

# **State of Alaska FY2018 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 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 2016**

During FY2016, the Workers' Compensation Benefits Guaranty Fund (WCBGF) component staff issued civil penalties for employers not in compliance with the Alaska Workers' Compensation Act totaling over \$1.1 million. These penalties were deposited into the WCBGF, which pays benefits for workers injured while working for employers out of compliance with the Act. The WCBGF component staff also collected nearly \$1 million in benefits owed to injured workers.

**Key Component Challenges**

A key challenge facing the Workers' Compensation Benefits Guaranty Fund component is a significant liability against the fund. There are currently 51 open claims against the fund with a potential liability of over \$4.4 million.

**Significant Changes in Results to be Delivered in FY2018**

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:** Marie Marx, Director  
**Phone:** (907) 465-6060  
**Fax:** (907) 465-2797  
**E-mail:** matie.marx@alaska.gov

Workers' Compensation Benefits Guaranty Fund Personal Services Information					
Authorized Positions			Personal Services Costs		
	<u>FY2017</u> <u>Management</u> <u>Plan</u>	<u>FY2018</u> <u>Governor</u>			
			Annual Salaries		54,053
Full-time	1	1	Premium Pay		0
Part-time	0	0	Annual Benefits		35,635
Nonpermanent	0	0	<i>Less 2.77% Vacancy Factor</i>		<i>(2,488)</i>
			Lump Sum Premium Pay		0
<b>Totals</b>	<b>1</b>	<b>1</b>	<b>Total Personal Services</b>		<b>87,200</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 (2820)  
**RDU:** Workers' Compensation (112)

Non-Formula Component

	FY2016 Actuals	FY2017 Conference Committee	FY2017 Authorized	FY2017 Management Plan	FY2018 Governor	FY2017 Management Plan vs FY2018 Governor	
71000 Personal Services	75.5	91.1	91.1	86.7	87.2	0.5	0.6%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	308.5	209.8	209.8	219.4	219.4	0.0	0.0%
74000 Commodities	0.8	7.2	7.2	2.0	2.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	546.7	465.8	465.8	465.8	465.8	0.0	0.0%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>931.5</b>	<b>773.9</b>	<b>773.9</b>	<b>773.9</b>	<b>774.4</b>	<b>0.5</b>	<b>0.1%</b>
<b>Fund Sources:</b>							
1203WCBG Fund (DGF)	931.5	773.9	773.9	773.9	774.4	0.5	0.1%
<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>931.5</b>	<b>773.9</b>	<b>773.9</b>	<b>773.9</b>	<b>774.4</b>	<b>0.5</b>	<b>0.1%</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	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 FY2017 Conference Committee To FY2017 Authorized *****												
<b>FY2017 Conference Committee</b>	ConfCom	773.9	91.1	0.0	209.8	7.2	0.0	465.8	0.0	1	0	0
1203 WCBG Fund		773.9										
<b>Subtotal</b>		<b>773.9</b>	<b>91.1</b>	<b>0.0</b>	<b>209.8</b>	<b>7.2</b>	<b>0.0</b>	<b>465.8</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Authorized To FY2017 Management Plan *****												
<b>Align Authority with Anticipated Expenses</b>	LIT	0.0	-4.4	0.0	9.6	-5.2	0.0	0.0	0.0	0	0	0
Transfer personal services and commodities authority to pay anticipated services expenses. The remaining personal services and commodities authority is sufficient to cover anticipated expenses.												
Additional services authority is necessary to fund an increased reimbursable services agreement with the Department of Law.												
<b>Subtotal</b>		<b>773.9</b>	<b>86.7</b>	<b>0.0</b>	<b>219.4</b>	<b>2.0</b>	<b>0.0</b>	<b>465.8</b>	<b>0.0</b>	<b>1</b>	<b>0</b>	<b>0</b>
***** Changes From FY2017 Management Plan To FY2018 Governor *****												
<b>FY2018 Salary and Health Insurance Increases</b>	SalAdj	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0	0	0
1203 WCBG Fund		0.5										
Includes: ACOA COLA, 2.25% per contract ending 6/30/2018; GGU HI increase from \$1346 to \$1389; LTC HI increase from \$1363 to \$1432.: \$0.5												
FY2018 PS Health Ins.: \$0.5												
<b>Totals</b>		<b>774.4</b>	<b>87.2</b>	<b>0.0</b>	<b>219.4</b>	<b>2.0</b>	<b>0.0</b>	<b>465.8</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:** FY2018 Governor (13956)  
**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	16A / B	12.0		54,053	0	0	35,635	89,688	0
													<b>Total Salary Costs:</b>	54,053	
													<b>Total COLA:</b>	0	
													<b>Total Premium Pay:</b>	0	
													<b>Total Benefits:</b>	35,635	
													<b>Total Pre-Vacancy:</b>	89,688	
													<b>Minus Vacancy Adjustment of 2.77%:</b>	(2,488)	
													<b>Total Post-Vacancy:</b>	87,200	
													<b>Plus Lump Sum Premium Pay:</b>	0	
													<b>Personal Services Line 100:</b>	87,200	
<b>Total Component Months:</b>		12.0													

<b>PCN Funding Sources:</b>		<b>Pre-Vacancy</b>	<b>Post-Vacancy</b>	<b>Percent</b>
1203	Workers' Compensation Benefits Guaranty Fund	89,688	87,200	100.00%
<b>Total PCN Funding:</b>		<b>89,688</b>	<b>87,200</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 (1676)**  
**Department of Labor and Workforce Development**  
**Services**

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

Line Number	Line Name			FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3000	Services			308.5	219.4	219.4
Object Class	Servicing Agency	Explanation		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>				<b>308.5</b>	<b>219.4</b>	<b>219.4</b>
3002	Legal and Judicial Services	Legal and judicial services		0.7	2.5	2.5
3003	Information Technology	Admin - Department-wide	Software licensing fee chargeback (I/A transfer to DOA)	0.3	0.4	0.4
3011	Other Services		Professional services contract for an adjuster to review claims filed against the Workers' Compensation Benefits Guaranty Fund	32.5	41.1	41.1
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services)	4.0	5.1	5.1
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334)	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	2.0	2.1	2.1
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	0.8	0.9	0.9
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	1.0	1.2	1.2
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource services chargeback (I/A transfer to DOA)	0.7	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide	Building leases chargeback (I/A	4.9	0.0	0.0

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Services**

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

Object Class		Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>3000 Services Detail Totals</b>				<b>308.5</b>	<b>219.4</b>	<b>219.4</b>
			transfer to DOA)			
3024	Inter-Agency Legal	Law - Department-wide	Legal Services (I/A transfer to Law)	261.4	165.0	165.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services chargeback (I/A transfer to DOA)	0.1	0.2	0.2
3027	Inter-Agency Financial	Admin - Department-wide	State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	0.2	0.2

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Commodities**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
4000	Commodities		0.8	2.0	2.0
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
		<b>4000 Commodities Detail Totals</b>	<b>0.8</b>	<b>2.0</b>	<b>2.0</b>
4000	Business	General business supplies such as office consumables, furniture, and computer equipment	0.8	2.0	2.0

**Line Item Detail (1676)**  
**Department of Labor and Workforce Development**  
**Grants, Benefits**

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

Line Number	Line Name		FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
7000	Grants, Benefits		546.7	465.8	465.8
Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
		<b>7000 Grants, Benefits Detail Totals</b>	<b>546.7</b>	<b>465.8</b>	<b>465.8</b>
7002	Benefits	Benefits to workers who were injured while working for an employer without workers' compensation insurance.	546.7	465.8	465.8

**Revenue Detail (1681)**  
**Department of Labor and Workforce Development**

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

Revenue Type (OMB Fund Code) Revenue Source	Component	Comment	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>6203 WCBG Fund (1203 WCBG Fund)</b>			<b>931.5</b>	<b>773.9</b>	<b>774.4</b>
6862 Workers Comp Benefits Guaranty Fund - Miscellaneous		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.	931.5	773.9	774.4

**Inter-Agency Services (1682)**  
**Department of Labor and Workforce Development**

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

				FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
<b>Component Totals</b>				<b>275.3</b>	<b>175.8</b>	<b>175.8</b>
With Department of Administration				7.9	3.6	3.6
With Department of Labor and Workforce Development				6.0	7.2	7.2
With Department of Law				261.4	165.0	165.0
<b>Object Class</b>	<b>Servicing Agency</b>	<b>Explanation</b>	<b>FY2016 Actuals</b>	<b>FY2017 Management Plan</b>	<b>FY2018 Governor</b>	
3003	Information Technology	Admin - Department-wide	Software licensing fee chargeback (I/A transfer to DOA)	0.3	0.4	0.4
3012	Inter-Agency Federal Indirect Rate Allocation	Labor - Management Services (335)	Indirect cost allocation for departmental purchasing, state accounting, federal accounting reports, personnel training, contracts, and fiscal services provided by Management Services (I/A transfer to Management Services)	4.0	5.1	5.1
3013	Inter-Agency Data Processing Operations Allocation	Labor - Data Processing (334)	Allocation for Data Processing network and supportive services (I/A transfer to Data Processing)	2.0	2.1	2.1
3017	Inter-Agency Information Technology Non-Telecommunications	Admin - Department-wide	Computer services Enterprise Productivity Rates (EPR) chargeback (I/A transfer to DOA)	0.8	0.9	0.9
3018	Inter-Agency Information Technology Telecommunications	Admin - Department-wide	Telecommunications Enterprise Productivity Rates (EPR) and Private Branch Exchange (PBX) chargeback (I/A transfer to DOA)	1.0	1.2	1.2
3022	Inter-Agency Human Resources	Admin - Department-wide	Human resource services chargeback (I/A transfer to DOA)	0.7	0.7	0.7
3023	Inter-Agency Building Leases	Admin - Department-wide	Building leases chargeback (I/A transfer to DOA)	4.9	0.0	0.0
3024	Inter-Agency Legal	Law - Department-wide	Legal Services (I/A transfer to Law)	261.4	165.0	165.0
3026	Inter-Agency Insurance	Admin - Department-wide	Risk management services	0.1	0.2	0.2

**Inter-Agency Services (1682)**  
**Department of Labor and Workforce Development**

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

Object Class	Servicing Agency	Explanation	FY2016 Actuals	FY2017 Management Plan	FY2018 Governor
3027 Inter-Agency Financial	Admin - Department-wide	chargeback (I/A transfer to DOA) State payroll and accounting system chargeback (I/A transfer to DOA)	0.1	0.2	0.2