

# FISCAL NOTE

**STATE OF ALASKA**  
**2004 LEGISLATIVE SESSION**

Fiscal Note Number: 5  
 Bill Version: CSHJR 31(W&M)  
 (H) Publish Date: 2/19/04

Revision Date/Time: \_\_\_\_\_ Dept. Affected: Revenue  
 Title Const AM: Permanent Fund RDU Revenue Programs & Services  
 Component Permanent Fund Dividend  
 Sponsor Representative Holm  
 Requester House Ways & Means Component No. 981

**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	(820.0)	(3,035.3)	(3,035.3)	(3,035.3)	(3,035.3)	(3,035.3)
Travel	(5.0)	(26.4)	(26.4)	(26.4)	(26.4)	(26.4)
Contractual	(250.0)	(2,003.5)	(2,003.5)	(2,003.5)	(2,003.5)	(2,003.5)
Supplies	(20.0)	(110.7)	(110.7)	(110.7)	(110.7)	(110.7)
Equipment	(25.0)	(95.7)	(95.7)	(95.7)	(95.7)	(95.7)
Land & Structures						
Grants & Claims						
Miscellaneous						
<b>TOTAL OPERATING</b>	<b>(1,120.0)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>

<b>CAPITAL EXPENDITURES</b>						
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<b>CHANGE IN REVENUES ( )</b>						
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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						
1007 Interagency Receipts		(36.0)	(36.0)	(36.0)	(36.0)	(36.0)
1050 Permanent Fund Dividend Fund	(1,120.0)	(5,235.6)	(5,235.6)	(5,235.6)	(5,235.6)	(5,235.6)
<b>TOTAL</b>	<b>(1,120.0)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>	<b>*(5271.6)</b>

\* Based on FY 2004 Operating Budget

Estimate of any current year (FY2004) cost: 0.0  
 Mark this box (X) if funding for this bill is included in the Governor's FY 2005 budget proposal:

**POSITIONS**

Full-time	-39*	-62	-62	-62	-62	-62
Part-time	-19	-19	-19	-19	-19	-19
Temporary						

\* Phased out (see attached staffing analysis)

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

CS HJR 31 proposes a constitutional amendment that would authorize one final dividend payment of \$20,000 to eligible recipients of the 2004 dividend.

Work on the final payment would begin as soon after the initiative was passed by voters in the November 2004 election. The final payment would not occur until April 2005 because of time necessary prepare programs for the final payment, process applicant records, prepare for direct deposit, and process garnishment records. The PFD Division would phase out its staff to synchronize with the needs to make the final payment (see attached staffing analysis), resulting in a decrement of \$820.0 in personal services. Additional direct costs for the final payment is approximately \$13.9 (see attached addition costs analysis). Work that would continue after FY 05, such as collections and fraud investigations would need to be absorbed by other agencies.

Prepared by: Paul E. Dick Phone 465-4784  
 Division Permanent Fund Dividend Date/Time 2/15/04 1:59 AM  
 Approved by: \_\_\_\_\_ Date 2/15/2004  
 Agency \_\_\_\_\_

**CSHJR 31(W&M) - FN #5**  
**Relating to the Permanent Fund**  
**FY 05 Staffing Analysis**

**Assumptions**

HJR 31 passes in the November 2004 election and becomes law in January 2005. The PFD Division would begin work in November 2004 to prepare for a final distribution in April 2005 (see below).

The PFD Division would prepare programs for a new file and copy applicant information from the 2004 dividend file into a new file by the end of December 2004.

During the months of January and February 2005, PFD Division staff will clear applications that are flagged by the computer after they are copied into the new file in December. All records would be subject to the computer systems logic as they are loaded onto the division's mainframe database.

Garnishors would be required to have all ganishment documents submitted to the PFD Division by the end of January 2005.

During the months of February and March 2005, PFD Division staff will data enter garnishment documents into the PFD system.

During the months leading up to April 2005, PFD staff will prepare programs to send final payments to eligible applicants in April.

**PFD Staffing Timeline**

Note: The PFD Division would be fully staffed through December 2004 to finish all work on the 2004 dividend file. Beginning January 1, 2005 staff would be phased out as follows:

	Director's Office	Data Processing	Data Entry	Document Processing	Information Office	Review	Appeals	Fraud Investigations	Total
Staff as of November Election	4	7	4	13	18	8	9	2	65
December 31	0	-4	0	0	-6	-7	-7	0	-24
January 31	0	0	0	0	0	0	0	0	0
February 28	0	0	0	0	0	-1	0	1	0
March 31	0	0	-2	-11	0	0	0	0	-13
April 30	-1	-1	0	0	0	0	0	0	-2
May 31	0	0	0	0	0	0	0	0	0
June 30	-3	-2	-2	-2	-12	0	-2	-3	-26

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**Additional Direct Costs Analysis for Final Distribution**

The costs below represent additional direct costs for a final distribution and does not include staffing costs associated with a final distribution. Staff would remain on board until phased out (see FY 05 Staffing Analysis attached to this fiscal note)

Processing Fees for banks to process direct deposit transactions	\$17,000
Direct Deposit Advices stock	7,000
Warrant stock	2,500
Paper stock to print garnishment notices to applicants	1,000
Envelopes for mailing advices, checks and notices	7,000
Postage and mail handling costs	<u>105,000</u>
<b>Total Direct Costs</b>	<b><u><u>\$139,500</u></u></b>