

**COUNTY EXECUTIVE'S 2008 BUDGET**

**DEPT:** DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT

**UNIT NO.** 1150

**FUND:** Internal Service - 0040

**OPERATING AUTHORITY & PURPOSE**

The Department of Administrative Services is created pursuant to Section 59.52(1) of the Wisconsin Statutes and Chapter 32 of the Milwaukee County Ordinances. Risk Management is responsible for administering the County's risk management program. Section 59.52(11)(a) of the Wisconsin Statutes authorizes the County to provide public liability and property damage insurance, either from commercial companies or by self-insurance created by setting up an annual fund for such a purpose, or by a combination thereof, covering without exclusion because of enumeration, motor vehicles, malfeasance of professional employees, maintenance and operation of County highways, parks, parkways and airports, and other County activities involving the possibility of damage to the general public, and provide fire and casualty insurance for all County property.

Section 59.52 (11)(d) of the Wisconsin Statutes authorizes the County to provide for the protection of the County and public against loss or damage resulting from the act, neglect or default of County officers, department administrators and employees, and to contract for and procure bonds or contracts of insurance to accomplish that purpose, either from commercial companies or by self-insurance created by setting up an annual fund for such purpose or by a combination thereof. Section 65.90(6) of the Wisconsin Statutes allows any county having a population of 500,000 or more to establish, maintain and levy a tax for a liability reserve fund for the purpose of paying liability claims or premiums on insurance to pay such claims. The annual taxes levied for the purpose may not exceed the level necessary to collect the amount recommended by an actuary, in accordance with generally accepted actuarial principles.

<b>BUDGET SUMMARY</b>				
<b>Account Summary</b>	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>2007/2008Change</b>
Personal Services (w/o EFB)	\$ 315,479	\$ 355,706	\$ 372,849	\$ 17,143
Employee Fringe Benefits (EFB)	236,678	298,804	318,315	19,511
Services	50,178	58,832	65,104	6,272
Commodities	2,435	7,970	6,520	(1,450)
Other Charges	5,752,265	5,834,578	6,120,825	286,247
Debt & Depreciation	1,098	18,939	18,939	0
Capital Outlay	0	0	0	0
Capital Contra	0	0	0	0
County Service Charges	135,046	136,763	136,491	(272)
Abatements	(261,932)	(133,187)	0	133,187
<b>Total Expenditures</b>	<b>\$ 6,231,247</b>	<b>\$ 6,578,405</b>	<b>\$ 7,039,043</b>	<b>\$ 460,638</b>
Direct Revenue	147,689	174,371	134,000	(40,371)
State & Federal Revenue	0	0	0	0
Indirect Revenue	6,006,778	6,590,404	6,905,043	314,639
<b>Total Revenue</b>	<b>\$ 6,154,467</b>	<b>\$ 6,764,775</b>	<b>\$ 7,039,043</b>	<b>\$ 274,268</b>
<b>Direct Total Tax Levy</b>	<b>76,780</b>	<b>(186,370)</b>	<b>0</b>	<b>186,370</b>

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<b>ADDITIONAL COSTS NOT INCLUDED IN TAX LEVY*</b>				
<b>Account Summary</b>	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>2007/2008Change</b>
Central Service Allocation	\$ 64,016	\$ 75,221	\$ 0	\$ (75,221)
Courthouse Space Rental	31,224	29,502	0	(29,502)
Tech Support & Infrastructure	14,545	13,353	0	(13,353)
Distribution Services	788	1,206	0	(1,206)
Telecommunications	1,260	1,018	0	(1,018)
Record Center	1,059	2,116	0	(2,116)
Radio	0	0	0	0
Computer Charges	8,783	2,939	0	(2,939)
Applications Charges	8,816	6,356	0	(6,356)
Apps Charges - Network	0	0	0	0
Apps Charges - Mainframe	0	0	0	0
HRIS Allocation	1,441	1,476	0	(1,476)
<b>Total Charges</b>	<b>\$ 131,932</b>	<b>\$ 133,187</b>	<b>\$ 0</b>	<b>\$ (133,187)</b>
<b>Direct Property Tax Levy</b>	<b>\$ 76,780</b>	<b>\$ (186,370)</b>	<b>\$ 0</b>	<b>\$ 186,370</b>
<b>Total Property Tax Levy</b>	<b>\$ 208,712</b>	<b>\$ (53,183)</b>	<b>\$ 0</b>	<b>\$ 53,183</b>

\* In 2006 and 2007, these costs were included in other charging departmental and non-departmental budgets. They were reflected here to show the "total" amount of tax levy support for this Department. In 2008, these costs are budgeted within the receiving department to show the tax levy cost in the department.

<b>PERSONNEL SUMMARY</b>				
	<b>2006 Actual</b>	<b>2007 Budget</b>	<b>2008 Budget</b>	<b>2007/2008Change</b>
Personal Services (w/o EFB)	\$ 315,479	\$ 355,706	\$ 372,849	\$ 17,143
Employee Fringe Benefits (EFB)	\$ 236,678	\$ 298,804	\$ 318,315	\$ 19,511
Position Equivalent (Funded)*	5.8	5.0	5.3	0.3
% of Gross Wages Funded	95.8	89.9	88.7	(1.2)
Overtime (Dollars)**	\$ 0	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Position)	0.0	0.0	0.0	0.0

\* For 2006 Actuals, the Position Equivalent is the budgeted amount.

\*\* Delineated for information. (Also included in personal services.)

<b>PERSONNEL CHANGES</b>				
<b>Job Title/Classification</b>	<b>Action</b>	<b>Number of Positions/ Total FTE</b>	<b>Division</b>	<b>Cost of Positions (Excluding Social Security &amp; Fringe)</b>
None				
			<b>TOTAL</b>	<b>\$ 0</b>

**MISSION**

It is the mission of Risk Management to protect the health and safety of employees, citizens and users of the facilities and services of Milwaukee County, through the use of risk management, claims management and employee safety techniques.

**OBJECTIVES**

- Assure that County assets are effectively protected through risk management risk financing programs.
- Investigate and process work related injury claims in a prompt efficient manner while minimizing the related costs.

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- Provide a safe and healthy environment for County workers and the general public.

### DEPARTMENT DESCRIPTION

The Risk Management Section includes the following sections: Administration, Self-Insurance, Insurance Policy and Services and Claims Management (Workers' Compensation).

The **Administration Section** supervises the professional staff, coordinates activities between departments, submits reports, reviews contracts for liability exposures and prepares budget documents. The unit is responsible for internal service fund accounting and cost allocations to departments. County-wide loss control activities are also administered by this section.

The **Self-Insurance Section** is responsible for property, general and automobile liability claim reporting, loss analysis, 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 deductibles, limits and coverage, researching the market and negotiating with brokers and companies for bundled and unbundled insurance services.

The **Claims Management Section** is responsible for administering the Workers' Compensation claims of employees who sustain job-related injuries for medical-only and lost-time claims, and coordination of the return-to-work program. In addition, a database is maintained for all claims.

### BUDGET HIGHLIGHTS

#### ADMINISTRATION

- Personal Services expenditures without fringe benefits increase \$17,143, from \$355,706 to \$372,849. Total FTE's increase 0.3 to 5.3, which reflects a minor adjustment for Vacancy and Turnover.
- Funding for Other Post Employment Benefits (OPEB) Liability increases \$24,500, from \$74,800 in 2007 to \$99,300 in 2008.

- Total Services decrease by \$6,272 to a total of \$65,104, based on prior year actuals.
- Direct revenue is budgeted at \$134,000, a decrease of \$40,371 from 2007, and is comprised of \$49,000 from the Milwaukee Public Museum insurance premiums, \$40,000 of projected dividends from Wisconsin County Mutual, \$5,000 from project management fees and \$40,000 from subrogation recoveries.
- Total administration expenditures, net of abatements, are charged out to other County departments. In 2007, the methodology for this crosscharge was modified yielding an increase of total tax levy. In 2008, a technical adjustment was made, which resulted in a one-time increase in total tax levy of \$186,370. Direct revenue is allocated back to charged departments at year-end. In 2008, direct revenue is used to reduce crosscharges to departments.

#### SELF-INSURANCE

- Expenditures for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses increase \$100,000, from \$875,500 to \$975,500 in 2008, due to an increase in frequency for self-insured medical malpractice and payment of 2005 and 2006 Airport Liability deductibles. This expense is fully charged out to County departments. In 2008, direct revenue reduces this crosscharge \$40,000.

#### INSURANCE POLICY AND SERVICES

- Insurance purchases increase \$29,510, from \$1,903,268 to \$1,932,778. This expense is fully charged out to County departments. Direct revenue reduces this increase by \$49,000.

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**CLAIMS MANAGEMENT  
(WORKERS' COMPENSATION)**

- Workers' Compensation self-insurance expenditures increase \$156,737, from \$3,055,810 to \$3,212,547. Frequency of claims has decreased but severity of claims has increased. This expense is fully charged out to County departments. Direct revenue reduces this increase by \$40,000.
- A charge for administration of the Workers' Compensation program is issued to all County departments as part of the Risk Management administration crosscharge.
- Departments have the authority to fill unfunded positions provided they do not incur a salary deficit.
- ECP positions are not provided step increases or performance awards in 2008 as allowed in County Ordinance Section 17.265 (3).
- The abatement of Countywide crosscharges is discontinued in 2008. The tax levy previously held in the servicing department is redistributed to the recipient departments in an amount corresponding to the crosscharges. This results in a tax levy redistribution equal to the change in

abatements. Due primarily to this change in methodology, direct tax levy for this department increased \$186,370. The actual change in tax levy for this department from 2007 is an increase of \$53,183.

- All departments are required to operate within their expenditure appropriations and their overall budgets. Pursuant to Section 59.60(12), Wisconsin Statutes, "No payment may be authorized or made and no obligation incurred against the county unless the county has sufficient appropriations for payment. No payment may be made or obligation incurred against an appropriation unless the director first certifies that a sufficient unencumbered balance is or will be available in the appropriation to make the payment or to meet the obligation when it becomes due and payable. An obligation incurred and an authorization of payment in violation of this subsection is void. A county officer who knowingly violates this subsection is jointly and severally liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."

<b>ACTIVITY AND STATISTICAL SUMMARY</b>			
	2006 <u>Actual</u>	2007 <u>Budget</u>	2008 <u>Budget</u>
<u>Risk Financing Cost</u>			
Retained Losses (Self-Insured)*	\$ 803,226	\$ 875,500	\$ 935,500
Net Insurance Premiums*	\$ 1,885,126	\$ 1,903,268	\$ 1,883,778
Workers' Compensation Claims Processed	827	1,075	950
Dollar Amount of Claims Processed*	\$ 2,876,831	\$ 3,055,810	\$ 3,172,547

\*2008 Crosscharge reduced by direct revenue