

HB

177

**STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE**

SCSCSHB 177 (L&C)

**REQUEST:** \_\_\_\_\_

Bill Version: \_\_\_\_\_  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: "An Act relating to...the  
second injury fund"  
Sponsor: Governor  
Requestor: Senate Labor and Commerce

Agency Affected: Labor  
BRU: Workers' Compensation  
Components: Workers' Compensation

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0	0	0	0	0	0

CAPITAL						
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REVENUE						
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**FUNDING: (Thousands of Dollars)**

GENERAL FUND		(123.3)	(123.3)	(123.3)	(123.3)	(123.3)
FEDERAL FUNDS						
OTHER. *		123.3	123.3	123.3	123.3	123.3
<b>TOTAL</b>		0	0	0	0	0

**POSITIONS:** \* = Second Injury Fund

FULL-TIME						
PART-TIME						
TEMPORARY						

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

See attached

Prepared by: Jacquelyn McClintock, Director Phone: 465-2790  
 Division: Workers' Compensation Date: 5/14/87  
 Approved by Commissioner: Jim Sampson Date: 5/14/87  
 Agency: Labor

Distribution (by preparer):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget  
 Impacted Agency(ies)  
 Senate Secretary

Continuation of Fiscal Note

SCSCSHB 177 (L&C)

This legislation would allow the administrative expenses of operating the Second Injury Fund to be paid from the Fund itself rather than general funds. Thus, \$123.3 of Second Injury Fund dollars would be substituted for a like amount of general funds which are currently used to administer the Second Injury program.

The fund is supported by contributions from insurers and employers based on workers' compensation payments to injured workers and by certain penalties as provided by the Workers' Compensation Act.

The fund is used to reimburse insurers and employers who employ disabled workers under circumstances specified in the Workers' Compensation Act and for some rehabilitation costs. Adequate fund revenues are available to provide for administrative costs.

Approximate costs to administer the Second Injury Fund are as follows:

Personal Services		\$92.6
Management Analyst 75% of time	\$40.4	
Hearing Officer for approximately 15% of time	9.5	
Workers' Compensation Technician 100% of time	34.5	
Pro-rata share of clerical support	8.2	
Travel		2.7
Contractual		25.8
Communications	5.0	
Data Processing	16.6	
Printing	1.0	
Copier, postage machine, etc.	2.7	
Other (training, risk management)	.5	
Supplies		<u>2.2</u>
	Total	\$123.3

GOVERNOR  
02

118177

STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 9, 1987

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

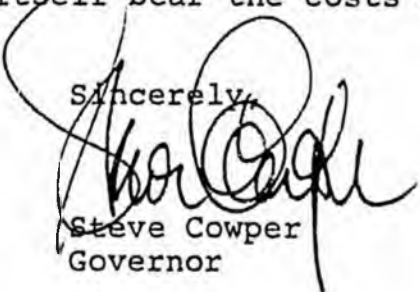
Dear Representative Grussendorf:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the workers' compensation law regarding the second injury fund.

The bill provides that expenses incurred in the administration of the second injury fund be paid from the fund itself instead of from the general fund of the state. This approach returns to the pre-1981 method of paying fund expenses. The financial condition of the fund has improved considerably in the past two years because of the funding formula enacted in 1981. The second injury fund is now in a position to pay for its own administration without jeopardizing the integrity of the fund and without jeopardizing the payment of the benefits for which the fund was created. Since the money in the fund is held in trust (i.e., it is not "state money"), the statute may specify this use of it without violating the dedicated-fund prohibition of art. IX, sec. 7 of the Alaska Constitution. Expenditures from the second injury fund will be authorized by annual appropriation.

Given the financial integrity of the fund, I think it is proper and prudent that the fund itself bear the costs of its administration.

Sincerely,

  
Steve Cowper  
Governor

Offered by Pourchot  
May 5, 1987

LETTER OF INTENT

CSHE 177 (Jud)

AN ACT RELATING TO THE SECOND INJURY FUND

It is the intent of the legislature that the funding source change proposed in HB 177 is to offset the amount of State General Fund monies currently being spent on administration of the Second Injury Fund. It is not to result in any increase in administrative staff or expense, nor is the expense of any other department operation to be charged against the fund.

Further, it is the intent of the legislature that in its FY 89 budget submittal the Department of Labor present the administrative costs of the Second Injury Fund as a separate component within the Workers' Compensation BRU. This will allow for proper legislative oversight of the operation of the Second Injury Fund.



Pat Pourchot

REQUEST: \_\_\_\_\_

Bill Version: CSHB 177(Jud)  
 Publish Date: HOUSE 4/30/87

Revision Date: \_\_\_\_\_  
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 second injury fund"  
 Sponsor: Governor  
 Requestor: House Labor and Commerce

Agency Affected: Labor  
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 Components: Workers' Compensation

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LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

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FEDERAL FUNDS						
OTHER. *		123.3	123.3	123.3	123.3	123.3
TOTAL		0	0	0	0	0

POSITIONS: \* = Second Injury Fund

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

See attached

Prepared by: Macquelyn McClintock, Director Phone: 465-2790  
 Division: Workers' Compensation Date: 3/17/87  
 Approved by Commissioner: Jim Samson Date: 3/17/87  
 Agency: Labor

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

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## Continuation of Fiscal Note

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