

293 - WORKERS' COMPENSATION INTERNAL SERVICE FUND

Operational Summary

Description:

The Workers' Compensation Internal Service Fund is a division of the CEO/Office of Risk Management whose mission is to preserve and protect the human and capital assets of the County of Orange.

Strategic Goals:

- It is the goal of the self-insured Workers' Compensation Program to provide prompt state-mandated benefits to injured County employees and manage the anti-fraud program. This program also integrates workers' compensation benefits with specific benefits within labor agreements.
- The Safety and Loss Prevention Program strives to provide a safe environment for both County employees and members of the public who visit County facilities and receive County services through its pro-active safety, loss prevention, training and inspection programs. This strategy complements current departmental efforts to reduce the total cost of workers' compensation and liability claims.

Key Outcome Indicators:

Performance Measure	2006 Business Plan	2007 Business Plan	How are we doing?
	Results	Target	
RELATIVE COST OF SAFETY AND WORKERS' COMPENSATION PROGRAM What: Shows the total expenditures of this program as a percent of total county expenditures. Why: Provides a constant measure of costs for all County departments.	The overall cost of this statutory benefit program was 1.07% of total county expenditures.	Remain 1% of total county expenditures.	Safety and Workers' Compensation Program costs for FY 2005/2006 were slightly over 1% of total county expenditures which is substantially lower than commercial insurance would have been.

FY 2006-07 Key Project Accomplishments:

- Charges to county departments for this program are 25% less than what comparable commercial insurance would have cost based upon the California Workers' Compensation Uniform Statistical Plan rates.
- More than 2,600 claims from the prior third party claims administrator were successfully transitioned to the interim administrator.

Workers Compensation ISF - Workers' Compensation insurance and claim administration, Safety and Loss Prevention, and Anti-Fraud programs.



At a Glance:	
Total FY 2006-2007 Projected Expend + Encumb:	42,376,606
Total Recommended FY 2007-2008	40,901,706
Percent of County General Fund:	N/A
Total Employees:	9.00

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- There is a reduction of one position in Fiscal Year 2007-2008. An Administrative Manager position was transferred to Fund 294, Property and Casualty Risk Internal Service Fund, to support the insurance consultation and review function.

Proposed Budget History:

Sources and Uses	FY 2005-2006	FY 2006-2007	FY 2006-2007	FY 2007-2008	Change from FY 2006-2007	
	Actual	Budget As of 3/31/07	Projected ⁽¹⁾ At 6/30/07	Recommended	Projected Amount	Projected Percent
Total Positions	10	9	9	9	0	0.00
Total Revenues	51,139,155	42,675,738	42,853,746	40,901,706	(1,952,040)	-4.56
Total Requirements	50,965,273	42,676,283	42,394,210	40,901,706	(1,492,504)	-3.52
Balance	173,882	(545)	459,536	0	(459,536)	-100.00

(1) Requirements include prior year encumbrance and expenditures. Therefore, the above totals may not match FY 2006-07 projected requirements included in "At a Glance" (Which exclude these).

Columns may not total correctly due to rounding.

Detailed budget by expense category and by activity is presented for agency: Workers' Compensation Internal Service Fund in the Appendix on page A706

Highlights of Key Trends:

- Even though temporary disability payment amounts were increased by the State, total Workers' Compensation program costs continue to level. This is due, in part, to legislative changes implemented by the State in 2004 and 2005.

Budget Summary

Plan for Support of the County's Strategic Priorities:

Support the overall mission of the County Executive Office and the Strategic Financial Plan.

Changes Included in the Recommended Base Budget:

The total Workers' Compensation program charge to participants is reduced by \$3,000,000 from FY 2006-2007.

Services and Supplies expenses are higher due to Risk Management moving to leased space and increased professional service costs.

293 - Workers' Compensation Internal Service Fund

Operation of Internal Service Fund 293 Operational Statement for the Fiscal Year 2007-2008

Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
(1)		Actual	Estimate	Proposed Budget	Final Budget
(1)		(2)	(3)	(4)	(5)
OPERATING INCOME					
7590	Other Charges for Services	70,986	0	0	0
7710	Insurance Premiums	47,095,019	36,988,812	33,992,170	33,992,170
Total Operating Income		47,166,005	36,988,812	33,992,170	33,992,170
OPERATING EXPENSES					
Salaries & Benefits					
0100	Salaries and Wages	(174,065)	0	0	0
0101	Regular Salaries	503,334	543,097	570,275	570,275
0102	Extra Help	131	0	0	0
0103	Overtime	7,873	9,500	9,500	9,500
0104	Annual Leave Payoffs	12,847	9,107	61,000	61,000
0105	Vacation Payoff	39,012	0	0	0
0106	Sick Leave Payoff	143,895	0	0	0
0110	Performance Incentive Pay	0	613	1,771	1,771
0111	Other Pay	835	845	828	828
0200	Retirement	82,295	126,905	138,280	138,280
0204	County Paid Executive Deferred Compensation Plan	76	0	0	0
0301	Unemployment Insurance	1,059	670	678	678
0305	Salary Continuance Insurance	993	1,035	1,040	1,040
0306	Health Insurance	45,146	46,193	47,736	47,736
0308	Dental Insurance	1,748	1,829	1,848	1,848
0309	Life Insurance	361	400	384	384
0310	Accidental Death and Dismemberment Insurance	66	76	72	72
0319	Other Insurance	4,385	4,435	4,368	4,368
0352	Workers Compensation - General	17,040	11,184	7,830	7,830
0401	Medicare	6,296	8,274	8,274	8,274
Total Salaries & Benefits		693,327	764,163	853,884	853,884
Services & Supplies					
0700	Communications	0	5,124	0	0
0701	Telephone/Telegraph - Interfund Transfer	4,364	0	9,596	9,596
1000	Household Expense	15,009	15,808	4,500	4,500
1001	Household Expense - Trash	382	0	125	125
1100	Insurance	3,439	4,000	5,373	5,373

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Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
(1)		Actual	Estimate	Proposed Budget	Final Budget
		(2)	(3)	(4)	(5)
1300	Maintenance - Equipment	741	1,500	50,000	50,000
1400	Maintenance - Buildings and Improvements	7,908	10,007	2,500	2,500
1600	Memberships	75	100	100	100
1800	Office Expense	4,658	6,569	7,200	7,200
1801	Duplicating Services (RDMD/Reprographics)	5,048	4,994	6,500	6,500
1803	Postage	1,487	1,500	1,500	1,500
1806	Printing Costs - Outside Vendors	0	111	300	300
1809	Minor Office Equipment to be Controlled	2,484	121,282	35,000	35,000
1900	Professional and Specialized Services	2,695,090	2,594,020	2,895,318	2,895,318
1911	CWCAP Charges	271,265	280,000	285,000	285,000
2100	Rents and Leases - Equipment	2,320	2,500	2,700	2,700
2200	Rents and Leases - Buildings and Improvements	8,981	6,120	100,941	100,941
2400	Special Departmental Expense	0	3,370	5,000	5,000
2405	Optional Benefit Plan	8,000	7,000	7,008	7,008
2600	Transportation and Travel - General	3,353	9,046	17,850	17,850
2601	Private Auto Mileage	177	310	500	500
2602	Garage Expense	7,457	8,952	12,284	12,284
2700	Transportation and Travel - Meetings/ Conferences	3,084	6,315	10,000	10,000
2800	Utilities	4,790	9,922	3,750	3,750
2801	Utilities - Purchased Electricity	6,398	9,229	2,500	2,500
2802	Utilities - Purchased Gas	5	31	50	50
2803	Utilities - Purchased Water	253	303	350	350
2890	Intra-Agency Services & Supplies Billing Offsets	(17,040)	(11,184)	(7,830)	(7,830)
	Total Services & Supplies	3,039,728	3,096,929	3,458,115	3,458,115
Other Charges					
3520	Insurance Claims *	47,169,895	38,451,656	36,493,707	36,493,707
	Total Other Charges	47,169,895	38,451,656	36,493,707	36,493,707
Miscellaneous					
5300	Depreciation	1,089	544	0	0
	Total Miscellaneous	1,089	544	0	0
	Total Operating Expenses	50,904,039	42,313,292	40,805,706	40,805,706
	Total Operating Income (Loss)	(3,738,034)	(5,324,480)	(6,813,536)	(6,813,536)
NON-OPERATING REVENUE					
6610	Interest	2,575,002	4,046,992	4,800,000	4,800,000
7130	Other Governmental Agencies	(2,562)	0	0	0
7670	Miscellaneous Revenue	306,467	325,566	350,000	350,000
7852	Fixed Asset Sales - Non-Taxable - Resale	0	0	0	0

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Operating Detail		FY 2005-2006	FY 2006-2007	FY 2007-2008	FY 2007-2008
(1)		Actual	Estimate	Proposed Budget	Final Budget
		(2)	(3)	(4)	(5)
Total Non-Operating Revenue		2,878,907	4,372,558	5,150,000	5,150,000
NON-OPERATING EXPENSES					
1912	Investment Administrative Fees	61,237	79,230	96,000	96,000
Total Non-Operating Expenses		61,237	79,230	96,000	96,000
Net Non-Operating Income (Loss)		2,817,670	4,293,328	5,054,000	5,054,000
Income (Loss) Before Contributions & Transfers		(920,361)	(1,031,152)	(1,759,536)	(1,759,536)
STATEMENT OF CHANGES IN NET ASSETS - UNRESTRICTED					
Income (Loss) Before Contributions & Transfers		(920,361)	(1,031,152)	(1,759,536)	(1,759,536)
7810	Interfund Transfers In - from Fund 100	1,103,793	1,300,000	1,300,000	1,300,000
4802	Interfund Transfers Out - to Funds 2AA-299	0	(1,689)	0	0
Changes to Reserves - Encumbrance - (Inc)/Dec.		(15,537)	17,950	0	0
Changes to Reserves - Net Assets, Invested in Capital Assets, Net of Related Debt (Inc)/Dec.		1,089	544	0	0
Increase (Decrease) In Net Assets - Unrestricted		168,984	285,653	(459,536)	(459,536)
Net Assets - Unrestricted - Beginning of Year		4,899	173,883	459,536	459,536
Net Assets - Unrestricted - End of Year		173,883	459,536	0	0

*Note -The County has adopted a policy of including in the fiscal year-end expense accruals an amount equal to claims "incurred but not reported" (INBR) as well as reported claims.