

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Human Resources Department

SUBMITTAL DATE:
October 27, 2008

SUBJECT: Human Resources Internal Service Fund Rate Adjustment for Fiscal Year 2008-09

RECOMMENDED MOTION: That the Board of Supervisors approve the Assistant County Executive Officer/Human Resources Director's recommendation to adjust the following Internal Service Funds (ISF):

- 1) Increase the Unemployment Insurance fund rate from 0.223% to 0.446% of salary effective Pay Period 24-08;
- 2) Decrease the Worker's Compensation fund charge by \$3 million; and
- 3) Direct the Auditor-Controller to make the budget adjustments shown on Attachment D, attached.

BACKGROUND: The County maintains Internal Service Funds (ISF's) for the Board of Supervisors' authorized and/or legally required insurance and service programs. Due to increases in unemployment claims over the last twelve months, it is necessary to adjust the rate charged to departments for unemployment.

Barbara Olivier

Barbara Olivier, Asst HR Director for Ronald W. Komers
Asst. County Executive Officer/Human Resources Dir.

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 3,000,000	In Current Year Budget:	No
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	Yes
	Annual Net County Cost:	\$ 0	For Fiscal Year:	2008/09

SOURCE OF FUNDS: Department budgets - no net County cost.	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input checked="" type="checkbox"/>

C.E.O. RECOMMENDATION: **APPROVE**

County Executive Office Signature BY: *Elizabeth J. Olson*
Elizabeth J. Olson

- | | |
|--|----------------------------------|
| <input checked="" type="checkbox"/> Policy | <input type="checkbox"/> Policy |
| <input type="checkbox"/> Consent | <input type="checkbox"/> Consent |

Prev. Agn. Ref.: 01/29/2008, 3.68 | **District:** | **Agenda Number:**

3.46

Department Concurrence
 FISCAL PROCEDURES APPROVED
 ROBERT E. BYRD, AUDITOR-CONTROLLER
 BY: *Robert E. Byrd* 10/29/08
 JERRY Z. WOOD

Dep't Recomm.:
Per Exec. Ofc.:

Background (continued):

To mitigate this increase in fees, we are proposing a reduction in charges made for the Workers Compensation ISF for the remainder of this Fiscal Year.

Unemployment Insurance (UI)

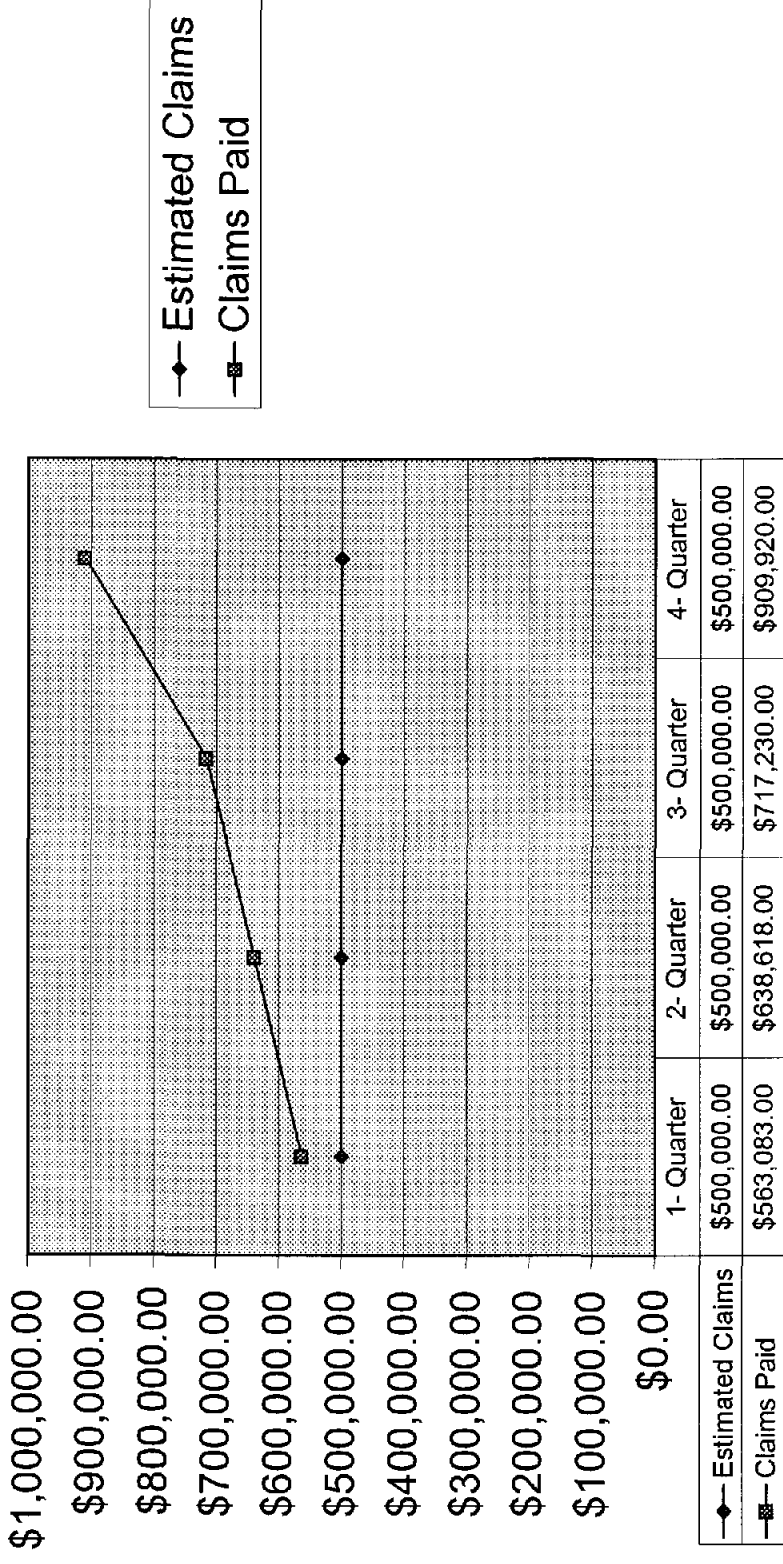
Unemployment Insurance (UI) is a self-funded benefit program required by the State of California. The UI rate has remained relatively low for several years, fund reserves have been used to stabilize the rates for departments based on recent experience. Human Resources anticipates increased utilization of the fund as a result of the recent sharp economic downturn. Our projections indicate that the fund will have a negative balance of \$1.2 million by fiscal year end at the current rate of claims. In recent months, fund utilization has increased by 82%, from an anticipated \$500,000 quarterly claim payments to \$909,920 (Attachment A). The proposed increase to 0.446% of salaries will cover the expected expenditures for the UI and maintain an adequate 90-day fund reserve of \$909,920 to make the fund solvent (Attachment B).

Worker's Compensation Insurance (WC)

In recent years the Worker's Compensation fund has experienced a lower than expected claim experience due to a number of programs implemented by Human Resources to reduce claims costs. As a result, the Worker's Compensation fund has developed an adequate reserve, and based on projections by the Human Resources Department, it can now sustain a \$3 million reduction in the funding from departments for the remainder of Fiscal Year 2008-2009 (Attachment C).

On January 29, 2008, the Board approved funding of \$20,234,000 for the 2008-2009 Fiscal Year; of which \$5,058,000 has already been funded as of the date of this recommendation. Human Resources recommends lowering the remaining \$15,175,500 previously approved funding to \$12,175,500. If this action is approved, \$4,058,000 will be collected in funds each quarter for the remainder of the current fiscal year.

Unemployment Insurance Trend for Fiscal Year 2007-2008



UNEMPLOYMENT FUND ANALYSIS			
FY 08-09			
			ESTIMATED ANNUAL REVENUE
Average pay period contribution	95,000	26 pay periods	2,470,000
Rate for FY 08-09	0.00223		
Average interest per quarter	7,500	4 quarters	30,000
Estimated annual income			\$2,500,000
Current cash balance 10/08/08	\$708,632		
est. additional FY 08-09 income	1,710,000		
est. cash balance	2,418,632		
less additional est. claims/program costs	-3,636,680	note: this is estimated 4 qtrs @ \$909,920	
estimated year-end balance	-1,218,048		
recommended cash reserve - 90 days	909,920	negotiable level	
	-2,127,968		
additional charges needed in FY 08-09	-2,127,968		
Recommend rate for FY 08-09 increase pp 25	0.00446		
Average pay period contribution	190,000	16 pay periods	3,040,000
			30,000 est. int
Estimated Cash Balance FY 08-09	4,688,552	Est. revenue, current cash, recommended cash reserve	3,070,000
estimated program costs	-3,636,680		
reserve	1,051,872		
unemployment expenditures FY 97-98	636,245		
FY 98-99	874,537		
FY 99-00	910,900		
FY 00-01	1,453,090		
FY 01-02	1,428,929		
FY 02-03	1,950,472		
FY 03-04	1,621,004		
FY 04-05	2,189,393		
FY 05-06	1,934,979		
FY 06-07	1,986,309		
FY 07-08	2,663,261		
FY 08-09 estimated	3,636,680		
Rate was reduced by 50% from .0014 to .0007 in FY 01-02. Excess fund balance has been used to partially fund the program for FY's --- 01-02; 02-03; 03-04; and 04-05.			

**Human Resources Department
Workers' Compensation Division
FY 08-09 Cost Allocation by Department**

ATTACHMENT "C"

Fund	Dept. ID	Dept Name	FY 08-09	FY 08-09	FY 08-09
			Charge (Approved)	Remaining Charge (after 1st QTR)	Remaining Charge (after \$3M reduction)
10000	1200300000	AC RECORDER CENTER DIV.	\$ 5,898	\$ 4,423	\$ 3,549
10000	2800100000	AGRICULTURAL COMMISSIONER	\$ 121,576	\$ 91,182	\$ 73,157
10000	1200200000	ASSESSOR-COUNTY CLERK/RECORDER	\$ 132,044	\$ 99,033	\$ 79,455
10000	1000200000	ASSESSMENT APPEALS BRD	\$ 943	\$ 707	\$ 567
10000	1200100000	ASSESSOR	\$ 168,037	\$ 126,028	\$ 101,114
10000	1300100000	AUDITOR-CONTROLLER	\$ 50,149	\$ 37,612	\$ 30,177
10000	1000100000	BD. OF SUPERVISORS	\$ 16,000	\$ 12,000	\$ 9,628
22050	1150100000	CFD ASSESSMENT DISTRICT ADMIN	\$ 1,578	\$ 1,184	\$ 950
10000	4200300000	CHA	\$ 9,767	\$ 7,325	\$ 5,877
10000	4200600000	CHA-ANIMAL CONTROL	\$ 131,817	\$ 98,863	\$ 79,319
10000	4200200000	CHA-CA CHILDREN SERV'S.	\$ 93,532	\$ 70,149	\$ 56,281
10000	4200400000	CHA-ENVIRONMENT HEALTH	\$ 144,473	\$ 108,355	\$ 86,934
10000	4200100000	CHA-PUBLIC HEALTH ADMN.	\$ 603,773	\$ 452,830	\$ 363,311
10000	1300200000	INTERNAL AUDITS	\$ 6,986	\$ 5,240	\$ 4,204
51475	938001	CHILDREN & FAMILIES 1ST COMM	\$ 11,193	\$ 8,394	\$ 6,735
10000	6300100000	COOP EXTENSION	\$ 619	\$ 464	\$ 373
10000	1500100000	COUNTY COUNSEL	\$ 23,660	\$ 17,745	\$ 14,237
10000	2300100000	DCSS (DEPT CHILDRENS SOCIAL SERVICES)	\$ 474,744	\$ 356,058	\$ 285,670
10000	2200100000	DISTRICT ATTORNEY-CRIMINAL	\$ 560,083	\$ 420,062	\$ 337,021
10000	5100100000	DPSS	\$ 2,610,530	\$ 1,957,897	\$ 1,570,846
21050	5200100000	DPSS-DCA-ADMINISTRATION	\$ 8,626	\$ 6,469	\$ 5,190
21050	5200300000	DPSS-DCA-LOC INITIATIVE CENTER	\$ 27,128	\$ 20,346	\$ 16,324
21050	5200200000	DPSS-DCA-LOCAL INITIATIVE PROGRAM	\$ 3,629	\$ 2,722	\$ 2,184
32710	1900100000	EDA-ADMN	\$ 35,867	\$ 26,901	\$ 21,583
22100	1910700000	EDA-AVIATION	\$ 1,414	\$ 1,060	\$ 851
40400	912211	EDA-CSA 122-MESA VERDE	\$ 172	\$ 129	\$ 104
24325	912601	EDA-CSA 126	\$ 6,245	\$ 4,684	\$ 3,758
24425	913401	EDA-CSA 134 TEMESCAL CANY HIGH	\$ 192	\$ 144	\$ 116
24550	914301	EDA-CSA 143-RANCH CA P&R	\$ 455	\$ 341	\$ 274
31555	914501	EDA-CSA 145-SUN CTY P&R	\$ 5,245	\$ 3,933	\$ 3,156
24625	915201	EDA-CSA 152	\$ 86	\$ 65	\$ 52
23525	905102	EDA-CSA 51-DESERT CENTER M/S	\$ 9,181	\$ 6,886	\$ 5,525
40440	906203	EDA-CSA 62-RIPLEY LW/S	\$ 293	\$ 220	\$ 176
23850	908501	EDA-CSA 85-CABAZON L/D/R	\$ 304	\$ 228	\$ 183
10000	1930100000	EDA-EDWARD-DEAN MUSEUM	\$ 226	\$ 169	\$ 136
22200	1920100000	EDA-FAIR AND NATIONAL DATE FESTIVAL	\$ 1,884	\$ 1,413	\$ 1,134
40600	1900400000	EDA-HOUSING AUTHORITY	\$ 89,278	\$ 66,958	\$ 53,722
22800	985101	EDA-PUBLIC AUTHORITY ADMINISTRATION	\$ 1,833	\$ 1,375	\$ 1,103
21550	1900300000	EDA-WORKFORCE DEVELOPMENT	\$ 115,247	\$ 86,435	\$ 69,348
22800	985115	PA Clerical	\$ 488	\$ 366	\$ 293
22800	985110	PA Registry	\$ 521	\$ 391	\$ 314
10000	1100100000	EXECUTIVE OFFICE	\$ 13,360	\$ 10,020	\$ 8,039
1000	1105000000	EXECUTIVE OFFICE -NATL POL DSC ELIM SYS	\$ 824	\$ 618	\$ 496
21200	1101500000	EXECUTIVE OFFICE-LIBRARY SERVICE	\$ 364	\$ 273	\$ 219
45420	1109200000	EXECUTIVE OFFICE-OASIS FINANCIAL	\$ 8,859	\$ 6,644	\$ 5,331
45420	1109300000	EXECUTIVE OFFICE-OASIS HRMS	\$ 4,335	\$ 3,251	\$ 2,608
10000	7200200000	FAC - CUSTODIAL	\$ 179,070	\$ 134,302	\$ 107,753

**Human Resources Department
Workers' Compensation Division
FY 08-09 Cost Allocation by Department**

ATTACHMENT "C"

Fund	Dept. ID	Dept Name	FY 08-09	FY 08-09	FY 08-09
			Charge (Approved)	Remaining Charge (after 1st QTR)	Remaining Charge (after \$3M reduction)
10000	7200500000	FAC - DESIGN AND CONSTRUCTION	\$ 38,918	\$ 29,188	\$ 23,418
10000	7200300000	FAC - MAINTENANCE	\$ 219,512	\$ 164,634	\$ 132,088
10000	7200700000	FAC - PARKING	\$ 19,393	\$ 14,545	\$ 11,669
10000	7200400000	FAC - REAL ESTATE	\$ 45,153	\$ 33,865	\$ 27,170
10000	7200100000	FACILITIES MGMT DEPT.	\$ 87,406	\$ 65,555	\$ 52,595
10000	7200100000	FACILITIES MGMT. CO FARM	\$ 1,172	\$ 879	\$ 705
10000	2700400000	FIRE PROTECTION - CONTRACT SVCS	\$ 16,503	\$ 12,378	\$ 9,931
10000	2700200000	FIRE-FORESTRY PROTECTION	\$ 131,213	\$ 98,410	\$ 78,956
15100	947200	FLOOD CONTROL DIST.	\$ 269,089	\$ 201,816	\$ 161,920
46000	1130900000	HUMAN RESOURCES-MEDICAL MALPRACTICE	\$ 459	\$ 344	\$ 276
46120	1132900000	HUMAN RESOURCES-OCC HEALTH & WELFARE	\$ 8,560	\$ 6,420	\$ 5,151
46060	1131200000	HUMAN RESOURCE -STD DISABILITY INSURANCE	\$ 372	\$ 279	\$ 224
10000	1130100000	HUMAN RESOURCES	\$ 86,161	\$ 64,620	\$ 51,846
22000	1130300000	HUMAN RESOURCES-AIR QUALITY DIV.	\$ 752	\$ 564	\$ 452
46100	1132200000	HUMAN RESOURCES-EMPLOYEE ASST. PROG.	\$ 1,418	\$ 1,063	\$ 853
45800	1132000000	HUMAN RESOURCES-EXCLUSIVE CARE EPO	\$ 3,351	\$ 2,513	\$ 2,016
45960	1131000000	HUMAN RESOURCES-LIABILITY INS	\$ 28,206	\$ 21,154	\$ 16,972
46020	1130700000	HUMAN RESOURCES-PROPERTY INSURANCE	\$ 344	\$ 258	\$ 207
46040	1131300000	HUMAN RESOURCES-SAFETY LOSS CONTROL	\$ 7,045	\$ 5,284	\$ 4,239
47000	1131800000	HUMAN RESOURCES-TAP	\$ 534,399	\$ 400,799	\$ 321,567
46100	1130800000	HUMAN RESOURCES-WORKERS COMP	\$ 39,918	\$ 29,939	\$ 24,020
45500	7400100000	INFORMATION TECHNOLOGY	\$ 99,180	\$ 74,385	\$ 59,680
33500	7400300000	IT - PSEC PROJECT	\$ 4,581	\$ 3,436	\$ 2,756
51215	2900100000	LAFCO	\$ 1,706	\$ 1,279	\$ 1,027
10000	4100400000	MH ADMINISTRATION	\$ 83,409	\$ 62,557	\$ 50,190
10000	4100300000	MH DETENTION-INDIO	\$ 10,048	\$ 7,536	\$ 6,046
10000	4100500000	MH SUBSTANCE ABUSE	\$ 89,746	\$ 67,310	\$ 54,004
10000	4100200000	MH TREATMENT	\$ 442,702	\$ 332,026	\$ 266,389
10000	4100100000	MH-PUBLIC GUARDIAN	\$ 36,635	\$ 27,476	\$ 22,044
21450	5300100000	OFFICE ON AGING TITLE III	\$ 54,912	\$ 41,184	\$ 33,042
10000	2600700000	PROBATION-ADMINISTRATION	\$ 49,297	\$ 36,972	\$ 29,663
10000	2600200000	PROBATION-FIELD SERVICES	\$ 337,659	\$ 253,244	\$ 203,181
10000	2600100000	PROBATION-JUVENILE INSTITUTIONS	\$ 721,775	\$ 541,331	\$ 434,317
10000	2400100000	PUBLIC DEFENDER	\$ 152,506	\$ 114,380	\$ 91,768
10000	7300100000	PURCHASING	\$ 12,032	\$ 9,024	\$ 7,240
45620	7300600000	PURCHASING-CENTRAL MAILING	\$ 24,068	\$ 18,051	\$ 14,483
45300	7300500000	PURCHASING-FLEET SERVICES-ISF	\$ 120,724	\$ 90,543	\$ 72,644
45600	7300300000	PURCHASING-PRINTING SERVICES	\$ 22,302	\$ 16,726	\$ 13,420
45700	7300400000	PURCHASING-SUPPLY SERVICES	\$ 24,109	\$ 18,082	\$ 14,507
51630	935200	RCA OPERATIONS	\$ 1,048	\$ 786	\$ 631
10000	4300300000	RCRMC DETENTION HEALTH SERVICES	\$ 81,239	\$ 60,929	\$ 48,884
10000	4300200000	RCRMC MED INDIGENT SVC PROGRAM	\$ 5,956	\$ 4,467	\$ 3,584
40050	4300100000	RCRMC	\$ 1,781,222	\$ 1,335,917	\$ 1,071,823
10000	2500800000	RAID	\$ 603	\$ 452	\$ 363
51540	931104	REG PARKS & OPEN SPC DISTRICT	\$ 73,068	\$ 54,801	\$ 43,967
10000	1700100000	REGISTRAR OF VOTERS	\$ 18,584	\$ 13,938	\$ 11,183
51000	946001	SALTON SEA AUTHORITY	\$ 884	\$ 663	\$ 532

Human Resources Department
Workers' Compensation Division
FY 08-09 Cost Allocation by Department

ATTACHMENT "C"

Fund	Dept. ID	Dept Name	FY 08-09	FY 08-09	FY 08-09
			Charge (Approved)	Remaining Charge (after 1st QTR)	Remaining Charge (after \$3M reduction)
10000	2500100000	SHERIFF ADMINISTRATION	\$ 113,394	\$ 85,045	\$ 68,233
10000	2500600000	SHERIFF CAC SECURITY	\$ 1,258	\$ 944	\$ 757
10000	2501000000	SHERIFF CORONER	\$ 146,491	\$ 109,868	\$ 88,149
10000	2500400000	SHERIFF CORRECTIONS	\$ 2,080,627	\$ 1,560,470	\$ 1,251,985
10000	2500300000	SHERIFF PATROL	\$ 3,862,240	\$ 2,896,680	\$ 2,324,044
10000	2500200000	SHERIFF SUPPORT SERVICES	\$ 714,006	\$ 535,505	\$ 429,642
10000	2500700000	SHERIFF-BEN CLARK TRAINING CENTER	\$ 185,105	\$ 138,829	\$ 111,384
22250	2505100000	SHERIFF-CAL ID PROGRAM	\$ 9,376	\$ 7,032	\$ 5,642
10000	2500500000	SHERIFF-COURT SVCS	\$ 504,897	\$ 378,673	\$ 303,814
10000	2501100000	SHERIFF-PUBLIC ADMINISTRATOR	\$ 3,433	\$ 2,575	\$ 2,066
20200	3100500000	TLMA - ENVIRONMENTAL PROGRAMS	\$ 14,518	\$ 10,888	\$ 8,736
20200	3100200000	TLMA-ADMN.	\$ 62,824	\$ 47,118	\$ 37,804
10000	3140100000	TLMA-BUILDING & SAF-CODE ENF	\$ 46,602	\$ 34,952	\$ 28,042
10000	3110100000	TLMA-BUILDING & SAFETY	\$ 105,593	\$ 79,194	\$ 63,539
20200	3100300000	TLMA-COUNTER SERVICES	\$ 27,136	\$ 20,352	\$ 16,329
20000	3130300000	TLMA-CROSSING GUARD	\$ 10,601	\$ 7,951	\$ 6,379
20200	3100100000	TLMA-G.I.S.	\$ 6,126	\$ 4,595	\$ 3,686
10000	3120100000	TLMA-PLANNING	\$ 19,704	\$ 14,778	\$ 11,857
10000	3130200000	TLMA-SURVEYOR	\$ 15,387	\$ 11,540	\$ 9,259
20000	3130700000	TLMA-TRANSP. EQUIP GARAGE-ISF	\$ 21,350	\$ 16,012	\$ 12,847
20000	3130100000	TLMA-TRANSPORTATION	\$ 430,487	\$ 322,865	\$ 259,039
10000	1400100000	TREAS./TAX COLLECTOR	\$ 33,675	\$ 25,256	\$ 20,263
10000	5400100000	VETERANS SERVICES	\$ 17,336	\$ 13,002	\$ 10,432
40200	4500100000	WASTE MANAGEMENT DIST.	\$ 301,939	\$ 226,454	\$ 181,687
40250	943001	WASTE RES MGMT DIST	\$ 28,030	\$ 21,022	\$ 16,866
GRAND TOTALS			\$ 20,234,000	\$ 15,175,500	\$ 12,175,500

Recommended Spread Factor:

Spread Factor 1st QTR

Spread Factor \$3M reduction

reduction of \$3M per quarter for 3 quarters

Total after \$3M reduction

Attachment "D"

	Fund-Dept ID-Acct.	Account Description	Amount
Unemployment Insurance			
Increase Appropriation Authority:	46080-1131100000-534400	Unemployment Claims	3,000,000
	Total		<u>\$3,000,000</u>
Increase Estimated Revenue:	46080-1131100000-781220	Contributions and Donations	3,000,000
	Total		<u>\$3,000,000</u>