



Memorandum

TO: MAYOR REED

FROM: Councilmember Pete Constant

SUBJECT: BUDGET DOCUMENT

DATE: May 25, 2011

Approved

Date: May 25, 2011

RECOMMENDATION

That the following recommendation be enacted.

BACKGROUND

City-Council Initiated Neighborhood Improvement Reserve Fund/Other Budget Proposals

Program/Project Title: Reinstate 2.0 Workers' Compensation Claims Adjusters

Amount of City Funding Required: \$224,869

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This will provide *ongoing* General Fund dollars to reinstate 2.0 FTEs Workers' Compensation Claims Adjusters positions. If approved, this Budget Document will add 2.0 additional Workers' Compensation Claims Adjusters in addition to the 2.0 FTEs reinstated on a one-time basis using Mayor and City Council Office Re-budgets as outlined in my related Budget Document.

Funding Source

Program/Project Title: Eliminate positions in Office of Equality Assurance funded by the General Fund

Amount of City Funding Change: \$224,869 (of \$298,511)

Fund Type (i.e. General Fund, C&C funds, etc.): General Fund

Anticipated Outcomes: Requested funding changes would affect benefits or services for San José residents, businesses, community groups, etc., as described below: (Use as much space as required.)

This budget action eliminates General Fund support from the Office of Equality Assurance that funds 2.05 positions.

While this action causes a significant cut to Office of Equality Assurance, it is important to note that the office primarily investigates and audits claims from projects that are funded from special funds. In addition, positions in this office are funded by other means such as the Public Works Program Support Fund, Airport Maintenance and Operations Fund, Low and Moderate Income Housing Fund.

In comparison, the city's Workers' Compensation Claims Administration proactively investigates and manages claims that have a direct impact on the city's General Fund and its workforce. Delays and backlogs due to the department's high claims-to-adjuster ratio have the potential to incur significant costs to the city due to increased disability leave. This will add to the already rising employee-related costs the city must pay and contribute to the rising numbers of disability retirements.

This budget action prioritizes the needs of the citizens of San José and its employees over the additional regulation of private employers and their employees.

The city needs to reprioritize and reallocate funding to departments and programs that can prevent crippling the General Fund. If this Budget Document is accepted, it will ensure that General Fund support is maximized and appropriated to an office that has a higher potential of return on investment in the city's long-term financial outlook.

Department or Organization: Mayor and Council Offices

Department or Organization Contact (Please list contact information for the individual that certified cost estimates contained within your recommendation.)

Name: Jennifer Maguire, City Manager's Office

Phone number: 408-535-8142

E-mail address: jennifer.maguire@sanjoseca.gov

This change is:

_____ One-time X Ongoing

The City Service Area to which the change best relates:

- | | |
|--|---|
| <input type="checkbox"/> Community & Economic Development Services | <input type="checkbox"/> Environmental and Utility Services |
| <input type="checkbox"/> Neighborhood Services | <input type="checkbox"/> Transportation and Aviation Services |
| <input type="checkbox"/> Public Safety | <input checked="" type="checkbox"/> Strategic Support |