

State of Alaska
FY2013 Governor's Operating Budget

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

Component: Second Injury Fund

Contribution to Department's Mission

The Second Injury Fund component contributes to the department's mission by facilitating reemployment of injured workers.

Core Services

- Collect assessments from insurers and self-insured employers.
- Assist employers in hiring and retaining employees with qualifying disabilities through disability benefit reimbursements.

Key Component Challenges

No key component challenges

Significant Changes in Results to be Delivered in FY2013

No significant changes in results are anticipated

Major Component Accomplishments in 2011

The Second Injury Fund was able to reimburse employers and/or insurers \$3,188.7 for 103 claims in FY2011.

Statutory and Regulatory Authority

Statutory Authority:

AS 23.30.040
AS 23.30.205

Second Injury Fund
Injury Determination

Administrative Regulations:

8 AAC 50

Second Injury Fund

Contact Information

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**Second Injury Fund
Component Financial Summary**

All dollars shown in thousands

	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	129.2	184.5	197.5
72000 Travel	0.0	2.5	1.5
73000 Services	27.7	51.2	48.9
74000 Commodities	0.1	9.4	8.4
75000 Capital Outlay	0.0	8.0	8.0
77000 Grants, Benefits	3,125.6	3,739.0	3,739.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,282.6	3,994.6	4,003.3
Funding Sources:			
1004 General Fund Receipts	0.2	0.0	0.0
1031 Second Injury Fund Reserve Account	3,282.4	3,994.6	4,003.3
Funding Totals	3,282.6	3,994.6	4,003.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
Unrestricted Revenues				
Second Injury Fund Reserve Account	51075	3,282.4	3,994.6	4,003.3
Unrestricted Total		3,282.4	3,994.6	4,003.3
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		3,282.4	3,994.6	4,003.3

**Summary of Component Budget Changes
From FY2012 Management Plan to FY2013 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>
FY2012 Management Plan	0.0	3,994.6	0.0	0.0	3,994.6
Adjustments which will continue current level of service:					
-FY2013 Salary Increases	0.0	6.7	0.0	0.0	6.7
-FY2013 Health Insurance Increases	0.0	2.0	0.0	0.0	2.0
FY2013 Governor	0.0	4,003.3	0.0	0.0	4,003.3

**Second Injury Fund
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2012 Management Plan	FY2013 Governor		
Full-time	2	2	Annual Salaries	124,904
Part-time	0	0	COLA	495
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	78,158
			<i>Less 3.00% Vacancy Factor</i>	<i>(6,107)</i>
			Lump Sum Premium Pay	0
Totals	2	2	Total Personal Services	197,450

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Worker Comp Off I	0	0	1	0	1
Worker Comp Technician	0	0	1	0	1
Totals	0	0	2	0	2

Component Detail All Funds
Department of Labor and Workforce Development

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

	FY2011 Actuals	FY2012 Conference Committee	FY2012 Authorized	FY2012 Management Plan	FY2013 Governor	FY2012 Management Plan vs FY2013 Governor	
71000 Personal Services	129.2	188.7	188.7	184.5	197.5	13.0	7.0%
72000 Travel	0.0	2.5	2.5	2.5	1.5	-1.0	-40.0%
73000 Services	27.7	51.2	51.2	51.2	48.9	-2.3	-4.5%
74000 Commodities	0.1	5.2	5.2	9.4	8.4	-1.0	-10.6%
75000 Capital Outlay	0.0	8.0	8.0	8.0	8.0	0.0	0.0%
77000 Grants, Benefits	3,125.6	3,739.0	3,739.0	3,739.0	3,739.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	3,282.6	3,994.6	3,994.6	3,994.6	4,003.3	8.7	0.2%
Fund Sources:							
1004 Gen Fund (UGF)	0.2	0.0	0.0	0.0	0.0	0.0	0.0%
1031 Sec Injury (DGF)	3,282.4	3,994.6	3,994.6	3,994.6	4,003.3	8.7	0.2%
Unrestricted General (UGF)	0.2	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	3,282.4	3,994.6	3,994.6	3,994.6	4,003.3	8.7	0.2%
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	2	2	2	2	2	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: Second Injury Fund (2342)
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 FY2012 Conference Committee To FY2012 Authorized *****												
FY2012 Conference Committee												
ConfCom		3,994.6	188.7	2.5	51.2	5.2	8.0	3,739.0	0.0	2	0	0
1031 Sec Injury		3,994.6										
Subtotal		3,994.6	188.7	2.5	51.2	5.2	8.0	3,739.0	0.0	2	0	0
***** Changes From FY2012 Authorized To FY2012 Management Plan *****												
ADN 07-2-1031 Line Item Transfer to Balance Personal Services												
LIT		0.0	-4.2	0.0	0.0	4.2	0.0	0.0	0.0	0	0	0
Align authorization to balance the component's personal services line within the anticipated vacancy level.												
This authority would better serve the component in the contractual services line to accommodate other anticipated expenses.												
Subtotal		3,994.6	184.5	2.5	51.2	9.4	8.0	3,739.0	0.0	2	0	0
***** Changes From FY2012 Management Plan To FY2013 Governor *****												
Align Authority with Projected Expenditures												
LIT		0.0	4.3	-1.0	-2.3	-1.0	0.0	0.0	0.0	0	0	0
This request is needed to balance the component's personal services line within the anticipated vacancy level.												
The component will manage other expenditures to accommodate this change.												
FY2013 Salary Increases												
SalAdj		6.7	6.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		6.7										
FY2013 Salary Increases: \$6.7												
FY2013 Health Insurance Increases												
SalAdj		2.0	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		2.0										
FY2013 Health Insurance Increases: \$2.0												
Totals		4,003.3	197.5	1.5	48.9	8.4	8.0	3,739.0	0.0	2	0	0

Department of Labor and Workforce Development

Scenario: FY2013 Governor (9494)
Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

PCN	Job Class Title	Time Status	Retire Code	Barg Unit	Location	Salary Sched	Range / Step	Comp Months	Split / Count	Annual Salaries	COLA	Premium Pay	Annual Benefits	Total Costs	GF Amount
07-1026	Program Coordinator I	FT	A	SS	Juneau	205	18B	3.5	*	18,403	0	0	11,068	29,471	29,471
07-3001	Division Director	FT	A	XE	Juneau	NAA	27D	2.0	*	18,390	495	0	9,027	27,912	27,912
07-3023	Administrative Assistant II	FT	A	SS	Juneau	605	14E	0.5	*	2,197	0	0	1,432	3,629	3,629
07-3026	Administrative Officer II	FT	A	SS	Anchorage	200	19C	2.5	*	13,680	0	0	8,091	21,771	21,771
07-3033	Office Assistant I	FT	A	GP	Juneau	205	8B	2.5	*	6,488	0	0	5,707	12,195	12,195
07-3046	Worker Comp Off I	FT	A	GP	Juneau	205	16F	6.0	**	29,857	0	0	18,642	48,499	48,499
07-3055	Worker Comp Technician	FT	A	GP	Juneau	205	12F	6.0	**	22,595	0	0	16,128	38,723	38,723
07-5527	Project Assistant	FT	A	GP	Juneau	205	16G / J	2.5	*	13,294	0	0	8,063	21,357	21,357

	Total Positions	New	Deleted
Full Time Positions:	2	0	0
Part Time Positions:	0	0	0
Non Permanent Positions:	0	0	0
Positions in Component:	2	0	0

Total Component Months: 25.5

Total Salary Costs:	124,904
Total COLA:	495
Total Premium Pay:	0
Total Benefits:	78,158
Total Pre-Vacancy:	203,557
Minus Vacancy Adjustment of 3.00%:	(6,107)
Total Post-Vacancy:	197,450
Plus Lump Sum Premium Pay:	0
Personal Services Line 100:	197,450

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1031 Second Injury Fund Reserve Account	203,557	197,450	100.00%
Total PCN Funding:	203,557	197,450	100.00%

Line Item Detail
Department of Labor and Workforce Development
Travel

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
72000	Travel		0.0	2.5	1.5
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
72000 Travel Detail Totals			0.0	2.5	1.5
72110	Employee Travel (Instate)	Travel for public meetings to administer program activities	0.0	2.5	1.5
		Travel for public meetings to administer program activities			

Line Item Detail
Department of Labor and Workforce Development
Services

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Line Number	Line Name			FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
73000	Services			27.7	51.2	48.9
Expenditure Account				FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
73000 Services Detail Totals				27.7	51.2	48.9
73150	Information Technlgy		Maintenance and licensing costs for program specific software Maintenance and licensing costs for program specific software	1.4	3.2	3.2
73156	Telecommunication		Cost for local and long distance charges and data network charges. Cost for local and long distance charges and data network charges.	0.1	2.5	2.5
73169	Federal Indirect Rate Allocation	Management Services	Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services). Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services).	6.5	9.2	9.2
73225	Delivery Services		Transportation and freight charges Transportation and freight charges	0.0	4.0	4.0
73254	Dp Operations Alloc	Data Processing	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing) Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	3.0	3.3	3.3
73450	Advertising & Promos		Advertising for regulations, seminars, board meetings Advertising for regulations, seminars, board meetings	0.0	2.6	2.6
73650	Struc/Infstruct/Land		Machine and equipment repair and maintenance Machine and equipment repair and maintenance	0.4	8.8	6.5
73804	Economic/Development (IA Svcs)	Data Processing	Workers' Compensation SAGE	0.3	0.5	0.5

Line Item Detail
Department of Labor and Workforce Development
Services

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor	
73000 Services Detail Totals			27.7	51.2	48.9	
		Workers' Compensation SAGE				
73805	IT-Non-Telecommunication	Admin	Computer services Enterprise Productivity Rates (EPR) charges (I/A transfer to DOA)	1.2	1.3	1.3
			Computer services Enterprise Productivity Rates (EPR) charges (I/A transfer to DOA)			
73806	IT-Telecommunication	Admin	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) charges (I/A transfer to DOA)	3.5	3.8	3.8
			Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) charges (I/A transfer to DOA)			
73809	Mail	Admin	Core Service: Mail (I/A transfer to DOA)	0.1	0.2	0.2
			Core Service: Mail (I/A transfer to DOA)			
73810	Human Resources	Admin	Human resource services (I/A transfer to DOA)	1.2	1.3	1.3
			Human resource services (I/A transfer to DOA)			
73811	Building Leases	Admin	Building lease charges (I/A transfer to DOA)	9.9	10.3	10.3
			Building lease charges (I/A transfer to DOA)			
73815	Financial	Admin	Core Service: AKPAY/AKSAS (I/A transfer to DOA)	0.1	0.2	0.2
			Core Service: AKPAY/AKSAS (I/A transfer to DOA)			

Line Item Detail
Department of Labor and Workforce Development
Commodities

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
74000	Commodities		0.1	9.4	8.4
			FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
74000 Commodities Detail Totals			0.1	9.4	8.4
74200	Business	Office supplies, information technology equipment and subscriptions	0.1	9.4	8.4
		Office supplies, information technology equipment and subscriptions			

Line Item Detail
Department of Labor and Workforce Development
Capital Outlay

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
75000	Capital Outlay		0.0	8.0	8.0
Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
75000 Capital Outlay Detail Totals			0.0	8.0	8.0
75700	Equipment	Purchase of copiers and related equipment	0.0	8.0	8.0
		Purchase of copiers and related equipment			

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

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Line Number	Line Name	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
77000	Grants, Benefits	3,125.6	3,739.0	3,739.0

Expenditure Account	Servicing Agency	Explanation	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
77000 Grants, Benefits Detail Totals			3,125.6	3,739.0	3,739.0
77670	Benefits	Payments under AS 23.30.205 reflect the Second Injury Fund benefits to reinjured disabled workers through reimbursement to employers/insurers. Payments under AS 23.30.205 reflect the Second Injury Fund benefits to reinjured disabled workers through reimbursement to employers/insurers.	3,125.6	3,739.0	3,739.0

Unrestricted Revenue Detail
Department of Labor and Workforce Development

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Master Account	Revenue Description	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
51075	Second Injury Fund Reserve Account	3,282.4	3,994.6	4,003.3

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
51075	Second Injury Fund	Second Injury Fund	7340600	11117	3,282.4	3,994.6	4,003.3

The Second Injury Fund is a dedicated fund established to encourage employers to hire and retain persons with pre-existing physical conditions. Employers and insurers support the fund with payments that are based on a percentage of their yearly disability compensation payments to their injured workers.

Under AS 23.30.040 the contribution percentage rate ranges from 0% to 6%, based upon the Fund's reserve rate for the preceding year, and the applicable percentage is reset each year. In recent years the rates have varied from 0% (1989) to 3% (1990), 4% (2010), 5% (1991, 1995, 1997, 1998, 2000, 2009), and the maximum 6% (1992-1994, 1996, 1999, 2001-2008). The contribution rate is 5% in 2011 and the 2012 rate will be set at the end of October, 2011.

These funds are used to support operations of the Second Injury Fund program.

The Second Injury Fund Reserve Account is a dedicated fund established to encourage employers to hire and retain persons with pre-existing physical conditions. Employers and insurers support the fund with payments that are based on a percentage of their yearly disability compensation payments to their injured workers.

Under AS 23.30.040 the contribution percentage rate ranges from 0% to 6%, based upon the Fund's reserve rate for the preceding year, and the applicable percentage is reset each year. In recent years the rates have varied from 0% (1989) to 3% (1990), 4% (2010), 5% (1991, 1995, 1997, 1998, 2000, 2009), and the maximum 6% (1992-1994, 1996, 1999, 2001-2008). The contribution rate is 5% in 2011 and the 2012 rate will be set at the end of October, 2011.

These funds are used to pay benefits to injured workers and to support operations of the Second Injury Fund program.

Inter-Agency Services
Department of Labor and Workforce Development

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2011 Actuals	FY2012		
					Management Plan	FY2013 Governor	
73169	Federal Indirect Rate Allocation	Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services). Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services).	Intra-dept	Management Services	6.5	9.2	9.2
				73169 Federal Indirect Rate Allocation subtotal:	6.5	9.2	9.2
73254	Dp Operations Alloc	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing) Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	Intra-dept	Data Processing	3.0	3.3	3.3
				73254 Dp Operations Alloc subtotal:	3.0	3.3	3.3
73804	Economic/Development (IA Svcs)	Workers' Compensation SAGE Workers' Compensation SAGE	Intra-dept	Data Processing	0.3	0.5	0.5
				73804 Economic/Development (IA Svcs) subtotal:	0.3	0.5	0.5
73805	IT-Non-Telecommunication	Computer services Enterprise Productivity Rates (EPR) charges (I/A transfer to DOA) Computer services Enterprise Productivity Rates (EPR) charges (I/A transfer to DOA)	Inter-dept	Admin	1.2	1.3	1.3
				73805 IT-Non-Telecommunication subtotal:	1.2	1.3	1.3
73806	IT-Telecommunication	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) charges (I/A transfer to DOA) Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) charges (I/A transfer to DOA)	Inter-dept	Admin	3.5	3.8	3.8
				73806 IT-Telecommunication subtotal:	3.5	3.8	3.8
73809	Mail	Core Service: Mail (I/A transfer to DOA) Core Service: Mail (I/A transfer to DOA)	Inter-dept	Admin	0.1	0.2	0.2
				73809 Mail subtotal:	0.1	0.2	0.2
73810	Human Resources	Human resource services (I/A transfer to DOA) Human resource services (I/A transfer to DOA)	Inter-dept	Admin	1.2	1.3	1.3
				73810 Human Resources subtotal:	1.2	1.3	1.3
73811	Building Leases	Building lease charges (I/A transfer to DOA) Building lease charges (I/A transfer to DOA)	Inter-dept	Admin	9.9	10.3	10.3
				73811 Building Leases subtotal:	9.9	10.3	10.3
73815	Financial	Core Service: AKPAY/AKSAS (I/A transfer to DOA)	Inter-dept	Admin	0.1	0.2	0.2

Inter-Agency Services
Department of Labor and Workforce Development

Component: Second Injury Fund (2342)
RDU: Workers' Compensation (112)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2011 Actuals	FY2012 Management Plan	FY2013 Governor
	Core Service: AKPAY/AKSAS (I/A transfer to DOA)					
			73815 Financial subtotal:	0.1	0.2	0.2
			Second Injury Fund total:	25.8	30.1	30.1
			Grand Total:	25.8	30.1	30.1