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SENATE COMMITTEE REPORT

FURTHER

2/2/89
Mr. President:

DATE TURNED INTO OFFICE 4/7/89

FINANCE Committee considered SB 93

relating to workers' compensation benefits for members of the state's organized militia; efd and recommended

replace with CS SB 93 (Fix)) same title
 or adopt _____) new title
 attached amendment(s) and technical title change (HB only)
 _____ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to _____

FISCAL NOTE(S) zero ^{DM+VA 2.4} fiscal impact appropriation no FN
3 new _{BOA labor} updated previous
 same as previous fiscal note(s) published _____

MEMBERS SIGNING DO PASS

[Handwritten signatures]

OTHER RECOMMENDATIONS

[Handwritten notes: "No Rec", "no rec", "no rec"]

[Handwritten signature: "Rich Cleary Co-CHAIR"]
Chairman signature and recommendation

Committee Backup attached

[Handwritten note: "Do-PASS"]

FISCAL NOTE

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						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

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: for J Morrison Date: 3/24/89
MG John Schaeffer
 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

7/6 3PC 4-7-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSIC CSSB 93 (Fin)
PUBLISH DATE: _____

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						
---------	--	--	--	--	--	--

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)

R/0 3FC 4-7-89

STATE OF ALASKA
1989 LEGISLATIVE SESSION

Bill Version: CS SB 93 (FIN)
Publish Date: _____

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 & STRUCTURE	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: 4/9/89
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

R/O SFC 4-7-89

DEPARTMENT OF LAW

DRAFT

1cb
(CORRECTED)

DATE: 3/22/89

BOOKPROOFED: ✓

APPROVED: _____

IN THE SENATE

BY THE FINANCE COMMITTEE

COMMITTEE SUBSTITUTE FOR SENATE BILL NO. 93 (*Finance*)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - FIRST SESSION

A BILL

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

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

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

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

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

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

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

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

DRAFT

DATE: _____

BOOKPROOFED: _____

APPROVED: _____

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

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

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

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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.
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STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

January 9, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Kelly:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to workers' compensation benefits for members of the Alaska State Militia, Alaska National Guard, and Alaska Naval Militia.

Under AS 26.05.010, the "organized militia" is composed of the Alaska State Militia (also known as the Alaska State Defense Force), the Alaska National Guard (composed of the Alaska Army National Guard and the Alaska Air National Guard), and the Alaska Naval Militia.

The Alaska National Guard is concurrently a reserve component of the armed forces of the United States. The National Guard drills one weekend each month and two weeks annually. For this duty, members of the National Guard are paid by the federal government from money appropriated to the Department of Defense.

Members of the Alaska Naval Militia are concurrently members of the U.S. Naval Reserve. When performing drill for the U.S. Navy, naval reservists are compensated either by retirement points or by money appropriated to the Navy Department or by both.

The Alaska State Militia (ASM) has no status as a reserve of the armed forces of the United States and its members receive no compensation from the federal government.

The governor has authority to call the organized militia into active state service or training duty under AS 26.05.070. As currently written, AS 26.05.260(d) expressly provides that members of the Alaska National Guard and Alaska Naval Militia who are injured or killed while performing duties under AS 26.05.070 are entitled to workers' compensation. The statute is silent regarding compensation of members of the ASM who are injured or killed

Letter from the Governor

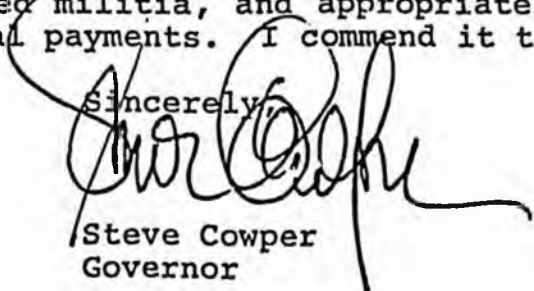
while performing duties under AS 26.05.070. No state workers' compensation coverage is presently provided for members of the National Guard who are injured or killed in the line of duty in the reserve component of the armed forces of the United States.

This bill expressly extends workers' compensation coverage to members of the ASM. Sections 1, 2, and 3 of the bill. This ensures that injured militia members receive adequate compensation for injuries incurred incident to state service, and the bill limits the state's liability for injuries to the remedy provided for in AS 23.30. The bill also expressly extends workers' compensation coverage to members of the organized militia who are injured or killed in the line of duty under certain federal statutes, including federal details, drills, exercises, and training. However, members injured or killed in the line of federal duty are not covered while in transit to and from duty, and workers' compensation benefits are subject to a setoff described below. Section 4 of the bill, in proposed AS 26.05.260(i) and (j).

For purposes of computing workers' compensation benefits for a member of the organized militia, the bill provides that a member's earnings are presumed to be no less than the pay and allowances authorized for a member of the armed forces in the same grade and rank as the member at the time of the injury or death. Section 4 of the bill, in proposed AS 26.05.260(l). The bill also provides that members, or survivors of members, of the Alaska National Guard must apply for available benefits payable by the federal government for the injury or death of the member, and that workers' compensation payments will be reduced by the amount payable by the federal government for the disability or death. Section 4 of the bill, in proposed AS 26.05.260(k). The provisions on the federal setoff apply only to the National Guard because, of the three components of the organized militia, only that one is entitled to federal compensation under federal law. Notwithstanding the federal benefits, there will be some occasions when individuals will have recourse to the Alaska workers' compensation system. Therefore, some additional appropriation to cover the premium for this responsibility is anticipated.

This bill, then, provides for equity among the three components of Alaska's organized militia, and appropriately provides for setoff of federal payments. I commend it to you.

Sincerely,



Steve Cowper
Governor

STATE OF ALASKA

DEPARTMENT OF MILITARY AND VETERANS AFFAIRS

OFFICE OF THE ADJUTANT GENERAL

STEVE COWPER, GOVERNOR

FRONTIER BUILDING
SUITE 620
3601 C STREET
ANCHORAGE ALASKA 99503 5989
PHONE (907) 243 0656
AUTOVON 626 1444

Administrative & Support
Services Division
P.O. Box L
Juneau, AK 99811

March 24, 1989

The Honorable Rick Uehling
Co-Chairman, Senate Finance Committee
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Uehling,

Senate Bill 93, relating to workers compensation coverage for the State's organized militia, was last heard in the Senate Finance Committee on February 13. At that time there were considerable reservations expressed concerning the amount of the fiscal note, and we indicated to you that we would go back to the drawing board and thoroughly review the basis of the fiscal note.

The Division of Risk Management has received an independent assessment of the fiscal impact of the bill from their actuaries, which is in general terms about the same as the original fiscal note. Your office received a memo transmitting this information on February 24. The Department of Military and Veterans Affairs has carefully considered the current situation and has concluded that we would support a significant change in the bill in order to substantially reduce its fiscal impact. A copy of the proposed committee substitute which we now support is attached for your review.

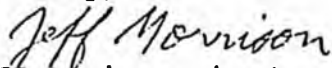
As was brought out in testimony on the bill, almost all of the bill's fiscal impact is due to the creation of a "safety net" of workers compensation coverage for members of the Alaska National Guard. The bill also extended workers compensation coverage to members of the Alaska State Militia, or Alaska State Defense Force, at an annual cost of \$2400. The committee substitute which we are proposing would eliminate the "safety net" provisions of the bill and retain the coverage for the State Defense Force. We believe it is still very advisable to proceed with this aspect of the bill in order to both limit the state's potential liability in the event of a work-related injury to a member of the State Defense Force, as well as define the compensation due to any such injured member.

The Department still believes that the "safety net" provisions, which we are reluctantly withdrawing at this time, are desirable for the long-term interests of both the State of Alaska, as well as for the welfare of the members of the National Guard who would be covered by such provisions. However, General Schaeffer has directed that I proceed with the requested committee substitute in recognition of the current fiscal limitations.

One of the main purposes of the "safety net" provisions of the bill would have been to plug up some of the cracks and loopholes that, in isolated instances in the past, have resulted in members of the Alaska National Guard not being fairly treated by the federal system of compensation for time spent out of work as the result of work-related injuries. We have worked with the federal government in the past to try to remove these gaps in coverage, and will aggressively pursue this in the immediate future. Any progress that we are able to make prior to the next session of the legislature would probably reduce the state's exposure, and likely reduce the fiscal impact of the "safety net" provisions of the original bill. We will work closely with the Office of the Governor and the Division of Risk Management to determine whether or not the "safety net" provisions will be introduced as separate legislation next session.

I hope that the proposed committee substitute, and the accompanying revised fiscal notes, will address the reservations on the cost of the bill that were raised in the hearing on February 13. We would appreciate your rescheduling the bill for a second hearing at your convenience. Please contact me if you need any additional information.

Sincerely,



Jeff Morrison, Director
Administrative and Support Services

enclosures

cc: MG John W. Schaeffer, The Adjutant General
Charles T. Borg, Deputy Commissioner, DMVA
Don Hitchcock, Director, Division of Risk Management
Jackie McClintock, Director, Division of Workers Compensation
MAJ Gary W. Bowen, Staff Judge Advocate, DMVA
Shari Kochman, Legislative Staff Assistant, Office of the Governor

SB93-1

MEMORANDUM

State of Alaska

TO: Jeff Morrison
Director
Administrative & Support
Services Division

THRU: Department of Military
& Veterans Affairs

DATE: April 6, 1989

FILE NO.:

TELEPHONE NO.: 465-2180

SUBJECT: Draft Committee
Substitute for SB93
Workers' Compensation
Benefits for State
Militia

FROM: Donald J. ~~Mc~~chcock
Director
Division of Risk Management
Department of Administration

Thank you for the copy of the "draft" committee substitute for SB93.

The Department of Administration does not write fiscal notes on draft legislation, however, we will provide our estimated costs based on the present draft wording.

The final impact is difficult to project given that it would only affect future claims of a small number of employees. The Division of Risk Management would increase allocated cost of workers' compensation insurance to the Department of Military and Veterans Affairs by \$2,400 in FY 90. However, since this additional exposure represents only a very small portion of total State workers' compensation exposure it is unlikely that total cost of risk to the State would be immediately or seriously impacted.

Based on the present draft we would issue a zero fiscal note with stipulations as outlined in the previous paragraph.

I trust this information will be helpful. Please call if you need additional information.

DJH/ch

cc: Senator Rick Uehling, Co-Chairman, Senate Finance Committee
MG John W. Schaeffer, The Adjutant General
Charles T. Borg, Deputy Commissioner, DMVA
Jackie McClintock, Director, Div. of Workers' Compensation
MAJ. Gary W. Bowen, Staff Judge Advocate, DMVA
Shari Kochman, Legislative Staff Assistant, Office of the
Governor

MEMORANDUM

State of Alaska

Department of Law

TO: Jeff Morrison, Director
Administrative and Support
Services Division
Department of Military and
Veterans' Affairs

DATE: March 21, 1989

FILE NO.: 773-89-0021

TEL. NO.: 465-3600

SUBJECT: Committee substitute for
HB 93 -- workers' comp-
ensation benefits for
state militia

FROM: Arthur H. Peterson
Assistant Attorney General
Legislation/Regulations Section

As you requested Friday, here is a draft of a committee substitute for HB 93 (our file 773-89-0021). We understand that you would like to present this version to the Senate Finance Committee.

We will be able to provide the Senate Finance Committee or the Legislative Affairs Agency a copy of this committee substitute on a Displaywriter diskette if those folks so request.

AHP:cb

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: "An Act relating to workers'
compensation benefits..."
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Labor
BRU: Workers' Compensation
Components: 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: Jacque McClintock Phone: 465-2790
 Division: Workers' Compensation Date: 12-19-88
 Approved by Commissioner: Jim Sampson Date: 12-19-88
 Agency: Department of Labor

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

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: Department of Administration
 Title: An act relating to workers' comp. benefits for member of the ANG, ANM & ASM BRU: 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	88.0	114.0	148.0	193.0	250.0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0.0	88.0	114.0	148.0	193.0	250.0
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	88.0	114.0	148.0	193.0	250.0
TOTAL	0	88.0	114.0	148.0	193.0	250.0

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)

* These funds will be interagency receipts from DMVA.

This fiscal note is extremely difficult to project---see Fiscal Note Analysis on page 2.

Prepared By: Donald J. Hitchcock, Director Phone: 465-2180
 Division: Risk Management Date: 1/6/89
 Approved by Commissioner: John M. Andrews Date: 1-6-89
 Agency: Department of Administration

Distribution (by preparer):

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

CONTINUATION OF FISCAL NOTE ANALYSIS

This fiscal note is based on present estimated costs of the State self-insured Workers' Compensation program prorated to the number of days of probable National Guard or militia exposure.

It is further estimated that the federal government would pay 75% of loss and the State of Alaska would pay any additional in order to provide the injured person with Alaska Workers' Compensation benefits. If no federal coverage was available, then the State may become obligated to the entire amount of loss.

As of July 1, 1989, there will be approximately 5,000 people in these affected military units of which approximately 1,300 will be full-time.

It is very difficult to estimate total additional exposure to the State as no loss history is presently available.

FISCAL NOTE

REQUEST:

Revision Date: December 19, 1988
 Title: An Act relating to workers comp benefits for members of the org militia
 Sponsor: Riles Committee
 Requestor: Governor

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		88.0	114.0	148.0	193.0	250.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING		88.0	114.0	148.0	193.0	250.0

CAPITAL						
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REVENUE						
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FUNDING: (Thousands of Dollars)

GENERAL FUND		88.0	114.0	148.0	193.0	250.0
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.

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 Division: Administrative & Support Services, DMVA Date: 12/19/88

Approved by Commissioner for MG John Schaeffer Date: 12/19/88
 Agency: Department of Military & Veterans Affairs

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

*Replaced by updated
 \$2.4 note for CS(Fix)*

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."

Overview: This act makes two changes to existing statutes: 1) to expand workers compensation coverage to members of the Alaska State Militia (State Defense Force); and 2) to provide a safety net of state workers compensation coverage to members of the Alaska National Guard on training status.

1. Alaska State Militia (ASM) workers compensation coverage: 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.

2. Safety net coverage for Alaska National Guard members: Alaska National Guard members are already covered under state workers compensation while on state active duty. The proposed legislation would extend that coverage to include the times that a guardsman is on federal duty under 32 U.S.C. Since guardsmen are also covered under federal workers compensation while on federal duty, the state would only be paying for the coverage which exceeds the federal workers compensation coverage. The legislation also provides that any state workers compensation payable under the proposed new language of the law would be reduced and offset by the amount payable under the federal coverage. The Division of Risk Management has estimated that the additional workers compensation exposure created by this bill will cost the state an additional \$ 85,600 in the first year.

3. 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 \$88,000, to project the likely cost of this legislation for the years following FY90.

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