

# FISCAL NOTE

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

Fiscal Note Number: 1  
 Bill Version: CSHB 308(CRA)  
 (H) Publish Date: 3/17/08  
 Dept. Affected: Health & Social Services  
 RDU Public Assistance  
 Component Energy Assistance Program

ID(File name) HB308CS(CRA)-DHSS-EAP-03-13-08  
 Title HEATING ASSISTANCE PROGRAM  
 Sponsor NELSON  
 Requester HOUSE FIN

Component No. 226

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

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

	Appropriation Required	Information						
		FY 2009	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
<b>OPERATING EXPENDITURES</b>								
Personal Services	117.3		117.3	117.3	117.3	117.3	117.3	117.3
Travel								
Contractual	74.0		24.0	24.0	24.0	24.0	24.0	24.0
Supplies	12.5		12.5	12.5	12.5	12.5	12.5	12.5
Equipment	21.0							
Land & Structures								
Grants & Claims	1,950.0		1,950.0	1,950.0	1,950.0	1,950.0	1,950.0	1,950.0
Miscellaneous								
<b>TOTAL OPERATING</b>	<b>2,174.8</b>	<b>0.0</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>

<b>CAPITAL EXPENDITURES</b>								
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<b>CHANGE IN REVENUES (0)</b>								
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF	2,174.8		2,103.8	2,103.8	2,103.8	2,103.8	2,103.8	2,103.8
1037 GF/Mental Health								
Other(Specify Type-do not abbreviate)								
Other(Specify Type-do not abbreviate)								
<b>TOTAL</b>	<b>2,174.8</b>	<b>0.0</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>	<b>2,103.8</b>

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

**POSITIONS**

Full-time	3		3	3	3	3	3
Part-time							
Temporary							

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

House Bill 308 establishes a state-funded Heating Assistance Program for households with incomes between 150% and 175% 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.

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 Division Public Assistance  
 Approved by: Karleen Jackson, Commissioner  
 Agency Department of Health and Social Services

Phone 465-5847  
 Date/Time 03/11/2008  
 Date 03/13/2008

**ANALYSIS CONTINUATION**

Administration and funding for the federally-funded LIHEAP is shared by the State and Alaska Native organizations that operate Tribal Energy Assistance Programs. Last heating season, over 13,000 households in Alaska received help from the state and Tribal programs.

CS HB 308 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 running 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.

**General 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.
- A minimum of four months will be needed to allow for program start-up. While the eligibility rules, policies, and general administrative practices for the federally funded LIHEAP program 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 size of four, which is the average size of households receiving heating assistance grants.

2008 Federal Poverty Levels for Alaska			
Household Size	100%	150%	175%
1	\$13,000	\$19,500	\$22,750
2	\$17,500	\$26,250	\$30,625
3	\$22,000	\$33,000	\$38,500
4	\$26,500	\$39,750	\$46,375

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**ANALYSIS CONTINUATION****Benefit Cost Assumptions:**

- The department estimates an additional 2,500 households will qualify under the higher income limits for the new state-funded Heating Assistance Program. Note: Information about the number of qualifying households with income between 150% and 175% of the federal poverty guidelines for Alaska is limited and difficult to project. Costs associated with this new program would need to be re-evaluated as we gain experience in administering it.
- The average annual heating assistance grant will be \$780 per household.

Total Annual Benefit Costs: are estimated to be \$1,950.0 (2500 households x \$780/year)

**Administrative Cost Assumptions:**

- Two Eligibility Technicians (Range 13) and one Administrative Clerk 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 education and outreach will begin in August 2008.

Total Annual Administrative Costs: \$153.8

- \* Personal Services: \$117.3 (salary and benefits for 3 seasonal positions)
- \* Contractual: \$24.0 (annual cost for information technology, telecommunication, office space, phones)
- \* Supplies: \$12.5 (program materials and office supplies)

Additional One-Time Start-Up Costs for FY 09: \$224.8

- \* Equipment/Supply: \$21.0 (one-time cost for desktop computers, printers and work stations for three new positions)
- \* Contractual: \$50.0 (one-time cost of \$50.0 for modifications to the Heating Assistance management information system)