

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 91
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB091CS(STA)-DHSS-PAFS-3-7-16
Title: OMNIBUS CRIM LAW & PROCEDURE;
CORRECTIONS
Sponsor: COGHILL
Requester: Senate STA

Department: Department of Health and Social Services
Appropriation: Public Assistance
Allocation: Public Assistance Field Services
OMB Component Number: 236

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2017	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Personal Services			90.6	90.6	90.6	90.6	90.6
Travel			36.0	36.0	36.0	36.0	36.0
Services			112.0	112.0	112.0	112.0	112.0
Commodities			8.5	8.5	8.5	8.5	8.5
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	247.1	247.1	247.1	247.1	247.1

Fund Source (Operating Only)

1002 Fed Rcpts			63.8	63.8	63.8	63.8	63.8
1003 G/F Match			72.1	72.1	72.1	72.1	72.1
1004 Gen Fund			111.2	111.2	111.2	111.2	111.2
Total	0.0	0.0	247.1	247.1	247.1	247.1	247.1

Positions

Full-time			1.0	1.0	1.0	1.0	1.0
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes
If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/17

Why this fiscal note differs from previous version:

Updated to reflect the provisions of the CS(STA) version.

Prepared By:	Sean O'Brien, Director	Phone:	(907)465-5847
Division:	Public Assistance	Date:	03/07/2016 11:00 AM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	03/07/16
Agency:	Health and Social Services		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB091(STA)

Analysis

Section 134 of the proposed legislation directs the department to implement a drug testing program for any person who has been convicted of a drug related felony during or in the five years preceding a period in which they are receiving public assistance.

The assistance programs included in this section of the proposed legislation include day care assistance, general relief assistance, adult public assistance, Alaska affordable heating assistance or food stamps. The proposed legislation directs the department to drug test at least quarterly, on renewal of eligibility and randomly for illegal controlled substances and to disqualify those who test positive for a period of 6 months from the date of notice that they tested positive.

This amendment also directs the department to adopt regulations to implement the drug testing requirement to include an appeal process and that the testing be performed at an alcohol safety action program administered by the department, where available. Regulations will need to be explicit as to the circumstances in which to test recipients.

The department anticipates a potential savings of \$163.6 annually in cost avoidance associated with benefits that will not be issued as a result of positive drug test results for the approximately 741 recipients who are convicted drug felons. The savings will not be realized in the Field Services component and will be reflected in a separate fiscal notes. The department will not realize savings for the Food Stamp (SNAP) program which are estimated to be \$368.6. Food Stamps are not included in the authorized budget and therefore not a savings for the state.

Assumptions:

- The legislation will be effective in FY2017 and will be implemented after necessary regulations, policy and procedures are in place, which is estimated to take up to 12 months to be effective in SFY2018.
- An estimate of 741 individuals will require testing 6 times per year to comply with the requirement to test quarterly, at renewal and randomly.
- On average, each test will cost \$25. The tests will be funded solely with general funds via an **Reimbursable Services Agreement with the Division of Behavioral Health at an estimated annual cost of \$111.2.**
- Testing will be completed by 14 Alaska Statewide Alcohol Safety Action Programs offices across the state where available.
- The department will cover all costs associated with screening and testing of recipients.
- It is estimated that 15% of individuals (or 111) tested will test positive.
- About one half hour will be needed to make changes to cases that have a positive drug test.
- A **Project Assistant** will be needed to develop and maintain testing policy and procedures, train field staff on methods for screening for alcohol and drug abuse, maintain quality assurance, and monitor cases affected by testing procedures. The **Project Assistant will be required to travel to statewide intake points** to train eligibility technicians and case managers on alcohol and substance abuse awareness, monitoring, and testing procedures to ensure practices comply with regulatory requirements for notification, testing, and consequences of positive tests **at a projected cost of \$36.0** annually. The position is projected to cost \$90.6 and general overhead costs for computers and supplies totalling \$9.2 to include computer equipment for the first year of setup and then testing supplies for the out years for testing that is not performed at an Alcohol Safety Action Program location.

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. CSSB091(STA)

Analysis Continued

Section 135 of this proposed legislation adds a new provision to AS 47.27.015 that would disallow a convicted drug felon from receiving either Alaska Temporary Assistance benefits or Food Stamp benefits through the Division of Public Assistance, unless at least one of four criteria is met:

The individual:

- (1) is satisfactorily serving, or has successfully completed, a period of probation or parole;
- (2) is in the process of serving, or has successfully completed, mandatory participation in a drug or alcohol treatment program;
- (3) has taken action toward rehabilitation, including participation in a drug or alcohol treatment program; or
- (4) is in compliance with AS 47.05.035.

The Alaska Food Stamp Program provides food benefits to low-income households. The federal government funds 100% of the Food Stamp benefit, while the State pays half the costs of operating the Food Stamp Program in Alaska. Presently, if a family applies for Food Stamps and one of the parents is a drug felon, the eligibility determination for the family takes into account the parent's income and resources, but no additional benefits are issued for the drug felon. If the Food Stamp application is for a single person and that person is a drug felon, the application is currently denied. If SB 91 passes, the division will authorize Food Stamp benefits instead of denying the applications, after the same typical review process; no additional administrative burden is associated with passage of this bill. The Food Stamp benefit itself is directly federally funded, outside the Division's operating budget.

The Alaska Temporary Assistance Program (ATAP) presents a different scenario. ATAP provides cash assistance and work services to low-income families with children to help them with basic needs while they work toward becoming self-sufficient. The proposed change is not anticipated to impact either ATAP case load or associated administrative costs. All anticipated cost savings are reflected in the analysis for Section 134.