

# **State of Alaska FY2019 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 2017**

During FY2017, the Workers' Compensation Benefits Guaranty Fund collected just over \$1 million in revenue.

**Key Component Challenges**

A key challenge facing the Workers' Compensation Benefits Guaranty Fund component is a significant liability against the fund. There are currently 56 open claims against the fund with a potential liability of over \$4.9 million.

**Significant Changes in Results to be Delivered in FY2019**

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**

**Contact:** Marie Marx, Director  
**Phone:** (907) 465-6060  
**Fax:** (907) 465-2797  
**E-mail:** matie.marx@alaska.gov

Workers' Compensation Benefits Guaranty Fund Personal Services Information				
Authorized Positions			Personal Services Costs	
	<u>FY2018</u> <u>Management</u> <u>Plan</u>	<u>FY2019</u> <u>Governor</u>		
			Annual Salaries	55,811
Full-time	1	1	Premium Pay	0
Part-time	0	0	Annual Benefits	36,759
Nonpermanent	0	0	<i>Less 2.56% Vacancy Factor</i>	<i>(2,370)</i>
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>	<b>90,200</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Loan/Collection Off I	0	0	1	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

**Component Detail All Funds**  
**Department of Labor and Workforce Development**

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

Non-Formula Component

	FY2017 Actuals	FY2018 Conference Committee	FY2018 Authorized	FY2018 Management Plan	FY2019 Governor	FY2018 Management Plan vs FY2019 Governor	
71000 Personal Services	79.5	87.2	87.2	89.7	90.2	0.5	0.6%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	234.8	219.4	219.4	250.0	250.0	0.0	0.0%
74000 Commodities	0.6	2.0	2.0	2.0	2.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	355.1	465.8	465.8	432.7	432.7	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>670.0</b>	<b>774.4</b>	<b>774.4</b>	<b>774.4</b>	<b>774.9</b>	<b>0.5</b>	<b>0.1%</b>
<b>Fund Sources:</b>							
1203WCBG Fund (DGF)	670.0	774.4	774.4	774.4	774.9	0.5	0.1%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>670.0</b>	<b>774.4</b>	<b>774.4</b>	<b>774.4</b>	<b>774.9</b>	<b>0.5</b>	<b>0.1%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
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 FY2018 Conference Committee To FY2018 Authorized *****												
<b>FY2018 Conference Committee</b>	ConfCom	774.4	87.2	0.0	219.4	2.0	0.0	465.8	0.0	1	0	0
1203 WCBG Fund		774.4										
<b>Subtotal</b>		<b>774.4</b>	<b>87.2</b>	<b>0.0</b>	<b>219.4</b>	<b>2.0</b>	<b>0.0</b>	<b>465.8</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2018 Authorized To FY2018 Management Plan *****												
<b>Align Authority with Anticipated Expenses</b>	LIT	0.0	2.5	0.0	30.6	0.0	0.0	-33.1	0.0	0	0	0
Transfer grants authority to pay anticipated personal services and services expenses. Additional services authority is needed to cover increased legal costs. The remaining grants authority is sufficient to cover anticipated expenses.												
<b>Subtotal</b>		<b>774.4</b>	<b>89.7</b>	<b>0.0</b>	<b>250.0</b>	<b>2.0</b>	<b>0.0</b>	<b>432.7</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2018 Management Plan To FY2019 Governor *****												
<b>FY2019 Salary and Health Insurance Increases</b>	SalAdj	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1203 WCBG Fund		0.5										
Salary and Health Insurance Increases: \$0.5												
Calculate FY2019 increase to GGU Health Insurance from \$1389 to \$1432 per member per month.												
<b>Totals</b>		<b>774.9</b>	<b>90.2</b>	<b>0.0</b>	<b>250.0</b>	<b>2.0</b>	<b>0.0</b>	<b>432.7</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>

**Personal Services Expenditure Detail**  
**Department of Labor and Workforce Development**

**Scenario:** FY2019 Governor (14641)  
**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	UGF Amount
21-3047	Loan/Collection Off I	FT	A	GP	Juneau	205	16B / C	12.0		55,811	0	0	36,759	92,570	0
													<b>Total Salary Costs:</b>	55,811	
													<b>Total COLA:</b>	0	
													<b>Total Premium Pay:</b>	0	
													<b>Total Benefits:</b>	36,759	
													<b>Total Pre-Vacancy:</b>	92,570	
													<b>Minus Vacancy Adjustment of 2.56%:</b>	(2,370)	
													<b>Total Post-Vacancy:</b>	90,200	
													<b>Plus Lump Sum Premium Pay:</b>	0	
													<b>Personal Services Line 100:</b>	90,200	
<b>Total Component Months:</b>		12.0													

<b>PCN Funding Sources:</b>		<b>Pre-Vacancy</b>	<b>Post-Vacancy</b>	<b>Percent</b>
1203 Workers' Compensation Benefits Guaranty Fund		92,570	90,200	100.00%
<b>Total PCN Funding:</b>		<b>92,570</b>	<b>90,200</b>	<b>100.00%</b>

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 (1676)**  
**Department of Labor and Workforce Development**  
**Services**

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

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3000	Services		234.8	250.0	250.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>3000 Services Detail Totals</b>			<b>234.8</b>	<b>250.0</b>	<b>250.0</b>
3001	Financial Services	Professional services contract for an adjuster to review claims filed against the Workers' Compensation Benefits Guaranty Fund	32.5	36.7	36.7
3002	Legal and Judicial Services	Legal and judicial services	6.3	6.5	6.5
3003	Information Technology	Admin - Department-wide Software licensing fee chargeback (I/A transfer to DOA)	0.4	0.4	0.4
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335) Indirect cost allocation for departmental purchasing, accounting, reports, personnel training, and other services provided by Management Services (I/A transfer to Management Services)	4.5	5.1	5.1
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334) Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	2.0	2.1	2.1
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Computer Services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	1.4	1.4	1.4
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	1.2	1.9	1.9
3022	Inter-Agency Human Resources	Admin - Department-wide Human resource services chargeback (I/A transfer to DOA)	0.6	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide Building leases chargeback (I/A transfer to DOA)	4.8	4.8	4.8

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Services**

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

Object Class		Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>3000 Services Detail Totals</b>				<b>234.8</b>	<b>250.0</b>	<b>250.0</b>
3024	Inter-Agency Legal	Law - Department-wide	Legal Services (I/A transfer to Law)	180.9	190.0	190.0
3025	Inter-Agency Auditing	Admin - Department-wide	Auditing services chargeback (I/A transfer to DOA)	0.0	0.1	0.1
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services chargeback (I/A transfer to DOA)	0.1	0.1	0.1
3027	Inter-Agency Financial	Admin - Department-wide	State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	0.2	0.2

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Commodities**

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

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
4000	Commodities		0.6	2.0	2.0
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
		<b>4000 Commodities Detail Totals</b>	<b>0.6</b>	<b>2.0</b>	<b>2.0</b>
4000	Business	General business supplies such as office consumables and computer equipment	0.6	2.0	2.0

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Grants, Benefits**

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

Line Number	Line Name		FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
7000	Grants, Benefits		355.1	432.7	432.7
Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
		<b>7000 Grants, Benefits Detail Totals</b>	<b>355.1</b>	<b>432.7</b>	<b>432.7</b>
7002	Benefits	Benefits to workers who were injured while working for an employer without workers' compensation insurance	355.1	432.7	432.7

**Revenue Detail (1681)**  
**Department of Labor and Workforce Development**

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

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>6203 WCBG Fund (1203 WCBG Fund)</b>			<b>670.0</b>	<b>774.4</b>	<b>774.9</b>
6862 Workers Comp Benefits Guaranty Fund - Miscellaneous		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.	670.0	774.4	774.9

**Inter-Agency Services (1682)**  
**Department of Labor and Workforce Development**

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

				FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
<b>Component Totals</b>				<b>196.0</b>	<b>206.8</b>	<b>206.8</b>
With Department of Administration				8.6	9.6	9.6
With Department of Labor and Workforce Development				6.5	7.2	7.2
With Department of Law				180.9	190.0	190.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2017 Actuals</b>	<b>FY2018 Management Plan</b>	<b>FY2019 Governor</b>	
3003	Information Technology	Admin - Department-wide	Software licensing fee chargeback (I/A transfer to DOA)	0.4	0.4	0.4
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	Indirect cost allocation for departmental purchasing, accounting, reports, personnel training, and other services provided by Management Services (I/A transfer to Management Services)	4.5	5.1	5.1
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334)	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	2.0	2.1	2.1
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Computer Services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	1.4	1.4	1.4
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	1.2	1.9	1.9
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource services chargeback (I/A transfer to DOA)	0.6	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide	Building leases chargeback (I/A transfer to DOA)	4.8	4.8	4.8
3024	Inter-Agency Legal	Law - Department-wide	Legal Services (I/A transfer to Law)	180.9	190.0	190.0
3025	Inter-Agency Auditing	Admin - Department-wide	Auditing services chargeback (I/A transfer to DOA)	0.0	0.1	0.1
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services	0.1	0.1	0.1

**Inter-Agency Services (1682)**  
**Department of Labor and Workforce Development**

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

Object Class	Servicing Agency	Explanation	FY2017 Actuals	FY2018 Management Plan	FY2019 Governor
3027 Inter-Agency Financial	Admin - Department-wide	chargeback (I/A transfer to DOA) State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	0.2	0.2