

**State of Alaska  
FY2009 Governor's Operating Budget**

**Department of Labor and Workforce Development  
Workers' Compensation  
Component Budget Summary**

## Component: Workers' Compensation

### Contribution to Department's Mission

The Workers' Compensation component contributes to the department's mission by advancing injured workers' employment opportunities. It does so by ensuring the quick, efficient, fair, and predictable delivery of indemnity, medical, and vocational rehabilitation benefits intended to enable workers to return to work at a reasonable cost to employers.

### Core Services

The Workers' Compensation Act established a Board to set policy and ensure proper implementation of the Act's benefits and requirements. This component is the Board's administrative arm, enforcing the Workers' Compensation Act. It maintains a comprehensive database, disseminates information, investigates complaints, informally resolves disputes, and aids the Board's provision of fair, formal hearings on disputed claims. It also assists the Board in enforcing the requirement that employers either insure or qualify to self-insure their workers' compensation liabilities.

### FY2009 Resources Allocated to Achieve Results

<b>FY2009 Component Budget: \$4,825,200</b>	<b>Personnel:</b>	
	Full time	47
	Part time	1
	<b>Total</b>	<b>48</b>

### Key Component Challenges

Continue to expand the scope of the fraud investigation unit to address various forms of benefit and provider fraud as well as employer non-compliance with the Alaska Workers' Compensation Act.

Modify procedures in the reemployment benefits program to monitor injured workers participating in reemployment training plans. Staffing difficulties has slowed the process of implementing the desired changes.

Complete the testing of phases 2 & 3 of the electronic data information project. This is the on-line filing of injury and compensation reports.

The fraud investigation section increased the workload of the adjudication section by more than 30% in FY 07. We need to amend our procedures to reduce the workload while still locating and assessing fees against employers who fail to insure their employees.

### Significant Changes in Results to be Delivered in FY2009

The Fraud Investigation section prepared files in FY 07 on more than 550 employers, 95 of which were brought before the Workers' Compensation Board for assessment of penalties during the fiscal year. This represents a 30% increase in workload for the adjudication section and caused the percent of decisions written within 30 days to drop. We will be working to amend procedures to allow us to get closer to our goal of all decisions written within 30 days of a hearing.

### Major Component Accomplishments in 2007

The Fraud Investigation section was fully staffed and located more than 500 instances where employers were operating without workers' compensation insurance for their employees. 95 of those cases were taken to the Workers'

Compensation Board and penalties for failure to insure were assessed against 67 employers.

### Statutory and Regulatory Authority

Statutory Authority:

AS 23.05.067  
AS 23.30.005 - .400

Fees for Administration of Workers' Compensation  
Alaska Workers' Compensation Act

Administrative Regulations:

8 AAC 45.010 - .900  
8 AAC 46.010 - .900

Compensation/Medical Benefits & Board Proceedings  
Self Insurance

Contact Information
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**Workers' Compensation  
Component Financial Summary**

*All dollars shown in thousands*

	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	3,159.3	3,467.1	3,660.7
72000 Travel	48.1	161.7	161.7
73000 Services	678.8	846.5	846.5
74000 Commodities	127.3	68.1	68.1
75000 Capital Outlay	0.4	14.4	14.4
77000 Grants, Benefits	77.6	73.8	73.8
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>4,091.5</b>	<b>4,631.6</b>	<b>4,825.2</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	3.3	3.3	3.3
1157 Workers Safety and Compensation Administration Account	4,088.2	4,628.3	4,821.9
<b>Funding Totals</b>	<b>4,091.5</b>	<b>4,631.6</b>	<b>4,825.2</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2007 Actuals	FY2008 Management Plan	FY2009 Governor
<b>Unrestricted Revenues</b>				
Workers Safety & Compensation Admin	51078	4,088.2	4,628.3	4,821.9
<b>Unrestricted Total</b>		<b>4,088.2</b>	<b>4,628.3</b>	<b>4,821.9</b>
<b>Restricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>4,088.2</b>	<b>4,628.3</b>	<b>4,821.9</b>

**Summary of Component Budget Changes  
From FY2008 Management Plan to FY2009 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2008 Management Plan</b>	<b>3.3</b>	<b>0.0</b>	<b>4,628.3</b>	<b>4,631.6</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 09 Health Insurance Increases for Exempt Employees	0.0	0.0	0.5	0.5
-FY 09 Bargaining Unit Contract Terms: General Government Unit	0.0	0.0	193.1	193.1
<b>FY2009 Governor</b>	<b>3.3</b>	<b>0.0</b>	<b>4,821.9</b>	<b>4,825.2</b>

### Workers' Compensation Personal Services Information

Authorized Positions		Personal Services Costs		
	<u>FY2008</u> <u>Management</u> <u>Plan</u>		<u>FY2009</u> <u>Governor</u>	
Full-time	46	47	Annual Salaries	2,316,363
Part-time	1	1	COLA	184,633
Nonpermanent	2	0	Premium Pay	0
			Annual Benefits	1,312,202
			<i>Less 4.79% Vacancy Factor</i>	(182,513)
			Lump Sum Premium Pay	0
			Board Honoraria	30,015
<b>Totals</b>	<b>49</b>	<b>48</b>	<b>Total Personal Services</b>	<b>3,660,700</b>

### Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	5	0	5	0	10
Administrative Clerk III	2	1	1	0	4
Administrative Manager III	0	0	1	0	1
Administrative Supervisor	1	0	0	0	1
Chf of Workers Comp Adjud	1	0	0	0	1
Division Director	0	0	1	0	1
Investigator II	2	0	0	0	2
Investigator III	1	1	0	0	2
Investigator IV	0	0	1	0	1
Microfilm/Imaging Oper I	0	0	1	0	1
Prog Coordinator	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Off II	6	1	1	0	8
Worker Comp Technician	3	1	2	0	6
Workers Comp Hearing Off II	5	2	1	0	8
<b>Totals</b>	<b>27</b>	<b>6</b>	<b>15</b>	<b>0</b>	<b>48</b>

### Component Board Summary

Board Description	Member Count	Pay Per Day	Budgeted Days	Additional Pay	Total Cost
Workers Compensation Board	18	50.00	31	0.00	30,014.82
<b>Total</b>					<b>30,014.82</b>