

**State of Alaska
FY2016 Governor Amended 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 to 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 2014

During FY2014, the Workers' Compensation Benefits Guaranty Fund component:

- Increased collection of an additional \$400.0 in civil penalties due in FY2014 for a total of \$750.0. This position was created in FY2013 to collect the outstanding balance of civil penalties due to the fund and is projected to collect \$500.0 per year. Since establishment of the fund in 2005, there has been a total of \$18,019.4 in civil penalties assessed against employers, of which \$3,822.0 has been collected.

Key Component Challenges

A key challenge facing the Workers' Compensation Benefits Guaranty Fund component is an increased liability against the fund. There are currently 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. The new collections officer position is helping mitigate some of this risk by increasing revenue to the fund.

Significant Changes in Results to be Delivered in FY2016

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

Contact Information
Contact: Mike Monagle, Director Phone: (907) 465-6059 Fax: (907) 465-2797 E-mail: michael.monagle@alaska.gov

Workers' Compensation Benefits Guaranty Fund Component Financial Summary			
		<i>All dollars shown in thousands</i>	
	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	87.8	89.5	91.4
72000 Travel	0.9	0.0	0.0
73000 Services	202.0	275.9	275.9
74000 Commodities	0.0	7.2	7.2
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	668.5	400.0	400.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	959.2	772.6	774.5
Funding Sources:			
1203 Workers' Compensation Benefits Guaranty Fund	959.2	772.6	774.5
Funding Totals	959.2	772.6	774.5

Estimated Revenue Collections				
Description	Master Revenue Account	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Unrestricted Revenues				
Worker's Compensation Benefits Guarantee	51491	959.2	772.6	774.5
Unrestricted Total		959.2	772.6	774.5
Restricted Revenues				
None.		0.0	0.0	0.0
Restricted Total		0.0	0.0	0.0
Total Estimated Revenues		959.2	772.6	774.5

**Summary of Component Budget Changes
From FY2015 Management Plan to FY2016 Governor Amended**

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>
FY2015 Management Plan	0.0	772.6	0.0	0.0	772.6
Adjustments which continue current level of service:					
-FY2016 Salary Increases	0.0	1.9	0.0	0.0	1.9
FY2016 Governor Amended	0.0	774.5	0.0	0.0	774.5

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

Authorized Positions			Personal Services Costs	
	<u>FY2015 Management Plan</u>	<u>FY2016 Governor Amended</u>		
Full-time	1	1	Annual Salaries	54,245
Part-time	0	0	COLA	1,830
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	35,762
			<i>Less 0.48% Vacancy Factor</i>	<i>(437)</i>
			Lump Sum Premium Pay	0
Totals	1	1	Total Personal Services	91,400

Position Classification Summary

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

Component Detail All Funds
Department of Labor and Workforce Development

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

RDU: Workers' Compensation (112)

	FY2014 Actuals	FY2015 Conference Committee	FY2015 Authorized	FY2015 Management Plan	FY2016 Governor Amended	FY2015 Management Plan vs FY2016 Governor Amended	
71000 Personal Services	87.8	87.1	87.1	89.5	91.4	1.9	2.1%
72000 Travel	0.9	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	202.0	278.3	278.3	275.9	275.9	0.0	0.0%
74000 Commodities	0.0	7.2	7.2	7.2	7.2	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	668.5	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%
Totals	959.2	772.6	772.6	772.6	774.5	1.9	0.2%
Fund Sources:							
1203WCBG Fund (DGF)	959.2	772.6	772.6	772.6	774.5	1.9	0.2%
Unrestricted General (UGF)	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
Designated General (DGF)	959.2	772.6	772.6	772.6	774.5	1.9	0.2%
Other 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%
Positions:							
Permanent Full Time	1	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 FY2015 Conference Committee To FY2015 Authorized *****												
FY2015 Conference Committee												
ConfCom		772.6	87.1	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0
1203 WCBG Fund		772.6										
Additional Benefit Payments Sec18a Ch16 SLA2014 P76 L25 (HB266)												
Language		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
<p>(a) If the amount necessary to pay benefit payments from the workers' compensation benefits guaranty fund (AS 23.30.082) exceeds the amount appropriated for that purpose in sec. 1 of this Act, the additional amount necessary to pay those benefit payments is appropriated for that purpose from that fund to the Department of Labor and Workforce Development, workers' compensation benefits guaranty fund allocation, for the fiscal year ending June 30, 2015.</p>												
Subtotal		772.6	87.1	0.0	278.3	7.2	0.0	400.0	0.0	1	0	0
***** Changes From FY2015 Authorized To FY2015 Management Plan *****												
Align Authority with Anticipated Expenses												
LIT		0.0	2.4	0.0	-2.4	0.0	0.0	0.0	0.0	0	0	0
<p>Transfer authority from services to pay anticipated personal services expenses. The remaining services authority is sufficient to cover anticipated expenses.</p>												
Subtotal		772.6	89.5	0.0	275.9	7.2	0.0	400.0	0.0	1	0	0
***** Changes From FY2015 Management Plan To FY2016 Governor Amended *****												
FY2016 Salary Increases												
SalAdj		1.9	1.9	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1203 WCBG Fund		1.9										
<p>Cost of living adjustment for certain bargaining units: \$1.9</p> <p>Year three cost of living adjustment for Alaska State Employees Association/General Government Unit - 2.5%: \$1.9</p>												
Reverse Additional money as required to make benefit payments is appropriated from the WC Benefits Guaranty Fund												
OTI		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
Totals		774.5	91.4	0.0	275.9	7.2	0.0	400.0	0.0	1	0	0

Personal Services Expenditure Detail
Department of Labor and Workforce Development

Scenario: FY2016 Governor Amended (12201)
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	UGF Amount
21-3047	Loan/Collection Off I	FT	A	GP	Juneau	205	16B / C	12.0		54,245	1,830	0	35,762	91,837	0
													Total Salary Costs:	54,245	
													Total COLA:	1,830	
													Total Premium Pay:	0	
													Total Benefits:	35,762	
													Total Pre-Vacancy:	91,837	
													Minus Vacancy Adjustment of 0.48%:	(437)	
													Total Post-Vacancy:	91,400	
													Plus Lump Sum Premium Pay:	0	
													Personal Services Line 100:	91,400	

PCN Funding Sources:	Pre-Vacancy	Post-Vacancy	Percent
1203 Workers' Compensation Benefits Guaranty Fund	91,837	91,400	100.00%
Total PCN Funding:	91,837	91,400	100.00%

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
Travel

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

Line Number	Line Name		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
72000	Travel		0.9	0.0	0.0
			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Expenditure Account	Servicing Agency	Explanation			
72000 Travel Detail Totals			0.9	0.0	0.0
72110	Employee Travel (Instate)	Travel for staff to coordinate and administer program activates	0.9	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			FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000	Services			202.0	275.9	275.9
Expenditure Account				FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Expenditure Account	Servicing Agency	Explanation		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73000 Services Detail Totals				202.0	275.9	275.9
73082		Transcription/Record	Transcription services for Superior Court	6.7	0.0	0.0
73154	Admin	Software Licensing	Software licensing fee chargeback (I/A transfer to DOA)	0.0	0.1	0.1
73169		Federal Indirect Rate Allocation	Indirect cost allocation for department purchasing	4.4	4.5	4.5
73254	Data Processing	Dp Operations Alloc	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	1.8	1.7	1.7
73750		Other Services (Non IA Svcs)	Professional services contract for an adjuster to review claims filed against the Workers' Compensation Benefits Guaranty Fund.	32.6	99.3	99.3
73805	Admin	IT-Non-Telecommunication	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	0.7	0.6	0.6
73806	Admin	IT-Telecommunication	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	1.0	1.0	1.0
73810	Admin	Human Resources	Human resource services chargeback (I/A transfer to DOA)	0.6	0.6	0.6
73812	Law	Legal	Legal services (I/A transfer to Law)	154.1	168.0	168.0
73815	Admin	Financial	State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	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		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000	Commodities		0.0	7.2	7.2
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
74000 Commodities Detail Totals			0.0	7.2	7.2
74200	Business	General office supplies and reference materials	0.0	7.2	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		FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000	Grants, Benefits		668.5	400.0	400.0
Expenditure Account	Servicing Agency	Explanation	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
77000 Grants, Benefits Detail Totals			668.5	400.0	400.0
77670	Benefits	Benefits to workers who were injured while working for an employer without workers' compensation insurance.	668.5	400.0	400.0

Unrestricted Revenue Detail
Department of Labor and Workforce Development

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

Master Account	Revenue Description	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
51491	Worker's Compensation Benefits Guarantee	959.2	772.6	774.5

Detail Information					FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
Revenue Amount	Revenue Description	Component	Collocation Code	AKSAS Fund			
51491	Worker's Compensation Benefits Guarantee	WC Benefits Guaranty Fund	7330600	11186	959.2	772.6	774.5

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.

Interagency 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	FY2014 Actuals	FY2015 Management Plan	FY2016 Governor Amended
73154	Software Licensing	Software licensing fee chargeback (I/A transfer to DOA)	Inter-dept Admin	0.0	0.1	0.1
73154 Software Licensing subtotal:				0.0	0.1	0.1
73169	Federal Indirect Rate Allocation	Indirect cost allocation for department purchasing	Inter-dept	4.4	4.5	4.5
73169 Federal Indirect Rate Allocation subtotal:				4.4	4.5	4.5
73254	Dp Operations Alloc	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	Intra-dept Data Processing	1.8	1.7	1.7
73254 Dp Operations Alloc subtotal:				1.8	1.7	1.7
73805	IT-Non-Telecommunication	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	Inter-dept Admin	0.7	0.6	0.6
73805 IT-Non-Telecommunication subtotal:				0.7	0.6	0.6
73806	IT-Telecommunication	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	Inter-dept Admin	1.0	1.0	1.0
73806 IT-Telecommunication subtotal:				1.0	1.0	1.0
73810	Human Resources	Human resource services chargeback (I/A transfer to DOA)	Inter-dept Admin	0.6	0.6	0.6
73810 Human Resources subtotal:				0.6	0.6	0.6
73812	Legal	Legal services (I/A transfer to Law)	Inter-dept Law	154.1	168.0	168.0
73812 Legal subtotal:				154.1	168.0	168.0
73815	Financial	State payroll and accounting system chargeback (I/A transfer to DOA)	Inter-dept Admin	0.1	0.1	0.1
73815 Financial subtotal:				0.1	0.1	0.1
Workers' Compensation Benefits Guaranty Fund total:				162.7	176.6	176.6
Grand Total:				162.7	176.6	176.6