

FISCAL NOTE

**STATE OF ALASKA
2001 LEGISLATIVE SESSION**

Fiscal Note Number: 2
 Bill Version: HB 75
 (H) Publish Date: 01/19/01

Revision Date/Time (Note if correction): _____ Dept. Affected: Health and Social Services
 Title: An Act relating to increasing the minimum hourly wage BRU: Public Assistance
under the Alaska Wage and Hour Act. Component: ATAP
 Sponsor: Rules Component Number: 220
 Requester: Governor

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	(99.9)	(596.7)	(829.5)	(910.1)	(980.0)	(1,191.3)
Miscellaneous						
TOTAL OPERATING	(99.9)	(596.7)	(829.5)	(910.1)	(980.0)	(1,191.3)
CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						
FUND SOURCE (Thousands of Dollars)						
1002 Federal Receipts	(99.9)	(596.7)	(829.5)	(910.1)	(980.0)	(1,191.3)
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	(99.9)	(596.7)	(829.5)	(910.1)	(980.0)	(1,191.3)

Estimate of any current year (FY2001) cost: **0.0**

POSITIONS

	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

Approximately 300 adults currently receiving Temporary Assistance have jobs paying the minimum wage. An increase in the minimum wage will result in an increase in the households' countable earned income. This increase will result in a reduction in monthly Alaska Temporary Assistance Program (ATAP) benefits paid to the family and will generate savings in the benefit line of the ATAP component.

A general fund savings would not be realized because federal law requires the State to contribute a fixed amount of state funds toward the program, called maintenance of effort, or be subject to penalty resulting in loss of TANF funds. The Temporary Assistance program is currently budgeted at the minimum maintenance of effort. Any further reduction will subject the State to a block grant penalty. The federal savings would show as an increase in the available TANF block grant balance which can be used for future funding of ATAP and for reinvestments into child care and work services which will help more clients secure employment and stay employed, further reducing the ATAP caseload. Congress is due to reauthorize the program for federal fiscal year 2003. Availability of excess federal dollars for the future cannot be guaranteed.

Prepared by: [Signature]
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 Approved by: Karen Bertue, Commissioner
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Assumptions:

On average, minimum wage ATAP recipients work 120 hours/month.

Currently, the average wage for ATAP recipients earning between \$5.65 and \$6.40 is \$5.87/hour. The average monthly ATAP grant for these recipients is \$593.

Effective October 1, 2001, 292 Temporary Assistance recipients will receive an earnings increase from \$5.87/hour to \$6.40/hour. The average monthly ATAP grant for these recipients is \$555, a \$38 decrease.

Effective October 1, 2002, 673 ATAP recipients will receive an earnings increase from \$6.40/hour to \$7.15/hour. The average monthly ATAP grant for these recipients is \$500, a \$93 decrease.

Beginning October 1, 2003, the minimum wage will increase by 10 cents each year, based on historical CPI information.

Effective October 1, 2003, 713 ATAP recipients will receive an earnings increase from \$7.15/hour to \$7.25/hour. The average monthly ATAP grant for these recipients is \$493, a \$100 decrease.

Effective October 1, 2004, 723 ATAP recipients will receive an earnings increase from \$7.25/hour to \$7.35/hour. The average monthly ATAP grant for these recipients is \$486, a \$107 decrease.

Effective October 1, 2005, 729 ATAP recipients will receive an earnings increase from \$7.35/hour to \$7.45/hour. The average monthly ATAP grant for these recipients is \$479, a \$114 decrease.

Effective October 1, 2006, 865 ATAP recipients will receive an earnings increase from \$7.45/hour to \$7.55/hour. The average monthly ATAP grant for these recipients is \$472, a \$121 decrease.

Calculations:

FY02	\$38/month x 9 months x 292 recipients =	\$ 99,864
FY03	\$38/month x 3 months x 292 recipients =	\$ 33,388
	\$93/month x 9 months x 673 recipients =	\$ 563,301
	Total	\$ 596,689
FY04	\$93/month x 3 months x 673 recipients =	\$ 187,767
	\$100/month x 9 months x 713 recipients =	\$ 641,700
	Total	\$ 829,467
FY05	\$100/month x 3 months x 713 recipients =	\$ 213,900
	\$107/month x 9 months x 723 recipients =	\$ 696,249
	Total	\$ 910,149
FY06	\$107/month x 3 months x 723 recipients =	\$ 232,083
	\$114/month x 9 months x 729 recipients =	\$ 747,954
	Total	\$ 980,037
FY07	\$114/month x 3 months x 729 recipients =	\$ 249,318
	\$121/month x 9 months x 865 recipients =	\$ 941,985
	Total	\$ 1,191,303