

State of Alaska FY2011 Governor's Operating Budget

Department of Labor and Workforce Development Workers Compensation Benefits Guaranty Fund Component Budget Summary

Component: Workers Compensation Benefits Guaranty Fund

Contribution to Department's Mission

The Workers' Compensation Benefits Guaranty Fund component contributes to the department's mission by paying benefits to workers who have been injured while working for an employer that was not in compliance with the workers' compensation act and fails to pay benefits owed the injured worker.

Core Services

- Provide workers' compensation benefits to injured employees of uninsured employers.
- Collect penalties from uninsured employers.
- Seek reimbursement of benefit payments from uninsured employers.

Key Component Challenges

Sufficient penalties have been collected and deposited into the fund to allow the division to contract for claims administration services. We are working on the Statement of Work for a Professional Services Contract to find a third party administrator to review claims against the fund and issue benefits due.

The FY2010 budget includes a requested increase of \$30.0 from the Workers Compensation Benefit Guarantee Fund to support a contract for legal services. Once a claim is approved, the Division has a statutory requirement to have those funds reimbursed back to the Fund from the employer who was uninsured at the time the employee injury occurred. We currently do not have a mechanism in place to seek the reimbursement of those paid out funds. The Fund, with the assistance of the Department of Law, has developed procedures for recovering benefits paid and claim costs incurred on behalf of the non-compliant employer. The Attorney General's Office, on behalf of the Fund, has filed a case with the Alaska Superior Court. The outcome of that case will set the precedent needed for how to handle future cases.

We are working with the Fiscal staff of the Administrative Services Division to establish a streamlined procedure for dispersal of available funds for claims filed against the fund once they are approved by the Board.

Significant Changes in Results to be Delivered in FY2011

We will contract with a legal firm to recoup funds from employers that were paid out due to a lack of required insurance.

Major Component Accomplishments in 2009

In FY2009, 91 employers were assessed penalties for failure to insure by the Workers' Compensation Board. The total amount assessed to date is \$4,550.7 of which we have collected approximately \$1,072.8. The remaining \$3,477.9 is being collected through Board approved payment plans and legal actions being taken by the Attorney General's office for failure to pay.

In FY2009, there were 13 claims filed against the Fund. Benefits paid on those claims total \$35.6. Fund balance at the end of FY2009 was \$1,043.4.

Statutory and Regulatory Authority

AS 23.30.082 Workers' Compensation Benefits Guaranty Fund

Contact Information

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**Workers Compensation Benefits Guaranty Fund
Component Financial Summary**

All dollars shown in thousands

	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.8	0.0	0.0
73000 Services	12.1	50.0	50.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	35.7	230.0	230.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	48.6	280.0	280.0
Funding Sources:			
1203 Workers' Compensation Benefits Guaranty Fund	48.6	280.0	280.0
Funding Totals	48.6	280.0	280.0

Estimated Revenue Collections

Description	Master Revenue Account	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Authorized	FY2011 Governor
Unrestricted Revenues						
Worker's Compensation Benefits Guarantee	51491	48.6	0.0	0.0	280.0	280.0
Unrestricted Total		48.6	0.0	0.0	280.0	280.0
Restricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0	0.0	0.0
Total Estimated Revenues		48.6	0.0	0.0	280.0	280.0

**Summary of Component Budget Changes
From FY2010 Management Plan to FY2011 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2010 Management Plan	0.0	0.0	280.0	280.0
FY2011 Governor	0.0	0.0	280.0	280.0

Component Detail All Funds
Department of Labor and Workforce Development

Component: Workers Compensation Benefits Guaranty Fund (2820)

RDU: Workers' Compensation (112)

	FY2009 Actuals	FY2010 Conference Committee	FY2010 Authorized	FY2010 Management Plan	FY2011 Governor	FY2010 Management Plan vs FY2011 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.8	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	12.1	50.0	50.0	50.0	50.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	35.7	230.0	230.0	230.0	230.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Totals	48.6	280.0	280.0	280.0	280.0	0.0	0.0%
Fund Sources:							
1203 WCBG Fund	48.6	280.0	280.0	280.0	280.0	0.0	0.0%
General 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%
Other Funds	48.6	280.0	280.0	280.0	280.0	0.0	0.0%
Positions:							
Permanent Full Time	0	0	0	0	0	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: Workers Compensation Benefits Guaranty Fund (2820)

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 FY2010 Conference Committee To FY2010 Authorized *****												
FY2010 Conference Committee	ConfCom	280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
1203 WCBG Fund		280.0										
Subtotal		280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
***** Changes From FY2010 Authorized To FY2010 Management Plan *****												
Subtotal		280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0
***** Changes From FY2010 Management Plan To FY2011 Governor *****												
Totals		280.0	0.0	0.0	50.0	0.0	0.0	230.0	0.0	0	0	0

Line Item Detail
Department of Labor and Workforce Development
Travel

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000	Travel		0.8	0.0	0.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
72000 Travel Detail Totals			0.8	0.0	0.0
72110	Employee Travel (Instate)	Employee travel to meet with adjustors	0.8	0.0	0.0

Line Item Detail
Department of Labor and Workforce Development
Services

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000	Services		12.1	50.0	50.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
73000 Services Detail Totals			12.1	50.0	50.0
73075	Legal & Judicial Svc	Adjusting services	6.7	0.0	0.0
73750	Other Services (Non IA Svcs)	To hire an adjuster to review workers' compensation claims filed against the Benefits Guaranty Fund.	5.4	50.0	50.0

Line Item Detail
Department of Labor and Workforce Development
Grants, Benefits

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Line Number	Line Name		FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
77000	Grants, Benefits		35.7	230.0	230.0
Expenditure Account	Servicing Agency	Explanation	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
77000 Grants, Benefits Detail Totals			35.7	230.0	230.0
77290	Medical Svcs (Tax)	Reimbursements to individuals for claim related benefits (taxable)	4.8	0.0	0.0
77321	Client Services (Benefits)	Provide for benefits to workers who were injured while working for an employer without workers' compensation insurance.	30.9	230.0	230.0

Unrestricted Revenue Detail
Department of Labor and Workforce Development

Component: Workers Compensation Benefits Guaranty Fund (2820)
RDU: Workers' Compensation (112)

Master Account	Revenue Description	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51491	Worker's Compensation Benefits Guarantee	48.6	280.0	280.0

Detail Information

Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund	FY2009 Actuals	FY2010 Management Plan	FY2011 Governor
51491	Worker's Compensation Benefits Guarantee	WC Benefits Guaranty Fund	7330600	11186	48.6	280.0	280.0

The Workers' Compensation Benefits Guaranty Fund revenues come from penalties and fines assessed against employers that do not comply with the requirements of AS 23.30 or the orders of the Alaska Workers' Compensation Board.

These funds are used to support claim determinations and to pay benefits to injured workers.