

State of Alaska FY2015 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 to 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.

Major Component Accomplishments in 2013

During FY2013, the Workers' Compensation Benefits Guaranty Fund hired a Collections Officer in November 2012. In the remaining eight months of the fiscal year the incumbent collected approximately \$350.0. This position was created to collect an outstanding balance of civil penalties due to the fund and is projected to collect \$500.0 per year. Since establishment of the fund in 2005, there has been a total of \$18,019.4 in civil penalties assessed against employers, of which \$3,822.0 has been collected.

Key Component Challenges

A key challenge facing the Workers' Compensation Benefits Guaranty Fund component is an increased liability against the fund and low recovery of civil fines and penalties. This may limit the fund's ability to pay claims to injured workers of uninsured employers. There are currently 27 open claims against the fund with a potential liability of \$1,425.3. Although the division believes it will be able to successfully defend or mediate many of these claims, risk exposure remains high. The division anticipates that this risk can be partially offset because the fund's collection rate will increase due to the new collections officer position.

Significant Changes in Results to be Delivered in FY2015

No significant changes in results to be delivered are anticipated.

Statutory and Regulatory Authority

Statutory Authority:

AS 23.30.082

Workers' Compensation Benefits Guaranty Fund

Contact Information

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Workers' Compensation Benefits Guaranty Fund Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	43.8	87.6	87.1
72000 Travel	0.0	0.0	0.0
73000 Services	175.4	278.3	278.3
74000 Commodities	0.0	7.2	7.2
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	378.6	400.0	400.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	597.8	773.1	772.6
Funding Sources:			
1203 Workers' Compensation Benefits Guaranty Fund	597.8	773.1	772.6
Funding Totals	597.8	773.1	772.6

Estimated Revenue Collections				
Description	Master Revenue Account	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Unrestricted Revenues				
Worker's Compensation Benefits Guarantee	51491	597.8	773.1	772.6
Unrestricted Total		597.8	773.1	772.6
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		597.8	773.1	772.6

**Summary of Component Budget Changes
From FY2014 Management Plan to FY2015 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>
FY2014 Management Plan	0.0	773.1	0.0	0.0	773.1
Adjustments which will continue current level of service:					
-Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)	0.0	-1.0	0.0	0.0	-1.0
-FY2015 Salary Increases	0.0	0.7	0.0	0.0	0.7
-FY2015 Health Insurance and Working Reserve Rate Reductions	0.0	-0.2	0.0	0.0	-0.2
FY2015 Governor	0.0	772.6	0.0	0.0	772.6

**Workers' Compensation Benefits Guaranty Fund
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2014</u> <u>Management</u> <u>Plan</u>	<u>FY2015</u> <u>Governor</u>		
Full-time	1	1	Annual Salaries	51,740
Part-time	0	0	COLA	697
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	34,762
			<i>Less 0.11% Vacancy Factor</i>	(98)
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	87,101

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Loan/Collection Off I	0	0	1	0	1
Totals	0	0	1	0	1

Component Detail All Funds
Department of Labor and Workforce Development

Component: Workers' Compensation Benefits Guaranty Fund (AR28330) (2820)

RDU: Workers' Compensation (112)

	FY2013 Actuals	FY2014 Conference Committee	FY2014 Authorized	FY2014 Management Plan	FY2015 Governor	FY2014 Management Plan vs FY2015 Governor	
71000 Personal Services	43.8	86.6	87.6	87.6	87.1	-0.5	-0.6%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	175.4	278.3	278.3	278.3	278.3	0.0	0.0%
74000 Commodities	0.0	7.2	7.2	7.2	7.2	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	378.6	400.0	400.0	400.0	400.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	597.8	772.1	773.1	773.1	772.6	-0.5	-0.1%
Fund Sources:							
1203WCBG Fund (DGF)	597.8	772.1	773.1	773.1	772.6	-0.5	-0.1%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	597.8	772.1	773.1	773.1	772.6	-0.5	-0.1%
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	1	1	1	1	1	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 FY2014 Conference Committee To FY2014 Authorized *****												
FY2014 Conference Committee												
1203 WCBG Fund	ConfCom	772.1	86.6	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0
		772.1										

Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)												
1203 WCBG Fund	Atrin	1.0	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		1.0										

Subtotal		773.1	87.6	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0
***** Changes From FY2014 Authorized To FY2014 Management Plan *****												
Subtotal		773.1	87.6	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0

***** Changes From FY2014 Management Plan To FY2015 Governor *****												
Reverse Alaska State Employees Association One-Time Payment Sec22f Ch14 SLA2013 (HB65) and Sec12 Ch15 SLA2013 (HB66)												
1203 WCBG Fund	OTI	-1.0	-1.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		-1.0										

FY2015 Salary Increases												
1203 WCBG Fund	SalAdj	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		0.7										

Cost of living allowance for certain bargaining units: \$0.7												
Year two cost of living allowance for Alaska State Employees Association/General Government Unit - 1%: \$0.7												

FY2015 Health Insurance and Working Reserve Rate Reductions												
1203 WCBG Fund	SalAdj	-0.2	-0.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		-0.2										

FY2015 budget reduction for decrease in the AlaskaCare health insurance premium and working reserve rates: \$-0.2												
Working reserve rate decrease from 3.94% to 3.56%: Leave Cash-In = 2.17%, Terminal Leave = 1.03%, Unemployment Insurance = 0.36% : \$-0.2												

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	
	Totals	772.6	87.1	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0

Personal Services Expenditure Detail
Department of Labor and Workforce Development

Scenario: FY2015 Governor (11059)
Component: Workers' Compensation Benefits Guaranty Fund (2820)
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
21-3047	Loan/Collection Off I	FT	A	GP	Juneau	205	16A / B	12.0		51,740	697	0	34,762	87,199	87,199
													Total Salary Costs:	51,740	
													Total COLA:	697	
													Total Premium Pay:	0	
													Total Benefits:	34,762	
													Total Pre-Vacancy:	87,199	
													Minus Vacancy Adjustment of 0.11%:	(98)	
													Total Post-Vacancy:	87,101	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	87,101	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1203 Workers' Compensation Benefits Guaranty Fund	87,199	87,101	100.00%
Total PCN Funding:	87,199	87,101	100.00%

Note: If a position is split, an asterisk (*) will appear in the Split/Count column. If the split position is also counted in the component, two asterisks (**) will appear in this column. [No valid job title] appearing in the Job Class Title indicates that the PCN has an invalid class code or invalid range for the class code effective date of this scenario.

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			FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000	Services			175.4	278.3	278.3
Expenditure Account	Servicing Agency	Explanation		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
73000 Services Detail Totals				175.4	278.3	278.3
73154	Software Licensing	Admin	Software licensing fee chargeback (I/A transfer to DOA)	0.1	0.1	0.1
73254	Dp Operations Alloc	Data Processing	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	1.5	1.7	1.7
73650	Struc/Infstruct/Land		Room/space rental	0.0	0.0	0.0
73750	Other Services (Non IA Svcs)		Professional services contract for an adjuster to review claims filed against the Workers' Compensation Benefits Guaranty Fund.	32.7	106.2	106.2
73805	IT-Non-Telecommunication	Admin	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	0.7	0.6	0.6
73806	IT-Telecommunication	Admin	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	0.8	1.0	1.0
73810	Human Resources	Admin	Human resource services chargeback (I/A transfer to DOA)	0.5	0.6	0.6
73812	Legal	Law	Legal services (I/A transfer to Law)	139.0	168.0	168.0
73815	Financial	Admin	State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	0.1	0.1

Line Item Detail
Department of Labor and Workforce Development
Commodities

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

Line Number	Line Name		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
74000	Commodities		0.0	7.2	7.2
			FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Expenditure Account	Servicing Agency	Explanation			
74000 Commodities Detail Totals			0.0	7.2	7.2
74200	Business	General office supplies and reference materials	0.0	7.2	7.2

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		FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
77000	Grants, Benefits		378.6	400.0	400.0
			FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
Expenditure Account	Servicing Agency	Explanation			
77000 Grants, Benefits Detail Totals			378.6	400.0	400.0
77670	Benefits	Benefits to workers who were injured while working for an employer without workers' compensation insurance.	378.6	400.0	400.0

Unrestricted Revenue Detail
Department of Labor and Workforce Development

Component: Workers' Compensation Benefits Guaranty Fund (2820)

RDU: Workers' Compensation (112)

Master Account	Revenue Description	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51491	Worker's Compensation Benefits Guarantee	597.8	773.1	772.6

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2013 Actuals	FY2014 Management Plan	FY2015 Governor
51491	Worker's Compensation Benefits Guarantee	WC Benefits Guaranty Fund	7330600	11186	597.8	773.1	772.6

The Workers' Compensation Benefits Guaranty Fund (AS 23.30.082) consists of revenue 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.

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

Inter-Agency Services
Department of Labor and Workforce Development

Component: Workers' Compensation Benefits Guaranty Fund (2820)

RDU: Workers' Compensation (112)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2013 Actuals	FY2014	
					Management Plan	FY2015 Governor
73154	Software Licensing	Software licensing fee chargeback (I/A transfer to DOA)	Inter-dept Admin	0.1	0.1	0.1
73154 Software Licensing subtotal:				0.1	0.1	0.1
73254	Dp Operations Alloc	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	Intra-dept Data Processing	1.5	1.7	1.7
73254 Dp Operations Alloc subtotal:				1.5	1.7	1.7
73805	IT-Non-Telecommunication	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	Inter-dept Admin	0.7	0.6	0.6
73805 IT-Non-Telecommunication subtotal:				0.7	0.6	0.6
73806	IT-Telecommunication	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	Inter-dept Admin	0.8	1.0	1.0
73806 IT-Telecommunication subtotal:				0.8	1.0	1.0
73810	Human Resources	Human resource services chargeback (I/A transfer to DOA)	Inter-dept Admin	0.5	0.6	0.6
73810 Human Resources subtotal:				0.5	0.6	0.6
73812	Legal	Legal services (I/A transfer to Law)	Inter-dept Law	139.0	168.0	168.0
73812 Legal subtotal:				139.0	168.0	168.0
73815	Financial	State payroll and accounting system chargeback (I/A transfer to DOA)	Inter-dept Admin	0.1	0.1	0.1
73815 Financial subtotal:				0.1	0.1	0.1
Workers' Compensation Benefits Guaranty Fund total:				142.7	172.1	172.1
Grand Total:				142.7	172.1	172.1