

# **State of Alaska FY2002 Governor's Operating Budget**

Department of Labor and Workforce Development  
Second Injury Fund  
Component

## **Component: Second Injury Fund**

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### **Component Mission**

To reimburse employers for compensation paid to employees involved in a second injury.

### **Component Services Provided**

- This unit determines whether or not 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 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.
- This unit ensures that workers' compensation insurance premiums for handicapped employees are equivalent to those of able-bodied workers by limiting the liability of an employer to the amount of compensation which would be due an able-bodied employee, whether or not the worker was already suffering from a condition caused by an earlier injury.

### **Component Goals and Strategies**

#### 1) MONITOR AND ADMINISTER SECOND INJURY FUNDS

- Continue efforts to reduce the amount of penalties currently paid by insurance companies for late compensation report filings through increased communication with insurance companies and increased awareness of the legal reporting requirements.
- A new databases has been developed to allow a more efficient method of recording and crediting Second Injury Fund payments to various claims. Further DP development is needed to complete the redesign that will extract SIF contribution data from annual reports and automatically post it to the corresponding claims payment screen for verification.

### **Key Component Issues for FY2001 – 2002**

- Continue to enforce timely filing of compensation reports and reduce the number of late filings received. Late filings create additional work for staff due to affidavits that must be prepared and mailed to the insurer. Late filings also result in claims payment information being inaccurate.
- Due to the Supreme Court decision in Arctic Bowl v Second Injury Fund there has been an increase in the number of approvals for recovery from the Fund. As a result, a supplemental will be requested for FY01 and an increment is being requested for FY02. This needs to be followed closely to assure that there are sufficient funds to cover increased liabilities.

### **Major Component Accomplishments for FY2000**

- Through administrative efficiencies the time lag between petitions for Second Injury Fund recovery and decision was significantly reduced.

**Statutory and Regulatory Authority**

AS 23.30

**Status of FY2001 Performance Measures**

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"><li>The average time taken between filing a Second Injury Fund petition and the issuance of a decision.</li></ul>		X			

**Second Injury Fund**  
**Component Financial Summary**

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	154.3	157.2	157.4
72000 Travel	0.0	2.5	2.5
73000 Contractual	48.9	79.9	79.9
74000 Supplies	3.2	5.2	5.2
75000 Equipment	2.3	8.0	8.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	2,645.7	2,609.8	2,925.6
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>2,854.4</b>	<b>2,862.6</b>	<b>3,178.6</b>
<b>Funding Sources:</b>			
1007 Inter-Agency Receipts	1.6	4.8	4.8
1031 Second Injury Fund Reserve Account	2,852.8	2,857.8	3,173.8
<b>Funding Totals</b>	<b>2,854.4</b>	<b>2,862.6</b>	<b>3,178.6</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
<b>Unrestricted Revenues</b>						
Second Injury Fund Reserve Account	51075	2,709.7	2,857.8	3,186.7	3,173.8	3,179.9
<b>Unrestricted Total</b>		<b>2,709.7</b>	<b>2,857.8</b>	<b>3,186.7</b>	<b>3,173.8</b>	<b>3,179.9</b>
<b>Restricted Revenues</b>						
Interagency Receipts	51015	1.6	4.8	4.7	4.8	4.8
<b>Restricted Total</b>		<b>1.6</b>	<b>4.8</b>	<b>4.7</b>	<b>4.8</b>	<b>4.8</b>
<b>Total Estimated Revenues</b>		<b>2,711.3</b>	<b>2,862.6</b>	<b>3,191.4</b>	<b>3,178.6</b>	<b>3,184.7</b>

**Second Injury Fund****Proposed Changes in Levels of Service for FY2002**

The Second Injury Fund expects to maintain the same effective level of service.

**Summary of Component Budget Changes****From FY2001 Authorized to FY2002 Governor***All dollars in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2001 Authorized</b>	<b>0.0</b>	<b>0.0</b>	<b>2,862.6</b>	<b>2,862.6</b>
<b>Adjustments which will continue current level of service:</b>				
-Year 2 Labor Costs - Net Change from FY2001	0.0	0.0	-0.3	-0.3
<b>Proposed budget increases:</b>				
-Increment To Grants Line For Anticipated Claims	0.0	0.0	315.8	315.8
-Adjust Personal Services Authorization for Year 2 Labor Costs	0.0	0.0	0.5	0.5
<b>FY2002 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>3,178.6</b>	<b>3,178.6</b>

## Second Injury Fund

### Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	3	3	Annual Salaries	117,488
Part-time	0	0	COLA	1,398
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	43,400
			<i>Less 3.00% Vacancy Factor</i>	(4,869)
			Lump Sum Premium Pay	0
<b>Totals</b>	<b>3</b>	<b>3</b>	<b>Total Personal Services</b>	<b>157,417</b>

### 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
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>3</b>