

Reply to Common Council File No. 011108

From DOA-Budget and Management Division

December 17, 2001

Ref: 01028

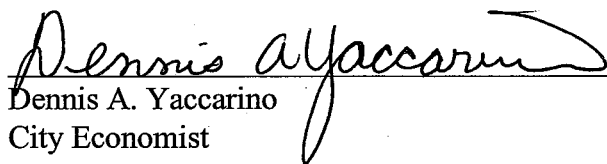
Common Council file 011108 contains a resolution appropriating \$500,000 from the 2001 Common Council Contingent Fund to the SPA Worker's Compensation Claims Account.

The 2001 budget for Worker's Compensation was \$6 million. An additional appropriation of \$500,000 from the Common Council Contingent Fund was made in October of 2001 bringing the total appropriation to \$6.5 million.

Current expense projections indicate that expenses will total \$7 million for 2001. This is \$1 million over the initial budget, or an increase of nearly 17%. At this time it is difficult to pinpoint the causes of this increase. However, we have noticed that growth patterns are similar to the city's base health care plan that is also self-insured.

State law requires Worker's Compensation payments to be made on time or the city could potentially lose its self-insured status.

RECOMMENDATION: ADOPT COMMON COUNCIL RESOLUTION 011108 THAT APPROPRIATES \$500,000 FROM THE 2001 COMMON COUNCIL CONTINGENT FUND TO THE SPA-WORKER'S COMPENSATION ACCOUNT.


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