
D.C. Office of Risk Management

www.orm.dc.gov

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Description	FY 2014 Actual	FY 2015 Approved	FY 2016 Proposed	% Change from FY 2015
Operating Budget	\$2,313,724	\$3,124,189	\$2,923,299	-6.4
FTEs	19.3	23.0	25.0	8.7

The mission of the Office of Risk Management (ORM) is to reduce the probability, occurrence, and cost of risk to the District of Columbia government through the provision of risk identification and insurance analysis and support to District agencies, and by efficiently and fairly administering the District’s public sector Workers’ Compensation, Tort Liability, and Insurance programs.

Summary of Services

ORM implements its mission through four programs: Risk Identification, Assessment and Control (RIAC); Public Sector Workers’ Compensation; Tort Liability; and the Insurance program. An individual summary of services is provided by program in each section.

The agency’s FY 2016 proposed budget is presented in the following tables:

FY 2016 Proposed Gross Funds Operating Budget, by Revenue Type

Table RK0-1 contains the proposed FY 2016 agency budget compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table RK0-1
(dollars in thousands)

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
General Fund						
Local Funds	2,133	2,314	3,124	2,923	-201	-6.4
Total for General Fund	2,133	2,314	3,124	2,923	-201	-6.4
Gross Funds	2,133	2,314	3,124	2,923	-201	-6.4

*Percent change is based on whole dollars.

Note: If applicable, for a breakdown of each Grant (Federal and Private), Special Purpose Revenue type and Intra-District agreement, please refer to **Schedule 80 Agency Summary by Revenue Source** in the **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Full-Time Equivalent, by Revenue Type

Table RK0-2 contains the proposed FY 2016 FTE level compared to the FY 2015 approved FTE level by revenue type. It also provides FY 2013 and FY 2014 actual data.

Table RK0-2

Appropriated Fund	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change
General Fund						
Local Funds	19.3	19.3	23.0	25.0	2.0	8.7
Total for General Fund	19.3	19.3	23.0	25.0	2.0	8.7
Total Proposed FTEs	19.3	19.3	23.0	25.0	2.0	8.7

FY 2016 Proposed Operating Budget, by Comptroller Source Group

Table RK0-3 contains the proposed FY 2016 budget at the Comptroller Source Group (object class) level compared to the FY 2015 approved budget. It also provides FY 2013 and FY 2014 actual expenditures.

Table RK0-3
(dollars in thousands)

Comptroller Source Group	Actual FY 2013	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Percent Change*
11 - Regular Pay - Continuing Full Time	1,350	1,479	1,620	1,969	349	21.5
12 - Regular Pay - Other	128	70	327	317	-10	-3.1
13 - Additional Gross Pay	4	3	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	333	325	440	510	70	15.8
Subtotal Personal Services (PS)	1,815	1,878	2,388	2,797	409	17.1
20 - Supplies and Materials	12	10	24	8	-16	-66.3
31 - Telephone, Telegraph, Telegram, Etc.	2	1	0	0	0	N/A
40 - Other Services and Charges	272	409	672	119	-553	-82.3
70 - Equipment and Equipment Rental	33	16	40	0	-40	-100.0
Subtotal Nonpersonal Services (NPS)	319	436	736	127	-609	-82.8
Gross Funds	2,133	2,314	3,124	2,923	-201	-6.4

*Percent change is based on whole dollars.

Program Description

The Office of Risk Management operates through the following 5 programs:

Risk Identification, Assessment, and Control (RIAC) – coordinates the work of Agency Risk Management Representatives (ARMRs) who systematically identify, measure, analyze, and document the District Government’s exposure to risk. The program also reviews and guides the activities of agency Risk Assessment Control Committees (RACC) relative to risk management plans. The purpose of the RACC is to maintain, in cooperation with ORM, a proactive and comprehensive program of risk assessment and control for agencies that minimizes the frequency, severity, and probability of losses to which agencies are exposed. It also provides training to increase District employees’ knowledge of risk prevention, including the creation of Emergency Response Plans (ERPs). ERPs include agency evacuation plans and responses to various hazards, including the threat of terrorism (for example, intentional releases of hazardous materials, use of explosive devices, or acts of arson).

This program contains the following 2 activities:

- **Risk Inspections and Coordination of ARMRs** – pursuant to subchapter XX of the Comprehensive Merit Personnel Act, ORM has inspectors who conduct risk assessment and safety inspections of District government buildings. The inspections are based on federal Occupational Safety and Health Act guidelines and are intended to ensure a safe and healthful work environment for employees and users of District government facilities. ORM also coordinates a Risk Management Council that is made up of ARMRs. The

Risk Management Council is intended to coordinate the work of ARMRS to reduce District government risk exposure and to cultivate a culture of risk awareness and management in the government; and

- **Risk Analysis** – is tasked with using the information and data from ORM’s various programs, as well as from members of the Risk Management Council and other sources, to conduct analyses for the purpose of reducing the District’s overall exposure to risk.

Insurance – administers the Captive Insurance Agency, which provides medical malpractice insurance to non-profit community health clinics in the District, as well as property insurance for risks to District government real property assets for various hazards. In addition, it works closely with the Office of Contracting and Procurement (OCP) to ensure that contracts over \$100,000 have the appropriate insurance requirements. The Insurance program also serves as a general resource to all District agencies wishing to obtain policy and other guidance on protecting the District through insurance and other contractual risk management techniques.

This program contains the following activity:

- **Insurance Analysis** – administers the three primary goals of the Insurance program, including the Captive Insurance Agency, the review of OCP contracts, and the provision of guidance to District government agencies on risk management techniques.

Public Sector Workers’ Compensation – responds to workplace injuries with the best, most appropriate medical care at a reasonable cost, and to return employees back to work as soon as medically possible. Workers’ Compensation is a system of benefits provided by law for workers who have job-related injuries or illnesses. The Office of Risk Management oversees the management of the Public Sector Workers’ Compensation program through a third-party administrator. Benefits include medical services, vocational rehabilitation, and compensation for permanent loss of use of a body part or function, and death benefits for beneficiaries. Employees are eligible for benefits when an injury or illness arises out of and in the course and scope of his or her employment. The program also oversees a Return-to-Work initiative, which helps employees get back to work as soon as possible after a job-related injury or illness. Return-to-Work is successful when there is communication between the injured worker and his or her agency, a key factor in his or her recovery.

This program contains the following 2 activities:

- **Claims Examination and Management** – oversees the processing of claims for public sector workers’ compensation benefits that are filed by District government employees; and
- **Return-to-Work** – coordinates workers’ compensation claimants’ return to work after they have recovered from their injuries. Claimants are placed into jobs within the District government that are consistent with any modified duty restrictions they may have, or they are connected with job training and vocational rehabilitation services.

Tort Liability – investigates and resolves tort liability claims filed against the District of Columbia. Effective January 20, 2004, the Mayor delegated to the Office of Risk Management the authority to accept notice of claim letters under D.C. Official Code § 12-309. As such, individuals can file claims against the District of Columbia for loss, damage, or injury. An action may not be maintained against the District of Columbia for unliquidated damages to person or property unless, within six months after the injury or damage was sustained, the claimant, his agent, or attorney has given notice in writing to the Mayor of the District of Columbia of the approximate time, place, cause, and circumstances of the injury or damage. Under certain circumstances, reports of the Metropolitan Police Department may also satisfy the notice requirement provided that they contain all of the information required by the statute. The Tort Liability program also pursues subrogation claims against third parties whose acts of negligence have resulted in damage to District government property.

This program contains the following activity:

- **Claims Examination** – investigates and resolves tort liability claims filed against the District of Columbia under D.C. Official Code § 12-309, and pursues subrogation claims against third parties.

Agency Management – provides for administrative support and the required tools to achieve operational and programmatic results. This program is standard for all agencies using performance-based budgeting.

Program Structure Change

The proposed program structure changes are provided in the Agency Realignment appendix to the proposed budget, which is located at www.cfo.dc.gov on the Annual Operating Budget and Capital Plan page.

FY 2016 Proposed Operating Budget and FTEs, by Program and Activity

Table RK0-4 contains the proposed FY 2016 budget by program and activity compared to the FY 2015 approved budget. It also provides the FY 2014 actual data.

Table RK0-4

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(1000) Agency Management								
(1010) Personnel	126	107	112	5	0.8	1.0	1.0	0.0
(1055) Risk Management	264	350	125	-225	0.0	0.0	0.0	0.0
(1085) Customer Service	53	54	55	1	0.8	1.0	1.0	0.0
(1090) Performance Management	264	425	746	321	2.5	3.0	5.0	2.0
(Subtotal (1000) Agency Management)	707	936	1,038	103	4.2	5.0	7.0	2.0
(2000) Risk Identification and Analysis								
(2010) Coordination and Integrity of ARMRS	272	0	0	0	1.7	0.0	0.0	0.0
(2030) Review and Guide RA Control Committee	65	0	0	0	0.8	0.0	0.0	0.0
(Subtotal (2000) Risk Identification and Analysis)	337	0	0	0	2.5	0.0	0.0	0.0
(2100) Risk Identification, Assessment, and Control								
(2110) Risk Inspections and Coordination of ARMRS	0	177	186	9	0.0	2.0	2.0	0.0
(2120) Risk Analysis	0	134	130	-4	0.0	1.0	1.0	0.0
(Subtotal (2100) Risk Identification, Assessment, and Control)	0	311	316	4	0.0	3.0	3.0	0.0
(3000) Risk Control								
(3010) Safety, Security, and Emergency Planning	41	0	0	0	0.8	0.0	0.0	0.0
(Subtotal (3000) Risk Control)	41	0	0	0	0.8	0.0	0.0	0.0

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Table RK0-4 (Continued)

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015	Actual FY 2014	Approved FY 2015	Proposed FY 2016	Change from FY 2015
(3100) Insurance								
(3110) Insurance Analysis	0	121	114	-8	0.0	1.0	1.0	0.0
Subtotal (3100) Insurance	0	121	114	-8	0.0	1.0	1.0	0.0
(4000) Risk Financing								
(4010) Claims Examination	526	0	0	0	5.9	0.0	0.0	0.0
(4040) Claims Management	416	0	0	0	3.4	0.0	0.0	0.0
Subtotal (4000) Risk Financing	942	0	0	0	9.2	0.0	0.0	0.0
(4100) Public Sector Workers' Compensation								
(4110) Claims Examination and Management	0	465	439	-26	0.0	4.0	4.0	0.0
(4120) Return-to-Work	0	620	319	-300	0.0	3.0	3.0	0.0
Subtotal (4100) Public Sector Workers' Compensation	0	1,085	758	-327	0.0	7.0	7.0	0.0
(6000) Return-to-Work								
(6010) Return-to-Work	286	0	0	0	2.5	0.0	0.0	0.0
Subtotal (6000) Return-to-Work	286	0	0	0	2.5	0.0	0.0	0.0
(6100) Tort Liability								
(6110) Claims Examination	0	671	698	26	0.0	7.0	7.0	0.0
Subtotal (6100) Tort Liability	0	671	698	26	0.0	7.0	7.0	0.0
Total Proposed Operating Budget	2,314	3,124	2,923	-201	19.3	23.0	25.0	2.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Note: For more detailed information regarding the proposed funding for the activities within this agency's programs, please see **Schedule 30-PBB Program Summary By Activity** in the **FY 2016 Operating Appendices** located on the Office of the Chief Financial Officer's website.

FY 2016 Proposed Budget Changes

The D.C. Office of Risk Management's (ORM) proposed FY 2016 gross budget is \$2,923,299, which represents a 6.4 percent decrease from its FY 2015 approved gross budget of \$3,124,189. The budget is comprised entirely of Local funds.

Current Services Funding Level

The Current Services Funding Level (CSFL) is a Local funds ONLY representation of the true cost of operating District agencies, before consideration of policy decisions. The CSFL reflects changes from the FY 2015 approved budget across multiple programs, and it estimates how much it would cost an agency to continue its current programs and operations into the following fiscal year. The FY 2016 CSFL adjustments to the FY 2015 Local funds budget are described in table 5 of this agency's budget chapter. Please see the CSFL Development section within Volume 1: Executive Summary for more information regarding the methodology used and components that comprise the CSFL.

ORM's FY 2016 CSFL budget is \$3,177,499, which represents a \$53,310, or 1.7 percent increase over the FY 2015 approved Local funds budget of \$3,124,189.

CSFL Assumptions

The FY 2016 CSFL calculated for ORM included adjustment entries that are not described in detail on table 5. These adjustments include increases of \$70,146 in personal services to account for Fringe Benefit costs based on trend and comparative analyses, the impact of cost-of-living adjustments, and approved compensation agreements implemented in FY 2015.

Additionally, adjustments were made for a decrease of \$16,836 for Other Adjustments to account for proper funding of compensation and classification reforms within the Workforce Investments fund for Compensation Groups 1 and 2.

Agency Budget Submission

Increase: The proposed Local funds budget increase of \$310,455 and 2.0 FTEs in the Agency Management program supports the agency's functions and modest increases in salary costs. A net increase of \$44,766 across multiple programs in personal services reflects modest changes to adjust continuing full time personal services and fringe benefits with projected costs.

Decrease: In Local funds, the proposed budget in Other Services and Charges reflects a decrease of \$254,238 in the Public Sector Workers' Compensation program and \$100,983 in the Agency Management program to offset projected increases in personal services.

Mayor's Proposed Budget

Reduce: The Office of Risk Management's proposed Local funds budget includes a decrease of \$130,200 in the Public Sector Workers' Compensation program in nonpersonal services for a PeopleSoft project initiative that includes the purchase of new database software and to reduce professional services costs. In addition, the proposed Local funds budget includes a decrease of \$124,000 in the Agency Management program to reduce the costs of supplies and professional services and to delay the purchase of a risk management information tracking system.

District's Proposed Budget

No Change: The Office of Risk Management's budget proposal reflects no change from the Mayor's proposed budget to the District's proposed budget.

FY 2015 Approved Budget to FY 2016 Proposed Budget, by Revenue Type

Table RK0-5 itemizes the changes by revenue type between the FY 2015 approved budget and the FY 2016 proposed budget.

Table RK0-5
(dollars in thousands)

DESCRIPTION	PROGRAM	BUDGET	FTE
LOCAL FUNDS: FY 2015 Approved Budget and FTE		3,124	23.0
Other CSFL Adjustments	Multiple Programs	53	0.0
LOCAL FUNDS: FY 2016 Current Services Funding Level (CSFL) Budget		3,177	23.0
Increase: To adjust continuing full time personal services and Fringe Benefits with projected costs	Agency Management	310	2.0
Increase: To adjust continuing full time personal services and Fringe Benefits with projected costs	Multiple Programs	45	0.0
Decrease: To offset projected increases in personal services	Agency Management	-101	0.0
Decrease: To offset projected increases in personal services	Public Sector Workers' Compensation	-254	0.0
LOCAL FUNDS: FY 2016 Agency Budget Submission		3,177	25.0
Reduce: To align resources with operational goals	Agency Management	-124	0.0
Reduce: To align resources with operational goals	Public Sector Workers' Compensation	-130	0.0
LOCAL FUNDS: FY 2016 Mayor's Proposed Budget		2,923	25.0
No Change		0	0.0
LOCAL FUNDS: FY 2016 District's Proposed Budget		2,923	25.0
Gross for RK0 - D. C. Office of Risk Management		2,923	25.0

(Change is calculated by whole numbers and numbers may not add up due to rounding)

Agency Performance Plan

The agency's performance plan has the following objectives for FY 2016:

Risk Identification, Assessment, and Control (RIAC)

Objective 1: Reduce the level and cost of risk to the District government.

KEY PERFORMANCE INDICATORS

Risk Identification, Assessment, and Control (RIAC)

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of environmental and safety inspections/re-inspections at District government buildings	624	615	566	615	615	615
Percent of eligible facilities for which agencies have submitted an Emergency Response Plan (ERP) for approval by ORM	76%	100%	82%	100%	100%	100%
Percent of agencies under the purview of the Mayor that file Cost of Risk reports ¹	Not Available	Not Available	Not Available	100% ²	100%	100%
Average cost per safety inspection ³	Not Available	Not Available	Not Available	Not Available	\$268	\$282

Public Sector Workers' Compensation

Objective 1: Improve the management and efficiency of the Public Sector Workers' Compensation program.

KEY PERFORMANCE INDICATORS

Public Sector Workers' Compensation

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Total Cost of the Public Sector Workers' Compensation program (in millions)	\$15.3	\$17	\$16.7	\$17	\$16 ⁴	\$17
Average number of days a claimant receives workers' compensation benefits for claims opened within the fiscal year	11.8	23.5 ⁵	20.5	22.3	21.2	20.1
Number of workers' compensation claims per 100 FTEs	4.6	5.4 ⁶	5.7 ⁷	5.5	5.0	4.5
Average total payment on all claims that are four years or less (in millions)	Not Available	\$11.3	\$11.5	\$10.7	\$10.1	\$9.7
Percent of reconsideration decisions that are decided and issued within 30 days	Not Available	Not Available	Not Available	100% ⁸	100%	100%

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KEY PERFORMANCE INDICATORS (Continued)

Public Sector Workers' Compensation

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Number of employees returning to work and/or participating in job club	309	643 ⁹	504	675	709	744
Average cost of indemnity payment costs ¹⁰	Not Available	Not Available	Not Available	Not Available	\$5,189	\$5,295
Average cost of total claims ¹¹	Not Available	Not Available	Not Available	Not Available	\$14,013	\$14,295

Tort Liability

Objective 1: Reduce the number of lawsuits against the District government.

Objective 2: Recover money owed to the District as a result of tortious acts by third parties.

Objective 3: Develop and maintain a Risk Map so that the District can use to take steps to remediate or reduce defects and/or risks that may be consistently occurring in certain parts of the city.

KEY PERFORMANCE INDICATORS

Tort Liability

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Subrogation monies collected	\$18,321	\$69,000	\$101,109	\$75,000 ¹²	\$80,000	\$85,000
Average number of days to resolve tort claims that were filed in same fiscal year	75	71	80	59 ¹³	56	52
Average cost per tree claim ¹⁴	Not Available	Not Available	Not Available	Not Available	\$2,647	\$2,647
Average cost per automobile accident claims ¹⁵	Not Available	Not Available	Not Available	Not Available	\$5,681	\$5,681

Insurance

Objective 1: Increase contractual risk management and awareness of District agencies.

Objective 2: Ensure District residents' access to affordable health care.

Objective 3: Reduce risks to District property.

KEY PERFORMANCE INDICATORS

Insurance

Measure	FY 2013 Actual	FY 2014 Target	FY 2014 Actual	FY 2015 Projection	FY 2016 Projection	FY 2017 Projection
Percent of District government vendors in compliance with ORM minimum insurance requirements	100%	100%	100% ¹⁶	100%	100%	100%
Number of contract and insurance risk management training classes offered to agency officials ¹⁷	Not Available	Not Available	Not Available	6	8	10
Percent of government real estate property assets insured by private insurance ¹⁸	Not Available	Not Available	Not Available	50%	60%	70%
Average cost per hour of legal fees to defend negligence claims against captive claims ¹⁹	Not Available	Not Available	Not Available	Not Available	\$80 - \$210 per hour	\$84 - \$221 per hour

Agency Management

Objective 1: Oversee the implementation of agencywide priorities.

NO KPI TABLE

Performance Plan Endnotes:

¹Historical data is not available. This is a new Key Performance Indicators (KPI) in FY 2015.

²Tracking for this KPI began in FY 2015.

³This cost driver is a new KPI in FY 2016. Future projections will be provided after the initial baseline year.

⁴In FY 2014, the program went through a transition period with a new Third-Party Administrator (TPA), which may affect the rate of savings in FY 2015 and FY 2016. The projection for FY 2016 is a 5 percent decrease in spending in anticipation of savings at that time.

⁵The FY 2014 – FY 2016 projections decrease by 5 percent per year.

⁶Target projections are based on an increase in the number of claims filed from FY 2012 through FY 2014.

⁷The data shows cumulative totals from October 1, 2014 – September 30, 2014.

⁸New KPI for FY 2015.

⁹The projection goal is to increase the number of employees returning to work by 5 percent each year.

¹⁰This cost driver is a new KPI in FY 2016. Future projections will be provided after the initial baseline year.

¹¹Ibid.

¹²This is a new KPI for FY 2015.

¹³Ibid.

¹⁴This cost driver is a new KPI in FY 2016. Future projections will be provided after the initial baseline year.

¹⁵Ibid.

¹⁶The data shows cumulative totals from October 1, 2014 – September 30, 2014. The information is based on the last known data in PASS system.

¹⁷Historical data is not available. This is a new KPI in FY 2015.

¹⁸Ibid.

¹⁹This cost driver is a new KPI in FY 2016. Future projections will be provided after the initial baseline year.