



Senate Bill 60

Repeal Workers' Compensation Appeals Commission

Sponsored by Senator Wielechowski

Senate Finance Committee

Senate Bill 60



Repeals the Alaska Workers' Compensation Appeals Commission



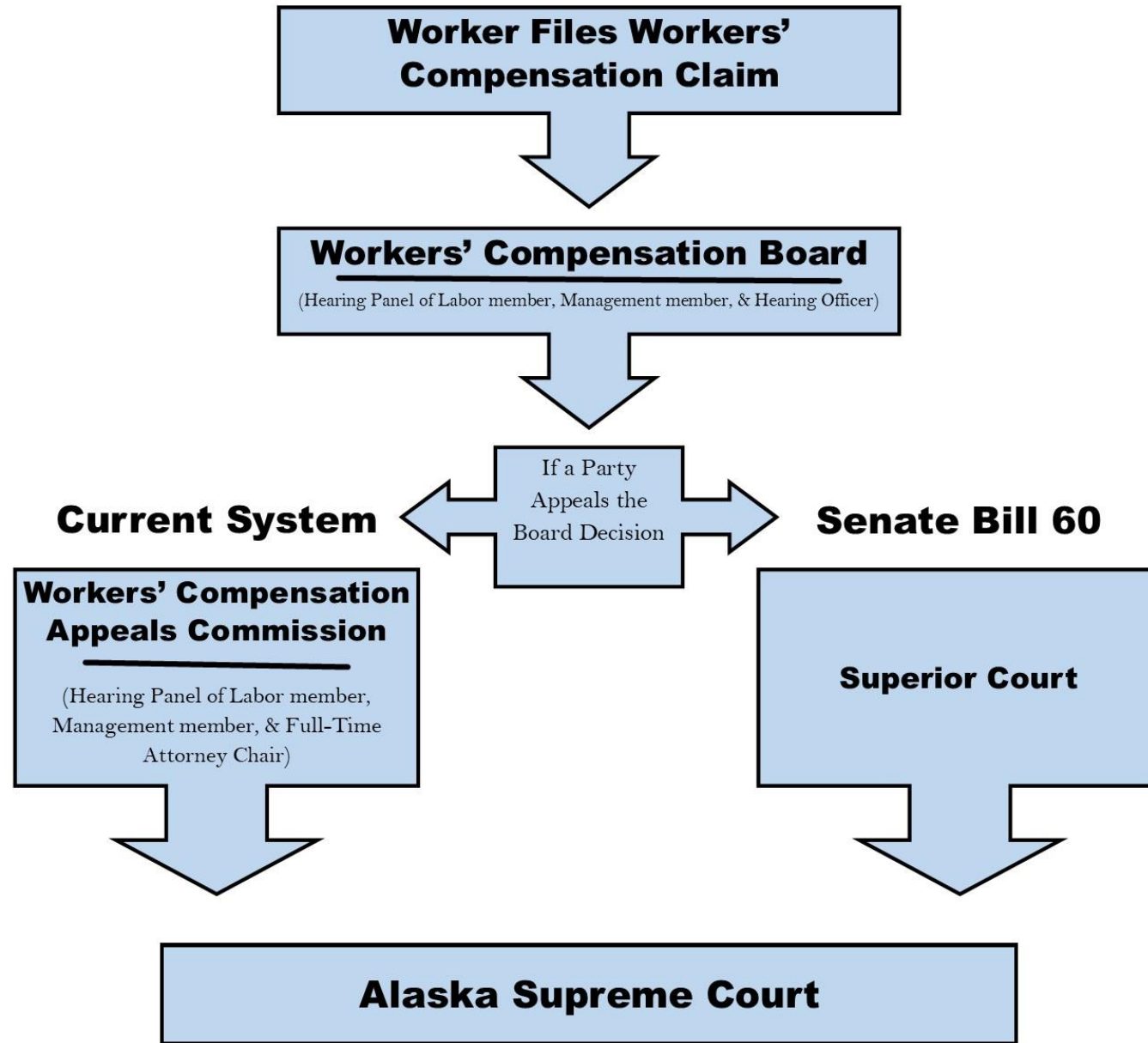
Returns jurisdiction over Workers' Compensation appeals to the Superior Court



Saves \$482,400 per year



Helps fill the Workers' Compensation budget deficit and make Alaska's Workers' Compensation system more solvent



SB 60 Will
Save \$482,400
Per Year

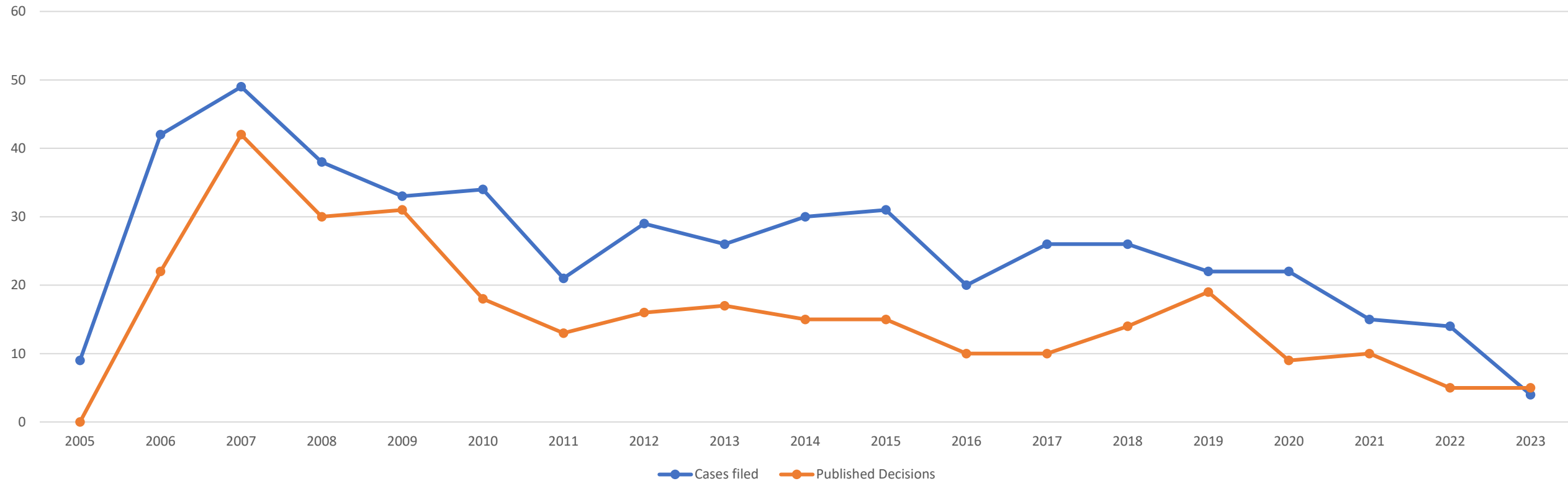


Currently the Commission has 2 full-time employees and pays for commissioners' travel and per diem



Previously, the Court System has testified that they can absorb these cases with a zero fiscal note

WCAC Workload has Fallen Dramatically



The Workers' Compensation Appeals Commission workload has declined from 49 cases filed and 42 published decisions in 2007 to 4 cases filed and 5 decisions issued in 2023.



29th Alaska State Legislature
House Finance Budget Subcommittee
Department of Labor and Workforce Development
FY 16 Operating Budget

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Capitol Room 412
465-4797

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465-4797

DEPARTMENT OF LABOR AND WORKFORCE
DEVELOPMENT FY2016 HOUSE FINANCE
BUDGET SUBCOMMITTEE NARRATIVE
REPORT

FEBRUARY 25, 2015

Recommendations:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development submits an operating budget for FY2016 as follows:

| | |
|----------------------------|--------------------|
| Fund Group: | |
| Unrestricted General Funds | \$23,042.2 |
| Designated General Funds | 35,275.5 |
| Other Funds | 20,592.8 |
| Federal Funds | <u>\$94,386.6</u> |
| Total | \$173,297.1 |

Positions:

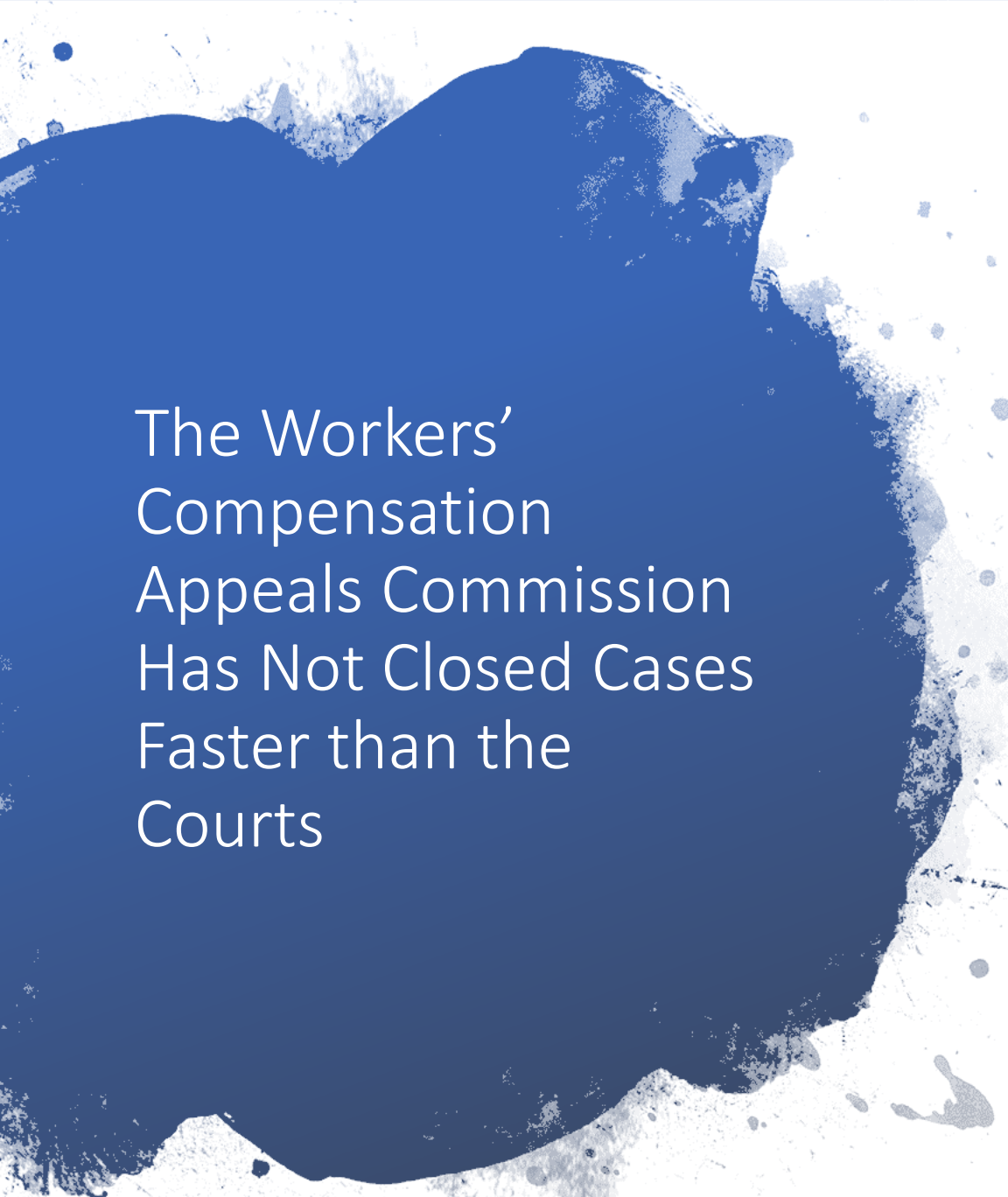
| | |
|------|-----|
| PFT | 772 |
| PPT | 71 |
| Temp | 8 |

BUDGET ACTION:

The House Finance Budget Subcommittee for the Department of Labor and Workforce Development held seven meetings with the department and took the following actions:

“The Worker’s Compensation Appeals Commission is an ineffective division... The Commission during the calendar year of 2013 closed 30 cases for a closure rate of 67 percent with an average time from filing to closure of seven months. This closure rate and average time for closure is not demonstrably better than the process was before the establishment of the commission.”

House Department of Labor and Workforce Development Finance Subcommittee, February 25, 2015

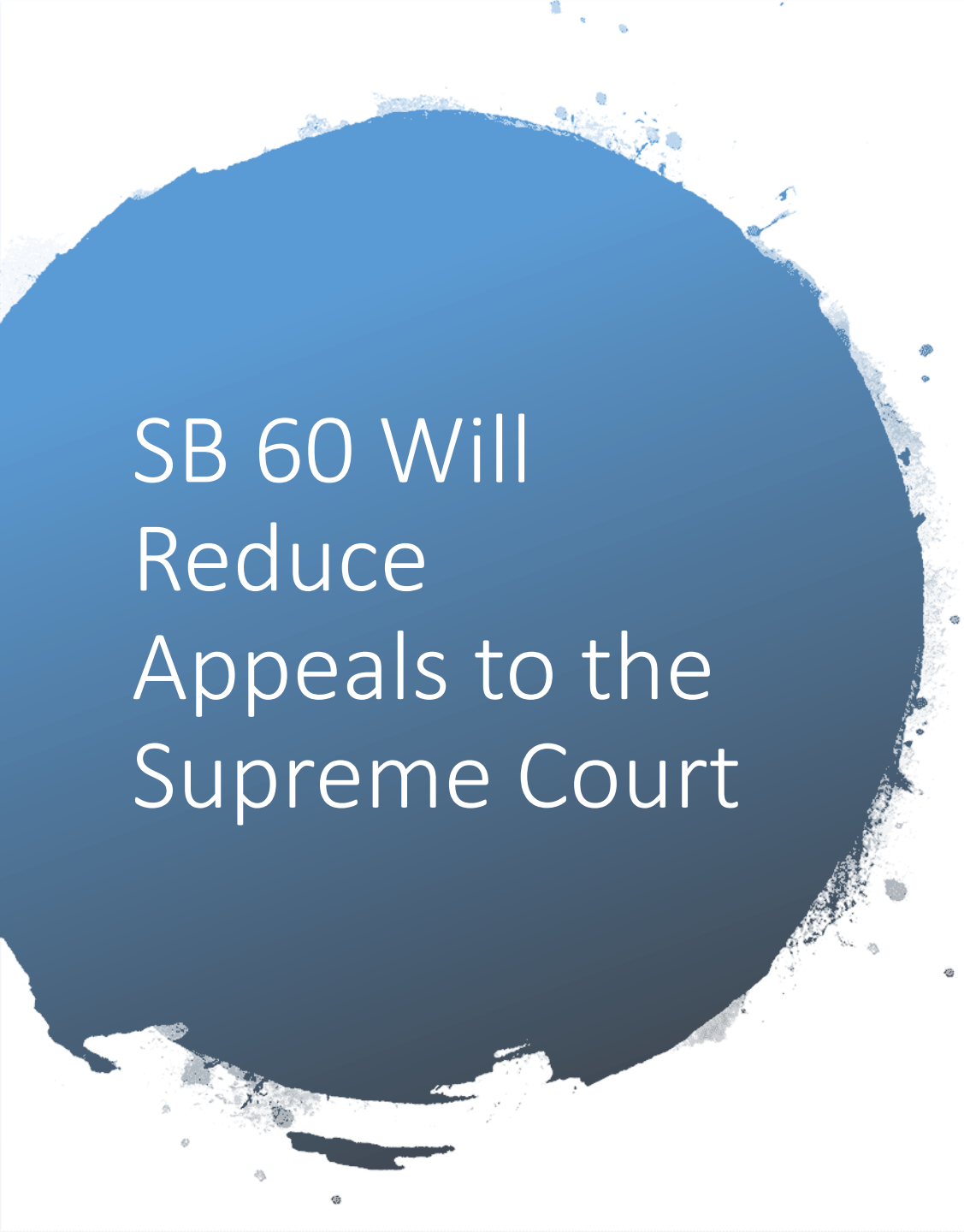


The Workers' Compensation Appeals Commission Has Not Closed Cases Faster than the Courts

- The Superior Court took “8 to 18 months” to decide Workers’ Compensation Appeals.
- When it was created, it was estimated that the Commission could decide cases in 6 months.
- Instead, in 2018 it averaged 371 days (12.2 months) to decide cases.
- Even as their workload decreased, in 2021 they still averaged 282 days (9.3 months) to decide cases.
- More Commission decisions are appealed to the Supreme Court, adding months to years before final resolution.

Sources: Testimony of Paul Lisankie, Director, Division of Workers’ Compensation, Senate Labor and Commerce Committee, March 10, 2005.

Alaska Workers’ Compensation Appeals Commission Annual Report for Calendar Year 2021.



SB 60 Will Reduce Appeals to the Supreme Court

When the Superior Court handled appeals approximately 25% of their decisions were appealed to the Supreme Court.

Since the Commission was created in 2005, 37% of its decisions have been appealed to the Supreme Court.

Since 2011, 50% of Commission decisions have been appealed.

Sources: Testimony of Doug Wooliver, administrative attorney, Alaska Court System, Senate Labor and Commerce Committee, March 10, 2005.
Legislative Research Services Report 24.077.

**State of Alaska
FY2025 Governor's Operating Budget**

**Department of Labor and Workforce Development
Workers' Compensation Appeals Commission
Component Budget Summary**

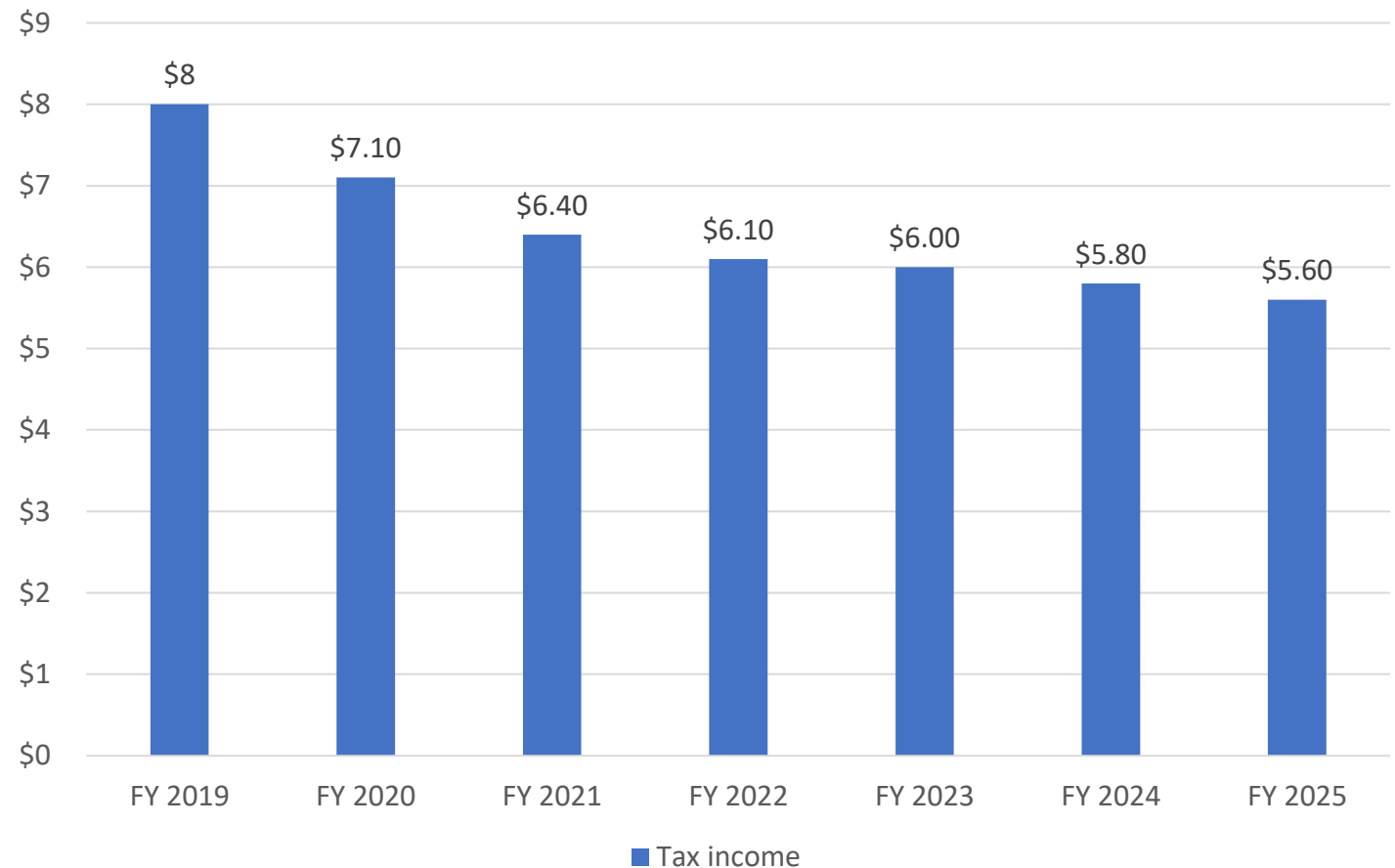
The Office of Management and Budget has identified potential staff turnover as a key component challenge

“The WCAC is challenged to provide timely decisions and orders. WCAC is supported by two staff. While no immediate staff turnover is anticipated, any attrition could result in less support for the commission, making it more difficult to provide timely decisions and orders.”

Alaska's Workers' Compensation and Safety Program Faces a Growing Budget Deficit- SB 60 Will Help Fill It

- Workers' Compensation and Safety are funded by a tax on Workers' Compensation payments
- Tax Revenue has fallen significantly and is expected to continue to decline.
- Saving \$482,300 will help close the growing budget gap.

Workers' Compensation Tax Income is Declining



Sources: Legislative Finance Division
Department of Revenue, Revenue Sources Book, Fall 2019 and 2023

Bottom Line



SB 60 saves \$482,400 annually



Preserves parties' right to have their cases heard in timely manner



Will reduce appeals to the Supreme Court



Makes Alaska's Workers' Compensation system more solvent



Questions?

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