

FISCAL NOTE

STATE OF ALASKA
2004 LEGISLATIVE SESSION

Fiscal Note Number: 5
 Bill Version: CSHB 494(FIN)
 (H) Publish Date: 3/24/04

Revision Date/Time (Note if correction): _____ Department: Labor and Workforce Development
 Title: Electronic Payment for State Business RDU: Employment Security
 Component: Employment Services
 Sponsor: Representative Kott
 Requester: Governor Component Number: 2275

Expenditures/Revenues (Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
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 ()						
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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 (FY2004) cost: None
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See Attached Analysis.

Prepared by: Thomas W. Nelson, Director Phone 465-5933
 Division: Employment Security Date/Time 3/16/04 3:27 PM
 Approved by: Greg O'Claray, Commissioner Date 3/16/2004
 Agency: Department of Labor and Workforce Development

ANALYSIS: (continued)

This legislation would make disbursements issued under AS 23.20 subject to a new section of statute, AS 37.25.050. AS 37.25.050 provides that disbursements can only be made through an electronic funds transfer (EFT) or through an electronic payment card unless doing so would cause substantial hardship to the recipient.

The use of electronic fund transfers (EFT):

Employment Services prepares Trade Readjustment Allowance (TRA) and Needs Related Payment (NRP) requests. Currently warrants are processed through the Alaska State Accounting System (AKSAS). Two warrants are issued if a claimant has a Child Support Enforcement Division (CSED) garnishment, one to the claimant and the other to CSED. AKSAS does not currently have the ability to directly deposit the payments into the workers bank account, nor withhold a portion of the payment for IRS tax reporting purposes.

TRA falls under the Federal Unemployment Benefit Act (FUBA). If the claimant did not have a bank account in which the payment could be deposited or if a cost to the claimant were involved, such payment procedure may create an administrative barrier to the receipt of full benefits when due and therefore raise an issue with Section 301(a)(1), of the Social Security Act (SSA).

In addition, Employment Services provide Individual Training Accounts (ITAs) for training and supportive services that clients need in order to complete training and secure suitable jobs. Currently, ITAs are generated, and warrants are issued directly to the vendor or client through the State of Alaska Accounting System.

The total financial impact if electronic fund transfers are used would be minimal to the division as long as the program criteria in the above paragraphs are met.

The use of a debit card:

The total financial impact if a debit card system is used is estimated to be five new Community Development Specialist II staff positions totaling \$325,000 per fiscal year. In addition, treasury systems and processes would have to be setup prior to implementation. The direct financial impacts of these systems are unknown at this time.