

COUNTY EXECUTIVE'S 2009 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. DAS – 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.

BUDGET SUMMARY				
Account Summary	2007 Actual	2008 Budget	2009 Budget	2008/2009 Change
Personal Services (w/o EFB)	\$ 310,614	\$ 372,849	\$ 336,936	\$ (35,913)
Employee Fringe Benefits (EFB)	281,774	314,866	303,510	(11,356)
Services	52,129	65,104	80,549	15,445
Commodities	2,249	6,553	8,760	2,207
Other Charges	6,876,766	6,121,040	6,321,413	200,373
Debt & Depreciation	5,089	18,939	18,939	0
Capital Outlay	0	0	0	0
Capital Contra	0	0	0	0
County Service Charges	135,041	135,966	134,223	(1,743)
Abatements	(132,657)	0	0	0
Total Expenditures	\$ 7,531,005	\$ 7,035,317	\$ 7,204,330	\$ 169,013
Direct Revenue	174,077	134,000	138,634	4,634
State & Federal Revenue	0	0	0	0
Indirect Revenue	7,491,694	6,901,317	7,065,696	164,379
Total Revenue	\$ 7,665,771	\$ 7,035,317	\$ 7,204,330	\$ 169,013
Direct Total Tax Levy	(134,766)	0	0	0

COUNTY EXECUTIVE'S 2009 BUDGET

DEPT: DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT

UNIT NO. 1150

FUND: Internal Service - 0040

ADDITIONAL COSTS NOT INCLUDED IN TAX LEVY*				
Account Summary	2007 Actual	2008 Budget	2009 Budget	2008/2009 Change
Central Service Allocation	\$ 75,221	\$ 0	\$ 0	\$ 0
Courthouse Space Rental	29,508	0	0	0
Tech Support & Infrastructure	13,353	0	0	0
Distribution Services	1,226	0	0	0
Telecommunications	1,309	0	0	0
Record Center	1,211	0	0	0
Radio	0	0	0	0
Computer Charges	2,939	0	0	0
Applications Charges	6,356	0	0	0
Apps Charges - Network	0	0	0	0
Apps Charges - Mainframe	0	0	0	0
HRIS Allocation	1,534	0	0	0
Total Charges	\$ 132,657	\$ 0	\$ 0	\$ 0
Direct Property Tax Levy	\$ (134,766)	\$ 0	\$ 0	\$ 0
Total Property Tax Levy	\$ (2,109)	\$ 0	\$ 0	\$ 0

* In 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 and 2009, these costs are budgeted within the receiving department to show the tax levy cost in the department.

PERSONNEL SUMMARY				
	2007 Actual	2008 Budget	2009 Budget	2008/2009 Change
Personal Services (w/o EFB)	\$ 310,614	\$ 372,849	\$ 336,936	\$ (35,913)
Employee Fringe Benefits (EFB)	\$ 281,774	\$ 314,866	\$ 303,510	\$ (11,356)
Position Equivalent (Funded)*	5.0	5.3	5.0	(0.3)
% of Gross Wages Funded	89.9	88.7	100.0	11.3
Overtime (Dollars)**	\$ 0	\$ 0	\$ 0	\$ 0
Overtime (Equivalent to Position)	0.0	0.0	0.0	0.0

* For 2007 Actuals, the position Equivalent is the budgeted amount.

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

PERSONNEL CHANGES				
Job Title/Classification	Action	Number of Positions/ Total FTE	Division	Cost of Positions (Excluding Social Security & Fringe)
Risk Management Coordinator	Abolish	1.0	Risk Management	\$ 73,978
			TOTAL	\$ 73,978

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.

COUNTY EXECUTIVE'S 2009 BUDGET

DEPT: DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT

UNIT NO. 1150

FUND: Internal Service - 0040

- 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 decreased \$35,913 from \$372,849 to \$336,936.
- Funding for Other Post Employment Benefits (OPEB) Liability increases \$5,958 from \$99,300 in 2008 to \$105,258 in 2009.
- Total Services increase by \$15,445 to a total of \$80,549.

- Direct revenue is budgeted at \$138,634, an increase of \$4,634 from 2008. This amount includes the following: \$49,634 from the Milwaukee Public Museum insurance premiums, \$40,000 of projected dividends from Wisconsin County Mutual, \$5,000 from project management fees, \$4,000 from Airport Liability profit share and \$40,000 from subrogation recoveries.

- Risk Management expenditures are charged out to other County departments. Direct revenue is allocated back to charged departments at year-end. In 2009, 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 decreased \$8,000 from \$975,500 in 2008 to \$967,500 in 2009. In 2009, direct revenue reduces this crosscharge by \$40,000.

INSURANCE POLICY AND SERVICES

- Insurance purchases decrease \$13,768, from \$1,932,884 to \$1,919,116, due to stable insurance market conditions. Direct revenue reduces this crosscharge by \$53,634.

CLAIMS MANAGEMENT (WORKERS' COMPENSATION)

- Workers' Compensation self-insurance expenditures increase \$222,141, from \$3,212,656 to \$3,434,797. Frequency of claims has decreased but severity, driven primarily by medical costs, has increased. This expense is fully charged out to County departments. Direct revenue reduces this crosscharge 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.

COUNTY EXECUTIVE'S 2009 BUDGET

DEPT: DEPARTMENT OF ADMINISTRATIVE SERVICES – RISK MANAGEMENT

UNIT NO. 1150

FUND: Internal Service - 0040

- As a result of the 2009 reorganization of the Fleet Management Division, vehicle-owning and leasing departments no longer pay for vehicles and equipment through rental rates (crosscharged from Fleet), but are allocated a maintenance appropriation to pay for vehicle maintenance and repairs provided by the County's maintenance provider. Departments are now responsible for vehicle repair and replacement decisions in consultation with the Fleet Division. This restructuring results in a decrease in crosscharges from Fleet Management of \$115. The Division is allocated \$46 for maintenance and repairs of its vehicles and equipment for 2009. The 2009 maintenance appropriation is less than the 2008 crosscharge amount as overhead is no longer allocated to departments but budgeted centrally as part of the contract costs.
- 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."

ACTIVITY AND STATISTICAL SUMMARY			
	2007	2008	2009
	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Retained Losses (Self-Insured)*	\$ 875,500	\$ 935,500	\$ 927,500
Net Insurance Premiums*	\$ 1,903,268	\$ 1,883,884	\$ 1,865,482
Workers' Compensation Claims Processed	753	950	800
Dollar Amount of Work Comp Claims Processed*	\$ 3,055,810	\$ 3,172,656	\$ 3,394,797
Property Insurance Claims Processed**	160	125	125
Property Insurance Recoveries***	\$ 1,427,421	\$ 2,000,000	\$ 1,500,000

*2009 Cross charge reduced by direct revenue

**2008 and 2009 property claim frequency is estimated

***2007 is actual with 2008, 2009 as estimated recoveries based on recent loss trends