



2023-2024
ADOPTED BUDGET



STRONGER TOGETHER

2023-24 ADOPTED BUDGET

At the July 2023 Board Meeting, the Board of Trustees approved the 2023-24 Budget which included core operating expenses and six **strategic initiatives**. Below is a summary of the Adopted Budget:

Operating Budget	2023-24 CORE BUDGET	INITIATIVES	2023-24 ADOPTED BUDGET
Personnel Costs	\$ 38,844,900	\$ 521,600	\$ 39,366,500
Other Operating Expenses	12,720,750	2,237,000	14,957,750
Capital Outlays	335,600	55,000	390,600
Depreciation Expenses	3,749,400	0	3,749,400
Total	\$ 55,650,650	\$ 2,813,600	\$ 58,464,250

Initiatives:

1. Transition of Technology Financing	\$ 1,350,000
2. Supporting Excellence & Risk Mgmt. in Law Enforcement	190,200
3. Target Equity / Capital Modeling	200,000
4. Member-Facing Technology Enhancement	355,500
5. Cyber Coverage & Service Expansion	212,800
6. People Operations Modernization	505,100
	\$ 2,813,600

Initiatives by Budget Line Item:

1. Four FTEs	\$ 521,600
2. Programming Services including Portal Development (IT Dept)	1,600,000
3. Capital Outlay (Truck)	55,000
4. Member-Facing Technology Enhancement (Videos) (MSM Dept)	37,000
5. HRIS/LMS and Classifications & Compensation Study (People Ops Dept)	400,000
6. Targe Equity / Capital Modeling (Executive Dept)	200,000
	\$ 2,813,600

Combined Budget Summary by Expense Classification

ADOPTED

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 260					
Salary - Regular	\$25,173,214	\$26,307,843	\$26,398,500	\$27,159,500	\$27,926,900
Medicare Tax	378,791	399,963	411,400	424,400	479,800
TMRS	2,849,358	2,977,979	3,072,000	3,237,100	3,491,900
Deferred Compensation	1,529,591	1,621,702	1,546,000	1,532,200	1,643,700
Disability Insurance	104,881	110,257	113,000	111,100	144,200
Health Insurance	3,255,692	3,399,434	3,851,200	3,798,700	4,375,900
Workers Compensation	18,703	22,853	26,000	32,900	0
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Personnel Total	33,310,230	34,840,031	37,018,100	36,720,900	39,366,500
Operating					
Temporary Services	37,517	5,763	12,000	0	500
Rents	236,257	241,174	231,300	248,300	251,500
Telephone	95,218	94,740	119,600	111,300	121,300
Telephone - Indirect Fees	30,776	0	0	0	0
Office Supplies	114,584	125,022	204,800	139,500	194,500
Postage and Freight	185,732	171,181	233,300	176,600	216,400
Copies and Printing	54,753	69,205	87,400	82,950	97,900
Records Retention	56,033	75,110	86,900	74,100	97,700
Publications & Subscription	95,843	83,172	100,100	95,200	119,100
Liability/Property Insurance	27,950	69,997	94,000	77,000	145,000
Reimb. Deductibles	1,000	3,768	30,000	50,000	30,000
Equipment Maintenance	84,344	154,835	119,000	126,200	163,300
Software Maintenance	1,173,419	1,492,345	1,610,100	1,593,600	1,726,500
Small Equipment Purchases	17,177	30,689	49,200	34,900	51,700
Equipment Rental	54,945	51,800	60,100	54,000	62,000
Conference Expenses	68,054	112,083	158,200	299,300	198,000
Workshops	45,922	148,278	231,000	177,500	215,000
Electronic Media	6,064	135,641	163,000	140,000	200,000
Unemployment Reimb.	745	6,479	10,000	10,000	10,000
Subrogation	0	10,508	65,400	50,000	62,500
Communications	146,408	210,070	237,500	215,000	244,000
Contracts	523,364	370,372	726,000	549,600	879,000
Work Comp Fees/Penalties	0	5,500	50,000	10,000	0
Programming Services	346,246	116,403	500,000	500,000	1,600,000
Building Repairs & Maint	45,876	(23,494)	60,000	60,000	72,500
Elevator Repairs & Maint	2,508	2,406	3,200	3,600	3,300
Window Cleaning	2,605	8,110	6,000	6,000	7,700
Landscaping	15,098	46,658	21,700	21,700	21,700
Utilities-Electric	121,665	110,619	150,000	159,600	157,500
Utilities-Water	7,792	9,163	16,000	6,600	16,000
Property Insurance	16,842	18,443	23,300	23,300	25,400
Janitorial Service	115,090	148,919	158,200	158,200	156,000
Cleaning Supplies	1,103	0	15,000	15,000	15,000
Pest Control Service	1,350	1,464	1,400	1,400	1,550
Security Service	93,136	103,267	115,900	115,900	141,500
Trash Removal	3,977	3,517	5,100	5,100	5,100
Inspections	1,050	2,658	3,000	3,000	3,000

Combined Budget Summary by Expense Classification

ADOPTED

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Membership Dues	42,909	52,661	74,200	64,750	85,700
Professional Development	141,498	125,702	265,500	186,600	293,800
Prof Dev - College	19,840	49,403	102,200	62,000	72,500
Leadership & Developments	36,602	164,474	198,900	198,900	243,000
Travel	323,735	652,384	1,067,300	981,100	956,400
Moving Expenses	0	0	34,000	10,000	0
Advertising Expenses	727	624	10,000	10,000	10,000
Bank Charges	9,826	4,954	20,000	7,000	10,000
Board Member Expenses	100,527	255,415	255,000	255,000	335,000
Auto Maintenance	36,910	44,712	73,500	59,800	53,700
Auto Insurance	21,418	24,800	33,000	16,500	0
Auto Fuels	45,146	80,603	165,800	132,500	117,800
Operating Total	4,609,581	5,671,596	8,057,100	7,378,600	9,490,050
Professional Services					
Auditor	156,204	94,400	122,000	122,000	130,000
Actuarial Studies	52,936	57,520	70,000	60,000	70,000
TML	933,817	933,817	934,500	934,500	1,000,000
Network Services, Inc.	4,500	0	0	0	0
Claims On-Line Search ISO	82,102	120,609	146,300	95,100	186,200
Legislative Consultants	210,190	183,740	200,000	194,500	225,100
General Counsel	0	194,104	215,000	215,000	221,000
R. Dylong & Assoc-Audits	250,921	288,670	325,000	310,500	352,000
Gas Utility Surveys	81,933	39,607	150,000	130,000	150,000
Boiler/Machinery Inspection	15,020	18,705	30,000	25,000	30,000
Other Professional Fees	542,809	607,038	781,300	667,800	966,700
Texas Housing Assoc. Fees	48,722	53,729	59,200	76,400	76,400
Medical Bill Review	313,848	268,556	302,200	275,000	302,200
Political Subdivision WCA	436,975	395,829	430,000	446,000	470,000
Personnel Consultants	25,000	0	160,000	160,000	480,000
Investment Consultant	50,833	52,104	54,000	54,000	56,100
Investment Custodian	117,188	107,032	100,000	100,000	100,000
Conning	216,841	193,122	220,000	200,000	233,000
Manulife	189,598	187,799	220,000	200,000	233,000
Electrical Util Surveys	0	884	1,000	1,000	1,000
Internal Controls & Claims Audits	0	0	0	0	75,000
Personnel Matters	0	0	5,000	0	5,000
Reserve	0	126,500	100,000	100,000	100,000
Windstorm Engineering	0	0	5,000	0	5,000
Professional Services Total	3,729,437	3,923,761	4,630,500	4,366,800	5,467,700
Total	\$41,649,247	\$44,435,388	\$49,705,700	\$48,466,300	\$54,324,250
Depreciation & Capital Outlay					
			0		
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	390,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Subtotal	2,917,115	2,998,172	3,085,100	3,211,100	4,140,000
Total Budget	\$44,566,362	\$47,433,560	\$52,790,800	\$51,677,400	\$58,464,250

Combined Budget Summary by Department

ADOPTED

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 260					
Executive	\$2,089,307	\$2,716,067	\$2,603,000	\$2,705,500	\$2,604,800
Member Services	1,742,678	1,897,301	1,961,300	2,024,500	2,227,700
Office of Project Mgmt	616,864	591,607	599,600	625,500	759,700
Legal	2,201,332	2,115,748	2,219,100	2,379,600	2,382,200
Underwriting	4,514,328	4,644,365	4,857,400	4,901,300	5,164,000
Loss Prevention	2,885,543	2,901,222	3,170,800	3,226,200	3,490,800
Finance	2,395,329	2,506,906	2,641,900	2,810,200	2,986,400
People Operations	752,729	802,058	746,400	588,500	787,000
Information Technology	3,065,566	3,298,346	3,342,000	3,449,700	3,620,100
Workers' Compensation	7,940,434	8,483,546	8,206,000	8,378,400	8,607,900
Liability & Property	4,979,616	4,750,285	4,927,100	5,063,000	5,288,300
Building	126,506	132,580	143,500	143,500	143,500
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Personnel Total	33,310,232	34,840,030	37,018,100	36,720,900	39,366,500
Operating					
Executive	708,611	1,058,969	1,013,400	1,094,800	1,228,800
Member Services	115,508	164,406	298,000	298,000	339,000
Office of Project Mgmt	11,977	9,714	270,700	209,600	308,800
Legal	91,552	145,910	214,500	183,900	196,300
Underwriting	120,768	144,786	213,600	159,700	209,700
Loss Prevention	202,217	529,601	983,000	647,500	810,300
Finance	690,870	745,713	987,700	840,200	1,001,400
People Operations	65,930	64,026	366,400	353,400	467,400
Information Technology	1,621,132	1,699,803	2,208,500	2,208,500	3,429,700
Workers' Compensation	448,991	497,945	560,600	447,500	520,700
Liability & Property	101,331	176,420	351,600	345,800	338,200
Building	430,692	434,302	589,100	589,700	639,750
Operating Total	4,609,581	5,671,595	8,057,100	7,378,600	9,490,050
Professional Services					
Executive	982,539	1,491,890	1,508,700	1,520,400	1,697,500
Legal	202,553	14,181	130,000	45,000	130,000
Underwriting	277,389	319,245	360,000	340,500	387,000
Loss Prevention	199,690	177,462	362,000	306,000	362,000
Finance	757,132	661,401	756,000	706,000	792,100
People Operations	25,000	0	160,000	160,000	480,000
Information Technology	452,209	458,843	465,300	465,300	650,700
Workers' Compensation	820,243	789,589	888,500	808,500	948,400
Liability & Property	12,682	11,152	0	15,100	20,000
Professional Services Total	3,729,437	3,923,761	4,630,500	4,366,800	5,467,700
Subtotal BEFORE Capital Outlay and Depreciation	\$41,649,249	\$44,435,387	\$49,705,700	\$11,745,400	\$54,324,250
Capital Outlay & Depreciation					
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	390,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Subtotal	2,917,115	2,998,172	3,085,100	3,211,100	4,140,000
Total Budget	\$44,566,364	\$47,433,559	\$52,790,800	\$51,677,400	\$58,464,250
Total Department Expenses					

Combined Budget Summary by Department

ADOPTED

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Full-Time Equivalent: 260					
Executive	3,780,458	5,266,926	5,125,100	5,320,700	5,531,100
Member Services	1,858,186	2,061,707	2,259,300	2,322,500	2,566,700
Office of Project Mgmt	628,841	601,321	870,300	835,100	1,068,500
Legal	2,495,436	2,275,839	2,563,600	2,608,500	2,708,500
Underwriting	4,912,486	5,108,395	5,431,000	5,401,500	5,760,700
Loss Prevention	3,287,450	3,608,285	4,515,800	4,179,700	4,663,100
Finance	3,843,331	3,914,020	4,385,600	4,356,400	4,779,900
People Operations	843,660	866,084	1,272,800	1,101,900	1,734,400
Information Technology	5,138,907	5,456,992	6,015,800	6,123,500	7,700,500
Workers' Compensation	9,209,668	9,771,080	9,655,100	9,634,400	10,077,000
Liability & Property	5,093,629	4,937,857	5,278,700	5,423,900	5,646,500
Building	557,198	566,882	732,600	733,200	783,250
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	390,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Total Budget	\$44,566,364	\$47,433,559	\$52,790,800	\$51,677,400	\$58,464,250

Executive Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 14					
Regular	\$1,665,943	\$2,152,905	\$2,040,100	\$2,112,200	\$2,010,400
Medicare Tax	24,384	31,809	31,600	33,000	34,100
TMRS	182,310	236,193	229,600	253,800	250,200
Deferred Compensation	74,328	94,888	87,600	89,400	87,800
Disability Insurance	6,692	8,802	8,800	9,100	10,500
Health Insurance	134,680	190,164	205,300	208,000	211,800
Workers' Compensation	972	1,305	0	0	0
Personnel Total	2,089,307	2,716,067	2,603,000	2,705,500	2,604,800
Operating					
Telephone	7,921	9,399	11,200	10,800	11,000
Office Supplies	5,211	5,755	5,000	5,000	5,000
Postage and Freight	378	(351)	1,500	1,000	1,200
Copies and Printing	31,258	25,384	32,000	30,000	32,000
Publications & Subscription	4,962	6,111	5,500	5,000	5,400
Software Maintenance	0	60	0	0	0
Small Equipment Purchases	3,238	2,231	5,000	5,000	5,000
Conference Expenses	60,904	90,920	138,900	280,000	154,700
Communications	146,408	210,070	237,500	215,000	244,000
Contracts	174,506	127,265	110,000	110,000	254,000
Membership Dues	22,059	28,820	36,700	35,000	42,300
Professional Development	62,358	14,320	26,000	10,000	25,400
Leadership & Developments	36,602	164,474	0	0	0
Travel	48,104	116,156	141,100	125,000	107,800
Advertising Expenses	155	0	0	0	0
Board Member Expenses	100,527	255,415	255,000	255,000	335,000
Auto Maintenance	2,679	885	4,000	4,000	3,000
Auto Fuels	1,340	2,056	4,000	4,000	3,000
Operating Total	708,611	1,058,969	1,013,400	1,094,800	1,228,800
Professional Services					
TML	933,817	933,817	934,500	934,500	1,000,000
Legislative Consultants	0	183,740	200,000	194,500	225,100
General Counsel	0	194,104	215,000	215,000	221,000
Texas Housing Assoc. Fees	48,722	53,729	59,200	76,400	76,400
Internal Controls & Claims Audits	0	0	0	0	75,000
Reserve	0	126,500	100,000	100,000	100,000
Professional Services Total	982,539	1,491,890	1,508,700	1,520,400	1,697,500
Grand Total	\$3,780,458	\$5,266,926	\$5,125,100	\$5,320,700	\$5,531,100

Member Services Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 12					
Regular	\$1,326,272	\$1,447,206	\$1,467,100	\$1,532,100	\$1,653,500
Medicare Tax	20,614	21,733	23,200	23,800	28,500
TMRS	155,424	162,566	173,800	183,500	207,300
Deferred Compensation	70,079	76,456	89,400	85,300	101,200
Disability Insurance	5,641	6,071	6,300	6,600	8,100
Health Insurance	163,056	181,328	201,500	193,200	229,100
Workers' Compensation	1,592	1,941	0	0	0
Personnel Total	1,742,678	1,897,301	1,961,300	2,024,500	2,227,700
Operating					
Telephone	10,482	10,474	13,000	13,000	13,000
Office Supplies	3,919	1,724	5,000	5,000	5,000
Postage & Freight	2,766	2,706	2,000	2,000	2,000
Copies and Printing	2,530	0	2,000	2,000	5,000
Publications & Subscriptions	8,046	4,389	9,400	9,400	9,700
Equipment Maintenance	0	0	500	500	500
Software Maintenance	75	260	1,000	1,000	11,000
Small Equipment Purchases	378	76	0	0	0
Conference Expenses	7,149	13,617	19,300	19,300	43,300
Electronic Media	0	0	0	0	37,000
Membership Dues	4,599	1,306	1,700	1,700	1,700
Professional Development	5,234	7,099	12,300	12,300	16,300
Travel	53,478	93,051	164,800	164,800	144,200
Auto Maintenance	5,335	9,116	15,000	15,000	11,300
Auto Fuels	11,517	20,588	52,000	52,000	39,000
Operating Total	115,508	164,406	298,000	298,000	339,000
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$1,858,186	\$2,061,707	\$2,259,300	\$2,322,500	\$2,566,700

Office of Project Management and Analytics

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 6					
Regular	\$488,884	\$467,920	\$469,000	\$490,300	\$585,800
Medicare Tax	7,400	7,094	7,300	7,500	10,000
TMRS	55,619	52,851	54,700	57,500	72,800
Deferred Compensation	25,183	26,335	26,800	28,000	34,200
Disability Insurance	2,043	1,996	2,000	2,100	2,600
Health Insurance	37,408	34,977	39,800	40,100	54,300
Workers' Compensation	326	435	0	0	0
Personnel Total	616,864	591,607	599,600	625,500	759,700
Operating					
Telephone	1,020	1,020	1,200	1,200	1,200
Office Supplies	59	0	2,000	1,000	2,000
Postage & Freight	10	0	200	100	100
Copies and Printing	0	0	200	200	200
Publications & Subscriptions	182	0	100	100	100
Software Maintenance	(182)	0	200	200	200
Small Equipment Purchases	0	0	700	400	700
Contract Services	0	0	223,000	192,000	260,000
Membership Dues	93	139	400	400	400
Professional Development	5,177	2,600	25,300	6,000	25,300
Professional Development - College	0	0	3,000	1,000	3,000
Travel	5,617	5,955	14,400	7,000	15,600
Operating Total	11,977	9,714	270,700	209,600	308,800
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$628,841	\$601,321	\$870,300	\$835,100	\$1,068,500

Legal Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 17					
Regular	\$1,658,929	\$1,601,661	\$1,654,600	\$1,770,600	\$1,733,000
Medicare Tax	25,417	24,043	25,600	27,500	29,700
TMRS	189,283	178,033	192,600	209,000	216,100
Deferred Compensation	103,348	92,589	98,100	103,500	101,000
Disability Insurance	6,938	6,732	7,100	7,700	9,100
Health Insurance	216,337	211,553	241,100	261,300	293,300
Workers' Compensation	1,080	1,138	0	0	0
Personnel Total	2,201,332	2,115,748	2,219,100	2,379,600	2,382,200
Operating					
Temporary Services	0	0	500	0	500
Telephone	5,400	3,997	4,000	3,900	4,500
Office Supplies	1,740	1,063	3,800	500	3,500
Postage and Freight	1,274	724	5,000	1,000	3,500
Copies and Printing	(1,102)	(473)	1,500	750	1,000
Records Retention	2,349	0	0	0	0
Publications & Subscription	52,832	41,028	34,000	40,000	36,000
Equipment Maintenance	0	0	300	0	300
Small Equipment Purchases	425	134	1,000	0	1,000
Workshops	8,300	30,051	40,000	37,500	40,000
Subrogation*	0	10,508	65,400	50,000	62,500
Membership Dues	2,856	2,460	2,500	2,750	4,000
Professional Development	1,470	10,524	7,000	6,500	8,000
Prof Dev - College	0	17,973	12,000	9,000	0
Travel	14,490	27,442	33,000	32,000	28,100
Advertising Expenses	0	449	0	0	0
Auto Maintenance	511	0	1,200	0	900
Auto Fuels	1,006	29	3,300	0	2,500
Operating Total	91,552	145,910	214,500	183,900	196,300
Professional Services					
Legislative Consultants	210,190	0	0	0	0
Other Professional Fees	(7,637)	14,181	125,000	45,000	125,000
Personnel Matters	0	0	5,000	0	5,000
Professional Services Total	202,553	14,181	130,000	45,000	130,000
Grand Total	\$2,495,436	\$2,275,839	\$2,563,600	\$2,608,500	\$2,708,500

*Budget Summary includes Subrogation Division.

Underwriting Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 40					
Regular	\$3,410,260	\$3,492,587	\$3,599,100	\$3,658,700	\$3,744,000
Medicare Tax	50,564	52,806	55,700	56,400	64,500
TMRS	378,985	391,713	417,600	428,100	467,700
Deferred Compensation	207,475	220,546	217,800	212,000	227,600
Disability Insurance	14,166	14,687	15,500	10,600	19,700
Health Insurance	450,667	469,283	551,700	535,500	640,500
Workers' Compensation	2,213	2,744	0	0	0
Personnel Total	4,514,328	4,644,365	4,857,400	4,901,300	5,164,000
Operating					
Telephone	3,426	3,441	3,600	3,600	3,600
Office Supplies	41,824	50,635	55,000	60,000	69,000
Postage and Freight	29,824	13,892	35,000	15,000	30,000
Copies and Printing	4,024	11,240	15,000	12,000	15,000
Records Retention	16,531	24,834	20,000	20,000	25,000
Publications & Subscription	3,887	3,130	2,900	3,000	3,000
Equipment Maintenance	380	0	2,500	2,500	2,500
Software Maintenance	378	5,003	8,100	0	0
Small Equipment Purchases	0	710	2,500	0	2,500
Contracts	0	0	5,000	0	5,000
Membership Dues	930	1,320	2,300	1,800	2,300
Professional Development	8,241	12,631	19,500	15,800	20,000
Prof Dev - College	0	0	6,000	6,000	6,000
Travel	11,324	17,951	31,200	20,000	25,800
Moving Expenses	0	0	5,000	0	0
Operating Total	120,768	144,786	213,600	159,700	209,700
Professional Services					
Actuarial Studies	26,468	30,575	30,000	30,000	30,000
R. Dylong & Assoc-Audits	250,921	288,670	325,000	310,500	352,000
Windstorm Engineering	0	0	5,000	0	5,000
Professional Services Total	277,389	319,245	360,000	340,500	387,000
Grand Total	\$4,912,486	\$5,108,395	\$5,431,000	\$5,401,500	\$5,760,700

Loss Prevention Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 21					
Regular	\$2,157,104	\$2,176,632	\$2,359,400	\$2,393,100	\$2,553,900
Medicare Tax	33,205	33,386	37,100	39,500	44,000
TMRS	248,911	247,391	278,700	293,400	319,700
Deferred Compensation	141,892	142,208	143,300	144,700	156,000
Disability Insurance	9,100	9,205	10,100	10,600	12,900
Health Insurance	292,256	288,787	342,200	344,900	404,300
Workers' Compensation	3,077	3,614	0	0	0
Personnel Total	2,885,543	2,901,222	3,170,800	3,226,200	3,490,800
Operating					
Telephone	13,656	11,426	22,500	17,000	22,500
Office Supplies	5,546	7,108	10,000	8,000	10,000
Postage and Freight	3,027	4,240	7,000	5,000	7,000
Copies and Printing	1,005	2,241	10,000	5,000	10,000
Publications & Subscription	3,242	4,061	10,000	5,000	10,000
Equipment Maintenance	0	0	3,000	1,000	3,000
Software Maintenance	30,834	35,928	48,000	42,000	48,000
Small Equipment Purchases	223	68	13,000	7,500	13,000
Equipment Rental	0	0	2,000	2,000	2,000
Conference Expenses	0	7,547	0	0	0
Workshops	37,622	118,228	191,000	140,000	175,000
Electronic Media	6,064	135,641	163,000	140,000	163,000
Contract Services	0	5,700	200,000	30,000	100,000
Membership Dues	3,721	2,859	9,500	5,000	9,500
Professional Development	12,171	18,495	20,000	20,000	20,000
Prof Dev - College	10,872	12,441	10,000	0	10,000
Travel	41,187	103,633	160,000	145,000	136,000
Moving Expenses	0	0	9,000	0	0
Advertising Expenses	99	175	0	0	0
Auto Maintenance	12,537	20,232	25,000	20,000	18,800
Auto Fuels	20,413	39,580	70,000	55,000	52,500
Operating Total	202,217	529,601	983,000	647,500	810,300
Professional Services					
Gas Utility Surveys	81,933	39,607	150,000	130,000	150,000
Boiler/Machinery Inspect	15,020	18,705	30,000	25,000	30,000
Other Professional Fees	102,737	118,266	181,000	150,000	181,000
Electrical Util Surveys	0	884	1,000	1,000	1,000
Professional Services Total	199,690	177,462	362,000	306,000	362,000
Grand Total	\$3,287,450	\$3,608,285	\$4,515,800	\$4,179,700	\$4,663,100

Finance Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 17					
Regular	\$1,856,578	\$1,953,728	\$1,990,500	\$2,134,200	\$2,241,500
Medicare Tax	26,854	28,843	30,900	33,100	38,400
TMRS	207,823	214,993	231,600	253,800	279,200
Deferred Compensation	91,422	91,715	106,600	93,100	122,100
Disability Insurance	7,691	7,987	8,600	9,200	11,700
Health Insurance	203,746	208,101	247,700	253,900	293,500
Workers' Compensation	1,214	1,539	26,000	32,900	0
Personnel Total	2,395,329	2,506,906	2,641,900	2,810,200	2,986,400
Operating					
Rents (Field Offices)	233,727	238,644	228,000	245,000	245,000
Telephone	3,094	2,985	6,000	5,000	6,000
Telephone - Indirect Fees	30,776	0	0	0	0
Office Supplies	18,298	19,272	60,000	25,000	50,000
Postage and Freight	17,170	19,636	20,000	20,000	30,000
Copies and Printing	16,040	29,704	19,500	30,000	30,000
Records Retention	4,392	7,745	25,000	10,000	25,000
Publications & Subscription	4,190	1,686	4,500	7,000	10,000
Liab/Property Insurance	27,950	69,997	94,000	77,000	145,000
Reimb. Deductibles	1,000	3,768	30,000	50,000	30,000
Equipment Maintenance	53,512	49,831	40,000	52,000	55,000
Software Maintenance	73,222	77,531	77,200	77,200	87,200
Small Equipment Purchases	1,337	3,745	7,000	4,000	10,000
Equipment Rental	54,945	51,800	58,100	52,000	60,000
Contracts	73,648	56,382	100,000	50,000	60,000
Membership Dues	4,792	5,304	10,000	7,000	13,000
Professional Development	8,207	12,832	49,400	20,000	49,000
Prof Dev - College	3,781	5,453	11,000	11,000	2,500
Travel	21,581	54,276	80,000	65,000	72,300
Bank Charges	9,826	4,954	20,000	7,000	10,000
Auto Maintenance	7,033	3,986	10,000	7,000	7,500
Auto Insurance	21,418	24,800	33,000	16,500	0
Auto Fuels	931	1,382	5,000	2,500	3,900
Operating Total	690,870	745,713	987,700	840,200	1,001,400
Professional Services					
Auditor	156,204	94,400	122,000	122,000	130,000
Actuarial Studies	26,468	26,945	40,000	30,000	40,000
Investment Consultant	50,833	52,104	54,000	54,000	56,100
Investment Custodian	117,188	107,032	100,000	100,000	100,000
Conning	216,841	193,122	220,000	200,000	233,000
Manulife	189,598	187,799	220,000	200,000	233,000
Professional Services Total	757,132	661,401	756,000	706,000	792,100
Grand Total	\$3,843,331	\$3,914,020	\$4,385,600	\$4,356,400	\$4,779,900

People Operations Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 4					
Regular	\$558,778	\$599,389	\$561,400	\$449,500	\$586,200
Medicare Tax	8,280	9,542	8,700	7,400	9,900
TMRS	62,689	71,034	65,500	54,100	74,300
Deferred Compensation	32,354	44,484	27,700	25,600	34,200
Disability Insurance	2,330	2,490	2,400	2,100	2,700
Health Insurance	87,947	74,783	80,700	49,800	79,700
Workers' Compensation	351	335	0	0	0
Personnel Total	752,729	802,058	746,400	588,500	787,000
Operating					
Temporary Services	37,517	5,763	11,500	0	0
Telephone	1,688	2,678	2,200	2,200	4,400
Office Supplies	5,935	9,231	10,000	10,000	10,000
Postage and Freight	516	198	1,000	1,000	1,000
Copies and Printing	15	911	500	500	500
Records Retention	480	701	400	400	700
Publications & Subscription	1,244	1,321	2,700	2,700	12,600
Software Maintenance	7,598	5,701	7,400	7,400	3,500
Small Equipment Purchases	500	0	1,500	0	0
Unemployment Reimb.	745	6,479	10,000	10,000	10,000
Contract Services	0	0	3,000	3,000	8,000
Membership Dues	219	2,343	4,400	4,400	5,600
Professional Development	3,480	6,391	13,800	13,800	37,200
Prof Dev - College	0	0	3,000	3,000	3,000
Leadership & Developments	0	0	198,900	198,900	243,000
Travel	5,994	22,310	86,100	86,100	117,900
Advertising Expenses	0	0	10,000	10,000	10,000
Operating Total	65,930	64,026	366,400	353,400	467,400
Professional Services					
Personnel Consultants	25,000	0	160,000	160,000	480,000
Professional Services Total	25,000	0	160,000	160,000	480,000
Grand Total	\$843,660	\$866,084	\$1,272,800	\$1,101,900	\$1,734,400

Information Technology Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 23					
Regular	\$2,344,902	\$2,523,438	\$2,510,800	\$2,615,200	\$2,673,500
Medicare Tax	34,929	37,523	38,700	39,600	45,900
TMRS	263,699	280,728	290,700	305,300	334,000
Deferred Compensation	139,462	144,039	143,600	143,200	155,300
Disability Insurance	9,884	10,644	10,800	11,200	14,000
Health Insurance	271,098	299,867	347,400	335,200	397,400
Workers' Compensation	1,592	2,108	0	0	0
Personnel Total	3,065,566	3,298,346	3,342,000	3,449,700	3,620,100
Operating					
Telephone	11,034	10,255	12,000	12,000	12,000
Office Supplies	4,776	3,979	5,000	5,000	3,000
Postage and Freight	438	1,343	1,000	1,000	1,000
Copies and Printing	318	0	500	500	0
Publications & Subscription	1,846	60	500	500	500
Equipment Maintenance	24,970	104,360	67,200	67,200	96,500
Software Maintenance	1,061,494	1,365,859	1,463,400	1,463,400	1,576,600
Small Equipment Purchases	9,026	17,100	15,000	15,000	15,000
Contracts	136,111	31,666	50,000	50,000	50,000
Programming Services	346,246	116,403	500,000	500,000	1,600,000
Membership Dues	198	0	0	0	0
Professional Development	7,651	15,639	32,100	32,100	33,500
Prof Dev - College	4,430	13,230	24,000	24,000	18,000
Leadership & Developments	0	0	0	0	0
Travel	12,594	19,909	27,800	27,800	23,600
Moving Expenses	0	0	10,000	10,000	0
Operating Total	1,621,132	1,699,803	2,208,500	2,208,500	3,429,700
Professional Services					
Network Services	4,500	0	0	0	0
Other Professional Fees	447,709	458,843	465,300	465,300	650,700
Professional Services Total	452,209	458,843	465,300	465,300	650,700
Grand Total	\$5,138,907	\$5,456,992	\$6,015,800	\$6,123,500	\$7,700,500

Workers' Compensation Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 67					
Regular	\$5,874,650	\$6,277,899	\$5,984,300	\$6,161,300	\$6,188,000
Medicare Tax	88,367	95,989	94,500	95,300	106,700
TMRS	667,933	719,480	708,200	739,600	782,000
Deferred Compensation	370,463	418,938	373,600	368,900	378,700
Disability Insurance	24,540	26,533	25,700	26,400	32,600
Health Insurance	910,702	940,022	1,019,700	986,900	1,119,900
Workers' Compensation	3,778	4,684	0	0	0
Personnel Total	7,940,434	8,483,546	8,206,000	8,378,400	8,607,900
Operating					
Telephone	17,411	17,347	18,000	17,500	17,300
Office Supplies	22,663	17,627	40,000	17,000	28,000
Postage and Freight	115,679	113,448	140,000	116,000	120,000
Copies and Printing	666	190	5,000	1,000	3,000
Records Retention	27,245	34,402	35,000	35,000	37,500
Publications & Subscription	10,489	11,685	20,900	18,000	20,300
Equipment Maintenance	5,482	645	5,500	3,000	5,500
Small Equipment Purchases	316	403	1,500	1,000	2,000
Contracts	139,099	116,272	0	50,000	92,000
Work Comp Fees/Penalties	0	5,500	50,000	10,000	0
Membership Dues	2,434	4,144	3,500	3,500	3,700
Professional Development	9,058	11,496	22,500	12,500	21,500
Prof Dev - College	0	0	13,200	5,000	10,000
Travel	86,775	145,665	160,500	140,000	141,900
Moving Expenses	0	0	10,000	0	0
Advertising Expenses	473	0	0	0	0
Auto Maintenance	4,920	8,792	14,000	9,500	9,000
Auto Fuels	6,281	10,329	21,000	8,500	9,000
Operating Total	448,991	497,945	560,600	447,500	520,700
Professional Services					
Claims On-Line Search ISO	69,420	109,457	146,300	80,000	166,200
Other Professional Fees	0	15,748	10,000	7,500	10,000
Medical Bill Review	313,848	268,556	302,200	275,000	302,200
Political Subdivision WCA	436,975	395,829	430,000	446,000	470,000
Professional Services Total	820,243	789,589	888,500	808,500	948,400
Grand Total	\$9,209,668	\$9,771,080	\$9,655,100	\$9,634,400	\$10,077,000

Liability & Property Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 39					
Regular	\$3,727,518	\$3,506,413	\$3,649,300	\$3,729,300	\$3,844,200
Medicare Tax	57,449	55,818	56,300	59,500	66,300
TMRS	429,488	414,828	422,300	452,300	481,900
Deferred Compensation	268,142	263,920	222,900	229,900	237,100
Disability Insurance	15,857	15,110	15,700	15,600	20,200
Health Insurance	478,652	491,185	560,600	576,400	638,600
Workers' Compensation	2,510	3,011	0	0	0
Personnel Total	4,979,616	4,750,285	4,927,100	5,063,000	5,288,300
Operating					
Telephone	20,015	21,686	21,800	21,000	21,700
Office Supplies	4,611	8,628	8,800	2,800	8,800
Postage and Freight	14,650	15,344	20,600	14,500	20,600
Copies and Printing	0	8	1,200	1,000	1,200
Records Retention	5,036	7,428	6,500	8,700	9,500
Publications & Subscription	4,923	9,701	9,600	4,500	11,500
Software Maintenance	0	2,005	4,800	2,400	0
Small Equipment Purchases	1,735	6,221	2,000	2,000	2,500
Contracts	0	33,088	35,000	64,600	50,000
Membership Dues	1,008	3,966	3,200	3,200	3,200
Professional Development	18,450	13,675	35,000	35,000	35,000
Prof Dev - College	758	306	20,000	3,000	20,000
Travel	22,593	46,027	168,300	168,300	143,100
Auto Maintenance	3,896	1,701	4,300	4,300	3,200
Auto Fuels	3,658	6,639	10,500	10,500	7,900
Operating Total	101,331	176,420	351,600	345,800	338,200
Professional Services Total					
Claims On-Line Search ISO	12,682	11,152	0	15,100	20,000
Professional Services Total	12,682	11,152	0	15,100	20,000
Grand Total	\$5,093,629	\$4,937,857	\$5,278,700	\$5,423,900	\$5,646,500

Building Maintenance

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 2					
Regular	\$103,395	\$108,053	\$112,900	\$112,900	\$112,900
Medicare Tax	1,330	1,380	1,800	1,800	1,800
TMRS	7,195	8,168	6,700	6,700	6,700
Deferred Compensation	5,443	5,584	8,600	8,600	8,600
Health Insurance	9,142	9,384	13,500	13,500	13,500
Personnel Total	126,506	132,580	143,500	143,500	143,500
Operating					
Rent And Property Taxes	2,530	2,530	3,300	3,300	6,500
Telephone	70	32	4,100	4,100	4,100
Office Supplies	0	0	200	200	200
Building Repairs & Maint	45,876	(23,494)	60,000	60,000	72,500
Elevator Repairs & Maint	2,508	2,406	3,200	3,600	3,300
Window Cleaning	2,605	8,110	6,000	6,000	7,700
Landscaping	15,098	46,658	21,700	21,700	21,700
Utilities-Electric	121,665	110,619	150,000	159,600	157,500
Utilities-Water	7,792	9,163	16,000	6,600	16,000
Property Insurance	16,842	18,443	23,300	23,300	25,400
Janitorial Service	115,090	148,919	158,200	158,200	156,000
Cleaning Supplies	1,103	0	15,000	15,000	15,000
Pest Control Service	1,350	1,464	1,400	1,400	1,550
Security Service	93,136	103,267	115,900	115,900	141,500
Trash Removal	3,977	3,517	5,100	5,100	5,100
Inspections	1,050	2,658	3,000	3,000	3,000
Professional Development	0	0	2,600	2,600	2,600
Travel	0	10	100	100	100
Operating Total	430,692	434,302	589,100	589,700	639,750
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$557,198	\$566,882	\$732,600	\$733,200	\$783,250

Combined Fund

ADOPTED

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$378,445,165	\$344,643,261	\$344,502,659	\$348,685,770	\$368,925,469
Earned Contributions	218,191,217	241,372,144	267,829,100	280,106,100	308,239,900
Service & Other Income	934,996	1,101,538	1,000,000	991,100	1,026,000
Investment Income	17,604,283	20,584,358	19,700,000	22,500,000	23,700,000
Total Revenues	236,730,496	263,058,040	288,529,100	303,597,200	332,965,900
Current-Year Losses	202,943,475	185,273,459	192,200,000	200,500,000	212,300,000
Prior-Years' Losses	(38,954)	4,604,401	0	0	0
Chg in Unalloc. Loss Adj. Expense	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Independent Adjusters Expenses	2,603,861	1,167,652	2,250,000	2,130,000	2,300,000
Total Losses	205,608,382	194,145,512	197,650,000	205,830,000	217,800,000
Reinsurance Expense	21,536,420	20,844,723	26,930,300	25,850,100	32,161,700
Pension Expense	(1,298,578)	(3,645,392)	0	0	0
Operating Expense	44,682,575	47,670,688	52,790,800	51,677,400	58,464,250
Total Loss and Expenses	270,528,799	259,015,531	277,371,100	283,357,500	308,425,950
Revenues Over (Under) Expenses	(33,798,305)	4,042,509	11,158,000	20,239,700	24,539,950
Balance Before Distribution	344,646,860	348,685,770	355,660,659	368,925,470	393,465,419
Members' Equity Return	(3,600)	0	0	0	0
Ending Fund Balance	\$344,643,261	\$348,685,770	\$355,660,659	\$368,925,470	\$393,465,419

2023-24 Budget Assumptions:

Contributions - based on member exposures (payrolls, property values...) and rates approved at April 2023 Board meeting.

Investment Income - estimated to be \$23.7 million based on 2.5% return.

Losses - based on previous years' loss experiences and actuarial analysis.

Reinsurance Expense - based on reinsurance contracts approved at the April 2023 Board meeting.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2023 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2021 and 2022, respectively.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund

Budgeted for the twelve months ending September 30, 2024

	Workers'	Liability	Property	Reinsurance	Stability	Cyber	Consolidating	Combined
Beginning Fund Balance	\$81,495,942	\$66,285,937	\$83,008,081	\$112,973,125	\$25,162,384	\$0	\$0	\$368,925,469
Earned Contributions	92,765,800	71,268,100	144,206,000	22,356,200	0	0	(22,356,200)	308,239,900
Service & Rental Income	946,000	40,000	40,000	0	0	0	0	1,026,000
Investment Income	10,883,600	4,992,300	3,547,100	3,547,800	729,200	0	0	23,700,000
Total Revenues	104,595,400	76,300,400	147,793,100	25,904,000	729,200	0	(22,356,200)	332,965,900
Current-Year Losses	62,500,000	56,800,000	82,500,000	10,500,000	0	0	0	212,300,000
Prior-Years' Losses	0	0	0	0	0	0	0	0
Chg in Unalloc. Loss Adj. Expense	0	0	0	0	3,200,000	0	0	3,200,000
Independent Adjusters Expenses	0	500,000	1,800,000	0	0	0	0	2,300,000
Total Losses	62,500,000	57,300,000	84,300,000	10,500,000	3,200,000	0	0	217,800,000
Reinsurance Expense*	2,692,000	2,458,000	49,367,900	0	0	0	(22,356,200)	32,161,700
Pension Expense	0	0	0	0	0	0	0	0
Operating Expenses	29,422,750	13,312,800	11,564,600	3,747,700	416,400	0	0	58,464,250
Total Loss and Expenses	94,614,750	73,070,800	145,232,500	14,247,700	3,616,400	0	(22,356,200)	308,425,950
Revenues Over Expenses	9,980,650	3,229,600	2,560,600	11,656,300	(2,887,200)	0	0	24,539,950
Balance Before Distribution	91,476,592	69,515,537	85,568,681	124,629,425	22,275,184	0	0	393,465,419
Other Equity Adjustment - ULAE	(1,466,667)	(1,366,667)	(366,666)	0	3,200,000	0	0	0
Ending Fund Balance	\$90,009,925	\$68,148,870	\$85,202,015	\$124,629,425	\$25,475,184	\$0	\$0	\$393,465,419

*Reinsurance Expense of \$54.5 million consisted of \$22.4 million of internal reinsurance costs and \$32.1 million of external reinsurance costs.

2023-24 Budget Assumptions:

Contributions - based on member exposures (payrolls, property values...) and rates approved at April 2023 Board meeting.

Investment Income - estimated to be \$23.7 million based on 2.5% return.

Losses - based on previous years' loss experiences and actuarial analysis.

Reinsurance Expense - based on reinsurance contracts approved at the April 2023 Board meeting.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2023 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2021 and 2022, respectively.

Workers' Compensation Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$94,788,751	\$85,780,250	\$72,012,583	\$73,484,109	\$81,495,942
Earned Contributions	69,225,196	73,984,387	79,121,100	92,590,400	92,765,800
Service & Rental Income	883,637	986,107	920,000	916,100	946,000
Investment Income	8,048,908	10,457,887	9,915,000	10,332,500	10,883,600
Total Revenues	78,157,741	85,428,381	89,956,100	103,839,000	104,595,400
Current-Year Losses	69,235,590	68,429,810	59,000,000	65,500,000	62,500,000
Prior-Years' Losses	(7,673,977)	2,000,000	0	0	0
Total Losses	61,561,613	70,429,810	59,000,000	65,500,000	62,500,000
Reinsurance Expense	2,734,082	2,656,473	2,665,000	2,692,000	2,692,000
Operating Expense	23,615,235	24,487,268	26,852,800	26,168,500	29,422,750
Total Loss and Expenses	87,910,930	97,573,551	88,517,800	94,360,500	94,614,750
Revenues Over (Under) Expenses	(9,753,189)	(12,145,170)	1,438,300	9,478,500	9,980,650
Balance Before Distribution	85,035,562	73,635,080	73,450,883	82,962,609	91,476,592
Pension Contributions to Stability	744,688	1,915,696	0	0	0
Other Equity Adjustment - ULAE	0	(2,066,667)	(1,466,667)	(1,466,667)	(1,466,667)
Ending Fund Balance	\$85,780,250	\$73,484,109	\$71,984,216	\$81,495,942	\$90,009,925

Liability Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$89,415,034	\$73,663,762	\$71,653,894	\$67,092,004	\$66,285,937
Earned Contributions	53,542,151	61,530,734	64,173,500	65,485,500	71,268,100
Service & Rental Income	21,480	55,897	40,000	25,000	40,000
Investment Income	3,836,256	3,805,895	3,746,000	4,739,500	4,992,300
Total Revenues	57,399,887	65,392,526	67,959,500	70,250,000	76,300,400
Current-Year Losses	49,495,780	54,751,475	53,200,000	55,000,000	56,800,000
Prior-Years' Losses	11,136,003	3,962,851	0	0	0
Independent Adjuster Expenses	218,708	187,313	500,000	450,000	500,000
Total Losses	60,850,491	58,901,639	53,700,000	55,450,000	57,300,000
Reinsurance Expense	1,834,862	2,348,017	2,388,000	2,458,000	2,458,000
Operating Expense	10,838,201	10,636,084	11,971,000	11,781,400	13,312,800
Total Loss and Expenses	73,523,554	71,885,740	68,059,000	69,689,400	73,070,800
Revenues Over (Under) Expenses	(16,123,667)	(6,493,214)	(99,500)	560,600	3,229,600
Balance Before Distribution	73,291,367	67,170,548	71,554,394	67,652,604	69,515,537
Pension Contributions to Stability	372,395	888,123	0	0	0
Other Equity Adjustment - ULAE	0	(966,667)	(1,366,667)	(1,366,667)	(1,366,667)
Ending Fund Balance	\$73,663,762	\$67,092,004	\$70,187,727	\$66,285,937	\$68,148,870

Property Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$73,713,146	\$69,059,668	\$76,231,902	\$82,231,247	\$83,008,081
Earned Contributions	95,423,870	105,857,023	124,534,500	122,030,200	144,206,000
Service & Rental Income	29,879	59,534	40,000	50,000	40,000
Investment Income	2,345,132	2,427,735	2,363,000	3,367,500	3,547,100
Total Revenues	97,798,881	108,344,292	126,937,500	125,447,700	147,793,100
Current-Year Losses	64,189,670	60,631,215	75,000,000	75,000,000	82,500,000
Prior-Years' Losses	(2,848,804)	(3,774,999)	0	0	0
Independent Adjuster Expenses	2,385,153	980,339	1,750,000	1,680,000	1,800,000
Total Losses	63,726,019	57,836,555	76,750,000	76,680,000	84,300,000
Reinsurance Expense	30,084,460	28,893,382	35,920,500	37,487,400	49,367,900
Operating Expense	8,795,813	9,074,189	10,300,300	10,136,800	11,564,600
Total Loss and Expenses	102,606,292	95,804,126	122,970,800	124,304,200	145,232,500
Revenues Over (Under) Expenses	(4,807,410)	12,540,167	3,966,700	1,143,500	2,560,600
Balance Before Distribution	68,905,736	81,599,835	80,198,602	83,374,747	85,568,681
Pension Contributions to Stability	253,932	698,078	0	0	0
Other Equity Adjustment - ULAE	(100,000)	(66,666)	(366,666)	(366,666)	(366,666)
Ending Fund Balance	\$69,059,668	\$82,231,247	\$79,831,936	\$83,008,081	\$85,202,015

Reinsurance Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$96,097,315	\$91,339,668	\$99,580,069	\$101,049,225	\$112,973,125
Reinsurance Revenues	13,116,984	13,053,149	14,043,200	16,787,300	22,356,200
Investment Income	2,738,881	3,299,986	3,100,000	3,368,200	3,547,800
Total Revenues	15,855,865	16,353,135	17,143,200	20,155,500	25,904,000
Current-Year Losses	20,022,435	1,460,959	5,000,000	5,000,000	10,500,000
Prior-Years' Losses	(652,176)	2,416,549	0	0	0
Total Losses	19,370,259	3,877,508	5,000,000	5,000,000	10,500,000
Operating Expense	1,272,492	2,904,364	3,300,000	3,231,600	3,747,700
Total Loss and Expenses	20,642,751	6,781,872	8,300,000	8,231,600	14,247,700
Revenues Over (Under) Expenses	(4,786,886)	9,571,263	8,843,200	11,923,900	11,656,300
Balance Before Distribution	91,310,429	100,910,931	108,423,269	112,973,125	124,629,425
Pension Contributions to Stability	32,839	138,294	0	0	0
Members' Equity Return	(3,600)	0	0	0	0
Ending Fund Balance	\$91,339,668	\$101,049,225	\$108,423,269	\$112,973,125	\$124,629,425

Stability Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$24,430,919	\$24,799,912	\$25,024,211	\$24,829,184	\$25,162,384
Investment Income	635,106	592,856	576,000	692,300	729,200
Total Revenues	635,106	592,856	576,000	692,300	729,200
Current-Year Losses	0	0	0	0	0
Prior-Years' Losses	0	0	0	0	0
Change in ULAE	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Total Losses	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Pension Expenses	(1,298,578)	(3,645,392)	0	0	0
Operating Expense	160,837	568,784	366,700	359,100	416,400
Total Loss and Expenses	(1,037,741)	23,392	3,566,700	3,559,100	3,616,400
Revenues Over (Under) Expenses	1,672,847	569,464	(2,990,700)	(2,866,800)	(2,887,200)
Balance Before Distribution	26,103,766	25,369,376	22,033,511	21,962,384	22,275,184
Pension Contributions to Stability	(1,403,854)	(3,640,191)	0	0	0
Other Equity Adjustment - ULAE	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Ending Fund Balance	\$24,799,912	\$24,829,184	\$25,233,511	\$25,162,384	\$25,475,184

Cyber Fund

	2023-24 Proposed Budget
Beginning Fund Balance	\$0
Investment Income	0
Total Revenues	0
Current-Year Losses	0
Prior-Years' Losses	0
Total Losses	0
Operating Expense	0
Total Loss and Expenses	0
Revenues Over (Under) Expenses	0
Ending Fund Balance	\$0

**Texas Municipal League
Intergovernmental Risk Pool
Fiscal Year 2023-24 Budget**

Table of Contents

Budget Letter.....	1
Budget Analysis	5
Analysis of Operating Expenses.....	8
Combined Fund Analysis	13
Programs And Initiatives	16
Fund Budget.....	21
Revenue Summary	29
Combined Budget Summary by Expense Classification	31
Combined Budget Summary by Department	33
Staffing Summary & Organizational Chart.....	35
Departmental Budgets	41
Executive	41
Member Services	47
Office of Project Management & Analytics.....	52
Legal	57
Underwriting.....	63
Loss Prevention	69
Finance.....	75
People Operations	81
Information Technology	87
Workers' Compensation.....	92
Liability & Property	98
Building Maintenance	104
Capital Outlay and Depreciation	107
Salary Schedule	109

July 5, 2023

To: TMLIRP Board of Trustees

Subject: 2023-24 Proposed Budget



"FIFTY YEARS OF PARTNERSHIP, SERVING MEMBERS AND FINANCIAL STRENGTH." Beginning in 1973, state law mandated that Texas cities provide workers' compensation coverage to their employees. Traditional insurance companies refused to provide coverage or quoted exorbitant rates. The Texas Municipal League and several cities used the 1973 legislation to "pool" their resources using interlocal agreements to create the first municipal risk pool in the United States, which was the predecessor of the Texas Municipal League Intergovernmental Risk Pool (the Pool) as we know it today. The Pool now provides all coverages needed to support cities and other municipalities in Texas.

It's the Pool's core values of *Fiscal Responsibility, Integrity, Operational Excellence* and *Public Service* and a dedication to partnership that have created a long-term stable source of risk management. Texas cities and municipalities have experienced volatile times and significant costs over the years including catastrophic weather events and even a world-wide pandemic. As was the case fifty years ago, commercial insurers have little interest in providing coverage to Texas municipalities during a hard market cycle. It's the Pool's financial strength that has allowed the Pool to support Texas municipalities consistently through both hard and soft market cycles, and more importantly, when those Members needed the Pool the most. The Board of Trustees' commitment to *Operational Excellence* and its investment in technology has controlled operating expenses even as the demand for Pool services has surged alongside the Texas economy.

Core Operating Expenses and Strategic Initiatives. The goal of the 2023-24 budget is to both fund existing operations and operationalize several strategic objectives identified by the Board during the last two years. *The primary goal of the budget is controlling operating expenses while meaningfully investing in the Membership in areas identified as strategically important.* The proposed core operating budget is in line with historical trends, reveals the efficiency of operations considering growing demand for services, and is well below the expense structure of the insurance industry. The following initiatives and respective costs are presented in addition to the core operating budget for Board consideration:

1. People Operations Modernization: \$505,100
2. Cyber Coverage and Services Expansion: \$212,800
3. Member-Facing Technology Enhancement: \$355,500
4. Target Equity / Capital Modeling: \$200,000
5. Supporting Excellence and Risk Management in Law Enforcement: \$190,200
6. Transition of Technology Financing: \$1,350,000

Operating expenses for the core operating budget are projected to increase **5.4%** reflecting labor costs and inflation pressures. The overall anticipated proposed increase (with all strategic initiatives included) is expected to be just over **10.6%**, but the continued strong revenue growth for the Pool will support both the core operating growth and the growth from these strategic initiatives. The strategic initiatives represent approximately \$2.8 million and are comparable to what the Pool has invested in most technology projects in the past decade. The initiatives are presented along with the core budget for Board consideration.

The Budget will also propose the creation of a new Cyber Fund (like the Property, Liability, and Workers' Compensation operating funds). Though the creation of this Fund does not cost resources in and of itself, doing so provides the framework for springboarding into a more transparent accounting of the Pool's cyber coverage exposure, as well as supporting the strategic placement of the Fund into the Pool's portfolio that insulates cyber exposures from its core asset base.

The proposed 2023-24 budget includes projections for members' equity, revenues, and expenses. Revenues include member contributions, investment income and other income. Expenses include claims losses, operating expenses, reinsurance, and pension expenses. On the revenue side, contributions are based on members' risk profiles (exposures such as property values and payroll types) and claim loss experience; and investment income is dependent on market conditions, including interest rates. For expenses, projected losses are based on loss experience and historical trends; and reinsurance expense is dependent on the Pool's overall loss experience and market conditions (including rates charged by outside reinsurers). The key component of the budget that reflects the costs of serving the membership is operating expenses. *Operational Excellence* is a core value of the Risk Pool and serves as the guiding principle supporting the 2023-24 proposed budget.

For the proposed 2023-24 budget, higher contributions are projected to cover anticipated claim losses; and along with investment income, are projected to cover all Pool expenses, resulting in an increase in members' equity of \$27.4 million. As mentioned, the core operating budget is projected to increase **5.4%** reflecting labor costs and inflation pressures. However, the 2023-24 projected expense ratio (industry measure of operational efficiency) of 20.16% is below the Risk Pool's 10-year average and well below the expense ratio of typical commercial insurance providers. Just as importantly, operating costs cover programs and initiatives designed to provide the highest degree of risk management services to the membership.

Combined Fund (in millions)	2022-23 Adopted Budget	2023-24 Proposed Budget	Budget to Budget Change
Beginning Members' Equity	\$ 344.5	\$ 368.9	\$ 24.4
Contributions	267.8	308.3	40.5
Investment Income	19.7	23.7	4.0
Other Income	1.0	1.0	-
Total Revenues	288.5	333.0	44.5
Claim Losses	(197.6)	(217.8)	(20.2)
Reinsurance Expense	(26.9)	(32.2)	(5.3)
Operating Expenses	(52.8)	(55.7)	(2.9)
Total Loss and Expenses	(277.3)	(305.7)	(28.4)
Revenues Over Expenses	11.2	27.3	16.1
Ending Members' Equity	\$ 355.7	\$ 396.2	\$ 40.5

Highlights of the core operating budget include:

- For the 2023-24 proposed budget, core operating expenses are \$55.7 million compared to \$52.8 million last year.
- Projected revenues (contributions, investment income and other income) are \$333.0 million compared to budgeted revenues of \$288.5 million for 2022-23. Rate increases due to loss trends and member growth are anticipated to lead to higher member contributions.
- Claim losses are projected at \$217.8 million compared to expected losses for the current fiscal year of \$197.6 million.
- Reinsurance expenses are budgeted at \$32.2 million, reflecting higher rates for property reinsurance coverage.
- Revenues are projected to exceed expenses by \$27.3 million in 2023-24, compared to the current year where expenses are expected to exceed revenues by \$11.2 million.

The prevailing goals and themes, as identified by the Board of Trustees, for the proposed budget are as follows:

- Propose a transparent operating budget which is: (1) fiscally responsive to the needs of the membership, (2) in line with the historical operating costs, and (3) consistent with the Pool's core values.
- Reinforce the Risk Pool's partnership with its members through the principles of servant leadership.
- Support, enhance and advance the Pool's technological footprint to provide state-of-the-art services to the membership.
- Include a personnel budget that is in line with the industry and market conditions, both locally and nationally, and supports the operating environment for the future workplace.
- Support programs and initiatives designed to provide comprehensive and responsive risk management services to members.

Proposed 2023-24 Budget

Through the hard work and dedication of the Risk Pool’s Board and entire staff, the activities and programs developed in this budget address the dual objectives of member retention and improving the Pool’s processes designed to deliver exemplary member service and maintain long-term rate stability. This proposed budget is based on the short and long-term priorities set forth by the Board, as well as the rates established in April 2023 for all lines of coverage.

The primary focus of the overall budget is on the Risk Pool’s operational budget. The operating budget includes the expenses over which the Risk Pool exercises the most control, and accounts for 18% of the Risk Pool’s overall expected expenses. The remaining 82% of the expenses are for claims and reinsurance expenses; while these costs can be estimated with some degree of precision, they vary considerably from year-to-year.

In short, staff believes this budget adheres to the Risk Pool’s core values of *operational excellence, fiscal responsibility, integrity, and public service*, and most importantly, to the Risk Pool’s mission. Accordingly, staff recommends the adoption of the proposed budget and looks forward to your consideration at the July 2023 Board meeting.

Respectfully submitted,



Jeffrey R. Thompson
Executive Director



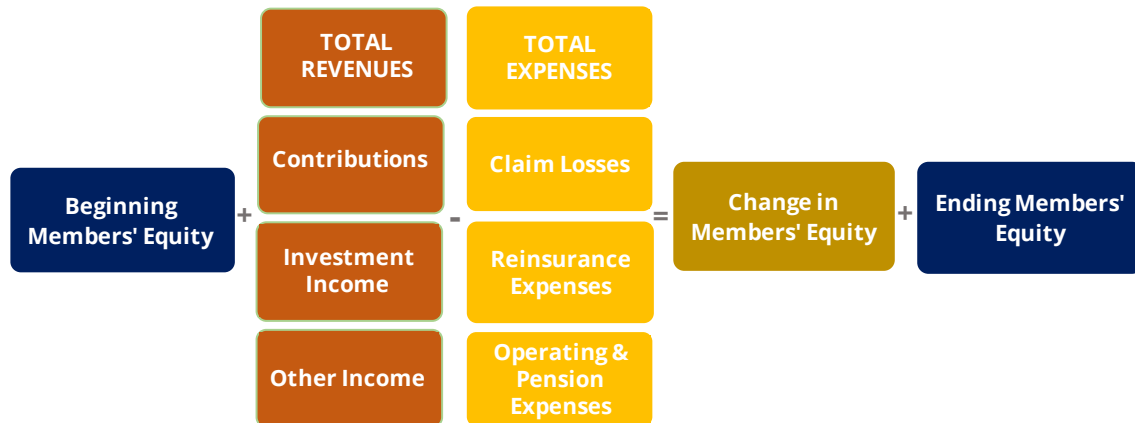


2023-24 PROPOSED BUDGET ANALYSIS

Executive Summary

The Risk Pool's proposed 2023-24 budget begins with the estimated beginning balance of Members' Equity. Revenues include contributions, investment income and other income. Expenses include claim losses, operating expenses, reinsurance and pension expenses. If revenues exceed expenses, Members' Equity increases. If expenses exceed revenues, Members' Equity decreases.

BUDGET STRUCTURE



- Contributions depend on members' exposures (property values, payrolls, etc.), claim loss experience, and rates approved by the Board in April 2023.
- Investment income is dependent on the Risk Pool's investment balance and market conditions, including interest rates.
- Other income comes from miscellaneous items including reimbursements for managing the Political Subdivision Workers' Compensation Alliance.
- Claim losses are based on actual claims reported by members and estimated development of those claims.
- Operating expenses are the costs of operating the Risk Pool.
- Reinsurance expense is what the Risk Pool pays to protect against large losses, primarily property losses (hurricanes, storms, etc.).

Combined Fund (in millions)	2022-23 Adopted Budget	2023-24 Proposed Budget	Budget to Budget Change
Beginning Members' Equity	\$ 344.5	\$ 368.9	\$ 24.4
Contributions	267.8	308.3	40.5
Investment Income	19.7	23.7	4.0
Other Income	1.0	1.0	-
Total Revenues	288.5	333.0	44.5
Claim Losses	(197.6)	(217.8)	(20.2)
Reinsurance Expense	(26.9)	(32.2)	(5.3)
Operating Expenses	(52.8)	(55.7)	(2.9)
Total Loss and Expenses	(277.3)	(305.7)	(28.4)
Revenues Over Expenses	11.2	27.3	16.1
Ending Members' Equity	\$ 355.7	\$ 396.2	\$ 40.5

The Risk Pool's proposed 2023-24 budget includes estimated revenues of \$333.0 million, expenses of \$305.7 million, and growth in members' equity of \$27.3 million.

Core Operating Expenses and Strategic Initiatives

The proposed budget includes an analysis of all revenues and expenses, including members' equity. The analysis includes an in-depth examination of the Pool's proposed \$55.7 million core operating budget. The last section of the analysis includes descriptions and budget projections for the following six strategic initiatives for board consideration:

1. People Operations Modernization: \$505,100
2. Cyber Coverage and Services Expansion: \$212,800
3. Member-Facing Technology Enhancement: \$355,500
4. Target Equity / Capital Modeling: \$200,000
5. Supporting Excellence and Risk Management in Law Enforcement: \$190,200
6. Transition of Technology Financing: \$1,350,000

Pool Operations - "Start to Finish" Risk Management Services

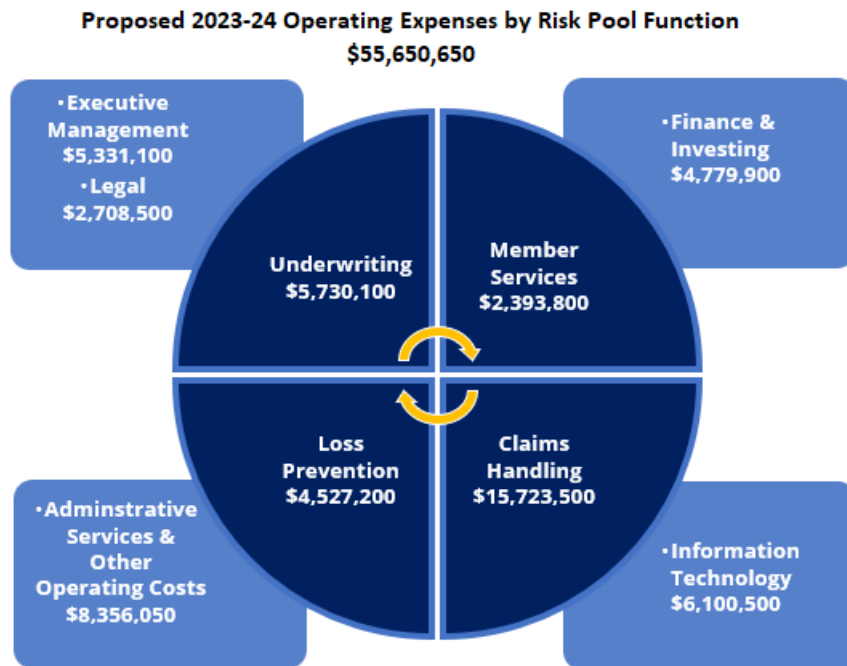
The Risk Pool provides all the services required to address members' risk management needs as they relate to workers' compensation, liability, cyber, and property coverages. Providing the services from "start to finish" allows members to access all needs at one shop. Just as importantly, it allows the Risk Pool to manage and control all aspects of providing risk management services to the membership. Operations are centralized in Austin with service field offices at five locations throughout Texas.

Primary Functions of the Pool



- Underwriting is analyzing the risk profile of members and determining the proper rates and contributions to fund expected claim losses.
- Member Services is responsible for managing the communication between members and the Risk Pool and meeting member needs from start to finish.
- Loss Prevention provides training and other resources to meet the loss control needs of members.
- Claims Handling involves the crucial process of analyzing and paying claims in a professional, cost effective and timely manner.

The Risk Pool also provides legal services, financial services (including investing), information technology management, administrative services, and other operating costs (including depreciation and capital expenditures). Executive management works with the Board of Trustees, members, and staff to formulize and implement strategic initiatives and programs.



Growth in Demand for Pool Services and Stable Operating Costs

The Pool serves over 95% of Texas cities and provides workers' compensation coverage for almost 2,400 local governments (which employ 200,000 employees, including 34,000 first responders). The Pool provides liability coverage to 2,800 local governments (1,200 of which are cities) and property coverage to 2,400 local governments (1,100 cities). That includes protecting over \$50 billion in local government property. The annual growth rate for members' loss exposure (payrolls for workers' compensation and property values for property coverage) for the past five years has been 4.7% for payrolls and 6.3% for property values. The annual growth rate for the Pool's operating expenses has been 3.7% over the same 5-year period. Full-time equivalent (FTE) positions for the proposed 2023-24 budget are 260 compared to 254 five years ago. The Board of Trustees' commitment to *Operational Excellence* and investment in technology has supported an efficient and responsive operating structure to serve Pool members.

ANALYSIS OF OPERATING EXPENSES

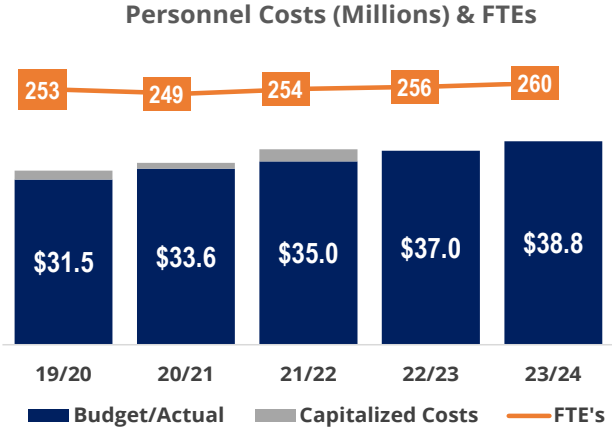
2023-24 Operating Budget

The Risk Pool’s operating expenses are initially developed at the departmental level with department managers building their budgets from a zero-base, justifying each line-item expense, explaining new program requests, and recommending changes to existing programs. Proposed departmental budgets reflect the 2023-24 overarching budget themes and include those expenses that best promote organizational agility and delivery of the Risk Pool’s services to members. The major components of the proposed operating budget are: (1) personnel costs, (2) other operating expenses, (3) capital outlay, and (4) depreciation expenses. The recommended core operating budget is \$55,650,650, an increase of \$2,859,850 or 5.4% over the current year’s 2022-23 budget.

Budget-to-Budget Comparison

Core Operating Budget	2022-23 Budget	2023-24 Proposed Budget	Budget to Budget Change	% Change
Personnel Costs	\$37,018,100	\$38,844,900	\$1,826,800	4.9%
Other Operating Expenses	12,687,600	12,720,750	33,150	0.3%
Capital Outlay Purchases	207,400	335,600	128,200	61.8%
Depreciation Expenses	2,877,700	3,749,400	871,700	30.3%
Total	\$52,790,800	\$55,650,650	\$2,859,850	5.4%

PERSONNEL COSTS. Personnel costs account for 70% of operating expenses. Total personnel costs in the 2023-24 budget are \$38.8 million compared to \$37.0 million last year. The increase is due to increasing full-time equivalent (FTE) positions from 256 to 260, and a performance-based merit pool which is tied to the Employment Cost Index (ECI).



Key Points

- Increase of four FTEs:
 - Legal – A Subrogation Specialist to support increase in subrogation claims.
 - Liability and Property – Two claim adjusters were added to support the liability and property departmental needs and promote direct in-person interactions with members.
 - Underwriting – An unfunded Underwriter position was added to support the addition of cyber coverage and members’ demand.
- Health insurance accounts for 11.0% of personnel costs, and retirement-related costs (TMRS and Deferred Compensation) account for 13.0%.

- The proposed budget will provide an average 5% merit increase for staff, which will provide for a potential maximum increase of 6.0% for individual outstanding performance. This proposed increase reflects overall macroeconomic inflation trends nationwide, as well as the cost to hire and retain talented staff in the Austin metro area.

Personnel	2022-23 Budget	2023-24 Proposed Budget	Budget to Budget Change
Full-Time Equivalent: 260			
Salary	\$26,398,600	\$27,571,600	\$1,173,000
Medicare Tax	411,400	474,000	62,600
TMRS	3,072,000	3,447,000	375,000
Deferred Compensation	1,545,900	1,621,700	75,800
Disability Insurance	113,000	144,200	31,200
Health Insurance	3,851,200	4,281,700	430,500
Workers' Compensation	26,000	0	(26,000)
Merit Pool	1,600,000	1,304,100	(295,900)
Personnel Total	\$37,018,100	\$38,844,300	\$1,826,200

OTHER OPERATING EXPENSES. Other operating expenses of \$12.7 million (office, travel, professional fees, etc.) are negligible budget-to-budget. The following are the major groupings and primary drivers of these operating expenses:

- Office Expenses** - Software maintenance, field office rent, office supplies, and postage
- Staff Expenses** - Travel, professional (leadership development), and membership dues
- Professional Fees** - TML/legislative consultants and investment managers
- Board Member Expenses** - Board meetings, board reimbursement/training
- Auto Expenses** - Maintenance, fuel, and insurance
- Building Expenses** - Salaries, utilities, janitorial services, landscaping, and security

Expense Classification	2022-23 Budget	2023-24 Proposed Budget	Budget to Budget Change
Office Expenses	\$4,678,900	\$4,848,900	\$170,000
Staff Expenses	1,772,100	1,671,400	(100,700)
Professional Fees	5,130,500	5,067,700	(62,800)
Board Member Expenses	255,000	335,000	80,000
Auto Expenses	272,300	171,500	(100,800)
Building Expenses	578,800	626,250	47,450
Total	\$12,687,600	\$12,720,750	\$33,150

Key Points

- The proposed 2023-24 budget reflects the evaluation of expenses that have been impacted by the remote work environment. These expenses include travel, auto fuels and maintenance.
- Office Expenses reflect higher software maintenance and contract services.

- Staff Expenses reflects the Risk Pool's continued dedication to professional development, including the *Leadership & Development Program*.

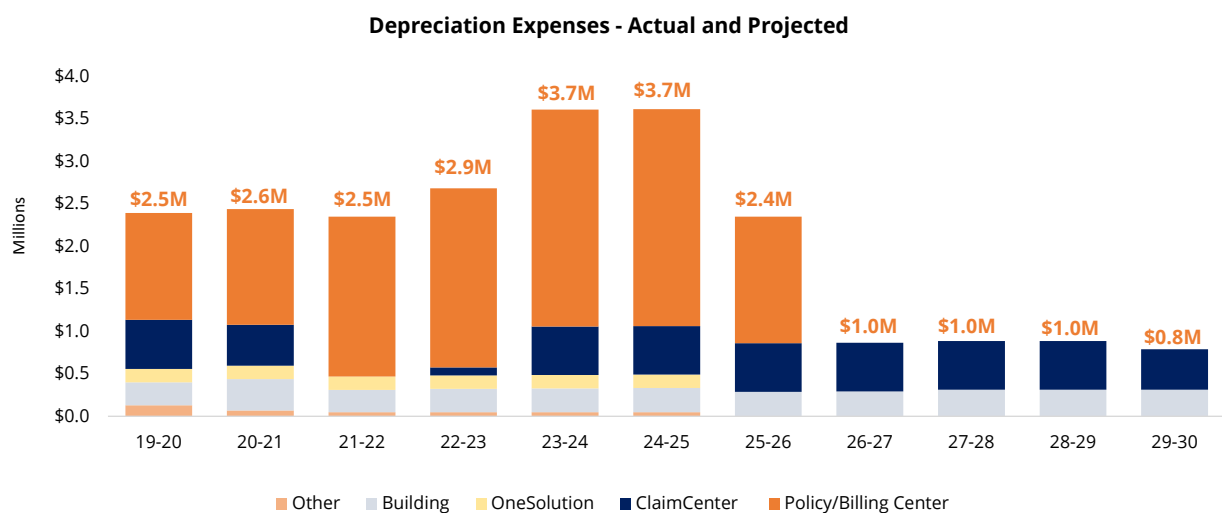
CAPITAL OUTLAYS. Capital outlays of \$335,600, which include procurement of equipment and software, are \$128,200 higher than last year as these purchases are based on warranty and rotation guidelines.

Asset Classification	2022-23 Budget	2023-24 Proposed Budget	Budget to Budget Change
Vehicles	\$0	\$77,200	\$77,200
Computer Equipment	0	144,050	144,050
Computer Software	139,000	71,750	(67,250)
Furniture, Fixtures, & Equipment	68,400	42,600	(25,800)
Capital Outlay	\$207,400	\$335,600	\$128,200
Building Improvements	\$876,500	\$815,000	(\$61,500)

Key Points

- The Risk Pool's current fleet and durability of new automobiles extend vehicle usage, therefore, only two vehicle purchases are budgeted in 2023-24 after a pause in purchases in 2022-23.
- A total of \$815,000 is budgeted for building improvements, including the third and final replacement phase of aging air handlers throughout the building.

DEPRECIATION EXPENSE. Budgeted depreciation expense is \$3.7 million, compared to \$2.9 million last year. Depreciation expense accounts for 6.7% of operating expenses, and its major component is related to the cost of the operating applications used for underwriting and claims handling.



Key Points

- Depreciation expense reflects the Risk Pool's commitment to the investment in technology and capital investments currently in use.

- Depreciation expense for the 2023-24 budget is \$3.7 million compared to the 2022-23 budget of \$2.9 million, as depreciation for Policy Center/Billing Center Release 3 and the Claim Center/Contact Manager/Billing Center Upgrade are added to the depreciation schedule.
- The Risk Pool has completed the development of large applications, including Claim Center (claims system), Policy Center (underwriting system), Billing Center, and One Solution (financial and payroll systems). The costs for the development of the applications were capitalized, and now they are in service. The Risk Pool is depreciating these costs over seven years or the remaining periods of the original application implemented date. The depreciation costs will roll off the depreciation schedule in 2026-27.

Operating Expenses – Ratio Analysis

The following ratios are percentages to net contributions (contributions less reinsurance expense). For example, the projected expense ratio for 2023-24 of 20.16% means that for every \$100 in net contributions received, \$20.16 is used to cover operating expenses.

TMLIRP Ratio Analysis	Loss Ratio	Expense Ratio	Combined Ratio	Investment Ratio	Operating Ratio	Net Income Margin
2014-15	82.21%	25.79%	107.89%	13.37%	94.52%	5.50%
2015-16	103.12%	27.43%	130.45%	12.27%	118.18%	-18.25%
2016-17	99.30%	25.89%	125.09%	12.08%	113.01%	-13.00%
2017-18	80.76%	24.02%	104.68%	11.64%	93.04%	7.07%
2018-19	80.95%	23.96%	104.81%	11.55%	93.26%	6.81%
2019-20	81.67%	23.11%	104.68%	10.86%	93.82%	6.53%
2020-21	104.55%	22.06%	126.61%	8.95%	117.66%	-17.19%
2021-22	88.04%	19.96%	108.00%	9.33%	98.67%	1.83%
2022-23 Projected	80.95%	20.32%	101.28%	8.85%	92.43%	7.96%
2023-24 Budgeted	78.89%	20.16%	99.05%	8.58%	90.46%	9.91%
TMLIRP	88.04%	23.27%	111.25%	10.75%	100.51%	-0.64%
Commercial Multiperil	64.00%	35.42%	99.42%	8.60%	90.82%	4.57%

The expense ratio has decreased from near 26% to about 20% over the past ten years. This decrease is due to the Risk Pool throttling operating expenses at slower pace than it has increased rates for member contributions. This means that a greater percentage of the contribution collected is used to pay claims, as opposed to increasing overhead. The Risk Pool's expense ratio is notably lower than the insurance industry average. By comparison, the insurance industry's Commercial Multiperil expense ratio has averaged around 35% (Conning-Total Industry Forecast 2023 Q1 – Commercial Multiperil) for the last ten years.

Comment on Loss Ratio (Net Losses/Contributions): The Risk Pool's 10-year loss ratio is 88.0% compared to the industry's 64.0%. The Risk Pool's contributions (or rates) are much lower than the market. In other words, the Risk Pool would have to raise rates significantly to be operating at the loss ratio of the industry. The key to keeping contributions and rates low is the financial strength of the Risk Pool and an operating budget that supports operational excellence and member service.

Comment on Information Technology Expense Ratio (Information Technology Operating Expenses/Contributions): The Risk Pool's Information Technology Expense Ratio over the last 10 years has increased from 2.93% to 3.79% exemplifying the Risk Pool's commitment to the continuous improvement and enhancement of the technology platform. More importantly, the investment in technology has helped to slow the growth of the operational budget and reduce the expense ratio.

INFORMATION TECHNOLOGY EXPENSE RATIO BY FUND YEAR

	2014-15	2015-16	2016-17	2017-18	2018-19*	2019-20*	2020-21	2021-22	2022-23 Proj.	2023-24 Budg.
IT Expense Ratio	2.93%	2.88%	3.55%	2.78%	3.16%	3.17%	4.00%	3.68%	3.70%	3.79%
Non-IT Expense Ratio	22.85%	24.55%	22.35%	21.24%	20.80%	19.94%	18.66%	17.82%	17.07%	16.36%
Total Expense Ratio	25.79%	27.43%	25.89%	24.02%	23.96%	23.11%	22.66%	21.51%	20.76%	20.16%

* Includes \$1,155,000 and \$1,503,700 of capitalized personnel costs, respectively.

COMBINED FUND ANALYSIS

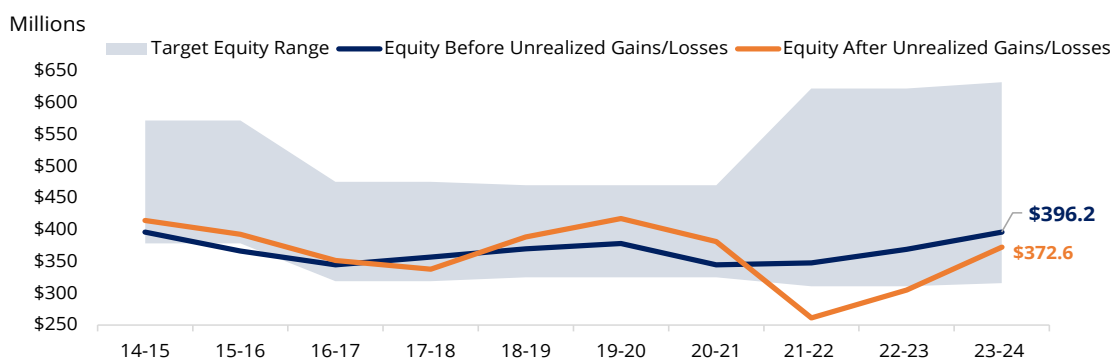
The 2023-24 proposed core budget includes projected revenues, expenses and change in members' equity:

Combined Fund (in millions)	2022-23 Adopted Budget	2023-24 Proposed Budget	Budget to Budget Change
Beginning Members' Equity	\$ 344.5	\$ 368.9	\$ 24.4
Contributions	267.8	308.3	40.5
Investment Income	19.7	23.7	4.0
Other Income	1.0	1.0	-
Total Revenues	288.5	333.0	44.5
Claim Losses	(197.6)	(217.8)	(20.2)
Reinsurance Expense	(26.9)	(32.2)	(5.3)
Operating Expenses	(52.8)	(55.7)	(2.9)
Total Loss and Expenses	(277.3)	(305.7)	(28.4)
Revenues Over Expenses	11.2	27.3	16.1
Ending Members' Equity	\$ 355.7	\$ 396.2	\$ 40.5

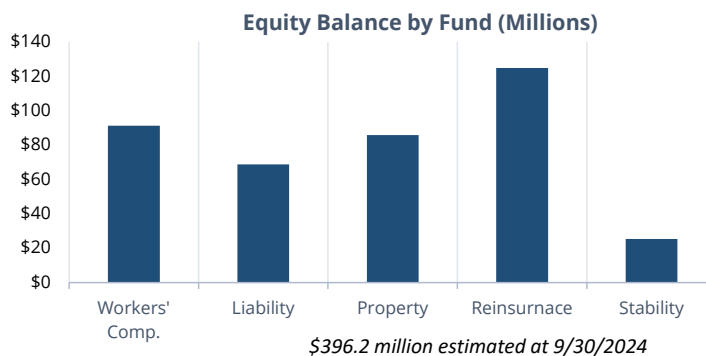
Members' Equity

Members' Equity is the financial foundation represented by the core value of *fiscal responsibility* and provides members with long-term stability and assurance. The Risk Pool's financial position is stable, and Members' Equity is securely within the Risk Pool's target equity levels.

Responsive Equity Growth

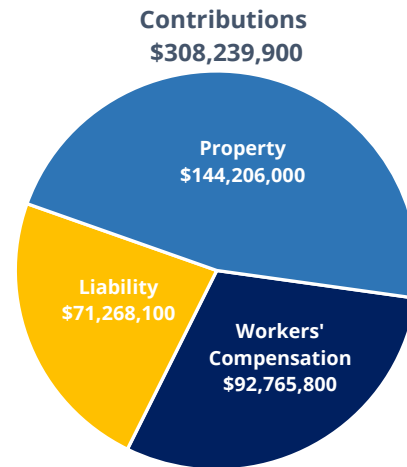


Members' Equity (without unrealized investment gains) is projected to reach \$368.9 million at the end of the current fiscal year and end the 2023-24 fiscal year at \$396.2 million. The distribution of equity across the Risk Pool's operating program funds and support funds is detailed to the right.



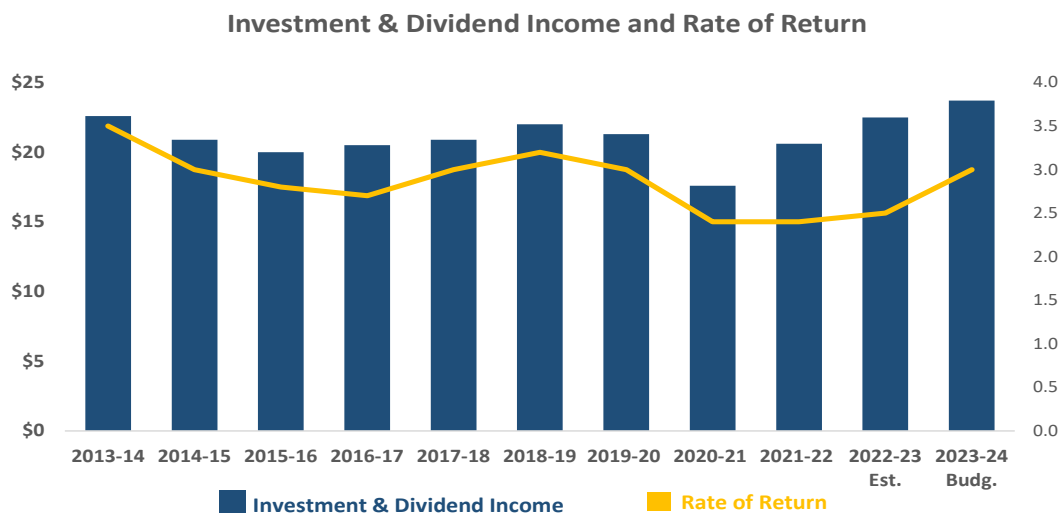
Contributions

Projected contributions for 2023-24 are \$308.3 million compared to \$267.8 million budgeted last year. The increase in contributions reflects the rates approved at the April 2023 board meeting, as well as expected growth in exposures (property values, payrolls, and exposure additions).



Investment Income

After years of a low interest rate environment, the Pool's investment income and returns have started an upward trend as the Federal Open Market Committee (FOMC) has raised the federal funds rate from zero to over 5.0% during 2022 and 2023. Investment income is projected to be \$23.7 million in 2023-24 compared to \$19.7 million budgeted last year. The Risk Pool has diversified the overall investment portfolio as it continues to fund the Lifetime Benefits (LTB) portfolio. The LTB portfolio invests funds related to workers' compensation cancer presumption, death, and lifetime income benefits claims. The expansion of investment options is enhancing the Risk Pool's investment return-risk profile.

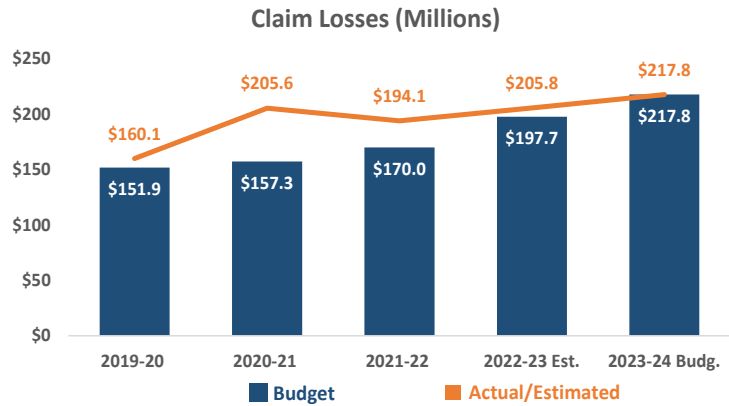


Other Income

The Risk Pool assumed the operations of the Political Subdivision Workers' Compensation Alliance (the Alliance). The cost of operating the Alliance is included in the operating budget. The Risk Pool receives approximately \$860,000 in management fees from the Alliance for the cost of the operations. These contributions, including contributions from the Risk Pool, are reported as other income. Other income is projected at \$1.0 million in 2023-24.

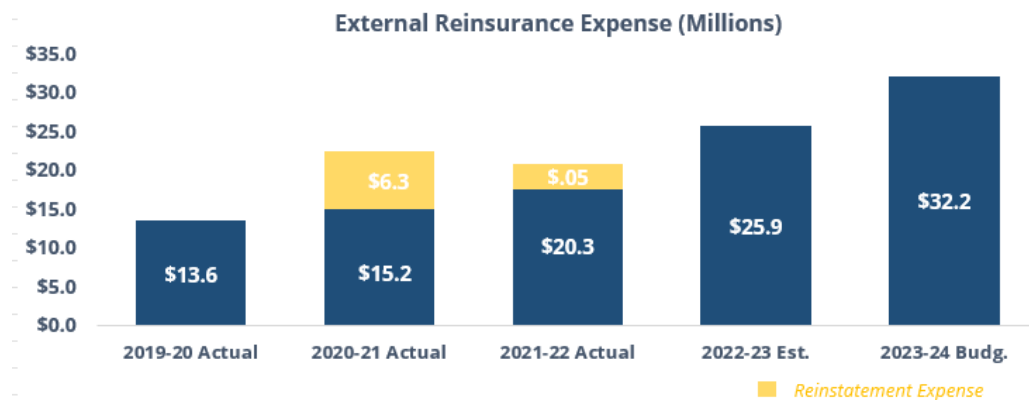
Claim Losses

Claim losses are the most difficult financial element to project due to the uncertainty about the weather and other potential occurrences such as a once-in-a-generation winter storm. Losses for many lines of coverage have been trending higher, and the Risk Pool utilizes these trends and historical data – as analyzed by the Risk Pool’s independent actuary - to project losses. Losses are projected to be \$217.8 million in 2023-24 compared to the estimated \$205.8 million in 2022-23.



Reinsurance Expense

Reinsurance expense is projected to be \$32.2 million for 2023-24, up from the estimated \$25.9 million expense for 2022-23. Reinsurance rates continue to rise due to the Pool’s high loss ratio related to extraordinary property losses (Hurricane Harvey, higher frequency of property losses greater than \$1 million, and the unprecedented 2021 winter storm).



PROGRAMS AND INITIATIVES

The following six programs and initiatives are presented for Board consideration on top of the proposed 2023-24 core operating budget:

Core Operating Budget & Strategic Initiatives

Core Operating Expenses	\$55.7 M	5.4% Increase	
Initiative #1 - People Operations Modernization	\$505k	+1.0% pt.	Initiatives total \$2.8 M
Initiative #2 - Cyber Coverage and Services Expansion	\$213k	+0.4% pt.	
Initiative #3 - Member Facing Technology Enhancement	\$356k	+0.6% pt.	
Initiative #4 - Target Equity / Capital Modeling	\$200k	+0.4% pt.	
Initiative #5 - Supporting Excellence and Risk Management in Law Enforcement	\$190k	+0.4% pt.	
Initiative #6 - Transition of Technology Financing	\$1.3 M	+2.5% pts.	
Total Core Budget with Initiatives	\$58.5 M	10.6% Increase	

Notes: 1) Core operating expenses are projected to increase 5.4% budget-over-budget for 2023-24. The operating budget with all six initiatives would increase 10.6% budget-over-budget; 2) Full-Time Equivalent (FTE) count of the proposed core operating budget is 260. The adoption of these six initiatives would increase FTE's by 4 to 264.

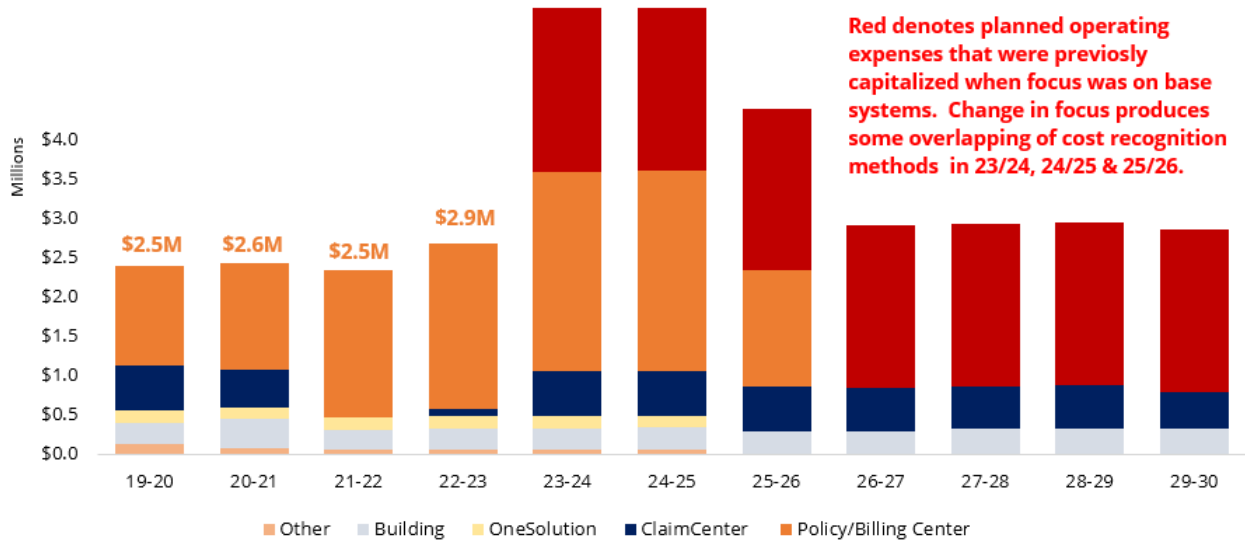
In the case of (1), (2), (3), and (5), these items primarily represent recurring annual costs that will affect future budgets. Item (4) is a non-recurring and periodic cost, but one needed given the changing environment in which the Pool operates. Item (6) is a significant cost driver that represents a change in philosophy in how the Risk Pool funds technology projects. The Pool is moving the funding of its technology projects to a “pay-as-you-go” method, as opposed to the method that incurs a large initial cost (\$4 - \$6 million), and then amortizes that cost over a five to seven-year period.

- 1. People Operations Modernization.** The People Operations Department will continue to support the Pool’s objectives to develop, train and retain highly qualified staff and will seek to continuously improve the employee experience. Leading the proposed People Operations modernization is a comprehensive Total Rewards review, led by a Classification and Compensation study. This will create the foundation, capturing how positions have evolved over time and creating career pathing to enable the Pool to maintain its high level of employee retention. The second phase of modernization includes a complete in-suite Human Resources Information System (HRIS)/Payroll application to fully automate processes and offer the full employment life cycle. The estimated cost for this item is \$505,100 (\$400,000 for HRIS and Class & Compensation Study and \$141,000 for one FTE (prorated to begin work on 1/1/2024).
- 2. Cyber Coverage and Services Expansion.** The complexities of cyber risk continue to evolve and negatively impact the operations of the Pool’s Membership. In addition to creating a Cyber Fund in the proposed budget, the Pool will use these funds to design a state-of-the-art cyber program including the addition of a cyber security trainer and high quality technical and

educational resources. The proposed cost is \$212,800 (\$37,000 for training material, \$181,200 for one FTE (prorated to begin work on 1/1/2024) and \$40,600 for underwriting changes.

- 3. Member-Facing Technology Enhancement.** This initiative focuses on member experience and digital engagement transformation initiatives that will enable and support services through additional touchpoints and interactions with members. The proposed budget for this item is \$335,500 (\$250,000 for the member portal and \$140,100 for one FTE, prorated to begin work on 1/1/2024).
- 4. Target Equity/Capital Modeling.** The purpose of the target equity capital modeling analysis is to identify the appropriate amount of capital (Members' Equity) required to support the Pool's operations and financial condition. Under the capital adequacy assessment, risks including catastrophic possibilities are analyzed to determine how much members' equity is required to sustain such losses and continue as a strong and viable risk pool. The assessment is performed periodically, and the last analysis was performed based on 2019-20 financial results. The projected cost of the updated assessment is \$200,000 and will be based on 2022-23 financial results.
- 5. Supporting Excellence and Risk Management in Law Enforcement.** The Pool's *Law Enforcement Member Resource Allocation Strategic Review* considers how to best allocate the Pool's law enforcement resources. The Pool's role in promoting law enforcement accountability was part of the 2022 Planning Session, and this review was borne from that discussion. The primary goal is to seek Board input on how to allocate resources in a way that helps member law enforcement agencies deal with the challenges of modern policing. The secondary goal is to reduce law enforcement claims. Aside from reallocating existing resources, additional cost for this item is \$190,000 (\$55,000 for a truck for loss prevention and \$181,200 for one FTE (prorated to begin work on 1/1/2024)).
- 6. Transition of Technology Financing.** This initiative is a significant cost driver that represents a change in philosophy in how the Risk Pool funds technology projects. The Pool is moving the funding of its technology projects to a "pay-as-you-go" method, as opposed to the method that incurs a large initial cost (\$4 - \$6 million), and then amortizes that cost over a five to seven-year period. Because there are still several older technology projects the Pool is depreciating (namely, Claim Center and Policy Center), operating budgets will need to recognize three additional years of non-cash expenses. *However, with the shift in funding methodology, there are three years of "double counting" technology projects: those already in place and being amortized, and funding new projects with the new "pay-as-you-go" methodology.* All legacy projects will be fully amortized by 2026-27, and the Pool will return to more routine (and transparent) funding that will reduce costs by almost \$2 million year-over-year. The proposed budget for this item is \$1.3 million representing the pay-as-you-go cost for financing technology costs.

Depreciation Expenses - Actual and Projected



Other Programs and Initiatives

Cyber Grant Program Expansion – The Risk Pool will be expanding the scope of the Cyber Grant Program to include providing simulated phishing campaigns for members at no cost to them. As phishing is still one of the leading attack vectors used by cyber criminals, this initiative will help raise awareness of the various phishing techniques and provide training on how to identify and manage this common and damaging cyber risk.

Cyber Security Training – The Risk Pool will continue to provide training and education opportunities related to cybersecurity for its members. Cyber incidents are increasing in number, and they are having a negative impact on operations and becoming more costly to address. The ability to become more cyber-secure as a proactive measure by applying best practices, good cyber hygiene, and establishing sound policies and procedures are critical risk management measures.

Business Application and IT Road Map – The Risk Pool is committed to providing members with excellent and responsive service using state-of-the-art technology. The Pool's first Business Application and IT



Roadmap included developing and implementing foundational applications, including claims, underwriting, and financial services. Now that the foundation is set, the updated roadmap focuses on member experience and digital engagement transformation initiatives that will enable and support services through additional touchpoints and interactions with members. The roadmap also includes initiatives to maintain and improve core systems to meet the needs of both members and internal operations, and to keep up with the Risk Pool's defenses against ongoing cybersecurity threats.

Law Enforcement Services and Training – The Risk Pool provides training to law enforcement under the administrative oversight of the Texas Commission of Law Enforcement (TCOLE). TCOLE is the licensing and regulatory entity that sets standards for non-federal law enforcement in the State of Texas. The profession faces many challenges including critical incident response. The Risk Pool is providing stress management training for first responders (“Resilience Strategies for First Responders”) and critical incident management workshops (“Moving Right of Bang”) for departmental supervisors. Other programs include:

- Texas Police Chiefs Association Best Practices Accreditation
- TPCA Officer Safety Committee's VINCIBLE program
- Texas Sergeant Academy, co-sponsored with the Institute for Law Enforcement Administration

Loss Prevention Prioritization Process – Each year, the Risk Pool's Loss Prevention Department identifies a group of “high priority” members based on risk management needs and loss experience. As part of the program, goals and specific and easily identifiable action items are developed to assist the members.

R.O.A.D Ready – This Risk Pool program is designed to save lives, prevent injuries, and protect property by raising member awareness of dangers on and near roadways. The Risk Pool provides participating members with specifically designed resources and training to mitigate roadway risks and promotional materials to increase employee awareness to be R.O.A.D. Ready.

Enhanced Program Loss Recovery Programs for Members – For roofing and building envelope damages, the Risk Pool provides the Building Envelope Systems Team (BEST) roofing program to assist with the procurement process and management of repair projects. For larger scale damage requiring coordination of many trades, the Risk Pool utilizes Synergy NDS to provide options and viable estimates for repairs.

T.I.P.S. - Together Improving Processes and Safety - Loss Prevention created a Resource Team involving interdepartmental collaboration. These resources address exposures and hazards that affect member employees. T.I.P.S. are published on a consistent frequency, conveying risk management information and safety best practices.

Specialized Exposure Surveys – To assist members that have operations including gas utilities, electric utilities, boilers, and parks/recreation equipment and devices, the Risk Pool provides members with surveys and inspections to address these unique exposures.

Stronger, Together Podcast (STP) – The STP continues to provide topical information important to the Risk Pool's membership, including elected officials, managers, and city attorneys. Recent episodes included a special two-episode series on 2023 member rates, cybersecurity training and coverage, and other topics. Several new topics and updates are in development.

Partnership Award – The award is presented to cities for exhibiting exemplary service to the community, strengthening the bond between risk pool partners, and espousing the core values of integrity, public service, fiscal responsibility, and operational excellence. The Risk Pool bestowed two partnership awards in 2022 to the cities of Sugar Land (flood protection program) and Grand Prairie (police department's Crisis Support Unit) and plans to award at least one in 2023. Pool staff is always looking for outstanding member risk-mitigation programs to recognize.

Performance Based Oversight (PBO) - The Texas Department of Insurance, Division of Workers' Compensation (DWC) is required to monitor compliance with Texas Workers' Compensation Act and DWC rules and to take appropriate action to ensure compliance. Based on the performance assessment, carriers and pools will be placed into regulatory tiers: poor, average, and high performers. DWC must then focus its regulatory oversight on the poor performers. The carriers and pools are assessed during even-numbered years. The Pool continues to maintain a high performer status of 95% or greater since 2010 on the assessed critical regulatory goals of timeliness of medical and indemnity payments and electronic data interchange.

Alliance Network Report Card - The Texas Department of Insurance Research and Evaluation Group releases the Workers' Compensation Network Report Card annually and has done so since 2011. The Alliance continues to score very high compared to other networks and, year after year, has one of the lowest average medical costs per claim, along with one of the highest satisfaction ratings.

Combining Statement of Operations and Changes in Accumulated Members' Equity by Fund

Budgeted for the twelve months ending September 30, 2024

	Workers'	Liability	Property	Reinsurance	Stability	Cyber	Consolidating	Combined
Beginning Fund Balance	\$81,495,942	\$66,285,937	\$83,008,081	\$112,973,125	\$25,162,384	\$0	\$0	\$368,925,469
Earned Contributions	92,765,800	71,268,100	144,206,000	22,356,200	0	0	(22,356,200)	308,239,900
Service & Rental Income	946,000	40,000	40,000	0	0	0	0	1,026,000
Investment Income	10,883,600	4,992,300	3,547,100	3,547,800	729,200	0	0	23,700,000
Total Revenues	104,595,400	76,300,400	147,793,100	25,904,000	729,200	0	(22,356,200)	332,965,900
Current-Year Losses	62,500,000	56,800,000	82,500,000	10,500,000	0	0	0	212,300,000
Prior-Years' Losses	0	0	0	0	0	0	0	0
Chg in Unalloc. Loss Adj. Expense	0	0	0	0	3,200,000	0	0	3,200,000
Independent Adjusters Expenses	0	500,000	1,800,000	0	0	0	0	2,300,000
Total Losses	62,500,000	57,300,000	84,300,000	10,500,000	3,200,000	0	0	217,800,000
Reinsurance Expense*	2,692,000	2,458,000	49,367,900	0	0	0	(22,356,200)	32,161,700
Pension Expense	0	0	0	0	0	0	0	0
Operating Expenses	28,157,950	12,679,900	10,930,800	3,493,800	388,200	0	0	55,650,650
Total Loss and Expenses	93,349,950	72,437,900	144,598,700	13,993,800	3,588,200	0	(22,356,200)	305,612,350
Revenues Over Expenses	11,245,450	3,862,500	3,194,400	11,910,200	(2,859,000)	0	0	27,353,550
Balance Before Distribution	92,741,392	70,148,437	86,202,481	124,883,325	22,303,384	0	0	396,279,019
Other Equity Adjustment - ULAE	(1,466,667)	(1,366,667)	(366,666)	0	3,200,000	0	0	0
Ending Fund Balance	\$91,274,725	\$68,781,770	\$85,835,815	\$124,883,325	\$25,503,384	\$0	\$0	\$396,279,019

*Reinsurance Expense of \$54.5 million consisted of \$22.4 million of internal reinsurance costs and \$32.1 million of external reinsurance costs.

2023-24 Budget Assumptions:

Contributions - based on member exposures (payrolls, property values...) and rates approved at April 2023 Board meeting.

Investment Income - estimated to be \$23.7 million based on 2.5% return.

Losses - based on previous years' loss experiences and actuarial analysis.

Reinsurance Expense - based on reinsurance contracts approved at the April 2023 Board meeting.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2023 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2021 and 2022, respectively.

Combined Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$378,445,165	\$344,643,261	\$344,502,659	\$348,685,770	\$368,925,469
Earned Contributions	218,191,217	241,372,144	267,829,100	280,106,100	308,239,900
Service & Other Income	934,996	1,101,538	1,000,000	991,100	1,026,000
Investment Income	17,604,283	20,584,358	19,700,000	22,500,000	23,700,000
Total Revenues	236,730,496	263,058,040	288,529,100	303,597,200	332,965,900
Current-Year Losses	202,943,475	185,273,459	192,200,000	200,500,000	212,300,000
Prior-Years' Losses	(38,954)	4,604,401	0	0	0
Chg in Unalloc. Loss Adj. Expense	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Independent Adjusters Expenses	2,603,861	1,167,652	2,250,000	2,130,000	2,300,000
Total Losses	205,608,382	194,145,512	197,650,000	205,830,000	217,800,000
Reinsurance Expense	21,536,420	20,844,723	26,930,300	25,850,100	32,161,700
Pension Expense	(1,298,578)	(3,645,392)	0	0	0
Operating Expense	44,682,575	47,670,688	52,790,800	51,677,400	55,650,650
Total Loss and Expenses	270,528,799	259,015,531	277,371,100	283,357,500	305,612,350
Revenues Over (Under) Expenses	(33,798,305)	4,042,509	11,158,000	20,239,700	27,353,550
Balance Before Distribution	344,646,860	348,685,770	355,660,659	368,925,470	396,279,019
Members' Equity Return	(3,600)	0	0	0	0
Ending Fund Balance	\$344,643,261	\$348,685,770	\$355,660,659	\$368,925,470	\$396,279,019

2023-24 Budget Assumptions:

Contributions - based on member exposures (payrolls, property values...) and rates approved at April 2023 Board meeting.

Investment Income - estimated to be \$23.7 million based on 2.5% return.

Losses - based on previous years' loss experiences and actuarial analysis.

Reinsurance Expense - based on reinsurance contracts approved at the April 2023 Board meeting.

Operating Expenses - based on funds needed to carry out the Pool's proposed operations.

Equity Returns - not proposed at the April 2023 Board meeting.

Pension Expense - based on actuarial rates set by TMRS and investment market returns.

ULAE Adjustments - based on proposed ultimate reserve changes at September 30, 2021 and 2022, respectively.

Workers' Compensation Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$94,788,751	\$85,780,250	\$72,012,583	\$73,484,109	\$81,495,942
Earned Contributions	69,225,196	73,984,387	79,121,100	92,590,400	92,765,800
Service & Rental Income	883,637	986,107	920,000	916,100	946,000
Investment Income	8,048,908	10,457,887	9,915,000	10,332,500	10,883,600
Total Revenues	78,157,741	85,428,381	89,956,100	103,839,000	104,595,400
Current-Year Losses	69,235,590	68,429,810	59,000,000	65,500,000	62,500,000
Prior-Years' Losses	(7,673,977)	2,000,000	0	0	0
Total Losses	61,561,613	70,429,810	59,000,000	65,500,000	62,500,000
Reinsurance Expense	2,734,082	2,656,473	2,665,000	2,692,000	2,692,000
Operating Expense	23,615,235	24,487,268	26,852,800	26,168,500	28,157,950
Total Loss and Expenses	87,910,930	97,573,551	88,517,800	94,360,500	93,349,950
Revenues Over (Under) Expenses	(9,753,189)	(12,145,170)	1,438,300	9,478,500	11,245,450
Balance Before Distribution	85,035,562	73,635,080	73,450,883	82,962,609	92,741,392
Pension Contributions to Stability	744,688	1,915,696	0	0	0
Other Equity Adjustment - ULAE	0	(2,066,667)	(1,466,667)	(1,466,667)	(1,466,667)
Ending Fund Balance	\$85,780,250	\$73,484,109	\$71,984,216	\$81,495,942	\$91,274,725

Liability Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$89,415,034	\$73,663,762	\$71,653,894	\$67,092,004	\$66,285,937
Earned Contributions	53,542,151	61,530,734	64,173,500	65,485,500	71,268,100
Service & Rental Income	21,480	55,897	40,000	25,000	40,000
Investment Income	3,836,256	3,805,895	3,746,000	4,739,500	4,992,300
Total Revenues	57,399,887	65,392,526	67,959,500	70,250,000	76,300,400
Current-Year Losses	49,495,780	54,751,475	53,200,000	55,000,000	56,800,000
Prior-Years' Losses	11,136,003	3,962,851	0	0	0
Independent Adjuster Expenses	218,708	187,313	500,000	450,000	500,000
Total Losses	60,850,491	58,901,639	53,700,000	55,450,000	57,300,000
Reinsurance Expense	1,834,862	2,348,017	2,388,000	2,458,000	2,458,000
Operating Expense	10,838,201	10,636,084	11,971,000	11,781,400	12,679,900
Total Loss and Expenses	73,523,554	71,885,740	68,059,000	69,689,400	72,437,900
Revenues Over (Under) Expenses	(16,123,667)	(6,493,214)	(99,500)	560,600	3,862,500
Balance Before Distribution	73,291,367	67,170,548	71,554,394	67,652,604	70,148,437
Pension Contributions to Stability	372,395	888,123	0	0	0
Other Equity Adjustment - ULAE	0	(966,667)	(1,366,667)	(1,366,667)	(1,366,667)
Ending Fund Balance	\$73,663,762	\$67,092,004	\$70,187,727	\$66,285,937	\$68,781,770

Property Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$73,713,146	\$69,059,668	\$76,231,902	\$82,231,247	\$83,008,081
Earned Contributions	95,423,870	105,857,023	124,534,500	122,030,200	144,206,000
Service & Rental Income	29,879	59,534	40,000	50,000	40,000
Investment Income	2,345,132	2,427,735	2,363,000	3,367,500	3,547,100
Total Revenues	97,798,881	108,344,292	126,937,500	125,447,700	147,793,100
Current-Year Losses	64,189,670	60,631,215	75,000,000	75,000,000	82,500,000
Prior-Years' Losses	(2,848,804)	(3,774,999)	0	0	0
Independent Adjuster Expenses	2,385,153	980,339	1,750,000	1,680,000	1,800,000
Total Losses	63,726,019	57,836,555	76,750,000	76,680,000	84,300,000
Reinsurance Expense	30,084,460	28,893,382	35,920,500	37,487,400	49,367,900
Operating Expense	8,795,813	9,074,189	10,300,300	10,136,800	10,930,800
Total Loss and Expenses	102,606,292	95,804,126	122,970,800	124,304,200	144,598,700
Revenues Over (Under) Expenses	(4,807,410)	12,540,167	3,966,700	1,143,500	3,194,400
Balance Before Distribution	68,905,736	81,599,835	80,198,602	83,374,747	86,202,481
Pension Contributions to Stability	253,932	698,078	0	0	0
Other Equity Adjustment - ULAE	(100,000)	(66,666)	(366,666)	(366,666)	(366,666)
Ending Fund Balance	\$69,059,668	\$82,231,247	\$79,831,936	\$83,008,081	\$85,835,815

Reinsurance Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$96,097,315	\$91,339,668	\$99,580,069	\$101,049,225	\$112,973,125
Reinsurance Revenues	13,116,984	13,053,149	14,043,200	16,787,300	22,356,200
Investment Income	2,738,881	3,299,986	3,100,000	3,368,200	3,547,800
Total Revenues	15,855,865	16,353,135	17,143,200	20,155,500	25,904,000
Current-Year Losses	20,022,435	1,460,959	5,000,000	5,000,000	10,500,000
Prior-Years' Losses	(652,176)	2,416,549	0	0	0
Total Losses	19,370,259	3,877,508	5,000,000	5,000,000	10,500,000
Operating Expense	1,272,492	2,904,364	3,300,000	3,231,600	3,493,800
Total Loss and Expenses	20,642,751	6,781,872	8,300,000	8,231,600	13,993,800
Revenues Over (Under) Expenses	(4,786,886)	9,571,263	8,843,200	11,923,900	11,910,200
Balance Before Distribution	91,310,429	100,910,931	108,423,269	112,973,125	124,883,325
Pension Contributions to Stability	32,839	138,294	0	0	0
Members' Equity Return	(3,600)	0	0	0	0
Ending Fund Balance	\$91,339,668	\$101,049,225	\$108,423,269	\$112,973,125	\$124,883,325

Stability Fund

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Beginning Fund Balance	\$24,430,919	\$24,799,912	\$25,024,211	\$24,829,184	\$25,162,384
Investment Income	635,106	592,856	576,000	692,300	729,200
Total Revenues	635,106	592,856	576,000	692,300	729,200
Current-Year Losses	0	0	0	0	0
Prior-Years' Losses	0	0	0	0	0
Change in ULAE	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Total Losses	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Pension Expenses	(1,298,578)	(3,645,392)	0	0	0
Operating Expense	160,837	568,784	366,700	359,100	388,200
Total Loss and Expenses	(1,037,741)	23,392	3,566,700	3,559,100	3,588,200
Revenues Over (Under) Expenses	1,672,847	569,464	(2,990,700)	(2,866,800)	(2,859,000)
Balance Before Distribution	26,103,766	25,369,376	22,033,511	21,962,384	22,303,384
Pension Contributions to Stability	(1,403,854)	(3,640,191)	0	0	0
Other Equity Adjustment - ULAE	100,000	3,100,000	3,200,000	3,200,000	3,200,000
Ending Fund Balance	\$24,799,912	\$24,829,184	\$25,233,511	\$25,162,384	\$25,503,384

Cyber Fund

	2023-24 Proposed Budget
Beginning Fund Balance	\$0
Investment Income	0
Total Revenues	0
Current-Year Losses	0
Prior-Years' Losses	0
Total Losses	0
Operating Expense	0
Total Loss and Expenses	0
Revenues Over (Under) Expenses	0
Ending Fund Balance	\$0

Revenue Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Estimated	2023-24 Proposed Budget
Contributions (net of prepay discount):					
Workers' Compensation	\$69,225,196	\$73,984,387	\$79,121,100	\$92,590,400	\$92,765,800
Liability					
General Liability (incl. Cyber & Sewage)	7,666,010	8,402,185	8,734,300	9,363,200	9,818,200
Law Enforcement Liability	10,287,700	13,197,430	13,783,500	13,666,200	15,342,800
Public Officials Liability	10,807,083	13,423,872	14,007,400	14,662,700	14,965,800
Automobile Liability	24,304,220	26,069,311	27,205,700	27,359,500	30,702,000
Aviation Liability	477,137	437,936	442,600	433,900	439,300
Total Liability	\$53,542,150	\$61,530,734	\$64,173,500	\$65,485,500	71,268,100
Property					
Auto Physical Damage	23,294,556	24,593,706	26,776,100	26,274,500	28,449,500
Real & Personal Property (Incl. other coverages)	65,681,911	74,674,693	90,927,500	88,602,500	108,375,000
Mobile Equipment	5,378,734	5,655,440	5,754,300	6,216,600	6,416,400
Crime	1,068,670	933,185	1,076,600	936,600	965,100
Total Property	\$95,423,871	\$105,857,024	\$124,534,500	\$122,030,200	\$144,206,000
Total Contributions	\$218,191,217	\$241,372,145	\$267,829,100	\$280,106,100	\$308,239,900
Other Income:					
Service Fee and Other Income*	934,997	1,101,538	1,000,000	991,100	1,026,000
Total Other Income	934,997	1,101,538	1,000,000	991,100	1,026,000
Investment Income:					
TMLIRP (in-house)	6,641,926	6,482,746	6,543,700	7,665,200	8,074,000
MFC Global	3,704,868	3,370,309	3,259,400	4,283,700	4,512,200
Lifetime Benefits Portfolio	3,495,456	6,762,148	6,076,700	5,873,100	6,186,300
Conning	3,762,032	3,969,154	3,820,200	4,678,000	4,927,500
Total Investment Income	\$17,604,282	\$20,584,357	\$19,700,000	\$22,500,000	23,700,000
Total Revenues	\$236,730,496	\$263,058,040	\$288,529,100	\$303,597,200	\$332,965,900

*Service Fee and Other Income consists of Administrative Fees for ASO members; Claim Handling Fees; income received from disposal of fixed assets; and Management Fee from the Alliance.

Combined Budget Summary by Expense Classification

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 260					
Salary - Regular	\$25,173,214	\$26,307,843	\$26,398,500	\$27,159,500	\$27,571,600
Medicare Tax	378,791	399,963	411,400	424,400	474,000
TMRS	2,849,358	2,977,979	3,072,000	3,237,100	3,447,600
Deferred Compensation	1,529,591	1,621,702	1,546,000	1,532,200	1,621,700
Disability Insurance	104,881	110,257	113,000	111,100	144,200
Health Insurance	3,255,692	3,399,434	3,851,200	3,798,700	4,281,700
Workers Compensation	18,703	22,853	26,000	32,900	0
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Personnel Total	33,310,230	34,840,031	37,018,100	36,720,900	38,844,900
Operating					
Temporary Services	37,517	5,763	12,000	0	500
Rents	236,257	241,174	231,300	248,300	251,500
Telephone	95,218	94,740	119,600	111,300	121,300
Telephone - Indirect Fees	30,776	0	0	0	0
Office Supplies	114,584	125,022	204,800	139,500	194,500
Postage and Freight	185,732	171,181	233,300	176,600	216,400
Copies and Printing	54,753	69,205	87,400	82,950	97,900
Records Retention	56,033	75,110	86,900	74,100	97,700
Publications & Subscription	95,843	83,172	100,100	95,200	119,100
Liability/Property Insurance	27,950	69,997	94,000	77,000	145,000
Reimb. Deductibles	1,000	3,768	30,000	50,000	30,000
Equipment Maintenance	84,344	154,835	119,000	126,200	163,300
Software Maintenance	1,173,419	1,492,345	1,610,100	1,593,600	1,726,500
Small Equipment Purchases	17,177	30,689	49,200	34,900	51,700
Equipment Rental	54,945	51,800	60,100	54,000	62,000
Conference Expenses	68,054	112,083	158,200	299,300	198,000
Workshops	45,922	148,278	231,000	177,500	215,000
Electronic Media	6,064	135,641	163,000	140,000	163,000
Unemployment Reimb.	745	6,479	10,000	10,000	10,000
Subrogation	0	10,508	65,400	50,000	62,500
Communications	146,408	210,070	237,500	215,000	244,000
Contracts	523,364	370,372	726,000	549,600	679,000
Work Comp Fees/Penalties	0	5,500	50,000	10,000	0
Programming Services	346,246	116,403	500,000	500,000	0
Building Repairs & Maint	45,876	(23,494)	60,000	60,000	72,500
Elevator Repairs & Maint	2,508	2,406	3,200	3,600	3,300
Window Cleaning	2,605	8,110	6,000	6,000	7,700
Landscaping	15,098	46,658	21,700	21,700	21,700
Utilities-Electric	121,665	110,619	150,000	159,600	157,500
Utilities-Water	7,792	9,163	16,000	6,600	16,000
Property Insurance	16,842	18,443	23,300	23,300	25,400
Janitorial Service	115,090	148,919	158,200	158,200	156,000
Cleaning Supplies	1,103	0	15,000	15,000	15,000
Pest Control Service	1,350	1,464	1,400	1,400	1,550
Security Service	93,136	103,267	115,900	115,900	141,500

Combined Budget Summary by Expense Classification

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Trash Removal	3,977	3,517	5,100	5,100	5,100
Inspections	1,050	2,658	3,000	3,000	3,000
Membership Dues	42,909	52,661	74,200	64,750	85,700
Professional Development	141,498	125,702	265,500	186,600	293,800
Prof Dev - College	19,840	49,403	102,200	62,000	72,500
Leadership & Developments	36,602	164,474	198,900	198,900	243,000
Travel	323,735	652,384	1,067,300	981,100	956,400
Moving Expenses	0	0	34,000	10,000	0
Advertising Expenses	727	624	10,000	10,000	10,000
Bank Charges	9,826	4,954	20,000	7,000	10,000
Board Member Expenses	100,527	255,415	255,000	255,000	335,000
Auto Maintenance	36,910	44,712	73,500	59,800	53,700
Auto Insurance	21,418	24,800	33,000	16,500	0
Auto Fuels	45,146	80,603	165,800	132,500	117,800
Operating Total	4,609,581	5,671,596	8,057,100	7,378,600	7,653,050
Professional Services					
Auditor	156,204	94,400	122,000	122,000	130,000
Actuarial Studies	52,936	57,520	70,000	60,000	70,000
TML	933,817	933,817	934,500	934,500	1,000,000
Network Services, Inc.	4,500	0	0	0	0
Claims On-Line Search ISO	82,102	120,609	146,300	95,100	186,200
Legislative Consultants	210,190	183,740	200,000	194,500	225,100
General Counsel	0	194,104	215,000	215,000	221,000
R. Dylong & Assoc-Audits	250,921	288,670	325,000	310,500	352,000
Gas Utility Surveys	81,933	39,607	150,000	130,000	150,000
Boiler/Machinery Inspection	15,020	18,705	30,000	25,000	30,000
Other Professional Fees	542,809	607,038	781,300	667,800	966,700
Texas Housing Assoc. Fees	48,722	53,729	59,200	76,400	76,400
Medical Bill Review	313,848	268,556	302,200	275,000	302,200
Political Subdivision WCA	436,975	395,829	430,000	446,000	470,000
Personnel Consultants	25,000	0	160,000	160,000	80,000
Investment Consultant	50,833	52,104	54,000	54,000	56,100
Investment Custodian	117,188	107,032	100,000	100,000	100,000
Conning	216,841	193,122	220,000	200,000	233,000
Manulife	189,598	187,799	220,000	200,000	233,000
Electrical Util Surveys	0	884	1,000	1,000	1,000
Internal Controls & Claims Audits	0	0	0	0	75,000
Personnel Matters	0	0	5,000	0	5,000
Reserve	0	126,500	100,000	100,000	100,000
Windstorm Engineering	0	0	5,000	0	5,000
Professional Services Total	3,729,437	3,923,761	4,630,500	4,366,800	5,067,700
Total	\$41,649,247	\$44,435,388	\$49,705,700	\$48,466,300	\$51,565,650
Depreciation & Capital Outlay			0		
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	335,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Subtotal	2,917,115	2,998,172	3,085,100	3,211,100	4,085,000
Total Budget	\$44,566,362	\$47,433,560	\$52,790,800	\$51,677,400	\$55,650,650

Combined Budget Summary by Department

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 260					
Executive	\$2,089,307	\$2,716,067	\$2,603,000	\$2,705,500	\$2,604,800
Member Services	1,742,678	1,897,301	1,961,300	2,024,500	2,091,800
Office of Project Mgmt	616,864	591,607	599,600	625,500	645,600
Legal	2,201,332	2,115,748	2,219,100	2,379,600	2,382,200
Underwriting	4,514,328	4,644,365	4,857,400	4,901,300	5,133,400
Loss Prevention	2,885,543	2,901,222	3,170,800	3,226,200	3,354,900
Finance	2,395,329	2,506,906	2,641,900	2,810,200	2,986,400
People Operations	752,729	802,058	746,400	588,500	681,900
Information Technology	3,065,566	3,298,346	3,342,000	3,449,700	3,620,100
Workers' Compensation	7,940,434	8,483,546	8,206,000	8,378,400	8,607,900
Liability & Property	4,979,616	4,750,285	4,927,100	5,063,000	5,288,300
Building	126,506	132,580	143,500	143,500	143,500
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Personnel Total	33,310,232	34,840,030	37,018,100	36,720,900	38,844,900
Operating					
Executive	708,611	1,058,969	1,013,400	1,094,800	1,028,800
Member Services	115,508	164,406	298,000	298,000	302,000
Office of Project Mgmt	11,977	9,714	270,700	209,600	308,800
Legal	91,552	145,910	214,500	183,900	196,300
Underwriting	120,768	144,786	213,600	159,700	209,700
Loss Prevention	202,217	529,601	983,000	647,500	810,300
Finance	690,870	745,713	987,700	840,200	1,001,400
People Operations	65,930	64,026	366,400	353,400	467,400
Information Technology	1,621,132	1,699,803	2,208,500	2,208,500	1,829,700
Workers' Compensation	448,991	497,945	560,600	447,500	520,700
Liability & Property	101,331	176,420	351,600	345,800	338,200
Building	430,692	434,302	589,100	589,700	639,750
Operating Total	4,609,581	5,671,595	8,057,100	7,378,600	7,653,050
Professional Services					
Executive	982,539	1,491,890	1,508,700	1,520,400	1,697,500
Legal	202,553	14,181	130,000	45,000	130,000
Underwriting	277,389	319,245	360,000	340,500	387,000
Loss Prevention	199,690	177,462	362,000	306,000	362,000
Finance	757,132	661,401	756,000	706,000	792,100
People Operations	25,000	0	160,000	160,000	80,000
Information Technology	452,209	458,843	465,300	465,300	650,700
Workers' Compensation	820,243	789,589	888,500	808,500	948,400
Liability & Property	12,682	11,152	0	15,100	20,000
Professional Services Total	3,729,437	3,923,761	4,630,500	4,366,800	5,067,700
Subtotal BEFORE Capital Outlay and Depreciation	\$41,649,249	\$44,435,387	\$49,705,700	\$11,745,400	\$51,565,650
Capital Outlay & Depreciation					
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	335,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Subtotal	2,917,115	2,998,172	3,085,100	3,211,100	4,085,000

Combined Budget Summary by Department

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Total Budget	\$44,566,362	\$47,433,560	\$52,790,800	\$51,677,400	\$55,650,650
Total Department Expenses					
Full-Time Equivalent: 260					
Executive	3,780,458	5,266,926	5,125,100	5,320,700	5,331,100
Member Services	1,858,186	2,061,707	2,259,300	2,322,500	2,393,800
Office of Project Mgmt	628,841	601,321	870,300	835,100	954,400
Legal	2,495,436	2,275,839	2,563,600	2,608,500	2,708,500
Underwriting	4,912,486	5,108,395	5,431,000	5,401,500	5,730,100
Loss Prevention	3,287,450	3,608,285	4,515,800	4,179,700	4,527,200
Finance	3,843,331	3,914,020	4,385,600	4,356,400	4,779,900
People Operations	843,660	866,084	1,272,800	1,101,900	1,229,300
Information Technology	5,138,907	5,456,992	6,015,800	6,123,500	6,100,500
Workers' Compensation	9,209,668	9,771,080	9,655,100	9,634,400	10,077,000
Liability & Property	5,093,629	4,937,857	5,278,700	5,423,900	5,646,500
Building	557,198	566,882	732,600	733,200	783,250
Performance Based Merit Pool	0	0	1,600,000	425,000	1,304,100
Capital Outlay (Purchases)	557,821	665,375	207,400	477,300	335,600
Depreciation Expense	2,359,294	2,332,797	2,877,700	2,733,800	3,749,400
Total Budget	\$44,566,362	\$47,433,560	\$52,790,800	\$51,677,400	\$55,650,650

STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
EXECUTIVE				
Executive Director	UNC	1	1	1
Deputy Director & COO	V	1	1	1
Assoc. Dir. & Employment Couns	U	1	1	1
Assistant Director	T	1	0	**1
Intergovernmental Relations Manager	T	1	1	1
Director of Claims	T	1	1	1
Communications Officer	S	1	1	1
Operations Supervisor	N	1	1	1
Member Svcs Coordinator/SME	J	1	1	1
Communications Coordinator	I	1	1	1
Executive Assistant	H	0	1	1
Administrative Assistant	F	1	1	1
Administrative Assistant	D	1	1	1
Administrative Clerk	C	1	1	1
Mail Clerk	B	1	0	0
TOTAL		14	13	14

**Position vacant and unfunded

MEMBER SERVICES

Manager of Risk Services	S	0	0	1
Manager of Member Services	S	1	1	0
Cyber Risk Services Manager	P	1	1	1
Risk Services Manager	P	2	2	2
Senior Risk Management Advisor	O	0	0	3
Senior Member Services Manager	O	3	3	0
Risk Management Advisor	N	0	0	5
Member Services Manager	N	5	5	0
TOTAL		12	12	12

OFFICE OF PROJECT MANAGEMENT

Manager of Technical & Process Implementations	S	1	1	1
Senior Product Analyst	P	1	0	**1
Business Analyst Project Manager	N	1	1	2
Business Analyst	M	3	2	**2
TOTAL		6	4	6

**1 Position vacant and unfunded

LEGAL

Chief Legal Officer	U	0	0	1
Director of Legal Services	U	1	1	0
Coverage & Contracts Counsel	R	1	1	1
Litigation Counsel	R	1	1	1
Employment Counsel	R	1	1	1
Subrogation Supervisor	Q	0	1	1
Subrogation Staff Attorney	O	2	1	1
Litigation Specialist	L	2	2	2
Senior Subrogation Specialist	L	2	2	2

STAFFING SUMMARY

	Position	FY 2022-23	Current Staffing	FY 2023-24
	Pay Grade	Budget	6/1/2023	Budget
Subrogation Specialist	J	2	3	3
Legal Operations Coordinator	H	0	1	1
Legal Administrative Coordinator	H	1	0	0
Legal Assistant	F	2	2	2
Subrogation Claims Intake Specialist	D	1	1	1
TOTAL		16	17	17

UNDERWRITING

Underwriting Manager	S	1	1	1
Assistant Underwriting Manager	Q	1	1	1
Underwriting Lead	P	2	2	2
Underwriter Supervisor/Windstorm Coordinator	O	2	2	2
Senior Underwriter	O	2	2	2
Underwriter II	N	7	6	**8
Systems & Process Analyst	N	1	1	1
Underwriter I	L	2	1	0
Membership Services Coordinator	L	3	3	3
Admin Supervisor/Document Analyst	L	1	1	1
Sr Quality Assurance Specialist	L	1	1	1
Quality Assurance Specialist	K	1	2	2
Sr Underwriting Specialist	K	0	1	1
Underwriting Specialist	J	11	10	**10
Operations Specialist	J	1	1	2
Administrative Technician	D	2	2	2
Administrative Clerk	C	0	0	0
File Clerk	A	1	1	1
TOTAL		39	38	40

**1 Position vacant and unfunded

LOSS PREVENTION

Loss Prevention Manager	S	1	1	1
Asst Loss Prevention Manager	Q	1	1	1
Safety & Loss Control Supervisor	O	0	0	3
Senior Loss Prevention Representative	O	3	3	0
Law Enforcement Outreach Consultant	O	0	0	1
Public Works Outreach Consultant	O	0	0	1
Human Resources Outreach Consultant	O	0	0	1
Loss Prevention Training Specialist	O	3	3	0
Safety & Loss Control Consultant	N	0	0	9
Loss Prevention Representative	N	9	9	0
Senior Special Projects Assistant	J	1	1	1
Special Projects Assistant	F	1	1	1
Administrative Technician	D	2	2	2
TOTAL		21	21	21

STAFFING SUMMARY

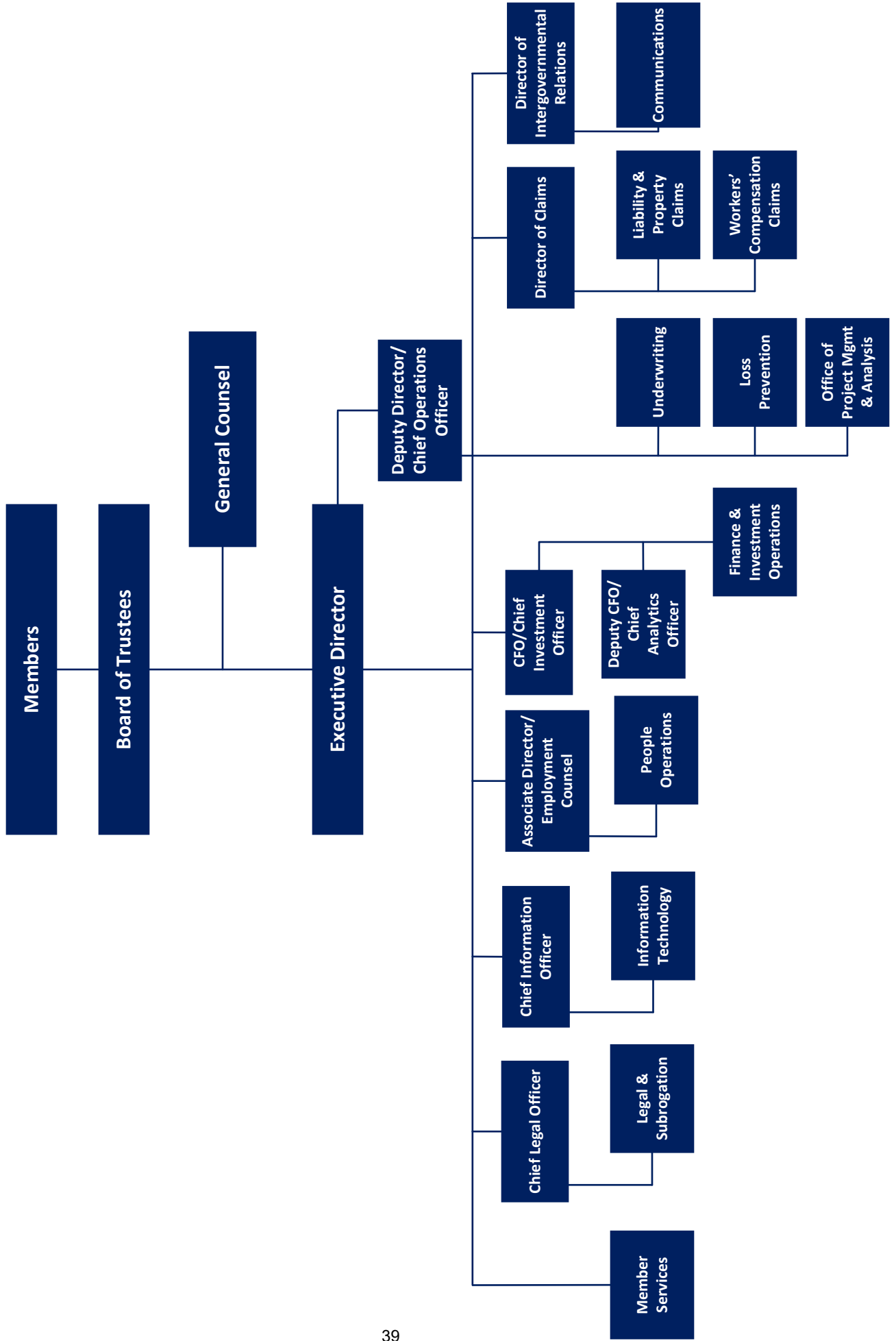
	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
FINANCE				
Chief Financial Officer & Chief Investment Officer	U	1	1	1
Deputy CFO & Chief Analytics Officer	T	1	1	1
Controller	S	1	1	1
Staff Actuary/Asst Investment Officer	R	1	1	1
Assistant Controller	R	0	1	1
Assistant Controller	Q	1	0	0
Accts Receivable & Reinsurance Supervisor	P	1	1	1
Lead Payroll Administrator	P	0	1	1
Senior Accountant	O	1	1	1
Lead BI Analyst	O	1	1	1
Purchasing Agent	N	1	1	1
Accountant	K	1	1	1
Quality Assurance Specialist	K	1	0	1
BI Report Developer	J	2	2	2
Senior Accounts Payable Technician	H	2	2	2
Senior Accounts Receivable Technician	H	1	1	1
TOTAL		16	16	17
PEOPLE OPERATIONS				
People & Dev Director	S	1	1	1
People Operations Manager	S	1	1	1
Assistant People Operations Manager	P	1	0	0
Sr People Operations Analyst	L	0	1	1
People Operations Generalist	I	0	1	1
People Operations Specialist	I	1	0	0
People Operations Technician	G	1	0	0
TOTAL		5	4	4
INFORMATION TECHNOLOGY				
Chief Information Officer	U	1	1	1
DevOps Manager	R	1	1	1
Data Warehouse Architect	Q	1	1	1
IT Architect	Q	2	2	2
Infrastructure Manager	Q	1	1	1
Senior Programmer Analyst	P	2	2	**2
Senior Network Administrator	P	1	1	1
Network Administrator - Helpdesk Lead	O	1	1	1
Programmer Analyst	M	4	4	4
Database Administrator	M	1	1	1
Quality Assurance Analyst	M	4	4	**4
Assistant Network Administrator	K	1	1	1
Jr Quality Assurance Analyst	K	0	0	0
Technical Support Specialist	I	2	2	2
IT Administrative Coordinator	H	1	1	1
TOTAL		23	23	23

**1 position vacant and unfunded

STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
WORKERS' COMPENSATION CLAIMS				
Workers Comp Claims Manager	S	1	1	1
Executive Director/Dir of Network	R	1	1	1
Asst Workers Comp Claims Manager	Q	2	2	2
Workers Comp Claims Mgmt Specialist	P	5	4	5
Asst Director and Network Administrator	P	1	1	1
System & Process Analyst	N	1	1	1
Medical Bill Review Supervisor	N	1	1	1
Senior Workers Comp Claims Specialist	N	7	6	6
Provider Relations Manager	N	1	1	1
Workers Comp Claims Specialist	L	11	12	12
Quality Assurance Specialist	K	1	1	1
WC Claims Spec Trainee	J	0	1	1
Medical Claims Specialist	H	3	3	3
Administrative Supervisor	H	2	2	2
Credentialing Specialist	G	2	2	2
Workers Comp Asst. Claims Specialist	F	4	5	5
Sr Workers Comp Claims Assistant	E	5	3	3
Workers Comp Claims Assistant	D	12	13	13
Medical Bill Review Assistant	D	7	6	6
TOTAL		67	66	67
LIABILITY/PROPERTY CLAIMS				
Property Claims Manager	S	1	1	1
Liability Claims Manager	S	1	1	1
Claims Specialist Supervisor	P	3	3	3
Claims Support Supervisor	N	0	0	1
Analyst-Claims & System Development	N	1	1	1
Senior Claims Specialist	N	9	8	10
Claims Specialist	L	9	11	10
Auto Claims Specialist/Team Lead	L	1	0	0
Quality Assurance Specialist	K	1	1	1
Auto Adjuster	J	4	4	4
Claims Processor	F	1	1	1
Senior Claims Assistant	E	2	2	2
Claims Assistant	D	4	4	4
TOTAL		37	37	39
Total Staff for All Departments		256	251	260

TML Intergovernmental Risk Pool



EXECUTIVE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Executive Office is responsible for overall management and coordination of the Pool. This department makes recommendations and implements Board policies. The Executive Director is charged with developing long-term goals for the organization and making sure that the objectives of the Board are accomplished. Goals for the current year are to continue to improve the quality of service to Pool members at the most stable and economic cost possible, ensure the Pool remains financially sound, provide loss prevention training and seminars to members so that the number and size of claims can be reduced, promptly and fairly pay claims, provide legal and subrogation assistance to members as the need arises on specific claims, continue the development of a plan for improving the Pool's core systems (underwriting, finance, human resources, data warehouse, medical bill review, document imaging, etc.), and develop and retain qualified staff.

As part of Executive, the Communications Office is tasked with providing consistent and cohesive messaging of the Pool's "Why," core values and mission internally and externally. The Communications Office conveys the Pool's messaging through a variety of channels, including email, social media, podcasts, video productions, marketing materials, publications, and graphical design.

DEPARTMENTAL GOALS AND MEASURES

- Develop, initiate, and maintain Pool-wide strategic goals and initiatives.
- Develop and execute Board approved initiatives, such as implementing the Business Applications and IT Roadmap, controlling losses and personnel costs, and continually improving interaction with members.
- Continually enhance member service, support, and relationships.
- Continue developing future leaders through the CALLeD Program and technical expertise through enhanced training.
- Continually develop and implement process improvements.
- Develop communication initiatives, in conjunction with TML and other public entity partners.

COMMUNICATIONS SPECIFIC GOALS AND MEASURES

- Increase Members' understanding and engagement with the Pool. Creatively connect with Members to emphasize the Pool is a partnership and that the Pool serves as the fiduciary of their partnership. Track and report Member online activity to better target messaging.
- Continue to collaborate with other Pools within the state as well as throughout the United States and Canada to foster shared communication and member service initiatives and strategies. This includes hosting the 2024 Public Entity Engagement Roundtable (PEER) in-person meeting in Texas.
- Continue to collaborate with departmental managers to develop targeted efforts that reinforce the Pool's why and core values such that they provide the "North Star" that guides each employee to make decisions that positively affect both the Pool and its members, i.e. employees

embrace the idea that the Pool is a partnership supported by the core values and these ideals are the prism by which employees think and act.

- Continue collaborative efforts with the core values, employee engagement, and creative design teams to drive various engagement initiatives with current staff and potential employees.
- Continue progress towards communications review of most external communications, with a process for implementation.
- Continue 50th Anniversary celebration.
- Continue to refresh website to better serve the Pool's Members.

INTERGOVERNMENTAL RELATIONS MANAGER SPECIFIC GOALS AND MEASURES

- Serve as the Executive Department manager of the communications office.
- Work with the communications officer and staff, to include authorship of articles, position papers, and other policy analysis-related items.
 - Provide written articles for TML, TML affiliate, and Pool publications, such as for the external and internal newsletters, *Texas Town & City Magazine*, and other publications, and comprehensive policy/legal analysis papers in conjunction with podcast episodes (as well as executive summary "cheat sheets" to go along with them).
- Serve as a liaison to the Pool's operational departments, to include advising departments on municipal structure, governance, and procedure.
- Represent the Pool at state and national conferences.
- Serve as an emergency management resource to the Pool's staff and Members.
 - Review and update the Pool's resources in conjunction with TML's and ensure that Members are aware.
 - Prepare podcast episodes and written materials on various storm and other disaster legal issues and Pool programs.
- Provide public speaking, training, and other consultative services with Members.
 - Prepare bi-weekly episode of the *Stronger, Together* Podcast Series
 - Prepare additional "STP Special Report" videos (e.g., a series on rerates).
 - Attend main TML conferences, small cities clinics, regional meetings, and affiliate conferences to educate elected officials and managers (i.e., beyond the fund contact) on the Pool's benefits and resources.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Continued website refresh
- Additional customer service staff member
- Increase in budget for conference giveaways and all-staff meetings/events

Activities/Performance Goals & Measures Executive Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Revenues Over Expenses Before Equity Return	(\$33.8M)	\$4.0M	\$11.2M	\$20.3M	\$27.2M
■ Members' Equity at end of year	\$344.6M	\$348.7M	\$355.7M	\$369.0M	\$396.2M
■ Administrative Expenses to Total Expenses (%)	16.5%	18.3%	19.0%	16.8%	19.2%
■ Administrative Expenses to Total Revenues (%)	18.8%	18.0%	18.3%	15.4%	17.6%

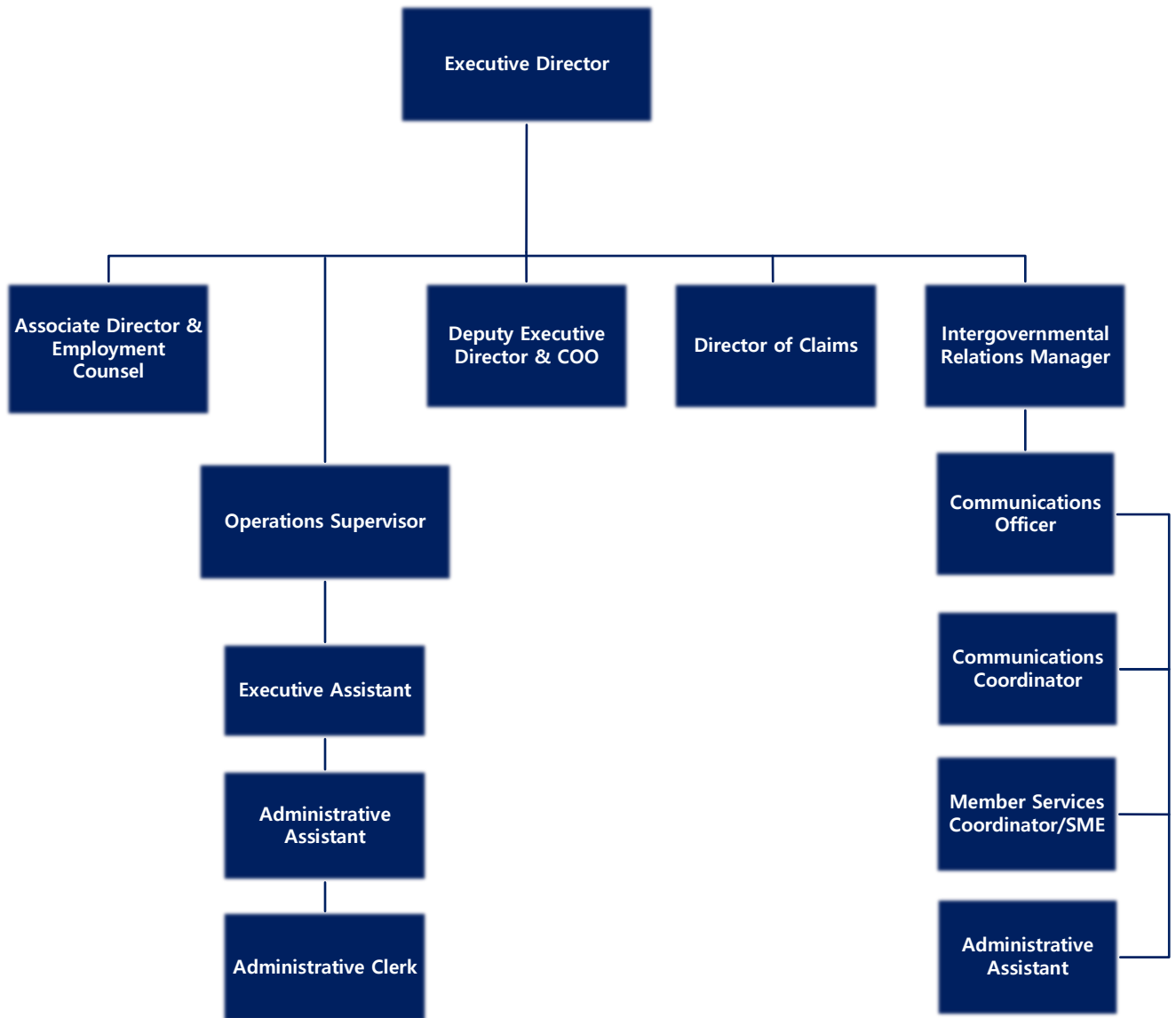
Executive Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 14					
Regular	\$1,665,943	\$2,152,905	\$2,040,100	\$2,112,200	\$2,010,400
Medicare Tax	24,384	31,809	31,600	33,000	34,100
TMRS	182,310	236,193	229,600	253,800	250,200
Deferred Compensation	74,328	94,888	87,600	89,400	87,800
Disability Insurance	6,692	8,802	8,800	9,100	10,500
Health Insurance	134,680	190,164	205,300	208,000	211,800
Workers' Compensation	972	1,305	0	0	0
Personnel Total	2,089,307	2,716,067	2,603,000	2,705,500	2,604,800
Operating					
Telephone	7,921	9,399	11,200	10,800	11,000
Office Supplies	5,211	5,755	5,000	5,000	5,000
Postage and Freight	378	(351)	1,500	1,000	1,200
Copies and Printing	31,258	25,384	32,000	30,000	32,000
Publications & Subscription	4,962	6,111	5,500	5,000	5,400
Software Maintenance	0	60	0	0	0
Small Equipment Purchases	3,238	2,231	5,000	5,000	5,000
Conference Expenses	60,904	90,920	138,900	280,000	154,700
Communications	146,408	210,070	237,500	215,000	244,000
Contracts	174,506	127,265	110,000	110,000	54,000
Membership Dues	22,059	28,820	36,700	35,000	42,300
Professional Development	62,358	14,320	26,000	10,000	25,400
Leadership & Developments	36,602	164,474	0	0	0
Travel	48,104	116,156	141,100	125,000	107,800
Advertising Expenses	155	0	0	0	0
Board Member Expenses	100,527	255,415	255,000	255,000	335,000
Auto Maintenance	2,679	885	4,000	4,000	3,000
Auto Fuels	1,340	2,056	4,000	4,000	3,000
Operating Total	708,611	1,058,969	1,013,400	1,094,800	1,028,800
Professional Services					
TML	933,817	933,817	934,500	934,500	1,000,000
Legislative Consultants	0	183,740	200,000	194,500	225,100
General Counsel	0	194,104	215,000	215,000	221,000
Texas Housing Assoc. Fees	48,722	53,729	59,200	76,400	76,400
Internal Controls & Claims Audits	0	0	0	0	75,000
Reserve	0	126,500	100,000	100,000	100,000
Professional Services Total	982,539	1,491,890	1,508,700	1,520,400	1,697,500
Grand Total	\$3,780,458	\$5,266,926	\$5,125,100	\$5,320,700	\$5,331,100

Organizational Chart

Executive Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
EXECUTIVE				
Executive Director	UNC	1	1	1
Deputy Director & COO	V	1	1	1
Assoc. Dir. & Employment Couns	U	1	1	1
Assistant Director	T	1	0	**1
Intergovernmental Relations Manager	T	1	1	1
Director of Claims	T	1	1	1
Communications Officer	S	1	1	1
Operations Supervisor	N	1	1	1
Member Svcs Coordinator/SME	J	1	1	1
Communications Coordinator	I	1	1	1
Executive Assistant	H	0	1	1
Administrative Assistant	F	1	1	1
Administrative Assistant	D	1	1	1
Administrative Clerk	C	1	1	1
Mail Clerk	B	1	0	0
TOTAL		14	13	14

**Position vacant and unfunded

MEMBER SERVICES PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Member Services Department's role is to provide exceptional, high-value support and interaction with the Pool's members. Member Services staff act as advisors to the Pool's membership. This involves educating members on risk management concepts and helping them make sound fiscal decisions for their citizens. Staff provides updates related to emerging exposures and changes to their coverage or board decisions that may have an impact on their daily operations. They also meet with prospective members, discuss coverage and services that the Pool offers, and in coordination with the Underwriting Department, respond to requests for proposals. Member Service Staff will continue to identify local governments that are not members of the Pool and meet with those entities to discuss coverage and proposal bid opportunities. The goals are member satisfaction and superb service to existing and prospective members.

DEPARTMENTAL GOALS AND MEASURES

- Provide members with benchmarking data and actionable recommendations related to operations.
- Retain 98% of members by count.
- Provide members with in-depth cyber training related to identifying exposures and transferring risk when appropriate.
- Administer the Cyber Grant Program for phishing and assessment.
- Attend 20 conferences annually.
- Work in coordination with Loss Prevention to deliver annual reports to the membership.
- Educate members on the political landscape and potential laws that can impact their risk management program.
- Educate members on the evolving landscape of exposures affecting governmental entities.
- Perform self-insured retention analysis with members who may benefit from retaining risk.
- Consistent messaging of Board approved decisions, including rate changes, coverage changes, and any other items of importance to the membership.
- Complete analysis of any member that withdraws from the Pool.
- In conjunction with Loss Prevention, conduct 12 regional meetings across the state, messaging the partnership between the Pool and its members.
- Increase face time with all members by 5%. Increase face time/interaction, specifically with members who have a higher risk profile by 50%.
- Continue developing Hubspot platform to increase member and internal staff members' access to needed documents and notes.
- Utilize the member portal to provide complete documentation related to member coverage.
- Realign department and provide opportunities for a technical and managerial track.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Risk Services Position
- Cyber Security Training Position
- Cyber Mitigation Program

Activities/Performance Goals & Measures

Member Services Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ New Members	53	42	28	34	30
■ Net Member Growth	4	-17	-6	3	-20
■ Members at Year-End	2,834	2,817	2,826	2,829	2,819
■ Member Visits	3,873	3,838	3,881	3,946	4,000
■ Retention (count)	99%	99%	99%	99%	99%

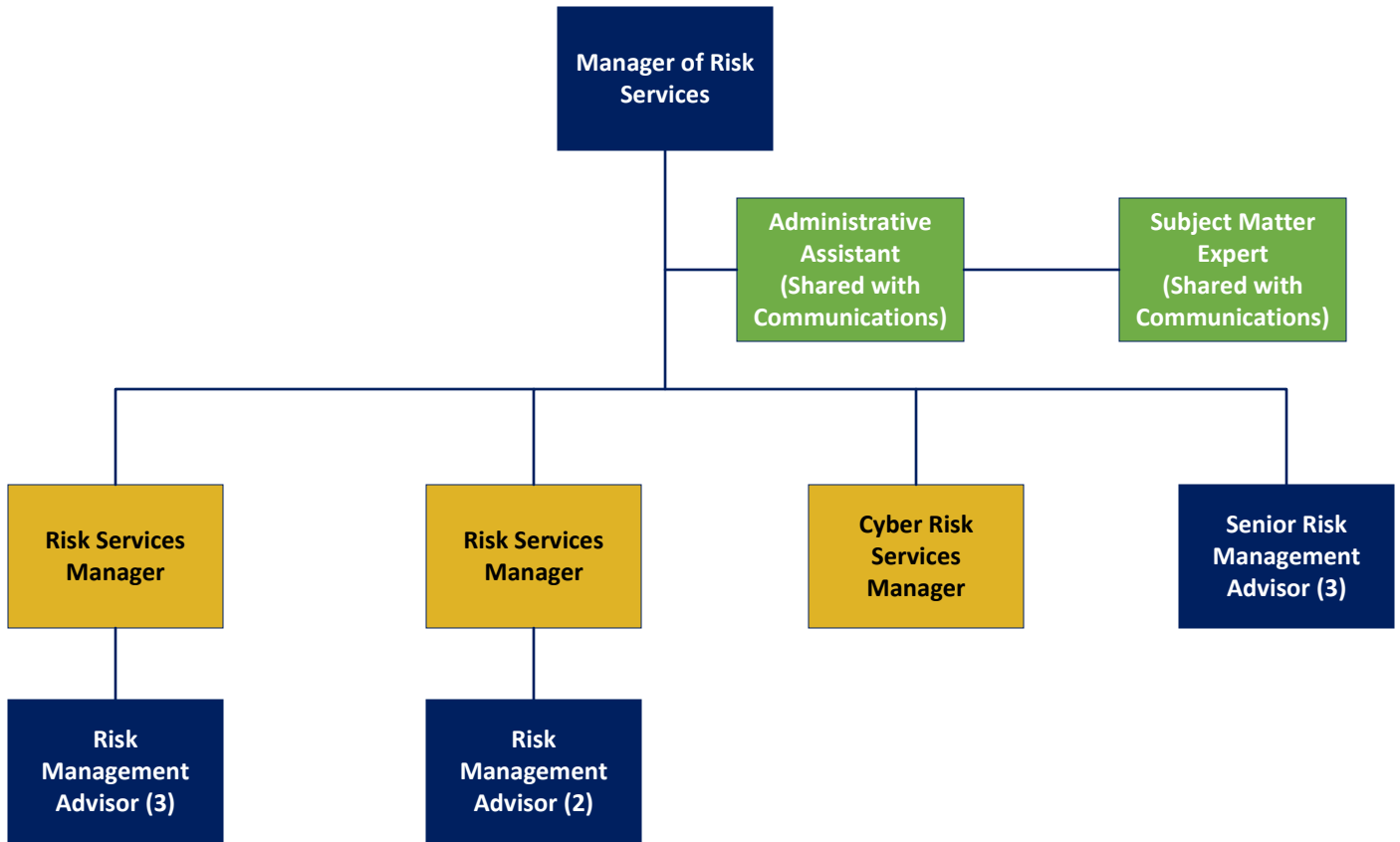
Member Services Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 12					
Regular	\$1,326,272	\$1,447,206	\$1,467,100	\$1,532,100	\$1,553,800
Overtime	0	0	0	0	0
Medicare Tax	20,614	21,733	23,200	23,800	26,800
TMRS	155,424	162,566	173,800	183,500	194,900
Deferred Compensation	70,079	76,456	89,400	85,300	95,000
Disability Insurance	5,641	6,071	6,300	6,600	8,100
Health Insurance	163,056	181,328	201,500	193,200	213,200
Workers' Compensation	1,592	1,941	0	0	0
Personnel Total	1,742,678	1,897,301	1,961,300	2,024,500	2,091,800
Operating					
Telephone	10,482	10,474	13,000	13,000	13,000
Office Supplies	3,919	1,724	5,000	5,000	5,000
Postage & Freight	2,766	2,706	2,000	2,000	2,000
Copies and Printing	2,530	0	2,000	2,000	5,000
Publications & Subscriptions	8,046	4,389	9,400	9,400	9,700
Equipment Maintenance	0	0	500	500	500
Software Maintenance	75	260	1,000	1,000	11,000
Small Equipment Purchases	378	76	0	0	0
Conference Expenses	7,149	13,617	19,300	19,300	43,300
Membership Dues	4,599	1,306	1,700	1,700	1,700
Professional Development	5,234	7,099	12,300	12,300	16,300
Travel	53,478	93,051	164,800	164,800	144,200
Auto Maintenance	5,335	9,116	15,000	15,000	11,300
Auto Fuels	11,517	20,588	52,000	52,000	39,000
Operating Total	115,508	164,406	298,000	298,000	302,000
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$1,858,186	\$2,061,707	\$2,259,300	\$2,322,500	\$2,393,800

Organizational Chart

Member Services Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
MEMBER SERVICES				
Manager of Risk Services	S	0	0	1
Manager of Member Services	S	1	1	0
Cyber Risk Services Manager	P	1	1	1
Risk Services Manager	P	2	2	2
Senior Risk Management Advisor	O	0	0	3
Senior Member Services Manager	O	3	3	0
Risk Management Advisor	N	0	0	5
Member Services Manager	N	5	5	0
TOTAL		12	12	12

OFFICE OF PROJECT MANAGEMENT & ANALYTICS

PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Office of Project Management & Analytics' purpose is to facilitate, communicate and guide the execution of various initiatives defined by the Pool's strategic mission and goals. The Office provides project management, process definitions, and business analysis support to guide projects to successful conclusion and to increase business competencies. The Office also guides requirements, business case development and product analysis with a deeper understanding of systems architecture and technical dependencies. Additionally, the Office promotes collaboration across the organization to foster and support strategic initiatives that advance the Pool's mission. The Office is comprised of four cross functioning areas with shared activities and one budget:

- **Project Management** - The project management function is to formulate and oversee the processes by which the initiatives identified on the Business Applications and IT Roadmap are implemented.
- **Business Analysis** - The business analysis function oversees the operational aspect of the Pool's professional business analyst functions.
- **Product Analysis** - The business product analysis function serves as a resource with more technical knowledge of our applications and their architecture. As such, this function guides business decisions and requirements in such a way as to maximize system integrity and sustainability.
- **User Experience Design** - The UX Design function oversees the design of all member-facing interfaces as well as the overall front-end structure of member interfaces. i.e. The member portal.

DEPARTMENTAL GOALS AND MEASURES

- Facilitate the stabilization of the Policy Center application.
- Facilitate the Claim Center, Contact Manager, and Billing Center upgrades.
- Provide requirement definitions from partnership with stakeholders for the applications in the continuous improvement phase.
- Oversee and ensure proper resource allocation over multiple projects.
- Working with business to develop project charter/business case for new technology/process improvement ideas.
- Guide business requests and requirements through a technical lens in order to maintain application integrity.
- Work with IT to produce viable technical requirements where necessary.
- Evaluate and improve all member facing interfaces through user experience design.
- Evaluate and ensure the scalability of all member-facing applications.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- M to N (current position)
- M (new position)

Activities/Performance Goals & Measures Office Of Project Management & Analytics

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Roadmap projects facilitated	1	2	2	2	2
■ Average Sprint Duration (in weeks)	3.0	4.0	4.0	4.0	4.0
■ Average Enhancements & Defects delivered per sprint	160	181	75	175	170
■ Epics (work packages)	128	51	85	70	65
■ User Stories or Requirements	1929	2171	1800	2100	1800

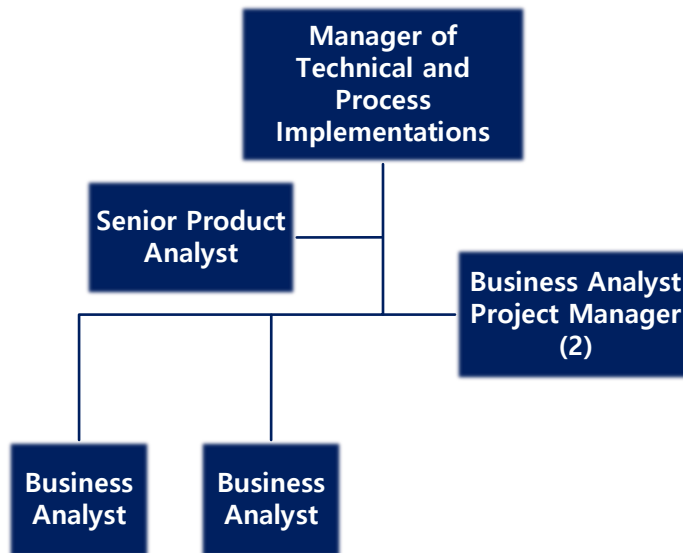
Office of Project Management and Analytics

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 6					
Regular	\$488,884	\$467,920	\$469,000	\$490,300	\$504,100
Medicare Tax	7,400	7,094	7,300	7,500	8,700
TMRS	55,619	52,851	54,700	57,500	62,600
Deferred Compensation	25,183	26,335	26,800	28,000	29,200
Disability Insurance	2,043	1,996	2,000	2,100	2,600
Health Insurance	37,408	34,977	39,800	40,100	38,400
Workers' Compensation	326	435	0	0	0
Personnel Total	616,864	591,607	599,600	625,500	645,600
Operating					
Telephone	1,020	1,020	1,200	1,200	1,200
Office Supplies	59	0	2,000	1,000	2,000
Postage & Freight	10	0	200	100	100
Copies and Printing	0	0	200	200	200
Publications & Subscriptions	182	0	100	100	100
Software Maintenance	(182)	0	200	200	200
Small Equipment Purchases	0	0	700	400	700
Contract Services	0	0	223,000	192,000	260,000
Membership Dues	93	139	400	400	400
Professional Development	5,177	2,600	25,300	6,000	25,300
Professional Development - College	0	0	3,000	1,000	3,000
Travel	5,617	5,955	14,400	7,000	15,600
Operating Total	11,977	9,714	270,700	209,600	308,800
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$628,841	\$601,321	\$870,300	\$835,100	\$954,400

Organizational Chart

The Office of Project Management & Analytics



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
OFFICE OF PROJECT MANAGEMENT				
Manager of Technical & Process Implementations	S	1	1	1
Senior Product Analyst	P	1	0	**1
Business Analyst Project Manager	N	1	1	2
Business Analyst	M	3	2	**2
TOTAL		6	4	6

**1 Position vacant and unfunded

LEGAL DEPARTMENT PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Legal Department provides services to the Executive Director and all Pool departments, including counseling, document preparation, managing legal aspects of claims processing, and evaluating the legal aspects of the organization's decisions. The Legal Department currently coordinates the activities of various lawyers contracted to represent Pool Members in workers' compensation, liability, and property lawsuits and claims. The Legal Department also pursues subrogation cases on both property and workers' compensation losses. The Director of Legal Services is responsible for developing the Pool's legal opinions on various issues that arise and providing the other services of the Legal Department. The Legal Department's goals are to continue attempting to reduce the number of cases that are filed against Pool members, to increase the number of successful conclusions to lawsuits, and to ensure effective legal services are provided within a reasonable time frame. The Legal Department also coordinates with the General Counsel to the Pool's Board of Trustees on legislative activities and other legal matters as needed. The Legal Department will continue the following programs:

1. Managing litigation cases in coordination with the Liability/Property Department staff.
2. Participating in the development and fine tuning of various dashboards and reports for data analytics to help with litigation and subrogation results.
3. Coordinating the Pool's legislative activities along with the General Counsel to the Pool's Board of Trustees.
4. Providing the Employment Hotline, in coordination with the Liability/Property Department, which allows Pool members to call in and ask questions on what steps to take before disciplining an employee. This service helps to reduce the number of Errors and Omissions Liability Coverage cases.
5. Advising internally on employment matters, personnel policies, and immigration issues.
6. Managing the Pool's coverage documents and the coverage changes process.
7. Pursuing subrogation cases against responsible third parties on both property and workers' compensation losses.
8. Coordinating with other Pool departments and outside entities to participate in various seminars.
9. Providing an annual continuing education workshop for defense attorneys hired by the Pool.
10. Coordinating with the General Counsel to the Pool's Board of Trustees on legal matters as needed.
11. Assisting other Pool departments by drafting/reviewing contracts for products and services and assisting with other legal issues.
12. Assisting with release planning of various technology system fixes, modifications, and enhancements as needed.
13. Assisting with infrastructure improvements, including the purchase, installation, and development of new software systems.
14. Providing legal services to the Political Subdivision Workers' Compensation Alliance as agreed in the Interlocal Cooperation Agreement Regarding Administrative Services.

DEPARTMENTAL GOALS AND MEASURES

- Work with Liability/Property Department and Workers' Compensation Department to reduce claims and lawsuits and increase the successful conclusion of lawsuits.
- Develop, manage, and update form letters and authority policies to allow the Liability/Property Claims Specialists to empower themselves in the routine handling of liability and property claims and litigation.
- Continue providing Pool members with the Employment Hotline to help reduce Errors and Omissions Liability claims.
- Continue pursuing subrogation recoveries on property and workers' compensation losses, including keeping the pre-litigation open to close ratio above 85%, keep the recovery percentage above 85% of possible recovery potential, and recovering \$4,000,000 for Pool members.
- Implement a new contract handling policy and management system.
- Assist and manage the implementation of the Pool's data security policies.
- Ensure effective legal services are provided in a timely manner.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Overall reduction of operating expense and professional fees of \$12,200
- Addition of a Subrogation Specialist position in Pay Class L
- Reclassification of a Subrogation Supervisor position to Pay Class Q

Activities/Performance Goals & Measures Legal Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Liability Fund Members	2,745	2,748	2,740	2,750	2,750
■ New Liability Lawsuits	520	436	500	510	510
■ Average Suits Per Member	0.189	0.159	0.182	0.185	0.185
■ Personnel Calls	170	145	200	160	160

Subrogation Division

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Subrogation Files Closed	991	1,151	1,200	1,100	1,100
■ Workers' Comp. Subrogation Gross Recoveries	\$1.1M	\$1.1M	\$1.0M	\$1.0M	\$1.0M
■ Property Subro. Gross Recoveries	\$3.6M	\$4.8M	\$3.0M	\$3.3M	\$3.0M
■ Workers' Comp. Credit Obtained	\$1.6M	\$0.1M	\$0.2M	\$0.3M	\$0.2M
■ Property Subrogation Member Deductibles Returned	\$0.3M	\$0.4M	\$0.4M	\$0.3M	\$0.4M

Legal Department

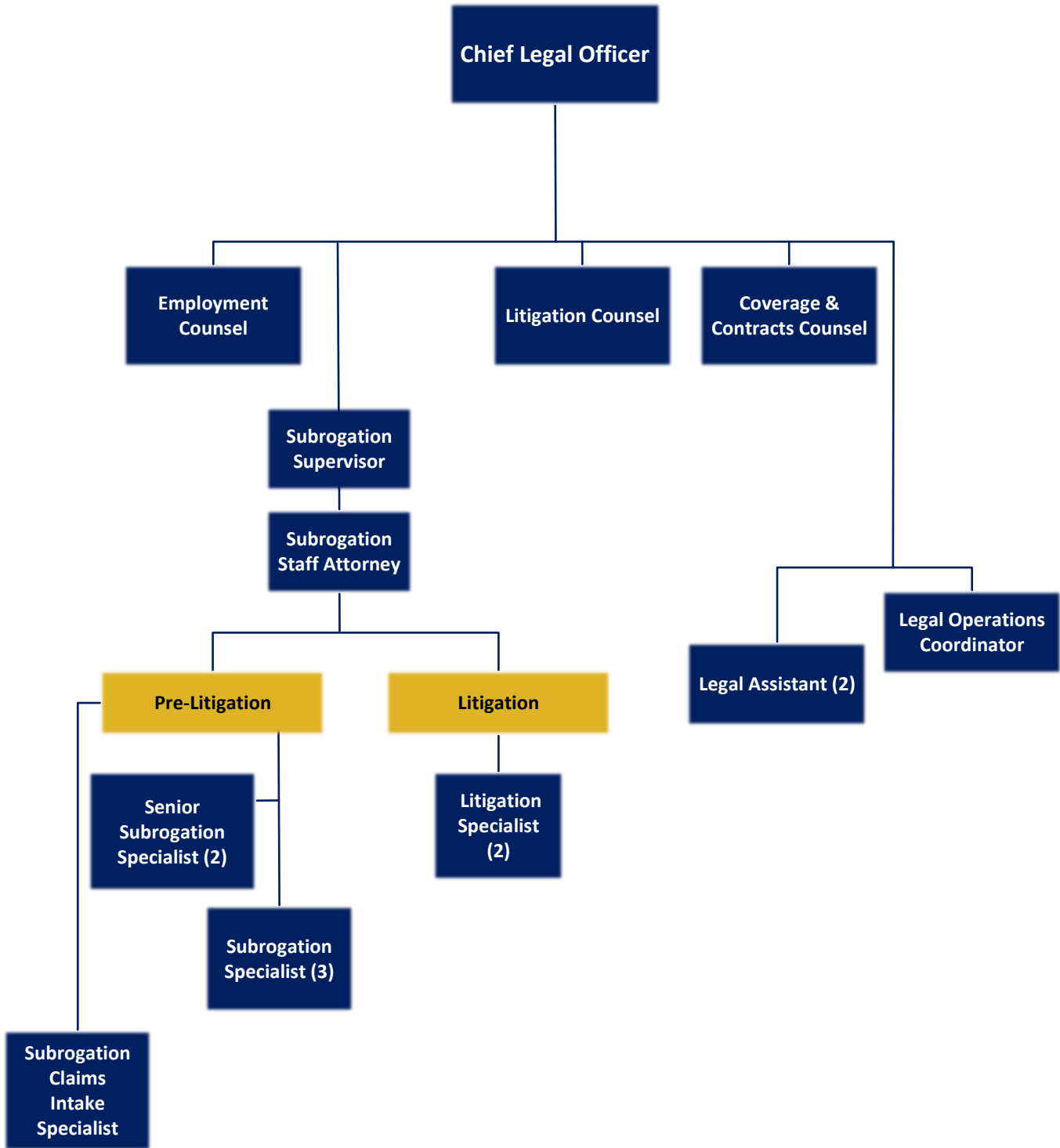
Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 17					
Regular	\$1,658,929	\$1,601,661	\$1,654,600	\$1,770,600	\$1,733,000
Medicare Tax	25,417	24,043	25,600	27,500	29,700
TMRS	189,283	178,033	192,600	209,000	216,100
Deferred Compensation	103,348	92,589	98,100	103,500	101,000
Disability Insurance	6,938	6,732	7,100	7,700	9,100
Health Insurance	216,337	211,553	241,100	261,300	293,300
Workers' Compensation	1,080	1,138	0	0	0
Personnel Total	2,201,332	2,115,748	2,219,100	2,379,600	2,382,200
Operating					
Temporary Services	0	0	500	0	500
Telephone	5,400	3,997	4,000	3,900	4,500
Office Supplies	1,740	1,063	3,800	500	3,500
Postage and Freight	1,274	724	5,000	1,000	3,500
Copies and Printing	(1,102)	(473)	1,500	750	1,000
Records Retention	2,349	0	0	0	0
Publications & Subscription	52,832	41,028	34,000	40,000	36,000
Equipment Maintenance	0	0	300	0	300
Small Equipment Purchases	425	134	1,000	0	1,000
Workshops	8,300	30,051	40,000	37,500	40,000
Subrogation*	0	10,508	65,400	50,000	62,500
Membership Dues	2,856	2,460	2,500	2,750	4,000
Professional Development	1,470	10,524	7,000	6,500	8,000
Prof Dev - College	0	17,973	12,000	9,000	0
Travel	14,490	27,442	33,000	32,000	28,100
Advertising Expenses	0	449	0	0	0
Auto Maintenance	511	0	1,200	0	900
Auto Fuels	1,006	29	3,300	0	2,500
Operating Total	91,552	145,910	214,500	183,900	196,300
Professional Services					
Legislative Consultants	210,190	0	0	0	0
Other Professional Fees	(7,637)	14,181	125,000	45,000	125,000
Personnel Matters	0	0	5,000	0	5,000
Professional Services Total	202,553	14,181	130,000	45,000	130,000
Grand Total	\$2,495,436	\$2,275,839	\$2,563,600	\$2,608,500	\$2,708,500

*Budget Summary includes Subrogation Division.

Organizational Chart

Legal Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
LEGAL				
Chief Legal Officer	U	0	0	1
Director of Legal Services	U	1	1	0
Coverage & Contracts Counsel	R	1	1	1
Litigation Counsel	R	1	1	1
Employment Counsel	R	1	1	1
Subrogation Supervisor	Q	0	1	1
Subrogation Staff Attorney	O	2	1	1
Litigation Specialist	L	2	2	2
Senior Subrogation Specialist	L	2	2	2
Subrogation Specialist	J	2	3	3
Legal Operations Coordinator	H	0	1	1
Legal Administrative Coordinator	H	1	0	0
Legal Assistant	F	2	2	2
Subrogation Claims Intake Specialist	D	1	1	1
TOTAL		16	17	17

UNDERWRITING PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Underwriting provides various coverage services to members, including accurate exposure and loss review for rating of proposals, renewals and added lines of coverage, evaluation and processing of audit information and, in conjunction with Loss Prevention, review and determination of appropriate building values on member schedules. Underwriters and their assigned Underwriting Specialists are daily resources to members for coverage questions, risk assessment and information and routinely work with third parties who have an interest in the coverage provided by the member (i.e., Victor Insurance Managers, certificate holders, etc). Timely responses to member requests and rating documents enhance member service and promote member retention. The Underwriting Technical Unit is responsible for managing, updating and testing Underwriting software to ensure accuracy of rating and storage of data associated with coverage attributes for all Members. New and continued efforts include:

1. Continued refinement of a single platform Underwriting System, focusing primarily on foundational underpinning for consistency in process flow, data storage and retrieval.
2. Increased volume and efficiency in processing changes submitted via the Member Portal.
3. Updating and management of Cyber specific coverage, rating and policy issuance.
4. Document generation and refinement of delivery to Members through electronic transmission options.
5. Reinforcing a unified approach to member service and retention in conjunction with the Member Services and Loss Prevention departments.
6. Identification of coverage enhancements to serve changing needs of the Pool's membership.
7. Timely and accurate processing of all rerate, policy change, audit, and proposal documents.
8. Engaging with the Claims Departments to regularly review and train on new or changing coverage endorsements.

DEPARTMENTAL GOALS AND MEASURES

- Complete 90% of Liability/Property Rerate Declarations of Coverage by the end of the fiscal year, dependent upon the Rerate Exposure Summary process.
- Complete 100% of Workers' Compensation Audits received as of 1/31/2023 by 2/15/2023.
- Continued evaluation of Housing Authorities for blending of Public/Private projects and Real Estate Management contracts.
- Send 98% of proposals two days in advance of due date when requests have at least seven business days for processing.
- Implement Cyber coverage changes effective 5/1/2023 and continue expansion of underwriting skill set in this area.
- Further expansion of Member Portal for policy changes and integration with Pool's Policy Administration System to enhance Member Experience.
- In conjunction with Policy Center Developers, create an ongoing system upgrade process with the goal of incorporating the upgrade into regular development activities rather than as a separate project.

- Implement policy change enhancements to the Property Package to improve system functionality and Member Experience.
- Expand staff knowledge and underwriting of Cyber Breach coverage, including available endorsements and upper tier rating.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- A request is included for a dedicated Cyber Underwriter (UW II) and associated Underwriting Specialist. As this coverage continues to develop, the expertise associated with this line of business is needed to support the Tier 3-5 review for rerates and new business applications. These positions are designed to take over processes currently done by the Cyber Risk Services Manager, the UW Assistant Manager and the UW Manager, including preparation and review of the Cyber Bordereau.
- A promotional opportunity for existing staff is included in the form of a Senior Underwriting Specialist. One such position exists in one of the two established Underwriting Units. A second position to reside in the other unit will provide a needed resource for training and engagement.
- The Workers' Compensation Audit Service contract will be bid mid-year 2023. It's anticipated that the costs associated with this service will increase commensurate with inflation.
- Additional costs associated with training are included in the 2023-24 budget for staff hired over the last two years, the pursuit of a master's in public administration degree by one of the Underwriters and expanded departmental interest in the MLIS designation.

Activities/Performance Goals & Measures Underwriting Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Workers' Comp. Rerates Completed	2,350	2,355	2,355	2,376	2,375
■ Liability Rerates Completed	2,733	2,750	2,760	2,761	2,760
■ Property Rerates Completed	2,392	2,395	2,375	2,428	2,400
■ Cyber Rerates Completed	2,682	2,680	2,690	2,680	2,675
■ Policy Change Transactions Completed	*	3,865	3,800	3,800	4,000
■ Property Values (buildings and contents - in billions)	\$45.90	\$52.70	\$50.00	\$55.00	\$57.00
■ Vehicles Covered	83,249	85,851	84,000	86,000	86,500
■ Number of Employees Covered	210,450	191,535	215,000	195,000	200,000

**The number of employees covered includes volunteers, which fluctuate from year to year.*

Policy change transactions were added as of 2021 with new policy transaction reporting availability.

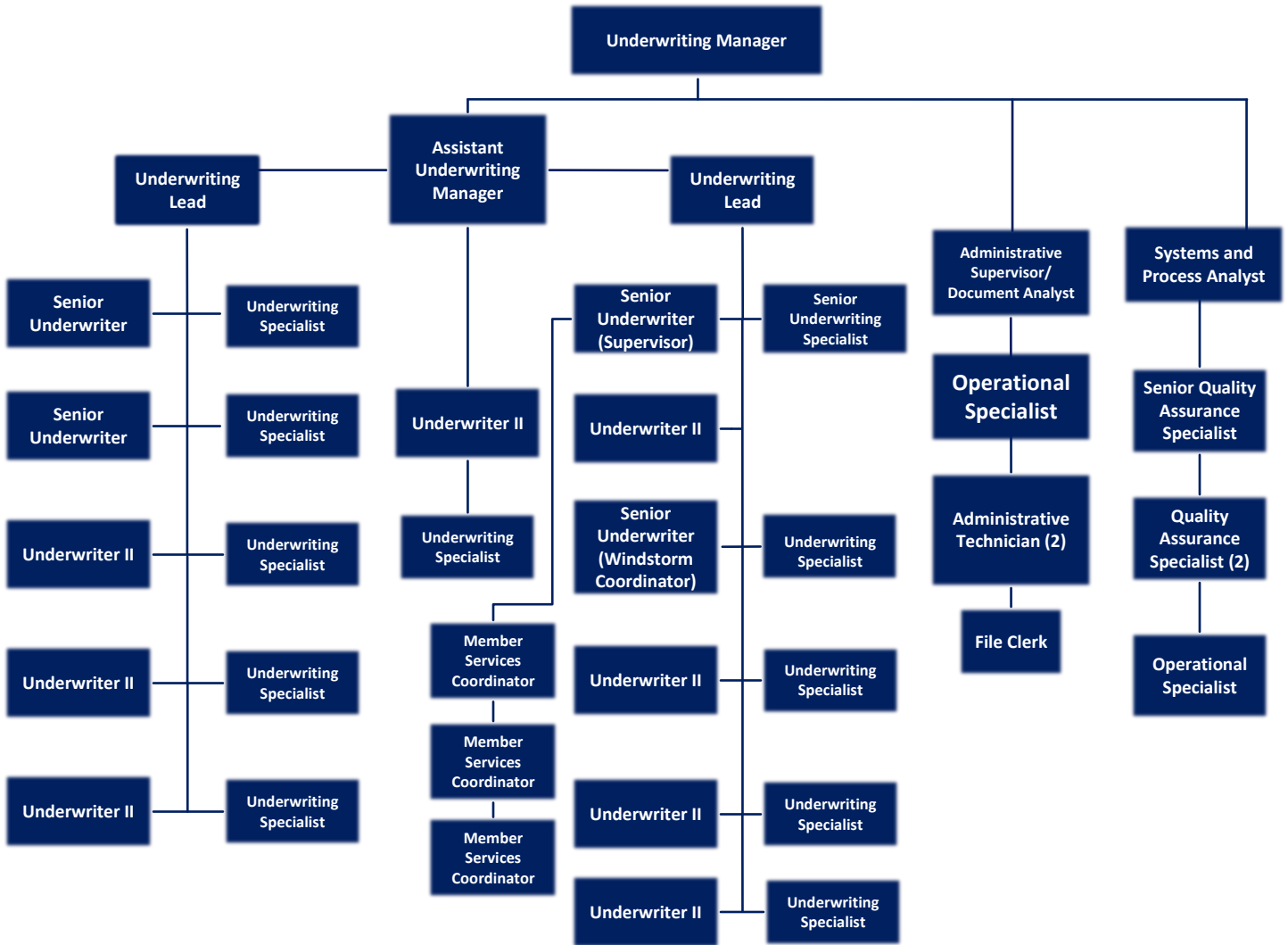
Underwriting Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 40					
Regular	\$3,410,260	\$3,492,587	\$3,599,100	\$3,658,700	\$3,744,000
Medicare Tax	50,564	52,806	55,700	56,400	64,500
TMRS	378,985	391,713	417,600	428,100	467,700
Deferred Compensation	207,475	220,546	217,800	212,000	227,600
Disability Insurance	14,166	14,687	15,500	10,600	19,700
Health Insurance	450,667	469,283	551,700	535,500	609,900
Workers' Compensation	2,213	2,744	0	0	0
Personnel Total	4,514,328	4,644,365	4,857,400	4,901,300	5,133,400
Operating					
Telephone	3,426	3,441	3,600	3,600	3,600
Office Supplies	41,824	50,635	55,000	60,000	69,000
Postage and Freight	29,824	13,892	35,000	15,000	30,000
Copies and Printing	4,024	11,240	15,000	12,000	15,000
Records Retention	16,531	24,834	20,000	20,000	25,000
Publications & Subscription	3,887	3,130	2,900	3,000	3,000
Equipment Maintenance	380	0	2,500	2,500	2,500
Software Maintenance	378	5,003	8,100	0	0
Small Equipment Purchases	0	710	2,500	0	2,500
Contracts	0	0	5,000	0	5,000
Membership Dues	930	1,320	2,300	1,800	2,300
Professional Development	8,241	12,631	19,500	15,800	20,000
Prof Dev - College	0	0	6,000	6,000	6,000
Travel	11,324	17,951	31,200	20,000	25,800
Moving Expenses	0	0	5,000	0	0
Operating Total	120,768	144,786	213,600	159,700	209,700
Professional Services					
Actuarial Studies	26,468	30,575	30,000	30,000	30,000
R. Dylong & Assoc-Audits	250,921	288,670	325,000	310,500	352,000
Windstorm Engineering	0	0	5,000	0	5,000
Professional Services Total	277,389	319,245	360,000	340,500	387,000
Grand Total	\$4,912,486	\$5,108,395	\$5,431,000	\$5,401,500	\$5,730,100

Organizational Chart

Underwriting Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
UNDERWRITING				
Underwriting Manager	S	1	1	1
Assistant Underwriting Manager	Q	1	1	1
Underwriting Lead	P	2	2	2
Underwriter Supervisor/Windstorm Coordinator	O	2	2	2
Senior Underwriter	O	2	2	2
Underwriter II	N	7	6	**8
Systems & Process Analyst	N	1	1	1
Underwriter I	L	2	1	0
Membership Services Coordinator	L	3	3	3
Admin Supervisor/Document Analyst	L	1	1	1
Sr Quality Assurance Specialist	L	1	1	1
Quality Assurance Specialist	K	1	2	2
Sr Underwriting Specialist	K	0	1	1
Underwriting Specialist	J	11	10	**10
Operations Specialist	J	1	1	2
Administrative Technician	D	2	2	2
Administrative Clerk	C	0	0	0
File Clerk	A	1	1	1
TOTAL		39	38	40

**1 Position vacant and unfunded

LOSS PREVENTION PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Loss Prevention provides programs and services that address potential loss exposures of local governmental entities. Member needs are determined through onsite consultations, Member requests, Member feedback, loss trend analyses, and evolution of loss prevention services offered by others in our industry or similar operations. Programs and services are developed to address recurring, high-risk exposures to prevent employee injuries, preserve assets, and avoid injury to the public. Staff provide training programs to increase awareness of exposures and controls with specific attention to Members' primary functions. Staff conduct consultations to assist Members in all areas of local governmental operations and customize those services to meet unique needs. The department utilizes technology to deliver Member services through virtual meeting platforms, videos, e-learning programs, and the Pool's extensive video library. Various forms of technology are used continuously in our operations when preparing for, during, and after Member interactions when completing documentation of activities.

Loss Prevention is also involved in gathering information for and completing valuations of property and structures as requested by the Underwriting Department.

DEPARTMENTAL GOALS AND MEASURES

- Each Loss Prevention Representative is required to identify twenty (20) High Priority Members within their assigned territory to help facilitate necessary changes and enhancements to prevent, mitigate or reduce exposures across all lines of coverage. As part of the process, Loss Prevention Representatives are required to establish Action Items and Service Goals for each fund year. High Priority Members will be visited as frequently as necessary, but no less than four contacts per year. Starting in 2023-2024, Loss Prevention Representatives will also identify two Focus Departments within each High Priority Member that are "driving" losses for the Member. Visits with Focus Departments will also be measured separately from High Priority Visits.
- Loss Prevention schedules training programs to educate, motivate and increase awareness for Members. These offerings are reflective of current exposures and trends impacting Member operations. The number of onsite training programs and the number of attendees has increased since the pandemic subsided, and demand has rebounded. Loss Prevention Training Specialists provide training on core topics related to law enforcement, public works and utilities operations, human resources, and supervisory skills. Loss Prevention Representatives also provide training on a variety of subjects. The number of onsite training programs provided by Loss Prevention (Training Specialists and Loss Prevention Representatives) is expected to be 500 with about 7,500 participants.
- Loss Prevention staff developed the R.O.A.D. Ready initiative to increase awareness of hazards and exposures related to Member employees working in and near roadways. The program was conceptualized following repetitive discussions about the number of injuries and accidents involving these types of activities. Loss Prevention staff assists members through onsite consultations, jobsite assessments, safety meetings, and training. Each January will be designated as R.O.A.D. Ready Month with an emphasis on increasing

awareness of related exposures. Loss Prevention expects at least 700 Member contacts to be registered through the website and regularly receiving updates associated with the initiative by the end of the 2023/24 budget period.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- ***Personnel***
 - Loss Prevention currently has one Law Enforcement Training Specialist whose primary responsibility is providing law enforcement-related training programs for Members. The Training Specialist has secondary assignments related to providing consultations to Members and assisting Loss Prevention or other Risk Pool staff with law enforcement-related subject matter. Loss Prevention is proposing the transition of this position to a Law Enforcement Risk Management Consultant (for both the existing position and a proposed new position) that would entail the development of a new job description and changes to expectations and assigned responsibilities. If approved, budgeting under personnel for establishing the position and capital outlay for an appropriate vehicle and other assigned equipment will be necessary.
- ***Software Maintenance***
 - Continued budgeting of development costs associated with transitioning Loss Prevention activity documentation to HubSpot - \$10,000.
- ***Professional Fees and Expenses***
 - Loss Prevention is proposing a change in the distribution of funds for VINCIBLE. (Program to increase awareness of police officer safety that is administered through the TPCA's Officer Safety Committee.) Previously, there was funding of \$50,000 for VINCIBLE and access to an additional \$25,000, but only if there were matching funds from outside sources. Loss Prevention proposes that the entire \$75,000 be made available without the requirement for matching funds.
 - Loss Prevention is in initial discussions with the Texas Municipal Human Resources Association (TMHRA) about a potential "sponsorship" arrangement that will give Risk Pool Members access to TMHRA's Toolkit Resources, which includes a sample employee handbook. Many Risk Pool Members utilize this resource through membership in TMHRA, but smaller entities or non-municipal members are most likely not considering the resource – estimated potential cost of \$5,000.
- ***Electronic Media***
 - Loss Prevention is in preliminary planning on utilizing SMS (short message service or texting) to create a process by which employee safety-related resources are sent directly to individual supervisors weekly. There will be additional costs for the SMS service, but existing funding under electronic media should be adequate for costs.

Activities/Performance Goals & Measures Loss Prevention Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Member Visits and Risk Exposure Identification	1,956	1,461	1,700	1,600	1,700
■ Property Valuations	23	188	125	150	150
■ On-Site Training/Speaking Sessions (LPRs)*	20	134	100	150	150
■ R.O.A.D. Ready Participating Members*	N/A	132	N/A	180	250
■ R.O.A.D. Ready Website Registrations*	N/A	250	N/A	500	700
■ On-site Training Programs	95	132	350	250	350
■ On-site Training Members Represented	107	174	450	300	450
■ On-site Training Participants	1,584	2,632	7,500	4,500	7,500
■ Video Media Circulated	505	302	700	400	450
■ Video Media Participation	5,302	2,732	6,000	3,500	6,000
■ Online Learning Courses Taken	17,052	19,166	30,000	22,000	25,000
■ Online Learning by Member	183	285	400	225	250
■ Online Learning by Individual Employees	7,988	11,433	10,000	12,000	12,500

* Denotes new measurements added for 2023/24 Budget

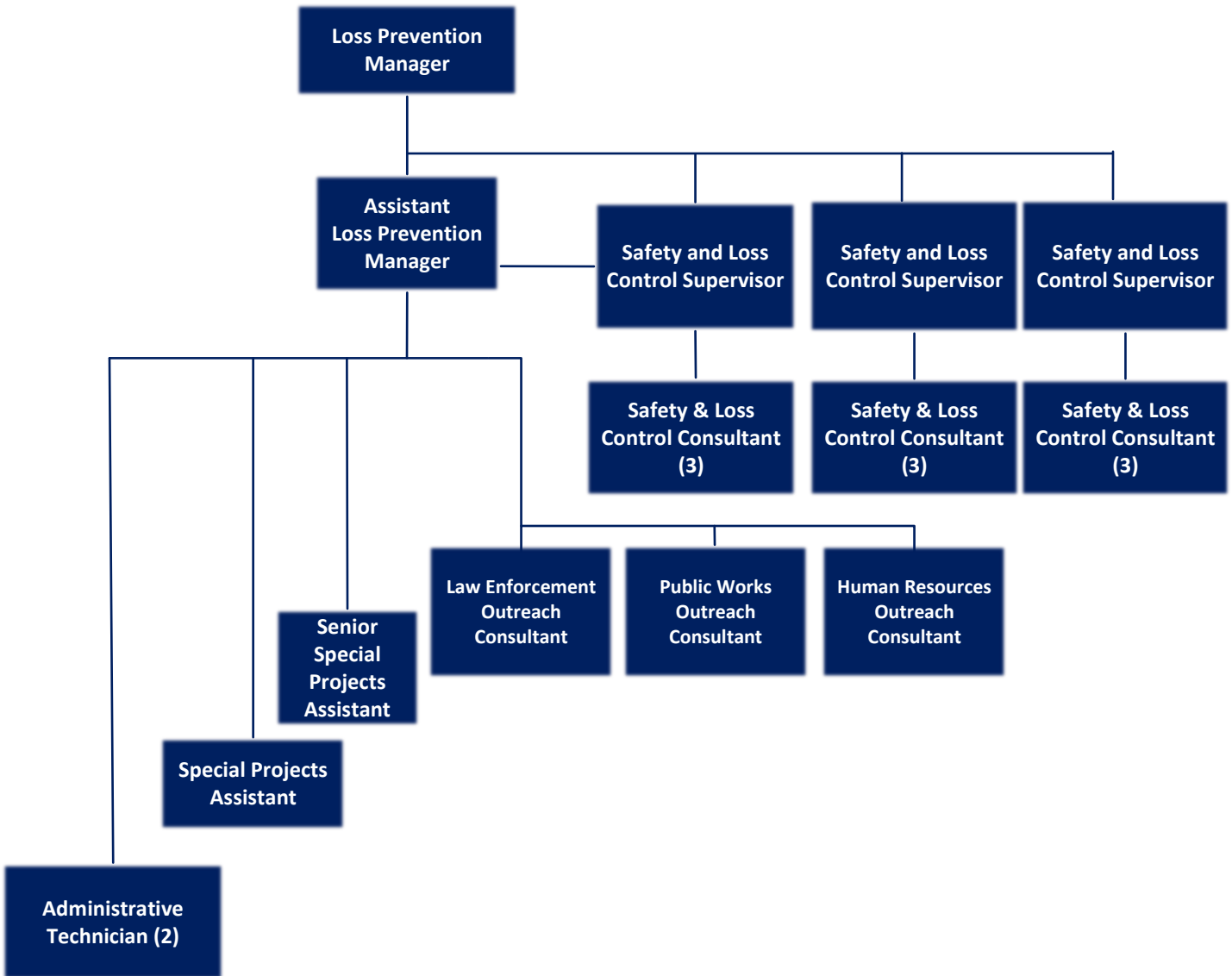
Loss Prevention Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 21					
Regular	\$2,157,104	\$2,176,632	\$2,359,400	\$2,393,100	\$2,454,200
Medicare Tax	33,205	33,386	37,100	39,500	42,300
TMRS	248,911	247,391	278,700	293,400	307,300
Deferred Compensation	141,892	142,208	143,300	144,700	149,800
Disability Insurance	9,100	9,205	10,100	10,600	12,900
Health Insurance	292,256	288,787	342,200	344,900	388,400
Workers' Compensation	3,077	3,614	0	0	0
Personnel Total	2,885,543	2,901,222	3,170,800	3,226,200	3,354,900
Operating					
Telephone	13,656	11,426	22,500	17,000	22,500
Office Supplies	5,546	7,108	10,000	8,000	10,000
Postage and Freight	3,027	4,240	7,000	5,000	7,000
Copies and Printing	1,005	2,241	10,000	5,000	10,000
Publications & Subscription	3,242	4,061	10,000	5,000	10,000
Equipment Maintenance	0	0	3,000	1,000	3,000
Software Maintenance	30,834	35,928	48,000	42,000	48,000
Small Equipment Purchases	223	68	13,000	7,500	13,000
Equipment Rental	0	0	2,000	2,000	2,000
Conference Expenses	0	7,547	0	0	0
Workshops	37,622	118,228	191,000	140,000	175,000
Electronic Media	6,064	135,641	163,000	140,000	163,000
Contract Services	0	5,700	200,000	30,000	100,000
Membership Dues	3,721	2,859	9,500	5,000	9,500
Professional Development	12,171	18,495	20,000	20,000	20,000
Prof Dev - College	10,872	12,441	10,000	0	10,000
Travel	41,187	103,633	160,000	145,000	136,000
Moving Expenses	0	0	9,000	0	0
Advertising Expenses	99	175	0	0	0
Auto Maintenance	12,537	20,232	25,000	20,000	18,800
Auto Fuels	20,413	39,580	70,000	55,000	52,500
Operating Total	202,217	529,601	983,000	647,500	810,300
Professional Services					
Gas Utility Surveys	81,933	39,607	150,000	130,000	150,000
Boiler/Machinery Inspect	15,020	18,705	30,000	25,000	30,000
Other Professional Fees	102,737	118,266	181,000	150,000	181,000
Electrical Util Surveys	0	884	1,000	1,000	1,000
Professional Services Total	199,690	177,462	362,000	306,000	362,000
Grand Total	\$3,287,450	\$3,608,285	\$4,515,800	\$4,179,700	\$4,527,200

Organizational Chart

Loss Prevention Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
LOSS PREVENTION				
Loss Prevention Manager	S	1	1	1
Asst Loss Prevention Manager	Q	1	1	1
Safety & Loss Control Supervisor	O	0	0	3
Senior Loss Prevention Representative	O	3	3	0
Law Enforcement Outreach Consultant	O	0	0	1
Public Works Outreach Consultant	O	0	0	1
Human Resources Outreach Consultant	O	0	0	1
Loss Prevention Training Specialist	O	3	3	0
Safety & Loss Control Consultant	N	0	0	9
Loss Prevention Representative	N	9	9	0
Senior Special Projects Assistant	J	1	1	1
Special Projects Assistant	F	1	1	1
Administrative Technician	D	2	2	2
TOTAL		21	21	21

FINANCE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Finance encompasses Accounting, Investments, Cash Management, Payroll, Accounts Payable, Accounts Receivable, Inventory and Purchasing, and Reporting and Analytics. Finance develops Board-level policy recommendations concerning the Pool's finances and administrative matters and provides management and oversight of these functions.

The accounting function is responsible for capturing and recording all financial transactions, providing timely and useful financial reports to stakeholders, and managing the accounts receivable, accounts payable and payroll processes.

The investment function sets policies and procedures for the Pool's investment program, manages up to one-half of the Pool's government portfolio, and monitors the Pool's investment managers.

The purchasing function provides procurement of goods and services to support the operations of the Pool.

Finance ongoing operations include:

1. Develop financial policy recommendations for the Board.
2. Develop and manage annual and project budgets.
3. Assist in developing plans for improving core business systems software applications.
4. Continued involvement with the design and implementation of enhancements to core financial systems.
5. Oversee cash and investment management, including investment portfolio management and analysis.
6. Provide financial reporting, including budget and loss trend analysis to communicate the Pool's performance and financial results.
7. Manage payroll processing and payroll tax reporting.
8. Ensure continued maximum accounts receivable collections and work with members to resolve related issues.
9. Continue prompt payment of vendor invoices.
10. Obtain favorable contract pricing to minimize Pool expenses.

DEPARTMENTAL GOALS AND MEASURES

- Coordinate and analyze the next target equity study based on September 30, 2023, financial results.
- Update the Pool's Purchasing Policy.
- Reinforce and enhance analytics for the rate-setting process.
- Manage and refine the payroll function including touchpoints with People Operations.
- Assist with the management of the Pool's retirement and benefit plans.
- Review options for processing claim disbursements.
- Continue collaboration with departments for report development and reporting analytics.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Insurance coverage increased by \$20,000, anticipating higher retention/deductible limits and renewal rates.
- Professional service contracts increased by \$36,000 due to cost of inflation adjustments and projected investment fees.
- Four field office lease renewals are expected to add \$17,000 to annual office rent expense.
- Combined increase of \$15,000 for the transition of payroll-related expenses from People Operations to Finance.

Activities/Performance Goals & Measures Finance Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Consolidated Investment Portfolio (Market Value)	\$756.9M	\$670.0M	\$850.0M	\$841.0M	\$860.0M
■ Government Investment Portfolio (Market Value)	\$597.2M	\$491.1M	\$620.0M	\$616.0M	\$625.0M
■ Lifetime Benefits (LTB) Investment Portfolio (Mkt. Value)	\$159.7M	\$178.9M	\$230.0M	\$225.0M	\$235.0M
■ Consolidated Return on Investment	2.3%	2.6%	2.5%	2.5%	2.6%
■ Consolidated Total Rate of Return	2.3%	-12.5%	2.5%	1.0%	3.0%
■ Government Benchmark (Total Rate of Return)	-0.2%	-13.0%	2.5%	1.0%	2.5%
■ LTB Return on Investment	2.5%	3.6%	2.8%	3.2%	3.2%
■ LTB Total Rate of Return	11.4%	-10.1%	3.0%	1.0%	3.5%
■ LTB Benchmark (Total Rate of Return)	11.6%	-9.9%	2.8%	1.0%	3.5%

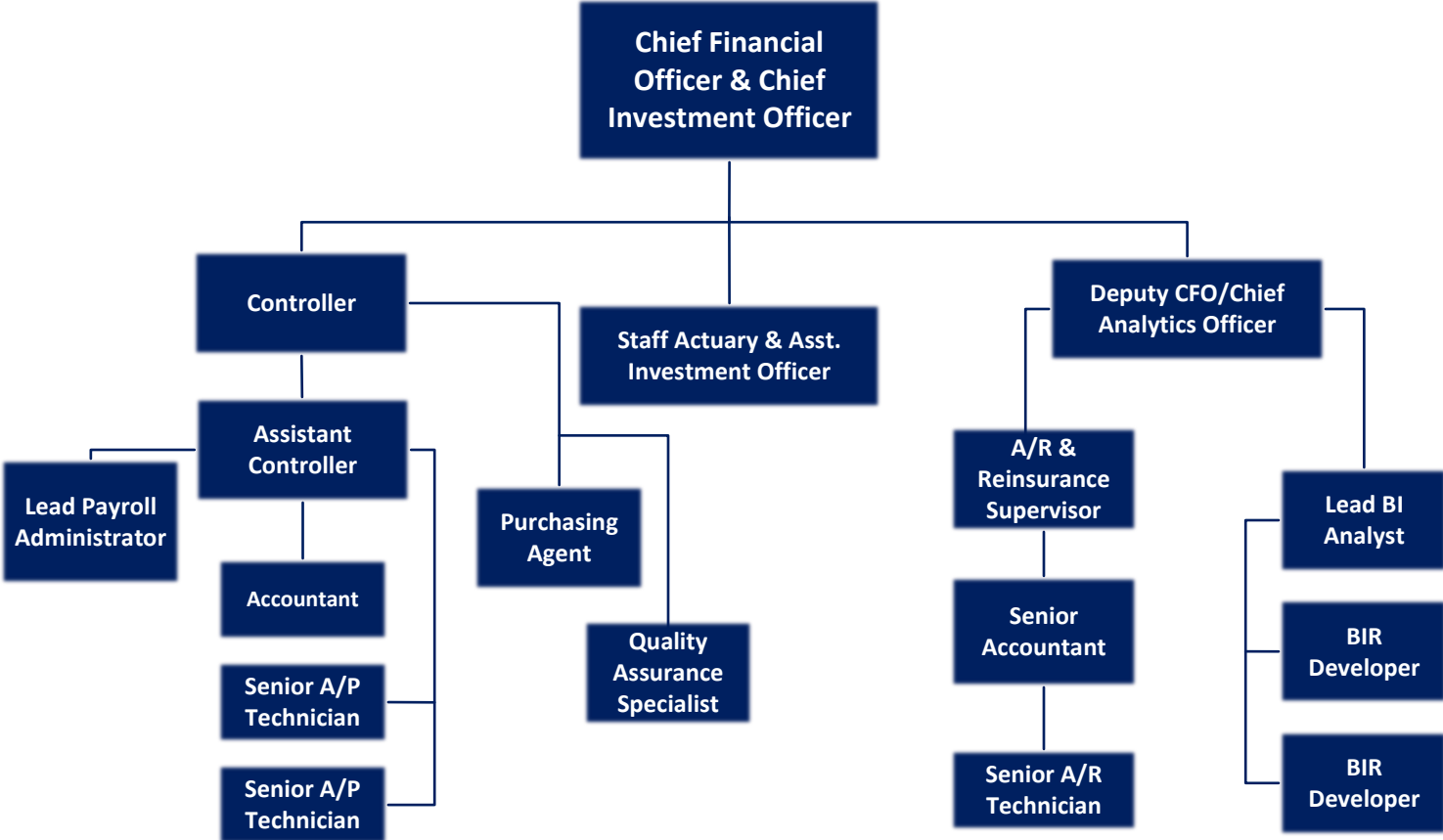
Finance Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 17					
Regular	\$1,856,578	\$1,953,728	\$1,990,500	\$2,134,200	\$2,241,500
Medicare Tax	26,854	28,843	30,900	33,100	38,400
TMRS	207,823	214,993	231,600	253,800	279,200
Deferred Compensation	91,422	91,715	106,600	93,100	122,100
Disability Insurance	7,691	7,987	8,600	9,200	11,700
Health Insurance	203,746	208,101	247,700	253,900	293,500
Workers' Compensation	1,214	1,539	26,000	32,900	0
Personnel Total	2,395,329	2,506,906	2,641,900	2,810,200	2,986,400
Operating					
Rents (Field Offices)	233,727	238,644	228,000	245,000	245,000
Telephone	3,094	2,985	6,000	5,000	6,000
Telephone - Indirect Fees	30,776	0	0	0	0
Office Supplies	18,298	19,272	60,000	25,000	50,000
Postage and Freight	17,170	19,636	20,000	20,000	30,000
Copies and Printing	16,040	29,704	19,500	30,000	30,000
Records Retention	4,392	7,745	25,000	10,000	25,000
Publications & Subscription	4,190	1,686	4,500	7,000	10,000
Liab/Property Insurance	27,950	69,997	94,000	77,000	145,000
Reimb. Deductibles	1,000	3,768	30,000	50,000	30,000
Equipment Maintenance	53,512	49,831	40,000	52,000	55,000
Software Maintenance	73,222	77,531	77,200	77,200	87,200
Small Equipment Purchases	1,337	3,745	7,000	4,000	10,000
Equipment Rental	54,945	51,800	58,100	52,000	60,000
Contracts	73,648	56,382	100,000	50,000	60,000
Membership Dues	4,792	5,304	10,000	7,000	13,000
Professional Development	8,207	12,832	49,400	20,000	49,000
Prof Dev - College	3,781	5,453	11,000	11,000	2,500
Travel	21,581	54,276	80,000	65,000	72,300
Bank Charges	9,826	4,954	20,000	7,000	10,000
Auto Maintenance	7,033	3,986	10,000	7,000	7,500
Auto Insurance	21,418	24,800	33,000	16,500	0
Auto Fuels	931	1,382	5,000	2,500	3,900
Operating Total	690,870	745,713	987,700	840,200	1,001,400
Professional Services					
Auditor	156,204	94,400	122,000	122,000	130,000
Actuarial Studies	26,468	26,945	40,000	30,000	40,000
Investment Consultant	50,833	52,104	54,000	54,000	56,100
Investment Custodian	117,188	107,032	100,000	100,000	100,000
Conning	216,841	193,122	220,000	200,000	233,000
Manulife	189,598	187,799	220,000	200,000	233,000
Professional Services Total	757,132	661,401	756,000	706,000	792,100
Grand Total	\$3,843,331	\$3,914,020	\$4,385,600	\$4,356,400	\$4,779,900

Organizational Chart

Finance Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
FINANCE				
Chief Financial Officer & Chief Investment Officer	U	1	1	1
Deputy CFO & Chief Analytics Officer	T	1	1	1
Controller	S	1	1	1
Staff Actuary/Asst Investment Officer	R	1	1	1
Assistant Controller	R	0	1	1
Assistant Controller	Q	1	0	0
Accts Receivable & Reinsurance Supervisor	P	1	1	1
Lead Payroll Administrator	P	0	1	1
Senior Accountant	O	1	1	1
Lead BI Analyst	O	1	1	1
Purchasing Agent	N	1	1	1
Accountant	K	1	1	1
Quality Assurance Specialist	K	1	0	1
BI Report Developer	J	2	2	2
Senior Accounts Payable Technician	H	2	2	2
Senior Accounts Receivable Technician	H	1	1	1
TOTAL		16	16	17

PEOPLE OPERATIONS PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

Members First; Staff ALWAYS! People Operations must always be agile, aware of trends affecting the workforce, and remain ready to pivot as we regularly navigate the future of work for staff members. This includes areas such as education, open and collaborative communication, as well as training of leadership, managers, and staff. People Operations continually works to build trusting partnerships with the business units and their staff to better serve the Pool's internal operations in a fair, consistent, and non-judgmental manner. Further, People Operations must have the ability to influence to create a diverse, inclusive, equitable, and psychologically safe environment for all employees as management evolves to more purposeful leadership related to staff performance, engagement, expectations, and collaboration in the work environment. People Operations is also responsible for monitoring labor-related trends and their impact on the workplace and the workforce and recommending adjustments as appropriate. People Operations continues to support the Risk Pool's objectives to develop, train and retain highly qualified staff, and will seek to continuously improve the employee experience. We do all of this by:

- Continuously observing, evaluating, analyzing, improving, and implementing operational systems, programs, and processes designed to ensure that policies, procedures, and guidelines are current, lawful, consistent with best practices, easily understood, and applied logically and consistently throughout the organization.
- Regularly reviewing the Pool's total rewards programs and philosophies to ensure we remain competitive and are continuously able to compete in attracting and retaining a diverse and qualified workforce throughout the organization.
- Continuing to build our own pipeline of talent while continuously seeking to improve the employee experience.
- Automating workflows to continue to accommodate a hybrid work environment that allows staff to supply information to managers and staff whether they are working remotely or in the office.

DEPARTMENTAL GOALS AND MEASURES

- RFP for a single source cloud based HRIS/LMS system and related technology modules including talent acquisition, onboarding/offboarding, performance management, 360° feedback, payroll, timekeeping, pulse surveys and a mobile app.
- RFP for a comprehensive total rewards study, and to include career pathing and progression opportunities.
- Build our own pipeline of talent by continuing to offer opportunities for staff growth and development and to identify leaders with initiative and a self-starter mindset and to assist with the development of staff for promotional opportunities before they are promoted to ensure they have the skills to succeed.
- Review and revise Employee Policy Manual.
- Evaluate training opportunities through the Servant Leadership Culture lens while using a variety of medium platforms, including on-demand, "virtual-live" and in-person training.
- Setting a high standard of personal, professional, and operational excellence allows us to lead by example and use influence to positively persuade our members toward those same

principles and mindsets within their organizations, which benefit the Mission of the Risk Pool overall.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Reclassification of People Operations Technician to Sr. People Operations Analyst
- Reclassification of People Operations Assistant Manager to Sr. Business Partner – Talent Management
- RFP, evaluate, and begin implementation of cloud based HRIS/LMS and related technology modules (talent acquisition, onboarding/offboarding, payroll, timekeeping, performance management, 360° feedback, pulse surveys and a mobile app).
- RFP, evaluate, and begin comprehensive total rewards and benefit survey, job descriptions, identify career pathing and progression opportunities.
- New office furniture for Sr. People Operations Analyst, Sr. Business Partner – Talent Management, and People Operations Specialist.
- Funding for emergency front-end backup payroll processing.
- Benefit Broker services for review of medical and ancillary health benefits offered, the rate and contribution splits as well as an evaluation of the Pool's overall claims experience.

Activities/Performance Goals & Measures

People Operations Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Full Time Equivalent Pool Employees	248	252	256	251	260
■ New Employees Processed	19	22	25	28	25
■ Employee Departures	15	26	25	26	25
■ Field Office Visits	0	4	4	4	4

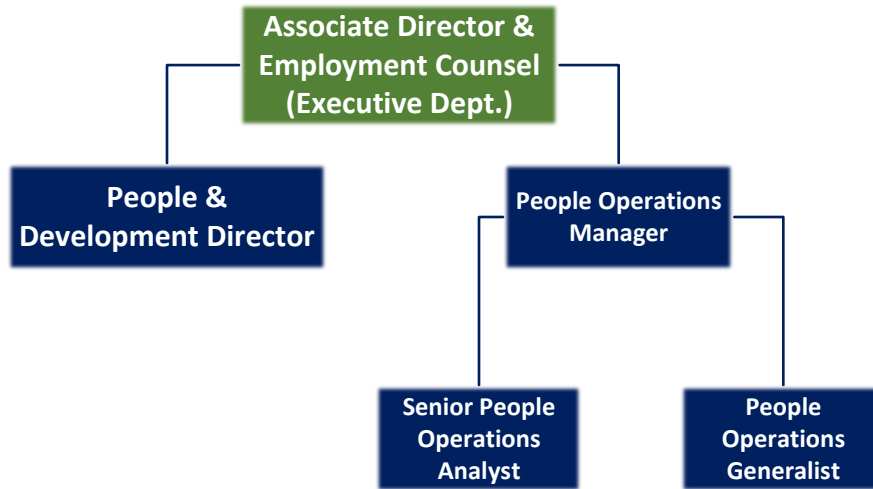
People Operations Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 4					
Regular	\$558,778	\$599,389	\$561,400	\$449,500	\$512,000
Medicare Tax	8,280	9,542	8,700	7,400	8,800
TMRS	62,689	71,034	65,500	54,100	65,000
Deferred Compensation	32,354	44,484	27,700	25,600	29,600
Disability Insurance	2,330	2,490	2,400	2,100	2,700
Health Insurance	87,947	74,783	80,700	49,800	63,800
Workers' Compensation	351	335	0	0	0
Personnel Total	752,729	802,058	746,400	588,500	681,900
Operating					
Temporary Services	37,517	5,763	11,500	0	0
Telephone	1,688	2,678	2,200	2,200	4,400
Office Supplies	5,935	9,231	10,000	10,000	10,000
Postage and Freight	516	198	1,000	1,000	1,000
Copies and Printing	15	911	500	500	500
Records Retention	480	701	400	400	700
Publications & Subscription	1,244	1,321	2,700	2,700	12,600
Software Maintenance	7,598	5,701	7,400	7,400	3,500
Small Equipment Purchases	500	0	1,500	0	0
Unemployment Reimb.	745	6,479	10,000	10,000	10,000
Contract Services	0	0	3,000	3,000	8,000
Membership Dues	219	2,343	4,400	4,400	5,600
Professional Development	3,480	6,391	13,800	13,800	37,200
Prof Dev - College	0	0	3,000	3,000	3,000
Leadership & Developments	0	0	198,900	198,900	243,000
Travel	5,994	22,310	86,100	86,100	117,900
Advertising Expenses	0	0	10,000	10,000	10,000
Operating Total	65,930	64,026	366,400	353,400	467,400
Professional Services					
Personnel Consultants	25,000	0	160,000	160,000	80,000
Professional Services Total	25,000	0	160,000	160,000	80,000
Grand Total	\$843,660	\$866,084	\$1,272,800	\$1,101,900	\$1,229,300

Organizational Chart

People Operations Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
PEOPLE OPERATIONS				
People & Dev Director	S	1	1	1
People Operations Manager	S	1	1	1
Assistant People Operations Manager	P	1	0	0
Sr People Operations Analyst	L	0	1	1
People Operations Generalist	I	0	1	1
People Operations Specialist	I	1	0	0
People Operations Technician	G	1	0	0
TOTAL		5	4	4

INFORMATION TECHNOLOGY PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Information Technology (IT) Department plays a crucial role in helping the Pool leverage technology as a business enabler by aligning its technology platform with the organization's mission to serve its members. The department accomplishes this by executing a comprehensive Strategic IT and Business Application Roadmap, the Pool's Cyber Security and Defense Program, and a continuous effort to "Keep The Shop Open" (KTSO) through proper calibration and alignment of the organization's technology platforms.

To achieve its mission, the IT Department works towards a set of ambitious goals and measures. It assists in executing the long-term Business Application and IT Roadmap plan and projects approved by the Board while building and executing the Cyber Security and Defense Program to ensure that the Pool's technology platform is secure from cyber threats. The department also aims to enhance the functionality of the Member portal, build and execute the IT Asset life cycle management plan, and provide ongoing technical training for in-house staff.

Through these efforts, the IT Department ensures that the Pool's core systems, including Claims, Underwriting, Finance and Human Resource/Payroll, Member Portal, Medical Bill Review, Electronic Document Management, and Data Warehousing, align with the organization's long-term technology needs. It also ensures that ancillary systems are aligned with core systems and that the Pool's Cyber Security posture is continually monitored and improved. With a focus on these goals and measures, the IT Department is dedicated to keeping the Pool's technology platform up-to-date and secure, enabling the organization to serve its members effectively.

DEPARTMENTAL GOALS AND MEASURES

- Continue to assist in executing the long-term Business Application and IT Roadmap plan and projects as approved by the Board.
- Build and execute the Cyber Security and Defense Program as approved by the Board.
- Enhance existing Member portal functionality.
- Build and execute IT Asset life cycle management plan.
- Continue technical training for in-house staff.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Addition of Disaster Recovery as a Service (DRaaS) costs
- Moving contractor costs from Capital Outlay to operations budget
- Several End-of-Life hardware replacement costs

Activities/Performance Goals & Measures Information Technology Department

Activities/Performance Goals & Measures

- Continue to assist in the execution of the long-term Business Application and IT Roadmap plan and projects as approved by the Board.
 - Develop and implement multi-year IT Asset life cycle management plan.
 - Continue technical training for in-house staff.
-

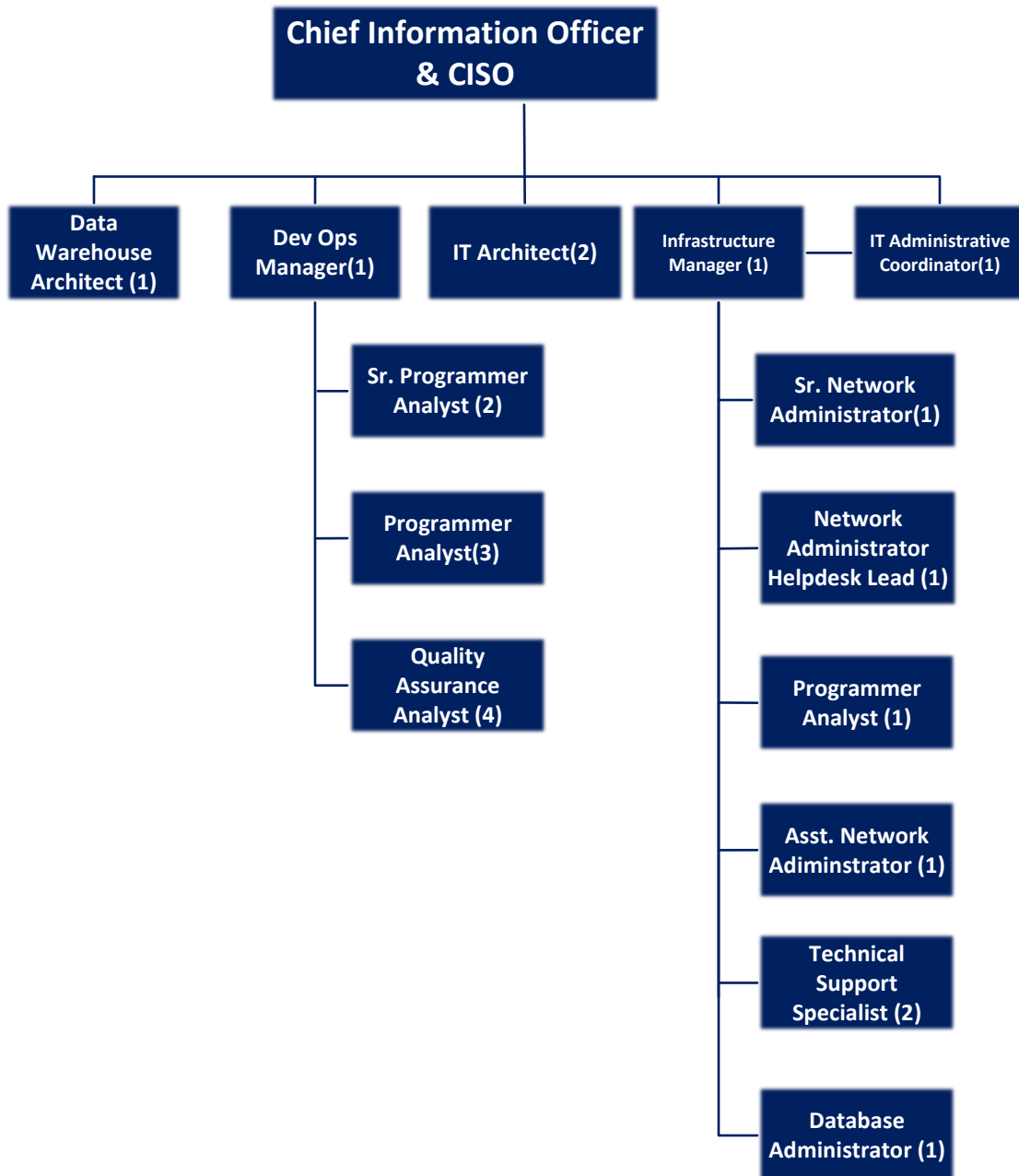
Information Technology Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 23					
Regular	\$2,344,902	\$2,523,438	\$2,510,800	\$2,615,200	\$2,673,500
Medicare Tax	34,929	37,523	38,700	39,600	45,900
TMRS	263,699	280,728	290,700	305,300	334,000
Deferred Compensation	139,462	144,039	143,600	143,200	155,300
Disability Insurance	9,884	10,644	10,800	11,200	14,000
Health Insurance	271,098	299,867	347,400	335,200	397,400
Workers' Compensation	1,592	2,108	0	0	0
Personnel Total	3,065,566	3,298,346	3,342,000	3,449,700	3,620,100
Operating					
Telephone	11,034	10,255	12,000	12,000	12,000
Office Supplies	4,776	3,979	5,000	5,000	3,000
Postage and Freight	438	1,343	1,000	1,000	1,000
Copies and Printing	318	0	500	500	0
Publications & Subscription	1,846	60	500	500	500
Equipment Maintenance	24,970	104,360	67,200	67,200	96,500
Software Maintenance	1,061,494	1,365,859	1,463,400	1,463,400	1,576,600
Small Equipment Purchases	9,026	17,100	15,000	15,000	15,000
Contracts	136,111	31,666	50,000	50,000	50,000
Programming Services	346,246	116,403	500,000	500,000	0
Membership Dues	198	0	0	0	0
Professional Development	7,651	15,639	32,100	32,100	33,500
Prof Dev - College	4,430	13,230	24,000	24,000	18,000
Travel	12,594	19,909	27,800	27,800	23,600
Moving Expenses	0	0	10,000	10,000	0
Operating Total	1,621,132	1,699,803	2,208,500	2,208,500	1,829,700
Professional Services					
Network Services	4,500	0	0	0	0
Other Professional Fees	447,709	458,843	465,300	465,300	650,700
Professional Services Total	452,209	458,843	465,300	465,300	650,700
Grand Total	\$5,138,907	\$5,456,992	\$6,015,800	\$6,123,500	\$6,100,500

Organizational Chart

Information Technology Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
INFORMATION TECHNOLOGY				
Chief Information Officer	U	1	1	1
DevOps Manager	R	1	1	1
Data Warehouse Architect	Q	1	1	1
IT Architect	Q	2	2	2
Infrastructure Manager	Q	1	1	1
Senior Programmer Analyst	P	2	2	**2
Senior Network Administrator	P	1	1	1
Network Administrator - Helpdesk Lead	O	1	1	1
Programmer Analyst	M	4	4	4
Database Administrator	M	1	1	1
Quality Assurance Analyst	M	4	4	**4
Assistant Network Administrator	K	1	1	1
Jr Quality Assurance Analyst	K	0	0	0
Technical Support Specialist	I	2	2	2
IT Administrative Coordinator	H	1	1	1
TOTAL		23	23	23

**1 position vacant and unfunded

WORKERS' COMPENSATION PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Workers' Compensation Claims staff processes and adjudicates all Pool members' workers' compensation claims in the Austin office and at five field locations. The department's objectives are to promptly pay compensable claims; timely dispute non-compensable claims and unrelated treatment; identify subrogation opportunities; assist members in returning injured employees back to work; assist injured workers in obtaining reasonable and necessary medical care and appropriate treatment; keep current on the Labor Code requirements; keep members informed on claims and other relevant issues, such as workers' compensation legislation and train members to comply with the Labor Code and rules of the Workers' Compensation process. To accomplish these objectives, the department will perform the following ongoing activities:

1. Utilize Guidewire ClaimCenter to process claims and pay benefits accurately and timely.
2. Manage the Political Subdivision Workers' Compensation Alliance through an Interlocal Cooperation Agreement to provide administrative and operational services. The highly ranked panel of medical providers is utilized to treat work-related injuries to provide better return-to-work outcomes.
3. Work with Optum to provide pharmacy services to injured workers on a reduced fee from the Division of Workers' Compensation fee schedule.
4. Utilize Mitchell software to provide a quality medical bill review platform. Audit medical bills to pay appropriate fees based on either the Alliance contract or the Division of Workers' Compensation Fee schedule.
5. Work with Mitchell / Genex to perform preauthorization of medical procedures per Alliance procedures or Division of Workers' Compensation rules.
6. Work with the Legal Department and legislative workgroup committee regarding proposed statutory changes.

DEPARTMENTAL GOALS AND MEASURES

- Provide the highest level of claims service to all our members and injured workers.
- Through the Alliance network, maintain a high-quality provider panel of doctors and return injured employees to work promptly. Achieve a Top 5 network report card ranking by the Workers' Compensation Research and Evaluation Group.
- Maintain a High Performer Rating and at least 95% timely payment and electronic data interchange compliance.
- Develop more efficient workflows between the member portal and ClaimCenter.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- **Political Subdivision Workers' Compensation Alliance** increased by \$40,000 due to the annual budget allocation process by the Alliance. The Alliance Board approved a 90% allocation of the 2023 budget to the members. The Pool's expense is based on a percentage of Pool bills processed to the total number of bills processed by all Alliance participants.
- **Office Supplies** are expected to decrease by \$12,000 due to increased remote working and the use of more paperless workflows.

- **ISO Search** support will increase by \$19,900 to include a new contract with Verisk to provide electronic data interchange for claim information reporting to the Division of Workers' Compensation.
- **Other Professional Fees** will include \$10,000 to provide debriefing services to members that lack resources to help prevent mental trauma injuries.
- **Contract Services** increased by \$42,000 for additional adjusting staff to meet the surge in claims due to COVID and temporary staff to assist with document scanning.

Activities/Performance Goals & Measures Workers' Compensation Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ New Claims Handled Annually	12,624	15,539	12,500	12,300	12,000
■ Number of Employees Covered	189,456	191,535	215,000	195,000	200,000
■ Total Audited Payroll	\$6.3 Billion	\$6.5 Billion	\$5.9 Billion	\$6.7 Billion	\$6.9 Billion
■ New Indemnity Claims Handled	5,129	4,614	3,500	3,900	3,600
■ Achieve High Performer Rating of 98.60	97.69	97.44	98	98	98
■ Timely Payment of Initial Temporary Income Benefit	95.5	94.93	95	95	95
■ Timely Processing and Payment of Medical Bills	99.97	100	99	99	99
■ Timely Electronic Submission of Indemnity Payment Data	100	99.96	99	99	99
■ Timely Electronic Submission of Medical Payment Data	100	99.99	99	99	99

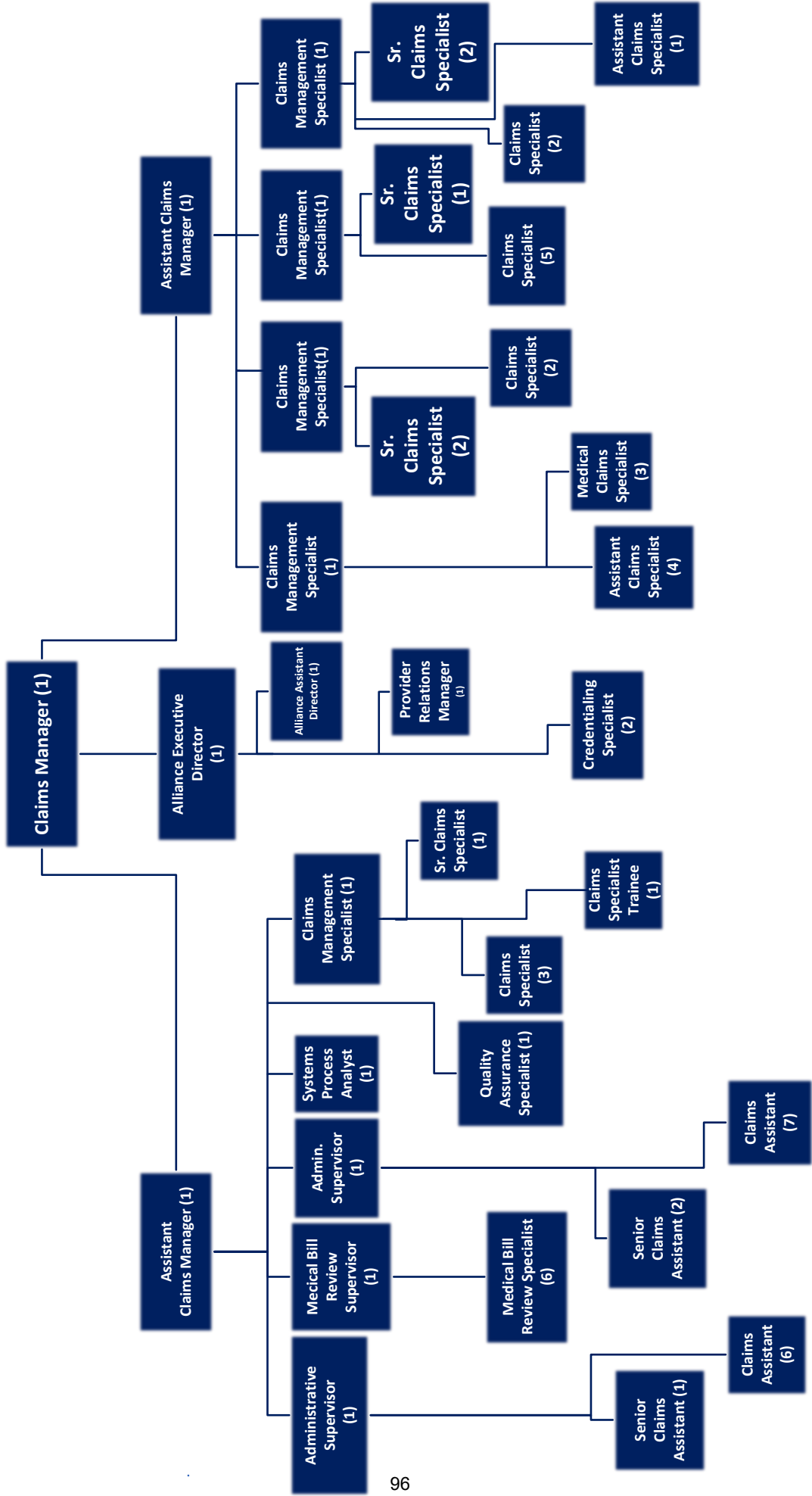
Workers' Compensation Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 67					
Regular	\$5,874,650	\$6,277,899	\$5,984,300	\$6,161,300	\$6,188,000
Medicare Tax	88,367	95,989	94,500	95,300	106,700
TMRS	667,933	719,480	708,200	739,600	782,000
Deferred Compensation	370,463	418,938	373,600	368,900	378,700
Disability Insurance	24,540	26,533	25,700	26,400	32,600
Health Insurance	910,702	940,022	1,019,700	986,900	1,119,900
Workers' Compensation	3,778	4,684	0	0	0
Personnel Total	7,940,434	8,483,546	8,206,000	8,378,400	8,607,900
Operating					
Telephone	17,411	17,347	18,000	17,500	17,300
Office Supplies	22,663	17,627	40,000	17,000	28,000
Postage and Freight	115,679	113,448	140,000	116,000	120,000
Copies and Printing	666	190	5,000	1,000	3,000
Records Retention	27,245	34,402	35,000	35,000	37,500
Publications & Subscription	10,489	11,685	20,900	18,000	20,300
Equipment Maintenance	5,482	645	5,500	3,000	5,500
Small Equipment Purchases	316	403	1,500	1,000	2,000
Contracts	139,099	116,272	0	50,000	92,000
Work Comp Fees/Penalties	0	5,500	50,000	10,000	0
Membership Dues	2,434	4,144	3,500	3,500	3,700
Professional Development	9,058	11,496	22,500	12,500	21,500
Prof Dev - College	0	0	13,200	5,000	10,000
Travel	86,775	145,665	160,500	140,000	141,900
Moving Expenses	0	0	10,000	0	0
Advertising Expenses	473	0	0	0	0
Auto Maintenance	4,920	8,792	14,000	9,500	9,000
Auto Fuels	6,281	10,329	21,000	8,500	9,000
Operating Total	448,991	497,945	560,600	447,500	520,700
Professional Services					
Claims On-Line Search ISO	69,420	109,457	146,300	80,000	166,200
Other Professional Fees	0	15,748	10,000	7,500	10,000
Medical Bill Review	313,848	268,556	302,200	275,000	302,200
Political Subdivision WCA	436,975	395,829	430,000	446,000	470,000
Professional Services Total	820,243	789,589	888,500	808,500	948,400
Grand Total	\$9,209,668	\$9,771,080	\$9,655,100	\$9,634,400	\$10,077,000

Organizational Chart

Workers' Compensation Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
WORKERS' COMPENSATION CLAIMS				
Workers Comp Claims Manager	S	1	1	1
Executive Director/Dir of Network	R	1	1	1
Asst Workers Comp Claims Manager	Q	2	2	2
Workers Comp Claims Mgmt Specialist	P	5	4	5
Asst Director and Network Administrator	P	1	1	1
System & Process Analyst	N	1	1	1
Medical Bill Review Supervisor	N	1	1	1
Senior Workers Comp Claims Specialist	N	7	6	6
Provider Relations Manager	N	1	1	1
Workers Comp Claims Specialist	L	11	12	12
Quality Assurance Specialist	K	1	1	1
WC Claims Spec Trainee	J	0	1	1
Medical Claims Specialist	H	3	3	3
Administrative Supervisor	H	2	2	2
Credentialing Specialist	G	2	2	2
Workers Comp Asst. Claims Specialist	F	4	5	5
Sr Workers Comp Claims Assistant	E	5	3	3
Workers Comp Claims Assistant	D	12	13	13
Medical Bill Review Assistant	D	7	6	6
TOTAL		67	66	67

LIABILITY & PROPERTY CLAIMS PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Liability & Property Claims Department provides claims handling services to all Risk Pool members. The claims staff manages claims for nine lines of coverage. Staff uses Service Level Objectives (SLO) to verify coverage, initiate contact with all parties involved, investigate, reserve, and promptly and fairly pay or deny claims.

Adjusters are responsible for managing pre-litigation, EEOC, and litigated claim files. They establish strategies to bring cases to the most reasonable and cost-effective resolutions. The department's overall goal is to improve the member experience and enhance claims handling and operations efficiencies that align with the Pool's core values. The department will continue these operations:

- Invest in training to enhance staff's knowledge, skills, and abilities. Provide opportunities for current employees to advance.
- Support the ClaimCenter upgrade to enhance capabilities to handle Members' claims needs effectively and efficiently.
- Continue to evaluate independent adjusting and property consulting firms to ensure the best people are handling Risk Pool claims and to get the most efficient vendor rates available in the market while maintaining or improving service levels.
- Continue to conduct an annual independent adjuster workshop to ensure consistency and accuracy in estimating Member losses.
- Continue refinement of our enhanced property claims services utilizing roofing consultants and the Member Select Rapid Recovery Program.
- Continue to evaluate and manage the Risk Pool's litigation program to ensure successful outcomes.
- Continue to have in-house staff utilize Xactimate whenever possible to save IA costs and deliver improved service.

DEPARTMENTAL GOALS AND MEASURES

- Goal: 40% of Property Claims Handled In-House
- Goal: 82% of Liability Claims Handled In-House
- Goal: Liability IA Expenditures Less than \$500,000
- Goal: Property IA Expenditures Less than \$1,750,000
- Goal: Liability & Property Actual Expenditures Equal to or Less Than 3.0% of Liability & Property Contribution

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR:

- Add Supervisor for Clerical; Role currently being filled by Lead Analyst for Systems and Development. Need to utilize the supervisor role to help prepare the chosen candidate to be ready for the Claim Supervisor role. Candidates are likely to come from the current pool of ready-now claim representatives.
 - If approved, we will have a slight increase in phone costs.
- We expect two current Claim Specialists will qualify to be reclassified as Senior Claims Specialists within the 23/24 budget cycle.

- We request the possible addition of one Property Claim Specialist as this Fund continues to grow and we continue to seek to increase our service levels for property claims. Staff will continue to evaluate the cost/benefit analysis of adding staff and lowering the need for independent adjusters.
- Earmarking \$1,000 in Professional Development for our ongoing Leadership Development Program (LEAD).
- We request an increase of \$3,000 for Records Retention due to an increased monthly cost. We estimate finishing the current fiscal year \$2,100 over budget due to the increase and are seeking to adjust the 23/24 budget to avoid another overage.
- We request an increase of \$2,200 for Publications & Subscriptions due to an increase in Grammarly's annual licensing and adding Language Line services for our staff to utilize during claims handling. This change includes moving Synergy's System Access from Software Maintenance.
- We are requesting an additional \$15,000 for Contract Services. We seek to continue using contractors to provide support during CAT events or adjuster shortages, given the success we've seen throughout the current year.

Activities/Performance Goals & Measures

Liability/Property Claims Department

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Exposures Received :					
Liability	6,759	6,257	6,800	6,500	6,500
Property	10,686	5,573	8,000	9,000	7,500
Total Exposures Received	17,445	11,830	14,800	15,500	14,000
■ Claims Received :					
Liability	5,936	5,587	5,800	5,500	5,800
Property	4,692	4,361	4,000	4,200	4,000
Total Claims Received	10,628	9,948	9,800	9,700	9,800
■ Open Claims as of 9/30	2,822	2,675	2,800	2,800	2,800
■ Number of Covered Lawsuits		577	500	500	600
■ Independent Adjuster Fees :					
Number of Claims with IA payments					
Liability	997	1,072	1,050	950	1,044
Property	2,576	2,509	2,340	2,600	2,400
Total Number of Claims with IA payments	3,573	3,681	3,390	3,550	3,444
■ % of Claims Handled by IAs					
Liability	17%	19%	18%	20%	18%
Property	55%	57%	60%	64%	60%
Total % of Claims Handled by IAs	34%	37%	35%	39%	35%
■ Outside Adjusters Fees Incurred (LAE)					
Liability	\$316,973	\$182,249	\$500,000	\$200,000	\$500,000
Property	\$2,667,238	\$2,393,898	\$1,750,000	\$2,250,000	\$1,800,000
Total IA Fees Incurred	\$2,984,212	\$2,607,569	\$2,250,000	\$2,450,000	\$2,300,000
■ IA Fees Cost Per Claim					
Liability	\$318	\$418	\$476	\$537	\$480
Property	\$1,035	\$675	\$748	748	\$750
Total Cost per Claim	\$835	\$598	\$664	\$1,285	\$668
■ Contribution					
Liability Contribution	\$53,542,150	\$61,530,734	\$64,173,500	\$65,485,500	\$71,268,100
Property Contribution	\$95,148,282	\$105,857,024	\$121,334,500	\$122,030,200	\$144,206,000
Costal Storm Fund Contribution	\$275,589	\$0	\$0	\$0	\$0
Total Contribution Handled	\$148,966,021	\$167,387,758	\$185,508,000	\$187,515,700	\$215,474,100
■ Total Liab & Prop Claims Budget + LAE	\$7,487,527	\$6,861,484	\$7,528,700	\$7,623,900	\$7,764,000
■ ALP Budget as a % of Contributions	5.0%	4.0%	4.0%	4.1%	3.6%

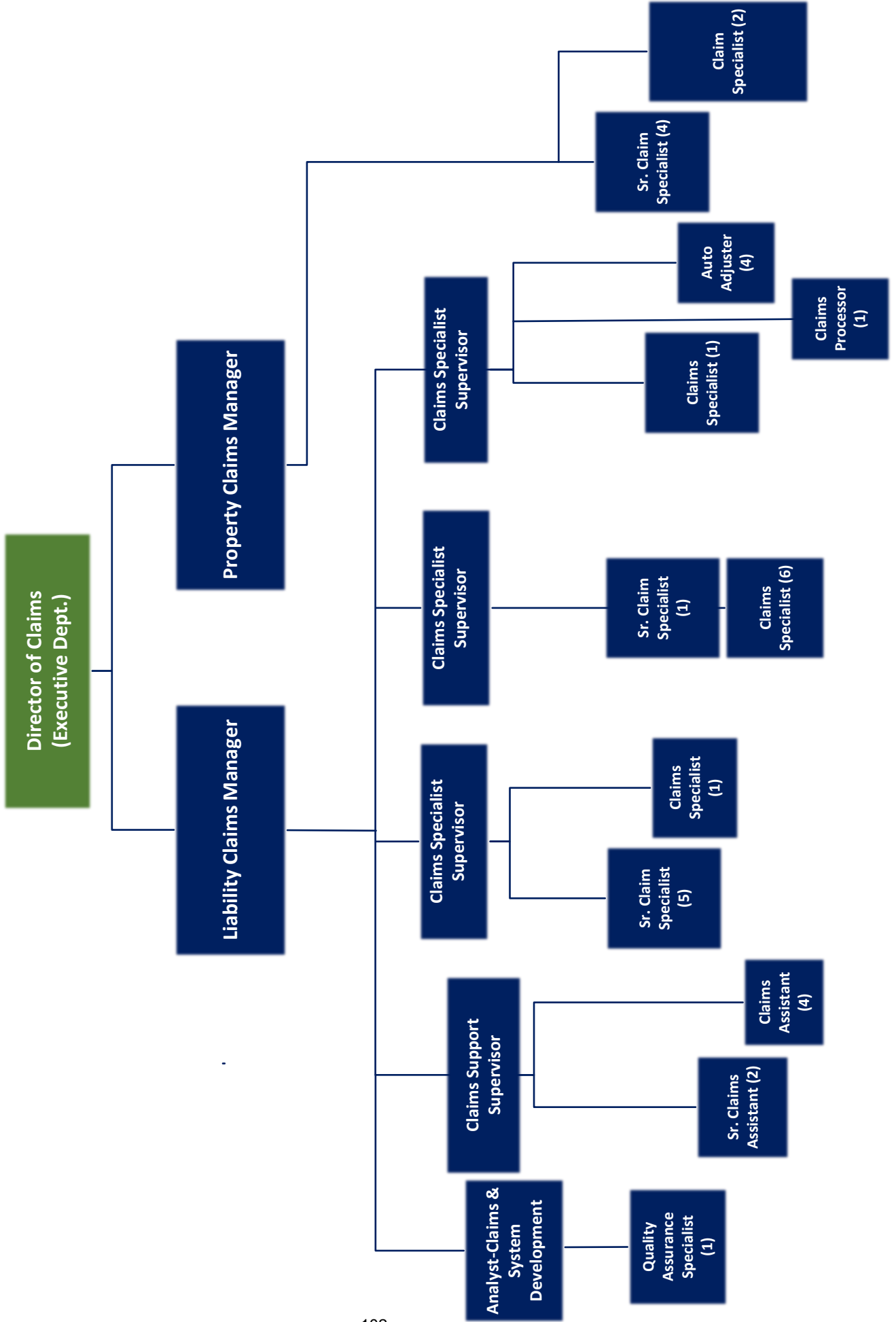
Liability & Property Department

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 39					
Regular	\$3,727,518	\$3,506,413	\$3,649,300	\$3,729,300	\$3,844,200
Medicare Tax	57,449	55,818	56,300	59,500	66,300
TMRS	429,488	414,828	422,300	452,300	481,900
Deferred Compensation	268,142	263,920	222,900	229,900	237,100
Disability Insurance	15,857	15,110	15,700	15,600	20,200
Health Insurance	478,652	491,185	560,600	576,400	638,600
Workers' Compensation	2,510	3,011	0	0	0
Personnel Total	4,979,616	4,750,285	4,927,100	5,063,000	5,288,300
Operating					
Telephone	20,015	21,686	21,800	21,000	21,700
Office Supplies	4,611	8,628	8,800	2,800	8,800
Postage and Freight	14,650	15,344	20,600	14,500	20,600
Copies and Printing	0	8	1,200	1,000	1,200
Records Retention	5,036	7,428	6,500	8,700	9,500
Publications & Subscription	4,923	9,701	9,600	4,500	11,500
Software Maintenance	0	2,005	4,800	2,400	0
Small Equipment Purchases	1,735	6,221	2,000	2,000	2,500
Contracts	0	33,088	35,000	64,600	50,000
Membership Dues	1,008	3,966	3,200	3,200	3,200
Professional Development	18,450	13,675	35,000	35,000	35,000
Prof Dev - College	758	306	20,000	3,000	20,000
Travel	22,593	46,027	168,300	168,300	143,100
Auto Maintenance	3,896	1,701	4,300	4,300	3,200
Auto Fuels	3,658	6,639	10,500	10,500	7,900
Operating Total	101,331	176,420	351,600	345,800	338,200
Professional Services Total					
Claims On-Line Search ISO	12,682	11,152	0	15,100	20,000
Professional Services Total	12,682	11,152	0	15,100	20,000
Grand Total	\$5,093,629	\$4,937,857	\$5,278,700	\$5,423,900	\$5,646,500

Organizational Chart

Liability/Property Department



STAFFING SUMMARY

	Position Pay Grade	FY 2022-23 Budget	Current Staffing 6/1/2023	FY 2023-24 Budget
LIABILITY/PROPERTY CLAIMS				
Property Claims Manager	S	1	1	1
Liability Claims Manager	S	1	1	1
Claims Specialist Supervisor	P	3	3	3
Claims Support Supervisor	N	0	0	1
Analyst-Claims & System Development	N	1	1	1
Senior Claims Specialist	N	9	8	10
Claims Specialist	L	9	11	10
Auto Claims Specialist/Team Lead	L	1	0	0
Quality Assurance Specialist	K	1	1	1
Auto Adjuster	J	4	4	4
Claims Processor	F	1	1	1
Senior Claims Assistant	E	2	2	2
Claims Assistant	D	4	4	4
TOTAL		37	37	39

BUILDING MAINTENANCE PROGRAM ANALYSIS

PROGRAM DESCRIPTION AND OPERATIONS

The Building Maintenance activity is responsible for building maintenance and improvements to the Texas Municipal Center (TMC). This is a joint function of the Texas Municipal League Intergovernmental Risk Pool and TML Health Benefits Pool. Costs are shared equally. A Governing Committee, consisting of two members from each of the Pools and one member from the Texas Municipal League, meets quarterly, provides recommendations, and implements the annual operating and capital improvement budgets. The primary objective is to provide a secure, clean and comfortable work environment for staff, visitors and organizations using the building's facilities. The goals of the Building Maintenance Department are to:

1. Continue to provide security to assure that only authorized personnel are allowed access to the building.
2. Continue to provide building maintenance supervision to assure that all building equipment is operating properly and that contractors are properly keeping the work areas and other facilities clean and stocked, and the surrounding grounds are properly maintained.
3. Continue to provide a quality conference facility for the many organizations that utilize the building.

REQUESTED BUDGET CHANGES FROM PREVIOUS YEAR

- Enter third and final phase of replacing the 117 TMC air handler units, splitting the project up into a 3-year project, phase 3 would cost \$1.2 million. This phase would include upgrading the bathroom exhaust systems and the energy management system/ software. The energy management system has been identified by IT as a security issue since it's still running on Windows 7. This is in the Capital Budget.
- Modernization/upgrade of the remaining 2 elevators, the elevators are running on systems that have become obsolete and parts are difficult to procure. Modernization would bring elevator system up to future code. One elevator is budgeted in FY 22-23, proposing the remaining two in FY23-24 at a cost of \$320,000. This is in the Capital Budget.
- Upgrade of A/V system in the first floor main conference room, \$60,000. This is in the Capital Budget.

Activities/Performance Goals & Measures

Building Maintenance

	Actual 2020-21	Actual 2021-22	Budget 2022-23	Estimated 2022-23	Budget 2023-24
■ Building Maintenance (Operating)	\$557,198	\$566,882	\$732,600	\$589,685	\$783,250
■ Building Improvements (Capital) *	\$415,634	\$845,209	\$876,500	\$876,500	\$815,000
Total **	\$972,832	\$1,412,091	\$1,609,100	\$1,466,185	\$1,598,250

* Building improvements are capitalized costs that are depreciated over the remaining useful life of the building.

** The TML Intergovernmental Risk Pool and TML Health Benefits Pool share all building maintenance and capital costs equally. The amounts shown represent 50% of total costs.

Building Maintenance

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Budget	2022-23 Est. Total Expenditure	2023-24 Proposed Budget
Personnel					
Full-Time Equivalent: 2					
Regular	\$103,395	\$108,053	\$112,900	\$112,900	\$112,900
Medicare Tax	1,330	1,380	1,800	1,800	1,800
TMRS	7,195	8,168	6,700	6,700	6,700
Deferred Compensation	5,443	5,584	8,600	8,600	8,600
Health Insurance	9,142	9,384	13,500	13,500	13,500
Personnel Total	126,506	132,580	143,500	143,500	143,500
Operating					
Rent And Property Taxes	2,530	2,530	3,300	3,300	6,500
Telephone	70	32	4,100	4,100	4,100
Office Supplies	0	0	200	200	200
Building Repairs & Maint	45,876	(23,494)	60,000	60,000	72,500
Elevator Repairs & Maint	2,508	2,406	3,200	3,600	3,300
Window Cleaning	2,605	8,110	6,000	6,000	7,700
Landscaping	15,098	46,658	21,700	21,700	21,700
Utilities-Electric	121,665	110,619	150,000	159,600	157,500
Utilities-Water	7,792	9,163	16,000	6,600	16,000
Property Insurance	16,842	18,443	23,300	23,300	25,400
Janitorial Service	115,090	148,919	158,200	158,200	156,000
Cleaning Supplies	1,103	0	15,000	15,000	15,000
Pest Control Service	1,350	1,464	1,400	1,400	1,550
Security Service	93,136	103,267	115,900	115,900	141,500
Trash Removal	3,977	3,517	5,100	5,100	5,100
Inspections	1,050	2,658	3,000	3,000	3,000
Professional Development	0	0	2,600	2,600	2,600
Travel	0	10	100	100	100
Operating Total	430,692	434,302	589,100	589,700	639,750
Professional Services					
Professional Services Total	0	0	0	0	0
Grand Total	\$557,198	\$566,882	\$732,600	\$733,200	\$783,250

Capital Outlay & Office Equipment Budget Detail 2023-24 Budget

Department	Description	Quantity	Per Unit Cost	Total Cost
Computer Software				
IT	CIS MDR Advance and Spotlight Malwarebytes	1	33,000	33,000
WC	Articulate 360 & Vyond (Training Software)	1	2,050	2,050
LI/PR	Abode Pro	38	500	19,000
LI/PR	Xactimate	4	2,500	10,000
LI/PR	Snagit 12.0	9	50	450
LI/PR	MS Visio	2	250	500
LI/PR	Articulate 360 (Training Software)	3	1,500	4,500
LI/PR	Vyond	3	750	2,250
Computer Software Total				\$ 71,750
Building & Improvements				
BLD	Elevator Upgrade	1	160,000	160,000
BLD	Air Handlers Replacement Phase 3 (Upgrade Energy/Exhaust Management System)	1	610,000	610,000
BLD	Air Handlers Replacement Phase 3 (Demo and Repair Work)	1	15,000	15,000
BLD	AW Upgrade/Modify (1st Floor Large TML Conference Room)	1	30,000	30,000
Building & Improvements Total				\$ 815,000
Furniture, Fixtures and Equipment				
WC	Photocopier with scanning	1	13,600	13,600
WC	Network Printers	1	1,500	1,500
WC	High Speed Document Scanner	1	10,000	10,000
WC	Desk Chairs	4	800	3,200
LI/PR	Desk Chairs	5	800	4,000
LI/PR	Maintenance Agreement on large capacity scanner/copier	2	1,500	3,000
PO	Desk Chairs	1	800	800
PO	Office Furniture	1	6,500	6,500
Furniture, Fixtures and Equipment Total				\$ 42,600
Computer Equipment				
MSM	Iphone	2	950	1,900
MSM	Ipads	3	1,200	3,600
PO	Ipad Pro	1	2,050	2,050
IT	MS Surface Latptop	40	3,300	132,000
IT	Monitors	15	300	4,500
Computer Equipment Total				\$ 144,050
Vehicles				
	Ford 150 XLT Truck	1	0	0
	2024 CRV	2	38,600	77,200
Vehicles Total				\$ 77,200
Capital Purchases Expenditures Total				\$ 1,150,600
Less: Depreciable Capital Purchases				
BLD	Elevator Upgrade	1	160,000	160,000
BLD	Air Handlers Replacement Phase 3 (Upgrade Energy/Exhaust Management System)	1	610,000	610,000
BLD	Air Handlers Replacement Phase 3 (Demo and Repair Work)	1	15,000	15,000
BLD	AW Upgrade/Modify (1st Floor Large TML Conference Room)	1	30,000	30,000
Depreciable Capital Purchases Total				\$ 815,000
Non-Depreciated Capital Purchases (Total Capital Purchases - Depreciable Capital Purchases)				\$ 335,600
Add: Depreciation Expense				
	Computer Software			3,415,700
	Building & Improvements			333,700
Depreciable Fixed Assets Total				\$ 3,749,400
Non-Depreciated Capital Purchases and Depreciation Expense Total for 2023-24 Budget				\$ 4,085,000

**Depreciation Forecast
2023-24 Budget**

Description	Type	Remaining Depreciation Months @ 09/30	Monthly Depreciation Amount	2023-24 Depreciation Months	2023-24 Budget
Computer Software					
Web Design Project	SFT	23	2,980.49	12	35,800
Network Monitoring/Logging Software (Solarwinds)	SFT	25	520.48	12	6,200
Adobe Licenses	SFT	28	613.60	12	7,400
Policy Center (Phase 1 and 2)	SFT	31	156,237.98	12	1,874,900
ONE Solution	SFT	24	11,990.75	12	143,900
Computer Software Total			172,343.30		\$ 2,068,200
Building Improvements					
Building at 1821 Rutherford Lane	BLD	136	1,641.44	12	19,700
Building Improvements	BLD	136	20,182.29	12	242,200
Building Improvements Total			21,823.73		\$ 261,900
Total Current Assets Depreciation in 2022-23					\$ 2,330,100
Proposed Depreciable Assets in 2023-24 Budget					
Elevator Upgrade	BLD	136	1,176.47	12	14,100
Air Handlers Replacement Phase 3 (Upgrade Energy/Exhaust Management System)	BLD	136	4,485.29	12	53,800
Air Handlers Replacement Phase 3 (Demo and Repair Work)	BLD	136	110.29	12	1,300
AW Upgrade/Modify (1st Floor Large TML Conference Room)	BLD	136	220.59	12	2,600
ClaimCenter/Contact Manager Upgrade	SFT	82	49,390.24	12	592,700
Policy Center (Phase 3)	SFT	31	62,903.23	12	754,800
Proposed Depreciable Assets in 2023-24 Budget Total			5,992.65		\$ 1,419,300
2023-24 Budget Depreciation Expense Total by Type					
Computer Software					3,415,700
Building & Improvements					333,700
Grand Total					\$ 3,749,400

**Texas Municipal League Intergovernmental Risk Pool
Salary Schedule
Effective January 1, 2024**

Grade		Minimum	Mid-Point	Maximum
A	Monthly	\$3,325.93	\$4,434.57	\$5,543.21
	Annual	\$39,911.13	\$53,214.84	\$66,518.55
B	Monthly	\$3,492.22	\$4,656.30	\$5,820.37
	Annual	\$41,906.68	\$55,875.57	\$69,844.47
C	Monthly	\$3,666.83	\$4,889.11	\$6,111.39
	Annual	\$44,002.02	\$58,669.36	\$73,336.70
D	Monthly	\$3,850.18	\$5,133.57	\$6,416.96
	Annual	\$46,202.12	\$61,602.83	\$77,003.53
E	Monthly	\$4,042.69	\$5,390.25	\$6,737.81
	Annual	\$48,512.23	\$64,682.97	\$80,853.71
F	Monthly	\$4,244.82	\$5,659.76	\$7,074.70
	Annual	\$50,937.84	\$67,917.12	\$84,896.40
G	Monthly	\$4,457.06	\$5,942.75	\$7,428.44
	Annual	\$53,484.73	\$71,312.98	\$89,141.22
H	Monthly	\$4,679.91	\$6,239.89	\$7,799.86
	Annual	\$56,158.97	\$74,878.62	\$93,598.28
I	Monthly	\$4,913.91	\$6,551.88	\$8,189.85
	Annual	\$58,966.92	\$78,622.56	\$98,278.20
J	Monthly	\$5,159.60	\$6,879.47	\$8,599.34
	Annual	\$61,915.26	\$82,553.68	\$103,192.10
K	Monthly	\$5,675.57	\$7,567.42	\$9,459.28
	Annual	\$68,106.79	\$90,809.05	\$113,511.32
L	Monthly	\$6,243.12	\$8,324.16	\$10,405.20
	Annual	\$74,917.47	\$99,889.96	\$124,862.45
M	Monthly	\$6,867.43	\$9,156.58	\$11,445.72
	Annual	\$82,409.21	\$109,878.95	\$137,348.68
N	Monthly	\$7,554.18	\$10,072.24	\$12,590.30
	Annual	\$90,650.13	\$120,866.84	\$151,083.55
O	Monthly	\$8,309.60	\$11,079.46	\$13,849.33
	Annual	\$99,715.15	\$132,953.53	\$166,191.92
P	Monthly	\$9,140.55	\$12,187.41	\$15,234.26
	Annual	\$109,686.66	\$146,248.88	\$182,811.10
Q	Monthly	\$10,054.61	\$13,406.15	\$16,757.68
	Annual	\$120,655.33	\$160,873.77	\$201,092.22
R	Monthly	\$11,060.07	\$14,746.76	\$18,433.45
	Annual	\$132,720.86	\$176,961.15	\$221,201.44
S	Monthly	\$11,613.08	\$15,484.10	\$19,355.13
	Annual	\$139,356.91	\$185,809.21	\$232,261.51
T	Monthly	\$12,774.38	\$17,032.51	\$21,290.64
	Annual	\$153,292.59	\$204,390.12	\$255,487.65
U	Monthly	\$15,329.26	\$20,439.01	\$25,548.77
	Annual	\$183,951.11	\$245,268.15	\$306,585.19
V	Monthly	\$16,862.19	\$22,482.91	\$28,103.64
	Annual	\$202,346.22	\$269,794.97	\$337,243.71



Texas Municipal League
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