

**State of Alaska
FY2005 Governor's Operating Budget**

**Department of Labor and Workforce Development
Second Injury Fund
Component Budget Summary**

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Component: Second Injury Fund

Contribution to Department's Mission

The Second Injury Fund component contributes to the department's mission by reimbursing employers for compensation paid to employees involved in a second injury.

Core Services

This unit provides an incentive for an employer to hire or retain an injured or disabled worker by helping to maintain insurance premiums for handicapped employees that are equivalent to those of able-bodied workers. This is done by limiting the liability of an employer in regards to the amount of compensation that is paid when a disabled employee is involved in a second injury.

This unit determines whether a Petition to Join Second Injury is approved based on research and analysis of unique criteria. If a claim is approved, the Second Injury Fund (SIF) reimburses the employer for time loss benefits paid beyond 104 weeks. This component monitors all claims being reimbursed by the Fund, deposits and credits Fund contributions and assesses penalties for the filing of late compensation reports.

FY2005 Resources Allocated to Achieve Results

| | | |
|---|-------------------|----------|
| FY2005 Component Budget: \$3,195,900 | Personnel: | |
| | Full time | 3 |
| | Part time | 0 |
| | Total | 3 |

Key Component Challenges

The Supreme Court case, Arctic Bowl v. the SIF, expanded the benefit eligibility criteria and has also increased litigation expenses because of appeals based on the case. The effects of the case may be somewhat mitigated by Board and Superior Court case law but close monitoring of expenditures and revenue remains critical to assure that there are adequate SIF funds to reimburse eligible employers.

Develop and implement programs for additional electronic data interface enhancements to allow for electronic filing of reports of injuries and payments.

Significant Changes in Results to be Delivered in FY2005

No changes are anticipated.

Major Component Accomplishments in 2003

The Division has completed programming of the first phase of the electronic data interface (EDI) proof of coverage. The proof of coverage program will be placed into full production on January 1, 2004.

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
Component Financial Summary**

All dollars shown in thousands

| | FY2003 Actuals | FY2004 Authorized | FY2005 Governor |
|---|----------------|-------------------|-----------------|
| Non-Formula Program: | | | |
| Component Expenditures: | | | |
| 71000 Personal Services | 186.6 | 167.6 | 178.6 |
| 72000 Travel | 0.0 | 2.5 | 2.5 |
| 73000 Contractual | 64.5 | 79.6 | 76.0 |
| 74000 Supplies | 0.1 | 5.2 | 5.2 |
| 75000 Equipment | 0.0 | 8.0 | 8.0 |
| 76000 Land/Buildings | 0.0 | 0.0 | 0.0 |
| 77000 Grants, Claims | 2,923.9 | 2,925.6 | 2,925.6 |
| 78000 Miscellaneous | 0.0 | 0.0 | 0.0 |
| Expenditure Totals | 3,175.1 | 3,188.5 | 3,195.9 |
| Funding Sources: | | | |
| 1007 Inter-Agency Receipts | 0.0 | 5.1 | 5.3 |
| 1031 Second Injury Fund Reserve Account | 3,175.1 | 3,183.4 | 3,190.6 |
| Funding Totals | 3,175.1 | 3,188.5 | 3,195.9 |

Estimated Revenue Collections

| Description | Master Revenue Account | FY2003 Actuals | FY2004 Authorized | FY2005 Governor |
|------------------------------------|------------------------------|-------------------|----------------------|--------------------|
| Unrestricted Revenues | | | | |
| Second Injury Fund Reserve Account | 51075 | 3,175.1 | 3,183.4 | 3,190.6 |
| Unrestricted Total | | 3,175.1 | 3,183.4 | 3,190.6 |
| Restricted Revenues | | | | |
| Interagency Receipts | 51015 | 0.0 | 5.1 | 5.3 |
| Restricted Total | | 0.0 | 5.1 | 5.3 |
| Total Estimated Revenues | | 3,175.1 | 3,188.5 | 3,195.9 |

**Summary of Component Budget Changes
From FY2004 Authorized to FY2005 Governor**

All dollars shown in thousands

| | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|--|----------------------|----------------------|--------------------|--------------------|
| FY2004 Authorized | 0.0 | 0.0 | 3,188.5 | 3,188.5 |
| Adjustments which will continue current level of service: | | | | |
| -Changes to Retirement and Other Personal Services Rates | 0.0 | 0.0 | 7.4 | 7.4 |
| FY2005 Governor | 0.0 | 0.0 | 3,195.9 | 3,195.9 |

**Second Injury Fund
Personal Services Information**

| Authorized Positions | | Personal Services Costs | | |
|----------------------|------------------------------------|----------------------------------|----------------------------------|----------------|
| | <u>FY2004</u> <u>Authorized</u> | <u>FY2005</u> <u>Governor</u> | | |
| Full-time | 3 | 3 | Annual Salaries | 126,677 |
| Part-time | 0 | 0 | Premium Pay | 0 |
| Nonpermanent | 0 | 0 | Annual Benefits | 57,113 |
| | | | <i>Less 2.82% Vacancy Factor</i> | (5,190) |
| | | | Lump Sum Premium Pay | 0 |
| Totals | 3 | 3 | Total Personal Services | 178,600 |

Position Classification Summary

| Job Class Title | Anchorage | Fairbanks | Juneau | Others | Total |
|-------------------------|-----------|-----------|----------|----------|----------|
| Administrative Clerk II | 0 | 0 | 1 | 0 | 1 |
| Worker Comp Off II | 0 | 0 | 1 | 0 | 1 |
| Worker Comp Technician | 0 | 0 | 1 | 0 | 1 |
| Totals | 0 | 0 | 3 | 0 | 3 |