

DAS-RISK MANAGEMENT (1150) BUDGET

DEPT: DAS-Risk Management

UNIT NO. 1150
FUND: Internal Service - 0040

Budget Summary

Category	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2014/2013 Variance
Expenditures					
Personnel Costs	\$638,160	\$632,287	\$805,527	\$637,585	(\$167,942)
Operation Costs	\$7,418,133	\$7,668,433	\$7,319,180	\$6,562,076	(\$757,104)
Debt & Depreciation	\$1,117	\$0	\$2,234	\$2,234	\$0
Capital Outlay	\$0	\$0	\$0	\$0	\$0
Interdept. Charges	\$141,826	\$143,784	\$218,265	\$188,439	(\$29,826)
Total Expenditures	\$8,199,237	\$8,444,504	\$8,345,206	\$7,390,334	(\$954,872)
Revenues					
Direct Revenue	\$633,088	\$67,166	\$606,542	\$383,854	(\$222,688)
Intergov Revenue	\$0	\$0	\$0	\$0	\$0
Indirect Revenue	\$7,566,149	\$6,485,910	\$7,738,664	\$7,006,480	(\$732,184)
Total Revenues	\$8,199,237	\$6,553,076	\$8,345,206	\$7,390,334	(\$954,872)
Tax Levy	\$0	\$1,891,428	\$0	\$0	\$0
Personnel					
Full-Time Pos. (FTE)	5	5	7	5	-2
Seas/Hourly/Pool Pos.	0	0	0	0	0
Overtime \$	\$0	\$0	\$0	\$0	\$0

Department Mission: Provide a comprehensive risk management program to minimize the County's property and casualty liabilities and to ensure the health and safety of employees, residents and guests utilizing County services and facilities.

Department Description: The Risk Management service area is divided into five sections: Administration, Loss Control, Self-insurance/Deductibles, Insurance Purchases, and Claims Management. The Administration Section supervises the professional staff, coordinates risk management activities between departments, coordinates FMLA, and submits reports. The Loss Control Section develops and coordinates occupational safety, health and loss control programs and procedures with County Departments. The Self-Insurance Section is responsible for property, general and automobile liability claim reporting, loss analysis, and claim data and financing of self-retained losses. The Insurance Policy and Services Section is responsible for selection of brokers; requests for proposals; determination of appropriate deductibles, limits and insurance coverage; and researching the market as well as negotiating with brokers and companies for insurance policies. The Claims Management Section is responsible for administering the Worker's Compensation claims of employees who sustain job-related injuries for medical-only and lost-time claims, and coordination of the return-to-work efforts. Per the recommendation of the Government Finance Officers Association¹, Risk Management is budgeted as an internal service fund in order to make "overhead transparent" and to show the "true cost of providing a service".

¹ GFOA website at http://www.gfoa.org/index.php?option=com_content&task=view&id=1291&Itemid=500

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Strategic Program Area 1: Risk Management

Service Provision: Administrative

Strategic Outcome: High Quality, Responsive Services

What We Do: Activity Data			
Activity	2012 Actual	2013 Budget	2014 Budget
Workers' Comp Claims	533	570	555
Contract Reviews	389	566*	550*

*Does not include language for RFP's, but takes into consideration that Risk Management now reviews all contracts.

How We Do It: Program Budget Summary					
Category	2012 Budget	2012 Actual	2013 Budget	2014 Budget	2014/2013 Var
Expenditures	\$8,199,237	\$8,444,504	\$8,345,206	\$7,390,334	(\$954,872)
Revenues	\$8,199,237	\$6,553,076	\$8,345,206	\$7,390,334	(\$954,872)
Tax Levy	\$0	\$1,891,428	\$0	\$0	\$0
FTE Positions	5	5	7	5	-2

How Well We Do It: Performance Measures			
Performance Measure	2012 Actual	2013 Budget	2014 Budget
Performance Measures have not yet been created for this program area			

Strategic Implementation:

The administration of Workers' Compensation claims and payments is outsourced in 2014, a model presently used by most other Wisconsin counties. In addition to the savings identified below, this initiative will address the significant reporting issues identified by the State of Wisconsin Department of Workforce Development in a letter to the County dated September 9, 2013. This change will lead to increased rigor of claims investigation, analysis and approval processes, the budget for medical and lost time costs are reduced by a total of \$826,812 (including \$725,000 based on this initiative and \$101,812 based on prior experience) from \$3,023,460, to a combined \$2,196,648. Actual expenses in 2012 for these items totaled \$2,480,254. As part of this initiative, two positions are abolished. Offsetting these reductions is a budget of \$250,000 in contract costs for a third party administrator, for a net cost reduction of this initiative to the County of \$644,116. This savings is passed on to customer departments throughout the County.

Also in 2014, the County's deductible for excess liability insurance is increased from \$1.5 million to \$3 million. Risk Management staff and the Office of the Comptroller indicate that actual costs have not exceeded \$1.5 million in the past 10 years. The total number of claims received has declined from 264 in 2003 to 96 in 2012, and the number of claims paid has declined from 135 to 71. As a result of increasing the deductible, excess liability premiums are reduced by \$190,999, which is spread to other County departments. While the recent actual claims data supports this change, the County will also seek to build a reserve for emergencies that would include large claims, in the Debt Service Reserve. See the section on Financial Policies for additional detail.

Funding of \$50,000 is provided for supplemental services, the specific use of which will be determined by the Risk Manager based on the most effective way to reduce documented misuse of the Family Medical Leave Act. Other operating costs remain largely unchanged. Airport liability insurance declines by \$154,037 or 45 percent from 2013 to \$190,963 based on updated actuarial data. Commodities are reduced by \$3,750 or 28 percent from 2013 to \$9,650 based on actual expenditures.

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DAS-Risk Management Budgeted Positions				
Title Code	2013 Budget	2014 Budget	2014/2013 Variance	Explanation
Adm Claims Examiner - W C	1	0	-1	Abolish
Claims Adjuster	1	0	-1	Abolish
Claims Technician	1	1	0	
Exdir2-Risk Manager	1	1	0	
Human Res Spec FML	2	2	0	
Safety Coordinator	1	1	0	
TOTAL	7	5	0	

Legacy Health Care and Pension Expenditures				
2012 Budget	2012 Actual	2013 Budget	2014 Budget	2014/2013 Variance
\$88,894	\$101,549	\$103,563	\$137,425	\$33,862