

H B

102

POSITION PAPER

HOUSE BILL NO. 102

"An Act extending certain benefits to the permanently and totally disabled."

- A. Section 1 of this Bill would amend the Aid to the Disabled (AD) statutes by adding to the Department's duties the new task of certifying whether applicants who are not financially needy by AD standards are permanently and totally disabled. Certifications of disability would be used by these persons 50 to 65 years of age to qualify for various benefits previously available only to certain persons over 65.

There is a lack of specificity in the definition of "permanently and totally disabled" within existing Alaska AD statutes. AS 47.25.960 only defines a "permanently and totally disabled person" as one who is a "needy resident of the State who is not eligible for assistance from another public agency or department providing similar services in the State". Lacking clearer statutory guidance, the Department employs the definition of disability used by the Social Security Administration from Titles II and XVI of the Social Security Act.

Currently, approximately 85% of all Aid to the Disabled disability determinations are being done by a special unit within the Department of Education, Division of Vocational Rehabilitation. This unit operates under exclusive contract with the federal Social Security Administration; it determines disability for both Social Security disability insurance applicants and disabled applicants for federal welfare payments under the Supplemental Security Income (SSI) program. The Department follows this unit's determination in qualifying its clients for the AD Program. To reach even a minimally reasonable degree of accuracy is a time-consuming process, involving a determination by highly trained staff applying very complex measurements to laboriously gathered medical, social and psychological data. The determination process is quite expensive.

This Social Security definition of disability may not be satisfactory to meet the intent of the new program proposed by HB No. 102. We recommend consideration be given to changing HB No. 102 to provide a more complete definition of "permanently and toally disabled". We further recommend that this consideration be done with a view toward making disability determinations for this new class of persons simpler and less expensive. However the attached fiscal note assumes that Vocational Rehabilitation will conduct the disability determinations under contract with the Department, using the Social Security definitions and measurements.

- B. Sections 2 through 7 of HB No. 102 would provide certain tax and other benefits to the disabled between 50 and 65. The Department does not oppose the concept behind this expansion of benefits previously provided only to qualified elderly persons. However, it wishes to note that measures which decrease the amounts paid for housing may have a negative effect on some Aid to the Disabled recipients, whose maximum payment levels are based in part on their rent.
- C. Section 8 of HB No. 102 would add Pioneer's Home eligibility for this group. We view this as extremely desirable for those older disabled persons whose living situation and degree of disability make independent living difficult, but who cannot qualify for or afford regular nursing home care.

Recommended by:

Rod Betit  
Rod Betit, Director  
Division of Public  
Assistance

Date:

March 20, 1981

Approved by:

Helen D. Beirne  
Helen D. Beirne  
Commissioner

Date:

3/26/81

HOUSE BILL NO. 102

BUDGET FOR VOCATIONAL REHABILITATION

	<u>New Monthly Salary</u>	<u>Annual</u>	<u>23 1/2% Benefits</u>
<u>100 Staff</u>			
1 Adjudicator R/18	2640	31680	7445
1 Adjudicator R/16	2291	27492	6461
2 Clerical R/ 8	1393	33432	7857
		<u>92604</u>	<u>21763</u>
	TOTAL COST (FY81 SALARY)	114,367	
<u>200 Training Travel</u>			
Employee Hire Expenses		3,000	5,000
	TOTAL TRAVEL	8,000	
<u>300 Phone/Postage</u>			
Form/Printing		2,000	1,000
Copier		1,000	1,500
Rent/Util. 500 sq. ft. @ \$2/sq. ft.		12,000	15,000
Medical Consultant 4 hrs./wk. @ \$70/hr.		15,000	
	TOTAL CONTRACTUAL	31,500	
<u>400 Commodities</u>			
		1,500	
<u>500 Equipment</u>			
		4,000	
<u>700 Grants</u>			
Medical, transportation, housing at \$400/determination		320,000	
	TOTAL	479,367	

By: Michael C. [Signature]  
 Date: 3/23/81

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 102  
 Title "An Act extending certain benefits to the permanently and totally disabled."  
 Requested by Buchholdt Date March 20, 1981

II. FISCAL DETAIL

Agency Affected Departments of Health & Social Services and Education  
 Program Category Affected Social Services  
 BRU, Program, or Subprogram(s) Affected Eligibility Determination BRU  
 (Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)  
EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL		479.4	527.3	580.1	638.1	701.9
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL						

FUNDING (Thousands of Dollars)

GENERAL FUND		479.4	527.3	580.1	638.1	701.9
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME						
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No data exists indicating how many Alaskans may be eligible, or how many of those may choose to apply. Projected costs assume well over 800 applications per year, with approximately 800 disability determinations. This assumption is based on an informal 1980 estimate from Division of Vocational Rehabilitation. No costs are involved in DPA certifying any current assistance recipients as disabled.

The responsibility for determining disability would be contracted to Division of Vocational Rehabilitation. Vocational Rehabilitation's budget breakdown is attached for the RSA amount of 479.4. The new positions would be established in Vocational Rehabilitation rather than DHSS.

IV. DATE 3/23/81 PREPARED BY *[Signature]*  
 AGENCY DHSS, DM  
 Original: Legislative Finance PHONE 3247  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named) *U. Hubbard 3/24/81*

THE LEGISLATURE OF THE STATE OF ALASKA  
TWELFTH LEGISLATURE

FISCAL NOTE

I. REQUEST

Bill/Resolution No. House Bill No. 102  
 Title "An Act extending certain benefits to the permanently and totally disabled"  
 Requested by Buchholdt Date March 20, 1981

II. FISCAL DETAIL

Agency Affected Department of Education  
 Program Category Affected Education

BRU, Program, or Subprogram(s) Affected Vocational Rehabilitation

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		114.4				
200 TRAVEL		8.0				
300 CONTRACTUAL		31.5				
400 COMMODITIES		1.5				
500 EQUIPMENT		4.0				
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.		320.0				
TOTAL		479.4	(ADD 10% each year.)			

FUNDING (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (Specify Fund Source)		479.4				

POSITIONS

FULL TIME		4.0				
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

SEE ATTACHED.

IV. DATE 3/23/81 PREPARED BY Michael C. [Signature]  
 AGENCY Vocational Rehabilitation  
 PHONE 586-6500  
 Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

Introduced: 2/4/81  
Referred: Health, Education &  
Social Services and Finance

1 IN THE HOUSE

BY BJCHHOLDT

2 HOUSE BILL NO. 102

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 TWELFTH LEGISLATURE - FIRST SESSION

5 A BILL

*need "financially needy"*

6 For an Act entitled: "An Act extending certain benefits to the permanently  
7 and totally disabled."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 \* Section 1. AS 47.25 is amended by adding a new section to read:

10 ARTICLE 6A. CERTIFICATION OF THE PERMANENTLY <sup>*define*</sup> AND TOTALLY DISABLED.

11 Sec. 47.25.971. CERTIFICATION OF THE PERMANENTLY AND TOTALLY  
12 DISABLED. A person 50 years of age or over who, under regulations  
13 adopted by the department under AS 47.25.790, either (1) is eligible  
14 for financial assistance under AS 47.25.790 - 47.25.970, or (2) except  
15 for the income and resources requirements, would be eligible for  
16 financial assistance under AS 47.25.790 - 47.25.970, may obtain written  
17 certification from the department of his permanent and total disabili-  
18 ty.

*What about those under worker's comp.  
or have other insurance programs*

19 (b) The department shall adopt regulations prescribing procedures  
20 under which a person may apply for and obtain certification of his  
21 permanent and total disability under (a) of this section.

22 (c) In this section "department" means the Department of Health  
23 and Social Services.

24 \* Sec. 2. AS 28.10.411(c) is amended to read:

25 *delete* (c) A resident 65 years of age or older, or a resident 50 years  
26 of age or older who is certified as permanently and totally disabled  
27 under AS 47.25.971, is entitled to an exemption from tax under this  
28 section for *delete* one motor vehicle subject to registration. No exemption  
29 may be granted except upon written application for the exemption on a

1 form prescribed by the department.

2 \* Sec. 3. AS 29.53.020(e) is amended to read:

3 (e) The real property owned and occupied as a permanent place of  
4 abode by a resident 65 years of age or over, or by a resident 50 years  
5 of age or over who is certified as permanently and totally disabled  
6 under AS 47.25.971, is exempt from taxation of the assessed value of  
7 the real property. Only one exemption may be granted with respect to  
8 the same property and, if two or more persons are eligible for an  
9 exemption with respect to the same property, the parties shall decide  
10 between or among themselves which shall receive the benefit of the  
11 exemption. No real property may be exempted under this subsection  
12 which the assessor determines, after notice and hearing to the parties  
13 concerned, has been conveyed to the applicant primarily for the purpose  
14 of obtaining the exemption. The determination of the assessor is  
15 appealable under AS 44.62.560 - 44.62.570.

16 \* Sec. 4. AS 29.63.065(a) is amended to read:

17 (a) The real property owned and occupied by a resident 65 years  
18 of age or over, or by a resident 50 years of age or over who is certi-  
19 fied as permanently and totally disabled under AS 47.25.971, or by the  
20 spouse, widow, widower, or minor heir of the original applicant, on  
21 which is located only his permanent abode which is a single-family  
22 residence, is exempt from (1) special sewer assessments levied by a  
23 home rule or general law municipality after September 2, 1975 and (2)  
24 special water assessments levied by a home rule or general law munici-  
25 pality after September 2, 1975. Only one exemption may be granted with  
26 respect to the same property, and, if two or more persons are eligible  
27 for an exemption with respect to the same property, the parties shall  
28 decide between or among themselves which shall receive the benefit of  
29 the exemption. No real property may be exempted under this subsection

1 which the municipality determines, after notice and hearing to the  
2 parties concerned, has been conveyed to the applicant primarily for the  
3 purpose of obtaining the exemption. The determination of the munici-  
4 pality is appealable under AS 44.62.560 - 44.62.570.

5 \* Sec. 5. AS 29.73.060(a) is amended to read:

6 (a) A resident of the state 65 years of age or older, or a resi-  
7 dent 50 years of age or older who is certified as permanently and  
8 totally disabled under AS 47.25.971, who rents a permanent place of  
9 abode is eligible for tax equivalency payments from the state through  
10 the Department of Community and Regional Affairs.

11 \* Sec. 6. AS 29.73.060(d) is amended to read:

12 (d) If two or more persons occupy a residence as tenants, not all  
13 of whom are eligible for tax equivalency payments under this section,  
14 the assessor shall determine equitable partial payments to be made to  
15 the eligible tenants. However, tax equivalency payments to an eligible  
16 applicant may not be reduced because the spouse is less than 65 years  
17 of age or because the spouse is not certified as being permanently and  
18 totally disabled under AS 47.25.971. If all occupants in a residence  
19 are eligible for tax equivalency payments under this section, the occu-  
20 pants shall decide between and among themselves which shall receive  
21 payment.

22 \* Sec. 7. AS 38.05.098(a) is amended to read:

23 (a) The real property occupied as a permanent place of abode by a  
24 resident 65 years of age or over, or by a resident 50 years of age or  
25 over who is certified as permanently and totally disabled under AS 47.25.  
26 971, and leased by that resident from the state in accordance with  
27 AS 38.05.070 - 38.05.105 is exempt from the payment of annual lease  
28 rent. Only one exemption may be granted for the same property, and, if  
29 two or more persons are eligible for an exemption for the same property

1 the parties shall decide between or among themselves which shall re-  
2 ceive the benefit of the exemption. An exemption may not be granted  
3 for a portion of the lease which is used by the leaseholder for a  
4 purpose other than his permanent place of abode.

5 \* Sec. 8. AS 47.25.030 is amended to read:

6 Sec. 47.25.030. ADMISSION ON PAYMENT. A citizen of the United  
7 States over 65 years of age or a citizen over 50 years of age who is  
8 certified as permanently and totally disabled under AS 47.25.971, and  
9 who is a resident of the state and has been a resident for not less  
10 than 15 years continuously immediately preceding his application, but  
11 who is not destitute, may on application be admitted to the home upon  
12 his agreement to pay to the state a sum for each day as the Department  
13 of Administration considers sufficient to compensate the state for the  
14 cost of care and support of the person at the home. When this agree-  
15 ment is entered into the Department of Administration may receive the  
16 security for the payments, which it considers expedient.

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18 *These people would be eligible*  
19 *for pioneer homes*  
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II. FISCAL DETAIL

Agency Affected Community and Regional Affairs  
 Program Category Affected Social-Economic Assistance to the Aged  
 BRU, Program, or Subprogram(s) Affected Senior Citizen Tax Relief

(Note: If more than one budget component is affected, separate line-item amounts and funding for each component in the analysis section.)

EXPENDITURES (Thousands of Dollars)

	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86
100 PERSONAL SERVICES		22.1	24.3	26.7	29.4	32.3
200 TRAVEL		1.5	.8	.9	1.0	1.1
300 CONTRACTUAL		4.6	3.1	3.4	3.7	4.1
400 COMMODITIES		.3	.3	.4	.4	.5
500 EQUIPMENT		1.3	.3	-0-	.3	-0-
600 LAND & STRUCTURES		-0-	-0-	-0-	-0-	-0-
700 GRANTS, CLAIMS, ETC.		482.5	590.8	728.0	896.2	1,100.6
<b>TOTAL</b>		<b>512.3</b>	<b>619.6</b>	<b>759.4</b>	<b>931.0</b>	<b>1,138.6</b>

FUNDING (Thousands of Dollars)

GENERAL FUND		512.3	619.6	759.4	931.0	1,138.6
FEDERAL FUNDS						
OTHER (Specify Fund Source)						

POSITIONS

FULL TIME		1	1	1	1	1
PART TIME						
TEMPORARY						

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

Sec. 1, 7 and 8 do not affect this agency, therefore fiscal data is provided only for Secs. 2 - 6. Assume operation to begin with FY 82.

Information from the Department of Health and Social Services, Division of Public Assistance indicate that while no actual data exists, it may be reasonable to assume 2,800 permanently and totally disabled and that about 33% of these people are age 50 and over. Therefore, a figure of 924 will be used for total eligible population in FY 81. See attached for analysis of fiscal impact for each program affected.

IV. DATE February 10, 1981

PREPARED BY LaDonna Brown  
 AGENCY Community and Regional Affairs  
 PHONE 465-4739

Original: Legislative Finance  
 cc: Budget and Management  
 Prime Sponsor (First Legislator Named)

## SEC. 2. MOTOR VEHICLE REGISTRATION TAX EXEMPTION

Assume 80% of the eligible population own a motor vehicle, or 740. Average payment for FY 79 and FY 80 for the senior citizen portion of the program was just under \$19 per affidavit.

Since the fee schedule is set by statute, no inflationary increase is predicted. It is assumed the eligible population may increase 10% each year.

FY 82 - 814 X \$19 = \$15,466	FY 85 - 1,083 X \$19 = \$20,577
FY 83 - 895 X \$19 = \$17,005	FY 86 - 1,191 X \$19 = \$22,629
FY 84 - 984 X \$19 = \$18,696	

## SEC. 3. HOMEOWNER PROPERTY TAX EXEMPTION

The FY 80 Senior Citizen Program shows 82% of the eligible applicants were homeowners and 18% were renters. It is assumed that about 30% of the otherwise eligible applicants are in institutions, other housing not subject to property tax or do not apply for various reasons.

The Senior Citizen Program indicates a 12% increase in number of applicants and 10% increase in average tax per application each year. FY 80 average tax was \$560.

924 minus 30% = 647 X 82% = 531

FY 82 - 595 X \$626 = \$372,470	FY 85 - 836 X \$934 = \$597,224
FY 83 - 666 X \$689 = \$458,874	FY 86 - 936 X \$917 = \$858,312
FY 84 - 746 X \$758 = \$565,468	

## SEC. 4. SEWER AND WATER ASSESSMENT DEFERMENT

Assume no more than 2% of homeowners apply for deferment each year. Average deferment in FY 80 was \$3,055, assume 10% increase each year.

FY 82 - 12 X \$3,697 = \$44,364	FY 85 - 17 X \$4,920 = \$83,640
FY 83 - 13 X \$4,066 = \$52,858	FY 86 - 19 X \$5,412 = \$102,828
FY 84 - 15 X \$4,473 = \$67,095	

## SEC. 5 and 6. RENTER PROPERTY TAX EQUIVALENCY PAYMENT

See Sec. 3 assumptions; 647 X 18% = 116 at 12% annual increase. Under the new formula, average payment per applicant for FY 80 would be about \$334 plus 5% for removal of payment limit = \$351 at 10% annual increase.

FY 82 - 130 X \$386 = \$50,180	FY 85 - 184 X \$515 = \$94,760
FY 83 - 146 X \$425 = \$62,050	FY 86 - 206 X \$567 = \$116,802
FY 84 - 164 X \$468 = \$76,752	

Four separate programs show increased activity. A clerk typist II will be required to handle increased typing, filing and audit procedures.

100 Personal Services	Clerk Typist II	Range 07
Salary	1,319/mo.	= 15,828
Benefits	@ 15.37%	= 2,433
FICA		= 2,004
Health Insurance		= 1,848
		<u>22.1</u>

Travel to the major population centers will be required for the first year of operation to assure that eligible applicants are aware of the new benefits and to prepare appropriate agencies to assist applicants. Reduced travel will be required annually to maintain awareness.

Anchorage/Mat-Su - 3 days & Fairbanks - 1 day	\$300
Kenai Peninsula - 1 day & Kodiak - 1 day	\$500
Southeast - 2 days	\$150
200 Travel	= 950
Per Diem	= 525
	<u>1.5</u>

There is no space available for the new position at the present site of program operation in Juneau.

300 Contractual	
Office Space - 47 sq. ft. @ \$1.50 sq.ft./mo.	.9
Telephone	1.0
Postage	.3
Printing and Advertising - first year	1.8
Printing and Advertising - annual	.4
Copier	.2
	<u>4.6</u>
400 Commodities	.3
500 Equipment	
Desk	524
5-Drawer File Cabinet	296
Chair	155
Calculator	274
	<u>1.3</u>
Total Administrative Cost - First Year	\$29.5
Annual	\$25.6