

# **State of Alaska FY2012 Governor's Operating Budget**

## **Department of Health and Social Services Permanent Fund Dividend Hold Harmless Component Budget Summary**

**Component: Permanent Fund Dividend Hold Harmless**

**Contribution to Department's Mission**

- Refined the automated process used to provide hold harmless benefits to food stamp households, which helps to reduce case work burden. The process uses currently available computer-generated information from the Department of Revenue about households that are eligible for permanent fund dividend hold harmless benefits.

**Core Services**

- Provide payments to replace Alaska Temporary Assistance, Adult Public Assistance, Supplemental Security Income, and Food Stamp benefits for individuals who would lose eligibility or whose benefits would be reduced if they received a Permanent Fund Dividend.

**Key Component Challenges**

As public assistance caseloads increase, there is an increased need for PFD Hold Harmless payments required by state law. The law provides that recipients of public assistance programs not lose benefits due to receipt of the Alaska Permanent Fund Dividend.

The SSI and APA programs have grown by over 3% in recent years, and this trend is expected to continue. The Food Stamp program caseload grew over 20% between FY2009 and FY2010 and we expect the program to continue to grow at a rate of 10% in FY2011

**Significant Changes in Results to be Delivered in FY2012**

- Current funding is not sufficient to cover the amount of hold harmless payments required due to the growth of the SSI, Food Stamp, and the Adult Public Assistance programs. The Governor's FY2012 budget includes an increment of \$2,700.0 to meet the projected formula need.

**Status Updates for Changes in Results to be Delivered in FY2011**

No major change in service is anticipated.

**Major Component Accomplishments in 2010**

- Made changes to procedures to accommodate updates to the automated process, the issuance of the permanent fund dividend (PFD) a month earlier than normal, and a much higher payment amount that included the Resource Rebate. These procedures were followed to provide hold harmless benefits to food stamp households, which helps to reduce case work burden. The process uses currently available computer-generated information from the Department of Revenue about households that are eligible for permanent fund dividend hold harmless benefits.
- Notified over 41,000 households that the Resource Rebate portion of the PFD payment would not affect their benefits and encouraged the use of this money to help with energy needs.

**Statutory and Regulatory Authority**

AS 43.23.075 Eligibility for Public Assistance  
AS 43.23.085 Eligibility for State Programs  
7 AAC 38 Permanent Fund Dividend Distribution

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**Permanent Fund Dividend Hold Harmless  
Component Financial Summary**

*All dollars shown in thousands*

	<b>FY2010 Actuals</b>	<b>FY2011 Management Plan</b>	<b>FY2012 Governor</b>
<b>Formula Program:</b>			
<b>Component Expenditures:</b>			
71000 Personal Services	0.0	0.0	0.0
72000 Travel	0.0	0.0	0.0
73000 Services	394.0	435.0	435.0
74000 Commodities	0.0	0.0	0.0
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	13,190.7	13,149.7	15,849.7
78000 Miscellaneous	0.0	0.0	0.0
<b>Expenditure Totals</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>16,284.7</b>
<b>Funding Sources:</b>			
1050 Permanent Fund Dividend Fund	13,584.7	13,584.7	16,284.7
<b>Funding Totals</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>16,284.7</b>

**Summary of Component Budget Changes  
From FY2011 Management Plan to FY2012 Governor**

*All dollars shown in thousands*

	<u>Unrestricted Gen (UGF)</u>	<u>Designated Gen (DGF)</u>	<u>Other Funds</u>	<u>Federal Funds</u>	<u>Total Funds</u>
<b>FY2011 Management Plan</b>	<b>0.0</b>	<b>13,584.7</b>	<b>0.0</b>	<b>0.0</b>	<b>13,584.7</b>
<b>Proposed budget increases:</b>					
-Program Funding Increase Due to Caseload Growth	0.0	2,700.0	0.0	0.0	2,700.0
<b>FY2012 Governor</b>	<b>0.0</b>	<b>16,284.7</b>	<b>0.0</b>	<b>0.0</b>	<b>16,284.7</b>

**Component Detail All Funds**  
**Department of Health and Social Services**

**Component:** Permanent Fund Dividend Hold Harmless (225)  
**RDU:** Public Assistance (73)

	FY2010 Actuals	FY2011 Conference Committee (Final)	FY2011 Authorized	FY2011 Management Plan	FY2012 Governor	FY2011 Management Plan vs FY2012 Governor	
71000 Personal Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
72000 Travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
73000 Services	394.0	435.0	435.0	435.0	435.0	0.0	0.0%
74000 Commodities	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
75000 Capital Outlay	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
77000 Grants, Benefits	13,190.7	13,149.7	13,149.7	13,149.7	15,849.7	2,700.0	20.5%
78000 Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0	0.0%
<b>Totals</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>16,284.7</b>	<b>2,700.0</b>	<b>19.9%</b>
<b>Fund Sources:</b>							
1050 PFD Fund	13,584.7	13,584.7	13,584.7	13,584.7	16,284.7	2,700.0	19.9%
<b>Unrestricted General (UGF)</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>Designated General (DGF)</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>13,584.7</b>	<b>16,284.7</b>	<b>2,700.0</b>	<b>19.9%</b>
<b>Other Funds</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>Federal Funds</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>Positions:</b>							
Permanent Full Time	0	0	0	0	0	0	0.0%
Permanent Part Time	0	0	0	0	0	0	0.0%
Non Permanent	0	0	0	0	0	0	0.0%

**Change Record Detail - Multiple Scenarios With Descriptions  
Department of Health and Social Services**

**Component:** Permanent Fund Dividend Hold Harmless (225)

**RDU:** Public Assistance (73)

Scenario/Change Record Title	Trans Type	Totals	Personal Services	Travel	Services	Commodities	Capital Outlay	Grants, Benefits	Miscellaneous	Positions		NP
										PFT	PPT	
***** Changes From FY2011 Conference Committee (Final) To FY2011 Authorized *****												
<b>FY2011 Conference Committee</b>												
ConfCom		13,584.7	0.0	0.0	435.0	0.0	0.0	13,149.7	0.0	0	0	0
1050 PFD Fund		13,584.7										
<b>Subtotal</b>		<b>13,584.7</b>	<b>0.0</b>	<b>0.0</b>	<b>435.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13,149.7</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2011 Authorized To FY2011 Management Plan *****												
<b>Subtotal</b>		<b>13,584.7</b>	<b>0.0</b>	<b>0.0</b>	<b>435.0</b>	<b>0.0</b>	<b>0.0</b>	<b>13,149.7</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>
***** Changes From FY2011 Management Plan To FY2012 Governor *****												
<b>Program Funding Increase Due to Caseload Growth</b>												
IncM		2,700.0	0.0	0.0	0.0	0.0	0.0	2,700.0	0.0	0	0	0
1050 PFD Fund		2,700.0										
<b>Totals</b>		<b>16,284.7</b>	<b>0.0</b>	<b>0.0</b>	<b>435.0</b>	<b>0.0</b>	<b>0.0</b>	<b>15,849.7</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0</b>

As the public assistance caseload increases, there is increased need for Permanent Fund Dividend (PFD) Hold Harmless payments required by state law. The law provides that recipients of public assistance programs not lose benefits due to receipt of the PFD. Current funding is not sufficient to cover the amount of hold harmless payments required due to the growth of the Supplemental Security Income (SSI), Food Stamp, and Adult Public Assistance (APA) programs. The SSI and APA programs have grown by over 3% in recent years, and this trend is expected to continue. The Food Stamp program caseload grew over 20% between FY09 and FY10 and we expect the program to continue to grow at a rate of 10% in FY11.

If funding is not increased, there will not be sufficient funds to meet the requirements of state law to replace lost benefits due to the receipt of the PFD.

**Line Item Detail**  
**Department of Health and Social Services**  
**Services**

**Component:** Permanent Fund Dividend Hold Harmless (225)  
**RDU:** Public Assistance (73)

Line Number	Line Name			FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
73000	Services			394.0	435.0	435.0
Expenditure Account	Servicing Agency	Explanation		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
<b>73000 Services Detail Totals</b>				<b>394.0</b>	<b>435.0</b>	<b>435.0</b>
73979	Mgmt/Consulting (IA Svcs)	H&SS	RSA with the Division of Public Assistance (PA), PA Field Services component for administrative and case maintenance required to operate the Permanent Fund Dividend Hold Harmless program.	394.0	435.0	435.0

**Line Item Detail**  
**Department of Health and Social Services**  
**Grants, Benefits**

**Component:** Permanent Fund Dividend Hold Harmless (225)  
**RDU:** Public Assistance (73)

Line Number	Line Name		FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
77000	Grants, Benefits		13,190.7	13,149.7	15,849.7
Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
<b>77000 Grants, Benefits Detail Totals</b>			<b>13,190.7</b>	<b>13,149.7</b>	<b>15,849.7</b>
77670	Benefits	SSI - Social Security and the Division of Public Assistance have entered into a written agreement, which operates as follows: The SSI program has a current need standard of \$579. Under SSI rules, as long as the Dividend exceeds \$579, each recipient keeps SSI eligibility through the month of receipt of the Dividend, but suffers an overpayment for that month. SSI establishes a recovery of that overpayment, drawing \$564 in full repayment from an account into which Public Assistance has deposited Hold Harmless state funds. This guarantees no service level disruption in Social Security Administration's Alaskan offices. (In FY09, there were 9,762 Hold Harmless SSI cases at \$458 average payment.)	13,190.7	4,679.7	7,379.7
77670	Benefits	H&SS RSA with the Division of Public Assistance, Adult Public Assistance (APA) component for the APA State Supplemental overpayment resulting from Dividend receipt and "recovers" this State payment with hold harmless funds. (FY09 totals were 14,475 Hold Harmless APA cases at a \$274 average payment.)	0.0	3,530.0	3,530.0
77670	Benefits	The Food Stamp Program defines Dividend payments in such a way that eligibility for food stamps is lost for the month in which applicant households receive their permanent fund dividend (PFD). PFD Hold Harmless/Food Stamp replaces 100% federal participation.	0.0	2,700.0	2,700.0
77670	Benefits	H&SS RSA with the Division of Public Assistance Alaska Temporary Assistance Program (ATAP) and Tribal Assistance for program hold harmless. The Temporary Assistance program considers the dividend as income in the month it is received. Temporary Assistance	0.0	2,240.0	2,240.0

**Line Item Detail**  
**Department of Health and Social Services**  
**Grants, Benefits**

**Component:** Permanent Fund Dividend Hold Harmless (225)

**RDU:** Public Assistance (73)

Expenditure Account	Servicing Agency	Explanation	FY2010 Actuals	FY2011 Management Plan	FY2012 Governor
<b>77000 Grants, Benefits Detail Totals</b>			<b>13,190.7</b>	<b>13,149.7</b>	<b>15,849.7</b>

income limits are substantially lower than the amount of dividend payments, so receiving dividends almost invariably renders a family ineligible for Temporary Assistance benefits in the month of receipt.

**Inter-Agency Services**  
**Department of Health and Social Services**

**Component:** Permanent Fund Dividend Hold Harmless (225)  
**RDU:** Public Assistance (73)

Expenditure Account	Service Description	Service Type	Servicing Agency	FY2010 Actuals	FY2011	
					Management Plan	FY2012 Governor
73979	Mgmt/Consulting (IA Svcs) RSA with the Division of Public Assistance (PA), PA Field Services component for administrative and case maintenance required to operate the Permanent Fund Dividend Hold Harmless program.	Intra-dept	H&SS	394.0	435.0	435.0
<b>73979 Mgmt/Consulting (IA Svcs) subtotal:</b>				<b>394.0</b>	<b>435.0</b>	<b>435.0</b>
77670	Benefits RSA with the Division of Public Assistance, Adult Public Assistance (APA) component for the APA State Supplemental overpayment resulting from Dividend receipt and "recovers" this State payment with hold harmless funds. (FY09 totals were 14,475 Hold Harmless APA cases at a \$274 average payment.)	Intra-dept	H&SS	0.0	3,530.0	3,530.0
77670	Benefits RSA with the Division of Public Assistance Alaska Temporary Assistance Program (ATAP) and Tribal Assistance for program hold harmless. The Temporary Assistance program considers the dividend as income in the month it is received. Temporary Assistance income limits are substantially lower than the amount of dividend payments, so receiving dividends almost invariably renders a family ineligible for Temporary Assistance benefits in the month of receipt.	Intra-dept	H&SS	0.0	2,240.0	2,240.0
<b>77670 Benefits subtotal:</b>				<b>0.0</b>	<b>5,770.0</b>	<b>5,770.0</b>
<b>Permanent Fund Dividend Hold Harmless total:</b>				<b>394.0</b>	<b>6,205.0</b>	<b>6,205.0</b>
<b>Grand Total:</b>				<b>394.0</b>	<b>6,205.0</b>	<b>6,205.0</b>