

**Department of Legislative Services**  
 Maryland General Assembly  
 2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1081 (Delegate Valderrama, *et al.*)  
 Appropriations

**Task Force to Study Risk Management and Loss Control**

This bill establishes a Task Force to Study Risk Management and Loss Control, staffed by the Department of Legislative Services and the Office of Legislative Audits. The task force is required to examine the effectiveness of State risk management programs in each unit of State government; identify areas of possible loss exposure not currently addressed by State programs; review performance audits for areas of potentially significant loss; and develop recommendations to improve risk management and loss prevention programs.

A preliminary report is due to the Governor and the General Assembly by December 31, 2007; a final report is due December 31, 2008.

The bill takes effect July 1, 2007 and terminates December 31, 2008.

**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$131,300 in FY 2008 and \$89,100 in FY 2009 to provide staff support to the task force. Revenues would not be affected.

(in dollars)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	131,300	89,100	0	0	0
Net Effect	(\$131,300)	(\$89,100)	\$0	\$0	\$0

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Current Law:** The State Employee Risk Management Administration (SERMA) was established by Executive Order to address workplace safety and workers' compensation risk management and loss control in State government. SERMA, which is administered by the Injured Workers' Insurance Fund (IWIF), provides guidelines and technical assistance to units of State government in reducing risk and makes recommendations for improving safety.

In addition, the State Employee Risk Management Committee, located at IWIF, works with SERMA to monitor and make recommendations on risk management, identify resources available to State agencies, and coordinate with the State Employee Risk Management Advisory Council on workplace safety issues. The committee is comprised of representatives of State government, including department risk managers.

The State Employee Risk Management Advisory Council, staffed by the Office of the Governor, is charged with addressing workplace safety, risk management, and loss control. The council, comprised of representatives of State government, provides support to the State Employee Risk Management Committee and monitors the progress of SERMA and other State agencies in reducing workplace injury and workers' compensation costs.

**State Expenditures:** General fund expenditures could increase by an estimated \$131,255 in fiscal 2008, which accounts for a 90-day start-up delay. This estimate reflects the cost of hiring two auditors to staff the committee and evaluate loss exposure among units of State government. It includes salaries, fringe benefits, one-time start-up costs, and operating expenses.

	<u><b>FY 2008</b></u>	<u><b>FY 2009</b></u>
Salaries and Fringe Benefits	\$126,940	\$88,903
Operating Expenses	<u>4,315</u>	<u>212</u>
<b>Total State Expenditures</b>	<b>\$131,255</b>	<b>\$89,115</b>

Fiscal 2009 expenditures reflect: (1) a 4.5% increase in salaries; (2) a 1% increase in operating expenses; and (3) the bill's December 31, 2008 termination date.

It is assumed that any reimbursement for members' expenses could be handled with existing resources.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department Legislative Services (Office of Legislative Audits)

**Fiscal Note History:** First Reader - March 15, 2007  
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