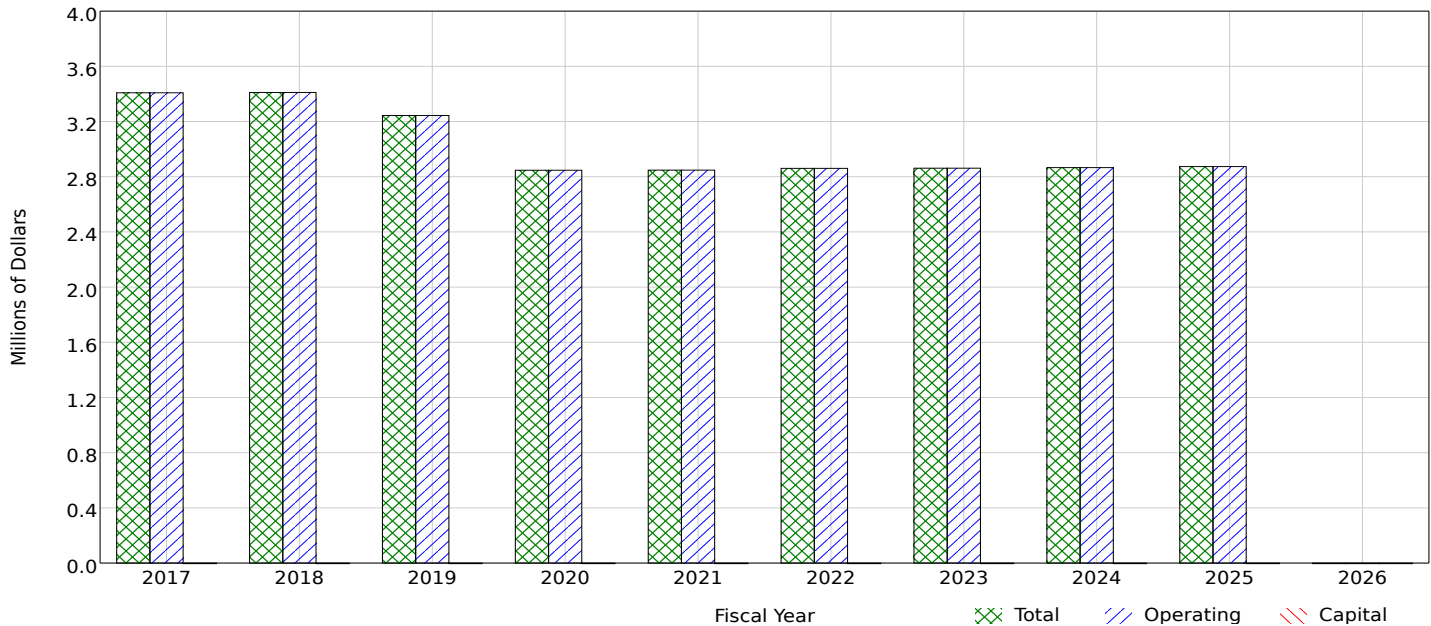


Fund Source Report

Second Injury Fund Reserve Account

Fund Group
Designated General

Operating and Capital Appropriations



Legal Authority

AS 23.30.040, AS 37.05.146(c)(11)

Source of Revenue

Consists of 1) a sliding percentage of amounts paid by employers (or their insurance carriers or adjusters) to employees who suffer death or disabling injuries and 2) civil penalties levied under AS 23.30.155(c).

Restrictions on Use

Money in the second injury fund may be paid only for the benefit of those persons entitled to payment of benefits from the second injury fund in accordance with the orders and awards of the Alaska Workers' Compensation Board. Administrative expenses must be paid from the fund.

Description and History

The Second Injury Fund can be classified as a dedicated fund because it predates statehood. The statutory provisions were first enacted in 1959. The purpose of the fund is to improve reemployment opportunities for workers with disabling injuries.

The Fund pays reemployment/rehabilitation benefits to injured workers and reimbursement to employers/insurers for workers compensation benefits paid to employees who are suffering from a long-term disability that was due to a second injury that aggravates, accelerates, or combines with a preexisting impairment. The fund provides an incentive to an employer to hire or retain an employee who suffers from a permanent impairment by limiting the employer's liability of potential future disability of these employees.

Payments of benefits from the fund do not require specific appropriation. Benefit payments are made by the commissioner of labor in accordance with the orders and awards of the Alaska Workers' Compensation Board.

September 2010

The Budget Clarification Project changed this fund code classification from "Other Dedicated" to "Designated General Funds." The dedicated classification is optional based on the timing of its creation. The legislature is not bound by this dedication and can use the fund for any purpose (thereby breaking the dedicated classification). This fund, and others with similar "pre-date statehood" status as grounds for dedication, were classified as "Designated General Fund" because use of the fund is at the discretion of the legislature.