

City of
FRESNO  REPORT TO THE CITY COUNCIL

AGENDA ITEM NO. I A
COUNCIL MEETING 3/04/2010
APPROVED BY

March 4, 2010


DEPARTMENT DIRECTOR


CITY MANAGER

FROM: TERRY A. BOND, Director
Personnel Services Department

BY: DANIEL G. TURNER, Risk Manager
Risk Management Division *hjt*

SUBJECT: A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 57TH AMENDMENT TO THE ANNUAL APPROPRIATION RESOLUTION NO. 2009-149 APPROPRIATING \$550,000 TO FUND UNEMPLOYMENT INSURANCE PROGRAM COSTS.

RECOMMENDATIONS

It is recommended that the City Council approve the attached Appropriation allocating an additional \$550,000 to the Unemployment Insurance fund in order to cover anticipated costs for the remainder of fiscal year 2009-2010.

EXECUTIVE SUMMARY

Based upon historical trends, staff proposed a budget allocation of \$983,900 to cover Unemployment Insurance program costs for FY 2009-10.

The cost of funding this program has increased dramatically since the time these costs were initially projected. For example, statistics for the quarter ending September 30, 2008 showed program charges of \$122,330 for the previous three month period. For this same period ending September 30, 2009, the charges were \$344,185 representing an increase of almost 182%. The latest charge for the period of October 1 through December 31, 2009 was \$376,210 resulting in a fiscal year to date total expenditure of \$999,225 which exceeds the total amount budgeted for this fiscal year.

The major factors influencing this trend continue to be a dramatic turndown in the national economy, required layoffs to meet budgetary obligations, and the difficulty in finding new employment for those out of work. These factors are not anticipated to improve during the remainder of this fiscal year.

As a result, additional funding of the program is now required to meet the program obligations for the remainder of the fiscal year.

The increased allocation is necessary in order for the City to meet its legal obligation to provide funding for Unemployment Insurance benefits to qualified individuals.

BACKGROUND

The State of California administers the Unemployment Insurance program through the Employment Development Department. Benefit eligibility, payments, and the ability to continue receiving benefits are determined by the State. At the conclusion of each calendar quarter, the State bills the City of Fresno on a

dollar for dollar basis for expenditures associated with the program. The City is then required to reimburse the State for the actual amounts paid.

As noted earlier in this report, these increases have been dramatic and can be expected to continue into next fiscal year.

FISCAL IMPACT

The recommended increase of \$550,000 is necessary in order to provide the Unemployment Insurance fund with monies necessary to meet this obligation for the remainder of this fiscal year.

PSD: kn: 2-23-10

Attachment: Resolution

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 57th AMENDMENT TO THE ANNUAL APPROPRIATION RESOLUTION NO. 2009-149 APPROPRIATING \$550,000 TO FUND UNEMPLOYMENT INSURANCE PROGRAM COSTS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO:

THAT PART III of the Annual Appropriation Resolution No. 2009-149 be and is hereby amended as follows:

	<u>Increase/(Decrease)</u>
TO: PERSONNEL SERVICES DEPARTMENT	
Unemployment Self-Insurance	\$ 550,000

THAT account titles and numbers requiring adjustment by this Resolution are as follows:

General Fund

Retained Earnings:

Account: 25300 Unreserved/Undesignated	\$ <u>550,000</u>
Fund: 10101	
Org Unit: 520501	

Total Retained Earnings	\$ <u>550,000</u>
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Revenues:

Account: 44910 Transfer To Other Fund	\$ <u>(550,000)</u>
Fund: 10101	
Org Unit: 520501	

Total Revenues	\$ <u>(550,000)</u>
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Increase/(Decrease)

Unemployment Self-Insurance

Revenues:

Account: **43910** Transfers From Other Fund
Fund: **51503**
Org Unit: **540901**

\$ 550,000

Total Revenues

\$ 550,000

Appropriations:

Account: **53302** Prof Svcs/Consulting – Outside
Fund: **51503**
Org Unit: **540901**
CS: **ER001**

\$ 550,000

Total Appropriations

\$ 550,000

THAT the purpose is to appropriate \$550,000 to fund Unemployment Insurance Program costs.

CLERKS CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF FRESNO } ss.
CITY OF FRESNO }

I, REBECCA E. KLISCH, City Clerk of the City of Fresno, certify that the foregoing Resolution was adopted by the Council of the City of Fresno, California, at a regular meeting thereof, held on the _____ Day of _____, 2010

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor Approval: _____, 2010
Mayor Approval/No Return: _____, 2010
Mayor Veto: _____, 2010
Council Override Veto: _____, 2010

REBECCA E. KLISCH
City Clerk
