



Report

Subject: Funding for 2020 WSIB Surcharge

Department: Corporate Services

Division: Human Resources

Report #: CPS-2021-032

Meeting Date: 2021-05-31

Recommendations

That council receive report # CPS-2021-032: Funding for 2020 WSIB surcharge and approve the use of funds from other budget lines to cover an amount of \$71,571.86 overage from the WSIB surcharge. The outstanding balance is due July 1, 2021 to avoid interest charges.

Background and Analysis

The Town has received rebates from WSIB for a number of years. In 2020, we received the notification of a surcharge.

This WSIB surcharge is based on the period of time from 2016 to 2019. Our claims costs in 2016, 2017, 2018 were within expected costs, this is what our premiums are based on. In 2019 the Town of Orangeville had two unexpected long term mental health claims. These two large claims caused our costs to exceed the predicted/allowable costs that our WSIB premiums cover, which resulted in a surcharge.

The WSIB 2020 total surcharge was for the approx. \$ 422,000.00. There is approx. \$351,000.00 available in our WSIB Reserve Fund. The Town has taken steps to mitigate the shortfall by participating in the WSIB Health and Safety Excellence Program. This will provide us with a rebate of \$22,000.00.

The recommendation is to use \$300,000.00 from the WSIB Reserve fund. This allows us to keep some funds in this reserve and then fund the balance through the Contingency Reserve.

WSIB Surcharge	\$422,000.00
Rebate	\$22,000.00
WSIB Reserve	\$300,000.00
Contingency Reserve	\$100,000.00

The WSIB Health and Safety Excellence Program, which started in 2020, allows us to participate every year to be eligible for a rebate. The Town continues to participate in this program.

Its worth noting that starting in 2020, the WSIB moved to a new billing model. There will no longer be rebates (except through the WSIB Health and Safety Excellence program) or surcharges. The new system has more predictability from a budgeting perspective; it is based on a premium scale that moves up or down depending on our claims costs.

Strategic Alignment

Orangeville Forward – Strategic Plan

Priority Area: Fiscal responsibility; transparent and fair decision making process

Objective: Ensure that the Town remains in good standing wit the WSIB

Financial Impact

This will be a one-time financial impact for the amount indicated above. The new WSIB billing model does not allow for surcharges going forward. The new model will allow for better budgeting and predicting of future costs.

Respectfully submitted

Andrea McKinney
General Manager, Corporate Services

Prepared by

Cathy Moran
Human Resources and Health and Safety Officer
Human Resources

Attachment(s): Not applicable