

LEG. FINANCE - BILLS 1977 - 1978 756

HB 618 thru HB 619



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith  
Signature of Camera Operator

2/14/90  
Date

# COMMITTEE REPORT

## HOUSE

2/1/78

FURTHER: \_\_\_\_\_

Date: 2-21-78

Mr. Speaker:

The Committee on FINANCE has had HB 618

"An Act relating to the annual report of the State Commission for Human Rights."

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass  recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_  new title  same title

AND attaches a Letter of Intent  New Fiscal Note

reports it back without recommendation

and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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Road  
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Thompson  
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John Wolfe  
\_\_\_\_\_  
Chairman

Introduced: 1/12/78  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 618

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the annual report of the State  
7 Commission for Human Rights."

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

9 \* Section 1. AS 18.80.150 is repealed and re-enacted to read:

10 Sec. 18.80.150. ANNUAL REPORT. The commission shall report  
11 annually to the governor and the legislature on civil rights problems  
12 it has encountered in the preceding year, and may recommend legislative  
13 action. The commission shall provide the Legislative Affairs Agency  
14 with 100 copies of the report during the week preceding the convening  
15 of the annual legislative session for legislator and library distri-  
16 bution. The commission shall make copies of the report available to  
17 the public.

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THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 618

Title Relating to the annual Report of the State Commission for Human Rights

Requested by Legislative Finance Date 2-2-78

HB 618

II. FISCAL DETAIL

Agency Affected Office of the Governor

Program Category Affect Administration of Justice

Budget Request Unit(s) Affect Human Rights Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES			35.7	37.8		
200 TRAVEL						
300 CONTRACTUAL			4.0	4.2		
400 COMMODITIES			.2	.2		
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>			<b>39.9</b>	<b>42.2</b>		

FUNDING (Thousands of Dollars)

GENERAL FUND			39.9	42.2		
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Personal Services: Assumes transfer of one Equal Employment Officer III from the Department of Administration, State Equal Employment Opportunity Office, to perform the necessary research and statistical evaluation to meet the intent of this bill; as amended by the House H.E.S.S. Committee. Includes half-time clerical support at a cost of \$5.8. Contractual Services: \$4,000 to contract with the Department of Administration, Division of Data Processing for extracts from the state personnel system required to evaluate E.E.O. progress. It is recommended that the general fund budget for the State E.E.O. office be reduced by an amount equal to this appropriation, since this function resides presently within the agency and need not be duplicated.

IV. DATE 2-7-78

*Janet B. Green*  
PREPARED BY Neil Thomas  
AGENCY Human Rights Commission  
PHONE 276-7474

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

HB 618

THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

Amended FISCAL NOTE

I. REQUEST

Bill/Resolution No. HB 618  
 Title Relating to the Annual Report of the State Commission for Human Rights  
 Requested by Legislative Finance Date 2-17-78

II. FISCAL DETAIL

Agency Affected Office of the Governor  
 Program Category Affected Administration of Justice  
 Budget Request Unit(s) Affected Human Rights Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			.1			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND			.1			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

FULL TIME			-0-			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Provides for 100 extra copies at \$1 each of the Human Rights Commission Annual Report.

IV. DATE February 17, 1978 PREPARED BY Janet Green  
 AGENCY Office of the Governor  
 PHONE 465-3545

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

A M E N D M E N T # 1

OFFERED IN THE HOUSE:

BY: Hess Committee

To: \_\_\_\_\_ HOUSE BILL No. <sup>618</sup> \_\_\_\_\_

SENATE BILL No. \_\_\_\_\_

PAGE: 1 \_\_\_\_\_

LINE: 18 \_\_\_\_\_

\* Sec. 2. AS 18.80.060(a) is amended by adding a new paragraph to read:

(6) investigate, at least once every three years, the progress made toward equal employment opportunity by every department of state government. Results of the investigation shall be included in the annual report made under sec. 150 of this chapter.

Introduced: 1/12/78  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 618

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the annual report of the State  
7 Commission for Human Rights."

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

9 \* Section 1. AS 18.80.150 is repealed and re-enacted to read:

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13 action. The commission shall provide the Legislative Affairs Agency  
14 with 100 copies of the report during the week preceding the convening  
15 of the annual legislative session for legislator and library distri-  
16 bution. The commission shall make copies of the report available to  
17 the public.

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# STATE OF ALASKA

## HUMAN RIGHTS COMMISSION

JAY S. HAMMOND, GOVERNOR

204 East 5th Avenue  
Room 213  
Anchorage, Alaska 99501  
Phone: 276-7474

February 9, 1978

Governor Jay S. Hammond  
3rd Floor, State Capitol  
Pouch A  
Juneau, AK 99811

Dear Governor Hammond:

The Human Rights Commission shares, with many Alaskans, a deep concern that state government be known as a model employer which complies fully with equal employment opportunity principles. Unfortunately, the best available data, and enforcement actions before this Commission, indicate that the State has fallen far short of this objective. We are taking this opportunity to report to you on certain deficiencies we believe are within your personal power to correct. In this report we will describe the rationale which other government chief executives use to support equal employment programs. We will compare these to the State's efforts and offer specific recommendations for improvement.

Legal foundations

Government employment at all levels in Alaska is subject to state and federal anti-discrimination laws. The Equal Employment Opportunity Commission, the Labor Department and the U. S. Attorney General enforce the federal laws; the Human Rights Commission enforces state law. Enforcement agencies respond to complaints and initiate their own cases to challenge patterns of discrimination. They also provide information on how to comply.

Most governmental employers try to avoid enforcement actions by monitoring and auditing their employment systems. They try to spot violations and eliminate them. They write plans to deal with long-standing compliance problems, and they educate their people to head off violations before they occur. Many of these affirmative action programs are required by federal laws and orders as a condition of federal assistance.

Alaska has had a function charged with affirmative action responsibility since 1972, when Governor Egan ordered the establishment of an advisory committee. An office reporting to the Governor was staffed shortly before you took office. That "State EEO Program" presently reports to the Commissioner of Administration.

#### Results in Alaska

This program notwithstanding, Alaska's governmental equal employment profile has made virtually no progress during the past five years. The barest handful of women have progressed beyond clerical grades. There is an embarrassing absence of minorities at all levels. One could go blind looking for women (24) and minorities (1) in the recently released list of 457 state employees making over \$40,000. (The Department of Transportation has none, out of 131 super-grades.)

A recent State EEO office report gives race and sex breakouts for 5,993 state employees. (As will be seen later, this report omits substantial numbers of people.) In ranges 16-25, which comprise everyone from certain administrative personnel and all professional and technical workers through the department head level (2,363 people total), only 3.9% are minority and 20.8% are female. The minority percentage of employees below Range 16 (clerical workers through administrative assistants) is 12.7%. Females comprise 53.5% of total employment at all levels, but 84.6% of all women are below Range 16. Of 549 minorities in this total sample, 33.2% are below Range 16.

This record increases the possibility of enforcement action. Some are already in progress before the Human Rights Commission. Several significant cases were settled short of public hearings. The State is wide open to enforcement and fund cut-offs by the Federal government.

These exposures never should have grown to what they now are. They exist largely because the state, over the past five years, has failed to police itself effectively. Yet these risks can, and should be, reduced by a conceptually sound EEO program.

#### What is an EEO Program?

Equal employment efforts are a responsibility which the Constitution requires of you. You should, to see that the laws are "faithfully executed," guard against violations. To do that, you must have facts, and must see that your executive authority is used as necessary to anticipate and correct violations. An obvious analogy exists to internal fiscal auditing.

There are 6 major commonly-accepted elements of EEO programs operated by both government and the private sector:

1. Affirmative recruitment - building the on-going credible, personal contacts with minority people, women, older workers etc. and their representatives to insure the minimum number of applications from qualified people.
2. Analysis - developing the facts, on a grade-by-grade and department-by-department basis, and tracking applicants through the hiring process to show where corrective action is most needed.
3. Planning - approving departmental plans which eliminate discriminatory barriers and set out goals for fair employment levels.
4. Monitoring - insuring that departments make good faith efforts to achieve the goals in their plans and using your executive authority to require compliance where necessary.
5. Consultation - serving as advisor to departments as they write plans; advising departments what to do when enforcement actions are pending against them; alerting the Personnel Division to discriminatory procedures and arguing for changes (again using executive authority as necessary).
6. Training - conducting sessions for these with hiring authority on a regular basis on what equal employment rules, policies and philosophies must be followed.

#### Performance to date

Alaska's equal employment monitoring and auditing efforts since the EEO program was established six years ago have been ill-conceived failures. There are virtually no successes: The people who are presently saddled with this job are doing no better (or worse) than their predecessors.

(We wish to stress that our criticism of the State's efforts is not directed solely at the program's present employees. The worst which could be said about them is that they have failed to correct faulty program concepts which were adopted by other than staff long before the present staff began work.)

For the first two years, State EEO was only an advisory committee with no staff. The Committee either 1) was not

Governor Jay S. Hammond  
February 9, 1978  
Page Four

encouraged to use the Governor's authority to order corrective action, or 2) chose not to do so, possibly on the belief that such advice would not be heeded.

When the program attained a handful of staff workers, the Committee continued in its advisory role. To this date it has never had the authority to direct the activities of its staff, or to make final hiring decisions. The staff reported to your office until 1977, when at the urging of the Governor's Efficiency Review it was placed under the Commissioner of Administration. In recent months approval was granted to change the staff director's work location from Juneau to Anchorage.

The lack of program accomplishments during this period may be attributed in part to this diffuse, often conflicting, and occasionally changing program supervision. There is no evidence of a conscious design by anyone to make the program fail. Yet if one were bent on such a course, wouldn't one give the program more than one boss, get it away from the Governor, put it in with the agency it must regulate, and then move the staff director out of town?

Consider these further deficiencies:

1. State agencies have never accepted the EEO staff as advisors who can help when enforcement actions are pending. The reason is the image of an investigative agency which the office developed during its early years. (In 1975 the Human Rights Commissioners reversed an agreement its former staff negotiated in 1974 under which all Commission complaints were being turned over to State EEO.) The State EEO staff has also often lacked the depth of technical understanding of the law which would encourage departments to heed their advice. Instead, this function is usually performed by the Department of Law.
2. The EEO office has not to this date been able to prepare a reliable set of current statistics on state employment by race and sex. The current report does not include the partially exempt or exempt service, temporary hires or Legislative Affairs. The EEO office's Federal report had to be redone when it discovered the computer reports were off by thousands. Nor has the office developed a reliable set of data on the availability of minority and female workers in different occupational classifications, essential information for planning purposes.

3. The office does little affirmative recruitment. We are now compiling a list of as many as 150 women who may be suitable for higher level jobs and minorities for all levels who have recently applied to the Commission. We worked out a method directly with Commissioner Allen and the Personnel people to have them screened. State EEO should be doing this type of thing regularly. Two years ago we suggested a similar recruitment effort to the State EEO Committee when they had \$20,000 in their personnel budget which was due to lapse. They contracted the entire sum to a private individual whose people produced little results.
4. State EEO has never required state agencies to prepare affirmative action plans. It has never written an Executive Order on equal employment for Governor Hammond to issue as the policy basis of this Administration for affirmative action planning. The "plan" it issued over Governor Hammond's signature last year does not come close to commonly-accepted standards for such documents. It would never be approved by a Federal agency as a condition of Federal assistance. It contains unreliable employment statistics, no labor force data, no identification of problem areas and no goals and timetables. At best it is a vague catalogue of quasi-policy recommendations.
5. The State EEO office does virtually no training for state employees who are key to the program's success, despite standing offers over the years from the Commission to help develop the programs. The State's lawyers need a continuing education program on this relatively new area of the law. Personnel people in the departments and at the Division of Personnel need technical training on affirmative action planning and data requirements. Front line supervisors need to know the often unwitting things they do which give rise to complaints. Managers need to learn how to use their authority to undo commonly-accepted elements of employment systems which courts have held to be discriminatory. Instead of a well thought out, multi-level training plan, State EEO has only sponsored a handful of short seminars, mostly for personnel officers.

#### Recommendations

The Administration should acknowledge the fundamental conceptual weaknesses of the EEO program throughout its history and

Governor Jay S. Hammond  
February 9, 1978  
Page Six

take corrective action. In the alternative, the Legislature may find it necessary to make the decision itself. There are two options for initial corrective action: 1) re-assign EEO functions to the Human Rights Commission, and 2) reform the existing program. The Commission favors the latter course.

To assign the EEO program (or any major element of it) to the Human Rights Commission, is to remove it from your direct authority. The action would essentially deprive your executive officers of their ability to develop the audit information you will require in order to take corrective action. You might also be seen as washing your hands of equal employment responsibilities if you transferred these functions to us. Your Administration should police itself, since the Human Rights Commission is a semi-independent, quasi-judicial enforcement body not subject to your direct control. (The model was developed specifically to create a forum in which equal opportunity questions can be decided without political influence.) There would be a conflict of functions were the Commission to attempt to act both as enforcer and as advisor. Finally, assigning EEO program functions to the Commission without an equal reduction in the present program would lead to spending twice as much money to do the same job.

The existing program can be overhauled and function as effectively as similar programs in other states, many private companies, at the Anchorage School District and in the Anchorage Municipality. Following are some preliminary steps:

1. Return the program to the office of Governor, from which source its legal and policy authority stems.
2. Establish the EEO Committee, by administrative order or by statute, as a policy setting body with hiring authority over the staff. Make committee appointees' terms of service subject to your discretion. Make the director's appointment subject to your approval, serving thereafter at the pleasure of the Committee.
3. Direct the Committee, by administrative order or statute, to establish as its underlying program, the six elements set forth on pp 2-3 of this paper.
4. Support funding the program's activities at its current level for FY '79 and require a comprehensive budget submission to you in keeping with the new program for FY '80.

Governor Jay S. Hammond  
February 9, 1978  
Page Seven

5. Request the Committee to strongly consider re-consolidating the staff in Juneau, where it would be more closely in contact with yourself, Commissioners, the Division of Personnel, and personnel officers.

The Human Rights Commission will continue its efforts to assist the State in any way it is requested to assure fair compliance with all equal employment opportunity standards. Thank you very much for giving these concerns your personal consideration.

Sincerely,

John Gonzales  
Chairman

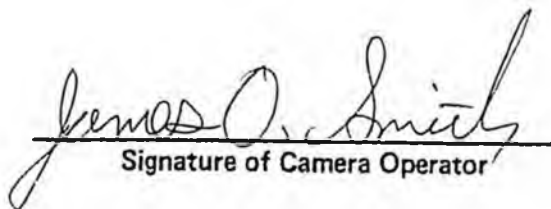
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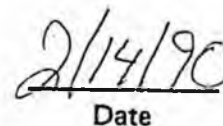


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Signature of Camera Operator

  
Date

COMMITTEE REPORT  
SENATE

3/21/78

FURTHER: \_\_\_\_\_

Date: June 3, 1978

Mr. President:

The Committee on FINANCE has had HB 618 an  
annual report of the State Commission for Human Rights

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass                      ( ) recommends it do not pass

( ) recommends it do pass with attached amendment(s),

( ) recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_ ( ) new title              ( ) same title

( ) AND attaches a Letter of Intent              ( ) New Fiscal Note

( ) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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\_\_\_\_\_  
Chairman

Introduced: 1/12/78  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY MALONE

2 HOUSE BILL NO. 618 am

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the annual report of the State  
7 Commission for Human Rights."

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9 \* Section 1. AS 18.80.150 is repealed and re-enacted to read:

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16 bution. The commission shall make copies of the report available to  
17 the public.

18 \* Sec. 2. AS 18.80.060(a) is amended by adding a new paragraph to read:

19 (6) make an overall assessment, at least once every three  
20 years, of the progress made toward equal employment opportunity by every  
21 department of state government. Results of the assessment shall be  
22 included in the annual report made under sec. 150 of this chapter.  
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THE LEGISLATURE OF THE STATE OF ALASKA  
TENTH LEGISLATURE

Amended FISCAL NOTE

I. REQUEST

Bill/Resolution No. HR 618  
Title Relating to the Annual Report of the State Commission for Human Rights  
Requested by Legislative Finance Date 2-17-78

II. FISCAL DETAIL

Agency Affected Office of the Governor  
Program Category Affected Administration of Justice  
Budget Request Unit(s) Affected Human Rights Commission

EXPENDITURES (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL			.1			
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
GENERAL FUND			.1			
FEDERAL FUNDS						
OTHER (Specify)						

POSITIONS

	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82
FULL TIME			-0-			
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Provides for 100 extra copies at \$1 each of the Human Rights Commission Annual Report.

IV. DATE February 17, 1978 PREPARED BY Janet Green  
AGENCY Office of the Governor  
PHONE 545-3545

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)

Introduced: 1/12/78  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY MALONE

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3 IN THE LEGISLATURE OF THE STATE OF ALASKA

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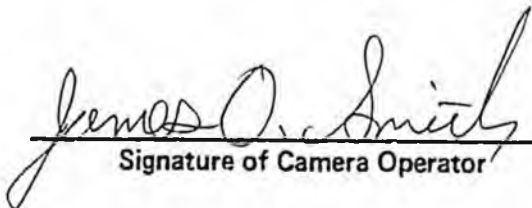
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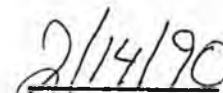


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Signature of Camera Operator

  
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# COMMITTEE REPORT

## HOUSE

FURTHER: \_\_\_\_\_

1/12/78

Date: \_\_\_\_\_

Mr. Speaker:

The Committee on FINANCE has had HR 519  
"An Act making a supplemental appropriation to the Department of Labor,  
vocational rehabilitation and Pump Station #8; eff. date."

under consideration and (a majority of the committee) (the committee reports it back as follows)

recommends it do pass                       recommends it do not pass

recommends it do pass with attached amendment(s)

recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_  new title                       same title

AND attaches a Letter of Intent                       New Fiscal Note

reports it back without recommendation

and recommends it be referred to the \_\_\_\_\_ Committee

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OTHER RECOMMENDATIONS:

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Chairman

Introduced: 1/12/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 619

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Labor, vocational rehabilitation and  
8 Pump Station #8; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$181,672 is appropriated from the Second Injury  
12 Fund to the Department of Labor, allocated as follows:

13	FY 77 payment to Division of Vocational	
14	Rehabilitation	\$49,544
15	FY 78 payment for Pump Station # 8 injury	70,128
16	FY 78 payment to Division of Vocational	
17	Rehabilitation	62,000

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).  
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Transcript of testimony by Heines Noonan on the North-South runway at Anchorage International Airport (HB 622) before the House Finance Committee, February 22, 1978:

Okay. What Mr. Hogan has referred to is that \$10.6M bond prospectus, which is this issue right here--Series E bonds. Now the Series E bond issue was defeased. It was successfully defeased, and the State made a lot... During defeasement, we sold it at a higher rate of interest than I had originally sold it to the bond holders, and we made \$70,000, which we gave to the general fund. Because according to IRS regulations on defeasements, you cannot, you know, keep money. You cannot make money on defeasements. But this \$10.6M is still carried on the books as bonds and are in a revolving--just like a revolving charge account, at the end, it's paid off every year. Bond rating went from an "A" rating to a "AAA" rating so that bond holders were successfully impacted on the State's problem.

Now the way it stands right now, the--okay, just to brief you on the problem with Anchorage--Anchorage is running a pretty successful operation. It's operations are roughly at \$16M in income, and it generates a \$6M profit. That's after deducting depreciation interest expenses--all of those. On the other hand, you have an operation which is also part of the enterprise fund--Fairbanks. It's operation is roughly \$2.1M, which has a \$1.8M loss. So the problem with the carriers right now is that ALPA--the Airline Pilots Association--has come out strongly... The two worst airports in the United States are Anchorage and LA; they both have black stars. Boston, Logan, used to be one, but it was removed because of some building.

Now with the...if you go to a Series F bond issue, or later on if you decide to build the terminal building with a Series G bond issue of over \$9M, you will be able to get the bond coverage. The bond coverage right now is 1.3 the minimum. Our bond coverage last year was 4.48, which is successful, and the carriers wanted reductions in rates--they had been holding them off successfully. Right now...I've talked to, just to give an idea, with Nurvene and Company, and \$17M can be sold for roughly 6-6 1/4% interest, but which would increase the debt service from \$1.9M that you have right now on existing bonds--you have \$21,350,000 worth of revenue bonds outstanding, and the revenue bonds right now for next fiscal year is roughly \$1.9M. If you were to add the \$17M in revenue bonds, the debt service would increase to \$3.9M; in other words, it would add another \$1.6M in interest and principal that would have to be paid.

Now the way the bond coverage works--it's a very artificial financial tool--you add your income that you make, deducting your total revenue, minus total cost, then you deduct your depreciation interest expenses; that gives you your net income. However, once you get your net income, you add depreciation and interest expenses back and that gives you your actual net income, and assuming that you have this--you know, that you will sell \$17M worth of bonds--you would reduce your bond coverage from 4.48 to roughly 1.92.

Now with Fairbanks getting greater losses and the possible deterioration of the yen, Japan, a possible deterioration of the German mark, a restriction of tourism--as far as taking yen out of Japan--you will...it's a possibility of a reduction in traffic--your traffic rate right now; it's increasing at the rate of roughly 10% in terms of jet landings, passengers about 8-9%; internationals on the other hand, you have 11-13%. You're big factor--it isn't so much your landing fees--it comes right out to where your concession fees are one of the primary objects of the game. It comes primarily from your duty-free shoppers. Duty-free shoppers contributed \$3.5M on 2000 square feet of retail space. Now 87% of those people are Japanese that buy goods that are duty free. So the Japanese economy, again, a direct link to Anchorage.

Now with your mention of Van Couver, the Van Couver principle has the invinics to...relatively explored by Japan Airlines, which estimates your carriage at Anchorage...it contributes 38.5% of the total revenue. The SP, again, we talked with Japan Airlines, at the present time they don't have any 747 SP's on order like Pan Am. Pan Am is not stopping in Fairbanks. Anymore, they are only stopping on the Anchorage to Portland route, but they are overflying with their SP's from the New York-Tokyo route. [Question asked: "What is an "SP"?] SP, "Special Performance", longer distances. But you can cram in 385 passengers, you are down to 245-260. But the air carriers, themselves, in regard to the proposal, have said they would like to go with the federal funding if at all possible, because sooner or later as you take--this bond issue which you are going to go... You go 20-25 years, you're going to have to have, sooner or later, an increase of rates. My determination in making some minor calculations, you might go 3-4 years without an increase in rates, but that's assuming that we can keep Fairbanks on a \$2--2-1/2M loss and that no deterioration in the Anchorage traffic.

-----  
HFC 78-18 #1133 - #1255

# STATE OF ALASKA

## OFFICE OF THE GOVERNOR

BUDGET & MANAGEMENT

JAY S. HAMMOND, GOVERNOR

POUCH AM — JUNEAU 99811  
PHONE 465-2213

April 7, 1978

The Honorable John Sackett  
Chairman, Senate Finance Committee  
Alaska State Legislature  
Pouch V  
Juneau, AK 99811

*Red  
after  
will  
reported  
out*

Dear Senator Sackett:

Please amend HB 619, a supplemental appropriation to the Department of Labor, to increase the request by \$254,798 Second Injury Funds for additional awards to permanent disability claimants as determined by the Workmen's Compensation Board and additional funding for training, tuition, maintenance, and related travel being provided injured workers eligible for Second Injury Fund benefits.

Section 1 of HB 619 should be amended to read:

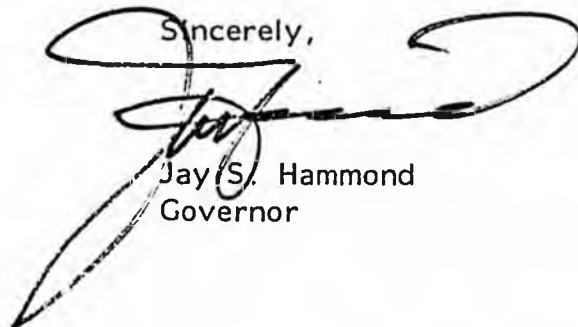
The sum of \$436,470 is appropriated from the Second Injury Fund to the Department of Labor, to be allocated as follows:

FY 77 Payment to Division of Vocational Rehabilitation	\$ 49,544
FY 78 Payment for Pump Station #8 Injury	70,128
FY 78 Payment to Division of Vocational Rehabilitation	62,000
*FY 78 Awards to Disability Claimants	151,981
*Training and Associated Costs	102,817

\*Additional request new with the amendment.

Additional backup is attached.

Sincerely,



Jay S. Hammond  
Governor

Attachments

cc: Jay Hogan, Director, Legislative Finance  
Keith Specking

STATE  
of ALASKA

## MEMORANDUM

TO:  Ron Lind  
Budget and Management  
Office of the Governor

Attention Dan Dawson

DATE:  
March 22, 1978

FILE NO:

RECEIVED

MAR 23 1978

BUDGET &amp; MANAGEMENT

TELEPHONE NO:

FROM:

John Cook, Director *jc*  
Worker's Compensation Division  
Department of Labor

SUBJECT:

Amendment to HB #619 and FY 79 Budget  
Amendment Request Second Injury Fund

Second Injury Fund receipts are dependant on the decisions and awards of the Workmen's Compensation Board. In addition to the compensation provided for, the employer or his insurance carrier is required to pay into the Second Injury Fund a lump sum equal to eight percent of the total compensation to which the injured employee is entitled for permanent partial disability as soon as the total amount of permanent partial disability payable for the particular injury is determined by the Board.

The degree of permanent impairment disability suffered by the employee cannot be determined until he has reached maximum recovery. For this reason, the lag period between injury and payment to the Second Injury Fund varies from six months to five years. For instance, payment was made on 913 claims in calendar year 1977. Seventy-six percent of these payments was for injuries sustained during 1975 and 1976. Only 11% was payment for 1977 injuries, and the remainder was for injuries occurring prior to 1975.

We estimated that Second Injury Fund revenues would average \$507,700 for FY 78 and FY 79 in our supplemental request. However, records show that the Second Injury Fund received revenues of approximately \$498,148 during the first 37 weeks of FY 78. Based on this, we anticipate total revenue to the Fund will exceed \$675,000 for FY 78.

Presently, we have approximately 500 claims where individuals have been rated as having a certain degree of permanent partial disability by their treating physician and payment to the Fund is pending. Due to the lag in determining permanent partial disability, decisions and awards by the Board, we believe that payments to the Fund will exceed \$650,000 during FY 79.

With the pipeline construction being completed in mid 1977, records show that total injuries in FY 78 decreased by approximately 10% below that of FY 77. As a result, Fund revenues for FY 79 should show a small decline. However, a reduction in injuries would also reduce the number of claims, awards and costs to the Fund accordingly.

In summary, we believe that Second Injury Fund revenue and expenditures for FY 79 should remain at basically the same level as FY 78. Due to normal industry growth and employment, both revenues and expenditures are expected to increase at the rate of 4-6% per year commencing in FY 1980. Should construction of the gas line commence in the interim, then this figure would rise considerably.

Ron Lind  
Page 2  
March 22, 1978

It is our plan to have an analysis made of the Second Injury Fund program in the near future to determine if the current rate of employer/carrier contributions is adequate to meet future statutory obligations. If it is found that the current rate of contributions is inadequate to meet future obligations then a proposal to increase contribution by 2% will be submitted for legislative action.

JC/re

cc: Judy DuBois  
Administrative Officer  
Commissioner's Office  
Department of Labor

Ellen Baxter  
Fiscal Section  
Department of Labor

J. Paul House  
Worker's Compensation Officer  
Workmen's Compensation Division  
Department of Labor

STATE  
of ALASKA

## MEMORANDUM

RECEIVED  
MAR 8 1978TO: [ Ron Lind  
Budget and Management  
Office of the Governor  
Attn: Dan DawsonDATE: March 8, 1978 **BUDGET & MANAGEMENT**

FILE NO AKAS (FM 3-2)

TELEPHONE NO

Thru: Commissioner Orbeck  
*Ed Orbeck*FROM: Tom Haas *Tom Haas*  
Finance Officer  
Department of LaborSUBJECT: Amendment to HB #619 - Second  
Injury Fund.

Please find attached Budget Form #02-1041 requesting an additional increase to the Second Injury Fund Authorization for FY'78. The initial supplemental request now pending on House Bill #619 is for \$181,700.00.

Since the Supplemental was prepared in November, the Workmen's Compensation Board has made some major monetary awards which were not foreseen at the time resulting in an additional need of \$254,800.00.

Peter Tremont Award Balance Due	\$70,128
FY'77 Voc. Rehab. Services	49,550
FY'78 Voc. Rehab. Projected Services	<u>62,028</u>
House Bill #619	\$181,706
Additional awards to permanent total Disability Claimants thru balance of FY'78	151,981
Additional need for training, tuition, maintenance and related travel	<u>102,817</u>
	<u>\$436,504</u>

Listings of these awards and payment schedules are available for viewing if needed.

As of June 30, 1977 the Reserve Balance of the fund was \$363,810.00 and at this point in time the projection for the fund is as follows:

Reserve Fund as of 6/30/77	\$363,810
Plus Anticipated Revenue for '78 (Average \$507,700 of FY'78 & FY'79) Budget Projections of Rec's.	<u>\$507,700</u> 675,000
Sub-Total	\$871,510 1,038,810
The FY'78 Budget Appropriation	334,800
This Supplemental Request (FY'77 need = \$49,550) (FY'78 need = \$386,956)	<u>436,500</u>
Anticipated Amount in Reserve Account As of Beginning of FY'79	<u>\$ 94,410</u> 267,510

AS.23.30.040

For three years prior to FY'78 the number of injured workers provided with vocational retraining benefits from the SIF numbered between 40 and 50 per year with costs varying from \$1,800 to \$2,400 per individual. Due to the large increase in permanent injuries suffered by workers during construction of the pipeline we estimated that the number would increase to 75 during FY'78. However, by January 1, 1978 approximately 140 individuals were attending vocational retraining programs sponsored by the Second Injury Fund. Ninety-seven of these individuals are enrolled in retraining facilities in states other than Alaska and are dependent on the fund for payment of tuition, books and supplies, plus monthly maintenance and transportation costs. Forty claimants have already completed retraining programs during FY'78 and approximately 60 more are scheduled to complete programs by July 1, 1978 and return to gainful employment. Without the supplemental appropriation this BRU will be unable to meet its statutory obligation and many, if not all, of the injured workers will be forced to drop out of the programs still lacking the knowledgeable skills which would enable them to return to gainful employment in a job compatible with their disabilities.

A.S. 23.30.205

A secondary function of the Second Injury Fund is to provide reimbursement to the employer/carrier when injuries suffered by workers, combined with pre-existing disabilities, results in disability exceeding 104 weeks.

Records show that in prior years, costs to the Fund under this provision increased by approximately 10 percent per year. Estimates were rough however, due to the fact that reimbursement is required as the Workmen's Compensation Board Orders.

During the pipeline construction, the employer was required to undergo a medical examination as a pre-requisite to employment. By this method the employer obtained the necessary documentation required to qualify for reimbursement under the provisions of Section 205. As a result claims against the fund tripled in number during the first half of FY'78.

This request for a supplemental appropriation of \$436.5 in object group of our FY'78 budget is necessary to meet the Second Injury Fund's statutory requirements for the remainder of the current fiscal year.

STATE OF ALASKA  
Office of the Governor  
Budget & Management Div.

REVISED PROGRAM  
COST ANALYSIS SUMMARY  
by BUDGET COMPONENT

07-25-1-660

AGENCY	LABOR	code	05	Public Protect.
DIVISION	Second Injury	PROGRAM	51	
		SUB PROGRAM		
		ELEMENT		Second Injury
		SUB-ELEMENT		

CODE	EXPENDITURE BY OBJECT	PRESENT AUTHORIZATION	REVISION INCREASE, (DECREASE)	AMENDED AUTHORIZATION
100	PERSONAL SERVICES	95.4		95.4
200	TRAVEL	6.8		6.8
300	CONTRACTUAL SERVICES	20.5		20.5
400	COMMODITIES	2.0		2.0
500	EQUIPMENT	.2		.2
600	LANDS, BUILDINGS, NON-STRUCTURAL IMPROVEMENTS			
700	GRANTS, CLAIMS, SHARED REVENUE	215.7	436.5	652.2
800	MISCELLANEOUS			
	INTER-AGENCY TRANSFERS (INCLUDED ABOVE)			
	<b>TOTAL</b>	<b>340.6</b>	<b>436.5</b>	<b>777.1</b>
NEW CODE	FEDERAL RECEIPTS			
	REQUIRED GENERAL FUND MATCHING			
	OTHER GENERAL FUND	340.6	436.5	777.1
	INTER-AGENCY TRANSFERS			
	OTHER:			
	<b>TOTAL</b>	<b>340.6</b>	<b>436.5</b>	<b>777.1</b>
	PERMANENT FULL-TIME POSITIONS	4.0		4.0
	PERMANENT PART-TIME POSITIONS			
	TEMPORARY (FULL-TIME EQUIVALENTS)			
	NUMBER OF MAN MONTHS	48.0		48.0

(CURRENT FY)

	FY ____	FY ____	FY ____	FY ____	FY ____	FY ____
EXPENDITURES - TOTAL						
SOURCE OF FUNDS						
FEDERAL						
REQ. G.F. MATCH						
OTHER G. F.						
OTHER (SPECIFY)						

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FUND AUTH.	FY 77 ACTUAL	FY 78 Gov. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + LIABILITIES 7/1 - 10/31	Other OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 77 MAINTENANCE FEE
PERSONAL SERVICES	41.6	87.7	82.2	89.6	89.6	95.4	31.5	4.5	59.4	-0-	102.1
TRAVEL	-0-	6.9	2.9	6.8	6.8	6.8	-0-		3.8	3.5	7.2
CONTRACTUAL SERVICES	8.3	22.6	10.1	20.5	20.5	20.5	21.9		1.6	(3.0)	31.1
COMMODITIES	.5	2.8	-0-	2.0	2.0	2.0	.1		1.9	-0-	2.5
EQUIPMENT	.1	1.1	.8	.2	.2	.2	.1		.1	-0-	
LAND, BLDG. ...											
GRANTS, CLAIMS, ...	197.1	199.1	212.6	215.7	215.7	215.7	95.6		556.6	(436.5)	301.0
MISCELLANEOUS											
TOTAL	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	623.4	(436.5)	443.7
FEDERAL RECEIPTS REQUIRED OF MATCHING											
OTHER GENERAL FUND INTER-AGENCY RECEIPTS											
1031 Second Injury	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	623.4	(436.5)	443.7

AGENCY Labor

PRO Second Injury

COMPONENT Second Injury

REVISED

Introduced: 1/12/78  
Referred: Finance

1 IN THE HOUSE

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

2 HOUSE BILL NO. 619

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Labor, vocational rehabilitation and  
8 Pump Station #8; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$181,672 is appropriated from the Second Injury  
12 Fund to the Department of Labor, allocated as follows:

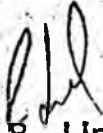
13	FY 77 payment to Division of Vocational	-
14	Rehabilitation	\$49,544
15	FY 78 payment for Pump Station # 8 injury	70,128
16	FY 78 payment to Division of Vocational	
17	Rehabilitation	62,000

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).

RECEIVED  
DEC 20 1977  
BUDGET & MANAGEMENT

HB 689  
Avrum M. Gross, Attorney General  
Department of Law

December 15, 1977

  
Ronald B. Lind, Director  
Division of Budget & Management  
Office of the Governor

Supplemental Appropriation  
Legislation for Department  
of Labor

Please prepare supplemental appropriation legislation that the Governor may introduce to the second session of the Tenth Legislature for the following requests by the Department of Labor:

Social Services Category

Appropriation: FY 77 - "Second Injury Fund", SLA 1976, Chapter 279, page 13. FY 78 - "Second Injury Fund", SLA 1977, Chapter 153, page 14.

Increase the total appropriation by \$181,672 from the Second Injury Fund for costs related to FY 77 and FY 78 as follows:

A) For a FY 77 payment of \$49,544 by the Department of Labor to the Division of Vocational Rehabilitation, Department of Education, for services rendered in FY 77. Funds for these services were inadvertently excluded from the Department's FY 77 budget request.

B) For FY 78 to pay \$70,128 awarded by the Alaska Workmen's Compensation Board through a Compromise and Release Agreement for a Pump Station #8 related injury.

C) For FY 78 \$62,000 to be paid by the Department of Labor to the Division of Vocational Rehabilitation for services to be rendered during FY 78. Funds for these services were inadvertently excluded from the Department's FY 78 budget request.

RBL:DD:elm

Introduced: 1/12/78  
Referred: Finance

BY THE RULES COMMITTEE BY  
REQUEST OF THE GOVERNOR

1 IN THE HOUSE

2 HOUSE BILL NO. 619

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 Department of Labor, vocational rehabilitation and  
8 Pump Station #8; and providing for an effective  
9 date."

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

11 \* Section 1. The sum of \$181,672 is appropriated from the Second Injury  
12 Fund to the Department of Labor, allocated as follows:

13	FY 77 payment to Division of Vocational	
14	Rehabilitation	\$49,544
15	FY 78 payment for Pump Station # 8 injury	70,128
16	FY 78 payment to Division of Vocational	
17	Rehabilitation	62,000

18 \* Sec. 2. This Act takes effect immediately in accordance with AS 01.-  
19 10.070(c).

14B619

<sup>2</sup>  
January 11, 1978

The Honorable Hugh Malone  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Labor in the amount of \$181,672.

This appropriation provides for a FY 77 payment of \$49,544 by the Department of Labor to the Division of Vocational Rehabilitation for services rendered in FY 77; a FY 78 payment of \$70,128, awarded by the Alaska Workmen's Compensation Board through a Compromise and Release Agreement for a Pump Station #8 related injury; and a FY 78 payment of \$62,000 by the department to the Division of Vocational Rehabilitation for services to be rendered in FY 78.

Sincerely,

S/SSH

Jay S. Hammond  
Governor

MEMORANDUM

RECEIVED

NOV 09 1977

DEPARTMENT OF LABOR  
OFFICE OF THE COMMISSIONER

TO:  Ron Lind, Director  
Division of Budget & Management  
Office of the Governor  
ATTN: DAN DANSON

DATE: November 7, 1977 BUDGET & MANAGEMENT

FILE NO: AKAS (FM 3-2)

TELEPHONE NO: 465-2790

FROM: Tom Haas *Tom Haas*  
Finance Officer  
Administrative Services

SUBJECT: Supplemental Request  
Second Injury Fund

Please find attached budget Form #02-1041, and a copy of a "Compromise and Release Agreement" signed by the Workmen's Compensation Board on September 23, 1977. Also, please find attached a copy of a voucher with back-up requesting payment for services rendered the program in FY '77 by the Vocational Rehabilitation Division of the Department of Education.

Under the provisions of AS.23.30.205 and the Compromise and Release Agreement signed by the Workmen's Compensation Board in September, 1977, the Second Injury Fund is required to pay the applicant the sum of \$70,128.22, as soon as the unencumbered balance of the fund permits, but in no event more than one year from the date of the approval.

In addition to the above requirement, the Vocational Rehabilitation Division of the Department of Education has submitted their billing for services rendered to the program in FY '77 (see attached inter-departmental cooperative agreement).

The drain on the appropriated fund has accelerated at an extraordinary rate in recent years. Near the end of FY '77, it was noted that the usual dollars for the Vocational Rehabilitation services had not been encumbered, and that the appropriated unencumbered balance would not be sufficient to cover their services. A similar situation will exist with Vocational Rehabilitation services for FY '78 also. The individual awards and increased training costs to the program will prohibit tying up the dollars for Vocational Rehabilitation services. (See attached memo dated 1-4-77 from Vocational Rehabilitation citing the anticipated dollar need for FY '78.)

As of June 30, 1977, the reserve balance of the fund was \$363,810 (see August 22, 1977 memo attached).

Reserve Fund as of 6-30-77	\$363,810
Plus Anticipated Revenue for '78 & '79 (Average \$507,700 per yr AS.23.30.190 effective 5-22-75)	1,015,400
Sub-total	<u>\$1,379,210</u>
The FY '78 Budget Appropriation	334,800
The FY '79 Budget Request	443,700
This Supplemental Request	<u>181,700</u>
(FY '77 need = \$49,550)	
(FY '78 need = \$132,156)	
Sub-total	\$ 960,200
Anticipated Amount in Reserve Account	
As of Beginning of FY '80	<u>\$ 419,010</u>

Ron Lind  
Page 2  
November 3, 1977

Since the beginning of FY '78, the Workmen's Compensation Board has made a number of unanticipated awards to individual recipients totaling approximately \$49,900.00. This, along with the regular monthly schedule of recipient payments, will tend to use pretty close to all the FY '78 appropriated funds.

If there are any questions, please contact Paul House at 465-2790.

Attachments: Cooperative Agreement  
C & R Agreement  
Budget Form #02-1041  
Voucher (Voc. Rehab. & back-up)  
Memo, 8-22-77  
Memo, 1-04-77

cc: J. Paul House  
Ellen Baxter

FY 78 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	41.6	87.7	82.2	89.6	89.6	95.4	31.5	4.5	59.4	-0-	102.1
TRAVEL	-0-	6.9	2.9	6.8	6.8	6.8	-0-		3.8	3.0	7.2
CONTRACTUAL SERVICES	8.3	22.6	10.1	20.5	20.5	20.5	21.9		1.6	(3.0)	31.4
COMMODITIES	.5	2.8	-0-	2.0	2.0	2.0	.1		1.9	-0-	2.0
EQUIPMENT	.1	1.1	.8	.2	.2	.2	.1		.1	-0-	
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...	197.1	199.1	212.6	215.7	215.7	215.7	95.6		301.8	(181.7)	301.0
MISCELLANEOUS											
TOTAL	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	368.6	(181.7)	443.7
FEDERAL RECEIPTS											
REQUIRED GF MATCHING											
OTHER GENERAL FUND											
INTER-AGENCY RECEIPTS											
1031 Second Injury	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	368.6	(181.7)	443.7

AGENCY Labor BRU Second Injury COMPONENT Second Injury REVISED \_\_\_\_\_

COMPROMISE AND RELEASE

PETER TREMONT, Applicant, vs. FLUOR ALASKA, INC., Employer,  
ALASKA PACIFIC ASSURANCE COMPANY, Insurance Carrier, 09-22-76,  
Date of Injury.

1. AGREEMENT TO COMPROMISE. The parties whose signatures appear below do by this Compromise and Release agree to settle a disputed claim which exists as a result of an injury to PETER TREMONT on or about 09-22-76, at Pump Station #8, Alaska.

2. PREVIOUS PAYMENTS. The employer and/or carrier has paid the following sums to or on behalf of the employee: temporary and permanent disability \$ 17,317.58 ; medical \$ 21,665.30 , other \$0.00.

3. AMOUNT OF PAYMENT. The agreed amount of settlement is \$90,000.00 to be paid as set forth in Paragraph 12 for the disability listed below.

4. DISABILITY. The sum specified in paragraph 3 shall be paid, without limiting the general language in paragraph 5, for the following conditions:

Injury to the lumbar spine, cervical spine, any and all disability arising from the injury of 09-22-76, and as shown on the reports of Drs. Mead, Reilly, Pollard, Kelly and any and all disability arising out of Employee's employment by Employer or for any Employer on the Trans-Alaska pipeline.

5. FULL COMPROMISE. The parties declare and represent that the injuries and disabilities sustained by the applicant may be permanent and progressive and that the applicant's recovery therefrom is uncertain and indefinite, and that all the applicant's injuries and disabilities may not now be fully known, and may be more numerous or more serious than now expected, and in making this release and agreement, it is understood and agreed that the applicant relies wholly upon his own judgment of the future development, progress and result of his said injuries and disabilities, known and unknown, and that he

RECEIVED

SEP 18 1977

Alaska Workers' Compensation Board

has not been influenced to any extent whatsoever in making this Compromise and Release by any representations or statements regarding his said injuries and disabilities, or the legal liability therefor, or regarding any other matters, made by the party or parties who are hereby released, or by any person or persons representing said party or parties, and that the applicant accepts the above-mentioned sum in full settlement and satisfaction of all claims or demands whatsoever for injuries and disabilities known and unknown. This includes all claims for compensation under the Act, whether for disability or death, and benefits under Sections .040 and .191 of the Act.

6. REASON FOR COMPROMISE. This claim is being compromised because of a dispute as to extent of applicant's permanent disability, and to facilitate applicant's rehabilitation program.

7. ATTORNEYS' FEES. Applicant is not represented by an attorney, and therefore, no attorneys' fees are provided in the settlement.

8. ENFORCEABLE AS AWARD. This agreement shall be enforceable the same as an order or award of the Alaska Workmen's Compensation Board and shall discharge the liability of the employer for the compensation and disabilities shown in item No. 4 and 5, notwithstanding the provisions of Sections 23.30.130, 160 and 245(b) of the Alaska Statutes.

9. ENTIRE AGREEMENT. Applicant further declares and represents that no promise or agreement not herein expressed has been made by or to him, and that this release contains the entire agreement between the parties hereto, and that the terms of this release are contractual, not a mere recital.

10. MEDICAL BENEFITS. Future medical benefits are not covered by this Compromise and Release, and shall be handled in accordance with the provisions of the act.

11. WAIVER OF SUBROGATION. Employer, Carrier and Second Injury Fund hereby waive any right they may have to recover, pursuant to 23.30.015(g), sums paid prior to the date of any third party recovery, but do not waive their right to credit against future benefits.

RECEIVED

SEP 12 1977

Alaska Workmen's  
Compensation Board

12. METHOD OF PAYMENT. Employer and Carrier will pay, immediately upon approval of this agreement, the sum of \$19,871.78 to applicant. The balance of the settlement amount will be paid by the second injury fund directly to the applicant as soon as the unencumbered balance of the fund permits, but in no event more than one year from the date of approval.

Peter J. Ironwood  
Applicant

Dave McManis  
Witness

Alaska Pacific Assurance Company  
Carrier and/or Employer

3550 Airport Way, Fairbanks, AK 99701  
Address

By J. P. Webb  
Title  
J. P. Webb/Manager

Martin J. ...  
Witness

Second Injury Fund of the  
Department of Labor, State  
of Alaska

3550 Airport Way, Fairbanks, AK 99701  
Address

By s/ John P. Cook

APPROVED BY THE ALASKA WORKMEN'S COMPENSATION BOARD  
this 23rd day of September, 1977, at Juneau, Alaska.

s/ John P. Cook  
Chairman

ALASKA DEPARTMENT OF LABOR  
P.O. Box 1149  
Juneau, Alaska 99801

[Signature]  
Member

Member

RECEIVED  
SEP 12 1977

ALASKA WORKMEN'S  
COMPENSATION BOARD

COOPERATIVE AGREEMENT

Between  
The Alaska Workmen's Compensation Division  
of  
The Department of Labor  
and  
The Alaska Board of Vocational Rehabilitation  
of  
The Department of Education

PURPOSE

The purpose of this agreement is to set forth the effective working relationships between the Alaska Workmen's Compensation Division (WC) and the Alaska Office of Vocational Rehabilitation (OVR) in order to assure that all disabled workers eligible under the provisions of the Second Injury Fund of the State of Alaska receive such rehabilitation services and benefits as may be necessary to enable these workers to return to their former jobs or to other suitable employment as promptly as possible.

GENERAL AGREEMENT

Both participating agencies acknowledge that the primary purpose of this agreement is to assure the expeditious provision of vocational rehabilitation services to disabled workers eligible under the provisions of the Second Injury Fund. Both agencies agree to continue this agreement as long as it is mutually satisfactory and to make changes on the basis of their joint experience in the program. Both agree:

1. To hold joint staff conferences for purposes of pooling information, exchanging experiences and creating better understanding of the purposes, functions, and responsibilities of the personnel of both agencies involved.
2. To establish an effective manner of paying for the costs of providing rehabilitation services to disabled workmen by means of the standard Reimbursable Services Agreement, form 02-096, to be entered into each year.

3. This agreement will allow the Department of Labor to provide from the Second Injury Fund the necessary direct case service costs incurred by the Office of Vocational Rehabilitation in providing services to beneficiaries, exclusive of physical restoration costs and maintenance in excess of \$100 per month.

4. To cooperate in developing administrative policies and necessary changes in legislation affecting this cooperative program and to invite representatives of the other agency to serve on any advisory committee set up for this purpose.

#### LAWS AND REGULATIONS PERTAINING

This agreement is made in accord with all regulations governing both agencies and with specific State and Federal laws. These include:

1. The Alaska Workmen's Compensation Act (Alaska Statutes, Title 23, Chapter 30) and all amendments thereto.
2. The Alaska Vocational Rehabilitation Statutes, (Alaska Statutes, Title 23, Chapter 15, Article 1.) and all amendments thereto.
3. The Rehabilitation Act of 1973, Public Law 93-112.
4. The Alaska State Plan of Vocational Rehabilitation.

#### THE OFFICE OF VOCATIONAL REHABILITATION AGREES

1. To designate a representative of its staff to serve as liaison representative with the Department of Labor and to assume responsibility for expediting action on cases involving the rehabilitation of injured workers covered under the Workmen's Compensation law.

2. To investigate the case of each injured worker referred by the Alaska Workmen's Compensation Division and to report to the Division the result of investigation of each such referral and the nature and character of services which are recommended for the injured worker.

3. To provide to the Workmen's Compensation Board, with the written permission of the applicant/client, all pertinent data from the OVR file necessary to assist the Board in reaching a decision relative to Second Injury Fund eligibility.

4. To secure certification of Second Injury Fund eligibility from the Workmen's Compensation Division prior to making any charge to the Second Injury Fund for the rehabilitation of the applicant claiming such eligibility.

5. To pay, within statutory limitations, for all services rendered to eligible industrial accident victims from the special account established for such purpose.

6. To provide to the Workmen's Compensation Division a narrative summary of the individual rehabilitation plan detailing the anticipated costs and to provide that Division with continuing progress reports for all clients in a training program.

7. To meet the costs from the regular vocational rehabilitation program of any services exceeding the statutory limitation as set forth in AS 23.30.040.

8. To have the applicant/client seek special WC Board approval for any plan to establish a small business enterprise.

9. To report on each injured worker covered under the Workmen's Compensation Law who has been rehabilitated during the fiscal year, the nature of services provided, his present job and earnings and the costs of his rehabilitation.

10. To submit as soon as possible after the close of each fiscal year an annual report to the Workmen's Compensation Division. The report will summarize the actual expenditures by individual client and the progress of such clients through the rehabilitation process.

11. To provide all counseling services, placement services, and administrative services related to this program at no cost to the Second Injury Fund.

THE DEPARTMENT OF LABOR WORKMEN'S COMPENSATION DIVISION AGREES

1. To designate a representative of its staff to serve as liaison representative with the Alaska Office of Vocational Rehabilitation.

2. To report promptly or make known to the Alaska Office of Vocational Rehabilitation all cases considered suitable for vocational rehabilitation in accordance with screening procedures developed jointly with the Office of Vocational Rehabilitation.

3. To furnish such supplementary data on reported cases as may be requested by the Office of Vocational Rehabilitation or make case files available for review by representatives of the Office of Vocational Rehabilitation.

4. To instruct staff members of the Department of Labor to advise injured workers in need of rehabilitation services of the availability of such services and report such cases to the liaison representative for referral to the Office of Vocational Rehabilitation.

5. To enter into a standard Reimbursable Services Agreement at the beginning of each fiscal year for the purpose of making the necessary Second Injury Fund monies available to the Office of Vocational Rehabilitation for the rehabilitation of injured workers eligible under Workmen's Compensation Law.

Dated this 1 day of August, 1974.

Alaska Workmen's Compensation Division

John P. Cook

Alaska Office of Vocational Rehabilitation

Leslie F. James

Alaska Department of Labor

John L. Alexander  
John L. Alexander, Commissioner

Alaska Department of Education

Marshall L. Lind  
Marshall L. Lind, Commissioner

Approved as to Form

Richard A. Bradley  
Department of Law



WORKMAN'S COMPENSATION  
YEARLY REPORT

CCT 25 1977

	NAME	FY'76 & PRIOR	FY'77	TOTAL	CLOSURE STATUS	Arizona Workman's Compensation Board FY CLOSED
1	AHERN, James	-0-	10000	10000		
2	ANDERSON, Robert	268879	169805	438684		
3	BACHMEIR, Dean	162378	-0-	162378	26	07-14-76
4	BELL, Adam	6326	-0-	6326	26	10-27-76
5	BELL, Mary	140380	20000	160380	28	01-05-77
6	BOATRIGHT, Robert	106605	-0-	106605		
7	BOOTH, Wilbur	135389	359825	495214	26	06-14-77
8	BRODIGAN, John	-0-	60000	60000		
9	BROOKS, Karen	64095	130500	194595		
10	BYINGTON, Phillip	435820	64130	499950		
11	CACHET, Michael	-0-	-0-	-0-	26	06-27-77
12	CARLOS, Gary	162020	170400	332420	26	03-09-77
13	CHRISTIE, Russell	218450	143000	361450		
14	CLOUSER, Donald	242289	171400	413689		
15	COBB, O.B.	-0-	88300	88300		
16	CRUM, Marvin	266521	28000	294521		
17	DENNIS, Michael	-0-	47996	47996		
18	EVERETTE, Kelly	4875	-0-	4875		
19	FOSTER, Larry	-0-	-0-	-0-	28	05-25-77
20	GALLOWAY, Warren	6975	312990	319965		
21	GRAY, Robert	-0-	110364	110364	28	04-05-77
22	GREENFIELD, Joan	-0-	239525	239525		
23	HALLIDAY, William	291930	741	292721	26	04-25-77
24	HAMMOND, Roy	-0-	129547	129547		
25	HARTWELL, Bill	70781	217282	288063		
26	HATFIELD, Christine	118558	-0-	118558	26	11-26-76
27	HOPPER, John	412344	-0-	412344	26	10-06-76
28	KINNEY, Rebecca	-0-	-0-	-0-		
29	KOGLER, Thomas	-0-	-0-	-0-	26	12-01-76
30	LAJOIE, Lawrence	-0-	-0-	-0-	28	04-01-77
31	LESLIE, Anthony	-0-	22700	22700		
32	LOENNIG, Mark	-0-	74238	74238	26	05-05-77
33	McWILLIAMS, Thomas	129351	80751	210110	26	01-13-77
34	MILLER, James	68629	-0-	68629	26	10-04-76
35	MITCHELL, Joseph	483205	-0-	483205		
36	MITCHELL, Mike	-0-	24144	24144		
37	MOORE, Gary	14390	75709	90099		
38	NASH, Susan Kay	-0-	157800	157800		
39	NORDEN, Cornelius	-0-	478672	478672		
40	PATTERSON, Dan	-0-	385680	385680	28	06-20-77

WORKMAN'S COMPENSATION  
YEARLY REPORT

	NAME	FY'76 & PRIOR	FY'77	TOTAL	CLOSURE STATUS	FY CLOSED
1	PFEFFER, Peter	42347	4100	46457	26	06-16-77
2	PITTS, Donald	89085	159211	248296		
3	POWERS, Wayne	-0-	42135	42135		
4	RODGERS, Evans	-0-	-0-	-0-	30	03-29-77
5	ROMBERG, David	-0-	55030	55030		
6	ROSS, Donald	-0-	30000	30000		
7	ROSS, Paul	389405	-0-	389405		
8	RYBARRSKI, Ron	-0-	33060	33060	28	05-26-77
9	SCHMOCK, Phil	239184	-0-	239184	26	02-02-77
10	SEIMS, Jerry	-0-	498220	498220		
11	SHAFFE, Richard	438504	61496	500000		
12	SMALLEY, Edward	224390	16000	240390	26	03-29-77
13	STARKEY, James	63232	38232	101464	26	01-07-77
14	STEELE, Myrtle	-0-	-0-	-0-	28	10-29-76
15	TILLMAN, James	-0-	-0-	-0-	28	10-29-76
16	VEGA, William	-0-	-0-	-0-		
17	VINCINI, Howard	-0-	73984	73984		
18	VINCENT, Albert	163086	-0-	163086	26	01-20-77
19	WALRATH, Alden	-0-	43820	43820		
20	WEST, Harvey	132756	132756	265512		
21	RICKS, Patricia (Adj.)	-0-	(7160)	(7160)		
22		5592256	4954383	10546639		
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RECEIVED

OCT 25 1977

Alaska Workmen's  
Compensation Board

# MEMORANDUM

TO:

Paul House  
Workmen's Compensation  
Department of Labor

DATE: November 4, 1977

FILE NO: 208

TELEPHONE NO:

FROM:

*Morgan*  
Michael C. Morgan  
Director  
Division of Vocational Rehabilitation  
Department of Education

SUBJECT: Workmen's Compensation for FY-78  
Second Injury Funds/Vocational  
Rehabilitation Costs

As requested, we have projected the costs for Workmen's Compensation for FY-78 as follows:

Estimated number of clients - 55

Estimated cost per client - \$ 1,128.

Estimated cost - FY-78 - \$62,028.

If additional information is required, please contact me.

MCM:gk

OFFICE OF THE COMMISSIONER  
DEPARTMENT OF LABOR

William C. McGillin, Director  
Division of Finance  
Department of Administration

August 22, 1977

AKAS (GA 8-21)

465-2759

Tom Haas *TH*  
Finance Officer  
Administrative Services

Second Injury

Second Injury Program reserve balance is as follows:

Reserve Balance 6-30-76	\$ 217,777
Revenue Received	<u>445,414</u>
Balance	\$ 663,191
Expenditures	<u>299,381</u>
Balance as of 6-30-77	<u><u>\$ 363,810</u></u>

cc: John Cook, Director, Workmen's Compensation  
Paul House, Workmen's Compensation Officer, W/C  
Ploy Rogers, Accountant, Administrative Services

TH:PR/11

OBJ. NO.	MEASURE	PRIOR YEAR (PY)		CURRENT YEAR PLAN (CY)	BUDGET YEAR (BY)			
		PLAN	ACTUAL		MAINTENANCE	AGENCY REQUEST	GOVERNOR'S BUDGET	LEGISLATIVE INTENT
	It is felt that prior and current year methods measure work load rather than program impact.							
1.	Number of claimants entering training programs.	45	48	55				
2.	Number of claimants in training programs.	40	22	50				
3.	Number of claimants completing training programs.	40	36	50				
	CHANGE TO:							
1.	Percent of injured workers eligible for Second Injury Fund benefits (est.).				5	5		
2.	Percent of injured workers receiving Second Injury Fund services.				2	2		
3.	Number of injured workers employed after completing retraining programs.				50	50		

BRU Emp. Serv. for Disabled - Second Injury Fund

BRU CODE 07-25-1-15-02-00

REVISED

# 18 Lands Grants Miscellaneous

CODE	EXPENDITURE CLASSIFICATION	PRIOR YEAR (PY) ACTUAL	CURRENT YEAR (CY) AUTHORIZED	BUDGET YEAR (BY)			GOVERNOR'S BUDGET
				AGENCY			
				Maintenance	Change	Request	
600	LAND, BUILDING, NON-STRUCTURAL IMPROVEMENTS						
960	INTER-AGENCY TRANSFERS (Non-Add)						
700	TOTAL GRANTS, CLAIMS, SHARED REVENUE	197.1	199.1	215.7		215.7	215.7
970	INTER-AGENCY TRANSFERS (Non-Add)	60.0	90.0	90.0		90.0	
800	MISCELLANEOUS						

## EXPLANATION:

700 Judgement Claims: AS 23.30.040 provides for vocational rehabilitation costs for injured workers including training, transportation and maintenance not to exceed \$5,000 per individual. Including 6% inflation for re-training costs, the average cost per individual is estimated at \$2,400 with the objective of 50 claimants completing programs in FY 78 both in Alaska and the lower 48.

\$120,000

AS 23.30.205 provides reimbursement to employers when injuries to workers, combined with pre-existing disabilities, result in disability exceeding 104 weeks. PY costs for reimbursement to employers/carriers amounted to approximately \$87,000. Records indicate that reimbursement costs increase at the rate of approximately 10% per year. Estimates are rough however, since entitlement of the reimbursement is determined by the Workmen's Compensation Board.

\$ 95,700

BRU Emp. Serv. for Disabled - Second Injury Fund BRU CODE 07-25-1-15-02-00 REVISED \_\_\_\_\_

18 LANDS  
GRANTS  
MISCELLANEOUS

1141

## Explanation

970 Inter-Agency Transfers: Under a cooperative agreement with the Workmen's Compensation Division, the Vocational Rehabilitation Division, provides rehabilitation and retraining services for injured workers residing in Alaska, Washington and Oregon areas.

\$ 90,000

BRU Emp. Serv. for Disabled - Second Injury Fund BRU CODE 07-25-1-15-02-00 REVISED

EXPLANATION

1142

# MEMORANDUM

TO: Ron Lind  
Division of Budget & Management  
Department of Administration

DATE: September

FILE NO:

TELEPHONE NO:

Attention: Dan Dawson

FROM: John Cook, Director *Jc*  
Workmen's Compensation Division  
Department of Labor

SUBJECT:

Supplemental Appropriation for  
Administration of Workmen's  
Compensation.

RECEIVED  
SEP 19 1977  
BUDGET & MANAGEMENT

After reviewing prior year actual costs and the authorized FY 78 Budget we find that Administration of Workmen's Compensation will need a supplemental appropriation of \$39.3 in Object Group 700 of our FY 78 budget to meet statutory obligations.

A.S. 23.30.172, the 1974 amendment to the Workmen's Compensation Act, requires payment of Worker's Compensation benefits at current rates regardless of the date of injury. It further provides that funds necessary to carry out that requirement be appropriated from the General Fund.

Presently direct payment to 91 permanently and totally disabled workers is being made at the rate of \$532,000 per year. From past experience we anticipate an increase of 5 new claimants with payments amounting to \$6,000 annually per individual. With a budget allocation of only \$522.0 for FY 78 this will generate a short fall of \$39.3.

This request for a supplemental appropriation of \$39.3 is necessary to meet the statutory requirement for direct payment to disabled workers.

JC/re

STATE  
of ALASKA

**MEMORANDUM**

RECEIVED  
NOV 09 1977

OFFICE OF THE COMMISSIONER  
ADMINISTRATIVE SERVICES

BUDGET & MANAGEMENT


TO:  Ron Lind  
Director  
Division of Budget & Management

DATE: November 9, 1977

FILE NO: AKAS (FM 3-2)

ATTN: Dan Dawson

TELEPHONE NO: 465-2722

FROM: Tom Haas   
Finance Officer

SUBJECT: FY 78 Supplemental Request  
Analysis for Workmen's Comp.

Please find attached the FY 78 Supplemental Request Analysis form as requested by your memo dated October 26, 1977 for the Workmen's Compensation Supplemental Request.

If there are any questions please call Ellen Baxter.

Attachment

cc: John Cook  
Ellen Baxter

FY 79 BUDGET REQUEST ANALYSIS

	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	310.2	308.1	286.7	286.7	312.8	88.8	12.5	211.5	-0-	361.2
TRAVEL	40.3	32.2	42.8	42.8	42.8	11.5		31.3	-0-	43.7
CONTRACTUAL SERVICES	99.0	63.3	97.0	48.3	48.3	40.7		7.6	-0-	70.0
COMMODITIES	11.5	5.2	12.2	12.2	12.2	1.6		10.6	-0-	12.9
EQUIPMENT	2.0	2.3	1.0	1.0	1.0	-0-		1.0	-0-	2.3
LANDS, BLDGS, ...		3.0	4.7	4.7	4.7	3.2		1.5	-0-	3.2
GRANTS, CLAIMS, ...	542.0	577.8	522.7	522.7	522.7	192.9		369.1	<39.3>	580.0
MISCELLANEOUS										
TOTAL	1,005.0	991.9	967.1	918.4	944.5	338.7	12.5	632.6	<39.3>	1,073.3
FEDERAL RECEIPTS										
REQUIRED GF MATCHING										
OTHER GENERAL FUND	1,005.0	991.9	967.1	918.4	944.5	338.7	12.5	632.6	<39.3>	1,073.3
INTER-AGENCY RECEIPTS										

AGENCY LABOR

BRU WORKMEN'S COMP

COMPONENT WORKMEN'S COMP

REVISED \_\_\_\_\_

Jay S. Hammond, Governor  
State of Alaska

May 20, 1977

KP 77-412

Ronald B. Lind, Director  
Division of Budget and Management  
Office of the Governor

Dept. of Labor Request to Transfer  
\$45,000 to the Workmen's Compensation  
Appropriation

The Department of Labor requests your approval to transfer \$45,000 from the appropriation of the Office of the Commissioner in the Social Services category to the appropriation of Administration of Workmen's Compensation in the Administration of Justice category to help fund Workmen's Compensation payments made from State funds per SLA 1974, Chapter 51, Section 2.

The Department of Labor's request in October 1976 for \$40,300 supplemental funding of these workmen's compensation payments was based on a shortfall estimate made early in the fiscal year with information available at that time. The estimate was based on the projected average weekly wage (determined under AS 23.30.220 on January 1 of each year) for the last half of FY 77 and the number of disabled persons estimated to be eligible for State funded compensation payments during FY 77.

The weekly wage determination on January 1, 1977 was \$28.15 or 7% over the projected amount. The Department's actual monthly payments, made through April 30, 1977, have averaged \$42,813 per month, or \$5,255 per month over the FY 77 appropriation, which generates a shortfall of \$63,060.

In addition, the Department has informed this office that between October 26, 1976, and February 1, 1977, the Workmen's Compensation Board awarded lump sum retroactive payments to five beneficiaries whose cases were in dispute, some for as long as a year, pending board adjudication. The total amount of these lump sum payments qualifying for State general funding under SLA 1975, Chapter 51, is \$41,514.

The total shortfall identified by the Department is \$104,574. Provided HB 165 for \$40,300 is passed by the Senate, the additional funds necessary to fund the shortfall will be \$64,300. Of this amount, \$19,300 has been made available because of savings in the Employment Security Division's support services section resulting in a reduced demand for support payments budgeted as inter-agency transfers in the Workmen's Compensation budget. The remaining \$45,000 is available in the Commissioner's Office from position vacancies of an Assistant Commissioner and a Clerk Typist, forced by the Commissioner in order to realize the full savings projected to result from implementation of the Governor's Efficiency Recommendations. The Free Conference Committee has deleted these two positions from the FY 78 budget.

The Department has asked that decisions on this request be expedited because workmen's compensation payments for May will be \$5,000 short and there is no money for June payments.

Your approval is recommended in accordance with the provisions of SLA 1976, Chapter 279, Section 13(3).

*Ronald B. Lind*  
\_\_\_\_\_  
Ronald B. Lind, Director  
Division of Budget & Management  
Office of the Governor

Approved this 20 day of May, 1977.

*Jay S. Hammond*  
\_\_\_\_\_  
Jay S. Hammond, Governor  
State of Alaska

*Jay S. Hammond*  
\_\_\_\_\_  
Legislative Budget & Audit Committee  
Date: 5/28/77

# MEMORANDUM

10 [ Ron Lind  
Division of Budget & Management  
Department of Administration

DATE: September

FILE NO:

TELEPHONE NO.

Attention: Dan Dawson

11/2/77  
John Cook, Director *JC*  
Workmen's Compensation Division  
Department of Labor

SUBJECT: Supplemental Appropriation for  
Administration of Workmen's  
Compensation.

RECEIVED  
SEP 19 1977  
BUDGET & MANAGEMENT

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Presently direct payment to 91 permanently and totally disabled workers is being made at the rate of \$532,000 per year. From past experience we anticipate an increase of 5 new claimants with payments amounting to \$6,000 annually per individual. With a budget allocation of only \$522.0 for FY 78 this will generate a short fall of \$39.3.

This request for a supplemental appropriation of \$39.3 is necessary to meet the statutory requirement for direct payment to disabled workers.

JC/re

FY 79 BUDGETARY REQUEST ANALYSIS

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LANDS, BLDGS. ...		3.0	4.7	4.7	4.7	3.2		1.5	-0-	3.2
GRANTS, CLAIMS, ...	542.0	577.8	522.7	522.7	522.7	192.9		369.1	<39.3>	580.0
miscellaneous										
TOTAL	1,005.0	991.9	967.1	918.4	944.5	338.7	12.5	632.6	<39.3>	1,073.3
FEDERAL RECEIPTS REQUIRED OF MATCHING										
OTHER GENERAL FUND	1,005.0	991.9	967.1	918.4	944.5	338.7	12.5	632.6	<39.3>	1,073.3
INTER-AGENCY RECEIPTS										

AGENCY LABOR

BRU WORKMEN'S COMP

COMPONENT WORKMEN'S COMP

REVISED

Jay S. Hammond, Governor  
State of Alaska

May 20, 1977

KP 77-412

Ronald B. Lind, Director  
Division of Budget and Management  
Office of the Governor

Dept. of Labor Request to Transfer  
\$45,000 to the Workmen's Compensation  
Appropriation

The Department of Labor requests your approval to transfer \$45,000 from the appropriation of the Office of the Commissioner in the Social Services category to the appropriation of Administration of Workmen's Compensation in the Administration of Justice category to help fund Workmen's Compensation payments made from State funds per SLA 1974, Chapter 51, Section 2.

The Department of Labor's request in October 1976 for \$40,300 supplemental funding of these workmen's compensation payments was based on a shortfall estimate made early in the fiscal year with information available at that time. The estimate was based on the projected average weekly wage (determined under AS 23.30.220 on January 1 of each year) for the last half of FY 77 and the number of disabled persons estimated to be eligible for State funded compensation payments during FY 77.

The weekly wage determination on January 1, 1977 was \$28.15 or 7% over the projected amount. The Department's actual monthly payments, made through April 30, 1977, have averaged \$42,813 per month, or \$5,255 per month over the FY 77 appropriation, which generates a shortfall of \$63,060.

In addition, the Department has informed this office that between October 26, 1976, and February 1, 1977, the Workmen's Compensation Board awarded lump sum retroactive payments to five beneficiaries whose cases were in dispute, some for as long as a year, pending board adjudication. The total amount of these lump sum payments qualifying for State general funding under SLA 1975, Chapter 51, is \$41,514.

The total shortfall identified by the Department is \$104,574. Provided HB 165 for \$40,300 is passed by the Senate, the additional funds necessary to fund the shortfall will be \$64,300. Of this amount, \$19,300 has been made available because of savings in the Employment Security Division's support services section resulting in a reduced demand for support payments budgeted as inter-agency transfers in the Workmen's Compensation budget. The remaining \$45,000 is available in the Commissioner's Office from position vacancies of an Assistant Commissioner and a Clerk Typist, forced by the Commissioner in order to realize the full savings projected to result from implementation of the Governor's Efficiency Recommendations. The Free Conference Committee has deleted these two positions from the FY 78 budget.

The Department has asked that decisions on this request be expedited because workmen's compensation payments for May will be \$5,000 short and there is no money for June payments.

Your approval is recommended in accordance with the provisions of SLA 1976, Chapter 279, Section 13(3).

*Ronald B. Lind*  
\_\_\_\_\_  
Ronald B. Lind, Director  
Division of Budget & Management  
Office of the Governor

Approved this 11 day of May, 1977.

\_\_\_\_\_  
Jay S. Hammond, Governor  
State of Alaska

*M. ...*  
\_\_\_\_\_  
Legislative Budget & Audit Committee  
Date: 5/28/77

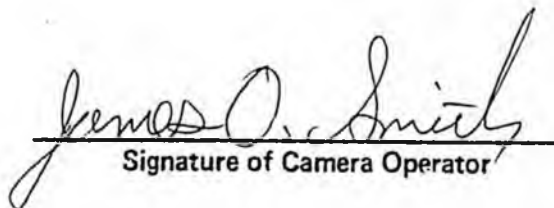
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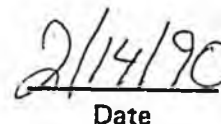


# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

  
Signature of Camera Operator

  
Date

COMMITTEE REPORT  
SENATE

4/6/78

FURTHER: \_\_\_\_\_

Date: APR 11 1978

Mr. President:

The Committee on FINANCE has had HR 619  
supplemental appropriation to Dept of Labor, vocational rehabilitation &  
Pump Station #3

under consideration and (a majority of the committee) (the committee reports it back as follows)

- recommends it do pass                      ( ) recommends it do not pass
- ( ) recommends it do pass with attached amendment(s)
- ( ) recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_ ( ) new title              ( ) same title

- ( ) AND attaches a Letter of Intent              ( ) New Fiscal Note
- ( ) reports it back without recommendation
- ( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

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*[Handwritten signature]*

Chairman

COMMITTEE REPORT

SENATE

FURTHER: FINANCE

2/1/78

Date: 4-6-78

Mr. President:

The Committee on LABOR & MANAGEMENT has had HB 619 supplemental appropriation to Dept. of Labor, vocational rehabilitation & Pump Station #8

under consideration and (a majority of the committee) (the committee reports it back as follows)

( ) recommends it do pass ( ) recommends it do not pass

( ) recommends it do pass with attached amendment(s)

( ) recommends it be replaced with CS for \_\_\_\_\_

and \_\_\_\_\_ ( ) new title ( ) same title

( ) AND attaches a Letter of Intent ( ) New Fiscal Note

(X) reports it back without recommendation

( ) and recommends it be referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING DO PASS:

OTHER RECOMMENDATIONS:

[Signature]  
\_\_\_\_\_  
PATRICIA RIDEY  
\_\_\_\_\_  
[Signature]  
\_\_\_\_\_  
Bill Kay  
\_\_\_\_\_  
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[Signature]  
\_\_\_\_\_  
Chairman

113619

<sup>2</sup>  
January 11, 1978

The Honorable Hugh Malone  
Speaker of the House  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

Under the authority of art. III, sec. 18 of the Alaska Constitution, and in accordance with AS 24.30.060(b) and the Uniform Rules of the Alaska State Legislature, I am transmitting a bill making a supplemental appropriation to the Department of Labor in the amount of \$181,672.

This appropriation provides for a FY 77 payment of \$49,544 by the Department of Labor to the Division of Vocational Rehabilitation for services rendered in FY 77; a FY 78 payment of \$70,128, awarded by the Alaska Workmen's Compensation Board through a Compromise and Release Agreement for a Pump Station #8 related injury; and a FY 78 payment of \$62,000 by the department to the Division of Vocational Rehabilitation for services to be rendered in FY 78.

Sincerely,

S/SSH

Jay S. Hammond  
Governor

## MEMORANDUM

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DEPARTMENT OF LABOR  
OFFICE OF THE COMMISSIONERTO:  Ron Lind, Director  
Division of Budget & Management  
Office of the Governor  
ATTN: DAN DAWSON

DATE: November 7, 1977 BUDGET &amp; MANAGEMENT

FILE NO: AKAS (FM 5-2)

TELEPHONE NO: 465-2790

FROM: Tom Haas *Haas*  
Finance Officer  
Administrative ServicesSUBJECT: Supplemental Request  
Second Injury Fund

Please find attached budget Form #02-1041, and a copy of a "Compromise and Release Agreement" signed by the Workmen's Compensation Board on September 23, 1977. Also, please find attached a copy of a voucher with back-up requesting payment for services rendered the program in FY '77 by the Vocational Rehabilitation Division of the Department of Education.

Under the provisions of AS.23.30.205 and the Compromise and Release Agreement signed by the Workmen's Compensation Board in September, 1977, the Second Injury Fund is required to pay the applicant the sum of \$70,128.22, as soon as the unencumbered balance of the fund permits, but in no event more than one year from the date of the approval.

In addition to the above requirement, the Vocational Rehabilitation Division of the Department of Education has submitted their billing for services rendered to the program in FY '77 (see attached inter-departmental cooperative agreement).

The drain on the appropriated fund has accelerated at an extraordinary rate in recent years. Near the end of FY 77, it was noted that the usual dollars for the Vocational Rehabilitation services had not been encumbered, and that the appropriated unencumbered balance would not be sufficient to cover their services. A similar situation will exist with Vocational Rehabilitation services for FY '78 also. The individual awards and increased training costs to the program will prohibit tying up the dollars for Vocational Rehabilitation services. (See attached memo dated 1-4-77 from Vocational Rehabilitation citing the anticipated dollar need for FY '78.)

As of June 30, 1977, the reserve balance of the fund was \$363,810 (see August 22, 1977 memo attached).

Reserve Fund as of 6-30-77	\$363,810
Plus Anticipated Revenue for '78 & '79 (Average \$507,700 per yr AS.23.30.190 effective 5-22-75)	1,015,400
Sub-total	\$1,379,210
The FY '78 Budget Appropriation	334,800
The FY '79 Budget Request	443,700
This Supplemental Request	181,700
(FY '77 need = \$49,550)	
(FY '78 need = \$132,156)	
Sub-total	\$ 960,200
Anticipated Amount in Reserve Account As of Beginning of FY '80	\$ 419,010

Ron Lind  
Page 2  
November 3, 1977

Since the beginning of FY '78, the Workmen's Compensation Board has made a number of unanticipated awards to individual recipients totaling approximately \$49,900.00. This, along with the regular monthly schedule of recipient payments, will tend to use pretty close to all the FY '78 appropriated funds.

If there are any questions, please contact Paul House at 465-2790.

Attachments: Cooperative Agreement  
C & R Agreement  
Budget Form #02-1041  
Voucher (Voc. Rehab. & back-up)  
Memo, 8-22-77  
Memo, 1-04-77

cc: J. Paul House  
Ellen Baxter

FY 73 SUPPLEMENTAL REQUEST ANALYSIS

	FY 76 ACTUAL	FY 77 FINAL AUTH.	FY 77 ACTUAL	FY 78 GOV. BUDGET	FY 78 INITIAL AUTH.	FY 78 CURRENT AUTH.	EXPENDITURES + ENCUMBRANCES 7/1 - 10/31	OTHER OBLIGATIONS 7/1 - 10/31	PROJECTED EXPENDITURES + ENCUMBRANCES 11/1 - 6/30	FY 78 (DEFICIT) OR EXCESS	FY 79 MAINTENANCE REQUEST
PERSONAL SERVICES	41.6	87.7	82.2	89.6	89.6	95.4	31.5	4.5	59.4	-0-	102.1
TRAVEL	-0-	6.9	2.9	6.8	6.8	6.8	-0-		3.8	3.0	7.2
CONTRACTUAL SERVICES	8.3	22.6	10.1	20.5	20.5	20.5	21.9		1.6	(3.0)	31.4
COMMODITIES	.5	2.8	-0-	2.0	2.0	2.0	.1		1.9	-0-	2.0
EQUIPMENT	.1	1.1	.8	.2	.2	.2	.1		.1	-0-	
LANDS, BLDGS. ...											
GRANTS, CLAIMS, ...	197.1	199.1	212.6	215.7	215.7	215.7	95.6		301.8	(181.7)	301.0
MISCELLANEOUS											
TOTAL	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	368.6	(181.7)	443.7
FEDERAL RECEIPTS											
REQUIRED GF MATCHING											
OTHER GENERAL FUND											
INTER-AGENCY RECEIPTS											
1031 Second Injury	247.6	320.2	308.6	334.8	334.8	340.6	149.2	4.5	368.6	(181.7)	443.7

AGENCY Labor BRU Second Injury COMPONENT Second Injury REVISED \_\_\_\_\_

COMPROMISE AND RELEASE

PETER TREMONT, Applicant, vs. FLUOR ALASKA, INC., Employer,  
ALASKA PACIFIC ASSURANCE COMPANY, Insurance Carrier, 09-22-76,  
Date of Injury.

1. AGREEMENT TO COMPROMISE. The parties whose signatures appear below do by this Compromise and Release agree to settle a disputed claim which exists as a result of an injury to PETER TREMONT on or about 09-22-76, at Pump Station #8, Alaska.

2. PREVIOUS PAYMENTS. The employer and/or carrier has paid the following sums to or on behalf of the employee: temporary and permanent disability \$ 17,317.58 ; medical \$ 21,665.30 , other \$0.00.

3. AMOUNT OF PAYMENT. The agreed amount of settlement is \$90,000.00 to be paid as set forth in Paragraph 12 for the disability listed below.

4. DISABILITY. The sum specified in paragraph 3 shall be paid, without limiting the general language in paragraph 5, for the following conditions:

Injury to the lumbar spine, cervical spine, any and all disability arising from the injury of 09-22-76, and as shown on the reports of Drs. Mead, Reilly, Pollard, Kelly and any and all disability arising out of Employee's employment by Employer or for any Employer on the Trans-Alaska pipeline.

5. FULL COMPROMISE. The parties declare and represent that the injuries and disabilities sustained by the applicant may be permanent and progressive and that the applicant's recovery therefrom is uncertain and indefinite, and that all the applicant's injuries and disabilities may not now be fully known, and may be more numerous or more serious than now expected, and in making this release and agreement, it is understood and agreed that the applicant relies wholly upon his own judgment of the future development, progress and result of his said injuries and disabilities, known and unknown, and that he

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Alaska Workers'

has not been influenced to any extent whatsoever in making this Compromise and Release by any representations or statements regarding his said injuries and disabilities, or the legal liability therefor, or regarding any other matters, made by the party or parties who are hereby released, or by any person or persons representing said party or parties, and that the applicant accepts the above-mentioned sum in full settlement and satisfaction of all claims or demands whatsoever for injuries and disabilities known and unknown. This includes all claims for compensation under the Act, whether for disability or death, and benefits under Sections .040 and .191 of the Act.

6. REASON FOR COMPROMISE. This claim is being compromised because of a dispute as to extent of applicant's permanent disability, and to facilitate applicant's rehabilitation program.

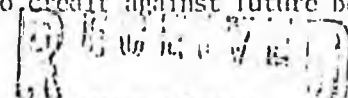
7. ATTORNEYS' FEES. Applicant is not represented by an attorney, and therefore, no attorneys' fees are provided in the settlement.

8. ENFORCEABLE AS AWARD. This agreement shall be enforceable the same as an order or award of the Alaska Workmen's Compensation Board and shall discharge the liability of the employer for the compensation and disabilities shown in item No. 4 and 5, notwithstanding the provisions of Sections 23.30.130, 160 and 245(b) of the Alaska Statutes.

9. ENTIRE AGREEMENT. Applicant further declares and represents that no promise or agreement not herein expressed has been made by or to him, and that this release contains the entire agreement between the parties hereto, and that the terms of this release are contractual, not a mere recital.

10. MEDICAL BENEFITS. Future medical benefits are not covered by this Compromise and Release, and shall be handled in accordance with the provisions of the act.

11. WAIVER OF SUBROGATION. Employer, Carrier and Second Injury Fund hereby waive any right they may have to recover, pursuant to 23.30.015(g), sums paid prior to the date of any third party recovery, but do not waive their right to credit against future benefits.



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Alaska Workmen's  
Compensation Board

12. METHOD OF PAYMENT. Employer and Carrier will pay, immediately upon approval of this agreement, the sum of \$19,871.78 to applicant. The balance of the settlement amount will be paid by the second injury fund directly to the applicant as soon as the unencumbered balance of the fund permits, but in no event more than one year from the date of approval.

*Peter J. Tremont*  
Applicant

*Peter J. Tremont*  
Witness

Alaska Pacific Assurance Company  
Carrier and/or Employer

3550 Airport Way, Fairbanks, AK 99701  
Address

By *J. P. Webb*  
Title  
J. P. Webb/Manager

*Mani J. ...*  
Witness

Second Injury Fund of the  
Department of Labor, State  
of Alaska

3550 Airport Way, Fairbanks, AK 99701  
Address

By s/ John P. Cook

APPROVED BY THE ALASKA WORKMEN'S COMPENSATION BOARD

this 23rd day of September, 1977, at Juneau, Alaska.

s/ John P. Cook  
Chairman

ALASKA DEPARTMENT OF LABOR  
P.O. Box 1149  
Juneau, Alaska 99801

*Robert ...*  
Member

Member

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SEP 12 1977

ALASKA DEPARTMENT OF LABOR  
WORKMEN'S COMPENSATION BOARD

COOPERATIVE AGREEMENT  
Between  
The Alaska Workmen's Compensation Division  
of  
The Department of Labor  
and  
The Alaska Board of Vocational Rehabilitation  
of  
The Department of Education

PURPOSE

The purpose of this agreement is to set forth the effective working relationships between the Alaska Workmen's Compensation Division (WC) and the Alaska Office of Vocational Rehabilitation (OVR) in order to assure that all disabled workers eligible under the provisions of the Second Injury Fund of the State of Alaska receive such rehabilitation services and benefits as may be necessary to enable these workers to return to their former jobs or to other suitable employment as promptly as possible.

GENERAL AGREEMENT

Both participating agencies acknowledge that the primary purpose of this agreement is to assure the expeditious provision of vocational rehabilitation services to disabled workers eligible under the provisions of the Second Injury Fund. Both agencies agree to continue this agreement as long as it is mutually satisfactory and to make changes on the basis of their joint experience in the program. Both agree:

1. To hold joint staff conferences for purposes of pooling information, exchanging experiences and creating better understanding of the purposes, functions, and responsibilities of the personnel of both agencies involved.
2. To establish an effective manner of paying for the costs of providing rehabilitation services to disabled workmen by means of the standard Reimbursable Services Agreement, form 02-096, to be entered into each year.

3. This agreement will allow the Department of Labor to provide from the Second Injury Fund the necessary direct case service costs incurred by the Office of Vocational Rehabilitation in providing services to beneficiaries, exclusive of physical restoration costs and maintenance in excess of \$100 per month.

4. To cooperate in developing administrative policies and necessary changes in legislation affecting this cooperative program and to invite representatives of the other agency to serve on any advisory committee set up for this purpose.

#### LAWS AND REGULATIONS PERTAINING

This agreement is made in accord with all regulations governing both agencies and with specific State and Federal laws. These include:

1. The Alaska Workmen's Compensation Act (Alaska Statutes, Title 23, Chapter 30) and all amendments thereto.
2. The Alaska Vocational Rehabilitation Statutes, (Alaska Statutes, Title 23, Chapter 15, Article 1.) and all amendments thereto.
3. The Rehabilitation Act of 1973, Public Law 93-112.
4. The Alaska State Plan of Vocational Rehabilitation.

#### THE OFFICE OF VOCATIONAL REHABILITATION AGREES

1. To designate a representative of its staff to serve as liaison representative with the Department of Labor and to assume responsibility for expediting action on cases involving the rehabilitation of injured workers covered under the Workmen's Compensation law.

2. To investigate the case of each injured worker referred by the Alaska Workmen's Compensation Division and to report to the Division the result of investigation of each such referral and the nature and character of services which are recommended for the injured worker.

3. To provide to the Workmen's Compensation Board, with the written permission of the applicant/client, all pertinent data from the OVR file necessary to assist the Board in reaching a decision relative to Second Injury Fund eligibility.

4. To secure certification of Second Injury Fund eligibility from the Workmen's Compensation Division prior to making any charge to the Second Injury Fund for the rehabilitation of the applicant claiming such eligibility.

5. To pay, within statutory limitations, for all services rendered to eligible industrial accident victims from the special account established for such purpose.

6. To provide to the Workmen's Compensation Division a narrative summary of the individual rehabilitation plan detailing the anticipated costs and to provide that Division with continuing progress reports for all clients in a training program.

7. To meet the costs from the regular vocational rehabilitation program of any services exceeding the statutory limitation as set forth in AS 23.30.040.

8. To have the applicant/client seek special WC Board approval for any plan to establish a small business enterprise.

9. To report on each injured worker covered under the Workmen's Compensation Law who has been rehabilitated during the fiscal year, the nature of services provided, his present job and earnings and the costs of his rehabilitation.

10. To submit as soon as possible after the close of each fiscal year an annual report to the Workmen's Compensation Division. The report will summarize the actual expenditures by individual client and the progress of such clients through the rehabilitation process.

11. To provide all counseling services, placement services, and administrative services related to this program at no cost to the Second Injury Fund.

THE DEPARTMENT OF LABOR WORKMEN'S COMPENSATION DIVISION AGREES

1. To designate a representative of its staff to serve as liaison representative with the Alaska Office of Vocational Rehabilitation.

2. To report promptly or make known to the Alaska Office of Vocational Rehabilitation all cases considered suitable for vocational rehabilitation in accordance with screening procedures developed jointly with the Office of Vocational Rehabilitation.

3. To furnish such supplementary data on reported cases as may be requested by the Office of Vocational Rehabilitation or make case files available for review by representatives of the Office of Vocational Rehabilitation.

4. To instruct staff members of the Department of Labor to advise injured workers in need of rehabilitation services of the availability of such services and report such cases to the liaison representative for referral to the Office of Vocational Rehabilitation.

5. To enter into a standard Reimbursable Services Agreement at the beginning of each fiscal year for the purpose of making the necessary Second Injury Fund monies available to the Office of Vocational Rehabilitation for the rehabilitation of injured workers eligible under Workmen's Compensation Law.

Dated this 1 day of August, 1974.

Alaska Workmen's Compensation Division

John P. Cook

Alaska Office of Vocational Rehabilitation

Leslie F. Jensen

Alaska Department of Labor

John L. Alexander  
John L. Alexander, Commissioner

Alaska Department of Education

Marshall L. Lind  
Marshall L. Lind, Commissioner

Approved as to Form

Richard A. Bradley  
Department of Law