



COUNCIL BUDGET STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

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TO: City Council Members

FROM: Jennifer Bruno
Deputy Director

DATE: June 8, 2021

RE: Fiscal Year 2022 – Proposed Insurance and Risk Management Budget

Project Timeline:

Briefing: June 8, 2021

Budget Hearings: May 18, June 1

Potential Action: June 15 (tbd)

ISSUE AT-A-GLANCE

The budget for the Insurance and Risk Management Fund accounts for costs associated with employee health insurance, dental insurance, disability insurance, life insurance, and unemployment compensation as well as property insurance, workers' compensation, excess liability, cyber liability, crime and dishonesty coverage, and public official bonds.

There are primarily two General Fund departments that interface with the Insurance and Risk Management Fund. The Department of Human Resources oversees employee participation in health, dental, life, accidental death & dismemberment, and disability insurance programs. The City Attorney's Office oversees the placement of property insurance, excess workers' compensation insurance, excess liability insurance, cyber liability, crime and dishonesty coverage and public official bonds. It also oversees the third-party administration of the City's self-insured workers' compensation program and provides risk assessments, loss mitigation recommendations and safety training resources.

City staff time that is spent on these activities can be charged to the Insurance and Risk Management Fund. There are a total of 7.75 FTEs charged to this fund between Human Resources, Attorney's Office, and Finance. This is an increase of 1.65 FTEs from the FY 21 budget and represents the addition of a .15 FTE HR deputy director (approved in BA #4), a 1 FTE HR supervisory, and a .5 FTE admin/assistant.

The budget includes total revenues of \$51.5 million and total expenses of \$52.9 million (using \$1.4 million from the Insurance and Risk Mgmt fund balance to cover the premium holiday).

- The majority of projected revenue for the Insurance and Risk Management Fund comes from health insurance premiums, which accounts for seventy-nine (79) percent of the FY 22 Fund expenses.
- Revenue and expense budgets are based on the expected premiums collected and paid. Actual General Fund budgets for the City's share of the premiums reside in departmental budgets.



- The Fund will continue to contribute the up-front contribution to Health Savings Accounts (HSAs) or Flex for enrolled employees on July 1st (\$750 for individual, \$1500 for double or family).

ADDITIONAL/BACKGROUND INFORMATION

1. **Insurance Policies** – for the Council’s information, the Administration provided an overview of the City’s current coverage, both purchased and self-insured, overseen by the Attorney’s Office (see **Attachment 2**). More information on actual claims experience and state code provisions for a property tax levy to pay for this coverage if the Council wanted to pursue that, can be found in the Governmental Immunity staff report.

ATTACHMENTS

Attachment 1 – Expenditure Detail

Attachment 2 – Summary of purchased and self-insured coverage

ATTACHMENT 1

Insurance and Risk Management Fund						
Proposed Expenditures FY 2021-22						
	Adopted Budget FY 2019-20	Adopted Budget FY 2020-21	Proposed Budget FY 2021-22	Difference	Percent Change	Additional Information
Health Insurance Trust	\$ 34,824,784	\$ 40,339,304	\$ 41,474,898	\$ 1,135,594	3.4%	transfer out of fund balance for premium holiday
Dental Insurance Trust	\$ 2,888,071	\$ 2,888,071	\$ 2,888,071	\$ -	0.0%	
Life/Accidental Death Premiums	\$ 1,608,817	\$ 1,608,817	\$ 1,608,817	\$ -	0.0%	
Long Term Disability	\$ 1,309,875	\$ 1,313,665	\$ 1,091,666	\$ (221,999)	-17.1%	Includes Long Term Disability for Public Safety
Workers' Compensation	\$ 2,225,323	\$ 2,236,429	\$ 2,325,227	\$ 88,798	4.0%	reflects actual experience in workers comp claims
Unemployment Compensation	\$ 241,300	\$ 241,300	\$ 241,300	\$ -	0.0%	
Loss Control/Safety Program	\$ 20,000	\$ 20,000	\$ 20,000	\$ -	0.0%	
Administrative Costs and Fees	\$ 2,698,192	\$ 2,761,439	\$ 3,067,511	\$ 306,072	11.8%	
Total	\$ 45,816,362	\$ 51,409,025	\$ 52,717,490	\$ 1,472,810	3.3%	