

HB

70

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: February 15, 1995

FURTHER REFERRALS:

Date of Committee Action: _____

The FINANCE Committee considered:

HB 70

HOUSE BILL NO. 70

END PERMANENT FUND DIVIDEND HOLD HARMLESS

"An Act relating to treatment of permanent fund dividends for purposes of determining eligibility for certain benefits; and providing for an effective date."

recommends it be replaced with the following committee substitute _____ 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) _____

zero fiscal note(s) _____

zero fiscal note(s) _____

SIGNING WITH RECOMMENDATIONS	DP	DNP	NR	AM
Died in Committee				

CHAIR'S SIGNATURE _____

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

Bill Version: HB 70
(H) Publish Date: 2/1/95

Revision Date: _____
Title: Repeal PFD Hold-Harmless
Sponsor: Rep. Kott
Requestor: House State Affairs

Dept. Affected Health and Social Services
BRU: Medical Assistance
Component: Permanent Fund Hold-Harmless
COMPONENT SERIAL NO. 966

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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	(1,100.0)	(1,210.0)	(1,331.0)	(1,464.1)	(1,610.5)	(1,771.6)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(1,100.0)	(1,210.0)	(1,331.0)	(1,464.1)	(1,610.5)	(1,771.6)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0

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 (Interagency Receipt)	(1,100.0)	(1,210.0)	(1,331.0)	(1,464.1)	(1,610.5)	(1,771.6)
TOTAL	(1,100.0)	(1,210.0)	(1,331.0)	(1,464.1)	(1,610.5)	(1,771.6)

Estimate of current year (FY95) impact: 0.0

POSITIONS:

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

ANALYSIS (attach a separate page in necessary)

House Bill 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the Medicaid benefits of individuals who are denied benefits because federal law or regulation requires that their PFD payment be treated as income or a resource (asset) in determining their eligibility for medical assistance benefits. The legislature established the program in 1981 to assure that low-income Alaskans could receive their PFD on an equal basis with all other Alaskans, without the loss of eligibility for needs-based medical assistance.

Prepared by: Jon Sherwood, MAA IV
Division: Medical Assistance
Approved by: Karen Perdue
Commissioner: Karen Perdue
Agency: Department of Health and Social Services

Phone: 465-3355
Date: 1/26/95
Date: 1/26/95

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ANALYSIS (cont.):

The PFD-HH program allows Medicaid recipients to receive and retain PFD money for up to four months and still receive Medicaid services.

If the PFD-HH program is eliminated, most Medicaid recipients will continue to remain eligible in the month they receive the check. They could become ineligible for Medicaid if they chose to retain their PFD check and it puts them over the Medicaid resource limit in the following month.

Many individuals, however, will elect to spend their PFD check in the month of receipt to prevent that money from being considered a resource, these individuals will retain Medicaid eligibility. In absence of PFD-HH funds, the regular Medicaid funding will be necessary to cover these individuals, both in Medicaid Facilities and Nonfacilities. We anticipate that those individuals who receive Medicaid services in an amount equal to or greater than the amount of a permanent fund dividend are the individuals who will dispose of their PFD check and remain Medicaid eligible. Currently, 60% of annual Medicaid expenditures are for recipients who receive on average \$967 or more in Medicaid benefits each month. We anticipate the regular Medicaid budget will see a commensurate increase equal to 60% of the amount currently budgeted for the PFD-HH program (1.1 million) See companion fiscal notes for Medicaid Facility and Medicaid Non-facility to show this increase.

This fiscal note shows the elimination of the FY 95 budget request of 1.1 million. The reduction in expenditures shown reflects what would be an 10% growth in future years in the cost of PFD-HH benefits to replace Medicaid funds.

STATE OF ALASKA
1995 LEGISLATIVE SESSION

FISCAL NOTE

№ 8

Bill Version: HB 70

(H) Publish Date: 2/1/95

Revision Date: _____ Dept. Affected: Health and Social Services
 Title: As Act relating to permanent fund dividends BRU: Assistance Payments
 Component: Adult Public Assistance
 Sponsor: Kait
 Requestor: House STA COMPONENT SERIAL NO. 222

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	(2,562.1)	(2,690.2)	(2,824.7)	(2,965.9)	(3,114.2)	(3,269.9)
MISCELLANEOUS						
TOTAL OPERATING	(2,562.1)	(2,690.2)	(2,824.7)	(2,965.9)	(3,114.2)	(3,269.9)

CAPITAL EXPENDITURES 0.0 0.0 0.0 0.0 0.0 0.0

CHANGES IN REVENUES 0 0 0 0 0 0

FUND SOURCE (Thousands of Dollars)

*002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
*003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
*004 GF	0.0	0.0	0.0	0.0	0.0	0.0
*005 GF Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
*006 GF/MH/TIA	0.0	0.0	0.0	0.0	0.0	0.0
Other *007 WA Receipts	(2,562.1)	(2,690.2)	(2,824.7)	(2,965.9)	(3,114.2)	(3,269.9)
TOTAL	(2,562.1)	(2,690.2)	(2,824.7)	(2,965.9)	(3,114.2)	(3,269.9)

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: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

HB 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the public assistance benefits of individuals who are denied benefits because federal law or regulation requires that their Permanent Fund dividend payments be treated as income or a resource (asset) in determining their eligibility for public assistance benefits. AS 43.23.075 holds public assistance benefits harmless for up to four months each year from the effects of receiving dividend payments.

Prepared by: Jim Dalman, Acting Director Phone: 465-2680
 Division: Division of Public Assistance Date: 1/26/95
 Approved by Com: Naren Perdue Date: 1/26/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

The PFD Hold Harmless program was established at the same time as the original, \$1000 PFD distribution in 1982. The legislature established the program to assure that low-income Alaskans could enjoy the benefit of the dividend program on the same basis as other Alaskans, without losing their eligibility for needs-based assistance.

Dividend payments must be treated as unearned income for Adult Public Assistance (APA) purposes because the APA program operates as the state supplement to the federal Supplemental Security Income (SSI) program and the SSI program treats dividends as income. Medicaid services are available to APA recipients only if the APA program follows SSI income-counting rules. PFD-HH funds for the replacement of APA benefits are transferred as Interagency Receipts to the Adult Public Assistance component.

The FY 96 Governor's budget plans for expenditure of \$ 2,562,100 in PFD-HH funds to replace APA benefits which would otherwise be denied to 7,932 individuals. The cost of PFD-HH benefits in future years is projected to grow at 5 percent per year, based on anticipated annual caseload growth of 5 percent. The legislature has set maximum payment levels in the APA program. This fiscal note assumes the APA maximum payment levels will not change.

The typical FY96 PFD-HH payment to an APA recipient is expected to be \$323 to replace one month's benefit.

PFD-Hold Harmless benefits will not be paid to recipients if HB 70 becomes law. In most APA cases, recipients who receive dividends will become ineligible for benefits for one month, usually falling two months after the month they receive their dividend payments. Recipients who retain enough dividend money in the month after they receive it to exceed the APA program limit of \$2000 (\$3000 for a couple) will remain ineligible until they have spent the money.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

N 7
Bill Version: HB 70
(H) Publish Date: 2/1/95

Revision Date: Dept. Affected: Health and Social Services
Title: An Act relating to permanent fund dividends BRU: PFD Hold Harmless
Component: PFD Hold Harmless
Sponsor: Kott
Requestor: House STA COMPONENT SERIAL NO. 125

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	(472.7)	(486.9)	(501.5)	(516.5)	(532.0)	(548.0)
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	(21,843.4)	(22,935.6)	(24,082.4)	(25,286.5)	(26,550.8)	(27,878.3)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(22,316.1)	(23,422.5)	(24,583.9)	(25,803.0)	(27,082.8)	(28,426.3)

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0	0	0	0	0	0
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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 1050 PFD Fund	(22,316.1)	(23,422.5)	(24,583.9)	(25,803.0)	(27,082.8)	(28,426.3)
TOTAL	(22,316.1)	(23,422.5)	(24,583.9)	(25,803.0)	(27,082.8)	(28,426.3)

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: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

House Bill No. 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the public assistance benefits of individuals who are denied benefits because federal law or regulation requires that their Permanent Fund dividend payments be treated as income or a resource (asset) in determining their eligibility for public assistance benefits. AS 43.23.075 holds public assistance benefits harmless for up to four months each year from the effects of receiving dividend payments.

The PFD Hold Harmless program was established at the same time as the original, \$1000 PFD distribution in 1982. The legislature established the program to assure that low-income Alaskans could enjoy the benefit of the dividend program on the same basis as other Alaskans, without losing their eligibility for needs-based assistance.

Prepared by: Jim Dalman, Acting Director Phone: 465-2680
Division: Division of Public Assistance Date: 1/26/95
Approved by Com: Karen Perdue Date: _____
Agency: Department of Health & Social Services

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ANALYSIS (cont.):

Repeal of the PFD Hold Harmless program will impact both the amount of assistance paid to individuals and families and the administrative effort required for the Division of Public Assistance to provide timely, accurate delivery of benefits. The Department of Health and Social Services has established interagency agreements with the federal agencies responsible for the AFDC and SSI programs. These agreements, which substantially reduce the amount of case processing required when recipients receive dividends, would be nullified by HB 70. The administrative effort to process PFD Hold Harmless entitlements would be supplanted by the additional case processing effort required to suspend public assistance entitlements when dividend payments are distributed.

Technical Analysis

Sections 1 and 2 of the bill repeal the express authority at AS 43.23.025(a)(1)(E) and AS 43.23.028(a)(3) to fund the PFD-HH program with appropriations from the dividend fund.

Section 3 of the bill repeals the language at AS 43.23.075 that established the PFD-HH program in 1982.

Section 4 establishes an effective date of January 1, 1996. The Department of Health and Social Services contacted the sponsor's office to ascertain the sponsor's intent regarding the effect of this legislation on the calendar year 1995 dividend distribution. The sponsor's staff indicated that the intent is to end the PFD Hold Harmless program prior to the 1995 dividend season. This analysis therefore assumes an effective date of July 1, 1995.

Program Impacts

PFD-HH is paid to replace public assistance benefits in the following programs:

Aid to Families with Dependent Children (AFDC)

Food Stamp Program (FSP)

Medicaid

Adult Public Assistance (APA)

Supplemental Security Income (SSI)

ANALYSIS (cont.):

The FY 96 Governor's budget plans expenditures to replace benefits with PFD-HH funds according to the following schedule:

<u>Program</u>	<u>Cases</u>	<u>Persons Impacted</u>	<u>Formula Budget</u>
AFDC	12987	39639	12875.5
FSP	11373	36384	3688.1
Medicaid	NA	2000	1100.0
APA	7932	7932	2562.1
SSI	5630	5630	1617.7
		Total FY 96 Grants	<u>21843.4</u>

PFD-HH funds for replacement of Food Stamp benefits are paid directly to recipients as cash in lieu of food coupons. In FY 96, a typical Food Stamp household is expected to receive one \$324 PFD-HH payment to replace a month's worth of food coupons.

PFD-HH funds for replacement of AFDC benefits are transferred as Interagency Receipts to the AFDC component of the Assistance Payments BRU.

In the AFDC program, PFD-HH benefits replace federally-matched AFDC payments which would otherwise not be paid because of dividend receipt. The benefits replaced include AFDC grants which would be denied because of the dividend payments themselves as well as grants that would be reduced because federal AFDC policy requires that cash PFD-HH payments made in lieu of food stamps be treated as income for AFDC purposes. A typical AFDC family is expected to receive \$780 in PFD-HH during FY 96 to replace one month's AFDC grant, and an additional \$272 in PFD-HH to restore AFDC grant reductions that result from receiving cash in lieu of food coupons.

Under an interagency operating agreement with the federal Department of Health and Human Services, claims for AFDC federal matching funds are reduced to reflect the amount of benefits which would be paid if AFDC grants were denied because of dividend and food stamp hold harmless payments. This agreement saves substantial administrative effort because individual AFDC cases do not have to be suspended during the dividend season.

ANALYSIS (cont.):

PFD-HH funds for replacement of Medicaid benefits are transferred as Interagency Receipts to the Medicaid PFD Hold Harmless component of the Medical Assistance BRU. Most Medicaid PFD Hold Harmless benefits are paid on behalf of individuals who retain dividend money beyond the month they receive it, causing their household's resources to exceed program limits.

PFD-HH funds for replacement of APA benefits are transferred as Interagency Receipts to the Adult Public Assistance component of the Assistance Payments BRU. The typical PFD-HH benefit to an APA recipient is \$323 to replace one month's benefit.

PFD-HH funds for replacement of SSI benefits are paid under an interagency agreement to the federal Social Security Administration, which applies them as reimbursement for the cost of SSI benefits paid to individuals who receive dividends. PFD-HH benefits to replace SSI are expected to average \$287 per person in FY 96.

PFD-Hold Harmless benefits will not be paid to recipients if HB 70 becomes law. In most AFDC, Food Stamp, APA, and SSI cases, recipients who receive dividends will become ineligible for benefits for one month, usually falling two months after the month they receive their dividend payments.

The cost of PFD-HH benefits in future years is projected to grow at 5 percent per year, based on anticipated annual caseload growth of 5 percent. The legislature has set maximum payment levels in the AFDC and APA programs. This fiscal note assumes the AFDC and APA maximum payment levels will not change.

Administrative Impacts

The administrative cost of the PFD Hold Harmless program is based on estimates of the proportion of time used by Eligibility Determination staff to process case actions related to dividend payments and PFD-HH benefits. In FY 96, 472.7 in PFD-HH Contractual funds is planned to be transferred as Interagency Receipts to the Eligibility Determination component of the Public Assistance Administration BRU.

This analysis presumes that the intent of HB 70 is to preclude the appropriation of money from the Dividend Fund to administer public assistance. The cost of processing case changes resulting from the receipt of dividends is, therefore, shifted to General Fund.

ANALYSIS (cont.):

The administration of the PFD-HH program and the processing of case changes related to the receipt of dividend payments is funded through the transfer of 472.7 in PFD-HH Contractual funds as Interagency Receipts to the Eligibility Determination component. The repeal of the PFD-HH program proposed in HB 70 results in a small increase in the administrative effort required to take the dividend payments into account and process changes in the affected public assistance cases. The cost of processing is shifted to General Fund.

The time required to process Food Stamp cases would decrease because it would no longer be necessary to convert assistance to cash in lieu of food coupons and back again. The time to process AFDC, APA, and Medicaid cases in the absence of the PFD-HH program would increase substantially: under the Hold Harmless program, benefit authorization for these programs consists of the one-time entry of a few special computer codes. Without the PFD-HH program, action will have to be taken to suspend the benefits of each affected AFDC, APA, and Medicaid case, and to reinstate benefits after the month of suspension.

The need for staff is also expected to increase because of a substantial increase in General Relief applications from recipients who are unable to pay for rent or food when they lose their cash and food benefits two months after they receive their dividend checks. The Division of Public Assistance would make every effort to apprise recipients in advance that they will be retrospectively ineligible, but some recipients would inevitably fail to conserve enough dividend money to meet their future needs.

The offsetting effects of HB 70 result in a small increase in staffing needs in the Eligibility Determination component.

STATE OF ALASKA
1995 LEGISLATIVE SESSION

FISCAL NOTE

No. 6
Bill version: HB 70
(H) Publish Date: 2/1/95

Revision Date _____ Dept. Affected: Health and Social Services
Title: An Act relating to permanent fund dividends BRU: Assistance Payments
Sponsor: Kott Component: AFDC
Requestor: House STA COMPONENT SERIAL NO. 220

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	(12,875.5)	(13,519.3)	(14,195.3)	(14,905.1)	(15,650.4)	(16,432.9)
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	(12,875.5)	(13,519.3)	(14,195.3)	(14,905.1)	(15,650.4)	(16,432.9)
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

*002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
*003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
*004 GF	0.0	0.0	0.0	0.0	0.0	0.0
*005 GF Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
*006 GF MHTIA	0.0	0.0	0.0	0.0	0.0	0.0
Other *1007 WA Receipts	(12,875.5)	(13,519.3)	(14,195.3)	(14,905.1)	(15,650.4)	(16,432.9)
TOTAL	(12,875.5)	(13,519.3)	(14,195.3)	(14,905.1)	(15,650.4)	(16,432.9)

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: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

HB 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the public assistance benefits of individuals who are denied benefits because federal law or regulation requires that their Permanent Fund dividend payments be treated as income or a resource (asset) in determining their eligibility for public assistance benefits. AS 43.23.075 holds public assistance benefits harmless for up to four months each year from the effects of receiving dividend payments.

Prepared by: Jim Dalman, Acting Director Phone: 465-2680
 Division: Division of Public Assistance Date: 1/26/95
 Approved by Com: Karen Perdue Date: 1/26/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

The PFD Hold Harmless program was established at the same time as the original, \$1000 PFD distribution in 1982. The legislature established the program to assure that low-income Alaskans could enjoy the benefit of the dividend program on the same basis as other Alaskans, without losing their eligibility for needs-based assistance.

Federal AFDC law requires that Permanent Fund dividends be treated as income for AFDC purposes. Dividend money retained beyond the month it is received must be treated as a resource. The dividend payments are unearned income, which reduces AFDC benefits by about 92 cents for each dollar of income. Families which retain dividend money lose AFDC eligibility if their total resources exceed \$1000.

The AFDC budget component includes PFD-HH funds transferred as Interagency Receipts to make payments to replace federally-matched AFDC benefits which would otherwise not be paid because of dividend receipt. The benefits replaced include AFDC grants which would be denied because of the dividend payments themselves as well as grants that would be reduced because federal AFDC policy requires that cash PFD-HH payments made in lieu of food stamps be treated as income for AFDC purposes.

The FY96 Governor's budget plans \$12,875,500.00 in PFD-HH expenditures to replace the AFDC benefits of 12,987 families including 39,639 individuals. The cost of PFD-HH benefits to replace AFDC in future years is projected to grow at 5 percent per year, based on anticipated annual caseload growth of 5 percent. The legislature has set maximum payment levels in the AFDC program. This fiscal note assumes the AFDC maximum payment levels will not change.

Under current law, a typical AFDC family is expected to receive \$780 in PFD-HH during FY 96 to replace one month's AFDC grant, and an additional \$272 in PFD-HH to restore AFDC grant reductions that result from receiving cash in lieu of food coupons. PFD-Hold Harmless benefits will not be paid to recipients if HB 70 becomes law. In most AFDC cases, recipients who receive dividends will become ineligible for benefits for one month, usually falling two months after the month they receive their dividend payments. Recipients who save enough of their dividend money to place them over the \$1000 resource limit will be ineligible until they have spent the money.

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

No. 5
Version: HB 70
(H) Publish Date: 2/1/95

Revision Date: _____ Dept. Affected Health and Social Services
Title: Repeal PFD Hold-Harmless BRU: Medical Assistance
Sponsor: Rep. Kott Component: Medicaid Facility
Requestor: House State Affairs COMPONENT SERIAL NO. 230

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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	488.4	527.5	569.7	615.2	664.5	717.6
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	488.4	527.5	569.7	615.2	664.5	717.6

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	244.2	263.8	284.9	307.6	332.3	358.8
1003 GF Match	244.2	263.7	284.8	307.6	332.2	358.8
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 (Interagency Receipt)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	488.4	527.5	569.7	615.2	664.5	717.6

Estimate of current year (FY95) impact: 0.0

POSITIONS:

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

ANALYSIS (attach a separate page in necessary)

House Bill 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the Medicaid benefits of individuals who are denied benefits because federal law or regulation requires that their PFD payment be treated as income or a resource (asset) in determining their eligibility for medical assistance benefits. The legislature established the program in 1981 to assure that low-income Alaskans could receive their PFD on an equal basis with all other Alaskans, without the loss of eligibility for needs-based medical assistance.

Prepared by: Jon Sherwood, MAA IV
Division: Medical Assistance
Approved by: Karen Perdue
Commissioner: Karen Perdue
Agency: Department of Health and Social Services

Phone: 465-3355
Date: 1/26/95

Date: 1/26/95

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ANALYSIS (cont.):

The PFD-HH program allows Medicaid recipients to receive and retain PFD money for up to four months and still receive Medicaid services.

If the PFD-HH program is eliminated, most Medicaid recipients will continue to remain eligible in the month they receive the check. They could become ineligible for Medicaid if they chose to retain their PFD check and it puts them over the Medicaid resource limit in the following month.

Many individuals, however, will elect to spend their PFD check in the month of receipt to prevent that money from being considered a resource, these individuals will retain Medicaid eligibility. In absence of PFD-HH funds, the regular Medicaid funding will be necessary to cover these individuals, both in Medicaid Facilities and Nonfacilities. We anticipate that those individuals who receive Medicaid services in an amount equal to or greater than the amount of a permanent fund dividend are the individuals who will dispose of their PFD check and remain Medicaid eligible. Currently, 60% of annual Medicaid expenditures are for recipients who receive on average \$967 or more in Medicaid benefits each month. We anticipate the regular Medicaid budget will see a commensurate increase equal to 60% of the amount currently budgeted for the PFD-HH program (1.1 million) See companion fiscal note for Medicaid Non-facility to show related increase.

The Medicaid expenditures shown reflect what would be a 10% growth (inflation and client growth) in future years in the cost of benefits.

MEDICAID FACILITY CALCULATION

Current FY 95 PFD-HH funding:	\$1,100,000
% of PFD-HH costs shifted to Medicaid	<u>60%</u>
Medicaid cost of those retaining Medicaid	\$660,000
Less Medicaid Non-facility share of cost (26%)	<u>\$171,600</u>
Medicaid Facility expenditures born by Medicaid	\$488,400

FISCAL NOTE

STATE OF ALASKA
1995 LEGISLATIVE SESSION

N^o 4
Bill Version: HB 70
(H) Publish Date: 2/1/95

Revision Date: _____ Dept. Affected Health and Social Services
Title: Repeal PFD Hold-Harmless BRU: Medical Assistance
Component: Medicaid Non-facility
Sponsor: Rep. Kott
Requestor: House State Affairs COMPONENT SERIAL NO. 229

Expenditures/Revenues:

(Thousands of Dollars)

OPERATING	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01
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	171.6	188.8	207.6	228.4	251.2	276.4
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	171.6	188.8	207.6	228.4	251.2	276.4

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGES IN REVENUES	0.0	0.0	0.0	0.0	0.0	0.0
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts	85.8	94.4	103.8	114.2	125.6	138.2
1003 GF Match	85.8	94.4	103.8	114.2	125.6	138.2
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 (Interagency Receipt)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	171.6	188.8	207.6	228.4	251.2	276.4

Estimate of current year (FY95) impact: 0.0

POSITIONS:

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

ANALYSIS (attach a separate page in necessary)

House Bill 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the Medicaid benefits of individuals who are denied benefits because federal law or regulation requires that their PFD payment be treated as income or a resource (asset) in determining their eligibility for medical assistance benefits. The legislature established the program in 1981 to assure that low-income Alaskans could receive their PFD on an equal basis with all other Alaskans, without the loss of eligibility for needs-based medical assistance.

Prepared by: Jon Sherwood, MAA IV
Division: Medical Assistance
Approved by: Karen Perdue
Commissioner: Karen Perdue
Agency: Department of Health and Social Services

Phone: 465-3355
Date: 1/26/95
Date: 1/26/95

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ANALYSIS (cont.):

The PFD-HH program allows Medicaid recipients to receive and retain PFD money for up to four months and still receive Medicaid services.

If the PFD-HH program is eliminated, most Medicaid recipients will continue to remain eligible in the month they receive the check. They could become ineligible for Medicaid if they chose to retain their PFD check and it puts them over the Medicaid resource limit in the following month.

Many individuals, however, will elect to spend their PFD check in the month of receipt to prevent that money from being considered a resource, these individuals will retain Medicaid eligibility. In absence of PFD-HH funds, the regular Medicaid funding will be necessary to cover these individuals, both in Medicaid Facilities and Nonfacilities. We anticipate that those individuals who receive Medicaid services in an amount equal to or greater than the amount of a permanent fund dividend are the individuals who will dispose of their PFD check and remain Medicaid eligible. Currently, 60% of annual Medicaid expenditures are for recipients who receive on average \$967 or more in Medicaid benefits each month. We anticipate the regular Medicaid budget will see a commensurate increase equal to 60% of the amount currently budgeted for the PFD-HH program (1.1 million) See companion fiscal note for Medicaid Facility to show related increase.

The Medicaid expenditures shown reflect what would be a 10% growth (inflation and client growth) in future years in the cost of benefits.

MEDICAID NON-FACILITY CALCULATION

Current FY 95 PFD-HH funding:	\$1,100,000
% of PFD-HH costs shifted to Medicaid	60%
Medicaid cost of those retaining Medicaid	<u>\$660,000</u>
Less Medicaid Facility share of cost (74%)	<u>\$488,400</u>
Medicaid Non-facility expenditures born by Medicaid	<u>\$171,600</u>

STATE OF ALASKA
1995 LEGISLATIVE SESSION

FISCAL NOTE

No. 3
Bill Version: HB 70
(H) Publish Date: 2/1/95

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act relating to treatment of permanent fund dividends BRU: Public Assistance Administration
Sponsor: Kell Component: Eligibility Determination
Requester: House STA COMPONENT SERIAL NO. 236

Expenditures/Revenues:		(Thousands of Dollars)					
OPERATING	FY96	FY97	FY98	FY99	FY00	FY01	
PERSONAL SERVICES	86.0	88.6	91.2	94.0	96.8	99.8	
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	
TOTAL OPERATING	86.0	88.6	91.2	94.0	96.8	99.8	
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0	
CHANGES IN REVENUES	0	0	0	0	0	0	

FUND SOURCE		(Thousands of Dollars)					
1002 Federal Receipts	43.0	44.3	45.6	47.0	48.4	49.9	
1003 GF Match	43.0	44.3	45.6	47.0	48.4	49.9	
1004 GF	472.7	486.9	501.5	516.5	532.0	548.0	
1005 GF Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0	
1006 GF MHTA	0.0	0.0	0.0	0.0	0.0	0.0	
Other 1007 1/2A Receipts	(472.7)	(486.9)	(501.5)	(516.5)	(532.0)	(548.0)	
TOTAL	86.0	88.6	91.2	94.0	96.8	99.8	

POSITIONS:							
FULL-TIME	2	2	2	2	2	2	
PART-TIME	0	0	0	0	0	0	
TEMPORARY	0	0	0	0	0	0	

Estimate of any current year (FY95) cost: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

HB 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. The PFD-HH program replaces the public assistance benefits of individuals who are denied benefits because federal law or regulation requires that their Permanent Fund dividend payments be treated as income or a resource (asset) in determining their eligibility for public assistance benefits. AS 43.23.075 holds public assistance benefits harmless for up to four months each year from the effects of receiving dividend payments.

Prepared by: Jim Dalman, Acting Director Phone: 465-2680
 Division: Division of Public Assistance Date: 1/26/95
 Approved by Com: Karen Perdue Date: 1/26/95
 Agency: Department of Health & Social Services

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ANALYSIS (cont.):

The PFD Hold Harmless program was established at the same time as the original, \$1000 PFD distribution in 1982. The legislature established the program to assure that low-income Alaskans could enjoy the benefit of the dividend program on the same basis as other Alaskans, without losing their eligibility for needs-based assistance.

Repeal of the PFD Hold Harmless program will impact both the amount of assistance paid to individuals and families and the administrative effort required for the Division of Public Assistance to provide timely, accurate delivery of benefits. The Department of Health and Social Services has established interagency agreements with the federal agencies responsible for the AFDC and SSI programs. These agreements, which reduce the amount of case processing required when recipients receive dividends, would be nullified by HB 70. The administrative effort to process PFD Hold Harmless entitlements would be supplanted by the additional case processing effort required to suspend public assistance entitlements when dividend payments are distributed.

Administrative Impacts

The administrative cost of the PFD Hold Harmless program is based on estimates of the proportion of time used by Eligibility Determination staff to process case actions related to dividend payments and PFD-HH benefits. In FY 96 472.7 in PFD-HH Contractual funds is planned to be transferred as Interagency Receipts to the Eligibility Determination component of the Public Assistance Administration BRU.

This analysis presumes that the intent of HB 70 is to preclude the appropriation of money from the Dividend Fund to administer public assistance. The cost of processing case changes resulting from the receipt of dividends is, therefore, shifted to General Fund.

The administration of the PFD-HH program and the processing of case changes related to the receipt of dividend payments require the equivalent of 10 permanent, full-time positions. The repeal of the PFD-HH program proposed in HB 70 results in an increase in the amount of administrative effort to take the dividend payments into account and process changes in the affected public assistance cases. We estimate that 11.8 permanent full-time equivalent positions would be needed to process dividend-related work.

The time required to process Food Stamp cases would decrease because it would no longer be necessary to convert assistance to cash in lieu of food coupons and back again. The time to process AFDC, APA, and Medicaid cases in the absence of the PFD-HH program would increase substantially: under the Hold Harmless program, benefit authorization for these programs consists of the one-time entry of a few special computer codes. Without the PFD-HH program, action will have to be taken to suspend the benefits of each affected AFDC, APA, and Medicaid case, and to reinstate benefits after the month of suspension. The need for staff is also expected to increase because of a substantial increase in General Relief applications from recipients who are unable to pay for rent or food when they lose their cash and food benefits two months after they receive their dividend checks.

The offsetting effects of HB 70 result in a small increase in staffing needs in the Eligibility Determination Component.

Position Title Eligibility Technician II		No. of Positions 2	Range/Step R14B	Bargaining Unit GGU
Time Status FT	Staff Months 12	Location Anchorage		Election District
TYPE of EXPENDITURE		AMOUNT		
Salary		60.4		
Benefits		25.6		
Premium Pay				
Other				
Total Personal Services		86.0		
vel				
Contractual				
Commodities				
Equipment				
Other				
Total Cost		86.0		
FUNDING SOURCE for TOTAL COST				
1002	Federal Receipts	43.0		
1003	GF Match	43.0		
1004	General Fund			
1005	GF/Program Receipts			
1006	GF/Mental Health Trust			
1007	I/A Receipts			
1061	CIP Receipts			
Other				

Justification

HB 70 repeals the PFD Hold Harmless program and requires that individual AFDC, Food Stamp, Adult Public Assistance, and Medicaid cases be suspended for at least one month when dividends are received. The reduction in administrative need that results from the repeal of the PFD Hold Harmless program is more than offset by the increased time needed to process dividend payments as individual case changes and to handle an increased number of General Relief Assistance cases.

Two additional Eligibility Technician case worker positions are needed to administer this additional workload.

**REQUEST for
NEW POSITION**

AGENCY: Health and Social Services
 BRU: Public Assistance Administration
 COMPONENT: Eligibility Determination (0236)

FY96

Page 3 of 3
 Revised Date:

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STATE OF ALASKA
1995 LEGISLATIVE SESSION

FISCAL NOTE

No. 2
Bill (Session): HB 70
(H) Publish Date: 2/1/95

Revision Date: _____ Dept. Affected: Health and Social Services
Title: An Act relating to permanent fund dividends BRU: Assistance Payments
Component: General Relief Assistance
Sponsor: Kott
Requestor: House STA COMPONENT SERIAL NO. 221

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	1,052.8	1,105.4	1,160.7	1,218.7	1,279.7	1,343.7
MISCELLANEOUS						
TOTAL OPERATING	1,052.8	1,105.4	1,160.7	1,218.7	1,279.7	1,343.7
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGES IN REVENUES	0	0	0	0	0	0

FUND SOURCE (Thousands of Dollars)

	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	1,052.8	1,105.4	1,160.7	1,218.7	1,279.7	1,343.7
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	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,052.8	1,105.4	1,160.7	1,218.7	1,279.7	1,343.7

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: \$ NONE

ANALYSIS: (Attach a separate page if necessary)

HB 70 repeals the Permanent Fund Dividend Hold Harmless (PFD-HH) program. Without the protection of the PFD-HH program, most households receiving AFDC, Food Stamp, and Adult Public Assistance (APA) program benefits will become ineligible for assistance for one month each year. Because of the retrospective budgeting methodology in place for the AFDC, Food Stamp, and APA programs, the month of ineligibility will usually occur two months after the month the dividend is received. For example, if a family on public assistance gets its PFD checks in October, they will be ineligible for AFDC and food stamps in December.

[Handwritten initials]

Prepared by: Jim Dalman, Acting Director
Division: Division of Public Assistance
Approved by Com: Karen Perdue
Agency: Department of Health & Social Services

Phone: 465-2680
Date: 1/26/95
Date: 1/26/95

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ANALYSIS (cont.):

The General Relief Assistance (GRA) program provides vendor payments of up to \$120 per person per month for emergency needs such as food, clothing, and shelter when no other resource is available to pay for them. AFDC and APA recipients are not generally eligible for GRA services because their cash grant meets their basic needs. Food Stamp recipients are not eligible for GRA for food purchases because their needs have already been covered.

The repeal of PFD-Hold Harmless imposed by HB 70 will substantially increase the number of people who are entitled to GRA. Recipients who do not conserve enough of their dividend money to meet their needs two months later when they lose their public assistance can be expected to apply for General Relief when they are confronted with eviction, lack of food, lack of heating fuel, or lack of adequate winter clothing.

Under HB 70, the following unduplicated numbers of individuals and cases are expected to be denied at least one month's benefits in FY96 as a result of receiving dividend payments:

<u>Program</u>	<u>Households</u>	<u>Persons Impacted</u>
AFDC	12987	39639
FSP*	3867	9668
APA	<u>7932</u>	<u>7932</u>
Total	24786	57239

* 66 percent of the Food Stamp caseload also receives AFDC and APA benefits. This unduplicated count represents 34 percent of the Food Stamp PFD-HH caseload.

We estimate that 15 percent of the affected cases, with an average household size of 2.6 persons, will be entitled to GRA benefits for one month as a result of the repeal of PFD Hold Harmless coverage imposed by HB 70.

$$24786 \text{ cases} \times 15\% = 3720 \times \$ 283 \text{ average payment} = 1052.8$$

The result will be an increase of 1052.8 in need for FY 96 General Fund appropriations to pay General Relief benefits for food, shelter, and clothing costs.

We assume a 5 percent annual rate of caseload growth for FY 97 through FY 01.

FISCAL NOTE

No. _____
 Bill Number: HB 70
 (H) Publish Date: 2/1/95

STATE OF ALASKA
 1995 LEGISLATIVE SESSION

Revision Date: 1/25/95 Dept. Affected: Department of Revenue
 Title: End Permanent Fund Dividend Hold Harmless BRU: Permanent Fund Dividend Division
 Component: Permanent Fund Dividend Division
 Sponsor: Representative KOTT
 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						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES						
CHANGE IN REVENUES ()						

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1006 GF MHTIA						
Other						
TOTAL	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)

See Page 2.

Prepared by: Thomas C. Williams, Director *Thomas C. 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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ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION

HB 70 ANALYSIS

As of January 25, 1995

Section 3 of this bill repeals AS 43.23.075, the section of the Alaska Statutes that requires the state to hold public and medical assistance recipients harmless from the effects that receipt of a Permanent Fund Dividend (PFD) would have on their federal benefits and requires the Department of Health & Social Services to *not* consider a PFD as income or resources for benefit program purposes unless required to do so by federal law or regulation. However, AS 43.23.085 still requires other state and municipal agencies to *not* consider a PFD as income or resources for benefit program purposes unless required to do so by federal law or regulation. In addition, Sections 1 and 2 of this bill remove references to the hold harmless program cost reductions from the dividend calculation formula and the disclosure requirements.

The amended language does not preclude the legislature from appropriating dividend fund monies for state hold harmless costs. However, the legislation implies that any such future program costs will not be taken from the dividend fund. As a result, the deduction from each Alaska dividend would be eliminated. See the attached table entitled Hold Harmless Program Deductions From 1985-1994 Dividends, as of September 29, 1994.

Attachment

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION

HOLD HARMLESS PROGRAM DEDUCTIONS FROM 1985-1994 DIVIDENDS

As of September 29, 1994

The legislature first funded the Hold Harmless program from the Dividend Fund in FY86. Prior to that time, the program was funded by the General Fund. The following table reflects the amounts appropriated and the corresponding reduction to each eligible applicant's dividend that resulted from the use of Dividend Fund monies for this program.

<u>Fiscal Year</u>	<u>Dividend Fund Hold Harmless Appropriations</u>	<u>Dividend Year</u>	<u>Reductions To Each Dividend</u>	<u>Reductions Reported</u>
1986	\$3,644,300	1985	\$6.94 (a)	
1987	4,211,700	1986	7.75 (a)	
1988	8,581,200	1987	16.05	\$16.05
1989	9,850,700	1988	18.61	18.61
1990	11,305,100	1989	22.72	22.72
1991	12,217,300	1990	24.12 (b)	24.12
1992	14,704,500	1991	28.63	28.63
1992	1,494,700	1992	2.89 (c)	
1993	18,540,900	1992	35.85	38.74
1994	19,252,100	1993	36.45	36.45
1994	244,400	1994	0.46 (d)	
1995	<u>21,955,000</u>	1994	<u>40.99</u>	<u>41.45</u>
Total	<u>\$126,001,900</u>		<u>\$241.46</u>	<u>\$226.77</u>

Notes

(a) These amounts were not reported on the 1985 or 1986 dividend check stubs. The Department first reported the effect of this appropriation on the dividend amount on the 1987 dividend check stub. In 1990 the legislature passed AS 43.23.028 requiring the reporting of all deductions from dividends.

(b) In FY91, there was a General Fund supplemental of \$1,092,200 to the Hold Harmless program bringing the total FY91 Hold Harmless program appropriations to \$13,309,500. Since the supplemental appropriation was from the General Fund, it did not reduce the amount of the 1991 dividend.

(c) This FY92 supplemental appropriation brought the total FY92 Hold Harmless program appropriation to \$16,199,200. Since the supplemental appropriation was made after the calculation of the 1991 dividend, its effect was to reduce the 1992 dividend. The total 1992 dividend reduction as reported on the check stub was \$38.74.

(d) This FY94 supplemental appropriation brought the total FY94 Hold Harmless program appropriation to \$19,496,500. Since the supplemental appropriation was made after the calculation of the 1993 dividend, its effect was to reduce the 1994 dividend. The total 1994 dividend reduction as reported on the check stub was \$41.45.