

FINANCE & PERSONNEL COMMITTEE
CONTINGENT FUND REQUEST INFORMATION FORM

DEPT.: Employee Relations CONTACT PERSON & PHONE NO.: Michael Brady 2317

A. REASON FOR REQUEST (Refer to File 921360 for definitions)

- CHECK ONE: EMERGENCY CIRCUMSTANCES
 OBLIGATORY CIRCUMSTANCES
 FISCAL ADVANTAGE/COMPLIANCE WITH FISCAL MANAGEMENT PRINCIPALS

B. SUPPORTING INFORMATION

1. State the action requested, including the dollar amount and specific departmental accounts(s) to which the Contingent Fund appropriation would be made.
DER requests the transfer of \$920,000 from the 2005 Common Council Contingent Fund to the Worker's Compensation Special Purpose Account 612001-001-1654-1614-S176 2005. Transferred funds can be placed in reserve and transferred to the Worker's Compensation SPA on an as needed basis.
2. State the purpose of the action requested which includes the program, service or activity to be supported by the funding, as well as the objective(s) to be accomplished.
The purpose of this transfer is to cover Worker's Compensation claims over and above the 2005 funding level in this account.
3. Describe the circumstances which prompt the request.
Funding for 2005 was increased 14.9% to \$8,850,000 over the 2004 initial budget amount of \$7,705,000. It is expected that 2005 net claims cost will be \$9,884,491, revenue to offset the claims will be \$122,000, leaving a \$912,163 projected shortage.
4. What are the consequences of not providing the program, service, or activity which is funded by this request?
The City of Milwaukee is self-insured under the Wisconsin Worker's Compensation Act. In our application for exemption from the duty to insure this liability under said Act, the City agreed to report faithfully compensable injuries and agreed to comply with Chapter 102 Wis. Stats. and the rules of the Department. The only two choices are self-funding the cost or insuring the liability. Not providing the program is not an option.
5. Explain why funds authorized in the Budget are insufficient to provide for the program, service, or activity in question.
The increase in funding for 2005 over the 2004 was based on historical data. The data did not project that claims cost would increase at a much greater rate. Medical cost increases have also impacted this account.
- 5a. Are there any unexpended funds in the departmental control account for which this appropriation is requested, that could be used to fund this request?
Yes, there is a sub-account, S177 Worker's Comp Required Employer Compliance Expense that currently has a small projected balance of \$29,364, insufficient to fund this request.
- 5b. What are the consequences of using budgeted operating funds for this request?
Budgeted operating funds are both inadequate and inappropriate to fund this expense.
6. State why funding was not included in the Budget.

Requested funding was increased from \$7,705,000 in 2004 to \$8,850,000 in 2005. Yet this increase is still insufficient at the present projected rate of expenditures.

7. Will the conditions prompting the request be limited to the current year, or will they continue into the following year?

This is the proverbial budgeting question with Worker's Compensation. We can look at historical data, make assumptions about medical cost increases based on medical cost component of the CPI, factor in any possible new State legislation that impacts cost, and still face a great deal of uncertainty about where these types of claims will go. Certainly a 13% negative variance is not good, and each budget year we think we've increased the budget sufficiently to meet our needs, yet costs keep rising even though our actual claims volume has not.

8. Has your department made a similar Contingent Fund request in previous years? YES NO

*If yes, what is the most recent year the request was made? 2004

Note: Two fund transfers were made into the 2004 Workers Compensation account. One was for \$510,000 and the other was for \$416,724.

9. Will this funding be used to implement provisions of a collective bargaining agreement? YES NO

10. Will the funding being requested provide a level of service authorized by the Budget? YES NO

*If yes, why can't your department accomplish the authorized service level with the authorized funding level?
The service level does not change, only the cost of the service being provided, [paying compensable Workers Compensation claims.

11. Will the requested funding provide a level of service higher than that authorized by the Budget? YES NO

*If yes, why is a higher service level necessary?

*What is the estimated amount of additional service units to be provided if the entire Contingent Fund request is approved?

12. What performance measures and sub-measures are affected by this request, and what are the anticipated changes if the entire Contingent Fund request is approved?

The program measure is 1614, Workers Compensation-Admin. No anticipated changes are expected.

13. What reductions to performance measures are expected if the request is not approved?

If the request is not approved, the incoming claims will not slow down; only the ability to pay those claims will be affected.

14. Is any grant funding associated with the program service, or activity pertaining to the request? YES NO

*If yes, name the grant and current year amount.

15. Will the program, service, or activity affect any electronic data processing system? YES NO

The following questions only apply to Contingent Fund requests which transfer appropriations into capital purpose accounts :

16. Does this request transfer an appropriation into a capital purpose subaccount? YES NO

*If yes, are similar projects planned and funding available in a capital purpose (parent) account for the current year?

17. Why is the project for which Contingent Funds are requested more important than other similar projects?

18. Does this request fund a project outside the normal order of planned projects of a kind which are funded through a capital purpose (parent) account for the current year? YES NO

*If yes, what is the consequence of deferring the lowest priority planned project until next year?

19. Was this project included in the Department's Budget request? YES NO

*If not, why not?

**If you have any questions about the completion of this form, you may call the
Fiscal Research Manager at extension 8686.**

**C. THANK YOU FOR YOUR COOPERATION. PLEASE SEND COPIES OF YOUR RESPONSE
TO:**

Staff Assistant, Finance & Personnel Committee, Room 205, City Hall (6 COPIES)
Special Assistant, Finance & Personnel Committee, Room 205, City Hall (1 COPY)
Fiscal Research Manager, LRB-Common Council, Room B-11, City Hall (2 COPIES)
Budget & Management Director, DOA, Room 307, City Hall (2 COPIES)