

FISCAL NOTE

STATE OF ALASKA
2008 LEGISLATIVE SESSION

Fiscal Note Number: 2
 Bill Version: HB 396
 (H) Publish Date: 3/11/08
 Dept. Affected: Health & Social Services
 RDU: Public Assistance
 Component: PFD Hold Harmless

ID(File name) HB396-DHSS-PFDHH-03-03-08
 Title INCREASE 2008 PERM. FUND DIVIDEND
 Sponsor THOMAS
 Requester HOUSE (STA)

Component No. 225

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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims	178.0							
Miscellaneous								
TOTAL OPERATING	178.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES								
CHANGE IN REVENUES (0)								

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1037 GF/Mental Health								
Other(PFD Hold Harmless)	178.0							
Other(Specify Type-do not abbreviate)								
TOTAL	178.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2008) cost: _____

POSITIONS

Full-time							
Part-time							
Temporary							

ANALYSIS: (Attach a separate page if necessary)

This legislation increases the 2008 Permanent Fund Dividend by \$500 in recognition of the recent increase in energy costs. The additional \$500 payment will be funded by transfers from the earnings reserve account to the dividend fund.

The Food Stamp, Social Security Supplemental Income (SSI), and Adult Public Assistance (APA) programs count the Permanent Fund Dividend (PFD) as income in determining whether a person or household qualifies for benefits. PFD money that is not spent and is kept after the month of receipt is also considered an available asset (cash on hand or money in the bank) for program applicants.

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

Phone 465-5847
 Date/Time 03/03/2009
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ANALYSIS CONTINUATION

The Permanent Fund Dividend Hold Harmless program established in AS 43.32.075 requires that public assistance benefits which are lost as a result of counting the PFD as income or an asset must be replaced by issuing a PFD Hold Harmless (PFD HH) benefit. PFD-HH replacement benefits are limited to four months a year.

The department estimates an increment of \$178,000 in PFD HH will be needed in FY 09 to replace food stamp benefits that would otherwise be curtailed as a result of households receiving the extra \$500 in the PFD.

The department does not expect the \$500 increase in the 2008 PFD to affect the amount of PFD-Hold Harmless (PFD HH) expenditures needed to replace lost APA and SSI benefits. The amount of the PFD has been so high in recent years that benefits to these program recipients have been replaced with PFD Hold Harmless benefits, even without the additional \$500. These appropriations are accounted for in the proposed FY 09 budget. The department also expects that the extra \$500 received by program participants will be spent on additional expenses such as increased energy costs.

Assumptions:

In FY 08 approximately 400 food stamp households received an additional month of food stamp PFD HH benefits compared to FY 07. This was the result of the 2007 PFD being higher than the 2006 PFD. In FY09, the department expects that the \$500 added to the 2008 PFD could have this same affect.

The average Food Stamp Hold Harmless payment is \$445/month.
400 households x \$445 = \$178,000