

Budget & Services for Protecting Workers

House Finance Subcommittee

February 5, 2025

Presented by:

Tanya Keith, Labor Standards & Safety Director
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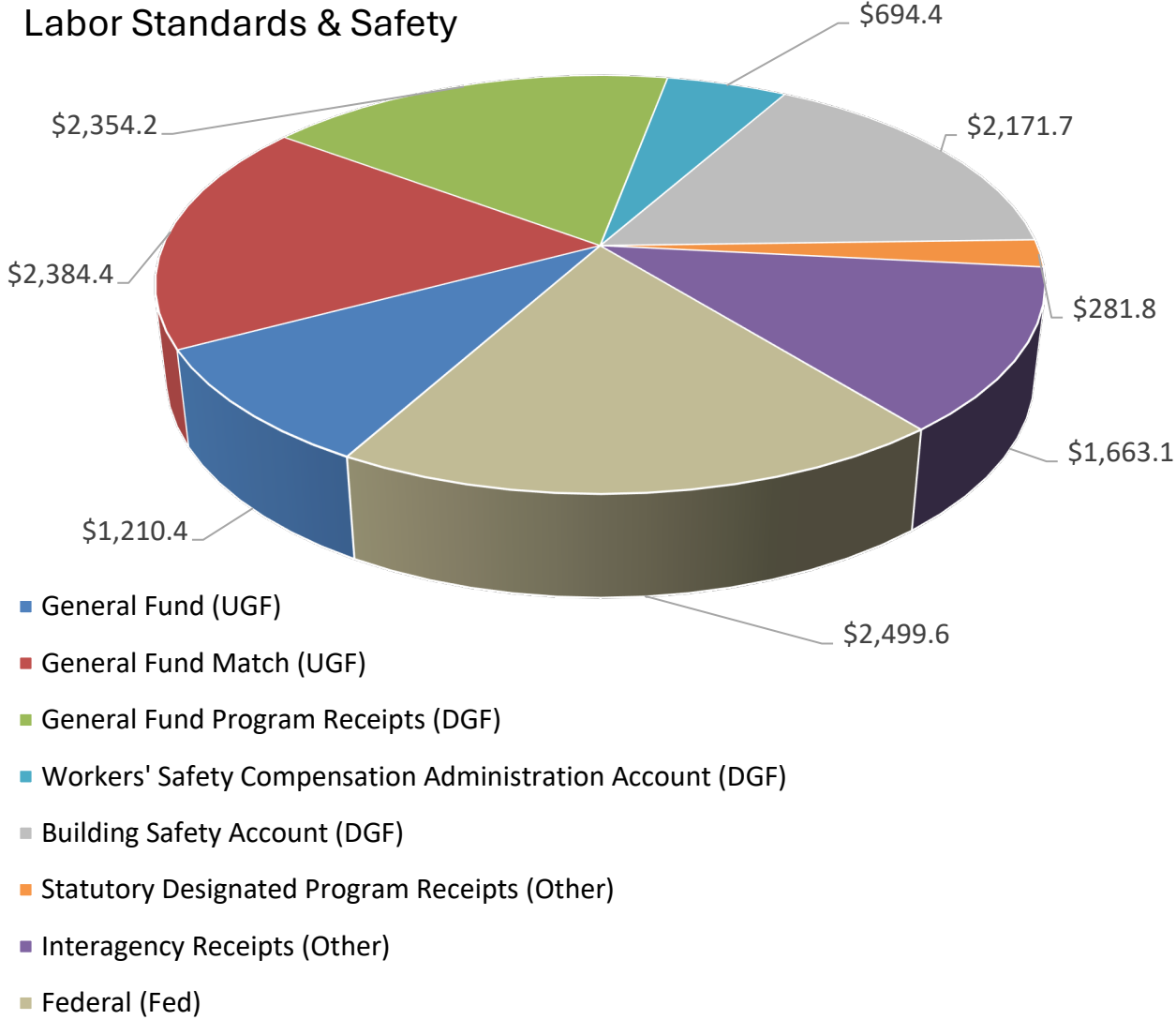


ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
Cathy Muñoz, Commissioner

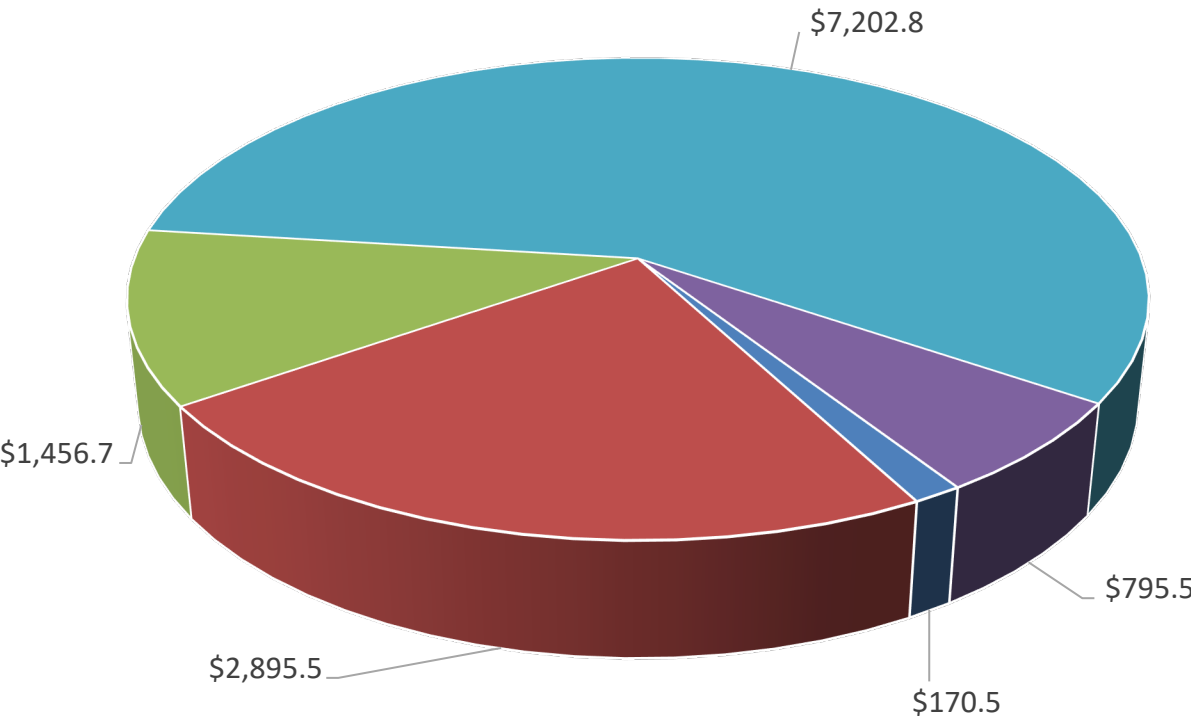


Fund Source Breakdown – Protect Workers (\$ in Thousands)

Labor Standards & Safety



- General Fund (UGF)
- Second Injury Fund (DGF)
- Fishermen's Fund (DGF)
- Workers' Safety Compensation Administration Account (DGF)
- Workers' Compensation Benefits Guarantee Fund (DGF)



Workers' Compensation

Labor Standards & Safety Division

Wage & Hour

Mechanical Inspection

Alaska Occupational Safety and Health (AKOSH) Enforcement

AKOSH Consultation and Training

Alaska Safety Advisory Program (formerly Alaska Safety Advisory Council)



Mechanical Inspection - FY26 Budget Changes (\$ in Thousands)

Revenue Offset (UGF) Due to Certificate of Fitness (COF) Legislation - \$58.8

- Trainee COF Applications - FY22 - FY24: Average 297/year received
FY25: 11 received
- There has been no increase to processing time for COF applications

Repurposing Positions Vacant 3+ Years

SIC Electrical Inspector, Anchorage, vacant 6+ years (for ASAP)

Electrical Inspector, Juneau, vacant 3+ years (for ASAP)

SIC Elevator Inspector, Anchorage, vacant 5+ years (Revising)

This is not expected to have a negative effect on the number of inspections conducted

Mechanical Inspection – FY26 Program Adjustments (\$ in Thousands)

- **Trainee COF Issued for Six Year Cycle** – 836 (80%) complete, 178 in process
- **New COF Licensing System Software** – Capital budget request of \$85.0
- **Updating Licensing Regulations** – Electrician and Plumbers COF
- **Third Party Testing** – Unions, outside agencies, making plans for remote Job Centers
- **Travel Planning** – Intentional scheduling to increase inspections, bring down cost

Executive Order 135 - Alaska Safety Advisory Program (ASAP)

(\$ in Thousands)

FY26 Operating Budget Request - \$290.4 (UGF)

New Responsibilities -

- Develop coordinated state policy and program for safety and health of residents
- Consult with and make recommendations to public agencies regarding accident prevention and safety and health issues affecting the public
- Make recommendation to the governor and legislature on the achievement of a coordinated state policy and program for the safety and health of state residents
- Organize and hold the annual Governor's Safety and Health Conference (GSHC)

Alaska Safety Advisory Program – FY26 Adjustments

Partnering with State and Public Agencies

- AKOSH and DOTPF
- Alaska Safety Alliance
- Seafood Industry Safety Committee (SISC)

GSHC planning – April 8 & 9, 2025

- 13 division employees taking on extra duties to plan conference
- GSHC Committee, 12 community volunteers (military, construction, oil/gas, travel & tourism, and safety)
- Launched High School AV Club Video Competition (sponsored by Hilcorp and Enstar)



Repurposed positions for ASAP: Planned for Program Coordinator 2, Project Assistant

Workers' Compensation Division

Administration:

- Log almost 20,000 reports of injury annually
- Track \$250m in benefits and services
- Compile and store data from over 60 years of claims

Adjudication:

- Publish decisions of formal hearings
- Mediate agreements between parties
- Hold thousands of informal meetings for expediency of claims

Reemployment:

- Orders eligibility evaluations
- Approves reemployment plans
- Monitors rehabilitation specialists
- Coordinate Stay-At-Work/Return-To-Work benefits

Investigation:

- Investigate and educate employers
- Follow up on fraud claims
- Collaborate with other investigative units to keep Alaska workers safe

Workers' Compensation Benefits Guaranty

- Provide for medical and indemnity benefits for injured uninsured workers
- Process payments on judgements from uninsured employers
- Actively manage the Benefits Guaranty Fund

Fisherman's Fund

- Manage and reimburse commercial fisherman's injury claims
- Actively manage the "Fisherman's Fund"
- Manage the claims database

Self-Insurance Program

- Ensure the self-insured entity meets statutory financial criteria
- Perform annual audits on each organization
- Collects proper collateral as prescribed by statute

Designated General Funds Within Workers Compensation

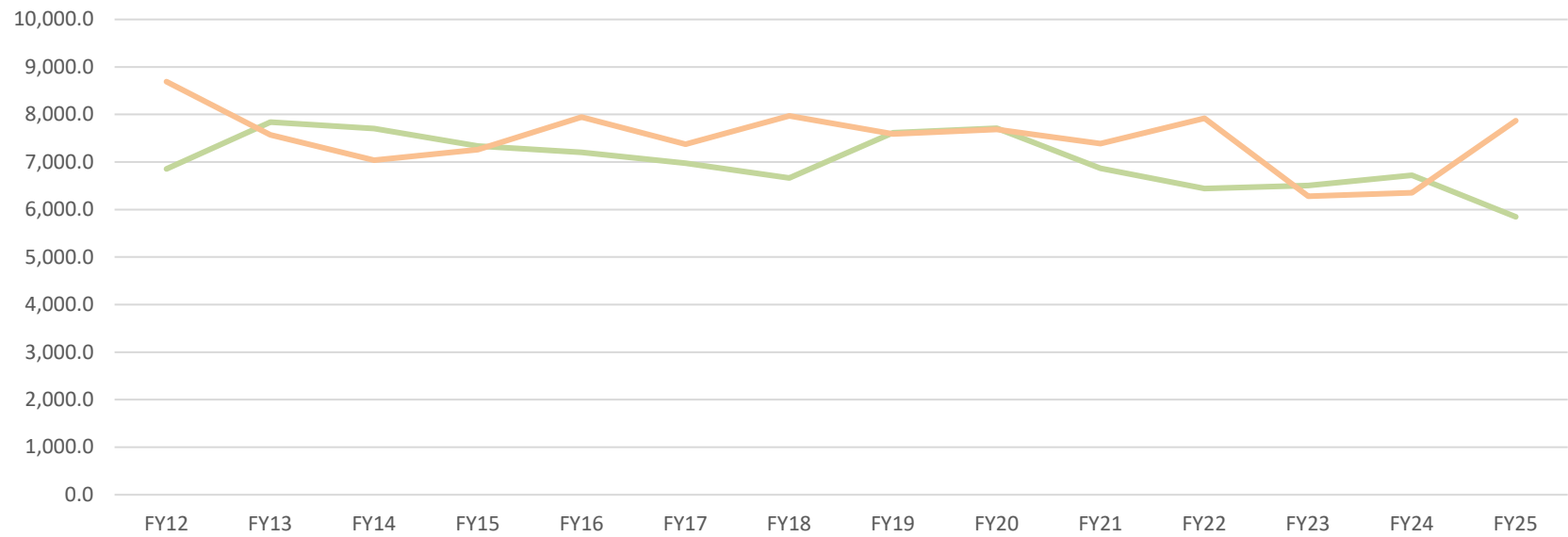
Second Injury Fund – (1031) Designated fund for the purpose of reimbursing compensation payments made by employers, or their insurers or adjusters, to certain injured employees. Sunset for claims August 2018.

Fishermen's Fund – (1032) Established in 1951, the Fishermen's Fund provides for the treatment and care of Alaska licensed commercial fishermen who have been injured while fishing on shore or offshore in Alaska.

Benefit Guaranty Fund – (1203) Established by the Alaska Legislature in 2005 and is applicable to injuries occurring on or after November 7, 2005. The Fund was created to assist injured workers who were injured while working for an uninsured employer, i.e., an employer who failed to have workers' compensation insurance on the date of injury. The Fund's revenue comes from civil penalties assessed against uninsured employers.

Workers' Safety and Compensation Administration Account (WSCAA) – (1157) Designated fund for the purpose of administration of the workers' safety programs contained in AS 18.60 and of the Alaska Workers Compensation Act contained in AS 23.30.

WSCAA Fund Balance (\$ in Thousands)



	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25
REVENUE														
Insurer Premium Tax	\$ 4,399.2	\$ 5,401.7	\$5,401.7	\$4,991.4	\$5,060.9	\$4,833.3	\$4,544.1	\$5,398.9	\$5,600.2	\$4,902.5	\$4,442.8	\$4,498.6	\$4,654.8	\$4,631.5
Self-Insurer Service Fee	\$ 2,454.8	\$ 2,438.0	\$2,293.3	\$2,335.9	\$2,134.1	\$2,130.7	\$2,109.5	\$2,063.4	\$1,667.5	\$1,411.0	\$1,684.7	\$1,486.4	\$1,600.1	\$ 954.9
WC Penalties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147.6	\$ 434.2	\$ 539.8	\$ 306.7	\$ 520.4	\$ 464.4	\$ 258.5
Misc	\$ 26.8	\$ 19.6	\$ 11.8	\$ 10.1	\$ 8.3	\$ 10.3	\$ 9.8	\$ 6.2	\$ 7.3	\$ 13.2	\$ 5.2	\$ 1.9	\$ 3.4	\$ 2.1
Revenue Total	\$ 6,854.0	\$ 7,839.7	\$7,706.8	\$7,337.4	\$7,203.4	\$6,974.2	\$6,663.4	\$7,616.2	\$7,709.2	\$6,866.5	\$6,439.3	\$6,507.3	\$6,722.7	\$5,846.9
EXPENDITURE														
Workers' Comp	\$ 5,258.0	\$ 5,165.3	\$5,622.0	\$5,563.5	\$5,522.9	\$5,360.4	\$5,511.1	\$5,368.9	\$5,330.1	\$4,849.5	\$5,568.0	\$5,647.7	\$5,680.0	\$6,595.7
WC Appeals Commission	\$ 490.1	\$ 449.3	\$ 402.1	\$ 332.5	\$ 377.4	\$ 251.1	\$ 301.7	\$ 323.0	\$ 344.9	\$ 331.0	\$ 349.3	\$ 391.6	\$ 373.8	\$ 457.1
Occupational Safety and Health	\$ 2,208.1	\$ 577.9	\$ 755.2	\$ 945.9	\$1,921.5	\$1,668.8	\$2,097.5	\$1,829.1	\$1,908.7	\$2,137.1	\$1,923.5	\$ 157.4	\$ 226.8	\$ 686.0
Labor Market Info	\$ 126.1	\$ 112.5	\$ 103.5	\$ 110.9	\$ 108.1	\$ 87.1	\$ 60.8	\$ 67.6	\$ 101.3	\$ 71.4	\$ 79.3	\$ 83.6	\$ 69.9	\$ 133.3
Expenditure Total	\$ 8,691.3	\$ 7,573.5	\$7,037.4	\$7,260.4	\$7,945.2	\$7,377.3	\$7,971.1	\$7,588.7	\$7,685.0	\$7,389.0	\$7,920.2	\$6,280.2	\$6,350.5	\$7,872.1

Senate Bill 147 – Program Changes (\$ in Thousands)

FY26 Operating Budget Request - \$125.4 (UGF)

Protection for the Benefit Guaranty Fund – Established as a separate fund within the State Treasury

- Penalties AS 23.30.080
- Fund Establishment AS 23.30.082

Adjustments to Reemployment Benefits – Increase in compensation from \$13.3 to \$22.2

- Increase in consecutive days missed before an evaluation must be performed
- Update in the reference for job analysis
- Promotes faster communication between all involved parties

Established a Stay-at-Work/Return-to-Work Program

- AS 23.30.043 Stay-at-Work Benefits
- Created a program coordinator position to facilitate the communication to facilitate the process

Created a PTSD Compensability Presumption for First Responders

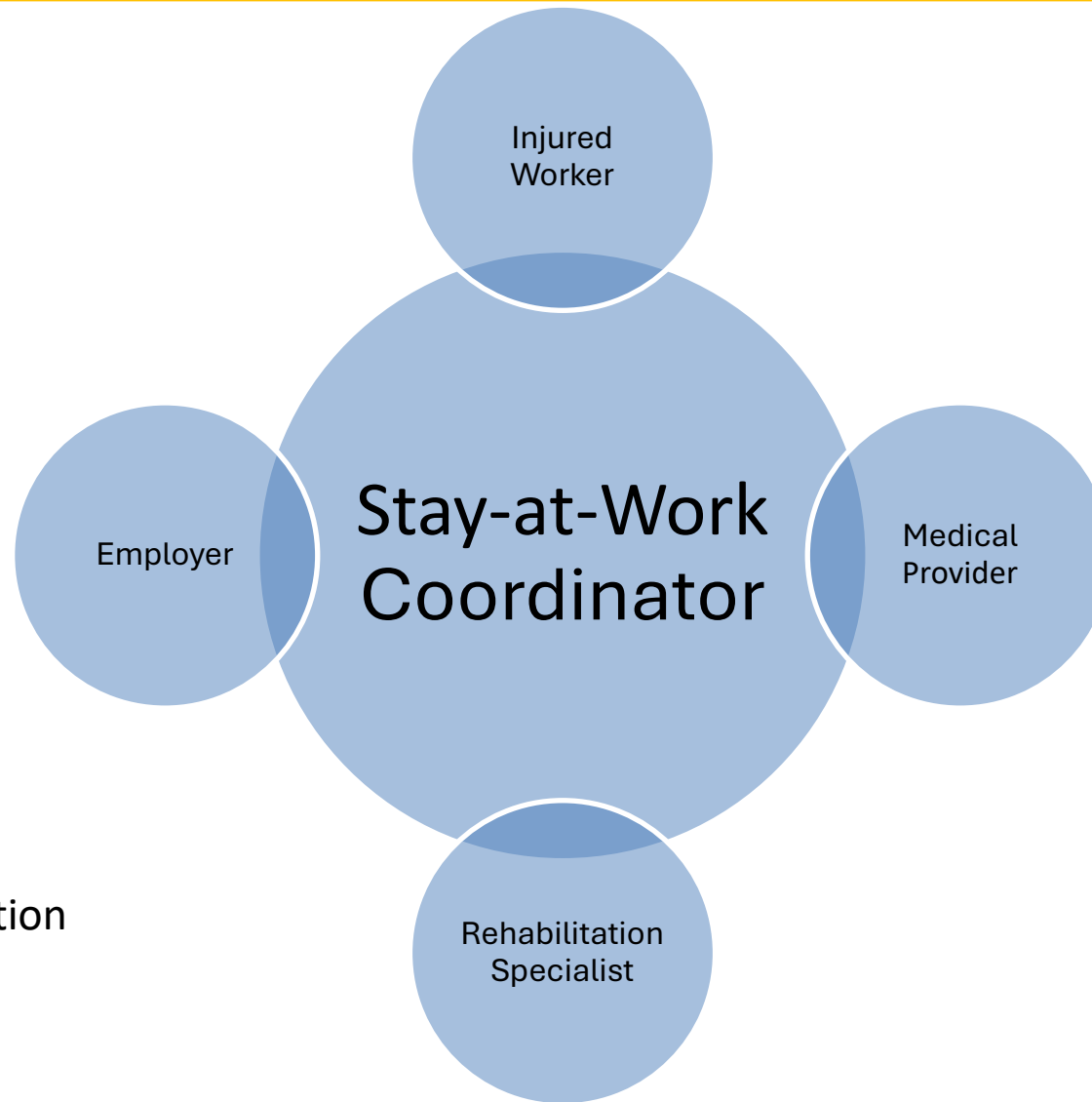
- AS 23.30.118 Presumption of compensability for post-traumatic stress disorder
- Lists seven employment types covered

Created a Regulation Project - Currently in process



Key Elements of a Successful Stay-at-Work Program

- Leadership Commitment
- Policy Development
- Dedicated Personnel
- Open Communication
- Reasonable Accommodations
- Transitional Work Options
- Healthcare Provider Collaboration



Without the Stay-at-Work Coordinator position to foster communication and collaboration an impasse is reached.

Benefit:

Reduced absenteeism and employee turnover, improved employee morale and engagement, lower workers' compensation costs, and increased productivity and retention of skilled employees.

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