

HB

32

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: March 14, 1995

FURTHER REFERRALS:

Date of Committee Action: 3/20/95

The FINANCE Committee considered:

HB 32

HOUSE BILL NO. 32

PFD ADMINISTRATIVE PROCEEDINGS

"An Act relating to administrative proceedings involving a determination of eligibility for a permanent fund dividend or authority to claim a dividend on behalf of another."

recommends it be replaced with the following committee substitute CS HB 32 (FIN) the same title a new title

additional referral to _____ Committee

attached amendment(s)

ADOPTS: _____ Letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal note(s) _____

fiscal note(s) Revenue 2/13/95

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
<i>[Signature]</i> Mulder		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>
<i>[Signature]</i> Kelly			<input checked="" type="checkbox"/>	
<i>[Signature]</i> Martin			<input checked="" type="checkbox"/>	
<i>[Signature]</i> Grossnick			X	
<i>[Signature]</i> Pannell			X	
<i>[Signature]</i> Thernawit		<input checked="" type="checkbox"/>		

CO-CHAIR'S SIGNATURE _____

FISCAL NOTE

no. 1

Bill Version: CS&B 32(STA)

(H) Publish Date: 2/13/95

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Revision Date: _____ Dept. Affected: Department of Revenue
 Title: PFD Administrative Proceedings BRU: Permanent Fund Dividend Division
 Component: Permanent Fund Dividend Division
 Sponsor: Representative GREEN
 Requester: House State Affairs 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		(7.9)	(52.7)	(97.5)	(142.3)	(142.3)
TRAVEL						
CONTRACTUAL					(21.0)	(29.4)
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	(7.9)	(52.7)	(97.5)	(163.3)	(171.7)

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()	121.8	129.0	129.0	129.0	129.0	129.0
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1006 GF/MHTIA						
1050 Dividend Fund		(7.9)	(52.7)	(97.5)	(163.3)	(171.7)
TOTAL	0.0	(7.9)	(52.7)	(97.5)	(163.3)	(171.7)

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

POSITIONS

FULL-TIME			(1)	(2)	(3)	(3)
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

See Page 2.

Prepared by: Thomas C. Williams, Director *Thomas Williams* Phone: 465-2323
 Division: Permanent Fund Dividend Division Date: 2/6/95
 Approved by Commissioner: *[Signature]* Date: 2/16/95
 Agency: Department of Revenue

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ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
ANALYSIS OF HB 32
As of February 6, 1995

Assumptions

- A. This legislation would be effective in FY 96.
- B. 55% of all appeals received involve bright line issues and 45% of all appeals received involve non-bright line issues. Bright line issues are those that are clearly definable by objective criteria, such as whether an individual was physically present in state during the two previous calendar years or met an application deadline. Non-bright line issues are those that involve issues that are more subjective, such as whether an individual demonstrated an intent to return to Alaska.
- C. The addition of a fee will mean some of those individuals whose denial involved a bright line issue as well as some of those individuals whose denial involved a non-bright line issue will not appeal.
- D. Necessary data processing programming updates to the PFD masterfile computer system would require approximately 4 staff weeks work for PFD Division data processing staff. Other data processing programming projects would be delayed to make time for the initial programming.
- E. Additional data entry and fee processing could be accomplished by current staff, since with the adoption of the appeal fee requirement the total number of appeals received is expected to decline.
- F. See the attached *Projected Revenues Resulting From HB 32* and *Projected Inventory Resulting From HB 32* regarding the number of appeals to be received and the required staffing levels. If these assumptions are correct then:
 - 1. in FY 97 one PFDS II could be reallocated to a PFDS I resulting in a savings of \$7.9. In FY 98, FY 99 and again in FY 00, a PFDS I position could be eliminated each year for an additional savings of \$44.8 each; and
 - 2. funding for one range 22 Formal Hearing Officer in the Commissioner's Office could be reduced to 75% in FY 00, and 65% in FY 01.
- G. To the extent that the number of appeals does not decline as projected, staffing levels could not be reduced as reflected. Similarly, to the extent that the number of appeals declines more than projected, staffing levels might be able to be reduced more than the amount reflected.

Attachments

COMMITTEE COPY

COMMITTEE

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
PROJECTED REVENUES RESULTING FROM HB 32

As of February 6, 1995

	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Informal Conference Appeals</u>						
Appeals Received without a fee	8,000	8,000	8,000	8,000	8,000	8,000
Bright Line Issue Appeals Received without a fee (55%)	4,400	4,400	4,400	4,400	4,400	4,400
Non-Bright Line Issue Appeals Received (45%)	3,600	3,600	3,600	3,600	3,600	3,600
Bright Line Issue Appeals with Fee (50% of those without a fee)	2,200	2,200	2,200	2,200	2,200	2,200
Non-Bright Line Issue Appeals with Fee (85% of those without a fee)	3,060	3,060	3,060	3,060	3,060	3,060
Total Appeals with Fee	5,260	5,260	5,260	5,260	5,260	5,260
Amount Collected	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500	\$131,500
Projected Overturn Rate	15%	10%	10%	10%	10%	10%
Amount Refunded	\$19,725	\$13,150	\$13,150	\$13,150	\$13,150	\$13,150
Amount Retained at Informal before Formal Overturns	\$111,775	\$118,350	\$118,350	\$118,350	\$118,350	\$118,350
<u>Formal Hearing Appeals</u>						
Projected Appeal Rate with fee	10%	10%	10%	10%	10%	10%
Appeals Received	447	473	473	473	473	473
Amount Collected	\$11,175	\$11,825	\$11,825	\$11,825	\$11,825	\$11,825
Projected Overturn Rate	5%	5%	5%	5%	5%	5%
Amount of Formal Hearing Fee Refunded	\$550	\$600	\$600	\$600	\$600	\$600
Amount of Related Informal Conference Fee Refunded	\$550	\$600	\$600	\$600	\$600	\$600
Amount Retained at Formal	\$10,625	\$11,225	\$11,225	\$11,225	\$11,225	\$11,225
<u>Net Retained</u>	<u>\$121,850</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>	<u>\$128,975</u>

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
PROJECTED INVENTORY RESULTING FROM HB 32

As of February 6, 1995

	<u>FY95(A)</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>FY99</u>	<u>FY00</u>	<u>FY01</u>
<u>Informal Conference Appeals</u>							
Beginning Appeal Inventory	9,704	8,954	6,714	3,224	984	0	260
Total New Appeals	3,000	5,260	5,260	5,260	5,260	5,260	5,260
Total Resolutions	(3,750)	(7,500)	(8,750)	(7,500)	(6,244)	(5,000)	(5,000)
Ending Inventory	8,954	6,714	3,224	984	0	260	520
<u>Formal Hearing Appeals</u>							
Beginning Appeal Inventory	978	988	735	509	282	55	4
Total New Appeals	535	447	473	473	473	473	473
Total Resolutions	(525)	(700)	(700)	(700)	(700)	(525)	(455)
Ending Inventory	988	735	509	282	55	4	22
<u>Staffing Levels</u>							
Permanent Fund Dividend Division							
Informal Conference Staff	6	6	7	6	5	4	4
Formal Hearing Staff	2	2	1	1	1	1	1
Total Permanent Fund Dividend Division Staff	8	8	8	7	6	5	5
Commissioner's Office Formal Hearing Staff funded by PFD Division	1.5	1	1	1	1	0.75	0.65

(A) Beginning Inventory for FY95 is as of January 1, 1995

9-LS0161NK
Cook
3/21/95

CS FOR HOUSE BILL NO. 32(FIN)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:
Referred:

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative proceedings involving a determination of
2 eligibility for a permanent fund dividend or authority to claim a dividend on
3 behalf of another; and providing for an effective date."

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

5 * Section 1. AS 43.23.015(g) is amended to read:

6 (g) If an individual is aggrieved by a decision of the department determining
7 the individual's eligibility for a permanent fund dividend or the individual's authority
8 to claim a permanent fund dividend on behalf of another, the individual may, upon
9 payment of a \$25 appeal fee, request the department to review its decision. If the
10 individual is aggrieved by the decision of the department after all administrative
11 proceedings, the individual may appeal that decision to the superior court in
12 accordance with AS 44.62.560. An appeal to the court under this section does not
13 entitle the aggrieved individual to a trial de novo. The appeal shall be based on the
14 record of the administrative proceeding from which appeal is taken and the scope of

1 appeal is limited to matters contained in the record of the administrative proceeding.

2 If, as a result of an administrative proceeding or a court appeal, the individual
3 prevails, the \$25 appeal fee shall be returned to the individual by the department.

4 * Sec. 2. AS 43.23.015 is amended by adding a new subsection to read:

5 (i) An indigent individual may apply for a waiver of the appeal fee required
6 under (g) of this section. The department shall prescribe and furnish a form for that
7 purpose. The department shall grant the waiver if, during the year immediately
8 preceding the year the form is submitted to the department, the individual was a
9 member of a family with an income equal to or less than the federal poverty guidelines
10 for Alaska set by the United States Department of Health and Human Services.

11 * Sec. 3. AUTHORIZATION TO ADOPT REGULATIONS. The Department of Revenue
12 may adopt regulations to implement secs. 1 and 2 of this Act; however, the regulations may
13 not be effective before the effective date of those sections.

14 * Sec. 4. Sections 1 and 2 of this Act take effect January 1, 1996.

15 * Sec. 5. Section 3 of this Act takes effect immediately under AS 01.10.070(c).

Parnell
with
conceptual amend.

9-LS0161NG

Regulation Be adopted
for calendar
1995

CS FOR HOUSE BILL NO. 32(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
NINETEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered: 2/13/95
Referred: Judiciary, Finance

Sponsor(s): REPRESENTATIVE GREEN

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to administrative proceedings involving a determination of
2 eligibility for a permanent fund dividend or authority to claim a dividend on
3 behalf of another."

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

5 * Section 1. AS 43.23.015(g) is amended to read:

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7 the individual's eligibility for a permanent fund dividend or the individual's authority
8 to claim a permanent fund dividend on behalf of another, the individual may, upon
9 payment of a \$25 appeal fee, request the department to review its decision. If the
10 individual is aggrieved by the decision of the department after all administrative
11 proceedings, the individual may appeal that decision to the superior court in
12 accordance with AS 44.62.560. An appeal to the court under this section does not
13 entitle the aggrieved individual to a trial de novo. The appeal shall be based on the
14 record of the administrative proceeding from which appeal is taken and the scope of

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appeal is limited to matters contained in the record of the administrative proceeding.
If, as a result of an administrative proceeding or a court appeal, the individual prevails, the \$25 appeal fee shall be returned to the individual by the department.

* Sec. 2. AS 43.23.015 is amended by adding a new subsection to read:

(i) An indigent individual may apply for a waiver of the appeal fee required under (g) of this section. The department shall prescribe and furnish a form for that purpose. The department shall grant the waiver if, during the year immediately preceding the year the form is submitted to the department, the individual was a member of a family with an income equal to or less than the federal poverty guidelines for Alaska set by the United States Department of Health and Human Services.

Alaska State Legislature

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NORTH ALASKA HOUSES
JULY 1995
T. 477-4100 FAX

INFORM ADDRESS
110 WEST 4TH AVENUE
ANCHORAGE, ALASKA 99501
T. 477-4100
T. 477-4100 FAX



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Representative Joe Green

District 12

SPONSOR STATEMENT HB 32

HB 32 addresses a serious problem with the number of appeals filed after an applicant is denied a Permanent Fund Dividend, and the length of time that it takes to process those appeals. As of January 1, 1995 there were approximately 9,740 appeals pending, the highest number since the PFD program's inception. One district 10 resident is still waiting to be heard more than 2 years after filing, and there are people who have waited even longer for their appeals to be processed and resolved. Processing such a large number of appeals is costly as well as being unfair to those who have a legitimate claim. Currently there are 10 permanent full time employees in the Permanent Fund Division and one appeals officer in the commissioners office working on processing the appeals, yet there are still almost 10,000 appeals pending, with no end in sight. Part of the problem is that it only costs a 32 cent stamp to file an appeal. Many people who clearly do not meet the qualifications for receiving a dividend protest their denial simply because they have the opportunity to do so at no risk to themselves. The 1994 denial rate was 64%. In years prior to 1994 the percentage rate of denials has been significantly higher.

HB 32 would implement a \$25 filing fee for individuals protesting the denial of their PFD application. The legislation provides for a waiver of the fee for an indigent individual who is a member of a family whose income is equal to or less than the federal poverty guidelines published yearly by the United States Department of Health and Human Services. The filing fee would be refundable if the appeal is successful, and non-refundable if the denial is upheld. It is anticipated that the implementation of a filing fee would discourage frivolous appeals, thereby reducing costs which are deducted from the amount of the dividend, and making the appeals process significantly shorter for legitimate claims.

Alaska State Legislature

WHILE IN SESSION
CAPITOL BUILDING
NEAR ALASKA STREET
JUNEAU, ALASKA 99801
PHONE 461-1111 FAX 461-1111

INTERMEDIARY
100 WEST 5TH AVENUE
ANCHORAGE, ALASKA 99501
PHONE 581-1111 FAX 581-1111



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MEMBER STATE AFFAIRS COMMITTEE

FINANCE COMMITTEE
DEPT. OF NATURAL RESOURCES
DEPT. OF COMMERCE & ECONOMIC DEVELOPMENT
DEPT. OF ENVIRONMENTAL CONSERVATION

Representative Joe Green

District 12

Memorandum

TO: Representative Richard Foster, Co-Chair
Representative Mark Hanley, Co-Chair
House Finance Committee

FROM: Representative Joe Green

DATE: March 13, 1995

RE: CSHB 32, "Permanent Fund Administrative Proceedings"

I respectfully request that CSHB 32 be scheduled for a hearing before the House Finance Committee. HB 32 is one of my top legislative priorities for the nineteenth legislature and I would appreciate it being heard at the earliest possible date.

Currently there are almost 10,000 PFD appeals pending, with the wait for some being in excess of two years. While there are those who have a legitimate reason for appealing, there is also a large percentage of those who do so because it only costs the price of a 32 cent stamp. HB 32 would implement a \$25 filing fee for individuals protesting the denial of their PFD application. The legislation includes an waiver from the appeal fee for indigent individuals. The filing fee would be refundable if the appeal is successful, and non-refundable if the denial is upheld. It is anticipated that the implementation of a filing fee would discourage clearly frivolous appeals, thereby reducing costs which are deducted from the amount of the dividend, and making the appeals process significantly shorter for legitimate claims.

Thank you for your consideration.

designated above at the following address:
 OMB Reports Management Branch, New Executive Office Building, room 3208, Washington, DC 20508.
 Dated: January 28, 1994.
 Dennis P. Williams,
 Deputy Assistant Secretary, Budget.
 FR Doc. 94-3100 Filed 2-9-94; 8:45 am
 BILLING CODE 4150-04-00

Annual Update of the HHS Poverty Guidelines

AGENCY: Department of Health and Human Services.

ACTION: Notice.

SUMMARY: This notice provides an update of the HHS poverty guidelines to account for last (calendar) year's increase in prices as measured by the Consumer Price Index.

EFFECTIVE DATE: These guidelines go into effect on the day they are published (unless an office administering a program using the guidelines specifies a different effective date for that particular program).

ADDRESSES: Office of the Assistant Secretary for Planning and Evaluation, Department of Health and Human Services (HHS), Washington, D.C. 20201.

FOR FURTHER INFORMATION CONTACT: For information about how the poverty guidelines are used in a particular program, contact the Federal (or other) office which is responsible for that program.

For general information about the poverty guidelines (but not for information about how they are used in a particular program), contact Gordon Fisher, Office of the Assistant Secretary for Planning and Evaluation, HHS—telephone: (202) 690-6141.

For information about the Hill-Burton Uncompensated Services Program (no-fee or reduced-fee health care services at certain hospitals and other health care facilities for certain persons unable to pay for such care), contact the Office of the Director, Division of Facilities Compliance, HHS—telephone: (301) 443-5658. The Division of Facilities Compliance notes that as set by 42 CFR 124.505(b), the effective date of this update of the poverty guidelines for facilities obligated under the Hill-Burton Uncompensated Services Program is sixty days from the date of this publication.

Under a recent amendment to the Older Americans Act, the figures in this notice are the figures that area agencies on aging should use to determine

'greatest economic need' for Administration on Aging programs. For information about those programs, contact Donald Fowles, Administration on Aging, HHS—telephone: (202) 619-2614.

For information about the Department of Labor's Lower Living Standard Income Level (an alternative eligibility criterion with the poverty guidelines for certain Job Training Partnership Act programs), contact Hugh Davies, Office of Employment and Training Programs, U.S. Department of Labor—telephone: (202) 219-5580.

For information about the number of persons in poverty or about the Census Bureau (statistical) poverty thresholds, contact Kathleen Short, Chief, Poverty and Wealth Statistics Branch, U.S. Bureau of the Census—telephone: (301) 763-8578.

1994 POVERTY GUIDELINES FOR ALL STATES (EXCEPT ALASKA AND HAWAII) AND THE DISTRICT OF COLUMBIA

Size of family unit	Poverty guideline
1	57,360
2	9,840
3	12,320
4	14,800
5	17,280
6	19,760
7	22,240
8	24,720

For family units with more than 8 members, add \$2,480 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

1994 POVERTY GUIDELINES FOR ALASKA

Size of family unit	Poverty guideline
1	59,200
2	12,300
3	15,400
4	18,500
5	21,600
6	24,700
7	27,800
8	30,900

For family units with more than 8 members, add \$3,100 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

1994 POVERTY GUIDELINES FOR HAWAII

Size of family unit	Poverty guideline
1	58,470
2	11,320
3	14,170
4	17,020
5	19,870
6	22,720
7	25,570
8	28,420

For family units with more than 8 members, add \$2,850 for each additional member. (The same increment applies to smaller family sizes also, as can be seen in the figures above.)

The preceding figures are the 1994 update of the poverty guidelines required by sections 652 and 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (Pub. L. 97-35). As required by law, this update reflects last year's change in the Consumer Price Index (CPI-U); it was done using the same procedure used in previous years.

Section 673(2) of OBRA-1981 (42 U.S.C. 9902(2)) requires the use of the poverty guidelines as an eligibility criterion for the Community Services Block Grant program, while section 652 (42 U.S.C. 9847) requires the use of the poverty guidelines as an eligibility criterion for the Head Start program. The poverty guidelines are also used as an eligibility criterion by a number of other Federal programs (both HHS and non-HHS). When such programs give an OBRA-1981 citation for the poverty guidelines, they cite section 673(2).

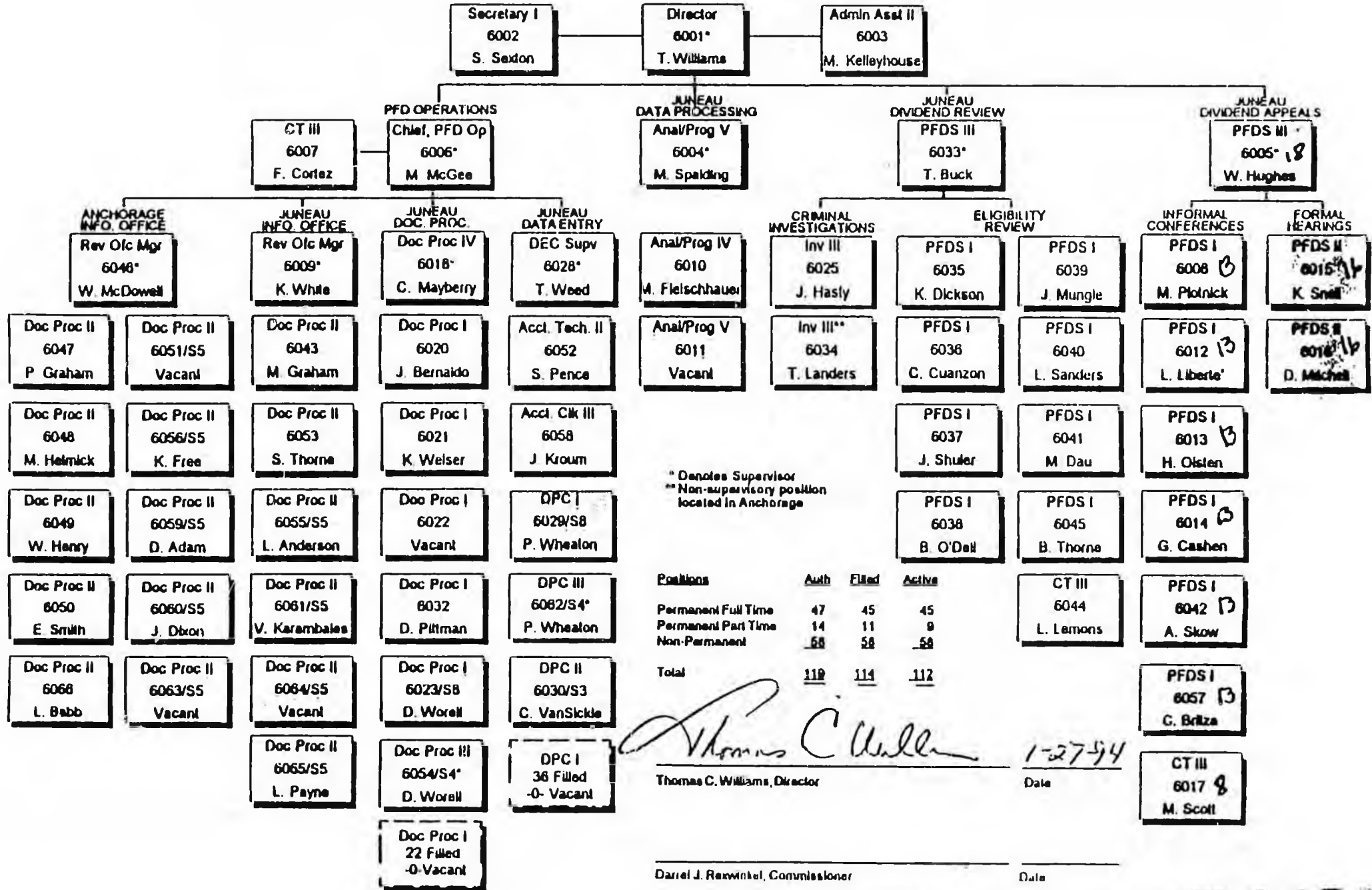
The poverty guidelines are a simplified version of the Federal Government's statistical poverty thresholds used by the Bureau of the Census to prepare its statistical estimates of the number of persons and families in poverty. The poverty guidelines issued by the Department of Health and Human Services are used for administrative purposes—for instance, for determining whether a person or family is financially eligible for assistance or services under a particular Federal program. The poverty thresholds are used primarily for statistical purposes. Since the poverty guidelines in this notice—the 1994 guidelines—reflect price changes through calendar year 1993, they are approximately equal to the poverty thresholds for calendar year 1993 which the Census Bureau will publish in late summer 1994.

In certain cases, as noted in the relevant authorizing legislation or program regulations, a program uses the

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

ORGANIZATION CHART

January 18, 1994



* Denotes Supervisor
** Non-supervisory position located in Anchorage

Positions	Auth	Filled	Active
Permanent Full Time	47	45	45
Permanent Part Time	14	11	9
Non-Permanent	58	58	58
Total	119	114	112

Thomas C. Williams
Thomas C. Williams, Director

1-27-94
Date

Darrel J. Reinwinkel, Commissioner

Date