

State of Alaska FY2006 Governor's Operating Budget

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

Component: Second Injury Fund

Contribution to Department's Mission

The Second Injury Fund component contributes to the department's mission by facilitating reemployment of injured workers.

Core Services

This unit's program reduces financial disincentives to reemployment of disabled workers. This is done by limiting a subsequent employer's liability for compensation payable when a previously disabled employee sustains a second injury causing additional disability.

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

FY2006 Resources Allocated to Achieve Results

FY2006 Component Budget: \$4,027,500	Personnel:	
	Full time	3
	Part time	0
	Total	3

Key Component Challenges

The SIF, due to expanded benefit eligibility criteria and increased litigation expenses flowing from the Arctic Bowl case, must continue to closely monitor expenditures and revenue to assure that there are adequate SIF funds to reimburse eligible insurers. The SIF must also develop regulations to resolve recurring budget impacts of reimbursement requests filed after the end of the state fiscal year.

This unit will also support the development and implementation of computer programs for additional electronic data interface enhancements allowing for electronic filing of reports of injuries and payments.

Significant Changes in Results to be Delivered in FY2006

Having obtained supplemental spending authority, the Second Injury Fund is positioned to pay off the reimbursement requests submitted after the end of the state fiscal year, and prevent a recurrence through development of new regulations. To address the potential of unexpected claims or increases in claims the department is requesting that language be added to the appropriation bill that would allow for increased expenditure authorization for benefit payments if needed during a fiscal year.

Major Component Accomplishments in 2004

The unit assisted in the implementation of the first phase of the electronic data interface (EDI) "proof of coverage," in January 2004. Implementation resulted in the expected internal and external efficiencies and received national recognition for effectiveness.

The unit also developed a plan for resolving the recurring problems from delayed reimbursement requests.

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

	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	174.6	178.6	189.3
72000 Travel	0.0	2.5	2.5
73000 Services	68.5	83.5	83.5
74000 Commodities	0.0	5.2	5.2
75000 Capital Outlay	0.0	8.0	8.0
77000 Grants, Benefits	2,924.9	3,741.9	3,739.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,168.0	4,019.7	4,027.5
Funding Sources:			
1007 Inter-Agency Receipts	0.0	5.3	5.6
1031 Second Injury Fund Reserve Account	3,168.0	4,014.4	4,021.9
Funding Totals	3,168.0	4,019.7	4,027.5

Estimated Revenue Collections

Description	Master Revenue Account	FY2004 Actuals	FY2005 Management Plan	FY2006 Governor
Unrestricted Revenues				
Second Injury Fund Reserve Account	51075	3,168.0	4,014.4	4,027.6
Unrestricted Total		3,168.0	4,014.4	4,027.6
Restricted Revenues				
Interagency Receipts	51015	0.0	5.3	5.8
Restricted Total		0.0	5.3	5.8
Total Estimated Revenues		3,168.0	4,019.7	4,033.4

**Summary of Component Budget Changes
From FY2005 Management Plan to FY2006 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2005 Management Plan	0.0	0.0	4,019.7	4,019.7
Adjustments which will continue current level of service:				
-FY 05 Bargaining Unit Contract Terms: GGU	0.0	0.0	2.1	2.1
-FY06 Cost Increases for Bargaining Units and Non-Covered Employees	0.0	0.0	5.2	5.2
-Adjustments for Personal Services Working Reserve Rates and SBS	0.0	0.0	0.5	0.5
FY2006 Governor	0.0	0.0	4,027.5	4,027.5

**Second Injury Fund
Personal Services Information**

Authorized Positions		Personal Services Costs		
<u>FY2005</u>				
<u>Management</u>	<u>Plan</u>	<u>FY2006</u>		
		<u>Governor</u>		
			Annual Salaries	128,837
Full-time	3	3	COLA	2,517
Part-time	0	0	Premium Pay	0
Nonpermanent	0	0	Annual Benefits	69,591
			<i>Less 2.61% Vacancy Factor</i>	(5,245)
			Lump Sum Premium Pay	0
Totals	3	3	Total Personal Services	195,700

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