

**SB**

**145**

<TARGET><BILL>SB 145</BILL><SUBJECT>SB  
145</SUBJECT><COMM>SFIN29</COMM></TARGET>

# SENATE FINANCE COMMITTEE REPORT

DATE: 2/3/16

FURTHER:

DATE TURNED  
IN TO OFFICE: \_\_\_\_\_

Finance Committee considered SENATE BILL NO. 145

## SB 145 DAY CARE ASSISTANCE & CHILD CARE GRANTS

"An Act relating to the recovery of overpayments of day care assistance and child care grants; and providing for an effective date."

and recommends:

- be replaced with CS SB 145 (FIN)  Same Title  New Title
- adopt previous CS \_\_\_\_\_ (\_\_\_\_\_)  Same Title  New Title
- attached amendment(s)
- adopt \_\_\_\_\_ Letter of Intent
- further referral to \_\_\_\_\_ Committee

Dept Abbr.	
ADM	LWF
CED	LAW
COR	LEG
EED	MVA
DEC	DNR
DFG	DPS
GOV	REV
DHS	DOT
AJS	UA

NEW FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV			✓	2
DHS	✓			3

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	MICCICHE			✓	
	DUNLAVY			✓	
	Hoffman	✓			
	ORCON			✓	
CO-CHAIR:	dell			✓	
CO-CHAIR:	MacKinnon	✓			

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Governor Bill Walker  
STATE OF ALASKA

January 18, 2016

The Honorable Kevin Meyer  
President of the Senate  
Alaska State Legislature  
State Capitol, Room 111  
Juneau, AK 99801-1182

Dear President Meyer:

Under the authority of Article III, Section 18, of the Alaska Constitution, I am transmitting a bill relating to the recovery of overpayments of day care assistance and child care grants. The bill would add day care assistance and child care grants to the list of public assistance programs whose established overpayments can be recovered by garnishing an individual's permanent fund dividend.

Under existing AS 47.05.080, many of the programs that provide assistance benefits to individuals are provided with the ability to recover benefit overpayments by garnishing the benefit recipient's permanent fund dividend. That section allows established overpayment claims to be filed directly with the Department of Revenue and does not make them subject to the exemptions under AS 43.23.065(a) (permanent fund dividends) or AS 09.38 (Alaska Exemptions Act). Before the Department of Health and Social Services seeks to garnish the permanent fund dividend of a benefit recipient, the overpayment claim must be established either through a hearing or after an individual has had a chance for a hearing, but did not contest the overpayment claim. A separate provision in AS 43.23.068 establishes a procedure for garnishing a permanent fund dividend to recover a benefit overpayment that includes notice to the benefit recipient and an opportunity to request a hearing on whether a mistake was made.

The ability to garnish a benefit recipient's permanent fund dividend to recover overpayments under AS 47.05.080 exists for most public assistance programs including medical assistance, general relief, adult public assistance, food stamps, and Alaska temporary assistance. The bill would add the day care assistance and child care grants programs to the other public assistance programs that already have the ability to use the direct garnishment of a permanent fund dividend to recover benefit overpayments. This would make recovery of these already-established liabilities to the State much easier to recover from recipients who do not enter into voluntary repayment plans. This change also would align the day care assistance and child care grant programs with other public assistance programs.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in cursive script that reads "Bill Walker".

Bill Walker  
Governor

SENATE BILL NO. 145

Senate Bill 145 Sectional Analysis

Prepared by the Alaska Department of Health and Social Services

January 20, 2016

SB 145, "An Act relating to the recovery of overpayments of day care assistance and child care grants; and providing for an effective date."

Sectional Analysis:

Section 1 Enables overpayments to be collected from the participants in the child care assistance program through Permanent Fund Dividend garnishment, as for other public assistance programs under AS 47.05.080.

Section 2 Provides uncodified applicability language to apply overpayment recovery to day care assistance and child care grants, regardless of whether the overpayments occurred before, on, or after July 1, 2016.

Section 3 Provides that the Act takes effect on July 1, 2016

*adopted  
4/4/16*

29-GS2769\W  
Glover  
3/24/16

**CS FOR SENATE BILL NO. 145(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE SENATE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

**A BILL**

**FOR AN ACT ENTITLED**

1 "An Act relating to benefits for public assistance programs administered by the  
2 Department of Health and Social Services; and providing for an effective date."

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 \* **Section 1.** AS 47.05.080(a) is repealed and reenacted to read:

5 (a) Except for overpayments recovered under AS 47.07 that cover the value of  
6 services paid from federal sources, benefit overpayments collected by the department  
7 in administering public assistance programs under AS 47.05.010 shall be remitted to  
8 the Department of Revenue under AS 37.10.050(a).

9 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
10 read:

11 **APPLICABILITY.** This Act applies to the recovery of benefit overpayments for  
12 public assistance programs administered by the Department of Health and Social Services  
13 under AS 47.05.010, regardless of whether the overpayments occurred before, on, or after  
14 July 1, 2016.

15 \* **Sec. 3.** This Act takes effect July 1, 2016.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	SB 145
Fiscal Note Number:	2
(S) Publish Date:	1/19/2016

Identifier: DOR-PFD-10-9-16  
 Title: DAY CARE ASSISTANCE & CHILD CARE GRANTS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Governor

Department: Department of Revenue  
 Appropriation: Taxation and Treasury  
 Allocation: Permanent Fund Dividend Division  
 OMB Component Number: 981

### Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
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>	<b>0.0</b>

### Fund Source (Operating Only)

None							
<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>	<b>0.0</b>

### Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

### ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

### Why this fiscal note differs from previous version:

Initial Version
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Prepared By:	Sara Race, Division Director	Phone:	(907)465-4785
Division:	Permanent Fund Dividend Division	Date:	10/09/2015 12:00 AM
Approved By:	Jerry Burnett, Deputy Commissioner	Date:	10/15/15
Agency:	Department of Revenue		

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

Analysis

The proposed Health and Social Services garnishment to collect benefit overpayments of day care assistance and child care grants will be filed directly with the Permanent Fund Dividend Division. The drafted legislation meets the existing criteria outlined in AS 43.23.065(b)(6), therefore, no regulation changes are required. Expanding the types of garnishments served by state agencies on PFD applicants will have no budgetary impact on the PFD Division.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version:	SB 145
Fiscal Note Number:	3
(S) Publish Date:	2/3/2016

Identifier: SB145-DHSS-CCB-1-26-2016  
 Title: DAY CARE ASSISTANCE & CHILD CARE GRANTS  
 Sponsor: RLS BY REQUEST OF THE GOVERNOR  
 Requester: Senate HSS

Department: Department of Health and Social Services  
 Appropriation: Public Assistance  
 Allocation: Child Care Benefits  
 OMB Component Number: 1897

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
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>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1002 Fed Rcpts	(500.0)		(500.0)	(500.0)	(500.0)	(500.0)	(500.0)
1005 GF/Prgm	500.0		500.0	500.0	500.0	500.0	500.0
<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>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed? n/a

**Why this fiscal note differs from previous version:**

Not applicable; initial version.
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Prepared By:	Sean O'Brien, Director	Phone:	(907)465-5847
Division:	Public Assistance	Date:	01/26/2016 02:00 PM
Approved By:	Sana Efird, Asst. Commissioner, Finance and Management Services	Date:	01/26/16
Agency:	Health and Social Services		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

## Analysis

This legislation provides necessary authority for the Child Care Program Office to recover overpayments or misspent funds through garnishment of Permanent Fund Dividends from participants in the Child Care Assistance and Child Care Grant Programs. This change strengthens the integrity of the Child Care Assistance and Child Care Grant Programs, and aligns Child Care programs' overpayment recovery with that of other public assistance programs.

The fiscal impact of this proposed legislation is neutral. Costs for identifying overpayments and fraudulent activity are incorporated into the division's existing operational budget.

The division identified \$331,578 in calculated overpayments and incorrect payment claims for State Fiscal Year 2015. This legislation adds PFD garnishment as a mechanism for recovering overpayments and fraudulent claims and the division anticipates that this tool will increase the division's ability to identify and capture funding , bringing total annual receipts to an estimated \$500,000.

The division is requesting the general fund program receipt authority to collect Permanent Fund Dividend garnishment revenues associated with the projected amount included in this fiscal note, and can relinquish an equal amount in federal receipts. No increase in administrative costs is anticipated to make this change.