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**AGENCY OVERVIEW****Date:** 01/13/2011**485 Workforce Safety and Insurance****Time:** 10:59:11

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**Statutory Authority**

North Dakota Century Code Title 65.

**Agency Description**

Workforce Safety & Insurance (WSI) was established in 1919 as an exclusive state fund for workers compensation insurance. Employers operating within the state are required to secure workers compensation insurance through WSI, a state agency. Employers are not allowed to purchase this insurance through a private insurance carrier and cannot self-insure for workers compensation purposes. Claims for occupational injury and disease are filed with WSI and adjudicated by in-house agency claims analysts. WSI services approximately 20,000 employers with a covered workforce of approximately 340,000 workers. WSI processes approximately 20,000 claims per year.

**Agency Mission Statement**

WSI's mission is to serve North Dakota workers and employers by innovatively providing superior workers' compensation and safety services.

Agency Description: The North Dakota Workforce Safety and Insurance agency serves North Dakota's workers and employers by innovatively providing superior worker's compensation and safety services. Accordingly, WSI's vision is a safe, secure and healthy North Dakota workforce. It must be clear what constitutes WSI's competitive advantage. If WSI becomes complacent and fails to execute its Mission/Purpose, private companies will insist on competing for business. WSI must therefore work as if it's "competing" for business. WSI's competitive advantage is a function of competency, capability and trust.

WSI has developed a strategic plan with core values based upon its mission and vision. The following core values form the basis of our actions and interactions:

- Respect - We treat all with respect, dignity and importance.
- Empowerment– We allow individuals the discretion to do what is necessary to satisfy the desired workplace actions and outcomes.
- Integrity – We do what we say and we do what is legal, ethical and right.
- Trust– We believe this to be essential to every working relationship and strive to place confidence in others.
- Dedication– We value commitment and dedication in the achievement of our mission to serve our customers.
- Compassion–We embrace empathy and have compassion for those with whom we work and serve.
- Selfless Service– We value the welfare of the community and state before our own.

WSI Strategic Planning: WSI has developed five "Strategic Themes" to identify issues which are most critical to success. Each of these themes outline what WSI needs to accomplish to create the related "Strategic Result".

1. Customer Service Excellence
2. Interaction with employers, workers, injured workers, providers
3. External education and training for employees, employers, providers
4. Customer Satisfaction
5. Effective outcomes and results

Strategic Result: Positive interactions and improved services resulting in highly satisfied customers.

1. Operational Excellence
2. Automated, streamlined and efficient processes
3. Advanced technology
4. Financial solvency
5. Innovation, research and development

Strategic Result: A responsive and seamless customer-focused organization that is financially solvent, efficient and adaptive.

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1. WSI Workplace Excellence
2. Creating a great place to work
3. Internal employee satisfaction
4. Staff training and development
5. A safe place to work

Strategic Result: An organization comprised of knowledgeable, empowered and valued employees working in a safe environment with open communication and mutual respect.

1. Safety Stewardship
2. Defining the value of safety in the work environment

Strategic Result: A commitment to safety that is a priority in every work environment.

1. Strategic Partnerships
2. Developing partnerships with other agencies and organizations

Strategic Result: Partnerships that are mutually established and fostered for the benefit of all entities.

North Dakota’s employers and employees will benefit as WSI works toward these “Strategic Results”.

**Agency Performance Measures**

WSI maintains numerous measurements which are monitored by WSI's management and Board of Directors. Some of the global performance indicators are:

- Injured Worker Customer Satisfaction
- Employer Customer Satisfaction
- Claim Incident Rates - new measure for future use
- Fiscal Year Combined Ratio—(Premiums set to cover anticipated losses and expenses)
- Available Surplus Ratio

Performance Measures	FY 07	FY 08	FY 09	FY 10
Injured Worker Customer Satisfaction	4.28	4.25	4.34	4.16
Employer Customer Satisfaction	4.05	4.07	4.13	4.11
Claim Incident Rates - future measure				
Fiscal Year Combined Ratio—(Premiums set to cover anticipated losses and expenses)	112.01%	95.35%	102.31%	103.00%
Available Surplus Ratio	466,835,352	385,991,539	265,552,937	320,000,000

**Major Accomplishments**

1. Declared a 50.0 percent dividend credit in June 2010 as surplus levels exceeded the statutory limit.

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2. Continued to enhance benefit levels in recent legislative sessions. North Dakota's benefit structure compares very favorably to other jurisdictions.
3. Retained stable premium rates, which continue to be among the lowest in the nation.
4. Continued to rank in the high satisfaction category for injured worker and employer customer satisfaction.
5. Experienced declining injury rates and reduced overall costs due to Investments in workplace safety.
6. Achieved a less adversarial system with the number of disputes at record lows.
7. Retained an experienced, knowledgeable, and talented staff with a good balance of leadership and technical ability that resulted in low staff turnover of approximately 2.50 percent.

**Future Critical Issues**

Some of WSI's future critical issues include:

- Successful implementation of the new claim's and policyholder service's computer applications.
- Ensuring employers maintain a continued focus on safety in a low premium/significant dividend environment.
- Execution of the strategic plan which will serve to further improve the levels of service provided to our customers.

**REQUEST SUMMARY**485 Workforce Safety and Insurance  
Biennium: 2011-2013

Bill#: SB2021

Date: 01/13/2011

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>By Major Program</b>					
Executive and Other Services	6,108,022	7,671,334	513,651	8,184,985	0
Administrative Services	15,551,828	24,056,162	(3,462,649)	20,593,513	0
Injury Services	15,002,368	17,286,176	2,591,310	19,877,486	97,451
Employer Services	6,188,266	7,863,933	(1,708)	7,862,225	0
<b>Total Major Program</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>
<b>By Line Item</b>					
Workforce Safety Operations	42,850,484	56,877,605	(359,396)	56,518,209	97,451
<b>Total Line Items</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>
<b>By Funding Source</b>					
General Fund					
Federal Funds					
Special Funds	42,850,484	56,877,605	(359,396)	56,518,209	97,451
<b>Total Funding Source</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>
<b>Total FTE</b>	<b>237.14</b>	<b>247.14</b>	<b>0.00</b>	<b>247.14</b>	<b>1.00</b>

**REQUEST DETAIL**485 Workforce Safety and Insurance  
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>Workforce Safety Operations</b>					
Salaries - Permanent	20,840,167	25,632,504	114,750	25,747,254	66,000
Temporary Salaries	411,791	192,895	729,086	921,981	0
Overtime	4,195	1,409	(1,409)	0	0
Fringe Benefits	7,004,657	9,008,462	241,547	9,250,009	31,451
Travel	603,681	966,818	191,822	1,158,640	0
Supplies - IT Software	1,309,652	2,489,159	2,694,668	5,183,827	0
Supply/Material-Professional	300,805	322,456	55,604	378,060	0
Food and Clothing	1,109	925	0	925	0
Bldg, Ground, Maintenance	14,329	5,917	0	5,917	0
Miscellaneous Supplies	53,050	68,426	103,470	171,896	0
Office Supplies	38,147	21,664	0	21,664	0
Postage	478,651	498,144	84,636	582,780	0
Printing	160,852	206,990	56,200	263,190	0
IT Equip Under \$5,000	271,241	884,900	(563,864)	321,036	0
Other Equip Under \$5,000	0	822	0	822	0
Office Equip & Furn Supplies	168,846	25,243	0	25,243	0
Utilities	7,609	3,559	0	3,559	0
Insurance	35,363	21,311	0	21,311	0
Rentals/Leases-Equip & Other	103,854	484,297	4,800	489,097	0
Rentals/Leases - Bldg/Land	678,023	410,867	(5,547)	405,320	0
Repairs	62,418	21,088	0	21,088	0
IT - Data Processing	817,414	720,000	72,000	792,000	0
IT - Communications	503,043	582,550	2,926	585,476	0
IT Contractual Srvcs and Rprs	6,851,185	8,754,287	(2,649,287)	6,105,000	0
Professional Development	351,032	1,105,731	(217,708)	888,023	0
Operating Fees and Services	465,677	532,949	10,373	543,322	0
Fees - Professional Services	1,241,061	2,559,232	(574,713)	1,984,519	0
Land and Buildings	0	0	646,250	646,250	0
Equipment Over \$5000	39,672	0	0	0	0
IT Equip/Sftware Over \$5000	32,960	0	0	0	0
Special Line Other	0	1,355,000	(1,355,000)	0	0
<b>Total</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>
<b>Workforce Safety Operations</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	42,850,484	56,877,605	(359,396)	56,518,209	97,451
<b>Total</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>

**REQUEST DETAIL**

485 Workforce Safety and Insurance  
Biennium: 2011-2013

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
<b>Funding Sources</b>					
General Fund	0	0	0	0	0
Federal Funds	0	0	0	0	0
Special Funds	42,850,484	56,877,605	(359,396)	56,518,209	97,451
<b>Total Funding Sources</b>	<b>42,850,484</b>	<b>56,877,605</b>	<b>(359,396)</b>	<b>56,518,209</b>	<b>97,451</b>

**CHANGE PACKAGE SUMMARY**

485 Workforce Safety and Insurance  
Biennium: 2011-2013

Bill#: SB2021

Date: 01/13/2011

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<b>Base Budget Changes</b>						
<b>One Time Budget Changes</b>						
A-B 5 Century Center Back-up Generator		0.00	0	0	646,250	646,250
<b>Total One Time Budget Changes</b>		<b>0.00</b>	<b>0</b>	<b>0</b>	<b>646,250</b>	<b>646,250</b>
<b>Ongoing Budget Changes</b>						
A-A 1 Base budget changes		0.00	0	0	(2,089,620)	(2,089,620)
Base Payroll Change		0.00	0	0	1,083,974	1,083,974
<b>Total Ongoing Budget Changes</b>		<b>0.00</b>	<b>0</b>	<b>0</b>	<b>(1,005,646)</b>	<b>(1,005,646)</b>
<b>Total Base Budget Changes</b>		<b>0.00</b>	<b>0</b>	<b>0</b>	<b>(359,396)</b>	<b>(359,396)</b>
<b>Optional Budget Changes</b>						
<b>Ongoing Optional Changes</b>						
A-C 4 Pharmacy Technician FTE	1	1.00	0	0	97,451	97,451
<b>Total Ongoing Optional Changes</b>		<b>1.00</b>	<b>0</b>	<b>0</b>	<b>97,451</b>	<b>97,451</b>
<b>Total Optional Budget Changes</b>		<b>1.00</b>	<b>0</b>	<b>0</b>	<b>97,451</b>	<b>97,451</b>

**BUDGET CHANGES NARRATIVE**

485 Workforce Safety and Insurance

Bill#: SB2021

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<b>Change Group:</b> A	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b> 1
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Base budget changes - Base budget changes

Base budget changes from 2009-11 biennium to the 2011-13 biennium.

<b>Change Group:</b> A	<b>Change Type:</b> B	<b>Change No:</b> 5	<b>Priority:</b> 1
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Century Center Back-up Generator - Century Center Back-up Generator

WSI is planning on installing a full building back up electrical generator system to provide essential power for all areas of the building including geothermal heating and cooling systems, computer systems and life safety systems. In past years we have experienced power outages during the course of the year. Each time there is a power outage approximately 350 – 375 state employees are kept from continuing their daily work until electricity is restored and the computers are powered up. Depending on the length of time that the power is out of service, the employees could be off work from 15 minutes to approximately 60 minutes, which was the longest power outage on record for our location.

The other concern with fluctuating power outages is not just the number of times that power is lost to the building each year, but the damage caused to electronic equipment. This occurs when there are sequential power bumps to the building caused by a power failure and an instantaneous return to power, only to have it drop again. In some cases these short term power fluctuations have burned out PC power supplies and energy management system controllers. With a full building backup generator in place, the power would still drop once but the generator would immediately start and not allow any further power disruption to the building until consistent line power was restored. With the geothermal heating and cooling system we have no alternate source for heating or cooling the building. The full backup electrical generator would provide that reliable power supply during inclement weather conditions.

The last benefit of installing a full building backup electrical generation system is that there is the possibility of taking advantage of a year round electrical rate reduction if an interruptible service agreement could be established at some point in the future. A reduction of two cents per kilowatt hour would save approximately \$30,000 per year in electrical costs. It is still unknown at this time what the rate reduction would be if an interruptible service agreement could be obtained with the utility provider.

<b>Change Group:</b> A	<b>Change Type:</b> C	<b>Change No:</b> 4	<b>Priority:</b> 1
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Pharmacy Technician FTE - Pharmacy Technician FTE

WSI plans to add a Pharmacy Technician to its staff as recommended in the 2010 Performance Evaluation. This FTE will provide administrative assistance to the Pharmacy Director.

<b>Change Group:</b> R	<b>Change Type:</b> A	<b>Change No:</b> 1	<b>Priority:</b>
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Add Pharmacy Technician

Provides \$97,451 in special fund authority for a pharmacy technician position, utilizing existing vacant authorized FTE.

<b>Change Group:</b> R	<b>Change Type:</b> B	<b>Change No:</b> 1	<b>Priority:</b>
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Adjust amount for backup generator

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Reduce the amount for the backup generator by \$180,000 based on revised agency estimate.