

LEG. FINANCE - BILLS 1983 - 1984 - 1885

2nd CSHB 309 cont. - HB 311 1885

generation system. This system will certainly be outgrown within the next several months when the new distribution system is built and the load in town outgrows what the school is able to produce. This is due to the fact that several new projects are currently under development now; a new community center, equipment maintenance building, and an average of four new homes a year. In addition to these new loads, the new electrical distribution system will allow residents to turn on appliances such as freezers, that aren't in use now. All this adds up to a need for new generator capacity.

Additional reasons for new generators and a generator building are the historical reluctance of the School District to supply power to villages and the convenience and reliability of having another power source in the event one system breaks down.

B. Time Table for Project Completion

1. Electrical Distribution Expansion

If RDA monies can be granted by August, 1983, this project could be complete by December, 1983.

2. Power Generation System

It has been suggested that generators and switchgear all be included in a module, similar to those presently used by schools in Alaska and AVEC. The module could be completely built in Seattle or Anchorage and shipped to Koliganek. The Village could prepare the foundations in a short time.

A short one or two pole line extension and transformer to step up the power could be installed in probably a week. A waste heat recovery system could be installed in approximately one month.

It is estimated that the system could be installed from the time the module is ordered in as little as three months, providing the module can be shipped to Koliganek during the barge season.

C. Budgetary Needs

1. Electrical Distribution Expansion

Expansion of the distribution system, including design, engineering, and construction; ~~\$90,000~~ \$100,000

This figure was arrived at estimating for the following items:

4600 feet of primary line
25 poles
3 transformers
7 services
1500 feet of triplex secondary
6 anchors and guy assemblies
4 stub poles for secondary
Engineering and design costs
Supervision and local labor
Street lights
Transportation and freight
Mobilization and demobilization
Equipment rental costs

2. Power Generation System

It is estimated the generation module, including building, switchgear, and generators, engineering and design, transformers and short line extension will cost \$235,000. An additional \$90,000 is requested for a waste heat recovery system for a total of \$325,000.

D. Operation and Maintenance Costs

Both proposed projects will be covered by the operation and maintenance system operated by the Village.

Operations and maintenance costs are fuel, operators, and replacement of capital equipment sinking fund. The villagers are presently paying 37¢ per kWh for power.

We envision the generator building being located next to the new maintenance building and bulk fuel storage area. This will allow for the installation of a waste heat recovery system to heat the equipment maintenance building and possibly the community building and the school facility.

E. Economics

Both projects will have the same impact on the economic development of the community. Electricity is a basic service of community infrastructure and right now it is substandard and not able to serve the needs of the residents. Most types of economic activity require higher electrical use like running a saw, welder, or freezer equipment.

At such time as the Village ties all the homes, school, Alascom, and community buildings, as well as any future development or services such as runway lights, the Village will have a viable economic power company entity.

Mr. Mark Lewis

February 18, 1983

-Page 4-

F. Local Employment

Both projects will create short and long term jobs. Construction of the distribution expansion and foundation for the generation facility will be supervised by the Contractor, but will be built with local workers. As far as long term jobs are concerned, the burden of maintaining the facilities will fall on the Village, creating maintenance position(s). At the current time, there are meter reading and billing functions that will continue.

G. Impact on Life, Health, and Safety

The additional service provided by the electrical expansion built to code, as well as the reliability of the new generation facility, will definitely improve the life, health and safety of the Village. The new systems will enable the Village to accommodate airport lights, street lights, additional refrigeration, heat, etc.

We feel the two projects above are very important for the 150 members of our Village and request your help in gaining funds for them.

Sincerely,

Koliganek Village Council

Sections 13, 14, 15

Newhalen City Council

P. O. Box 31
Sliamna, Alaska 99606

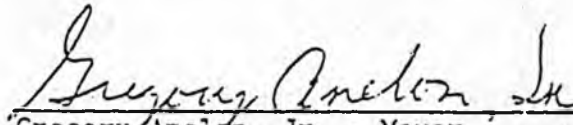
RESOLUTION NO. 82-16

WHEREAS the City of Newhalen has received a grant #5-241 of \$283,000 for fire fighting equipment and facilities; and,

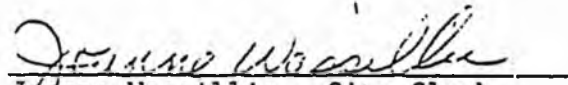
WHEREAS the City of Newhalen has received a grant #5-453 of \$140,000 for the purpose of fire protection equipment;

THEREFORE BE IT RESOLVED THAT: the funds be combined into one (1) project in order to spend part of FY 83 grant on the construction of a Fire House Facility.

PASSED and APPROVED by a duly constituted quorum of the Newhalen City Council this 18 day of November, 1982.


Gregory Anelson, Jr. - Mayor

ATTEST


Joanne Wassillie - City Clerk

TO BE
ADDED

Barbara Morse-Quinn, Director, DCRA-HAD

December 14, 1982

Bobby Andrew
Bobby Andrew, Loan Examiner
DCRA-HAD, Dillingham

(907) 842-2245

Dillingham Field Office
Involvement in the Commercial
Fishing Loan Program (Department
of Commerce)

This memo comes in conjunction with my previous meeting with DCRA-HAD Director Barbara Morse-Quinn regarding the Commercial Fishing Loan activity within the Dillingham Field Office.

The activity in this area has been greatly increased recently, and since I am not salaried by the Department of Commerce, Division of Loans and Veterans Affairs, my work load for the Division of Housing Assistance under the Department of Community and Regional Affairs must take first priority. The contacts which the Dillingham Field Office has made either by telephone or personal contact, requesting information or assistance has been tallied beginning in the month of June, and is reported as follows:

JUNE:	3
JULY:	110
AUGUST:	127
SEPTEMBER:	189
OCTOBER:	42
NOVEMBER:	<u>96</u>
TOTAL:	567
MONTHLY AVERAGE:	<u>95</u>

With the growing amount of time taken up by my involvement in the fishing loan programs, my work load has increased tremendously. It has become increasingly difficult to justify my work with the program while giving the housing loan program my prioritized attention.

Although both Bob Richardson and Marion Hardy have visited Dillingham at various times, this has only begun since September. Very few people have responded to their advertised arrival and come to the office to ask questions or request assistance. The small turnout may be attributed to the following reasons:

1. The first visit made by Mr. Richardson occurred during the AFN convention. I, myself, attended the conference along with many individuals who may

have had an interest in speaking with a representative from the Department of Commerce, Division of Loans and Veterans Affairs.

2. A language barrier exists between English and Yup'ik speakers in our region. Many native people who do not speak English are hesitant to speak with someone they are not familiar with.
3. Many local people do not feel comfortable discussing their personal financial status with a person they do not know.
4. Many of the people who most need assistance live in the outlying villages and are not always able to, or available to, come in to Dillingham at the convenience of the visiting representatives.
5. Weather at times prevents people from coming in to Dillingham to speak with representatives. In actuality, this happened at least once during a visit by Ms. Hardy.

Because of the small number of people requesting assistance during Mr. Richardson and Ms. Hardy's visits, the Department of Commerce may think that there is not a need for a loan officer in Dillingham. After their visits, however, individuals interested in the program have come for assistance and information on commercial fishing loans. It has been a real problem getting the people into the office at the same time as the representatives.

During the 1982 Legislative Session, under SCS CSHB 643, Chapter 141, Section 41, the sum of \$40,000 was appropriated from the General Fund for a Fisheries Loan Officer to be located in Dillingham. On the same bill, under Section 53, the sum of \$3,500 was appropriated for office space for that same loan officer. Newly elected Representative Adelheid Herrmann, an active proponent of the bill, had unsuccessfully requested the loan officer position be filled. This was further reiterated by Interim Senator Nels A. Anderson, Jr., who had written a letter dated September 23, 1982. Obviously, there has been no reply to these inquiries. (A copy of this letter and any subsequent memos are attached.)

On this date, December 14, 1982, I have contacted our newly elected Representative Adelheid Herrmann requesting she check on the matter. I will keep your office fully informed on any pertinent information received on this situation in the future.

Alaska State Legislature



REPRESENTATIVE

POUCH Y
JUNEAU, ALASKA 99811

ROBERT H. "BOB" BETTISWORTH

P.O. BOX 80288
COLLEGE, ALASKA 99708

DATE: April 7, 1983

TO: Rep. Al Adams, Chairman
House Finance Committee

FROM: Rep. Bob Bettisworth, Vice Chairman
House Finance Committee

RE: HB 309--Reallocations, Section 16

The sum of \$6,350,000 was appropriated to the Fisheries Enhancement Loan fund last year, with the stipulation that the funds be used for a hatchery facility in conjunction with a hydroelectric project. However, no such project exists, and there are no plans for such a facility in the near future.

This reappropriation will maintain the original intent of the appropriation: fisheries enhancement. Furthermore, the Governor, in his proposed budget, has funded this program at a \$6,500,000 level, compared with \$17 million in FY'83. The reallocation will alleviate a good deal of the financial constraints for this program in FY'84.

Introduced: 4/4/83
Referred: State Affairs and
Finance

1 IN THE HOUSE

BY LACHER AND PHILLIPS

2

HOUSE BILL NO. 310

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to the salary of legislators."

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

8 * Section 1. AS 24.15.020 is amended to read:

9 Sec. 24.15.020. SALARY OF LEGISLATORS. The monthly salary for
10 each member of the legislature is \$1,673 [EQUAL TO STEP A, RANGE 10 OF
11 THE SALARY SCHEDULE IN AS 39.27.011(a) FOR JUNEAU, ALASKA]. The
12 president of the senate and the speaker of the house of representa-
13 tives are each entitled to an additional \$500 a year during tenure of
14 office.

COMMITTEE REPORT
HOUSE

(11)

FURTHER:

4/21/83

Date: 5/11/83

Mr. Speaker:

The Committee on FINANCE has had HB 311

"An Act relating to Workers' Compensation; and providing for an effective date."

under consideration and reports it back as follows:

- do pass do not pass
- do pass with attached amendments(s)
- replace with CS for HB 311 (LHC) same title
 new title
- and recommends do pass
- AND attaches a "Letter of Intent" New Fiscal Note
- reports it back without recommendation Zero Fiscal Note Attached
58.3
- referred to the _____ Committee

MEMBERS SIGNING
DO PASS

Alberto Adams

James Hamilton

John Ward

Richard P. ...

Y. B. ...

...

...

MEMBERS HAVING
OTHER RECOMMENDATIONS:

Paul F. ... (No Rec)

...

...

...

...

...

...

Alberto Adams
CHAIRMAN

Offered: 4/21/83
Referred: Finance

Original sponsors: Furnace and Szymanski

BY THE LABOR AND
COMMERCE COMMITTEE

1 IN THE HOUSE

2

CS FOR HOUSE BILL NO. 311 (L&C)

3

IN THE LEGISLATURE OF THE STATE OF ALASKA

4

THIRTEENTH LEGISLATURE - FIRST SESSION

5

A BILL

6 For an Act entitled: "An Act relating to Workers' Compensation; and pro-
7 viding for an effective date."

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

9 * Section 1. AS 23.30.175(a) is amended to read:

10 (a) The weekly rate of compensation for disability or death for
11 a recipient residing in Alaska may not exceed the percentage of the
12 Alaska average weekly wage in effect on the date of injury as deter-
13 mined by the table contained in this subsection and initially may not
14 be less than \$110 [\$65] a week. However, if the board determines that
15 the employee's spendable [AVERAGE] weekly wages are less than \$110
16 [\$65] a week as computed under AS 23.30.220, it shall issue an order
17 decreasing the weekly rate of compensation to a rate equal to the
18 employee's spendable [AVERAGE] weekly wages, and payments made earlier
19 in excess of the decreased rate shall be deducted from the unpaid
20 compensation in the manner the board determines. In any case, the
21 employer shall pay timely compensation.

22 On	The Rate Shall be
23 July 1, 1975	80 percent of the weekly wage
24 January 1, 1976	100 percent of the weekly wage
25 January 1, 1977	133.3 percent of the weekly wage
26 January 1, 1979	166.6 percent of the weekly wage
27 January 1, 1981	200 percent of the weekly wage

28 * Sec. 2. AS 23.30.175(c)(3) is amended to read:

29 (3) If the spendable [AVERAGE] weekly wage of the recipient

1 and the resulting compensation rate is determined under AS 23.30.-
2 220(1) [AS 23.30.220(2)], the calculation required by this subsection
3 applies to only those wages earned in Alaska.

4 * Sec. 3. AS 23.30.175(c)(4) is amended to read:

5 (4) Application of this subsection may not result in a
6 reduction of the weekly compensation rate to less than \$110 [\$65] a
7 week except as provided in (a) of this section.

8 * Sec. 4. AS 23.30.180 is amended to read:

9 Sec. 23.30.180. PERMANENT TOTAL DISABILITY. In case of total
10 disability adjudged to be permanent 80 [66 2/3] percent of the in-
11 jured employee's spendable [AVERAGE] weekly wages shall be paid to the
12 employee during the continuance of the total disability. Loss of both
13 hands, or both arms, or both feet, or both legs, or both eyes, or of
14 any two of them, in the absence of conclusive proof to the contrary,
15 constitutes permanent total disability. In all other cases permanent
16 total disability is determined in accordance with the facts.

17 * Sec. 5. AS 23.30.185 is amended to read:

18 Sec. 23.30.185. COMPENSATION FOR TEMPORARY TOTAL DISABILITY. In
19 case of disability total in character but temporary in quality, 80 [66
20 2/3] percent of the injured employee's spendable [AVERAGE] weekly
21 wages shall be paid to the employee during the continuance of the
22 disability.

23 * Sec. 6. AS 23.30.190(a) is amended to read:

24 (a) In case of disability partial in character but permanent in
25 quality the compensation is 80 [66 2/3] percent of the injured em-
26 ployee's spendable [AVERAGE] weekly wages in addition to compensation
27 for temporary total disability or temporary partial disability paid in
28 accordance with AS 23.30.185 or 23.30.200, respectively, and shall be
29 paid to the employee as follows:

- 1 (1) arm lost, 280 weeks compensation, not to exceed \$59,000
2 [\$43,680];
- 3 (2) leg lost, 248 weeks compensation, not to exceed \$54,400
4 [\$40,320];
- 5 (3) hand lost, 212 weeks compensation, not to exceed
6 \$45,400 [\$33,600];
- 7 (4) foot lost, 173 weeks compensation, not to exceed
8 \$39,700 [\$28,700];
- 9 (5) eye lost, 140 weeks compensation, not to exceed \$30,200
10 [\$22,400];
- 11 (6) thumb lost, 51 weeks compensation, not to exceed
12 \$14,000 [\$10,400];
- 13 (7) first finger lost, 28 weeks compensation, not to exceed
14 \$8,700 [\$6,440];
- 15 (8) great toe lost, 26 weeks compensation, not to exceed
16 \$7,200 [\$5,320];
- 17 (9) second finger lost, 18 weeks compensation, not to
18 exceed \$5,700 [\$4,200]; third finger lost, 18 weeks compensation, not
19 to exceed \$4,700 [\$3,500];
- 20 (10) toe other than great toe lost, eight weeks compensa-
21 tion, not to exceed \$3,000 [\$2,240];
- 22 (11) fourth finger lost, seven weeks compensation, not to
23 exceed \$2,800 [\$2,100];
- 24 (12) loss of hearing of one ear, 52 weeks compensation, not
25 exceeding \$9,800 [\$7,280]; loss of hearing of both ears, 200 weeks
26 compensation, not to exceed \$37,800 [\$28,000];
- 27 (13) compensation for loss of more than one phalange of a
28 digit shall be the same as for loss of the entire digit; compensation
29 for loss of the first phalange is one-half of the compensation for

1 loss of the entire digit;

2 (14) amputation between the elbow and the wrist is consid-
3 ered equivalent to the loss of an arm, and amputation between the knee
4 and ankle is considered equivalent to the loss of a leg;

5 (15) compensation for loss of binocular vision or for 80
6 percent or more of the vision of an eye is the same as for loss of the
7 eye;

8 (16) compensation for loss of two or more digits, or one or
9 more phalanges of two or more digits of a hand or foot may be propor-
10 tioned to the resulting loss of use of the injured hand or foot, but
11 may not exceed the compensation for loss of a hand or foot;

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

14 (18) compensation for permanent partial loss or loss of use
15 of a member may be for proportionate loss or loss of use of the mem-
16 ber;

17 (19) in addition to other allowable compensation, the board
18 shall award proper and equitable compensation up to \$10,000 for

19 (A) serious disfigurement of face, head and, when such
20 disfigurement is likely to handicap the employee in securing or
21 holding employment, for serious disfigurement of neck or limbs
22 normally exposed, or

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

26 (20) in all other cases in this class of disability the
27 compensation is 80 [66 2/3] percent of the difference between the
28 spendable [HIS AVERAGE] weekly wages of the employee and the [HIS]
29 wage-earning capacity of the employee after the injury in the same

1 employment or otherwise, payable during the continuance of the partial
2 disability, but subject to modification [RECONSIDERATION OF THE DEGREE
3 OF THE IMPAIRMENT] by the board on its own motion or upon application
4 of a party in interest; whenever the board determines that it is in
5 the interest of justice, the liability of the employer for compensa-
6 tion, or any part of it as determined by the board, may be discharged
7 by the payment of a lump sum;

8 (21) in a case in which there is a loss of, or loss of use
9 of more than one member or parts of more than one member set out in
10 (1) - (18) of this section, not amounting to permanent total disabili-
11 ty, the award of compensation is for the loss of, or loss of use of,
12 each member or part of the member, which awards shall run consecu-
13 tively, except that where the injury affects only two or more digits
14 of the same hand or foot, (16) of this section applies.

15 * Sec. 7. AS 23.30.200 is amended to read:

16 Sec. 23.30.200. TEMPORARY PARTIAL DISABILITY. In case of tempo-
17 rary partial disability resulting in decrease of earning capacity the
18 compensation shall be 80 [66 2/3] percent of the difference between
19 the injured employee's spendable [AVERAGE] weekly wages before the
20 injury and the [HIS] wage earning capacity of the employee after the
21 injury in the same or another employment, to be paid during the con-
22 tinuance of the disability, but not to be paid for more than five
23 years.

24 * Sec. 8. AS 23.30.210 is amended to read:

25 Sec. 23.30.210. DETERMINATION OF WAGE-EARNING CAPACITY. In a
26 case of partial disability under AS 23.30.190(20) or 23.30.200 the
27 wage-earning capacity of an injured employee is determined by the
28 [HIS] actual spendable weekly wage of the employee [EARNINGS] if the
29 actual spendable weekly wage [EARNINGS] fairly and reasonably repre-

1 sents the [REPRESENT HIS] wage-earning capacity of the employee. If
2 the employee has no actual spendable weekly wage [EARNINGS] or the
3 [HIS] actual spendable weekly wage does [EARNINGS DO] not fairly and
4 reasonably represent the [HIS] wage-earning capacity of the employee,
5 the board may, in the interest of justice, fix the wage-earning capac-
6 ity which is reasonable, having due regard to the nature of the [HIS]
7 injury, the degree of physical impairment, the [HIS] usual employment,
8 and any other factors or circumstances in the case which may affect
9 the [HIS] capacity of the employee to earn wages in a [HIS] disabled
10 condition, including the effect of disability as it may naturally
11 extend into the future.

12 * Sec. 9. AS 23.30.215(a) is amended to read:

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

16 (1) reasonable and necessary funeral expenses not exceeding
17 \$2,500 [\$1,000];

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

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

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

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

28 (D) Repealed;

29 (E) 80 [66 2/3] percent for an only child when there

1 is no widow or widower;
2 (F) Repealed;
3 (G) 80 [66 2/3] percent, divided equally, if there are
4 two or more children and no widow or widower;
5 (3) if the widow or widower remarries, the widow or widower
6 [SHE OR HE] is entitled to be paid in one sum an amount equal to the
7 compensation to which the widow or widower would otherwise be entitled
8 in the two years commencing on the date of remarriage as full and
9 final settlement of all sums due the widow or widower;
10 (4) if there is no widow or widower or child or children,
11 then for the support of father, mother, grandchildren, brothers and
12 sisters, if dependent upon the deceased at the time of injury, 42 [35]
13 percent of the spendable [AVERAGE] weekly wage of the deceased to such
14 beneficiaries, share and share alike, not to exceed \$20,000 in the
15 aggregate.
16 * Sec. 10. AS 23.30.215(b) is amended to read:
17 (b) In computing death benefits, the spendable [AVERAGE] weekly
18 wage of the deceased shall be computed under AS 23.30.220 and shall be
19 paid in accordance with AS 23.30.155 and subject to the weekly maximum
20 limitation in the aggregate as provided in AS 23.30.175, but the total
21 weekly compensation may not be less than \$75 [\$45] for a widow or
22 widower nor less than \$25 [\$15] weekly to a child or \$50 [\$30] for
23 children.
24 * Sec. 11. AS 23.30.220 is repealed and reenacted to read:
25 Sec. 23.30.220. DETERMINATION OF SPENDABLE WEEKLY WAGE. (a)
26 The spendable weekly wage of an injured employee at the time of an
27 injury is the basis for computing compensation. It is the employee's
28 gross weekly earnings minus payroll tax deductions. The gross weekly
29 earnings shall be calculated as follows:

1 (1) The gross weekly earnings are computed by dividing by
2 100 the gross earnings of the employee in the two calendar years
3 immediately preceding the injury.

4 (2) If the board determines that the gross weekly earnings
5 at the time of the injury cannot be fairly calculated under (1) of
6 this subsection, the board may determine the employee's gross weekly
7 earnings for calculating compensation by considering the nature of the
8 employee's work and work history.

9 (3) If an employee when injured is a minor, an apprentice,
10 or a trainee, as determined by the board, whose wages under normal
11 conditions would increase during the period of disability, the pro-
12 jected increase may be considered by the board in computing the gross
13 weekly earnings of the employee.

14 (4) If the employee is injured while performing duties as a
15 volunteer ambulance attendant, policeman, or fireman, the gross weekly
16 earnings for calculating compensation shall be the minimum gross
17 weekly earnings paid a full-time ambulance attendant, policeman, or
18 fireman employed in the political subdivision where the injury occur-
19 red, or, if the political subdivision has no full-time ambulance
20 attendants, policemen, or firemen, at a reasonable figure previously
21 set by the political subdivision to make this determination but in no
22 case may the gross weekly earnings for calculating compensation be
23 less than the minimum wage computed on the basis of 40 hours work per
24 week.

25 (b) The commissioner shall annually prepare formulas that shall
26 be used to calculate an employee's spendable weekly wage on the basis
27 of gross weekly earnings, number of dependents, marital status, and
28 payroll tax deductions.

29 * Sec. 12. AS 23.30.265(31) is amended to read:

1 held as of the January 1 preceding the injury under the Social
2 Security Act of 1935 as amended from the amount of earnings of
3 the employee at the time of the injury as if the earnings were
4 earned at the beginning of the calendar year in which the em-
5 ployee was injured and regardless of whether the amount was
6 actually withheld or the earnings were subject to withholding.

7 * Sec. 14. AS 23.30.265(20) is repealed.

8 * Sec. 15. This Act applies only to injuries sustained on or after
9 January 1, 1984.

10 * Sec. 16. This Act takes effect January 1, 1984.

1 (31) "suitable gainful employment" means employment that is
2 reasonably attainable in light of an individual's age, education,
3 previous occupation, and injury, and that offers an opportunity to
4 restore the individual as soon as practical to a remunerative occupa-
5 tion and as nearly as possible to the individual's gross [HIS AVERAGE]
6 weekly earnings [WAGE] as determined at the time of injury.

7 * Sec. 13. AS 23.30.265 is amended by adding new paragraphs to read:

8 (32) "gross earnings" means periodic payments, by an em-
9 ployer to an employee for employment before any authorized or lawfully
10 required deduction or withholding of money by the employer, including
11 compensation that is deferred at the option of the employee, and
12 excluding irregular bonuses, reimbursement of expenses, expense allow-
13 ances, and any benefit or payment to the employee that is not taxable
14 to the employee during the pay period; the value of room and board to
15 the employee may be considered in determining gross earnings; however,
16 the value of room and board that would raise an employee's gross
17 weekly earning above the Alaska average weekly wage at the time of
18 injury may not be considered;

19 (33) "gross weekly earnings" means gross weekly earnings as
20 calculated under AS 23.30.220(a);

21 (34) "payroll taxes" means

22 (A) the amount that would be withheld under withhold-
23 ing tables in effect on the January 1 preceding the injury under
24 the Internal Revenue Code of 1954 as amended and regulations
25 issued under the code, as though the employee had claimed the
26 maximum number of dependents for actual dependency, blindness,
27 and old age to which the employee is entitled on the date on
28 which the employee is injured; and

29 (B) the amount that is or would be deducted or with-

STATE OF ALASKA
FISCAL NOTE

#B311

Revision Date _____, 1983

I. REQUEST

Bill/Resolution No.: _____
Title: ".. Workers' Compensation..."
Sponsor: _____
Requestor: Rules Committee

II. FISCAL DETAIL

Agency Affected: Labor
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected: _____
Administration of Workers' Compensation: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		6.5	14.3	15.7	17.3	19.0
200 TRAVEL						
300 CONTRACTUAL		51.0	15.4	16.9	18.6	20.5
400 COMMODITIES		.1	.1	.1	.1	.1
500 EQUIPMENT		.7	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		58.3	29.8	32.7	36.0	39.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND		58.3	29.8	32.7	36.0	39.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME		1	1	1	1	1
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not available.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: ^{MB} Jacquelyn L. McClintock
Division: Workers' Compensation

Phone: 465-2790
Date: March 21, 1983

Approved by Commissioner: ^{MB} Jim Robison
Department: Labor

Date: March 21, 1983

LEG:A:19

Distribution:

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FISCAL NOTE

THE LEGISLATURE OF THE STATE OF ALASKA
 FOURTEENTH LEGISLATURE

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

AGENCY AFFECTED: Department of Labor

Page 2

Data Control Clerk I (permanent halftime, 6 months first year, 12 months thereafter)

100 Personal Services	\$ 6.5	
300 Contractual	1.5	
400 Supplies	.1	
500 Equipment	<u>.7</u>	\$ 8.8
Other Contractual:		
Redesign and printing of forms to accomodate additional questions		3.5*
Rewrite and printing of employee and employer booklets		12.0*
Composition and printing of benefit schedule booklet		7.0
Printing amendment of Act		1.0*
Design computer system and write programs (2 1/2 months x \$50/hour)		22.0*
Operation costs for additional computer processing		<u>4.0</u>
TOTAL		\$58.3

* Indicates one-time expense in FY 1984 for a total of \$38.5

1.	POSITION TITLE Data Control Clerk I				RANGE/STEP 9A	BARG. UNIT G	FORM 12: PAGE/LINE FN ;	GOV	APPRDV.	DISAPP	
2.	TYPE OF POSITION PPT	STAFF MONTHS 3	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION Juneau	ELECTION DISTRICT	LEG.			
3.	CONTINUATION LEVEL		ADDITION	XX	JUSTIFICATION						
4.	TYPE OF EXPENDITURE				AMOUNT						
	1		2		3						
	PERSONAL SERVICES*										
5.	Salary 9A (1578 x 6 mos x .5)		4,734								
6.	Benefits .1587		751								
7.	Supplemental Benefits .0613		290								
8.	Fixed Benefits 240 x 3		720								
9.	TOTAL PERSONAL SERVICES		01		6.5						
10.	Travel		02								
11.	Contractual		03		1.5						
12.	Commodities		04		.1						
13.	Equipment		05		.7						
14.	Other										
15.	TOTAL COST				8.8						
	RECEIPT CODE	FUNDING SOURCE									
16.		Federal Receipts 1002									
17.		G.F. Match 1003									
18.	100	General Funds 1004			8.8						
19.		I-A Receipts 1005									
20.		Program Receipts 1028									
21.		Other									
FOR B&M USE ONLY											
4A KEY NUMBER _____											

The permanent half-time Data Control Clerk I position will provide additional clerical support in the Claims Section to enter and maintain data in the Division's information handling system. This position will handle the increased workload caused by the additional data input necessary for the system to monitor the compensation rate using withholding and average weekly wage information, and the maintenance of two processing systems concurrently.

Line 11 - Contractual: Space (transfer to DOA) \$.9
 Indirect (13.17 x 4734) .6

Line 12 - Commodities: General Office Supplies .1

Line 13 - Equipment: Desk and Chair .7

13 REQUEST FOR NEW POSITION

AGENCY Labor

PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Workers' Compensation Administration

FY 84

Page 1 of 1

Revised Date

LEG: A:20

The following individuals are expected to testify on CS HB 311
(L&C):

Representative Walt Furnace, prime sponsor

Jacquie McClintock, Director, Workers' Compensation Division,
Department of Labor

Dick Cattnach, Co-Chair, Joint Labor/Management Ad Hoc Committee

Other representatives of labor and management

STATE OF ALASKA
FISCAL NOTE

Revision Date: April 21, 1983

I. REQUEST

Bill/Resolution No.: C.S. H.B 311
Title: An Act relating to Workers
Compensation
Requestor: Furnace and Szymanski

II. FISCAL DETAIL

Agency Affected: Risk Management
Program Category Affected:
Sponsor:
BRU, Program of Subprogram(s) Affected:

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING	0	0	0	0		
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: John Haywood
Division: Risk Management

Phone: 465-2180
Date: May 2, 1983

Approved by Commissioner: Lisa Rudd
Department: ADMINISTRATION

Date: May 2, 1983

Distribution:

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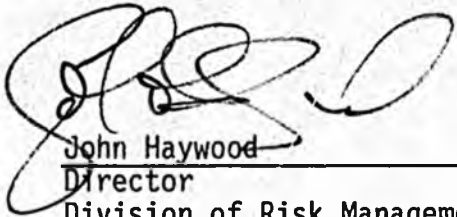
3/8/83

Rec'd 5/17/83

CS HB 311
POSITION PAPER

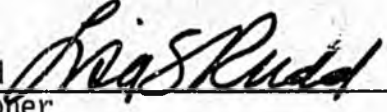
Weekly Workers' Compensation (W.C.) benefits are now based on 66 2/3% of an employees average weekly wage based on gross earnings. As W.C. benefits are not taxable an employee can receive higher income while off work. This bill would base benefits on 80% of spendable (or after-tax) income. The Department of Administration supports this adjustment.

The bill provides for an increase in funeral benefits, the minimum rate of weekly compensation, and payment for scheduled permanent injuries, such as a loss of limb. There has been no increase in these benefits since 1975. The Department of Administration supports these adjustments. The impact on the Division of Risk Management will be insignificant.



John Haywood
Director
Division of Risk Management
Department of Administration

_____ Date

Lisa Rudd 
Commissioner
Department of Administration

5/16/83
_____ Date

STATE OF ALASKA
FISCAL NOTE

HB 311

Revision Date 1983

I. REQUEST

Bill/Resolution No.:
Title: "... Workers' Compensation..."
Sponsor:
Requestor: Rules Committee

II. FISCAL DETAIL

Agency Affected: Labor
Program Category Affected: Public Protection
BRU, Program of Subprogram(s) Affected:
Administration of Workers' Compensation

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
OPERATING						
100 PERSONAL SERVICES		6.5	14.3	15.7	17.3	19.0
200 TRAVEL						
300 CONTRACTUAL		51.0	15.4	16.9	18.6	20.5
400 COMMODITIES		.1	.1	.1	.1	.1
500 EQUIPMENT		.7	0	0	0	0
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC						
TOTAL OPERATING		58.3	29.8	32.7	36.0	39.6
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
GENERAL FUND		58.3	29.8	32.7	36.0	39.6
FEDERAL FUNDS						
OTHER (Specify Source)						

POSITIONS:

	FY 83	FY 84	FY 85	FY 86	FY 87	FY 88
FULL-TIME						
PART-TIME		1	1	1	1	1
TEMPORARY						

III. SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not available.

IV. ANALYSIS: Attach a separate page for any Analysis

Prepared By: ^{MB} Jacquelyn L. McClintock
Division: Workers' Compensation

Phone: 465-2790
Date: March 21, 1983

Approved by Commissioner: ^{MB} Jim Robison
Department: Labor

Date: March 21, 1983

LEG:A:19

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 FOURTEENTH LEGISLATURE

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

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Data Control Clerk I (permanent halftime, 6 months first year, 12 months thereafter)

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3.	CONTINUATION LEVEL	ADDITION	XX	JUSTIFICATION						
4.	TYPE OF EXPENDITURE			AMOUNT	<p>The permanent half-time Data Control Clerk I position will provide additional clerical support in the Claims Section to enter and maintain data in the Division's information handling system. This position will handle the increased workload caused by the additional data input necessary for the system to monitor the compensation rate using withholding and average weekly wage information, and the maintenance of two processing systems concurrently.</p> <p>Line 11 - Contractual: Space (transfer to NOA) \$.9 Indirect (13.17 x 4734) .6</p> <p>Line 12 - Commodities: General Office Supplies .1</p> <p>Line 13 - Equipment: Desk and Chair .7</p>					
	1	2	3							
	PERSONAL SERVICES									
5.	Salary 9A (1578 x 6 mos x .5)		4,734							
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20.		Program Receipts 1028								
21.		Other								

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4A KEY NUMBER _____

AGENCY Labor

PROGRAM Worker Protection

BRU Workers' Compensation

COMPONENT Workers' Compensation Administration

FY 84

Page 1 of 1

Revised Date _____

13 REQUEST FOR
NEW POSITION

alaska
state
hospital
association

319 Seward St., Juneau, Alaska 99801 • (907) 586-1790
REPRESENTING ACUTE, LONG TERM AND OUTPATIENT FACILITIES

Chairman of the Board
Ronald A. Pavellas
Humana Hospital Alaska
Anchorage

Chairman-Elect
Mark Hawkins
Sitka Community Hospital
Sitka

Immediate Past Chairman
Tom Mingen
Fairbanks Memorial
Hospital
Fairbanks

Secretary/Treasurer
Edward Zeine
Cordova Community
Hospital
Cordova

Delegate to the American
Hospital Association
Al M. Camosso
Providence Hospital
Anchorage

Alternate Delegate to the
American Hospital Assoc.
Michael Lockwood
Central Peninsula Hospital
Soldotna

Delegate to the American
Health Care Association
Jack Buck
St. Ann's Nursing Home
Juneau

Alternate Delegate to the
American Health Care
Association
Emma G. Ivy
Wrangell General Hospital
Wrangell

Delegate to the Association
of Western Hospitals
Michael Herring
South Peninsula Hospital
Homer

Alternate Delegate to the
Association of Western
Hospitals
Daniel Van Wieringen
Kodiak Island Hospital
Kodiak

Trustee Delegate to the
American Hospital Assoc.
Moe Kadish
Trustee, Providence
Hospital
Anchorage

Alternate Trustee Delegate
to American Hospital
Association
Robert Jensen
Central Peninsula Hospital
Soldotna

Physician Member of
the Board
Keith Brownsberger, M.D.
Anchorage

President
Dennis L. DeWitt
Juneau

April 13, 1983

The Honorable Walt Furnace
State Capitol
Pouch V
Juneau, Alaska 99811

Subject: HB 311

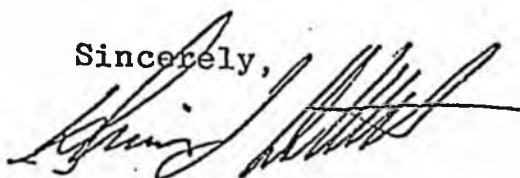
Dear Walt:

The Alaska State Hospital Association has reviewed House Bill 311 and wishes to inform you of our support.

This measure restructures the workers compensation program to more adequately compensate those receiving compensation at the lower end of the pay scale while curing an incentive to remain on compensation at the other end of the scale. This is done by increasing the minimum benefit and changing the basis of calculation to 80% of the spendable weekly earnings. There are other changes in the bill which in our judgement add to the merits of this legislation.

We are convinced that the structure proposed in HB 311 will increase real benefits to the injured as well as offer the potential for a reduction in premiums for the employer. This makes HB 311 indeed a unique bill which should be moved quickly through the legislative process.

Sincerely,


Dennis L. DeWitt
President

DLD:lf

cc:Alaska State Chamber of Commerce
Associated General Contractors



National
Council
on Compensation
Insurance

1 Penn Plaza
New York, New York 10119
Tel. (212) 560-1000

Michael Camilleri
Assistant Vice President
Director of National Affairs

March 22, 1983

Mr. William Reeves
Associated General Contractors
of Alaska
3201 Spenard Road
Anchorage, Alaska 99503

Dear Mr. Reeves:

This is to confirm our telephone conversation regarding the pricing of certain proposed changes in the Alaska workers' compensation law.

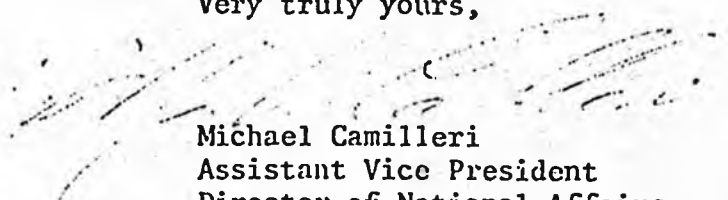
The first change requested to be priced was the effect of increasing the maximum aggregate payable for scheduled permanent partial injuries by 35% and converting the benefit formula from 66 2/3% of gross wages to 80% of spendable earnings on all injuries. We calculated that the effect of such changes would increase costs by approximately 3%.

The second pricing request involved increasing the minimum weekly benefit from \$65.00 to \$110.00. We assumed this change to take effect commensurate with the change to a spendable earnings formula. Since the recipients of benefits receive actual gross or spendable earnings if less than the minimum, our evaluation of such a change is that it would have little or no effect on overall costs.

Finally, it should be noted that our calculations were made with respect to costs only and are independent of any possible rate indications.

I hope that this proves to be of assistance and if you have any additional questions, please feel free to contact me.

Very truly yours,


Michael Camilleri
Assistant Vice President
Director of National Affairs

MC:mh

cc: Mr. Don Koch, Alaska Insurance Dept.

RECEIVED

MAR 28 1983

ASSOC. GENERAL CONT.

March 11, 1983

Mr. Jim Robison
Commissioner,
Department of Labor
State of Alaska
P. O. Box 1149
Juneau, AK 99811

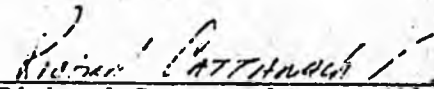
Commissioner Robison:

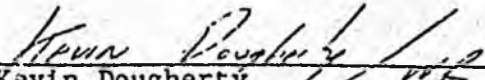
Pursuant to our discussion on February 15, 1983 attached you will find a memorandum by the Joint Labor/Management Ad Hoc Committee. As you are aware, the NCCI finally issued a preliminary "rating" of the agreed upon amendments to the Act. Furthermore, two changes were made to the legislative proposal dated December 30, 1982: The increase in "unscheduled" permanent partial disability benefits was deleted, and the determination of gross weekly wage is based on the two previous years earnings divided by 100, although the board may adjust the weekly wage determination if it is unfair to the employee or employer.

Please transfer this information to Mr. Bloom at your earliest possible opportunity. Thank you for the continued support of our efforts.

Sincerely,

Ad Hoc Committee Co-Chairmen


Richard Cattanaach
President, Alaska Conference of Employers


Kevin Dougherty
District Council of Laborers

**WORKERS COMPENSATION COMMITTEE
OF ALASKA**

PO BOX 1647 ANCHORAGE, AK. 99501

WORKING FOR AN EQUITABLE WORKERS COMPENSATION LAW FOR ALL ALASKANS

February 28, 1983

Mr. James Robison, Commissioner
Department of Labor
State of Alaska
PO Box 1149
Juneau, Alaska 99811

Dear Commissioner Robison:

The Directors of the Workers' Compensation Committee of Alaska recently adopted the following Resolution:

Whereas workers' compensation is a significant expense for Alaskan employers which, because of the existing statutes, will most assuredly increase annually; and

Whereas the current law may actually encourage malingering and the filing of questionable claims; and

Whereas the benefits for certain permanent injuries have not been increased since 1975; and,

Whereas a joint committee of concerned citizens representing the Alaskan labor movement and significant sectors of the Alaska business community have jointly proposed statutory changes to address these and other issues;

Therefore, be it resolved that the Board of Directors of the Workers' Compensation Committee of Alaska respectfully requests Governor Sheffield's sponsorship of these proposed changes.

It is our belief that solutions to workers' compensation are best derived through an ongoing dialogue between management and labor rather than solely through the legislative process. We encourage and appreciate the Administration's support of these efforts.

Sincerely,



Richard Cattanach
President

RC/pc

WORKERS' COMPENSATION COMMITTEE OF ALASKA

BOARD OF DIRECTORS

Representing

Richard Cattanach
Vice President
Unit Company

Associated General Contractors

Jack Thompson
Vice President
Air Van Lines

Alaska Trucking Association

Thomas O'Keefe
President
Industrial Indemnity Co. of Alaska

Insurance Companies

Howard Cutter
Risk Manager
Alyeska Pipeline Co

Self-Insured Companies

Joe Heinz
Managing Partner
Peat, Marwick & Mitchell

Anchorage Chamber of Commerce

Mary Pierce
Risk Manager
Carr - Gottstein Properties

Retail Stores

Vickie Ratchie
Risk Manager
ENSTAR

Public Utilities

Harold Ritchie
Safety Manager
Sohio

Oil Industry

Janice Sloan
Clary - Oaksmith - Carlson, Inc.

Insurance Brokers and Agents

Don Scott
Vice President
Nana

Native Corporations

Duane Taylor
Risk Manager
Frontier Company's

Oil Field Service Companies

Len McLean
Public Affairs Manager
Pacific Alaska LNG Associates

Alaska State Chamber of
Commerce

Roger McCafferty
Division Manager
National Federation of Independent
Business

Small Business

Ed Hite
Broker
James of Alaska

Insurance Brokers

P. Dennis Maloney
Attorney

Legal Profession

The Report of

The National Commission
on State Workmen's
Compensation Laws



WASHINGTON, D. C.
July 1972

EXHIBIT #1

Chapter 3

The Income Maintenance Objective

A basic objective of a modern workmen's compensation program is to provide protection to workers against loss of income from work-related injuries and diseases. To achieve this goal, the program must carefully weigh the worker's interest in substantial income benefits against factors such as the loss of incentive for rehabilitation, which some believe may occur if income benefits are too high.

A perfect balance of these contending interests can not be reached by a scientific formula or any other means. It is possible, however, to develop general guidelines for income benefits, and much of this chapter is devoted to that task. These guidelines are used, together with recommendations advanced earlier by other organizations, to evaluate the cash benefits in current workmen's compensation programs.

We are asked by the Occupational Safety

and Health Act of 1970 to evaluate several aspects of State workmen's compensation laws, including the amount and duration of permanent and temporary disability benefits, with respect to their adequacy and equity. Although workmen's compensation has many strengths, as this report will elaborate, surely the current level of benefits is not among them. Except in a few States, workmen's compensation benefits are not adequate. Moreover, the adequacy of cash benefits in only a few States emphasizes the inequities when comparisons are made among States. Inequities also occur within States. In some, workers with minor impairments receive relatively more generous benefits than workers with serious impairments.

Progress in recent years in raising benefit levels provides encouraging evidence of increased interest by the States in improving workmen's compensation. Nonetheless, even the recent

improvements leave many States with inadequate benefits, as this chapter will demonstrate.

A. GENERAL ISSUES CONCERNING INCOME BENEFITS

Several general issues must be discussed before the specific categories of benefits—temporary total, permanent total, permanent partial, and death—can be evaluated.

Two Types of Benefits

As indicated in Chapter 2, a worker must meet three tests before he is potentially eligible for income benefits. The worker must (1) experience an impairment (2) caused by an injury or disease (3) that is work-related. If these tests are met, then two types of workmen's compensation cash benefits are possible:

- i. *Impairment benefits* are paid to a worker with an impairment caused by a work-related injury or disease, and
- ii. *Disability benefits* are paid when an employee has impairment *and* wage loss, both due to a work-related injury or disease.

Impairment benefits are paid whether or not the worker experiences a wage loss. Disability benefits are paid only if the worker has an actual or potential wage loss due to a work-related impairment.

The exact circumstances governing payment of impairment benefits and disability benefits in the present workmen's compensation program are described in later sections. In general, temporary total, permanent total, and death benefits require disability. Impairment benefits are presently of importance only as a basis for permanent partial benefits although, even for this class of benefits, disability is the primary basis for awards.

Our recommendations for temporary total, permanent total, and death benefits assume disability, and we believe that disability should be the primary basis for permanent partial benefits.

The Proper Approach for Determining Disability Benefits

A number of issues must be resolved in the design of a workmen's compensation disability benefit schedule. What is the proper measure of the worker's economic loss resulting from a work-related impairment? Shall only wages be considered, or should fringe benefits be added? Should consideration be given to the impact of income taxes? And what proportion of economic loss should be compensated?

Remuneration or earnings? The value of a job to a worker cannot be measured simply by his wage or salary. Table 3.1 documents the growing importance of supplements relative to earnings in the employee's total remuneration. Earnings are defined in this table to include basic wages and salaries plus irregular wage payments (e.g., payments for overtime) plus pay for leave time. Even with this inclusive definition of earnings, remuneration as a percentage of earnings has increased from 104.2 percent in 1946 to 111.4 percent in 1970.

The status of supplements subsequent to a worker's injury or disease varies with circumstances. Some employers continue payments on behalf of their injured workers for such programs as health insurance, life insurance, and pensions. Moreover, some workers injured on the job may be eligible for benefits under supplementary programs, such as the disability retirement option in a pension plan. However, a disabled worker may lose some supplements, particularly if he is out of the job for an extended period. Because workmen's compensation benefits usually are tied solely to earnings, the program is increasingly deficient in the protection provided to the remuneration of American workers.

Total or net remuneration? While workmen's compensation should protect remuneration (earnings plus supplements), it is net remuneration, not total remuneration that is the relevant basis for workmen's compensation benefits. Net remuneration takes account of payroll taxes and job-related expenses incurred by a worker.

Table 3.2 indicates how taxes take an increasing share of earnings. In 1946, gross average weekly earnings were \$46.69, and most 98 percent of this income was spendable.

TABLE 3.1. Relationship of average annual total remuneration to average annual earnings in all private industries, 1940-70

	1940	1946	1956	1966	1970
Remuneration per full-time employee	\$1352	2460	4365	6615	8315
Earnings per full-time employee	\$1291	2360	4089	5974	7462
Remuneration as a percentage of earnings	104.7	104.2	106.7	110.7	111.4

Source. Calculated from data in Tables 6.1, 6.4, and 6.5 of U.S. Department of Commerce, *The National Income and Product Accounts of the United States, 1929-1965 Statistical Tables; Survey of Current Business*, July 1970 and July 1971.

In this Report, "remuneration" is used in place of "compensation," as that term is defined in the above publications. "Earnings" and "Wages and Salaries" are equivalent. The definitions in the Department of Commerce publication are:

Compensation of employees is the income accruing to persons in an employee status as remuneration for their work. It is the sum of wages and salaries and supplements to wages and salaries.

Wages and salaries consists of the monetary remuneration of employees, inclusive of executives' compensation, commissions, tips, and bonuses, and of payments in kind which represent income to the recipients.

Supplements to wages and salaries consists of employer contributions for social insurance and of other labor income. Employer contributions for social insurance comprises employer payments under the social security, Federal and State unemployment insurance, railroad retirement and unemployment insurance, government retirement and a few other minor social insurance programs. Other labor income comprises employer contributions to private pension, health, unemployment, and welfare funds; compensation for injuries; directors' fees; pay of the military reserve; and a few other minor items.

TABLE 3.2. Relation between gross and spendable weekly earnings, 1940-70

1956 Year	(1) Gross average ^a	(2) Spendable average ^b	(3) Spendable as pct of gross
1940	\$ 27.02	\$ 26.76	99.0%
1946	46.69	45.55	97.6
1956	81.15	74.16	91.4
1966	114.51	101.17	88.4
1970	141.09	121.70	86.3

a Gross average weekly wages for all workers covered by the unemployment insurance program, U.S. average, from Handbook of Unemployment Insurance Financial Data, 1938-1970.

b Spendable average weekly earnings for a married worker and three dependents. Spendable earnings reflect deductions for Federal income and social security taxes. Formulas are presented in U.S. Department of Labor, Bureau of Labor Statistics, *Employment and Earnings* February 1972, pp. 13-17.

In 1970, gross weekly earnings were \$141.09, but only 86 percent was spendable: the balance went for Federal income taxes and Social Security deductions. Because workmen's compensation benefits are tied to basic wages and salaries, and because the benefits are tax-free, workmen's compensation benefits have tended

to become more attractive relative to a worker's spendable earnings. If weekly benefits were tied to pre-tax wages, and if the limits on maximum weekly benefits were raised to the point where most workers would have all of their pre-tax wages used in calculating disability benefits, high wage workers would receive so much that their incentive for rehabilitation might be weakened. Because the income tax is progressive, tax-free benefits set as a percentage of pre-tax earnings would tend to approach or even surpass post-tax earnings for high wage workers.

Dependents' allowance? Still another factor must be considered in the design of workmen's compensation benefits. Many States pay a dependents' allowance in addition to the basic benefit for the disabled worker. From the employer's standpoint, the dependents' allowance may seem illogical because he pays the same wage to a worker whether or not that worker has dependents. On the other hand, from the employee's standpoint, the dependents' allowance may seem entirely rational. Because of the income tax, two workers with the same pre-tax wages may have different post-tax wages: the family with more dependents will have the larger income after taxes. It can be argued that workmen's compensation benefits should reflect differences in net remuneration among workers with different numbers of dependents.

A new basis for disability benefits. Conceptually, the ideal workmen's compensation program would measure a disabled worker's loss by the difference between his net remuneration before the injury or disease with his net remuneration thereafter. Obvious administrative difficulties make this ideal solution impractical, but the difficulties do not compel a modern workmen's compensation program to continue the tradition of comparing gross weekly wages before the injury with gross weekly wages after the injury and of calculating benefits by replacing the traditional proportion of lost wages.

An administratively feasible procedure can simultaneously take into account the difference between gross and spendable earnings, the virtues of dependents' allowances, the impact of the progressive income tax, and the increasing importance of supplements. This procedure first determines the worker's gross average weekly wage prior to disability (which must be determined now in virtually every State workmen's compensation program) and the number of his dependents (which must now be determined in many States). The gross weekly wage and dependency data are then inserted into a formula prepared and published by the U.S. Department of Labor to determine the worker's spendable earnings. (See *Compendium* for the 1972 formulas.) Once spendable earnings are calculated, workmen's compensation benefits for all sizes of families can be calculated as a fixed proportion of spendable weekly earnings. No further allowances for dependents or tax considerations are necessary or appropriate.

The method used to determine spendable weekly earnings is neither complicated nor impractical. A similar, though more complex, method is already in use in the Federal Wage Garnishment Law.

What is the appropriate proportion of spendable earnings to pay as benefits? Unfortunately, there is no easy answer to that question. The traditional approach has been to replace two-thirds of lost wages. This proportion represented a rough judgment about the adjustments needed to reflect the reduction in the disabled worker's work-related expenses, and to provide him an incentive to return to work. As the proportion of wages replaced is increased, the worker is assumed to have less incentive to return to work. Of course, if the proportion is

too low, a worker may be in such dire circumstances that he may be forced to return to work before he is properly recovered or he may become so demoralized as to be indefinitely disabled.

There may be ingenious ways to retain effective incentives to rehabilitation while increasing the proportion of benefits to lost wages. For example, it may be possible to replace a substantial, though incomplete, portion of lost wages during the period of disability, and then pay the worker a part of the remaining loss as a bonus if he returns to work successfully. We encourage States to consider such inducements to rehabilitation which could increase the proportion of benefits to wage loss above the level of our recommendations.

Because our preference is for benefits to be based on spendable earnings, which represent only a portion of gross earnings, and because total remuneration is increasingly greater than gross earnings because of the growing importance of supplements, we believe the traditional proportion (two-thirds of lost wages) is too low.

R3.1

We recommend that, subject to the State's maximum weekly benefit, a worker's weekly benefit be at least 80 percent of his spendable weekly earnings.

In Table 3.3, the benefits provided by our recommendation are contrasted with those paid by the traditional 66 2/3 percent of pre-tax wages. The average 1972 weekly wage for all workers is approximately \$150.00. The average family size is about four. For a worker with three dependents, earning \$150.00, spendable weekly earnings would be \$131.91. A benefit allowing 80 percent of this amount would be \$105.53. In contrast, a benefit of 66 2/3 percent of the gross weekly wage (\$150) would be \$100.00. We believe the extra \$5.53 is an appropriate adjustment reflecting the increasing importance of supplements since the 66 2/3 percent allowance was first endorsed.

There are several advantages in our recommendation. As Table 3.3 indicates, this procedure automatically mirrors the difference in spendable weekly earnings between a worker

TABLE 3.3. Workmen's compensation benefits as a percentage of spendable earnings compared with benefits as a percentage of wages

Gross average weekly wage		Spendable average weekly earnings*		Workmen's compensation benefits		
Pct of U.S. av. (\$150)	\$ Amount	Dependents		66.7% of gross av. wkly wage	80% of average spendable weekly earnings	
		None	Three		None	Three
(1)	(2)	(3)	(4)	(5)	(6)	(7)
50	\$ 75	\$ 65.63	\$ 71.10	\$ 50.00	\$ 52.50	\$ 56.88
66.67	100	84.64	92.38	66.67	67.71	73.90
100	150	121.86	131.91	100	97.49	105.53
133.33	200	159.99	172.36	133.33	127.99	137.89
166.67	250	199.26	214.25	166.67	159.41	171.40
200	300	235.68	253.46	200	188.54	202.77

* Calculated by 1972 formula cited in Table 3.2. Table assumes U.S. average weekly wage for 1972 is \$150, which is an estimate by the staff of the National Commission on State Workmen's Compensation Laws.

with dependents and a worker with no dependents. For example, the worker earning \$150.00 a week would receive \$97.49 a week as a workmen's compensation benefit if he had no dependents, but would receive \$105.53 if he had three dependents.

The system shown in Table 3.3 also has the virtue of assuring that high-wage workers have an economic incentive to return to work. For example, the worker without dependents who earns twice as much (\$300.00 per week) as the U.S. average weekly wage would receive \$200.00 if allowed 66 2/3 percent of gross earnings, which is equivalent to 85 percent of his spendable earnings.

A transitional formula. While our recommendation is not particularly complex, compared to other aspects of workmen's compensation, States will require a transitional period to revise their laws. A somewhat simpler, though generally inferior, formula can be used in the interim.

R3.2

We recommend that, subject to the State's maximum weekly benefit, a worker's weekly benefit be at least 66 2/3 percent of his gross weekly wage.

This formula should be used until the maximum weekly benefit in a State exceeds 100 percent of the State's average weekly wage.

The General Relationship Between Workmen's Compensation and Other Insurance Programs Providing Income Benefits

The relationship between workmen's compensation and other private and public insurance programs providing income benefits for disabled workers has not been a particularly important issue because workmen's compensation benefits generally have been so low. In the event that our recommendations for benefits are adopted, the total benefits received from a combination of workmen's compensation and other programs could become substantial. For this reason, we believe the overlap of benefits from several sources needs examination. If a disabled worker's combined benefits are too high relative to what he might earn, he may see no reason to return to work. Even more serious is the issue of equity. The availability and extent of insurance benefits vary among occupations, industries, and States. Two workers with similar earnings records and similar disabilities may receive markedly dissimilar benefits unless workmen's com-

pensation and these insurance programs are coordinated.

Typically, coordination involves reducing the benefits paid by one program when benefits are also paid by the other program. The issue is, which program should reduce payments in event of overlap? There are advantages to not reducing workmen's compensation benefits such as the stimulus to safety inherent in having employers bear the full cost of work-related injuries and diseases.

R3.3

We recommend that, if our recommended benefit increases for workmen's compensation are adopted, the benefits of other public insurance programs should be coordinated with workmen's compensation benefits. In general, workmen's compensation should be the primary source of benefits for work-related injuries and diseases.

(Circumstances justifying exceptions to this general rule are discussed later in the chapter.)

Coordination between workmen's compensation and some private insurance programs financed by employers is also generally appropriate. These programs include, for example, sick leave plans and disability retirement provisions of pension plans, but would not include employer-financed life insurance.

Workmen's compensation will have to be coordinated with other insurance programs in order to resolve problems such as the plight of workers at the dividing line between two programs who may be denied benefits by both.

The General Relationship Between Workmen's Compensation and Programs Based on Need

Several programs provide benefits to persons in need, including disabled workers, without any requirement that the individual or his employer contribute to an insurance fund. These programs include the General Assistance program, Aid to the Blind, and Aid to the Permanently and Totally Disabled. The proposed Family Assistance Plan, and other versions of an income maintenance program that have been given serious attention in recent years, would

provide a basic level of income for all Americans.

Workmen's compensation has a different role than these programs. Their task is to protect families from poverty. Workmen's compensation is an insurance program designed to protect workers and their families against wage loss due to work-related injuries or diseases. For most employees, workmen's compensation should protect income well above the poverty level.

The difference in these roles explains why, for most workers, there can be no adequate substitute for a modern workmen's compensation program. To be sure, there are many full-time workers whose earnings do not take them out of poverty. Nonetheless, the basic insurance purpose of workmen's compensation suggests that the program should not be expected to remove low-wage workers from poverty if they are so unfortunate as to suffer a work-related injury or disease. One reason why our recommendations for benefit levels will not place considerable stress on high minimum weekly benefits is that we assume a family assistance program or other form of income maintenance program soon will assure all families a sufficient income.

R3.4

We recommend that workmen's compensation benefits not be reduced by the amount of any payments from a welfare program or other program based on need.

If a family assistance program or other generally available income support program is adopted with benefit levels that insure all families an income above the poverty level, then this income support program should consider reducing its allowances in the presence of workmen's compensation payments.

B. TEMPORARY TOTAL DISABILITY BENEFITS

A temporary total wage loss benefit, usually called a temporary total disability benefit, is paid because a work-related injury or disease causes a temporary and total loss of earnings. Our evaluation of this type of benefit is based on comparisons involving a worker with three dependents, a family of average size.

Waiting Period

After a worker is temporarily and totally disabled, he normally does not receive benefits the first few days. Virtually every workmen's compensation statute has a waiting period expressed in calendar days, for which no benefits are paid. If the worker is disabled for an extended period, however, benefits for the initial waiting period are paid retroactively.

The recommended standard published by the Department of Labor provides a three day waiting period, with the benefits for the three days paid if the total period of disability exceeds 14 days. The Model Act specifies a seven day waiting period, with benefits paid retroactively for the first seven days if the total period of disability exceeds 28 days.

Table 3.4 indicates the record of compliance with these recommendations in the various States during the period 1966-1972. Most States now meet the Model Act standard, but a substantial majority do not meet the Department of Labor recommendation. The shorter the waiting period, the more workers with work-related injuries and diseases are eligible for benefits. As the period to qualify for retroactive benefits shrinks, the average number of weeks of benefits per case increases.

TABLE 3.4. Jurisdictions in compliance with recommended standards published by the U.S. Dept. of Labor and the Model Act for waiting period and period of disability qualifying for retroactive pay, 1966-72

Year	States (50)		Other "States" (6)		Federal (2)	
	USDL	Model Act	USDL	Model Act	USDL	Model Act
1966	7	44	2	3	0	2
1972	10	45	3	4	0	2

The recommended standards published by the U.S. Department of Labor (USDL) specify 3 days waiting period before benefits begin, and 14 days of disability to qualify for retroactive payments for time lost in the original waiting period. The Model Act specifies 7 days waiting and 28 to qualify for retroactive benefits. Both standards refer to calendar days, not working days.

See Table 2.3 for explanatory notes.

The advantage of reducing both the waiting and the qualifying period is that workers will have a higher proportion of their lost remuneration replaced by benefits. At the same time, the cost of the program increases, both in benefits paid and in administrative expenses. Proponents of the waiting period argue also that a waiting period is necessary to discourage malingering.

TABLE 3.5. Percentage of disability days compensable with various combinations of waiting and retroactive periods

Calendar days of disability to qualify for retroactive benefits	Calendar days to wait before benefits begin			
	0	3	5	7
0	100%	—	—	—
3	—	98%	—	—
7	—	95%	94%	93%
14	—	93%	90%	88%
21	—	92%	88%	84%
28	—	91%	86%	83%

Calculated by actuarial techniques of the National Council on Compensation Insurance.

Table 3.5 indicates the approximate relationship in cost among various combinations of waiting periods and retroactive periods. The table is constructed so that the cost of paying benefits for *all* days of lost time is equal to 100 percent. Thus, the Model Act standard (7 days wait/retroactive after 28 days) would pay benefits for approximately 83 percent of all lost time, and the Department of Labor standard would pay for approximately 93 percent of all lost time.

R3.5

We recommend that the waiting period for benefits be no more than three days and that a period of no more than 14 days be required to qualify for retroactive benefits for days lost.

We believe this recommendation represents a reasonable compromise between the interests of reducing the number of payments for truly minor disabilities and of insuring that even moderately serious injuries will have benefits restored retroactively for the first days lost.

Proportion of Lost Remuneration to be Replaced

The Model Act suggests that temporarily and totally disabled workers should receive 55 percent of their average weekly wage in benefits, with an additional 2 1/2 percent paid for each dependent up to a maximum of five dependents. As an alternative formula, the Model Act uses the more traditional standard of benefits equal to 66 2/3 percent of the worker's weekly wage. (The worker's benefit is subject to minimum and maximum weekly benefits.)

In general, present workmen's compensation programs do a creditable job of meeting this standard. In 1972, 32 of the 50 States meet this 66 2/3 percent standard, and six others pay 65 percent. No State pays less than 60 percent of the worker's wage.

There is a great virtue in relating a worker's benefits to his previous wage. This approach, in contrast to a system which would pay workers a flat amount if they are disabled, permits workmen's compensation reasonably to accomplish its objective of maintaining income with fair regard for the level of earnings before disability. Also, this means States with high wage levels automatically provide higher benefits for their workers than States with low wages.

We have indicated our preference for a formula which bases a worker's benefit on his spendable earnings before disability.

R3.6

We recommend that, subject to the State's maximum weekly benefit, temporary total disability benefits be at least 80 percent of the worker's spendable weekly earnings. This formula should be used as soon as feasible, in any case, as soon as the maximum weekly benefit in a State exceeds 100 percent of the State's average weekly wage.

We realize that, on an interim basis, use of a generally inferior formula may be necessary.

R3.7

We recommend that, subject to the State's maximum weekly benefit, temporary total disability benefits be at least 66 2/3 percent of the worker's gross weekly wage.

In addition to this 66 2/3 percent, a State may wish to provide a dependents' allowance. However, a dependents' allowance in addition to the 80 percent of spendable weekly earnings would be inappropriate.

Maximum Weekly Benefit

The recommendation published by the Department of Labor provides that the maximum weekly benefit in a State should be at least 66 2/3 percent of the average weekly wage in the State. Table 3.6 indicates the extent of full compliance with this standard since 1940. The majority of States do not now meet the standard. Maximum benefits were nearer to the average wage in 1940 than they have been since then, although there has been some improvement in recent years.

The data in Table 3.6 need to be interpreted with caution. Part of the apparent increase in full compliance between 1966 and 1972 may be a statistical artifact. The evaluations for the years prior to 1972 are based on the statutes in effect on December 31 of a given year compared to the average weekly wage during that same year. For 1972, the statutes in effect as of January 1 are compared to the average wages in the first half of 1971, the latest data available. If the comparisons were made between the January 1, 1972, statutes and the average weekly wage for the entire calendar year of 1971, it appears likely that three more States would not fully comply with the recommended standard.

The sensitivity of the full compliance results in Table 3.6 to the wage being used demonstrates how some States find it difficult to keep benefits in line with rising wages. If a State conscientiously amends its law to set the maximum weekly benefit equal to two-thirds of the average weekly wage for the latest data available, it usually would find that when the wage data subsequently became available for the date when the law was amended, the maximum would fall short of its target. Recognizing that the rising trend in wages makes it difficult for States to have their maximum benefits equal or exceed the two-thirds standard, Table 3.6 identifies the States which have substantially complied with the traditional 66 2/3 percent standard by creating a category where the maximum weekly

TABLE 3.6. Maximum weekly benefits for temporary total disability as a percentage of average weekly wage: distribution of jurisdictions, 1940-72

Year (19)	States (50)					Other "States" (6)					Federal (2)				
	40	46	56	66	72	40	46	56	66	72	40	46	56	66	72
<u>Full compliance</u> 75% or more	29	33	2	2	4	1					2		1	1	1
66.7 to 74.9%	9	1	1	1	6		1	1					1		
<u>Substantial compliance</u> 60 to 66.6%	7	4	1	1	8				2			2		1	
<u>Substandard</u> 50 to 59.9%	4	17	7	16	12					1					
Less than 50%	0	24	39	30	20					1					1

The maximum benefits for 1940 through 1946 are for December 31 and are compared to the State's average weekly wage for the corresponding year. The 1972 maximums are those in effect on January 1, 1972, and are compared to the State's average weekly wage for the first half of 1971.

Benefits are calculated as payments to a worker with three dependents.

Wage data for 4 other "States" are not available. Mississippi law did not go into effect until January 1, 1949. Wage data for Puerto Rico was not available before 1961.

Source of wage data: Handbook of Unemployment Insurance Financial Data, 1938-1970, and unpublished data from U.S. Department of Labor.

See Table 2.3 for explanatory notes.

benefit is at least 60 percent of the average weekly wage in the jurisdiction. Eighteen States are in "full compliance" or "substantial compliance" with the 66 2/3 percent standard. However, the maximum weekly benefit in 20 States is less than 50 percent of the State's average weekly wage, and in another 12 States, the maximum weekly benefit is between 50 and 60 percent of the State's average weekly wage. The deficiencies in these States are due to more than a temporary lag in legislative enactments.

Judged by traditional standards, a majority of States have maximum weekly benefits which are inadequate. Moreover, the wide variation among the States in the relationship of maximums to average weekly wages indicates that the maximum weekly benefits for temporary total disability are not equitable.

Our judgment that the maximum weekly benefit levels are generally inadequate is reinforced by comparing the maximum weekly benefit in each State as of January 1, 1972, with the 1971 national poverty level for a non-farm family of four persons, which is \$79.56 a week.

It is distressing that as of January 1, 1972, the *maximum* weekly benefit for temporary total benefits in more than half of the States did not reach this poverty level.

Some temporarily disabled workers have sources of income in addition to workmen's compensation benefits. After the first six months of disability, a worker who continues to be incapacitated may be eligible for disability insurance benefits under the Social Security program. In California, some workers may receive a benefit under the temporary disability insurance law equal to the difference between the TDI benefit and the workmen's compensation benefit. More common but available nationally only to a minority are sick leave or insurance benefits provided by employers to pay for the waiting period or supplement the weekly workmen's compensation benefits. The sick pay plans sometimes replace wages in full, but more often pay some flat amount or an amount proportioned to replace part of earnings.

The extent of such coverage varies by size of firm (the larger firms tend to offer more

protection), by industry (public utilities and manufacturing are more likely to have such plans), and by type of worker (salaried workers are much more likely to enjoy this protection than wage workers.) Moreover, even among progressive firms, fewer than half the workers are covered by sick leave or other plans which supplement workmen's compensation benefits for temporarily disabled workers. These private plans are almost always integrated with payments by public programs so that duplicate payments are rare.

Despite such supplementary income, the conclusion is inescapable that the maximum weekly benefits for most disabled workers are in general inadequate and inequitable.

It seems likely that workmen's compensation beneficiaries prior to injury have on the average weekly wages lower than the State average. It is difficult to confirm this assumption, although it has been observed that the injured are often the young and inexperienced. The only available series on wages of injured workers is published by the National Council on Compensation Insurance. The Council believes the average wages for injured workers are probably understated by its data because some of the sources the Council uses do not report the full wage of high-wage workers.

Weekly benefits for disability often are reduced by attorney's fees. (See Chapter 6) The data on legal expenses are limited, but it is evident that the adequacy of benefits is further undermined by the effect of these fees, which in almost every State are paid by the worker.

While we recognize that not all of the data that would be useful to evaluate the adequacy of benefits are available, nonetheless there are enough data to support a finding that the States are failing to meet in a responsible fashion the traditional standard of a maximum weekly benefit of at least 66 2/3 percent of the average weekly wage in the State. Moreover, that traditional maximum is too low.

A statute which provides that a worker's benefit shall be 66 2/3 percent of his wages subject to the State's maximum weekly benefit, coupled with a maximum weekly benefit which is 66 2/3 percent of the State's average weekly wage, means that in fact approximately half of the workers in a State are going to receive benefits that are less than 66 2/3 percent of

their previous wages. It is wrong to restrict the benefits of such a substantial proportion of the work force through the operation of the maximum weekly benefit.

R3.8

We recommend that as of July 1, 1973, the maximum weekly benefit for temporary total disability be at least 66 2/3 percent of the State's average weekly wage, and that as of July 1, 1975, the maximum be at least 100 percent of the State's average weekly wage.

By 1975, the most expensive phase of our recommendations for maximum benefits will be over, and the States should then proceed to increase the protection for workers with above-average earnings.

R3.9

We recommend that as of July 1, 1977, the maximum weekly benefit for temporary total disability be at least 133 1/3 percent of the State's average weekly wage; as of July 1, 1979, the maximum should be at least 166 2/3 percent of the State's average weekly wage, and on and after July 1, 1981, the maximum should be at least 200 percent of the State's average weekly wage.

R3.10

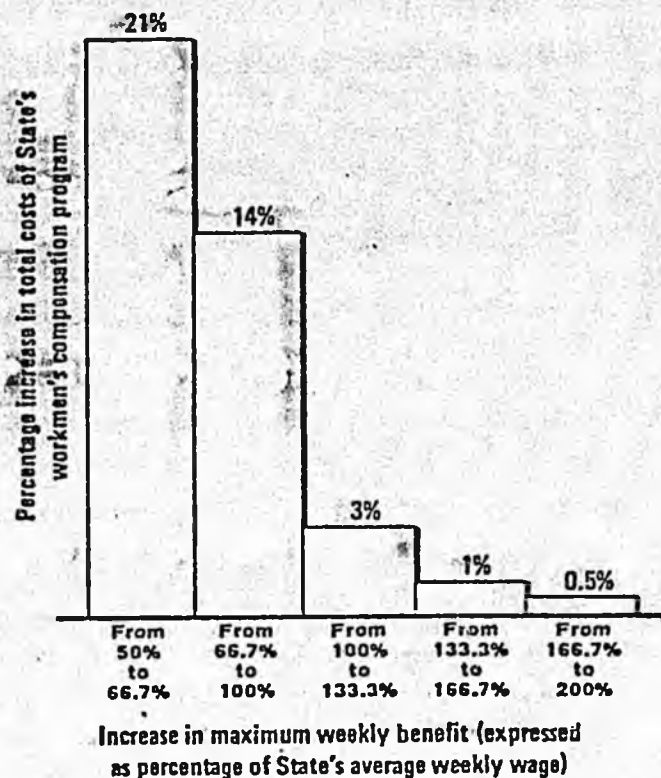
We recommend that, for all maximum weekly benefits, the maximum be linked to the State's average weekly wage for the latest available year as determined by the agency administering the State employment security program.

Increasing the maximums according to our recommendations is not only essential to make benefits equitable and adequate, it is administratively and economically feasible. Thirteen States now have provisions which automatically increase the maximum weekly benefit for temporary total benefits as their average weekly wage increases.

Figure 3.1 indicates the approximate cost of moving to these successive increments of maximum weekly benefits when the maximums are coupled with the Model Act standard of a minimum weekly benefit equal to 20 percent of the State's average weekly wage and a weekly

disability benefit equal to $66\frac{2}{3}$ percent of the worker's weekly wage.

FIGURE 3.1. Additional cost of increasing maximum weekly benefits in workmen's compensation



Calculated by staff of National Commission on State Workmen's Compensation Laws with actuarial techniques of the National Council on Compensation Insurance. Calculations assume that a worker's benefit is 66.67% of his weekly wage, subject to a minimum weekly benefit equal to 20% of the State's average weekly wage and to the maximum weekly benefits shown in the figure.

C. PERMANENT TOTAL DISABILITY BENEFITS

Only about 10 percent of all workmen's compensation claims (including claims paying medical benefits only) involve impairments serious enough to qualify the workers for permanent total disability or permanent partial benefits. Only about 1,000 workers each year receive permanent total disability awards.

Although numerically less important than the claims involving temporary total disability benefits or medical care only, the claims involving workers with permanent impairments present the most difficult challenges. These cases are the most expensive in terms of benefits paid

and services provided. In addition, the claimants present the greatest potential for rehabilitation—a potential which too often is unappreciated and unfulfilled.

One reason for the insufficient attention to rehabilitation is the tendency to view workmen's compensation primarily in terms of payment of cash benefits. In some States virtually all that happens is that a worker is injured, inspected, and indemnified. Such a policy is unsatisfactory and inhumane, and in Chapters 4 and 6 we spell out procedures which should insure that workers with serious impairments will receive needed medical and rehabilitation services under the close supervision and careful attention of the State workmen's compensation agency. We stress these restorative aspects of a modern workmen's compensation program because we do not wish our discussion of cash benefits for serious impairments to divert attention from our goal of an integrated and comprehensive set of services for workers with serious impairments.

Legal Definition

Permanent total disability benefits should be paid to a worker who experiences a work-related injury or disease which leads to a permanent impairment that makes it impossible for him to engage in any substantial gainful activity for a prolonged period. If a worker earns income subsequent to his injury, he may be eligible for the permanent partial disability benefits described later in this chapter.

Our recommendations for improvements in the level and extent of permanent total disability benefits assume that the improvements will be applied only to those who truly are permanently and totally disabled. A few jurisdictions, however, use definitions of permanent total disability which permit such awards to impaired workers who retain substantial wage earning capacity.

R3.11

We recommend that the definition of permanent total disability used in most States be retained. However, in those few States which permit the payment of permanent total disability benefits to workers who retain substantial earning capacity, we recommend that our benefit proposals be

applicable only to those cases which meet the test of permanent total disability used in most States.

Proportion of Lost Remuneration to be Replaced

The traditional benefit for permanent total disability replaces two-thirds of the worker's wages, subject to minimum and maximum weekly benefits. The Model Act's alternative formula encompasses this traditional view. The Model Act also provides a method for automatically increasing the benefits of a totally disabled worker as the average weekly wage in the State increases. (See Section 21 of the Model Act)

Most States specify an adequate percentage of lost wages to be replaced for a totally disabled worker, although only five now provide for automatic increases in benefits as the State's average weekly wage increases.

R3.12

We recommend that, subject to the State's maximum weekly benefit, permanent total disability benefits be at least 66 2/3 percent of the worker's gross weekly wage.

After a transition period, our preferred formula (R.3.13) should be used.

R3.13

We recommend that, subject to the State's maximum weekly benefit, permanent total disability benefits be at least 80 percent of the worker's spendable weekly earnings. This formula should be used as soon as feasible or, in any case, as soon as the maximum weekly benefit in the State exceeds 100 percent of the State's average weekly wage.

A dependents' allowance may be appropriate in addition to the benefits based on gross weekly wages, but is not appropriate in addition to the benefits based on spendable earnings.

Protection against erosion in the value of the benefits must be provided for claimants with long-term disability cases.

R3.14

We recommend that beneficiaries in permanent total disability cases have their benefits increased through time in the same proportion as increases in the State's average weekly wage.

Maximum Weekly Benefit

Like maximum temporary total benefits, the maximum weekly benefits for permanent total disability are seriously deficient in certain States. Table 3.7 indicates the relationship of the maximum benefits for permanent total disability to average wages in the various jurisdictions in 1972.

TABLE 3.7 Maximum weekly benefits for permanent total disability as a percentage of average weekly wages: distribution of jurisdictions, 1972

Percentage	States (50)	Other "States" (6)*	Federal (2)
75% or more	4	NA	1
66.7/74.9%	6	NA	0
60/66.6%	4	NA	0
50/59.9%	11	NA	0
Less than 50%	25	2	1

* Average wage data not available for four "States."

See Table 2.3 for explanatory notes.

The maximum weekly benefits in most States are inadequate, and the considerable variation among the States in the relationship of the maximums to the State average weekly wage indicates considerable inequity.

R3.15

We recommend that as of July 1, 1973, the maximum weekly benefit for permanent total disability be at least 66 2/3 percent of the State's average weekly wage, and that as of July 1, 1975, the maximum be at least 100 percent of the State's average weekly wage.

R3.16

We recommend that as of July 1, 1977, the maximum weekly benefit for permanent total disability be at least 133 1/3 percent of the

State's average weekly wage; as of July 1, 1979, the maximum should be at least 166 2/3 percent of the State's average weekly wage; and on and after July 1, 1981, the maximum should be at least 200 percent of the State's average weekly wage.

These maximums should be linked to the State's average weekly wage as defined in recommendation 3.10.

Duration of Permanent Total Benefits

Permanent total benefits should be paid for the entire period of disability or for life, according to the recommendation published by the Department of Labor and the Model Act. There should be no limits of time or total dollar amount on permanent total benefits.

Table 3.8 indicates the extent of compliance with these recommendations. It is distressing to note that 19 States in 1972 did not meet the standard. In 15 States, a totally disabled worker can receive benefits for a maximum period of less than 10 years. In 11 States, often the same States with maximum limits on duration, the most a totally disabled worker can receive in benefits is less than \$25,000. This amount is less than the average American worker earns in four years of full-time work.

TABLE 3.8. Jurisdictions with compensation for permanent total disability payable for life or period of disability

Year	States (50)	Other "States" (6)	Federal (2)
1946	16	0	1
1956	26	1	2
1966	30	2	2
1972	31	3	2

See Table 2.3 for explanatory notes.

These limitations on permanent total benefits are inexcusable in a modern workmen's compensation program. The worker with a permanent total disability presents a compelling

need for long-term support from workmen's compensation.

R3.17

We recommend that total disability benefits be paid for the duration of the worker's disability, or for life, without any limitations as to dollar amount or time.

This recommendation is primarily relevant for permanent total disability benefits, but also is applicable to temporary total disability benefits, which are of limited duration or amount in some States.

Relationship of Permanent Total Benefits to Other Programs

A permanently and totally disabled worker who is receiving workmen's compensation benefits often is eligible for payments from other programs. The most important additional public benefit is provided under the Social Security program (OASDHI). Although it is not known how many workmen's compensation beneficiaries are eligible for benefits under Social Security, a rough idea can be gleaned from awards data. In recent years there have been about 1,000 permanent total and 35,000 major permanent partial disability awards annually under workmen's compensation. In 1968 about 11,000 workers receiving permanent disability benefits from Social Security had these benefits reduced because they were receiving workmen's compensation benefits. It is estimated that perhaps another 2,000 to 4,000 were receiving both benefits, but were not subject to the offset because their combined workmen's compensation and Social Security benefits were less than 80 percent of their former wage. It thus appears likely that most seriously disabled workers receiving workmen's compensation benefits are not receiving Social Security benefits.

Private supplements also are available to some workers. Perhaps three-fourths of the 30 million American workers in private industry covered by retirement plans may receive benefits if they become disabled. However, vesting limitations and age and service requirements limit the number of these workers who are eligible. This form of protection, like other private

supplements, varies by industrial sector, size of firm, union status, and other factors. Most manufacturing workers, but only about one-third of retail-trade workers, have pension plans with disability benefits.

Another type of benefit available for permanent total disability in private industry is group long-term disability insurance. This plan has few eligibility restrictions but is offered mainly to salaried workers. (A recent survey of leading firms showed more than half of salaried workers but little more than a fourth of hourly workers are covered by long-term-disability plans.)

In the aggregate, supplements to workmen's compensation permanent total disability benefits are probably substantial, but their availability differs greatly among and within firms. Supplements are more prevalent in large than in small firms, and in unionized than in nonunionized firms. Reliance on supplements may only exaggerate the inequity of the treatment of permanently and totally disabled workers.

Because of the numerous possible sources of benefits for permanently and totally disabled workers and the substantial inequities which can occur if the benefits we have recommended for workmen's compensation are duplicated by benefits from other programs, we believe that coordination is necessary. Coordination is essential also because the general availability of programs for totally disabled workers in addition to workmen's compensation may have undercut the sense of urgency concerning the need for increases in workmen's compensation benefits. Unfortunately, many workers have probably suffered as a consequence of the lack of urgency because, for them, workmen's compensation was the sole or primary source of protection when they became totally disabled. Only if workmen's compensation is coordinated with other programs can there be assurance that the substantial workmen's compensation benefits necessary to protect those workers who rely on the program for primary protection will not provide unnecessary support to other workers with multiple sources of protection.

The most obvious need for coordination involves the disability insurance program of Social Security and workmen's compensation.

We recommend that, provided our other recommendations for permanently total disability benefits are adopted by the States, the Disability Insurance program of Social Security continue to reduce payments for those workers receiving workmen's compensation benefits.

We believe also that it is appropriate to integrate workmen's compensation benefits with other benefits provided by an employer. As in the past, we believe that employers and other interested parties, such as unions, should be free to develop provisions which either supplement workmen's compensation benefits or reduce retirement or disability benefits paid for by the employer in the presence of workmen's compensation benefits.

D. PERMANENT PARTIAL BENEFITS

A worker who experiences an impairment because of a work-related injury or disease, but who is not totally disabled, may be eligible for permanent partial benefits. Permanent partial cases are the most expensive portion of the workmen's compensation program: cash benefits and medical care in permanent partial cases account for more than 50 percent of all payments.

Permanent partial benefits are also the most controversial and complex aspect of workmen's compensation. We were impressed during our hearings and meetings that for no other class of benefits are there more variations among the States or more divergence between statutes and practices.

One element in the variations is the relative importance of cash benefits for minor permanent partial cases. Such benefits represent less than 10 percent of all payments in four States, but represent more than 30 percent in four others. (Table 3.9)

The imbalance in the importance of permanent partial benefits among the States is accentuated by the apparent paradox that some States with an unusually high proportion of total benefits paid for permanent partial benefits also have unusually low maximum weekly benefits for the category. New Jersey expends over 35 percent of all benefit payments on minor

TABLE 3.9 Distribution of 44 States and the District of Columbia according to cash benefits paid for minor permanent partial impairments as a percentage of their total outlays for workmen's compensation benefits, 1970

Indemnity	Number of States
Less than 10%	5
10/14.9%	9
15/19.9%	11
20/24.9%	10
25/29.9%	6
30% or more	4

permanent partial cases even though its maximum weekly benefit for permanent partial (\$40) is far below the maximum for other classes of benefits (\$101).

A possible explanation of these imbalances is that the evaluation of the extent of disability in permanent partial cases permits considerable discretion for decision makers, including agency adjudicators and courts. In some States, officials apparently have stretched the rules out of sympathy for claimants with permanent partial injuries. Occasionally, because the statutory benefits were so low, every effort was made to pay those benefits freely by, for example, evaluating the extent of impairment liberally. However, because of the frequency of minor injuries, the cumulative amount of payments was substantial.

For these and possibly other reasons, the total cost and the imbalance of permanent partial benefits tend to undermine the entire workmen's compensation program. Employers, disturbed by what they consider excessive payments for minor injuries, have refused to support general increases in benefits. Labor spokesmen oppose surrender of the substantial awards for minor injuries because they fear that any general benefit increases given in exchange would soon be eroded by the passage of time and the assault of inflation. The result of this stand-off has too often been the permanent impairment of reform efforts other than inconsequential or bizarre statutory amendments, such as New Jersey's differentiation between maximum benefits for permanent partial claims and maximums for other classes of benefits.

We believe the States must break the log-jam barring general reform posed by the

imbalances of permanent partial benefits. Workers with truly serious injuries suffer, while employers bear the costs of extravagant awards for minor injuries.

A bold and substantial reform of permanent partial benefits is necessary. Indeed, there is no more pressing and fundamental issue confronting workmen's compensation. Nonetheless, we have concluded that the issue is so intractable that we would do a disservice to make precise recommendations for the restructuring of permanent partial benefits on the basis of the time for analysis that was available to us.

R3.19

We recommend that each State undertake a thorough examination of permanent partial benefits and that the Federal government sponsor a comprehensive review of present and potential approaches to permanent partial benefits.

We offer below some suggestions which should be considered in the State and Federal reviews of the topic. In Chapter 7, we describe the Federal vehicle we believe is appropriate for the review, which we believe will require more time for analysis than was available to this Commission.

Two Bases for Permanent Partial Benefits

There are two possible bases for permanent partial benefits. Benefits can be paid solely because of a work-related *impairment*. Benefits can be paid because the worker has a *disability* which resulted from a work-related impairment. The disability can be measured by actual wage loss or by loss in wage-earning capacity.

Workmen's compensation benefits now are usually justified as payments because of disability. Nonetheless, payments solely because of impairment are of some importance. In practice, there are several approaches to permanent partial benefits which combine the impairment and disability bases in different ways. The same statute may contain more than one of the approaches.

Benefits based solely on extent of impairment. Some statutes incorporate a schedule of benefits for a specific list of impairments, and

the benefits are paid whether or not there is a disability. Moreover, the benefits are the exclusive remedy for workers with these impairments (except, in most States, for the temporary total disability benefits paid during the healing period), even if the worker's wage loss far exceeds the scheduled benefits. The Model Act incorporates this approach for certain impairments, such as the loss of a foot (which, on the assumption that the whole man is rated at 400 weeks, results in 112 weeks of benefits in addition to healing period benefits).

It could be argued that the main purpose of such a schedule is to provide benefits for disability, and that impairment is used as the basis for benefits because impairment and disability are closely related. The validity of this argument is questionable because there is no exact relationship between the degree of impairment and the extent of wage loss. Some workers with only minor permanent impairments have substantial wage losses. The concert pianist who loses a part of one finger is the classic example. Other workers may suffer serious impairments and experience only limited disability. A lawyer might, for example, lose an arm without permanent loss of earning capacity.

Despite the doubtful validity of using impairment ratings to predict the extent of disability, there is an obvious advantage to the use of schedules. They provide a convenient method to determine, on the basis of one evaluation, the benefits that are considered appropriate as a cushion for possible future wage loss or, if no wage loss is suffered, for the impairment itself.

Benefits based solely on extent of disability. Some statutes provide that, for permanent impairments which are not specifically named in the statute, the worker's exclusive remedy (again, with the exception in some States of healing period benefits) are benefits paid only if there is disability. The Model Act provides that for those disabilities which result from injuries not listed in the schedule, the weekly benefit is 55 percent of the loss in wage-earning capacity, payable during the period of disability (subject to minimum and maximum weekly benefits and dependents' allowances).

Benefits based on both disability and impairments; predetermined formula used. Another approach is to base permanent

partial awards on a formula that considers factors relating to impairment and to disability. For example, California uses an impairment rating as a starting point for its permanent partial awards, but then modifies the rating to take account of the worker's age and previous occupation. The California approach, while recognizing the difference between impairment and disability, still represents only a rough estimate of the effect of a specific permanent impairment on the actual wage loss of a particular worker.

Benefits based on both disability and impairment; flexible formula used. Some statutes use impairment ratings as the basis for determining the initial duration of permanent partial benefits, but also provide additional benefits if the actual disability extends beyond this initial period. The Model Act, for example, specifies the number of weeks of benefits for certain serious impairments, such as 240 weeks for the total loss of an arm. Benefits, however, may be paid beyond the prescribed period provided the disability continues. Michigan and New York have adopted this Model Act approach for certain impairments.

Benefits based on disability or impairment. In Florida, a worker with a nonscheduled permanent impairment receives benefits based on impairment or disability. After evaluating the extent of impairment a disability rating is prepared, based on the impairment rating and other information relevant to the worker's earning capacity. Benefits are based on the more generous of the two ratings.

Dual benefits. Another approach, used in Massachusetts, is to separate benefits for impairment from benefits for disability. A worker may be eligible for both.

Suggestions for Restructuring Permanent Partial Benefits

The considerable differences among the States in the benefits awarded for similar impairments cannot be justified. We offer the following suggestions as a starting point for further investigations of the area. We are not endorsing all of these suggestions, though we believe they warrant serious consideration.

Explicitly separate impairment and disability benefits. As indicated in Chapter 1, we

believe that the primary basis for workmen's compensation benefits should be the worker's loss of wages. We also believe that limited payments for permanent impairments are appropriate. A major difficulty with present permanent partial benefit provisions is that most seem to use one formula which bases benefits on both the impairment and disability bases. Combining both bases into one formula appears unworkable.

Consideration should be given to the use of two types of benefits:

permanent partial impairment benefits, paid to a worker solely because of a work-related impairment

permanent partial disability benefits, paid to a worker because he has both a work-related impairment and a resultant disability.

A worker might be eligible for both types of benefits. The impairment benefits would be based on the worker's impairment relative to the whole man. If, for example, the whole man were defined as 400 weeks, and the disability evaluation unit of the workmen's compensation agency (described in Chapters 4 and 6) determined that a worker was 50 percent impaired, then he would be eligible for 200 weeks of benefits.

Impairment benefits are justified because of losses an impaired worker experiences that are unrelated to lost remuneration. The impairment may, for example, have lifetime effects on the personality and normal activities of the worker. Since impairment benefits have no relationship to wage loss, there would be no necessity to link the value of the weekly benefits to the worker's own weekly wage; the weekly benefit could be the same amount for all workers in the State.

In contrast, the disability benefits could be based on actual wage loss or loss in wage earning capacity. In most States, permanent partial benefit awards are based on estimates of the future loss in wages caused by the impairment. In some States, such as Michigan, the worker can be paid benefits on the basis of actual wage loss as it develops over an extended period. While the Michigan approach has some costs, primarily the added administrative expenses of keeping a case open for a long time, these burdens are not insupportable. The method has the substantial merit of matching

benefits to a worker's actual loss of wages, rather than basing benefits on guesses about future wage loss.

Remove schedules from the statutes. Almost every workmen's compensation statute contains a schedule which stipulates the benefits to be paid for the listed impairments. These schedules in some cases may provide a short-cut to the determination of the benefits to be paid, but that is not an adequate justification for their use. Present schedules include only a small proportion of all medically identifiable permanent impairments. Also, some schedules have not been revised for many years, despite considerable progress in the understanding of the relationship between specific injuries and extent of functional impairment. A basis for a rational evaluation of injury or disease is the recently published American Medical Association's *Guides to the Evaluation of Permanent Impairment*. Use of the AMA publication instead of statutory scheduling appears desirable.

It must be stressed, however, that the AMA guides are relevant for evaluation of impairment, not disability; and disability should be the primary basis for awarding permanent partial benefits. Use of the AMA guides to help establish the impairment rating, and then use of the impairment rating in conjunction with other information, such as the worker's age, education, and previous experience, to establish the extent of disability seems most appropriate. It is hard to see how any statutory schedule could substitute effectively for this process.

Modify existing schedules. We are skeptical of the validity of many statutory schedules, partially because of the substantial inconsistencies in benefits paid for identical impairments. A loss of a foot entitles a worker to an award of \$6,000 or less in five States; at the other extreme, in five others, the loss of a foot may mean \$15,000 or more. (Table 3.10)

If it is believed desirable to retain a schedule for permanent partial benefits, either in a statute or in administrative regulation, then we offer these suggestions. The States should review their schedules on the basis of the AMA guides, recognizing that impairment and disability are distinctive concepts. One way to reflect the distinction would be to follow the California policy of modifying impairment ratings by factors relevant to earning capacity. Another

TABLE 3.10 Specified maximum amounts of benefits provided for loss of arm, foot, and eye in various jurisdictions, 1972

Arm at shoulder	States (50)	Other "States" (6)*	Federal (2)
Over \$25,000	6	1	1
20,000-24,999	1	1	1
15,000-19,999	14	1	0
10,000-14,999	22	2	0
Under 10,000	7	0	0
Foot			
Over \$20,000	2	1	1
15,000-19,999	3	0	0
10,000-14,999	14	2	1
6,000-9,999	26	2	0
Under 6,000	5	0	0
Eye*			
Over \$20,000	1	1	1
15,000-19,999	4	0	0
10,000-14,999	8	2	1
6,000-9,999	27	1	0
Under 6,000	10	0	0

* No set amount in Puerto Rico.

See Table 2.3 for explanatory notes.

way to give additional emphasis to disability as a basis for permanent partial awards would be to adopt the Model Act provision which permits benefits beyond the scheduled period when the disability persists.

Reallocate resources. As indicated, permanent partial benefits in some States appear to take a disproportionate share of total benefits. Moreover, permanent partial benefits for minor impairments in some States seem to be excessive compared to benefits for more serious impairments. In some States, payments are made even though there are no impairments. At the same time, the maximum weekly benefits for permanent partial benefits are so low in many States that seriously disabled workers are penalized.

Drastic reform may be necessary in some States to shift benefits to workers with the most

serious impairments. A possible strategy would be to increase the maximum weekly benefits at the rate we have recommended for other classes of benefits, while simultaneously proscribing permanent partial payments unless the worker experiences a permanent impairment of at least 10 percent of the whole body or an actual wage loss of at least 10 percent of the pre-disability wage.

Healing period benefits. Most workers with permanent partial impairments experience a brief initial period of total disability. Temporary total benefits are awarded for this healing period. After wage-earning capacity returns, eligibility for permanent partial benefits is determined. In most States, permanent partial benefits are paid in addition to the healing period benefits, but in a few States, benefits paid for the healing period are subtracted from the permanent partial awards. This practice is questionable since the permanent partial awards generally are designed to estimate future wage loss, whereas healing period benefits are paid because of wages already lost at the time of the evaluation.

Relationship to Other Programs

Many workers with permanent partial disability receive benefits from two or more programs, including workmen's compensation. About 25,000 beneficiaries with retirement or disability awards under Social Security in 1968 also were receiving workmen's compensation benefits. Although it is not known what number were receiving permanent partial benefits, these benefits are the most likely to be involved in the overlap as there are only about 1,000 permanent total disability awards annually.

The most common private supplement to workmen's compensation for certain types of permanent partial disability comes from accidental death and dismemberment insurance. A majority of companies with at least 100 employees offer these benefits, but not all plans pay benefits for work-related disability.

Some with permanent partial disability awards may subsequently become eligible also for veterans' pensions or for aid to the permanently and totally disabled under the public assistance system. The overlap of these programs is probably small; any duplicate payments are hardly excessive.

ALASKA WORKMEN'S COMPENSATION RATE LEVEL HISTORY

Date of Rate Change	Total Change In Rate Level	Portion Due To Experience	Portion Due to Change In Payroll Base	Portion Due To Law Change
08-01-59	+ 6.0%	-14.6%	-	+24.1%
12-01-60	- 1.3%	- 1.4%	-	+ 0.1%
12-31-61	+ 6.2%	+16.2%	-	-
12-31-62	- 0.4%	- 0.7%	-	+ 0.3%
12-31-63	- 5.4%	- 5.4%	-	-
10-01-64	+15.1%	+ 9.6%	-	+ 5.0%
09-01-65	- 0.3%	- 0.3%	-	-
10-01-66	-11.8%	-13.0%	-	+ 1.4%
11-01-67	- 3.1%	- 3.1%	-	-
01-01-69	+ 7.2%	+ 4.9%	-	+ 2.2%
* 11-01-69	+ 1.6%	+ 6.1%	- 4.2%	-
10-01-70	+ 5.4%	- 1.2%	-	+ 6.7%
04-01-72	- 5.2%	- 5.2%	-	-
06-15-72	+15.8%	-	-	+15.8%
03-01-73	- 3.1%	- 3.1%	-	-
06-01-74	+34.2%	+20.7%	-	+11.2%
06-01-75	+49.9%	+10.9%	-	+35.2%
** 06-01-75	- 2.4%	-	- 2.4%	-
11-01-76	+ 3.7%	- 8.2%	-	+13.0%
02-01-77	+ 6.0%	-	-	+ 6.0%
09-01-77	-18.6%	-	-	-18.6%
03-01-78	+ 5.0%	+ 4.0%	-	+ 1.0%
* 03-01-78	- 8.2%	-	- 8.2%	-
** 06-01-78	- 0.8%	-	- 0.8%	-
10-01-78	+13.1%	+13.1%	-	-
12-01-79	+ 1.8%	- 1.5%	-	+ 3.5%
*** 04-01-80	- 5.9%	-	-	-
** 06-01-80	0.0%	-	-	-
** 01-01-81	+ 9.8%	+10.0%	- 0.8%	+ 0.6%

NOTES:

* The basis of premium is payroll. Effective 11-01-69, the limitation on individual payroll per week was increased from \$300 to \$400.

** Effective 06-01-75, the limitation on individual payroll per week was increased from \$400 to unlimited. A transition program, part of the filing, scheduled full implementation of the change over a period of three years, later extended to six years. Decreases in the rates were filed effective 06-01-75, 03-01-78, 06-01-78 and 01-01-81. The 06-01-80 change resulted in changes in classification relativity but not in overall premium base.

*** The 04-01-80 change did not change the overall rate level. It did change the premium discount entry level from \$1,000 to \$5,000 thus necessitating a compensating change in rates. The expense structure within the rate was also revised.

PREPARED BY: THE ALASKA DIVISION OF INSURANCE

STATE OF ALASKA

AVERAGE WEEKLY WAGE AND BENEFIT HISTORY

PREPARED BY: ALASKA DIVISION OF INSURANCE
SOURCE: RESEARCH AND ANALYSIS DIVISION

TIME PERIOD	STATE AVERAGE WEEKLY WAGE	MINIMUM WEEKLY W.C. BENEFIT
1-1-70 to 9-30-70	185.58	113.00
9-16-70 to 1-1-71	185.58	127.00
1-1-71 to 1-1-72	202.95	127.00
1-1-72 to 6-1-72	209.08	127.00
6-1-72 to 1-1-73	209.08	175.00
1-1-73 to 1-1-74	218.90	175.00
1-1-74 to 1-1-75	226.00	175.00
1-1-75 to 5-22-75	248.34	175.00
5-22-75 to 1-1-76	248.34	198.40
1-1-76 to 1-1-77	357.59	357.59
1-1-77 to 1-1-78	414.15	556.86
1-1-78 to 1-1-79	456.09	607.85
1-1-79 to 1-1-80	392.73	654.30
1-1-80 to 1-1-81	390.00	649.74
1-1-81 to 1-1-82	429.00	858.00
1-1-82 to 1-1-83	471.00	942.00
1-1-83 to 1-1-84	498.00	996.00

§7 Ch 59 SLA 1981

The division of workers' compensation in the Department of Labor shall undertake a comprehensive study of vocational rehabilitation of injured workers to include the following topics: (1) the organizational planning for a central agency to supervise and control the sequence, timeliness, duration and quality of rehabilitative care; (2) the coordination of programs for the distribution of services with other involved agencies; (3) the determination of the relationship of the obligations of employers and employees in the rehabilitative process as well as the accountability for the performance of rehabilitation facilities; (4) the development of methods to minimize the adversary environment and create an atmosphere conducive to successful reemployment; (5) the development of reemployment programs for disabled workers; (6) the integration of workers' compensation with other programs for the disabled; and (7) a review of incentives and disincentives for employees, employers, and insurers involved in the rehabilitative process. The division of workers' compensation shall report its recommendations for legislation or administrative action by the 30th day of the Second Session of the Twelfth Legislature.

The Report of
**The Comprehensive Study of
Vocational Rehabilitation in
The Alaska Workers'
Compensation Program**



PREVIOUSLY DISTRIBUTED

(Additional Copies Available from State of Alaska
Division of Workers Compensation)

JUNEAU, ALASKA
March 12, 1982

EXHIBIT #5

ZEE PAMPLIN JACKSON

Rehabilitation Consultant

P. O. Box 3130

Anchorage, AK 99510

(907) 264-2460

March 12, 1982

To the Legislature:

A Preliminary Report was delivered to you on January 26, 1982.

I have the honor to submit to you the Final Report of the Comprehensive Study of Vocational Rehabilitation in the Alaska Workers' Compensation Program in accordance with House Bill 94, effective July 11, 1981. Corrections and minor changes which do not alter the essence of the Preliminary Report have been made.

Findings of the study have led to general conclusions regarding the delivery system of vocational rehabilitation benefits to injured workers. The State Workers' Compensation system has the potential to fulfill its obligations to injured workers and employers through the provision of properly structured and managed rehabilitation services. These services are presently inadequate, however, for a substantial number of injured workers. Recommendations for change and major improvements are offered for consideration in developing an effective delivery system of rehabilitation benefits to injured workers in Alaska.

Sincerely,

**Zee Pamplin Jackson
Rehabilitation Consultant**

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Division of Workers Compensation)

An Analysis of the Alaska Workers Compensation System

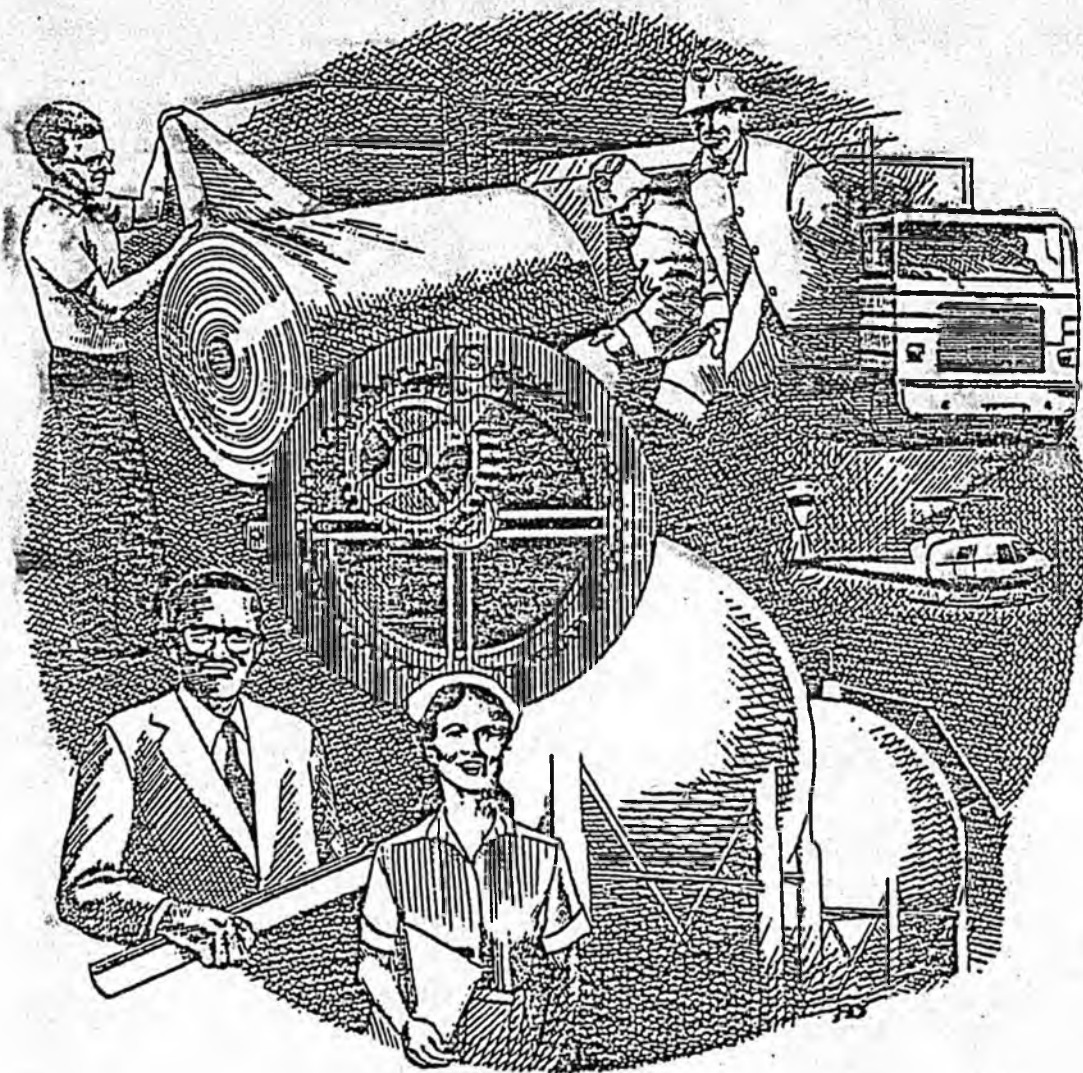


John H. Lewis
P.O. Box 330550, Coconut Grove,
Florida 33133
June 30, 1982

EXHIBIT # C

**Analysis
of Workers'
Compensation
Laws 1982**

Prepared and
Published Annually
By the
U.S. Chamber
of Commerce



PART 2

BENEFITS PROVIDED

Since workers' compensation imposes an absolute (but limited) liability upon the employer for employee disabilities caused by the employment, the benefits payable to the injured employee attempt to cover most of the worker's economic loss. This loss includes both loss of earnings and extra expenses associated with the injury.

Specifically, the benefits provided are:

- **Cash benefits**, which include both impairment benefits and disability benefits. The former are paid for certain specific physical impairments, while the latter are available whenever there is an impairment and a wage loss.
- **Medical benefits**, which are usually provided without dollar or time limits. In the case of most workplace injuries, only medical benefits are provided since substantial impairment or wage loss is not involved.
- **Rehabilitation benefits**, which include both medical rehabilitation and vocational rehabilitation for those cases involving severe disabilities.

CASH BENEFITS

In considering workers' compensation income or cash benefits—which replace employee loss of income or earning capacity due to occupational injury or disease—four classifications of disability are used: (1) temporary total, (2) permanent total, (3) temporary partial, and (4) permanent partial. Permanent partial is divided into "non-scheduled" and "scheduled" disabilities.

Most cases involve *temporary total disability*. That is, the employee—although totally disabled during the period when benefits are payable—is expected to recover and return to employment. *Permanent total disability* generally indicates that the employee is regarded as totally and permanently unable to perform gainful employment.

INCOME BENEFITS FOR PERMANENT AND TEMPORARY TOTAL DISABILITY: CHART V

Income or cash benefits payable under either temporary total or permanent total disability are shown in Chart V. For computing weekly benefit payments, a formula—expressed as a percentage of wage—is used. In most states limitations are placed on maximum and minimum benefits payable weekly; some states also limit the total number of weeks and total dollar amount of benefit eligibility. Where there is permanent total disability most states provide payments extending through the employee's lifetime.

For either temporary total or permanent total disability the wage-replacement percentage in each jurisdiction is the same. However, in permanent total disability cases the time limits tend to be longer and the total dollar amounts higher than in cases of temporary total disability. Some states provide additional amounts for dependents and other benefits. Allowances for dependents are charted as a range in the Maximum Weekly Payment and Notations columns.

PARTIAL DISABILITY

Most awards and the preponderance of dollars paid out as income benefits are either for temporary total or permanent partial disability. As partial disabilities involve current earnings or wage-earning ability, in many states weekly benefit payments for temporary or permanent *partial disabilities* of the "non-scheduled" type are based on a wage-loss replacement percentage. The percentage applies to the difference between wages earned before and after injury. In some states "non-scheduled" permanent partial disabilities are compensated as a percentage of the total disability cases.

INCOME BENEFITS FOR SCHEDULED INJURIES: CHART VI

Chart VI indicates maximum amounts payable in cases of "sched-

uled" injuries. Listed by law, these injuries involve loss—or loss of use of—specific body members, where wage loss based on nature of impairment is presumed. In most jurisdictions the actual amount payable is a specific number of weeks of benefits (based on the member involved) multiplied by the weekly benefit amount (based on earnings at time of injury).

The chart also indicates whether the "scheduled" award is in addition to any payment otherwise payable to the employee while he may be temporarily totally disabled (healing period). Some states limit the amount payable for such periods of temporary total disability.

The Canadian statutes do not provide schedules of specific injuries. Cases are decided individually using medical impairment ratings as guidelines.

SURVIVOR BENEFITS FOR FATAL INJURIES: CHART VII

Benefits payable in the event of fatal injuries—comprising more than 14 percent of all total income benefits—are shown in Chart VII. The benefits provided include a burial allowance as well as a proportion of the worker's former weekly wages.

Although death is the ultimate work-related tragedy, the economic loss associated with death cases is often less than that of a permanent total disability. Because of these considerations, death benefits are generally paid to the spouse until remarriage and to the children until a specified age. In addition, some laws provide a maximum benefit total expressed as a maximum period for the payment of benefits.

MEDICAL BENEFITS, WAITING PERIOD: CHART VIII

Medical Benefits—amounting to about 29 percent of all workers' compensation benefits paid—are shown in Chart VIII. In all U.S. jurisdictions and all Canadian provinces unlimited medical benefits are provided either specifically by statute or by administrative discretion.

Waiting Periods—Statutes provide that a waiting period must elapse during which income benefits are not payable. This waiting period affects only compensation; medical and hospital care are provided immediately. If disability continues for a certain number of days or weeks, most laws provide for payment of income benefits retroactive to the date of injury. Statutory provisions for waiting periods are summarized in Chart VIII.

REHABILITATION BENEFITS: CHART IX

Mutual interests of disabled employees and employers generally favor starting rehabilitation as soon as possible. Although rehabilitation is considered an integral part of complete medical treatment, its uses may extend beyond this (for example, where it includes vocational rehabilitation and retraining).

Specific rehabilitation provisions now in workers' compensation laws are outlined in Chart IX. However, rehabilitation is provided in all states even if unspecified in the law. Maintenance allowance amounts and special fund sources to finance rehabilitation also are indicated.

Insurance carriers and many employers having medical departments are leaders in carrying on rehabilitation for the industrially injured. Likewise, many major industries have comprehensive programs for employment of the physically handicapped. Smaller industries maintain modified programs for placement of disabled individuals in congenial tasks. All of these private programs help employees and employers alike.

The Federal Vocational Rehabilitation Act is now effective in all states; it includes federal funds to aid states in vocational rehabilitation of the industrially disabled.

CHART V

INCOME BENEFITS FOR TOTAL DISABILITY

January 1, 1982

JURISDICTION	PERCENT OF WAGES	MAXIMUM WEEKLY PAYMENT		MINIMUM WEEKLY PAYMENT		TIME LIMIT	AMOUNT LIMIT ²	AUTOMATIC COST OF LIVING INCREASE	OFFSETS ³	NOTATIONS
		AMOUNT	RATE	AMOUNT	RATE					
ALABAMA	66-2/3	\$181.00	66-2/3% SAWW	\$60.00 ¹	25% SAWW ¹	TT—300 weeks PT—Disability	TT—\$48,300			Annual increase in maximum effective July 1.
ALASKA	66-2/3	942.00	200% SAWW	63.00 ¹		Disability			Social Security	Annual increase in maximum effective January 1.
AMERICAN SAMOA	66-2/3					Disability				Compensation increased 10% if the claimant without award unpaid after 14 days; 20% if installment following award unpaid after 10 days.
ARIZONA	66-2/3	203.84				TT—Disability PT—Life				Benefits payable monthly. Additional \$10 monthly if 1 or more total dependents, not subject to maximum.
ARKANSAS	66-2/3	140.00 ²		19.00		TT—150 weeks PT—Disability	TT—\$3,000 ²		Unemployment compensation	15% penalty for employer's violation of safety laws, payable to Second Injury Fund. ²
CALIFORNIA	66-2/3	173.00		49.00		TT—Disability PT—Life		TT—after 2 years		Additional \$70 weekly during rehabilitation. 50% increased compensation up to \$10,000 if injury due to employer's serious, willful misconduct.
COLORADO	66-2/3	231.00	80% SAWW			TT—Disability PT—Life			Social Security	Annual increase in maximum effective July 1. Compensation increased 50% if employer failed to comply with insurance provisions. Compensation decreased 50% if injury results from worker's failure to obey safety regulations or from intoxication.
CONNECTICUT	66-2/3	310.00 to 435.00	100% SAWW	20.00		Disability		October 1		Annual increase in maximum effective October 1. Additional \$10 weekly per dependant child under 13, maximum 50% of basic benefit or 75% of wage (whichever is less). Compensation increased to 75% of wage if employer violated OSHA regulation. ²
DELAWARE	66-2/3	194.81	66-2/3% SAWW	64.84 ¹	22.29% SAWW ¹	Disability				Annual increase in maximum effective June 1.
DISTRICT OF COLUMBIA ⁴	66-2/3 up to 80% of spendable earnings ⁵	396.78 ²	100% SAWW ²	99.20 ^{1,2}	25% SAWW ^{1,2}	Disability ²		PT—October 1, maximum 5% ²		Annual increase in maximum effective October 1. ²
FLORIDA	66-2/3	253.00	100% SAWW	20.00		TT—350 weeks PT—Disability	TT—\$89,550		Unemployment compensation, Social Security	Annual increase in maximum effective January 1. Compensation increased 10% if installment unpaid after 14 days. ²
GEORGIA	66-2/3	115.00 ²		25.00 ¹		Disability				Board may assess \$500 penalty for refusal, unreasonable delay, or willful neglect to make payment. ²
GUAM	66-2/3	56.00		25.00 ¹		Disability	20,000			Compensation increased 10% for late payment without award; 20% if award.
HAWAII	66-2/3	252.00	100% SAWW	TT—\$3.00 ² PT—\$3.00 ²	TT—25% SAWW ² PT—25% SAWW	Disability		PT—anytime prior to June 15, 1982		Annual increase in maximum effective January 1. Compensation may be increased 10% for failure to pay within 31 days after decision or award, or within 10 business days for uncontested temporary total disability case.
IDaho	60	217.80 to 302.50	90% SAWW	106.00	45% SAWW	Disability		After 52 weeks		Annual increase in maximum effective January 1. For first 52 weeks benefit is 60% of worker's wages if there are no dependent children under 18; after 52 weeks benefit is 60% of SAWW. Benefit is increased 7% of SAWW per dependent child (up to 3), but may not exceed 90% of wages. ²
ILLINOIS	66-2/3	403.12	133-1/3% SAWW	TT—100.90 ² PT—151.17	PT—50% SAWW	TT—Disability PT—Life		PT—July 15 of 2nd year		Semiannual increases in maximum effective January 15 and July 15. ²
INDIANA	66-2/3	140.00		50.00 ¹		500 weeks	70,000			After 500 weeks, additional benefits are payable from second injury fund in 150-week increments. ²
IOWA	80% of spendable average	501.00	200% SAWW	(-)		Disability				Annual increase in maximum effective July 1.
KANSAS	66-2/3	187.00	75% SAWW	25.00		Disability	TT— 75,000 PT—100,000 (includes TT)			Annual increase in maximum effective July 1. Compensation may be increased up to \$100 per week past due (plus up to \$25 per week past due for failure to pay medical bill).
KENTUCKY	66-2/3 ²	254.33	100% SAWW	50.87 ¹	20% SAWW ¹	Disability				Annual increase in maximum effective January 1. Compensation increased or decreased 15% if injury caused by safety violation. Late payment penalty is 6% per year.
LOUISIANA	66-2/3	183.00	66-2/3% SAWW	53.00 ¹	20% SAWW ¹	Disability			PT—Social Security	Annual increase in maximum effective September 1.

¹Actual weekly wage if less.
²Amounts shown in brackets have been calculated.
³Social Security offsets generally apply by formula up to 50% of basic benefit.
 Ala. "Compensation may be increased up to 10% for failure to pay within 30 days after due.
 Ark. "Effective 3/1/81, Maximum increases to \$154 and amount limit increases to \$68,300 effective 3/1/82. Amounts over \$73,000 are payable from Death and Permanent Total Disability Bank Fund.
 "10% interest on late installments.
 Conn. "12% interest benefits added if undue delay in payment; 6% interest added if undue delay in acquisition (4 weeks presumed undue delay).
 D.C. "Entire for D.C. effective July 27, 1982. Maximum is no less than \$396.78; minimum is no less than \$98.20. Benefits for D.C. government employees are same as for F.E.C.A. 1960 benefits.
 Fla. "Compensation increased 20% if unpaid 30 days after award.
 Ga. "Effective 7/1/81.
 "Income payable without award increased 15% if not paid within 14 days unless claim is controverted or Board excuses. Awarded benefits increased 20% if not paid within 20 days unless Board grants review.

Hawaii "Actual wages if less, but no less than \$36.
 "8% interest on late payments.
 Idaho "8% interest on late payments.
 Ill. "Maximum TT benefit is \$100.90 if unmarried and ranges up to \$124.30 if 4 or more dependents. In all cases claimant receives actual weekly wage if less.
 "TT benefits may be increased \$10 per day, up to \$2,500, for unreasonable delay in payment; 14 days is presumed unreasonable. Compensation may be increased 50% for unreasonable or vexatious delay in payment. Compensation may be increased 25% for employer's willful violation of safety standard.
 Ind. "Award is increased 5% if employer loses on court appeal; court may increase to 10%.
 Iowa "Minimum weekly wage is 35% of SAWW (= \$67.68); benefits determined by worker's tax status.
 Ky. "80% of AWW during rehabilitation.

CHART V □ INCOME BENEFITS FOR TOTAL DISABILITY □ January 1, 1982 (continued)

STATE JURISDICTION	PERCENT OF WAGES	MAXIMUM WEEKLY PAYMENT		MINIMUM WEEKLY PAYMENT		TIME LIMIT	AMOUNT LIMIT ²	AUTOMATIC COST OF LIVING INCREASE	OFFSETS ³	NOTATIONS
		AMOUNT	RATE	AMOUNT	RATE					
MAINE	66-2/3	\$367.25	166-2/3% SAWW	\$25.00		Disability		July 1	Unemployment compensation	Annual increase in maximum effective July 1. Compensation may be increased 10% for failure to pay uncontested claim within 10 days.
MARYLAND	66-2/3	287.00	100% SAWW	TT—50.00 ¹ PT—23.00 ¹		Disability		(-)		Annual increase in maximum effective January 1. If permanent disability exceeds 50% of whole body, worker receives additional compensation from Subsequent Injury Fund after completion of payments by employer.
MASSACHUSETTS	66-2/3	219.93	100% SAWW	40.00 ²		Disability	TT—\$67,463 ²			Annual increase in maximum effective October 1. Additional \$8 weekly per dependent if total benefit does not exceed \$150 or 100% of wages. ²
MICHIGAN	80% of spendable earnings	307.00	90% SAWW			Disability ¹		PT (injury prior to 11/82)	Disability, pension, Social Security retirement	Annual increase in maximum effective January 1. Additional \$50 per day for award unpaid after 30 days. Maximum \$1,500.
MINNESOTA	66-2/3	287.00	100% SAWW	133.50 ¹	50% SAWW ¹	Disability		October 1	Social Security after \$25,000 paid ²	Annual increase in maximum effective October 1. Late payment increased 10% if inexcusably delayed, plus 12% interest.
MISSISSIPPI	66-2/3	112.00 ¹		25.00		450 weeks	50,400 ¹			Additional rehabilitation allowance up to \$10 weekly for 52 weeks.
MISSOURI	66-2/3	174.00 ¹	66-2/3% SAWW	40.00		TT—400 weeks PT—Life	TT—60,600			Annual increase in maximum effective July 1. 6% interest for late payments. ²
MONTANA	66-2/3	241.00	100% SAWW			Disability ¹			Social Security	Annual increase in maximum effective July 1. Compensation may be increased 20% for period payment is unreasonably delayed or refused.
NEBRASKA	66-2/3	180.00		49.00 ¹		Disability				
NEVADA	66-2/3	289.09	100% SAWW			TT—Disability PT—Life			Social Security	Benefits payable monthly. Annual increase in maximum effective July 1.
NEW HAMPSHIRE	66-2/3 ¹	234.00	100% SAWW	30.00 ¹		Disability ²		July 1		Annual increase in maximum effective July 1. Double compensation if employer violated prior recorded safety standard.
NEW JERSEY	70	217.00	73% SAWW	58.00	20% SAWW	TT—400 weeks PT—Life	TT—80,800		Social Security	Annual increase in maximum effective January 1. After 450 weeks all reduced rate if employed; at full rate if not able to be rehabilitated.
NEW MEXICO	66-2/3	248.44	100% SAWW	38.00 ¹		600 weeks	147,684			Annual increase in maximum effective January 1. 10% additional compensation payable by employer for failure to provide safety devices.
NEW YORK	66-2/3	215.00		TT—20.00 ¹ PT—30.00 ¹		Disability				Persons receiving PT benefits may collect full compensation and wages if working, but not in excess of pre-injury wage.
NORTH CAROLINA	66-2/3	228.00	100% SAWW	30.00		TT—Disability PT—Life				Annual increase in maximum effective January 1.
NORTH DAKOTA	66-2/3	213.00 plus dependents	100% SAWW	128.00 ¹	60% SAWW ¹	Disability			Social Security	Annual increase in maximum effective July 1. Additional \$3 weekly per dependent child under 18; total benefits not subject to maximum, but may not exceed pre-injury after-tax wages.
OHIO	72—first 12 weeks 66-2/3—after 12 weeks	298.00	100% SAWW	TT— 99.33 ¹ PT—149.00 ¹	TT—33-1/3% SAWW ¹ PT—50% SAWW ¹	TT—Disability ¹ PT—Life				Annual increase in maximum effective January 1. If PT benefit paid Social Security are less than \$144.60 weekly, Disabled Workers' Relief Fund pays difference; amount increased annually by increase in Consumer Price Index.
OKLAHOMA	66-2/3	173.00	66-2/3% SAWW	30.00 ¹		TT—300 weeks PT—Disability	TT—\$2,500			Annual increase in maximum effective October 1. TT may be extended to 500 weeks.
OREGON	66-2/3	288.68 to 311.88	100% SAWW	50.00 ¹		Disability			PT—Social Security	Annual increase in maximum effective July 1. Additional \$3 weekly per dependent (up to 5). ²
PENNSYLVANIA	66-2/3	284.00	100% SAWW	142.00 ¹	50% SAWW ¹	Disability				Annual increase in maximum effective January 1.
PUERTO RICO	66-2/3	TT—45.00 PT—31.25		TT—10.00 PT—12.50		TT—312 weeks PT—Life	TT—14,040 PT—\$16,900			Compensation doubled if due to employer's violation of safety or health law or regulation.
RHODE ISLAND	66-2/3	238.00 to 283.60	100% SAWW	30.00		Disability				Annual increase in maximum effective September 1. Additional \$8 per dependent child under 18; total benefit may not exceed 80% of pre-injury wages. ²
SOUTH CAROLINA	66-2/3	235.00	100% SAWW	25.00		500 weeks	117,500			Annual increase in maximum effective January 1.
SOUTH DAKOTA	66-2/3	208.00	100% SAWW	104.00 ¹	50% SAWW ¹	TT—Disability PT—Life				Annual increase in maximum effective July 1.
TENNESSEE	66-2/3	126.00 ¹		13.00		TT—Disability PT—350 weeks ²	50,400			After 400 weeks PT benefit is reduced to \$10.

Maine: *Carter may be assessed up to \$25 per day for failure to pay award within 10 days. Added benefits during rehabilitation—\$35 weekly.
 Md. *Benefits increased October 1 for persons injured any time during July 1, 1963, through June 30, 1978, and receiving PT benefits in July, 1978.
 Mass. *Actual wages if less, but no less than \$20 if working at least 15 hours a week.
 **250 times SAWW; includes permanent partial disability.
 ***Double compensation if injury due to employer's serious and willful misconduct. If no benefits are paid prior to final decision of claim, award is based on benefits in effect at time of decision instead of date of injury.
 Mich. *Conclusive presumption of PT disability does not extend beyond 600 weeks from injury; thereafter determined in accordance with facts.
 Minn. *Actual wages if less, but no less than 20% of SAWW; \$33.40 through \$30/82. After 104 weeks total disability, supplementary benefits bring compensation to 45% of SAWW; \$173.53 through 9/30/82.
 **Government disability benefits from same injury are offset.

Miss. *Effective 7/1/81.
 Mo. *Compensation increased 15% if injury caused by failure to comply with statute or order, decreased 15% if caused by worker's failure to use safety device.
 Mont. *Compensation terminates upon receipt of Social Security retirement benefits.
 N.H. *If wage is less than \$30, benefit is actual wage; if wage \$30-\$35, benefit is \$30; if wage \$35-\$40, benefit is \$32; benefit increases in \$3 increments per \$5 wage up to \$133; if wage \$135-\$138, benefit is \$92; if wage is over \$133, benefit is 66-2/3% of wage up to maximum.
 **After six successive years of payment, additional payments may be made only on order of the commissioner upon application by the employee and to the employer; if employer objects, a medical panel is provided for.
 Ohio *After 200 weeks claimant examined to determine if disability is permanent.
 Ore. *90% of actual wages, if less.
 **Employer may be sued for damages for failure to comply with posted notices of violation of safety code.
 Pa. *Actual wages if less, but no less than 33-1/3% of SAWW.
 R.I. *No compensation for PT disability if worker is earning pre-injury wages.
 Tenn. *Effective July 1, 1981.
 **From date injury is determined to be permanent.

CHART V □ INCOME BENEFITS FOR TOTAL DISABILITY □ January 1, 1982 (continued)

JURISDICTION	PERCENT OF WAGES	MAXIMUM WEEKLY PAYMENT		MINIMUM WEEKLY PAYMENT		TIME LIMIT	AMOUNT LIMIT ²	AUTOMATIC COST OF LIVING INCREASE	OFFSETS ³	NOTATIONS
		AMOUNT	RATE	AMOUNT	RATE					
TEXAS	66-2/3	\$154.00		\$25.00		TT—401 weeks PT—Life ⁴	\$31,754			Annual increase in maximum effective September 1. ⁵
UTAH	66-2/3	TT—256.00 PT—218.00	TT—100% SAWW PT—85% SAWW	45.00 ¹		Disability ⁶				Annual increase in maximum effective July 1. Additional \$3 if spouse, plus \$5 per dependent child under 18 (up to 4); total benefit may not exceed maximum. ⁷
VERMONT	66-2/3	225.00 to 337.50	100% SAWW	112.50 ¹	50% SAWW ¹	TT—Disability PT—330 weeks ⁴	PT—7,4250 ⁸	July 1		Annual increase in maximum effective July 1. Additional \$5 per dependent child under 21; total benefits may not exceed pre-injury wages. ⁹
VIRGIN ISLANDS	66-2/3	TT—138.00 ¹ PT—123.10 ¹	TT—100% SAWW ¹ PT—90% SAWW ¹	60.00 ¹		Disability		After 2 years on January 1		Annual increase in maximum effective January 1. Total disability benefits begin after medical and vocational rehabilitation end. Compensation increased 15% for injury caused by employer's fault to comply safety order. ¹⁰
VIRGINIA	66-2/3	\$31.00	100% SAWW	\$7.75 ¹	25% SAWW ¹	TT—300 weeks PT—Disability ⁴	TT—113,500	October 1 ⁵		Annual increase in maximum effective July 1. Compensation increased 30% for failure to pay within 2 weeks after due. ¹¹
WASHINGTON	60	223.11	75% SAWW	42.69 ¹		Disability		July 1	Social Security coverage 62	Benefits payable monthly. Annual increase in maximum effective July 1. Additional 5% of wages for spouse, plus 2% of wages per dependent child (up to 5), up to maximum. ¹²
WEST VIRGINIA	70	278.29	100% SAWW	92.10	33-1/3% SAWW	TT—208 weeks PT—Life	TT—57,463			Annual increase in maximum effective July 1.
WISCONSIN	66-2/3	269.00	100% SAWW	30.00		TT—Disability PT—Life			Social Security	Annual increase in maximum effective January 1. ¹³
WYOMING	TT—66-2/3	TT—415.66 PT—277.12 plus dependents	TT—100% SAWW PT—66-2/3% SAWW	TT—43.33 PT—277.12	PT—66-2/3% SAWW	TT—Disability PT—Life	(1)			Benefits payable monthly. Quarterly increases in maximum effective January 1, April 1, July 1, and October 1. PT benefit fixed at 66-2/3% of SAWW plus lump sum per child calculated at \$60 per month until age 18 (21 if invalid). ¹⁴
F.R.C.A.	66-2/3	737.18 to 1,253.33	75% of highest rate for GS-15	133.30 ¹	75% of lowest rate for GS-2 ¹	TT—Disability PT—Life		October 1		Benefits payable monthly. Increase maximum effective 1/1/82, increase in maximum effective 10/4/81. Additional 8-1/3% of AWW payable if 1 or more dependent. ¹⁵
DORSETSHIRE ACT	66-2/3	496.70 ¹	200% NAWW ¹	114.08 ¹	50% NAWW ¹	Disability		PT—October 1		Annual increase in maximum effective October 1.
ALBERTA	90% of weighted net income	496.20		TT—141.53 ¹ PT—141.53		TT—Disability PT—Life				PT payable monthly. Maximum annual earnings at 150% of provincial average industrial earnings (\$40,000). Annual increase in maximum effective January 1. ¹⁶
BRITISH COLUMBIA	75	358.25		149.83 ¹		TT—Disability PT—Life		January 1 and July 1	Canada Pension	PT payable monthly. Maximum annual earnings \$24,700. Annual increase in maximum effective January 1. ¹⁷
MANITOBA	75	331.73		TT—109.62 ¹ PT—109.62		TT—Disability PT—Life			Canada Pension	PT payable monthly. Maximum annual earnings \$23,000. Annual increase in maximum effective January 1. ¹⁸
NEW BRUNSWICK	90% of weighted net income	304.78 to 341.17 ¹		TT—60.00 ¹ PT—115.36		TT—Disability PT—Life				PT payable monthly. Maximum annual earnings at 150% of provincial average industrial earnings (\$23,200). Annual increase in maximum effective January 1. ¹⁹
NEWFOUNDLAND	75 ¹	302.88		TT—122.40 ¹ PT—122.40		TT—Disability PT—Life				PT payable monthly. Maximum annual earnings \$21,000, effective 1/1/81. Board may raise compensation as it deems equitable. ²⁰
NORTHWEST TERRITORIES	75	334.62		147.23 ¹		TT—Disability PT—Life				Benefits payable monthly. Maximum annual earnings \$20,400, effective 1/1/81. ²¹
NOVA SCOTIA	75	274.04 plus dependents		99.00 ¹		TT—Disability PT—Life		PT—January 1		PT payable monthly. Maximum annual earnings \$19,000, effective 1/1/82. Additional \$28.02 weekly per child; total benefit may exceed maximum. ²²
ONTARIO	75	320.19		156.00 ¹		TT—Disability PT—Life		TT—after 12 months		PT payable monthly. Maximum annual earnings \$22,200, effective July 1, 1981. ²³
PRINCE EDWARD ISLAND	75	216.35		60.00 ¹		TT—Disability PT—Life				Maximum annual earnings \$15,000, effective April 1, 1980. ²⁴
QUEBEC	90% of weighted net income	308.88 to 348.12		35.00 ¹		TT—Disability PT—Life		January 1		Maximum annual earnings at 150% of provincial average industrial earnings (\$28,000). Annual increase in maximum effective January 1. ²⁵
SASKATCHEWAN	75	375.00		133.86 ¹		TT—Disability PT—Life			Canada Pension after 1 year	PT payable monthly. Maximum annual earnings \$25,000, effective 1/1/82. After 2 years' disability, an amount equal to 10% of compensation is set aside to purchase annuity for benefits after age 65. ²⁶
YUKON TERRITORY	75	348.21		(1)		TT—Disability PT—Life		January 1		Maximum annual earnings \$24,000. Annual increase in maximum effective January 1. ²⁷
CANADIAN MERCHANT SEAMEN'S ACT	75	245.19		51.70		TT—Disability PT—Life				Benefits payable monthly. Maximum annual earnings \$17,000. Gov.-in-Council may raise benefits to level paid in marine provinces. ²⁸

Texas "In case of amputation or paralysis of two limbs, loss of vision in both eyes, or permanent insanity.
¹Maximum increased \$7 and minimum increased \$1 per \$10 increase in SAWW.
 Utah "Disability beyond 312 weeks is payable from Second Injury Fund, minimum \$100 weekly.
 VT "From date disability is determined to be permanent.
¹Benefits may be disallowed if injury results from worker's failure to use safety device.
 V.I. "During vocational rehabilitation, income benefits are 75% of AWW, maximum SAWW, minimum \$75 or actual wages if less, 1982 data not available in time for publication.
 Va. "500-week limit for certain PT cases.
¹Recipient of Social Security ineligible for cost of living increases.
 Wash. "Plus \$8.53 for first child, \$7.15 for second child, \$3.50 each for third through fifth children, and \$6.92 for spouse.
¹30% penalty payable to Accident Fund for dependent children, minimum is amount of death benefit payable to spouse five weeks.
 Wyo. "Compensation may be adjusted up or down by 15% (up to \$10,000) for failure to use safety device or coey tools or order, 10% interest payable on late payments. Employer, insurer, or both may be assessed penalty up to amount the amount of compensation (not to exceed \$13,000) for bad faith failure to make payments.
¹Court must approve PT payments after \$71,200 (257 times 66-2/3% SAWW).
 F.R.C.A. "For Nonaccredited Fund Insurers/Act, maximum is \$470.81 (66-2/3% of GS-12, step 10), and minimum is \$120.27 (66-2/3% of GS-2, step 1), effective October 4, 1981.

Ala. "Employee must pay half of "costs of the claim" to Accident Fund if injury caused by safety violation.
 B.C. "On application for review, Board may award benefits based on current levels.
 Man. "Maximum earning ceiling increased by \$1,000 if 10% of torture injured in preceding year earn in excess of maximum.
 N.B. "Board must review maximum at least biennially. Higher figure is for retired claimant with 5 dependents.
 Nfld. "100% of wages if injury incurred in mine or with same number of children.
 N.S. "If 2 or more dependent children, maximum is amount of death payment to spouse with same number of children.
 Ont. "No less than award if worker had been fatally injured.
 P.E.I. "Actual wages if less, but Board may set minimum at \$15.
 Sask. "Actual wages if less for first 2 years' disability.
¹Maximum earning ceiling increased by \$1,000 if 10% of workers injured in preceding year earn in excess of maximum.
 Yukon "Benefits increased annually based on Consumer Price Index, and based on 90% of territory's average wage, effective January 1. Minimum weekly benefit for 1981—\$92.00, actual wages if less.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

CHART-V □ INCOME BENEFITS FOR TOTAL DISABILITY □ January 1, 1982 (continued)

JURISDICTION	PERCENT OF WAGES	MAXIMUM WEEKLY PAYMENT		MINIMUM WEEKLY PAYMENT		TIME LIMIT	AMOUNT LIMIT ¹	AUTOMATIC COST OF LIVING INCREASE	OFFSETS ²	NOTATIONS
		AMOUNT	RATE	AMOUNT	RATE					
TEXAS	66-2/3	\$154.00		\$25.00		TT—401 weeks PT—Life	\$31,754			Annual increase in maximum effective September 1. ³
UTAH	66-2/3	TT—256.00 PT—218.00	TT—100% SAWW PT—85% SAWW	45.00 ¹		Disability				Annual increase in maximum effective July 1. Additional \$5 if spouse, plus \$5 per dependent child under 18 (up to 4); total benefit may not exceed maximum. ⁴
VERMONT	66-2/3	225.00 to 337.50	100% SAWW	112.50 ¹	50% SAWW ¹	TT—Disability PT—330 weeks	PT—74,250 ⁵	July 1		Annual increase in maximum effective July 1. Additional \$5 per dependent child under 21; total benefits may not exceed pre-injury wages. ⁶
WYOMING ISLANDS	66-2/3	TT—139.00 ⁷ PT—125.10 ⁸	TT—100% SAWW ⁹ PT—80% SAWW ⁹	40.00 ^{1,10}		Disability		After 2 years on January 1		Annual increase in maximum effective January 1. Total disability benefits begin after medical and vocational rehabilitation ends. Compensation increased 15% for injury caused by employer's failure to obey safety order. ¹¹
VIRGINIA	66-2/3	\$31.00	100% SAWW	\$7.25 ¹	25% SAWW ¹	TT—300 weeks PT—Disability	TT—113,500	October 1 ¹²		Annual increase in maximum effective July 1. Compensation increased 20% for failure to pay within 2 weeks after due.
WASHINGTON	60	223.11	75% SAWW	42.65 ¹		Disability		July 1	Social Security coverage 62	Benefits payable monthly. Annual increase in maximum effective July 1. Additional 5% of wages for spouse, plus 2% of wages per dependent child (up to 5), up to maximum. ¹³
WEST VIRGINIA	70	278.23	100% SAWW	82.10	33-1/3% SAWW	TT—206 weeks PT—Life	TT—57,463			Annual increase in maximum effective July 1.
WISCONSIN	66-2/3	288.00	100% SAWW	50.00		TT—Disability PT—Life			Basic Security	Annual increase in maximum effective January 1. ¹⁴
WYOMING	TT—66-2/3	TT—415.66 PT—277.12 plus dependents	TT—100% SAWW PT—66-2/3% SAWW	TT—43.38 PT—277.12	PT—66-2/3% SAWW	TT—Disability PT—Life	(1)			Benefits payable monthly. Quarterly increases in maximum effective January 1, April 1, July 1, and October 1. PT benefit fixed at 66-2/3% of SAWW plus lump sum per child calculated at \$50 per month until age 18 (21 if invalid).
F.R.C.A.	66-2/3	737.18 to 823.33	75% of highest rate for GS-15	135.30 ¹	75% of lowest rate for GS-2 ¹	TT—Disability PT—Life		October 1		Benefits payable monthly. Increase maximum effective 1/1/82. Increase in maximum effective 10/4/81. Additional 8-13% of AWW payable if 1 or more dependent.
LONGSHORE ALT	66-2/3	498.70 ¹⁵	200% NAWW ¹⁶	114.06 ^{1,17}	50% NAWW ^{1,17}	Disability		PT—October 1		Annual increase in maximum effective October 1.
ALBERTA	90% of weighted net income	498.20		TT—141.53 ¹ PT—141.53		TT—Disability PT—Life				PT payable monthly. Maximum annual earnings is 150% of provincial average industrial earnings (\$40,000). Annual increase in maximum effective January 1. ¹⁸
BRITISH COLUMBIA	75	358.25		149.03 ¹		TT—Disability PT—Life		January 1 and July 1	Canada Pension	PT payable monthly. Maximum annual earnings \$24,700. Annual increase in maximum effective January 1. ¹⁹
MANITOBA	75	331.73		TT—109.62 ¹ PT—109.62		TT—Disability PT—Life			Canada Pension	PT payable monthly. Maximum annual earnings \$23,000. Annual increase in maximum effective January 1. ²⁰
NEW BRUNSWICK	90% of weighted net income	304.78 to 341.17 ²¹		TT—90.00 ¹ PT—115.38		TT—Disability PT—Life				PT payable monthly. Max. sum annual earnings is 150% of provincial average industrial earnings (\$23,200). Annual increase in maximum effective January 1.
NEWFOUNDLAND	75 ²²	302.68		TT—122.40 ¹ PT—122.40		TT—Disability PT—Life				PT payable monthly. Maximum annual earnings \$21,000, effective 1/1/81. Board may raise compensation as it deems equitable.
NORTHWEST TERRITORIES	75	334.62		147.23 ¹		TT—Disability PT—Life				Benefits payable monthly. Maximum annual earnings \$20,400, effective 1/1/81.
NOVA SCOTIA	75	274.04 plus dependents		99.00 ^{1,23}		TT—Disability PT—Life		PT—January 1		PT payable monthly. Maximum annual earnings \$19,000, effective 1/1/82. Additional \$28.02 weekly per child; total benefit may exceed maximum.
ONTARIO	75	320.13		154.00 ¹		TT—Disability PT—Life		TT—after 12 months		PT payable monthly. Maximum annual earnings \$22,200, effective July 1, 1981.
PRINCE EDWARD ISLAND	75	218.35		60.00 ¹		TT—Disability PT—Life				Maximum annual earnings \$15,000, effective April 1, 1980.
QUEBEC	90% of weighted net income	308.86 to 348.12		33.00 ¹		TT—Disability PT—Life		January 1		Maximum annual earnings is 150% of provincial average industrial earnings (\$26,000). Annual increase in maximum effective January 1.
SASKATCHEWAN	75	375.00		133.66 ¹		TT—Disability PT—Life			Canada Pension after 1 year	PT payable monthly. Maximum annual earnings \$26,000, effective 1/1/82. After 2 years of disability, an amount equal to 10% of compensation is set aside to purchase annuity for benefits after age 65. ²⁴
YUKON TERRITORY	75	348.21		(7)		TT—Disability PT—Life		January 1		Maximum annual earnings \$24,000. Annual increase in maximum effective January 1. ²⁵
CANADIAN SEAFARER'S ACT	75	245.19		90.00		TT—Disability PT—Life				Benefits payable monthly. Maximum annual earnings \$17,000. Gov.-in-Council may raise benefits to level paid in maritime provinces.

Texas ¹In case of amputation or paralysis of two limbs, loss of vision in both eyes, or permanent insanity.

²Maximum increased \$7 and minimum increased \$1 per \$10 increase in SAWW.

Utah ³Disability beyond 312 weeks is payable from Second Injury Fund, minimum \$10 weekly.

Vt. ⁴From date disability is determined to be permanent.

⁵Benefits may be disallowed if injury results from worker's failure to use safety device.

Vt. ⁶During vocational rehabilitation, income benefits are 75% of AWW, minimum SAWW, minimum \$73 or actual wages if less. 1982 data not available in time for publication.

Wa. ⁷\$300 maximum limit for certain PT cases.

⁸Amount of Social Security increase for cost of living increases.

Wa. ⁹Plus \$4.53 for first child, \$7.11 for second child, \$3.30 each for third through fifth children, and \$6.82 for spouse.

¹⁰50% penalty payable to Accident Fund for dependent children, minimum is amount of death benefit payable to spouse five weeks.

Wyo. ¹¹Compensation may be adjusted up or down by 15% (up to \$10,000) for failure to use safety device or obey code of order. 10% interest payable on less payments. Employer, insurer, or both may be assessed penalty up to double the amount of compensation (not to exceed \$13,000) for bad faith failure to make payments.

Wyo. ¹²Court must approve PT payments after \$71,206 (257 times 66-2/3% SAWW).

Longshore ¹³For Non-Compensation Fund increase as per Act, maximum is \$470.81 (66-2/3% of GS-12, step 10), and minimum is \$123.27 (66-2/3% of GS-2, step 1), effective October 4, 1981.

Ala. ¹⁴Employer must pay half of "costs of the claim" to Accident Fund if injury caused by safety violation.

B.C. ¹⁵On application for review, Board may award benefits based on current levels.

Man. ¹⁶Maximum earning ceiling increased by \$1,000 if 10% of workers injured in preceding year earn in excess of maximum.

N.B. ¹⁷Board must review maximum at least biennially. Higher figure is for married claimants with 5 dependents.

Nfld. ¹⁸100% of wages if injury incurred in mine or with same number of children.

N.S. ¹⁹2 or more dependant children, minimum is amount of death payment to spouse with same number of children.

Ont. ²⁰No less than award if worker had been fatally injured.

P.E.I. ²¹Actual wages if less, but Board may set minimum at \$15.

Sask. ²²Actual wages if less for first 2 years' disability.

²³Maximum earning ceiling increased by \$1,000 if 10% of workers injured in preceding year earn in excess of maximum.

Yukon ²⁴Benefits increased annually based on Consumer Price Index, and based on 90% of territory's average wage, effective January 1. Minimum weekly benefit for 1981—\$92.00, actual wages if less.

CHART VI

INCOME BENEFITS FOR SCHEDULED INJURIES

January 1, 1982

STATE	ARM AT SHOULDER	HAND	THUMB	FIRST FINGER	SECOND FINGER	THIRD FINGER	FOURTH FINGER	LEG AT HIP	FOOT	GREAT TOE	OTHER TOES	ONE EYE	HEARING ONE EAR	HEARING BOTH EARS
IN THIS GROUP OF STATES, COMPENSATION FOR TEMPORARY DISABILITY IS ALLOWED IN ADDITION TO ALLOWANCE FOR SCHEDULED INJURY														
ALABAMA	\$3,742	\$27,370	\$ 9,582	\$ 6,923	\$ 4,931	\$ 3,542	\$ 2,578	\$32,700	\$22,379	\$ 5,152	\$ 1,771	\$19,964	\$ 5,533	\$29,243
ALASKA	43,880	33,600	10,400	6,440	4,200	3,500	2,100	40,320	28,700	5,320	2,240	22,400	7,290	29,000
AMERICAN SAMOA PPD benefits paid at 66-2/3% of wages for specified number of weeks, no maximum.														
ARIZONA	43,725	36,437	10,931	8,559	5,101	3,644	2,915	38,437	29,180	5,101	1,822	21,842	14,575	43,725
ARKANSAS*	29,000	21,000	8,400	4,900	4,200	2,800	2,100	24,500	17,500	4,200	1,400	14,000	5,600	21,000
CALIFORNIA*	29,488*	21,770	3,797	1,660	1,660	1,260	1,200	32,288*	18,870	2,117	420	10,553**	3,157	21,770
COLORADO*	17,472	8,736	4,200	2,184	1,512	924	1,092	17,472	8,736	2,184	924	11,678	2,940	11,678
CONNECTICUT*	98,720	78,120	29,450	18,740	13,640	9,810	8,060	73,780	61,280	13,020	4,030	72,850	18,120	48,380
DELAWARE	48,703	42,858	14,611	9,741	7,792	5,844	3,698	48,703	31,170	7,792	2,922	38,982	14,611	34,992
DISTRICT OF COLUMBIA	123,795	96,814	29,759	18,252	11,900	8,920	5,562	118,653	81,340	11,900	6,348	83,485	20,633	79,358
FLORIDA No schedule. Benefits paid according to degree of impairment and loss of earnings.*														
GEORGIA	25,875	18,400	8,900	4,600	4,025	3,450	2,875	25,875	15,525	3,450	2,300	14,375	6,900	17,250
GUAM	15,680	11,872	2,858	1,568	1,008	952	392	13,888	9,688	1,458	448	7,840	2,912	11,200
HAWAII*	78,624	61,468	18,900	11,592	7,560	6,300	3,780	72,578	51,660	9,578	4,032	40,320	13,104	50,400
IDAHO*	39,630	35,937	14,841	9,317	7,321	3,328	1,937	28,620	18,634	5,590	1,932	23,290	—	23,290
ILLINOIS*	94,733	78,590	29,218	18,125	14,109	10,078	8,062	80,624	62,484	14,109	4,837	64,499	14,113	68,450
IOWA*	115,250	87,590	27,660	18,133	13,830	11,525	9,220	101,420	69,150	18,440	6,913	64,540	23,050	80,675
MAINE	73,450	60,598	18,363	11,752	10,283	7,345	6,243	73,450	60,598	9,181	3,673	38,725	18,363	73,450
MARYLAND*	53,400	44,500	8,900	3,580	3,115	2,670	2,225	53,400	44,500	3,560	1,890	44,500	11,125	44,500
MASSACHUSETTS*	11,140	8,675	—	—	—	—	—	9,900	7,425	—	—	9,500	7,425	19,600
MICHIGAN*	82,583	66,005	19,955	11,668	10,131	8,754	4,912	66,005	49,734	10,131	3,377	49,734	3,377	49,734
MINNESOTA*	72,090	58,740	17,355	10,680	9,345	8,675	5,340	58,740	44,055	9,345	4,003	42,720	22,695	45,330
MISSISSIPPI	22,400	16,800	6,720	3,920	3,560	2,240	1,680	19,600	14,000	3,350	1,120	11,200	4,480	18,800
MISSOURI*	24,221	18,270	6,254	4,698	3,654	3,054	2,297	21,811	15,660	4,524	1,462	14,618	4,594	17,539
MONTANA*	33,740	24,100	9,036	4,820	4,459	3,013	1,808	38,150	21,590	4,459	1,929	19,883	4,820	24,100
NEBRASKA*	40,500	31,500	10,800	6,300	5,400	3,600	2,700	33,700	27,000	5,400	1,800	22,500	9,000	(-)
NEVADA No schedule. Degree of disability determined in relation to whole man.*														
NEW HAMPSHIRE	50,078	40,950	11,700	7,254	6,034	4,448	3,042	50,078	35,334	6,034	2,340	29,484	12,188	50,078
NEW JERSEY*	68,211	41,405	5,855	3,770	3,018	2,282	1,508	68,211	34,684	3,018	1,131	33,930	3,480	20,200
NEW MEXICO	49,288	30,805	13,554	8,900	5,422	4,189	3,450	49,288	29,341	8,625	3,450	32,007	9,854	38,958
NORTH CAROLINA	54,720	45,600	17,100	10,260	9,120	5,700	4,560	45,600	32,832	7,980	2,290	27,300	15,960	34,200
NORTH DAKOTA*	10,000	10,000	3,250	2,000	1,500	1,000	800	9,360	6,000	1,200	480	6,000	2,000	8,000
OHIO*	33,525	26,075	8,940	5,215	4,470	2,980	2,235	29,600	22,350	4,470	1,490	18,625	3,725	18,625
OKLAHOMA*	19,200	15,000	4,800	2,400	2,200	1,000	600	15,000	13,500	1,800	400	10,000	6,000	19,200
P.R.I.C.O.*	10,000	9,000	3,375	1,800	1,250	1,125	675	10,000	7,875	1,350	675	(-)	2,250	9,000
RHODE ISLAND	74,256	58,072	17,850	10,945	7,140	5,950	4,760	74,256	48,790	9,044	2,300	38,080	14,280	47,500
SOUTH CAROLINA	51,700	38,775	15,275	9,400	8,225	5,875	4,700	45,825	32,900	6,225	2,350	23,500	18,600	38,775
SOUTH DAKOTA	41,600	31,200	10,400	7,220	6,240	4,160	3,120	30,200	26,000	6,240	2,680	31,200	10,400	31,200
TENNESSEE	25,200	18,900	7,560	4,410	3,780	2,520	1,890	23,200	13,750	3,780	1,260	12,600	9,450	18,900
UTAH*	31,977	29,729	11,457	7,182	5,814	2,907	1,368	21,375	15,048	4,448	684	20,520	8,550	17,100
VERMONT*	48,375	39,375	11,250	7,200	5,625	4,500	2,700	48,375	39,375	5,625	2,250	28,125	11,700*	48,375
VIRGINIA*	48,200	34,850	13,860	8,085	6,930	4,620	3,465	40,425	28,875	6,930	2,310	23,100	11,550	23,100
VIRGIN ISLANDS*	20,347	16,681	7,414	7,414	7,414	7,414	8,950	16,631	11,120	7,414	6,950	18,071	11,120	16,681
WASHINGTON*	36,000	32,400	12,950	8,100	6,480	3,240	1,620	36,000	25,200	7,560	2,780	14,400	4,800	28,600
WEST VIRGINIA*	44,208	38,838	14,735	7,368	5,157	3,664	3,664	44,208	25,787	7,368	2,947	24,313	18,419	47,889
WISCONSIN*	45,000	34,000	14,400	5,400	4,050	2,340	2,520	45,000	22,500	7,500	2,250**	24,750	4,950	29,700
WYOMING	41,568	33,600	12,193	8,036	4,157	4,157	4,157	41,568	27,712	5,342	1,940	26,049	11,065	—
F.E.C.A.*	258,791	202,357	61,200	38,149	24,880	20,733	12,440	235,284	170,013	31,315	13,269	132,893	43,125	165,868
LONGSHORE ACT	154,970	121,195	37,253	22,848	14,901	12,418	7,451	143,050	101,824	14,901	7,947	79,472	25,823	99,340
IN THIS GROUP OF STATES, COMPENSATION FOR TEMPORARY DISABILITY IS ALLOWED IN ADDITION TO SCHEDULED INJURY WITH CERTAIN LIMITATIONS AS TO PERIOD														
INDIANA*	18,750	15,000	4,500	3,000	2,625	2,250	1,500	18,750	13,125	4,500	2,150**	13,125	5,825	15,000
KANSAS*	39,270	28,050	11,220	6,919	5,810	3,740	2,805	37,400	23,375	5,810	1,870	22,440	5,810	20,570
NEW YORK*	32,780	25,620	7,875	4,830	3,150	2,825	1,575	30,240	21,525	—	1,680	18,800	6,300	15,500
PENNSYLVANIA*	116,440	95,140	28,400	14,200	11,360	8,520	7,262	118,440	71,600	11,360	4,544	78,100	17,040	73,340
IN THIS GROUP OF STATES, COMPENSATION FOR TEMPORARY DISABILITY IS DEDUCTED FROM THE ALLOWANCE FOR SCHEDULED INJURY														
KENTUCKY No schedule. PP benefits paid at 66-2/3% of wages up to 425 weeks according to degree of disability.*														
LOUISIANA	36,600	27,450	9,150	5,490	3,660	3,660	3,660	32,025	22,875	3,660	1,630	18,300	—	—
OKLAHOMA*	32,750	29,200	7,850	4,585	3,900	2,620	1,945	32,750	28,200	3,900	1,310	26,200	13,100	39,300
TEXAS	30,800	23,100	10,760	6,900	4,620	3,234	2,310	30,600	19,250	4,620	1,540	15,400	—	23,100

NOTE—In Canada permanent physical impairments generally are compensated by degree of disability using medical rating schedules as guidelines. Numbers in italics are computations for loss of major member, loss of leg precluding use of artificial limb, or loss of eye by enucleation.

CHART VI □ INCOME BENEFITS FOR SCHEDULED INJURIES □ January 1, 1982 (continued)

Ar. Salaried—\$12, nond—24, nond—73, first finger—18, second finger—20, third finger—23, fourth finger—15, leg—28, foot—25, great toe—30, other toes—18, one eye—100, one ear—52, born deaf—200.
 Ariz. *PP benefit is 55% of monthly compensation up to \$1,235 (= \$12,011-weekly).
 Ark. Maximum amount for PP is \$63,000.
 Cal. *PP benefit up to \$24,211 weekly.
 *75 funds to meet arthral eye.
 Colo. Maximum weekly benefit is \$84.
 Conn. Compensation may exceed additional benefits based on base of earnings.
 D.C. *Effective July 27, 1982.
 Fla. *90% benefit replacement caused by amputation, loss of 80% of vision (after correction), or spinal fluid drainage—\$50 per 1% of disability up to 50%, and \$100 per 1% of disability over 50%. Wage-loss benefits also payable in all PP cases—95% of difference between 85% of pre-injury wages and earnings after maximum medical improvement. Also, 100% of SAWW weekly; payable to age 65 or until eligible for Social Security, subject to time limits (variable by jurisdiction).
 Heed: *Benefits are subject to disability as determined as a percentage of total loss or impairment of physical or mental faculties or essential max. or maximum compensation is the corresponding percentage of 512 times SAWW (= 576,624 effective 1/1/82).
 Idaho *Maximum weekly PP benefit is 55% of SAWW (= \$132,110 for 1982).
 Ill. *Effective January 15, figures applicable to compensation of member—maximum 125-125% of SAWW, Maximum for contract—maximum is 100% of SAWW (from 1/1/81 until 1/1/84, then at \$252,225).
 Ind. *Payable for 52 weeks; maximum weekly PP benefit is \$75.
 *Second year—\$1,250, third year—\$1,500, fourth year—\$1,125, fifth year—\$750.
 Iowa *Maximum weekly PP benefit is 164% of SAWW (= \$481,001).
 Kans. *Additional waiting period up to 15 weeks may be allowed. Maximum weekly PP benefit is 75% of SAWW.
 Ky. *Maximum weekly PP benefit is 75% of SAWW (= \$191,721). Degree of disability is determined by American Medical Association Guide or decrease in earning capacity, whichever is greater. Benefit ceases upon eligibility for Social Security.
 Md. *Maximum weekly PP benefit is 25-10% of SAWW (= \$88,001); *benefits are payable for 250 weeks or more, the number of weeks are increased by 10% and maximum is 60-20% of SAWW (= \$179,001).
 Mass. *Benefit fixed at amount reflected in chart. Proportional benefits for functional loss of use of arm, hand, leg, or foot.
 Mich. *Wage-loss benefits payable for life.
 Minn. *Award increased by 15% if more than 1 member permanently disabled. Compensation for PP and TT paid concurrently.
 Mo. *Maximum weekly PP benefit is 40% of SAWW (\$14,440 effective 7/1/81); minimum is \$40. If amputation or 100% loss of use, additional 10% compensation. Maximum waiting period is 52 weeks.

Mont. *Maximum weekly PP benefit is 50% of SAWW (= \$130,050, effective 7/1/81). *Chart may also schedule or wage-loss recovery.
 Neb. *Taxes and conservatorship for loss of, or loss of use of, more than 1 member but less than total disability.
 *Permanent total loss of hearing is compensated as permanent total disability.
 *Permanent total loss of hearing is compensated as permanent total disability.
 Nev. *Each 1% of impairment is compensated by .6% of worker's monthly wage up to maximum (= \$11,682.97 as of 7/1/81), payable for 5 years or until age 65, whichever is later.
 N.H. *Contributions include allowance for amputation of member (20% additional compensation). Compensation is payable weekly at 70% of pre-injury weekly wages, up to a maximum of 55% of SAWW for arm or leg, 45% of SAWW for hand, 40% of SAWW for foot or one eye, 35% of SAWW for hearing—born deaf, 20% of SAWW for other scheduled injuries in chart.
 N.Y. *Additional weeks to TT in excess of statutory hearing period: maximum \$105 weekly. Compensation for wage-loss in addition to schedule if impairment due to loss of 50% or more of member.
 N.D. *PP benefit is \$40 weekly for scheduled number of weeks.
 Ohio *Maximum weekly PP benefit is 50% of SAWW (= \$149,000 for 1982). Compensation payable for 200 weeks if percentage of disability is 50% or greater.
 Okla. *Maximum PP benefit is 50% of SAWW (= \$131,001).
 Oregon *Calculated at \$100 per degree of injury.
 Pa. *Waiting period is 25 weeks for leg or foot, 20 weeks for an arm or hand; 12 weeks for great toe; 10 weeks for thumb, eye, or hearing; 8 weeks for finger or toe.
 P.R. *Maximum PP benefit is \$45 weekly.
 *Permanent total disability is compensated according to percentage of total disability; in addition, loss of eye by amputation is compensated at 10% of permanent total disability.
 Utah *Maximum per week, including allowance for dependent, is 66-27% of SAWW (= \$171 effective 7/1/81).
 Va. *In addition to TT except for loss of hearing in 1 ear.
 Va. *Benefits for scheduled injuries are payable in addition to compensation for temporary disability. County of Scottsylvania v. Hest, 218 Va. 565, 238 S.E.2d 613 (1977). After expiration of scheduled award, claimant may file for further benefits within 1 year if not incarcerated.
 Vt. *PP benefit is 66-20% of SAWW weekly (= \$81,267, effective 1/1/81).
 West. *Benefits fixed at amount reflected in chart. 25% weeks for disability not involving amputation.
 W.Va. *PP benefit is 70% of wages, payable in 4-week periods per 1% of disability up to 55% per week. Maximum is 60-20% of SAWW (= \$184,119 effective 7/1/82 and \$100 effective 1/1/84).
 Wyo. *Maximum weekly PP benefit is \$90 effective 1/1/82 and \$100 effective 1/1/84.
 Wyo. *PP benefit is 66-20% of SAWW.
 F.E.C.A. *Includes allowance for dependents.

CHART VII FATALITIES—INCOME BENEFITS FOR SPOUSE AND CHILDREN January 1, 1982

JURISDICTION	PERCENT OF WAGES			MAXIMUM WEEKLY PAYMENT		MINIMUM PER WEEK SPOUSE ONLY	TIME LIMIT	AMOUNT LIMIT ¹		MAXIMUM BURIAL ALLOWANCE
	SPOUSE PLUS CHILDREN	SPOUSE ONLY	ONE CHILD ONLY	SPOUSE PLUS CHILDREN	SPOUSE ONLY			SPOUSE PLUS CHILDREN	SPOUSE ONLY	
ALABAMA	66-2/3	50	50	\$161.00*	\$161.00*	\$60.00*	500 weeks ^{2,6}	\$80,500	\$80,500	\$1,000
ALASKA	66-2/3	66-2/3	66-2/3	\$42.00*	\$42.00*	45.00	(2,4,7)			1,000
AMERICAN SAMOA	66-2/3	35	35	70.00	36.75	\$25 ⁸	(2,4)			1,000
ARIZONA	66-2/3	35	25	203.64	107.00		(2,4)			1,000
ARKANSAS	66-2/3	35	50	140.00*	140.00*	15.00	(2,4)	(-)	(-)	750
CALIFORNIA	(-)	(-)	(-)	175.00	175.00	(-)	(2)	75,000	75,000	1,500
COLORADO	66-2/3	66-2/3	66-2/3	261.80*	261.80*	65.45*	(2,4)			1,000
CONNECTICUT	66-2/3	66-2/3	65-2/3	310.00*	310.00*	20.00	(2,3,7)			1,500
DELAWARE	60	66-2/3	66-2/3	292.22*	194.81*	64.54*	(2,4)			700**
DISTRICT OF COLUMBIA	66-2/3	50	50	396.78*	396.78*	99.20*	(2,4)			1,000
FLORIDA	66-2/3	60	33-1/3	253.00*	253.00*	20.00 ⁹	(2,3)	50,000	50,000	1,000
GEORGIA	66-2/3	66-2/3	66-2/3	115.00	115.00	25.00 ⁹	400 weeks ^{2,3}	46,000	32,500	750
GUAM	66-2/3	35	35	50.00	29.40	29.40	(2,4)			600
HAWAII	66-2/3	50	40	252.00*	189.00*	63.00*	(2,4)	(-)	(-)	1,500***
IDAHO				145.20*	108.90*	108.90*	500 weeks ²	72,600	54,450	1,500 ⁷
ILLINOIS	66-2/3	66-2/3	66-2/3	403.12*	403.12*	151.17*	20 years ^{2,4,7}	250,000	250,000	1,750
INDIANA	66-2/3	66-2/3	66-2/3	140.00	140.00	60.00 ⁹	500 weeks ^{2,4}	70,000	70,000	1,500
IOWA	80% of spendable earnings	80% of spendable earnings	80% of spendable earnings	501.00*	501.00*	(-)	(2,4)			1,000
KANSAS	66-2/3	66-2/3	66-2/3	187.00*	187.00*	25.00	(2,6)	100,000	100,000	2,000
KENTUCKY	75	50	50	190.75*	127.17*	50.67*	(2,4)			1,500 ⁷
LOUISIANA	65	32-1/2	32-1/2	183.00*	133.00*	55.00*	(2,4)			3,000
MAINE ⁸	66-2/3	66-2/3	66-2/3	367.25*	367.25*	25.00	(2,3)			1,000
MARYLAND	66-2/3	66-2/3	66-2/3	267.00*	267.00*	25.00 ⁹	(2,4)			1,200**
MASSACHUSETTS				(-)	110.00*	110.00*	(2,4,7)	(-)	(-)	2,000
MICHIGAN	80% of spendable earnings	80% of spendable earnings	80% of spendable earnings	307.00*	307.00*	170.00*	500 weeks ^{2,6,7}	152,500	85,000	1,500
MINNESOTA	66-2/3	50	55	267.00*	267.00*		(2,7)			1,000
MISSISSIPPI ⁹	66-2/3	35	25	112.00	112.00	25.00	450 weeks ²	44,100	44,100	1,000
MISSOURI	66-2/3	66-2/3	66-2/3	174.00*	174.00*		(2,4,7)	195,000	195,000	2,000
MONTANA	66-2/3	66-2/3	66-2/3	241.00*	241.00*	129.50*	(2,4)			1,400
NEBRASKA	75	66-2/3	66-2/3	180.00	180.00	49.00 ⁹	(2,4)			2,000
NEVADA	66-2/3	66-2/3	66-2/3	269.99*	269.99*		(2,4)			2,500 ⁷
NEW HAMPSHIRE	66-2/3*	66-2/3*	66-2/3*	234.00**	234.00**	30.00*	(2,7)			1,200
NEW JERSEY	70	50	50	217.00*	217.00*	58.00*	(2,3,7)			2,000
NEW MEXICO	66-2/3	66-2/3	66-2/3	248.44*	248.44*	36.00	600 weeks ^{2,4}	147,864	147,864	1,500
NEW YORK	66-2/3	66-2/3	66-2/3	215.00	215.00	30.00	(2,4,7)			1,250

¹Amount limits have been computed where not stipulated by law and are shown in italics. Disability payments deducted in all laws, except those of Arizona, Arkansas, Delaware, District of Columbia, Florida, Michigan, Mississippi, Missouri, Nevada, New York, North Dakota, Oregon, Washington, West Virginia, Wisconsin, Wyoming, F.E.C.A., and Longshore Act.

²To child until age 18 (18 in Manitoba, Newfoundland, Northwest Territories, Ontario, Saskatchewan, and Yukon; 19 in Alaska and Wyoming; 21 in Michigan and—1 in school—New Brunswick), if invalid, for duration of invalidity (for 15 years in Wisconsin; for period decedent would have supported child in Alberta, Newfoundland, Prince Edward Island, and Yukon), if student, to age 21 in Colorado, British Columbia, New Brunswick, Nova Scotia, Newfoundland, Prince Edward Island, Saskatchewan, and C.M.S.C.A.; 22 in Connecticut, Florida, Kentucky, Missouri, Nevada, South Dakota, Tennessee, 23 in Virgin Islands; 23 in D.C., Kansas, Louisiana, Maine, Maryland, Mississippi, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Virginia, Washington, F.E.C.A., and Longshore Act; 25 in America Samoa, Arkansas, Delaware, Hawaii, Illinois, Iowa, Minnesota, Montana, Nebraska, New Hampshire, Ohio, Puerto Rico, Texas, West Virginia, and Alberta; no age limit in Alaska (4 years only), Massachusetts, Vermont, Manitoba, Northwest Territories, Ontario, and Quebec.

³To spouse for life; compensation ceases on remarriage.

⁴To spouse for life; cash lump sum upon remarriage (but only if no children in Colorado, Rhode Island, Indiana, and Iowa) or balance of compensation if less (Indiana, New Mexico, South Carolina, and Saskatchewan).

⁵To spouse for life; 1 year's lump sum upon remarriage.

⁶To spouse for life; cash lump sum on remarriage (Alabama—500 weeks or balance if less; Kansas—100 weeks or balance if less; Michigan—\$500 or balance if less; Oregon—\$5,000; Washington—\$7,500 or 50% of remaining annuity value if less; Manitoba—\$3,600; Nova Scotia—\$2,443; Prince Edward Island—\$1,200; Yukon—\$4,902).

⁷Additional allowance for transportation of body; no maximum except: Virginia—\$500; Alberta—\$700; British Columbia—\$423.24 and \$423.24 for incidental death expenses; Nova Scotia—\$300; Prince Edward Island—\$100; Yukon—\$198 for 1981; C.M.S.C.A.—\$125.

⁸Actual wage if less.

⁹Spouse receives cash lump sum in addition to other benefits: Maine—\$1,000; Massachusetts—\$250; North Dakota—\$300 plus \$100 per child; Oklahoma—\$10,000 plus \$2,500 per dependent (maximum \$15,000); Washington—\$500; British Columbia—\$1,058.05; Manitoba—\$1,050; New Brunswick—\$500; Newfoundland—\$1,500; Northwest Territories—\$928; Nova Scotia—\$1,000; Ontario—\$1,200; Prince Edward Island—\$500; Quebec—\$500; Yukon—\$979; C.M.S.C.A.—\$750.

¹⁰If no dependents.

Ala. *Maximum is 66-2/3% of SAWW for spouse and children, 50% of SAWW for spouse only. Minimum is 25% of SAWW, actual wage if less.

Alaska *Maximum is 200% of SAWW.
 **Spousal benefit reduced by 1/3 as of 5 years after worker's death, by 1/2 as of 8 years, and ceases after 10 years; reductions do not apply if spouse is over 52 or permanently and totally disabled. Limited Social Security offset.

Ariz. *Maximum death benefit is \$140 effective 3/1/81 and \$154 effective 3/1/82.
 **Benefits in excess of \$73,000 payable from Death and Permanent Disability Bank Fund.

Cal. *Statutory benefit is 66-2/3% of wages, but Appeals Board has authority to award benefits up to the maximum regardless of wages.
 **Maximum is 80% of SAWW; minimum is 25% of maximum. Social Security offset.

Conn. *Maximum is 100% of SAWW. Employer-funded cost of living increase payable each October.

Del. *Maximum is 80% of SAWW for spouse and children, 66-2/3% of SAWW for spouse only. Minimum for spouse only is 1/3 of maximum for spouse only.
 **Additional burial allowance payable on Board approval.

D.C. Entires for D.C. effective July 27, 1982. Maximum is 100% of SAWW (but no less than \$390.78); minimum is 25% of SAWW (but no less than \$95.20).

Fla. *Maximum is 100% of SAWW.
 Hawaii *Maximum is 100% of SAWW for spouse and children, 75% of SAWW for spouse only. Minimum is 25% of SAWW.
 **Maximum amount for persons other than spouse and children is the maximum benefit times 312.
 ***Includes \$500 for cemetery.

Idaho *Death benefit is fixed at 45% of SAWW for spouse plus 5% of SAWW per dependent child up to 3; 30% of SAWW for one child if no dependent spouse.
 Ill. *Maximum is 133-1/3% of SAWW; minimum is 50% of SAWW.
 **Child under 18 is entitled to at least 6 years' benefits.

Iowa *Maximum is 200% of SAWW, effective 7/1/81.
 **Minimum weekly wage is 35% of SAWW (= \$87.68); benefits determined by worker's tax status.

Kans. *Maximum is 75% of SAWW, effective 7/1/80.

Ky. *Maximum is 75% of SAWW for spouse and children, 50% of SAWW for spouse only. Minimum is 20% of SAWW.
 La. *Maximum is 66-2/3% of SAWW. Minimum is 20% of SAWW, actual wage if less.

Maine *Maximum is 166-2/3% of SAWW.
 Md. *Maximum is 100% of SAWW.
 **Additional burial allowance payable on Commission approval.

Mass. *Death benefit is fixed at \$110 weekly for spouse, plus \$8 per child.
 **After 400 weeks of \$32,000, spouse must prove actual dependence; time and amount limits do not apply to child in a benefit.

Mich. *Maximum is 90% of SAWW, minimum is 50% of SAWW.
 **500-week limit does not apply to children.

Minn. *Maximum is 100% of SAWW.
 **Social Security survivors' benefits offset 18 years' benefits if no dependent children or after last child ceases to be dependent; 2 years' benefits (or balance if less) if spouse elected to receive benefits weekly rather than in lump sum settlement.

Mo. *Maximum is 66-2/3% of SAWW effective 6/13/81.
 **4 years' benefits payable to child on active duty in armed forces at age 18 who enrolls in school prior to age 23.

Mont. *Maximum is 100% of SAWW; minimum is 50% of SAWW, actual wage if less.

Nev. *Maximum is 100% of SAWW.

N.H. *If wage is less than \$30, benefit is 100% wage; if wage \$30-\$35, benefit is \$30; if wage \$35-\$40, benefit is \$32; benefit increases in \$3 increments per \$5 increase in wage, up to \$135; if wage \$135-\$138, benefit is \$92; if wage is over \$138, benefit is 66-2/3% of wage up to maximum.
 **Maximum is 100% of SAWW.

***After 400 weeks, spousal benefits cease unless spouse is permanently and totally disabled. Spousal benefits are payable for 400 weeks and thereafter while a child is eligible for benefits (no time limit if spouse is totally disabled). On remarriage, the unpaid balance otherwise payable for dependent children is payable to parent or guardian for the children's benefit.

N.J. *Maximum is 75% of SAWW; minimum is 20% of SAWW.
 **After 450 weeks, spouse's earnings are deducted.

N.M. *Maximum is 100% of SAWW.

N.Y. *Social Security offset.

CHART VII □ FATALITIES—INCOME BENEFITS FOR SPOUSE AND CHILDREN □ January 1, 1982 (continued)

JURISDICTION	PERCENT OF WAGES			MAXIMUM WEEKLY PAYMENT		MINIMUM PER WEEK SPOUSE ONLY	TIME UNIT	AMOUNT LMT ¹		MAXIMUM BURIAL ALLOWANCE
	SPOUSE PLUS CHILDREN	SPOUSE ONLY	ONE CHILD ONLY	SPOUSE PLUS CHILDREN	SPOUSE ONLY			SPOUSE PLUS CHILDREN	SPOUSE ONLY	
NORTH CAROLINA	66-2/3	66-2/3	66-2/3	\$223.00*	\$223.00*	\$30.00	(2.5)			\$1,000
NORTH DAKOTA ^a	66-2/3	66-2/3	66-2/3	(-)	100.00	10.00	(2.4)			2,000
OHIO ^b	66-2/3	66-2/3	66-2/3	298.00*	298.00*	149.00*	(2.4)			1,200
OKLAHOMA ^a	75	50	35	175.00*	175.00*	30.00 ^b	(2.4)			1,000 ¹¹
OREGON				268.88*	143.44*	143.44*	(2.5)			3,000
PENNSYLVANIA	66-2/3	51	32	284.00*	284.00*	142.00*	(2.4)			1,500
PUERTO RICO	85	50	60	28.85*	23.08*	11.54*	(2.4)			300 ¹¹
RHODE ISLAND	80	66-2/3	66-2/3	265.60*	238.00*	30.00	(2.3)			1,800
SOUTH CAROLINA	66-2/3	66-2/3	66-2/3	235.00*	235.00*	25.00	500 weeks ^{2,4}	117,500	117,500	400
SOUTH DAKOTA	66-2/3	66-2/3	66-2/3	(-)	208.00*	104.00*	(2.4)			2,000 ⁷
TENNESSEE	66-2/3	60	50	128.00	128.00	15.00	(2.3)	50,400	50,400	1,250*
TEXAS	66-2/3	66-2/3	66-2/3	154.00	154.00	29.00	(2.4)			1,250
UTAH	66-2/3	66-2/3	66-2/3	216.00*	216.00*	43.20 ^d	(2.4)			1,000
VERMONT	75-2/3	66-2/3	71-2/3	225.00*	225.00*	112.50*	(2.4)			1,000
VIRGIN ISLANDS	(-)	(-)	(-)	(-)	(-)	(-)	(-)	18,500*	18,500*	800 ¹¹
VIRGINIA	66-2/3	66-2/3	66-2/3	231.00*	231.00*	57.75*	500 weeks ^{2,4}	115,500	115,500	2,000 ⁷
WASHINGTON ^c	70	60	35	223.11*	223.11*	42.69	(2.5)			1,000
WEST VIRGINIA	66-2/3	66-2/3	66-2/3	278.29*	278.29*	92.10*	(2.3)			1,500
WISCONSIN	66-2/3	66-2/3	66-2/3	267.00*	267.00*	30.00	(-)	80,700**	80,700**	1,000
WYOMING				(-)	277.12*	277.12*	(-)	(-)	(-)	1,100**
F.E.C.A. 3	75*	50	30	829.33	829.33	90.21*	(2.4)			3,800 ^{7,11}
LONGSHORE ACT	66-2/3	50	50	(-)	(-)	163.57*	(2.4)			1,000
ALBERTA ¹⁰	75	75		(-)	(-)	(-)	5 years ²			1,200 ⁷
BRITISH COLUMBIA ¹⁰			30	(-)	(-)	(-)	(2.4)			1,269.66 ⁷
MANITOBA ¹⁰	75	75		331.73*	331.73*	109.62*	(2.6)			300 ^{7,11}
NEW BRUNSWICK ¹⁰				(-)	83.08*	83.08*	(2.3)			600 ⁷
NEWFOUNDLAND ¹⁰				(-)	94.82*	94.82*	(2)			1,000 ⁷
NORTHWEST TERRITORIES ¹⁰				(-)	147.23*	147.23*	(2.5)			820 ⁷
NOVA SCOTIA ¹⁰	(-)	(-)		(-)	102.85*	109.05*	(2.6)			750 ⁷
ONTARIO ¹⁰				(-)	113.23*	113.23*	(2.4)			1,200 ⁷
PRINCE EDWARD ISLAND ¹⁰	(-)	(-)		(-)	89.23*	69.23*	(2.5)			500 ⁷
QUEBEC ¹⁰	72	49-1/2 (weighted net income)	49-1/2	277.65*	277.65*	78.89*	(2.3)			600 ⁷
SASKATCHEWAN	75	75		375.00	375.00	133.88	5 years ^{2,4}			1,000 ⁷
YUKON TERRITORY ¹⁰				(-)	89.52*	89.52*	(2.6)			1,121 ^{7,11}
SEMIANNUAL MERCHANT SEAMEN'S ACT ¹⁰				216.35*	83.08*	83.08*	(2.4)			700 ⁷

L.C. *Maximum is 100% of SAWW.

**After 400 weeks, spouse must be dependent or disabled.

1.D. *Maximum \$100 plus \$7 per dependent child under 18.

The *Maximum is 100% of SAWW; minimum is 50% of SAWW.

Xia. *Maximum is 66-2/3% of SAWW.

Yregon *Monthly spousal benefit is fixed at 50% of SAWW times 4.35 (= \$623.98 for 1981-82); an additional \$150 each is payable monthly for the first and second children, plus \$50 monthly per additional child, up to monthly maximum. Maximum is 100% of SAWW times 4.35 (= \$1,247.93 for 1981-82). **Child's benefit payable to age 19 if in high school.

1a. *Maximum is 100% of SAWW; minimum is 50% of SAWW.

1.R. *Maximum for spouse and children is \$125 monthly; for spouse only, \$100 monthly. Minimum is \$50 monthly. Maximum advance payment is \$500 to widow plus \$50 per child, up to \$1,100 total. **540-week limit inapplicable to spouse and children.

1.L. *Maximum is 100% of SAWW plus \$8 per dependent child, up to 80% of pre-injury wages.

1.C. *Maximum is 100% of SAWW.

1.D. *Maximum is 100% of SAWW; minimum is 50% of SAWW, actual wage if less. Additional \$50 monthly is payable for each dependent child.

1.H. *Employer must pay \$10,000 lump sum into estate if worker had no dependents.

1.G. *Additional allowance for dependents is \$3 for spouse plus \$3 for dependent child (up to 4). Maximum (including dependents' allowance) is 85% of SAWW.

**After 312 weeks payments are continued only after annual review, minimum \$63. Balance of 312 weeks up to 52 weeks is payable to spouse upon remarriage. Social Security death benefits partially offset.

1. *Maximum is 100% of SAWW; minimum is 50% of SAWW, actual wage if less.

**To spouse until age 62 or when enrolled to Social Security; balance of 330 weeks, if any, is payable on remarriage. Maximum 330 weeks payable to or for any child.

1. *Death benefit is \$12,500 to \$18,500, payable in installments or lump sum; 60% is payable to children, if any. Amount limit includes amounts paid for disability.

1. *Maximum is 100% of SAWW; minimum is 25% of SAWW, actual wage if less.

**Social Security offset.

1.H. *Maximum monthly benefit is 75% of state average monthly wage.

**Social Security offset.

1a. *Maximum is 100% of SAWW; minimum is 33-1/3% of SAWW.

1. *Maximum is 100% of SAWW.

**If death follows disability, total time limit for disability plus death is 1,000 weeks.

**Amount limit is 300 times SAWW. When primary benefit expires, a supplementary monthly benefit continues for children at 10% of the spouse's monthly benefit, payable from the Children's Fund, to age 18 or for 15 years if invalid.

Wyo. *Monthly benefit is fixed at 66-2/3% of state average monthly wage plus lump sum computed at \$60 monthly per child until age 18 (21 if invalid). After 231 weeks, court may continue payments at 33-1/3% of state average monthly wage. PT benefits in excess of \$4,000 are deducted.

**Employer may make other arrangements.

F.E.C.A. 3 or more children.

**Spouse who remarries after age 60 continues to receive monthly benefits.

***Additional \$200 lump sum payable for cost of lettering status as U.S. employee.

Longshore *No maximum for death benefits. Director of OHCP v. Rasmussen, 440 U.S. 29 (1979). Minimum is 66-2/3% of HAWW, actual wages if less.

Ala. *5 years' declining payment, effective 1/1/82.

B.C. *Maximum monthly benefit for spouse with 2 children is \$1,563.02, plus \$177.51 for each additional child. Childless widow under 40 receives capital sum of \$21,181.43. Benefits for childless widow age 40 or older vary by age. Canada pension is offset.

Man. *Maximum is \$1,437.50 monthly; minimum is \$475 monthly. Allowance for 1 dependent is additional \$107 monthly if under 16 or \$119 monthly if over 16 and in school; allowance for 2 or more dependents is amount payable for 2 oldest children; total monthly benefit may not exceed maximum.

**Plus up to \$30 for plot or urn.

N.B. *Fixed monthly benefit is \$360 plus \$75 monthly per child.

Nfld. *Fixed monthly benefit is \$410 plus \$95 monthly per child. Board may pay additional \$10 monthly per child on account of illness.

N.W.T. *Fixed monthly benefit is \$638 plus \$145 monthly per child.

N.S. *Fixed monthly benefit is \$478 plus \$124 monthly per child.

Ont. *Fixed monthly benefit is \$492 plus \$138 monthly per child.

P.E.I. *Fixed monthly benefit is \$300 plus \$60 monthly per child. If decedent was corporate officer and shareholder, benefit is 75% of maximum earnings of \$15,000.

Quebec *Maximum is 60% of maximum PT disability benefit.

**Benefits stop after 5 years if spouse was under 35. Five years' benefits are payable to any spouse regardless of marital status.

Yukon *Fixed monthly benefit is \$389 plus \$128 monthly per child (1982 figures not available at publication).

C.M.S.C.A. *Fixed monthly benefit is \$360 for spouse only, actual weekly wage if less. Monthly benefit for spouse and children is \$360 plus \$75 per child, up to \$937.50 monthly.

REPORT BY THE
Comptroller General
OF THE UNITED STATES

Longshoremen's And Harbor Workers' Compensation Act Needs Amending

Since the 1972 amendments to the Longshoremen's and Harbor Workers' Compensation Act, injuries have more than tripled, and benefit payments have increased by an estimated 600 percent. Staff shortages and a reluctance to enforce certain provisions of the act have hampered effective program administration.

Legislation has been proposed which would limit the act's jurisdiction and the amounts of compensation payments. In deliberating such legislation, the Congress should consider defining the act's jurisdiction as specifically as possible and providing greater incentives to return to work by basing compensation payments on spendable earnings rather than gross earnings.

Labor should make claimants more aware of their rights and require that employers comply with the act's requirements regarding insurance coverage, reporting, and benefit payments.



COMPENSATION BENEFITS MAY DETER SOME
EMPLOYEES FROM RETURNING TO WORK

Ideally, the benefits provided to a disabled worker would (1) allow a worker to maintain a standard of living somewhat comparable to the worker's standard of living before the disabling injury, (2) be less than the amount of the worker's previous income by the amount of work-related expenses, and (3) provide sufficient incentive for the worker to seek rehabilitation and prompt reemployment, where possible. 1/ The National Commission on State Workmen's Compensation Laws stated in its 1972 report 2/ that the compensation provided to disabled workers must balance incentives to employers to improve safety--thus reducing compensation cost--with incentives to the disabled workers to use rehabilitation services and return to work.

Benefits approach, and
may exceed, net earnings

The act provides for total disability compensation benefits, subject to minimums and a maximum, of 66-2/3 percent of gross pay. When this percentage was established, gross pay approximated net pay. However, primarily due to income taxes and social security taxes, the gap between gross and net pay has widened over the years. Thus, tax-free compensation benefits replace a higher percentage of net pay than they did in the past. 3/ In addition, some workers are eligible for other benefits which, when combined with compensation, could result in benefits that substantially exceed preinjury net pay.

A March 1980 Labor survey of 550 closed cases (see p. 16) showed that compensation paid under the act, on the average, equaled 88 percent of preinjury take-home pay. The percentage of take-home pay replaced generally was higher at higher income

1/"White Paper on Workers' Compensation," prepared by an inter-departmental group from the Departments of Labor, Commerce, Health and Human Services, and Housing and Urban Development working on workers' compensation, May 1974.

2/"The Report of the National Commission on State Workmen's Compensation Laws," July 1972.

3/Our report "Federal Employees' Compensation Act: Benefit Adjustments Needed to Encourage Reemployment and Reduce Costs" (HRD-81-19, Mar. 9, 1981) discusses a similar issue. Some of the data discussed in this section are taken from that report.

levels. ^{1/} For example, a worker earning \$272.70 a week received compensation equal to 85 percent of take-home pay, while a worker earning \$524.40 a week received compensation equal to 96 percent of take-home pay.

If there were additional family income that would put a worker in a higher tax bracket, such as from a working spouse, tax-free compensation would replace a higher percentage of the employee's income. Also, such work-related expenses as commuting and child-care costs, which have increased over the years as people have tended to live farther from work and multiple-wage earner and single parent households have become more common, could be reduced.

In all States except two, workers who are temporarily or totally disabled generally received benefits equal to at least two-thirds of their predisability wages. Dr. Peter Barth, an expert in workers' compensation, has stated that nothing indicates that two-thirds of wages is high enough to be adequate and simultaneously low enough to offer workers some inducement to return to work as promptly as medically possible and that the same statement applies to any other wage percentage. He believes the two-thirds figure is used only because it is widely accepted and, in turn, widely recommended.

Evidence from private, long-term disability insurance programs indicates that high compensation rates cause disability incidence rates to increase. Private insurance plans with compensation rates over 70 percent of predisability gross income have incidence rates two-thirds above the average, while plans with compensation of 50 percent or less have incident rates one-third below the average. Because of this, private insurers generally attempt to limit disability benefits to 50 to 60 percent of gross earnings.

For some workers, benefits in addition to compensation could further increase income. A worker covered by the International Longshoremen's Association guaranteed annual income program would earn a minimum of \$464 a week during the first year of its 1980 contract. A worker who was injured and unable to work, assuming earnings of \$464 a week, would receive compensation under the act equal to two-thirds of that amount, or \$309 per week tax free. In addition, the Association would supplement this compensation up to the guaranteed amount during the first year of injury. If the worker had a family of four, this supplement would amount to \$155 gross or \$141 net a week for a total of \$450 per week. The worker's normal take-home pay would be \$364 a week after

^{1/}Workers with very low earnings received compensation that exceeded take-home pay because their tax-free compensation is 100 percent of their average weekly wage.

deductions for Social Security and Federal income taxes. Thus, the worker would receive \$86 more a week than when working.

Employees who have been members of the International Longshoremen's and Warehousemen's Union for 13 or more years who become totally and permanently disabled are entitled to a disability pension regardless of the cause of disability. Such employees may receive both a disability pension and compensation benefits, after a 26-week offset period.

Additional benefits are also available under the Social Security Disability Insurance Program. If injured employees meet eligibility requirements, compensation can be supplemented up to 80 percent of gross wages after 6 months of disability.

It should be noted, however, that additional benefits would be available only in a limited number of cases. Of the 200 cases in our sample, only 4 percent involved disabilities that lasted longer than 6 months. Also, most workers covered by the act are not members of the unions and/or are not eligible for the union benefits described above.

The Labor study compared the percentage of predisability take-home pay that would be replaced at four different benefit levels with the percentage being replaced under the current method of compensation for 550 closed compensation cases.

Based on Labor's study, setting the compensation rate at a percentage of spendable income would appear to be more equitable, because the spendable income approach provides income replacement that remains fairly constant at varying income levels. The taxable income methods and the existing method provide higher replacement percentages as gross income increases until the maximum compensation rate is reached.

It is difficult, if not impossible, to state at what income replacement level employees will be most inclined to return to work. A worker is not necessarily discouraged from returning to work only when his or her full wages are replaced. Even without accounting for savings from such work-related expenses as transportation and child care, some employees will prefer to remain away from employment for less than 100 percent of their net wages, especially in multiple-income households. Other employees will return to work as soon as physically possible, regardless of the economic disincentive to do so.

Based on Labor's study, the current level of benefits provides compensation that comes closer to full replacement of net earnings than to the 66-2/3-percent replacement anticipated when the act was passed. In addition to minimizing incentives to

Longshore Act: Average Weekly Benefit Received Under Current Method
and Alternative Methods, Expressed As a Percentage of Take-Home Pay
for Selected Wage Intervals of Employees with 2.5 Federal Exemptions
in States With Graduated Income Taxes, Closed Cases

Weekly predisability gross pay, selected intervals	Percent of total cases	Average weekly predisability gross pay	Average weekly predisability take-home pay (note a)	Current method (66-2/3 percent)	Percent of average weekly predisability take-home pay replaced			
					80 percent of gross subject to Federal/ State income tax	75 percent of gross subject to federal/ State income tax	85 per- cent of spendable income (note b)	80 per- cent of spendable income (note b)
\$1 to \$50	0.38	\$ 27.00	\$ 24.00	c/109	c/109	c/109	c/109	c/109
\$51 to \$100	2.48	82.62	75.31	c/110	c/110	c/110	c/110	c/110
\$101 to \$150	11.26	125.69	109.25	c/98	c/98	c/98	c/98	c/98
\$151 to \$200	12.02	171.60	142.95	81	91	86	88	82
\$201 to \$250	16.60	223.61	180.27	83	91	86	88	82
\$251 to \$300	18.51	272.70	214.98	85	91	85	88	83
\$301 to \$350	12.40	322.23	248.92	87	91	86	88	63
\$351 to \$400	10.31	372.96	282.47	89	91	86	88	83
\$401 to \$450	4.96	419.12	309.98	91	92	87	88	83
\$451 to \$500	3.24	473.35	340.23	93	94	89	88	83
\$501 to \$550	2.86	524.40	367.00	96	94	88	88	83
\$551 to \$600	1.91	581.00	397.10	98	94	90	88	83
\$601 to \$650	1.34	622.71	417.77	100	95	90	88	83
\$651 to \$700	0.57	677.33	443.31	d/97	95	91	88	83
\$701 to \$750	0.76	726.00	466.07	d/92	d/92	91	88	83
\$751 to \$800	0.38	780.50	495.31	d/87	d/87	d/87	d/87	83
Average all cases	-	285.95	219.26	88	93	88	90	85

a/ Take-home pay equals gross pay minus Federal and State income taxes, social security (FICA) taxes, and estimated deductions for maritime union dues.

b/ Spendable income equals gross pay minus Federal and State income taxes and social security (FICA) taxes.

c/ Benefit amount is \$106.56 (or the employee's actual wage if less than \$106.56), which is 50 percent of the applicable national average weekly wage, the minimum payment established by the Longshore Act.

d/ Benefit amount is \$426.26, which is 200 percent of the applicable national average weekly wage, the maximum payment established by the Longshore Act.

return to work, compensation that approaches take-home pay gives little recognition to a basic concept of workers' compensation that there should be some sharing of risk between employer and employee for work-related illness or injury.

Proposals to reduce benefits

Both S. 1182 and H.R. 25 would provide compensation at 80 percent of an employee's spendable earnings; that is, an employee's average weekly wage reduced by the amounts required to be withheld from such wage under Federal and State tax laws. The amounts to be withheld would be determined based on the reasonable anticipated tax liability considering the deductions for personal exemptions. These bills also provide that disability compensation be reduced for any benefits received from: (1) Federal Old-Age, Survivors, and Disability insurance benefits; (2) employee benefit plans subject to the Employee Retirement Income Security Act of 1974; (3) unemployment benefits; and (4) compensation in the nature of any other workers' compensation benefit so that total compensation does not exceed 80 percent of spendable earnings.

Objections have been raised to reducing compensation payments because workers receive payments from other sources. Employee representatives point out that it is inequitable to allow employers and carriers to reduce disability compensation to injured workers by amounts received from other programs which are financed by taxpayers and the workers. They say this results in the public subsidizing the employer's unsafe working conditions.

Some employer and insurance carrier representatives suggest that compensation be primary rather than secondary as proposed in S. 1182 and H.R. 25. For example, no other form of employer-funded compensation would be available from Federal, State, or other programs once an injured employee's compensation was at the 80 percent of spendable income level.

BEST'S INSURANCE MANAGEMENT REPORTS

Property/Casualty
Release No. 2
January 31, 1983



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1981 Workers' Compensation Average Premium per Employee

Employers paid an average premium of \$189.57 for each employee covered by workers' compensation insurance in 1981. Firms based in Alaska paid the highest premium (\$594.98) while companies located in Indiana paid the least with \$63.77 annually.

State workers' compensation premium variations stem from the degree of self-insurance (which is not reflected here), mix of employment and state wage level. The majority of the states with exceptionally higher than average premiums per employee also have a higher percentage of employees subject to the Federal Compensation Act, which includes longshoremen and federal employees. Similar rates for these states were recorded in a study of this nature published in the March 1981 edition of *Monthly Labor Review*.

This study is based on the premiums written by the insurance industry (extracted from *Best's Executive Data Service*) and state insurance funds. The premiums written were then divided by the number of wage earners in each state. Self-insurers have been omitted as state data is not available. However, the Alliance of American Insurers estimates that \$2.1 billion in imputed workers' compensation premiums were contributed to self-insurance programs in 1981.

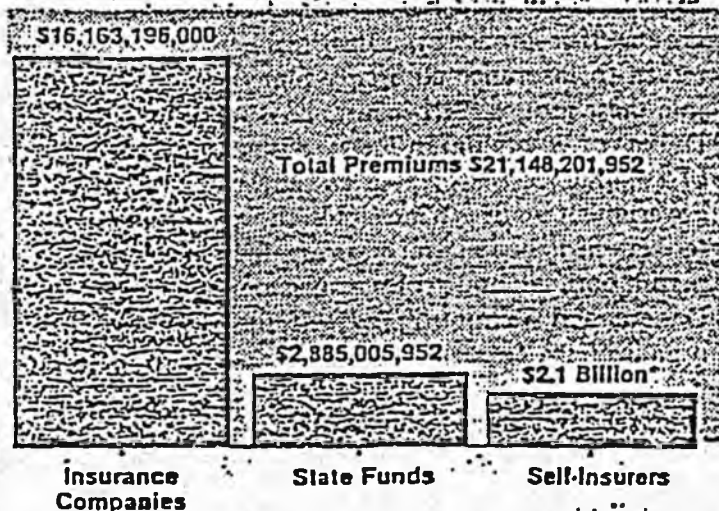
An estimated \$21.1 billion in direct premiums were written in workers' compensation insurance in 1981 (including insurance companies, state funds and self-insurers). Of this ag-

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1981 Average Premiums by State

State	Total DPW*	1981 Average Premium \$
Alabama	162,482	109.19
Alaska	103,525	594.98
Arizona	281,298	236.98
Arkansas	127,594	138.32
California	2,975,374	272.77
Colorado	204,768	141.71
Connecticut	365,372	245.05
Delaware	51,627	194.82
District of Columbia	133,286	469.32
Florida	605,681	144.00
Georgia	303,709	124.98
Hawaii	122,918	289.22
Idaho	86,194	218.21
Illinois	901,326	176.63
Indiana	150,058	63.77
Iowa	200,782	152.11
Kansas	156,356	137.40
Kentucky	200,136	131.50
Louisiana	499,978	294.10
Maine	115,348	244.38
Maryland	377,797	188.24
Massachusetts	471,798	170.14
Michigan	842,559	223.39
Minnesota	413,692	204.39
Mississippi	99,675	103.40
Missouri	192,394	89.95
Montana	56,091	158.00
Nebraska	71,894	97.02
Nevada	123,187	286.48
New Hampshire	99,683	218.60
New Jersey	834,163	251.56
New Mexico	124,005	232.65
New York	1,374,281	185.81
North Carolina	241,323	88.46
North Dakota	41,825	142.28
Ohio	698,879	152.10
Oklahoma	318,968	229.31
Oregon	324,062	270.28
Pennsylvania	1,360,290	271.18
Rhode Island	87,928	198.93
South Carolina	147,382	113.50
South Dakota	25,189	79.71
Tennessee	211,501	110.21
Texas	1,527,605	227.97
Utah	59,267	98.29
Vermont	30,847	125.09
Virginia	340,021	139.24
Washington	333,524	185.50
West Virginia	161,549,402	230.13
Wisconsin	288,102	131.79
Wyoming	20,793	86.64
National Average		189.57

Source of 1981 Workers' Compensation DPW



The bar graph above illustrates the source of direct premiums written in the workers' compensation line in 1981.

*Alliance of American Insurers estimate

*Direct Premiums Written by Insurance Companies and State Funds, 000 omitted.

1981 Workers' Compensation Average Premium per Employee



Workers' Comp. continued

gregate, 76.4%, or \$16.2 billion, were written by the insurance industry. State Funds wrote 13.6% or \$2.9 billion and self-insurers held the remaining 10%.

Nationally, the leading writer of workers' compensation insurance is the Liberty Mutual Group with \$1.3 billion in premiums written. The Ohio State Insurance Fund is the fifth largest writer with \$683 million in premiums. The State Compensation Fund of the State of California is number 10 with \$450 million.

State Funds

State Funds are monopolistic in Nevada, North Dakota, Ohio, Washington, West Virginia and Wyoming. However, in 16 of the 18 states with State Funds, the fund is the largest writer of workers' compensation insurance. In Pennsylvania, the fund ranks second behind Pennsylvania Manufacturers Group. In Michigan, it is the fifth largest insurer. Michigan has one of the larger percentages of self-insurers as well as the oldest State Fund in existence.

Self-Insurance

Insurance organizations have had difficulty in pinpointing self-insurance operating results because of structural differences from state to state. According to the Alliance of American Insurers, however, there has been some growth in the number of group self-insurers. The actual number of companies involved has remained constant as members of group self-insurance organizations become disillusioned and return to insurance company plans while other employers join these groups. Self-insurance is not authorized in North Dakota or Wyoming. In Texas, it is not recognized as a means of compliance for private employers but is permitted for government bodies. Nine states allow individual and limited (government bodies only) group insurance while 22 states permit both self and group insurance. Idaho, Indiana, South Dakota and Vermont may self insure or join reciprocal organizations formed by their respective insurance departments as well as purchase insurance through private insurance companies.

A.A. Best Co. Datacenter is the source for the statistical exhibits in *Best's Insurance Management Reports*.

