



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:** District Attorney  
**Department No.:** 021  
**For Agenda Of:** June 4, 2024  
**Placement:** Administrative  
**Estimated Time:**  
**Continued Item:** No  
**If Yes, date from:**  
**Vote Required:** Majority

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**TO:** Board of Supervisors  
**FROM:** Department Director: John T. Savrnock, District Attorney, (805) 568-2308  
Contact Info: Michael Soderman, Chief Financial & Administrative Officer, (805) 568-2303  
**SUBJECT:** California Department of Insurance Grant Program for Fiscal Year 2024-25: Workers' Compensation Insurance Fraud Program

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**County Counsel Concurrence**

As to form: Yes

**Other Concurrence:** Risk Management

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

It is recommended that the Board of Supervisors:

- a) Adopt a Resolution authorizing the District Attorney to submit an application and, if awarded, execute a Grant Award Agreement with the California Department of Insurance for the Workers' Compensation Insurance Fraud Program, for the award period of July 1, 2024 through June 30, 2025, with an anticipated award of \$305,000, up to a maximum grant award amount of \$468,000;
- b) Approve and authorize the District Attorney, or designee, to execute any future amendments to extend the term of the Grant Award Agreement through December 31, 2025, or to increase the grant award in an amount not to exceed an additional \$50,000, with the concurrence of Risk Management, County Counsel, and Auditor-Controller; and
- c) Determine that the above recommendations are not the approval of a project that is subject to environmental review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378(b)(4), finding that the project is a creation of government funding mechanisms or other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

**Summary Text:**

The California Department of Insurance (DOI) Workers’ Compensation Insurance Fraud Program is designed to investigate and prosecute workers’ compensation insurance fraud cases. Board approval is required to receive grant revenue and continue this program in Fiscal Year 2024-25.

**Background:**

The DOI Workers’ Compensation Insurance Fraud Program was established in 1991. The California legislature made workers’ compensation fraud a felony, required insurers to report suspected fraud, and established a mechanism for funding enforcement and prosecution activities. The program is funded by an assessment on California employers, who are legally required to be insured or self-insured.

This is the 21<sup>st</sup> year that the Santa Barbara County District Attorney’s Office has participated in the program to investigate and prosecute workers’ compensation fraud, as well as conduct outreach and education in the community in an effort to reduce the instances of fraud. Since 2017, the Santa Barbara program has conducted 31 outreach sessions throughout Southern California, targeting insurance professionals and employer groups looking for more information on workers’ compensation fraud.

At this time, the actual grant award amount is unknown as the grant funds have not yet been awarded; therefore, the District Attorney’s Office is requesting Board approval to apply for the maximum grant award amount of \$468,000. Historically, the grant award amount has been less than what was requested, and based on prior awards it is estimated at \$305,000 for Fiscal Year 2024-25.

**Performance Measures:**

Each district attorney receiving annual funds pursuant to 1872.83 of the California Insurance Code must submit an annual report to the Insurance Commissioner on the local program and its accomplishments. In Fiscal Year 2023-24, the District Attorney’s Insurance Fraud Unit reported that it has utilized grant funds primarily to target larger workers’ compensation cases. In particular, the Unit has focused on pursuing businesses which deny their employees legal benefits in order to defraud the insurance system. The Unit is currently investigating a multi-million-dollar fraud case in coordination with the Santa Maria Police Department and the California Department of Investigation. In addition, the Unit continues to receive and investigate reports involving smaller-scale workers’ compensation fraud.

During Fiscal Year 2022-23, the Santa Barbara County District Attorney’s Workers’ Compensation Insurance Fraud Program had 18 active cases. Of these 18 cases, 10 were carried over from Fiscal Year 2021-22, and eight were new investigations initiated during Fiscal Year 2022-23.

**Fiscal and Facilities Impacts:**

Budgeted: Yes.

**Fiscal Analysis:**

<b><u>Funding Sources</u></b>	<b><u>Current FY Cost:</u></b>	<b><u>Annualized On-going Cost:</u></b>	<b><u>Total One-Time Project Cost</u></b>
General Fund			
State	\$ 468,000.00		
Federal			
Fees			
Other:			
Total	\$ 468,000.00	\$ -	\$ -

The maximum grant award amount of \$468,000 represents the amount that the District Attorney's Office plans to request. It is anticipated that grant funds from the DOI Workers' Compensation Insurance Fraud Program will continue to partially fund one existing part-time Deputy District Attorney (DDA) III (0.20 FTE), one existing part-time District Attorney Investigator (0.82 FTE), and one existing part-time DDA SR (0.10 FTE) who will work on workers' compensation insurance fraud efforts countywide. Based on prior awards, the award for next fiscal year is estimated at \$305,000. Accordingly, revenues and expenditures of \$305,000 are included in the Fiscal Year 2024-25 Recommended Budget.

**Key Contract Risks:**

The District Attorney has been awarded this grant from the California Department of Insurance annually for multiple years. There is minimal risk to the County.

**Staffing Impacts:**

None. If the anticipated award amount is received, grant funds from the DOI Workers' Compensation Insurance Fraud Program will continue to partially fund one existing staff.

**Special Instructions:**

Please return one (1) Minute Order and one (1) copy of fully executed Resolution to John DeAlba, DA Department Business Specialist.

**Attachments:**

Attachment A: Resolution

**Authored By:**

John DeAlba, Department Business Specialist; (805) 568-2434