

Workers Compensation Program Improvements: Managing Workplace Safety and Costs

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Table of Contents

| | |
|--|-----|
| Foreword | v |
| Acknowledgments | vi |
| Executive Summary | vii |
| Section 1: Introduction..... | 1 |
| Section II: Background..... | 2 |
| Overview of Workers Compensation and Safety in Milwaukee..... | 3 |
| Section III: Methodology | 5 |
| Policy Goals | 5 |
| Section IV: Policy Analysis | 9 |
| Status Quo: City of Milwaukee | 9 |
| Comparative City Analysis..... | 12 |
| Section V: Recommendation..... | 27 |
| Work Cited | 28 |
| Appendix A: Workers Compensation Program Improvements Policy Matrix..... | 31 |
| Appendix B: City of Milwaukee Police Department..... | 32 |
| Policy Goal 1: Injury Reduction | 32 |
| Policy Goal 2: Cost Control..... | 33 |
| Appendix C: City of Milwaukee Fire Department | 35 |
| Policy Goal 1: Injury Reduction | 35 |
| Policy Goal 2: Cost Control..... | 38 |
| Appendix D: City of Milwaukee Department of Public Works..... | 39 |
| Policy Goal 1: Injury Reduction | 39 |
| Policy Goal 2: Cost Control..... | 40 |
| Appendix E: City of Cincinnati, Ohio | 42 |
| Policy Goal 1: Injury Reduction | 42 |
| Policy Goal 2: Cost Control..... | 43 |
| Appendix F: City of Green Bay | 44 |
| Policy Goal 1: Injury Reduction | 44 |
| Policy Goal 2: Cost Control..... | 45 |
| Appendix G: City of Minneapolis, Minnesota | 46 |
| Policy Goal 1: Injury Reduction | 46 |
| Policy Goal 2: Cost Control..... | 48 |
| Appendix H: City of Phoenix, Arizona..... | 50 |
| Policy Goal 1: Injury Reduction | 50 |
| Policy Goal 2: Cost Control..... | 52 |

| | |
|---|----|
| Appendix I: City of Portland, Oregon | 54 |
| Policy Goal 1: Injury Reduction | 54 |
| Policy Goal 2: Cost Control | 55 |
| Appendix J: City of Seattle, Washington | 56 |
| Policy Goal 1: Injury Reduction | 56 |
| Policy Goal 2: Cost Control | 57 |
| Appendix K: Comparison of Promising Practices across Cities | 59 |

Foreword

Students in the Master of Public Affairs (MPA) program in the Robert M. La Follette School of Public Affairs at the University of Wisconsin–Madison produced this report for the City of Milwaukee, Department of Administration’s Budget and Management Division. The opinions and judgments presented in the report do not represent the views, official or unofficial, of the La Follette School or of the clients for which the report was prepared.

The authors are enrolled in the Public Affairs Workshop, Domestic Issues, the capstone course in their graduate program. The La Follette School offers a two-year program leading to a Master of Public Affairs or a Master of International Public Affairs degree. The Workshop provides practical experience applying the tools of analysis acquired during three semesters of prior coursework to actual issues clients face in the public, non-governmental, and private sectors. Students work in teams to produce carefully crafted policy reports that meet high professional standards within the timeframe of a single academic semester. The reports are research-based, analytical, and when appropriate, evaluative.

I am grateful to Wilbur R. Voigt whose generous gift to the La Follette School supports the workshop projects. With his donation, we are able to finance the production of the final reports, plus other expenses associated with the projects.

This report would not have been possible without the encouragement and leadership of the City of Milwaukee’s dedicated employees. The report also benefited greatly from the support of the staff of the La Follette School. Outreach Director Terry Shelton, along with Kari Reynolds, Mary Mead, and Gregory Lynch, contributed logistical and practical support. Karen FASTER, La Follette publications director, edited the report and shouldered the task of producing the final bound document.

This report was generated primarily for the educational benefit of its student authors and the purpose of the project was to improve their analytical skills by applying them to an issue with a substantial policy or management component. This culminating experience is the ideal equivalent of the thesis for the La Follette School degrees in public affairs.

Dr. Susan Webb Yackee
Assistant Professor of Public Affairs and Political Science
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Executive Summary

The City of Milwaukee has seen expenditures for Workers Compensation claims increase an average of more than 10 percent per year since 1999. The Department of Administration's Budget and Management Division would like to identify management practices to increase safety and reduce Workers Compensation, particularly within high-injury departments such as Fire, Police, and Public Works.

The City re-established its Central Safety Committee in 2004 to strengthen centralized oversight of safety and cost across City departments. The committee works with the Workers Compensation Section of the Department of Employee Relations to utilize a new claims-management information system to track injuries and claim expenditures. In anticipation of benefits of this new system, Milwaukee commissioned us to assist with better placing safety practices and WC within a performance management framework to achieve two goals: to reduce workplace injuries and to contain WC costs.

We identify "promising practices" in six comparable municipalities and evaluate them according to these performance management criteria: accountability, communication flow, incentives, benchmarks, and innovations. As a priority, we recommend that Milwaukee consider targeting efforts to improve accountability and communication flow, the two performance management areas in which Milwaukee is most lacking.

Specifically, we recommend that Milwaukee reduce injuries and control WC costs by:

- Creating a central oversight of safety and cost controls by establishing the position of risk manager within the Department of Employee Relations
- Increasing departmental accountability for safety through better collaboration via the Central Safety Committee
- Using print and electronic publications to promote a workplace safety culture
- Utilizing the Central Safety Committee to link information with action and accountability
- Assessing each department and establishing an internal reporting structure for disseminating information
- Having each department budget its own WC costs to ensure accountability and to create a constant dialogue regarding spending
- Expanding communication with physicians as a cost-control measure

Moreover, Milwaukee should consider innovative policies to reduce the challenges of its limited-duty program and to expand return-to-work options for all injured workers. All these promising practices may help Milwaukee move forward with utilizing incentives, determining benchmarks for gauging progress, and discovering management innovations through continual organizational learning.

Section 1: Introduction

The City of Milwaukee has experienced increased Workers Compensation (WC) expenditures and has consistently underbudgeted WC costs since 2000. Expenditures for the WC fund, a fund that pays for WC costs associated with indemnity, administrative and medical expenses, rose from approximately \$5.5 million in 2000 to more than \$12.1 million in 2007. These cost increases do not include the City's injury pay policy, which in 2007 cost Milwaukee an additional \$3 million of reimbursements for lost wages. City staff believe these cost increases are associated with increases in workplace accidents, changes in the nature and severity of injuries, and an aging workforce. Moreover, despite slight declines in some departmental workplace injuries, WC costs continue to rise within a national environment of escalating medical and health-care spending. Medical reimbursements account for approximately 70 percent of Milwaukee's total WC spending. (Milwaukee Department of Employee Relations, n.d.a).

As a result, Milwaukee has placed a high priority on preventing injuries and increasing safety as a means to control WC costs. These efforts are particularly important to the Police Department, Fire Department, and the Department of Public Works, where employment is high-risk, and many employees hold physically strenuous positions. In 2006, these departments accounted for 63 percent of Milwaukee's workforce and more than 87 percent of the recordable occupational injuries and illnesses. (Milwaukee Department of Employee Relations, n.d.b).

Efforts to improve safety leadership and coordination are particularly timely because Milwaukee's new claims-management information system is expected to improve data collection and analysis, provide expanded and more accurate data, identify drivers of key costs, and enhance efficiency of WC administration. This, coupled with an improved management framework for workplace safety, should help the City improve occupational safety and lower WC costs.

Milwaukee recognizes the constraints on control of WC costs due to increases in medical costs and limitations the Wisconsin WC system imposes. Our client, the Department of Administration's Division of Budget and Management, seeks to reduce WC costs by emphasizing safety management. Therefore, this report recommends how the City of Milwaukee can better position workplace safety within a performance management framework and thus reduce WC costs.

Section II of this report begins with a description of the role of WC in occupational safety and gives an overview of the City's WC system and safety history. Section III describes our team's methodology for structuring our analysis, including definitions and discussion of the report's policy goals and impact categories followed by descriptions of six comparative cities. Section IV is the core of this report. It describes Milwaukee's status quo, then discusses and analyzes promising practices in the six other cities. Section V concludes with a final recommendation for the City of Milwaukee.

Section II: Background

Workers Compensation is a no-fault social insurance program that financially protects workers who sustain work-related injuries. The insurance is no-fault in that the employer's WC insurance plan covers each employee irrespective of who is at fault for the injury or illness, as long as the condition arises out of employment. This insurance is employer-based, meaning that the employer buys it privately or from a state fund, or demonstrates financial security to predict and carry its own risks through self-insuring.

Wisconsin was the first state to enact permanent WC legislation when it passed the Workmen's Compensation Act of 1911 (Wisconsin Department of Workforce Development's Workers Compensation Division, n.d.a). All employers must provide WC, except farmers, domestic workers, volunteers, and those with fewer than three employees. In all other instances, employers must abide by the Workers Compensation Act in Chapter 102 of Wisconsin's statutes.

Prior to the establishment of WC, employees' only legal remedy to recover costs of work-related injury or disease was to bring suit against an employer. However, employees had to demonstrate that the injury was not due to personal negligence, which was often difficult for employees to prove. The WC law ensures employees are covered by their employer's insurance and receive compensation in a reasonable time. The tradeoff, however, is that employees give up their right to sue for damages (Sengupta & Reno, 2007). Therefore, the current system of WC is seen as a more equitable and efficient alternative for employers and employees. Workers compensation programs vary across states and employers in coverage, financing, regulation, and administration (Wisconsin Department of Workforce Development's Workers Compensation Division, n.d.b).

Wisconsin's WC benefits generally fall into two broad categories: (1) *medical reimbursements* for all reasonable medical costs incurred as result of an injury, including doctor, hospital, drug, and vocational rehabilitation costs; and (2) *indemnity benefits* for lost wages as a result of temporary, permanent, partial, or full disability impairment. Also, administrative costs are associated with processing WC claims. In 2004, Wisconsin's WC indemnity costs were more than \$230 million, and medical reimbursement spending was nearly \$472 million (Wisconsin Department of Workforce Development's Workers Compensation Division, n.d.b).

A study by the Worker's Compensation Research Institute found that Wisconsin's average WC costs per claim increased 8 percent in 2002. The major factor driving the increase was the rapid growth in medical costs per claim. "Overall costs per claim in Wisconsin were low, but the rapid rise in medical costs per claim continued ... the lack of a traditional fee schedule and the apparently lower use of medical cost containment mechanisms may have contributed to the increasing medical costs,"

said the institute's executive director, Dr. Richard Victor. As such, rising medical costs impede reductions in WC spending (Business Wire, 2005). Wisconsin law covered an estimated 2.9 million workers across 220,750 employers in 2004, and 225 companies were self-insured. Last, WC covers nearly 94 percent of Wisconsin's workforce (Wisconsin Department of Workforce Development's Workers Compensation Division, n.d.b).

Overview of Workers Compensation and Safety in Milwaukee

The City of Milwaukee's WC program is self-insured. The Department of Employee Relations (DER) serves as the claims administrator working with City departments to explore return-to-work options for injured workers. The Employee Benefits Division in the Department of Employee Relations oversees the Workers Compensation Section, which provides centralized WC coverage for 22 City agencies and a workforce of 7,461. The DER centrally budgets for WC to pay for the medical reimbursement portion of WC and indemnity and administrative expenditures (not including salaries). In addition, the City has a separate injury-pay policy budgeted at the departmental level as part of salary allocations. The injury pay policy pays a pre-determined percentage of indemnity costs for WC.

The City of Milwaukee's rising WC costs have stimulated renewed interest in workplace safety as a priority. Budget cuts and shifts in personnel in the 1990s have impeded efforts to stem cost increases and promote workplace safety. In 1990, the DER had five professional staff devoted to addressing general citywide safety issues, including four safety specialists and one safety supervisor. The 1993 budget transferred three safety positions to the Department of Public Works so staff would be close to departmental operations and develop expertise to address Public Works safety concerns. The two remaining safety personnel in the DER oversaw safety for the City until these positions were eliminated in the budget process in 1997 to 1998. The Police Department and the Fire Department each has its own safety specialist.

Prior to this reduction in central safety personnel, DER staff monitored workplace safety through regular site and facility inspections. Moreover, the department conducted safety training programs, coordinated events to promote safety awareness, purchased safety training videos, and maintained a library for departments. Overall, DER staff was available to answer questions and provide strategic oversight and guidance to departments regarding safety issues (Joos, personal communication, February 21, 2008).

However, the significant reduction in safety personnel changed the role of DER from one of overseeing safety to one of processing claims. Consequently, staff members spend significant time complying with Occupational Safety and Health Administration safety mandates and writing compulsory annual reports.

In accordance with Chapter 340 of Milwaukee Code of Ordinances, the City re-established the Central Safety Committee in 2004 to address citywide safety issues (Joos, personal communication, February 21, 2008). Departments have their own safety programs and initiatives, but they lack strong oversight of their safety efforts.

The Division of Budget and Management developed the Mayor's Accountability in Management initiative in 2006 to improve City services, promote accountability, strengthen departmental performance, and reduce unnecessary WC costs (Joos, personal communication, March 13, 2008). Part of Accountability in Management's mission is to facilitate a more coordinated approach for safety management and WC budgeting by departments, the Central Safety Committee, and DER staff.

City departments, the Central Safety Committee, the Accountability in Management initiative, and the DER administer WC and provide safety leadership for Milwaukee. However, a major problem is that these four actors' activities are not well-coordinated. Centralized budgeting does not create incentives for departments to contain WC costs. Decentralized safety initiatives and practices do not promote clear lines of accountability and oversight for promoting safety. These topics are recurring themes throughout our analysis.

Another recurring theme is the importance of light-duty and return-to-work programs. Return-to-work policies reduce WC costs by moving injured workers off the WC payroll and back to the workplace. Limited-duty programs are even better at reducing costs because they allow an injured employee to be productive and do some work, even though it is light duty. Normally, the employee would be doing no work for the employer and collecting WC payments. With limited duty, even if employees still collect some WC payments, they perform some productive work for the employer.

Section III: Methodology

In this section we explain the policy goals and impact categories used for our analysis and recommendations.

Our analysis of Milwaukee's management of WC identifies two overarching policy goals and five impact categories within each goal to standardize the evaluation of Milwaukee against comparative cities. The research questions used to gather data and evaluate these goals and impact categories are organized in a matrix in Appendix A.

Policy Goals

This report explores two broad policy goals: injury reduction and cost control. Injury reduction addresses workplace safety, as well as management practices, to increase workplace safety through oversight bodies and other structures. Cost control addresses a city's budget management and practices to contain WC spending. These two policy goals frame our discussion evaluating Milwaukee's management practices against comparative municipalities.

Impact Categories

Each policy goal has five impact categories that we use as the criteria to evaluate each city's: accountability, communication flow, incentives, benchmarks, and innovations.

We chose these five impact categories to reflect core elements of performance management, which is the "regular measurement of the results (outcomes) and efficiency of services or programs" (Hatry, 2007). This management approach demands clearly outlined program mission and goals, benchmarks and indicators in accordance with these goals, and regularly tracked results over time. These results are then intended to provide decision-makers with the performance information necessary to evaluate and improve programs. Moreover, regularly provided performance information can establish employee management and department accountability, eliminate ineffective processes, and demonstrate measurable progress in improving programs (Wholey, 1999). Performance management is important for evaluating Milwaukee's coordination of the WC program because it provides a theoretical foundation for evaluating, prioritizing, and implementing system improvements.

We next define each impact category within the context of performance management.

1) Accountability

At the core of performance management is the circular relationship between performance information and the authority to initiate change (Moynihan, 2008). This begins with clarified organization roles and responsibility. Clear authority is

often achieved through the creation of a centralized oversight body that first defines program goals and targets and then secondly uses the performance information to document the progress toward those goals. To achieve accountability, the oversight authority often delegates greater individual manager/employee/department authority and flexibility in return for accountability for the results (Wholey, 1999). Thus, performance information is a catalyst for change and program improvement via holding employees accountable to the targeted results.

Leadership plays a key role, as problems often arise due to a mismatch between the performance information and authority to initiate change. Essentially, performance information is only as good as its use. The oversight body must employ the authority to initiate the necessary change to achieve goals, and then pursue change through the creation and communication of clear performance goals and targets. Success is therefore highly dependent on individual management and leadership of program improvement (Moynihan, 2008).

2) Communication Flow

Regularly communicated performance information is a key ingredient in good management. It plays a major role in allowing useful feedback to surface and raising the important program improvement questions (Hatry, 2007).

Organizations must establish performance reporting systems that demonstrate a reasonable level of oversight. The systems must be clear about goals and the process to reach those ends. The agency must establish performance indicators and report on how well the agency performed in relationship to those goals (Wholey, 1999). Performance information should be disseminated to all involved in the program improvement process. Participants should be able to give feedback and explain results (Hatry, 2007). Ultimately, effective communication flow means comprehensible, timely information that supports decisions to make improvements.

3) Incentives

Establishing program goals focuses attention on results. Measuring progress toward a goal and concentrating efforts to reach it is often an effective motivational strategy (Behn, 2003). Moreover, performance information can motivate program managers and staff to identify and implement ways to continually improve services to achieve those results (Hatry, 2007). Leadership, again, plays a central role in instigating motivation as part of its role to focus thinking, work around interim targets, and provide a periodic sense of accomplishment (Behn, 2003).

Performance management often uses incentives to improve a program and produce good results. Incentives are generally broken down into two classifications. First, monetary incentives can take the form of linking pay to performance, allocating discretionary funds to agencies or programs with high performance and/or

sanctioning prolonged low performance. Second, non-monetary incentives include giving recognition awards, disseminating regular performance reports to program personnel, providing performance reviews of set targets and achievements, delegating more employee flexibility in exchange for accountability for results, making performance information an explicit part of the individual appraisal process, and/or establishing performance agreements among central officials and agency heads (Hatry, 2007). Ultimately, incentives of any type encourage creativity to improve program processes and motivate organizational learning.

4) Benchmarks to Gauge Program Effectiveness

Benchmarking is a core element of performance measurement that is designed to facilitate organizational learning via understanding and comparing performance levels. The three main goals for benchmarking are: determine what the organization/program does well, does poorly, and needs to do differently (Behn, 2003).

Frequent, regular reports of performance information are key to benchmarking since the reports provide timely information for management decisions and highlight program improvement gaps and achievements. Ultimately, benchmarking is a tool for decision-makers to discuss program development (Hatry, 2007).

5) Innovations

In line with the previous four evaluation components, innovation is another performance management element that is not an end in itself, but a means to allow management to make necessary improvements. Innovation occurs through organizational learning that evolves through continual feedback of performance information. Reports on program changes, accomplishments, and other information should lead to new ideas to improve programs and processes. These reports complement the organizational capacity to adopt and adapt to the lessons learned (Behn, 2003). An innovative culture is necessary in performance management. This culture should produce new ideas and willingness to change.

In sum, these five impact categories create a performance management framework of the necessary building blocks to achieve organizational learning and program improvement. Moreover, the two policy goals and five impact categories frame our information gathering and policy analysis.

Policy Analysis

The policy analysis section is broken into two parts: Milwaukee's status quo and promising practices of comparative cities.

Comparative Cities

We have selected six comparative municipalities: Cincinnati, Green Bay, Minneapolis, Phoenix, Portland, and Seattle.¹ We interviewed at least one representative from a central administration department that handled WC and workplace safety, with a focus on the fire, police, and public works departments.

We used three criteria to choose cities: population similar to that of Milwaukee, snowfall amounts, and suggestions from City of Milwaukee employees. We considered snowfall because snow removal is a major responsibility of Milwaukee's Department of Public Works and presents a workplace hazard irrelevant in cities without heavy snowfall. DER and other employees recommended cities that were used in other comparisons or were known to be WC innovators. Table 1 lists selection criteria.

Table 1: Reasons for City Selection

| Comparative City | Selection Reasons |
|------------------|---|
| Cincinnati, OH | Similar population; similar snowfall |
| Green Bay, WI | DER recommended inclusion of another Wisconsin city; third largest city in the state |
| Minneapolis, MN | Similar snowfall; geographically close to Milwaukee |
| Phoenix, AZ | Fire Department recommended inclusion because it is considered an innovative fire department |
| Portland, OR | Similar population |
| Seattle, WA | Similar population; Police Department recommended inclusion because it had been used in other comparisons |

Promising Practices

This section identifies one to three promising practices for each of our 10 impact categories. We chose these practices based on our identification of major themes or commonalities among Milwaukee and the comparative cities. This report highlights practices from the City of Milwaukee, as well as from comparative cities, that are potential steps in the right direction for Milwaukee to take as it thinks about how to improve its own WC system.

We present and evaluate these promising practices as options for improvement in Milwaukee's management of safety and WC costs. Moreover, the practices inform our recommendations about which issues Milwaukee should prioritize while reforming its WC system.

¹ We initially identified 13 cities for this evaluation. However, we were not able to obtain complete information from all these cities. Additionally, not all of the remaining six study cities have all three departments (Fire, Police, and Public Works) represented, although we contacted a central entity in each city.

Section IV: Policy Analysis

This section evaluates the status quo and the promising practices in other cities. Appendices B, C, and D detail more information on Milwaukee's high-injury departments — Police, Fire, and Public Works, respectively. Information on Cincinnati, Green Bay, Minneapolis, Phoenix, Portland, and Seattle is presented in Appendices E through J respectively. For a table comparison of practices across cities, refer to Appendix K.

Status Quo: City of Milwaukee

We break down our discussion of each policy goal — injury reduction and cost control — according to our five impact categories (accountability, communication flow, incentives, benchmarks and innovations) and explore these in the context of the City of Milwaukee's current policies and practices concerning WC and safety.

Injury Reduction Policy Goal

We address the five impact areas for injury reduction in Milwaukee under the status quo.

1) Accountability

The City has a decentralized safety system. The Police and Fire departments each employ a safety specialist. In addition, the Department of Public Works has three safety specialists. The City of Milwaukee's reconstituted Central Safety Committee comprises representatives from each City department and meets on a quarterly basis. The committee has four subcommittees: program development, job hazard assessment, training, and communication. The DER manages the committee's information, and DER personnel facilitate its formal quarterly meetings (Hudson, 2008).

The Central Safety Committee's functions are to develop and oversee the implementation of a citywide safety program that complies with policies and procedures as the Wisconsin Department of Commerce directs. The committee must complete job hazard assessments and oversee safety coordinators as they assist departments with those assessments. It also documents safety-related activities. The panel manages the framework to facilitate safety training and document feedback by identifying department-specific training needs and resources. Moreover, the committee promotes safety awareness and accident prevention, creates safety guidelines, develops department safety plans, reviews and analyzes safety initiatives and activities, summarizes accomplishments and recommendations for the Public Safety Committee of the Common Council, and develops and distributes safety records and documentation to relevant City departments (Joos, personal communication, February 21, 2008).

2) Communication Flow

The DER plays a major role in communicating safety concerns by informing safety specialists or program directors about concerns that should be communicated to department staff. The DER tabulates and reports injury statistics twice a year (Hudson, 2008) on the City's intranet, while it reports WC claims to the State of Wisconsin. Depending on the nature of the WC claims, the State may request more information from the DER.

Most communication among the DER staff, the Central Safety Committee, and City departments tends to be relatively informal. In addition to the formal quarterly meetings of the committee and DER, departments have their own safety meetings that DER staff do not attend (Hudson, 2008).

3) Incentives to Promote Safety

Prior to the reallocations in the 1990s, the DER had a budget to fund employee incentives to improve workplace safety. DER staff would like to revisit utilizing incentives to reduce injuries. No departmental or supervisory sanctions for injury increases exist. However, DER staff usually question department heads about increases in accidents and injuries. Department heads must determine a course of action to stop increases in workplace injuries (Monteagudo, 2008).

4) Benchmarks to Gauge Safety Effectiveness

The City uses four indicators to track injury rates: incident rates, recordable cases, lost workdays, and WC claims paid. An incident rate is defined as the number of recordable injuries among a given number of full-time workers in a given period of time. The City uses the standard Occupational Safety and Health Administration incident rate: the ratio of the number of recordable cases to total hours worked by all employees during a calendar year multiplied by 200,000 employee hours. A recordable case is the number of claims in which an employee loses a full work day, an employee loses consciousness, a fatality occurs, and or injury requires treatment by a physician. A lost workday indicator is the number of days taken off work because of an injury. Finally, the WC claims paid indicator consists of the entire cost of all covered injuries per calendar year and the expenses the City paid that year for injuries received in prior years. The City tracks the incident rate from year to year, and the goal is to keep injuries on a level basis. Dramatic increases in the incident rate are reviewed. However, current indicators fail to capture the source of injury rate increases.

5) Innovations

The City would like to adopt some innovative injury reduction practices based on additional information from the new WC claims-management information system and facilitated by the Central Safety Committee or some other safety oversight body.

Cost Control Policy Goal

Next we address the five impact areas for cost control under Milwaukee's status quo.

1) Accountability

The Division of Budget and Management reviews data when determining the WC budget. However, WC expenditures are always greater than projections, and costs keep rising from year to year. The City would like to better control WC expenditures. When WC expenditures exceed the amount budgeted, the DER must seek Common Council approval for additional money from the contingency fund. Limited claims information is available to determine why expenditures exceed the budget, but Milwaukee does not have enough concrete data to make that determination. The new claims-management information system and new indicators should help Milwaukee determine causes of budget increases. The DER's Workers Compensation Section encourages the development and implementation of limited-duty programs, but it is up to the operating departments to determine the feasibility of such programs within their operation while taking into account labor issues (Monteagudo, 2008).

2) Communication Flow

Employees must report WC claims on the State of Wisconsin's "First Report of Injury Form" and submit it to the City of Milwaukee's Workers Compensation Section, which approves or denies claims. If the section denies a claim, it must contact the employee and address any disputes.

Communication about WC is inherent in the budget process. The Division of Budget and Management monitors the WC budget throughout the year and usually reports overruns in September to the Common Council.

3) Incentives to Control Costs

No incentives exist for departments to stay within their WC budgets. However, Milwaukee would like to create an incentive system and hold departments and/or employees more accountable for safety and injury expenditures. Efforts to hold meetings with high-injury departments and their managers to mitigate concerns and develop safety programs have proven to be slightly helpful, but more needs to be done.

4) Benchmarks to Gauge Cost Control

The WC fund is budgeted by looking at fluctuations in program costs, examining medical claims costs increases, and then factoring in an annual wage payout increase.

5) Innovations

The City would like to adopt innovative cost control practices.

Comparative City Analysis

Next we identify promising practices used by departments in Cincinnati, Green Bay, Minneapolis, Phoenix, Portland, Seattle, and Milwaukee. We discuss each practice as it relates to each impact category under the two policy goals of injury reduction and WC cost control.

Injury Reduction Policy Goal

Next we address the five impact areas for injury reduction in the comparative cities.

1) Accountability

We identify three promising practices related to injury reduction accountability: centralized oversight, department oversight, and individual employee oversight.

Promising Practice I: Centralized Oversight

Accountability is established through a single central department that coordinates and regulates injury reduction efforts. All six comparative cities we researched had centralized oversight through these agencies:

- Cincinnati Risk Management Department
- Green Bay Risk Management Office
- Minneapolis Department of Risk Management and Claims
- Phoenix Safety Department
- Portland Risk Management Department
- Seattle Safety Office

The strongest example of centralized oversight is Phoenix's Safety Department, which models accountability in its holistic approach to processing WC claims and maintaining safety standards throughout the city. First, the Safety Department regularly inspects and reviews WC claims and conducts follow-up reports and meetings with each department's management team to identify target areas and collaboratively create a correction strategy. The department provides safety support, including inspection of each department to ensure safety compliance, inspection of equipment, and collaboration with departments to improve effective injury-reduction programs. Phoenix's Safety Department centralized model creates and maintains accountability through regular management oversight and coordinated efforts to continually improve WC management and safety measures (Jimenez, 2008).

Promising Practice II: Department Level Oversight

A second way to establish oversight is at the department level. The Milwaukee Fire Department models this by allocating injury reduction oversight to a variety of positions within the department, including a governance committee, injury review panel, and injury investigative team.

The governance committee is a collaborative management style, with involvement from all aspects of the department, including union representation. The committee creates accountability through an inclusive decision-making process and a mutual understanding of achieving the common goal of injury reduction. Additionally, the injury review panel and investigative team probe the root cause of WC claims. This involves gathering information, discussing injuries with employees and management, and seeking ways to prevent injury recurrence. The Fire Department's practices have not been in existence long enough to test full effectiveness. However, its department-level injury oversight exemplifies collaboration in investigation, management, and decision-making to increase safety, representing all aspects of the department's management.

Promising Practice III: Individual Employee Level Oversight

Individual accountability can be created by utilizing employee performance evaluations with safety as a significant measure. Performance management theory states that oversight authority can delegate greater individual manager or employee authority and flexibility in return for holding the manager or employee accountable to the results (Wholey, 1999). Phoenix uses this approach with regular employee evaluations that clearly outline job responsibilities and safety procedures and evaluate employee performance relative to job duties, absenteeism, safety, tardiness, and so forth (City of Phoenix, 2003). Refer to Appendix H: City of Phoenix for more details on the evaluations.

Employee performance evaluations can be a catalyst for change and program improvement by making employees responsible for reaching targeted results. Phoenix's employee performance evaluations create individual employee accountability and imbed safety into each job responsibility.

Accountability Recommendation

We recommend promising practices I and II because injury reduction accountability must be increased at the central and departmental levels in Milwaukee.

First, we recommend promising practice I because centralized oversight is a weakness in Milwaukee when compared to the other cities. All other cities have a risk management, loss prevention, or safety department while Milwaukee does not. We find this to be a weakness because safety as an initiative cannot be emphasized without a person and/or department in place to coordinate such an effort. We realize the budgetary constraint in developing this oversight body and therefore recommend that Milwaukee start with creating a risk manager position. Based in the DER, this staff person would have access to WC processing and budget management, while having autonomy to initiate safety programming. The risk manager would:

- Lead the Central Safety Committee and increase its role in the City
- Bridge the gap between safety and budget impacts of WC

- Be a safety expert: research and develop programs and policies to advance safety in departments
- Be a safety resource for all departments and safety officers and specialists
- Promote safety as a priority through education and awareness
- Ensure safety is continually on the City's agenda

The risk manager would initiate centrally developed safety goals and programs that would filter down to departments. This would lead to promising practice II and the increased role of departmental accountability. With central safety goals in place, Central Safety Committee members are essential in activating these goals within each of their departments. Each committee member's role is to transform the group from passive to active, leading safety at the department level. An active central oversight body would complement strong department-level programs and policies, such as those recently developed within the Fire Department. While these practices are relatively new, institutional learning would encourage and diffuse program improvements into each City department. The risk manager would provide the staff leadership and continuity necessary for a collaborative body to be effective.

We do not recommend promising practice III at this time because Milwaukee must establish and solidify central and departmental safety goals before holding individual employees accountable to those goals. Once safety goals are in place, this practice could be further researched.

2) Communication Flow

We uncovered three promising practices with regard to injury reduction communication flow: creating safety-focused communication tools, linking information to action and accountability, and establishing an internal reporting structure for disseminating information.

Promising Practice I: Creating Safety-Focused Communication Tools

Newsletters, magazines, web sites, and electronic communications for employees can disseminate safety information to the broader organization. Magazines, newsletters, and e-mails to employees could ensure that safety information is disseminated and not contained in management and committee meetings. This practice enhances organizational communication flow by creating an appeal to employees and advances a safety culture by emphasizing to the broader organization the importance of safety and health. Milwaukee has not been completely successful in meeting this goal. The Central Safety Committee's original goal was to publish a newsletter every quarter. However, only one newsletter has been completed, in 2006 (Joos, personal communication, April 29, 2008). In four of our comparative cities, Minneapolis, Portland, Phoenix, and Cincinnati, utilization of these tools has been found to be effective.

For example, Cincinnati's Employee Safety Department provides safety feedback to all agencies on a monthly and annual basis. Cincinnati's Risk Management Depart-

ment gives a quarterly magazine called *Vitality* to every employee about health and wellness issues. In addition, Employee Safety produces a four-page safety insert for *Vitality*. Daily safety briefings are held at each department (Cook, 2008). The loss prevention unit in Portland produces and issues a quarterly newsletter to all city employees. The newsletter highlights employee safety achievements and hazard prevention (Fitzgerald, 2008). Although nearly all cities completed regular safety reports, we could not determine how this safety information reached the broader organizations. Regular communication of employee health and safety achievements and concerns acts as an imbedded incentive by bringing safety to the attention of the entire organization. In this way, management signals the importance of safety. It is a simple step toward creating a safety-first organizational culture.

Promising Practice II: Linking Information to Action and Accountability

A promising practice is using action lists to link information to accountability measures. For example, Portland staff develop lists of actions to take to address safety concerns. Managers base these lists on safety concerns, priorities, and issue severity after each department submits complaints and injury and accident reports for consideration at the safety committee meetings. The risk management advisory council reviews the minutes from safety committee meetings (Fitzgerald, 2008).

The type of information disseminated is not as important as how information is utilized to make decisions and advance organizational goals. Within performance management, information is disseminated to share data and garner feedback, but the ultimate goal is to improve decision-making and accomplish program objectives. Generating action-lists can transform communication flow into an accountability measure by clarifying expectations, designating roles and responsibilities, creating timelines, and informing delegation to ensure follow through.

Promising Practice III:

Establishing an Internal Reporting Structure for Disseminating Information

A promising practice is to establish a two-way internal reporting structure so communication flows from the bottom up as well as from the top down. This establishes a pathway for management to gather employee feedback. For example, Seattle is home to an example of an effective internal reporting structure. There, safety personnel regularly report to department supervisors safety information about “frequent fliers” (personnel who are routinely injured). Supervisors then can evaluate the cause of injury, employee safety attitudes, and behaviors. A course of action is recommended, such as a change in job duties. Demotion can be a result of unsafe work behavior in extreme cases (Mickelson, 2008). In regard to performance management, Seattle’s promising practice is explicit with how relevant information is disseminated and addresses the use of information toward management decisions.

Communication Flow Recommendation

We recommend promising practices I, II, and III because they are complementary and more effective if used together. We recommend utilizing print and electronic communication tools because they can disseminate safety information. This helps to ensure that safety information is not contained within the safety oversight bodies and is circulated and disseminated amongst all personnel.

Moreover, we recommend promising practice II to link information to action and accountability because information should lead directly to meeting organizational goals. We did not find evidence of Milwaukee using action lists. It is unclear if Milwaukee's Central Safety Committee is more than a mechanism for communication among department representatives. Neither could we determine how departments incorporate safety information disseminated to and from Central Safety Committee representatives into decision-making, beyond "review" and "consideration." More overt links between communication, information, action and accountability could be an impetus for changing the Central Safety Committee from a passive to an active committee. Therefore, we recommend the Central Safety Committee develop action lists in formal meetings and have its members communicate with their respective departments to link information with action and accountability. Mixing and matching practices based on Milwaukee's preferences and style of communication should be a factor for consideration.

We recommend that the City of Milwaukee consider variations of promising practice III and assess organizational environment to achieve an internal reporting structure to disseminate safety issues to all employment levels. The goal of a reporting structure is to establish relevant safety/cost information, increase communication efficiency, determine the appropriate mode of communication, and identify the appropriate actors. Ideally, communication would occur among department safety supervisors, department managers, and command staff, in collaboration with a central entity like the Department of Employee Relations or the Central Safety Committee.

Most cities regularly communicate through reports and meetings. The Central Safety Committee meets quarterly and holds less formal sub-committee meetings. However, cities whose centralized safety units are staffed full time, communication of safety and budgeting occurs more frequently and systematically, ensuring safety is a priority and continually on the agenda.

3) Incentives to Promote Safety

We uncovered three promising practices with regard to injury reduction incentive: direct incentives, implicit incentives, and no incentives.

Promising Practice I: Utilizing Direct Incentives

Direct incentives can include monetary and non-monetary programs, positive incentives like rewards or recognition, and negative incentives such as sanctions. We did not discover any significant positive direct incentive programs. We do, however, find promise in a Milwaukee Fire Department practice that involves the use of sanctions through enforcing disciplinary procedures. The Department's progressive discipline procedure for noncompliance of safety regulations serves as a monetary incentive for workplace safety. For example, an initial violation of protective clothing requirements result in an oral reprimand by the supervising officer. The second offense results in a written reprimand by the supervising officer, signed by the offender, and submitted to the chief. The third violation results in, in part, suspension from pay and duty for one work shift. Subsequent breaches result in a penalty the fire chief determines (Holton, 2008).

Milwaukee utilizes this sanction policy in only in the Fire Department, but the City could evaluate the feasibility of expanding it to all high-injury departments. Other departments that have safety violations use discipline as needed but the decisions have to be made on a case-by-case basis, and there may be union considerations, depending on the situation.

The Fire Department's disciplinary procedure functions as a very structured and clearly defined sanction. This sanction influences compliance of safety procedures as employees observe the consequences for unsafe or inappropriate behavior. Sanctions tied directly to workplace safety could reduce injury if employees are informed of and observe the consequences of safety violations. Sanctions such as these are aligned with the performance management framework, serving as a tool to motivate behavioral and organizational change.

Promising Practice II: Utilizing Implicit Incentives

A promising practice for crafting incentives to improve workplace safety is imbedding safety incentives into job performance measurements and management style. For example, Phoenix does not have a direct incentive program. Instead, managers use employee performance evaluations of job duties and responsibilities that include which safety compliance (City of Phoenix, 2003). This practice acts as an implicit incentive imbedded in Phoenix's management style.

City policy holds managers accountable for ensuring that all employees follow safety policies. This accountability is an implicit incentive. As managers require employees to follow safety policies, they will modify their management styles to incorporate new policies. For example, managers may incorporate safety requirements into job descriptions and evaluations.

Promising Practice III: No Injury Reduction Incentives

Alternatively, not implementing incentive programs or policies is a promising practice. Rather than using direct or indirect incentives, such as incentive pay programs, Seattle invests resources in strong safety programs that could in turn lead to injury reduction. This practice emerged out of recent legislation that makes it illegal for Seattle employers to discourage employees from filing WC claims. To comply with this legislation and meet organizational goals, Seattle has adopted a safety-first approach to reducing WC costs to comply with legislation while meeting organizational goals (Dahl, 2008).

Although a key ingredient of performance management, incentives alone cannot reduce injuries or account for organizational failings such as insufficient employee training, ineffective personal protective equipment, or failure to develop and implement safety rules or procedures. Incentives can reinforce safe practices or be imbedded in practices that work in tandem with other core components of performance management to encourage creativity to advance organizational goals.

Incentives Recommendation

We recommend promising practice II, imbedding implicit incentives into management practices, such as employee evaluations.

We recommend imbedding safety incentives into management practices because our comparative cities do not use direct incentive programs, such as incentive pay plans. Direct incentives encourage employees to think of short-run gratification, whereas implicit incentives imbedded in management and strong safety programs foster a safety culture mindset with potential long-term benefits. Rather than create incentives, Milwaukee could best prioritize and utilize its resources to improve safety and cut WC costs by bolstering safety management with a stronger, more active Central Safety Committee.

However, we do recognize the enhanced benefits of incentives in motivating employee behavior. Thus, imbedded incentives in conjunction with stronger safety programs can add value to incentive practices and complement existing safety programs. However, the lesson that Phoenix and Seattle can teach Milwaukee is that city staff may want to emphasize developing strong safety programs rather than monetary incentives and keep in mind that a safety-first strategy could reduce injuries.²

² If safety performance evaluations are not incorporated into the bargaining process as a contingency of employment among union members, then Milwaukee should consider incorporating safety performance as leverage during the bargaining process.

4) Benchmarks to Gauge Safety Effectiveness

We uncovered three promising practices for injury reduction benchmarks: against self, against other municipalities, and across departments.

Promising Practice I: Benchmark against Self

One practice for a city or department is to use WC history to determine injury reduction and benchmark against itself. Four cities — Cincinnati, Minneapolis, Phoenix, and Portland — use their own history to measure the effectiveness of programs and changes in WC. Each has different targets within the benchmark. For example, Phoenix, Minneapolis, and Portland target holding their injury rates constant. Because exposure to hazard increases every year, the cities define success as holding the injury rate constant. Cincinnati is the only city we researched that seeks to reduce injuries by 5 percent each year. The city has held injury rates constant from year to year due to the resources put into safety initiatives. Therefore, the city demands a higher goal to remain focused on further injury reduction (Cook, 2008).

Promising Practice II: Benchmark against Other Municipalities

Another option for benchmarking is to compare across municipalities, though none of the cities we researched uses this technique. Seattle staff explained that benchmarking against other cities is less telling because of Seattle's large port and population size compared to other cities in Washington. Similarly, Phoenix staff said the city's weather and climate expose their workers to hazards uncommon to other municipalities.

Promising Practice III: Benchmark across Departments

A third practice is to compare WC claim changes across departments within the same city. Seattle and Phoenix use hours during which employees are exposed to potential work hazards as an indicator to later benchmark performance across departments. Portland evaluates indicators in a five-year period within each department and then compares across departments. These indicators are WC costs incurred, average cost per claim, claims per \$100 of payroll, claims per 200,000 hours worked, total time lost days, and total time lost days per 200,000 hours worked.

These practices allow for program comparison under constant conditions — central management, government style, environment — and forces departments to compare their rate of WC claims against others. Moreover, department comparison can illustrate which departments most need improvement and safety attention. Last, benchmarking across departments can encourage them to compete to reduce injury.

Benchmark Recommendation

We recommend promising practices I and III. First, we recommend practice I of benchmarking against self to understand WC changes from one year to the next. Of the comparative cities that benchmarked, all found benchmarking against their own history helped determine effectiveness of programs. Moreover, Milwaukee's new claims-management information system will expand availability of information to establish benchmarks.

Promising practice III complements the first practice by allowing for further evaluation of program improvement through comparison across departments. We recommend this practice because it highlights which departments are improving or regressing, increases organizational learning from the more effective departments, and places priority on those in need of improvement.

5) Innovations

We uncovered two promising practices with regard to injury reduction innovations including: expanding communication via collaboration and increasing the use of injury review committees.

Promising Practice I: Expanding Communication via Collaboration

A promising innovation is expanding communication within and across departments by emphasizing the rewards of collaboration. The Milwaukee Fire Department represents the best example of enhanced communication flow with the Department of Employee Relations. DER staff expanded the department's role in communicating with union administration and members by answering questions and addressing department complaints. This improved communication was a huge step toward reversing the distrust members have with regard to the role of DER in allocating WC funds (Glassel, 2008). This innovation is aligned with performance management principles because it closed a communication gap and helped management make improvements.

Promising Practice II: Expanding Injury Review Panels

A promising innovation to prevent and reduce injuries is to expand Milwaukee's use of review panels across all high-injury departments. For example, Minneapolis' Department of Public Works uses a safety review panel to reduce injuries and evaluate causes. Injury review panels can streamline safety and the return-to-work process. Minneapolis' panel comprises the WC representative, the injured employee, the employee's direct supervisor, and an assigned safety representative. The panel interviews the injured employee, reviews information about the incident, and facilitates all parties signing and agreeing on recommendations for how to proceed. Minneapolis is incorporating safety review panels into the return-to-work process to better identify sources of injuries and reduce WC costs (Velasco-Thompson, 2008).

The Milwaukee Fire Department's injury-review reporting process and panel emerged in response to evaluation of departmental injury rates. Innovations like these are possible with concrete establishment of accountability and safety oversight, continual feedback and communication of safety concerns, and identification of safety goals.

Innovation Recommendation

We recommend promising practices I and II, expanding communication through collaboration and the use of injury review panels, for consideration. We recommend these innovation expansions because, in addition to the aforementioned anticipated benefits of injury review panels, these innovations could occur by utilizing the

existing infrastructure of the Public Works and Fire departments as an inspiration. This existing infrastructure for injury review panels makes expansion more politically and administratively feasible within Milwaukee. Communication about safety and WC occurs across oversight bodies and departments. Expanding the collaborative role of the DER and the Central Safety Committee within departments could improve communication about safety and WC.

Cost Control Policy Goal

Next we address the five impact areas for cost control in the comparative cities.

1) Accountability

We uncovered two promising practices for cost control accountability: budget at department level and direct oversight body.

Promising Practice I: Budget at Department Level

Budgeting WC expenses at the department level can generate cost control accountability and is modeled in Seattle and Green Bay. Seattle stopped budgeting WC centrally approximately 10 years ago and shifted to budgeting WC at the department level out of response of escalating WC spending (Mickelson, 2008). In Seattle, departments receive recommendations for their projected WC costs in the annual operating budget from the Department of Finance and are billed monthly for their proportional share of WC administrative expenses. While the centralized Department of Finance manages the actual billing, budgeting in the departments creates accountability and awareness of whether each department is staying within budget. If departments exceed their WC budgets, supervisors have to take money from other line items. Responses or increases in the budget are allowed only if an unforeseeable or catastrophic event requires additional funds. In this case, departments have to petition the Department of Finance (Dahl, 2008).

Green Bay has a similar system, although its staff bills for each department quarterly for WC. The regular billing is a constant reminder of WC expenses and enhances accountability by ensuring department managers are aware of and have a vested interest in controlling WC costs. Moreover, budget accountability is created in a line-item review of the WC budget and costs at the beginning of each year (Rank, 2008). This guarantees constant attention to problem areas and recurring problems can be corrected or avoided.

Promising Practice II: Direct Oversight Body

Another example of ensuring cost control accountability is through clear authority, often achieved through a direct oversight body. Three cities for which we interviewed staff — Portland, Minneapolis, and Cincinnati — had a cost control oversight body imbedded in their WC systems. Direct oversight is modeled in Portland

with loss prevention coordinators who oversee injury reduction programs to control the budget. Also, Portland's coordinators focus on return-to-work strategies and their implementation. Minneapolis created a loss prevention committee to oversee WC safety and cost controls. The committee includes members of every department and is led and organized by Risk Management and Claims. Accountability is created through the loss prevention committee's specified role to follow up on spending.

Accountability Recommendation

We recommend promising practices I and II for increasing cost control accountability. First, budgeting at the department level can increase awareness of individual departments' WC expenses and encourage a continual dialogue on cost control efforts. Moreover, it allows for no surprises of total expenses because departments are continually aware of costs and forced to manage those costs.

Second, a direct oversight body such as the Central Safety Committee can start with a risk manager and grow as necessary. The oversight panel can communicate budget decisions and coordinate constant feedback and guidance in the process. Additionally, the oversight body can improve communication among departments and the centrally administered budget office.

2) Communication Flow

We uncovered one promising practice to cost control communication flow: extending communication of cost control measures.

Promising Practice I: Extending Communication of Cost Control Measures

Communication practices in our cities feature standardized budget reports and regular lines of communication between departments. However, one practice extended beyond the standard communication means to ensure participation in cost control measures. Green Bay's Risk Management Office maintains consistent and systematic communication with employees' doctors to ensure they are aware of the city's options for lighter work duty. Moreover, the city of Green Bay's occupational nurse files return-to-work forms and coordinates return to work with medical personnel (Rank, 2008). The doctors and the city maintain constant communication and follow-up. This extended communication measure is important in ensuring medical personnel are well informed of light duty options, which can expedite return to work. This ultimately reduces WC costs.

Communication Flow Recommendation

We recommend promising practice I. We could not determine the extent to which Milwaukee communicates with medical professionals about the City's return-to-work programs but ensuring medical professionals are aware of light-duty options is essential. We recommend the City to keep lines of communication open with medical personnel, especially when doing so can control WC costs.

3) Incentives to Control Costs

We uncovered two promising practices with regards to cost control incentives: setting WC budget limits and rewarding department performance.

Promising Practice I: Setting WC Budget Limits

To reduce WC costs, we looked to Green Bay and Seattle for budgetary incentives. These cities budget WC as a part of each department's annual allocation. These cities set budget limits on WC spending based on WC claims costs trends. When departments exceed WC budget allocations, supervisors make deductions from other line items (Dahl, 2008, and Rank, 2008). Only in unforeseeable, catastrophic, or exceptional cases can Seattle departments request additional funds. The implication of this incentive is that if other line items of a budget are depleted for WC spending, then general departmental functions could suffer or lack needed resources, forcing managers to reduce WC costs or draw from other program areas (Dahl, 2008).

Promising Practice II: Rewarding Department Performance

We identified two cities that reward and create incentives for departments to control WC costs. This promising practice creates an incentive by rewarding departments with lower WC claims by discounting WC administrative fees. Portland is the best example of this. Portland requires each bureau to pay a proportion of its WC budget to the Risk Management Department. This annual fee includes administrative costs to operate WC, plus costs to handle fleet and general liability. Departments have an incentive to keep costs low because those with WC claims lower than the city average in the following year can receive up to a maximum of a \$5,000 reduction toward the subsequent year's fee (Fitzgerald, 2008).

In Seattle, departments can use excess funds from monthly WC administrative billing to meet other departmental needs or goals. In Seattle, each department pools administrative WC costs for labor industry assessments and salaries and is billed monthly for its proportional share of administrative costs for WC claims (Mickelson, 2008). This policy makes the distribution of WC administrative costs equitable across departments. Moreover, it creates an incentive to maintain a low number of claims because it fosters greater accountability among all departments to control their claim outputs (Dahl, 2008). Furthermore, monthly billing creates regular communication and recognition of WC claims spending. However, as compared to Portland, Seattle incrementally awards excess funds on a monthly basis, rather than at the end of a billing year. A challenge that Seattle faces with this practice is that while management responds well to it, there is a need to filter this incentive down to lower organizational units, as it appears that only supervisory staff respond to this incentive (Mickelson, 2008).

Incentives Recommendation

We recommend promising practice II, rewarding departmental performance, as incentive to control WC costs. This incentive has elements of accountability and regular communication. In Milwaukee all communication about the WC budget

occurs within the DER and the Division of Budget and Management; therefore individual departments lack accountability for spending. Practices in Seattle and Portland illustrate how a financial incentive can motivate departments to be accountable for lower WC spending by focusing on injury reduction and expediting return-to-work options. In Milwaukee, the use of excess WC funds could create incentives for better performance and reward safer practices and cost containment within departments. Management-level staff could be motivated by regular communication and awareness (billing) of the WC budget. A challenge, as seen in Seattle, is to make sure this incentive is offered to lower organizational units.

Tight WC budgets may pressure department managers to meet budget targets. Additionally, departmental needs and operations might suffer if funds are shifted from services to cover WC costs. Milwaukee may not want to consider this practice until staff can learn from the new claims-management information system what is causing higher WC costs.

4) Benchmarks to Gauge Cost Control

We uncovered two promising practices related to cost control benchmarks: against a constant cost and against a decrease.

Promising Practice I: Benchmark Costs against a Constant Cost

To ensure that safety and cost control methods are effective, the City of Milwaukee could aim to budget the same amount in WC costs from year to year. Inflation should be taken into account but no other increases should be factored in. By using a constant inflation-adjusted benchmark, the City would know if the practices kept costs constant.

Promising Practice II: Benchmark Costs against a Decrease

Cincinnati has a yearly WC budget of \$5 million. The constant budget amount is the cost control benchmark. Cincinnati does not take into account general or medical inflation, which means that spending less than \$5 million becomes more of a challenge every year. Verifying the budget amount was not exceeded in a given year is a way for a city to gauge how effective the safety and claim handling practices are. Moreover, expenditures that are the same from year to year indicate that Cincinnati practices effective budget and safety management.

Another way to execute benchmark costs against a decrease would be to pick a percentage decrease in the budget from year to year. No city we interviewed used this benchmark. This benchmark is very aggressive, especially given the high rate of medical inflation.

Benchmark Recommendation

We recommend promising practice I as a goal for Milwaukee because such a benchmark would put a spotlight on WC claims, and the City is not yet in the position to decrease WC expenditures.

5) Innovations

We uncovered three promising practices with regard to cost control innovations: utilizing return-to-work coordinators, utilizing an occupational nurse, and improving and expanding limited duty.

Promising Practice I: Incorporating Return-to-Work Coordinators into WC Structure

A promising cost control innovation involves full-time personnel whose role and responsibility is to determine and coordinate return-to-work options for injured workers. For example, Seattle strengthened its personnel support for return to work by ensuring that every department has a return-to-work coordinator who clearly understands his or her role and responsibilities in the return-to-work process. In smaller departments with lower WC claims, the coordinator also functions as an American Disability Act coordinator and uses work time to accommodate and enforce the policies of ADA and return to work. Very low injury departments have human resource generalists who collaborate with the workers compensation section to find return-to-work options. Seattle decreased its 2007 WC spending as result of new safety programs and the addition of personnel (Dahl, 2008).

Promising Practice II: Utilizing an Occupational Nurse

A promising practice is hiring an occupational nurse to contain WC costs. For example, Green Bay employs a full-time occupational nurse to provide care to employees, facilitate and expedite return-to-work options, and maintain communication with risk management personnel and physicians. This helps Green Bay reduce its indemnity costs. The occupational nurse helps Green Bay reduce WC costs by making health diagnoses and treating minor injuries. This prevents Green Bay from opening new WC claims and containing some medical costs that it might have incurred as a result of a new WC claim (Rank, 2008).

Promising Practice III:

Improve and Expand Return-to-Work Options with Limited-Duty Program

The Milwaukee Police Department has long provided limited-duty options for the City as an alternative to expediting the return-to-work process. A promising practice is to improve and expand the limited-duty program across all departments that allow transitional or limited-duty work options. The Police Department has faced challenges with “saturation” (overuse of light duty for employees with non-work injuries) and with high concentrations of injured workers, as any employee with work restrictions can participate in the limited-duty program indefinitely. To overcome this challenge, the Police Department is evaluating the feasibility of a policy for setting

timelines for limited-duty program participants who have non-occupational injuries. In addition, the policy would consider placing employees with permanent restrictions into other City employment opportunities (Patterson, personal communication, March 5, 2008). If implemented, this policy could provide more return-to-work options for injured workers.

Innovation Recommendation

We recommend promising practices I and III, which include incorporating return-to-work coordinators into WC management operations and improving and expanding return-to-work options through the limited duty program. We recommend return-to-work coordinators because these personnel would have clear roles and responsibilities in managing WC and would ensure that full-time personnel are devoted solely to expediting return-to-work options for injured employees. Centrally placed coordinators would work on behalf of each high-injury department, including Fire, Police, and Public Works, and would:

- Facilitate and coordinate return-to-work options in collaboration with departments through clear understanding of employee job functions or field work
- Provide outreach and disseminate information about the limited-duty program or transitional work options for injured employees to medical providers and employees
- Maintain systematic communication with physicians about employee health status and work restrictions
- Review, evaluate, and implement policies to improve limited duty programming

Providing strong return-to-work options is the only means to reducing the indemnity costs of WC. Therefore, the City of Milwaukee must devote sufficient personnel to developing aggressive return-to-work practices. It is unclear the extent to which these practices are aggressively and systematically pursued in each department. Job responsibilities could simply shift or increase personnel in units like the Police Department that have only part-time employees to facilitate return-to-work programs. These coordinators should only be considered for departments where transitional work is allowed under any union agreement.

We also recommend Milwaukee consider policies for strengthening limited-duty programs and improving the challenges this program faces. Policies aimed at reducing the concentration of injured employees and increasing the availability of transitional or restricted work options in high-injury departments should be considered. Again, having injured employees working and contributing to organizational goals under appropriate work restrictions is more beneficial and cost-saving than having them be idle on WC. Limited, light, or transitional work options would benefit the City. While we provide these recommendations as cost control innovations, most cities reported the basic need for the availability of return-to-work options in regards to controlling WC costs.

Section V: Recommendation

This section of the report provides a targeted recommendation for the City of Milwaukee to consider to set injury-reduction and cost control goals in the context of performance management. Moreover, this section provides a management recommendation of promising practices that are aligned with the implementation priorities we identify for the City of Milwaukee.

Increasing safety and controlling costs are two goals that should be pursued simultaneously. The promising practices needed to achieve these goals can bridge the management gap between the two objectives. We recommend that Milwaukee prioritize its time and resources to improve accountability and communication flow, as these two promising practices are fundamental to performance management and are areas where Milwaukee is most lacking. Specifically, we recommend that Milwaukee reduce injuries and control WC costs by:

- Creating a central oversight of safety and cost controls by establishing the position of risk manager within the Department of Employee Relations
- Increasing departmental accountability for safety through better collaboration via the Central Safety Committee
- Using print and electronic publications to promote a workplace safety culture
- Utilizing the Central Safety Committee to link information with action and accountability
- Assessing each department and establishing an internal reporting structure for disseminating information
- Having each department budget its own WC costs to ensure accountability and to create a constant dialogue regarding spending
- Expanding communication with physicians as a cost control measure

Moreover, Milwaukee should consider policies to improve its limited-duty program, as well as to improve and expand return-to-work options for all injured workers. These practices, along with the new data from the claims-management information system, may assist Milwaukee with moving forward with other promising practices outlined in this report. The City can utilize the enhanced benefits of incentives, determine internal benchmarks to gauge progress, and devise goals that require extra effort and management innovations through continual organizational learning and management improvements.

In summary, these promising practices are certainly not the only efforts to manage safety and WC costs, but based on the six cities we identified for this report, Milwaukee should consider these promising practices as a first step and then determine the methods and feasibility for implementation.

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Appendix A: Workers Compensation Program Improvements Policy Matrix

This matrix displays the policy goals and the impact category within each goal, plus ways of thinking about the impact categories.

| Policy Goal | Impact Category | Indicator |
|-------------------------|--|---|
| Injury Reduction | Accountability | Does the city have a central oversight body or any departmental oversight bodies that review departmental performance with regard to workplace safety? If so, what is the name of the body? What are the roles and responsibilities of this safety oversight body? How do you hold people accountable to safety programs? |
| | Communication Flow | What safety information is disseminated? How often? What mechanisms are used to disseminate that information? (i.e., annual meetings? Hard copy reports? Weekly e-updates?) |
| | Incentives to Promote Safety | Do you recognize (i.e., acknowledge, reward, emphasize etc.) employees or managers who focus on your safety program? If so, how? Are there any sanctions for not meeting safety goals (for either employees and/or managers)? |
| | Benchmarks to Gauge Safety Effectiveness | How do you use benchmark goals in internal reporting? Do you use benchmark goals for external comparisons? |
| | Innovations | Are there any innovative practices or policies you are considering or have recently implemented to enhance performance management of workplace safety? |
| Cost Control | Accountability | What are the roles and responsibilities of the person who determines the WC budget? Do you regularly meet your WC budget? How do the city and/or departments respond to change in the budget? |
| | Communication Flow | What budget information is disseminated among management? How often? How is change communicated? |
| | Incentives to Control Costs | Do you recognize (i.e., acknowledge, reward, emphasize etc.) managers/departments who consistently contain costs? If so, how? Are there any sanctions for exceeding the WC budget? |
| | Benchmarks to Gauge Cost Control | Is there a certain amount of deviation in the budget (or benchmark) that triggers you to review your policies? How does management respond to that change? Do you use benchmark goals for external comparisons? |
| | Innovations | Are there any innovative cost containment practices or policies you are considering or have recently implemented to enhance your budget process? (i.e. pay incentives, limited duty, return to work)? |

Source: Authors

Appendix B: City of Milwaukee Police Department

This matrix displays the policy goals and the impact categories within each goal, as well as provides the basic types of questions we asked during interviews with Milwaukee departments and those of comparative cities.

Policy Goal 1: Injury Reduction

Accountability

The chief of police is the top authority for determining the vision, safety initiatives, and safety goals for the department. The Health and Wellness Program is governed by the Health and Wellness Safety Committee, which is the main oversight body that addresses the mental and physical health needs of Police Department personnel. This committee includes representatives from the police chief's office and the training academy, a fitness coordinator, a police officer support team coordinator, and personnel from the Police Department's Medical Section and Safety Division (Patterson, personal communication, March 5, 2008).

Communication Flow

Three Police Department representatives are part of the Central Safety Committee. They attend committee meetings and communicate safety concerns to committee members. Likewise, Police Department members on the Central Safety Community communicate safety information to Police Command Staff for review. They determine, in collaboration with safety personnel, whether safety procedures can be incorporated into the Police Department's safety plan. The safety director and senior safety specialist from the Safety Division and a lieutenant from the Medical Section are members of the Central Safety Committee (Patterson, Galezewski, & Melendez, 2008).

“Matter Of” is an internal letter sent by the Office of the Chief of Police in collaboration with the Medical Section, Safety Division, and Personnel Division. This communication mechanism, which may be discontinued, enables front-line personnel to submit safety initiatives and recommendations through command staff meetings for review and consideration. “Matter Of” helps police officers and high ranking personnel communicate and address safety issues within the department (Galezewski & Patterson, 2008).

The Police Department's Safety Division develops posters that communicate a safety message based upon the high incidence of injuries and illness each quarter of the year. These posters are disseminated through the department and have contact information for key safety personnel if workers have additional questions (Galezewski & Patterson, 2008). These posters are an example of a mechanism to promote a safety-first culture.

Incentives to Promote Safety

No safety incentives (direct or implicit) were identified.

Benchmarks to Gauge Safety Effectiveness

No benchmarks for gauging safety were identified.

Innovations

Two initiatives have emerged from concerns regarding the high level of stress reports within the Police Department. The Health and Wellness Program addresses the physical and emotional health of police officers through education, counseling, referrals, physical fitness mentoring, and physiological screenings. A second innovation is the police officer support team that addresses the emotional and mental well-being and stressful challenges of MPD personnel, including issues related to drug and alcohol abuse (Patterson, personal communication, March 5, 2008). More time and data are needed to determine the impact of these two innovations on the emotional health and well-being of participating police officers, and the effect, if any, on WC spending.

In 2007, the Fire and Police Commission approved the addition of a mile-and-a-half run for the physical agility test that occurs during police officer hiring. The exam component addition emerged out of Police Department concerns about the significant number of recruits sustaining injuries during academy training (Monteagudo, 2007b). A goal is to ensure that police candidates are physically fit enough to succeed in their training at the academy and performance of their responsibilities. Including this addition also assists the training academy with meeting new national standards for fitness requirements. Since this addition, the academy has seen a significant reduction in WC cost that result from training injuries (Steve Basting, personal communication, March 11, 2008). More time and data are needed to determine the impact of the training addition on the decrease in new WC claims.

Policy Goal 2: Cost Control

The limited-duty program expedites return to work by any employee unable to perform full-duty tasks, including those workers eligible for WC. The Police Department is unaware of how much money is saved, but it says the program cuts costs by reducing lost workdays and thus reducing total indemnity payments.

Accountability

The Police Department is not responsible for controlling WC costs — the Department of Employee Relations is solely responsible for the City's WC budget. The chief of police is the authority for controlling costs and formally requesting budget increases. The Medical Section in the Police Department monitors return-to-work information and coordinates limited duty (Galezewski & Patterson, 2008).

Communication Flow

Communication about the WC budget occurs entirely within the Department of Employee Relations.

Incentives to Control Costs

No direct incentives are in place to control WC costs at the employee or supervisory levels. Although the injury pay policy is budgeted for each individual department, it is unclear as to what the implications are for high indemnity spending and who, if anyone, is accountable for managing these costs.

Benchmarks to Gauge Cost Control

The Police Department only uses the Occupational Safety and Health Administration required indicators and has not established additional indicators against which to benchmark its performance (Galezewski & Patterson, 2008).

Innovations

The Police Department is considering formulating a policy for setting timelines for its limited duty participants who have non-occupational injuries. The worker would be considered for permanent employment opportunities within the City. This innovative directive emerged from challenges posed from saturation (overuse of light duty for employees with non-work injuries) and indefinite participation in the limited-duty program (Patterson, personal communication, March 5, 2008). The problem also stems from the notion that the sworn personnel who apply for duty disability retirement who are denied must be given light-duty assignments per contract provisions (Monteagudo, personal communication, April 28, 2008).

Appendix C: City of Milwaukee Fire Department

This summarizes the information we obtained about WC costs and safety procedures from the Milwaukee Fire Department.

Policy Goal 1: Injury Reduction

The Milwaukee Fire Department implemented many of the practices below in 2007. They have not been in place long enough for us to judge their complete effectiveness. However, what we describe below presents the ideal goal for each practice, while actual achievement of the practice is uncertain and still being tested.

Accountability

The Fire Department distributes injury reduction oversight responsibility to a governance committee, the health and safety officer, three incident safety officers, the injury review panel, and the injury investigative team (Monteagudo, 2007a).

The governance committee comprises the fire chief, other managers, and the union management representative. The committee's members work together on decision-making and improvement. Assistant Fire Chief Brian Glassel noted improved compliance when policies or procedures are changed via collaborative management, particularly with union management involvement (Glassel, 2008).

The Fire Department's health and safety officer is responsible for identifying and implementing occupational health and safety program and strategies (Monteagudo, 2007a). The officer tracks WC claims, oversees statistical reporting, and develops a risk management plan for injury prevention. This plan includes an injury review reporting process, injury review panel, and emergent versus non-emergent injury analysis and reports. Emergent injuries are those that occur when a firefighter first boards a fire department vehicle through the time on scene and then back to the firehouse. Created in 2006, the health and safety officer's responsibilities are well defined although the officer holding the post was on inactive duty in spring 2008 and the tasks were on hold. As of April 2008, the officer was in the process of being activated. (Glassel, 2008).

The Fire Department has three incident safety officers. The positions, also created in 2006, are responsible for managing the most severe fire incidents, assisting the department in managing emergent and non-emergent injuries, and identifying health and safety hazards before injuries occur (Glassel, 2008).

The injury review panel includes labor and management representatives who investigate cases of firefighters who have suffered injuries and lose work time, or multiple injuries within a specific period. The panel's reporting process identifies hazards that cause injuries, recommends control measures to improve safety, and appoints personnel to implement those measures. The panel follows up on cases

to ensure the control measures were implemented and tracks effectiveness. Further investigation begins when a person has three injuries within six months. The review panel brings the member in to discuss reasons for the injuries; the purpose of the review is not to interrogate department members but rather to uncover facts. The Fire Department seeks to create a dialogue between management and firefighters to find solutions, understand why a member is injury prone, and gain insight on recurring claims (Glassel, 2008).

The injury investigative team includes the deputy chief of fire fighting, deputy chief of the Bureau of Instruction and Training, deputy chief of the Bureau of Construction and Maintenance, battalion chief of the Technical Services Section, and the incident safety officer (Milwaukee Fire Department, n.d.). Their role is to investigate any injury that occurs (Glassel, 2008). The team investigates and photographs the scene of the injury, documents the condition of the safety equipment, identifies and interviews witnesses, and reports to the fire chief. Mostly, the team investigates whether any policy was violated, any procedure was faulty, and/or whether any safety equipment was defective. The chief and department management use the information to take appropriate action, from employee disciplinary action to replacement of safety equipment to changes in policy (Milwaukee Fire Department, n.d.).

Glassel (2008) reported that these five oversight bodies' roles and responsibilities create accountability and compliance through clearly delineated position roles, the development of relationships, and a mutual understanding of the importance of policy compliance. For example, the fire chief's regular visits to firehouses to discuss reasons for policy change enhance trust between management and members, building the foundation for compliance. Similarly, the union's membership in the governance committee builds a relationship to establish trust. This is key to holding persons accountable in complying with policies and procedures.

In contrast, Glassel emphasized the implications of a problematic relationship between Fire Department members and Department of Employee Relations (DER) staff. Many firefighters don't fully understand WC policy and procedures, nor why some claimants receive WC and others do not. This generates hostility, doubt, and mistrust among employees and increases the number of WC claims because the mistrust leads members to write up all minor incidents just in case an incident is eligible for WC (Glassel, 2008).

Communication Flow

Individual claim information is reported and tracked on accident report Form 149 (Milwaukee Fire Department, 2007). The form captures how and where the injury occurred, what happened, and whether safety factors/procedures were violated. A supplementary form asks further questions regarding prevention. Its questions aim to gain insight on problematic procedures, faulty equipment, and other underlying factors that caused the accident. The injury investigation team then uses this information (Glassel, 2008).

Health and safety bulletins communicate important safety information to members across the department on an ongoing basis. These bulletins are normally issued monthly and annually, but the health and safety officer who produces the bulletin was on leave in spring 2008 (Glassel, 2008).

The MFD also has emergent versus non-emergent injury analysis and reports. Since 2006, MFD has categorized all injuries as emergent or non-emergent to better identify the most serious hazards and appropriate control measures (Glassel, 2008). This practice also allows for the evaluation of performance of health and safety programs. The MFD started to use a new tracking mechanism in 2007, and monthly reports are generated to determine trends for injuries and hazards (Monteagudo, 2007a).

The oversight bodies use the injury reports on a regular basis. The fire chief and management staff regularly review all WC claims. The health and safety officer was starting to implement new analysis processes before going on leave (Glassel, 2008).

Incentives to Promote Safety

Since the level of physical fitness plays a major role in a firefighter's likelihood of injury, the department promotes exercise through peer fitness training. Fire Department members can volunteer to be trained through American Council of Exercise to be personal trainers for their peers to conduct physical assessments, to train peers to work with fitness equipment, and to design physical fitness programs to enhance firefighters' performance and reduce injuries. Peer pressure encourages physical fitness in place of Fire Department authoritative management (Jones, 2007).

The Fire Department sanctions for non-compliance with regulations include a progressive discipline procedure. For example, if protective clothing requirements are violated, the first offense results in an oral reprimand by the supervisory officer. The second offense results in a written reprimand by the supervisory officer, signed by offender, and submitted to the fire chief. The third offense results, in part, in suspension from pay and duty for one work shift. The chief determines the penalty for additional offenses (Holton, 2008).

Benchmarks to Gauge Safety Effectiveness

The Fire Department uses the same four indicators as the DER to gauge safety effectiveness: recordable cases, incidence rate, WC claims paid, and lost workdays (Glassel, 2008). However, the measures differ between the two departments. The Fire Department refers more to lost work time instead of lost workdays because of the nature of firefighter shifts (members work 24-hour shifts, and days don't translate as well in measuring the trends). Additionally, the Fire Department separates WC claims into emergent versus non-emergent to better address the increase in WC claims (Glassel, 2008).

Innovations

Most of the policies and procedures discussed here have been implemented due to the City of Milwaukee's new governance model and a new fire chief. The new governance model has brought the department many new resources to enable re-evaluation of what works in the department. Additionally, the new chief has put forward innovative safety policies that include the injury review panel reporting process, peer fitness trainers, and a return-to-work program (Glassel, 2008).

Another highly innovative development is the expanded role the DER is playing by meeting with the union and its members. There were two union meetings in 2008, one in February and one in March, that DER Director Maria Monteagudo and DER-Workers Compensation Division Manager Burma Hudson attended to explain and answer questions regarding WC. Firefighters had a chance to give feedback about the WC system. Glassel (2008) said this was groundbreaking because these were the first meetings of their kind in the Fire Department and made a major stride in reversing the distrust union members have with DER in regard to WC allocation.

Policy Goal 2: Cost Control

Accountability

The fire chief is responsible for the Fire Department budget. The department must stay within its budget. When operating expenses exceed the monthly budget allocation, the department typically reduces daily staffing, especially since the department must fund overtime wages (Glassel, 2008).

Communication Flow

We do not have information needed to describe how members of the Fire Department discuss budget issues.

Incentives to Control Costs

We do not have information on Fire Department incentives to control WC costs.

Benchmarks to Gauge Cost Control

The Fire Department evaluates its budget on annual and month-to-month bases (Glassel, 2008).

Innovations

The Fire Department is developing a return-to-work program to control WC costs, but it is not yet implemented. The program would reduce the amount of time members are on injury leave. It also would expedite the members' return to work by emphasizing task-specific rehabilitation, fitness conditioning, training, and alternative tasks to allow an injured member to return to the department sooner (Glassel, 2008).

Appendix D:

City of Milwaukee Department of Public Works

This summarizes the information we obtained about WC costs and safety procedures from the Milwaukee Public Works Department.

Policy Goal 1: Injury Reduction

Accountability

Accountability is created through the Department of Public Works' presence in the Central Safety Committee, as well as internal reviews of injuries and workplace safety. Public Works also has lines of communication with the Department of Employee Relations (DER), but we could not determine how much accountability this created from Public Works' or Employee Relations' perspective.

Communication Flow

Flows of information exist within Public Works as well as between the department and DER. Public Works is very good about disseminating safety information to all its employees. However, we could not determine what sorts of safety discussions Public Works staff has with DER staff, nor how that communication affects safety policies for both departments.

Public Works staff once met regularly with DER staff, but in the past few years the departments have come to rely on electronic communication. Public Works staff sometimes gets frustrated with DER because they frequently cannot get information. Public Works staff would like information from the independent medical examiner and about work restrictions, but they often feel that DER staff is not forthcoming and expedient with sharing the information, although they realize that some of the trouble is due to federal privacy laws (Blasiola, 2008).

New Public Works employees undergo orientation during the first week on the job. All employees receive additional training annually and use safety equipment. Public Works divisions hold safety meetings throughout the year with union and management representatives. A safety specialist performs on-the-job safety assessments of work sites. (Blasiola, 2008).

If an employee is injured due to a work-related problem that seems to be a likely threat in the future, Public Works will call in an independent medical examiner to perform safety in-services for its employees. For example, specific injuries to employees may result in additional training for all Public Works staff. In one instance, the sanitation section had many back injuries related to pushing carts, so a physical therapist presented on how to properly handle the carts. When heat-related injuries arise, physicians train employees in how to work in heat. Employees

receive specialized seasonal training as well, especially in winter when ice is a hazard. The key is that the training is given to all employees, even though an instance, say electrocution, may be isolated (Blasiola, 2008).

Incentives to Promote Safety

No incentive policies are in place to promote and encourage safety. Safety is a reward in and of itself, but neither managers nor employees perceive incentives in any way (although there are not disincentives either).

Benchmarks to Gauge Safety Effectiveness

Benchmark information for the Department of Public Works is unknown. Our understanding is that the department does not worry about this because it perceives this as the DER's responsibility.

Innovations

The Department of Public Works does not perceive itself to be doing anything innovative.

Policy Goal 2: Cost Control

Accountability

Internal accountability is fostered through internal review of injuries. However, on a citywide level, the line of accountability from Public Works to DER and the WC system as a whole are not well understood. Public Works perceives all budgetary responsibility as within the realm of DER, while DER looks to other City departments to take some budgetary responsibility.

The Public Works injury review committee meets with employees who are regularly injured. The committee documents issues and identifies solutions to injury-related problems as a part of this process.

Communication Flow

The Department of Public Works utilizes work restriction information from the DER when it has to find new work for an injured employee. Public Works focuses on outcomes of safety, not budget. As such, it seems that there is little budgetary communication between the two agencies. Also, it is unclear what, if at all, the DER has done to alert Public Works of any cost-related issues and strategies to tackle those issues.

The DER authorizes independent medical evaluations and sends Public Works job restriction information. If a hurt employee has permanent work restrictions, the DER determines an alternative placement within Public Works. (Blasiola, 2008).

If the independent medical evaluation contradicts the employee doctor's medical assessment, a fitness for duty evaluation serves as the tie-breaker. This evaluation is set up by the Wisconsin Department of Workforce Development. While the independent medical evaluation determines whether an injury is work-related, the fitness for duty evaluation makes sure the employee is healthy enough to actually return to work (Blasiola, 2008).

Incentives to Control Costs

No direct incentives are in place to control WC costs at the employee or supervisory levels.

Benchmarks to Gauge Cost Control

Benchmark information for Public Works is unknown.

Innovations

Public Works staff who monitor the return-to-work process communicate and work closely with doctors and the injured employee to monitor employee health and injury status. The employee has to be released to full duty in most cases. In some cases the Department of Public Works can accommodate the employee with transitional duty for up to 20 days. If the employee has permanent restrictions then a meeting is conducted to see if the department can accommodate the restrictions. The advantage of a return-to-work process is that it saves costs by transitioning employees who would normally be inactive into some sort of duty (Blasiola, 2008).

Appendix E: City of Cincinnati, Ohio

All of the information that follows was gathered from correspondence with Patrick Cook, an employee safety manager in Cincinnati's Finance Department (2008).

Policy Goal 1: Injury Reduction

Accountability

Risk Management is the main safety oversight body. The city of Cincinnati's Employee Safety Division is the main safety unit and consists of two employees who create and maintain safety programs and policies, track employee safety training and injuries, and perform and contract out training. Managers are held accountable for using safe practices in their performance evaluations.

Communication Flow

The Employee Safety Division provides feedback to all agencies on a monthly and annual basis. Risk Management provides a quarterly magazine called *Vitality* to every employee who deals with health and wellness. The Employee Safety Division produces a four-page safety insert for *Vitality*.

Cincinnati also has a central safety committee that produces a monthly safety newsletter. Critical safety communications are sent in broad emails. Daily tailgate safety briefings are held. Divisional and departmental monthly and quarterly safety committee meetings, monthly central safety committee meetings, and quarterly executive safety meetings all take place. Employee safety staff, managers, and some agency safety professionals perform on-the-job safety assessments.

Incentives to Promote Safety

The city used to recognize people with small awards, but has not in a few years. No sanctions exist, but if an employee violates safety rules, she or he faces disciplinary action. However, employees do not generally call out other employees, so it is hard to know which departments and which employees have trouble following the safety rules.

Benchmarks to Gauge Safety Effectiveness

Indicators include recordable cases, lost workdays, restricted work case rates, cases with time away from full work assignment, and combined cost of WC and injury pay. Every year the city tries to reduce injuries by 5 percent. This is hard to do because its safety program is effective and the number of injuries is low. The average number of recordable cases during the last five years is 439 or 0.07 recordable cases per employee. The city compares itself to the nation as a whole and to Ohio but mainly to other industries, not other police and fire departments.

Innovations

The Employee Safety Division did not feel that any of its safety practices were innovative.

Policy Goal 2: Cost Control

Accountability

The Risk Management Department determines the WC budget. The budgeted amount stays around \$5 million every year. If an overrun occurs, the individual departments absorb the extra costs or it rolls over into the next year. The risk manager is constantly reviewing expenditures to see why something might have changed. The department has reached a point where staff know what is causing the rising cost, whether an unusual claim has occurred or if medical costs are rising.

Communication Flow

The head of risk management does not generally communicate to other departments.

Incentives to Control Costs

No formal incentives or sanctions exist to control costs.

Benchmarks to Gauge Cost Control

No certain benchmark exists for singling out a problem, although risk management is always watching budget fluctuations and trying to determine why change is occurring. The benchmark to gauge cost-control effectiveness is the trend line for the cost per full-time employee.

Innovations

Limited-duty and return-to-work programs are extremely important. A worker will be sent back to work as soon as possible and then loss of productivity is tracked. The city has its own doctor who determines whether someone can go back to work on light duty.

Appendix F: City of Green Bay

All of the information that follows was gathered from correspondence with Ben Rank, a safety supervisor of the Risk Management Office (2008).

Policy Goal 1: Injury Reduction

Accountability

The Risk Management Office consists of two personnel who are responsible for overseeing safety programs and reducing Green Bay losses. This office is the “hub” of safety. It provides leadership and steers safety efforts in collaboration with departmental safety personnel and committee endeavors. The Risk Management Office drafts safety policies and procedures and provides departmental recommendations when necessary. Accountability is created by continual communication about safety concerns. The Risk Management Office moves up the chain of command in response to departments that are resistant or in non-compliance of safety policies.

Communication Flow

Departmental safety committees and supervisors are responsible for reporting safety complaints about employees. It is unclear what safety information is disseminated and how it is utilized for decision-making.

Incentives to Promote Safety

No incentives to promote safety were identified.

Benchmarks to Gauge Safety

No benchmarks for safety were identified, although Green Bay utilizes severity and frequency of injury indicators to gauge how to save costs and best direct resources toward increasing safety. Increases in safety resources are used toward reducing the most severe and frequent injuries that drive the highest WC costs.

Innovations

Although Green Bay desires to promote safety, human resource constraints leave little room for innovations as most efforts around safety are reactionary rather than preventive.

Policy Goal 2: Cost Control

Accountability

Green Bay departments are held accountable for spending by budgeting WC at the departmental level. Green Bay completes a quarterly billing of WC for each department. A line-item review of the WC budget and costs occurs at the beginning of each year. Budgeting at the departmental level ensures that department management has an invested interest controlling costs.

Communication Flow

Recognizing that expediting the return-to-work process is the only means of controlling indemnity payments, the Risk Management Office maintains consistent communication with physicians about the availability of limited duty accommodation for injured workers. This has resulted in increasing awareness of the program among physicians. The occupational nurse is responsible for faxing return-to-work forms before employees' medical appointments and ensuring the required return-to-work forms are received after each doctor visit. The occupational nurse and risk management personnel maintain aggressive follow-up through weekly meetings to determine pending and current WC claims, employee health status, and return-to-work options.

Incentives to Control Costs

Department budgets are set at the beginning of each year. When departments exceed their WC budget, supervisors have to pay for WC out of their regular budgets. This acts as an incentive to reduce WC spending because only in exceptional cases can departments request additional funds. Budget requests for additional department needs are forgone or offset by another line item in the budget.

Benchmarks to Gauge Cost Control

In the past Green Bay has utilized a calculation that measures expected losses (vs. actual losses) for every \$100 of payroll using payroll and loss data in a given period. This method has helped them gauge which departments may experience higher losses and make adjustments to account for these losses.

Innovations

Green Bay utilizes a full-time nurse to provide occupational care to employees, facilitate return to work for injured workers, and maintain communication with risk management personnel and physicians. The occupational nurse helps Green Bay reduce WC costs by making diagnosis and treating injuries internally. This prevents Green Bay from opening new WC claims and contains some medical costs that it might have incurred as a result of a new claim.

Appendix G: City of Minneapolis, Minnesota

Policy Goal 1: Injury Reduction

Accountability

The Department of Risk Management and Claims is the central entity that administers the WC program for the city of Minneapolis. For the Police Department, while the Department of Risk Management and Claims covers safety and WC issues citywide, the chief of police oversees that niche programs are functioning and is a primary source of safety initiatives and change (Rudlong, 2008). Each city department has its own safety committee(s). Some are stronger and more effective at safety reporting and assessment than others, but overall reporting from these committees is weak (Velasco-Thompson, 2008).

Some streams of accountability are not immediately apparent, nor do they all go back to the Department of Risk Management and Claims. For example, the Department of Public Works has a team of three people who are dedicated to safety. This team is cut off from risk claims supervision, and they report to city council members more than the mayor (Velasco-Thompson, 2008).

Both Police and Public Works have entry requirements for new employees. For the Police Department, sworn employees must meet a physical fitness minimum standard to graduate the police academy and at initial hire. However, this is not a condition for continued employment (Rudlong, 2008). Public Works employees need to be able to physically perform their duties, but there is no entry physical (Dykes, 2008).

Minneapolis also utilizes risk managers to deal with WC-related (and other types of insurance) issues; to assist in carrying out basic daily implementation of WC; and to make sure initiatives increase safety, reduce injury, and control costs. Also, this person serves as a single point of contact for all departments when assistance is needed for WC and other insurance-related issues (Velasco-Thompson, 2008).

Communication Flow

City departments, including the Department of Risk Management and Claims, perform on-the-job safety assessments (Velasco-Thompson, 2008).

Safety meetings are an important element for all departments, and they are useful for getting members of management all on the same page and for disseminating information to employees. Each division within Public Works has a monthly safety meeting attended by managers, union representatives, and employees. In addition, there is a larger monthly divisional safety meeting with representatives from each department (Dykes, 2008). The Police Department has a weekly meeting of all commanders and crime analysts. They discuss crime statistics and trends for

Minneapolis. Pertinent information from these meetings is distributed to the rest of the department via the chain of command. For example, a lieutenant leaves the meeting with knowledge of a drug house. He or she tells sergeants, who tell officers, and officers respond to the problem. This is communicated via email and the internet, but also through dispatch and 911 communications department as the situation may require (Rudlong, 2008).

Minneapolis' Public Works Department has a safety review panel charged with interviewing employees to ensure proper training and understanding of their job (Dykes, 2008).

Employees in departments across the city tend to have annual training to update and refresh their knowledge. The Police Department requires annual in-service training for sworn officers that reviews handgun qualifications and safety, defensive tactics, TAZER safety, etc. (Rudlong, 2008). Public Works employees must attend safety training at least annually, more often depending on specific operations or city projects (Dykes, 2008).

Management reviews safety policies and procedures annually and identifies operations that pose historical problems (Velasco-Thompson, 2008).

The Police Department communicates a lot of safety awareness through its niche programs, including the Health and Wellness Program that deals with fitness, preventative care, flu vaccination, exposure information, etc. Another coordinates training efforts among employees. The Police Department does not specifically have a safety program that reaches out to employees, but its specific niche programs, when added together, provide the required safety awareness to employees (Rudlong, 2008).

Departments generally disseminate safety-related information on an as-needed basis. The Police Department sends out announcements about the flu during flu season. Communication of crime analysis increases safety for officers in the field by heightening their awareness of criminal situations. The police chief is highly involved in safety communication. Training announcements to all employees are spread via email. Most information, even armed and dangerous alerts, comes out via email or dispatch (Rudlong, 2008).

Incentives to Promote Safety

No citywide policy is in place that rewards safe behavior. (Velasco-Thompson, 2008).

The Police Department has an annual awards ceremony where employees on all different levels are recognized for their efforts, including safety. (Rudlong, 2008).

Benchmarks to Gauge Safety Effectiveness

No information about benchmarks could be gathered. The Department of Risk Management and Claims believes that the best benchmarks are a city's own statistics from previous years. Trying to "beat" these statistics is the best gauge of progress, since ultimately each city is so different from others that, after a point, doing comparisons makes little sense (Velasco-Thompson, 2008).

Minneapolis utilizes Occupational Safety and Health Administration indicator standards on a department basis. Indicator information was not obtainable from Risk Management and Claims because it is transitioning to a new database system (Velasco-Thompson, 2008). The Public Works Department records all injuries that occur, not just recordable cases. This allows the city to identify employees who have frequent injuries or accidents and promotes faster intervention as these employees can be targeted with safety strategies (Dykes, 2008).

Innovations

The Public Works Department has implemented a safety review panel, which staff thinks has a lot of promise to be effective at streamlining safety and WC issues. The makeup of the panel is a WC representative, an injured employee, the employee's direct supervisor, and an assigned safety representative. The panel interviews the injured employee, reviews information about the incident, and facilitates all parties signing and agreeing on recommendations for how to proceed (Dykes, 2008).

Policy Goal 2: Cost Control

Accountability

In the last two or three years, Minneapolis created a loss prevention committee that works on WC safety and cost issues. It is composed of members of every department, but is led and organized by Risk Management and Claims (Velasco-Thompson, 2008).

Communication Flow

Budget-related information generally flows from Risk Management and Claims to the other city departments and back. This occurs mainly via email and meetings, safety committees, and the new loss prevention committee. Sometimes information flows are muddled, especially since some departments report to the city council more than the mayor's office, and vice versa (Velasco-Thompson, 2008).

Incentives to Control Costs

No citywide policy is in place that rewards cost-reducing behavior. The benefit of cost containment is more money is available for other departmental pursuits.

Benchmarks to Gauge Cost Control

No information about benchmarks could be gathered from Minneapolis. Risk Management and Claims staff said that the best benchmarks are a city's own statistics from previous years. (Velasco-Thompson, 2008).

The City focuses on trends in WC spending over time, such as how much was spent, how much is allocated, projected spending, and where else the city could spend those dollars (Velasco-Thompson, 2008).

Innovations

An effort is usually made to find work for employees on work restriction for medical reason. For civilian employees, the central human resources office runs a return-to-work program. This office is tasked with finding meaningful work for injured employees and monitoring their progress throughout the medical evaluation process. When employees are medically cleared, the office assists in returning the employee to their original job classification. Having a strong return-to-work policy can reduce costs in the long run, because more costs accrue the longer an employee is off of work and in the WC program (Velasco-Thompson, 2008).

The Police Department provides free health club memberships for sworn employees. The thought is that the health gained from utilizing a gym membership will reduce officer injuries by making them more physically fit. The decrease of injuries more than offsets the cost of the gym memberships (Rudlong, 2008).

Appendix H: City of Phoenix, Arizona

Policy Goal 1: Injury Reduction

Accountability

The city of Phoenix's central safety oversight body is the Safety Department, a subset of the Personnel Department that coordinates all safety programming for the city. The Safety Department has 22 to 24 safety professional positions to manage all city safety efforts. Ten of Phoenix's major city departments, including the Police, Fire, and Public Works departments, have one or two safety staff within the department. The remaining safety positions coordinate the efforts for all other city departments (Jimenez, 2008).

The Safety Department processes injury claims and provides safety support that includes teaching employees about work responsibilities, preparing employees for job hazards, and targeting loss/prevention efforts. Additionally, safety support includes the inspection of each department to ensure safety compliance, inspection of city equipment to ensure it is in good condition, collaboration with individual departments to develop more effective programs, and accident investigations to understand causes of injury and seek solutions, especially for recurring problems (Jimenez, 2008).

Accountability is created through a centralized agency — the Safety Department — whose clarified responsibility is to conduct regular inspections and reviews of accidents and employee performance evaluation. The purpose of regular review is to routinely crunch the numbers, analyze injury types, and highlight problematic and/or repetitive incidences. The Safety Department conducts follow-up meetings with department management to create a correction strategy, communicate problems, and collaboratively create a solution plan. Department management is then responsible for correcting problems. The continual review and improvement is a key goal and responsibility of the Safety Department to create accountability (Jimenez, 2008).

Additionally, accountability is created through employee performance evaluations (City of Phoenix, 2003). Every 12 months all city departments complete evaluations for each employee to make sure job performance is acceptable. Evaluation criteria are based on position duties and more generic criteria such as absenteeism, job performance, and so forth. Evaluations are first conducted between the supervisor and employee. The supervisor then reports the evaluation to her or his supervisor who must concur with the evaluation report. This secondary evaluation is to prevent bias (Jimenez, 2008). Phoenix creates individual employee accountability through these regularly scheduled reviews and clearly defined expectations. Moreover, Phoenix's Safety Department incorporates safety into each employee's job responsibilities and thereby regularly holds each employee accountable for safety (City of Phoenix, 2003).

Communication Flow

The Safety Department disseminates an incident report every six months. The report provides information on industrial and vehicular claims. The Safety Department is the main producer of reports and collaborates with each department to pursue changes and develop prevention techniques. If the Safety Department observes recurring incidence types, it sends a different report to highlight and address the issue. Communication between the Safety Department and the individual city department continues until a resolution is developed and established (Jimenez, 2008).

Incentives to Promote Safety

According to Phoenix's head safety administrator, the general belief is that no citywide safety monetary incentive program is appropriate or necessary. The overall opinion of the city's management is that employees receive acceptable wages in return for performing their jobs correctly, which includes workplace safety. City staff feel there shouldn't be an additional monetary incentive to create this expectation (Jimenez, 2008).

Phoenix's sanction process outlines and clearly defines management responsibilities, employee responsibilities, performance standards, and administrative action if a violation occurs (Arauz, 1996). For example, the sanction process for not wearing personal protective equipment emphasizes training to ensure education and accountability. If the employee knows how to wear appropriate gear and the important role it has in injury prevention, the employee will be more likely to comply. If further non-compliance occurs, penalties will result (Jimenez, 2008).

Benchmarks to Gauge Safety Effectiveness

Phoenix's main benchmark is itself. The Safety Department focuses internally to evaluate its WC system against its own history. This year-to-year evaluation of accident rates is of most importance to the city since, as the head of the Safety Department noted, "there is no other municipality that has the same conditions as Phoenix, so our only comparison is with ourselves. We don't compare with other municipalities because there is too substantial of a difference to allow for a worthwhile comparison." He added that there are different combinations of responsibilities in departments and different hazards to be expected, especially environmental conditions such as weather or climate (Jimenez, 2008).

The main benchmark goal is to hold injury rate constant. The city considers a constant rate to be an improvement because other factors such as number of employees, hours worked, and exposure to hazards are increasing. For example, the amount of hours driven by city employees increased by 1 million in a year, increasing their exposure to potential injury. Phoenix has kept injuries below 2,000 for the past five years (Jimenez, 2008).

Innovations

Phoenix takes on a “comprehensive view” of safety. For example, the city holds employees accountable for their driving records on and off the job. Employees are sanctioned if driving infractions occur on or off the job. (Arauz, 1996).

Policy Goal 2: Cost Control

Accountability

Phoenix’s Safety Department is responsible for WC budgeting. Its staff members collaborate with the finance department and a WC consultant. The budget is based on historical data (Jimenez, 2008).

Phoenix’s head safety administrator reported little budget accountability. The city’s WC fund is derived from employee payroll. The financial department takes 2.13 percent out of each person’s paycheck to put into a WC “trust” fund. The formula does not reward departments with lower WC claims, nor does it take more from those that have higher WC claims. No built-in budget accountability or link to increases or decreases in incident rate exist (Jimenez, 2008).

Communication Flow

Phoenix’s WC program is self insured but not self administered. A contracted third party compiles and disseminates monthly reports on how much WC was paid out. This report includes information for department spending and encourages agencies to remain aware of the high expenses. Yet, no real accountability is attached to spending. This is something the head of safety administration says is a weak point and the limited amount of time to follow up with departments keeps the city from addressing this weakness (Jimenez, 2008).

Also, the head safety administrator noted the redundant nature of the monthly information. Injuries occur in the same three categories, backs, knees, and shoulders; Reports nearly always represent those categories (Jimenez, 2008).

Incentives to Control Costs

Incentive is rooted in the relationship the Safety Department has with the other city departments. While no actual incentives are in place, the continual communication, awareness, and relationships with agency staff create an imbedded incentive to address problems. The Safety Department continually communicates the loss that results from WC and emphasizes that there is no return on this department expense. The Safety Department aims to train and educate department management to realize this monetary loss as a result of high WC expenditures by discussing the long-run effects and the realistic consequences of high WC expenditures (Jimenez, 2008).

Additionally, no sanctions are in place relative to cost control because the Safety Department and other units realize the problem is inevitable. Instead, the city emphasizes the importance of safety (Jimenez, 2008).

Benchmarks to Gauge Cost Control

Similar to injury reduction, Phoenix uses its own history to benchmark changes (Jimenez, 2008).

Innovations

Phoenix negotiates discounts with their medical providers. On the business side, the medical provider is guaranteed business since accidents will occur and the city is a large customer. The city uses this leverage to cut costs, negotiating a discounted rate of medical services. Through a bid process, the business goes to the cheapest medical supplier, i.e., the one who offers the highest discount. Arizona is a state where employees have the right to choose their medical providers but Phoenix capitalizes on its opportunity to select the provider of care for employees injured on the job. When an employee is injured, he or she must get initial treatment from the city's discounted medical provider. While the employee can then choose the provider for the second visit, the employee is often likely to stay with same provider, given good service was received (Jimenez, 2008).

Additionally, Phoenix created a cost containment incentive in its return-to-work policy. The Safety Department is creating a stronger light-duty policy (Jimenez, 2008). This new transitional work policy will emphasize getting back to work as quickly as possible. (City of Phoenix, 2006).

Appendix I: City of Portland, Oregon

All of the information that follows was gathered from correspondence with Ed Fitzgerald, a battalion chief of the Portland Fire Department (2008).

Policy Goal 1: Injury Reduction

Accountability

The Risk Management Department is the central safety oversight body. It gives all other departments information on safety incidents and handles ergonomic assessments. The seven units with the most injuries — police, environmental services, development services, water, parks and recreation, fire, and maintenance — are responsible for accident reviews and holding meetings with other departments to discuss accidents. Each department holds its own safety training unless the training could apply to all departments and then the Risk Management Bureau–Division of Loss Prevention holds the training. The individual departments have their own safety committees; however, a central safety committee reviews safety issues that affect two or more bureaus. This committee has members from the seven departments with the highest injury rates as well as personnel from the city’s occupational health and infectious disease division.

Communication Flow

Safety minutes from committee meetings are given to the risk management advisory council for review. In meetings of the risk management advisory council, safety complaints are reviewed, injury and accident reports from each department are submitted to the loss prevention manager in the risk management department, and the nurse shares exposure cases. Managers use the council meetings to make a list of action items on safety issues to address, based on a pattern or severity of the issue.

Another form of communication is a quarterly newsletter that the Division of Loss Prevention sends to all employees. The newsletter highlights employee safety achievements.

Incentives to Promote Safety

The city does have an incentive plan to keep injuries low. All bureaus pay an annual fee to the risk management department to staff and run the WC system as well as fleet and general liability insurance. The Risk Management Department averages the last three years of each department’s claims, which are broken into WC, fleet liability, and general liability. If a department has a lower level of claims than the average the following year, it does not have to pay as much to the Risk Management Department. Each department can get up to \$5,000 off of WC for the upcoming year.

Benchmarks to Gauge Safety Effectiveness

The city compares each department on an individual basis for a five-year period to identify the injury trend. Each department is also compared to the other departments over a five-year period. Indicators used for comparison include WC costs, average cost per claim, claims per \$100 in payroll, claims per 200,000 hours worked, total time lost days, and total time lost days per 200,000 hours worked.

Innovations

Driving accidents cause a large percentage of injuries so Loss Prevention has some employees take driving classes. Portland has its own cone course for driving classes. The city's health and wellness department houses a nurse and physical fitness trainers. Because back and knee injuries are some of the most frequent types of injuries, the nurse and trainers focus on reducing those types. Many of the back injuries are incurred from emergency medical service workers who lift overweight people or move people out of awkward places.

Policy Goal 2: Cost Control

Accountability

The Risk Management Department holds the WC fund and determines how much departments pay. A financial group provides services to the rest of the city bureaus in determining their budgets. The financial group relies heavily on actuarial advice for how much money each department should pay to the Risk Management Department. No one department is held to the WC budget; however, the city's loss prevention coordinators try to keep injury incidents down in order to meet the budget. Another main way the budget is met is for the loss prevention coordinators to focus on return-to-work strategies.

Communication Flow

If the Risk Management Department looks like it is going to go over budget, it must go to the city council and ask for more money from the reserve fund. The council must vote on moving the money.

Incentives to Control Cost

No incentives exist to control costs. Risk Management Department staff feel that they cannot control medical costs but can try to keep the number of injuries low.

Benchmarks to Gauge Cost Control

The actuaries used help determine the budget and relying on costs to determine what they believe will happen in the upcoming year.

Innovations

City staff do not believe that any budget practices are innovative.

Appendix J: City of Seattle, Washington

Policy Goal 1: Injury Reduction

Accountability

Seattle has a citywide Safety Office that is the central oversight body for safety. This office consists of four personnel whose responsibilities are to identify citywide safety and health needs, and, in consultation with department safety staff, develop and implement citywide safety policy through ordinances, Seattle municipal code, and personnel rules. This office provides direction and oversight for the Personnel Department's Safety Program. The Safety Office also oversees or provides assistance for approximately 10 city programs (Mickelson, 2008).

A major challenge that Seattle faces with safety is lack of departmental accountability. The Safety Office has limited authority over departmental safety matters. In recent years, in conjunction with the Common Council, unions, and departments, the office has established greater authority by formulating city ordinances to mandate safety policies. The greatest benefit to ordinances is that they increase awareness of policy and promote compliance. Beyond ordinances, this oversight body has been unable to foster authority or accountability (Mickelson, 2008).

Communication Flow

Safety information on "frequent fliers," or personnel who are routinely injured, is regularly communicated to department supervisors by safety personnel. Supervisors use this information to evaluate the cause of injury, employee safety attitudes, and behaviors. A course of action is recommended, such as a change in job duties. In extreme cases, demotion results from unsafe work behavior (Mickelson, 2008). No additional information was found on what safety information is disseminated and how it is utilized in decision-making.

Incentives to Promote Safety

Seattle did not identify any safety incentives.

Benchmarks to Gauge Safety Effectiveness

No benchmarks to gauge safety performance were identified.

Innovations

No innovations were identified.

Policy Goal 2: Cost Control

Accountability

The Workers Compensation Section is an 11-person unit. It holds departmental supervisors accountable for controlling WC spending by budgeting WC at the department level. Approximately 10 years ago Seattle stopped budgeting WC centrally. Departments make recommendations for their WC costs when they submit their annual operating budgets to the Department of Finance. A department supervisor must take money from other areas if the agency exceeds its operating budget. Departments can get additional WC funds only in the case of an unforeseeable or catastrophic event. In this case, they have to petition the Department of Finance for additional funds. These practices ensure that departments stay within their budgets.

Communication Flow

The budget is discussed twice per year and WC recommendations are made by the third quarter of the preceding year of the budget cycle. WC recommendations are based on anticipated exposures and liabilities. Claims for WC are handled by each department so that regular communication about WC occurs and the workers compensation section builds a relationship with departments to maintain a concerted effort with the return-to-work process. Communication about the WC budget also occurs between the WC manager and the Department of Finance to determine WC costs that are not evident in claims history, such as unusually high pensions or emerging employee health concerns.

Incentives to Control Costs

Seattle has implicit budgetary incentives to control WC costs at the supervisory level that are inherent in its budgeting procedures. WC is budgeted at the departmental levels. Moreover, each department pools administrative costs for labor industry assessments and salaries and is required to pay its proportional share of administrative costs for WC claims each month. Departments can utilize leftover WC funds for other needs. Management faces a challenge with filtering this incentive to lower organizational units, as only supervisory staff respond directly to this incentive.

However, the state legislature has enacted workers compensation claims suppression legislation making it illegal for Seattle employers to suppress WC claims. Therefore, the city of Seattle is careful to not communicate incentives in relation to WC costs. Instead, the city is strengthening its safety efforts and creating a safety-first culture to reduce WC costs.

Benchmarks to Gauge Cost Control

Seattle uses frequency and severity of injury indicators to gauge costs. Seattle reports the same standard Occupational Safety and Health Administration indicators. Seattle

does not use benchmarks to compare itself against other municipalities in Washington because of its port and large population. Within departments, Seattle uses data to compare number of injuries/WC claims but staff members note that comparing costs is difficult.

For Seattle, comparing the number of hours during which employees are exposed to potential work hazards is more telling and accurate than other Occupational Safety and Health Administration indicators.

Innovations

The WC section sends light-duty job analysis letters to physicians to solicit information about the types of physical and mobility constraints the doctor has recommended for the injured worker and to help find a light-duty position that can accommodate those restrictions. Each department has its own light-duty program and writes its own light-duty job analysis that is aligned with the nature of the work for that particular department. In nearly all instances, Seattle is able to accommodate every injured worker and provide a light-duty position to return the employee to work. The Safety Office routinely implements permanent accommodations. A challenge Seattle faces however, is that some departments' employees with non-work injuries overuse light duty. Seattle is constantly watching these departments.

Seattle has strengthened its personnel support for return to work by ensuring that every department has a return-to-work coordinator. In smaller departments with lower WC claims, the staff member also coordinates the American Disability Act policy. Very small departments have a human resource generalist who collaborates with the workers compensation section to assist with the return-to-work process for injured employees. Seattle experienced a huge spike in WC spending in 2003. However, in 2007 Seattle experienced a decline in WC spending as a result of improvements in personnel support and development of clearly defined roles and responsibilities for return to work. Seattle experienced a decrease not only in the number of claims, but declines in the costs per claim, despite rising medical cost and salary increases.

Seattle's frequent use of board-certified independent medical examiners has helped the city win WC lawsuits because doctors have more credibility than occupational nurses. (Dahl, 2008).

Appendix K: Comparison of Promising Practices across Cities

| | Milwaukee | Minneapolis | Seattle | Portland | Phoenix | Green Bay | Cincinnati |
|--|-----------|-------------|---------|----------|---------|-----------|------------|
| <i>Policy Goal 1: Injury Reduction</i> | | | | | | | |
| Accountability | | | | | | | |
| Centralized Oversight | | X | X | X | X | X | X |
| Department Level Oversight | | X | X | X | | X | X |
| Individual Employee Level Oversight | | | | | X | | |
| Communication Flow | | | | | | | |
| Creating Safety-Focused Communication Tools | | X | | X | X | | X |
| Linking Information to Action and Accountability | | | | X | | | |
| Establishing an Internal Reporting Structure | | | X | | | | |
| Incentives to Promote Safety | | | | | | | |
| Utilizing Direct Incentives | X | | | X | | | |
| Utilizing Implicit Incentives | | | | | X | | X |
| No Injury Reduction Incentives | X | | X | | | | |
| Benchmarks to Gauge Safety Effectiveness | | | | | | | |
| Benchmark against Self | X | X | X | X | X | X | X |
| Benchmark against Other Municipalities | | | | | | | |
| Benchmark across Departments | | X | X | X | X | X | X |
| Innovations | | | | | | | |
| Expanding Communication via Collaboration | | | | | | | |
| Expanding Injury Review Panels | | X | | X | | | |

| | Milwaukee | Minneapolis | Seattle | Portland | Phoenix | Green Bay | Cincinnati |
|---|-----------|-------------|---------|----------|---------|-----------|------------|
| <i>Policy Goal 2: Cost Control</i> | | | | | | | |
| Accountability | | | | | | | |
| Budget at Department Level | | | X | X | | X | |
| Direct Oversight Body | | X | | X | | | X |
| Communication Flow | | | | | | | |
| Extending Communication of Cost-Control Measures | | | | X | | | |
| Incentives to Control Costs | | | | | | | |
| Setting WC Budget Limits | | | X | | | X | |
| Rewarding Department Performance | | | X | | | | |
| Benchmarks to Gauge Cost Control | | | | | | | |
| Benchmark Costs against a Constant Cost | X | | | | | | |
| Benchmark Costs against a Decrease | | | | | | | |
| Innovations | | | | | | | |
| Incorporate Return-to-Work Coordinators into WC Structure | | | X | | | | X |
| Utilize an Occupational Nurse | | | | | | X | |
| Improve and Expand Return-to-Work Options with Limited Duty | | X | X | | X | | X |