



# COUNTY OF SONOMA

575 ADMINISTRATION  
DRIVE, ROOM 102A  
SANTA ROSA, CA 95403

## SUMMARY REPORT

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**Agenda Date:** 1/14/2025

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**To:** Sonoma County Board of Supervisors  
**Department or Agency Name(s):** District Attorney  
**Staff Name and Phone Number:** Gina Michelon 565-3893  
**Vote Requirement:** Majority  
**Supervisorial District(s):** Countywide

**Title:**

District Attorney FY 2024-2025 Workers' Compensation Insurance Fraud Investigation Program.

**Recommended Action:**

Adopt a resolution authorizing the District Attorney, or their designee, to execute a grant agreement with the California Department of Insurance to participate in the Workers' Compensation Insurance Fraud Investigation Program and accept \$312,643 in grant funding for the term July 1, 2024, through June 30, 2025, and execute any future amendments or extensions to the Grant Award Agreement including rollover funding from prior year or increased funding allocation.

**Executive Summary:**

Board approval is requested to authorize the District Attorney or their designee to sign a contract to continue participation in the Workers' Compensation Insurance Fraud Program funded by the California Department of Insurance in the amount of \$312,643 for the 2024-25 Fiscal Year and authorize the District Attorney or their designee to execute any future amendments or extensions to the Grant Award Agreement including rollover funding from the prior year or increased funding allocation. This grant aims to uncover fraud within the community that harms workers and businesses and prosecute those who perpetrate such crimes. The District Attorney's Office has participated in the Workers' Compensation Insurance Fraud Program since 1996. This work is performed by the District Attorney Environmental and Consumer Fraud Division using grant monies and does not require any General Fund support.

The staff assigned to this grant program will consist of existing personnel including Deputy District Attorneys, District Attorney Investigators, a Legal Assistant, Department Analyst, and Extra Help District Attorney Investigator. Also included is funding for a required internal audit, outreach materials, training, travel, and indirect costs. The funding should be sufficient to cover the costs involved in the District Attorney's Office's Workers' Compensation Insurance Fraud prosecution work.

**Discussion:**

The California Department of Insurance Workers' Compensation Fraud Program was established in 1991 through the passage of Senate Bill 1218 (Chapter 116), and the District Attorney has participated in this program since 1996. The law, which makes Workers' Compensation fraud a felony, requires insurers to report suspected fraud and establishes a mechanism for funding enforcement and prosecution activities. The funding for this program comes from California employers as a portion of the premium paid to the State. Senate Bill

1218 also established the Fraud Assessment Commission, which determines the level of assessments to fund the investigation and prosecution of workers' compensation insurance fraud in consideration of premiums collected.

Board approval is requested to allow the District Attorney, or their designee, to sign a contract to continue participation in the Workers' Compensation Insurance Fraud Program funded by the California Department of Insurance in the amount of \$312,643 for Fiscal Year 2024-25 and authorize the District Attorney or their designee to execute any future amendments or extensions of the Grant Award Agreement including rollover funding from prior year or increased funding allocation. The District Attorney has participated in the Workers' Compensation Insurance Fraud Program since 1996. In Fiscal Year 2022-23, 26 suspected fraud claims were reviewed by the District Attorney's Office. The number of claims reviewed in FY 2023-24 increased to 42. We attribute this increase to employees returning to the workforce after COVID restrictions were eased, resulting in an uptick of the most common types of workers' compensation insurance fraud, such as claimant fraud, premium fraud, and employer fraud.

Historically, workers' compensation fraud cases referred to the District Attorney's Office have been predominantly claimant fraud. These cases include claiming a non-work injury, filing multiple claims for the same injury, working at another job while collecting disability benefits, and related schemes to cheat the Workers' Compensation system. The District Attorney's Office will continue to use Workers' Compensation Insurance Fraud grant funds to prosecute these established types of claimant fraud cases in Fiscal Year 2024-25.

During Fiscal Year 2024-25, the District Attorney will continue to participate in the Golden Gate High Impact Workers' Compensation Fraud Consortium and the Tri-County Task Force to increase all types of workers' compensation fraud referrals and partner in outreach to educate the community about workers' compensation fraud. Developing a long-lasting, consistent method of outreach that will increase all types of workers' compensation fraud referrals and inform the community about workers' compensation fraud is a long-term goal that will take several years to implement. The office will continue outreach and training through community organizations such as the Graton Day Labor Center, Redwood Empire Association of Code Officials, the Sonoma County Winegrowers and Winegrape Commission, and the Oakmont Homeowners Association, where outreach efforts have ranged from meetings with Association Board members to presenting to Association members and the public. Meeting this goal includes creating industry-specific educational and informational pamphlets to distribute to various organizations and employers within the county, including union halls, day labor centers, and wineries.

The District Attorney's Office will continue to work with the Department of Insurance investigators and the Contractors State Licensing Board to conduct sweeps and stings in Sonoma County to identify and prosecute employers operating businesses without Workers' Compensation insurance.

**Prior Board Actions:**

The Board has approved Resolutions authorizing the Workers' Compensation Insurance Fraud grant each year since Fiscal Year 2004-05 and most recently in Fiscal Year 2023-24.

**FISCAL SUMMARY**

<b>Expenditures</b>	<b>FY 24-25 Adopted</b>	<b>FY 25-26 Projected</b>	<b>FY 26-27 Projected</b>
Budgeted Expenses	\$312,643		
Additional Appropriation Requested			
<b>Total Expenditures</b>	<b>\$312,643</b>		
<b>Funding Sources</b>			
General Fund/WA GF			
State/Federal	\$312,643		
Fees/Other			
Use of Fund Balance			
Contingencies			
<b>Total Sources</b>	<b>\$312,643</b>		

**Narrative Explanation of Fiscal Impacts:**

The FY 2024-25 State of California Department of Insurance Workers’ Compensation Insurance Fraud Investigation grant award is \$312,643. The current grant will fund activities through June 30, 2025, and the staff will cost code their time when working on Workers’ Compensation Fraud-related task work so that the grant funds will pay for those associated costs. These funds will allow the District Attorney’s Office to continue the vital work of this program and expand outreach efforts.

The personnel assigned to this grant program are from the District Attorney Consumer Fraud Unit, and this special prosecution will be performed by existing staff, including a Deputy District Attorney IV, with an estimated annual cost of \$355,520, 7% of which, or \$24,886 will be paid by these grant funds; a Deputy District Attorney III with an estimated yearly cost of \$257,071, 7% of which, or \$17,995 will be covered by these grant funds; a Legal Assistant at an estimated annual cost of \$146,603, 10% of which, or \$14,660 will be paid by these grant funds; a Department Analyst at an estimated yearly cost of \$203,971, 5% of which, or \$10,199 will be paid by these grant funds, two District Attorney Investigator II with a combined approximate annual cost of \$560,225, 28% of which, or \$78,309 will be defrayed by these grant funds; and one Extra Help District Attorney Investigator with an estimated yearly cost of \$166,594, which will be 100% covered by these grant funds. The remaining funding of approximately \$41,424 will be used for indirect costs, fees for a required fiscal audit, outreach materials, training, and travel costs. This grant revenue was already assumed and incorporated in the District Attorney’s FY 2024-25 budget. There is no impact on the Sonoma County General Fund, and no match is required. We budget based on historic trends and we are usually provided additional funding or rollover of unspent funds from the prior fiscal year. If we are notified about reductions we would reduce our spending appropriately. The District Attorney’s Office will apply for annual grant renewals in future fiscal years and will return to the board for any future awards.

<b>Staffing Impacts:</b>			
<b>Position Title (Payroll Classification)</b>	<b>Monthly Salary Range (A-I Step)</b>	<b>Additions (Number)</b>	<b>Deletions (Number)</b>

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**Agenda Date:** 1/14/2025

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**Narrative Explanation of Staffing Impacts (If Required):**

There is no staffing impact.

**Attachments:**

Program Resolution

Grant Award Agreement

**Related Items "On File" with the Clerk of the Board:**

N/A