

**ADOPTED 2005 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 in 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>2003 Actual</b>	<b>2004 Budget</b>	<b>2005 Budget</b>	<b>2004/2005 Change</b>
Personal Services (w/o EFB)	\$ 363,744	\$ 344,682	\$ 347,452	\$ 2,770
Employee Fringe Benefits (EFB)	98,710	181,616	208,875	27,259
Services	51,236	54,821	55,382	561
Commodities	8,378	8,270	8,270	0
Other Charges	5,289,318	5,647,109	5,635,286	(11,823)
Debt & Depreciation	16,534	18,939	18,939	0
Capital Outlay	0	0	0	0
Capital Contra	(3,995)	0	0	0
County Service Charges	111,315	120,483	147,596	27,113
Abatements	(239,743)	(248,449)	(275,329)	(26,880)
<b>Total Expenditures</b>	<b>\$ 5,695,497</b>	<b>\$ 6,127,471</b>	<b>\$ 6,146,471</b>	<b>\$ 19,000</b>
<b>Total Revenues</b>	<b>\$ 5,935,240</b>	<b>\$ 6,425,356</b>	<b>\$ 6,291,800</b>	<b>\$ (133,556)</b>
<b>Direct Property Tax Levy</b>	<b>\$ (239,743)</b>	<b>\$ (297,885)</b>	<b>\$ (145,329)</b>	<b>\$ 152,556</b>

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<b>ADDITIONAL COSTS NOT INCLUDED IN TAX LEVY*</b>				
<b>Account Summary</b>	2003 Actual	2004 Budget	2005 Budget	2004/2005 Change
Central Service Allocation	\$ 48,028	\$ 58,365	\$ 82,264	\$ 23,899
Courthouse Space Rental	32,748	31,724	29,955	(1,769)
Document Services	1,975	3,771	1,380	(2,391)
Tech Support & Infrastructure	12,682	8,698	11,869	3,171
Distribution Services	778	1,029	604	(425)
Emergency Mgmt Services	0	0	0	0
Telecommunications	1,250	1,030	1,053	23
Records Center	823	3,801	1,876	(1,925)
Radio	0	0	0	0
Personal Computer Charges	5,741	2,290	4,757	2,467
Applications Charges	4,718	7,741	11,571	3,830
<b>Total Charges</b>	\$ 108,743	\$ 118,449	\$ 145,329	\$ 26,880
<b>Direct Property Tax Levy</b>	\$ (239,743)	\$ (297,885)	\$ (145,329)	\$ 152,556
<b>Total Property Tax Levy</b>	\$ (131,000)	\$ (179,436)	\$ 0	\$ 179,436

\* These costs are included in other departmental and non-departmental budgets. They are reflected here to show the "total" amount of tax levy support for this Department.

<b>PERSONNEL SUMMARY</b>				
	2003 Actual	2004 Budget	2005 Budget	2004/2005 Change
Personal Services (w/o EFB)	\$ 363,744	\$ 344,682	\$ 347,452	\$ 2,770
Employee Fringe Benefits (EFB)	\$ 98,710	\$ 181,616	\$ 208,875	\$ 27,259
Position Equivalent (Funded)*	6.1	5.5	5.5	0.0
% of Gross Wages Funded	95.7	90.6	90.7	0.1
Overtime (Dollars)**	\$ 0	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Positions)	0.0	0.0	0.0	0.0

\* For 2003, the Position Equivalent is the budgeted amount.

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

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

**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.

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### 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 data base is maintained for all claims.

### BUDGET HIGHLIGHTS

#### ADMINISTRATION

- Personal Services expenditures without fringe benefits increase by \$2,770, from \$344,682 to \$347,452. Funded positions remain at the 2004 level.
- A lump sum salary reduction of \$31,296 is created to establish a net salary budget that is 90.7% of gross wages. To meet this reduction, one position of Safety Coordinator continues to be funded at half-time, as it also was in 2004.
- Revenues received from crosscharging departments for Risk Management Services are reduced \$8,903 due to an accounting

adjustment for abatements. This increases tax levy in this department but lowers the cost in departments for a zero net County-wide tax levy impact.

- The 2005 Budget reflects a zero wage increase for all represented, non-represented and Executive Compensation Plan (ECP) positions. In addition, ECP positions are not provided step increases or performance awards in 2005 as allowed in County Ordinance Section 17.265 (3).
- 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 severely liable to the county for the full amount paid. A county employee who knowingly violates this subsection may be removed for cause."

#### SELF-INSURANCE

- Expenditures for property, general and automobile liability claim reporting, loss analysis, claim data and financing of self-retained losses remains at the 2004 level of \$863,000.

#### INSURANCE POLICY AND SERVICES

- Direct revenue is budgeted at \$188,706, comprised of \$128,706 from Milwaukee Public Museum insurance premiums and \$60,000 of projected dividends from Wisconsin County Mutual.
- The cost of fiduciary insurance for the Pension Board is being paid directly by the Pension Board rather than through a Risk Management crosscharge, resulting in a reduction of \$255,242 in expenditures and revenues. The

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reduction is partially offset with \$90,647 in increases for insurance policies and services for a net reduction in expenditures and revenues of \$156,383. Revenues, generated from crosscharging departments for Risk Management Services are reduced an additional \$115,554 due to an accounting adjustment for abatements. This adjustment increases tax levy in this department but lowers the cost in departments for a zero net County-wide tax levy impact.

**CLAIMS MANAGEMENT  
(WORKERS' COMPENSATION)**

- Workers' Compensation self-insurance expenditures increase \$215,241 due to increased cost of health care, which is partially offset with a reduction of \$68,047 in lost-time claims for a net increase of \$147,194. This expense is charged out to County departments.

<b>ACTIVITY AND STATISTICAL SUMMARY</b>				
	<u>2003 Budget</u>	<u>2003 Actual</u>	<u>2004 Budget</u>	<u>2005 Budget</u>
<u>Risk Financing Cost</u>				
Retained Losses (Self-Insured)	\$ 823,000	\$ 827,851	\$ 863,000	\$ 863,000
Net Insurance Premiums	\$ 1,873,274	\$ 1,935,943	\$ 2,124,523	\$ 1,968,140
Workers' Compensation Claims Processed	1,500	1,023	1,075	1,075
Dollar Amount of Claims Processed	\$ 2,417,786	\$ 2,393,309	\$ 2,526,952	\$ 2,674,146