

SB

1777

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

Bill Version: SB 177

Publish Date: _____

REQUEST _____

Revision Date: _____

Title: "An act relating to medical expenses of prisoners."

Sponsor: Fischer, Kerttula, et al

Requestor: Judiciary, Finance

Agency Affected: Department of Revenue

BPU: Permanent Fund Dividend

Components: Administrative Services

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
OPERATING						
PERSONAL SERVICES	6.3	6.3	6.3	6.3	6.3	6.3
TRAVEL	-	-	-	-	-	-
CONTRACTUAL	1.1	1.1	1.1	1.1	1.1	1.1
SUPPLIES	-	-	-	-	-	-
EQUIPMENT	-	-	-	-	-	-
LANDS & STRUCTURES	-	-	-	-	-	-
GRANTS, CLAIMS	-	-	-	-	-	-
MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	7.4	7.4	7.4	7.4	7.4	7.4
CAPITAL	-	-	-	-	-	-
REVENUE	-	-	-	-	-	-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	-	-	-	-	-
FEDERAL FUNDS	-	-	-	-	-	-
OTHER - PFD	7.4	7.4	7.4	7.4	7.4	7.4
TOTAL	7.4	7.4	7.4	7.4	7.4	7.4

POSITIONS:

FULL-TIME	-	-	-	-	-	-
PART-TIME	1	1	1	1	1	1
TEMPORARY	-	-	-	-	-	-

ANALYSIS: Attach a separate page if necessary

(See attached)

Prepared By: Eryn B. Jones

Division: Administrative Services

Phone: 465-2313

Date: 3/24/87

Approved by Commissioner: Hugh Melore for

Agency: Revenue

Date: 3/25/87

Distribution (by Agency preparing fiscal note):

Legislative Finance

Legislative Sponsor

Requestor

Office of Management and Budget

Impacted Agency(ies)

Senate Secretary

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Department of Revenue
Administrative Services Division
Fiscal Note Analysis
SB 177
3/24/87

Assumptions:

1. The bill will take effect in time to affect the permanent fund dividends to be paid for the 1987 year.
2. According to the Department of Corrections, virtually every prisoner who is in a correctional facility or who is committed by a court to the custody of the Commissioner of Corrections receives some medical care from the state, each year. The average cost is approximately \$6.00 per day, or \$2,190 per year, well in excess of the expected value of the permanent fund dividend.
3. According to the Department of Corrections, the average number of prisoners in custody, as of December 1986 is as follows:

Institutions	2,069
Community Residential Centers	<u>237</u>
TOTAL in custody of state	<u>2,306</u>

4. Prisoners held in federal facilities or in Minnesota institutions on contract, also incur medical expenses, but the provision of such services is included in the contract for service. I assume the Department of Corrections would be able, and would wish to file for, or attach the dividends of applicants who were in custody outside the state.

TOTAL in custody out-of-state	233
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5. Taking the provisions of Sec. 1 and Sec. 2 together, it is assumed that the Department of Corrections has a choice of either filing applications for those inmates who they believe to be eligible, or serving attachments on the dividends of those inmates who Corrections believes to be eligible. It would seem unnecessary to do both.

Program Summary:

The PFD system currently identifies duplicate applications. Since Section 2 requires that an application filed by the Commissioner of Corrections has priority over an application filed under AS 43.23.005(a) or (c), the department would need to identify competing applications and deny them. This would be accomplished by computer match and would result in denied applications for every inmate who filed a competing application. Assuming that 2000 of the approximate 2500 inmates will file on their own behalf, we will generate 2000 denial notices, with notice of appeal rights, and mail notices to each denied applicant. As a result of the applications filed by the Commissioner of Corrections, Revenue will review and either approve or deny the applications. In the general case, the applications will be approved and payment will be transferred to the general fund (Sec. 5).

It is assumed that the Commissioner of Corrections will file applications only for those inmates who meet the general eligibility requirements (i.e. residency and intent to remain). If the commissioner chooses under Section 1 to attach the dividend, the Department of Revenue will process the attachments.

Since the implementation of the Permanent Fund Dividend program, the attachment of dividends by third parties has grown dramatically. Garnishment and assignments received and processed by the program numbered 20,548. Of those processed, a total of 14,507 have been paid. Each attachment received has to be recorded, matched against the dividend application file, and acknowledged in one of two ways: rejected with an explanation, or paid in part or in whole, again with an explanation.

Currently, the program has one full-time accounting clerk assigned to this process. Even with recent improvements to the process, we cannot keep up with the increasing demands.

1. Positions

1 PPT Document Processor I, R7 @ \$2,117.76/Mo.
including salary and benefits for 3 months = \$6.3

This position would assist the one existing position in receiving, processing and responding to the attachments, and responding to the expected contact from the affected parties. This would be a continuing expense. This position would also assist in the determination of duplicate filings and distribution of denial notices.

2. Other Expenditures:

a) Travel: None.

b) Contractual:

Postage for 2,000 denials, printing costs for denial forms, appeal notices, envelopes. = \$1.1

c) Supplies: None.

d) Equipment: Use existing.

TOTAL COST

\$7.4

Funding: Permanent Fund Dividend Fund.

4. Section Cost Analysis: N/A.

Computations: N/A.

Economic Impact: N/A.

Impact on Local Government: N/A.

Suggested Amendments: None.

Attachments: None.

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FISCAL NOTE**

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Revision Date: _____

Agency Affected: Department of Corrections

Title: "An Act related to medical expenses of prisoners."

BRU: Administrative Services

Sponsor: Fischer, Kerttula, Binkley, Jones
Requestor: and Duncan

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	61.0	64.0	67.0	70.0	74.0	78.0
TRAVEL						
CONTRACTUAL	2.0	2.0				
SUPPLIES						
EQUIPMENT	5.0					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	68.0	66.0	67.0	70.0	74.0	78.0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	68.0	66.0	67.0	70.0	74.0	78.0
FEDERAL FUNDS						
OTHER						
TOTAL	68.0	66.0	67.0	70.0	74.0	78.0

POSITIONS:

FULL-TIME	2	2	2	2	2	2
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by: Susan Knighton, Research Analyst IV
Division: Administrative Services

Phone: 465-3376
Date: 3-12-87

Approved by Commissioner: Susan Hunphrey-Barnett
Agency: Department of Corrections

Date: 3-12-87

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)
- Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. SB 177

ANALYSIS

Senate Bill No. 177 will allow the Commissioner of the Department of Corrections to attach a prisoner's permanent fund dividend checks in order to pay the prisoner's medical expenses. The amount to be attached is limited each year to the amount of the permanent fund dividend less child support obligations and court ordered restitution.

It is very difficult to estimate the amount of revenue to be collected until it is determined how the medical expenses will be assessed. The Department could assess the average daily medical cost of \$6.00 for each day an offender was housed in an institution plus the cost of specialized medical care received by an individual. The yearly revenues collected under this scenario might be:

2648	persons incarcerated on 12-87
-132	less persons whose permanent fund is already being attached for child support payments and restitution. (Estimated at 5%)
<u>2516</u>	persons eligible to pay for medical costs on 12-87
<u>\$1,383,800</u>	\$2516 X \$550 PF dividend check

The implementation of this bill will add on-going administrative costs to the Department of Corrections' budget. The Department will be able to utilize the Offender-Based State Correctional Information System (OBSCIS) to collect the necessary cost information, but additional Restitution Unit staff and OBSCIS equipment must be acquired. These are costs which must be funded as there is no staff available to absorb such a large workload.

Costs:

Accounting Clerk IV	\$31,319/year
Clerk Typist III	29,705/year
2 OBSCIS Terminals	5,000 purchase
Data Processing Chargeback	2,016/year for 2 years
	<u>\$68,040</u>

A yearly inflation factor of 5% is assumed for the personnel costs.