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# D.C. Office of Risk Management

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Description	FY 2009 Actual	FY 2010 Approved	FY 2011 Proposed	% Change from FY 2010
Operating Budget	\$2,547,118	\$1,867,129	\$1,610,179	-13.8
FTEs	24.4	20.8	17.0	-18.1

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The mission of the Office of Risk Management (ORM) is to provide risk identification, analyses, control and financing direction, and support to District agencies so that they can minimize the cost of risk and improve safety in the workplace.

## Summary of Services

The Office of Risk Management supports agencies' efforts to minimize the total cost of risk. ORM's services include identifying gaps in agencies' risk management practices, recommending and overseeing the implementation of appropriate responses, administering the District of Columbia Government Employees' Disability Compensation Program and

Tort Liability Program, providing risk management training to District employees, and conducting risk management assessments of all District Government facilities and operations.

The agency's FY 2011 proposed budget is presented in the following tables:

## FY 2011 Proposed Gross Funds Operating Budget, by Revenue Type

Table RK0-1 contains the proposed FY 2011 agency budget compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

**Table RK0-1**  
(dollars in thousands)

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
<b>General Fund</b>						
Local Funds	1,800	1,662	1,039	783	-256	-24.6
<b>Total for General Fund</b>	<b>1,800</b>	<b>1,662</b>	<b>1,039</b>	<b>783</b>	<b>-256</b>	<b>-24.6</b>
<b>Intra-District Funds</b>						
Intra-District Funds	699	885	828	827	-1	-0.1
<b>Total for Intra-District Funds</b>	<b>699</b>	<b>885</b>	<b>828</b>	<b>827</b>	<b>-1</b>	<b>-0.1</b>
<b>Gross Funds</b>	<b>2,499</b>	<b>2,547</b>	<b>1,867</b>	<b>1,610</b>	<b>-257</b>	<b>-13.8</b>

\*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 Operating Appendices located on the Office of the Chief Financial Officer's website.

## FY 2011 Proposed Full-Time Equivalents, by Revenue Type

Table RK0-2 contains the proposed FY 2011 FTE level compared to the FY 2010 approved FTE level by revenue type. It also provides FY 2008 and FY 2009 actual data.

**Table RK0-2**

Appropriated Fund	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change
<b>General Fund</b>						
Local Funds	26.0	21.1	10.5	7.6	-2.9	-27.4
<b>Total for General Fund</b>	<b>26.0</b>	<b>21.1</b>	<b>10.5</b>	<b>7.6</b>	<b>-2.9</b>	<b>-27.4</b>
<b>Intra-District Funds</b>						
Intra-District Funds	0.0	3.3	10.2	9.4	-0.9	-8.5
<b>Total for Intra-District Funds</b>	<b>0.0</b>	<b>3.3</b>	<b>10.2</b>	<b>9.4</b>	<b>-0.9</b>	<b>-8.5</b>
<b>Total Proposed FTEs</b>	<b>26.0</b>	<b>24.4</b>	<b>20.8</b>	<b>17.0</b>	<b>-3.8</b>	<b>-18.1</b>

## FY 2011 Proposed Operating Budget, by Comptroller Source Group

Table RK0-3 contains the proposed FY 2011 budget at the Comptroller Source Group (object class) level compared to the FY 2010 approved budget. It also provides FY 2008 and FY 2009 actual expenditures.

**Table RK0-3**  
(dollars in thousands)

Comptroller Source Group	Actual FY 2008	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Percent Change*
11 - Regular Pay - Cont Full Time	826	685	1,143	867	-276	-24.2
12 - Regular Pay - Other	1,072	1,051	302	463	161	53.2
13 - Additional Gross Pay	8	74	0	0	0	N/A
14 - Fringe Benefits - Current Personnel	325	315	231	237	6	2.5
15 - Overtime Pay	0	2	0	0	0	N/A
<b>Subtotal Personal Services (PS)</b>	<b>2,231</b>	<b>2,128</b>	<b>1,676</b>	<b>1,567</b>	<b>-110</b>	<b>-6.5</b>
20 - Supplies and Materials	7	6	5	7	2	46.0
30 - Energy, Comm. and Building Rentals	39	47	48	0	-48	-100.0
31 - Telephone, Telegraph, Telegram, Etc.	25	35	33	0	-33	-100.0
32 - Rentals - Land and Structures	0	0	6	0	-6	-100.0
33 - Janitorial Services	19	24	24	0	-24	-100.0
34 - Security Services	20	21	17	0	-17	-100.0
35 - Occupancy Fixed Costs	35	40	30	0	-30	-100.0
40 - Other Services and Charges	23	245	20	36	17	83.8
41 - Contractual Services - Other	97	0	0	0	0	N/A
70 - Equipment and Equipment Rental	3	0	8	0	-8	-100.0
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>267</b>	<b>419</b>	<b>191</b>	<b>44</b>	<b>-147</b>	<b>-77.1</b>
<b>Gross Funds</b>	<b>2,499</b>	<b>2,547</b>	<b>1,867</b>	<b>1,610</b>	<b>-257</b>	<b>-13.8</b>

\*Percent change is based on whole dollars.

## Program Description

The Office of Risk Management operates through the following 4 programs:

**Risk Identification and Analysis (RIA)** - integrates the work of agency risk management representatives who systematically identify, measure, analyze and document the Government of the District of Columbia's exposure to risk. The risk control measures are implemented to reduce the District's liability associated with the risk.

This program contains the following 2 activities:

- **Coordination and Integrity of ARMRS** – coordinates the work of the Agency Risk Management Representatives (ARMRS), including systematic identification, measurement, analysis, and documentation of agency exposure to risk; and
- **Review and Guide Risk Assessment Control Committees (RACC)** – review and guide agency RACC activities 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 minimize the frequency, severity, and probability of losses to which agencies are exposed.

**Risk Control Division** - program effectively minimizes the probability, frequency, and severity of accidental losses on a pre-loss and post-loss basis through a compliance-monitoring program for safety, security, and contingency planning for emergencies by all District agencies.

This program contains the following activity:

- **Safety, Security Emergency Planning** - provides training to increase the participant's knowledge of emergency planning and the features of good evacuation floor plans, to include guidance on how to incorporate the threat of terrorism (for example, intentional releases of hazardous materials, use of explosive devices, or acts of arson) into evacuation planning and preparedness.

**Risk Financing Division** - manages the adjudication of claims and recoveries, as well as anticipating and planning for funding loss payments.

This program contains the following 2 activities:

- **Claims Examination** – reviews and manages adjudicated Disability Compensation claims filed against the District Government; manages the adjudication of Tort Liability claims and recoveries, as well as anticipating and planning for funding loss payments; and
- **Claims Management** – provides the District Government's oversight of the claims administration process by third-party administrators.

**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 Office of Risk Management had no program structure changes in the FY 2011 Proposed Budget.

## FY 2011 Proposed Operating Budget and FTEs, by Program and Activity

Table RK0-4 contains the proposed FY 2011 budget by program and activity compared to the FY 2010 approved budget. It also provides the FY 2009 actual data.

**Table RK0-4**

(dollars in thousands)

Program/Activity	Dollars in Thousands				Full-Time Equivalents			
	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010	Actual FY 2009	Approved FY 2010	Proposed FY 2011	Change from FY 2010
<b>(1000) Agency Management Program</b>								
(1010) Personnel	38	57	44	-13	0.0	0.5	0.5	0.0
(1020) Contracting and Procurement	75	6	0	-6	0.7	0.0	0.0	0.0
(1030) Property Management	168	158	0	-158	0.0	0.0	0.0	0.0
(1055) Risk Management	233	5	16	11	0.0	0.0	0.0	0.0
(1085) Customer Service	25	86	53	-32	9.6	1.5	1.0	-0.5
(1090) Performance Management	248	243	275	32	0.6	1.2	1.8	0.5
<b>Subtotal (1000) Agency Management Program</b>	<b>788</b>	<b>555</b>	<b>389</b>	<b>-167</b>	<b>10.9</b>	<b>3.2</b>	<b>3.2</b>	<b>0.0</b>
<b>(2000) Risk Identification and Analysis</b>								
(2010) Coordination and Integrity of ARMRS	553	43	184	142	4.4	1.0	1.8	0.8
(2020) Coordination DCORM Council	60	50	0	-50	0.0	1.0	0.0	-1.0
(2030) Review and Guide Risk Assessment Control Committee	145	117	68	-49	2.1	1.8	1.0	-0.8
<b>(Subtotal (2000) Risk Identification and Analysis</b>	<b>758</b>	<b>210</b>	<b>253</b>	<b>43</b>	<b>6.5</b>	<b>3.8</b>	<b>2.8</b>	<b>-1.0</b>
<b>(3000) Risk Control Division</b>								
(3010) Safety, Security Emergency Planning	35	101	120	19	0.0	1.0	1.0	0.0
(3060) Training	80	0	0	0	1.5	0.0	0.0	0.0
<b>Subtotal (3000) Risk Control Division</b>	<b>116</b>	<b>101</b>	<b>120</b>	<b>19</b>	<b>1.5</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>
<b>(4000) Risk Financing Division</b>								
(4010) Claims Examination	665	816	591	-225	4.5	11.2	7.5	-3.8
(4040) Claims Management	220	185	258	73	1.1	1.5	25	1.0
<b>Subtotal (4000) Risk Financing Division</b>	<b>886</b>	<b>1,001</b>	<b>849</b>	<b>-152</b>	<b>5.6</b>	<b>12.8</b>	<b>10.0</b>	<b>-2.8</b>
<b>Total Proposed Operating Budget</b>	<b>2,547</b>	<b>1,867</b>	<b>1,610</b>	<b>-257</b>	<b>24.4</b>	<b>20.8</b>	<b>17.0</b>	<b>-3.8</b>

(Change is calculated by whole numbers and numbers may not add 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 2011 Operating Appendices located on the Office of the Chief Financial Officer's website.

## FY 2011 Proposed Budget Changes

**Intra-Agency Adjustments:** In FY 2011, the Office of Risk Management (ORM) will increase Local funding by \$4,998 to include increases in fringe benefits during FY 2011. The agency is shifting \$158,747 in Local funds to restore personal services funding for 1.5 FTEs to the Office of Risk Management from the Medical Captive Insurance Agency.

**Transfers In/Out:** ORM will transfer out \$158,233 in facility and telecom fixed costs to the new fixed costs agency and the Office of Finance and Resource Management in FY 2011. Additionally, the agency will transfer out \$19,782 for assessments to the Office of Contracting and Procurement and the D.C. Department of Human Resources.

**Cost Savings:** ORM reduced \$232,000 in Local funds mostly in personal services, and reduced 4.4 FTE positions.

## FY 2010 Approved Budget to FY 2011 Proposed Budget, by Revenue Type

Table RK0-5 itemizes the changes by revenue type between the FY 2010 approved budget and the FY 2011 proposed budget.

**Table RK0-5**  
(dollars in thousands)

	PROGRAM	BUDGET	FTE
<b>LOCAL FUND: FY 2010 Approved Budget and FTE</b>		<b>1,039</b>	<b>10.6</b>
Reduce: Hold salary steps constant	Agency Management Program	-10	0.0
Shift: Restore personal services funding for 1.5 FTEs to Office of Risk Management from Medical Liability Captive Insurance Agency	Agency Management Program	159	1.5
Transfer Out: Transfer facility and telecom fixed costs to new fixed cost agency and OFRM	Agency Management Program	-158	0.0
Transfer Out: Transfer out procurement and human resources assessments to OCP/DCHR	Agency Management Program	-20	0.0
Cost Decrease: Decrease Risk Identification and Analysis Program	Risk Identification and Analysis	-140	-2.0
Eliminate: Reduction to realign staff and programs	Risk Identification and Analysis	-81	-2.4
Cost Decrease: Reduce personal services	Multiple Programs	-11	0.0
Cost Increase: Adjust fringe benefits based on historical growth rate	Multiple Programs	5	0.0
<b>LOCAL FUND: FY 2011 Proposed Budget and FTE</b>		<b>783</b>	<b>7.6</b>
<b>INTRA-DISTRICT FUNDS: FY 2010 Approved Budget and FTE</b>		<b>828</b>	<b>10.3</b>
Reduce: Hold salary steps constant	Agency Management Program	-1	0.0
Cost Decrease: Realign FTE to the Office of Disability Rights	Multiple Programs	-5	-0.9
Cost Increase: Adjust personal services to offset expected expenditures	Multiple Programs	5	0.0
<b>INTRA-DISTRICT FUNDS: FY 2011 Proposed Budget and FTE</b>		<b>827</b>	<b>9.4</b>
<b>Gross for RK0 - D. C. Office of Risk Management</b>		<b>1,610</b>	<b>17.0</b>

## Agency Performance Plan

The agency's performance plan has the following objectives for FY 2011:

**Objective 1:** Enhance growth in the Medical Liability Captive Insurance Company of 1 percent by soliciting participation from certain qualified health-care providers.

**Objective 2:** Establish ORM as an insurance consultant and training resource for contracting and procurement functions throughout the District to reduce the contractual risk assumed by the District.

**Objective 3:** Increase Public Occupational Safety and Health Awareness District-wide.

**Objective 4:** Implement measures to reduce the number of "How am I Driving?" 311 complaint calls.

**Objective 5:** Implement various cost saving measures within the Disability Compensation Program (DCP) to help reduce DCP costs by 4 percent.

## Agency Performance Measures

Table RK0-6

Measure	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Projection	FY 2011 Projection	FY 2012 Projection
Annual incremental growth in the Medical Liability Captive Ins. Company (MLCIC)	\$8.6M	\$8.7M	\$8.9M	\$8.8M	\$9.0M	\$9.18M
Percentage of District Government vendors (OCP) in compliance with ORM minimum insurance requirements	0%	25%	35%	55%	65%	75%
Number of environmental and structural inspections/re-inspections at District Government buildings. (inspections/re-inspections/total)	269 283 552	309 325 634	444 136 580	400 155 555	5% increase	5% increase
Avg. lost time per employee due to injury <sup>1</sup>	189		180	170	170	170
Avg. cost per injury <sup>2</sup>	\$9,040		\$8,588	\$8,500	\$8,500	\$8,500
Reduce the number of "How am I Driving?" 311 complaint calls (number of complaints)	(2,051)	N/A	40% (1228)	50% (614)	50%	50%
Total Cost of Disability Compensation Program (These amounts reflect settlements and adverse awards against the program.)	\$22,236,294	\$20,808,929	\$22,824,092	\$21,323,330	\$20,470,397	\$19,651,582
Total amount of lost time (days) in Disability Compensation Program	343,430	326,259	368,286	282,844	271,531	270,445
Average cost per injury per claim	\$10,664.89	\$10,131.65	\$10,199.99	\$9,791.99	\$9,400.31	\$9,024.30
Percentage/number of agencies participating in the Return to Work and/or District-wide Intranet Light/Modified Job Depository	17% 8	50% 23	45% 21	75% 35%	100% 47	100% 47
Total cost savings for the Return to Work Program	\$2,803	\$2,943	\$6,381	\$7,086	\$7,369	\$7,663
Total reduction in cost of risk to the District	N/A	N/A	N/A	TBD	TBD	TBD

<sup>1</sup> This measure was moved from the Office of the City Administrator FY 2010 Performance Plan after occupational injury functions were moved to ORM

<sup>2</sup> This measure was moved from the Office of the City Administrator FY 2010 Performance Plan after occupational injury functions were moved to ORM

