

FISCAL NOTE

STATE OF ALASKA
2005 LEGISLATIVE SESSION

Fiscal Note Number: 15
 Bill Version: CCS SB 130
 (S) Publish Date: 5/13/05

Revision Date/Time: _____ Department: Labor and Workforce Development
 Title: Workers' Compensation/Insurance RDU: Workers' Compensation
 Component: Workers' Compensation
 Sponsor: Senate Rules
 Requester: Conference Committee Component Number: 344

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Personal Services	677.6	677.6	677.6	677.6	677.6	677.6
Travel	165.5	160.5	115.5	115.5	115.5	115.5
Contractual	475.6	425.6	335.6	335.6	335.6	335.6
Supplies	25.5	25.5	25.5	25.5	25.5	25.5
Equipment	116.0					
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	1,460.2	1,289.2	1,154.2	1,154.2	1,154.2	1,154.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (1157)	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0	* 0.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1157 Workers' Safety Account	1,460.2	1,289.2	1,154.2	1,154.2	1,154.2	1,154.2
TOTAL	1,460.2	1,289.2	1,154.2	1,154.2	1,154.2	1,154.2

Estimate of any current year (FY2005) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2006 budget proposal:

POSITIONS

Full-time	10	10	10	10	10	10
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

(See attached.)

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 Division: Workers' Compensation
 Approved by: Greg O'Claray, Commissioner
 Agency: Department of Labor and Workforce Development

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 Date/Time: 5/13/05 7:09 PM
 Date: 5/13/2005

ANALYSIS: (continued)

Personal Services: This legislation establishes a Workers' Compensation Appeals Commission within the Alaska Department of Labor & Workforce Development. The Appeals Commission is composed of a full-time Commission Chair and 4 volunteer members. Following are the staff requirements and estimated costs:

Commission Chair - range 27, will be responsible for general supervision and administrative functions of the Appeals Commission.

Administrative Assistant - range 13, will provide administrative support to the Commission chair.

Administrative Clerk III - range 10, will maintain and index the administrative decisions and orders of the Commission.

Although the Commission doesn't start until August 2005, personal services have been calculated at a full year to allow the commission to be formed and fully operating by the implementation date (\$209.3).

A new position (WC Officer II) is requested to allow the reemployment benefits section to increase the amount of outreach and counseling to injured workers potentially eligible for retraining (cost \$71.1). This position would also aid injured workers in assessing options of retraining versus job dislocation benefits.

Six new positions (Investigator IV, 2 Investigators III, 2 Investigators II, and an Administrative Clerk III) will form a fraud investigation unit (cost \$397.2).

Travel: The Commission will hold its appeal hearings in Anchorage and be staffed in that location. Planned annual travel includes 3 trips (ANC/JNO) for the Commission chair and the division's Administrative Manager and travel costs, per diem and honorarium for the volunteer Commission members (\$66.8). Funding of \$45.0 is necessary for travel and per-diem for the staff and members of the medical review committee for FY06 and FY07. An additional \$5.0 is requested in FY06 to attend the legislative task force meetings. On-going funding of \$48.7 is necessary for the travel, per diem and hotel costs to enable the fraud investigators to travel throughout the state.

Contractual: Funds of \$90.0 for a consultant and other costs associated with the Medical Services Review Committee are included in the first two fiscal years for the committee to study the medical delivery system for workers' compensation (due date January, 2007). On-going contractual services funding of \$35.0 for rehabilitation program outcome tracking by the Labor Market Information component is required. Contractual services for the new positions include lease costs (\$66.7); mail (\$21.0); administrative support costs (\$154.2); transcripts, copies, printing, etc (\$19.7) and honorariums for the volunteer commission members (\$24.0). One time funding of \$50.0 is needed to create and outfit office space for the Commission. Establishment of a toll free phone line is estimated to cost \$15.0.

Commodities: Funding of \$25.5 for supplies for the new positions is required.

Equipment: One time funding for office equipment for the new positions of \$116.0 is requested.

New Fees/Fines:

This bill authorizes the Workers' Compensation Board to impose civil penalties against employers that violate the statutory requirement to insure or properly self-insure their employees for workers' compensation benefits.

* Penalties may be up to \$1,000.00 per employee per day. In FY04 over 150 employers were found without workers' compensation insurance; however, the amount of any penalties cannot be determined. Any penalties assessed will be deposited to the Workers' Compensation Guaranty Fund established by this legislation. The Guaranty Fund will use those funds to pay benefits to workers injured while employed by an uninsured employer. The amount of those benefits is also indeterminate.