

# **State of Alaska FY2010 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.

### FY2010 Resources Allocated to Achieve Results

**FY2010 Component Budget: \$280,000**

**Personnel:**

Full time	0
Part time	0
<b>Total</b>	<b>0</b>

### 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 FY10 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, needs to develop procedures for recovering benefits paid and claim costs incurred on behalf of the non-compliant employer.

We are working with the Fiscal staff of the Administrative Services Division to allow for 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 FY2010

The requested increase of \$30.0 for legal services will allow us to 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 2008

In FY 08 152 employers were assessed penalties for failure to insure by the Workers' Compensation Board. This is up from 67 employers in FY 07. The total amount assessed to date is \$2,162.9 of which we have collected approximately \$779.0.

In FY 08, there were 25 claims filed against the Fund and we have paid benefits on 4 of those claims totaling \$49.5.

## Statutory and Regulatory Authority

AS 23.30.082

Workers' Compensation Benefits Guaranty Fund

Contact Information
<p><b>Contact:</b> Trena Heikes, Director <b>Phone:</b> (907) 465-2790 <b>Fax:</b> (907) 465-2797 <b>E-mail:</b> Trena.Heikes@alaska.gov</p>

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

*All dollars shown in thousands*

	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Non-Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	0.0	20.0	50.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	43.6	230.0	230.0
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>43.6</b>	<b>250.0</b>	<b>280.0</b>
<b>Funding Sources:</b>			
1203 Workers' Compensation Benefits Guaranty Fund	43.6	250.0	280.0
<b>Funding Totals</b>	<b>43.6</b>	<b>250.0</b>	<b>280.0</b>

**Estimated Revenue Collections**

Description	Master Revenue Account	FY2008 Actuals	FY2009 Management Plan	FY2010 Governor
<b>Unrestricted Revenues</b>				
Worker's Compensation Benefits Guarantee	51491	43.6	250.0	280.0
<b>Unrestricted Total</b>		<b>43.6</b>	<b>250.0</b>	<b>280.0</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>43.6</b>	<b>250.0</b>	<b>280.0</b>

**Summary of Component Budget Changes  
From FY2009 Management Plan to FY2010 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2009 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>250.0</b>	<b>250.0</b>
<b>Proposed budget increases:</b>				
-Add Workers Compensation Benefit Guaranty Fund Authorization for Contractual Legal Support Services	0.0	0.0	30.0	30.0
<b>FY2010 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>280.0</b>	<b>280.0</b>