UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Finance and Administration

ITEM: Request for Approval of the Interagency Contract for Workers Compensation and Risk Management Services with the State Office of Risk Management

DATE PREVIOUSLY SUBMITTED:

SUMMARY: Approval is requested for an Interagency Contract for Workers Compensation and Risk Management Services. Texas Labor Code Chapter 412 requires state agencies to utilize the State Office of Risk Management to adminster the Workers Compensation program, procure some insurance policies, and provide loss reduction services. The cost of these services and expenses are allocated to the agencies through a formula based on workers compendation costs, number of workers compensation claims, number of Full Time Equivalents and total payroll in a proportional basis for all agencies in the program. The services are confirmed in a two-year interagency contract from September 1, 2011 until August 31, 2013. The University of Houston's costs for FY12 is $969,778. The cost for FY 13 is yet to be determined.

SUPPORTING DOCUMENTATION: Attached summary of the FY2012 assessment

FISCAL NOTE: Estimated expense for the two-year term not to exceed $2,200,000.

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston

Renu Khator **PRESIDENT**	Renu Khator	11/1/11 **DATE**
EXECUTIVE VICE CHANCELLOR	Carl Carlucci	10/28/2011 **DATE**
Renu Khator **CHANCELLOR**	Renu Khator	11/1/11 **DATE**

State Office of Risk Management
FY 2012 Assessment Amounts

Invoice #	Invoice Date	Invoice Amount
A730 - 479012	8/8/11	727,333.51

Total amount due for FY 2012 Workers' Compensation Coverage	969,778.02	
Deferred collection of 25% of initial FY 2012 Assessment *	(242,444.50)	* To be invoiced no later than 05/01/12.
Initial Invoice amount due 09/01/11	727,333.51	

Code	Agency Name	Payroll * 12.5%	FTEs 12.5%	# Claims 15%	Costs (Payouts) 60%	Total Assessment Percentage	Assessment Amount	% of Payroll	Final FY 2011 Assessment	difference	Final FY 2011 Percentage	difference
A730	University of Houston	4.445%	3.251%	1.211%	1.012%	1.751%	969,778.02	0.27%	975,760.63	(5,982.61)	1.795%	-0.044%
	Total amount due for FY 2012 Workers' Compensation Coverage						**969,778.02**	0.27%				
	All Others	95.555%	96.749%	98.789%	98.988%	98.249%	54,416,230.45	0.68%	53,395,605.10	1,020,625.35	98.205%	0.044%
		100.000%	100.000%	100.000%	100.000%	100.000%	55,386,008.47	0.69%	54,371,365.73	1,014,642.74	100.000%	0.000%
	Projected Current FY (2012) Claim Payments						47,271,161.00		46,500,000.00	771,161.00		
	Previous FY Collected Shortage (Overage)						(2,441,443.53)		(1,441,839.35)	(999,604.18)		
	Risk Management and Workers' Comp. Administration(incl.required funding for emp.benefits)						11,156,291.00		10,310,645.00	845,646.00		
	Previous FY Collected Shortage (Overage)						(600,000.00)		(997,439.92)	397,439.92		
							55,386,008.47		54,371,365.73	1,014,642.74		