FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 4
Bill Version: SB 182 #4
(S) Publish Date: 3/27/02

Revision Date/Time (Note if correction):
Title: REQUIRING PRO-RATA REDUCTIONS IN PROGRAMS WHEN APPROPRIATIONS INSUFFICIENT
Sponsor: SENATE (FIN)
Requestor: SENATE (FIN)

Dept. Affected: Health & Social Services
BRU: Public Assistance
Component: Adult Public Assistance
Component Number: 222

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	*	*	*	*	*	*
Miscellaneous						
TOTAL OPERATING	*	*	*	*	*	*
CAPITAL EXPENDITURES						
CHANGE IN REVENUES (0)						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--do not abbreviate)						
TOTAL	*	*	*	*	*	*

Estimate of any current year (FY2002) cost:

Check this box (X) if funding for this bill is included in the Governor's FY 2003 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

The Adult Public Assistance (APA) program provides a $308.50 per month supplement for poor blind, disabled, and elderly clients. Payments are made to 15,156 people per month (10,232 disabled and 4,924 elderly). This monthly payment allows these very disadvantaged individuals to live with dignity and independence, primarily in their own homes. Without this support many of our most vulnerable adults would have to be placed in institutions, nursing homes or made homeless because they do not have the financial ability to live an independent life without this help.

Many of the individuals who rely on this monthly cash assistance lead very frugal lives and have limited resources, reductions in any amount will leave these clients with having to choose between such things as paying the electric bill or buying food. APA payments have been held steady since 1993 without

Prepared by: Jim Nordlund
Phone 465-5835
Division Public Assistance
Date/Time 02/27/2002
Approved by: Elmer A. Lindstrom, Deputy Commissioner
Date 02/28/2002
Agency Department of Health & Social Services

For distribution information, call the Governor's Legislative Office

(Rev 2/7/2001 OMB)

ANALYSIS CONTINUATION

cost of living adjustments. These blind, disabled and elderly clients have already had to cut costs just because of the higher cost of living in the last 10 years. Any across the board reductions in the benefit level on top of having to absorb cost of living increases will force many clients from independent living.

APA PRO-RATA REDUCTION ANALYSIS:
Currently, the APA program is funded in full in the Governor's FY03 Budget Request based on the latest projections. If the Legislature approves the Governor's FY03 Budget Request, SB 182 would have no impact. However, we are providing a fiscal analysis to show what would occur if the APA program faced a shortfall of 5% and 10% in FY03.

Assumptions:
The APA program is underfunded by 5%, or $2,805.4 below projected need.
The APA program is underfunded by 10%, or $5,610.8 below projected need.

Should SB 182 become law, with a 5% reduction each of these individuals would lose, on average, about $185 in basic life supporting benefits in FY03. With a 10% reduction, they would lose about $370 in basic life supporting benefits in FY03. Subsequent benefit reductions would depend on Legislative appropriation for the program.

An important fact to note: State spending on Adult Public Assistance has exceeded the Legislature's appropriation in 11 of the last 13 years, often with the assurance that the need for supplemental funding would be acted on during the next legislative session. SB 182 removes this assurance and increases the risk for this already at risk population.