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93



Alaska State Legislature

SENATE

Official Business

P.O. Box V
State Capitol
Juneau, Alaska 99811

M E M O R A N D U M

TO: Senate Labor and Commerce Committee Members

FROM: Staff

DATE: February 1, 1989

RE: Summary of SB 93

Currently the Alaska National Guard and the Alaska Naval Militia are entitled to compensation and benefits available under the Alaska Workers' Compensation Act if an injury or death occurs while on active service for the state. However, members of the Alaska State Militia (Alaska State Defense Force) are not covered by this program. SB 93 would extend Alaska's workers' compensation coverage to this reserve unit.

SB 93 states that the Alaska Workers' Compensation Act would also cover Alaska National Guard, Alaska Naval Militia, and the Alaska State Militia while these reserve units are on federal assignments. Since the Alaska National 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.

FISCAL NOTE

REQUEST:

Revision Date: December 19, 1988
 Title: An Act relating to workers comp benefits for members of the org militia
 Sponsor: Rules 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						
REVENUE						

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.

Prepared by: Jeff Morrison
 Division: Administrative & Support Services, DMVA

Phone: 465-4600
 Date: 12/19/88

Approved by Commissioner: John Schaeffer
 Agency: Department of Military & Veterans Affairs

Date: 12/19/88

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."

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.

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

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An act relating to workers' comp. benefits for member of the ANG, ANM & ASM
Sponsor: Rules Committee
Requestor: Governor

Agency Affected: Department of Administration
BRU: Risk Management

Components: _____

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
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REVENUE	0	0	0	0	0	0
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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: _____ Agency Affected: Labor
 Title: "An Act relating to workers' compensation benefits..." BRU: Workers' Compensation
 Sponsor: Rules Committee Components: _____
 Requestor: Governor 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: 465-2793
 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)



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

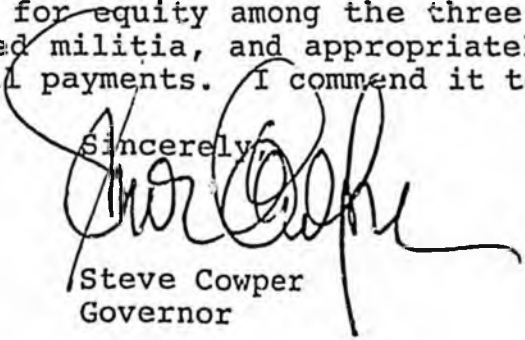
while performing duties under AS 26.05.070. No state workers' compensation coverage is presently provided for members of the National Guard who are injured or killed in the line of duty in the reserve component of the armed forces of the United States.

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