

# FISCAL NOTE

**STATE OF ALASKA**  
**2008 LEGISLATIVE SESSION**

Fiscal Note Number: 7  
 Bill Version: SCS CSHB 152(FIN)  
 (S) Publish Date: 4/11/08  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component Energy Assistance Program

ID(File name) HB152SCSCS(FIN)-DHSS-EAP-04-10-08  
 Title ESTABLISH RENEWABLE ENERGY FUND/ACCOUNT  
 Sponsor HARRIS  
 Requester SENATE FINANCE

Component No. 226

**Expenditures/Revenues** (Thousands of Dollars)

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

|                               | Appropriation<br>Required | Information |                |                |                |                |                |                |
|-------------------------------|---------------------------|-------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                               |                           | FY 2009     | FY 2009        | FY 2010        | FY 2011        | FY 2012        | FY 2013        | FY 2014        |
| <b>OPERATING EXPENDITURES</b> |                           |             |                |                |                |                |                |                |
| Personal Services             | 159.3                     |             | 159.3          | 159.3          | 159.3          | 159.3          | 159.3          | 159.3          |
| Travel                        |                           |             |                |                |                |                |                |                |
| Contractual                   | 135.0                     |             | 32.0           | 32.0           | 32.0           | 32.0           | 32.0           | 32.0           |
| Supplies                      | 25.0                      |             | 25.0           | 25.0           | 25.0           | 25.0           | 25.0           | 25.0           |
| Equipment                     | 28.0                      |             |                |                |                |                |                |                |
| Land & Structures             |                           |             |                |                |                |                |                |                |
| Grants & Claims               | 5,928.0                   |             | 2,964.0        | 2,964.0        | 2,964.0        | 2,964.0        | 2,964.0        | 2,964.0        |
| Miscellaneous                 |                           |             |                |                |                |                |                |                |
| <b>TOTAL OPERATING</b>        | <b>6,275.3</b>            | <b>0.0</b>  | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> |
| <b>CAPITAL EXPENDITURES</b>   |                           |             |                |                |                |                |                |                |
| <b>CHANGE IN REVENUES (0)</b> |                           |             |                |                |                |                |                |                |

**FUND SOURCE** (Thousands of Dollars)

|                                       |                |            |                |                |                |                |                |                |
|---------------------------------------|----------------|------------|----------------|----------------|----------------|----------------|----------------|----------------|
| 1002 Federal Receipts                 |                |            |                |                |                |                |                |                |
| 1003 GF Match                         |                |            |                |                |                |                |                |                |
| 1004 GF                               | 6,275.3        |            | 3,180.3        | 3,180.3        | 3,180.3        | 3,180.3        | 3,180.3        | 3,180.3        |
| 1037 GF/Mental Health                 |                |            |                |                |                |                |                |                |
| Other(Specify Type-do not abbreviate) |                |            |                |                |                |                |                |                |
| Other(Specify Type-do not abbreviate) |                |            |                |                |                |                |                |                |
| <b>TOTAL</b>                          | <b>6,275.3</b> | <b>0.0</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> | <b>3,180.3</b> |

Estimate of any current year (FY2008) cost: \_\_\_\_\_

**POSITIONS**

|           |   |  |   |   |   |   |   |
|-----------|---|--|---|---|---|---|---|
| Full-time | 4 |  | 4 | 4 | 4 | 4 | 4 |
| Part-time |   |  |   |   |   |   |   |
| Temporary |   |  |   |   |   |   |   |

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

SCS CSHB 152 establishes a state-funded Heating Assistance Program for households with incomes between 150% and 225% of the federal poverty guidelines for Alaska. The proposed state-funded program is intended to serve households that do not qualify for the federally-funded Low-Income Home Energy Assistance Program (LIHEAP), which limits household income to 150% of the federal poverty guidelines for Alaska.

The administration and funding for the federally-funded LIHEAP is shared by the State and Alaska Native Organizations operating Tribal Energy assistance Programs. Last heating season, over 13,000 households in Alaska received help from the state and tribal programs. (Continued)

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 Date 04/10/2008

**ANALYSIS CONTINUATION**

SCS CSHB 152 includes the program flexibility afforded in the federal LIHEAP program that allows tribal entities to operate energy assistance programs. The bill gives the department the option to contract with Alaska Native Organizations operating tribal energy assistance programs and to provide a fair and equitable share of the appropriations for the state-funded program to serve households in the tribal program's service areas. The bill establishes an immediate effective date and authorizes retroactive payments to eligible households to offset heating costs incurred during the winter of 2007-2008.

## Assumptions:

- We assume the new state-funded program will operate the same as the existing Heating Assistance Program, which has a fixed annual appropriation such as the LIHEAP Block Grant, and accepts applications from September 1 through April 30 each year.
- Up to six months will be needed to allow for program start-up. While eligibility rules, policies, and general administrative practices for the federally-funded LIHEAP will be used to support the new state-funded program, changes in the Administrative Code and enhancements to the state's Heating Assistance Program's automated computer system (HAS) will be needed. Emergency regulations may be needed if the new program is expected to accept applications effective September 1, 2008. Additional staff support will also be needed to manage the increased application volume and workload.

The table below shows the 2008 federal poverty guidelines for Alaska, up to a household of four, which is the average size of households receiving heating assistance grants.

| <b>2008 Federal Poverty Levels for Alaska</b> |                    |        |        |
|---|--------------------|--------|--------|
| Family Size                                   | Percent of Poverty |        |        |
|   | 100%               | 150%   | 225%   |
| 1   | 13,000             | 19,500 | 29,250 |
| 2   | 17,500             | 26,250 | 39,375 |
| 3   | 22,000             | 33,000 | 49,500 |
| 4   | 26,500             | 39,750 | 59,625 |

(Continued)

**ANALYSIS CONTINUATION**

- The Department estimates that an additional 3,800 household will qualify under the higher income limits for the new state-funded Heating Assistance Program. Note: Information about the number of qualifying households with incomes between 150% and 225% of the federal poverty guidelines for Alaska is limited and difficult to project. Costs for this new program will need to be re-evaluated as the department gains experience administering it.
- The average annual heating assistance grant will be \$780 per household.

Total Annual Benefit Costs are estimated to be \$2,964.0 (3,800 households x \$780/year); in FY 09 the benefit costs are double to reflect grants that will be issued for the 2008 - 2009 heating season, and the retroactive payments for the 2007-2008 heating season as authorized in the legislation.

**Administrative Cost Assumptions:**

- Three Eligibility Technicians (Range 13) and one ADC II (Range 8) will be needed to manage the increased applications and workload resulting from more households applying for heating assistance. These positions are responsible for providing customer service, communicating with applicants and vendors, verifying applicant information, and making the eligibility decision. The positions are seasonal and work up to eight months each year (Sept-April).
- Modifications to DPA's Heating Assistance management information system (HAS) are needed to facilitate the implementation of the higher income limits and to track eligibility and benefit issuance for the new state-funded program separately from the federally-funded LIHEAP program.
- Information about the availability of the new program, revisions to the application, community educations and outreach will begin August 2008.

Total Annual Administrative Costs: \$216.3

Personal Services: \$159.3 (salary and benefits for 4 seasonal positions)

Contractual: \$32.0 (annual cost for information technology, telecommunications, office space, phones)

Supplies: \$25.0 (program materials, outreach, and office supplies)

Additional One-time start-up Costs for FY09: \$103.0

Equipment/Supply: \$28.0 (one-time costs for desktop computers, printers, and work stations for four new positions)

Contractual: \$50.0 (one-time cost of \$50.0 for modifications to the Heating Assistance Management Information System)  
\$25.0 (development of regulations)