

# FISCAL NOTE

**STATE OF ALASKA**  
**2006 LEGISLATIVE SESSION**

Fiscal Note Number: 1  
 Bill Version: CSSB 241(L&C)  
 (S) Publish Date: 5/5/06

Revision Date/Time (Note if correction): \_\_\_\_\_ Department: Labor & Workforce Development  
 Title: Joint Insurance Arrangements RDU: Workers' Compensation  
 Component: Workers' Compensation  
 Sponsor: Senator Cowdery  
 Requester: Senate L&C Component Number: 344

**Expenditures/Revenues** (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Personal Services	89.7	89.7	89.7	89.7	89.7	89.7
Travel	9.7	9.7	9.7	9.7	9.7	9.7
Contractual	32.1	32.1	32.1	32.1	32.1	32.1
Supplies	14.0	2.0	2.0	2.0	2.0	2.0
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>145.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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	145.5	133.5	133.5	133.5	133.5	133.5
<b>TOTAL</b>	<b>145.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>	<b>133.5</b>

Estimate of any current year (FY2006) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2007 budget proposal:

**POSITIONS**

Full-time	1	1	1	1	1	1
Part-time						
Temporary						

**ANALYSIS:** (Attach a separate page if necessary)

(Please See Attached)

Prepared by: Paul F. Lisankie, Director Phone: 465-6059  
 Division: Workers' Compensation Date/Time: 3/23/06 3:00 PM  
 Approved by: Greg O'Claray, Commissioner Date: 3/23/2006  
 Agency: Department of Labor and Workforce Development

**FISCAL NOTE # 1**

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**BILL VERSION: CSSB 241(L&C)**

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**ANALYSIS: (continued)**

This legislation would open the workers' compensation self-insurance program to an indeterminate number of trade associations. Any association in existence for at least five years, composed of at least five member employers engaging in a similar trade or industry and belonging to an Alaskan trade association, could seek to self-insure their workers' compensation liabilities. This expansion of the program (currently comprised of a limited number of large employers and governmental entities) would require an increased level of regulatory oversight. The Division would need to employ an Insurance Financial Examiner to develop and oversee the new regulatory system.

**Personal Services:** Insurance Financial Examiner II will be responsible for developing a program and monitoring self insured employers and entities. (\$89.7)

**Travel:** Funding of \$7.7 is necessary for the travel, per diem and hotel costs to enable the Insurance Financial Examiner to go on-site to verify the financial status of self-insured entities. In addition, travel funds of \$2.0 is requested to attend necessary training.

**Contractual:** Contractual services for the new position include lease costs (\$6.7); mail (\$3.0); departmental administrative support costs (\$11.1); interdepartment chargeback costs (\$5.3); copies, printing, etc (\$4.0) and training (\$2.0).

**Commodities:** Funding of \$14.0 for supplies for the new positions is required. (\$12.0 for one-time set-up costs and \$2.0 for ongoing costs)