

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: SB 276
 (S) Publish Date: 1/23/04

Revision Date/Time (Note if correction): _____ Dept. Affected: Administration
 Title An Act relating to AK Guaranty Assoc. BRU Risk Management
and new fee assessments Component Risk Management
 Sponsor _____
 Requester _____ Component No. 71

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Personal Services						
Travel						
Contractual	372.9	439.9	519.0	612.4	722.5	852.4
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	372.9	439.9	519.0	612.4	722.5	852.4

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1007 I/A Receipts	372.9	439.9	519.0	612.4	722.5	852.4
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	372.9	439.9	519.0	612.4	722.5	852.4

Estimate of any current year (FY2004) cost: 316.1
 Check this box (X) if funding for this bill is included in the Governor's FY 2004 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

This legislation creates an increased cost to Risk Management operating expenses as it requires an assessment fee for all self insured employers. The bill includes an immediate effective date, therefore it is assumed that an assessment will be applied in FY2004 for calendar 2003 payments reported 3/1/2004.

Applying the 2% rate to the projected workers' compensation claims experience is projected, although future loss experience will determine actual costs incurred.

As Risk Management is funded solely through inter-agency receipts, this additional expense will require increased cost of risk allocations (premium assessments) to all state agency operating budgets.

Prepared by: J. Brad Thompson, Director Phone _____
 Division: Risk Management Date/Time 1/23/04 7:17 AM
 Approved by: Mike Miller, Commissioner Date 1/23/2004
 Agency: Administration

Calendar Year annual report	Total W/C benefits paid (excluding Second Injury Fund - SIF)	% Increase	Estimated Assessment Owed
CY2000	\$9,625,032		
CY2001	\$11,165,023	16.00%	
CY2002	\$13,166,038	17.92%	
CY2003 (11 mo. Exp. Proj. 12 mo)	\$15,802,514	20.02%	\$316,050
	3 year average increase	17.98%	

	Estimated Future W/C Benefits to be Paid w/avg. % increase	
CY2004	\$18,644,167	\$372,883
CY2005	\$21,996,814	\$439,936
CY2006	\$25,952,343	\$519,047
CY2007	\$30,619,167	\$612,383
CY2008	\$36,125,193	\$722,504
CY2009	\$42,621,328	\$852,427