

County of Sonoma Agenda Item Summary Report	Clerk of the Board Use Only Meeting Date ____/____/____ Agenda Item No: _____
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Department: Auditor-Controller/Treasurer-Tax Collector	<input type="checkbox"/> 4/5 Vote Required
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Contact: Randy Osborn	Phone: (707) 565-3292	Board Date: 06/02/09	Deadline for Board Action:
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AGENDA SHORT TITLE:

Appropriation Transfer

REQUESTED BOARD ACTION:

Resolution authorizing budgetary adjustments to the FY 2008-09 Final Budget for the Unemployment Self-Insurance Internal Service Fund in the amount of \$225,000.

CURRENT FISCAL YEAR FINANCIAL IMPACT

<u>EXPENDITURES</u>		<u>ADD'L FUNDS REQUIRING BOARD APPROVAL</u>	
Estimated Cost	\$ 875,000	Contingencies (Fund Name:)	0
Amount Budgeted	\$ 650,000	Unanticipated Revenue (Source: Charges to Departments)	\$225,000
Other Available Approp. (Explain Below)	0	Other Transfer(s) (Source:)	0
Additional Requested:	\$ 225,000	Total Source of Funds:	\$225,000

Explanation (if required):

Prior Board Action(s): 09-16-2008 - Board of Supervisors approved the FY 08-09 County of Sonoma Final Budget, including the final budget for the Unemployment Self-Insurance ISF.

Alternatives – Results of Non-Approval: Non-approval would leave us short of necessary appropriations to reimburse the State Employment Development Department (EDD) for our FY 2008-09 unemployment benefit costs, which would result in penalties and interest.

Background:

The Board is requested to approve a resolution authorizing a \$225,000 increase in FY 2008-09 appropriations for the Unemployment Self-Insurance Internal Service Fund (ISF), financed by unanticipated revenues.

The Unemployment Self-Insurance ISF provides reimbursement to the state for unemployment claims filed by Sonoma County employees. Payments from the fund are financed through annual charges to county departments and agencies, based on extra help usage.

Due to a significant increase in recent benefit payments, our FY 2008-09 unemployment costs have grown to \$872,668, a 40% increase over the \$624,797 paid last year and a 156% increase over the \$340,699 paid during FY 2006-07. 235 former employees received unemployment benefits during FY 2008-09, a 26% increase over the 186 individuals that received benefits during FY 2007-08. In addition, the total average benefit amount paid during FY 2008-09 was \$3,713, an 11% increase over the \$3,350 paid during FY 2007-08. As benefit compensation packages have not changed since 2007-08, this increase is likely due to the fact that individuals are collecting unemployment benefits for a longer period of time. The combination of more claims filed and extended benefit payment periods have increased our costs substantially. Even though your board has not implemented employee layoffs in recent years, the county is required to pay benefits to eligible temporary and permanent employees up to 18 months after leaving county employment. Increased unemployment benefit costs are most likely the result of the current recession and reductions in use of extra help. The FY 09-10 budget request was developed based on the assumption that this trend would continue, and includes \$945,000 for unemployment benefits.

FY 2008-09 Final Budget appropriations for benefit payments (\$650,000) are approximately \$225,000 short of the amount needed to reimburse the state. These additional unemployment costs were projected by ACTTC and CAO staff several months, resulting in the implementation of a mid year increase in charges to departments and agencies. The additional revenues generated by the increase in charges will provide funding for unemployment payments without further reducing ISF cash reserves, which are projected to be approximately \$200,000 at fiscal year end. Future unemployment costs will be closely monitored and depending on the severity of future layoffs, charges may need to be further increased early in FY 2009-10. Staff will continue to research the most equitable ways to distribute these costs to departments and agencies and will keep your Board informed of any additional impacts of future implemented layoffs on Unemployment Insurance Payouts.

Requested Board Action:

Approve resolution authorizing budgetary adjustments to the FY 2008-09 Final Budget for the Unemployment Self-Insurance Internal Service Fund (ISF) in the amount of \$225,000.

Attachments: Resolution

On File With Clerk:

CLERK OF THE BOARD USE ONLY

Board Action (If other than "Requested")

Vote: