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HOUSE COMMITTEE REPORT

(11)

Date Referred: May 6, 1989
 (Waived from LABOR & COMMERCE 5/5)

FURTHER REFERRALS:

Date of Committee Action: 5/6/89

The FINANCE Committee considered:

CSSB 93 (FINANCE)

CS FOR SENATE BILL NO. 93 (Finance)

[WORKERS' COMP FOR MILITIA MEMBERS]

"An Act relating to workers' compensation benefits for members of the state's organized militia; and providing for an effective date."

RECOMMENDATIONS:

- [] be replaced with _____ [] the same title
- [] have attached amendment(s) [] a new title
- [] do pass
- [] do not pass
- [] no recommendation
- [] individual recommendations
- [] additional referral to the _____ Committee

ADOPTS: _____ letter of intent

ATTACHES NEW FISCAL NOTE(S):
 (Dept)

APPROVES PREVIOUS:
 (Date/Dept)

- [] fiscal impact _____
- [] zero fiscal note _____
- [] zero with analysis _____

- [] fiscal note(s) M & VA 4/7/89
- [] zero fiscal note(s) Labor 4/7/89
- [] zero fn/analysis Admin 4/7/89

SIGNING DO PASS:

SIGNING:

(Check approp. column)

Do Not Pass No Rec Amend

Ronald J. Larson
James H. Swackhammer
Barbara Barnes
Dick Schultz
Steve Rieger
Key Wallis

SIGNING	Do Not Pass	No Rec	Amend
<u>Ann H. Hoffman</u>	X		
<u>Jay Brown</u>	X		
<u>Kapone</u>	X		
<u>Ulmer</u>	X		
<u>Phillips</u>		X	

cc - Ronald J. Larson
 Chairman's Signature
 cc - Ann H. Hoffman

FISCAL NOTE *R/O* **HFC 5-6-89**

REQUEST:

Revision Date: March 24, 1989
 Title: An Act relating to workers comp benefits for members of the org militia
 Sponsor: Rules Committee (Governor)
 Requestor: Senate Finance

Agency Affected: Military & Veterans Affairs
 BRU: Alaska National Guard
 Components: Office of the Adjutant General

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL		2.4	3.1	4.0	5.3	6.8
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		2.4	3.1	4.0	5.3	6.8

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		2.4	3.1	4.0	5.3	6.8
FEDERAL FUNDS						
OTHER						
TOTAL						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Amounts budgeted by this fiscal note will be transferred by RSA to the Division of Risk Management to pay for additional insurance coverage created by this bill. See attached analysis.

Prepared by: Jeff Morrison Phone: 465-4600
 Division: Administrative & Support Services, DMVA Date: 3/24/89
 Approved by Commissioner: *J Morrison* MG John Schaeffer Date: 3/24/89
 Agency: Department of Military & Veterans Affairs

Distribution (by preparer):

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

Attachment to fiscal note for "An Act relating to worker's compensation benefits for members of the state's organized militia, and providing for an effective date."

This act expands workers compensation coverage to members of the Alaska State Militia (State Defense Force). Premiums for workers compensation coverage are calculated by multiplying the total payroll covered by the specific rate for the type of work being performed. Members of the ASM serve without pay for their training, which consists of two days per month, for a total of 24 days per year. Under the bill, the earnings of a member of the ASM are presumed to be the same as they would be if the ASM member held the same grade or rank as a member of the U.S. Armed Forces. Under this assumption, the total covered payroll of the ASM amounts to about \$10,000 per day. For the 24 days of drill per year, the total payroll covered is about \$240,000. During drills, members of the ASM train in an office setting. The rate for workers compensation for office workers is approximately 1% of the total payroll. At an assumed total payroll of \$240,000, and a premium rate of 1%, the total annual premium due to the Division of Risk Management is \$2,400.

FY91 and beyond: Recent workers compensation loss history documented by the Division of Risk Management shows a growth rate in risk management costs of about 30% per year. This growth rate is applied to the total first year expense of \$2,400, to project the likely cost of this legislation for the years following FY90.

Prepared by: Jeff Morrison, Director
Administrative and Support Services Division
Department of Military and Veterans Affairs
465-4600

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An Act relating to workers' compensation benefits for member of ASM BRU: Division of Risk Management
 Sponsor: Rules Committee Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary)

The fiscal impact is difficult to project given that it will only affect future claims of a small number of employees. The Division of Risk Management would increase cost of insurance allocations to the Department of Military and Veterans Affairs by \$2.4 in FY 90. However, since this additional exposure represents only a very small portion of total State exposures, it is unlikely that total cost of risk to the State would be immediately affected.

Prepared By: Don Hitchcock, Director *Don Hitchcock* Phone: 465- 2180
 Division: Risk Management Date: 4/17/89
 Approved by Commissioner: John M. Andrews *John M. Andrews* Date: 4/10/89
 Agency: Department of Administration

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

RECEIVED
APR 11 1989

STATE OF ALASKA
1989 LEGISLATIVE SESSION

740 MFC 5-6-89

BILL VERSION

CSSD 93 (Fin)

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PUBLISH DATE:

4/7/89

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Labor
 Title: "An Act relating to workers' compensation benefits for state's militia..." BRU: Workers' Compensation
 Sponsor: Rules Committee Components: _____
 Requestor: Senate Finance Workers' Compensation

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND&STRUCTURES						
GRANTS,CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

Prepared by: Jacquelyn McClintock Phone: 465-2790
 Division: Workers' Compensation Date: 3/24/89

Approved by Commissioner: Jim Sampson Date: 3/24/89
 Agency: Department of Labor

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

Original sponsor: Rules/Governor

1 IN THE SENATE BY THE FINANCE COMMITTEE

2 CS FOR SENATE BILL NO. 93 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 SIXTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation benefits
7 for members of the state's organized militia; and
8 providing for an effective date."

9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 * Section 1. AS 26.05.260(d) is amended to read:

11 (d) A member of the organized militia [ALASKA NATIONAL GUARD OR
12 ALASKA NAVAL MILITIA] who, while performing duties [ON ACTIVE SERVICE]
13 under AS 26.05.070 [AND LAWFULLY PERFORMING DUTIES], including transit
14 to and from the member's home of record, suffers an injury or [A]
15 disability in the line of duty is entitled to all compensation and
16 benefits available under the Alaska Workers' Compensation Act
17 (AS 23.30).

18 * Sec. 2. AS 26.05.260(e) is amended to read:

19 (e) If a member of the organized militia [ALASKA NATIONAL GUARD
20 OR ALASKA NAVAL MILITIA] dies as a result of an injury or [A] disabil-
21 ity suffered in the line of duty while performing duties [ON ACTIVE
22 SERVICE] under AS 26.05.070 [AND WHILE LAWFULLY PERFORMING DUTIES],
23 including transit to and from the member's home of record, death
24 benefits shall be paid to the persons in the amounts specified in
25 AS 23.30.215.

26 * Sec. 3. AS 26.05.260(h) is amended to read:

27 (h) In this section, "member" means an active commissioned or
28 warrant officer or enlisted man or woman in the organized militia
29 [ALASKA NATIONAL GUARD OR ALASKA NAVAL MILITIA].

1 * Sec. 4. AS 26.05.260 is amended by adding a new subsection to read:

2 (i) For purposes of computation of benefits under AS 23.30, the
3 earnings of a member of the organized militia will be presumed to be
4 no less than the pay and allowances authorized for a member of the
5 regular armed forces of the United States in the same grade or rank as
6 the organized militia member at the time of the injury or death.

7 * Sec. 5. This Act takes effect July 1, 1989.

SB 93 SUMMARY

SB93 is a Governor's bill that expands Workers compensation to members of the Alaska State Guard, also known as the Alaska State Defense Force. The State Defense Force trains one weekend a month with the National Guard for the purpose of supplementing the National Guard in the event of emergencies, and providing an organizational structure to replace the National Guard in the event that the Guard is called to federal service in wartime.

Members of the State Defense Force are volunteers, and currently have no remedy for recovery of lost wages or medical expenses if they are injured while doing their monthly training. This bill would include them in the state worker's compensation coverage to provide for this coverage.

The bill also protects the state by limiting the benefit paid for any damages to the workers compensation remedy, instead of leaving the door open for a tort claim against the state. This is one of the basic reasons for having workers compensation laws.

Since the training of the Alaska State Defense Force members takes place in an office setting, the rates to provide coverage for them are the same as office workers, or very low. The total fiscal impact of this bill is \$2,400.

The bill before the Committee is a Senate Finance Committee Substitute. The Senate Finance CS removed a provision in the original bill which would have provided additional "safety net" coverage of state workers compensation for members of the Alaska National Guard. The fiscal impact of this section was projected to grow to \$250,000 over the next five years. This section was removed with the Department's concurrence due to the fiscal impact, and the department will be reevaluating this need during the interim. This bill passed the House last year as HB 529, and died on the Senate floor on the last day of session.

Prepared by: Jeff Morrison, DMVA 465-4600