

# **State of Alaska FY2014 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.

**Major Component Accomplishments in 2012**

No major component accomplishments in FY2012.

**Key Component Challenges**

A key challenge facing the Workers' Compensation Benefits Guaranty Fund component is an increased liability against the fund and low recovery of civil fines and penalties. This may limit the fund's ability to pay claims to injured workers of uninsured employers. Currently, there are 27 open claims against the fund with a potential liability of \$1,425.3. Although the division believes it will be able to successfully defend or mediate many of these claims, risk exposure remains high. It is anticipated that this challenged will be mitigated by the recent hire of a new Collections Officer position. This new position should increase the fund's penalty collection rate.

**Significant Changes in Results to be Delivered in FY2014**

No significant changes in results to be delivered are anticipated.

**Statutory and Regulatory Authority**

Statutory Authority:  
AS 23.30.082

Workers' Compensation Benefits Guaranty Fund

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<b>Workers' Compensation Benefits Guaranty Fund Component Financial Summary</b>			
		<i>All dollars shown in thousands</i>	
	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	83.9	85.7
72000 Travel	0.0	0.0	0.0
73000 Services	148.7	278.3	278.3
74000 Commodities	0.0	9.0	7.2
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	329.1	400.0	400.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>477.8</b>	<b>771.2</b>	<b>771.2</b>
<b>Funding Sources:</b>			
1203 Workers' Compensation Benefits Guaranty Fund	477.8	771.2	771.2
<b>Funding Totals</b>	<b>477.8</b>	<b>771.2</b>	<b>771.2</b>

<b>Estimated Revenue Collections</b>				
<b>Description</b>	<b>Master Revenue Account</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Unrestricted Revenues</b>				
Worker's Compensation Benefits Guarantee	51491	477.8	771.2	771.2
<b>Unrestricted Total</b>		<b>477.8</b>	<b>771.2</b>	<b>771.2</b>
<b>Restricted Revenues</b>				
None.		0.0	0.0	0.0
<b>Restricted Total</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Estimated Revenues</b>		<b>477.8</b>	<b>771.2</b>	<b>771.2</b>

**Summary of Component Budget Changes  
From FY2013 Management Plan to FY2014 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>
<b>FY2013 Management Plan</b>	<b>0.0</b>	<b>771.2</b>	<b>0.0</b>	<b>0.0</b>	<b>771.2</b>
<b>FY2014 Governor</b>	<b>0.0</b>	<b>771.2</b>	<b>0.0</b>	<b>0.0</b>	<b>771.2</b>

**Workers' Compensation Benefits Guaranty Fund  
Personal Services Information**

Authorized Positions			Personal Services Costs	
	FY2013 Management Plan	FY2014 Governor		
Full-time	1	1	Annual Salaries	51,852
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	34,753
			<i>Less 1.04% Vacancy Factor</i>	(905)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>	<b>85,700</b>

**Position Classification Summary**

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Loan/Collection Off I	0	0	1	0	1
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>1</b>

**Component Detail All Funds**  
**Department of Labor and Workforce Development**

**Component:** Workers' Compensation Benefits Guaranty Fund (AR28330) (2820)

**RDU:** Workers' Compensation (112)

	<b>FY2012 Actuals</b>	<b>FY2013 Conference Committee</b>	<b>FY2013 Authorized</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>	<b>FY2013 Management Plan vs FY2014 Governor</b>	
71000 Personal Services	0.0	83.9	83.9	83.9	85.7	1.8	2.1%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	148.7	278.3	278.3	278.3	278.3	0.0	0.0%
74000 Commodities	0.0	9.0	9.0	9.0	7.2	-1.8	-20.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	329.1	400.0	400.0	400.0	400.0	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>477.8</b>	<b>771.2</b>	<b>771.2</b>	<b>771.2</b>	<b>771.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Fund Sources:</b>							
1203 WCBG Fund (DGF)	477.8	771.2	771.2	771.2	771.2	0.0	0.0%
<b>Unrestricted General (UGF)</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Designated General (DGF)</b>	<b>477.8</b>	<b>771.2</b>	<b>771.2</b>	<b>771.2</b>	<b>771.2</b>	<b>0.0</b>	<b>0.0%</b>
<b>Other Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Federal Funds</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0%</b>
<b>Positions:</b>							
Permanent Full Time	0	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:** 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 FY2013 Conference Committee To FY2013 Authorized *****												
FY2013 Conference Committee	ConfCom	771.2	83.9	0.0	278.3	9.0	0.0	400.0	0.0	1	0	0
1203 WCBG Fund		771.2										
<b>Subtotal</b>		<b>771.2</b>	<b>83.9</b>	<b>0.0</b>	<b>278.3</b>	<b>9.0</b>	<b>0.0</b>	<b>400.0</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Authorized To FY2013 Management Plan *****												
<b>Subtotal</b>		<b>771.2</b>	<b>83.9</b>	<b>0.0</b>	<b>278.3</b>	<b>9.0</b>	<b>0.0</b>	<b>400.0</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2013 Management Plan To FY2014 Governor *****												
Align Authority to Balance Personal Services	LIT	0.0	1.8	0.0	0.0	-1.8	0.0	0.0	0.0	0	0	0
Transfer authority from services to pay anticipated expenses and meet vacancy guidelines. The remaining commodities authority is sufficient to cover anticipated expenses.												
<b>Totals</b>		<b>771.2</b>	<b>85.7</b>	<b>0.0</b>	<b>278.3</b>	<b>7.2</b>	<b>0.0</b>	<b>400.0</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>

**Personal Services Expenditure Detail**  
**Department of Labor and Workforce Development**

**Scenario:** FY2014 Governor (10289)  
**Component:** Workers' Compensation Benefits Guaranty Fund (2820)  
**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	GF Amount
21-3047	Loan/Collection Off I	FT	A	GP	Juneau	205	16A / B	12.0		51,852	0	0	34,753	86,605	86,605
													<b>Total Salary Costs:</b>	51,852	
													<b>Total COLA:</b>	0	
													<b>Total Premium Pay:</b>	0	
													<b>Total Benefits:</b>	34,753	
													<b>Total Pre-Vacancy:</b>	86,605	
													<b>Minus Vacancy Adjustment of 1.04%:</b>	(905)	
													<b>Total Post-Vacancy:</b>	85,700	
													<b>Plus Lump Sum Premium Pay:</b>	0	
													<b>Personal Services Line 100:</b>	85,700	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1203 Workers' Compensation Benefits Guaranty Fund	86,605	85,700	100.00%
<b>Total PCN Funding:</b>	<b>86,605</b>	<b>85,700</b>	<b>100.00%</b>

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.

**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			FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
73000	Services			148.7	278.3	278.3
<b>Expenditure Account</b>				<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>73000 Services Detail Totals</b>				<b>148.7</b>	<b>278.3</b>	<b>278.3</b>
73154	Software Licensing	Admin	Software licensing fee chargeback (I/A transfer to DOA)	0.0	0.1	0.1
73254	Dp Operations Alloc	Data Processing	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	0.0	1.7	1.7
73650	Struc/Infstruct/Land		Room/space rental	0.1	0.0	0.0
73750	Other Services (Non IA Svcs)		Professional services contract for an adjuster to review claims filed against the Workers' Compensation Benefits Guaranty Fund.	32.5	106.2	106.2
73805	IT-Non-Telecommunication	Admin	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	0.0	0.6	0.6
73806	IT-Telecommunication	Admin	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	0.0	1.0	1.0
73810	Human Resources	Admin	Human resource services chargeback (I/A transfer to DOA)	0.0	0.6	0.6
73812	Legal	Law	Legal services (I/A transfer to Law)	116.1	168.0	168.0
73815	Financial	Admin	State payroll and accounting system chargeback (I/A transfer to DOA)	0.0	0.1	0.1

**Line Item Detail**  
**Department of Labor and Workforce Development**  
**Commodities**

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

Line Number	Line Name		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
74000	Commodities		0.0	9.0	7.2
Expenditure Account	Servicing Agency	Explanation	FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
<b>74000 Commodities Detail Totals</b>			<b>0.0</b>	<b>9.0</b>	<b>7.2</b>
74200	Business	General office supplies and reference materials	0.0	9.0	7.2

**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		FY2012 Actuals	FY2013 Management Plan	FY2014 Governor
77000	Grants, Benefits		329.1	400.0	400.0
			<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Expenditure Account</b>	<b>Servicing Agency</b>	<b>Explanation</b>			
<b>77000 Grants, Benefits Detail Totals</b>			<b>329.1</b>	<b>400.0</b>	<b>400.0</b>
77670	Benefits	Benefits to workers who were injured while working for an employer without workers' compensation insurance.	329.1	400.0	400.0

**Unrestricted Revenue Detail**  
**Department of Labor and Workforce Development**

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

<b>Master Account</b>	<b>Revenue Description</b>	<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
51491	Worker's Compensation Benefits Guarantee	477.8	771.2	771.2

<b>Detail Information</b>					<b>FY2012 Actuals</b>	<b>FY2013 Management Plan</b>	<b>FY2014 Governor</b>
<b>Revenue Amount</b>	<b>Revenue Description</b>	<b>Component</b>	<b>Collocation Code</b>	<b>AKSAS Fund</b>			
51491	Worker's Compensation Benefits Guarantee	WC Benefits Guaranty Fund	7330600	11186	477.8	771.2	771.2

The Workers' Compensation Benefits Guaranty Fund (AS 23.30.082) consists of revenue 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.

**Inter-Agency Services**  
**Department of Labor and Workforce Development**

**Component:** Workers' Compensation Benefits Guaranty Fund (2820)

**RDU:** Workers' Compensation (112)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2012 Actuals	FY2013	
					Management Plan	FY2014 Governor
73154	Software Licensing	Software licensing fee chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	0.1	0.1
<b>73154 Software Licensing subtotal:</b>				<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
73254	Dp Operations Alloc	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	Intra-dept Data Processing	0.0	1.7	1.7
<b>73254 Dp Operations Alloc subtotal:</b>				<b>0.0</b>	<b>1.7</b>	<b>1.7</b>
73805	IT-Non-Telecommunication	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	0.6	0.6
<b>73805 IT-Non-Telecommunication subtotal:</b>				<b>0.0</b>	<b>0.6</b>	<b>0.6</b>
73806	IT-Telecommunication	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	1.0	1.0
<b>73806 IT-Telecommunication subtotal:</b>				<b>0.0</b>	<b>1.0</b>	<b>1.0</b>
73810	Human Resources	Human resource services chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	0.6	0.6
<b>73810 Human Resources subtotal:</b>				<b>0.0</b>	<b>0.6</b>	<b>0.6</b>
73812	Legal	Legal services (I/A transfer to Law)	Inter-dept Law	116.1	168.0	168.0
<b>73812 Legal subtotal:</b>				<b>116.1</b>	<b>168.0</b>	<b>168.0</b>
73815	Financial	State payroll and accounting system chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	0.1	0.1
<b>73815 Financial subtotal:</b>				<b>0.0</b>	<b>0.1</b>	<b>0.1</b>
<b>Workers' Compensation Benefits Guaranty Fund total:</b>				<b>116.1</b>	<b>172.1</b>	<b>172.1</b>
<b>Grand Total:</b>				<b>116.1</b>	<b>172.1</b>	<b>172.1</b>