

**HB**

**70**

# Alaska State Legislature House of Representatives

## COMMITTEE ASSIGNMENTS:

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SESSION:  
STATE CAPITOL  
JUNEAU, AK 99801-1182  
PHONE (907) 465-3777  
FAX (907) 465-2819

February 7, 1995

Larry Persily, Editor  
Juneau Empire  
3100 Channel Drive  
Juneau, AK 99801

Dear Editor:

Enclosed is a My Turn article that I have written in response to an article and editorial which appeared in recent Juneau Empires. They concerned a bill that I have sponsored, House Bill 70 which deals with the Permanent Fund Dividend Hold Harmless Program.

Timely printing of this My Turn would be greatly appreciated

Sincerely,

A handwritten signature in black ink, appearing to read "Pete Kott".

Pete Kott  
Representative



Representative Pete Kott



## MY TURN

### Permanent Fund Dividend Hold Harmless or Involuntary Taxation

Reading the front page article by Empire reporter Ed Schoenfeld in Wednesday's Juneau Empire and the editorial in the following Sunday's edition, I had to check to make sure I wasn't reading the Anchorage Daily News.

The article in the February 1st Juneau Empire describing House Bill 70, which eliminates the involuntary deduction for payment of the hold harmless from all Permanent Fund Dividends, was a presentation of misinformation. While the reporter and I had a brief moment that morning to discuss the legislation prior to the hearing in the House State Affairs Committee, he did not speak with me or my staff following the hearing, even though we were available and actually were standing in plain view near by. Instead, he chose to interview staff and lobbyists opposing the legislation and quote me out of context. My comments concerning "People are lazy" and "You have to put a carrot and a stick out there" were offered to illustrate that people respond to motivators and incentives. Receiving additional income, the Permanent Fund Dividend, without it impacting the amount of welfare benefits received, offers no incentive to an individual to go to work to earn income and to get off of welfare. These comments were not "mean-spirited".

The editorial in the February 5th Empire offered the same disservice. That editorial claims HB 70 "takes money away from the poor" and further claims "Alaska has become a mean-spirited place." Neither comment could be further from the truth. Unlike the Juneau Empire, I do not believe that "Alaska has become a mean-spirited place."

What HB 70 does do is eliminate an involuntary deduction from Permanent Fund Dividends(PFD). This deduction has grown from \$6.94 in 1985 to \$41.45 in 1994 and is taken from EVERYONE'S PFD; children, adults, rich, welfare recipients and even the working poor, who are too proud to be on welfare and yet must give up \$41.45 of their dividends to others who are capable of working and choose not to.

During hearings in the House State Affairs Committee it was pointed out that welfare recipients may receive other bonuses during the year which do not have a hold harmless provision; including regional native corporation dividends and bonuses. Likewise it was pointed out that there is no hold harmless for the effect of PFD's on an individual's federal income tax liability.

I know that not all welfare recipients are physically or mentally capable of working. If the people of Alaska want to hold those individuals harmless from the effect that receiving a PFD would have on their welfare benefits, the Legislature could fund the program from another source; such as, the State's

General Fund, the Constitutional Budget Reserve Fund or the Earnings Reserve Account of the Permanent Fund. This is always an option. Nothing in HB 70 prevents the Legislature from appropriating funding. It only stops the involuntary taxation now imposed on Permanent Fund Dividends.

The Permanent Fund Dividend Hold Harmless program amounts to an unfunded mandate imposed on the recipients of a PFD without them having any say so in the matter. In fact, little or no consideration is given in writing the State's budget to how much of the H&SS budget is charged against the PFD Hold Harmless.

Using the Department of Health & Social Services's own statistics, 61% of currently active Aid to Families with Dependent Children (AFDC) families have been in the program for over two years. That translates to 7,267 families or 18,894 individuals currently on AFDC. Again using H&SS statistics, over 10% of all Alaskans are on some type of welfare program; either AFDC, food stamps or Adult Public Assistance. Something must be done to allow people to regain responsibility for and control of their own life. Forcing them to make a decision concerning their family's budget is one small step in that process.

HB 70 is just a small portion of what should be a dynamic new direction for welfare reform in Alaska. Self sufficiency is the ultimate goal. It means a stronger individual, a stronger family, a stronger Alaska, and a stronger America.

Cecilia Kleinkauf, M.S.W., J.D.  
Attorney at Law  
P.O. Box 243-963  
Anchorage, Alaska 99524

February 13, 1995

Representative Brian Porter, Chair  
House Judiciary Committee  
Room 118 State Capitol  
Juneau, Alaska 99801

Dear Representative Porter and Members of the Judiciary Committee:

I am writing to oppose HB70, which would eliminate the Hold Harmless program, and which is before you today. Under this program recipients of public assistance are able to continue to receive their benefits rather than being discontinued because of receipt of their Permanent Fund Dividend check.

The Hold Harmless program has been in effect since the inception of the Permanent Fund Dividend. The program was created in the belief that the Dividend was to be a benefit for all who qualified and that public assistance recipients' right to the Dividend was the same as all other Alaskans. Please keep in mind that the Dividend Program, as voted on by the people of Alaska, has no income guidelines for eligibility. Passage of EB 70 will have the effect of the legislature imposing such guidelines statutorily.

The effect of eliminating the Hold Harmless program will be to force people who are poor to choose between their public assistance and Medicaid, and their Permanent Fund check. None of the rest of us have to make such a choice, no matter what the source of our income may be. Forcing such a choice only on poor people is the worst kind of discrimination.

In addition to discrimination against poor people, eliminating the Hold Harmless will result in significant general fund expenditures by the Division of Public Assistance which will have to stop public assistance payments when the Dividend is received and then to re-determine eligibility a month or two later.

I urge you to vote against HB70 based on both its punitive approach and its cost to the State.

Sincerely,

Cecilia Kleinkauf

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JOHN W. HENDRICKSON  
OF COUNSEL  
DANNY W. JACKSON, Esq.  
FAIRBANKS OFFICE  
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February 6, 1995

FAX TO 465-2819

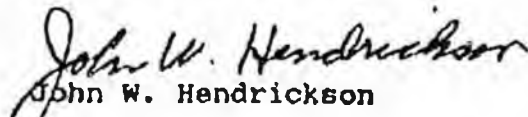
Representative Pete Kott  
State Capitol  
Juneau, AK 99801-1182

RE: HB 70

Dear Representative Kott:

When reading the Alaska Star I noted that you introduced HB 70 which would eliminate the Permanent Fund as a funding source for public assistance programs. Hooray for Pete Kott! My wife, Mona, and I strongly support your bill. Thank you for introducing this legislation. You can be sure that we will support HB 70.

Very truly yours,

  
John W. Hendrickson

kmp

cc: Rep. Ramona Barnes via fax 465-4565  
Rep. Con Bunde via fax 465-3871  
Rep. Cynthia Toohey via fax 465-2137  
Rep. Mark Hanley via fax 465-2418  
Sen. Drue Pearce via fax 465-3872  
Sen. Rick Halford via fax 465-4928  
Sen. Tim Kelly via fax 465-3756

No Hard Copy Sent!

Alaska State Legislature  
House of Representatives

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OIL & GAS



HOME:  
9843 CHICHAGOF LOOP  
EAGLE RIVER, AK 99577  
PHONE (907) 694-7943

DURING SESSION:  
STATE CAPITOL  
JUNEAU, AK 99811  
PHONE (907) 465-3777

Representative Pete Kott  
SPONSOR STATEMENT

HB 70 - An Act relating to treatment of permanent fund dividends...

This legislation would eliminate the hold harmless provision relating to receipt of a Permanent Fund Dividend (PFD) by a welfare recipient.

At the present time, a recipient of welfare who receives a PFD fails to qualify for continued welfare benefits. Depending on their personal circumstance the disqualification from welfare benefits may last up to four months. Welfare benefits are then made to the individual under the "hold harmless" program. This program is funded by deducting the amount necessary for welfare benefits and administrative costs of the program from the PFD for all eligible recipients. When the program first started in dividend year 1985 the amount deducted from each dividend was \$6.94. In dividend year 1994 the "hold harmless" program cost each PFD recipient \$41.45. The Department of Health & Social Services now has eight permanent full-time employees to administer the program.

HB 70 would eliminate the "hold harmless" program. It would mean that Permanent Fund Dividends would be treated as ordinary income for the purposes of determining welfare benefit eligibility. This is the same manner in which the Internal Revenue Service treats dividends. It also means that Permanent Fund Dividend recipients would not continue to fund a program that allows individuals to receive a PFD and still remain on welfare.

I firmly believe that this legislation is a necessary step in the "self-sufficiency process" of accomplishing welfare reform. That is, that all money received is income and should be handled in the same responsible manner. Welfare recipients will learn that there are no bonuses for remaining on welfare.

I urge your support for this legislation.



Alaska State Legislature  
House of Representatives

COMMITTEES:  
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& SOCIAL SERVICES  
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STATE CAPITOL  
JUNEAU, AK 99811  
PHONE (907) 465-3777

Representative Pete Kott

Bill Analysis

HB 70 - An Act relating to treatment of permanent fund dividends...  
Draft 9-LS0332\A

This legislation would eliminate the hold harmless provisions for general relief assistance relating to the receipt of a Permanent Fund Dividend.

- Section 1 - Would eliminate the cost of the hold harmless provision as an allowable deduction from a Permanent Fund Dividend.
- Section 2 - Eliminates the need to include the amount of the hold harmless deduction from the public notice requirement since there would be no deduction.
- Section 3 - Repeals the provision of not including a Permanent Fund Dividend in the calculation of public assistance program eligibility.
- Section 4 - Makes this act effective with the 1996 dividend.



ALASKA STATE LEGISLATURE  
HOUSE BILL NO. 70

HISTORY IN THE HOUSE

1995  
116

Read first time and referred to:  
STA JUD FIN

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\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
\_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
\_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

\_\_\_\_\_ RPT CS( ) \_\_\_\_\_ New Title  
\_\_\_\_\_ DP \_\_\_\_\_ DNP \_\_\_\_\_ NR \_\_\_\_\_ AM  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ Previous FN

Read second time  
CS( ) Adopted

Amended

Advanced

Read third time

Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reconsideration  
Reconsideration not taken up

PASSED ON RECON.	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

\_\_\_\_\_ Intent adopted

Reported correctly engrossed  
Signed by Speaker, to the Senate

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Chief Clerk of the House

HISTORY IN THE SENATE

19

Read first time and referred to:

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\_\_\_\_\_ RPT( ) CS \_\_\_\_\_ DP \_\_\_\_\_ NR \_\_\_\_\_ DNP \_\_\_\_\_ AM  
New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ RPT( ) CS \_\_\_\_\_ DP \_\_\_\_\_ NR \_\_\_\_\_ DNP \_\_\_\_\_ AM  
New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ RPT( ) CS \_\_\_\_\_ DP \_\_\_\_\_ NR \_\_\_\_\_ DNP \_\_\_\_\_ AM  
New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_ To \_\_\_\_\_

\_\_\_\_\_ Rules Calendar( ) CS \_\_\_\_\_ AM \_\_\_\_\_ Other  
New Title \_\_\_\_\_ Same Title \_\_\_\_\_ Previous FN  
\_\_\_\_\_ FN \_\_\_\_\_ OFN \_\_\_\_\_

Read second time

\_\_\_\_\_ CS Adopted ( ) \_\_\_\_\_ New Title  
\_\_\_\_\_ Amended \_\_\_\_\_ Advanced

Read third time

\_\_\_\_\_ Letter of Intent adopted  
\_\_\_\_\_ Return to second for specific amendment

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reconsideration  
Reconsideration not taken up

PASSED	EFD Same ___ or
Yeas	Yeas
Nays	Nays
Excused	Excused
Absent	Absent

Reported correctly engrossed  
Signed by President, to the House

---

Secretary of the Senate



Stephen P. Lesko  
Executive Director

January 30, 1995

Representative Ed Willis  
Alaska State Legislature  
Juneau, Alaska 99801

Dear Representative Willis,

I want to thank you again for bringing HB70 and its provision to delete the hold harmless provision for permanent fund dividends to our attention. We believe that the deletion of this provision will create numerous problems for individuals who receive supports, providers, and the state of Alaska.

The Permanent Fund Dividend program was originally devised as one which would benefit all Alaskans equally. The elimination of the hold harmless provision will require a dollar-for-dollar offset of benefits, in effect denying the PFD benefit to all Alaskans who receive public assistance. These individuals are determined to be eligible for benefits by a strict income-based criteria and are precisely the individuals who would likely benefit most from the PFD program. The public assistance roll include numerous individuals who experience disabilities. They are, by general standards, under-employed as a result of their disability and should not be effectively denied the right to share in a program enjoyed by all other Alaskans.


Testimony at last week's hearing was contradictory. We believe that, in some cases, individuals may also lose medical benefits provided through the Medicaid program. If this occurs, individuals and families would be unable to access needed medical services. The possibility of this should be fully understood prior to any discussion concerning HB70. The effect of such a determination on the provider community should also be fully understood. Many individuals receive Medicaid funded services through nursing homes, intermediate care facilities, APH, and Harborview, to name a few. The State has also moved into the new Medicaid Waiver program and continued eligibility for services it provides should be considered.

We also believe that the administrative cost of "stopping benefits" and "reinstating benefits" will be significant. Several state departments agreed with this as well. Costs would effectively shift the cost of the "hold harmless provision" to the general fund.

In summary, we believe that deletion of the "hold harmless" provision for PFD's is not desirable or cost effective. It will penalize Alaskans who have been determined to be in need of public assistance, increase the work load of numerous state and private agencies, and unnecessarily add costs to the general fund budget.

Again, thank you for your assistance concerning HB70, and please feel free to contact us at your convenience if we can be of further assistance.

Sincerely,

  
Michael A. Saville  
Administrator  
HOPE COTTAGES, INC.

**ANCHORAGE/SOUTH CENTRAL REGION**

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1623 Mill Bay Road  
Kodiak, AK 99613-6235  
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Fax: (907) 446-3019

January 25, 1995

Rep. James -

Re: HB 70

You asked what the affect would be of this legislation on minors or unemancipated individuals.

If a dividend application is filed by the child and they are eligible, their dividend would be included in the calculation of household income to determine eligibility for AFDC, APA and food stamps.

If the minor's application is not filed for any reason, even in order for the household to maintain eligibility for assistance benefits, the minor can file when reaching majority or attaining emancipation.

This information was provided by Tom Williams, the director of the Permanent Fund Dividend Division.

*Tom Williams*

HOUSE COMMITTEE REPORT

2/1/95

(7)

Date Referred: January 16, 1995

FURTHER REFERRALS:

Judiciary  
Finance

Date of Committee Action: \_\_\_\_\_

The STATE AFFAIRS 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) HESS \_\_\_\_\_  fiscal note(s) \_\_\_\_\_

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

SIGNING WITH RECOMMENDATIONS		DP	DNP	NR	AM
<i>Janette Jones</i>	JAMES			✓	
<i>David Porter</i>	Porter			✓	
<i>Joseph Green</i>	Green			✓	✓
<i>John Ivan</i>	IVAN			✓	
<i>Caren Robinson</i>	ROBINSON		✓		
<i>Ed Willis</i>	Willis		✓		
<i>Scott Ogan</i>	Ogan	✓			
		①	②	③	④

CHAIR'S SIGNATURE

*Janette Jones*

Security Act, Title XIX) had there been no permanent fund dividend program.

(c) An individual who is denied assistance solely because permanent fund dividends received by the individual or by a member of the individual's household are counted as income or resources under federal law or regulation is eligible for cash assistance under AS 47.25.120 — 47.25.300 (general relief assistance program). Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive, for a period not to exceed four months, the same amount as the individual would have received under other public assistance programs had there been no permanent fund dividend program. (§ 1 ch 102 SLA 1982)

**Revisor's notes.** — Section 14, ch. 99, SLA 1985, amends this section. The amendment is effective if § 1, ch. 99, SLA 1985 is repealed (see § 25, ch. 99, SLA 1985). If the amendment becomes law, the section will read: "(a) In determining the eligibility of an individual under a public assistance program administered by the Department of Health and Social Services in which eligibility for assistance is based on financial need the Department of Health and Social Services may not consider a permanent fund dividend as income or resources received by the recipient of public assistance or by a member of the recipient's household unless required to do so by federal law or regulation. The Department of Health and Social Services shall notify all recipients of public assistance of the effects of a permanent fund dividend credit or cash payment.

"(b) An individual who is denied medical assistance under 42 U.S.C. 1396 — 1396p (Social Security Act, Title XIX) solely because of the credit or receipt of a permanent fund dividend by the individual or by a member of the individual's

household is eligible for state-funded medical assistance under the general relief assistance program (AS 47.25.120 — 47.25.300). The individual is entitled to receive, for a period not to exceed four months, the same level of medical assistance as the individual would have received under 42 U.S.C. 1396 — 1396p (Social Security Act, Title XIX) had there been no permanent fund dividend program.

"(c) An individual who is denied assistance solely because permanent fund dividends credited to or received by the individual or by a member of the individual's household are counted as income or resources under federal law or regulation is eligible for cash assistance under the general relief assistance program (AS 47.25.120 — 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual is entitled to receive, for a period not to exceed four months, the same amount as the individual would have received under other public assistance programs had there been no permanent fund dividend program."

*Sec. 43.23.080. Eligibility for state public assistance payments. [Repealed, § 22 ch 102 SLA 1982.]*

**Sec. 43.23.085. Eligibility for state programs.** A program administered by the state or any of its instrumentalities or municipalities, the eligibility for which is based on financial need, may not consider a permanent fund dividend as income or resources unless required to do so by federal law or regulation. (§ 1 ch 102 SLA 1982)

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 absense 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 that the amount of a permanent fund dividand are the individuals who will dispose of their PFD check and remain Medicaid eligible. Currently, 60% of annual Medicaid expenditures are for receiptents who receive on average \$967 or more in Medicaid benefits each month. We anticipate the regular Medicaid budget will see a commenserate 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	60%
Medicaid cost of those retaining Medicaid	<u>\$660,000</u>
Less Medicaid Non-facility share of cost (26%)	\$171,600
Medicaid Facility expenditures born by Medicaid	<u>\$488,400</u>

FISCAL NOTE

N 4

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: Medicaid Non-facility  
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
<b>TOTAL OPERATING</b>	<b>171.6</b>	<b>188.8</b>	<b>207.6</b>	<b>228.4</b>	<b>251.2</b>	<b>276.4</b>

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
<b>TOTAL</b>	<b>171.6</b>	<b>188.8</b>	<b>207.6</b>	<b>228.4</b>	<b>251.2</b>	<b>276.4</b>

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

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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.

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

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% 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>\$171,500</u>

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

FISCAL NOTE

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: Kott 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
<b>TOTAL OPERATING</b>	<b>86.0</b>	<b>88.6</b>	<b>91.2</b>	<b>94.0</b>	<b>96.8</b>	<b>99.8</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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 VA Receipts	(472.7)	(486.9)	(501.5)	(516.5)	(532.0)	(548.0)
<b>TOTAL</b>	<b>86.0</b>	<b>88.6</b>	<b>91.2</b>	<b>94.0</b>	<b>96.8</b>	<b>99.8</b>

**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 Daitman, 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
<b>TYPE of EXPENDITURE</b>		<b>AMOUNT</b>		
Salary		60.4	<b>Justification</b> 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. <u>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.</u>  <u>Two additional Eligibility Technician case worker positions are needed to administer this additional workload.</u>	
Benefits		25.6		
Premium Pay				
Other				
<b>Total Personal Services</b>		<b>86.0</b>		
vel				
Contractual				
Commodities				
Equipment				
Other				
<b>Total Cost</b>		<b>86.0</b>		
<b>FUNDING SOURCE for TOTAL COST</b>				
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				

**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

Bill Number: 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						
<b>TOTAL OPERATING</b>	<b>1,052.8</b>	<b>1,105.4</b>	<b>1,160.7</b>	<b>1,218.7</b>	<b>1,279.7</b>	<b>1,343.7</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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	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
<b>TOTAL</b>	<b>1,052.8</b>	<b>1,105.4</b>	<b>1,160.7</b>	<b>1,218.7</b>	<b>1,279.7</b>	<b>1,343.7</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: \$ 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.

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 cases x 15% = 3720 x \$ 283 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 Version: 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						
<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						
----------------------	--	--	--	--	--	--

CHANGE IN REVENUES ( )						
------------------------	--	--	--	--	--	--

**FUND SOURCE** (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF Program Receipts						
1006 GF.MHTIA						
Other						
<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>

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 Alaskan's dividend would be eliminated. See the attached table entitled *Hold Harmless Program Deductions From 1985-1994 Dividends*, as of September 29, 1994.

*Attachment*

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

f. 9  
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
<b>TOTAL OPERATING</b>	<b>(1,100.0)</b>	<b>(1,210.0)</b>	<b>(1,331.0)</b>	<b>(1,464.1)</b>	<b>(1,610.5)</b>	<b>(1,771.6)</b>

<b>CAPITAL EXPENDITURES</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>
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<b>CHANGES IN REVENUES</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>
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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 (Interagency Receipt)	(1,100.0)	(1,210.0)	(1,331.0)	(1,464.1)	(1,610.5)	(1,771.6)
<b>TOTAL</b>	<b>(1,100.0)</b>	<b>(1,210.0)</b>	<b>(1,331.0)</b>	<b>(1,464.1)</b>	<b>(1,610.5)</b>	<b>(1,771.6)</b>

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 absense 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 that 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.

FISCAL NOTE

№ 8

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

Bill Version: HB 70

(H) Publish Date: 2/1/95

Revision Date: \_\_\_\_\_ Dept Affected: Health and Social Services  
 Title: No Act relating to permanent fund dividends BRU: Assistance Payments  
 Component: Adult Public Assistance  
 Sponsor: Kott  
 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						
<b>TOTAL OPERATING</b>	<b>(2,562.1)</b>	<b>(2,690.2)</b>	<b>(2,824.7)</b>	<b>(2,965.9)</b>	<b>(3,114.2)</b>	<b>(3,269.9)</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 1007 WA Receipts	(2,562.1)	(2,690.2)	(2,824.7)	(2,965.9)	(3,114.2)	(3,269.9)
<b>TOTAL</b>	<b>(2,562.1)</b>	<b>(2,690.2)</b>	<b>(2,824.7)</b>	<b>(2,965.9)</b>	<b>(3,114.2)</b>	<b>(3,269.9)</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: \$ 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  
 Division: Division of Public Assistance  
 Approved by Com: Rafen 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 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

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

STATE OF ALASKA  
 1995 LEGISLATIVE SESSION

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: Kelli  
 Requestor: House STA COMPONENT SERIAL NO: 225

**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
<b>TOTAL OPERATING</b>	<b>(22,316.1)</b>	<b>(23,422.5)</b>	<b>(24,583.9)</b>	<b>(25,803.0)</b>	<b>(27,082.8)</b>	<b>(28,426.3)</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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)
<b>TOTAL</b>	<b>(22,316.1)</b>	<b>(23,422.5)</b>	<b>(24,583.9)</b>	<b>(25,803.0)</b>	<b>(27,082.8)</b>	<b>(28,426.3)</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: \$ 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 Daiman, Acting Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 1/26/95  
 Approved by Com: Karen Petrus  
 Agency: Department of Health & Social Services Date: \_\_\_\_\_

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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.

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**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

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  
 Component: AFDC  
 Sponsor: Kolt  
 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
<b>TOTAL OPERATING</b>	<b>(12,875.5)</b>	<b>(13,519.3)</b>	<b>(14,195.3)</b>	<b>(14,905.1)</b>	<b>(15,650.4)</b>	<b>(16,432.9)</b>
<b>CAPITAL EXPENDITURES</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>
<b>CHANGES IN REVENUES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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 *007 FA Receipts	(12,875.5)	(13,519.3)	(14,195.3)	(14,905.1)	(15,650.4)	(16,432.9)
<b>TOTAL</b>	<b>(12,875.5)</b>	<b>(13,519.3)</b>	<b>(14,195.3)</b>	<b>(14,905.1)</b>	<b>(15,650.4)</b>	<b>(16,432.9)</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: \$ 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.

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

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: Medicaid Facility  
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
<b>TOTAL OPERATING</b>	<b>488.4</b>	<b>527.5</b>	<b>569.7</b>	<b>615.2</b>	<b>664.5</b>	<b>717.6</b>

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
<b>TOTAL</b>	<b>488.4</b>	<b>527.5</b>	<b>569.7</b>	<b>615.2</b>	<b>664.5</b>	<b>717.6</b>

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	60%
Medicaid cost of those retaining Medicaid	<u>\$660,000</u>
Less Medicaid Non-facility share of cost (26%)	<u>\$171,600</u>
Medicaid Facility expenditures born by Medicaid	<u>\$488,400</u>

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>
<b>Total</b>	<b><u>\$126,001,900</u></b>		<b><u>\$241.46</u></b>	<b><u>\$226.77</u></b>

**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.