

**State of Alaska  
FY2007 Governor's Operating Budget**

**Department of Labor and Workforce Development  
Workers' Compensation  
Component Budget Summary**

**Component: Workers' Compensation**

**Contribution to Department's Mission**

The Workers' Compensation component contributes to the department's mission by advancing injured workers' employment opportunities. It does so by ensuring the quick, 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.

**Core Services**

The Workers' Compensation Act established a Board to set policy and ensure proper implementation of the Act's benefits and requirements. This component is the Board's administrative arm, enforcing the Workers' Compensation Act. It maintains a comprehensive database, disseminates information, investigates complaints, informally resolves disputes, and aids the Board's provision of fair, formal hearings on disputed claims. It also assists the Board in enforcing the requirement that employers either insure or qualify to self-insure their workers' compensation liabilities.

FY2007 Resources Allocated to Achieve Results		
<b>FY2007 Component Budget: \$4,607,100</b>	<b>Personnel:</b>	
	Full time	46
	Part time	1
	<b>Total</b>	<b>47</b>

**Key Component Challenges**

As provided in SB 130, develop a fraud investigations unit to ensure all Alaskan workers have protection under the Alaskan Workers' Compensation Act and ensure benefits are being properly provided.

Modify procedures in the reemployment program to align with the changes made by SB 130.

Continue to refine the electronic proof of coverage system to better report policy cancellations in order to aid in the identification and investigation of suspected uninsured employers to further reduce uninsured injuries.

Continue to research and assist various efforts to address rapidly increasing premium costs without adversely affecting benefits provided to injured workers.

**Significant Changes in Results to be Delivered in FY2007**

The newly formed Fraud Unit will work to reduce the number of uninsured employers and uninsured workplace injuries, as well as to ensure benefits are being provided properly.

The division will complete the second phase of enhancements to the Workers' Compensation database and begin trial implementation of electronic filing of injury and payment reports.

**Major Component Accomplishments in 2005**

Assisted in the passage of SB 130 revamping the Workers' Compensation Act. This legislation created the Workers' Compensation Appeals Commission, provided an additional employee to provide rehabilitation services to injured

workers and established a unit to monitor fraud within the Workers' Compensation system. The legislation also created the Benefits Guaranty Fund; this fund will be used to pay benefits to workers whose employer was uninsured at the time of the injury. Funds will come from penalties assessed against employers who do not comply with the Alaska Workers' Compensation Act.

### Statutory and Regulatory Authority

Statutory Authority:

AS 23.05.067

AS 23.30.005 - .400

Fees for Administration of Workers' Compensation

Alaska Workers' Compensation Act

Administrative Regulations:

8 AAC 45.010 - .900

8 AAC 46.010 - .900

Compensation/Medical Benefits & Board Proceedings

Self Insurance

Contact Information
<p><b>Contact:</b> Paul Lisankie, Director <b>Phone:</b> (907) 465-2790 <b>Fax:</b> (907) 465-2797 <b>E-mail:</b> Paul_Lisankie@labor.state.ak.us</p>

**Workers' Compensation  
Component Financial Summary**

*All dollars shown in thousands*

	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	2,321.5	3,234.7	3,440.5
72000 Travel	32.4	169.7	164.7
73000 Services	637.7	771.2	835.3
74000 Commodities	26.8	68.1	68.1
75000 Capital Outlay	0.0	80.4	14.4
77000 Grants, Benefits	101.7	84.1	84.1
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>3,120.1</b>	<b>4,408.2</b>	<b>4,607.1</b>
<b>Funding Sources:</b>			
1004 General Fund Receipts	0.0	3.3	3.3
1007 Inter-Agency Receipts	77.7	83.0	0.0
1157 Workers Safety and Compensation Administration Account	3,042.4	4,321.9	4,603.8
<b>Funding Totals</b>	<b>3,120.1</b>	<b>4,408.2</b>	<b>4,607.1</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2005 Actuals	FY2006 Management Plan	FY2007 Governor
<b>Unrestricted Revenues</b>				
Workers Safety & Compensation Admin	51078	3,042.4	4,321.9	4,603.8
<b>Unrestricted Total</b>		<b>3,042.4</b>	<b>4,321.9</b>	<b>4,603.8</b>
<b>Restricted Revenues</b>				
Interagency Receipts	51015	77.7	83.0	0.0
<b>Restricted Total</b>		<b>77.7</b>	<b>83.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>3,120.1</b>	<b>4,404.9</b>	<b>4,603.8</b>

**Summary of Component Budget Changes  
From FY2006 Management Plan to FY2007 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2006 Management Plan</b>	<b>3.3</b>	<b>0.0</b>	<b>4,404.9</b>	<b>4,408.2</b>
<b>Adjustments which will continue current level of service:</b>				
-FY 07 Wage Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	58.7	58.7
-FY 07 Health Insurance Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	7.8	7.8
-FY 07 Retirement Systems Cost Increase	0.0	0.0	110.1	110.1
<b>Proposed budget decreases:</b>				
-One-Time Funding from SB 130 for New Employee Equipment and Legislative Task Force Travel	0.0	0.0	-71.0	-71.0
-Delete Surplus Interagency Receipt Authorization as a Result of Splitting Positions Across Components	0.0	0.0	-87.5	-87.5
<b>Proposed budget increases:</b>				
-Leasing Costs Associated With New Positions Established by SB 130	0.0	0.0	24.1	24.1
-Authorization Adjustment Necessary to Split Positions Across the Components Providing Funding	0.0	0.0	145.9	145.9
-Risk Management Self-Insurance Funding Increase	0.0	0.0	10.8	10.8
<b>FY2007 Governor</b>	<b>3.3</b>	<b>0.0</b>	<b>4,603.8</b>	<b>4,607.1</b>

**Workers' Compensation  
Personal Services Information**

Authorized Positions		Personal Services Costs		
	<u>FY2006</u> <u>Management</u> <u>Plan</u>	<u>FY2007</u> <u>Governor</u>		
Full-time	44	46	Annual Salaries	2,255,564
Part-time	1	1	COLA	61,116
Nonpermanent	1	1	Premium Pay	0
			Annual Benefits	1,286,145
			<i>Less 4.51% Vacancy Factor</i>	(162,325)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>46</b>	<b>48</b>	<b>Total Personal Services</b>	<b>3,440,500</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Clerk II	4	1	6	0	11
Administrative Clerk III	2	0	1	0	3
Administrative Manager III	0	0	1	0	1
Administrative Supervisor	1	0	0	0	1
Chf of Workers Comp Adjud	1	0	0	0	1
Division Director	0	0	1	0	1
Investigator II	2	0	0	0	2
Investigator III	1	1	0	0	2
Investigator IV	0	0	1	0	1
Microfilm Equip Op I	0	0	1	0	1
Prog Coordinator	0	0	1	0	1
Reemployment Benefits Adm	1	0	0	0	1
Worker Comp Off II	6	1	1	0	8
Worker Comp Technician	3	1	2	0	6
Workers Comp Hearing Off II	5	2	1	0	8
<b>Totals</b>	<b>26</b>	<b>6</b>	<b>16</b>	<b>0</b>	<b>48</b>