

Alaska Workers' Compensation

House Finance Subcommittee

February 6, 2026

Charles Collins, Director



ALASKA DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
Cathy Muñoz, Commissioner



Workers' Compensation Funding

Workers' Safety and Compensation Administration Account (WSCAA): Fees collected from insurers, adjusters, and self-insured or uninsured employers alongside Second Injury Fund contributions

- Purpose: Finances administrative operations of the Workers' Compensation Division
- Current Status: Facing depletion by the end of Fiscal Year 2025 due to declining revenue from reduced insurance premiums, prompting discussions for restructuring to avoid resorting to general fund support

Workers' Compensation Benefits Guaranty Fund (BGF): Civil penalties paid by employers (AS 23.30.080)

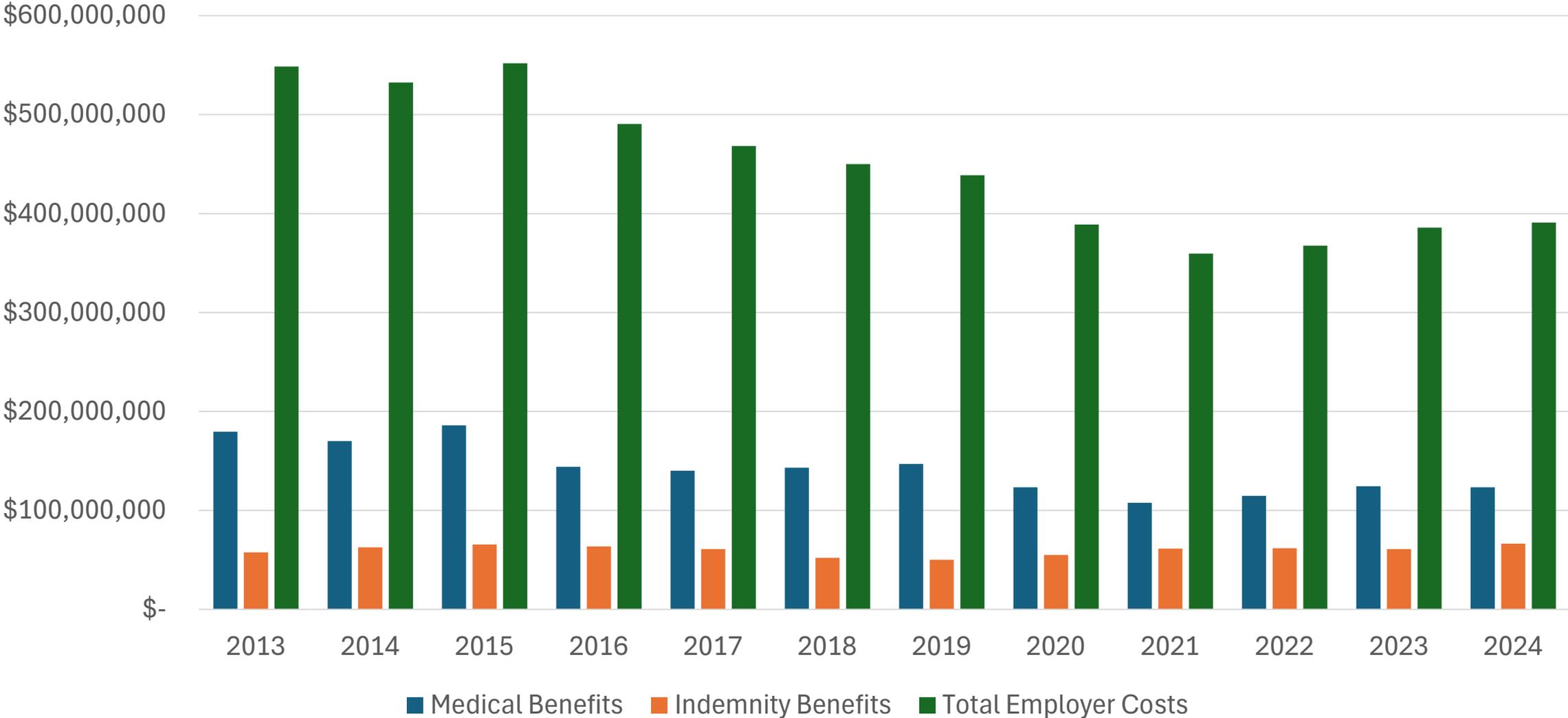
- Purpose: Ensures injured workers receive benefits when their employer lacks insurance or becomes insolvent. Initially seeded through civil penalties and recoveries from non-compliant employers
- Recent Legislative Changes: Senate Bill 183 (April 2024) prevents year-end sweep transfers of this fund's balance into the general fund, ensuring availability for ongoing benefit payments

Second Injury Fund (SIF): Each insurer, adjuster, and uninsured employer contributes annually (up to 6% of each claim) on March 1, based on certain types of disability compensation

- Purpose: Reimburses employers or insurers for part of an injured worker's compensation when a pre-existing condition combined with a new injury results in greater disability
- Status: Legislation (SCS CSHB 79, 2018) **closed** the Fund to new claims post-August 31, 2018. Currently, limited to settling existing obligations, and when fully resolved, any remaining balance will revert to the General Fund

Employer Costs for Workers' Compensation

(In Whole Dollars)



Workers' Safety and Compensation Administration Account (In Whole Dollars)

Workers' Safety and Compensation Administration Account (WSCAA)												
Revenue-Expenditure Fund Report												
Updated 1/29/2026								Actuals	Projection	Projection	Full Authority >	
	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
REVENUE												
Insurer Premium Tax	\$4,544,123	\$5,398,947	\$5,600,176	\$4,902,503	\$4,442,776	\$4,498,567	\$4,654,752	\$4,636,345	\$4,404,529	\$4,404,529	\$4,404,529	\$4,404,529
Self-Insurer Service Fee	\$2,109,489	\$2,063,408	\$1,667,542	\$1,411,007	\$1,684,670	\$1,486,445	\$1,600,136	\$1,664,868	\$1,572,530	\$1,572,530	\$1,572,530	\$1,572,530
WC Penalties	\$ -	\$147,603	\$434,225	\$539,792	\$306,690	\$520,436	\$464,385	\$339,755	\$332,960	\$332,960	\$332,960	\$332,960
Misc	\$9,789	\$6,207	\$7,251	\$13,228	\$5,210	\$1,850	\$3,385	\$10,876	\$10,660	\$10,660	\$10,660	\$10,660
Revenue Total	\$6,663,401	\$7,616,164	\$7,709,194	\$6,866,529	\$6,439,346	\$6,507,298	\$6,722,658	\$6,651,845	\$6,320,679	\$6,320,679	\$6,320,679	\$6,320,679
EXPENDITURE												
Workers' Comp	\$5,511,057	\$5,368,923	\$5,330,051	\$4,849,491	\$5,568,015	\$5,647,670	\$5,679,968	\$6,548,782	\$6,177,720	\$6,800,000	\$7,345,000	\$7,389,000
WC Appeals Commission	\$301,739	\$323,041	\$344,934	\$330,968	\$349,341	\$391,564	\$373,796	\$371,610	\$442,088	\$457,000	\$460,000	\$463,000
Occupational Safety and Health	\$2,097,547	\$1,829,104	\$1,908,692	\$2,137,115	\$1,923,531	\$157,410	\$226,803	\$616,503	\$413,900	\$413,900	\$718,000	\$722,000
Labor Market Info	\$60,779	\$67,646	\$101,347	\$71,403	\$79,270	\$83,604	\$69,946	\$77,426	\$75,000	\$75,000	\$143,000	\$144,000
Expenditure Total	\$7,971,122	\$7,588,714	\$7,685,025	\$7,388,976	\$7,920,156	\$6,280,248	\$6,350,514	\$7,614,321	\$7,108,707	\$7,745,900	\$8,666,000	\$8,718,000
Fund Sweep					\$2,040,403	\$332,234	\$374,562					
FUND BALANCE / SHORTFALL	\$4,026,576	\$4,054,027	\$4,126,314	\$3,603,868	\$82,654	\$(22,530)	\$(24,947)	\$(962,476)	\$(788,028)	\$(1,425,221)	\$(2,345,321)	\$(2,397,321)

Notes:

Insurer Revenue: The Division of Insurance collects a 2.7 percent tax from insurers on their annual Workers' Compensation premiums. Of this, 2.5 percent is deposited into the Workers' Safety and Compensation Administration Account (WSCAA) fund and the remaining .2 percent is deposited into the General Fund.

Self-Insurer Revenue: The Workers' Compensation Division collects a 2.9 percent Service Fee of all payments reported to the Division.

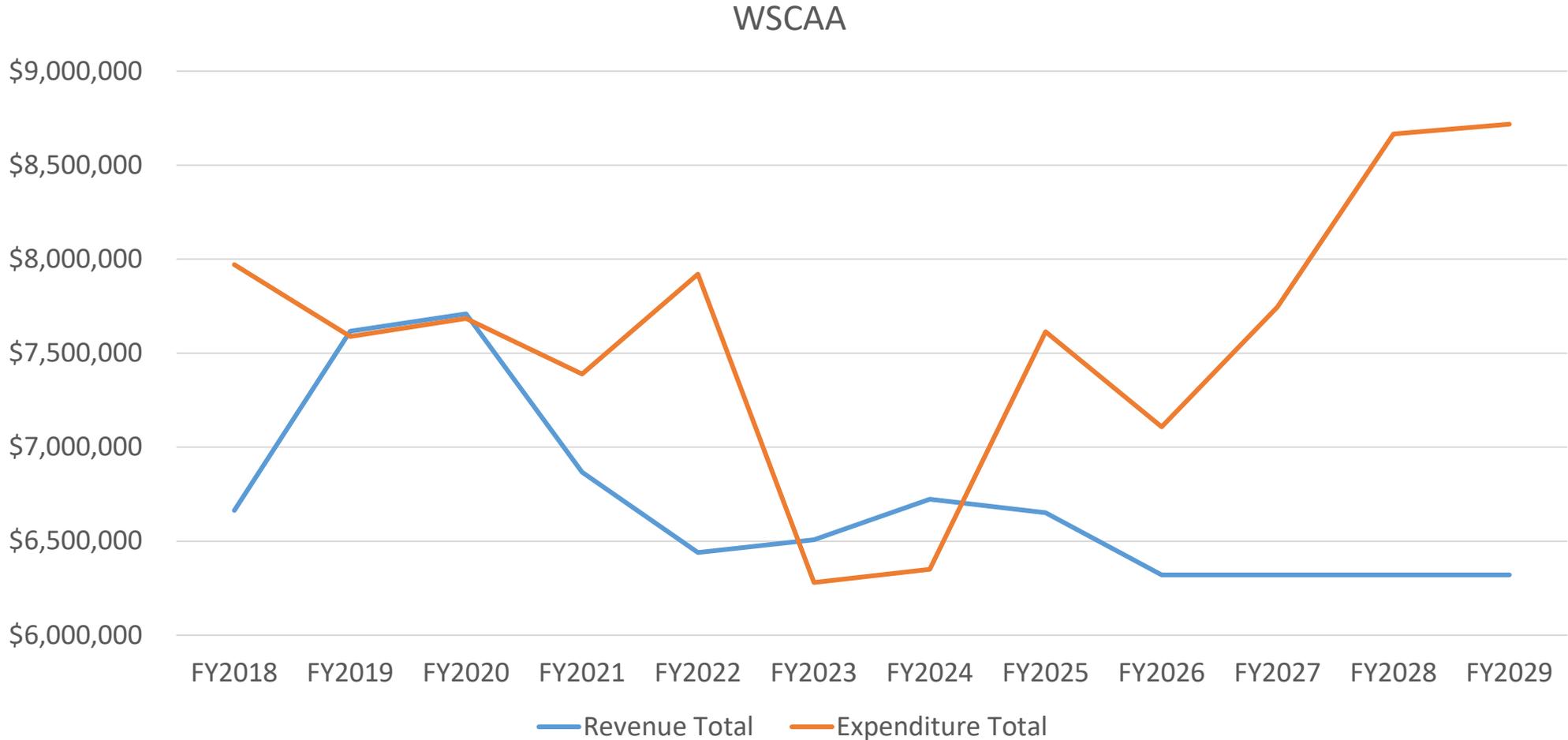
WC Penalties: Established by HB79, eff 11/23/2018. Includes penalties for late-filed compensation reports and late-filed annual reports.

Misc Revenue: Misc Revenue includes Copy Fees by WC and WCAC, and OSH misc revenue. Includes Uninsured Service Fee.



Revenues vs. Expenditures

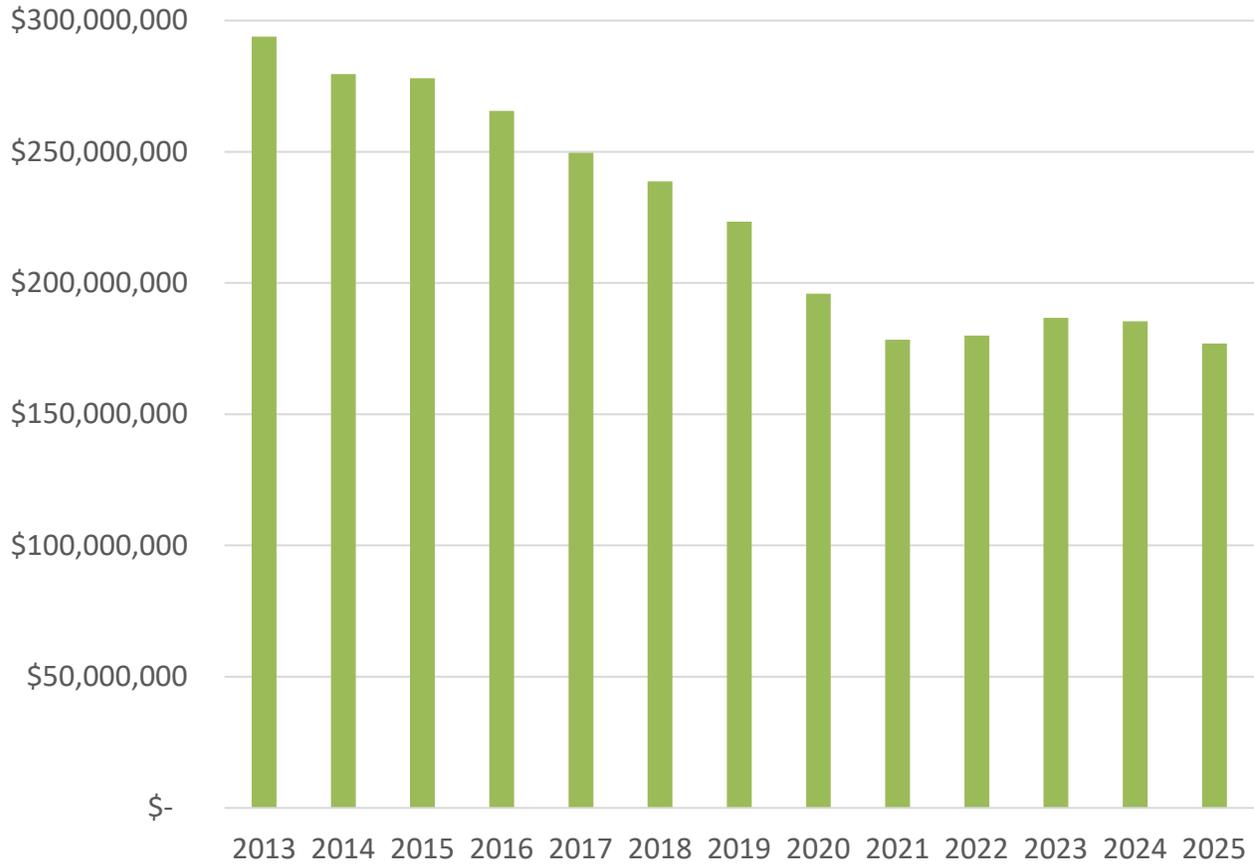
(In Whole Dollars)



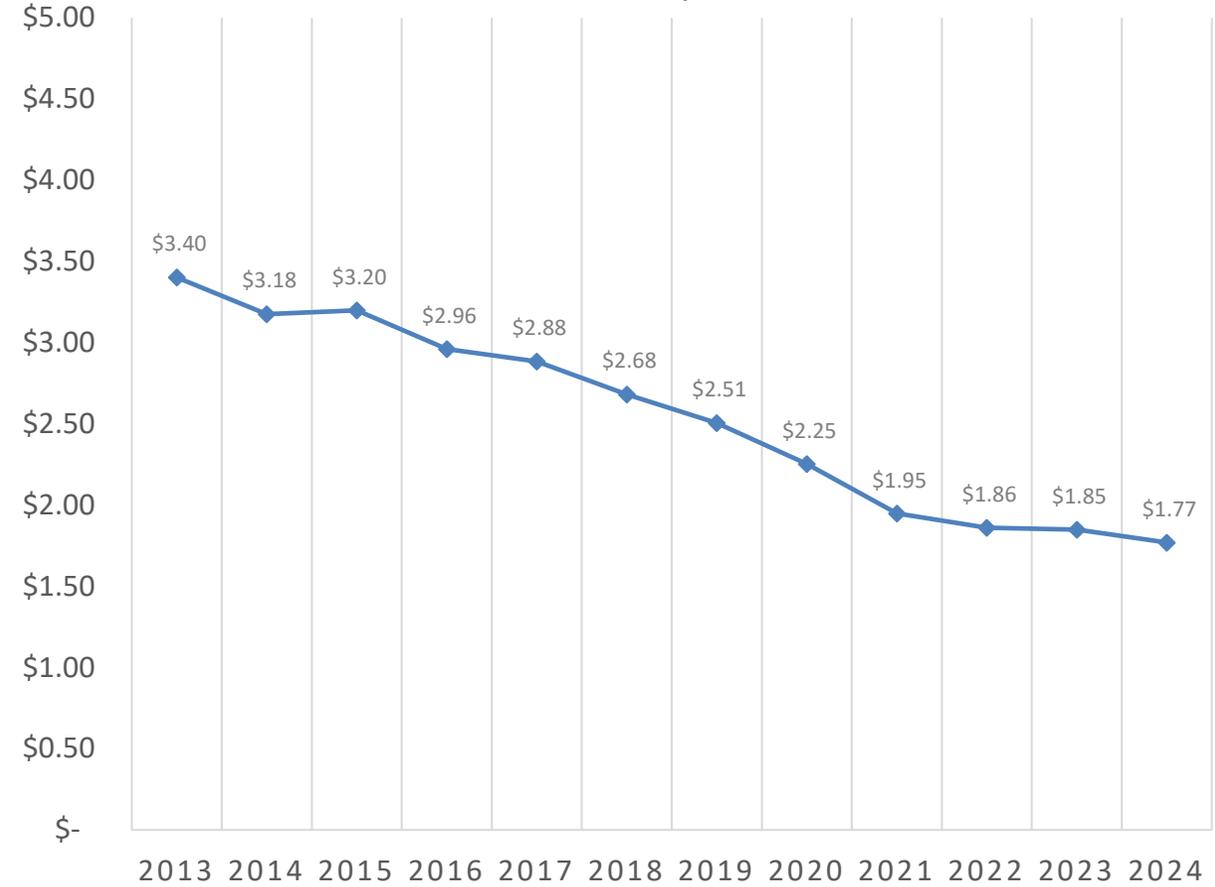
Workers' Compensation Premiums

(In Whole Dollars)

PREMIUMS



EMPLOYER COSTS PER \$100 OF PAYROLL



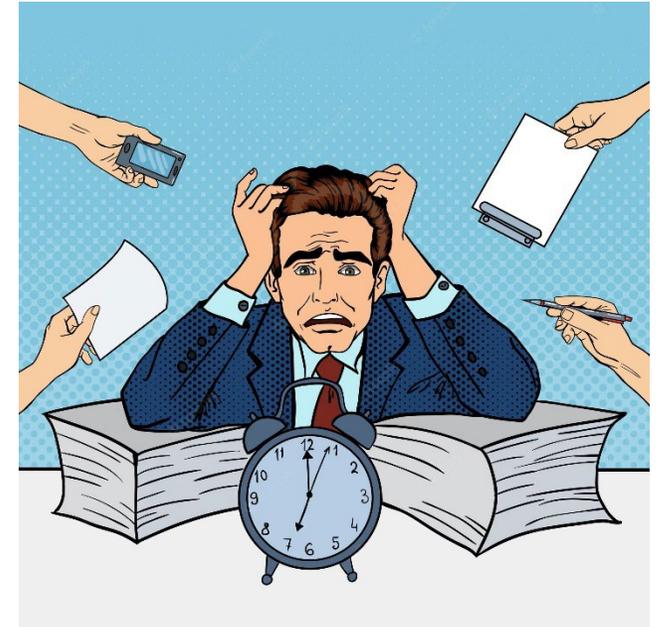
Current Management Decisions

Implemented:

- 13 vacant positions – 26% vacancy rate
- Restructured operations – 3 fewer supervisors
- Updates to claim database and computer equipment on hold

Results:

- Fairbanks location currently closed to the public
- Longer response times to injured employees
- Delayed hearing schedules
- Extended periods of benefits paid or unpaid
- Staff stress and burnout



PREPARING ALASKANS FOR THE JOBS OF TODAY — AND TOMORROW

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