



Support Services

Section G

The Information Technology Department records the weekly Board of Supervisors meetings, which are streamed live online and archived for future viewing by the public, as well as broadcast on Comcast Cable television.

Human Resources General Insurance & Bonds (1-911)

Patricia Leland, Interim Human Resources Director

EXECUTIVE SUMMARY					
DEPT HEAD: PATRICIA LELAND, INTE UNIT: GENERAL INSURANCE & BONDS	FUND: GENERAL			0001 1-911	
	ACTUAL EXPENDITURE 2009-10	ACTUAL EXPENDITURE 4-30-11	ADOPTED BUDGET 2010-11	CAO RECOMMEND 2011-12	% CHANGE OVER 2010-11
EXPENDITURES					
SERVICES AND SUPPLIES	61,722	56,997	71,129	72,962	2.6
* GROSS BUDGET	61,722	56,997	71,129	72,962	2.6
INTRAFUND TRANSFERS	11,889-	12,513-	14,829-	14,788-	.3-
* NET BUDGET	49,833	44,484	56,300	58,174	3.3
OTHER REVENUES					
USER PAY REVENUES	45,568	41,575	50,959	54,350	6.7
GOVERNMENTAL REVENUES	0	0	0	0	.0
TOTAL OTHER REVENUES	45,568	41,575	50,959	54,350	6.7
* UNREIMBURSED COSTS	4,265	2,909	5,341	3,824	28.4-
ALLOCATED POSITIONS	.00	.00	.00	.00	.0

Purpose

This budget unit finances miscellaneous insurance costs for the following areas: Airport liability; property insurance; employee blanket bond and crime insurance; automobile physical damage; construction equipment physical damage; watercraft physical damage and liability; and boiler and machinery.

Intrafund General Insurance and Bonds accounts.

The primary factor driving the General Insurance and Bonds budget is the cost of maintaining the various insurance programs together with the associated costs to administer these programs in a cost effective and efficient manner.

Major Budget Changes

There are no major budget changes for FY 2011-12.

Sutter County operates as a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members, enabling Sutter County to take advantage of best-in-class coverage programs in exchange for competing premium rates.

Program Discussion

This budget unit is used solely to finance miscellaneous general insurance costs. General insurance premium costs are charged to County departments using the Interfund and

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli, such as global market conditions, available insurance capacity by

Human Resources General Insurance & Bonds (1-911)

Patricia Leland, Interim Human Resources Director

the underwriting community, claims loss history, and the overall state of the economy. As such, it is not unusual to experience an annual swing in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities, that swing is generally very limited and manageable. In the case of the FY 2011-12 General Insurance and Bonds budget, the change in the various annual premiums is negligible, and for all intents and purposes is consistent with the FY 2010-11 Adopted Budget.

Recommended Budget

This budget is recommended at \$58,174 (when Intrafund revenue is included). The General Fund provides 6.6% of the financing for this budget unit and is reduced by \$1,517 (28.4%) compared to FY 2010-11.

There are no significant changes recommended in this budget unit. Because this budget unit reflects only the cost of insurance premiums which are provided to the County by the carrier, there is no practical ability for the County to affect budget reductions in this budget unit in the short-term.

Use of Reserves/Designations

This budget unit does not include any reserves or designations.

Human Resources (1-401) *Patricia Leland, Interim Human Resources Director*

EXECUTIVE SUMMARY					
DEPT HEAD: PATRICIA LELAND, INTE UNIT: HUMAN RESOURCES			FUND: GENERAL		0001 1-401
	ACTUAL EXPENDITURE 2009-10	ACTUAL EXPENDITURE 4-30-11	ADOPTED BUDGET 2010-11	CAO RECOMMEND 2011-12	% CHANGE OVER 2010-11
EXPENDITURES					
SALARIES AND EMPLOYEE BENEFITS	675,489	487,139	732,560	624,483	14.8-
SERVICES AND SUPPLIES	162,334	100,063	172,845	137,330	20.5-
OTHER CHARGES	544,575	162,217	188,015	158,006	16.0-
* GROSS BUDGET	1,382,398	749,419	1,093,420	919,819	15.9-
INTRAFUND TRANSFERS	7,053	3,345	5,061	5,108	.9
* NET BUDGET	1,389,451	752,764	1,098,481	924,927	15.8-
OTHER REVENUES					
USER PAY REVENUES	11,328	11,280	15,025	14,363	4.4-
GOVERNMENTAL REVENUES	0	0	0	0	.0
TOTAL OTHER REVENUES	11,328	11,280	15,025	14,363	4.4-
* UNREIMBURSED COSTS	1,378,123	741,484	1,083,456	910,564	16.0-
ALLOCATED POSITIONS	7.80	5.80	6.80	6.80	.0

Purpose

The Human Resources Department is a centralized merit systems agency providing personnel and human resources management services to County Departments.

required classification and compensation studies

Major Budget Changes

Salaries & Benefits

- (\$141,150) Defund the Assistant Director position for FY 2011-12
- \$9,000 Increase in Extra Help for front desk assistance

- (\$28,000) Decrease in Special Departmental Expenses due to the elimination of Public Service Recognition Week picnic approved by the Board of Supervisors in 2011

- (\$10,000) Decrease in Publication Legal Notices expenses for recruitment related advertising
- (\$8,000) Decrease in Transportation and Travel expenses

Services & Supplies

- \$15,000 Increase in Professional/Specialized Services expense for continued labor negotiation services and

Other Charges

- (\$30,000) Decrease in Interfund Projects cost related to the implementation of the new Personnel/Payroll system in FY 2010-11

Program Discussion

The FY 2011-12 budget reflects costs to provide the following centralized services to all County departments: labor relations; recruitment and certification for selection; review of and compliance with non-discrimination laws; health insurance and benefit administration; classification and salary analysis; administration of personnel rules and regulations; County-wide training; deferred compensation administration; unemployment insurance administration; risk management; safety management; and a variety of other compliance programs relating to personnel which are mandated by law.

Costs related to specialized recruitments, labor negotiation services, and classification and compensation studies are contained in the Professional/Specialized Services account.

Recommended Budget

This budget is recommended at \$924,927. The General Fund provides 98.5% of the financing for this budget unit and is reduced by \$172,892 (16%) compared to FY 2010-11. A portion of the costs for this budget unit are recouped from outside and subvented funds through the annual A-87 cost plan.

In an effort to achieve budget reductions, it is recommended that the vacant Assistant Director position be defunded for FY 2011-12. The Assistant Director position was created in FY 2010-11. One vacant Office Assistant II – Confidential position was eliminated at that time in order to help fund the new Assistant Director position. When the position was created, it was planned that the new Assistant Director would assume

the labor negotiation duties that have been performed by a contracted labor relations consultant, and the County would be able to reduce the appropriation for contract services (reflected in the Professional and Specialized Services account). Because the Assistant Director position has not been filled, the County has continued to use contract services. Costs are anticipated to exceed the originally approved amount of \$45,000 by approximately \$25,000. The County has recently negotiated new 3-year contracts with all represented employee units. Therefore the need for labor relations is anticipated to not be as great in the coming fiscal year. However, it is recommended that the Professional & Specialized Services account be increased by \$15,000 (for a total appropriation of \$60,000) to cover labor issues that are expected to arise in FY 2011-12, such as meet and confer issues and layoff impacts.

An increase of \$9,000 is recommended in the Extra Help account to provide front counter assistance and to assist the Department in peak workload periods.

The Department is reducing its Publication and Legal Notices expenses (recruitment advertising) by \$10,000 due to an anticipated general reduction in recruitment expenses. If specialized recruitments are required during the fiscal year, the Department will return to the Board with a request for additional funding.

Funds for the annual Public Service Recognition Week picnic were removed from the FY 2010-11 budget, as approved by the Board of Supervisors. Expenses for the annual Picnic are not included in this year's request, resulting in a decrease of \$28,000 in the Special Departmental Expenses account. Should the Board of Supervisors elect to authorize a picnic in

2011, the Department will return to the Board with a request for additional funding.

It is recommended that the Employment and Training account remain at \$25,000 due to existing rule book language that states there shall be a County Training and Seminar Program for Deputy County Counsels, Assistant County Counsel and Management employees with a budget of \$25,000 per fiscal year.

A reduction of \$8,000 is recommended in Transportation and Travel expenses based on a review of historic expenses and in an effort to achieve budget reductions.

The Communications, Maintenance Equipment, Computer Hardware, Memberships, Printing Supplies, Subscriptions and Office Equipment accounts have also been reduced based on a review of historic expenses and in an effort to achieve budget reductions.

Additional reductions to the Human Resources Department would require the elimination of an additional filled position, limiting the office's ability to provide adequate services to internal County Department customers, employees and members of the public. Further staff reductions would also impede the Department's ability to meet legal requirements regarding compliance employment laws. Because certain legal requirements may not be eliminated, a significant staffing shortage could require the County contract for those services from outside vendors, which would offset any intended cost savings. Therefore, further reductions are not recommended.

Use of Reserves/Designations

This budget unit does not include any reserves or designations.

EXECUTIVE SUMMARY					
DEPT HEAD: JOHN D FORBERG	UNIT: INFORMATION TECHNOLOGY ISF		FUND: INFORMATION TECHNOLOGY ISF		4581 8-145
	ACTUAL EXPENDITURE 2009-10	ACTUAL EXPENDITURE 4-30-11	ADOPTED BUDGET 2010-11	CAO RECOMMEND 2011-12	% CHANGE OVER 2010-11
EXPENDITURES					
SALARIES AND EMPLOYEE BENEFITS	2,103,363	1,728,619	2,242,347	2,101,893	6.3-
SERVICES AND SUPPLIES	1,564,801	756,189	1,450,801	987,723	31.9-
OTHER CHARGES	519,114	392,161	527,270	847,581	60.7
CAPITAL ASSETS	146,566	0	197,915	167,244	15.5-
* GROSS BUDGET	4,333,844	2,876,969	4,418,333	4,104,441	7.1-
* NET BUDGET	4,333,844	2,876,969	4,418,333	4,104,441	7.1-
APPROPRIATION FOR CONTINGENCY	0	0	250,290	501,575	100.4
INCREASE IN DESIGNATIONS	0	0	112,625	0	100.0-
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	4,333,844	2,876,969	4,781,248	4,606,016	3.7-
OTHER REVENUES					
USER PAY REVENUES	4,303,713	2,483,244	4,384,449	4,078,059	7.0-
GOVERNMENTAL REVENUES	8,975	38,026	0	0	.0
GENERAL REVENUES	7,439	16,405	0	0	.0
CANCELLATION P/Y DESIGNATIONS	0	0	0	129,347	***
UNDESIGNATED FUND BALANCE 7/1	410,512	284,174	396,799	398,610	.5
TOTAL AVAILABLE FINANCING	4,730,639	2,821,849	4,781,248	4,606,016	3.7-
* UNREIMBURSED COSTS	396,795-	55,120	0	0	.0
ALLOCATED POSITIONS	20.00	20.00	20.00	19.00	5.0-

Purpose

The Department of Information Technology (IT) provides services to the other County departments. As a centralized service, the IT department is able to efficiently and cost-effectively handle the large volumes of systems and data that must be managed as part of the on-going and varied activities of the County. These services include such tasks as: responsibility for the management of computer hardware and software resources; feasibility and evaluation studies necessary for acquisition of potential new applications; system development activities; computer room operations activities; coordination and application of web

technologies to serve the County internally and externally; and other desktop/laptop computer related activities.

The Director of Information Technology serves as an Assistant County Purchasing Agent and coordinates all hardware and software purchases.

Major Budget Changes

Salaries & Benefits

- (\$75,718) Elimination of one filled Executive Secretary position

- (\$127,286) Defund the vacant Deputy Direction of Information Technology position for a full year (defunded for the first 4 months of FY 2010-11)
- \$62,550 General salary and benefits adjustments

Services & Supplies

- (\$18,527) Decrease in Communications due to elimination of all IT Department cell phones except the on-call phone and elimination of Emergency Operations Center Satellite Connection project
- (\$154,972) Decrease in Software License & Maintenance based on recent historical data and elimination of various non-critical software products
- (\$124,774) Decrease in Computer Hardware due to a reduction in the amount funded for Countywide computer hardware replacements based on the transition to a 6-year replacement schedule, and a reduction in funding for non-Capital Asset equipment replacements
- (\$120,500) Decrease in Professional & Specialized Services reflecting completion of the Sungard Personnel/Payroll System Implementation project, and reduction of funding for a data center UPS electrical reconfiguration project, network consulting services, and background investigation services for new employees

- (\$15,000) Decrease in Special Departmental Expense due to the planned cancellation of Air Photo subscription services
- (\$18,000) Decrease in Employment Training to achieve budget reductions
- (\$8,000) Decrease in Transportation & Travel to achieve budget reductions

Other Charges

- \$310,971 Increase in Interprogram Labor Charges to account for additional projects that will be directly billed to requesting departments
- \$7,611 Increase in Interfund Overhead (A-87) Cost

Capital Assets

- (\$30,671) Decrease in Depreciation Expense

Revenues

- \$313,341 Increase in Interprogram Labor Charges revenue to account for additional projects that will be directly billed to requesting departments
- (\$48,000) Decrease in Interfund Projects reflecting completion of the Sungard Personnel/Payroll System Implementation project
- (\$568,470) Decrease in Interfund Information Technology charges to County Departments

Program Discussion

The Information Technology Department provides a variety of services and functions addressing automation needs throughout the County. The Department is divided into five functional divisions: Administration, Operations, Network Support, PC/Desktop Support, and Programming.

The **Administration Division** is responsible for overall management, budgeting, fiscal, payroll, purchasing, contracting, planning, inventory, facility management, and other required functions for the support of the Department and the County.

The **Operations Division** is responsible for the day-to-day functioning of the data center, system backup and recovery, routine and special job production, secure file transmissions, as well as building security systems, shipping and receiving, equipment preparation and surplus, and forms and consumable inventory control.

The **Network Support Division** is responsible for the County's network. This includes the fiber optic system, file and application servers, routers, switches, hubs, firewalls, security appliances, directory and email services, web access and security, connections with State and Federal agencies, remote access, virus protection, and software distribution and updates.

The **PC/Desktop Support Division** provides direct desktop support for all the PCs, laptops, and Blackberry PDAs that are in place throughout the County. They are responsible for the troubleshooting, repair, replacement, and support of the end user devices. Additionally, they support a variety of specialized applications in the various departments and provide extensive support

to the devices, applications, and services in the Sheriff's office.

The **Programming Division** is responsible for all the development and support of the County's legacy applications as well as the development, support, and routine maintenance of the County's web presence. This group supports such applications as Financial, Human Resources/Payroll, Mental Health, Health, Criminal Justice, Property, and Budgeting systems, in addition to a wide variety of web applications for both internal and external users.

On March 31, 2009, the Board of Supervisors approved a contract with Sungard Public Sector, Inc., to implement a new software system for Personnel, Payroll, Purchasing, and Budgeting. The Personnel and Payroll modules are scheduled to be implemented in June of 2011; the Budget module and some peripheral components are currently scheduled to be implemented in FY 2011-12.

Recommended Budget

This budget is recommended at \$4,606,016.

The Information Technology budget unit operates as an ISF and must balance revenues to expenditures within the fund. Recommended budget reductions result in an offsetting \$568,470 (14%) decrease in the Interfund Information Technology charges to County departments as compared to FY 2010-11. The Interfund Information Technology account represents the total of all charges made to County departments for Information Technology services. Therefore, the reduction of \$568,470 equals the amount that has been reduced in County Department budgets for FY 2011-12.

In order to achieve budget reductions for FY 2011-12, significant cuts are recommended in multiple functional areas of the budget, with the goal of minimizing the negative impact on services to county customers.

The vacant Deputy Director of Information Technology position was defunded for the first four months of FY 2010-11, as the Department was asked to delay recruitment for the vacant position in order to generate short-term budget savings. Due to the current budget status, it is recommended that the position be held vacant and unfunded for FY 2011-12. One vacant Computer Operator position was also defunded in FY 2010-11. It is recommended that the position continue to be held vacant and unfunded. It is also recommended that the Executive Secretary position be eliminated. This position is currently filled.

The Deputy Director duties will continue to be assumed primarily by the two remaining managers in the Department, the Director and the Administrative Services Officer. Executive Secretary duties that cannot be reduced will also be assumed by the Director and the Administrative Services Officer. Due to the elimination of the Executive Secretary position, County Departments wishing to contact the Information Technology Department via phone should expect to reach a voicemail system that will direct calls and take messages as necessary. The duties of the Computer Operator position are currently being covered by a PC technician, who works a modified shift. This arrangement causes coverage issues, places demands on other supervisors and programmers, and reduces our ability to adequately service desktop support needs. Therefore, this staffing arrangement is considered temporary

The Department has recommended the elimination of Unrestricted Stand-by Pay. This results in a decrease of approximately \$11,000 in the Overtime costs. However, this decrease is partially offset by an increase in regular Overtime. With the reduction of Unrestricted Stand-by Pay, on-call and after-hours support for the County will become the sole responsibility of the Director.

It is recommended that Communications expenses be reduced by \$18,527. The Department has recommended that staff cell phones be turned in and funding eliminated, with the exception of a single on-call phone which is used for after-hours emergency calls. This results in a decrease of approximately \$8,000 in the Communications line item. Additionally, funding for the planned Emergency Operations Center Satellite Connection project, which was budgeted in FY 2010-11 yet not completed due to staff shortages, has been removed for this year. This results in an additional decrease of \$7,340 in the Communications line item. It is recommended that funding for this project be reconsidered for FY 2012-13.

In keeping with the effort to reduce costs to County Departments, the Department has eliminated funding for virtually all travel, training, subscriptions and other methods of maintaining a well-trained staff. While such a dramatic reduction is possible for a short period of time, it is not recommended that staff training be eliminated long term. Limiting staff training will negatively impact the County's ability to consider and implement new systems, which historically are methods by which long term costs savings, system wide process improvements and efficiencies are achieved across organizations.

The Information Technology Department is established to provide service to County Department customers. Therefore, the biggest direct impact of reductions in the Department will be felt by those customers (rather than directly by members of the public). Due to staff reductions, County Departments which rely on the Information Technology Department can expect to see a continued delay in the Department's ability to address many existing unmet needs. Staff reductions will also impact the Department's ability to implement new systems or products in timeframes that may be expected by County Departments. Staffing limitations and existing workloads also preclude cross-training or successor training in many areas of the Department, which further reduces the Department's ability to serve its customers.

Due to the effort to not increase costs for County Departments, the Department's regular requests for additional staff and for replacement equipment and capital assets were not submitted for CAO consideration. It should be noted that the County's Information Technology infrastructure is aging, and without a routine replacement plan and funding mechanism in place, equipment and network outages will most likely become more prevalent. These outages impact the daily operations of County Departments, and reflect negatively on the Information Technology Department.

Additionally, it should be noted that since funding for replacement infrastructure equipment has been removed in this recommended budget, the Department may need to return to the Board of Supervisors for approval of additional funding in the event that the County experiences a major equipment failure. The Department has been investigating the feasibility of entering into a lease purchase program which would potentially mitigate this risk.

Use of Reserves/Designations

The Information Technology budget contains a Designation for Future Appropriations. It is recommended that \$129,347, approximately one-third of the balance, be cancelled in FY 2011-12.

For FY 2011-12, the department's 60-day working capital for operations is recommended at \$501,575. This amount represents the Department's calculated Net Assets, and is currently reflected in the Appropriation for Contingency account.

Human Resources Liability Insurance (4-590)

Patricia Leland, Interim Human Resources Director

EXECUTIVE SUMMARY

DEPT HEAD: PATRICIA LELAND, INTE UNIT: LIABILITY INSURANCE ISF FUND: LIABILITY INSURANCE ISF 4590 4-590

	ACTUAL EXPENDITURE 2009-10	ACTUAL EXPENDITURE 4-30-11	ADOPTED BUDGET 2010-11	CAO RECOMMEND 2011-12	% CHANGE OVER 2010-11
EXPENDITURES					
SERVICES AND SUPPLIES	513,805	495,591	583,970	450,423	22.9-
OTHER CHARGES	476,942	114,890	422,471	301,660	28.6-
* GROSS BUDGET	990,747	610,481	1,006,441	752,083	25.3-
INTRAFUND TRANSFERS	0	0	0	0	.0
* NET BUDGET	990,747	610,481	1,006,441	752,083	25.3-
APPROPRIATION FOR CONTINGENCY	0	0	0	0	.0
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	990,747	610,481	1,006,441	752,083	25.3-
OTHER REVENUES					
USER PAY REVENUES	630,148	678,871	678,871	568,032	16.3-
GOVERNMENTAL REVENUES	0	0	0	0	.0
GENERAL REVENUES	33,099	25,099	30,000	30,000	.0
CANCELLATION P/Y DESIGNATIONS	0	0	331,027	78,865	76.2-
UNDESIGNATED FUND BALANCE 7/1	294,042	297,570	33,457-	75,186	324.7-
TOTAL AVAILABLE FINANCING	957,289	1,001,540	1,006,441	752,083	25.3-
* UNREIMBURSED COSTS	33,458	391,059-	0	0	.0
ALLOCATED POSITIONS	.00	.00	.00	.00	.0

Purpose

The self-insured liability program is managed by the Human Resources Department. This budget identifies the annual expenditures for the operation of the self-insured liability program, which is established as an Internal Service Fund. The costs for operation of this budget are allocated to the other operating budgets of the County. This budget provides funds for the administration, adjustment and defense of liability claims against the County and the purchase of excess insurance, should the County sustain a catastrophic loss.

Major Budget Changes

Services & Supplies

- (\$168,547) Decrease in Insurance due to a decrease in estimated excess insurance premium
- \$35,000 Increase in Professional & Specialized Services based on historic Third Party Administrator expenses

Human Resources Liability Insurance (4-590)

Patricia Leland, Interim Human Resources Director

Other Charges

- (\$148,000) Decrease in Judgment & Damages 11-12 account reflecting the recommended set-aside for future claims, based on actuarial estimates
- \$29,781 Increase in Interfund Overhead A-87 Cost Plan charges as calculated by the Auditor-Controller's office

Revenues

- (\$110,839) Decrease in Interfund Insurance ISF revenue due primarily to a related decrease in excess insurance premium costs

Program Discussion

The primary factor that drives this budget is the cost of maintaining the self-insured liability program and associated costs such as administration and defense costs.

Sutter County operates the liability fund as a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members enabling Sutter County to take advantage of best in class coverage programs in exchange for competing premium rates.

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli; global market conditions, available insurance capacity by the underwriting community, claims loss history, and the overall state of the economy. As such, we can expect to

experience an annual swing in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities the swing is generally manageable.

Recommended Budget

This budget is recommended at \$752,083.

The Liability Insurance budget unit operates as an ISF and must balance revenues to expenditures within the fund. Recommended budget reductions result in an offsetting \$110,839 (16.3%) decrease in the Interfund Liability Insurance ISF premium charges to County Departments as compared to FY 2010-11. The Interfund Liability Insurance ISF account represents the total of all charges made to County Departments for liability insurance premiums. Therefore, the reduction of \$110,839 equals the amount that has been reduced in County Department budgets for FY 2011-12.

For FY 2011-12, the County has been quoted excess insurance premium costs that are \$168,547 lower than the FY 2010-11 budgeted amount, a reduction of approximately 30%. Lower premium costs are due primarily to favorable claim severity and frequency trends, combined with leveraging loss and premium experience against the pool membership.

The recommended amount to be set-aside for future claims payable is \$150,000, a reduction of \$148,000 from FY 2010-11. This recommendation is based on the most recent actuarial valuation, which indicates that the County will have sufficient funds set-aside in the Liability ISF to cover future claims payable.

Human Resources Liability Insurance (4-590)

Patricia Leland, Interim Human Resources Director

Use of Reserves/Designations

The Liability Insurance ISF fund contains a Designation for Future Appropriations and a Designation for Catastrophic Loss.

It is recommended that \$78,865 be cancelled from the Designation from Future Appropriations.

Human Resources Workers' Compensation (4-591)

Patricia Leland, Interim Human Resources Director

EXECUTIVE SUMMARY

DEPT HEAD: PATRICIA LELAND, INTE UNIT: WORKERS' COMP INSURANCE ISF FUND: WORKERS' COMP INSURANCE ISF 4591 4-591

	ACTUAL EXPENDITURE 2009-10	ACTUAL EXPENDITURE 4-30-11	ADOPTED BUDGET 2010-11	CAO RECOMMEND 2011-12	% CHANGE OVER 2010-11
EXPENDITURES					
SALARIES AND EMPLOYEE BENEFITS	322,325	264,689	339,099	317,690	6.3-
SERVICES AND SUPPLIES	1,399,862	1,977,133	1,968,748	1,746,390	11.3-
OTHER CHARGES	18,640	15,206	26,996	33,760	25.1
* GROSS BUDGET	1,740,827	2,257,028	2,334,843	2,097,840	10.2-
INTRAFUND TRANSFERS	0	0	0	0	.0
* NET BUDGET	1,740,827	2,257,028	2,334,843	2,097,840	10.2-
APPROPRIATION FOR CONTINGENCY	0	0	0	0	.0
INCREASES IN RESERVES	0	0	0	0	.0
* TOTAL BUDGET	1,740,827	2,257,028	2,334,843	2,097,840	10.2-
OTHER REVENUES					
USER PAY REVENUES	1,645,515	2,046,859	2,061,811	2,109,412	2.3
GOVERNMENTAL REVENUES	0	0	0	0	.0
GENERAL REVENUES	5,038	3,184	30,000	6,000	80.0-
UNDESIGNATED FUND BALANCE 7/1	333,305	243,032	243,032	17,572-	107.2-
TOTAL AVAILABLE FINANCING	1,983,858	2,293,075	2,334,843	2,097,840	10.2-
* UNREIMBURSED COSTS	243,031-	36,047-	0	0	.0
ALLOCATED POSITIONS	3.20	3.20	3.20	2.80	12.5-

Purpose

The Human Resources Department is responsible for the administration and management of the Workers' Compensation program. Elements of the Workers' Compensation program include: claims management, coordination of third party claims administration, monitoring departmental safety and accident prevention programs, tracking job-related accidents and injuries and the maintenance of appropriate reports, records and statistics.

Major Budget Changes

Salaries & Benefits

- (\$28,299) Decrease due to reducing the Safety Coordinator position to 60% time

Services & Supplies

- (\$217,558) Decrease in Insurance Premium expense

Human Resources Workers' Compensation (4-591)

Patricia Leland, Interim Human Resources Director

Revenues

- \$45,705 Increase in Interfund Workers Compensation Premium revenue from County Departments net increase in costs

Program Discussion

The Human Resources Department is responsible for the administration and management of the Workers' Compensation program, which includes: claims management, third party claims administration, safety and accident prevention programs, work-related accidents and injuries and development of corresponding reports.

This budget unit is an Internal Service Fund; therefore, all revenues and expenditures are accumulated within the fund and net costs are allocated to individual County Departments based on a standard allocation methodology.

The primary factors that affect the cost of this budget unit are salaries and workers' compensation insurance premiums, both primary and excess workers' compensation, together with associated costs to implement and maintain these programs.

In FY 1998-99 Sutter County converted from an individual self-insured program to a pooled primary self-insured program. As a standing participant in a public entity insurance pool, the County's risk is spread amongst its pool members enabling Sutter County to take advantage of best in class coverage programs in exchange for competing premium rates.

Nonetheless, on a year-over-year basis, insurance premiums are subject to a number of economic stimuli - global market conditions, available insurance capacity by the underwriting community, claims loss history, and the over all state of the economy. As such, we can expect to experience an annual swing in premium rates dependent on any or all of the variables mentioned above. However, due to Sutter County's pool sharing abilities that swing is generally manageable.

Recommended Budget

This budget is recommended at \$2,097,840.

Because the net costs of this fund are allocated to all County Departments, including General Fund Departments, a significant effort has been made to maintain costs in the Workers' Compensation Fund.

This effort to contain current year costs is reflected in the recommended reduction of the Safety Coordinator position to a 60% position (0.6 FTE), with the Risk Manager assuming safety-related administrative duties that are currently performed by the Safety Coordinator. These duties include: developing safety communication materials and disseminating to departments; training employees in safety policies; investigating work place accidents and developing corresponding accident reports; providing consultation services to departments to assist them in developing an effective injury and illness prevention program; interacting with governmental agencies to secure and provide information to departments; responding to Cal/OSHA inspections and citations and represent County at administrative hearings related to citations.

Human Resources

Workers' Compensation (4-591)

Patricia Leland, Interim Human Resources Director

Over 80% of the cost of the County's Workers' Compensation program is driven by insurance premium costs. This year, the appropriation for Insurance is recommended at \$217,558 less than in FY 2010-11. Initial insurance premium estimates received from the carrier indicate essentially no change over the prior year budgeted amount. However, the County was recently notified that it will receive a dividend of approximately \$230,000 from the carrier based on pooled savings, which must be applied in the coming year. Therefore, the recommendation for FY 2011-12 insurance premium expense reflects this dividend as a reduction to insurance costs.

Additional reductions to the Workers' Compensation budget are not recommended. Additional reduction would require the elimination of the Safety Coordinator position. Complete elimination of the Safety Coordinator position would place the County's safety program at risk, as all duties currently performed by the Safety Coordinator would be, by default, transferred to the Risk Manager. Regular activities such as safety inspections and trainings would be either severely limited or eliminated altogether, depending upon other critical priorities that arise during the year for the Risk Manager. Elimination of the safety program could in turn negatively impact the County's claims experience and cause an increase in premiums. Further reductions are not recommended at this time.

Use of Reserves/Designations

The Workers' Compensation ISF fund does not include any reserves or designations.