

State of Alaska
FY2003 Governor's Operating Budget

Department of Labor and Workforce Development
Second Injury Fund
Component Budget Summary

Component: Second Injury Fund

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Component Mission

To reimburse employers for compensation paid to employees involved in a second injury.

Component Services Provided

- This unit provides an incentive for an employer to hire or retain an injured or disabled worker by helping to maintain insurance premiums for handicapped employees that are equivalent to those of able-bodied workers by limiting the liability of an employer in regards to the amount of compensation which is paid when a disabled employee is involved in a second injury.
- This unit determines whether or not a Petition to Join Second Injury is approved based on research and analysis of unique criteria. If a claim is approved, the Second Injury Fund reimburses the employer for time loss benefits paid beyond 104 weeks. This component monitors all claims being reimbursed by the Fund, deposits and credits Fund contributions and assesses penalties for the filing of late compensation reports.

Component Goals and Strategies

MONITOR AND ADMINISTER SECOND INJURY FUNDS

- Closely monitor the amounts in the SIF, the contributions going in and reimbursements going out to assure the viability of the Second Injury Fund.
- Continue efforts to reduce the amount of penalties currently paid by insurance companies for late compensation report filings through increased communication with insurance companies and increased awareness of the legal reporting requirements.
- Help develop electronic filing enhancements to the new computer system, especially to the payment compensation report payment system. This will allow for a more thorough error monitoring system for the annual report and related second injury fund penalty system.

Key Component Issues for FY2002 – 2003

- Continue to enforce timely filing of compensation reports and reduce the number of late filings received. Late filings create additional work for staff due to affidavits that must be prepared and mailed to the insurer. Late filings also result in claims payment information being inaccurate.
- Due to the Supreme Court decision in Arctic Bowl v Second Injury Fund there has been an increase in the number of approvals for recovery from the Fund. As a result, a supplemental was requested and granted for FY01 as well as an increment for FY02. While an increase is not being requested in FY03, this situation will need to be closely monitored.

Major Component Accomplishments in 2001

- Through administrative efficiencies the time lag between petitions for Second Injury Fund recovery and issuance of decisions continues to be reduced.

Statutory and Regulatory Authority

AS 23.30

Second Injury Fund
Component Financial Summary

All dollars in thousands

Non-Formula Program:	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Component Expenditures:			
71000 Personal Services	159.0	157.4	161.3
72000 Travel	0.0	2.5	2.5
73000 Contractual	64.1	79.9	79.9
74000 Supplies	1.1	5.2	5.2
75000 Equipment	0.0	8.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	2,931.2	2,925.6	2,925.6
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,155.4	3,178.6	3,182.5
Funding Sources:			
1007 Inter-Agency Receipts	0.0	4.8	4.9
1031 Second Injury Fund Reserve Account	3,155.4	3,173.8	3,177.6
Funding Totals	3,155.4	3,178.6	3,182.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
Second Injury Fund Reserve Account	51075	3,155.4	3,173.8	3,189.9	3,177.6	3,185.7
Unrestricted Total		3,155.4	3,173.8	3,189.9	3,177.6	3,185.7
Restricted Revenues						
Interagency Receipts	51015	0.0	4.8	4.8	4.9	4.9
Restricted Total		0.0	4.8	4.8	4.9	4.9
Total Estimated Revenues		3,155.4	3,178.6	3,194.7	3,182.5	3,190.6

Second Injury Fund**Proposed Changes in Levels of Service for FY2003**

The Second Injury Fund expects to maintain the same effective level of service.

**Summary of Component Budget Changes
From FY2002 Authorized to FY2003 Governor**

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	3,178.6	3,178.6
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	3.9	3.9
FY2003 Governor	0.0	0.0	3,182.5	3,182.5

Second Injury Fund

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	3	3	Annual Salaries	117,597
Part-time	0	0	COLA	2,441
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	44,907
			<i>Less 2.18% Vacancy Factor</i>	(3,598)
			Lump Sum Premium Pay	0
Totals	3	3	Total Personal Services	161,347

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	0	0	1	0	1
Worker Comp Off II	0	0	1	0	1
Worker Comp Technician	0	0	1	0	1
Totals	0	0	3	0	3