

**HB**

**108**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 23, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/8/95

The FINANCE Committee considered:

HB 108

HOUSE BILL NO. 108

USE PFD'S TO RECOVER WELFARE OVERPAYMENTS

"An Act relating to claims on permanent fund dividends for defaulted public assistance overpayments."

recommends it be replaced  the same title  
 with the following committee substitute  a new title

additional referral to \_\_\_\_\_ Committee  
 attached amendment(s)

ADOPTS: \_\_\_\_\_ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) \_\_\_\_\_

APPROVES PREVIOUS: (Dept/Date) \_\_\_\_\_

2  fiscal note(s) DHSS

fiscal note(s) \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

zero fiscal note(s) Revenue: 2/23/95

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Edon Mulder</i>	MULDER	X			
<i>Terry Martin</i>	MARTIN	X			
<i>Vick Kohring</i>	Kohring	X			
<i>Ben Grussendorf</i>	Grussendorf	X			
<i>Mike Navarre</i>	Navarre	X			
<i>Fay Brown</i>	BROWN			X	
<i>Pete Kelly</i>	Kelly	✓			
<i>Sean Parnell</i>	Parnell	X			
<i>Richard Foster</i>	Hanky	X			
<i>Richard Foster</i>	FOSTER	X			

CO-CHAIR'S SIGNATURE

*Mark Hanky*  
Hanky

*Richard Foster*  
FOSTER

# FISCAL NOTE

No. 1  
 Bill Version: HB 108  
 (H) Publish Date: 2/23/95

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

Revision Date: \_\_\_\_\_ Dept. Affected: Department of Revenue  
 Title: Use PFD's to Recover Welfare Payments BRU: Permanent Fund Dividend Division  
 Component: Permanent Fund Dividend Division  
 Sponsor: Reorepresentatives TOOHEY, Sunde  
 Requester: House Judiciary COMPONENT SERIAL NO. 981

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

OPERATING EXPENDITURES	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
<b>TOTAL OPERATING</b>	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ( )						
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**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF:MHTIA						
Other						
<b>TOTAL</b>	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

FULL-TIME						
PART-TIME						
TEMPORARY						

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

This legislation would establish a procedure for serving attachments against dividends that is virtually identical to the process currently in place under AS 43.23.067 for the Alaska Commission on Postsecondary Education. Accordingly, the Division does not anticipate any significant additional costs to implement this legislation if enacted.

Prepared by: Thomas C. Williams, Director *Thomas Williams* Phone: 465-2323  
 Division: Permanent Fund Dividend Division Date: 1/25/95  
 Approved by Commissioner: *[Signature]* Date: 1/25/95  
 Agency: Department of Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 108

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to claims on PFD's for  
defaulted public assistance overpayments BRU: Assistance Payments  
 Sponsor: Toobey Component: AFDC  
 Requestor: House JUD COMPONENT SERIAL NO. 220  
 See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	16.5	27.5	30.2	27.5	27.5	24.7
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**FUND SOURCE**

(Thousands of Dollars)

FUND SOURCE	FY96	FY97	FY98	FY99	FY00	FY01
1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$0.0

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

SEE ATTACHMENT

Prepared by: Jim Dalman, Acting Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 02/02/95  
 Approved by Commissioner: Karen Perdue, Commissioner Date: 2/16/95  
 Agency: Department of Health & Social Services

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**ANALYSIS (cont.):**

HB 108 amends existing statutes to provide authority for the Department of Health and Social Services to collect delinquent public assistance overpayment debts by administrative garnishment of Permanent Fund dividends. This legislation results in increased debt collection by the Division of Public Assistance.

AFDC benefits are 50 percent state/50 percent federally funded. When the State recovers AFDC overpayments, it returns the federal share to the federal government and retains the state share.

**Assumptions:**

- All revenues are collections against prior years' costs
- The state retains 50 percent of AFDC collections as General Fund receipts
- 50 percent of AFDC collections are returned directly to the federal government
- Average claim collection via PFD garnishment = \$550
- Collections will rise in the first 3 years, then decline as backlog of delinquent claims is cleared.

**Calculations:**

	FY96	FY97	FY98	FY99	FY00	FY01
Claims collections	60	100	110	100	100	90
Total collected	33.0	55.0	60.5	55.0	55.0	49.5
Increased GF Receipts	16.5	27.5	30.2	27.5	27.5	24.7

**FISCAL NOTE**

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 108

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to claims on PFD's for BRU: Public Assistance Admin  
defaulted public assistance overpayments Component: Public Assistance Admin  
 Sponsor: Toohy COMPONENT SERIAL NO. 233  
 Requestor: House JUD See also (SN#): \_\_\_\_\_

**Expenditures/Revenues:**

(Thousands of Dollars)

OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	3.4	8.1	11.2	9.0	9.0	8.1
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**FUND SOURCE**

(Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	0.0	0.0	0.0	0.0	0.0	0.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1006 GF/MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**POSITIONS:**

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

Estimate of any current year (FY95) cost: \$0.0

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

SEE ATTACHMENT

Prepared by: Jim Dalman, Acting Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 02/02/95  
 Approved by Commissioner: Karen Perdue, Commissioner Date: 2/6/95  
 Agency: Department of Health & Social Services

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**ANALYSIS (cont.):**

HB 108 amends existing statutes to provide authority for the Department of Health and Social Services to collect delinquent public assistance overpayment debts by administrative garnishment of Permanent Fund dividends. This legislation results in increased debt collection by the Division of Public Assistance.

Food Stamp Program overpayment collections generate revenue to the State. Although food stamps are 100 percent federally funded, states are allowed to retain collection incentives of 10 percent of recoveries of overpayments caused by inadvertent household error and 25 percent of recoveries of payments caused by recipient fraud. These recovery incentives will increase to 25 and 50 percent respectively in October, 1995.

**Assumptions:**

- All revenues are collected against prior years' costs
- Average state retention rate = 15 percent in FY96
- Average state retention rate = 30 percent in FY97 through FY01
- State retentions are applied as GF receipts
- Balance after state retention is returned directly to the federal government
- State portion of recoveries is applied against prior years' costs for Public Assistance Administration
- Collections will rise in the first 3 years, then decline as backlog of existing claims is cleared

**Collections:**

	FY96	FY97	FY98	FY99	FY00	FY01
Claims collections	75	90	125	100	100	90
Total Collected	22.5	27.0	37.5	30.0	30.0	27.5
Increased GF Receipts	3.4	8.1	11.2	9.0	9.0	8.1

HELD

A M E N D M E N T

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: HB 108

1 Page 1, line 8:

2 Delete "is"

3 Insert "may be"

4 Page 1, after line 13:

5 Insert a new subparagraph to read:

6 "(A) the Department of Health and Social Services notified the  
7 individual of the overpayment claim within 30 days after the overpayment was  
8 made;"

9 Reletter the following subparagraphs accordingly.

10 Page 2, line 4:

11 Delete "(A)"

12 Insert "(B)"



OFFICIAL BUSINESS

# Alaska State Legislature

House of Representatives

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CYNTHIA TOOHEY  
DISTRICT 13

STATE CAPITOL ROOM 104  
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19071 465-4910

718 WEST 4TH AVENUE, SUITE 330  
ANCHORAGE, ALASKA 99501-2113  
19071 298-6168

## SPONSOR STATEMENT

### House Bill 108

**"An Act relating to claims on permanent fund dividends for defaulted public assistance overpayments"**

House Bill 108 would give the Department of Health and Social Services the administrative authority to garnish permanent fund dividends of individuals who have received public assistance overpayments and are delinquent in repaying the debt.

Frequently persons receiving overpayments agree to repay the debt, but fail to do so. If a person is still on public assistance, the person's benefit can be reduced as a means of collection, but if a person is off assistance, collection becomes difficult. There is currently over half a million dollars in outstanding debt due the Department.

Collection through the court system can be time-consuming and costly, House Bill 108 would allow the Department to pursue in the same manner that delinquent student loans are pursued.

Your support would be appreciated.

## SECTIONAL ANALYSIS OF HB 108

Sec. 1. The Alaska Exemptions Act (AS 09.38) does not apply to permanent fund dividends taken to satisfy the balance due on a defaulted public assistance overpayment claim. The provisions dealing with execution on claims do not apply and a method of executing on a dividend is set out.

Sec. 2. The permanent fund dividend of a former recipient of a public assistance program may be taken to satisfy the balance due on a defaulted overpayment claim.