

HOUSE FINANCE COMMITTEE
January 31, 2011
9:03 a.m.

9:03:51 AM

CALL TO ORDER

Co-Chair Stoltze called the House Finance Committee meeting to order at 9:03 a.m.

MEMBERS PRESENT

Representative Bill Stoltze, Co-Chair
Representative Bill Thomas Jr., Co-Chair
Representative Anna Fairclough, Vice-Chair
Representative Mia Costello
Representative Mike Doogan
Representative Bryce Edgmon
Representative David Guttenberg
Representative Reggie Joule
Representative Mark Neuman
Representative Tammie Wilson

MEMBERS ABSENT

Representative Les Gara

ALSO PRESENT

Marie Darlin, Coordinator, Alaska Association of Retired Persons (AARP) Capital City Taskforce, Juneau; Denise Daniello, Executive Director, Alaska Commission on Aging, Department of Health and Social Services; Ronald Kreher, Acting Director, Division of Public Assistance, Department of Health and Social Services; James Armstrong, Staff, Representative Bill Stoltze.

PRESENT VIA TELECONFERENCE

Representative Mike Hawker, Sponsor; Robin Stilwell, Director, Department of Advocacy and Agency Relations, Food Bank of Alaska, Anchorage.

SUMMARY

HB 16 EXTEND SENIOR BENEFITS PAYMENT PROGRAM

HB 16 was REPORTED OUT of committee with a "Do Pass" recommendation and attached new fiscal note by the Department of Health and Social Services.

#hb16

HOUSE BILL NO. 16

"An Act extending senior benefits."

9:04:31 AM

REPRESENTATIVE MIKE HAWKER, SPONSOR (via teleconference), provided an overview of the legislation. He explained that the bill would extend the sunset date for the senior benefits payment program. He detailed that the program was established in 2007 and would sunset on June 30, 2011 unless re-authorized. He reported that in December 2010, there were 10,093 senior Alaskans across the state receiving the benefits. The average age of Alaskans receiving the benefits was 75 years old; the oldest was 105. The program provides a monthly cash stipend to residents aged 65 years and older with very low household income. The three-tiered program is based on the federal poverty guidelines (FPG). Individuals with income of 75 percent or less of the FPG receive \$250 per month; those with income between 75 and 100 percent of the FPG receive \$175 per month; and those with income between 100 and 175 percent of the FPG receive \$125 per month.

Representative Hawker emphasized that HB 16 would not change the structure of the program or any of the benefit amounts; it would only extend the program for more four years. He added that the federal guidelines were updated annually by the U.S. government, so there was an element of adjustment built into the program. He noted that the program has been well received by the senior community.

Representative Hawker pointed to the fiscal note showing that the program costs the state approximately \$20 million per year. He referred to a provision in statute stipulating that when funding was insufficient to meet the demands of the program, the Department of Health and Social Services (DHSS) was authorized to reduce or eliminate the benefit available to recipients. He called the program "nimble and responsive."

[9:07:55 AM](#)

Representative Hawker noted that the benefit reduction provision along with the sunset date gave legislators assurance that the program would not become viewed as an entitlement. He stated that Alaskan seniors understand that the program would be in existence as long as the state had the fiscal means to fund it. Given current and projected fiscal circumstances in the state, he believed that the program merited extension for the next four years.

Co-Chair Stoltze noted discussion regarding the bill.

Co-Chair Stoltze opened public testimony.

MARIE DARLIN, COORDINATOR, ALASKA ASSOCIATION OF RETIRED PERSONS (AARP) CAPITAL CITY TASK FORCE, JUNEAU, testified in support of the legislation. She pointed to a January 28, 2011 letter of support from AARP (copy on file) detailing the organization's support, emphasizing that AARP wants retirees to be able to remain in Alaska. She believed that the senior benefit program helped seniors to stay and that senior citizens were a vital part of any community in Alaska.

Co-Chair Stoltze commended her work.

DENISE DANIELLO, EXECUTIVE DIRECTOR, ALASKA COMMISSION ON AGING, DEPARTMENT OF HEALTH and SOCIAL SERVICES, spoke in support of the legislation on behalf of the commission and more than 10,000 Alaskan seniors who benefit from the program. She stated that the program provided a crucial safety net for many Alaskan seniors. She detailed that approximately one in six seniors in the state benefitted from the program. The amount received was not a lot, but often enabled individuals to afford basic life necessities, such as food, heating fuel, medicine, clothing, and other needs.

[9:12:17 AM](#)

Ms. Daniello referred to a recent survey of Alaskan seniors showing that one in five seniors responding did not have the financial means to pay for necessities; approximately 17.5 percent of respondents reported that senior benefits was an income source. The commission believed the program

was good public policy because it helped older citizens to live with dignity and independence, which has a positive influence on their overall health and well-being.

Co-Chair Thomas referred to discussions he had had with elders who had not heard of the program; he wondered how it was advertised. Ms. Daniello responded that the Division of Public Assistance had conducted a public-awareness campaign about the program. She added that when the commission traveled to rural areas, it found that some people were not aware of the program, which was communicated to the division. She added that there was a need to translate information about the program into various languages. She stated that there may be latent demand for the program; people who are now turning 65 may not have heard about it when it was established in 2007.

9:14:50 AM

Representative Guttenberg queried outreach to senior citizens regarding the program.

RONALD KREHER, ACTING DIRECTOR, DIVISION OF PUBLIC ASSISTANCE, DEPARTMENT OF HEALTH AND SOCIAL SERVICES, responded that there had not been an extensive outreach program since 2009, when various media were used to inform people. He noted that recipients typically were contacted when they became recipients of old-age assistance through public assistance.

Vice-Chair Fairclough referred to the state's finite investment in the program. She pointed out that the Dillingham area had high poverty and unemployment rates but only seven participants in the program. She queried criteria for inclusion into the program, and wondered whether seniority or need affected who got the funds. Mr. Kreher replied that when there were insufficient funds, across-the-board adjustments in payments to all recipients were made rather than refusing payment to any individual. The goal was to have every eligible individual receive some stipend.

Vice-Chair Fairclough summarized that there would not be a request for increased appropriation based on need, but that the amount would be divided amongst the pool of recipients. She wanted further clarification about how regulations were applied.

[9:19:54 AM](#)

Mr. Kreher responded that there had not been a problem to date since there has not been a need for payment-level adjustments.

Vice-Chair Fairclough stated concerns about Alaska's aging population. She asked whether the department planned outreach in the Dillingham area. Mr. Kreher responded that any outreach conducted would be statewide and would include the Dillingham area.

Co-Chair Stoltze emphasized that benefits to seniors were not being reduced. He referred to a supplemental request by the governor. He agreed the discussion was relevant.

Vice-Chair Fairclough stated that her intent was to support funding to seniors. She wanted seniors to be aware of benefits that were available to them.

[9:22:22 AM](#)

Representative Joule queried the position of the administration on the legislation. Mr. Kreher responded that the administration supported the legislation as it was currently drafted.

Representative Wilson asked why eight people on the list were unidentified. She wondered whether their location was known. Mr. Kreher did not know the answer.

Representative Edgmon queried whether more than one senior in a household could be eligible for the funds. Mr. Kreher responded that the query was a technical policy question beyond his knowledge and offered to get more information.

[9:24:30 AM](#)

ROBIN STILWELL, DIRECTOR, DEPARTMENT OF ADVOCACY AND AGENCY RELATIONS, FOOD BANK OF ALASKA, ANCHORAGE (via teleconference), testified in support of the bill on behalf of the food bank and the 75 members of the Alaska Food Coalition. She spoke to the question of outreach and reported that beginning in June 2009, the Alaska Food Coalition, in conjunction with the Division of Public Assistance, began outreach on senior benefits in

conjunction with food stamp outreach. She noted regular outreach for the program going on in food pantries and soup kitchens, particularly in the Anchorage and Mat-Su Valley areas.

Co-Chair Stoltze closed public testimony.

JAMES ARMSTRONG, STAFF, REPRESENTATIVE BILL STOLTZE, explained the new fiscal note. He described the new tracking and analysis program used for fiscal notes, which had been used for the first time on HB 16. Flaws were discovered in the program; DHSS worked with the Legislative Finance Division to produce a new, correct fiscal note.

Co-Chair Stoltze noted that David Teal and Amanda Ryder from Legislative Finance nodded in agreement.

Mr. Armstrong continued that [in the original fiscal note] the growth calculations for the out-years had been short by \$200,000 for FY13, \$500,000 for FY14, and \$900,000 for FY 15. In addition, the new fiscal note reflected a supplemental request for \$1.3 million.

[9:27:55 AM](#)

AT EASE

[9:28:38 AM](#)

RECONVENED

Co-Chair Stoltze clarified that the new fiscal note before the committee was dated January 28, 2011, 5:30 p.m. He emphasized that the note reflected the continuing support of the administration through the supplemental, and reiterated that there were not going to be cuts in the senior program.

Mr. Armstrong referred to a spreadsheet by DHSS and Legislative Finance ("Senior Benefits Caseload Summary," copy on file).

Representative Wilson queried an increase of \$2.5 million between FY12 and FY13. She noted that there was not a similar increase between FY13 and FY14. She wondered whether more people were anticipated to join the program. Mr. Kreher answered that the numbers reflected projected service-population growth.

Representative Wilson asked why other years did not have similar increases. Mr. Kreher responded that there were a number of factors involved. In the out-years, it was more challenging to project the number of seniors; the population was anticipated to increase in FY12 and the department was trying to project a median line.

[9:31:38 AM](#)

Mr. Armstrong explained that the governor's FY12 budget submission showed \$20,485,300; the new fiscal note showed \$1.9 million in FY12. The change was due to a projection; the two added together and compared to FY13 amounted to less of a difference.

Representative Hawker pointed out that the program was needs-based and driven by the qualifications established by the legislature and by the number of folks who choose to use the program. He emphasized that the fiscal notes were estimates and that the numbers would be refined each year as more accurate data became available.

Representative Hawker responded to an earlier question regarding more than one senior in a household. He stated that each individual was considered; the qualification was based on each individual's household income. Two individuals residing together would be considered separately; the household income numbers for the federal government would be adjusted to reflect the number of people in the household. Therefore, both individuals would qualify but the dollar amount would be somewhat different than the amount for an individual residing alone.

[9:35:14 AM](#)

Representative Doogan recalled past difficulties related to the program and spoke in support of the legislation.

Co-Chair Stoltze commended Representative Hawker's work on the bill.

Representative Hawker commended his staff.

Representative Joule spoke in support of the legislation. He referred to past disagreement about the issue and was glad lessons had been learned about seniors.

Vice-Chair Fairclough MOVED to report HB 16 out of committee with individual recommendations and the accompanying fiscal notes.

HB 16 was REPORTED OUT of Committee with a "Do Pass" recommendation and attached new fiscal note by the Department of Health and Social Services.

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ADJOURNMENT

The meeting was adjourned at 9:38 AM.