

SB

145

<TARGET><BILL>SB 145</BILL><SUBJECT>SB
145</SUBJECT><COMM>SHSS29</COMM></TARGET>

SENATE COMMITTEE REPORT First Committee of Referral

DATE: 1/19/16

FURTHER: Finance

Date of 5-Day Notice: _____
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 2/3/16

Health and Social Services 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 _____ (_____) 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 #
DHS	✓			3.

PREVIOUS FISCAL NOTE(S)				
Dept.	Fiscal	Indet.	Zero	FN #
REV			✓	1

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<i>[Signature]</i>	Ellis	✓			
<i>[Signature]</i>	Storke			✓	
<i>[Signature]</i>	Griessel				
CHAIR: <i>[Signature]</i>				✓	

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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 black ink 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

Fiscal Note

State of Alaska
2016 Legislative Session

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

Identifier: DHSS-CCB-1-16-16
 Title: DAY CARE ASSISTANCE & CHILD CARE GRANTS
 Sponsor: RLS BY REQUEST OF THE GOVERNOR
 Requester: Governor

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
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

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
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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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:

Initial version

Prepared By: Sean O'Brien, Director	Phone: (907)465-5847
Division: Public Assistance	Date: 01/16/2016 03:30 PM
Approved By: Sana Efird, Asst. Commissioner, Finance and Management Services	Date: 01/16/16
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.



THE STATE
of **ALASKA**
GOVERNOR BILL WALKER

**Department of
Health and Social Services**

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January 20, 2016

The Honorable Bert Stedman
Chair, Senate Health and Social
Services Committee
Room 30
Alaska State Capitol
Juneau, AK 99801

Dear Senator Stedman:

I am writing to request a hearing in the Senate Health and Social Services Committee for Senate Bill 145, Day Care Assistance and Child Care Grants, at your earliest convenience.

Attached please find:

- The current version of the bill
- A fiscal note
- Governor's transmittal letter
- Sectional Analysis

Our Division of Public Assistance and Legislative Liaison will work with you to answer questions, provide testimony, and generally facilitate the bill's passage through your committee.

We look forward to working with you.

Sincerely,

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

Valerie Davidson
Commissioner

cc: Darwin Peterson, Legislative Director, Governor's Office