



County of El Dorado

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Legislation Text

File #: 09-0409, **Version:** 1

Human Resources Department, Risk Management Division, recommending a Budget Transfer increasing appropriations in the amount of \$1,149,000 for Worker's Compensation Claims. (4/5 vote required)

BUDGET SUMMARY:		
Total Estimated Cost		\$4,019,247
Funding		
Budgeted	\$2,870,247	
New Funding	\$1,149,000	
Savings	\$	
Other	\$	
Total Funding Available	\$4,019,247	
Change To Net County Cost		\$0

Fiscal Impact/Change to Net County Cost: Appropriations to be increased by drawing down the Worker's Compensation Fund Balance in order to fund claims through FY 08/09

Background: An Actuarial Review of the County's Self-Insured Worker's Compensation Program, prepared by Bickmore Risk Services in September of 2007, recommended a funding of \$3,953,000 for FY 08/09. The recommendation was based on a five year funding plan to bring program assets back down to the desired confidence level of 70% by 2012. Ultimately five years to achieve 70% was felt to be too long. Consequently, in the FY 08/09 Budget the Worker's Compensation Program budget was reduced from the recommended \$3,953,000 to \$2,870,247 in order to try and achieve the 70% confidence level within FY 08/09. Fund balance would be used to pick up the difference. This lowered the amount that was cost allocated to each department and the amount contributed to the Fund. The projected additional year end costs over budget for claims is now estimated to be \$1,149,000 and needs to come from fund balance.

Even with this approach in FY 08/09, the overall ending fund balance for the Worker's Compensation Program will exceed the 70% confidence level going into FY 09/10. The Board will be asked to set the amount to use in FY 09/10 in a separate agenda item on the Board's April 7, 2009 agenda.

Reason for Recommendation: To date, claims costs have exceeded the FY08/09 budgeted appropriations and a budget transfer from the fund balance is necessary to cover the projected year end costs for claims.

Action to be taken following Board approval: Board to approve budget transfer to increase

appropriations for claims drawing down the Worker's Compensation Fund Blance.

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Concurrences: