

**State of Alaska**  
**FY2022 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 2020**

No major accomplishments in FY2020.

**Key Component Challenges**

No key component challenges.

**Significant Changes in Results to be Delivered in FY2022**

During the 2018 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  
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 Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2021</u> <u>Management</u> <u>Plan</u>	<u>FY2022</u> <u>Governor</u>			
Full-time	1	1	Annual Salaries		128,055
Part-time	0	0	COLA		839
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		73,781
			<i>Less 2.70% Vacancy Factor</i>		(5,475)
			Lump Sum Premium Pay		0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>		<b>197,200</b>

Position Classification Summary					
Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Workers Compensation Officer 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

	FY2020 Actuals	FY2021 Conference Committee	FY2021 Authorized	FY2021 Management Plan	FY2022 Governor	FY2021 Management Plan vs FY2022 Governor	
71000 Personal Services	194.8	200.3	200.3	196.4	197.2	0.8	0.4%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	31.1	79.2	79.2	83.1	83.1	0.0	0.0%
74000 Commodities	0.3	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	2,526.8	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%
<b>Totals</b>	<b>2,753.0</b>	<b>2,852.1</b>	<b>2,852.1</b>	<b>2,852.1</b>	<b>2,852.9</b>	<b>0.8</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1031 Sec Injury (DGF)	2,753.0	2,852.1	2,852.1	2,852.1	2,852.9	0.8	0.0%
<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>2,753.0</b>	<b>2,852.1</b>	<b>2,852.1</b>	<b>2,852.1</b>	<b>2,852.9</b>	<b>0.8</b>	<b>0.0%</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:** 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 FY2021 Conference Committee To FY2021 Authorized *****												
<b>Conference Committee</b>												
1031 Sec Injury	ConfCom	2,852.1	200.3	0.0	79.2	4.3	0.0	2,568.3	0.0	1	0	0
		2,852.1										
	<b>Subtotal</b>	<b>2,852.1</b>	<b>200.3</b>	<b>0.0</b>	<b>79.2</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>
***** Changes From FY2021 Authorized To FY2021 Management Plan *****												
<b>Align Authority with Anticipated Expenditures</b>												
	LIT	0.0	-3.9	0.0	3.9	0.0	0.0	0.0	0.0	0	0	0
Transfer authority from personal services to cover anticipated services costs. The remaining personal services authority is sufficient to cover anticipated expenditures.												
	<b>Subtotal</b>	<b>2,852.1</b>	<b>196.4</b>	<b>0.0</b>	<b>83.1</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>
***** Changes From FY2021 Management Plan To FY2022 Governor *****												
<b>Reduction Omnibus Workers' Compensation Ch91 SLA2018 (HB79)</b>												
1031 Sec Injury	FNOTI	-400.0	0.0	0.0	0.0	0.0	0.0	-400.0	0.0	0	0	0
		-400.0										
When HB79 was passed, the Second Injury Fund (SIF) provided a fiscal note stating that the fund could reduce expenditure authority for grants and benefits over a 5-year period until the expenditure authorization was zeroed. After further review, the fiscal note did not take into consideration that 95% of SIF claims are for permanent total disability, meaning the claim will be paid for the life of the claimant. It will likely take decades for the fund liabilities to be absolved, so expenditure authority is required.												
<b>FY2022 Salary Adjustments</b>												
1031 Sec Injury	SalAdj	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
		0.8										
FY2022 1% COLA for ASEA/General Government (GG/GP/GY/GZ): \$0.8.												
<b>Restore Omnibus Workers' Compensation Ch91 SLA2018 (HB79)</b>												
1031 Sec Injury	IncM	400.0	0.0	0.0	0.0	0.0	0.0	400.0	0.0	0	0	0
		400.0										
When HB79 was passed, the Second Injury Fund (SIF) provided a fiscal note stating that the fund could reduce expenditure authority for grants and benefits over a 5-year period until the expenditure authorization was zeroed. After further review, the fiscal note did not take into consideration that 95% of SIF claims are for permanent total disability, meaning the claim will be paid for the life of the claimant. It will likely take decades for the fund liabilities to be absolved, so expenditure authority is required.												

**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		
										PFT	PPT	NP
This increment restores the FY2021 component total in the Second Injury Fund component. In FY2020, \$2,753.0 was expended in the component.												
	<b>Totals</b>	<b>2,852.9</b>	<b>197.2</b>	<b>0.0</b>	<b>83.1</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>

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

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

Line Number	Line Name		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
3000	Services		31.1	83.1	83.1
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
<b>3000 Services Detail Totals</b>			<b>31.1</b>	<b>83.1</b>	<b>83.1</b>
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	47.9	47.9
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.	11.6	12.2	12.2
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334) Allocation for Data Processing network and support services.	0.0	4.3	4.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide Reimbursable services agreement with the Office of Information Technology rate for non-telecommunications support,	2.9	0.0	0.0

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

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

Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor	
<b>3000 Services Detail Totals</b>			<b>31.1</b>	<b>83.1</b>	<b>83.1</b>	
		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.	1.5	1.5	1.5
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.	1.1	1.2	1.2
3023	Inter-Agency Building Leases	Admin - Department-wide	State-owned facility space rent or other property leases.	13.7	13.7	13.7
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	0.2	0.2
3027	Inter-Agency Financial	Admin - Department-wide	Reimbursable services agreement with Shared Services of Alaska for travel and accounts payable	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	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
<b>3000 Services Detail Totals</b>			<b>31.1</b>	<b>83.1</b>	<b>83.1</b>
services.					

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

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

Line Number	Line Name		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
4000	Commodities		0.3	4.3	4.3
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
		<b>4000 Commodities Detail Totals</b>	<b>0.3</b>	<b>4.3</b>	<b>4.3</b>
4000	Business	General business supplies such as office consumables and computer equipment.	0.3	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		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
7000	Grants, Benefits		2,526.8	2,568.3	2,568.3
Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
		<b>7000 Grants, Benefits Detail Totals</b>	<b>2,526.8</b>	<b>2,568.3</b>	<b>2,568.3</b>
7002	Benefits	Second Injury Fund (AS 23.30.205) provides benefits to employers/insurers of injured disabled workers through reimbursement.	2,526.8	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	FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
<b>6031 Sec Injury (1031 Sec Injury)</b>			<b>2,452.5</b>	<b>2,852.1</b>	<b>2,852.9</b>
6420 Second Injury Fund Reserve Acct Public Protectn - Late Fees		Under HB79 (SLA2018), this revenue will now be deposited into the Workers' Safety and Compensation Administrative Account. The negative value in FY2020 reflects an adjustment for FY2019 revenue.	-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.	2,600.1	2,852.1	2,852.9
6422 Second Injury Fund Reserve Account - Miscellaneous		Under HB79 (SLA2018), this revenue will now be deposited into the Workers' Safety and Compensation Administrative Account. The negative value in FY2020 reflects an adjustment for FY2019 revenue.	-3.3	0.0	0.0

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

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

				FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
<b>Component Totals</b>				<b>31.1</b>	<b>33.9</b>	<b>33.9</b>
With Department of Labor and Workforce Development				11.6	16.5	16.5
With Department of Administration				19.5	17.4	17.4
Object Class	Servicing Agency	Explanation		FY2020 Actuals	FY2021 Management Plan	FY2022 Governor
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.	11.6	12.2	12.2
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334)	Allocation for Data Processing network and support services.	0.0	4.3	4.3
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Reimbursable services agreement with the Office of Information Technology rate for non-telecommunications support, including software and computer services.	2.9	0.0	0.0
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Reimbursable services agreement with the Office of Information Technology for telecommunication support.	1.5	1.5	1.5
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.	1.1	1.2	1.2
3023	Inter-Agency Building Leases	Admin - Department-wide	State-owned facility space rent or other property leases.	13.7	13.7	13.7
3025	Inter-Agency Auditing	Admin - Department-wide	Reimbursable services agreement	0.0	0.1	0.1

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

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

Object Class	Servicing Agency	Explanation	FY2020 Actuals	FY2021 Management Plan	FY2022 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	0.2	0.2
3027	Inter-Agency Financial	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:** FY2022 Governor (17280)  
**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	*	21,460	0	0	12,086	33,546	0
07-3001	Division Director - Px	FT	A	XE	Juneau	N05	27D / E	2.5	*	25,845	0	0	12,778	38,623	0
07-3026	Administrative Officer II	FT	A	SS	Juneau	205	19E / F	2.5	*	17,588	0	0	9,970	27,558	0
07-3046	Workers Compensation Officer I	FT	A	GP	Juneau	205	16M	6.0	**	38,444	611	0	22,612	61,667	0
07-3055	Administrative Assistant II	FT	A	SS	Juneau	505	14A	2.5	*	10,670	0	0	7,591	18,261	0
07-5527	Project Assistant	FT	A	GP	Juneau	205	16G	2.5	*	14,048	228	0	8,744	23,020	0
													<b>Total Salary Costs:</b>	128,055	
													<b>Total COLA:</b>	839	
													<b>Total Premium Pay:</b>	0	
													<b>Total Benefits:</b>	73,781	
													<b>Total Pre-Vacancy:</b>	202,675	
													<b>Minus Vacancy Adjustment of 2.70%:</b>	(5,475)	
													<b>Total Post-Vacancy:</b>	197,200	
													<b>Plus Lump Sum Premium Pay:</b>	0	
													<b>Personal Services Line 100:</b>	197,200	

  

	Total Positions	New	Deleted
<b>Full Time Positions:</b>	1	0	0
<b>Part Time Positions:</b>	0	0	0
<b>Non Permanent Positions:</b>	0	0	0
<b>Positions in Component:</b>	1	0	0

  

<b>Total Component Months:</b>	19.0
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PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1031 Second Injury Fund Reserve Account	202,675	197,200	100.00%
<b>Total PCN Funding:</b>	<b>202,675</b>	<b>197,200</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.

Department of Labor and Workforce Development  
Workers' Compensation / Workers' Compensation Second Injury Fund  
FY2022 Governor Organization Chart

