

State of Alaska FY2026 Governor's Operating Budget

Department of Labor and Workforce Development Workers' Compensation Results Delivery Unit Budget Summary

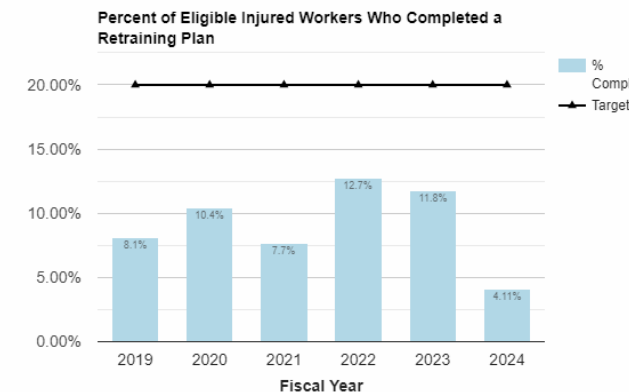
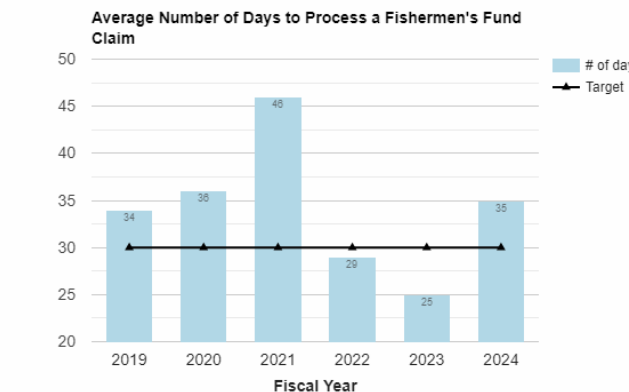
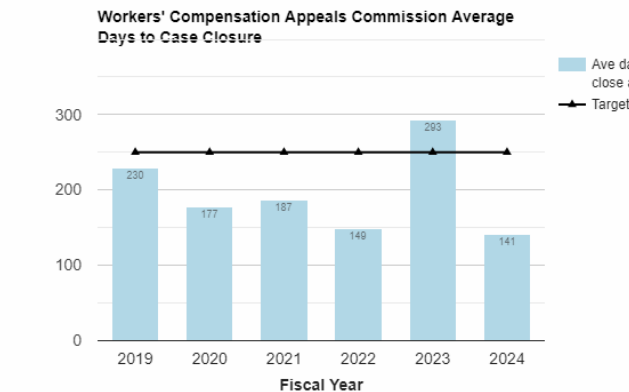
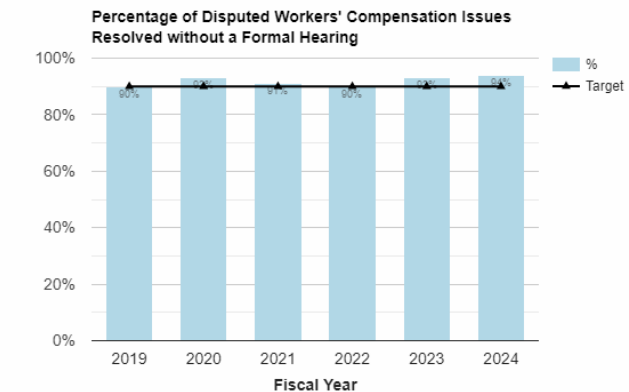
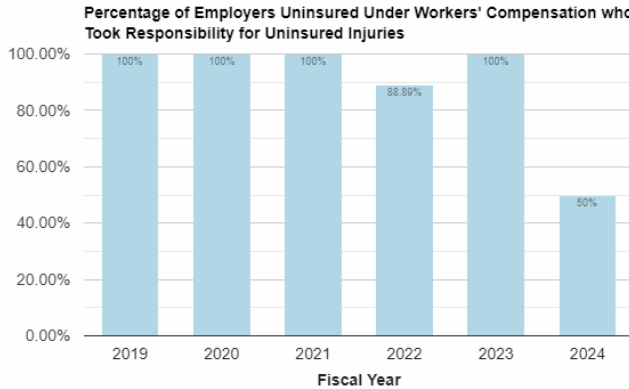
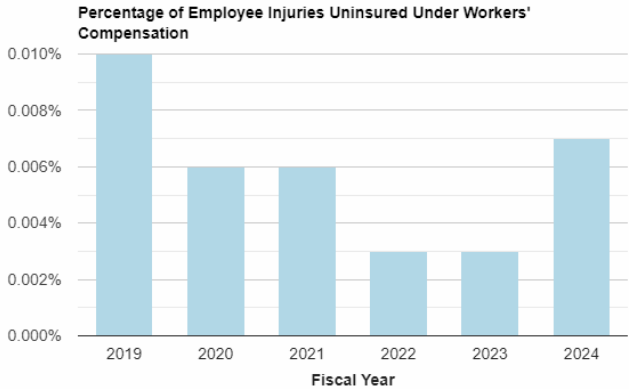
Workers' Compensation Results Delivery Unit

Contribution to Department's Mission

Ensure the efficient, fair and predictable delivery of indemnity, medical and vocational rehabilitation benefits intended to enable workers to return to work at a reasonable cost to employers.

Results

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)



Core Services

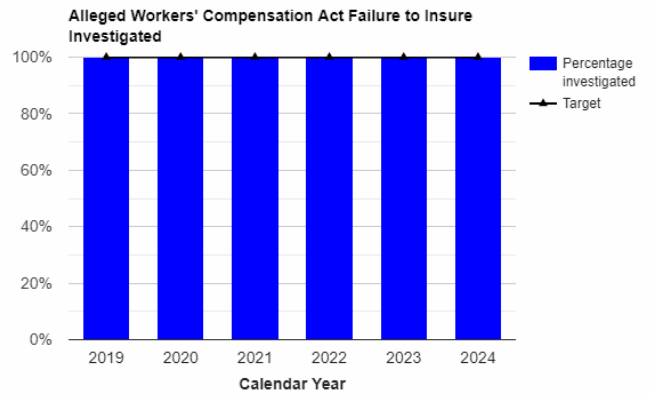
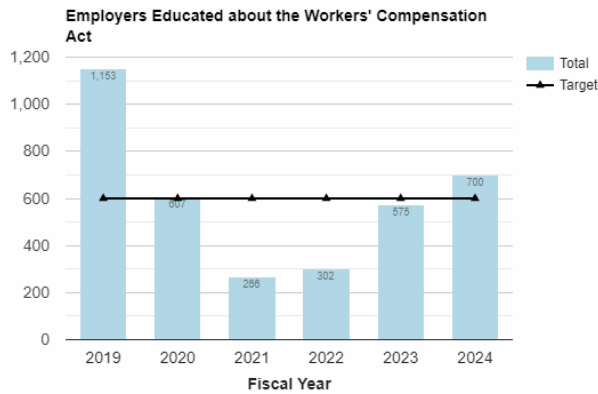
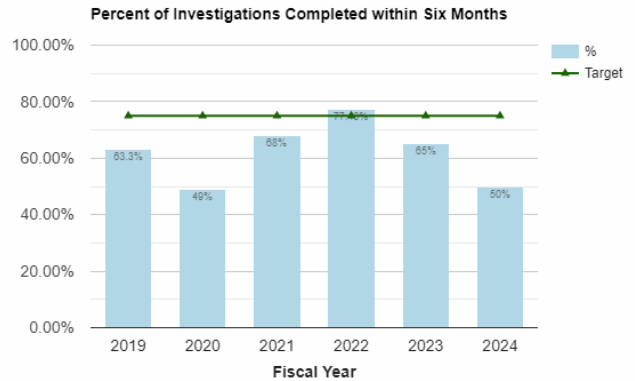
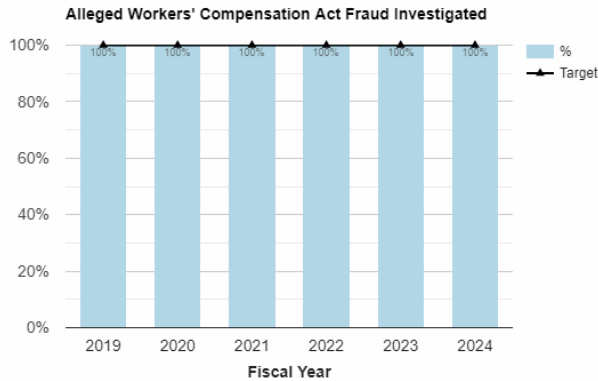
- Ensure compliance with the Workers' Compensation Act.
- Conduct timely Workers' Compensation hearings.

- Operate a timely and efficient appeals program.
- Process Fishermen's Fund claims timely.
- Administer a vocational rehabilitation benefits and training program for injured workers.

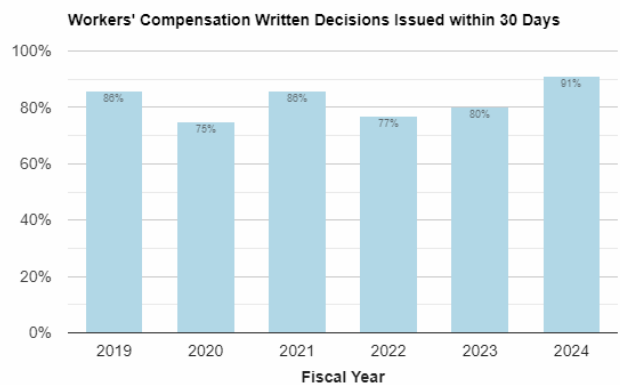
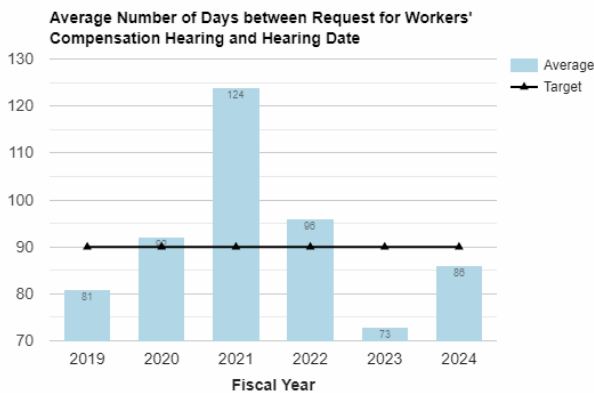
Measures by Core Service

(Additional performance information is available on the web at <https://omb.alaska.gov/results>.)

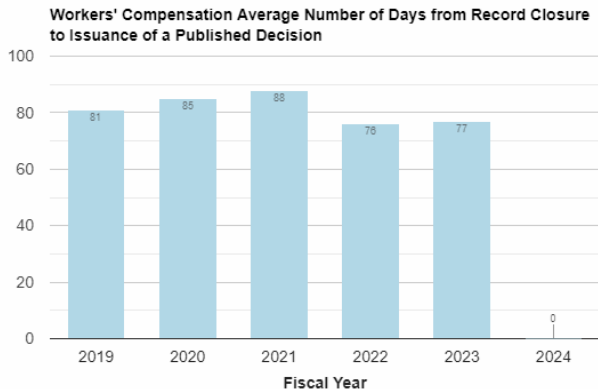
1. Ensure compliance with the Workers' Compensation Act.



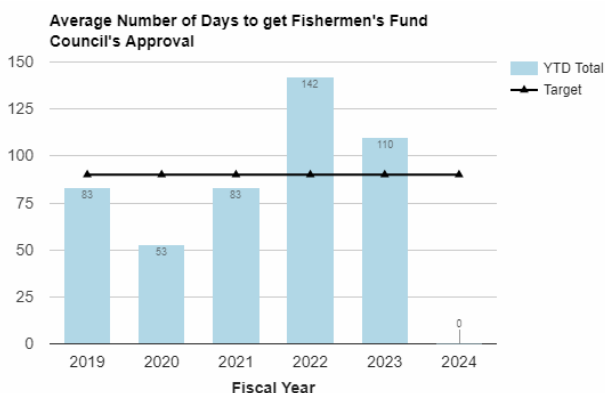
2. Conduct timely Workers' Compensation hearings.



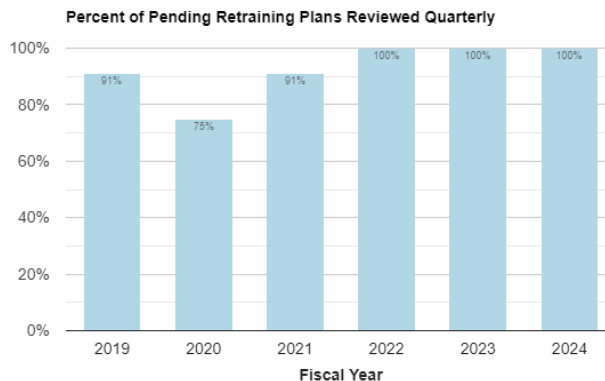
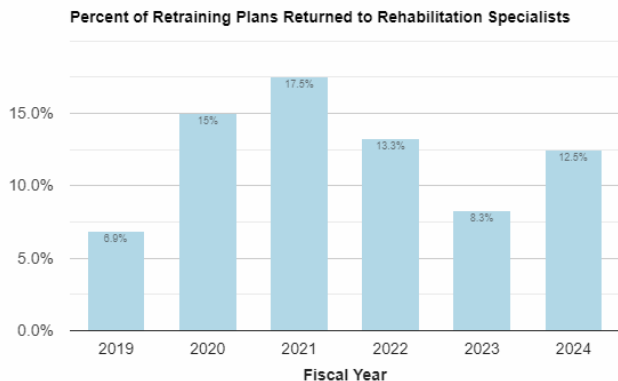
3. Operate a timely and efficient appeals program.



4. Process Fishermen's Fund claims timely.



5. Administer a vocational rehabilitation benefits and training program for injured workers.



Major RDU Accomplishments in 2024

No major accomplishments in 2024.

Key RDU Challenges

Workers' Compensation (WC) is primarily funded through fees assessed on workers' compensation insurance premiums paid by employers. Recently, employers have benefitted from lower medical costs and insurance premiums due to the introduction of a medical fee schedule and a strong campaign promoting workplace safety. Over the past

decade, Alaska has reduced the cost of workers' compensation for employers by more than 27 percent. However, this success has created a new challenge: a deficit in revenue necessary to carry out operations.

Significant Changes in Results to be Delivered in FY2026

WC is launching a new program aimed at helping injured workers stay in their jobs or return to the workforce more quickly. This program will require an investment from WC to oversee communications between all parties involved, thereby saving time and resources for both employers and employees.

Contact Information
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**Workers' Compensation
RDU Financial Summary by Component**

All dollars shown in thousands

	FY2024 Actuals				FY2025 Management Plan				FY2026 Governor			
	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds	UGF+DGF Funds	Other Funds	Federal Funds	Total Funds
Formula Expenditures None.												
Non-Formula Expenditures												
Workers' Compensation	5,700.0	0.0	0.0	5,700.0	6,651.1	0.0	0.0	6,651.1	6,879.0	0.0	0.0	6,879.0
Workers' Comp Appeals Comm	396.5	0.0	0.0	396.5	482.4	0.0	0.0	482.4	494.3	0.0	0.0	494.3
WC Benefits Guaranty Fund	1,306.3	0.0	0.0	1,306.3	794.3	0.0	0.0	794.3	795.5	0.0	0.0	795.5
Second Injury Fund	1,901.3	0.0	0.0	1,901.3	2,887.7	0.0	0.0	2,887.7	2,895.5	0.0	0.0	2,895.5
Fishermen's Fund	964.5	0.0	0.0	964.5	1,449.9	0.0	0.0	1,449.9	1,456.7	0.0	0.0	1,456.7
Totals	10,268.6	0.0	0.0	10,268.6	12,265.4	0.0	0.0	12,265.4	12,521.0	0.0	0.0	12,521.0

Workers' Compensation
Summary of RDU Budget Changes by Component
From FY2025 Management Plan to FY2026 Governor

All dollars shown in thousands

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
FY2025 Management Plan	45.1	12,220.3	0.0	0.0	12,265.4
Adjustments which continue current level of service:					
-Workers' Compensation	0.0	102.5	0.0	0.0	102.5
-Workers' Comp Appeals Comm	0.0	11.9	0.0	0.0	11.9
-WC Benefits Guaranty Fund	0.0	1.2	0.0	0.0	1.2
-Second Injury Fund	0.0	7.8	0.0	0.0	7.8
-Fishermen's Fund	0.0	6.8	0.0	0.0	6.8
Proposed budget increases:					
-Workers' Compensation	125.4	0.0	0.0	0.0	125.4
FY2026 Governor	170.5	12,350.5	0.0	0.0	12,521.0