

LEG. FINANCE - BILLS 1981 - 1982 1694

SB 629 - CSSB 648

1694

COMMITTEE REPORT  
SENATE

2/11/82

FURTHER: none

Date: Jan 14, 1982

Mr. President:

The Committee on FINANCE has had SB 629  
making a supplemental appropriation to the scholarship revolving loan fund

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CHAIRMAN

Introduced: 1/11/82  
Referred: Finance

Funding Information

General Fund	\$7,000,000
Other Funds	-0-
	<u>\$7,000,000</u>

BY STIMSON, BRADLEY, BENNETT,  
COLLETTA, ELIASON, FAHRENKAMP,  
FERGUSON, FISCHER, KELLY, RODEY,  
STURGULEWSKI, ZIEGLER, GILMAN  
AND MULCAHY

1 IN THE SENATE

2 SENATE BILL NO. 629

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 scholarship revolving loan fund; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$7,000,000 is appropriated from the general fund  
11 to replenish the scholarship revolving loan fund (AS 14.40.751(a)).

12 \* Sec. 2. The appropriation made by this Act is for capitalization of a  
13 loan fund and does not lapse.

14 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

ALASKA STUDENT LOAN PROGRAM  
(Background for SB 629)

1. Loan Funds Available

<u>Source of Funds</u>	<u>Amount</u>
FY 82 General Fund Appropriation	\$15,432,100
FY 82 Loan Collections	4,067,900
SB 120 Fiscal Note	5,268,900
FY 81 Carry Over Revolving Fund	1,162,764
Sub Total	\$25,931,664
SB 88 Revolving Base	10,000,000
Total Available	\$35,931,664

2. Loan Demand

<u>Status of Loan Applications</u>	<u>Number</u>	<u>Amount</u>
Actual Awards 1-8-82	9,045	\$37,851,375
On-Hand Pending Additional	2,381	6,428,700
Projected Summer, Other	600	1,320,000
Total		\$45,600,075
Projected Cancels		2,700,000
Projected Adjusted Total		\$42,900,075

3. Additional Need

Projected Total	\$42,900,075
Funds Available	35,931,664
	\$ 6,968,411

4. Questions Regarding the Program

- a. Question: What caused the tremendous growth in demand for 1981-82 student loans?

Response: The growth of 70% in loan borrowers and over 200% in dollar volume is due to many factors, but the principal cause seems to be the increased loan amounts (SB 120). Alaskans are now able to attend school full time and are doing so in record numbers.

- b. Question: Why was the true fiscal impact of SB 120 so greatly understated?

Response: The fiscal note for SB 120 was estimated at \$5.3 million. The true impact, including the unprojected 70% growth, was (or could be) \$22.3 million. The \$10 million revolving base was used to off-set the cost, but the program ended up \$7 million short.

The \$5.3 estimated million impact was based upon the over 6,000 loans already filed at the time of the passage of SB 120. Over 90% of these persons (5,700), refiled loans after SB 120 passed. In so doing, they asked for the increased loan amount. This was unanticipated and cost the program about \$15 million. In re-applying, costs of attendance were adjusted upward, students' resources were adjusted downward, and schools signed off on the budgets.

- c. Question: What caused the long delay in processing loans this fall?

Response: The unexpected volume was a major contributor to the backlog. The office simply is not staffed to handle the current volume. However, the principal cause was the delay in finalizing the bill into law. No contracts could be awarded containing the new loan terms (SB 120) until the bill became law. The Governor, upon the advice of the Attorney General's Office, did not sign SB 120 into law. Rather, it was allowed to become law after the statutory 20-day limit. This delayed any processing until the last week of July/first week of August. By then, backlog was too great to overcome, and the office did not become current in processing until December.

- d. Question: What has been the impact of increasing forgiveness from 40% to 50%?

Response: There has been very little impact of a fiscal nature, but many retroactive adjustments still remain to be processed (162 processed through December). To date, the actual cost has only been around \$50,000 for retroactive forgiveness. The true impact will be in future years.

- e. Question: With the \$10 million revolving based used, does this need to be re-established?

Response: Yes. The same reasons for needing the base still exist and are even more urgent with the current volume. The base, to be truly effective, needs to be re-established and increased to \$25 million to accommodate spring processing.

- f. Question: Can a student borrow funds, drop school, keep the money, and keep repeating the cycle?

Response: No. The student can do this once, but it cannot be repeated as long as the school is complying with loan requirements.

- g. Question: Can a student use loan funds to buy a car, take a vacation, make investments, etc?

Response: No. the student accepts the funds for use for schooling only. If these funds enable the student to do both things (for example, both attend school and buy a car) rather than having to choose to do only one, there is nothing illegal involved. The program does not require one to deplete savings before borrowing.

1981-82 ALASKA STUDENT LOANS

1. Program Status (December 31, 1981)

<u>Student Level</u>	<u>Number</u>	<u>Amount</u>
Freshman	2,855	\$11,286,278.50
Sophomore	1,979	7,990,818.50
Junior	1,457	5,957,705.00
Senior	1,190	4,733,502.50
Vocational	700	3,259,429.63
<u>Undergraduate</u>	<u>8,181</u>	<u>\$33,227,734.13</u>
<u>Graduate</u>	<u>887</u>	<u>4,801,869.00</u>
<u>Total</u>	<u>9,068</u>	<u>\$38,029,603.13</u>

2. In-State/Out-of-State Attendance by Level (December 31, 1981)

<u>Student Level</u>	<u>Alaska</u>	<u>%</u>	<u>Out-of-State</u>	<u>%</u>
Freshman	1,451	50.8	1,404	49.2
Sophomore	936	47.3	1,043	52.7
Junior	655	45.0	802	55.0
Senior	529	44.5	661	55.5
Vocational	541	77.7	156	22.3
<u>Undergraduate</u>	<u>3,851</u>	<u>47.1</u>	<u>4,330</u>	<u>52.9</u>
<u>Graduate</u>	<u>211</u>	<u>23.8</u>	<u>676</u>	<u>76.2</u>
<u>Total</u>	<u>4,062</u>	<u>44.8</u>	<u>5,006</u>	<u>55.2</u>

3. Percent In-State Previous Years

	<u>Undergraduate</u>	<u>Graduate</u>	<u>All Loans</u>
1980-81	45.3	17.9	42.3
1979-80	36.1	12.3	33.3
1978-79	35.1	12.0	32.3

4. States of Attendance by Student Level (December 23, 1981)

<u>Freshman</u>	<u>Sophomore</u>	<u>Junior</u>	<u>Senior</u>	<u>Vocational</u>	<u>Undergraduate</u>	<u>Graduate</u>
AK-1,444	AK-993	AK-654	AK-527	AK-560	AK-4,118	AK-211
WA- 319	WA-277	WA-215	WA-163	CO- 78	WA-1,006	WA-147
OR- 269	OR-196	OR-148	OR-108	WA- 32	OR- 728	CA-107
CA- 135	CA- 72	CA 68	CA- 65	OR- 12	CA- 348	OR- 84
ID- 81	ID- 53	AZ- 45	CO- 37		CO- 249	MA- 24
AZ- 76	AZ- 46	ID- 39	UT- 27		AZ- 200	CO- 22
HA- 29	CO- 43	UT- 34	AZ- 26		ID- 199	HA- 19
CO- 65	UT- 43	HA- 27	ID- 26		HA- 158	IA- 16
UT- 43	HA- 40	CO- 26	MT- 23		UT- 139	IL- 16
MT- 30	MT- 34	TX- 24	HA- 21		TX- 110	AZ- 15
TX- 30	TX- 34					NY- 15
<u>ZZ- 277</u>	<u>ZZ-198</u>	<u>ZZ-170</u>	<u>ZZ-162</u>	<u>ZZ- 15</u>	<u>ZZ- 884</u>	<u>ZZ-209</u>
2,838	1,969	1,450	1,185	697	8,139	885

5. Age Distribution of Borrowers (December 21, 1981)

<u>Age</u>	<u>Number</u>	<u>%</u>	<u>Age</u>	<u>Number</u>	<u>%</u>
60+	7	.08	60+	7	.08
50-59	70	.76	50-59	70	.76
40-49	255	2.80	40-49	255	2.80
30-39	1,269	13.94	30-39	1,269	13.94
25-29	1,525	16.75	20-29	4,883	53.63
24	408	4.48	16-19	<u>2,621</u>	<u>28.79</u>
23	405	4.45		9,105	100.00
22	627	6.89			
21	891	9.79			
20	1,027	11.28			
19	1,344	14.76			
18	1,226	13.47			
17	45	.49			
16	<u>6</u>	<u>.07</u>			
Total	9,105	100.00			

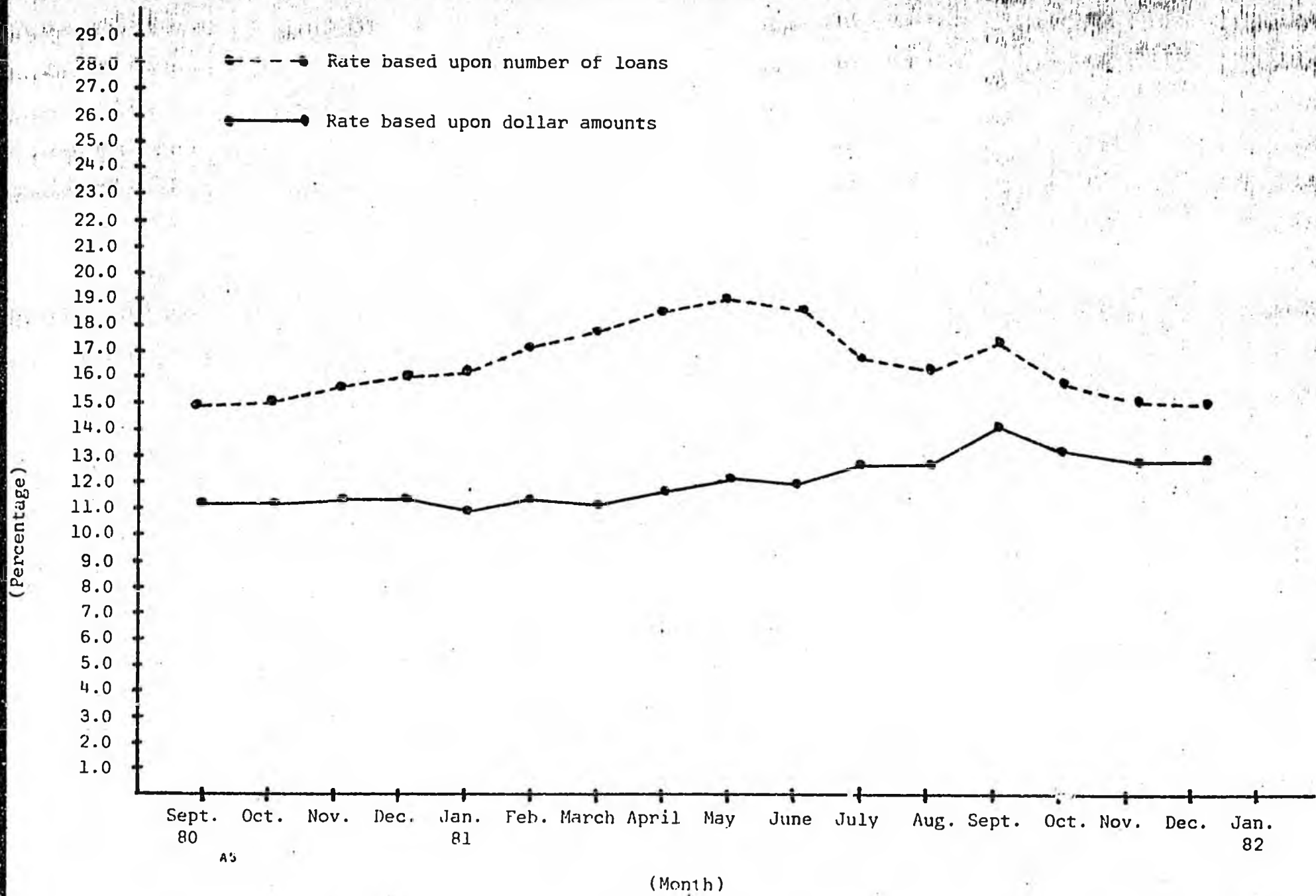
6. All account status (1-12-82)

<u>Status</u>	<u>Number</u>
Current Loan	9,045
Repayment	8,718
Grace Year	1,058
Student Status	383
Deferment	
Unemployment	24
Peace Corps/Public Health	2
Military	43
Internship/Residency	12
Disability	11
Hardship	123
Paid-In-Full/Other	<u>1,360</u>
Total	20,779

7. Default Rate: See attached chart

Rate as of (1-12-82)

Dollar Volume:	13.1%
Individuals:	15.2%



ALASKA STUDENT LOAN PROGRAM  
 DEFAULT RATE BY MONTH



Introduced: 1/11/82  
Referred: Finance

Funding Information

General Fund	\$7,000,000
Other Funds	-0-
	<u>\$7,000,000</u>

BY STIMSON, BRADLEY, BENNETT,  
COLLETTA, ELIASON, FAHRENKAMP,  
FERGUSON, FISCHER, KELLY, RODEY,  
STURGULEWSKI, ZIEGLER, GILMAN  
AND MULCAHY

1 IN THE SENATE

2 SENATE BILL NO. 629

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 scholarship revolving loan fund; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$7,000,000 is appropriated from the general fund  
11 to replenish the scholarship revolving loan fund (AS 14.40.751(a)).

12 \* Sec. 2. The appropriation made by this Act is for capitalization of a  
13 loan fund and does not lapse.

14 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

Introduced: 1/11/82  
Referred: Finance

Funding Information  
General Fund \$7,000,000  
Other Funds -0-  
\$7,000,000

BY STIMSON, BRADLEY, BENNETT,  
COLLETTA, ELIASON, FAHRENKAMP,  
FERGUSON, FISCHER, KELLY, RODEY,  
STURGULEWSKI, ZIEGLER, GILMAN  
AND MULCAHY

1 IN THE SENATE

2 SENATE BILL NO. 629

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act making a supplemental appropriation to the  
7 scholarship revolving loan fund; and providing for an  
8 effective date."

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

10 \* Section 1. The sum of \$7,000,000 is appropriated from the general fund  
11 to replenish the scholarship revolving loan fund (AS 14.40.751(a)).

12 \* Sec. 2. The appropriation made by this Act is for capitalization of a  
13 loan fund and does not lapse.

14 \* Sec. 3. This Act takes effect immediately in accordance with AS 01.10.-  
15 070(c).

16

17

18

19

20

21

22

23

24

25

26

27

28

29

ALASKA STUDENT LOAN PROGRAM  
(Background for HB 646)

1. Loan Funds Available

<u>Source of Funds</u>	<u>Amount</u>
FY 82 General Fund Appropriation	\$15,432,100
FY 82 Loan Collections	4,067,900
SB 120 Fiscal Note	5,268,900
FY 81 Carry Over Revolving Fund	1,162,764
Sub Total	<u>\$25,931,664</u>
SB 88 Revolving Base	10,000,000
Total Available	<u>\$35,931,664</u>

2. Loan Demand

<u>Status of Loan Applications</u>	<u>Number</u>	<u>Amount</u>
Actual Awards 1-8-82	9,045	\$37,851,375
On-Hand Pending Additional	2,381	6,428,700
Projected Summer, Other	600	1,320,000
Total		<u>\$45,600,075</u>
Projected Cancels		2,700,000
Projected Adjusted Total		<u>\$42,900,075</u>

3. Additional Need

Projected Total	\$42,900,075
Funds Available	<u>35,931,664</u>
	<u>\$ 6,968,411</u>

4. Questions Regarding the Program

- a. Question: What caused the tremendous growth in demand for 1981-82 student loans?

Response: The growth of 70% in loan borrowers and over 200% in dollar volume is due to many factors, but the principal cause seems to be the increased loan amounts (SB 120). Alaskans are now able to attend school full time and are doing so in record numbers.

- b. Question: Why was the true fiscal impact of SB 120 so greatly understated?

Response: The fiscal note for SB 120 was estimated at \$5.3 million. The true impact, including the unprojected 70% growth, was (or could be) \$22.3 million. The \$10 million revolving base was used to off-set the cost, but the program ended up \$7 million short.

The \$5.3 estimated million impact was based upon the over 6,000 loans already filed at the time of the passage of SB 120. Over 90% of these persons (5,700), refiled loans after SB 120 passed. In so doing, they asked for the increased loan amount. This was unanticipated and cost the program about \$15 million. In re-applying, costs of attendance were adjusted upward, students' resources were adjusted downward, and schools signed off on the budgets.

- c. Question: What caused the long delay in processing loans this fall?

Response: The unexpected volume was a major contributor to the backlog. The office simply is not staffed to handle the current volume. However, the principal cause was the delay in finalizing the bill into law. No contracts could be awarded containing the new loan terms (SB 120) until the bill became law. The Governor, upon the advice of the Attorney General's Office, did not sign SB 120 into law. Rather, it was allowed to become law after the statutory 20-day limit. This delayed any processing until the last week of July/first week of August. By then, backlog was too great to overcome, and the office did not become current in processing until December.

- d. Question: What has been the impact of increasing forgiveness from 40% to 50%?

Response: There has been very little impact of a fiscal nature, but many retroactive adjustments still remain to be processed (162 processed through December). To date, the actual cost has only been around \$50,000 for retroactive forgiveness. The true impact will be in future years.

- e. Question: With the \$10 million revolving based used, does this need to be re-established?

Response: Yes. The same reasons for needing the base still exist and are even more urgent with the current volume. The base, to be truly effective, needs to be re-established and increased to \$25 million to accommodate spring processing.

- f. Question: Can a student borrow funds, drop school, keep the money, and keep repeating the cycle?

Response: No. The student can do this once, but it cannot be repeated as long as the school is complying with loan requirements.

- g. Question: Can a student use loan funds to buy a car, take a vacation, make investments, etc?

Response: No. the student accepts the funds for use for schooling only. If these funds enable the student to do both things (for example, both attend school and buy a car) rather than having to choose to do only one, there is nothing illegal involved. The program does not require one to deplete savings before borrowing.



COMMITTEE REPORT  
SENATE

1/11/82

FURTHER: JUDICIARY  
FINANCE

Date: 4-5-82

Mr. President:

The Committee on HEALTH, EDUCATION & SOCIAL SERVICES has had SB 634 community work as a sentence for a violation or misdemeanor or as a condition of probation

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass [ ] do not pass
- [ ] do pass with attached amendments(s)
- [ ] replace with CS for SB 634  same title new title
- and recommends \_\_\_\_\_
- [ ] AND attaches a "Letter of Intent"  300 New Fiscal Note
- [ ] reports it back without recommendation
- [ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

[Signature]

[Signature]

[Signature]

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

[Signature]  
CHAIRMAN

Original sponsors: Ray, Dankworth,  
Fischer, et al

Offered: 4/6/82  
Referred: Judiciary and  
Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION, AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 634 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to community work."

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

8 \* Section 1. AS 12.55.055(a) is amended to read:

9 (a) The court may offer a defendant convicted of a violation the  
10 option of performing community work in place of a fine. The court may  
11 offer a defendant convicted of a misdemeanor the option of performing  
12 community work in place of a sentence of imprisonment. The court may  
13 order a defendant convicted of an offense to perform community work as a  
14 condition of a suspended sentence or suspended imposition of sentence,  
15 or in addition to any fine or restitution ordered. If the defendant is  
16 also sentenced to imprisonment, the court may recommend to the Depart-  
17 ment of Health and Social Services that the defendant perform community  
18 work. The court may order a defendant convicted of an offense to per-  
19 form community work as a condition of probation.

20 \* Sec. 2. AS 12.55.055 is amended by adding new subsections to read:

21 (c) Community work shall be performed for and under the supervi-  
22 sion of the state, a political subdivision of the state, or a non-  
23 profit organization. The court shall order the defendant to perform  
24 community work in an area as close to the defendant's residence as  
25 possible.

26 (d) In sentencing a defendant to perform community work the court  
27 shall order the performance of community work in accordance with the  
28 following schedule:

29 (1) not less than eight hours or more than 32 hours for a

1 violation of AS 16 or AS 28 or for the violation of a regulation adopted  
2 under AS 16 or AS 28;

3 (2) not less than eight hours or more than 20 hours for an  
4 offense classified as a violation;

5 (3) not less than 15 hours or more than 32 hours for a  
6 class B misdemeanor;

7 (4) not less than 32 hours or more than 60 hours for a  
8 class A misdemeanor;

9 (5) not less than 90 hours or more than 150 hours for a  
10 class C felony;

11 (6) not less than 200 hours or more than 500 hours for a  
12 class B felony;

13 (7) not less than 500 hours or more than 1,000 hours for a  
14 class A felony;

15 (8) not less than 1,000 hours for an unclassified felony.

16 \* Sec. 3. AS 12.55.100(a)(4) is amended to read:

17 (4) to perform community work in accordance with AS 12.55.-

18 055.

Introduced: 1/11/82  
Referred: Health, Education &  
Social Services and Judiciary

BY RAY, DANKWORTH, FISCHER  
AND BRADLEY

1 IN THE SENATE

2 SENATE BILL NO. 634

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to community work as a sentence for a  
7 violation or misdemeanor or as a condition of proba-  
8 tion."

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

10 \* Section 1. AS 12.55.055(a) is amended to read:

11 (a) The court may offer [ORDER] a defendant convicted of a viola-  
12 tion or misdemeanor the option of performing [AN OFFENSE TO PERFORM]  
13 community work as a condition of a suspended sentence or suspended  
14 imposition of sentence, or in place of all or part of [ADDITION TO] any  
15 fine [OR RESTITUTION] ordered. If the defendant is also sentenced to  
16 imprisonment, the court may recommend to the Department of Health and  
17 Social Services that the defendant perform community work. The court  
18 may offer a defendant convicted of a misdemeanor or felony the option  
19 of performing community work as a condition of probation.

20 \* Sec. 2. AS 12.55.055 is amended by adding new subsections to read:

21 (c) Community work shall be performed for and under the supervi-  
22 sion of a municipality or other political subdivision of the state, an  
23 agency of the state, or a charitable organization. Before a court may  
24 order a convicted defendant to perform community work, a municipality or  
25 other political subdivision of the state, an agency of the state, or a  
26 charitable organization must agree to accept the defendant for work.  
27 The court shall order the defendant to perform work in an area as close  
28 to the defendant's residence as possible.

29 (d) The court may not order a convicted defendant to perform

1 community work under this section unless the defendant agrees to perform  
2 it. If a convicted defendant agrees to perform community work, the  
3 court may require the defendant to deposit with the court a reasonable  
4 sum of money to pay for the cost of insurance against liability for  
5 personal injury and damage to property or for other insurance coverage  
6 during the time that the work is being performed.

7 (e) The court shall fix the period of time during which community  
8 work shall be performed under this section and, if appropriate, shall  
9 fix the time to allow the convicted defendant to continue at his regular  
10 employment and to care for dependents. The period of time fixed by the  
11 court may not exceed

- 12 (1) 50 hours for a violation;
- 13 (2) 120 hours for a class B misdemeanor;
- 14 (3) 240 hours for a class A misdemeanor;
- 15 (4) 1,000 hours for a felony.

16 \* Sec. 3. AS 12.55.100(a)(4) is amended to read:

17 (4) to perform community work in accordance with AS 12.55.-

18 055.

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. ~~SB No. 634~~ Committee Substitute for SB No. 634  
Title "An Act relating to Community work service"  
Requested by Senator Parr Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Health & Social Services  
Program Category Affected Offender Confinement Reformation & Supervision  
BRU, Program, Or Subprogram(s) Affected Probation & Community Programs  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

An analysis of the proposed committee substitute for Senate Bill No. 634 indicates there would be no fiscal impact resulting from enactment of Sections 1, 2 and 3.

IV. DATE April 2, 1982

PREPARED BY Roger C. Lange  
AGENCY Division of Adult Corrections  
PHONE 465-3376

Original: Legislative Finance

*Roger C. Lange*

ALASKA STATE LEGISLATURE

TWELFTH Legislature . . . SECOND Session

SENATE . . . BILL . . . . . NO. 634 . . . . .

By . . . *FAY, DANKWIRTH, FISCHER, BRADLEY*

"An Act relating to community work as a sentence for a violation or misdemeanor or as a condition of probation."

Introduced in the Senate . . . *1/11/...*, 19... 82

HISTORY IN THE SENATE

19 82 Read first time and referred to Committee on

1 11 *HESS & JUDICIARY*  
 2 17 *Reported back with HESS*  
 4 6 *recommendation that replace w/CS, new title, 3 to pass & Jud. Division - To 2 in*  
 4 8

Read second time and

Read third time and

PASS Effective Date  
 Yeas Yeas  
 Nays Nays  
 Absent Absent  
 Excused Excused

Reconsideration

PASS Effective Date  
 Yeas Yeas  
 Nays Nays  
 Absent Absent  
 Excused Excused

Reported correctly engrossed  
 Signed by President  
 Sent to House

SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 Read first time and referred to Committee on

Reported back with recommendation that

Read second time and

Read third time and

PASS Effective Date  
 Yeas Yeas  
 Nays Nays  
 Absent Absent  
 Excused Excused

Reconsideration

PASS Effective Date  
 Yeas Yeas  
 Nays Nays  
 Absent Absent  
 Excused Excused

Reported correctly engrossed  
 Signed by Speaker  
 Returned to Senate

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19 Received from House

To enrolling

Reported correctly enrolled

Sent to Governor

..... by Governor

Filed with Lt. Governor

Chapter No. ....

POSITION PAPER

SENATE BILL NO. 634

"An Act relating to community work as a sentence for a violation or misdemeanor or as a condition of probation."

Senate Bill No. 634 modifies AS 12.55.055 which relates to offenders performing community work as a condition of a suspended sentence, suspended imposition of sentence, in place of all or part of any fine or as a condition of probation.

The Division of Adult Corrections is currently providing community work projects to the court through the Department of Law's Alternative Sentencing Program. The amendments set out in this bill would procedurally affect the present program. The addition of AS 12.55.055(c) would require screening and referral on an individual case basis before any offender could begin community work. Also, individual monitoring of work would be necessary. Additional staff would be necessary to provide screening, referral, and monitoring. It is not clear as to which agency would be responsible for this program component, i.e. the Department, the court, or the Department of Law. If the Department is to administer this program, additional staff will be necessary to provide these services.

Recommended by:

Walter B. Jones, Jr.  
Walter B. Jones, Jr.  
Acting Director  
Division of Adult Corrections

Date:

1/25/82

Approved by:

Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date:

1/25/82

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill 634  
Title An Act relating to community work as a sentence for a violation or  
Requested by Ray, Dankworth, Fischer & Bradley Date 01/11/82  
misdemeanor or as a condition of probation.

II. FISCAL DETAIL

Agency Affected Department of Health & Social Services  
Program Category Affected Offender Confinement, Reformation, & Supervision  
BRU, Program, Or Subprogram(s) Affected Probation, Parole, and Community Program  
(Note: If more than one budget component is affected, separate line-item  
amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		119.2	123.7	128.3	133.1	138.1
200 TRAVEL		20.0	22.0	24.2	26.6	29.2
300 CONTRACTUAL		9.0	9.7	10.5	11.3	12.2
400 COMMODITIES		1.6	1.7	1.8	1.9	2.0
500 EQUIPMENT		5.0	-0-	-0-	-0-	-0-
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL		154.8	157.1	164.8	172.9	181.5

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND		154.8	157.1	164.8	172.9	181.5
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME		4	0	0	0	0
PART TIME						
TEMPORARY						

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

If the Department of Health and Social Services were to administer this program component, there would be an increase in the work load. The Division of Adult Corrections would provide screening, referral, and monitoring for community work performed by offenders in all eleven district courts.

The Division would station 3 Probation Officers II, one in Anchorage, one in Fairbanks, and one in Juneau and one Clerk Typist III in Anchorage. These officers would provide services on an itinerant basis to outlying districts upon recommendation to the court for community placement and supervision.

IV. DATE January 25, 1982

PREPARED BY Roger C. Lange  
AGENCY Division of Adult Corrections

Original: Legislative Finance  
cc: Budget and Management  
Prime Sponsor (First Legislator Named)  
33-001 (Rev. 12/81)

PHONE 465-3376

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Proposed Committee Substitute for SB No. 634  
Title "An Act relating to Community work service"  
Requested by Senator Parr Date \_\_\_\_\_

II. FISCAL DETAIL

Agency Affected Health & Social Services  
Program Category Affected Offender Confinement Reformation & Supervision  
BRU, Program, Or Subprogram(s) Affected Probation & Community Programs  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	-0-	-0-	-0-	-0-	-0-	-0-
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	-0-	-0-	-0-	-0-	-0-	-0-
PART TIME						
TEMPORARY						

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

An analysis of the proposed committee substitute for Senate Bill No. 634 indicates there would be no fiscal impact resulting from enactment of Sections 1, 2 and 3.

IV. DATE April 2, 1982

PREPARED BY Roger C. Lange

AGENCY Division of Adult Corrections

Original: Legislative Finance

PHONE 465-3376

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

*Roger C. Lange*  
JCC

Original sponsors: Ray, Dankworth,  
Fischer, et al

Offered: 4/6/82  
Referred: Judiciary and  
Finance

1 IN THE SENATE

BY THE HEALTH, EDUCATION, AND  
SOCIAL SERVICES COMMITTEE

2 CS FOR SENATE BILL NO. 634 (HESS)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to community work."

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

8 \* Section 1. AS 12.55.055(a) is amended to read:

9 (a) The court may offer a defendant convicted of a violation the  
10 option of performing community work in place of a fine. The court may  
11 offer a defendant convicted of a misdemeanor the option of performing  
12 community work in place of a sentence of imprisonment. The court may  
13 order a defendant convicted of an offense to perform community work as a  
14 condition of a suspended sentence or suspended imposition of sentence,  
15 or in addition to any fine or restitution ordered. If the defendant is  
16 also sentenced to imprisonment, the court may recommend to the Depart-  
17 ment of Health and Social Services that the defendant perform community  
18 work. The court may order a defendant convicted of an offense to per-  
19 form community work as a condition of probation.

20 \* Sec. 2. AS 12.55.055 is amended by adding new subsections to read:

21 (c) Community work shall be performed for and under the supervi-  
22 sion of the state, a political subdivision of the state, or a non-  
23 profit organization. The court shall order the defendant to perform  
24 community work in an area as close to the defendant's residence as  
25 possible.

26 (d) In sentencing a defendant to perform community work the court  
27 shall order the performance of community work in accordance with the  
28 following schedule:

29 (1) not less than eight hours or more than 32 hours for a

1 violation of AS 16 or AS 28 or for the violation of a regulation adopted  
2 under AS 16 or AS 28;

3 (2) not less than eight hours or more than 20 hours for an  
4 offense classified as a violation;

5 (3) not less than 15 hours or more than 32 hours for a  
6 class B misdemeanor;

7 (4) not less than 32 hours or more than 60 hours for a  
8 class A misdemeanor;

9 (5) not less than 90 hours or more than 150 hours for a  
10 class C felony;

11 (6) not less than 200 hours or more than 500 hours for a  
12 class B felony;

13 (7) not less than 500 hours or more than 1,000 hours for a  
14 class A felony;

15 (8) not less than 1,000 hours for an unclassified felony.

16 \* Sec. 3. AS 12.55.100(a)(4) is amended to read:

17 (4) to perform community work in accordance with AS 12.55.-

18 055.

Introduced: 1/11/82  
Referred: Health, Education &  
Social Services and Judiciary

BY RAY, DANKWORTH,  
FISCHER AND BRADLEY

1 IN THE SENATE

2 SENATE BILL NO. 634

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to community work as a sentence for a  
7 violation or misdemeanor or as a condition of proba-  
8 tion."

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

10 \* Section 1. AS 12.55.055(a) is amended to read:

11 (a) The court may offer [ORDER] a defendant convicted of a viola-  
12 tion or misdemeanor the option of performing [AN OFFENSE TO PERFORM]  
13 community work as a condition of a suspended sentence or suspended  
14 imposition of sentence, or in place of all or part of [ADDITION TO] any  
15 fine [OR RESTITUTION] ordered. If the defendant is also sentenced to  
16 imprisonment, the court may recommend to the Department of Health and  
17 Social Services that the defendant perform community work. The court  
18 may offer a defendant convicted of a misdemeanor or felony the option  
19 of performing community work as a condition of probation.

20 \* Sec. 2. AS 12.55.055 is amended by adding new subsections to read:

21 (c) Community work shall be performed for and under the supervi-  
22 sion of a municipality or other political subdivision of the state, an  
23 agency of the state, or a charitable organization. Before a court may  
24 order a convicted defendant to perform community work, a municipality or  
25 other political subdivision of the state, an agency of the state, or a  
26 charitable organization must agree to accept the defendant for work.  
27 The court shall order the defendant to perform work in an area as close  
28 to the defendant's residence as possible.

29 (d) The court may not order a convicted defendant to perform

1 community work under this section unless the defendant agrees to perform  
2 it. If a convicted defendant agrees to perform community work, the  
3 court may require the defendant to deposit with the court a reasonable  
4 sum of money to pay for the cost of insurance against liability for  
5 personal injury and damage to property or for other insurance coverage  
6 during the time that the work is being performed.

7 (e) The court shall fix the period of time during which community  
8 work shall be performed under this section and, if appropriate, shall  
9 fix the time to allow the convicted defendant to continue at his regular  
10 employment and to care for dependents. The period of time fixed by the  
11 court may not exceed

- 12 (1) 50 hours for a violation;
- 13 (2) 120 hours for a class B misdemeanor;
- 14 (3) 240 hours for a class A misdemeanor;
- 15 (4) 1,000 hours for a felony.

16 \* Sec. 3. AS 12.55.100(a)(4) is amended to read:

17 (4) to perform community work in accordance with AS 12.55.-

18 055.

COMMITTEE REPORT

HOUSE

FURTHER:

(11)

4/14/82

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

Mr. Speaker: (Finance referral added 4/14/82)

The Committee on Finance has had CSSB 648 (L&C)

"An Act relating to workers' compensation; and providing for an effective date." ← (HCS title)

under consideration and (a majority of the committee) (the committee) reports it back with the following recommendations:

- do pass  do not pass
- do pass with attached amendments(s)
- replace with CS for \_\_\_\_\_  same title  
 new title
- and recommends \_\_\_\_\_
- AND attaches a "Letter of Intent"  New Fiscal Note
- reports it back without recommendation
- referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
DO PASS

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---



---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

\_\_\_\_\_  
CHAIRMAN

COMMITTEE REPORT

HOUSE

4/14

FURTHER:

Finance

(5)

3/22/82

Date:

4-7-82

Mr. Speaker:

The Committee on LABOR & COMMERCE has had CSSB 648(L&C)

"An Act relating to workers' compensation coverage of certain persons providing community work service."

under consideration and ~~{a-majority-of-the-committee}~~-~~{the-committee}~~- reports it back with the following recommendations:

[ ] do pass [ ] do not pass

[ ] do pass with attached amendments(s)

[X] replace with ~~CS~~ for HCS CSSB 648(L&C) [X] same title [X] new title

and recommends do pass

[ ] AND attaches a "Letter of Intent" [X] <sup>New</sup> ~~New~~ Fiscal Notes

[ ] reports it back without recommendation

(1) Supp 4/11

[ ] referred to the \_\_\_\_\_ Committee

MEMBERS SIGNING  
~~DO PASS~~

Dr. Royce  
Gerry Mark  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

MEMBERS HAVING  
OTHER RECOMMENDATIONS:

Bob Campbell - No Rec  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Gerry Mark  
CHAIRMAN

*2 of 5*

Original sponsor: Rules/Governor

Offered: 4/14/82  
Referred: Finance

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 648 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation; and provid-  
7 ing for an effective date."

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

9 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature in  
10 enacting AS 23.30.041, added in sec. 5 of this Act, that an injured worker  
11 receive rehabilitation services that enhance his returning to suitable gain-  
12 ful employment as quickly as possible. In enacting AS 23.30.041, the legis-  
13 lature recognizes the following five rehabilitation goals of a workers'  
14 compensation program:

- 15 (1) early identification of injured workers who will eventually
- 16 need rehabilitation;
- 17 (2) use of competent rehabilitation providers;
- 18 (3) opportunities for return to direct employment;
- 19 (4) maintaining an atmosphere conducive to rehabilitation;
- 20 (5) providing incentives and removing disincentives to rehabili-
- 21 tation.

22 \* Sec. 2. AS 23.30.025 is amended by adding a new subsection to read:

23 (c) An insurer may issue a policy of insurance insuring the pay-  
24 ment of benefits under this chapter that provides for a deductible  
25 amount to be paid by the employer. A policy with a deductible provision  
26 must be approved by the director of insurance and must provide that the  
27 deductible amount be paid by the insurer to the employee on behalf of  
28 the employer. After payment of the deductible by the insurer, the  
29 insurer may recover the deductible amount from the employer. The fail-

*7 notes*

1 ure of an employer to reimburse an insurer for the deductible amount  
2 does not relieve the insurer from any other obligation it may have under  
3 the policy of insurance. An insurer is not required to apply for a  
4 deviation under AS 21.39.070 in order to issue a policy under this  
5 subsection. This subsection does not apply to a policy of excess insur-  
6 ance purchased by a self-insurer.

7 \* Sec. 3. AS 23.30.040(a) is repealed and reenacted to read:

8 (a) There is created a second injury fund, administered by the  
9 commissioner. Money in the second injury fund may be used only for

10 (1) payments for the benefit of persons entitled to benefits  
11 from the second injury fund under this chapter as ordered or awarded by  
12 the board; and

13 (2) the cost of the rehabilitation services administered  
14 under AS 23.30.041.

15 \* Sec. 4. AS 23.30.040(b) is amended to read:

16 (b) If an employee suffers a compensable injury that results in  
17 temporary total disability, temporary partial disability, permanent  
18 partial disability, or permanent total disability, the employer or  
19 insurance carrier shall contribute to the second injury fund. The  
20 contribution shall be made by one year from the date of the injury or on  
21 termination of the employee's claim, whichever is sooner. If the claim  
22 is not terminated within one year, subsequent contributions shall be  
23 made yearly until the termination of the employee's claim. The amount  
24 of the contribution is the product of the compensation to which the  
25 employee is entitled for temporary total disability, temporary partial  
26 disability, permanent partial disability, permanent total disability, or  
27 for rehabilitation under AS 20.30.041 [AS 23.30.191] and the applicable  
28 contribution rate set out in column A of this subsection. Payment need  
29 not be made to the second injury fund if the total contribution under

this section is less than \$20. By December 15 of each year the commissioner shall determine and make available to the public the applicable contribution rate for the following calendar year according to the reserve rate of the second injury fund in column B of this subsection:

Column A	Column B	
Second Injury Fund Contribution Rate (Percent)	At Least (Percent)	But Less Than (Percent)
6	0	50
5	50	75
4	75	100
3	100	125
2	125	150
1	150	175
0	175	

\* Sec. 5. AS 23.30.040(e) is repealed and reenacted to read:

(e) The board may authorize payment from the second injury fund of

(1) up to \$200 per month for maintenance to an employee being rehabilitated under AS 23.30.041 who suffers an extreme financial hardship;

(2) vocational rehabilitation expenses for books, tuition, tools and supplies.

\* Sec. 6. AS 23.30 is amended by adding a new section to read:

Sec. 23.30.041. REHABILITATION OF INJURED WORKERS. (a) The board shall select and employ a rehabilitation administrator and may authorize the rehabilitation administrator to select and employ additional rehabilitation staff. The rehabilitation administrator is in the partially exempt service under AS 39.25.120.

(b) The rehabilitation administrator shall implement the provi-

1 sions of this section, study the issue of rehabilitation, both physical  
2 and vocational, on a continuing basis, and shall investigate and main-  
3 tain a directory of qualified rehabilitation facilities, agencies, and  
4 providers, both public and private.

5 (c) When an employee suffers an injury covered by this chapter  
6 that precludes return to suitable gainful employment, the employer shall  
7 at its own expense promptly provide necessary and appropriate rehabili-  
8 tation services and may make cooperative arrangements with insurance  
9 carriers, private organizations and institutions, or state and federal  
10 agencies. If rehabilitation services are not voluntarily offered, as  
11 prescribed by regulations of the board, the rehabilitation administra-  
12 tor, if he considers the services necessary and appropriate, may retain  
13 a rehabilitation provider at the expense of the employer or carrier to  
14 evaluate an employee and develop a rehabilitation plan.

15 (d) Vocational rehabilitation services may not exceed 37 weeks,  
16 except that vocational rehabilitation services may be extended an addi-  
17 tional 37 weeks if the rehabilitation administrator determines that  
18 special circumstances exist. Nothing in this subsection prohibits an  
19 employer or carrier from providing extended vocational rehabilitation  
20 services on a voluntary basis. If rehabilitation requires residence  
21 away from the employee's customary residence, reasonable cost of board,  
22 lodging, and travel shall be paid by the employer. Temporary disability  
23 under AS 23.30.185 or AS 23.30.200 shall be paid throughout the rehabi-  
24 litation process.

25 (e) The employer and employee may agree on a vocational rehabili-  
26 tation plan. If the employer and employee fail to agree on a vocational  
27 rehabilitation plan, any of the parties may file a plan for approval  
28 with the rehabilitation administrator. The rehabilitation administrator  
29 shall approve or modify and approve a plan within 14 days after the plan

1 is filed.

2 (f) Within 10 days of the rehabilitation administrator's decision  
3 to approve or modify and approve a rehabilitation plan any party may  
4 seek review of the decision by requesting a hearing in accordance with  
5 AS 23.30.110. A decision by the rehabilitation administrator is valid  
6 unless a showing of clear error is made.

7 (g) Refusal by an injured employee to participate in an evaluation  
8 or a rehabilitation plan approved by the rehabilitation administrator  
9 results in forfeiture of disability compensation for the period the  
10 refusal continues. However, if an employee begins participation in an  
11 evaluation or rehabilitation plan within two months from the date of  
12 refusal, and successfully completes the evaluation or rehabilitation  
13 plan and becomes employed for a period of 30 consecutive business days  
14 following the completion of the rehabilitation program, the employee  
15 shall receive a lump-sum payment of 25 percent of the compensation  
16 forfeited by him. The lump-sum payment is available only once to an  
17 employee refusing rehabilitation. The rehabilitation administrator may  
18 find that an employee refuses to participate in an evaluation or rehab-  
19 ilitation plan if the employee fails to cooperate with the rehabilita-  
20 tion provider.

21 \* Sec. 7. AS 23.30.045(a) is amended to read:

22 (a) An employer is liable for and shall secure the payment to his  
23 employees of the compensation payable under AS 23.30.041, 23.30.050,  
24 23.30.095, 23.30.145, and 23.30.180 - 23.30.215. If the employer is a  
25 subcontractor, the contractor is liable for and shall secure the payment  
26 of the compensation to employees of the subcontractor unless the subcon-  
27 tractor secures the payment.

28 \* Sec. 8. AS 23.30.045(c) is amended to read:

29 (c) For a person eligible for vocational rehabilitation service

1 under this chapter or AS 23.15.080 [AND] who is placed with an employer  
2 for service [WITHOUT WAGES] at the request of the board or the division  
3 [OFFICE] of vocational rehabilitation to provide [GIVE HIM] on the job  
4 training, work readiness, [OR] work therapy experience [,] or work  
5 sampling, the liability set out in (a) of this section applies to the  
6 state rather than to the employer.

7 \* Sec. 9. AS 23.30.080 is amended by adding a new subsection to read:

8 (d) If an employer fails to insure or provide security as required  
9 by AS 23.30.075, the board may issue a stop order prohibiting the use of  
10 employee labor by the employer until the employer insures or provides  
11 security as required by AS 23.30.075. The failure of an employer to  
12 file evidence of compliance as required by AS 23.30.085 creates a rebut-  
13 able presumption that the employer has failed to insure or provide  
14 security as required by AS 23.30.075. If an employer fails to comply  
15 with a stop order issued under this section, the board shall assess a  
16 civil penalty of \$1,000 per day. The employer may not obtain a public  
17 contract with the state or a political subdivision of the state for  
18 three years following the violation of the stop order.

19 \* Sec. 10. AS 23.30.095(c) is amended to read:

20 (c) No claim for medical or surgical treatment is valid and en-  
21 forceable as against the employer unless, within 20 [TWENTY] days follow-  
22 ing the first treatment and following the time set by the board for  
23 notice of subsequent treatments, the physician giving the treatment or  
24 the employee receiving it furnishes to the employer and the board notice  
25 of the injury and treatment, preferably on a form prescribed by the  
26 board. The board shall [MAY], however, excuse the failure to furnish  
27 notice within 20 days when it finds it to be in the interest of justice  
28 to do so, and it may, upon application by a party in interest, make an  
29 award for the reasonable value of the medical or surgical treatment so

1 obtained by the employee.

2 \* Sec. 11. AS 23.30.095(e) is amended to read:

3 (e) The employee shall, after an injury, at reasonable times  
4 during the continuance of his disability if requested by his employer  
5 or, when ordered by the board, submit himself to an examination by a  
6 physician or surgeon authorized to practice medicine under the laws of  
7 the state in which the employee may be found, furnished and paid for by  
8 the employer. [THE EMPLOYEE HAS THE RIGHT TO HAVE A PHYSICIAN, PAID FOR  
9 BY THE EMPLOYER, PRESENT AT THE EXAMINATION OR EXAMINATIONS.] No fact  
10 relative to the injury or claim communicated to or otherwise learned by  
11 a physician or surgeon who may have attended or examined the employee,  
12 or who may have been present at an examination is privileged, either in  
13 the hearings provided for in this chapter or an action to recover  
14 damages against an employer who is subject to the compensation provi-  
15 sions of this chapter. If an employee refuses to submit himself to any  
16 examination provided for in this section [HEREIN], his rights to compen-  
17 sation shall be suspended until the obstruction or refusal ceases, and  
18 his compensation during the period of suspension may, in the discretion  
19 of the board or the court determining an action brought for the recovery  
20 of damages under this chapter [HEREUNDER], be forfeited. The board in  
21 any case of death may require an autopsy at the expense of the party  
22 requesting the autopsy. No autopsy may be held without notice first  
23 being given to the widow or widower or next of kin if they reside in the  
24 state or their whereabouts can be reasonably ascertained, of the time  
25 and place of the autopsy and reasonable time and opportunity given the  
26 widow or widower or next of kin to have a representative present to  
27 witness the autopsy. If no adequate notice is given, the findings from  
28 the autopsy may be suppressed on motion made to the board or to the  
29 superior court, as the case may be.

1 \* Sec. 12. AS 23.30.095 is amended by adding a new subsection to read:

2 (j) The board shall adopt and use a schedule for determining the  
3 existence and degree of permanent impairment consistent with the American  
4 Medical Association Guide to the Evaluation of Permanent Impairment.

5 \* Sec. 13. AS 23.30 is amended by adding a new section to article 3 to  
6 read:

7 AS 23.30.097. RELEASE OF INFORMATION. Upon request by the rehab-  
8 ilitation administrator the employee shall provide written authority to  
9 the rehabilitation administrator to obtain medical and rehabilitation  
10 information relative to the employee's injury.

11 \* Sec. 14. AS 23.30.100(d)(2) is amended to read:

12 (2) if the board excuses the failure on the ground that for  
13 some satisfactory reason notice could not be given; however, if delay  
14 in giving notice is excused by the board, the burden of proof of the  
15 validity of the claim shifts to the employee notwithstanding the pro-  
16 visions of AS 23.30.120;

17 \* Sec. 15. AS 23.30.110(c) is amended to read:

18 (c) The board shall make the investigation which it considers  
19 necessary with [IN] respect to [OF] the claim, and upon application of  
20 an interested party shall provide an opportunity for [ORDER] a hearing  
21 on it. If a hearing on a claim is ordered, the board shall give the  
22 claimant and other interested parties at least 10 days' notice of the  
23 hearing, served personally upon the claimant and other interested parties  
24 or sent by registered mail, and shall, within 30 [20] days after the  
25 hearing record closes [IS HAD], by order, reject the claim or make an  
26 award in respect to it. If a hearing is continued by the board, addi-  
27 tional notice under this subsection is not required. [IF NO HEARING IS  
28 ORDERED WITHIN 20 DAYS AFTER NOTICE IS GIVEN AS PROVIDED IN (b) OF THIS  
29 SECTION, THE BOARD SHALL BY ORDER REJECT THE CLAIM OR MAKE AWARD IN

COMMITTEE COPY

1 RESPECT TO IT.]

2 \* Sec. 16. AS 23.30.120(3) is amended to read:

3 (3) the injury was not proximately caused by the intoxication  
4 of the injured employee or occasioned solely by the [INTOXICATION OF THE  
5 INJURED] employee being under the influence of drugs unless the drugs  
6 were taken as prescribed by the employee's physician;

7 \* Sec. 17. AS 23.30 is amended by adding a new section to read:

8 Sec. 23.30.122. CREDIBILITY OF WITNESSES. The board has the sole  
9 power to determine the credibility of a witness. A finding by the board  
10 concerning the weight to be accorded a witness's testimony, including  
11 medical testimony and reports, is conclusive even if the evidence is  
12 conflicting or susceptible to contrary conclusions. The findings of the  
13 board are subject to the same standard of review as a jury's finding in  
14 a civil action.

15 \* Sec. 18. AS 23.30.155(j) is amended to read:

16 (j) If an employer has made advance payments or overpayments of  
17 compensation, he is entitled to be reimbursed, after approval by the  
18 board, out of any unpaid installment or installments of compensation  
19 due.

20 \* Sec. 19. AS 23.30.175(a) is amended to read:

21 (a) The weekly rate of compensation for disability or death for a  
22 recipient residing in Alaska may not exceed the percentage of the Alaska  
23 average weekly wage in effect on the date of injury as determined by the  
24 table contained in this subsection and initially may not be less than  
25 \$110 [\$65] a week. However, if the board determines that the employee's  
26 spendable [AVERAGE] weekly wages are less than \$110 [\$65] a week as  
27 computed under AS 23.30.220, it shall issue an order decreasing the  
28 weekly rate of compensation to a rate equal to the employee's spendable  
29 [AVERAGE] weekly wages, and payments made earlier in excess of the

1 decreased rate shall be deducted from the unpaid compensation in the  
2 manner the board determines. In any case, the employer shall pay timely  
3 compensation.

4 On	The Rate Shall Be
5 July 1, 1975	80 percent of the Alaska 6 average weekly wage
7 January 1, 1976	100 percent of the Alaska 8 average weekly wage
9 January 1, 1977	133.3 percent of the Alaska 10 average weekly wage
11 January 1, 1979	166.6 percent of the Alaska 12 average weekly wage
13 January 1, 1981	200 percent of the Alaska 14 average weekly wage

15 \* Sec. 20. AS 23.30.175(b) is repealed and reenacted to read:

16 (b) After June 30 and before December 1 of each year, the commis-  
17 sioner shall adopt and publish the average weekly wage for each juris-  
18 diction for the preceding calendar year as published by the United  
19 States Secretary of Labor for the purposes of unemployment insurance.  
20 In determining the rate of compensation the commissioner shall use the  
21 average weekly wage figure for each jurisdiction, including Alaska, for  
22 which the Secretary of Labor computes an average weekly wage. These  
23 figures are the applicable average weekly wages for those jurisdictions  
24 for the following calendar year.

25 \* Sec. 21. AS 23.30.175(c) is repealed and reenacted to read:

26 (c) The following rules apply to recipients who do not reside in  
27 Alaska:

28 (1) The weekly rate of compensation shall be calculated by  
29 multiplying the recipient's weekly compensation rate calculated in

1 accordance with AS 23.30.180, 23.30.185, 23.30.190, 23.30.200, or 23.30.-  
2 215 times the ratio of the average weekly wage of the jurisdiction in  
3 which the recipient resides to the average weekly wage of Alaska. The  
4 ratio is based on the average weekly wages in effect when the recipient  
5 leaves Alaska and shall be adjusted annually upon publication of the  
6 average weekly wages for all jurisdictions.

7 (2) The calculation required by this subsection does not  
8 apply if the recipient is absent from Alaska for medical or rehabilita-  
9 tion services not reasonably available in Alaska.

10 (3) If the spendable weekly wage of the recipient and the  
11 resulting compensation rate is determined under AS 23.30.220(2), the  
12 calculation required by this subsection applies to only those gross  
13 earnings earned in Alaska.

14 (4) Application of this subsection may not result in a reduc-  
15 tion of the weekly compensation rate to less than \$110 a week except as  
16 provided in (a) of this section.

17 \* Sec. 22. AS 23.30.175(d) is repealed and reenacted to read:

18 (d) In a jurisdiction for which no average weekly wage is computed  
19 by the United States Secretary of Labor for the purposes of unemployment  
20 insurance, the average weekly wage shall be as determined by the commis-  
21 sioner.

22 \* Sec. 23. AS 23.30.180 is amended to read:

23 Sec. 23.30.180. PERMANENT TOTAL DISABILITY. In case of total  
24 disability adjudged to be permanent 80 [66 2/3] percent of the injured  
25 employee's spendable [AVERAGE] weekly wages shall be paid to the  
26 employee during the continuance of the total disability. Loss of both  
27 hands, or both arms, or both feet, or both legs, or both eyes, or of any  
28 two of them, in the absence of conclusive proof to the contrary, consti-  
29 tutes permanent total disability. In all other cases permanent total

1 disability is determined in accordance with the facts.

2 \* Sec. 24. AS 23.30.185 is amended to read:

3 Sec. 23.30.185. COMPENSATION FOR TEMPORARY TOTAL DISABILITY. In  
4 case of disability total in character but temporary in quality, 80 [66  
5 2/3] percent of the injured employee's spendable [AVERAGE] weekly wages  
6 shall be paid to the employee during the continuance of the disability.

7 \* Sec. 25. AS 23.30.190 is amended to read:

8 Sec. 23.30.190. COMPENSATION FOR PERMANENT PARTIAL DISABILITY.

9 (a) In case of disability partial in character but permanent in quality  
10 the compensation is 80 [66 2/3] percent of the injured employee's  
11 spendable [AVERAGE] weekly wages in addition to compensation for tempor-  
12 ary total disability or temporary partial disability paid in accordance  
13 with AS 23.30.185 or 23.30.200, respectively, and shall be paid to the  
14 employee as follows:

15 (1) arm lost, 280 weeks compensation, not to exceed \$59,000  
16 [\$43,680];

17 (2) leg lost, 248 weeks compensation, not to exceed \$54,400  
18 [\$40,320];

19 (3) hand lost, 212 weeks compensation, not to exceed \$45,400  
20 [\$33,600];

21 (4) foot lost, 173 weeks compensation, not to exceed \$39,700  
22 [\$28,700];

23 (5) eye lost, 140 weeks compensation, not to exceed \$30,200  
24 [\$22,400];

25 (6) thumb lost, 51 weeks compensation, not to exceed \$14,000  
26 [\$10,400];

27 (7) first finger lost, 28 weeks compensation, not to exceed  
28 \$8,700 [\$6,440];

29 (8) great toe lost, 26 weeks compensation, not to exceed

1       \$7,200 [\$5,320];

2               (9) second finger lost, 18 weeks compensation, not to exceed  
3       \$5,700 [\$4,200]; third finger lost, 18 weeks compensation, not to exceed  
4       \$4,700 [\$3,500];

5               (10) toe other than great toe lost, eight weeks compensation,  
6       not to exceed \$3,000 [\$2,240];

7               (11) fourth finger lost, seven weeks compensation, not to  
8       exceed \$2,800 [\$2,100];

9               (12) loss of hearing of one ear, 52 weeks compensation, not  
10       exceeding \$9,800 [\$7,280]; loss of hearing of both ears, 200 weeks  
11       compensation, not to exceed \$37,800 [\$28,000];

12               (13) compensation for loss of more than one phalange of a  
13       digit shall be the same as for loss of the entire digit; compensation  
14       for loss of the first phalange is one-half of the compensation for loss  
15       of the entire digit;

16               (14) amputation between the elbow and the wrist is considered  
17       equivalent to the loss of an arm, and amputation between the knee and  
18       ankle is considered equivalent to the loss of a leg;

19               (15) compensation for loss of binocular vision or for 80 per-  
20       cent or more of the vision of an eye is the same as for loss of the eye;

21               (16) compensation for loss of two or more digits, or one or  
22       more phalanges of two or more digits of a hand or foot may be propor-  
23       tioned to the resulting loss of use of the injured hand or foot, but may  
24       not exceed the compensation for loss of a hand or foot;

25               (17) compensation for permanent total loss of use of a member  
26       is the same as for loss of the member;

27               (18) compensation for permanent partial loss or loss of use of  
28       a member may be for proportionate loss or loss of use of the member;

29               (19) in addition to other allowable compensation, the board

1 shall award proper and equitable compensation up to \$10,000 for

2 (A) serious disfigurement of face, head and, when such  
3 disfigurement is likely to handicap the employee in securing or  
4 holding employment, for serious disfigurement of neck or limbs  
5 normally exposed, or

6 (B) partial or total loss of or loss of use of a part or  
7 function of the body not otherwise provided for under this section;

8 (20) in all other cases in this class of disability the compen-  
9 sation is 80 [66 2/3] percent of the difference between his spendable  
10 [AVERAGE] weekly wages and his wage-earning capacity after the injury in  
11 the same employment or otherwise, payable during the continuance of the  
12 partial disability, but subject to modification [RECONSIDERATION OF THE  
13 DEGREE OF THE IMPAIRMENT] by the board on its own motion or upon appli-  
14 cation of a party in interest; whenever the board determines that it is  
15 in the interest of justice, the liability of the employer for compensa-  
16 tion, or any part of it as determined by the board, may be discharged by  
17 the payment of a lump sum;

18 (21) in a case in which there is a loss of, or loss of use of  
19 more than one member or parts of more than one member set out in (1) -  
20 (18) of this section, not amounting to permanent total disability, the  
21 award of compensation is for the loss of, or loss of use of, each member  
22 or part of the member, which awards shall run consecutively, except that  
23 where the injury affects only two or more digits of the same hand or  
24 foot, (16) of this section applies.

25 (b) Total compensation paid under (a)(20) of this section may not  
26 exceed \$75,000 [\$60,000].

27 \* Sec. 26. AS 23.30.200 is amended to read:

28 Sec. 23.30.200. TEMPORARY PARTIAL DISABILITY. In case of tempor-  
29 ary partial disability resulting in decrease of earning capacity the

1 compensation shall be 80 [66 2/3] percent of the difference between the  
2 injured employee's spendable [AVERAGE] weekly wages before the injury  
3 and his wage earning capacity after the injury in the same or another  
4 employment, to be paid during the continuance of the disability, but not  
5 to be paid for more than five years.

6 \* Sec. 27. AS 23.30.210 is amended to read:

7 Sec. 23.30.210. DETERMINATION OF WAGE-EARNING CAPACITY. In a  
8 case of partial disability under AS 23.30.190(20) or 23.30.200 the  
9 wage-earning capacity of an injured employee is determined by his actual  
10 spendable weekly wage [EARNINGS] if the actual spendable weekly wage  
11 [EARNINGS] fairly and reasonably represent his wage-earning capacity.  
12 If the employee has no actual spendable weekly wage [EARNINGS] or his  
13 actual spendable weekly wage does [EARNINGS DO] not fairly and reasonably  
14 represent his wage-earning capacity, the board may, in the interest of  
15 justice, fix the wage-earning capacity which is reasonable, having due  
16 regard to the nature of his injury, the degree of physical impairment,  
17 his usual employment, and any other factors or circumstances in the case  
18 which may affect his capacity to earn wages in his disabled condition,  
19 including the effect of disability as it may naturally extend into the  
20 future.

21 \* Sec. 28. AS 23.30.215(a) is amended to read:

22 (a) If the injury causes death, the compensation is known as a  
23 death benefit and is payable in the following amounts to or for the  
24 benefit of the following persons:

25 (1) reasonable and necessary funeral expenses not exceeding  
26 \$2,500 [\$1,000];

27 (2) if there is a widow or widower or a child or children of  
28 the deceased, the following percentages of the spendable [AVERAGE]  
29 weekly wages of the deceased:

1 (A) 80 [66 2/3] percent for the widow or widower with no  
2 children;

3 (B) 40 [33 1/3] percent for the widow or widower with  
4 one child and 40 [33 1/3] percent for the child;

5 (C) 25 [20] percent for the widow or widower with two or  
6 more children and 55 [46 2/3] percent divided equally among the  
7 children;

8 (D) repealed;

9 (E) 80 [66 2/3] percent for an only child when there is  
10 no widow or widower;

11 (F) repealed;

12 (G) 80 [66 2/3] percent, divided equally, if there are  
13 two or more children and no widow or widower;

14 (3) if the widow or widower remarries, she or he is entitled  
15 to be paid in one sum an amount equal to the compensation to which the  
16 widow or widower would otherwise be entitled in the two years commencing  
17 on the date of remarriage as full and final settlement of all sums due  
18 the widow or widower;

19 (4) if there is no widow or widower or child or children,  
20 then for the support of father, mother, grandchildren, brothers and  
21 sisters, if dependent upon the deceased at the time of injury, 42 [35]  
22 percent of the spendable [AVERAGE] weekly wage of the deceased to such  
23 beneficiaries, share and share alike, not to exceed \$20,000 in the  
24 aggregate.

25 \* Sec. 29. AS 23.30.215(b) is amended to read:

26 (b) In computing death benefits, the spendable [AVERAGE] weekly  
27 wage of the deceased shall be computed under AS 23.30.220 and shall be  
28 paid in accordance with AS 23.30.155 and subject to the weekly maximum  
29 limitation in the aggregate as provided in AS 23.30.175, but the total

1 weekly compensation may not be less than \$75 [\$45] for a widow or widower  
2 nor less than \$25 [\$15] weekly to a child or \$50 [\$30] for children.

3 \* Sec. 30. AS 23.30.220 is repealed and reenacted to read:

4 Sec. 23.30.220. DETERMINATION OF SPENDABLE WEEKLY WAGE. The  
5 spendable weekly wage of the injured employee at the time of the injury  
6 is the basis for computing compensation. It is the employee's gross  
7 weekly earnings minus payroll tax deductions. The gross weekly earnings  
8 shall be calculated as follows:

9 (1) If at the time of the injury the employee has been in the  
10 gainful employ of the employer for the full reporting quarter immediately  
11 before the time of injury, the gross weekly earnings are computed by  
12 dividing by 13 the gross earnings the employee earned in the employ of  
13 the employer in that reporting quarter.

14 (2) If at the time of the injury the employee has not been in  
15 the employ of the employer for the full reporting quarter immediately  
16 before the time of injury, the gross weekly earnings are computed by  
17 dividing by 100 the gross earnings of the employee in the two calendar  
18 years immediately preceding the injury.

19 (3) If the board determines that the gross weekly earnings at  
20 the time of the injury cannot be fairly calculated under (1) or (2) of  
21 this section, or cannot otherwise be ascertained without undue hardship  
22 to the employee, the gross weekly earnings for calculating compensation  
23 are the usual gross earnings for similar service rendered by paid  
24 employees under similar circumstances as determined by the board.

25 (4) If an employee when injured is a minor or an apprentice,  
26 or a trainee, as determined by the board, whose wages under normal  
27 conditions would increase during the period of disability, the projected  
28 increase may be considered by the board in computing his gross weekly  
29 earnings.

1 (5) If the employee is injured while performing his duties as  
2 a volunteer ambulance attendant, policeman, or fireman, the gross weekly  
3 earnings for calculating compensation shall be the minimum gross weekly  
4 earnings paid a full-time ambulance attendant, policeman, or fireman  
5 employed in the political subdivision where the injury occurred, or, if  
6 the political subdivision has no full-time ambulance attendants, police-  
7 men, or firemen, at a reasonable figure previously set by the political  
8 subdivision to make this determination but in no case may the gross  
9 weekly earnings for calculating compensation be less than the minimum  
10 wage computed on the basis of 40 hours work per week.

11 \* Sec. 31. AS 23.30 is amended by adding a new section to read:

12 Sec. 23.30.227. EFFECT OF UNEMPLOYMENT BENEFITS. Compensation is  
13 not payable to an employee under AS 23.30.180 or 23.30.185 for a week in  
14 which the employee receives unemployment benefits.

15 \* Sec. 32. AS 23.30.235 is repealed and reenacted to read:

16 Sec. 23.30.235. CASES IN WHICH NO COMPENSATION IS PAYABLE. Compensa-  
17 tion under this chapter may not be allowed for an injury

18 (1) proximately caused by the employee's wilful intent to  
19 injure or kill himself or another;

20 (2) proximately caused by intoxication of the injured employee  
21 or occasioned solely by the employee being under the influence of drugs  
22 unless the drugs were taken as prescribed by the employee's physician.

23 \* Sec. 33. AS 23.30 is amended by adding a new section to read:

24 Sec. 23.30.238. INDIVIDUALS IN COMMUNITY WORK SERVICE PROGRAMS AS  
25 EMPLOYEES OF THE STATE. An individual who is performing community work  
26 service as defined in AS 12.55.055(b) at the direction of the state for  
27 the state, for a private, nonprofit corporation, or for a political  
28 subdivision of the state is an employee of the state for the purpose of  
29 eligibility for medical and related benefits under this chapter while

1 performing the assigned community work service.

2 \* Sec. 34. AS 23.30.250 is amended to read:

3 Sec. 23.30.250. PENALTY FOR MISREPRESENTATION. A person who wil-  
4 fully makes a false or misleading statement or representation for the  
5 purpose of obtaining or denying a benefit or payment under this chapter  
6 is guilty of theft by deception as defined in AS 11.46.180 and is pun-  
7 ishable as provided in AS 11.46.120 - 11.46.150 [A MISDEMEANOR, AND UPON  
8 CONVICTION IS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRI-  
9 SONMENT FOR NOT MORE THAN ONE YEAR, OR BY BOTH].

10 \* Sec. 35. AS 23.30.255(a) is amended to read:

11 (a) An employer required to secure the payment of compensation  
12 under this chapter who fails to do so is guilty of a class B felony if  
13 the amount involved exceeds \$25,000 or a class C felony if the amount  
14 involved is \$25,000 or less [MISDEMEANOR AND UPON CONVICTION IS PUNISH-  
15 ABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRISONMENT FOR NOT MORE  
16 THAN ONE YEAR, OR BY BOTH]. If the employer is a corporation, its  
17 president, secretary, and treasurer are also severally liable to the  
18 fine or imprisonment imposed [PROVIDED IN THIS SECTION] for the failure  
19 of the corporation to secure the payment of compensation. The presi-  
20 dent, secretary, and treasurer are severally personally liable, jointly  
21 with the corporation, for the compensation or other benefit which  
22 accrues under this chapter in respect to an injury which happens to an  
23 employee of the corporation while it has failed to secure the payment of  
24 compensation as required by AS 23.30.075.

25 \* Sec. 36. AS 23.30.255(b) is amended to read:

26 (b) An employer who knowingly transfers, sells, encumbers, assigns,  
27 or in any manner disposes of, conceals, secretes, or destroys any of his  
28 property after one of his employees has been injured within the scope of  
29 this chapter, with intent to avoid the payment of compensation under

1 this chapter to the employee or his dependents, is guilty of a class B  
2 felony if the amount involved exceeds \$25,000 or a class C felony if  
3 the amount involved is \$25,000 or less [MISDEMEANOR, AND UPON CONVICTION  
4 IS PUNISHABLE BY A FINE OF NOT MORE THAN \$1,000, OR BY IMPRISONMENT FOR  
5 NOT MORE THAN ONE YEAR, OR BY BOTH]. If the employer is a corporation,  
6 its president, secretary, and treasurer are also severally liable to the  
7 penalty of imprisonment as well as jointly liable with the corporation  
8 for the fine.

9 \* Sec. 37. AS 23.30.265 is amended by adding new paragraphs to read:

10 (29) "arising out of and in the course of employment" includes  
11 employer-required or supplied travel to and from a remote job site;  
12 activities performed at the direction or under the control of the em-  
13 ployer; and employer-sanctioned activities at employer-provided facili-  
14 ties; but excludes activities of a personal nature away from employer-  
15 provided facilities;

16 (30) "drugs" means a controlled substance as defined by law;

17 (31) "gross earnings" means recurring payments, by an employer  
18 to an employee for employment before any authorized or lawfully required  
19 deduction or withholding of money by the employer, including compensa-  
20 tion that is deferred at the option of the employee, and excluding  
21 irregular bonuses, reimbursement of expenses, expense allowances, and  
22 any benefit or payment to the employee that is not taxable to the  
23 employee during the pay period; the value of room and board to the  
24 employee may be considered in determining gross earnings for those  
25 employees with gross weekly earnings that are less than the Alaska  
26 average weekly wage at the time of injury;

27 (32) "gross weekly earnings" means gross weekly earnings as  
28 calculated under AS 23.30.220;

29 (33) "payroll taxes" means (A) the amount that would be with-

1 held under withholding tables in effect on the January 1 preceding the  
2 injury under the Internal Revenue Code of 1954 (as amended) and regula-  
3 tions issued under the code, as though the employee had claimed the  
4 maximum number of dependents for actual dependency, blindness, and old  
5 age to which the employee is entitled on the date on which he is injured;  
6 and (b) if the employer is subject to the Social Security Act of 1935 as  
7 amended, the amount that would be deducted or withheld as of the  
8 January 1 preceding the injury under that act from the amount of earnings  
9 of the employee at the time of the injury as if the earnings were earned  
10 at the beginning of the calendar year in which he was injured and regard-  
11 less of whether the amount was actually withheld or the earnings were  
12 subject to withholding; the commissioner shall annually prepare formulas  
13 that shall be used to calculate an employee's spendable weekly wage on  
14 the basis of his gross weekly earnings, number of dependents, marital  
15 status, and payroll tax deductions;

16 (34) "reporting quarter" means one of the three-month periods  
17 (January through March, April through June, July through September,  
18 October through December) used to report employee wages to the Internal  
19 Revenue Service;

20 (35) "suitable gainful employment" means employment that is  
21 reasonably attainable in light of an individual's age, education, pre-  
22 vious occupation, and injury, and that offers an opportunity to restore  
23 the individual as soon as practical to a remunerative occupation and as  
24 nearly as possible to his gross weekly earnings as determined at the  
25 time of injury.

26 \* Sec. 38. AS 39.25.120 is amended by adding a new paragraph to read:

27 (20) the rehabilitation administrator of the Workers' Compensa-  
28 tion Board.

29 \* Sec. 39. AS 23.30.095(g), 23.30.125(b), 23.30.175(e) and (f), 23.30.-

1 191, and 23.30.265(20) are repealed.

2 \* Sec. 40. The board shall publish AS 23.30.235 and AS 23.30.250 as  
3 enacted in secs. 32 and 34 of this Act as part of a document describing the  
4 employee's rights and obligations under the Alaska Workers' Compensation Act.  
5 The publication shall be mailed or otherwise made available to an injured  
6 worker upon notice of an injury.

7 \* Sec. 41. Sections 6, 19 - 30, 32, and 37 of this Act apply only to  
8 injuries sustained after the effective date of this Act.

9 \* Sec. 42. This Act takes effect July 1, 1982.  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29

Offered: 3/18/82  
Referred: Rules

Original sponsor: Rules/Governor

BY THE LABOR AND  
COMMERCE COMMITTEE

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 648 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation coverage of  
7 certain persons providing community work service."

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

9 \* Section 1. AS 23.30 is amended by adding a new section to read:

10 Sec. 23.30.238. INDIVIDUALS IN COMMUNITY WORK SERVICE PROGRAMS AS  
11 EMPLOYEES OF THE STATE. An individual who is performing community work  
12 service as defined in AS 12.55.055(b) at the direction of the state for  
13 the state, for a private, nonprofit corporation, or for a political  
14 subdivision of the state is an employee of the state for the purpose of  
15 this chapter while performing the assigned community work service.

16 \* Sec. 2. AS 23.30.265(11) is amended to read:

17 (11) "employee" means an employee employed by an employer as  
18 defined in [PARAGRAPH] (12) of this section, or an individual performing  
19 community work service as defined in AS 12.55.055(b) at the direction of  
20 the state for an employer as defined in (12) of this section;

21  
22  
23  
24  
25  
26  
27  
28  
29 COMMITTEE COPY

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 648 (L & C) (Page 1 of 3)  
 Title "An Act relating to workers' compensation, and providing for an effective . . ."  
 Requested by House Labor and Commerce Committee Date 4/8/82

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected Worker Protection  
 BRU, Program, or Subprogram(s) Affected Workers' Compensation  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		161.8	178.0	195.8	215.4	236.9
200 TRAVEL		20.0	22.0	24.2	26.6	29.3
300 CONTRACTUAL		122.3	71.3	78.4	86.2	94.9
400 COMMODITIES		3.4	3.7	4.1	4.5	4.9
500 EQUIPMENT		10.4	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>317.9</b>	<b>275.0</b>	<b>302.5</b>	<b>332.7</b>	<b>366.0</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	0	(132.3)	(197.2)	(216.9)	(238.6)	(262.5)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
**Second Injury Fund		450.2	472.2	519.4	571.3	628.5

POSITIONS

FULL TIME	0	4	4	4	4	4
PART TIME						
TEMPORARY						

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

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

This fiscal note provides that the state administrative costs for rehabilitation under the proposed AS 23.30.041 be paid from the Second Injury Fund. This includes the costs of four new positions, plus the cost of four existing positions which entails a transfer in funding source from General Funds to Second Injury Funds.  
 (Continued page 2)

IV. DATE April 8, 1982

PREPARED BY Nico Bus

AGENCY Labor

PHONE 465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA  
 TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 2

1. Assumes an inflation rate of 10% per annum after FY '83.
2. Assumes an effective date of July 1, 1982.
3. The total cost for FY'83 for the four new positions is detailed on attached forms 13. In addition the following items are included in the FY '83 costs.

A Workers' Compensation Officer I reclassification to a Workers' Compensation Officer II with related travel and contractual services. Cost \$16.6

100 Personal Services	\$ 5.5
200 Travel	5.0
300 Auto, Lease, Indirect, etc.	6.1
	<u>\$16.6</u>

The data processing operations cost will increase by \$14.0 because of enhancements for a tickler system, running two systems parallel and the files expansion to retain the addresses of all claimants.

The printing of 10,000 Workers' Compensation Acts and 25,000 Employee Information booklets. \$35.0

The design and printing of new forms. \$2.5

Computer program modifications to implement the changes introduced by the bill. \$20.0

Equipment expense for computer terminals, panelling, cabinets, and files. \$6.0

Included one-time items in FY '83

Equipment	\$10.4
Booklets and Acts	35.0
Design and printing of new forms	2.5
Computer programs	20.0
	<u>\$67.9</u>

Funding Change

Items included in the FY 83 Governor's budget that will change funding sources from General Fund to the Second Injury Fund.

4 positions (including benefits)	\$141.3
Non-personal service costs relating to these 4 existing positions	
200: travel	9.9
300: contractual	25.8
400: commodities	2.3
	<u>179.3</u>

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA

HCSCSSB 648(L&C) Page 3 of 3

TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 3

FY'83 Component Breakdown:

Workers' Compensation Administration

Second Injury Fund

PS		\$161.8
Travel		20.0
Contract*	\$47.0	75.3
Commodities		3.4
Equipment		10.4
TOTAL	<u>\$47.0</u>	<u>\$270.9</u>

Funding

General Fund

Second Injury

Funding transfer	(179.3)	179.3
Rehabilitation Services/ delivery system	47.0	270.9
	<u>132.3</u>	<u>450.2</u>

\*\$35,000 Workers Compensation Acts and Information Booklets; \$12,000 Data Processing

\*\*Second Injury Fund is currently being reviewed to determine whether revenues are sufficient to cover the cost of rehabilitation. It may be necessary to amend AS 23.30.040 to increase the maximum percentage contribution rate.

1	POSITION TITLE Rehabilitation Administrator			RANGE/STEP 22A	BARG. UNIT.	LOCATION EBA	APPROV. GOV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE	
3	TYPE OF EXPENDITURE			AMOUNT				
	1	2	3					
4	PERSONAL SERVICES: SALARY 3714 x 12		44,568					
5	BENEFITS .1592		7,095					
6	SBS .0613		2,188					
7	FIXED BENEFITS 183 x 12		2,196					
8	TOTAL PERSONAL SERVICES 01		56,047					
9	TRAVEL 02		10,000					
10	CONTRACTUAL 03		15,607					
11	COMMODITIES 04		850					
12	EQUIPMENT 05		1,600					
13	OTHER							
14	TOTAL COST		84,104					
15	RECEIPT CODE	FUNDING SOURCE						
16		FED RCPTS. 1002						
17	100	GF MATCH. 1003						
18		GEN. FUND 1004		84,104				
19		I-A RCPTS. 1005						
20		PGM RCPTS 1028						
21		OTHER						
21	CONTINUATION							
22	ADDITION		X		FOR R&M USE ONLY			
4A-KEY NUMBER		COLUMN NO.						

**JUSTIFICATION:**  
 It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The rehabilitation administrator is necessary to develop and implement a workers' compensation rehabilitation program designed to administer and monitor the rehabilitation benefits of industrially injured workers covered by the Alaska Workers' Compensation Act.

Extensive travel within the state is necessary to provide assistance to approximately 12,000 employers in developing programs for re-employment of injured workers and coordinating counselor services with workers, insurers/employers, labor unions, and rehabilitation providers.

9. Travel: \$10,000 (20 trips @ \$500 per trip)  
 10. Contractual: Space \$3,100 (to be transferred to DOA)  
 Auto Lease & Operating Cost: \$5,600  
 Indirect (11.46% x 44,568 = \$5,107)  
 Other costs which include communications, equipment rental, etc., \$1,800  
 11. Commodities: Cost per position  
 12. Equipment: Desk, desk chair, side chairs, bookcase, file - \$1,600

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE	RANG/STEP		PARG. UNIT.	LOCATION	GOV.	APPROV.	DIBAPP.
1	Workers Compensation Officer II	18A		GBU	JBA			
2	TYPE OF POSITION	STAFF MONTHS	RP No.	PCN No.	PRIORITY	FORM 12	PAGE/LINE	
2	PFT	12	N/A	New Position		N/A		
3	TYPE OF EXPENDITURE		AMOUNT		<p><b>JUSTIFICATION:</b></p> <p>It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.</p> <p>The workers' compensation officer is necessary to coordinate with workers, employers, insurers and rehabilitation providers to expedite the retraining and re-employment of injured workers. Travel within the Fairbanks and Northern regions will be necessary to coordinate this effort.</p> <p>9. Travel: \$5,000 (10 trips @ \$500 per trip)</p> <p>10. Contractual: Space \$3,100 (to be transferred to DOA) Auto Lease, Maintenance Agreement &amp; Operating Costs \$5,600 Indirect Costs (11.46% x 38,988 = \$4,468) Other costs which include communications, equipment rental, etc. \$1,800</p> <p>11. Commodities: Cost per position</p> <p>12. Equipment: Desk, desk chair, side chair, file, work-table, bookcase \$1,395</p>			
	1	2	3					
4	PERSONAL SERVICES:							
4	SALARY 3249 x 12		38,988					
5	BENEFITS .1592		6,207					
6	S&S .0613		2,188					
7	FIXED BENEFITS 183 x 12		2,196					
8	TOTAL PERSONAL SERVICES 01		49,579					
9	TRAVEL 02		5,000					
10	CONTRACTUAL 03		14,968					
11	COMMODITIES 04		850					
12	EQUIPMENT 05		1,395					
13	OTHER		0					
14	TOTAL COST		71,792					
	RECEIPT CODE	FUNDING SOURCE						
15		FED RCPTS. 1002						
16		GF MATCH. 1003						
17	100	GEN. FUND 1001		71,792				
18		I-A RCPTS 1005						
19		PGM RCPTS 1028						
20		OTHER						
21	CONTINUATION							
22	ADDITION		X					
				<b>FOR B&amp;M USE ONLY</b>				
4A KEY NUMBER				COLUMN NO.				

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83



1	POSITION TITLE Clerk Typist III	RANGE/STEP 08	BARG. UNIT. GBU	LOCATION AWA	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE
3	TYPE OF EXPENDITURE		AMOUNT		<p><b>JUSTIFICATION:</b> It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.</p> <p>The Clerk III position will provide clerical assistance to the Workers' Compensation Officer in the Juneau Second Injury Fund office and will be responsible for providing and coordinating distribution of information from the claim files to the other regions.</p> <p>10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x 18,360 = \$2,104) Other costs which include communications, equipment rental, etc. \$1,800</p> <p>11. Commodities: Cost per position</p> <p>12. Equipment: Desk, desk chair \$700</p>		
	1	2	3				
4	PERSONAL SERVICES: SALARY 1530 x 12		18,360				
5	BENEFITS .1592		2,923				
6	SBS .0613		1,125				
7	FIXED BENEFITS 183 x 12		2,196				
8	TOTAL PERSONAL SERVICES 01		24,604				
9	TRAVEL 02						
10	CONTRACTUAL 03		7,004				
11	COMMODITIES 04		850				
12	EQUIPMENT 05		700				
13	OTHER						
14	TOTAL COST		33,158				
	RECEIPT CODE	FUNDING SOURCE					
15		FED RCPTS. 1002					
16		GF MATCH. 1003					
17	100	GEN. FUND 1004					
18		I-A RCPTS. 1005					
19		PGM RCPTS 1028					
20		OTHER					
21	CONTINUATION						
22	ADDITION		X				
FOR B&M USE ONLY							
4A KEY NUMBER		COLUMN NO.					

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13 REQUEST FOR NEW POSITION.**

**FY 83**

1	POSITION TITLE Clerk IV			RANGE/STEP 9B	BARG. UNIT. GBU	LOCATION EBA	APPROV. GOV	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 N/A	PAGE/LINE	
3	TYPE OF EXPENDITURE			AMOUNT				
	1	2	3					
4	PERSONAL SERVICES:							
	SALARY	1627 x 12	19,524					
5	BENEFITS	.1592	3,108					
6	SBS	.0613	1,197					
7	FIXED BENEFITS	183 x 12	2,196					
8	TOTAL PERSONAL SERVICES		01	26,025				
9	TRAVEL		02	0				
10	CONTRACTUAL		03	7,137				
11	COMMODITIES		04	850				
12	EQUIPMENT		05	700				
13	OTHER							
14	TOTAL COST		34,712					
15	RECEIPT CODE	FUNDING SOURCE						
16		FED RCPTS. 1002						
17	100	GF MATCH. 1003						
18		GEN. FUND 1004		34,712				
19		I-A RCPTS. 1005						
20		PGM RCPTS 1028						
20		OTHER						
21	CONTINUATION							
22	ADDITION	X	FOR B&M USE ONLY					
4A KEY NUMBER _____ COLUMN NO. _____								

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The Clerk IV position will provide clerical assistance to the Rehabilitation Administrator and Workers' Compensation Officer and will be responsible for maintaining follow-up on all rehabilitation files.

10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x \$19,524 = \$2,237) Other costs which include communications, equipment rental, etc. \$1,800

11. Commodities: Cost per position

12. Equipment: Desk and desk chair \$700

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83





STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 11, 1982

SB648

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill to amend the definition of "employee" contained in the Workers' Compensation Act to provide workers' compensation for offenders injured during the performance of community work service.

Under the current definition of "employee" contained in the Act, an offender performing community work service resulting either from an alternative sentence under AS 12.55.015(a)(6) or from a diversion agreement with state or municipal prosecutors executed under the Department of Law's Pretrial Intervention Program is not eligible for compensation for injuries sustained during the performance of community work service. In attempting to implement the legislature's intent that the state develop alternative sentencing programs, this exclusion has proven to be a problem in that the sole remedy provision of workers' compensation is not applicable and an injured offender may recover only by means of a tort action. Pursuing a tort remedy is much less certain in terms of compensating the person for an injury, and it could result in exceedingly large judgments against a negligent party -- contrary to the purposes of workers' compensation Acts.

Additionally, the absence of a workers' compensation exclusive remedy provision is creating a reticence on the part of some organizations to accept referrals, in view of the potential liability which may result. By including offenders injured in the performance of community work service within the scope of the Workers' Compensation Act, additional costs for liability are minimal and implementation of the community work service sentencing alternative included in the revised criminal code will be facilitated.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "Jay S. Hammond".

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. SB 648  
Title "An Act relating to Workers' Compensation coverage . . ."  
Requested by Rules Committee Date 1/8/82

II. FISCAL DETAIL

Agency Affected Labor  
Program Category Affected Public Protection  
BRU, Program, Or Subprogram(s) Affected Workers' Compensation  
(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

IV. DATE January 8, 1982

PREPARED BY Judy Knight

AGENCY Labor

Original: Legislative Finance

PHONE 465-2700

cc: Budget and Management

Prime Sponsor (First Legislator Named)

33-001 (Rev. 12/81)

ALASKA STATE LEGISLATURE

TWELFTH Legislature SECOND Session

SENATE BILL NO. 648

By THE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

'An Act relating to workers' compensation coverage of certain persons providing community work service.'

Introduced in the Senate 1/12/1982

HISTORY IN THE SENATE

19 82	1 12	Read first time and referred to Committee on Labor & Commerce										
	2 11	Reported back with recommendation that <i>to Rules</i>										
	2 17	<i>Rules: Calendar</i>										
	2 17	<i>Returned to L&amp;C.</i>										
	3 18	<i>L&amp;C: replace 4/15 4th year</i>										
	3 22	<i>Rules: Calendar</i>										
	3 22	Read second time and <i>L&amp;C CS asp. adv.</i>										
	3 22	Read third time and										
	3 22	<table border="0"> <tr> <td>PASS <i>ed</i></td> <td>Effective Date</td> </tr> <tr> <td>Yeas 16</td> <td>Yeas</td> </tr> <tr> <td>Nays 0</td> <td>Nays</td> </tr> <tr> <td>Absent 2</td> <td>Absent</td> </tr> <tr> <td>Excused 2</td> <td>Excused</td> </tr> </table>	PASS <i>ed</i>	Effective Date	Yeas 16	Yeas	Nays 0	Nays	Absent 2	Absent	Excused 2	Excused
PASS <i>ed</i>	Effective Date											
Yeas 16	Yeas											
Nays 0	Nays											
Absent 2	Absent											
Excused 2	Excused											
		<p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
	3 22	Reported correctly engrossed										
	22	Signed by President										
	22	Sent to House										

*Roger Mulligan*  
SECRETARY OF THE SENATE

HISTORY IN THE HOUSE

19 82	Mar 22	Read first time and referred to Committee on Labor & Commerce										
	Apr 14	Reported back with recommendation that <i>passed</i>										
		Read second time and										
		Read third time and										
		<table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		<p>Reconsideration</p> <table border="0"> <tr> <td>PASS</td> <td>Effective Date</td> </tr> <tr> <td>Yeas</td> <td>Yeas</td> </tr> <tr> <td>Nays</td> <td>Nays</td> </tr> <tr> <td>Absent</td> <td>Absent</td> </tr> <tr> <td>Excused</td> <td>Excused</td> </tr> </table>	PASS	Effective Date	Yeas	Yeas	Nays	Nays	Absent	Absent	Excused	Excused
PASS	Effective Date											
Yeas	Yeas											
Nays	Nays											
Absent	Absent											
Excused	Excused											
		Reported correctly engrossed										
		Signed by Speaker										
		Returned to Senate										

CHIEF CLERK OF THE HOUSE

HISTORY IN THE SENATE

19	Received from House
	To enrolling
	Reported correctly enrolled
	Sent to Governor
	..... by Governor
	Filed with Lt. Governor
	Chapter No. ....



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

January 11, 1982

SB648

The Honorable Jalmar Kerttula  
President of the Senate  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

Dear Mr. President:

Under the authority of article III, section 18 of the Alaska Constitution, I am transmitting a bill to amend the definition of "employee" contained in the Workers' Compensation Act to provide workers' compensation for offenders injured during the performance of community work service.

Under the current definition of "employee" contained in the Act, an offender performing community work service resulting either from an alternative sentence under AS 12.55.015(a)(6) or from a diversion agreement with state or municipal prosecutors executed under the Department of Law's Pretrial Intervention Program is not eligible for compensation for injuries sustained during the performance of community work service. In attempting to implement the legislature's intent that the state develop alternative sentencing programs, this exclusion has proven to be a problem in that the sole remedy provision of workers' compensation is not applicable and an injured offender may recover only by means of a tort action. Pursuing a tort remedy is much less certain in terms of compensating the person for an injury, and it could result in exceedingly large judgments against a negligent party -- contrary to the purposes of workers' compensation Acts.

Additionally, the absence of a workers' compensation exclusive remedy provision is creating a reticence on the part of some organizations to accept referrals, in view of the potential liability which may result. By including offenders injured in the performance of community work service within the scope of the Workers' Compensation Act, additional costs for liability are minimal and implementation of the community work service sentencing alternative included in the revised criminal code will be facilitated.

Sincerely,

A large, stylized handwritten signature of Jay S. Hammond, written in dark ink.

Jay S. Hammond  
Governor

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. Senate Bill No. SB 648  
 Title "An Act relating to Workers' Compensation coverage . . ."  
 Requested by Rules Committee Date 1/8/82

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected Public Protection  
 BRU, Program, Or Subprogram(s) Affected Workers' Compensation  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

FUNDING (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
FULL TIME	0	0	0	0	0	0
PART TIME						
TEMPORARY						

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

IV. DATE January 8, 1982

PREPARED BY Judy Knight  
 AGENCY Labor

Original: Legislative Finance PHONE 465-2700

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

THE LEGISLATURE OF THE STATE OF ALASKA

TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House CS for CS for Senate Bill No. 648 (L & C) (Page 1 of 3)  
 Title "An Act relating to workers' compensation, and providing for an effective "  
 Requested by House Labor and Commerce Committee Date 4/8/82

II. FISCAL DETAIL

Agency Affected Labor  
 Program Category Affected Worker Protection  
 BRU, Program, or Subprogram(s) Affected Workers' Compensation  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
100 PERSONAL SERVICES		161.8	178.0	195.8	215.4	236.9
200 TRAVEL		20.0	22.0	24.2	26.6	29.3
300 CONTRACTUAL		122.3	71.3	78.4	86.2	94.9
400 COMMODITIES		3.4	3.7	4.1	4.5	4.9
500 EQUIPMENT		10.4	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
<b>TOTAL</b>	<b>0</b>	<b>317.9</b>	<b>275.0</b>	<b>302.5</b>	<b>332.7</b>	<b>366.0</b>

FUNDING (Thousands of Dollars)

GENERAL FUND	0	(132.3)	(197.2)	(216.9)	(238.6)	(262.5)
FEDERAL FUNDS						
OTHER (Specify Fund Source)						
**Second Injury Fund		450.2	472.2	519.4	571.3	628.5

POSITIONS

FULL TIME	0	4	4	4	4	4
PART TIME						
TEMPORARY						

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

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

This fiscal note provides that the state administrative costs for rehabilitation under the proposed AS 23.30.041 be paid from the Second Injury Fund. This includes the costs of four new positions, plus the cost of four existing positions which entails a transfer in funding source from General Funds to Second Injury Funds.  
 (Continued page 2)

IV. DATE April 8, 1982

PREPARED BY Nico Bus.

AGENCY Labor

PHONE 465-2720

Original: Legislative Finance

cc: Budget and Management

Prime Sponsor (First Legislator Named)

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA  
 TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."  
 Agency Affected: Department of Labor  
 Page 2

1. Assumes an inflation rate of 10% per annum after FY '83.
2. Assumes an effective date of July 1, 1982.
3. The total cost for FY'83 for the four new positions is detailed on attached forms 13. In addition the following items are included in the FY '83 costs.

A Workers' Compensation Officer I reclassification to a Workers' Compensation Officer II with related travel and contractual services. Cost \$16.6

100 Personal Services	\$ 5.5
200 Travel	5.0
300 Auto, Lease, Indirect, etc.	6.1
	<u>\$16.6</u>

The data processing operations cost will increase by \$14.0 because of enhancements for a tickler system, running two systems parallel and the files expansion to retain the addresses of all claimants.

The printing of 10,000 Workers' Compensation Acts and 25,000 Employee Information booklets. \$35.0

The design and printing of new forms. \$2.5

Computer program modifications to implement the changes introduced by the bill. \$20.0

Equipment expense for computer terminals, panelling, cabinets, and files. \$6.0

Included one-time items in FY '83

Equipment	\$10.4
Booklets and Acts	35.0
Design and printing of new forms	2.5
Computer programs	20.0
	<u>\$67.9</u>

Funding Change

Items included in the FY 83 Governor's budget that will change funding sources from General Fund to the Second Injury Fund.

4 positions (including benefits)	\$141.3
Non-personal service costs relating to these 4 existing positions	
200: travel	9.9
300: contractual	25.8
400: commodities	2.3
	<u>179.3</u>

FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA

HCSCSSB 648(L&C) Page 3 of 3

TWELFTH LEGISLATURE (Continued)

TITLE: An Act relating to workers' compensation, and providing for an effective . . ."

Agency Affected: Department of Labor

Page 3

FY'83 Component Breakdown:

<u>Workers' Compensation Administration</u>		<u>Second Injury Fund</u>
PS		\$161.8
Travel		20.0
Contract*	\$47.0	75.3
Commodities		3.4
Equipment		10.4
TOTAL	<u>\$47.0</u>	<u>\$270.9</u>

<u>Funding</u>	General Fund	Second Injury
Funding transfer	(179.3)	179.3
Rehabilitation Services/ delivery system	47.0	270.9
	<u>132.3</u>	<u>450.2</u>

\*\$35,000 Workers Compensation Acts and Information Booklets; \$12,000 Data Processing

\*\*Second Injury Fund is currently being reviewed to determine whether revenues are sufficient to cover the cost of rehabilitation. It may be necessary to amend AS 23.30.040 to increase the maximum percentage contribution rate.

1	POSITION TITLE <b>Rehabilitation Administrator</b>			RANGE/STEP <b>J 22A</b>	BARG. UNIT.	LOCATION <b>EBA</b>	GOV.	APPROV.	DISAPP.
2	TYPE OF POSITION <b>PFT</b>	STAFF MONTHS <b>12</b>	RP No. <b>N/A</b>	PCN No. <b>New Position</b>	PRIORITY	FORM 12 <b>N/A</b>	PAGE/LINE	LEG.	
3	TYPE OF EXPENDITURE			AMOUNT					
	1			2		3			
4	PERSONAL SERVICES: SALARY 3714 x 12			44,568					
5	BENEFITS .1592			7,095					
6	SBS .0613			2,188					
7	FIXED BENEFITS 183 x 12			2,196					
8	TOTAL PERSONAL SERVICES 01			56,047					
9	TRAVEL 02			10,000					
10	CONTRACTUAL 03			15,607					
11	COMMODITIES 04			850					
12	EQUIPMENT 05			1,600					
13	OTHER								
14	TOTAL COST			84,104					
15	RECEIPT CODE	FUNDING SOURCE							
16		FED RCPTS. 1002							
17	100	GF MATCH. 1003							
18		GEN. FUND 1004		84,104					
19		I-A RCPTS. 1005							
20		PGM RCPTS 1028							
21		OTHER							
22	CONTINUATION			FOR R&M USE ONLY					
22	ADDITION	X							
4A KEY NUMBER				COLUMN NO.					

JUSTIFICATION:

It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The rehabilitation administrator is necessary to develop and implement a workers' compensation rehabilitation program designed to administer and monitor the rehabilitation benefits of industrially injured workers covered by the Alaska Workers' Compensation Act.

Extensive travel within the state is necessary to provide assistance to approximately 12,000 employers in developing programs for re-employment of injured workers and coordinating counselor services with workers, insurers/employers, labor unions, and rehabilitation providers.

- 9. Travel: \$10,000 (20 trips @ \$500 per trip)
- 10. Contractual: Space \$3,100 (to be transferred to DOA)  
Auto Lease & Operating Costs \$5,600  
Indirect (11.46% x 44,568 = \$5,107)  
Other costs which include communications, equipment rental, etc., \$1,800
- 11. Commodities: Cost per position
- 12. Equipment: Desk, desk chair, side chairs, bookcase, file - \$1,600

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE <b>Workers Compensation Officer II</b>			RANGE/STEP <b>18A</b>	ORG. UNIT. <b>GBU</b>	LOCATION <b>JBA</b>	GOV.	APPROV.	DIGAPP.
2	TYPE OF POSITION <b>PFT</b>	STAFF MONTHS <b>12</b>	RP No. <b>N/A</b>	PCN No. <b>New Position</b>	PRIORITY	FORM 12 PAGE/LINE <b>N/A</b>	LEG.		
3	TYPE OF EXPENDITURE			AMOUNT					
	1			2		3			
4	PERSONAL SERVICES: SALARY 3249 x 12			38,988					
5	BENEFITS .1592			6,207					
6	SBS .0613			2,188					
7	FIXED BENEFITS 183 x 12			2,196					
8	TOTAL PERSONAL SERVICES 01			49,579					
9	TRAVEL 02			5,000					
10	CONTRACTUAL 03			14,968					
11	COMMODITIES 04			850					
12	EQUIPMENT 05			1,395					
13	OTHER			0					
14	TOTAL COST			71,792					

	RECEIPT CODE	FUNDING SOURCE	
15		FED RCPTS. 1002	
16		GF MATCH. 1003	
17	100	GEN. FUND 1004	71,792
18		I-A RCPTS. 1005	
19		PGM RCPTS 1028	
20		OTHER	
21	CONTINUATION		
22	ADDITION	X	

**FOR R&M USE ONLY**

4A KEY NUMBER \_\_\_\_\_ COLUMN NO. \_\_\_\_\_

**JUSTIFICATION:**  
 It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.

The workers' compensation officer is necessary to coordinate with workers, employers, insurers and rehabilitation providers to expedite the retraining and re-employment of injured workers. Travel within the Fairbanks and Northern regions will be necessary to coordinate this effort.

- 9. Travel: \$5,000 (10 trips @ \$500 per trip)
- 10. Contractual: Space \$3,100 (to be transferred to DOA) Auto Lease, Maintenance Agreement & Operating Costs \$5,600 Indirect Costs (11.46% x 38,988 = \$4,468) Other costs which include communications, shipment rental, etc. \$1,800
- 11. Commodities: Cost per position
- 12. Equipment: Desk, desk chair, side chair, file, work-table, bookcase \$1,395

AGENCY Labor PROGRAM Worker Protection  
 BRU Workers' Compensation

**13 REQUEST FOR NEW POSITION.**

COMPONENT Second Injury Fund

**FY 83**

1	POSITION TITLE <b>Clerk Typist III</b>			RANGE/STEP 8B	RANG. UNIT. GBU	LOCATION AWA	GOV.	APPROV.	DIAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 PAGE/LINE N/A	LEA.		
3	TYPE OF EXPENDITURE			AMOUNT		<b>JUSTIFICATION:</b> It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.  The Clerk III position will provide clerical assistance to the Workers' Compensation Officer in the Juneau Second Injury Fund office and will be responsible for providing and coordinating distribution of information from the claim files to the other regions.  10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x 18,360 = \$2,104) Other costs which include communications, equipment rental, etc. \$1,800  11. Commodities: Cost per position  12. Equipment: Desk, desk chair \$700			
	1	2	3						
4	PERSONAL SERVICES: SALARY 1530 x 12		18,360						
5	BENEFITS .1592		2,923						
6	SBS .0613		1,125						
7	FIXED BENEFITS 183 x 12		2,196						
8	TOTAL PERSONAL SERVICES 01		24,604						
9	TRAVEL 02								
10	CONTRACTUAL 03		7,004						
11	COMMODITIES 04		850						
12	EQUIPMENT 05		700						
13	OTHER								
14	TOTAL COST		33,158						
	RECEIPT CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17	100	GEN. FUND 1004		33,158					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION		FOR R&M USE ONLY						
22	ADDITION								
4A KEY NUMBER		COLUMN NO.							

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83

1	POSITION TITLE Clerk IV			RANGE/STEP 9B	ORG. UNIT. GBU	LOCATION EPA	GOV	APPROV.	DIBAPP.
2	TYPE OF POSITION PFT	STAFF MONTHS 12	RP No. N/A	PCN No. New Position	PRIORITY	FORM 12 PAGE/LINE N/A	LEG		
3	TYPE OF EXPENDITURE			AMOUNT		<p><b>JUSTIFICATION:</b></p> <p>It is the intent of the Legislature that an injured worker receive rehabilitation services which enhance returning to work as quickly as possible at earnings as close as possible to the worker's gross earnings at the time of the injury. The implementation of a delivery system to provide timely and adequate rehabilitation services is fundamental in meeting this objective.</p> <p>The Clerk IV position will provide clerical assistance to the Rehabilitation Administrator and Workers' Compensation Officer and will be responsible for maintaining follow-up on all rehabilitation files.</p> <p>10. Contractual: Space \$3,100 (to be transferred to DOA) Indirect (11.46% x \$19,524 = \$2,237) Other costs which include communications, equipment rental, etc. \$1,800</p> <p>11. Commodities: Cost per position</p> <p>12. Equipment: Desk and desk chair \$700</p>			
	1	2	3						
4	PERSONAL SERVICES:								
	SALARY	1627 x 12	19,524						
5	BENEFITS .1592		3,108						
6	SBS .0613		1,197						
7	FIXED BENEFITS 183 x 12		2,196						
8	TOTAL PERSONAL SERVICES 01		26,025						
9	TRAVEL 02		0						
10	CONTRACTUAL 03		7,137						
11	COMMODITIES 04		850						
12	EQUIPMENT 05		700						
13	OTHER								
14	TOTAL COST		34,712						
	RECEIPT CODE	FUNDING SOURCE							
15		FED RCPTS. 1002							
16		GF MATCH. 1003							
17	100	GEN. FUND 1004		34,712					
18		I-A RCPTS. 1005							
19		PGM RCPTS 1028							
20		OTHER							
21	CONTINUATION								
22	ADDITION X			FOR RSM USE ONLY					
4A KEY NUMBER _____ COLUMN NO. _____									

AGENCY Labor PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Second Injury Fund

**13** REQUEST FOR NEW POSITION.

FY 83

Original sponsor: Rules/Governor

Offered: 4/14/82

Referred: Finance

1 IN THE SENATE

BY THE LABOR AND  
COMMERCE COMMITTEE

2 HOUSE CS FOR CS FOR SENATE BILL NO. 648 (L&C)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to workers' compensation; and provid-  
7 ing for an effective date."

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

9 \* Section 1. LEGISLATIVE INTENT. It is the intent of the legislature in  
10 enacting AS 23.30.041, added in sec. 5 of this Act, that an injured worker  
11 receive rehabilitation services that enhance his returning to suitable gain-  
12 ful employment as quickly as possible. In enacting AS 23.30.041, the legis-  
13 lature recognizes the following five rehabilitation goals of a workers'  
14 compensation program:

- 15 (1) early identification of injured workers who will eventually  
16 need rehabilitation;
- 17 (2) use of competent rehabilitation providers;
- 18 (3) opportunities for return to direct employment;
- 19 (4) maintaining an atmosphere conducive to rehabilitation;
- 20 (5) providing incentives and removing disincentives to rehabili-  
21 tation.

22 \* Sec. 2. AS 23.30.025 is amended by adding a new subsection to read:

23 (c) An insurer may issue a policy of insurance insuring the pay-  
24 ment of benefits under this chapter that provides for a deductible  
25 amount to be paid by the employer. A policy with a deductible provision  
26 must be approved by the director of insurance and must provide that the  
27 deductible amount be paid by the insurer to the employee on behalf of  
28 the employer. After payment of the deductible by the insurer, the  
29 insurer may recover the deductible amount from the employer. The fail-

1 ure of an employer to reimburse an insurer for the deductible amount  
2 does not relieve the insurer from any other obligation it may have under  
3 the policy of insurance. An insurer is not required to apply for a  
4 deviation under AS 21.39.070 in order to issue a policy under this  
5 subsection. This subsection does not apply to a policy of excess insur-  
6 ance purchased by a self-insurer.

7 \* Sec. 3. AS 23.30.040(a) is repealed and reenacted to read:

8 (a) There is created a second injury fund, administered by the  
9 commissioner. Money in the second injury fund may be used only for

10 (1) payments for the benefit of persons entitled to benefits  
11 from the second injury fund under this chapter as ordered or awarded by  
12 the board; and

13 (2) the cost of the rehabilitation services administered  
14 under AS 23.30.041.

15 \* Sec. 4. AS 23.30.040(b) is amended to read:

16 (b) If an employee suffers a compensable injury that results in  
17 temporary total disability, temporary partial disability, permanent  
18 partial disability, or permanent total disability, the employer or  
19 insurance carrier shall contribute to the second injury fund. The  
20 contribution shall be made by one year from the date of the injury or on  
21 termination of the employee's claim, whichever is sooner. If the claim  
22 is not terminated within one year, subsequent contributions shall be  
23 made yearly until the termination of the employee's claim. The amount  
24 of the contribution is the product of the compensation to which the  
25 employee is entitled for temporary total disability, temporary partial  
26 disability, permanent partial disability, permanent total disability, or  
27 for rehabilitation under AS 20.30.041 [AS 23.30.191] and the applicable  
28 contribution rate set out in column A of this subsection. Payment need  
29 not be made to the second injury fund if the total contribution under

1 this section is less than \$20. By December 15 of each year the commis-  
 2 sioner shall determine and make available to the public the applicable  
 3 contribution rate for the following calendar year according to the  
 4 reserve rate of the second injury fund in column B of this subsection:

5 6 7 8 9 10 11 12 13 14 15	Column A	Column B	
	Second Injury Fund	Reserve Rate	
	Contribution Rate	At Least	But Less Than
	(Percent)	(Percent)	(Percent)
	6	0	50
	5	50	75
	4	75	100
	3	100	125
	2	125	150
	1	150	175
	0	175	

16 \* Sec. 5. AS 23.30.040(e) is repealed and reenacted to read:

17 (e) The board may authorize payment from the second injury fund of  
 18 (1) up to \$200 per month for maintenance to an employee being  
 19 rehabilitated under AS 23.30.041 who suffers an extreme financial hard-  
 20 ship;

21 (2) vocational rehabilitation expenses for books, tuition,  
 22 tools and supplies.

23 \* Sec. 6. AS 23.30 is amended by adding a new section to read:

24 Sec. 23.30.041. REHABILITATION OF INJURED WORKERS. (a) The board  
 25 shall select and employ a rehabilitation administrator and may authorize  
 26 the rehabilitation administrator to select and employ additional rehabi-  
 27 litation staff. The rehabilitation administrator is in the partially  
 28 exempt service under AS 39.25.120.

29 (b) The rehabilitation administrator shall implement the provi-

1 sions of this section, study the issue of rehabilitation, both physical  
2 and vocational, on a continuing basis, and shall investigate and main-  
3 tain a directory of qualified rehabilitation facilities, agencies, and  
4 providers, both public and private.

5 (c) When an employee suffers an injury covered by this chapter  
6 that precludes return to suitable gainful employment, the employer shall  
7 at its own expense promptly provide necessary and appropriate rehabili-  
8 tation services and may make cooperative arrangements with insurance  
9 carriers, private organizations and institutions, or state and federal  
10 agencies. If rehabilitation services are not voluntarily offered, as  
11 prescribed by regulations of the board, the rehabilitation administra-  
12 tor, if he considers the services necessary and appropriate, may retain  
13 a rehabilitation provider at the expense of the employer or carrier to  
14 evaluate an employee and develop a rehabilitation plan.

15 (d) Vocational rehabilitation services may not exceed 37 weeks,  
16 except that vocational rehabilitation services may be extended an addi-  
17 tional 37 weeks if the rehabilitation administrator determines that  
18 special circumstances exist. Nothing in this subsection prohibits an  
19 employer or carrier from providing extended vocational rehabilitation  
20 services on a voluntary basis. If rehabilitation requires residence  
21 away from the employee's customary residence, reasonable cost of board,  
22 lodging, and travel shall be paid by the employer. Temporary disability  
23 under AS 23.30.185 or AS 23.30.200 shall be paid throughout the rehabi-  
24 litation process.

25 (e) The employer and employee may agree on a vocational rehabili-  
26 tation plan. If the employer and employee fail to agree on a vocational  
27 rehabilitation plan, any of the parties may file a plan for approval  
28 with the rehabilitation administrator. The rehabilitation administrator  
29 shall approve or modify and approve a plan within 14 days after the plan

1 is filed.

2 (f) Within 10 days of the rehabilitation administrator's decision  
3 to approve or modify and approve a rehabilitation plan any party may  
4 seek review of the decision by requesting a hearing in accordance with  
5 AS 23.30.110. A decision by the rehabilitation administrator is valid  
6 unless a showing of clear error is made.

7 (g) Refusal by an injured employee to participate in an evaluation  
8 or a rehabilitation plan approved by the rehabilitation administrator  
9 results in forfeiture of disability compensation for the period the  
10 refusal continues. However, if an employee begins participation in an  
11 evaluation or rehabilitation plan within two months from the date of  
12 refusal, and successfully completes the evaluation or rehabilitation  
13 plan and becomes employed for a period of 30 consecutive business days  
14 following the completion of the rehabilitation program, the employee  
15 shall receive a lump-sum payment of 25 percent of the compensation  
16 forfeited by him. The lump-sum payment is available only once to an  
17 employee refusing rehabilitation. The rehabilitation administrator may  
18 find that an employee refuses to participate in an evaluation or rehab-  
19 ilitation plan if the employee fails to cooperate with the rehabilita-  
20 tion provider.

21 \* Sec. 7. AS 23.30.045(a) is amended to read:

22 (a) An employer is liable for and shall secure the payment to his  
23 employees of the compensation payable under AS 23.30.041, 23.30.050,  
24 23.30.095, 23.30.145, and 23.30.180 - 23.30.215. If the employer is a  
25 subcontractor, the contractor is liable for and shall secure the payment  
26 of the compensation to employees of the subcontractor unless the subcon-  
27 tractor secures the payment.

28 \* Sec. 8. AS 23.30.045(c) is amended to read:

29 (c) For a person eligible for vocational rehabilitation service

1 under this chapter or AS 23.15.080 [AND] who is placed with an employer  
2 for service [WITHOUT WAGES] at the request of the board or the division  
3 [OFFICE] of vocational rehabilitation to provide [GIVE HIM] on the job  
4 training, work readiness, [OR] work therapy experience [,] or work  
5 sampling. the liability set out in (a) of this section applies to the  
6 state rather than to the employer.

7 \* Sec. 9. AS 23.30.080 is amended by adding a new subsection to read:

8 (d) If an employer fails to insure or provide security as required  
9 by AS 23.30.075, the board may issue a stop order prohibiting the use of  
10 employee labor by the employer until the employer insures or provides  
11 security as required by AS 23.30.075. The failure of an employer to  
12 file evidence of compliance as required by AS 23.30.085 creates a rebut-  
13 table presumption that the employer has failed to insure or provide  
14 security as required by AS 23.30.075. If an employer fails to comply  
15 with a stop order issued under this section, the board shall assess a  
16 civil penalty of \$1,000 per day. The employer may not obtain a public  
17 contract with the state or a political subdivision of the state for  
18 three years following the violation of the stop order.

19 \* Sec. 10. AS 23.30.095(c) is amended to read:

20 (c) No claim for medical or surgical treatment is valid and en-  
21 forceable as against the employer unless, within 20 [TWENTY] days follow-  
22 ing the first treatment and following the time set by the board for  
23 notice of subsequent treatments, the physician giving the treatment or  
24 the employee receiving it furnishes to the employer and the board notice  
25 of the injury and treatment, preferably on a form prescribed by the  
26 board. The board shall [MAY], however, excuse the failure to furnish  
27 notice within 20 days when it finds it to be in the interest of justice  
28 to do so, and it may, upon application by a party in interest, make an  
29 award for the reasonable value of the medical or surgical treatment so

1           obtained by the employee.

2       \* Sec. 11. AS 23.30.095(e) is amended to read:

3           (e) The employee shall, after an injury, at reasonable times  
4           during the continuance of his disability if requested by his employer  
5           or, when ordered by the board, submit himself to an examination by a  
6           physician or surgeon authorized to practice medicine under the laws of  
7           the state in which the employee may be found, furnished and paid for by  
8           the employer. [THE EMPLOYEE HAS THE RIGHT TO HAVE A PHYSICIAN, PAID FOR  
9           BY THE EMPLOYER, PRESENT AT THE EXAMINATION OR EXAMINATIONS.] No fact  
10          relative to the injury or claim communicated to or otherwise learned by  
11          a physician or surgeon who may have attended or examined the employee,  
12          or who may have been present at an examination is privileged, either in  
13          the hearings provided for in this chapter or an action to recover  
14          damages against an employer who is subject to the compensation provi-  
15          sions of this chapter. If an employee refuses to submit himself to any  
16          examination provided for in this section [HEREIN], his rights to compen-  
17          sation shall be suspended until the obstruction or refusal ceases, and  
18          his compensation during the period of suspension may, in the discretion  
19          of the board or the court determining an action brought for the recovery  
20          of damages under this chapter [HEREUNDER], be forfeited. The board in  
21          any case of death may require an autopsy at the expense of the party  
22          requesting the autopsy. No autopsy may be held without notice first  
23          being given to the widow or widower or next of kin if they reside in the  
24          state or their whereabouts can be reasonably ascertained, of the time  
25          and place of the autopsy and reasonable time and opportunity given the  
26          widow or widower or next of kin to have a representative present to  
27          witness the autopsy. If no adequate notice is given, the findings from  
28          the autopsy may be suppressed on motion made to the board or to the  
29          superior court, as the case may be.

1 \* Sec. 12. AS 23.30.095 is amended by adding a new subsection to read:

2 (j) The board shall adopt and use a schedule for determining the  
3 existence and degree of permanent impairment consistent with the American  
4 Medical Association Guide to the Evaluation of Permanent Impairment.

5 \* Sec. 13. AS 23.30 is amended by adding a new section to article 3 to  
6 read:

7 AS 23.30.097. RELEASE OF INFORMATION. Upon request by the rehab-  
8 ilitation administrator the employee shall provide written authority to  
9 the rehabilitation administrator to obtain medical and rehabilitation  
10 information relative to the employee's injury.

11 \* Sec. 14. AS 23.30.100(d)(2) is amended to read:

12 (2) if the board excuses the failure on the ground that for  
13 some satisfactory reason notice could not be given; however, if delay  
14 in giving notice is excused by the board, the burden of proof of the  
15 validity of the claim shifts to the employee notwithstanding the pro-  
16 visions of AS 23.30.120;

17 \* Sec. 15. AS 23.30.110(c) is amended to read:

18 (c) The board shall make the investigation which it considers  
19 necessary with [IN] respect to [OF] the claim, and upon application of  
20 an interested party shall provide an opportunity for [ORDER] a hearing  
21 on it. If a hearing on a claim is ordered, the board shall give the  
22 claimant and other interested parties at least 10 days' notice of the  
23 hearing, served personally upon the claimant and other interested parties  
24 or sent by registered mail, and shall, within 30 [20] days after the  
25 hearing record closes [IS HAD], by order, reject the claim or make an  
26 award in respect to it. If a hearing is continued by the board, addi-  
27 tional notice under this subsection is not required. [IF NO HEARING IS  
28 ORDERED WITHIN 20 DAYS AFTER NOTICE IS GIVEN AS PROVIDED IN (b) OF THIS  
29 SECTION, THE BOARD SHALL BY ORDER REJECT THE CLAIM OR MAKE AN AWARD IN