

**State of Alaska**  
**FY2020 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**

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

**Major Component Accomplishments in 2018**

During FY2018, the Division of Workers' Compensation worked with the Administration and the Legislature to enact legislation to realize efficiencies in Alaska's workers' compensation system, help combat worker misclassification by establishing a clear statutory definition of independent contractor, and sunset the no longer necessary Second Injury Fund program (HB79).

**Key Component Challenges**

No key component challenges.

**Significant Changes in Results to be Delivered in FY2020**

The Second Injury Fund will continue to accept new claims until October 1, 2020, for injuries that occurred on or before August 31, 2018. After that, only existing claims will be paid and will decline over time until the Fund's liability is exhausted. It will likely take decades for the Fund to pay these ongoing claim obligations, as 95 percent of these claims are categorized as permanent total disability (PTD) benefits. PTD benefits are paid until disability ends or until death.

**Statutory and Regulatory Authority**

Statutory Authority:

AS 23.30.040	Second Injury Fund
AS 23.30.205	Injury Determination

Administrative Regulations:

8 AAC 50	Second Injury Fund
----------	--------------------

---

---

**Contact Information**

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

Second Injury Fund Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2019</u> <u>Management</u> <u>Plan</u>	<u>FY2020</u> <u>Governor</u>			
Full-time	1	1	Annual Salaries		120,878
Part-time	0	0	COLA		1,969
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		71,108
			<i>Less 0.00% Vacancy Factor</i>		(0)
			Lump Sum Premium Pay		0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>		<b>193,955</b>

Position Classification Summary					
<u>Job Class Title</u>	<u>Anchorage</u>	<u>Fairbanks</u>	<u>Juneau</u>	<u>Others</u>	<u>Total</u>
Worker Comp 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:** Second Injury Fund (2342)  
**RDU:** Workers' Compensation (112)

Non-Formula Component

	FY2018 Actuals	FY2019 Conference Committee	FY2019 Authorized	FY2019 Management Plan	FY2020 Governor	FY2019 Management Plan vs FY2020 Governor	
71000 Personal Services	188.0	200.4	200.4	187.1	194.0	6.9	3.7%
72000 Travel	0.0	1.5	1.5	0.0	0.0	0.0	0.0%
73000 Services	44.8	73.6	73.6	88.4	84.6	-3.8	-4.3%
74000 Commodities	3.1	4.3	4.3	4.3	4.3	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	2,408.6	2,968.3	2,968.3	2,968.3	2,568.3	-400.0	-13.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>2,644.5</b>	<b>3,248.1</b>	<b>3,248.1</b>	<b>3,248.1</b>	<b>2,851.2</b>	<b>-396.9</b>	<b>-12.2%</b>
<b>Fund Sources:</b>							
1031 Sec Injury (DGF)	2,644.5	3,248.1	3,248.1	3,248.1	2,851.2	-396.9	-12.2%
<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>2,644.5</b>	<b>3,248.1</b>	<b>3,248.1</b>	<b>3,248.1</b>	<b>2,851.2</b>	<b>-396.9</b>	<b>-12.2%</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	2	2	2	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:** 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 FY2019 Conference Committee To FY2019 Authorized *****												
<b>FY2019 Conference Committee</b>												
ConfCom		3,248.1	200.4	1.5	73.6	4.3	0.0	2,968.3	0.0	2	0	0
1031 Sec Injury		3,248.1										
<b>Subtotal</b>		<b>3,248.1</b>	<b>200.4</b>	<b>1.5</b>	<b>73.6</b>	<b>4.3</b>	<b>0.0</b>	<b>2,968.3</b>	<b>0.0</b>	<b>2</b>	<b>0</b>	<b>0</b>
***** Changes From FY2019 Authorized To FY2019 Management Plan *****												
<b>Align Authority with Anticipated Expenditures</b>												
LIT		0.0	-13.3	-1.5	14.8	0.0	0.0	0.0	0.0	0	0	0
Transfer personal services and travel authority to pay anticipated services expenditures. The remaining personal services and travel authority is sufficient to cover anticipated expenditures.												
<b>Transfer Administrative Assistant (PCN 07-3055) to Worker's Compensation</b>												
Trout		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1	0	0
Technical correction to accurately reflect the position count by component for split funded PCN 07-3055.												
<b>Subtotal</b>		<b>3,248.1</b>	<b>187.1</b>	<b>0.0</b>	<b>88.4</b>	<b>4.3</b>	<b>0.0</b>	<b>2,968.3</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2019 Management Plan To FY2020 Governor *****												
<b>Reverse Supervisory Unit Furlough Contract Terms</b>												
SalAdj		0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		0.1										
Reversal of Alaska Public Employees Association, supervisory unit, 15 hours of furlough required for each permanent full-time employee in each year from July 1, 2016 to June 30, 2018.												
<b>Align Authority with Anticipated Expenditures</b>												
LIT		0.0	3.8	0.0	-3.8	0.0	0.0	0.0	0.0	0	0	0
Transfer services authority to pay anticipated personal services expenditures. The remaining services authority is sufficient to cover anticipated expenditures.												
<b>Second Year Omnibus Workers' Compensation Ch91 SLA2018 (HB79)</b>												
FNOTI		-400.0	0.0	0.0	0.0	0.0	0.0	-400.0	0.0	0	0	0
1031 Sec Injury		-400.0										
The Omnibus Workers' Compensation legislation, Ch91 SLA2018 (HB79), made a number of changes to the Workers' Compensation Act. One of the changes sunset the second injury fund (AS 23.30.040). The fund will continue to accept new claims until October 1, 2020, for injuries that occurred on or before August 31, 2018. Claims will be paid and will decline over time until the fund's liability is exhausted. It will likely take decades for the fund to pay these ongoing claim												

**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		
obligations, as 95 percent of these claims are categorized as permanent total disability (PTD) benefits. PTD benefits are paid until disability ends or until death.													
<b>FY2020 Salary Adjustments - GGU, CEA, TEAME</b>													
	SalAdj	2.8	2.8	2.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		2.8											
FY2020 Salary Adjustments - GGU, CEA, TEAME: \$2.8													
FY2020 GGU HI from \$1432 to \$1530: \$0.8													
FY2020 GGU 3% COLA: \$2.0													
<b>Reverse Alaska State Employees Association (GGU) 15 Hour Furlough</b>													
	SalAdj	0.2	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		0.2											
The Alaska State Employees Association (representing the general government unit) contractually required 15 hours of furlough for each permanent full-time employee in each year from July 1, 2016, to June 30, 2019. The furlough requirement was removed from the contract in FY2020.													
<b>Totals</b>		<b>2,851.2</b>	<b>194.0</b>	<b>0.0</b>	<b>84.6</b>	<b>4.3</b>	<b>0.0</b>	<b>2,568.3</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:** FY2020 Governor (15610)  
**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	UGF Amount
07-1026	Program Coordinator I	FT	A	SS	Juneau	205	18J	3.5	*	24,250	0	0	13,829	38,079	0
07-3001	Division Director	FT	A	XE	Juneau	N05	27D	2.0	*	20,533	0	0	10,174	30,707	0
07-3026	Administrative Officer II	FT	A	SS	Juneau	205	19C / D	2.5	*	16,451	0	0	9,579	26,030	0
07-3046	Worker Comp Off I	FT	A	GP	Juneau	205	16L	6.0	**	35,796	1,443	0	21,552	58,791	0
07-3055	Administrative Assistant II	FT	A	SS	Juneau	205	14A	2.5	*	10,805	0	0	7,638	18,443	0
07-5527	Project Assistant	FT	A	GP	Juneau	205	16F	2.5	*	13,043	526	0	8,336	21,905	0

Total Positions		New	Deleted	Total Salary Costs:	Total COLA:	Total Premium Pay:	Total Benefits:
Full Time Positions:	1	0	0	120,878	1,969	0	71,108
Part Time Positions:	0	0	0				
Non Permanent Positions:	0	0	0				
Positions in Component:	1	0	0				

**Total Component Months:** 19.0

Total Pre-Vacancy:	193,955
Minus Vacancy Adjustment of 0.00%:	(0)
Total Post-Vacancy:	193,955
Plus Lump Sum Premium Pay:	0
<b>Personal Services Line 100:</b>	<b>193,955</b>

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1031 Second Injury Fund Reserve Account	193,955	193,955	100.00%
<b>Total PCN Funding:</b>	<b>193,955</b>	<b>193,955</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:** Second Injury Fund (2342)

Line Number	Line Name			FY2018 Actuals	FY2019 Management Plan
3000	Services			44.8	88.4
Object Class	Servicing Agency	Explanation		FY2018 Actuals	FY2019 Management Plan
<b>3000 Services Detail Totals</b>				<b>44.8</b>	<b>88.4</b>
3003	Information Technology	Admin - Department-wide	Software licensing fee chargeback (I/A transfer to DOA)	0.7	0.7
3004	Telecommunications		Cable, long distance, cell phone, and data network service charges	0.0	0.1
3006	Delivery Services		Freight, postage, and express mail charges	0.0	0.3
3007	Advertising and Promotions		Advertising for regulations, seminars, board meetings	0.0	0.7
3010	Equipment/Machinery		Maintenance and repair of office equipment	0.0	0.2
3011	Other Services		Print, copy, and graphic services for informational materials	0.0	41.9
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	Indirect cost allocation for departmental purchasing, accounting, reports, personnel consultation and other services provided by Management Services (I/A transfer to Management Services)	11.2	11.5
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)	3.5	3.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Computer Services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	1.9	1.9
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Telecommunications Enterprise Productivity Rates (EPR) and Private	3.7	3.7



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

**Component:** Second Injury Fund (2342)

Object Class		Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>3000 Services Detail Totals</b>				<b>44.8</b>	<b>88.4</b>
			Branch Exchange (PBX) chargeback (I/A transfer to DOA)		
3021	Inter-Agency Mail	Admin - Department-wide	Centralized mail services chargeback (I/A transfer to DOA)	0.1	0.1
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource services chargeback (I/A transfer to DOA)	1.3	1.4
3023	Inter-Agency Building Leases	Admin - Department-wide	Building leases chargeback (I/A transfer to DOA)	21.9	21.9
3025	Inter-Agency Auditing	Admin - Department-wide	Auditing services chargeback (I/A transfer to DOA)	0.1	0.1
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services chargeback (I/A transfer to DOA)	0.1	0.1
3027	Inter-Agency Financial	Admin - Department-wide	State payroll and accounting system chargeback (I/A transfer to DOA)	0.3	0.3

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

**Component:** Second Injury Fund (2342)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
4000	Commodities		3.1	4.3
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>4000 Commodities Detail Totals</b>			<b>3.1</b>	<b>4.3</b>
4000	Business	General business supplies such as office consumables and computer equipment	3.1	4.3

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

**Component:** Second Injury Fund (2342)

Line Number	Line Name		FY2018 Actuals	FY2019 Management Plan
7000	Grants, Benefits		2,408.6	2,968.3
Object Class	Servicing Agency	Explanation	FY2018 Actuals	FY2019 Management Plan
<b>7000 Grants, Benefits Detail Totals</b>			<b>2,408.6</b>	<b>2,968.3</b>
7002	Benefits	Second Injury Fund benefits (AS 23.30.205) to employers/insurers of injured disabled workers through reimbursement	2,408.6	2,968.3

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

**Component:** Second Injury Fund (2342)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2018 Actuals	FY2019 Management Plan
<b>6031 Sec Injury (1031 Sec Injury)</b>			<b>2,644.5</b>	<b>3,248.1</b>
6421 Second Injury Fund Reserve Account - Contributions		<p>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.</p> <p>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. These funds are used to pay benefits to injured workers and to support operations of the Second Injury Fund program. Under Chapter 91 SLA 18, future claim payments will be accepted until October 1, 2020, for injuries that occurred on or before August 31, 2018. Ninety-five percent of these claims are categorized as permanent total disability (PTD) benefits. PTD benefits are paid until disability ends or until death. Therefore it will likely take decades for the Fund to pay these ongoing claim obligations.</p>	2,644.5	3,248.1

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

**Component:** Second Injury Fund (2342)

				FY2018 Actuals	FY2019 Management Plan
<b>Component Totals</b>				<b>44.8</b>	<b>45.2</b>
With Department of Administration				30.1	30.2
With Department of Labor and Workforce Development				14.7	15.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>	
3003	Information Technology	Admin - Department-wide	Software licensing fee chargeback (I/A transfer to DOA)	0.7	0.7
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	Indirect cost allocation for departmental purchasing, accounting, reports, personnel consultation and other services provided by Management Services (I/A transfer to Management Services)	11.2	11.5
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)	3.5	3.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Computer Services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	1.9	1.9
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)	3.7	3.7
3021	Inter-Agency Mail	Admin - Department-wide	Centralized mail services chargeback (I/A transfer to DOA)	0.1	0.1
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource services chargeback (I/A transfer to DOA)	1.3	1.4
3023	Inter-Agency Building Leases	Admin - Department-wide	Building leases chargeback (I/A transfer to DOA)	21.9	21.9
3025	Inter-Agency Auditing	Admin - Department-wide	Auditing services chargeback (I/A transfer to DOA)	0.1	0.1

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

**Component:** Second Injury Fund (2342)

<b>Object Class</b>		<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2018 Actuals</b>	<b>FY2019 Management Plan</b>
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services chargeback (I/A transfer to DOA)	0.1	0.1
3027	Inter-Agency Financial	Admin - Department-wide	State payroll and accounting system chargeback (I/A transfer to DOA)	0.3	0.3