims Filed/100 Covered Workers	0.73	0.57	0.58	0.60	0.59	0.62
Average Annual Premium Rate Adjustment	1.3%	4.8%	-2.5%	-7.9%	-6.8%	-7.1%
Investment Returns	3.27%	3.58%	8.29%	5.34%	6.87%	6.00%
Net Position (Fund Surplus) <i>millions</i>	\$454.8	\$466.1	\$608.8	\$681.1	\$770.4	\$906.0
Available Surplus Ratio	38.9%	39.8%	52.9%	61.9%	68.0%	85.5%
Premium Dividends (<i>millions</i>)	\$92.8	\$123.2	\$117.9	\$105.1	\$106.5	\$103.0
WSI Employee Turnover	9.3%	5.1%	3.5%	6.7%	6.9%	5.1%

WSI 2021-2023 Appropriation Request

Staffing

WSI accommodated the increased workloads during the peak boom years by increasing the number of temporary employees. As of June 30, 2015, WSI had the equivalent of 32 temporary employees. As workloads decreased, this number has been reduced to 5 in FY 2020, a reduction of 83% (**slide 23**).

Appropriation

Below is the bill outlining WSI's appropriation for the 2021-23 biennium (**slide 24**).

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and
2 insurance.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

	Governor's		
	<u>Base Level</u>	<u>Recommendation</u>	<u>Appropriation</u>
10 Workforce safety and insurance	<u>\$60,887,842</u>	<u>\$73,460,852</u>	<u>\$60,887,842</u>
11 operations			
12 Total special funds	\$60,887,872	\$73,460,852	\$60,887,872
13 Full-time equivalent positions	260.14	248.14	260.14

14 **SECTION 2. ONE-TIME FUNDING.** The following amounts reflect the one-time funding
15 items approved by the sixty-sixth legislative assembly for the 2019-21 biennium:

	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
17 Claims and policy system replacement project		\$7,010,000	\$0
18 MyWSI extranet enhancement project		<u>850,000</u>	<u>0</u>
19 Total special funds		\$7,860,000	\$0

The Governor's Budget Recommendation for WSI includes **(slides 25-27)**:

- \$7.5 million in one-time funding for the continuation of the development of the claims and policy system (CAPS).
- \$3.05 million in one-time funding for the continuation of the myWSI extranet enhancement project.
- \$514,000 in one-time funding for building improvements.
- \$32,057 to cover the increased cost of software licenses for Office 365.
- Transfers 12.00 FTE positions to NDIT for IT unification.

The Governor recommended special fund agencies reprioritize 5% of their appropriation to strategically reinvest in high-impact areas. WSI was able to reprioritize \$1.1 million within the operating budget to put towards additional resource support to assist with various strategic initiatives. This was accomplished by reducing costs in travel, supplies, and IT contractual services.

WSI is financially stable, provides excellent service, and is overall functioning very well. The FY2020 financial audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update **(slide 28)**. The Governor's recommended budget for 2021-23 would result in a total biennial base budget increase of 2.50% from the prior biennium, and an overall budget increase, including one-time funding items, of 6.90% from the prior biennium.

We firmly believe the technology initiatives outlined above will only serve to make us better in the services that we provide.

COVID-19

As a result of the COVID-19 pandemic, Executive Orders 2020-12, 12.1, and 12.2 were issued **(slide 29)**. 92% of the accepted claims were for healthcare workers with the balance primarily for first responders.

WSI received \$1,018,052 from the CARES Act funding **(slides 30-31)**. \$3,184 was used for telecommuting expenses and the remaining \$1,014,868 was used to cover costs associated with claims filed under the Executive Orders. All money was spent prior to December 31, 2020.

WSI assisted the Department of Commerce with their Medical Expense Assistance Program (MEAP) for healthcare workers and first responders (**slide 32**).

Some WSI staff also assisted Job Service with handling the large number of unemployment claims that they were receiving.

In closing, thank you for your time today and your consideration of WSI's biennial appropriation. At this time, I would be glad to answer any questions that you may have.

Great State of North Dakota

House Appropriations Education & Environment Division

WSI

North Dakota Workforce
Safety & Insurance

Bryan Klipfel | Director
January 11, 2021



NORTH
Dakota Be Legendary.™

WSI

North Dakota Workforce
Safety & Insurance

Who We Are



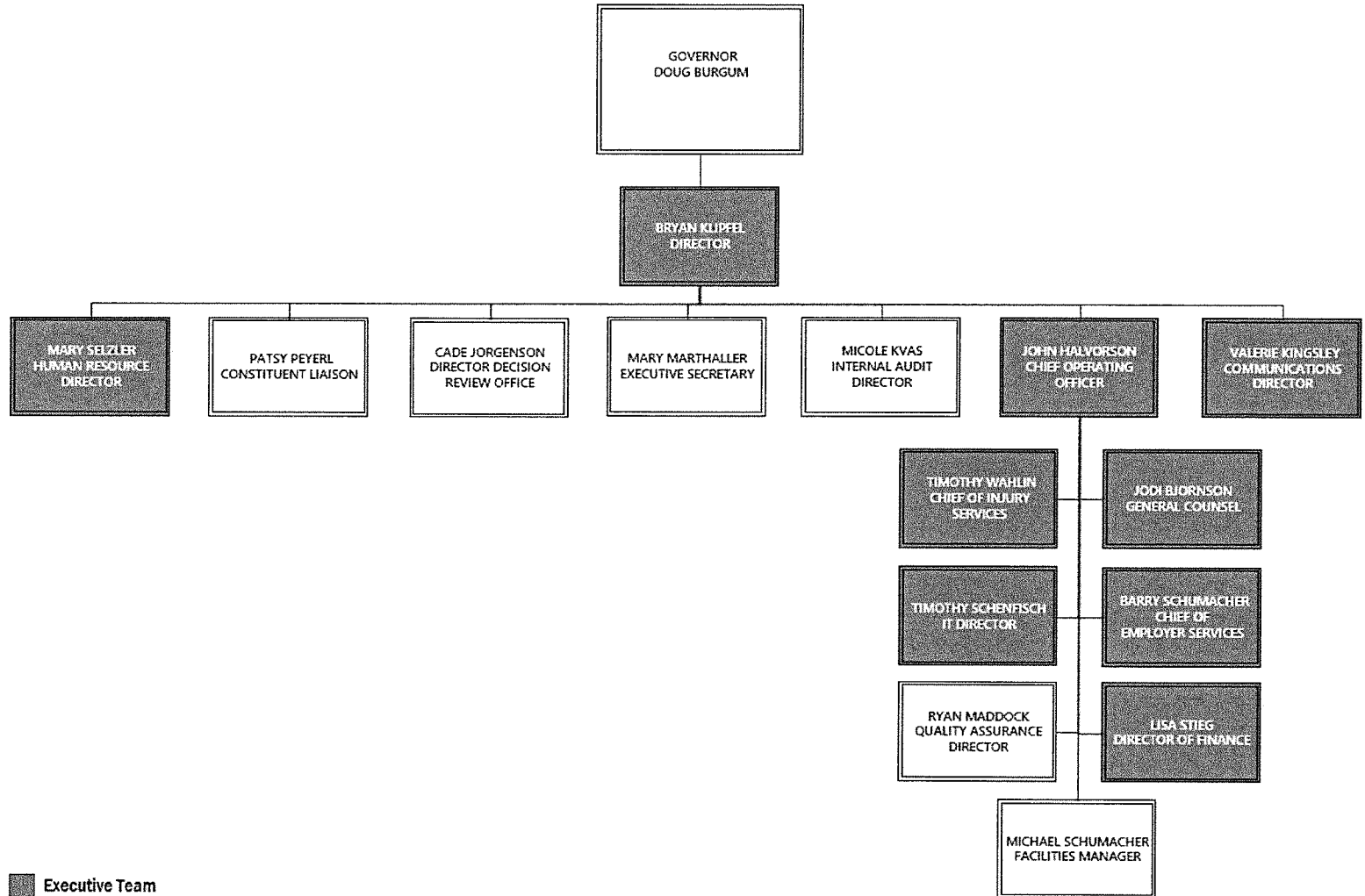
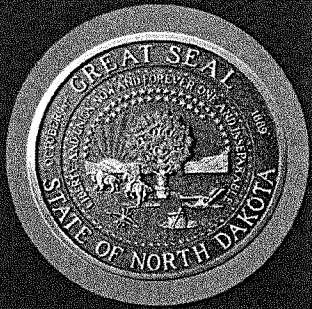
About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65). *WSI is a special fund agency and receives no general fund dollars.*

WSI

North Dakota Workforce
Safety & Insurance

WSI Organizational Chart



WSI

North Dakota Workforce
Safety & Insurance

Strategic Direction



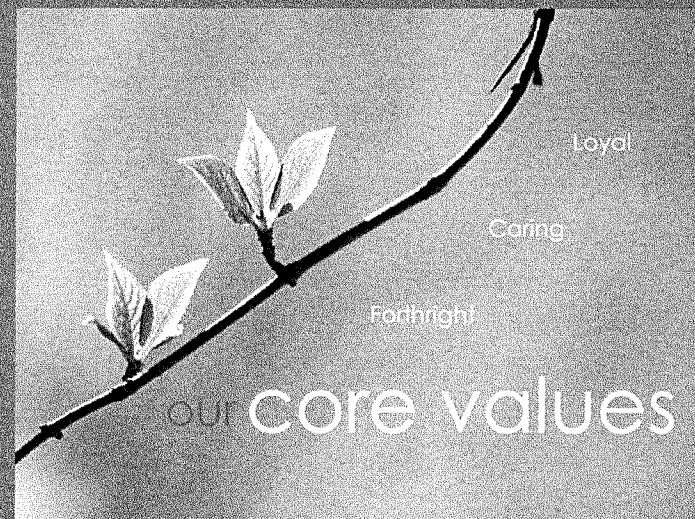
our purpose

... to care for injured workers



our business

... We provide workers' compensation
and safety services



Loyal

Caring

Forthright

our core values



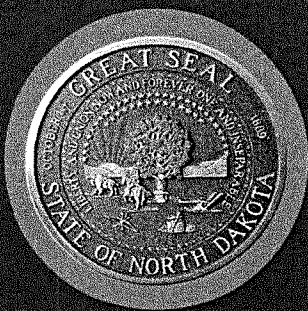
our strategy

- ✓ Exceptional People
- ✓ Exceptional Service
- ✓ Financial Stability

WSI

North Dakota Workforce
Safety & Insurance

Strategic Direction



2020 N.D. Workforce Safety & Insurance—Strategic Management System

WSI
North Dakota Workforce
Safety & Insurance

Core Purpose:
To Care for Injured Workers

Business Definition:
We provide workers' compensation and safety services

Vision:
A safe, secure, and healthy North Dakota Workforce.

Core Values

Loyal

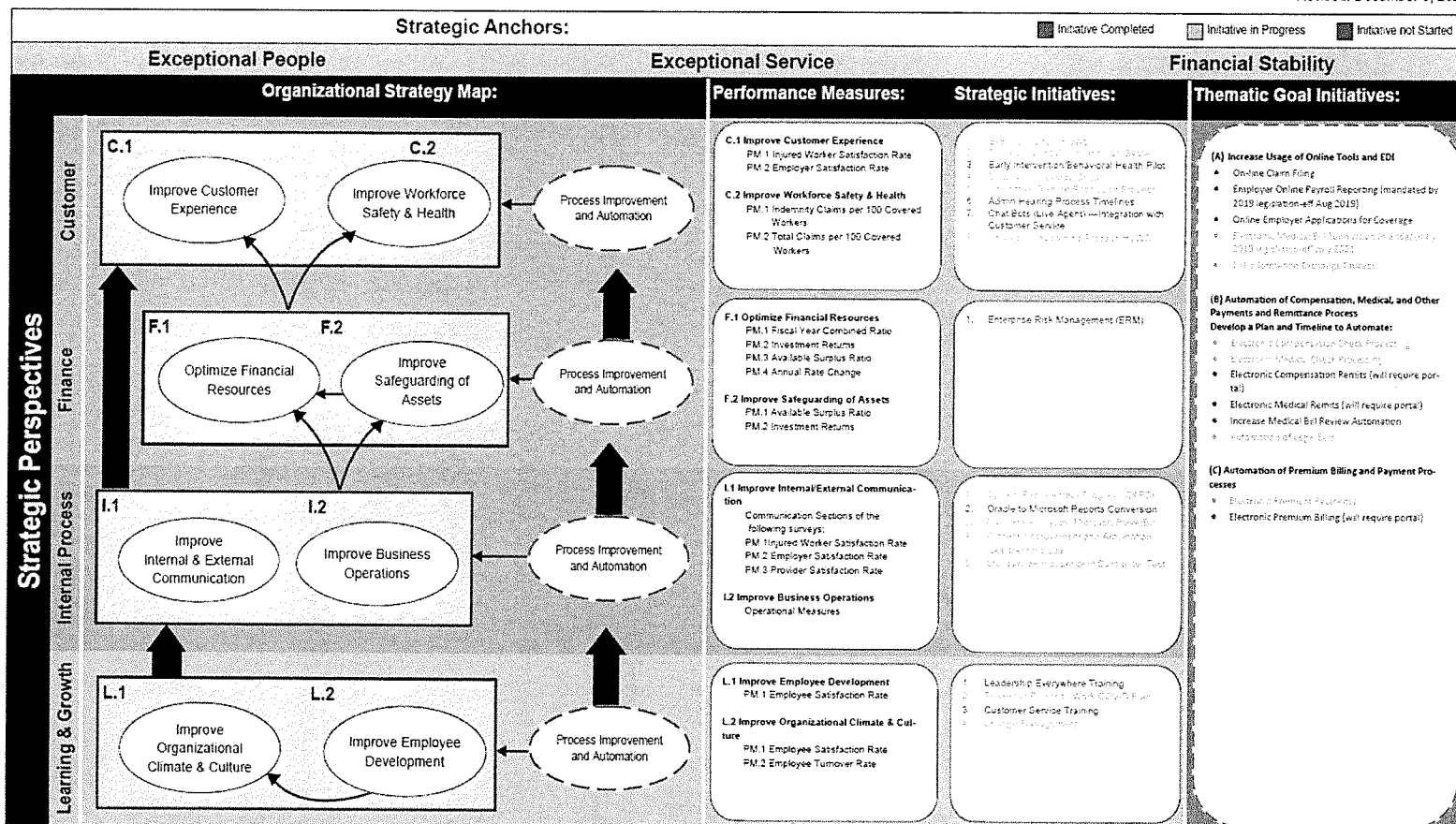
Caring

Forthright

Core Values

WSI
North Dakota Workforce
Safety & Insurance

Revised: December 3, 2020



WSI

North Dakota Workforce
Safety & Insurance

Strategic Highlights



Exceptional Employees and Positive Work Environment

- Top 10 places to work in Bismarck/Mandan (Bismarck-Mandan Young Professionals Network – 2017)
- One of three entities to receive the United Way Live United Award (Other recipients were Scheels and First International Bank & Trust - 2017)
- Servant Leadership Philosophy – We exist to serve others

Good Benefits

- Benefits set by statute including medical, wage-loss, impairment, and death
- Benefits compare quite favorably to other jurisdictions

Low Premiums

- Lowest premiums in the country (2018 Oregon Premium Study)
- Premiums were reduced for the 5th consecutive year with an average 8% reduction for the 2020-2021 policy year

Good Payor

- Fair payment for medical and hospital services
- Ensures injured employee access to quality healthcare

Financially Stable

- Investment returns averaged 6.0% over the past 5 years and contributed to additional surplus growth
- Exceeding statutory surplus requirements requires dividends
- Total dividends issued in 15 out of the last 16 years have amounted to nearly \$1.5 billion

WSI

North Dakota Workforce
Safety & Insurance

Strategic Highlights



Safety Focus

- Premium discounts to employers who utilize WSI Safety Programs (\$27 Million – FY 2020)
- Safety grants available to employers and industry associations
- Injury rates fell for the 8th consecutive year with a rate of 4.54 claims filed/100 covered workers in FY 2020

Administratively Efficient

- WSI's administrative expense ratio is 16%. Industry expense ratios average approximately 25%

Few Disputes and Low Litigation

- Only 0.7% of decisions issued proceed to an administrative court hearing

Medical Cost Containment

- Medical and hospital fee schedules
- Utilization review
- Medical bill review
- Evidence-based treatment guidelines
- Triage of complex claims
- Pharmacy Formulary

Return-to-Work Programs

- Time-loss claims account for approximately 14% of total claims in North Dakota compared to 20% in other jurisdictions

Good Service and Overall Customer Satisfaction

- Independently conducted injured employee and employer satisfaction surveys and consistently rank in the "high" satisfaction category

WSI

North Dakota Workforce
Safety & Insurance

Premium Index Comparison



Per 2018 Oregon Study:

Neighbor state's rates compared to
North Dakota (before any dividends)



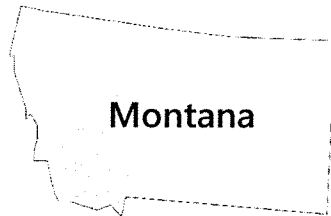
Minnesota

2.0x
Higher



South
Dakota

2.1x
Higher



Montana

2.5x
Higher

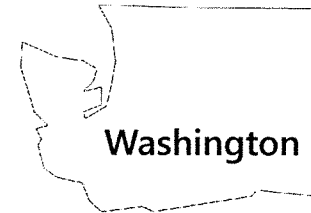
Monopolistic States:

State's rates compared to
North Dakota (before any dividends)



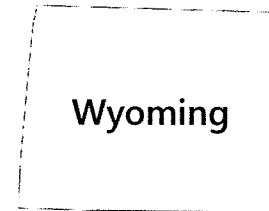
Ohio

1.7x
Higher



Washington

2.3x
Higher



Wyoming

2.3x
Higher

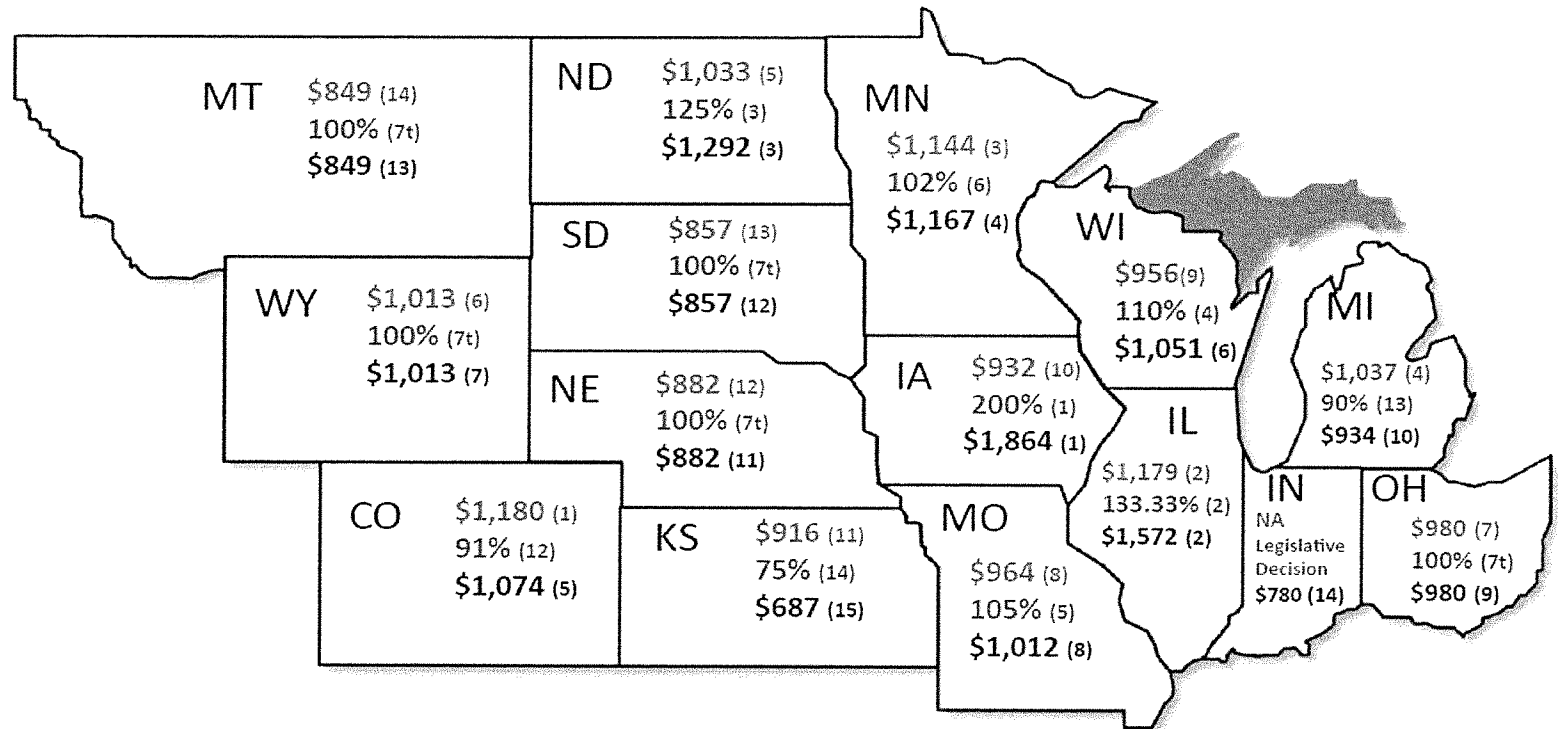
WSI

North Dakota Workforce
Safety & Insurance

Benefit Comparison



Midwest States: State's Average Weekly Wage, Maximum Benefit Rates and Maximum Weekly Benefit Amounts 2020—2021



SAWW (WY uses State's Avg Monthly Wage—calculated quarterly—3rd qtr 2020 shown)

Max. Weekly Benefit Rate

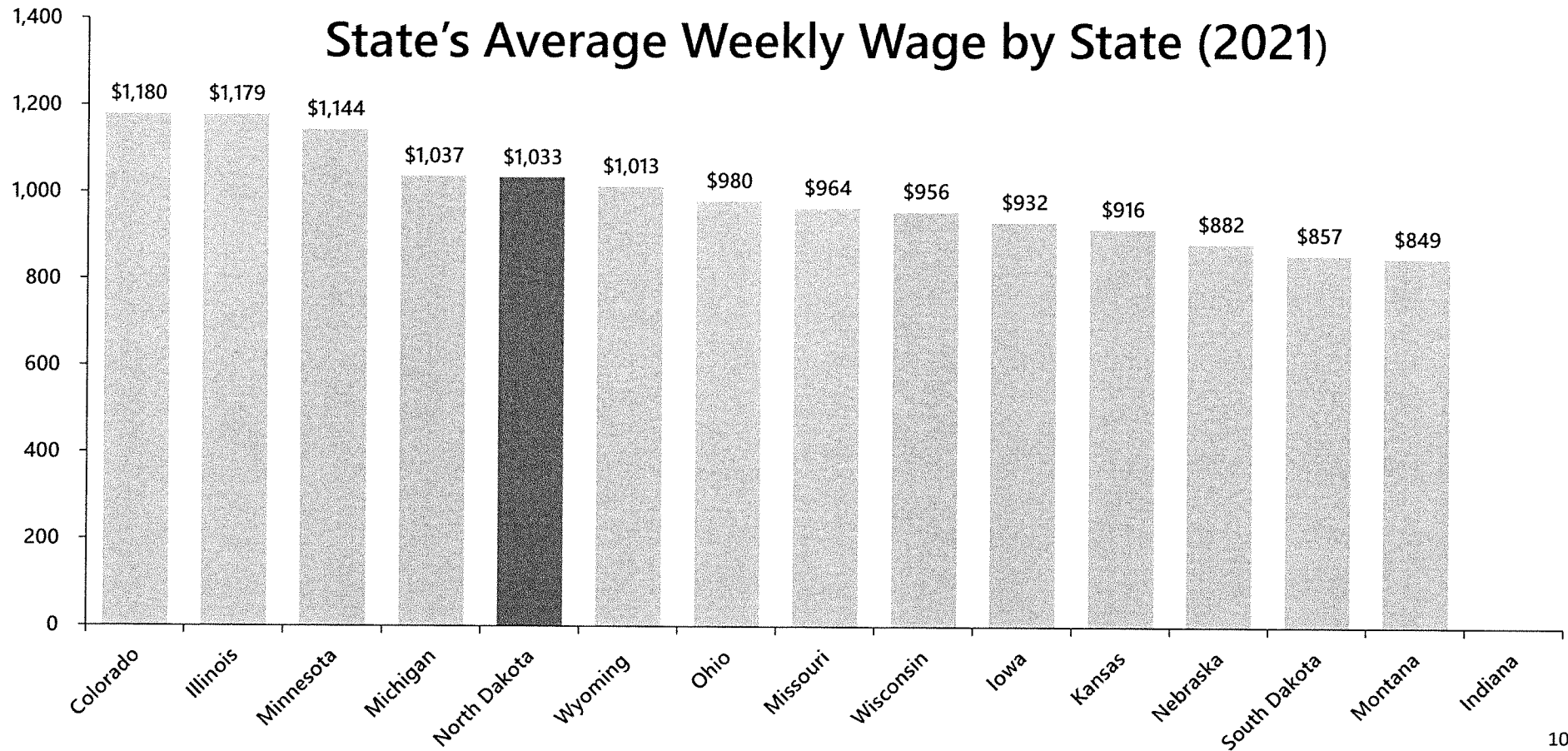
Max. Weekly Benefit Amount

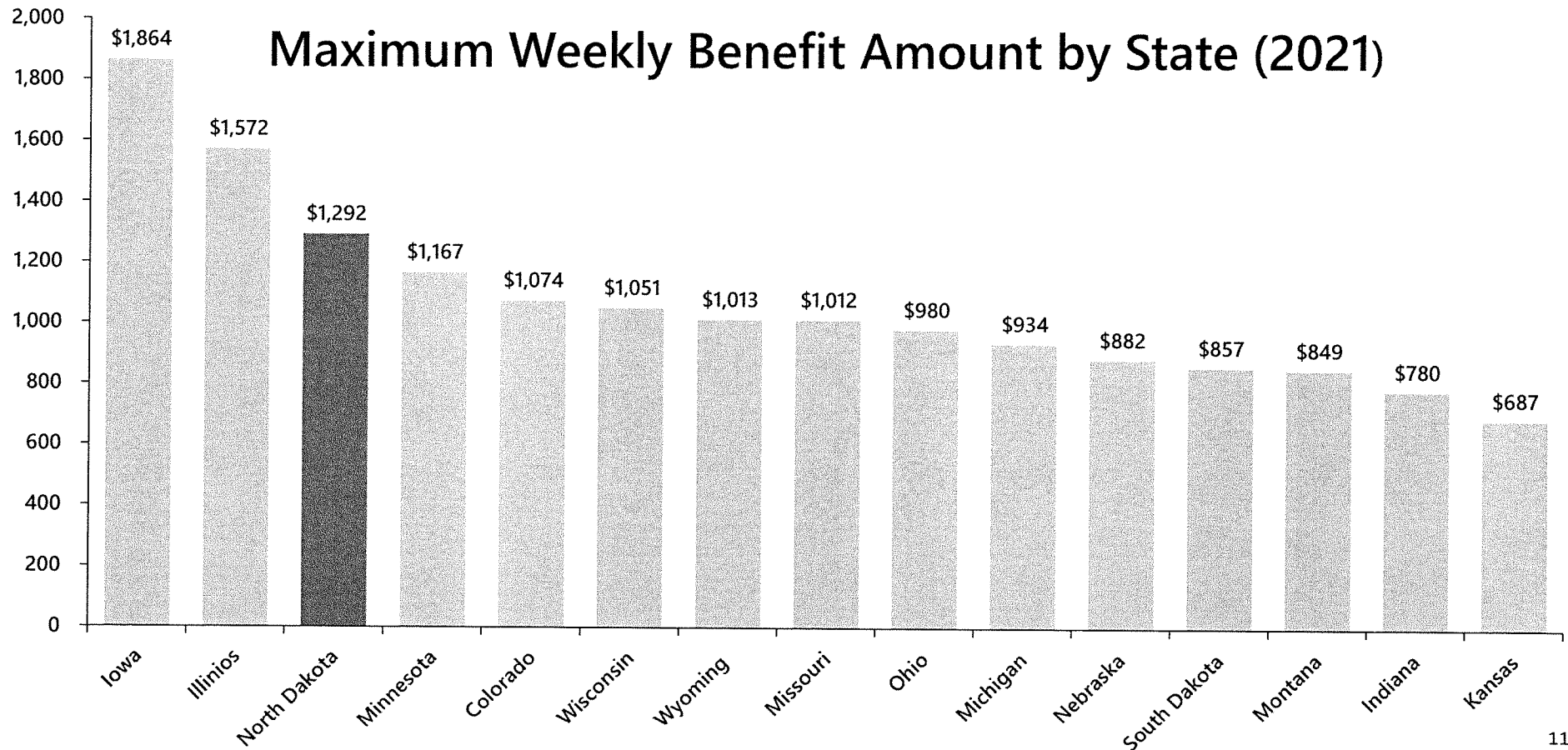
~ Information in Parenthesis = State Rank (#1—highest to #15—lowest)

~ Information Source: State Workers' Compensation Websites

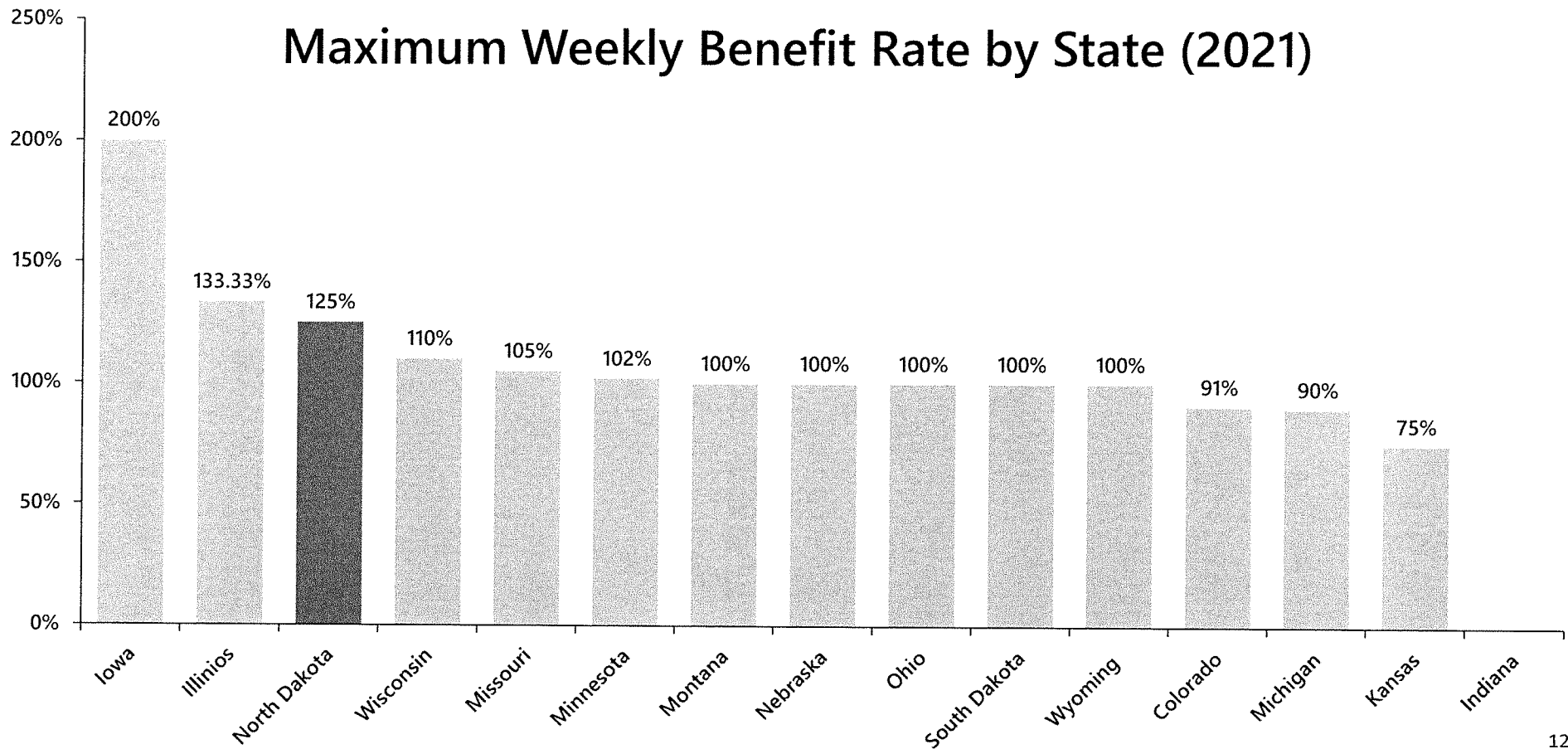


State's Average Weekly Wage by State (2021)





Benefit Comparison



Historical Workers Compensation Benefit & Service Enhancement Legislation



2019 Legislation

Required employer payroll reporting to be done electronically (HB 1072)

Requires healthcare providers to submit medical bills and documentation electronically no later than July 1, 2021 (HB 1073)

2017 Legislation

Provides for payments of an injured worker's attorney fees and costs at the level in which they prevailed regardless of whether the organization ultimately prevails (SB 2048)

Establishes a civil penalty in the amount of \$5,000 for an employer who willfully makes a false statement attempting to preclude an injured worker from securing benefits (SB 2094)

2015 Legislation

Expanded eligibility for the scholarship fund to include children up through age twenty-six (HB 1102)

Expanded the eligibility of children that can utilize the educational revolving loan fund (HB 1102)

2013 Legislation

Provided for a study of the preferred provider program (HB 1051)

Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)

Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)

Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)

Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)



2011 Legislation

Established a vocational rehabilitation grant program (HB 1050)

Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)

Reduced the threshold for percentage of whole-body impairment to qualify for a PPI award (HB 1055)

Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)

Expanded eligibility for the scholarship program (SB 2114)

Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)

Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)

Streamlined the personal reimbursement process for injured workers (SB 2114)

Expanded eligibility for the educational revolving loan fund (SB 2114)

2009 Legislation

Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)

Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)

Increased the eligibility pool for job search benefits (HB 1062)

Established pilot program to assess new methods of providing rehabilitation services (HB 1062)

Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)

Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)

Expanded COLA eligibility for pre-1/1/06 claims to include temporary total benefit recipients (HB 1064)

Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)

Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)



2009 Legislation – Continued

- Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)
- Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)
- Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)
- Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)
- Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)
- Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)
- Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)
- Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)
- Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)
- Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)
- Resolution to study injured worker access to legal representation (HCR 3013)
- Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)
- Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)
- Established a PPI schedule award for the partial loss of eye sight (SB 2057)
- Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)
- Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)
- Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)
- Provided WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)
- Shortened the time period in which an injured worker can request a change of doctor (SB 2432)
- Provided that WSI notify injured workers of work search obligations (SB 2433)



2007 Legislation

- Provided funds for purchase or adaptation of motor vehicles for catastrophically injured (HB 1038)
- Provided increased post-retirement additional benefits for certain injured workers (HB 1038)
- Expanded the population that is eligible for death benefits (HB 1038)
- Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)
- Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)
- Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)
- Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)
- Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

2005 Legislation

- Established additional safety incentives (HB 1125)
- Established ongoing funding for safety education, grant, and incentive programs (HB 1125)
- Created retraining options for injured workers (HB 1171)
- Established an injured worker educational revolving loan fund (HB 1491)
- Increased the non-dependency death award (HB 1506)
- Increased post-retirement additional benefit payments (SB 2351)

2003 Legislation

- Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)
- Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)
- Increased the maximum amounts for scholarship awards (HB 1120)



2001 Legislation

Increased certain permanent partial impairment awards (HB 1161)

1999 Legislation

Increased permanent partial impairment awards for the severely impaired (HB 1422)

Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)

Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

1997 Legislation

Increased weekly death benefits for surviving spouses (SB 2116)

Created the Guardian Scholarship program (SB 2116)

Established a post-retirement additional benefit (SB 2125)

WSI

North Dakota Workforce
Safety & Insurance

Who
We
Serve



State Population:

762,000

Covered Workforce:

414,371

Employer Accounts:

24,574

Number of Claims Filed Per Fiscal Year:

18,826

WSI Staff:

260 FTE

Net Earned Premiums:

\$222M

WSI Assets:

\$2.2B

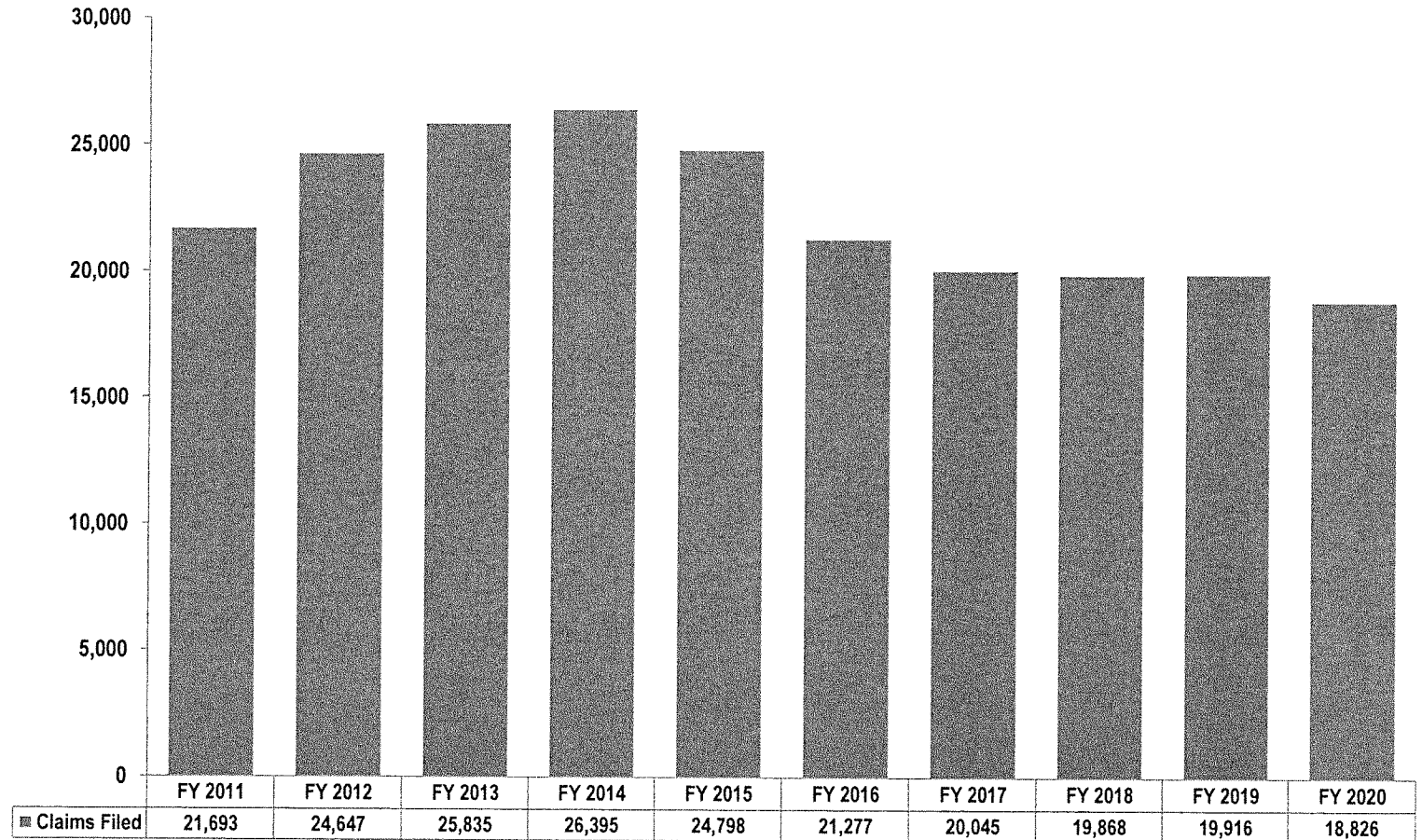
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Claims Filed



Claims Filed by Fiscal Year



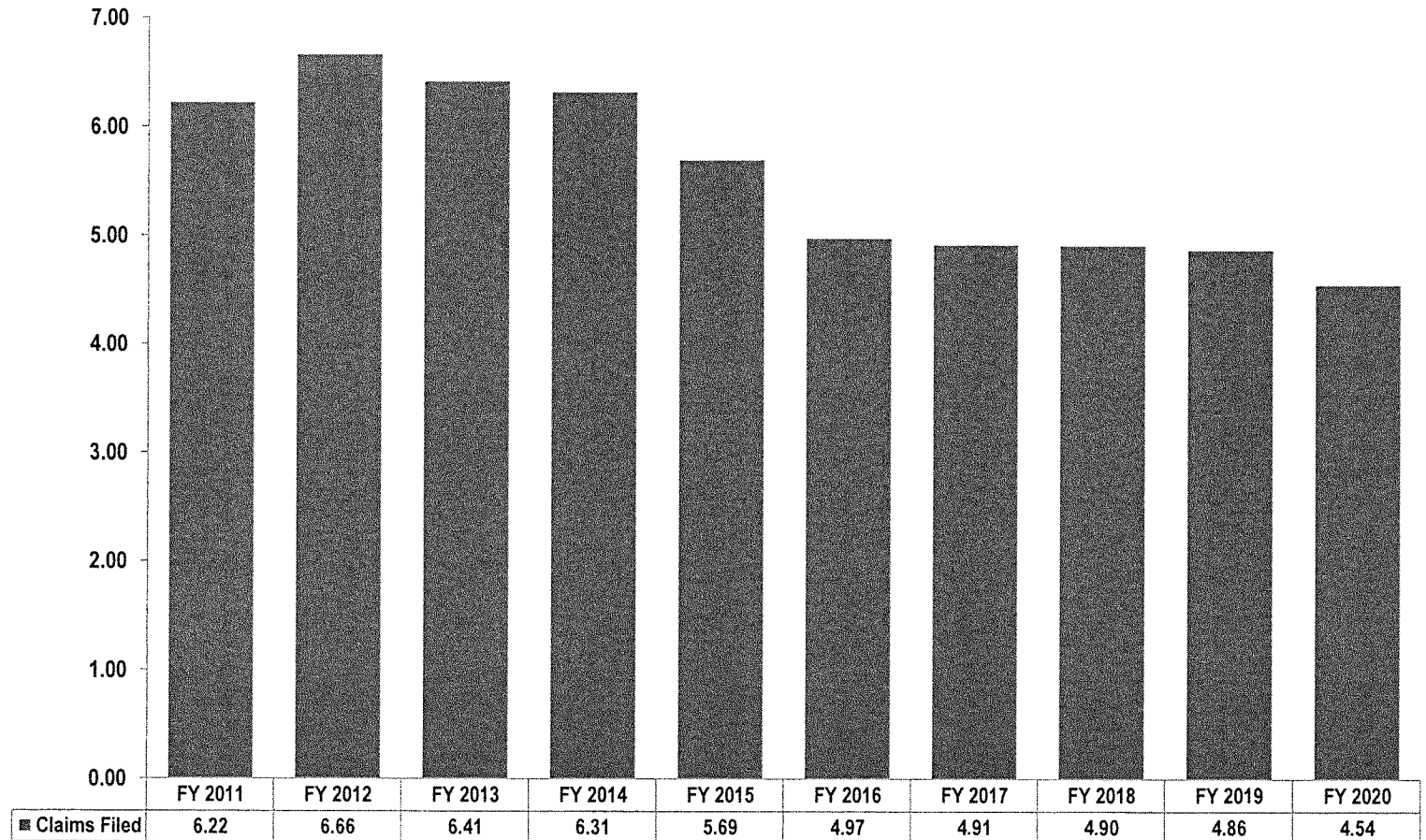
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Injury Rates



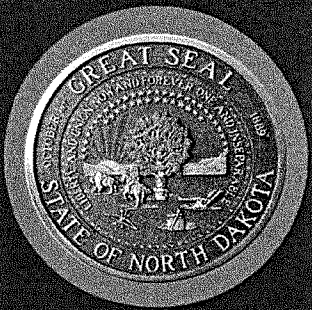
Claims Filed Per 100 Covered Workers



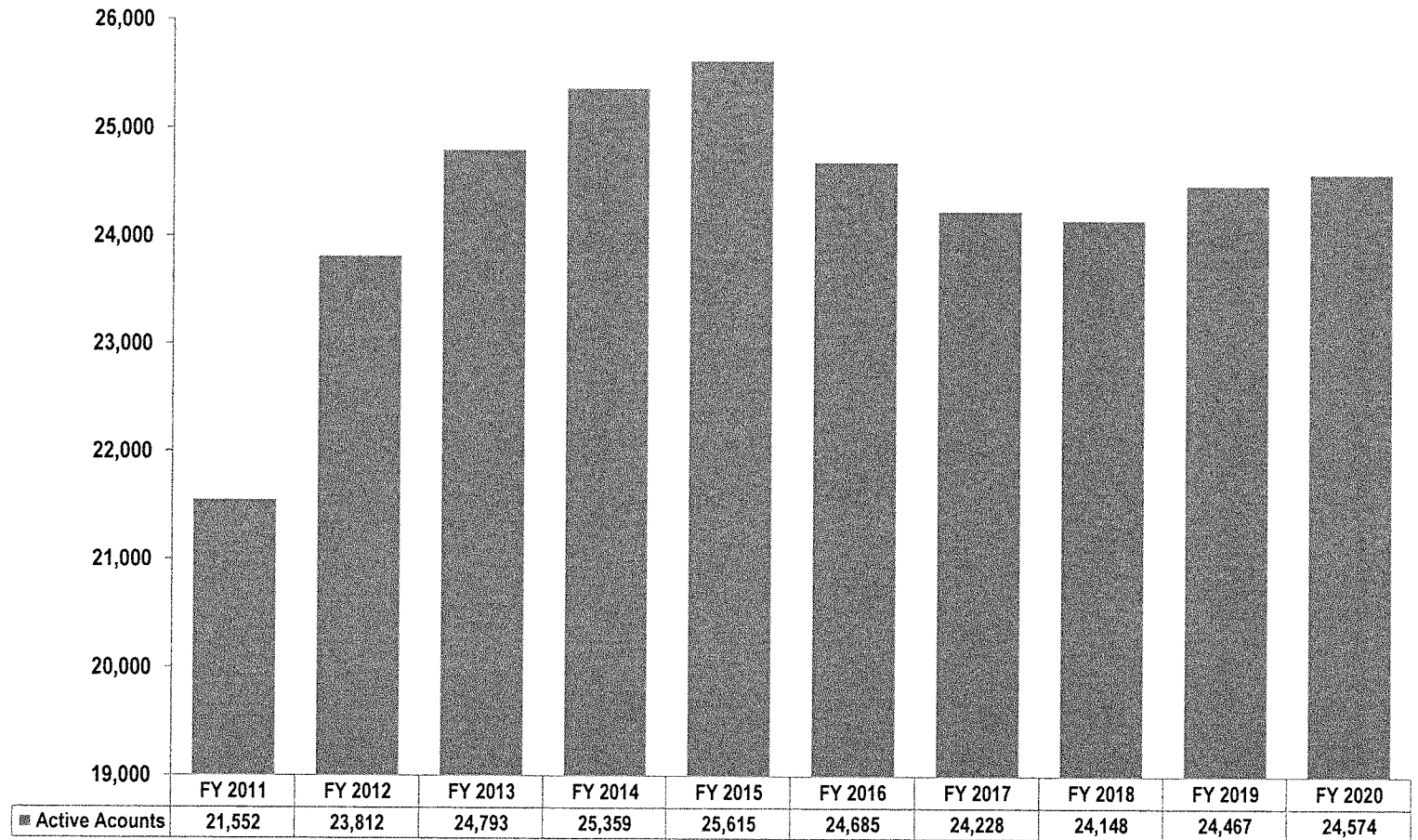
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Active Accounts



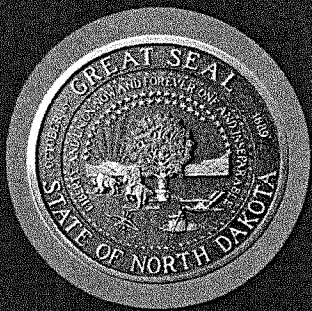
Active Employer Accounts



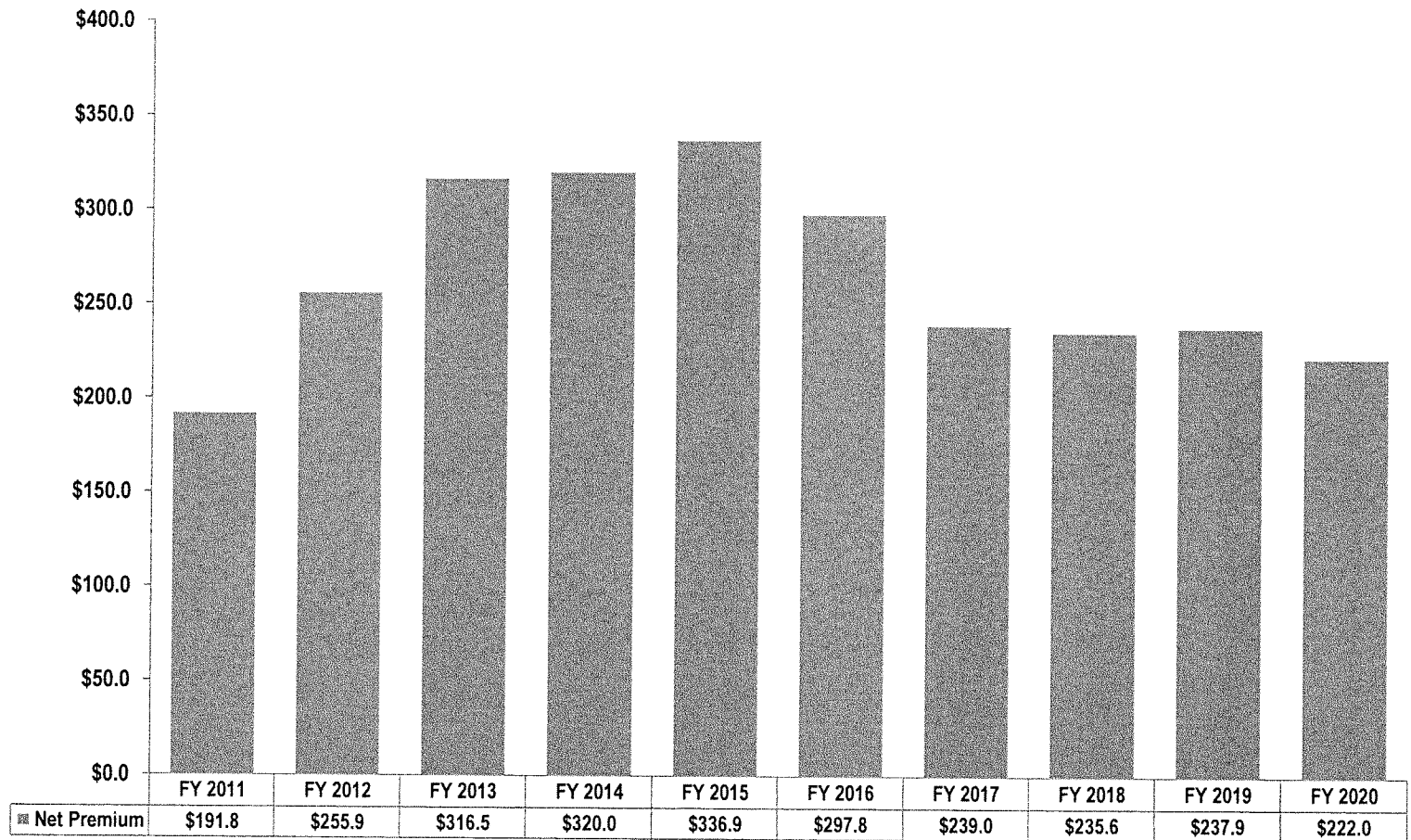
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Net Earned Premiums



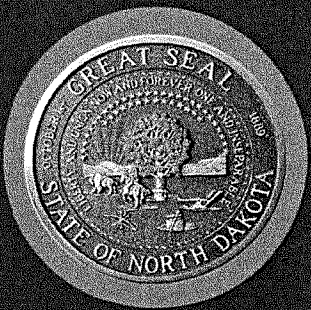
Net Earned Premiums (\$ Millions)



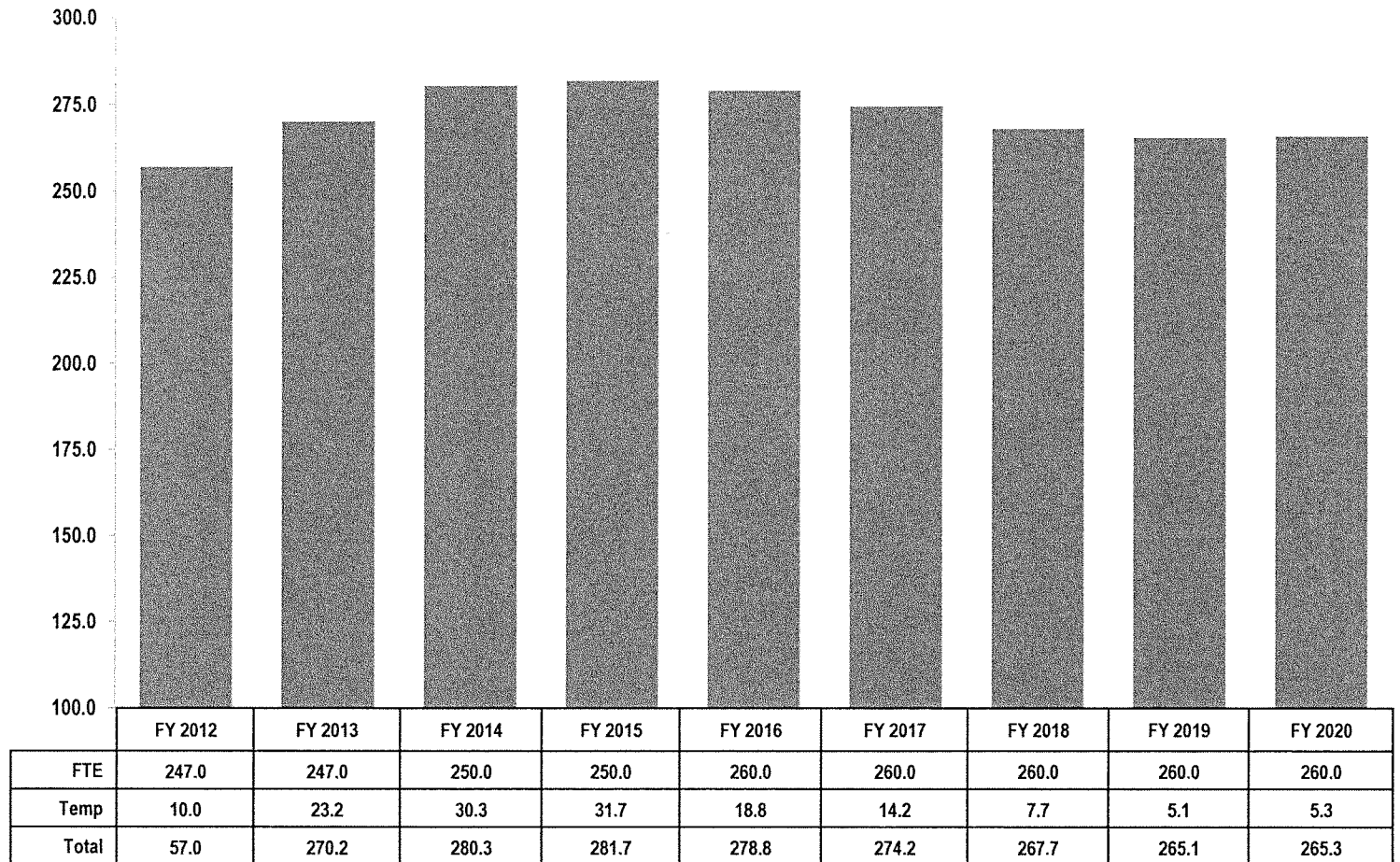
WSI

North Dakota Workforce
Safety & Insurance

Employee Count



Employee Count by Fiscal Year



Historical WSI Biennial Appropriations



		2019 – 2021 WSI Appropriation	2021 – 2023 Governor's Recommendation
1	WSI Base Level Appropriation	\$60,887,842	\$62,396,852
	<u>One-Time Funding Description</u>		
	Claims and Policy System (CAPS)	\$ 7,010,000	\$ 7,500,000
	myWSI	\$ 850,000	\$ 3,050,000
	Building Updates	-	\$ 514,000
2	Total One-Time Funding	\$ 7,860,000	\$ 11,064,000
	WSI Biennial Appropriation (1+2)	\$68,747,842	\$ 73,460,852
	FTE Authority	260	248
<ul style="list-style-type: none"> • Many of WSI's key initiatives are heavily dependent on the continued CAPS and myWSI development • The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities • Unspent funds are returned to the WSI fund 			

WSI

North Dakota Workforce
Safety & Insurance

One-Time Funding



Continued Development of Claims & Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,010,000 Next Biennium - \$7,500,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI –

Current Biennium - \$850,000 Next Biennium - \$3,050,000

Facility Improvements

Facility improvements based on Sitelogiq study

Current Biennium - \$0 Next Biennium - \$514,000

Immediate and Top Long-Term Goals/Priorities



CAPS and myWSI Programs – Overall Timeline for Remaining Releases

DRAFT: Revised 9/30/2020

PHASE 3 – PICS Application Refacing		PHASE 4 – CMS Application Refacing (Date Estimates Dependent on Phase 3 Completion Date)		
Release 8 – Payroll Reporting IN PROGRESS Release Start: 5/2020 Release End: 6/2021	Release 9 – Policy Stabilization Est. Release Start: 5/2021 Est. Release End: 10/2021	Release 10 – Claim Registration Est. Release Start: 10/2021 Est. Release End: 7/2022	Release 11 – Claim Parties / Maint Pt 1 Est. Release Start: 6/2022 Est. Release End: 1/2023	Release 12 – Claim Parties / Maint Pt 2 Est. Release Start: 12/2022 Est. Release End: 7/2023
myWSI				
Release R4 – Online Payroll Reporting IN PROGRESS Release Start: 5/2020 Release End: 6/2021	Release R5 – Site ReOrg / Employer DB / EIM Est. Release Start: 5/2021 Est. Release End: 12/2021	Release R6 – Employer Online App / Provider DB/ Forms Est. Release Start: 11/2021 Est. Release End: 7/2022	Release R7 – Provider Forms / Medical Records / Safety&Ergo Refactor Est. Release Start: 6/2022 Est. Release End: 1/2023	Release R8 – Injured Employee DB / Claims File Access /Forms Est. Release Start: 12/2023 Est. Release End: 7/2023

PHASE 4 – CMS Application Refacing Continued								PHASE 5
Release 13 – Wages / Reserves Est. Release Start: 6/2023 Est. Release End: 1/2024	Release 14 – Payments 1 (Est. 5.5 months)	Release 15 – Payments 2 (Est. 7.5 mo)	Release 16 – Medical 1 (Est. 6.5 mo)	Release 17 – Medical 2 (Est. 5.5 mo)	Release 18 – Field/ Fraud/Claim Inq (Est. 5.5 mo)	Release 19 – Legal/Rehab (Est. 5.5 mo)	Release 20 – Claim Tools/ Admin (Est. 5 mo)	Program Closeout & Transition (Est. 4 mo)
myWSI								
Release R9 – Vendor Access / OFROI Est. Release Start: 6/2023 Est. Release End: 01/2024	Program Closeout & Transition (Est. 4 mo)							

Facility Improvements



Facility Improvement Measure	WSI Budgeted Amount	Sitelogiq Proposed Cost	Difference
Heat Pump Replacement	\$ 100,000	\$ 1,390,000	\$ (1,290,000)
Lighting Retrofit - Base Project	\$ 382,000	\$ 382,000	\$ -
Elevator Door Operator and Glides Upgrades	\$ 32,000	\$ 33,500	\$ (1,500)
Energy Management and DDC - Base Scope	\$ -	\$ 173,000	\$ (173,000)
Domestic Water Efficiency Improvements	\$ -	\$ 26,000	\$ (26,000)
Building Envelope	\$ -	\$ 6,050	\$ (6,050)
Totals	\$ 514,000	\$ 2,010,550	\$ (1,496,550)

WSI

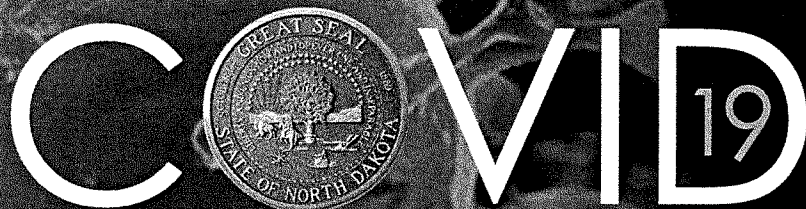
North Dakota Workforce
Safety & Insurance

Financial Audit Results



Fiscal Year 2020

The FY2020 Financial Audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update.



2020-12

Extending workers' compensation coverage for COVID-19 to first responders and front-line health care providers.

Executive Orders

2020-12.1

Includes funeral service personnel.

2020-12.2

Includes employees providing direct care to individuals with intellectual and developmental disabilities housed within certain licensed care facilities.

WSI

North Dakota Workforce
Safety & Insurance

COVID-19 Federal Funding



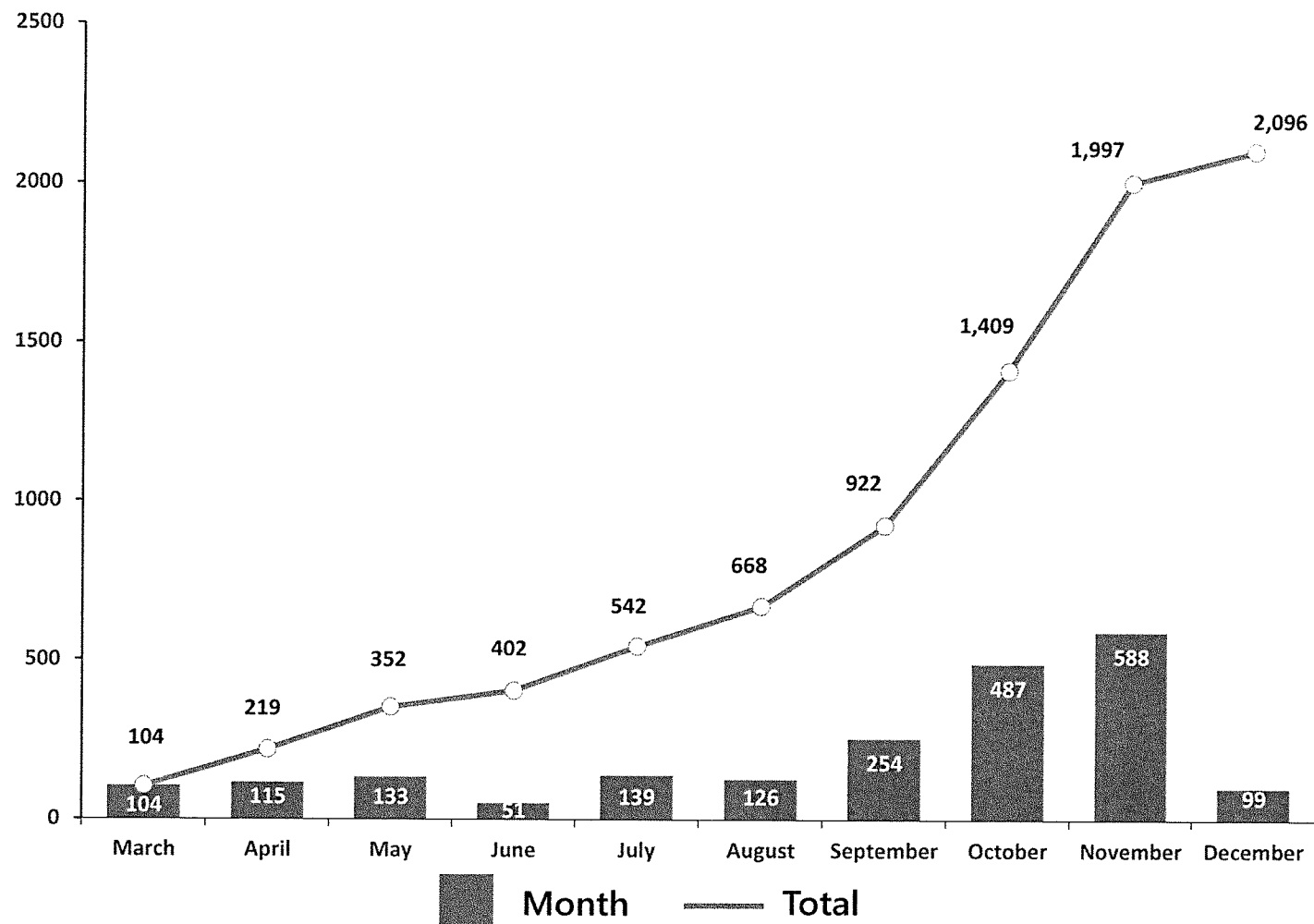
CARES Act Funding

WSI received \$1,018,052 from the CARES Act funding. \$3,184 was used for telecommuting expenses and the remaining \$1,014,868 was used to cover costs associated with claims filed under executive orders 2020-12, 12.1, and 12.2. All money has been spent.

WSI

North Dakota Workforce
Safety & Insurance

All COVID-19 Claims Filed by Month



A black and white photograph of a healthcare worker, likely a nurse or doctor, wearing scrubs and gloves. They are holding a small white sign with the word "HEROES" written on it in bold, black, capital letters. A stethoscope is visible around their neck. The background is a plain, light-colored wall.

HEROES

MEAP

Medical Expense
Assistance Program

WSI

North Dakota Workforce
Safety & Insurance



NORTH
Dakota Be Legendary.™

Questions?

Testimony HB 1021
House Industry Business & Labor Committee
January 11, 2021

Mr. Chairman and members of the Education & environment Appropriations committee, my name is Russ Hanson of the Associated General Contractors of North Dakota. AGC of ND is a 400 member association which has been in existence since 1951. Our membership consists of all aspects of commercial construction - highway contractors, vertical contractors, civil/heavy, specialty contractors, subcontractors as well as material and equipment suppliers.

I appreciate the opportunity to testify today and would like to bring a few pieces of information to the committee as you begin to deliberate HB 1021. The construction and construction related industries are the biggest single premium paying source of WSI premiums. With that, we pay close attention to this agency and are a continual partner with them. WSI is a model for workers compensation nationally. While they are one of only four states with WSI monopolies, they run the agency like a business.

Director Klipfel provided you with the details of the agency strengths (great benefits/lowest premiums/ample reserves) and I appreciate seeing this strength after witnessing the struggles WSI had in late 1980s through the mid 1990's. As Director Klipfel noted in his testimony, much of that change is due to the legislation implemented by the ND Legislature and we applaud this past action.

One area we particularly appreciate with WSI is their continued commitment to safety. AGC of ND has a very high priority to sending the workforce home from work in the same shape they were when they arrived that morning. Our association has a very effective safety program, and a major part of that success is our partnership with WSI.

Thanks for the opportunity to comment on HB 1021 and offer our support to the agency.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
1/29/2021

House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman David Monson called the meeting to order at 1:43 p.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford		A
Representative Schatz		A
Representative Boe	P	

Discussion Topics:

- FTEs

Written testimony: #4253

Chairman David Monson adjourned the meeting at 2:00 p.m.

Klarissa Pudwill, Committee Clerk

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

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842	260.14	\$0	\$60,887,842	\$60,887,842
2021-23 Ongoing Funding Changes								
Base payroll changes			\$1,332,010	\$1,332,010				\$0
Salary increase			1,225,941	1,225,941				0
Health insurance increase			11,699	11,699				0
Retirement contribution increase			239,313	239,313				0
Transfers FTE information technology positions to ITD	(12.00)		0	0				0
Reduces funding for operating expenses			(1,332,010)	(1,332,010)				0
Adds funding for Microsoft Office 365 license expenses			32,057	32,057				0
Total ongoing funding changes	(12.00)	\$0	\$1,509,010	\$1,509,010	0.00	\$0	\$0	\$0
One-time funding items								
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000				\$0
Adds funding for the myWSI enhancement project			3,050,000	3,050,000				0
Adds funding for building upgrades			514,000	514,000				0
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(12.00)	\$0	\$12,573,010	\$12,573,010	0.00	\$0	\$0	\$0
2021-23 Total Funding	248.14	\$0	\$73,460,852	\$73,460,852	260.14	\$0	\$60,887,842	\$60,887,842
<i>Total ongoing changes as a percentage of base level</i>	(4.6%)		2.5%	2.5%	0.0%		0.0%	0.0%
<i>Total changes as a percentage of base level</i>	(4.6%)		20.6%	20.6%	0.0%		0.0%	0.0%

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

Executive Budget Recommendation	House Version
There are no other sections related to this agency.	

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
2/11/2021

House Appropriations Committee - Education and Environment

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman David Monson called the meeting to order at 4:04 p.m.

Representative	Present	Absent
Chairman Monson	P	
Vice Chairman Schmidt	P	
Representative Martinson	P	
Representative Nathe	P	
Representative Sanford	P	
Representative Schatz	P	
Representative Boe		A

Discussion Topics:

- Base level funding review

Bryan Klipfel (4:09 p.m.) testified in favor.

Representative Mark Sanford made a motion to verbally approve the amendment subject to review when seen. Amendment 21.0280.01001

Representative Mike Nathe seconded

Voice vote: Motion carried

Representative Mark Sanford moved Do Pass as amended

Representative Mike Nathe seconded

Roll Call vote taken:

Representative	Yea	Nay	Absent
Chairman Monson	X		
Vice Chairman Schmidt	X		
Representative Martinson	X		
Representative Nathe	X		
Representative Sanford	X		
Representative Schatz	X		
Representative Boe			X

Motion Passed 6 Yea, 0 Nay, 1 Absent

Additional written testimony: #6507

Chairman David Monson adjourned the meeting at 4:18 p.m.

Klarissa Pudwill, Committee Clerk

21.0280.01001
Title.

Fiscal No. 1

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 16, 2021

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, after "insurance" insert "; and to provide for a report"

Page 1, replace lines 8 through 13 with:

"

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,271,810</u>	<u>\$73,159,652</u>
Total special funds	\$60,887,842	\$12,271,810	\$73,159,652
Full-time equivalent positions	260.14	0.00	260.14"

Page 1, line 14, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO
SIXTY-EIGHTH LEGISLATIVE ASSEMBLY**"

Page 1, line 15, after "biennium" insert "and the one-time funding items included in the
appropriation in section 1 of this Act"

Page 1, replace lines 17 through 19 with:

"Claims and policy system replacement project	\$7,010,000	\$7,500,000
MyWSI extranet enhancement project	850,000	3,050,000
Building upgrades	<u>0</u>	<u>514,000</u>
Total special funds	\$7,860,000	\$11,064,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's
base budget for the 2023-25 biennium. Workforce safety and insurance 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."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
WSI operations	<u>\$60,887,842</u>	<u>\$12,271,810</u>	<u>\$73,159,652</u>
Total all funds	\$60,887,842	\$12,271,810	\$73,159,652
Less estimated income	<u>60,887,842</u>	<u>12,271,810</u>	<u>73,159,652</u>
General fund	\$0	\$0	\$0
FTE	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Reduces Funding for Operating Expenses ³	Adds Funding for Microsoft Office 365 Licenses ⁴	Adds One- Time Funding for the CAPS Replacement Project ⁵	Adds One- Time Funding for the MyWSI Enhancement Project ⁶
WSI operations	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Total all funds	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Less estimated income	1,332,010	1,175,753	(1,332,010)	32,057	7,500,000	3,050,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One- Time Funding for Building Upgrades ⁷	Total House Changes
WSI operations	\$514,000	\$12,271,810
Total all funds	\$514,000	\$12,271,810
Less estimated income	514,000	12,271,810
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$1,332,010 is added from the Workforce Safety and Insurance fund for base payroll changes, primarily to restore salaries and wages funding for 6 FTE positions which were unfunded during the 2019-21 biennium.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$0	\$1,163,466	\$1,163,466
Health insurance increase	0	12,287	12,287
Total	\$0	\$1,175,753	\$1,175,753

³ Funding of \$1,332,010 is reduced from the Workforce Safety and Insurance fund 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.

⁴ Funding of \$32,057 is added from the Workforce Safety and Insurance fund for Microsoft Office 365 license expenses.

⁵ One-time funding of \$7.5 million is added from the Workforce Safety and Insurance 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 \$15 million. The entire 20-release project is estimated to cost \$29.6 million and is estimated to be completed during the 2025-27 biennium.

⁶ One-time funding of \$3.05 million is added from the Workforce Safety and Insurance 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. The 2019-21 biennium appropriation for the project was \$850,000. It is anticipated the project will be completed during the 2023-25 biennium.

⁷ One-time funding of \$514,000 is added from the Workforce Safety and Insurance fund for building upgrades, including costs related to lighting, elevator door operators, and geothermal heat pump replacements.

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

	Executive Budget Recommendation				House Version				House Changes to Executive Budget Increase (Decrease) - Executive Budget			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842	260.14	\$0	\$60,887,842	\$60,887,842	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes			\$1,332,010	\$1,332,010			\$1,332,010	\$1,332,010				\$0
Salary increase			1,225,941	1,225,941			1,113,932	1,113,932			(112,009)	(112,009)
Health insurance increase			11,699	11,699			11,699	11,699				0
Retirement contribution increase			239,313	239,313				0			(239,313)	(239,313)
Transfers FTE information technology positions to ITD	(12.00)			0	(12.00)		50,122	50,122			50,122	50,122
Reduces funding for operating expenses			(1,332,010)	(1,332,010)			(1,332,010)	(1,332,010)				0
Adds funding for Microsoft Office 365 license expenses			32,057	32,057			32,057	32,057				0
Total ongoing funding changes	(12.00)	\$0	\$1,509,010	\$1,509,010	(12.00)	\$0	\$1,207,810	\$1,207,810	0.00	\$0	(\$301,200)	(\$301,200)
One-time funding items												
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000			\$7,500,000	\$7,500,000			\$0	\$0
Adds funding for the myWSI enhancement project			3,050,000	3,050,000			3,050,000	3,050,000			0	0
Adds funding for building upgrades			514,000	514,000			514,000	514,000			0	0
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	(12.00)	\$0	\$12,573,010	\$12,573,010	(12.00)	\$0	\$12,271,810	\$12,271,810	0.00	\$0	(\$301,200)	(\$301,200)
2021-23 Total Funding	248.14	\$0	\$73,460,852	\$73,460,852	248.14	\$0	\$73,159,652	\$73,159,652	0.00	\$0	(\$301,200)	(\$301,200)
Total ongoing changes as a percentage of base level	(4.6%)		2.5%	2.5%	(4.6%)		2.0%	2.0%				
Total changes as a percentage of base level	(4.6%)		20.6%	20.6%	(4.6%)		20.2%	20.2%				

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

Executive Budget Recommendation	House Version
There are no other sections related to this agency.	There are no other sections related to this agency.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations Committee Brynhild Haugland Room, State Capitol

HB 1021
2/18/2021

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

10:28 Chairman Delzer- Opened the meeting for HB 1021

Attendance	P/A
Representative Jeff Delzer	P
Representative Keith Kempenich	A
Representative Bert Anderson	P
Representative Larry Bellew	P
Representative Tracy Boe	P
Representative Mike Brandenburg	P
Representative Michael Howe	P
Representative Gary Kreidt	P
Representative Bob Martinson	P
Representative Lisa Meier	P
Representative Alisa Mitskog	P
Representative Corey Mock	P
Representative David Monson	P
Representative Mike Nathe	P
Representative Jon O. Nelson	P
Representative Mark Sanford	P
Representative Mike Schatz	P
Representative Jim Schmidt	P
Representative Randy A. Schobinger	P
Representative Michelle Strinden	P
Representative Don Vigasaa	P

Discussion Topics:

- Amendment

10:28 Representative Nathe Reviewed the budget and amendment 21.0280.01001

10:32 Representative Nathe- Makes a motion to adopt amendment

Representative Schmidt- Second

Further discussion

10:36 Voice Vote- Motion Carries

10:36 Representative Nathe Makes a motion for a Do Pass as Amended

Representative Monson-Second

Further discussion

10:37 Roll call vote was taken;

Representatives	Vote
Representative Jeff Delzer	Y
Representative Keith Kempenich	A
Representative Bert Anderson	Y
Representative Larry Bellew	Y
Representative Tracy Boe	Y
Representative Mike Brandenburg	Y
Representative Michael Howe	Y
Representative Gary Kreidt	Y
Representative Bob Martinson	Y
Representative Lisa Meier	Y
Representative Alisa Mitskog	Y
Representative Corey Mock	Y
Representative David Monson	Y
Representative Mike Nathe	Y
Representative Jon O. Nelson	Y
Representative Mark Sanford	Y
Representative Mike Schatz	Y
Representative Jim Schmidt	Y
Representative Randy A. Schobinger	Y
Representative Michelle Strinden	Y
Representative Don Vigesaa	Y

Motion Carries 20-0-1 Representative Nathe will carry the bill

Additional written testimony: No Written testimony

10:37 Chairman Delzer- Closes the meeting for HB 1021

Risa Berube,

House Appropriations Committee Clerk

21.0280.01001
Title.02000

Fiscal No. 1

Prepared by the Legislative Council staff for
the House Appropriations - Education and
Environment Division Committee
February 16, 2021

DP 2/18/21
1 of 2

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1021

Page 1, line 2, after "insurance" insert "; and to provide for a report"

Page 1, replace lines 8 through 13 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,271,810</u>	<u>\$73,159,652</u>
Total special funds	\$60,887,842	\$12,271,810	\$73,159,652
Full-time equivalent positions	260.14	0.00	260.14"

Page 1, line 14, after "**FUNDING**" insert "**- EFFECT ON BASE BUDGET - REPORT TO
SIXTY-EIGHTH LEGISLATIVE ASSEMBLY**"

Page 1, line 15, after "biennium" insert "and the one-time funding items included in the
appropriation in section 1 of this Act"

Page 1, replace lines 17 through 19 with:

"Claims and policy system replacement project	\$7,010,000	\$7,500,000
MyWSI extranet enhancement project	850,000	3,050,000
Building upgrades	<u>0</u>	<u>514,000</u>
Total special funds	\$7,860,000	\$11,064,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's
base budget for the 2023-25 biennium. Workforce safety and insurance 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."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
WSI operations	<u>\$60,887,842</u>	<u>\$12,271,810</u>	<u>\$73,159,652</u>
Total all funds	\$60,887,842	\$12,271,810	\$73,159,652
Less estimated income	<u>60,887,842</u>	<u>12,271,810</u>	<u>73,159,652</u>
General fund	\$0	\$0	\$0
FTE	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	Adjusts Funding for Base Payroll Changes ¹	Adds Funding for Salary and Benefit Increases ²	Reduces Funding for Operating Expenses ³	Adds Funding for Microsoft Office 365 Licenses ⁴	Adds One- Time Funding for the CAPS Replacement Project ⁵	Adds One- Time Funding for the MyWSI Enhancement Project ⁶
WSI operations	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Total all funds	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Less estimated income	1,332,010	1,175,753	(1,332,010)	32,057	7,500,000	3,050,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One- Time Funding for Building Upgrades ⁷	Total House Changes
WSI operations	\$514,000	\$12,271,810
Total all funds	\$514,000	\$12,271,810
Less estimated income	514,000	12,271,810
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$1,332,010 is added from the Workforce Safety and Insurance fund for base payroll changes, primarily to restore salaries and wages funding for 6 FTE positions which were unfunded during the 2019-21 biennium.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$0	\$1,163,466	\$1,163,466
Health insurance increase	0	12,287	12,287
Total	\$0	\$1,175,753	\$1,175,753

³ Funding of \$1,332,010 is reduced from the Workforce Safety and Insurance fund 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.

⁴ Funding of \$32,057 is added from the Workforce Safety and Insurance fund for Microsoft Office 365 license expenses.

⁵ One-time funding of \$7.5 million is added from the Workforce Safety and Insurance 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 \$15 million. The entire 20-release project is estimated to cost \$29.6 million and is estimated to be completed during the 2025-27 biennium.

⁶ One-time funding of \$3.05 million is added from the Workforce Safety and Insurance 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. The 2019-21 biennium appropriation for the project was \$850,000. It is anticipated the project will be completed during the 2023-25 biennium.

⁷ One-time funding of \$514,000 is added from the Workforce Safety and Insurance fund for building upgrades, including costs related to lighting, elevator door operators, and geothermal heat pump replacements.

REPORT OF STANDING COMMITTEE

HB 1021: Appropriations Committee (Rep. Delzer, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (20 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1021 was placed on the Sixth order on the calendar.

Page 1, line 2, after "insurance" insert "; and to provide for a report"

Page 1, replace lines 8 through 13 with:

	<u>Base Level</u>	<u>Adjustments or Enhancements</u>	<u>Appropriation</u>
Workforce safety and insurance operations	\$60,887,842	\$12,271,810	\$73,159,652
Total special funds	\$60,887,842	\$12,271,810	\$73,159,652
Full-time equivalent positions	260.14	0.00	260.14"

Page 1, line 14, after "FUNDING" insert "- EFFECT ON BASE BUDGET - REPORT TO SIXTY-EIGHTH LEGISLATIVE ASSEMBLY"

Page 1, line 15, after "biennium" insert "and the one-time funding items included in the appropriation in section 1 of this Act"

Page 1, replace lines 17 through 19 with:

"Claims and policy system replacement project	\$7,010,000	\$7,500,000
MyWSI extranet enhancement project	850,000	3,050,000
Building upgrades	0	514,000
Total special funds	\$7,860,000	\$11,064,000

The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget for the 2023-25 biennium. Workforce safety and insurance 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."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - House Action

	<u>Base Budget</u>	<u>House Changes</u>	<u>House Version</u>
WSI operations	\$60,887,842	\$12,271,810	\$73,159,652
Total all funds	\$60,887,842	\$12,271,810	\$73,159,652
Less estimated income	60,887,842	12,271,810	73,159,652
General fund	\$0	\$0	\$0
FTE	260.14	0.00	260.14

Department 485 - Workforce Safety and Insurance - Detail of House Changes

	<u>Adjusts Funding for Base Payroll Changes¹</u>	<u>Adds Funding for Salary and Benefit Increases²</u>	<u>Reduces Funding for Operating Expenses³</u>	<u>Adds Funding for Microsoft Office 365 Licenses⁴</u>	<u>Adds One-Time Funding for the CAPS Replacement Project⁵</u>	<u>Adds One-Time Funding for the MyWSI Enhancement Project⁶</u>
WSI operations	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Total all funds	\$1,332,010	\$1,175,753	(\$1,332,010)	\$32,057	\$7,500,000	\$3,050,000
Less estimated income	1,332,010	1,175,753	(1,332,010)	32,057	7,500,000	3,050,000
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	0.00	0.00	0.00	0.00	0.00	0.00

	Adds One-Time Funding for Building Upgrades ²	Total House Changes
WSI operations	\$514,000	\$12,271,810
Total all funds	\$514,000	\$12,271,810
Less estimated income	514,000	12,271,810
General fund	\$0	\$0
FTE	0.00	0.00

¹ Funding of \$1,332,010 is added from the Workforce Safety and Insurance fund for base payroll changes, primarily to restore salaries and wages funding for 6 FTE positions which were unfunded during the 2019-21 biennium.

² The following funding is added for 2021-23 biennium salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250 for both years, and increases in health insurance premiums from \$1,427 to \$1,429 per month:

	General Fund	Other Funds	Total
Salary increase	\$0	\$1,163,466	\$1,163,466
Health insurance increase	0	12,287	12,287
Total	\$0	\$1,175,753	\$1,175,753

³ Funding of \$1,332,010 is reduced from the Workforce Safety and Insurance fund 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.

⁴ Funding of \$32,057 is added from the Workforce Safety and Insurance fund for Microsoft Office 365 license expenses.

⁵ One-time funding of \$7.5 million is added from the Workforce Safety and Insurance 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 \$15 million. The entire 20-release project is estimated to cost \$29.6 million and is estimated to be completed during the 2025-27 biennium.

⁶ One-time funding of \$3.05 million is added from the Workforce Safety and Insurance 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. The 2019-21 biennium appropriation for the project was \$850,000. It is anticipated the project will be completed during the 2023-25 biennium.

⁷ One-time funding of \$514,000 is added from the Workforce Safety and Insurance fund for building upgrades, including costs related to lighting, elevator door operators, and geothermal heat pump replacements.

2021 SENATE APPROPRIATIONS

HB 1021

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

Executive Budget Comparison to Prior Biennium Appropriations

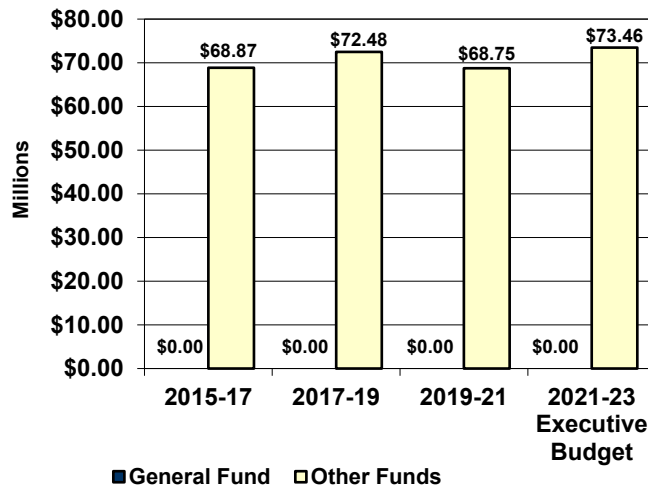
	FTE Positions	General Fund	Other Funds	Total
2021-23 Executive Budget	248.14	\$0	\$73,460,852	\$73,460,852
2019-21 Legislative Appropriations	260.14	0	68,747,842	68,747,842
Increase (Decrease)	(12.00)	\$0	\$4,713,010	\$4,713,010

¹The 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.

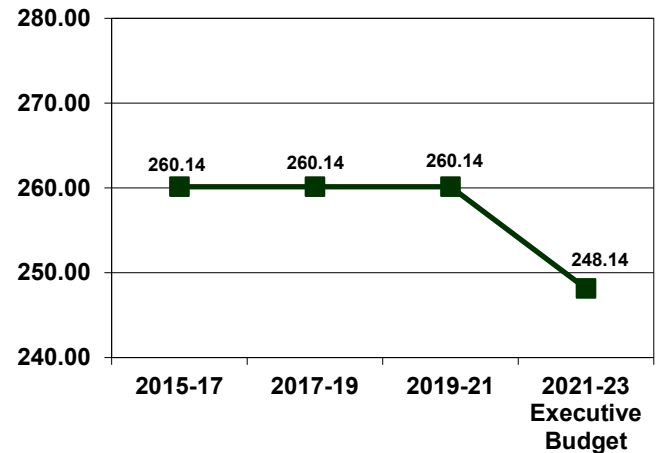
Ongoing and One-Time Other Funds Appropriations

	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

First House Action

Attached is a comparison worksheet detailing first house changes to base level funding and the executive budget.

Executive Budget Highlights
(With First House Changes in Bold)

- | | 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. The House added funding for salary adjustments of 1.5 percent per year with a \$100 minimum and \$250 maximum monthly increase and increases in health insurance premiums from \$1,427 to \$1,429 per month. The House did not add funding 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. The House did not transfer FTE positions for the information technology unification initiative.	\$0	\$0	\$0
5. Adds funding for Microsoft Office 365 license expenses	\$0	\$32,057	\$32,057
6. Adds one-time funding 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 one-time funding 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 one-time funding 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 in House Bill No. 1021

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.

House Bill No. 1084 - This bill amends various sections in Title 65 related to WSI, including an amendment to provide a compensable injury does not include injuries caused by the use of recreational marijuana and to establish a fee structure for providing paper and digital file copies.

House Bill No. 1139 - This bill provides limitations for the cost of certain opioid or benzodiazepine therapies received by injured workers that WSI may pay.

House Bill No. 1395 - This bill provides a 2019-21 biennium appropriation of \$1,018,052 of federal funding to WSI, as approved by the Emergency Commission and Budget Section during the 2019-20 interim, from the state's allocation from the federal Coronavirus Relief Fund for paying costs of first responder workers' compensation claims and telework expenses in response to the COVID-19 pandemic.

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

	Executive Budget Recommendation				House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842	260.14	\$0	\$60,887,842	\$60,887,842
2021-23 Ongoing Funding Changes								
Base payroll changes			\$1,332,010	\$1,332,010			\$1,332,010	\$1,332,010
Salary increase			1,225,941	1,225,941			1,163,466	1,163,466
Health insurance increase			11,699	11,699			12,287	12,287
Retirement contribution increase			239,313	239,313				0
Transfers FTE information technology positions to ITD	(12.00)			0				0
Reduces funding for operating expenses			(1,332,010)	(1,332,010)			(1,332,010)	(1,332,010)
Adds funding for Microsoft Office 365 license expenses			32,057	32,057			32,057	32,057
Total ongoing funding changes	(12.00)	\$0	\$1,509,010	\$1,509,010	0.00	\$0	\$1,207,810	\$1,207,810
One-time funding items								
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000			\$7,500,000	\$7,500,000
Adds funding for the myWSI enhancement project			3,050,000	3,050,000			3,050,000	3,050,000
Adds funding for building upgrades			514,000	514,000			514,000	514,000
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$11,064,000	\$11,064,000
Total Changes to Base Level Funding	(12.00)	\$0	\$12,573,010	\$12,573,010	0.00	\$0	\$12,271,810	\$12,271,810
2021-23 Total Funding	248.14	\$0	\$73,460,852	\$73,460,852	260.14	\$0	\$73,159,652	\$73,159,652
<i>Total ongoing changes as a percentage of base level</i>	(4.6%)		2.5%	2.5%	0.0%		2.0%	2.0%
<i>Total changes as a percentage of base level</i>	(4.6%)		20.6%	20.6%	0.0%		20.2%	20.2%

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

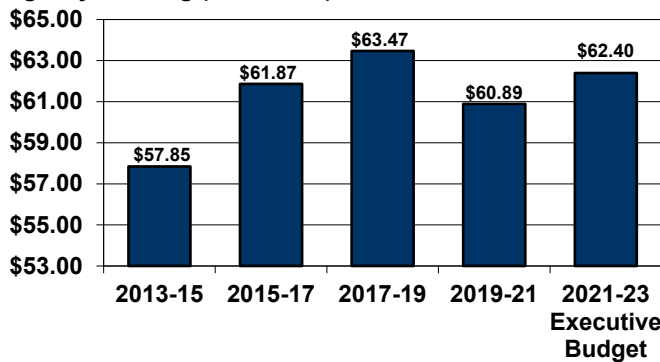
Executive Budget Recommendation	House Version
There are no other sections related to this agency.	There are no other sections related to this agency.

Department 485 - Workforce Safety and Insurance

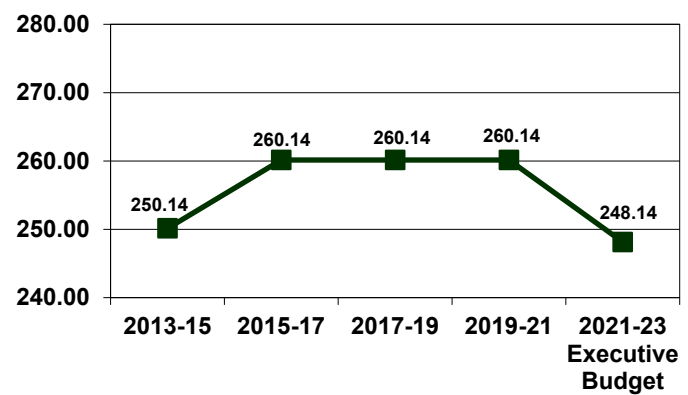
Historical Appropriations Information

Ongoing Other Funds Appropriations Since 2013-15

Agency Funding (in Millions)



FTE Positions



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

- 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
- Converted temporary positions to FTE positions, including 3 FTE claim adjuster positions and 1 FTE collections specialist position \$499,217
- Reduced operating expenses primarily relating to a reduction in information technology software of \$1.5 million (\$1,999,857)

2017-19 Biennium

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

2019-21 Biennium

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

2021-23 Biennium (Executive Budget Recommendation)

- 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
- 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)
- 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. **The House did not transfer FTE positions for the information technology unification initiative.** \$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	0	514,000
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.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee
Roughrider Room, State Capitol

HB 1021
3/8/2021
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Senator Holmberg opened the hearing at 11:15 AM.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Marijuana consequences on WSI coverage
- Sanford behavioral health assessment program
- New Covid stimulus package

Bryan Klipfel, Director, Workforce Safety and Insurance testified in favor and submitted testimony #7564.

Senator Holmberg closed the hearing at 12:02 pm.

Rose Laning, Committee Clerk

**2021 Engrossed House Bill No. 1021
Testimony before the Senate Appropriations Committee**

**Presented by:
Bryan Klipfel, WSI Director
Workforce Safety & Insurance
March 8, 2021**

Mr. Chairman and Members of the Committee:

Good morning. My name is Bryan Klipfel, Director of Workforce Safety & Insurance (WSI). I am here today to provide testimony on Engrossed House Bill 1021, WSI's Appropriation bill. On behalf of WSI, I would like to thank the Chairman and the Committee for providing the agency the opportunity to testify today.

My testimony today will be brief. We have provided you with PowerPoint slides. I will reference various slides that will assist in providing you an overall picture of WSI. The slides should provide you in-depth information for each area of discussion.

WSI is a special fund agency funded solely by employer premiums, which provide for the payment of medical and wage loss benefits as well as administrative expenses. WSI receives no General Fund dollars (**slide 2**).

WSI Today – Strategic Plan – Vision (where we are going & why the budget requested)

I started with WSI in 2009, shortly after an initiated measure placed the agency back under the Governor (**slide 3**). I have worked hard to provide strategic leadership, improve the culture and climate within the agency, and to efficiently manage its' resources. First, we initiated a **Strategic Plan (slides 4-5)**.

We implemented the Balanced Scorecard Strategy – a tool that would allow WSI to set and achieve goals.

As outlined on **slide 5**, we identified four major focus areas, or **Strategic Perspectives**. It is called Balanced Scorecard because you concentrate on the four legs of the stool.

1. Customer - Improve customer experience and workforce safety and health.

2. Finance – Ensure resources are secure and utilized efficiently.
3. Internal Process – Improve communications and business operations.
4. Learning & Growth – Improve the agency culture, climate, and employee development.

One important addition to our Strategic Journey was the addition of the servant leadership philosophy. Basically, to lead is to serve. We, as leaders, are responsible for serving and developing those with whom we work. We at WSI have a noble profession of “Caring for Injured Workers.

An initial enhancement of our Strategic Journey was adopting a WSI Philosophy to create a healthy organization.

1. Build a cohesive leadership team
2. Create clarity – core purpose; values; strategic anchors; business definition
3. Over-communicate clarity
4. Reinforce clarity

The Strategic Journey was then further enhanced by adopting Crucial Conversations.

WSI’s Core Purpose is “**To care for injured workers**”. That is why WSI exists. North Dakota is known as a state that provides good benefits to injured workers, and good payments to medical providers. **Slides 6-7** provide additional information and insight into how this was accomplished.

WSI offers the lowest premium rates in the nation and still provides good benefits. **Slides 8-12** illustrate how WSI benefits compare with other states.

Throughout history, the North Dakota Legislature has worked closely with WSI to develop legislation to help ensure this purpose is fulfilled. **Slides 13-17** provide a listing of past benefit / service enhancement legislation.

Performance Measures were identified to measure our success on **Slides 18-22**.

WSI Performance Metrics

Performance Indicators	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Injured Worker Satisfaction Survey	4.11	4.06	3.99	4.13	4.15	4.18
Employer Satisfaction Survey	4.27	4.31	4.41	4.42	4.32	4.37
Claims Filed/100 Covered Workers	5.69	4.97	4.91	4.90	4.86	4.54
Wage-loss Claims Filed/100 Covered Workers	0.73	0.57	0.58	0.60	0.59	0.62
Average Annual Premium Rate Adjustment	1.3%	4.8%	-2.5%	-7.9%	-6.8%	-7.1%
Investment Returns	3.27%	3.58%	8.29%	5.34%	6.87%	6.00%
Net Position (Fund Surplus) <i>millions</i>	\$454.8	\$466.1	\$608.8	\$681.1	\$770.4	\$906.0
Available Surplus Ratio	38.9%	39.8%	52.9%	61.9%	68.0%	85.5%
Premium Dividends (<i>millions</i>)	\$92.8	\$123.2	\$117.9	\$105.1	\$106.5	\$103.0
WSI Employee Turnover	9.3%	5.1%	3.5%	6.7%	6.9%	5.1%

WSI 2021-2023 Appropriation Request

Staffing

WSI accommodated the increased workloads during the peak boom years by increasing the number of temporary employees. As of June 30, 2015, WSI had the equivalent of 32 temporary employees. As workloads decreased, this number has been reduced to 5 in FY 2020, a reduction of 83% (slide 23).

Appropriation

Below is the bill outlining WSI's appropriation for the 2021-23 biennium (slide 24).

Sixty-seventh
Legislative Assembly
of North Dakota

ENGROSSED HOUSE BILL NO. 1021

Introduced by

Appropriations Committee

1 A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and
2 insurance; and to provide for a report.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

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

		Adjustments or	
	<u>Base Level</u>	<u>Enhancements</u>	<u>Appropriation</u>
10 Workforce safety and insurance	<u>\$60,887,842</u>	<u>\$12,271,810</u>	<u>\$73,159,652</u>
11 operations			
12 Total special funds	\$60,887,842	\$12,271,810	\$73,159,652
13 Full-time equivalent positions	260.14	0.00	260.14

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

	<u>One-Time Funding Description</u>	<u>2019-21</u>	<u>2021-23</u>
19	Claims and policy system replacement project	\$7,010,000	\$7,500,000
20	MyWSI extranet enhancement project	850,000	3,050,000
21	Building upgrades	<u>0</u>	<u>514,000</u>
22	Total special funds	\$7,860,000	\$11,064,000

23 The 2021-23 biennium one-time funding amounts are not a part of the entity's base budget
24 for the 2023-25 biennium. Workforce safety and insurance shall report to the appropriations

Sixty-seventh
Legislative Assembly

- 1 committees of the sixty-eighth legislative assembly on the use of this one-time funding for the
- 2 biennium beginning July 1, 2021, and ending June 30, 2023.

The appropriation for WSI includes **(slides 25-27)**:

- \$7.5 million in one-time funding for the continuation of the development of the claims and policy system (CAPS).
- \$3.05 million in one-time funding for the continuation of the myWSI extranet enhancement project.
- \$514,000 in one-time funding for building improvements.
- \$32,057 to cover the increased cost of software licenses for Office 365.

The Governor recommended special fund agencies reprioritize 5% of their appropriation to strategically reinvest in high-impact areas. WSI was able to reprioritize \$1.1 million within the operating budget to put towards additional resource support to assist with various strategic initiatives. This was accomplished by reducing costs in travel, supplies, and IT contractual services.

WSI is financially stable, provides excellent service, and is overall functioning very well. The FY2020 financial audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update **(slide 28)**. The WIS's budget for 2021-23 would result in a total biennial base budget increase of 2.0% from the prior biennium, and an overall budget increase, including one-time funding items, of 6.4% from the prior biennium.

We firmly believe the technology initiatives outlined above will only serve to make us better in the services that we provide.

COVID-19

As a result of the COVID-19 pandemic, Executive Orders 2020-12, 12.1, and 12.2 were issued **(slide 29)**. 92% of the accepted claims were for healthcare workers with the balance primarily for first responders.

WSI received \$1,018,052 from the CARES Act funding **(slides 30-31)**. \$3,184 was used for telecommuting expenses and the remaining \$1,014,868 was used to cover costs associated with claims filed under the Executive Orders. All money was spent prior to December 31, 2020.

WSI assisted the Department of Commerce with their Medical Expense Assistance Program (MEAP) for healthcare workers and first responders (**slide 32**).

Some WSI staff also assisted Job Service with handling the large number of unemployment claims that they were receiving.

In closing, thank you for your time today and your consideration of WSI's biennial appropriation. At this time, I would be glad to answer any questions that you may have.

Great State of North Dakota

Senate Appropriations Committee

WSI

North Dakota Workforce
Safety & Insurance

Bryan Klipfel | Director
March 8, 2021



NORTH
Dakota Be Legendary.™

WSI

North Dakota Workforce
Safety & Insurance

Who We Are



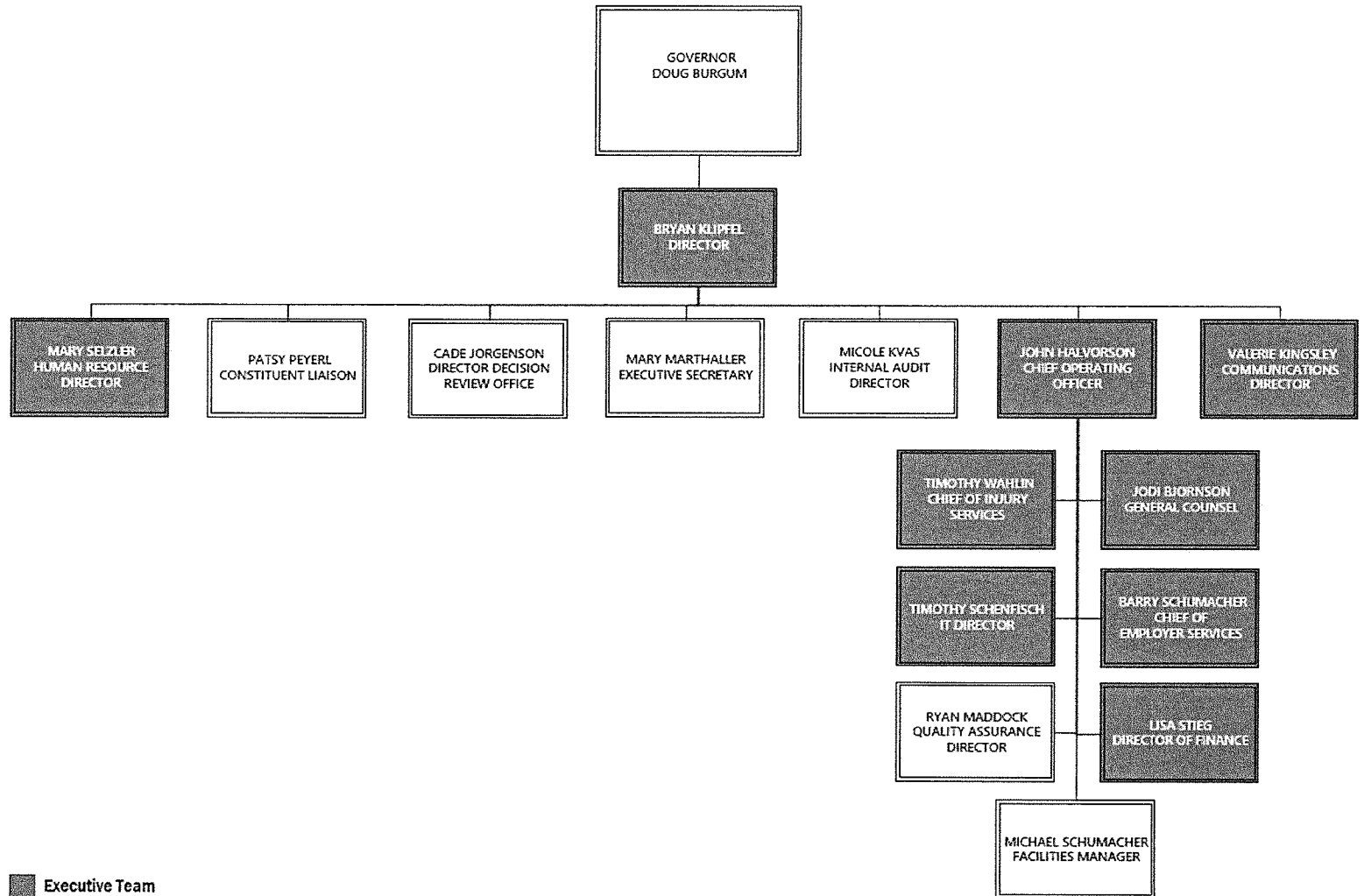
About Us

WSI is an exclusive, employer-financed, no-fault insurance state fund covering workplace injuries and deaths (NDCC Title 65). *WSI is a special fund agency and receives no general fund dollars.*

WSI

North Dakota Workforce
Safety & Insurance

WSI Organizational Chart



WSI

North Dakota Workforce
Safety & Insurance

Strategic Direction



our purpose

... to care for injured workers



our business

... We provide workers' compensation
and safety services



Loyal

Caring

Forthright

our core values



our strategy

- ✓ Exceptional People
- ✓ Exceptional Service
- ✓ Financial Stability

WSI

North Dakota Workforce
Safety & Insurance

Strategic Direction



2020 N.D. Workforce Safety & Insurance—Strategic Management System

WSI
North Dakota Workforce
Safety & Insurance

Core Purpose:
To Care for Injured Workers

Business Definition:
We provide workers' compensation and safety services

Vision:
A safe, secure, and healthy North Dakota Workforce.

Core Values

Loyal

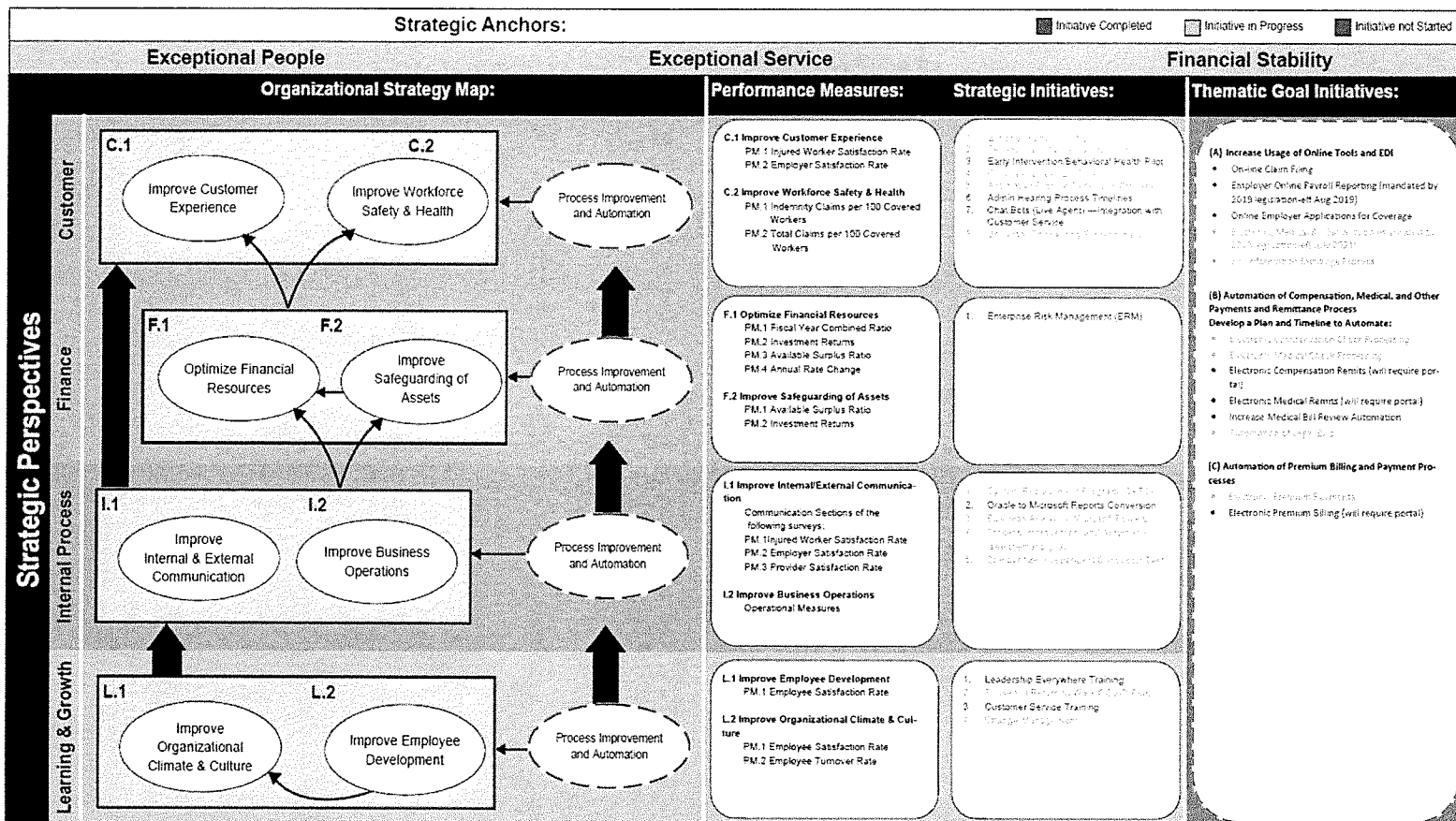
Caring

Fortright

Core Values

WSI
North Dakota Workforce
Safety & Insurance

Revised: December 3, 2020



WSI

North Dakota Workforce
Safety & Insurance

Strategic Highlights



Exceptional Employees and Positive Work Environment

- Top 10 places to work in Bismarck/Mandan (Bismarck-Mandan Young Professionals Network – 2017)
- One of three entities to receive the United Way Live United Award (Other recipients were Scheels and First International Bank & Trust - 2017)
- Servant Leadership Philosophy – We exist to serve others

Good Benefits

- Benefits set by statute including medical, wage-loss, impairment, and death
- Benefits compare quite favorably to other jurisdictions

Low Premiums

- Lowest premiums in the country (2018 Oregon Premium Study)
- Premiums were reduced for the 5th consecutive year with an average 8% reduction for the 2020-2021 policy year

Good Payor

- Fair payment for medical and hospital services
- Ensures injured employee access to quality healthcare

Financially Stable

- Investment returns averaged 6.0% over the past 5 years and contributed to additional surplus growth
- Exceeding statutory surplus requirements requires dividends
- Total dividends issued in 15 out of the last 16 years have amounted to nearly \$1.5 billion

WSI

North Dakota Workforce
Safety & Insurance

Strategic Highlights



Safety Focus

- Premium discounts to employers who utilize WSI Safety Programs (\$27 Million – FY 2020)
- Safety grants available to employers and industry associations
- Injury rates fell for the 8th consecutive year with a rate of 4.54 claims filed/100 covered workers in FY 2020

Administratively Efficient

- WSI's administrative expense ratio is 16%. Industry expense ratios average approximately 25%

Few Disputes and Low Litigation

- Only 0.7% of decisions issued proceed to an administrative court hearing

Medical Cost Containment

- Medical and hospital fee schedules
- Utilization review
- Medical bill review
- Evidence-based treatment guidelines
- Triage of complex claims
- Pharmacy Formulary

Return-to-Work Programs

- Time-loss claims account for approximately 14% of total claims in North Dakota compared to 20% in other jurisdictions

Good Service and Overall Customer Satisfaction

- Independently conducted injured employee and employer satisfaction surveys and consistently rank in the "high" satisfaction category

WSI

North Dakota Workforce
Safety & Insurance

Premium Index Comparison

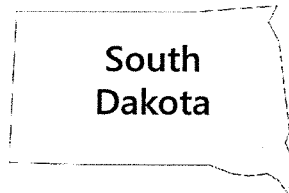


Per 2018 Oregon Study:

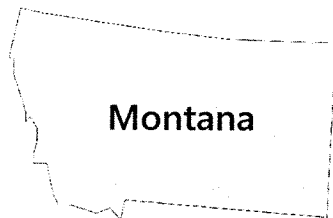
Neighbor state's rates compared to
North Dakota (before any dividends)



2.0x
Higher



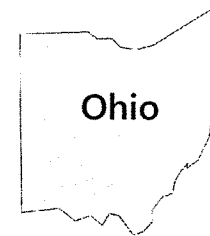
2.1x
Higher



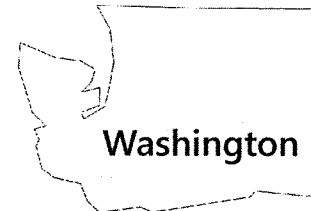
2.5x
Higher

Monopolistic States:

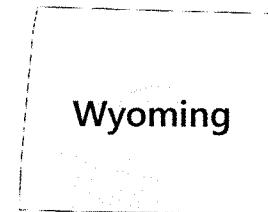
State's rates compared to
North Dakota (before any dividends)



1.7x
Higher



2.3x
Higher

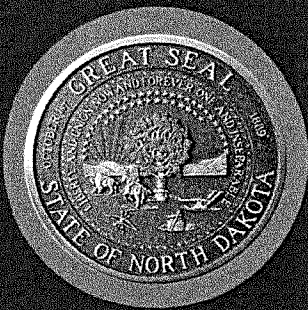


2.3x
Higher

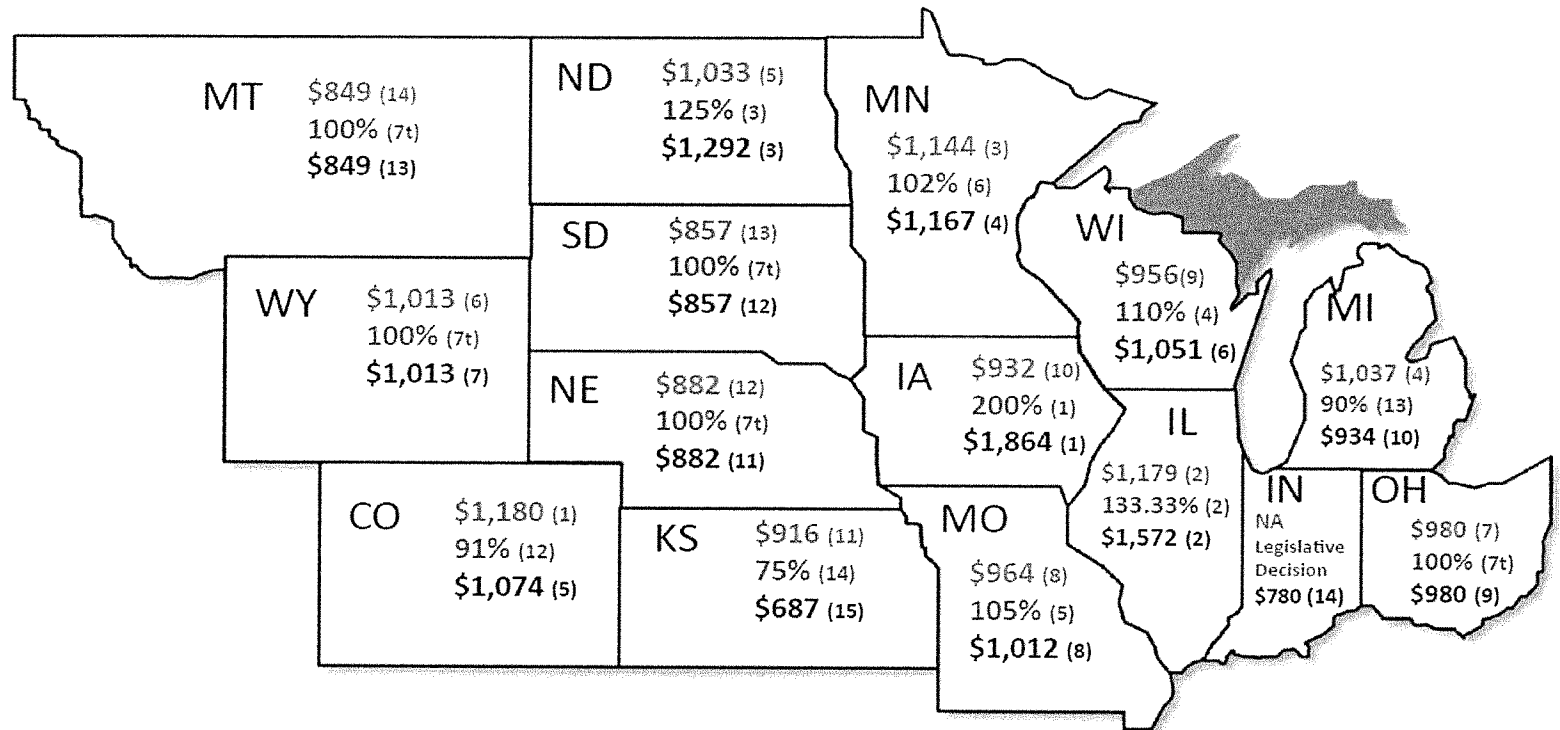
WSI

North Dakota Workforce
Safety & Insurance

Benefit Comparison



Midwest States: State's Average Weekly Wage, Maximum Benefit Rates and Maximum Weekly Benefit Amounts 2020—2021



SAWW (WY uses State's Avg Monthly Wage—calculated quarterly—3rd qtr 2020 shown)

Max. Weekly Benefit Rate

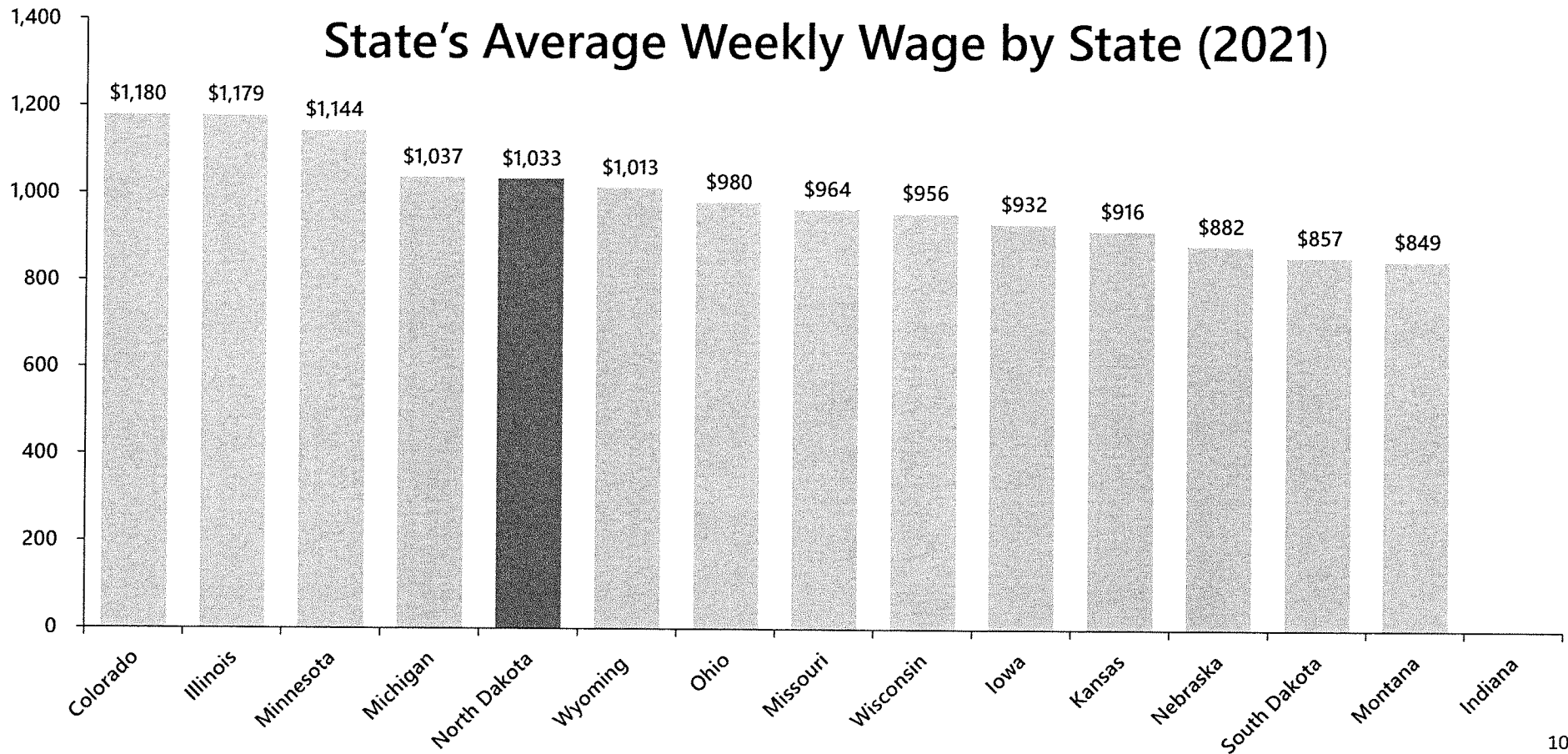
Max. Weekly Benefit Amount

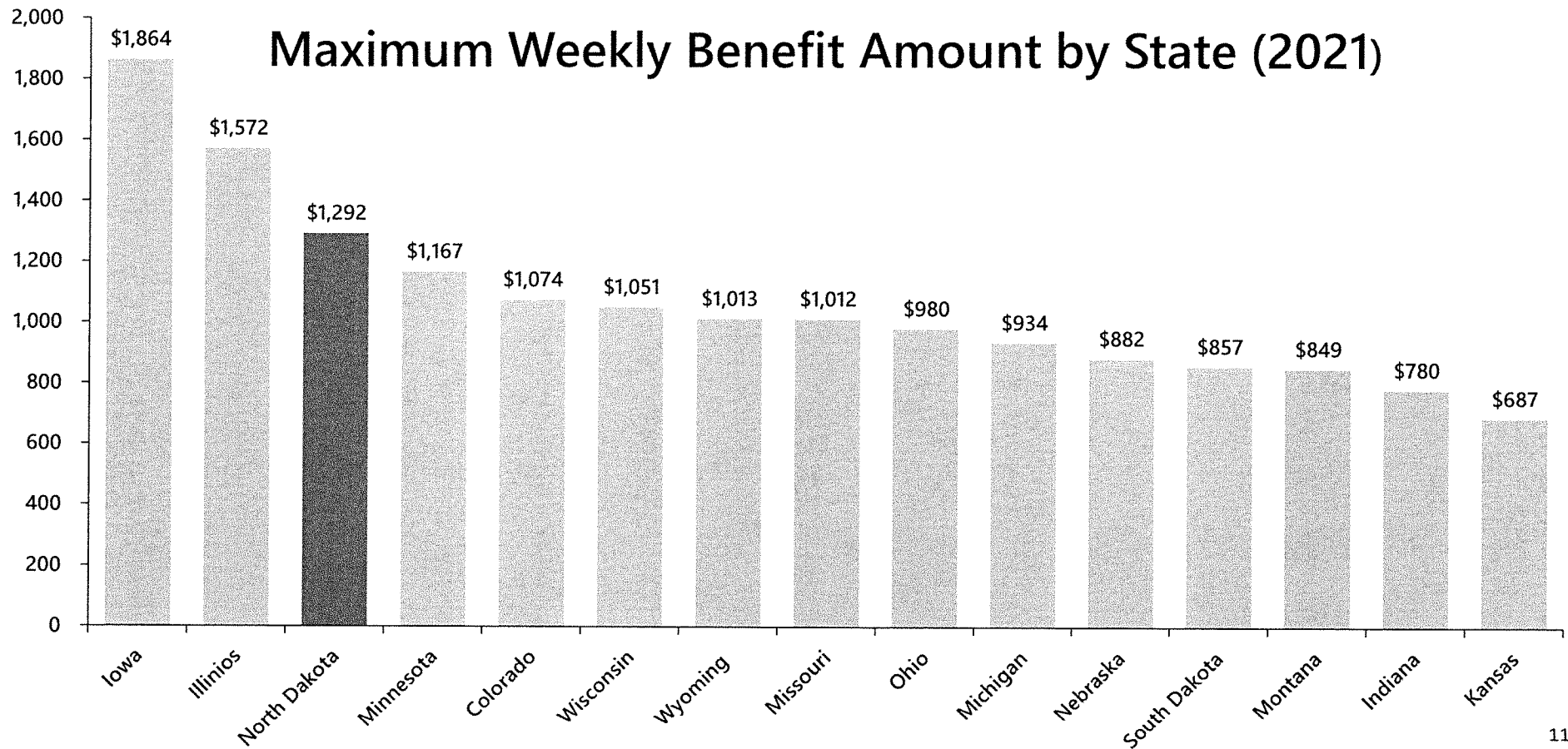
~ Information in Parenthesis = State Rank (#1—highest to #15—lowest)

~ Information Source: State Workers' Compensation Websites



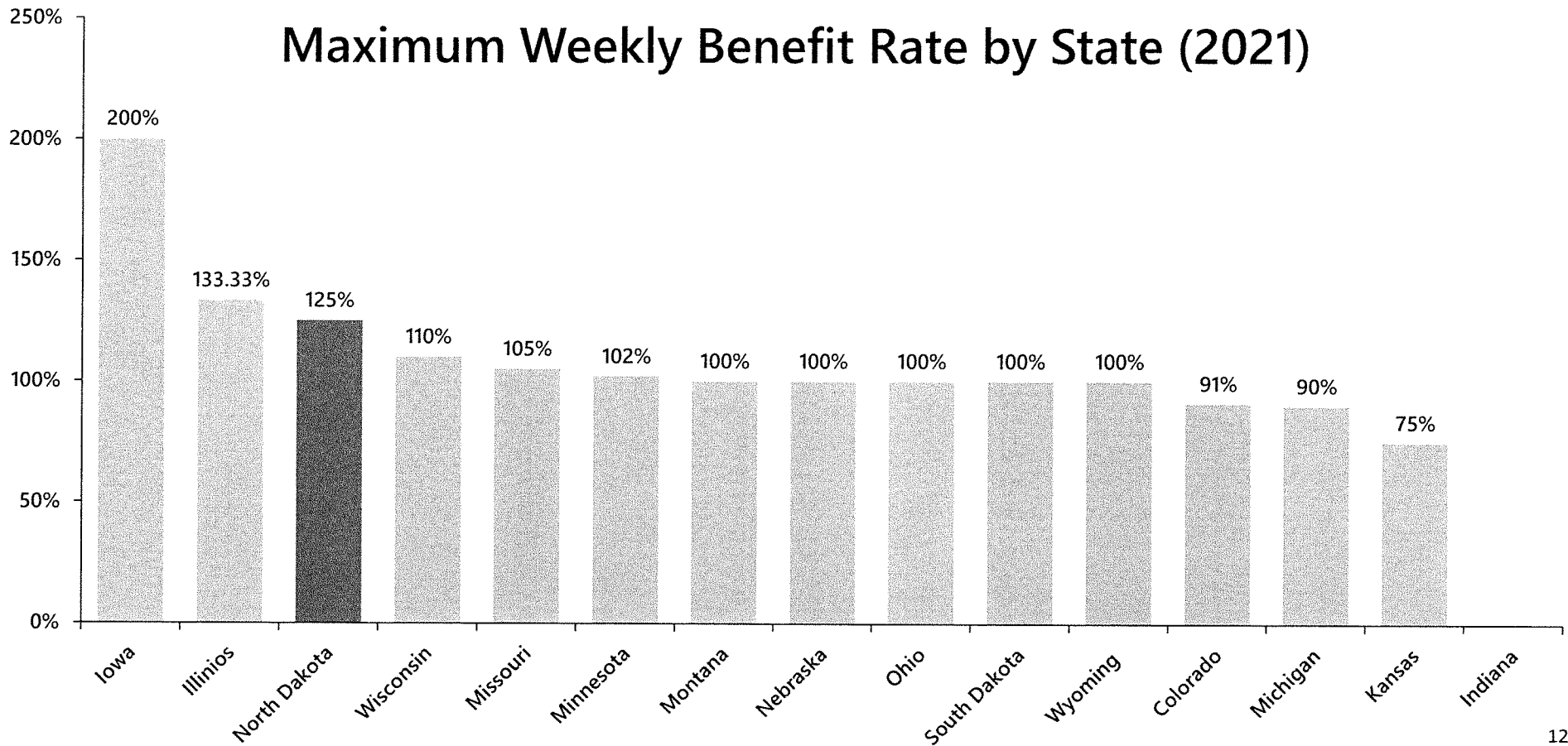
State's Average Weekly Wage by State (2021)







Maximum Weekly Benefit Rate by State (2021)



Historical Workers Compensation Benefit & Service Enhancement Legislation



2019 Legislation

Required employer payroll reporting to be done electronically (HB 1072)

Requires healthcare providers to submit medical bills and documentation electronically no later than July 1, 2021 (HB 1073)

2017 Legislation

Provides for payments of an injured worker's attorney fees and costs at the level in which they prevailed regardless of whether the organization ultimately prevails (SB 2048)

Establishes a civil penalty in the amount of \$5,000 for an employer who willfully makes a false statement attempting to preclude an injured worker from securing benefits (SB 2094)

2015 Legislation

Expanded eligibility for the scholarship fund to include children up through age twenty-six (HB 1102)

Expanded the eligibility of children that can utilize the educational revolving loan fund (HB 1102)

2013 Legislation

Provided for a study of the preferred provider program (HB 1051)

Strengthened notification requirements for employers participating in the preferred provider program (HB 1052)

Increased benefits for National Guard members who are injured while serving on state active duty (HB 1080)

Expanded definition of law enforcement officer to include peace officers with the North Dakota Parks Department (SB 2134)

Increased vehicle and vehicle adaptation allowance from \$100,000 to \$150,000 (SB 2178)



2011 Legislation

- Established a vocational rehabilitation grant program (HB 1050)
- Provided up to two years of benefits for workers injured within two years of their presumed retirement date (HB 1051)
- Reduced the threshold for percentage of whole-body impairment to qualify for a PPI award (HB 1055)
- Increased permanent partial impairment awards (multipliers) for the lower impairment levels (HB 1055)
- Expanded eligibility for the scholarship program (SB 2114)
- Increased the annual cap that the organization can award in scholarships from \$300,000 to \$500,000 (SB 2114)
- Increased the maximum scholarship amount payable per applicant from \$4,000 per year to \$10,000 per year (SB 2114)
- Streamlined the personal reimbursement process for injured workers (SB 2114)
- Expanded eligibility for the educational revolving loan fund (SB 2114)

2009 Legislation

- Provided for payment of eyeglasses and other devices if an injury occurs and damages those prescriptive devices (HB 1061)
- Provided for an extension of an additional 20 weeks to the current 104-week limit for retraining programs (HB 1062)
- Increased the eligibility pool for job search benefits (HB 1062)
- Established pilot program to assess new methods of providing rehabilitation services (HB 1062)
- Established parameters of liability for medical expenses paid for treatment of unknown pre-existing conditions (HB 1063)
- Shortened eligibility period for cost of living adjustments (COLAs) for pre-1/1/06 total disability claims from 7 to 3 years (HB 1064)
- Expanded COLA eligibility for pre-1/1/06 claims to include temporary total benefit recipients (HB 1064)
- Outlined coverage parameters for emergency volunteer healthcare practitioners (HB 1073)
- Increased the maximum disability benefit from 110% to 125% of the state's average weekly wage (SAWW) (HB 1101)



2009 Legislation – Continued

- Increased lifetime cap on death benefits from \$250,000 to \$300,000 (HB 1101)
- Increased burial expense from \$6,500 to \$10,000 and one-time payments for spouses and dependent children (HB 1101)
- Increased the dependency allowance from \$10 to \$15 per week per child (HB 1101)
- Increased pre-acceptance disability benefits from the minimum benefit rate to the standard rate (HB 1101)
- Increased travel and other personal reimbursements on aggravation claims to 100% (HB 1101)
- Provided up to six months benefits for the surviving spouse of a PTD that provided home health care during disability (HB 1455)
- Provided that OAH conduct WSI hearings and that OAH's decisions are final (HB 1464)
- Provided for a study of the post-retirement benefit structure to be conducted during the interim (HB 1525)
- Provided that WSI outline reasons for disregarding a treating doctor's opinion (HB 1561)
- Resolution to study workers' compensation laws regarding pre-existing injuries (HCR 3008)
- Resolution to study injured worker access to legal representation (HCR 3013)
- Established a clear and convincing evidence standard to rebut the presumption clause (SB 2055)
- Provided door to door reimbursement of mileage to attend medical appointments (SB 2056)
- Established a PPI schedule award for the partial loss of eye sight (SB 2057)
- Distinguished an independent medical exam (IME) from an independent medical record review (IMR) (SB 2058)
- Provided for attorney fees and costs for review of a claim after OIR completion (SB 2059)
- Provided for a rehab training expense for maintaining a second household or traveling more than 25 miles to school (SB 2419)
- Provided WSI make a reasonable effort to designate an IME doctor within a certain radius of worker's residence (SB 2431)
- Shortened the time period in which an injured worker can request a change of doctor (SB 2432)
- Provided that WSI notify injured workers of work search obligations (SB 2433)



2007 Legislation

Provided funds for purchase or adaptation of motor vehicles for catastrophically injured (HB 1038)

Provided increased post-retirement additional benefits for certain injured workers (HB 1038)

Expanded the population that is eligible for death benefits (HB 1038)

Shortened eligibility period for cost of living adjustments (COLAs) from seven years to three years (HB 1038)

Expanded the eligibility pool for WSI's revolving loan fund (HB 1038)

Provided inflation adjustment for long-term Temporary Partial Disability benefit recipients (HB 1140)

Provided funds for the purchase or adaptation of motor vehicles for catastrophic and exceptional circumstance claims (HB 1411)

Provided benefits for firefighters and law enforcement officers in the event of a false positive test (SB 2042)

2005 Legislation

Established additional safety incentives (HB 1125)

Established ongoing funding for safety education, grant, and incentive programs (HB 1125)

Created retraining options for injured workers (HB 1171)

Established an injured worker educational revolving loan fund (HB 1491)

Increased the non-dependency death award (HB 1506)

Increased post-retirement additional benefit payments (SB 2351)

2003 Legislation

Increased lifetime cap on death benefits from \$197,000 to \$250,000 (HB 1060)

Established a \$50,000 home remodeling and vehicle adaptation allowance for catastrophic injured workers (HB 1060)

Increased the maximum amounts for scholarship awards (HB 1120)



2001 Legislation

Increased certain permanent partial impairment awards (HB 1161)

1999 Legislation

Increased permanent partial impairment awards for the severely impaired (HB 1422)

Increased the maximum disability benefit from 100% to 110% of the State's Average Weekly Wage (SB 2214)

Shortened the waiting period for eligibility for cost of living adjustments from 10 years to 7 years (SB 2214)

1997 Legislation

Increased weekly death benefits for surviving spouses (SB 2116)

Created the Guardian Scholarship program (SB 2116)

Established a post-retirement additional benefit (SB 2125)

WSI

North Dakota Workforce
Safety & Insurance

Who
We
Serve



State Population:	762,000
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Covered Workforce:	414,371
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Employer Accounts:	24,574
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Number of Claims Filed Per Fiscal Year:	18,826
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WSI Staff:	260 FTE
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Net Earned Premiums:	\$222M
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WSI Assets:	\$2.2B
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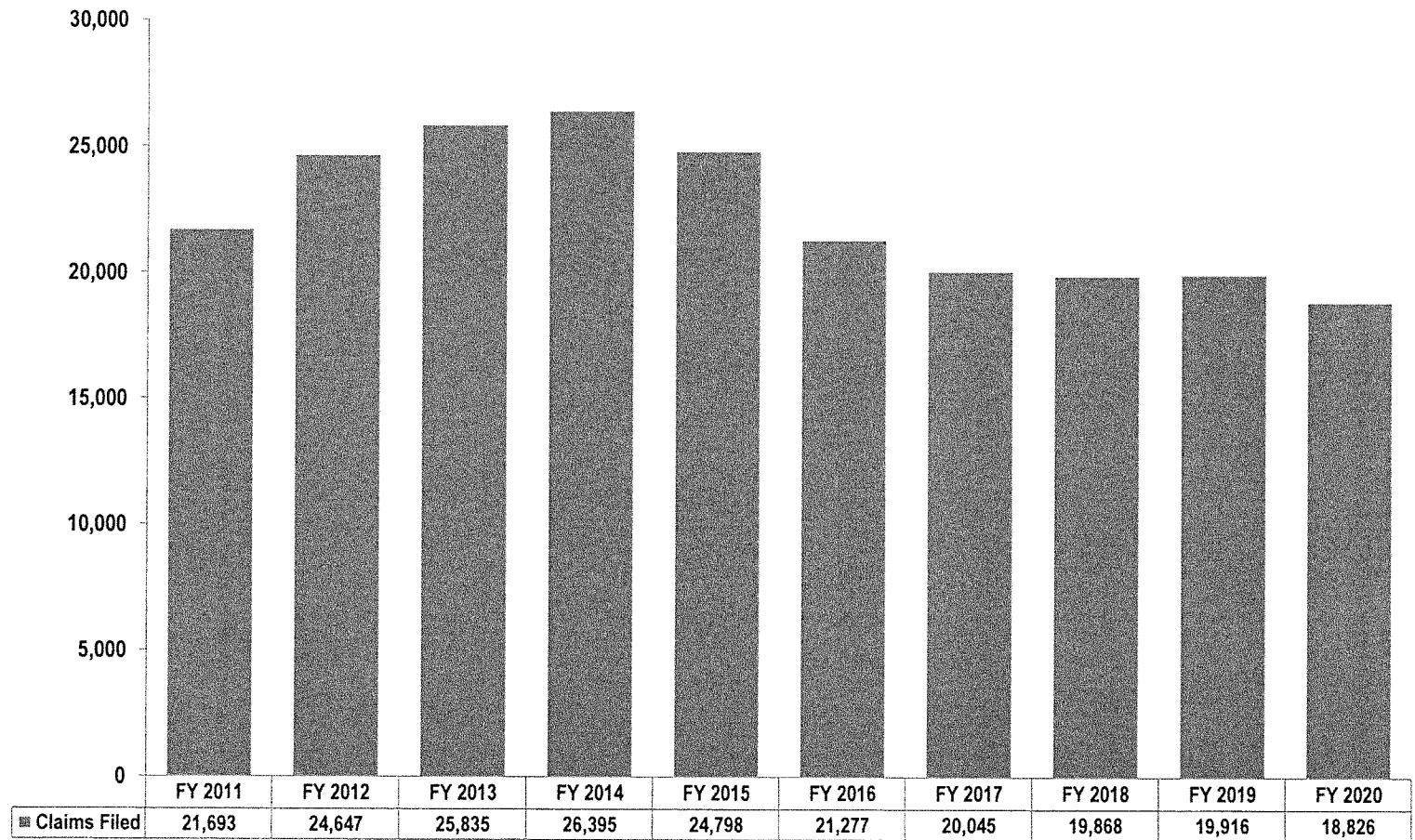
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Claims Filed



Claims Filed by Fiscal Year



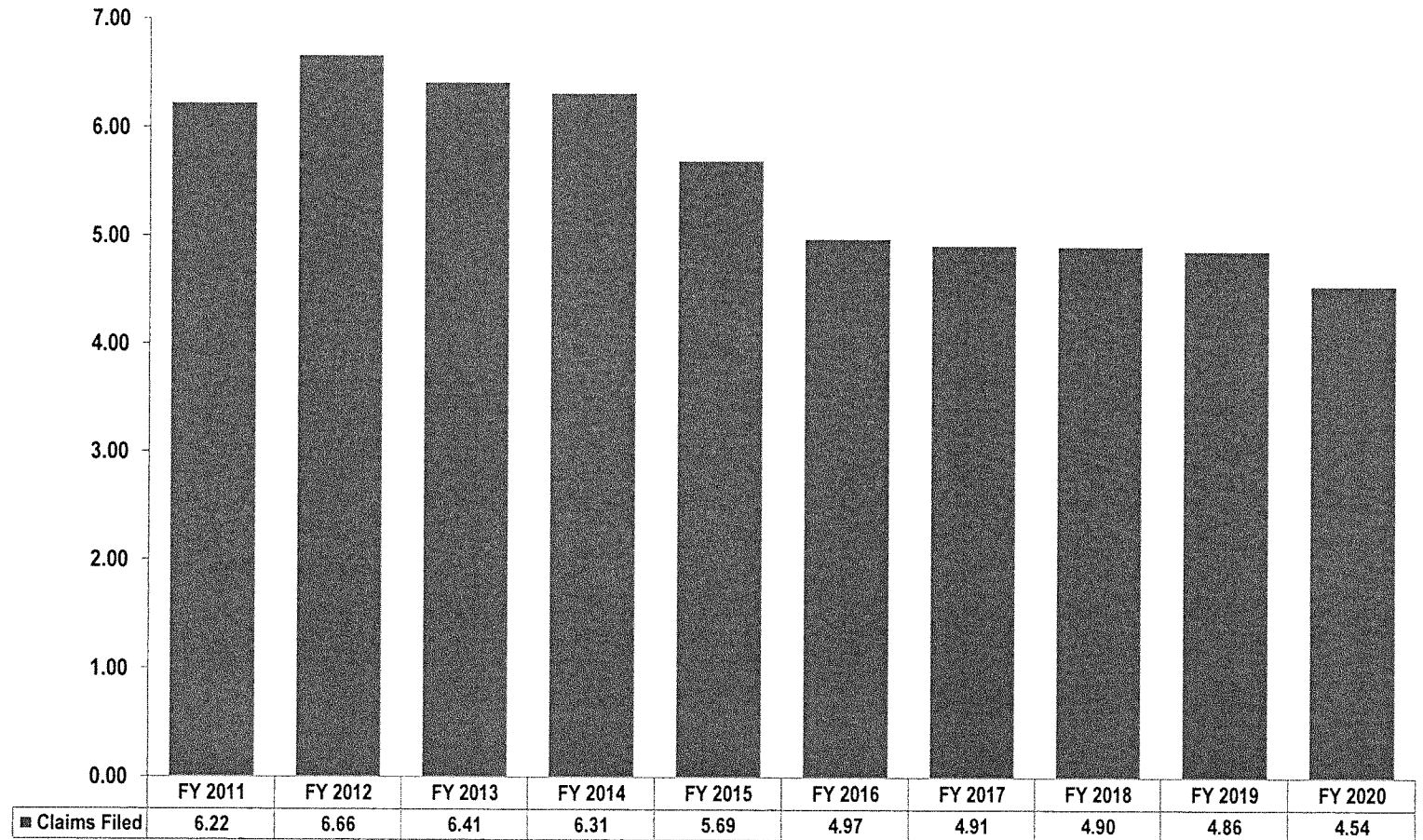
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Injury Rates



Claims Filed Per 100 Covered Workers



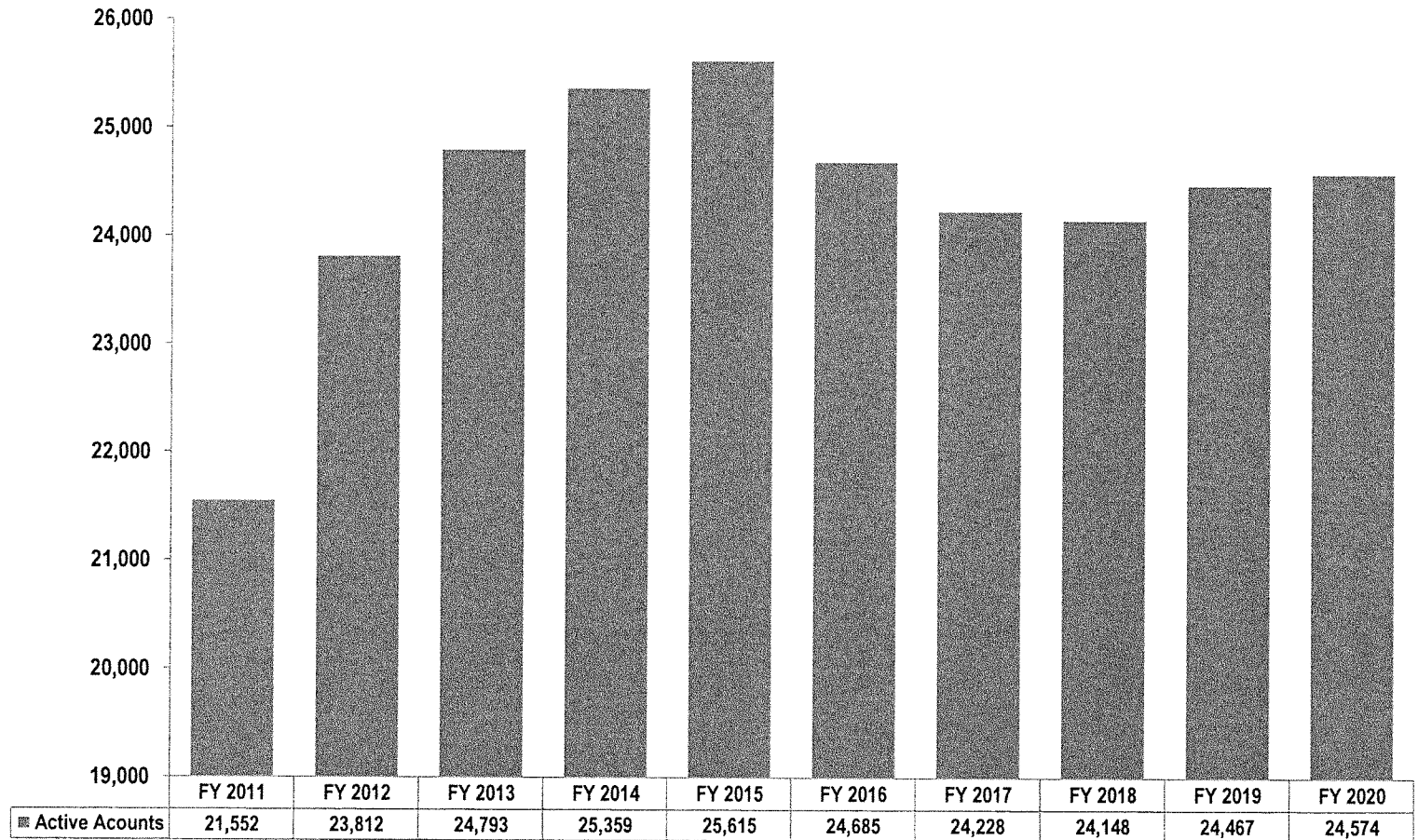
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Active Accounts



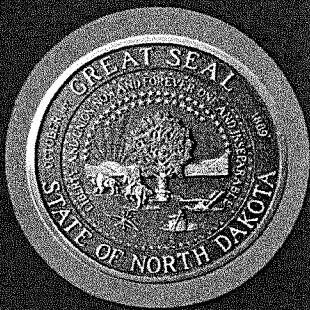
Active Employer Accounts



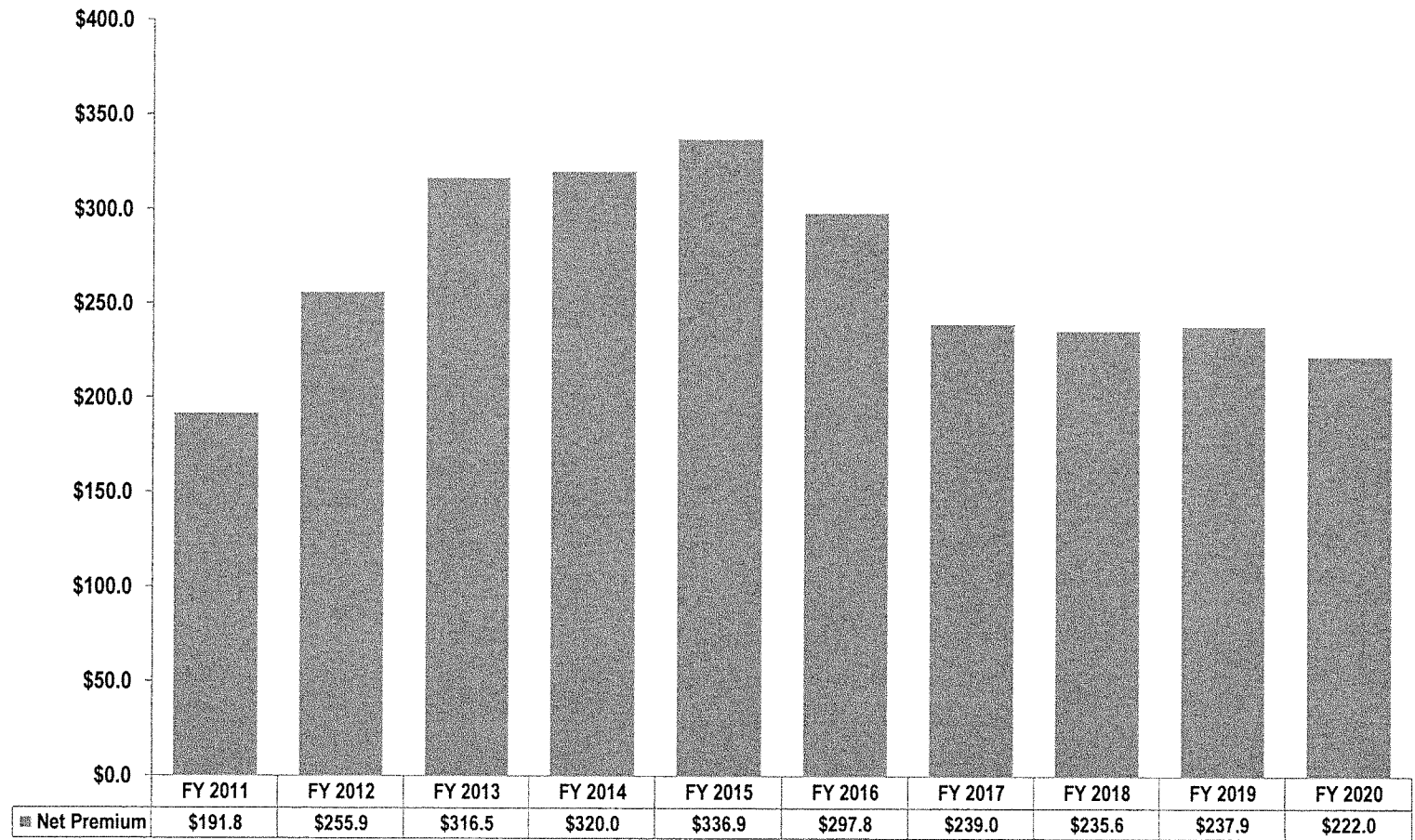
WSI

North Dakota Workforce
Safety & Insurance

Key Trends: Net Earned Premiums



Net Earned Premiums (\$ Millions)



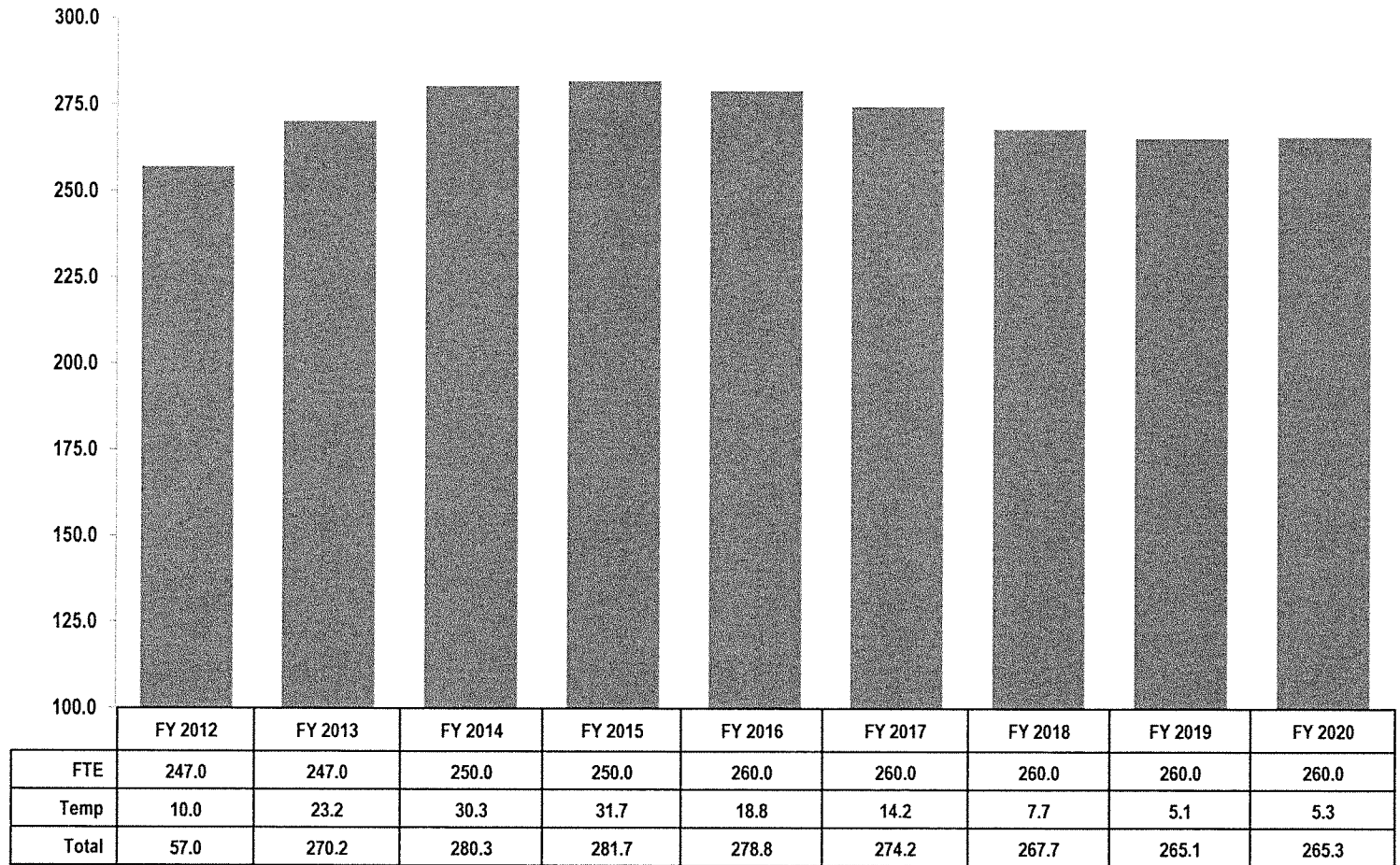
WSI

North Dakota Workforce
Safety & Insurance

Employee Count



Employee Count by Fiscal Year



Historical WSI Biennial Appropriations



		2019 – 2021 WSI Appropriation	2021 – 2023 Governor's Recommendation	2021 – 2023 House Version
1	WSI Base Level Appropriation	\$60,887,842	\$62,396,852	\$62,095,652
	<u>One-Time Funding Description</u>			
	Claims and Policy System (CAPS)	\$ 7,010,000	\$ 7,500,000	\$ 7,500,000
	myWSI	\$ 850,000	\$ 3,050,000	\$ 3,050,000
	Building Updates	-	\$ 514,000	\$ 514,000
2	Total One-Time Funding	\$ 7,860,000	\$ 11,064,000	\$ 11,064,000
	WSI Biennial Appropriation (1+2)	\$68,747,842	\$ 73,460,852	\$ 73,159,652
	FTE Authority	260	248	260
<ul style="list-style-type: none"> Many of WSI's key initiatives are heavily dependent on the continued CAPS and myWSI development The ongoing technology initiatives, primarily the two major projects, will be the key budget priorities Unspent funds are returned to the WSI fund 				

WSI

North Dakota Workforce
Safety & Insurance

One-Time Funding



Continued Development of Claims & Policy System (CAPS)

The goal of CAPS is to replace WSI's core business system software with web-based technology in order to improve customer service, enhance system maintainability and provide enhanced reporting and accessibility to information.

Current Biennium - \$7,010,000 Next Biennium - \$7,500,000

Continued Development of myWSI

The goal of myWSI is to create a secure, self-service portal for external customers and stakeholders to view, update, submit and retrieve information relating to interactions with WSI –

Current Biennium - \$850,000 Next Biennium - \$3,050,000

Facility Improvements

Facility improvements based on Sitelogiq study

Current Biennium - \$0 Next Biennium - \$514,000

Immediate and Top Long-Term Goals/Priorities



CAPS and myWSI Programs – Overall Timeline for Remaining Releases

DRAFT: Revised 9/30/2020

PHASE 3 – PICS Application Refacing		PHASE 4 – CMS Application Refacing (Date Estimates Dependent on Phase 3 Completion Date)		
Release 8 – Payroll Reporting IN PROGRESS Release Start: 5/2020 Release End: 6/2021	Release 9 – Policy Stabilization Est. Release Start: 5/2021 Est. Release End: 10/2021	Release 10 – Claim Registration Est. Release Start: 10/2021 Est. Release End: 7/2022	Release 11 – Claim Parties / Maint Pt 1 Est. Release Start: 6/2022 Est. Release End: 1/2023	Release 12 – Claim Parties / Maint Pt 2 Est. Release Start: 12/2022 Est. Release End: 7/2023
myWSI				
Release R4 – Online Payroll Reporting IN PROGRESS Release Start: 5/2020 Release End: 6/2021	Release R5 - Site ReOrg / Employer DB / EIM Est. Release Start: 5/2021 Est. Release End: 12/2021	Release R6 - Employer Online App / Provider DB/ Forms Est. Release Start: 11/2021 Est. Release End: 7/2022	Release R7 - Provider Forms / Medical Records /Safety&Ergo Refactor Est. Release Start: 6/2022 Est. Release End: 1/2023	Release R8 - Injured Employee DB / Claims File Access /Forms Est. Release Start: 12/2023 Est. Release End: 7/2023

PHASE 4 – CMS Application Refacing Continued								PHASE 5
Release 13 – Wages / Reserves Est. Release Start: 6/2023 Est. Release End: 1/2024	Release 14 – Payments 1 (Est. 5.5 months)	Release 15 – Payments 2 (Est. 7.5 mo)	Release 16 – Medical 1 (Est. 6.5 mo)	Release 17 – Medical 2 (Est. 5.5 mo)	Release 18 – Field/ Fraud/Claim Inq (Est. 5.5 mo)	Release 19 – Legal/Rehab (Est. 5.5 mo)	Release 20 – Claim Tools/ Admin (Est. 5 mo)	Program Closeout & Transition (Est. 4 mo)
myWSI								
Release R9 - Vendor Access / OFROI Est. Release Start: 6/2023 Est. Release End: 01/2024	Program Closeout & Transition (Est. 4 mo)							

Facility Improvements



Facility Improvement Measure	WSI Budgeted Amount	Sitelogiq Proposed Cost	Difference
Heat Pump Replacement	\$ 100,000	\$ 1,390,000	\$ (1,290,000)
Lighting Retrofit - Base Project	\$ 382,000	\$ 382,000	\$ -
Elevator Door Operator and Glides Upgrades	\$ 32,000	\$ 33,500	\$ (1,500)
Energy Management and DDC - Base Scope	\$ -	\$ 173,000	\$ (173,000)
Domestic Water Efficiency Improvements	\$ -	\$ 26,000	\$ (26,000)
Building Envelope	\$ -	\$ 6,050	\$ (6,050)
Totals	\$ 514,000	\$ 2,010,550	\$ (1,496,550)

WSI

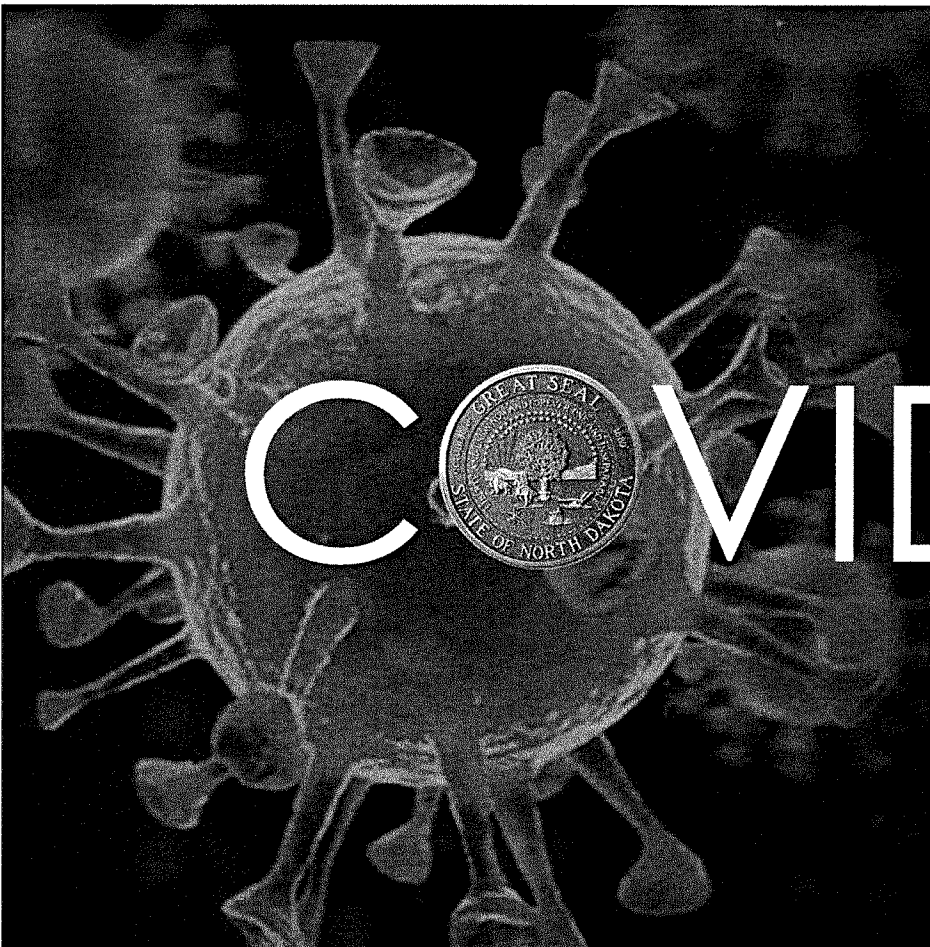
North Dakota Workforce
Safety & Insurance

Financial Audit Results



Fiscal Year 2020

The FY2020 Financial Audit conducted by Eide Bailly noted no material weaknesses, no significant compliance findings, and no prior year findings to update.



COVID19

2020-12

Extending workers' compensation coverage for COVID-19 to first responders and front-line health care providers.

Executive Orders

2020-12.1

Includes funeral service personnel.

2020-12.2

Includes employees providing direct care to individuals with intellectual and developmental disabilities housed within certain licensed care facilities.

WSI

North Dakota Workforce
Safety & Insurance

COVID-19 Federal Funding



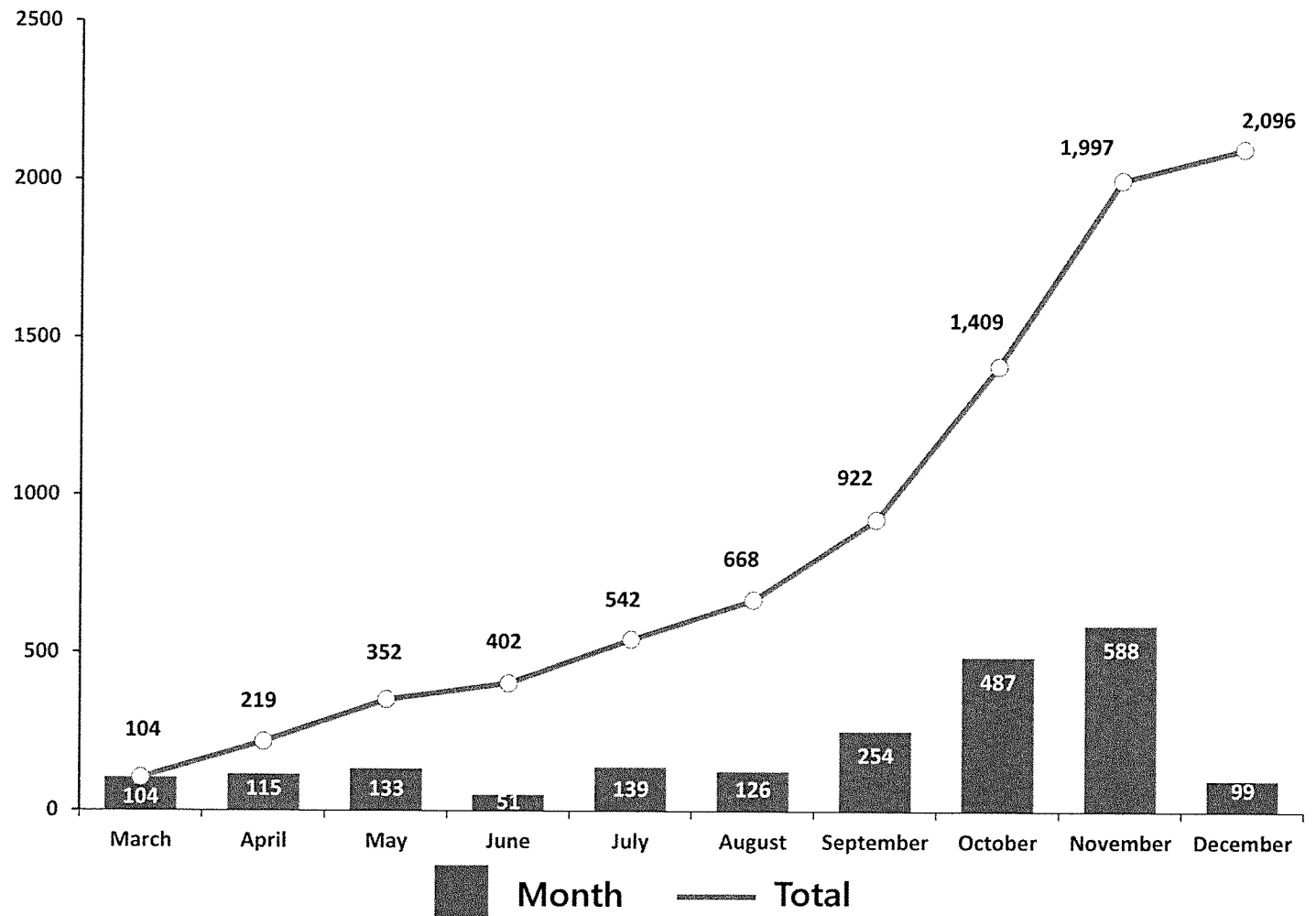
CARES Act Funding

WSI received \$1,018,052 from the CARES Act funding. \$3,184 was used for telecommuting expenses and the remaining \$1,014,868 was used to cover costs associated with claims filed under executive orders 2020-12, 12.1, and 12.2. All money has been spent.

WSI

North Dakota Workforce
Safety & Insurance

All COVID-19 Claims Filed by Month



A black and white photograph of a healthcare worker wearing scrubs and gloves, holding a sign that says "HEROES". A stethoscope is visible around their neck.

HEROES

MEAP

Medical Expense
Assistance Program

WSI

North Dakota Workforce
Safety & Insurance



NORTH
Dakota Be Legendary.™

Questions?

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1021
3/23/2021

Workforce Safety and Insurance Sub-committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Senator Hogue opened the hearing at 10:32 a.m.

Senators present: **Hogue, Oehlke and Heckaman.**

Discussion Topics:

- IT Unification
- Office Building Upkeep
- Executive Requests

Bryan Klipfel, Director, WSI, gives an update to the sub-committee.

Levi Kinnischtzke, Fiscal Analyst, Legislative Council, talks about I.T. Unification, and also submitted testimony #10536

Senator Hogue closed the hearing at 10:56 a.m.

Skyler Strand, Committee Clerk

State Treasurer - Budget No. 120
House Bill No. 1005
Base Level Funding Changes

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	7.00	\$1,746,370	\$0	\$1,746,370	7.00	\$1,746,370	\$0	\$1,746,370	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes		\$13,259		\$13,259		\$13,259		\$13,259				\$0
Salary increase		33,048		33,048		33,753		33,753		\$705		705
Health insurance increase		342		342		342		342				0
Decreases funding for operating expenses		(47,577)		(47,577)		(47,577)		(47,577)				0
Increases funding for Microsoft Office 365 licensing expenses		771		771		771		771				0
Adds funding for membership dues				0		12,000		12,000		12,000		12,000
Decreases funding for coal severance payments		(53,000)		(53,000)		(53,000)		(53,000)				0
Total ongoing funding changes	0.00	(\$53,157)	\$0	(\$53,157)	0.00	(\$40,452)	\$0	(\$40,452)	0.00	\$12,705	\$0	\$12,705
One-time funding items												
No one-time funding items				\$0				\$0				\$0
Total one-time funding changes	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	(\$53,157)	\$0	(\$53,157)	0.00	(\$40,452)	\$0	(\$40,452)	0.00	\$12,705	\$0	\$12,705
2021-23 Total Funding	7.00	\$1,693,213	\$0	\$1,693,213	7.00	\$1,705,918	\$0	\$1,705,918	0.00	\$12,705	\$0	\$12,705
Total ongoing changes as a percentage of base level	0.0%	(3.0%)		(3.0%)	0.0%	(2.3%)		(2.3%)				
Total changes as a percentage of base level	0.0%	(3.0%)		(3.0%)	0.0%	(2.3%)		(2.3%)				

Other Sections in State Treasurer - Budget No. 120

	House Version	Senate Version
Salary of State Treasurer	Section 2 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$113,925 (1.5 percent) in fiscal year 2023.	Section 2 provides the statutory changes necessary to increase the State Treasurer's salary from the current salary of \$110,582 to \$112,241 (1.5 percent) in fiscal year 2022 and to \$114,486 (2 percent) in fiscal year 2023.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1021

4/1/2021

Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Senator Holmberg opened the committee work at 8:02 AM.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Senator Poolman – gave an update on HB 1388.

Senator Erbele - gave an update Historical Society (HB 1018).

Senator Sorvaag – Game and Fish (HB 1017) update; HB 1020 – Water Commission update

Senator Hogue – gave update on WSI (HB 1021) sub-committee.

Senator Bekkedahl – gave update on RIO (HB 1022)

Senator Hogue updated the committee on (HB 1035) Uniform Juvenile Court Act.

HB 1233 – waiting for recommended amendment

HB 1246 – **Senator Rust** is waiting for an amendment – attaching the Air Force base to the bill.

Senator Holmberg closed the committee work at 8:29 AM.

Skyler Strand, Committee Clerk

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1021
4/1/2021 10 a.m.
Workforce Safety & Insurance Sub-committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Senator Hogue opened the hearing at 10:19 AM

Senators present: **Hogue, Oehlke and Heckaman.**

Discussion Topics:

- **Vote**

Brian Klipfel, Director, Workforce Safety and Insurance – answered sub-committee questions.

Levi Kinnischtzke, Legislative Council – testified neutrally - # 11285.

Senator Oehlke moved amendment LC 21.0280.02001 – testimony #11284.
Senator Heckaman second.

Senator Hogue - Y
Senator Oehlke – Y
Senator Heckaman - Y

Roll Call vote 3-0-0 Motion passed.

Senator Oehlke moved Do Pass as Amended on HB 1021.
Senator Hogue second.

Senator Hogue - Y
Senator Oehlke – Y
Senator Heckaman - Y

Roll Call vote 3-0-0 Motion passed.

Senator Hogue closed the hearing at 10:27 AM.

Rose Laning, Committee Clerk

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

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842	260.14	\$0	\$60,887,842	\$60,887,842	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes			\$1,332,010	\$1,332,010			\$1,332,010	\$1,332,010				\$0
Salary increase			1,163,466	1,163,466			1,130,819	1,130,819			(\$32,647)	(32,647)
Health insurance increase			12,287	12,287			11,699	11,699			(588)	(588)
Transfers FTE information technology positions to ITD				0	(12.00)		60,511	60,511	(12.00)		60,511	60,511
Reduces funding for operating expenses			(1,332,010)	(1,332,010)			(1,332,010)	(1,332,010)				0
Adds funding for Microsoft Office 365 license expenses			32,057	32,057			32,057	32,057				0
Total ongoing funding changes	0.00	\$0	\$1,207,810	\$1,207,810	(12.00)	\$0	\$1,235,086	\$1,235,086	(12.00)	\$0	\$27,276	\$27,276
One-time funding items												
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000			\$7,500,000	\$7,500,000				\$0
Adds funding for the myWSI enhancement project			3,050,000	3,050,000			3,050,000	3,050,000				0
Adds funding for building upgrades			514,000	514,000			514,000	514,000				0
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$12,271,810	\$12,271,810	(12.00)	\$0	\$12,299,086	\$12,299,086	(12.00)	\$0	\$27,276	\$27,276
2021-23 Total Funding	260.14	\$0	\$73,159,652	\$73,159,652	248.14	\$0	\$73,186,928	\$73,186,928	(12.00)	\$0	\$27,276	\$27,276
<i>Total ongoing changes as a percentage of base level</i>	0.0%		2.0%	2.0%	(4.6%)		2.0%	2.0%				
<i>Total changes as a percentage of base level</i>	0.0%		20.2%	20.2%	(4.6%)		20.2%	20.2%				

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

House Version	Senate Version
There are no other sections related to this agency.	There are no other sections related to this agency.

21.0280.02001
Title.
Fiscal No. 1

Prepared by the Legislative Council staff for
Senator Hogue
March 30, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, replace lines 10 through 13 with:

"Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,299,086</u>	<u>\$73,186,928</u>
Total special funds	\$60,887,842	\$12,299,086	\$73,186,928
Full-time equivalent positions	260.14	(12.00)	248.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
WSI operations	<u>\$60,887,842</u>	<u>\$73,159,652</u>	<u>\$27,276</u>	<u>\$73,186,928</u>
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928
Less estimated income	<u>60,887,842</u>	<u>73,159,652</u>	<u>27,276</u>	<u>73,186,928</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Senate Changes
WSI operations	<u>(\$33,235)</u>	<u>\$60,511</u>	<u>\$27,276</u>
Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	<u>(33,235)</u>	<u>60,511</u>	<u>27,276</u>
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Twelve FTE information technology positions and related funding are transferred to the Information Technology Department for the information technology unification initiative. The House did not transfer these positions.

2021 SENATE STANDING COMMITTEE MINUTES

Appropriations Committee Roughrider Room, State Capitol

HB 1021
4/1/2021 11:30 A.M.
Senate Appropriations Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Senator Holmberg opened the committee work at 11:36 AM.

Senators present: **Holmberg, Krebsbach, Wanzek, Bekkedahl, Poolman, Erbele, Dever, Oehlke, Rust, Davison, Hogue, Sorvaag, Mathern, and Heckaman.**

Discussion Topics:

- Vote

Senator Hogue presented and moved amendment [LC 21.0280.02001] - #11284.
Senator Oehlke second.

Senators		Senators	
Senator Holmberg	Y	Senator Hogue	Y
Senator Krebsbach	Y	Senator Oehlke	Y
Senator Wanzek	Y	Senator Poolman	Y
Senator Bekkedahl	Y	Senator Rust	Y
Senator Davison	Y	Senator Sorvaag	Y
Senator Dever	Y	Senator Heckaman	Y
Senator Erbele	Y	Senator Mathern	Y

Roll Call vote 14-0-0. Motion passed.

Senator Hogue moved Do Pass as Amended on HB 1021.
Senator Heckaman second.

Senators		Senators	
Senator Holmberg	Y	Senator Hogue	Y
Senator Krebsbach	Y	Senator Oehlke	Y
Senator Wanzek	Y	Senator Poolman	Y
Senator Bekkedahl	Y	Senator Rust	Y
Senator Davison	Y	Senator Sorvaag	Y
Senator Dever	Y	Senator Heckaman	Y
Senator Erbele	Y	Senator Mathern	Y

Roll Call vote 14-0-0. Motion passed.

Senator Heckaman will carry the bill.

Senator Holmberg closed the committee work at 11:38 AM.

Rose Laning, Committee Clerk

C3
1/4/21
10/2/21

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

Page 1, replace lines 10 through 13 with:

"Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,299,086</u>	<u>\$73,186,928</u>
Total special funds	\$60,887,842	\$12,299,086	\$73,186,928
Full-time equivalent positions	260.14	(12.00)	248.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
WSI operations	<u>\$60,887,842</u>	<u>\$73,159,652</u>	<u>\$27,276</u>	<u>\$73,186,928</u>
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928
Less estimated income	<u>60,887,842</u>	<u>73,159,652</u>	<u>27,276</u>	<u>73,186,928</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Senate Changes
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Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	<u>(33,235)</u>	<u>60,511</u>	<u>27,276</u>
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

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REPORT OF STANDING COMMITTEE

HB 1021, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1021 was placed on the Sixth order on the calendar.

Page 1, replace lines 10 through 13 with:

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
WSI operations	<u>\$60,887,842</u>	<u>\$73,159,652</u>	<u>\$27,276</u>	<u>\$73,186,928</u>
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Less estimated income	<u>60,887,842</u>	<u>73,159,652</u>	<u>27,276</u>	<u>73,186,928</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Senate Changes
WSI operations	<u>(\$33,235)</u>	<u>\$60,511</u>	<u>\$27,276</u>
Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	<u>(33,235)</u>	<u>60,511</u>	<u>27,276</u>
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

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Fiscal No. 1

Prepared by the Legislative Council staff for
Senator Hogue
March 30, 2021

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

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Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Senate Action

	Base Budget	House Version	Senate Changes	Senate Version
WSI operations	<u>\$60,887,842</u>	<u>\$73,159,652</u>	<u>\$27,276</u>	<u>\$73,186,928</u>
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928
Less estimated income	<u>60,887,842</u>	<u>73,159,652</u>	<u>27,276</u>	<u>73,186,928</u>
General fund	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14

Department 485 - Workforce Safety and Insurance - Detail of Senate Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Senate Changes
WSI operations	<u>(\$33,235)</u>	<u>\$60,511</u>	<u>\$27,276</u>
Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	<u>(33,235)</u>	<u>60,511</u>	<u>27,276</u>
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Twelve FTE information technology positions and related funding are transferred to the Information Technology Department for the information technology unification initiative. The House did not transfer these positions.

2021 CONFERENCE COMMITTEE

HB 1021

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
4/14/2021
Conference Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman Mike Nathe called the meeting to order at 3:29 a.m.

Representative	Present	Absent
Chairman Nathe	P	
Representative Schatz	P	
Representative Boe	P	
Chairman Hogue	P	
Senator Oehlke	P	
Senator Heckaman	P	

Discussion Topics:

- Base level funding changes
- ITD budget

Additional written testimony: #11527

Chairman Mike Nathe adjourned the meeting at 3:35 p.m.

Klarissa Pudwill, Committee Clerk

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

	House Version				Senate Version				Senate Changes to House Version Increase (Decrease) - House Version			
	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total	FTE Positions	General Fund	Other Funds	Total
2021-23 Biennium Base Level	260.14	\$0	\$60,887,842	\$60,887,842	260.14	\$0	\$60,887,842	\$60,887,842	0.00	\$0	\$0	\$0
2021-23 Ongoing Funding Changes												
Base payroll changes			\$1,332,010	\$1,332,010			\$1,332,010	\$1,332,010				\$0
Salary increase			1,163,466	1,163,466			1,130,819	1,130,819			(\$32,647)	(32,647)
Health insurance increase			12,287	12,287			11,699	11,699			(588)	(588)
Transfers FTE information technology positions to ITD				0	(12.00)		60,511	60,511	(12.00)		60,511	60,511
Reduces funding for operating expenses			(1,332,010)	(1,332,010)			(1,332,010)	(1,332,010)				0
Adds funding for Microsoft Office 365 license expenses			32,057	32,057			32,057	32,057				0
Total ongoing funding changes	0.00	\$0	\$1,207,810	\$1,207,810	(12.00)	\$0	\$1,235,086	\$1,235,086	(12.00)	\$0	\$27,276	\$27,276
One-time funding items												
Adds funding for the claims and policy system replacement project			\$7,500,000	\$7,500,000			\$7,500,000	\$7,500,000				\$0
Adds funding for the myWSI enhancement project			3,050,000	3,050,000			3,050,000	3,050,000				0
Adds funding for building upgrades			514,000	514,000			514,000	514,000				0
Total one-time funding changes	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$11,064,000	\$11,064,000	0.00	\$0	\$0	\$0
Total Changes to Base Level Funding	0.00	\$0	\$12,271,810	\$12,271,810	(12.00)	\$0	\$12,299,086	\$12,299,086	(12.00)	\$0	\$27,276	\$27,276
2021-23 Total Funding	260.14	\$0	\$73,159,652	\$73,159,652	248.14	\$0	\$73,186,928	\$73,186,928	(12.00)	\$0	\$27,276	\$27,276
Total ongoing changes as a percentage of base level	0.0%		2.0%	2.0%	(4.6%)		2.0%	2.0%				
Total changes as a percentage of base level	0.0%		20.2%	20.2%	(4.6%)		20.2%	20.2%				

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

House Version	Senate Version
There are no other sections related to this agency.	There are no other sections related to this agency.

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
4/19/2021
Conference Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman Mike Nathe called the meeting to order at 3:33 p.m.

Representative	Present	Absent
Chairman Nathe	P	
Representative Schatz	P	
Representative Boe	P	
Chairman Hogue	P	
Senator Oehlke	P	
Senator Heckaman	P	

Discussion Topics:

- Committee work

Representative Mike Nathe (3:35 p.m.) explained a proposed amendment. Testimony #11569

Representative Mike Schatz made a motion to acede to the senate amendments and further amend. 21.0280.02002

Senator Heckaman seconded

Roll Call Vote taken:

Motion Carried: 6-0-0

Representative Mike Nathe and Senator Heckaman will carry the bill.

Chairman Mike Nathe adjourned the meeting at 3:41 p.m.

Klarissa Pudwill, Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the House accede to the Senate amendments as printed on pages 1461 and 1462 of the House Journal and page 1132 of the Senate Journal and that Engrossed House Bill No. 1021 be further amended as follows:

Page 1, line 2, after the semicolon insert "to provide for a statement of legislative intent;"

Page 2, after line 2, insert:

"SECTION 3. LEGISLATIVE INTENT - LEGISLATIVE MANAGEMENT REPORT - INFORMATION TECHNOLOGY UNIFICATION. The information technology department may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23 biennium. It is the intent of the sixty-seventh legislative assembly that any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
WSI operations	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	\$0
Less estimated income	60,887,842	73,159,652	27,276	73,186,928	73,186,928	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14	248.14	0.00

Department 485 - Workforce Safety and Insurance - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Conference Committee Changes
WSI operations	(\$33,235)	\$60,511	\$27,276
Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	(33,235)	60,511	27,276
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as the Senate. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Twelve FTE information technology (IT) positions and related funding are transferred to the Information Technology Department (ITD) for the IT unification initiative, the same as provided by the Senate. The House did not transfer these positions.

This amendment also adds a section to provide ITD may not charge state agencies selected to participate in the 2021-23 biennium IT unification initiative an amount in excess of the salaries and wages and related operating expenses of any FTE positions transferred to ITD during the 2021-23 biennium. Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the 68th Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative. During the 2021-22 interim, ITD is required to report annually to the Legislative Management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 IT unification initiative.

This section was not included in the House or Senate versions.

**2021 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1021 as engrossed

House Conference Committee

- Action Taken** ☐ **HOUSE accede to Senate Amendments**
☒ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☐ **SENATE recede from Senate amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Schatz Seconded by: Senator Heckaman

Representatives	4/14	4/19		Yes	No		Senators	4/14	4/19		Yes	No
Chairman Nathe	P	P		X			Chairman Hogue	P	P		X	
Representative Schatz	P	P		X			Senator Oehlke	P	P		X	
Representative Boe	P	P		X			Senator Heckaman	P	P		X	
Total Rep. Vote				3	0		Total Senate Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Nathe Senate Carrier Senator Heckaman

LC Number 21.0280 . 02002 of amendment

LC Number 21.0208 . 04000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

To add information technology unification and a legislative management report.

REPORT OF CONFERENCE COMMITTEE

HB 1021, as engrossed: Your conference committee (Sens. Hogue, Oehlke, Heckaman and Reps. Nathe, Schatz, Boe) recommends that the **HOUSE ACCEDE** to the Senate amendments as printed on HJ page 1132, adopt further amendments as follows, and place HB 1021 on the Seventh order:

That the House accede to the Senate amendments as printed on pages 1461 and 1462 of the House Journal and page 1132 of the Senate Journal and that Engrossed House Bill No. 1021 be further amended as follows:

Page 1, line 2, after the semicolon insert "to provide for a statement of legislative intent;"

Page 2, after line 2, insert:

"SECTION 3. LEGISLATIVE INTENT - LEGISLATIVE MANAGEMENT REPORT - INFORMATION TECHNOLOGY UNIFICATION. The information technology department may not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23 biennium. It is the intent of the sixty-seventh legislative assembly that any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative. During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative."

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
WSI operations	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	\$0
Less estimated income	60,887,842	73,159,652	27,276	73,186,928	73,186,928	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	260.14	260.14	(12.00)	248.14	248.14	0.00

Department 485 - Workforce Safety and Insurance - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Transfers Positions to ITD for IT Unification ²	Total Conference Committee Changes
WSI operations	(\$33,235)	\$60,511	\$27,276
Total all funds	(\$33,235)	\$60,511	\$27,276
Less estimated income	(33,235)	60,511	27,276
General fund	\$0	\$0	\$0
FTE	0.00	(12.00)	(12.00)

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5

Insert LC: 21.0280.02002
House Carrier: Nathe
Senate Carrier: Hogue

percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as the Senate. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

² Twelve FTE information technology (IT) positions and related funding are transferred to the Information Technology Department (ITD) for the IT unification initiative, the same as provided by the Senate. The House did not transfer these positions.

This amendment also adds a section to provide ITD may not charge state agencies selected to participate in the 2021-23 biennium IT unification initiative an amount in excess of the salaries and wages and related operating expenses of any FTE positions transferred to ITD during the 2021-23 biennium. Legislative intent is provided that any FTE position transferred to ITD for the 2021-23 biennium IT unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the 68th Legislative Assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium IT unification initiative. During the 2021-22 interim, ITD is required to report annually to the Legislative Management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 IT unification initiative.

This section was not included in the House or Senate versions.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.

PROPOSED AMENDMENTS TO ENGROSSED SENATE BILL NO. 2021

Page 3, after line 17, insert:

"SECTION 7. LEGISLATIVE INTENT - INFORMATION TECHNOLOGY UNIFICATION - LEGISLATIVE MANAGEMENT REPORT. It is the intent of the sixty-seventh legislative assembly that:

1. The information technology department not charge state agencies selected to participate in the 2021-23 biennium information technology unification initiative an amount in excess of the salaries and wages and related operating expenses of any full-time equivalent positions transferred to the information technology department during the 2021-23 biennium; and
2. Any full-time equivalent positions transferred to the information technology department for the 2021-23 biennium information technology unification initiative be transferred to the agency employing the positions during the 2019-21 biennium, unless the sixty-eighth legislative assembly is presented with sufficient evidence of efficiencies gained and cost-savings realized by the state as a result of the 2021-23 biennium information technology unification initiative.

During the 2021-22 interim, the information technology department shall report annually to the legislative management regarding any efficiencies gained and cost-savings realized as a result of the 2021-23 biennium information technology unification initiative."

Renumber accordingly

2021 HOUSE STANDING COMMITTEE MINUTES

Appropriations - Education and Environment Division Prairie Room, State Capitol

HB 1021
4/21/2021
Conference Committee

A BILL for an Act to provide an appropriation for defraying the expenses of workforce safety and insurance.

Chairman Mike Nathe called the meeting to order at 3:39 p.m.

Representative	Present	Absent
Chairman Nathe	P	
Representative Schatz	P	
Representative Boe	P	
Chairman Hogue	P	
Senator Oehlke	P	
Senator Heckaman	P	

Discussion Topics:

- Leave the 12 FTEs with the agency

Senator Hogue made a motion for the senate to recede from the senate amendments and further amend. 21.0280.02003

Senator Oehlke seconded

Roll Call Vote taken:

Motion Carried: 6-0-0

Representative Nathe and Senator Heckaman will carry the bill.

Chairman Mike Nathe adjourned the meeting at 3:42 p.m.

Klarissa Pudwill, Committee Clerk

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1021

That the Senate recede from its amendments as printed on pages 1461 and 1462 of the House Journal and page 1132 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, replace lines 10 through 13 with:

"Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,299,086</u>	<u>\$73,186,928</u>
Total special funds	\$60,887,842	\$12,299,086	\$73,186,928
Full-time equivalent positions	260.14	0.00	260.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
WSI operations	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	\$0
Less estimated income	60,887,842	73,159,652	27,276	73,186,928	73,186,928	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	260.14	260.14	0.00	260.14	248.14	12.00

Department 485 - Workforce Safety and Insurance - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Total Conference Committee Changes
WSI operations	\$27,276	\$27,276
Total all funds	\$27,276	\$27,276
Less estimated income	27,276	27,276
General fund	\$0	\$0
FTE	0.00	0.00

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as the Senate. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

The conference committee did not transfer 12 FTE positions to the Information Technology Department for the information technology unification initiative. The Senate transferred the positions. The House did not.

**2021 HOUSE CONFERENCE COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1021 as engrossed

House Conference Committee

- Action Taken** ☐ **HOUSE accede to Senate Amendments**
☐ **HOUSE accede to Senate Amendments and further amend**
☐ **SENATE recede from Senate amendments**
☒ **SENATE recede from Senate amendments and amend as follows**
- ☐ **Unable to agree**, recommends that the committee be discharged and a new committee be appointed

Motion Made by: Representative Schatz Seconded by: Senator Heckaman

Representatives	4/21			Yes	No		Senators	4/21			Yes	No
Chairman Nathe	P			X			Chairman Hogue	P			X	
Representative Schatz	P			X			Senator Oehlke	P			X	
Representative Boe	P			X			Senator Heckaman	P			X	
Total Rep. Vote				3	0		Total Senate Vote				3	0

Vote Count Yes: 6 No: 0 Absent: 0

House Carrier Representative Nathe Senate Carrier Senator Heckaman

LC Number 21.0280 . 02003 of amendment

LC Number 21.0280 . 05000 of engrossment

Emergency clause added or deleted

Statement of purpose of amendment

Keep the 1.5% and 2% pay packages in the bill.

Insert LC: 21.0280.02003
House Carrier: Nathe
Senate Carrier: Heckaman

REPORT OF CONFERENCE COMMITTEE

HB 1021, as engrossed: Your conference committee (Sens. Hogue, Oehlke, Heckaman and Reps. Nathe, Schatz, Boe) recommends that the **SENATE RECEDE** from the Senate amendments as printed on HJ pages 1461-1462, adopt amendments as follows, and place HB 1021 on the Seventh order:

That the Senate recede from its amendments as printed on pages 1461 and 1462 of the House Journal and page 1132 of the Senate Journal and that Engrossed House Bill No. 1021 be amended as follows:

Page 1, replace lines 10 through 13 with:

"Workforce safety and insurance operations	<u>\$60,887,842</u>	<u>\$12,299,086</u>	<u>\$73,186,928</u>
Total special funds	\$60,887,842	\$12,299,086	\$73,186,928
Full-time equivalent positions	260.14	0.00	260.14"

Renumber accordingly

STATEMENT OF PURPOSE OF AMENDMENT:

House Bill No. 1021 - Workforce Safety and Insurance - Conference Committee Action

	Base Budget	House Version	Conference Committee Changes	Conference Committee Version	Senate Version	Comparison to Senate
WSI operations	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	
Total all funds	\$60,887,842	\$73,159,652	\$27,276	\$73,186,928	\$73,186,928	\$0
Less estimated income	60,887,842	73,159,652	27,276	73,186,928	73,186,928	0
General fund	\$0	\$0	\$0	\$0	\$0	\$0
FTE	260.14	260.14	0.00	260.14	248.14	12.00

Department 485 - Workforce Safety and Insurance - Detail of Conference Committee Changes

	Adjusts Funding for Salary and Benefit Increases ¹	Total Conference Committee Changes
WSI operations	\$27,276	\$27,276
Total all funds	\$27,276	\$27,276
Less estimated income	27,276	27,276
General fund	\$0	\$0
FTE	0.00	0.00

¹ Salaries and wages funding is adjusted for 2021-23 biennium salary increases of 1.5 percent on July 1, 2021, with a minimum monthly increase of \$100 and 2 percent on July 1, 2022, the same as the Senate. The House provided salary adjustments of 1.5 percent on July 1, 2021, and July 1, 2022, with a minimum monthly increase of \$100 and a maximum monthly increase of \$250.

The conference committee did not transfer 12 FTE positions to the Information Technology Department for the information technology unification initiative. The Senate transferred the positions. The House did not.

Engrossed HB 1021 was placed on the Seventh order of business on the calendar.