



March 6, 2022

SUMMARY OF BILL: Authorizes the State Treasurer to settle claims filed with the Division of Claims and Risk Management within the Department of Treasury (Treasury). Requires the State Treasurer to develop, implement, and administer a centralized information system for the reporting of dangerous conditions and repairs on highways maintained by the state, in conjunction with the Department of Transportation (TDOT). The centralized information system can be either a new system or a modification of an existing system.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –

\$680,500/FY22-23/Risk Management Fund

\$225,500/FY23-24 and Subsequent Years/Risk Management Fund

Assumptions:

- The proposed legislation allows the state treasurer to settle claims up to \$300,000 per claimant for alleged negligent acts or omission by a state employee, and up to \$50,000 per claimant for loss damage, or destruction of personal property.
- Treasury will incur expenses through settling claims filed with the Division of Claims and Risk Management and relative to building and maintaining the centralized information system.
- Based on information provided by Treasury, existing vendors will be utilized to manage claims filed and to develop the centralized information system.
- Based on information provided by Treasury, the total one-time increase in state expenditures from the Risk Management Fund for the centralized information system in FY22-23 will be \$550,000, consisting of:
 - \$500,000 for the development and implementation of the centralized information system by an external vendor;
 - \$50,000 for an external third-party administrator.
- The recurring increase in state expenditures from the Risk Management Fund for the administration of the centralized information system will total \$95,000, beginning in FY23-24, consisting of:
 - \$75,000 for annual maintenance support; and
 - \$20,000 for licenses for end users at TDOT.
- Two additional employees will be required for TDOT to administer and maintain the system; expenditures for such positions will be paid from the Risk Management Fund.

There will be a recurring increase in state expenditures from the Risk Management Fund of \$130,462 [(\$50,000 salary + \$15,231 benefits) x 2 positions] in FY22-23 subsequent years.

- The increase in state expenditures is estimated to be \$680,462 (\$550,000 + \$130,462) in FY22-23.
- The recurring increase in state expenditures is estimated to be \$225,462 (\$95,000 + \$130,462) in FY23-24 and subsequent years.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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