

State of Alaska FY2012 Governor's Operating Budget

Department of Labor and Workforce Development Workers Compensation Benefits Guaranty Fund Component Budget Summary

Component: Workers Compensation Benefits Guaranty Fund**Contribution to Department's Mission**

The Workers' Compensation Benefits Guaranty Fund component contributes to the department's mission by paying benefits to workers who have been injured while working for an employer that was not in compliance with the workers' compensation act and fails to pay benefits owed the injured worker.

Core Services

- Provide workers' compensation benefits to injured employees of uninsured employers.
- Collect penalties from uninsured employers.
- Seek reimbursement of benefit payments from uninsured employers.

Key Component Challenges

Sufficient penalties have been collected and deposited into the fund to allow the division to contract for claims administration services. Once a claim is approved, the division has a statutory requirement to have those funds reimbursed to the fund from the employer who was uninsured at the time the employee injury occurred. The division currently does not have a mechanism in place to seek the reimbursement of those paid out funds. The fund, with the assistance of the Department of Law, has developed procedures for recovering benefits paid and claim costs incurred on behalf of the non-compliant employer. The Attorney General's Office, on behalf of the fund, has filed a case with the Alaska Superior Court.

Significant Changes in Results to be Delivered in FY2012

No significant changes in results are anticipated.

Major Component Accomplishments in 2010

No major accomplishments.

Statutory and Regulatory Authority

AS 23.30.082

Workers' Compensation Benefits Guaranty Fund

Contact Information

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**Workers Compensation Benefits Guaranty Fund
Component Financial Summary**

All dollars shown in thousands

	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	71.3	50.0	100.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	258.2	230.0	180.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	329.5	280.0	280.0
Funding Sources:			
1203 Workers' Compensation Benefits Guaranty Fund	329.5	280.0	280.0
Funding Totals	329.5	280.0	280.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
Unrestricted Revenues				
Worker's Compensation Benefits Guarantee	51491	329.5	280.0	280.0
Unrestricted Total		329.5	280.0	280.0
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		329.5	280.0	280.0

**Summary of Component Budget Changes
From FY2011 Management Plan to FY2012 Governor**

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2011 Management Plan	0.0	280.0	0.0	0.0	280.0
FY2012 Governor	0.0	280.0	0.0	0.0	280.0

Component Detail All Funds
Department of Labor and Workforce Development

Component: Workers Compensation Benefits Guaranty Fund (2820)

RDU: Workers' Compensation (112)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	71.3	50.0	50.0	50.0	100.0	50.0	100.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	258.2	230.0	230.0	230.0	180.0	-50.0	-21.7%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	329.5	280.0	280.0	280.0	280.0	0.0	0.0%
Fund Sources:							
1203 WCBG Fund	329.5	280.0	280.0	280.0	280.0	0.0	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	329.5	280.0	280.0	280.0	280.0	0.0	0.0%
Other Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Federal Funds	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

Change Record Detail - Multiple Scenarios With Descriptions
Department of Labor and Workforce Development

Component: Workers Compensation Benefits Guaranty Fund (2820)

RDU: Workers' Compensation (112)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
FY2011 Conference Committee	ConfCom	280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
1203 WCBG Fund		280.0										
Subtotal		280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
Subtotal		280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
To Align Authorization with Anticipated Expenditures	LIT	0.0	0.0	0.0	50.0	0.0	0.0	-50.0	0.0	0	0	0
Totals		280.0	0.0	0.0	100.0	0.0	0.0	180.0	0.0	0	0	0

This transaction accommodates anticipated legal expenses associated with Workers' Compensation Benefit Guaranty Fund claims. If this transaction is not approved the component will be unable to close the cases in a timely manner.

Based on historical authorizations and expenditures, the grants line has sufficient authority to cover this transaction.

Line Item Detail
Department of Labor and Workforce Development
Services

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Line Number	Line Name	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services	71.3	50.0	100.0

Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000 Services Detail Totals			71.3	50.0	100.0
73075	Legal & Judicial Svc	Adjusting services	37.7	0.0	50.0
73750	Other Services (Non IA Svcs)	To hire an adjuster to review workers' compensation claims filed against the Benefits Guaranty Fund.	33.6	50.0	50.0

Line Item Detail
Department of Labor and Workforce Development
Grants, Benefits

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
77000	Grants, Benefits		258.2	230.0	180.0
			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
			77000 Grants, Benefits Detail Totals	258.2	180.0
77321	Client Services (Benefits)	Provide for benefits to workers who were injured while working for an employer without workers' compensation insurance.	258.2	230.0	180.0

Unrestricted Revenue Detail
Department of Labor and Workforce Development

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Master Account	Revenue Description	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
51491	Worker's Compensation Benefits Guarantee	329.5	280.0	280.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
51491	Worker's Compensation Benefits Guarantee	WC Benefits Guaranty Fund	7330600	11186	329.5	280.0	280.0

The Workers' Compensation Benefits Guaranty Fund revenues come from penalties and fines assessed against employers that do not comply with the requirements of AS 23.30 or the orders of the Alaska Workers' Compensation Board.

These funds are used to support claim determinations and to pay benefits to injured workers.