

Workers' Compensation and Labor Standards and Safety

Labor House Finance Subcommittee

February 1, 2017

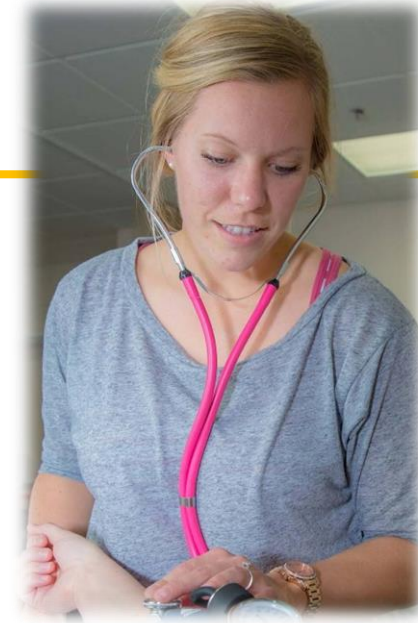


ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS

Workers' Compensation

MISSION:

To ensure the efficient, fair and predictable delivery of indemnity, medical and vocational rehabilitation benefits intended to enable workers to return to work at a reasonable cost to employers

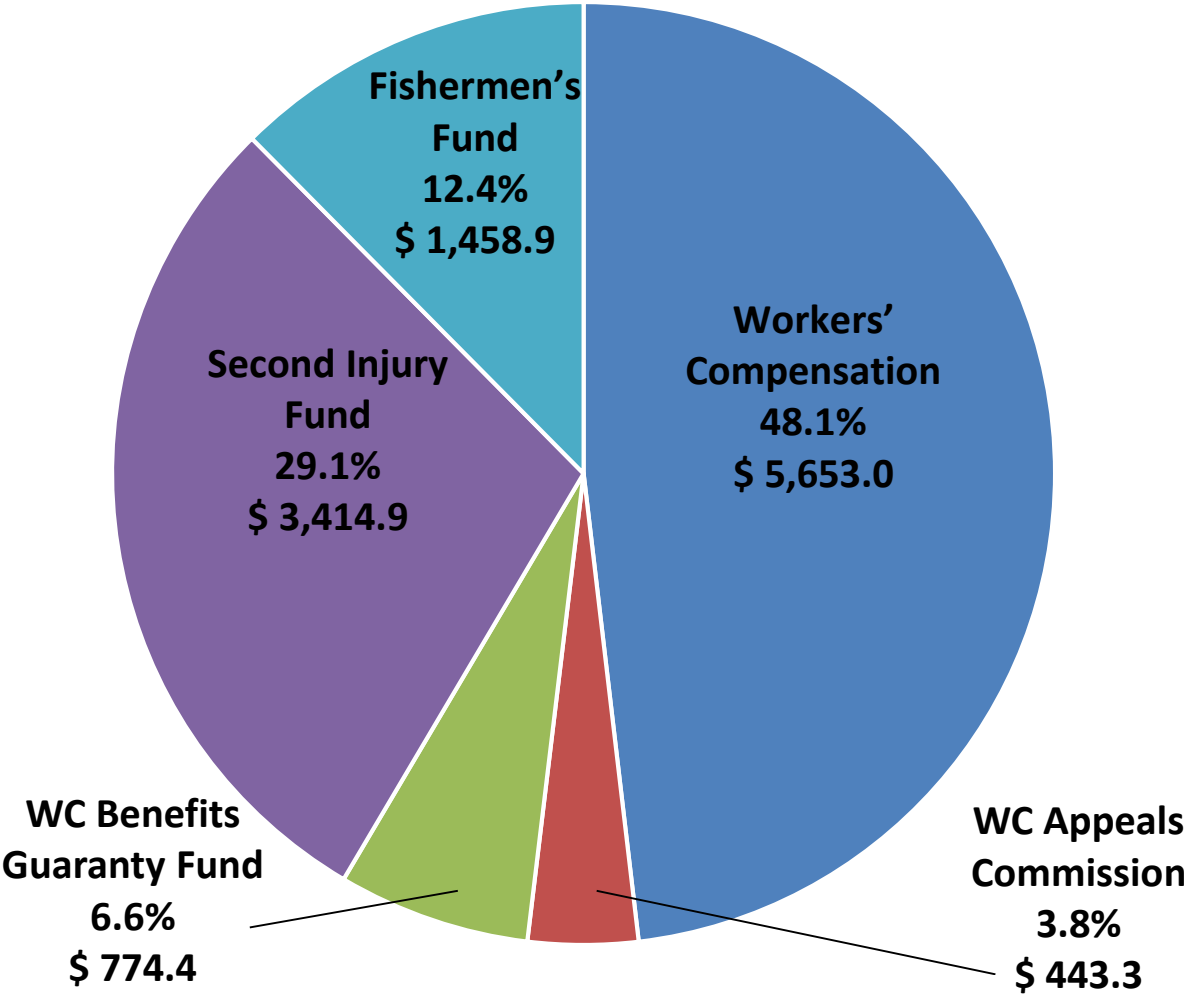


CORE SERVICES:

- Ensure compliance with the Workers' Compensation Act
- Conduct timely workers' compensation hearings
- Operate a timely and efficient appeals program
- Process Fisherman's Fund claims timely
- Administer a vocational rehabilitation benefits and training program for injured workers

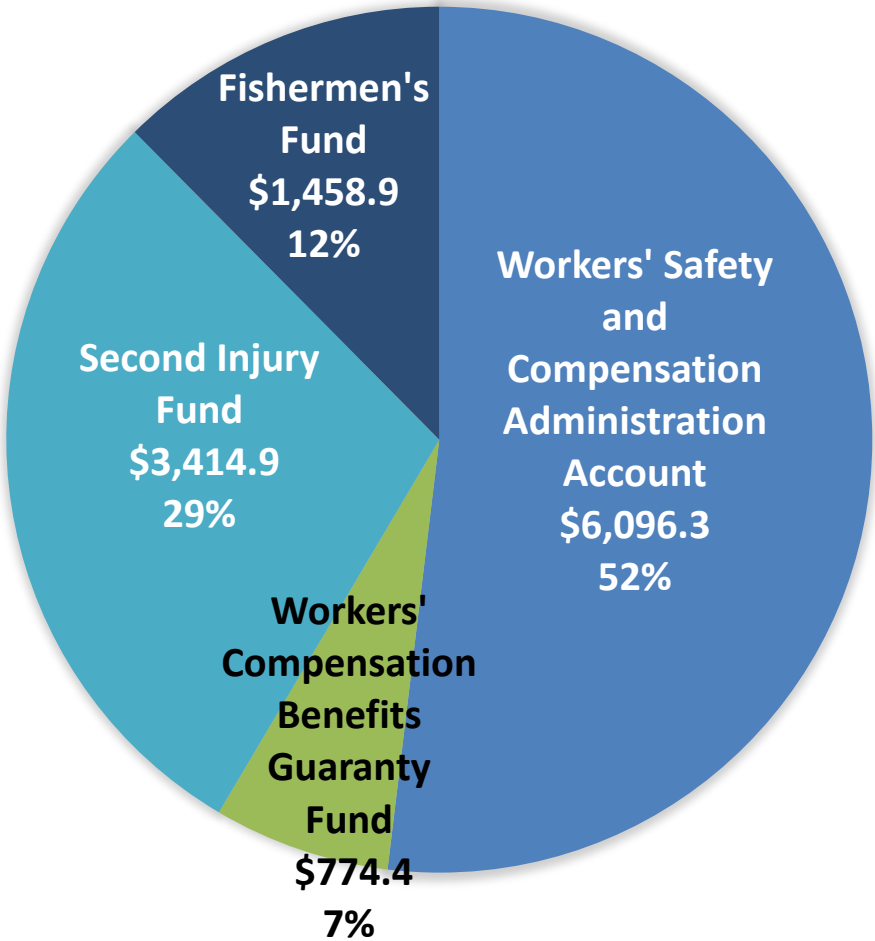


Workers' Compensation FY2018 Budget by Component



Workers' Compensation FY2018 Budget by Fund Source

100% Designated General Funds



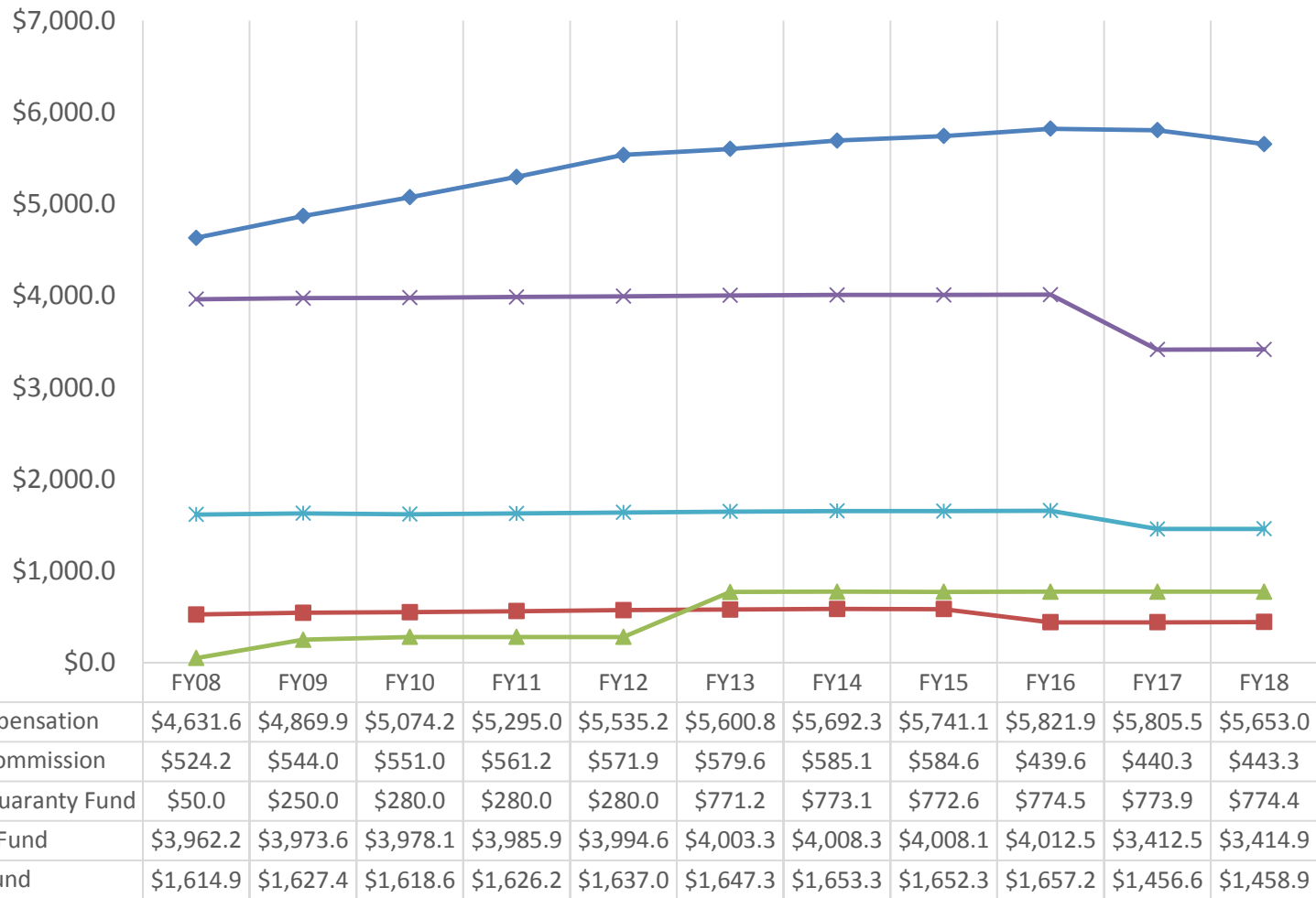
Workers' Compensation Fund Source Information

All of these are Designated General Funds:

Fund Source	Income Source	Use
Workers' Safety and Compensation Administration Account (DGF)	A tax on Workers' Compensation premiums	Workers' safety and compensation program administration expenses
Workers' Compensation Benefits Guaranty Fund (DGF)	Penalties and fines to uninsured employers	Benefits to injured workers of uninsured employers
Second Injury Fund (DGF)	A percentage of indemnity benefits paid	Reimburses a employers for indemnity (wage-replacement) benefits paid to "reinjured" employees
Fishermen's Fund (DGF)	A percentage of fishermen's and commercial fishing licenses	Medical cost reimbursement for injured fishermen



Workers' Compensation Budget by Component FY08-FY18



Workers' Compensation FY2016 Program Highlights

- Investigated approximately 2,500 businesses, and brought 525 employers into compliance with the Workers' Compensation Act
- Issued civil penalties for noncompliant employers totaling over \$1.1 million
- Increased the number of successfully mediated cases, which saves time and money



Workers' Compensation Program Challenges

- Rising medical costs and their impact on Workers' Compensation premiums
- Providing timely dispute resolution
- Declining Workers' Safety and Compensation Administration Account balance
- Prosecuting civil/criminal worker misclassification and failure to insure cases



Workers' Compensation Indirect Expenditures



- Workers' Compensation Uninsured Penalty Reductions:
 - Automatic penalty reduction (-25%) for voluntary employer stipulation
 - The WC Board can suspend penalties in whole or in part
- WC Appeals Filing and Transcription Fee Waivers:
 - Ensures due process for individuals unable to pay
- WC Claim Reports Late Filing Penalty Reductions:
 - If 95% of a filer's filings are made timely, this penalty can be reduced in whole or in part



Labor Standards and Safety



MISSION:

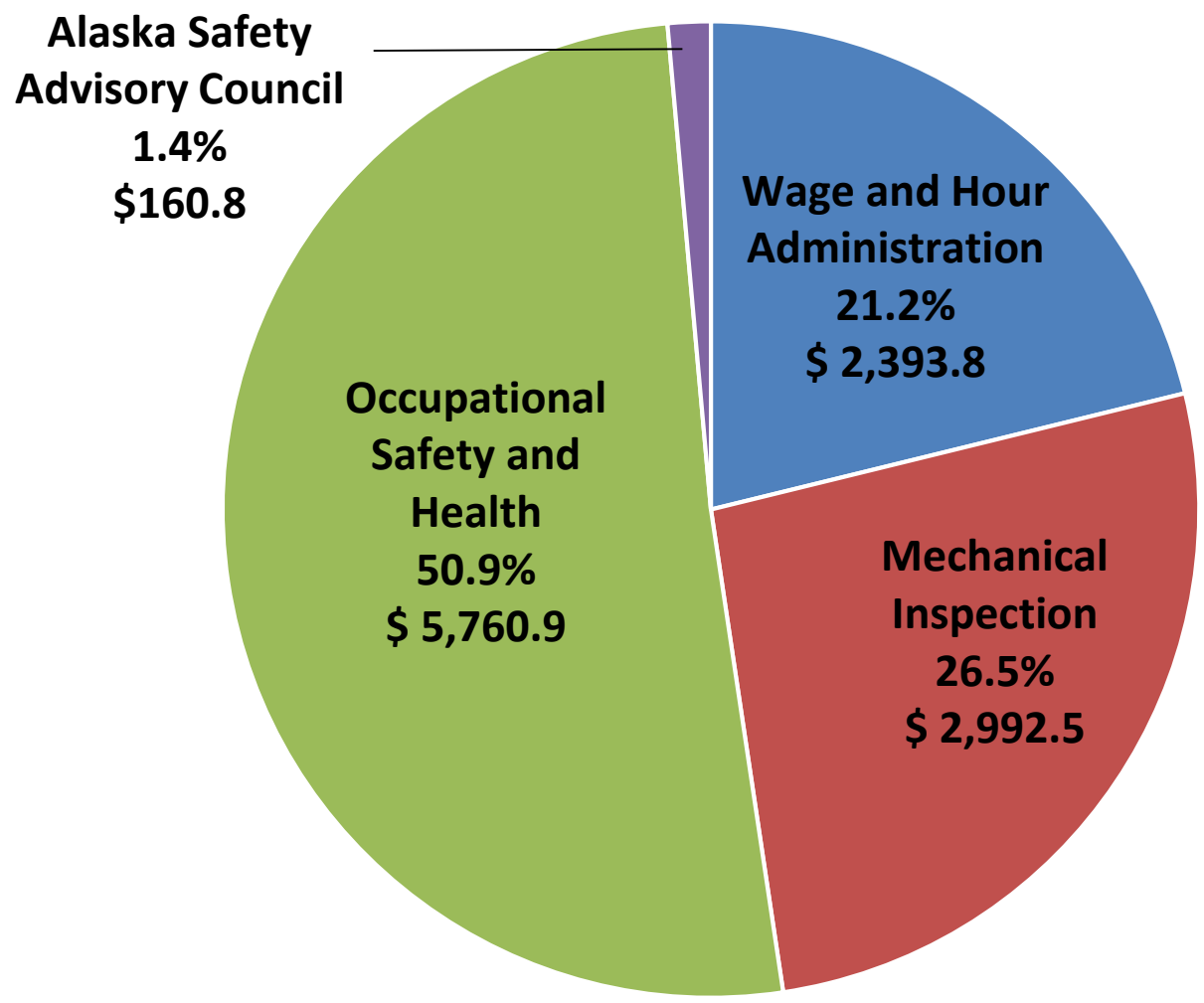
Ensure safe and legal working conditions

CORE SERVICES:

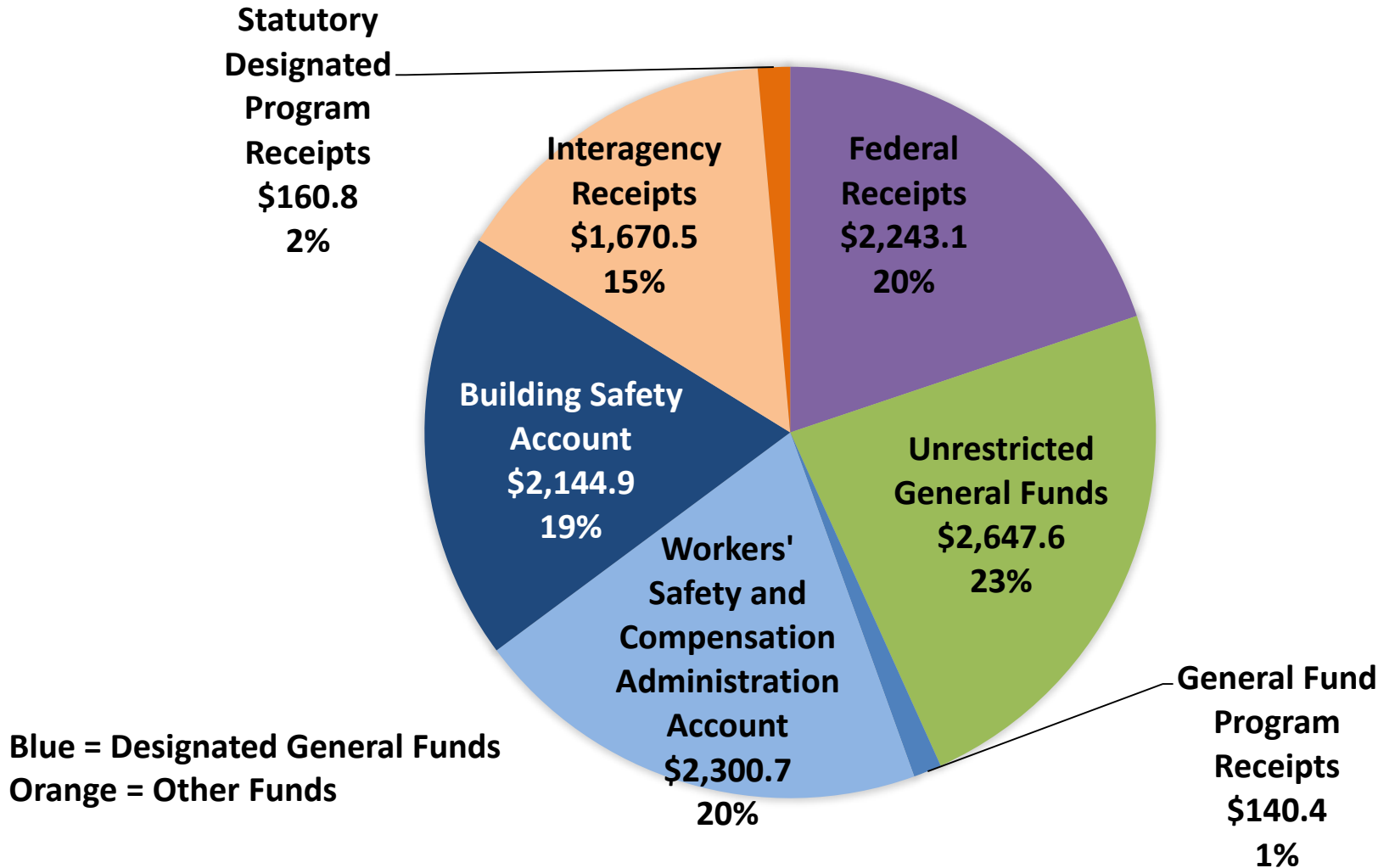
- Occupational safety and health law enforcement, training, and consultation
- Electrical and mechanical code compliance, inspection, and training
- Wage and child labor law enforcement and training



Labor Standards and Safety FY2018 Budget by Component



Labor Standards and Safety FY2018 Budget by Fund Source

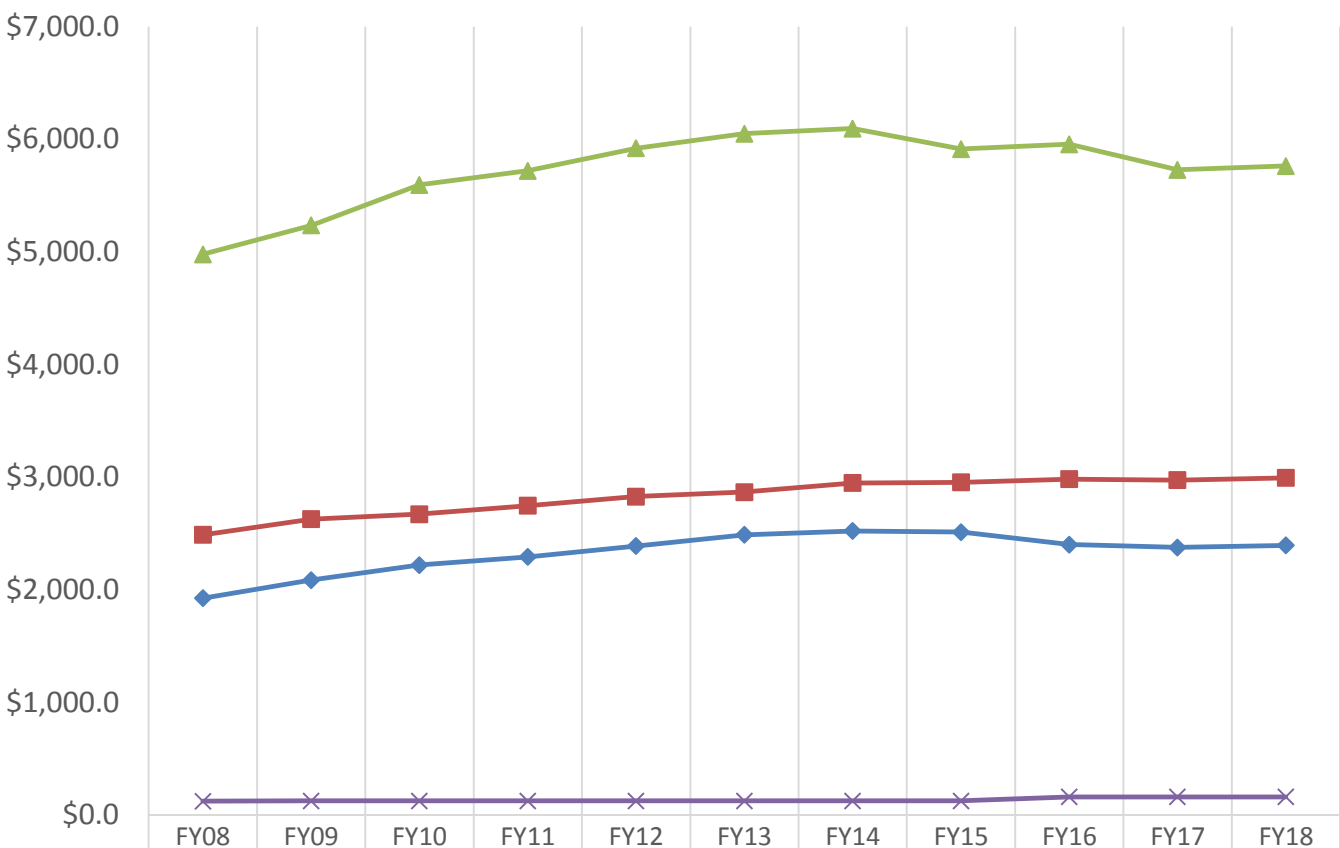


Labor Standards and Safety Fund Source Information

Fund Source	Income Source	Use
Unrestricted General Funds	Varied – includes Certified Payroll Fees deposited into UGF	Occupational Safety and Health (OSH) federal grant match, and Wage and Hour Administration
General Fund Program Receipts (DGF)	Certificate of fitness fees	Mechanical Inspection (MI) costs for providing certificates of fitness
Workers' Safety and Compensation Administration Account (DGF)	A tax on Workers' Compensation premiums	Workers' safety and compensation program administration expenses
Building Safety Account (DGF)	Fees for inspections and licenses	MI costs for conducting inspections and issuing licenses
Federal Receipts	Federal government	OSH program funding
Interagency Receipts (Other)	Other agencies	Joint Pipeline Office safety officers; and DCCED certification and licensing inspections
Statutory Designated Program Receipts (Other)	Fees and sponsorships	Annual Governor's Safety Conference



Labor Standards and Safety Budget by Component FY08-FY18



◆ Wage and Hour Administration	\$1,924.7	\$2,085.6	\$2,218.4	\$2,292.1	\$2,388.6	\$2,488.1	\$2,521.0	\$2,512.3	\$2,400.7	\$2,375.6	\$2,393.8
■ Mechanical Inspection	\$2,487.6	\$2,626.1	\$2,670.6	\$2,746.0	\$2,826.7	\$2,867.1	\$2,948.3	\$2,952.8	\$2,982.1	\$2,973.4	\$2,992.5
▲ Occupational Safety and Health	\$4,977.6	\$5,234.0	\$5,594.0	\$5,718.8	\$5,919.3	\$6,048.6	\$6,093.8	\$5,911.9	\$5,954.3	\$5,726.7	\$5,760.9
✕ Alaska Safety Advisory Council	\$123.1	\$125.8	\$125.8	\$125.8	\$125.8	\$125.8	\$125.8	\$125.8	\$160.8	\$160.8	\$160.8



Labor Standards and Safety FY2016 Program Highlights

- Resolved 358 wage claims, recovered \$1 million in wages for Alaska's workers, and conducted 330 Alaska resident hire and prevailing wage worksite inspections
- Conducted 10,943 boiler and pressure vessel inspections; 961 electrical code inspections; 800 plumbing code inspections, and 557 elevator and escalator inspections
- Continued the trend of reducing workplace lost time injury and illness rate; 33% reduction in Construction and 19% reduction in Transportation from FY2015 to FY2016



Labor Standards and Safety Program Challenges

- Conducting on-site Alaska resident hire and prevailing wage inspections, and on-site child labor education and inspections
- Providing federally required training for occupational safety and compliance officers
- Providing consultation for high-hazard, remote employers (fish processing, logging, oil and gas)
- Providing timely boiler, pressure vessel and elevator inspections



Labor Standards and Safety Indirect Expenditures

- Occupational Safety and Health Penalty Reductions:
 - Informal conference may result in reduced penalty to settle the alleged violation(s)



**WE'RE PREPARING ALASKANS
FOR THE JOBS OF TODAY—
AND TOMORROW.**

**Alaska Department of Labor and
Workforce Development**

Commissioner Heidi Drygas

Email: Commissioner.Labor@alaska.gov

Phone: (907) 465-2700



**ALASKA DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT
COMMISSIONER HEIDI DRYGAS**