

State of Alaska FY2024 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 2022

No major accomplishments.

Key Component Challenges

No key component challenges.

Significant Changes in Results to be Delivered in FY2024

During the 2018 legislative session, HB 79 was enacted to sunset the Second Injury Fund. The program continued 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>FY2023</u> <u>Management</u> <u>Plan</u>	<u>FY2024</u> <u>Governor</u>			
Full-time	1	1	Annual Salaries		137,788
Part-time	0	0	COLA		2,678
Nonpermanent	0	0	Premium Pay		0
			Annual Benefits		84,461
			<i>Less 3.00% Vacancy Factor</i>		(6,748)
			Lump Sum Premium Pay		0
Totals	1	1	Total Personal Services		218,179

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

	FY2022 Actuals	FY2023 Conference Committee	FY2023 Authorized	FY2023 Management Plan	FY2024 Governor	FY2023 Management Plan vs FY2024 Governor	
71000 Personal Services	212.9	209.6	211.4	211.4	218.2	6.8	3.2%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	29.0	80.4	82.1	82.1	79.4	-2.7	-3.3%
74000 Commodities	4.4	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	1,845.5	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	2,091.8	2,862.6	2,866.1	2,866.1	2,870.2	4.1	0.1%
Fund Sources:							
1031 Sec Injury (DGF)	2,091.8	2,862.6	2,866.1	2,866.1	2,870.2	4.1	0.1%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	2,091.8	2,862.6	2,866.1	2,866.1	2,870.2	4.1	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: 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 FY2023 Conference Committee To FY2023 Authorized *****												
FY2023 Conference Committee												
1031 Sec Injury	ConfCom	2,862.6	209.6	0.0	80.4	4.3	0.0	2,568.3	0.0	1	0	0
Unallocated Rates Adjustment												
1031 Sec Injury	Unalloc	1.7	0.0	0.0	1.7	0.0	0.0	0.0	0.0	0	0	0
This change will be allocated across the department's programs in accordance with the department's approved cost allocation processes.												
FY2023 Exempt 5% COLA												
1031 Sec Injury	SalAdj	1.8	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
FY2023 Exempt 5% COLA: \$1.8												
Subtotal		2,866.1	211.4	0.0	82.1	4.3	0.0	2,568.3	0.0	1	0	0
***** Changes From FY2023 Management Plan To FY2024 Governor *****												
Transfer Authority for Anticipated Personal Services Costs												
	LIT	0.0	2.7	0.0	-2.7	0.0	0.0	0.0	0.0	0	0	0
Transfer authority to personal services from services to cover anticipated costs and align personal services authority with projected FY2024 expenditures. The remaining services authority is sufficient to meet anticipated expenditures.												
Reverse Omnibus Workers' Compensation Ch91 SLA2018 (HB79)												
1031 Sec Injury	FNOTI	-400.0	0.0	0.0	0.0	0.0	0.0	-400.0	0.0	0	0	0
This increment reverses the FY2023 total in the Second Injury Fund.												
When House Bill 79 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 five-year period until the expenditure authorization was zeroed. After further review, the fiscal note did not take into consideration that 95 percent 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.												
FY2024 PERS Rate Adjustment												
1031 Sec Injury	SalAdj	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
FY2024 PERS rate adjustment to 25.10%: \$0.4												

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	
FY2024 Salary and Health Insurance Increases												
	SalAdj	3.4	3.4	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		3.4										
FY2024 Salary and Health Insurance Increases: \$3.4												
FY2024 GGU cost of living increase 2.5%: \$1.9												
FY2024 SU cost of living increase 1%: \$0.7												
FY2024 AlaskaCare insurance from \$1,685 to \$1,793 per member per month.: \$0.8												
FY2024 AlaskaCare Health Insurance Increase - Exempt and Partially Exempt												
	SalAdj	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1031 Sec Injury		0.3										
FY2024 AlaskaCare health insurance increase for exempt and partially exempt employees from \$1,685 to \$1,793 per member per month.: \$0.3												
Restore Omnibus Workers' Compensation Ch91 SLA2018 (HB79)												
	IncM	400.0	0.0	0.0	0.0	0.0	0.0	400.0	0.0	0	0	0
1031 Sec Injury		400.0										
This increment restores the FY2024 total in the Second Injury Fund. This is the last fiscal year impacted by the fiscal note for House Bill (HB) 79.												
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 five-year period until the expenditure authorization was zeroed. After further review, the fiscal note did not take into consideration that 95 percent 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.												
Totals		2,870.2	218.2	0.0	79.4	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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000	Services		29.0	82.1	79.4
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals			29.0	82.1	79.4
3003	Information Technology	Information technology, including training, consulting, leases, and software licensing and maintenance.	0.1	0.0	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	0.6	0.6
3011	Other Services	Other services, including interpreters; consulting; print, copy, and graphic services; and safety services.	0.0	42.4	39.7
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.	13.4	13.4	13.4
3013	Inter-Agency Data Processing Operations Allocation	Admin - Department-wide Allocation for Data Processing network and support services.	0.6	0.7	0.7
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.	2.7	3.3	3.3
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide Reimbursable services agreement with the Office of Information Technology for telecommunication	0.0	0.6	0.6

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

Component: Second Injury Fund (2342)

Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3000 Services Detail Totals			29.0	82.1	79.4
		support.			
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.	0.6	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide			
		State-owned facility space rent or other property leases.	11.3	20.0	20.0
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

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

Component: Second Injury Fund (2342)

Line Number	Line Name		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
4000	Commodities		4.4	4.3	4.3
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
		4000 Commodities Detail Totals	4.4	4.3	4.3
4000	Business	General business supplies such as office consumables and computer equipment.	4.4	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		FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
7000	Grants, Benefits		1,845.5	2,568.3	2,568.3
Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
		7000 Grants, Benefits Detail Totals	1,845.5	2,568.3	2,568.3
7002	Benefits	Second Injury Fund (AS 23.30.203) provides benefits to employers/insurers of injured disabled workers through reimbursement.	1,845.5	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	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
6031 Sec Injury (1031 Sec Injury)			2,591.3	2,866.1	2,870.2
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.	2,591.3	2,866.1	2,870.2

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

Component: Second Injury Fund (2342)

				FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
Component Totals				28.9	39.1	39.1
With Department of Labor and Workforce Development				13.4	13.4	13.4
With Department of Administration				15.5	25.7	25.7
Object Class	Servicing Agency	Explanation		FY2022 Actuals	FY2023 Management Plan	FY2024 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.	13.4	13.4	13.4
3013	Inter-Agency Data Processing Operations Allocation	Admin - Department-wide	Allocation for Data Processing network and support services.	0.6	0.7	0.7
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.	2.7	3.3	3.3
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Reimbursable services agreement with the Office of Information Technology for telecommunication support.	0.0	0.6	0.6
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.	0.6	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide	State-owned facility space rent or other property leases.	11.3	20.0	20.0
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	0.1	0.1	0.1

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

Component: Second Injury Fund (2342)

Object Class	Servicing Agency	Explanation	FY2022 Actuals	FY2023 Management Plan	FY2024 Governor
3027 Inter-Agency Financial	Admin - Department-wide	<p>with the Division of Risk Management for risk management insurance charges for leased buildings, repossessed properties, public official bonds, and overhead.</p> <p>Reimbursable services agreement with the Division of Finance for system services for State accounting and payroll (IRIS), and reporting (ALDER) systems.</p>	0.2	0.2	0.2

Personal Services Expenditure Detail
Department of Labor and Workforce Development

Scenario: FY2024 Governor (19867)
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 1	FT	A	SS	Juneau	205	18L	3.0	*	23,047	318	0	14,128	37,493	0
07-3001	Division Director - Px	FT	A	XE	Juneau	N05	27F	2.5	*	28,247	0	0	15,160	43,407	0
07-3026	Administrative Officer 2	FT	A	SS	Juneau	205	19F / J	2.5	*	18,906	261	0	11,660	30,827	0
07-3046	Workers Compensation Officer 1	FT	A	GP	Juneau	205	16N	6.0	**	41,291	1,422	0	25,103	67,816	0
07-3055	Administrative Assistant 2	FT	A	SS	Juneau	605	14A	2.5	*	11,099	153	0	8,709	19,961	0
07-5527	Project Assistant	FT	A	GP	Juneau	205	16J	2.5	*	15,198	524	0	9,701	25,423	0
													Total Salary Costs:	137,788	
													Total COLA:	2,678	
													Total Premium Pay:	0	
													Total Benefits:	84,461	
													Total Pre-Vacancy:	224,927	
													Minus Vacancy Adjustment of 3.00%:	(6,748)	
													Total Post-Vacancy:	218,179	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	218,179	
		Total	New	Deleted											
		Positions													
Full Time Positions:		1	0	0											
Part Time Positions:		0	0	0											
Non Permanent Positions:		0	0	0											
Positions in Component:		1	0	0											
Total Component Months:		19.0													

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1031 Second Injury Fund Reserve Account	224,927	218,179	100.00%
Total PCN Funding:	224,927	218,179	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
FY2024 Governor Organization Chart

