

FISCAL NOTE

STATE OF ALASKA
2002 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: SB 340
 (S) Publish Date: 4/10/02

Revision Date/Time (Note if correction): _____ Dept. Affected: Revenue
 Title Hold-Harmless Provisions BRU Child Support Enforcement
of PFD Program Component Child Support Enforcement
 Sponsor Senate Rules Committee
 Requester Senate Finance Component No. 111

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	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	(1,458.3)	(1,314.6)	(1,222.1)	(1,345.4)	(1,550.8)	(1,701.4)
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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	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2002) cost: 0.0

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)

See Page 2.

Prepared by: Barbara Miklos, Director Phone 269-6800
 Division Child Support Enforcement Division Date/Time 3/2/02 11:57 AM
 Approved by: Larry Persily, Deputy Commissioner Date 03/02/2002
 Agency Department of Revenue

SB 340 #2
Department of Revenue
Child Support Enforcement Division

Approximately 5,100 custodial parents would temporarily lose their public assistance benefits each October under this legislation. While a parent receives public assistance, the state retains for the general fund any child support collections owed to the parent for current support and past arrears (the custodial parent temporarily assigns those arrears to the state as partial reimbursement to the state for the cost of public assistance). But when a parent goes off public assistance, the state loses the right to keep those payments and that money instead goes to the custodial parent.

In the case of this legislation, that would mean that any collections during the months that a custodial parent is temporarily off public assistance would go first to the custodial parent to pay any debt owed to him or her. Then, only if there is any money left over after the parent is paid, would any money go to the general fund to repay the state for any past public assistance debt.

The Child Support Division garnishees a significant amount of money from Permanent Fund dividends each October, and under this legislation much of that money would be paid to custodial parents instead of being retained by the state if the parents were still on public assistance that month.

In Fiscal 2002, for example, the child support division collected \$1.9 million from the Permanent Fund dividends of non-custodial parents and deposited that money into the general fund to reimburse the state for public assistance benefits paid out that year and in past years. Under SB 340, that amount of retained collections would be reduced because the state would not be entitled to retain any of the child support collected from dividend garnishments until the parent had been paid in full for any arrears owed to him or her.

For determining the state revenue loss under this legislation, the Child Support Division used the projected amount of each year's Permanent Fund dividend to determine how much money would go to parents instead of the general fund.