

# Fiscal Note

State of Alaska  
2020 Legislative Session

Bill Version:	CSHB 30(FIN)
Fiscal Note Number:	3
(H) Publish Date:	3/11/2020

Identifier: HB030CS(L&C)-DOA-DRM-2-29-20  
 Title: WORKERS' COMP: DEATH; PERM PARTIAL  
       IMPAIR  
 Sponsor: JOSEPHSON  
 Requester: House Labor & Commerce

Department: Department of Administration  
 Appropriation: Risk Management  
 Allocation: Risk Management  
 OMB Component Number: 71

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2021	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2021 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
<b>OPERATING EXPENDITURES</b>	<b>FY 2021</b>	<b>FY 2021</b>					
Personal Services							
Travel							
Services	230.2		460.4	460.4	460.4	460.4	460.4
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>230.2</b>	<b>0.0</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>

**Fund Source (Operating Only)**

1007 I/A Rcpts (Other)	230.2		460.4	460.4	460.4	460.4	460.4
<b>Total</b>	<b>230.2</b>	<b>0.0</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>	<b>460.4</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2020) cost:** 0.0 *(separate supplemental appropriation required)*

**Estimated CAPITAL (FY2021) cost:** 0.0 *(separate capital appropriation required)*

**Does the bill create or modify a new fund or account?** No  
*(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

This fiscal note has been updated to reflect the adopted CS.

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 Agency: Office of Management and Budget

Phone: (907)465-5723  
 Date: 02/29/2020  
 Date: 02/29/20

REPORTED OUT OF  
HFC 03/11/2020  
Control Code: JfFTP

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2020 LEGISLATIVE SESSION**Analysis**

Division of Risk Management (DRM) would be financially impacted by this proposed legislation.

DRM is funded by inter-agency receipts, based on a shared cost allocation plan. Any increases to DRM's operating costs would be passed on via cost allocation to our customer agencies who participate in the state's self-insurance program.

Currently under the Alaska Worker's Compensation Act, the whole-body rating is \$177,000. This bill would increase the rating by 44.35% to \$255,506. DRM's ten-year average (FY2008-2017) of whole-body Permanent Partial Impairment (PPI) rating payouts to injured employees is \$979,286 per year. The 44.35% would increase the average annual payout by an additional \$434,313. Based on the increase of \$434,313, we anticipate additional payout in second injury fund fees of \$26,059. The effective date of bill starts 6 months into FY21, therefore FY21 expenses would be estimated at half of the full payout years, which would be \$230,200.

The potential cost increase for this bill as noted would impact the costs for workers compensation as charged out to our customer agencies via the annual cost allocation method. Traditionally, Department of Transportation, Department of Corrections, and Department of Health & Social Services experience the highest workers compensation costs.