



November 27, 2018

MEMORANDUM

FROM: Dennis Barlow
TO: AGC Executive Committee
SUBJECT: Non-SAIF General Safety Services: Consultant or FTE?

BACKGROUND

Current operating structure is as follows;

There are currently 624 SAIF Group participating members who receive on average 2-4 service visits per year from an assigned AGC Safety Management Consultant (SMC).

SAIF Group participating members are assigned a service level based on risk assessment to determine frequency of service and level of support. Service levels are 1-4. 1 is higher risk and requires a higher level of service. 4 is low risk and requires a lower level of service.

Non-SAIF Group members do not have an assigned AGC SMC as they are not paying the premiums to the WC carrier and have no obligations for safety services from the carrier. These companies are AGC members who have different WC providers and should be receiving safety and risk services from their WC carrier. These AGC members currently receive minimal safety support from AGC through phone support or attendance at the Safety & Health Council. They are not eligible for site visits from an AGC SMC.

All AGC members are eligible to apply for the Pride Program and Rose Award and will receive program review and site visits from an AGC SMC as part of the application process.

DISCUSSION

The topic of increasing safety services for non-SAIF group members from the AGC as part of their membership has been discussed. There are currently 73 non-SAIF group IA, GC and SC members that are not receiving this service. How do we provide safety services to these non-SAIF AGC members without violating the terms of our SAIF contract? SAIF funds the Safety Services Dept. and those safety services are limited to SAIF group members.

An option that we are now discussing to provide Safety Services to non-SAIF group members is to contract out the safety services for the non-SAIF book of business. By hiring a consultant, we could beta test this concept without committing to a FTE. We also don't know if the safety services would be utilized to its full potential because it would not be a requirement of AGC and they are already receiving safety services from their workers' compensation provider. We would be in violation of our SAIF contract if we attempted to provide our current safety services to non-SAIF group members with our current SMC staff. SAIF understands what the AGC is proposing and supports our efforts, but they are

not going to fund it. There would be a shared database that SAIF funds that would require the AGC providing a credit for, but all other costs would be exclusive to AGC.

Each AGC member would receive an assigned service level after their initial consultation to determine frequency of service and level of support. Member interactions would be limited to safety through design, site safety audits, training requests, and other AGC safety functions. Interactions with the carrier, return to work consultants, insurance agents and underwriters would not be a job duty.

The below table represents the two proposed options for providing safety services to Non-SAIF members. These are anticipated and estimated costs to fund a FTE vs. consultant to provide the safety services that meet our standards.

	Full Time Employee (FTE)	Contract Consultant
Yearly salary/contract	\$90,000	\$90,000 (\$7,500 mo.)
Fringes/Burden	\$35,000	NA
Vehicle/Equipment	\$7,500 (Vehicle, Phone, computer)	\$7,500 (Vehicle, Phone, computer)
Auto expenses	\$3,500	\$2,500
Materials	\$2,000	\$2,000
Travel/Entertainment	\$7,500	\$7,500
Other overhead	\$5,500 (Insurance-Auto, E&O)	\$2,500
Total Budget	\$151,000 yr.	\$112,000 yr.

The two options presented above are representative of a full year commitment to invest in providing safety services to our members. If the Board of Directors elects not to commit the resources for a full year, then my recommendation would be to approve \$50,000 for the 2019 budget for an as needed fund to provide the requested services. I would manage the budget and provide a safety consultant to service the needs as requested by the non SAIF membership. This would give us an opportunity to implement this program slowly and truly determine the safety needs of our membership. I would field all the requests from our Non-SAIF members and hire a safety consultant at an hourly rate to fulfill the request. We could evaluate the program during the 4th qtr. Of 2019 and determine at that time on how to proceed.

Thank you,

Dennis Barlow

