

**HB**

**108**



OFFICIAL BUSINESS

# Alaska State Legislature

House of Representatives

REPRESENTATIVE  
CYNTHIA TOOHEY  
DISTRICT 13

STATE CAPITOL ROOM 104  
JUNEAU, ALASKA 99801-1182  
19071 483-4810

718 WEST 4TH AVENUE, SUITE 330  
ANCHORAGE, ALASKA 99501-2113  
19071 258-4103

## MEMORANDUM

TO: Senator Lyda Green, Chair  
Senate Health and Social Services Committee

FROM: Representative Cynthia Toohey *CT*

DATE: March 20, 1995

RE: House Bill 108, "An Act relating to claims on permanent fund dividends for defaulted public assistance overpayments"

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I respectfully request that you schedule the above-referenced bill for a hearing in your committee.

This bill will give the Department of Health and Social Services authority to collect delinquent overpayment debts by administrative garnishment of Permanent Fund Dividends.

There is a zero fiscal note from the Department of Revenue and two revenue-generating fiscal notes from the Department of Health and Social Services.

Attached herewith is the following:

- Sponsor statement
- Department of Revenue zero fiscal note
- 2 Department of Health and Social Services revenue-generating fiscal notes
- Sectional analysis

Please contact me or Marveen at 6820 if you have any questions.  
Thank you.



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# Alaska State Legislature

HOUSE OF REPRESENTATIVES

REPRESENTATIVE  
CYNTHIA TOOHEY  
DISTRICT 13

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UNREAU, ALASKA 99501-1162  
(907) 465-4019

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## SPONSOR STATEMENT

### House Bill 108

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

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

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

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

Your support would be appreciated.

## SECTIONAL ANALYSIS OF HB 108

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

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

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 108

Revision Date: \_\_\_\_\_  
 Title: An Act relating to claims on PFD's for defaulted public assistance overpayments  
 Sponsor: Toohay  
 Requestor: House JUD

Dept. Affected: Health and Social Services  
 BRU: Public Assistance Admin  
 Component: Public Assistance Admin  
 COMPONENT SERIAL NO: 333  
 See also (SNA): \_\_\_\_\_

Expenditures/Revenues:	Thousands of Dollars					
	FY96	FY97	FY98	FY99	FY00	FY01
<b>OPERATING</b>						
PERSONAL SERVICES	3.0	3.0	3.0	3.0	3.0	3.0
TRAVEL	3.0	3.0	3.0	3.0	3.0	3.0
CONTRACTUAL	3.0	3.0	3.0	3.0	3.0	3.0
SUPPLIES	3.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	3.0	3.0	3.0	3.0	3.0	3.0
LAND & STRUCTURES	3.0	3.0	3.0	3.0	3.0	3.0
GRANTS, CLAIMS	3.0	3.0	3.0	3.0	3.0	3.0
MISCELLANEOUS	3.0	3.0	3.0	3.0	3.0	3.0
<b>TOTAL OPERATING</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>

CAPITAL EXPENDITURES	3.0	3.0	3.0	3.0	3.0	3.0
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CHANGES IN REVENUES	3.4	3.1	3.2	3.3	3.0	3.1
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FUND SOURCE	Thousands of Dollars					
	FY96	FY97	FY98	FY99	FY00	FY01
100 Federal Receipts	3.0	3.0	3.0	3.0	3.0	3.0
103 Of Match	3.0	3.0	3.0	3.0	3.0	3.0
104 SF	3.0	3.0	3.0	3.0	3.0	3.0
105 Of Program Receipts	3.0	3.0	3.0	3.0	3.0	3.0
106 Of MHTA	3.0	3.0	3.0	3.0	3.0	3.0
Other (please identify)	3.0	3.0	3.0	3.0	3.0	3.0
<b>TOTAL</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>	<b>30.0</b>

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	31	31	31	31	31	31
PART-TIME	31	31	31	31	31	31
TEMPORARY	31	31	31	31	31	31

Estimate of inventory current year (FY95) cost: 10.0

ANALYSIS: Attach a separate page if necessary

SEE ATTACHMENT

*[Signature]*

Prepared by: Jim Dalman, Acting Director  
 Division: Division of Public Assistance

Phone: 465-2680  
 Date: 12/02/95

Approved by Commissioner: Karen Fritze, Commissioner  
 Agency: Department of Health & Social Services

Date: 2/2/96

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ANALYSIS (cont.):

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

Food Stamp Program overpayment collections generate revenue to the State. Although food stamps are 100 percent federally funded, states are allowed to retain collection incentives of 10 percent of recoveries of overpayments caused by inadvertent housework error and 25 percent of recoveries of payments caused by recipient fraud. These recovery incentives will increase to 25 and 50 percent respectively in October, 1996.

Assumptions:

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

Collections:

	FY96	FY97	FY98	FY99	FY00	FY01
Claims collections	75	90	125	100	100	30
Total Collected	22.5	27.0	37.5	30.0	30.0	27.5
Increased GF Receipts	3.4	3.1	11.2	3.0	3.0	3.1

# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 108

Revision Date: \_\_\_\_\_ Sect. Affected: Department of Revenue  
 Title: Use PFD's to Recover Welfare Payments BRU Permanent Fund Dividend Division  
 Component: Permanent Fund Dividend Division  
 Sponsor: Representatives COFFEY, Egan  
 Requester: House Judiciary COMPONENT SERIAL NO. 381

**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 Oil Water						
1004 Oil						
1005 Oil Program Receipts						
1006 Oil M&A						
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>

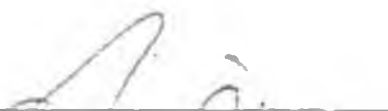
Estimate of any current year (FY95) cost: \$ 0.0

**POSITIONS**

FULL-TIME	
PART-TIME	
TEMPORARY	

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

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



Prepared by: Thomas C. Williams, Director Phone: 465-2223  
 Division: Permanent Fund Dividend Division Date: 1/25/95  
 Approved by Commissioner: [Signature] Date: 1/25/95  
 Agency: Department of Revenue

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# FISCAL NOTE

STATE OF ALASKA  
1995 LEGISLATIVE SESSION

BILL NO. HB 108

Revision Date: \_\_\_\_\_ Dept. Affected: Health and Social Services  
 Title: An Act relating to claims on PFD's for defaulted public assistance overpayments BRU: Assistance Payments  
 Sponsor: Hooney Component: AFDC  
 Requestor: House JLD COMPONENT SERIAL NO. 229  
 See also ISBN# \_\_\_\_\_

Expenditures/Revenues:	Thousands of Dollars					
OPERATING	FY96	FY97	FY98	FY99	FY00	FY01
PERSONAL SERVICES	0.0	0.0	0.0	0.0	0.0	0.0
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	0.0	0.0	0.0	0.0	0.0	0.0
SUPPLIES	0.0	0.0	0.0	0.0	0.0	0.0
EQUIPMENT	0.0	0.0	0.0	0.0	0.0	0.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELL-NEEDS	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL OPERATING</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
<b>CHANGES IN REVENUES</b>	<b>16.5</b>	<b>27.5</b>	<b>30.2</b>	<b>27.5</b>	<b>27.5</b>	<b>24.7</b>

FUND SOURCE	Thousands of Dollars					
000 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
000 SF Match	0.0	0.0	0.0	0.0	0.0	0.0
004 SF	0.0	0.0	0.0	0.0	0.0	0.0
006 SF Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
006 SF AMHTA	0.0	0.0	0.0	0.0	0.0	0.0
Other (please specify)	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

POSITIONS	FY96	FY97	FY98	FY99	FY00	FY01
FULL-TIME	01	01	01	01	01	01
PART-TIME	01	01	01	01	01	01
TEMPORARY	01	01	01	01	01	01

Estimate of any current year (FY95) cost: 30.0

ANALYSIS: Attach a separate page if necessary

SEE ATTACHMENT

Prepared by: Jim Dolman, Acting Director Phone: 465-2680  
 Division: Division of Public Assistance Date: 12/02/95  
 Approved by Commissioner: Saren Perdue, Commissioner Date: 2/16/95  
 Agency: Department of Health & Social Services

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## ANALYSIS (cont.)

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

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

## Assumptions:

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

## Calculations:

	FY96	FY97	FY98	FY99	FY00	FY01
Claims collections	50	100	110	100	100	90
Total collected	33.0	55.0	60.5	55.0	55.0	49.5
Increased GF Receipts	16.5	27.5	30.2	27.5	27.5	24.7