



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: CEO/Human
Resources
Department No.: 064
For Agenda Of: July 13, 2010
Placement: Administrative
Estimated Tme: n/a
Continued Item: n/a
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Susan Paul, Assistant CEO/HR Director, 568-2817
Director(s)
Contact Andreas Pyper, CEO/HR, 568-2821
Info:

SUBJECT: Self-funded Unemployment Insurance Fund

County Counsel Concurrence

As to form: Select_Concurrence

Auditor-Controller Concurrence

As to form:

Other Concurrence: Select_Other

As to form: Select_Concurrence

Recommended Actions:

That the Board of Supervisors:

- 1) Adopt the attached Budget Revision request which recognizes future liabilities based on an actuarial assessment of the Unemployment Insurance Fund; and
- 2) Adopt the actuarially recommended three-year funding plan through which these future liabilities are eliminated.

Summary Text:

This actuarially projected fund liability is funded over a three-year projected time frame and has already been built into the departmental unemployment fund contribution rates, which were included in the recently adopted 2010-2011 budget. This recommended action requires no changes to the 2010-2011 budget adopted by the Board and no request is being made for contingency funds.

Background:

The County is required by law to maintain unemployment insurance for all County employees and fulfills this requirement through the unemployment insurance fund. For the FY 2010-2011 a new actuarial analysis was undertaken taking into account the dramatic changes in the economic climate and the federal extensions of the period unemployment benefits could be received from 26 weeks to 99 weeks. The actuarial projected departmental contributions were increased for the FY 2010-2011 to ensure that sufficient funding was available to adequately cover expected unemployment claims and liabilities for the FY 2010-2011. These departmental contributions have been adopted as part of the 2010-2011 budget process.

Fiscal and Facilities Impacts:

Budgeted: Yes

Fiscal Analysis:

This recommended action requires no changes to the 2010-2011 budget adopted by the Board and no request is being made for contingency funds. The actuarially projected fund liability of \$430,844 will be funded over a three-year actuarially projected time frame. One-third of this liability has been built into the approved budgeted contribution rates from the 2010-2011 departmental contribution rates.

Staffing Impacts:

<u>Legal Positions:</u>	<u>FTEs:</u>
0	0

Attachments:

Attachment A – Budget Revision Request

Authored by:

Andreas Pyper, Employee Benefits Manager

Budget Revision Request

BJE 0001012

Budget Journal Entry #

Gov. Code Sec. 29125 & 29130

JE 0026436

Related Journal Entry #

Subject / Title: Provide a short description for this budget revision request. For example: "Designate funds for zoning ordinance amendments" or "Distribute proceeds from sale of 2005 COPS"

CEO/HR: Increase the Budget for Unemployment Insurance claims by \$430,844, in order to recognize an actuarially based future claims liability utilizing retained earnings.


Justification: For all changes: explain what the change is for and why it is needed. Attach additional justification, board letters or spreadsheet, if appropriate. When moving Appropriation: explain why it's available. When Revenue is adjusted: explain the reason for the increase or decrease. For adjustments to General Fund Contingency: explain why no other alternative funding source is available.

Due to GASB rules the County is required to recognize future liabilities based on an actuarial assessment of the Unemployment Insurance Fund. This liability will be recovered over the three year actuarial time frame through Unemployment premium collections from the various departments. This large increase in future liabilities is the result of Federal Unemployment extensions and continuing weakness in the employment market that is affecting unemployment funds throughout California.

Financial Summary

Increase or (Decrease) in Appropriation for / Uses:	Department / Fund 064 / 1913	Department / Fund /	Department / Fund /	Department / Fund /
Salaries & Benefits	00	00	00	00
Services & Supplies	00	00	00	00
Other Charges	430,844 00	00	00	00
Fixed Assets	00	00	00	00
Other Financing Uses	00	00	00	00
Intrafund Transfers	00	00	00	00
Reserve or Designation	00	00	00	00
Sources:				
Revenue	00	00	00	00
Other Financing Sources	00	00	00	00
Intrafund Transfers	00	00	00	00
Reserve or Designation	00	00	00	00
Effect on Contingency / RE	(430,844) 00	00	00	00

AUDITOR CONTROLLER
 2010 JUN 29 PM 2:49
 RECEIVED

Departmental Authorization	Auditor-Controller	CEO's Recommendation	Board of Supervisor's Action
 Department Head Date 6/24/10	Budget Journal Entry and Related Journal Entry if applicable Approved as to Accounting Form. 7/2/10  Auditor-Controller	<input checked="" type="checkbox"/> Approve <input type="checkbox"/> Disapprove Date 6-29-10 Transfer/Revision in Accordance with Board Policy dated 8/3/93.  County Executive Officer	<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved Date Agenda Item Clerk of the Board of Supervisors