

State of Alaska
FY2021 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

Facilitates 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 2019

During FY2019, 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). The Second Injury Fund became obsolete with the passage of the federal American's with Disabilities Act. Employers no longer need to be incentivized to hire or retain employees with disabilities as it now illegal to discriminate in the hiring or retention practices of a person with disabilities.

Key Component Challenges

No key component challenges.

Significant Changes in Results to be Delivered in FY2021

During the 2019 legislative session, HB 79 was enacted to sunset the Second Injury Fund. The program 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
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Contact Information

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Second Injury Fund Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2020</u> <u>Management</u> <u>Plan</u>	<u>FY2021</u> <u>Governor</u>			
Full-time	1	1	Annual Salaries		126,440
Part-time	0	0	COLA		682
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		73,227
			<i>Less 0.02% Vacancy Factor</i>		(49)
			Lump Sum Premium Pay		0
Totals	1	1	Total Personal Services		200,300

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Workers Compensation Officer I	0	0	1	0	1
Totals	0	0	1	0	1

Component Detail All Funds
Department of Labor and Workforce Development

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

Non-Formula Component

	FY2019 Actuals	FY2020 Conference Committee	FY2020 Authorized	FY2020 Management Plan	FY2021 Governor	FY2020 Management Plan vs FY2021 Governor	
71000 Personal Services	191.1	194.0	194.0	194.0	200.3	6.3	3.2%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	32.2	84.6	84.6	84.6	79.2	-5.4	-6.4%
74000 Commodities	0.6	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	2,256.2	2,568.3	2,568.3	2,568.3	2,568.3	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	2,480.1	2,851.2	2,851.2	2,851.2	2,852.1	0.9	0.0%
Fund Sources:							
1031 Sec Injury (DGF)	2,480.1	2,851.2	2,851.2	2,851.2	2,852.1	0.9	0.0%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	2,480.1	2,851.2	2,851.2	2,851.2	2,852.1	0.9	0.0%
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: 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 FY2020 Conference Committee To FY2020 Authorized *****												
FY2020 Conference Committee	ConfCom	2,851.2	194.0	0.0	84.6	4.3	0.0	2,568.3	0.0	1	0	0
1031 Sec Injury		2,851.2										
Subtotal		2,851.2	194.0	0.0	84.6	4.3	0.0	2,568.3	0.0	1	0	0
***** Changes From FY2020 Management Plan To FY2021 Governor *****												
FY2021 Salary and Health Insurance Increases	SalAdj	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		0.9										
FY2021 GGU Salary Increases: \$0.7												
FY2021 increase to GGU Health Insurance from \$1530 to \$1555 per member per month: \$0.2												
Align Authority with Anticipated Expenditures	LIT	0.0	5.4	0.0	-5.4	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from services to cover anticipated personal services costs. The remaining services authority is sufficient to cover anticipated expenditures.												
Totals		2,852.1	200.3	0.0	79.2	4.3	0.0	2,568.3	0.0	1	0	0

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

Component: Second Injury Fund (2342)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000	Services		32.2	84.6	79.2
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			32.2	84.6	79.2
3000	Education Services	Training, education, and memberships.	0.4	0.4	0.0
3004	Telecommunications	Local, long distance, and cellular telephone charges, television, data/network, telecommunication equipment, and other wireless charges from outside vendors.	0.0	0.1	0.1
3006	Delivery Services	Freight, courier services, and postage.	0.0	0.3	0.3
3007	Advertising and Promotions	Advertising for regulation changes, board meetings, recruitments, or other public notices.	0.0	0.7	0.7
3010	Equipment/Machinery	Machinery, furniture, and equipment purchase, repairs, maintenance, rentals, and leases.	0.0	0.2	0.2
3011	Other Services	Other services, including interpreters; consulting; print, copy, and graphic services; and safety services.	0.0	36.7	31.7
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.	11.3	11.5	11.5
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334) Allocation for Data Processing network and support services.	1.0	3.5	3.5
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Reimbursable services agreement with the Office of Information	2.9	3.1	3.1

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

Component: Second Injury Fund (2342)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor	
3000 Services Detail Totals			32.2	84.6	79.2	
		Technology rate for non-telecommunications support, including software and computer services.				
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Reimbursable services agreement with the Office of Information Technology for telecommunication support.	1.4	3.7	3.7
3021	Inter-Agency Mail	Admin - Department-wide	Reimbursable services agreement with Shared Services of Alaska for central mailroom support and services.	0.0	0.1	0.1
3022	Inter-Agency Human Resources	Admin - Department-wide	Reimbursable services agreement with the Division of Personnel and Labor Relations for human resources and personnel services.	0.7	1.4	1.4
3023	Inter-Agency Building Leases	Admin - Department-wide	State-owned facility space rent or other property leases.	14.2	21.9	21.9
3025	Inter-Agency Auditing	Admin - Department-wide	Reimbursable services agreement with the Department of Administration for auditing services, including federal compliance audits.	0.0	0.1	0.1
3026	Inter-Agency Insurance	Admin - Department-wide	Reimbursable services agreement with the Division of Risk Management for risk management insurance charges for leased buildings, repossessed properties, public official bonds, and overhead.	0.1	0.1	0.1
3027	Inter-Agency Financial	Admin - Department-wide	Reimbursable services agreement with the Division of Finance for system services for State accounting and payroll (IRIS), and reporting (ALDER) systems.	0.2	0.3	0.3
3038	Inter-Agency	Admin - Department-wide	Reimbursable services agreement	0.0	0.5	0.5

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

Component: Second Injury Fund (2342)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3000 Services Detail Totals			32.2	84.6	79.2
Management/Consulting		with Shared Services of Alaska for travel and accounts payable services.			

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

Component: Second Injury Fund (2342)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
4000	Commodities		0.6	4.3	4.3
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
		4000 Commodities Detail Totals	0.6	4.3	4.3
4000	Business	General business supplies such as office consumables and computer equipment.	0.6	4.3	4.3

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

Component: Second Injury Fund (2342)

Line Number	Line Name		FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
7000	Grants, Benefits		2,256.2	2,568.3	2,568.3
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
		7000 Grants, Benefits Detail Totals	2,256.2	2,568.3	2,568.3
7002	Benefits	Second Injury Fund benefits (AS 23.30.205) to employers/insurers of injured disabled workers through reimbursement.	2,256.2	2,568.3	2,568.3

Revenue Detail (1681)
Department of Labor and Workforce Development

Component: Second Injury Fund (2342)

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
6031 Sec Injury (1031 Sec Injury)			3,190.6	2,851.2	2,852.1
6420 Second Injury Fund Reserve Acct Public Protectn - Late Fees		Late fees received in the Second Injury Fund Reserve Account (AS 23.30.040).	144.3	0.0	0.0
6421 Second Injury Fund Reserve Account - Contributions		The Second Injury Fund Reserve Account (AS 23.30.040) 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.	3,043.0	2,851.2	2,852.1
6422 Second Injury Fund Reserve Account - Miscellaneous		Miscellaneous fees received in the Second Injury Fund Reserve Account (AS 23.30.040).	3.3	0.0	0.0

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

Component: Second Injury Fund (2342)

				FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
Component Totals				31.8	46.2	46.2
With Department of Labor and Workforce Development				12.3	15.0	15.0
With Department of Administration				19.5	31.2	31.2
Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor	
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	11.3	11.5	11.5	
		Indirect cost allocation for departmental purchasing, accounting, reports, personnel consultation and other services provided by Management Services.				
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334)	1.0	3.5	3.5	
		Allocation for Data Processing network and support services.				
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	2.9	3.1	3.1	
		Reimbursable services agreement with the Office of Information Technology rate for non-telecommunications support, including software and computer services.				
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	1.4	3.7	3.7	
		Reimbursable services agreement with the Office of Information Technology for telecommunication support.				
3021	Inter-Agency Mail	Admin - Department-wide	0.0	0.1	0.1	
		Reimbursable services agreement with Shared Services of Alaska for central mailroom support and services.				
3022	Inter-Agency Human Resources	Admin - Department-wide	0.7	1.4	1.4	
		Reimbursable services agreement with the Division of Personnel and Labor Relations for human resources and personnel services.				
3023	Inter-Agency Building Leases	Admin - Department-wide	14.2	21.9	21.9	
		State-owned facility space rent or other property leases.				
3025	Inter-Agency Auditing	Admin - Department-wide	0.0	0.1	0.1	
		Reimbursable services agreement				

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

Component: Second Injury Fund (2342)

Object Class	Servicing Agency	Explanation	FY2019 Actuals	FY2020 Management Plan	FY2021 Governor
3026	Inter-Agency Insurance	Admin - Department-wide			
		with the Department of Administration for auditing services, including federal compliance audits.			
		Reimbursable services agreement with the Division of Risk Management for risk management insurance charges for leased buildings, repossessed properties, public official bonds, and overhead.	0.1	0.1	0.1
3027	Inter-Agency Financial	Admin - Department-wide			
		Reimbursable services agreement with the Division of Finance for system services for State accounting and payroll (IRIS), and reporting (ALDER) systems.	0.2	0.3	0.3
3038	Inter-Agency Management/Consulting	Admin - Department-wide			
		Reimbursable services agreement with Shared Services of Alaska for travel and accounts payable services.	0.0	0.5	0.5

Personal Services Expenditure Detail
Department of Labor and Workforce Development

Scenario: FY2021 Governor (16414)
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	18K	3.0	*	21,174	0	0	11,987	33,161	0
07-3001	Division Director - Px	FT	A	XE	Juneau	N05	27E	2.5	*	26,456	0	0	12,989	39,445	0
07-3026	Administrative Officer II	FT	A	SS	Juneau	205	19D / E	2.5	*	16,978	0	0	9,760	26,738	0
07-3046	Workers Compensation Officer I	FT	A	GP	Juneau	205	16L	6.0	**	36,920	496	0	22,088	59,504	0
07-3055	Administrative Assistant II	FT	A	SS	Juneau	505	14B	2.5	*	11,072	0	0	7,730	18,802	0
07-5527	Project Assistant	FT	A	GP	Juneau	205	16G	2.5	*	13,840	186	0	8,673	22,699	0
													Total Salary Costs:	126,440	
													Total COLA:	682	
													Total Premium Pay:	0	
													Total Benefits:	73,227	
													Total Pre-Vacancy:	200,349	
													Minus Vacancy Adjustment of 0.02%:	(49)	
													Total Post-Vacancy:	200,300	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	200,300	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1031 Second Injury Fund Reserve Account	200,349	200,300	100.00%
Total PCN Funding:	200,349	200,300	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.

Department of Labor and Workforce Development
Workers' Compensation / Workers' Compensation Second Injury Fund
FY2021 Governor Organization Chart

