



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: December 12, 2023
Placement: Administrative
Estimated Time:
Continued Item: No
If Yes, date from:
Vote Required: Majority

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: Renewal of Agreement with the California Department of Insurance for a Workers' Compensation Insurance Fraud Program in the District Attorney's Office, Fiscal Year 2023-2024

County Counsel Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Adopt and authorize the Chair to execute a Resolution approving, ratifying, and authorizing the District Attorney, or designee, to 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, 2023 through June 30, 2024, in the amount of \$304,994;
- 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, 2024, 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.

Auditor-Controller Concurrence

As to form: Yes

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 2023-24. In order to meet state deadlines and properly receive the grant funding, the District Attorney preliminarily executed the grant agreement pending formal authority from the Board of Supervisors. The Resolution is due to the DOI by December 31, 2023.

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 twentieth 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.

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. The Workers’ Compensation Fraud Program continues to work closely with the DOI and other agencies. The District Attorney’s Office has been and is currently investigating a large, complex workers’ compensation and wage theft case with potentially hundreds of thousands of dollars in damages, as well as numerous victims throughout the county. Additionally, the Program resolved a number of felony matters, securing restitution totaling \$50,000. 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. Revenues and expenditures are included in the Fiscal Year 2023-24 Adopted budget.

Fiscal Analysis:

<u>Funding Sources</u>	<u>Current FY Cost:</u>	<u>Annualized On-going Cost:</u>	<u>Total One-Time Project Cost</u>
General Fund			
State	\$ 304,994.00		
Federal			
Fees			
Other:			
Total	\$ 304,994.00	\$ -	\$ -

Grant funds from the DOI Workers’ Compensation Insurance Fraud Program will 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.

Fiscal Year 2023-24 grant funding totals \$304,994. This includes \$274,431 in Salaries and Employee Benefits and \$30,563 in operating costs associated with the program. Operating costs cover the program's required audit, expert witness fees, and indirect costs. There is no match requirement for this award.

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. 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)

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

Attachment B: Grant Award Agreement

Authored By:

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