

Invited Testimony to House Finance Committee, July 9, 2019

Thank you, Co-Chairs Wilson and Foster, and Vice Chair Johnston, for inviting AARP to testify this afternoon regarding the governor's vetoes. I am Ken Helander, Advocacy Director for AARP Alaska, our state's largest membership organization with 85,000 members over the age of 50. Although we are concerned with all of the governor's line item vetoes, I am focusing my remarks on his zeroing out of funding for the Senior Benefits Program.

The Senior Benefits Program was created in 2007 as something of a reiteration of the old Longevity Bonus Program that was completely phased out under Gov. Murkowski. The old program paid a monthly cash benefit to Alaskans 65 and older regardless of their need for it. Senior Benefits came into being with the recognition that though not all older Alaskans needed this money, there are some who do. These are often single or widowed older women who may have lost their economic security caring for a dependent spouse or child. Or it might have been a low wage worker who never had a chance to save and whose Social Security amount is very small. It also includes many who lived and worked by subsistence, not building a retirement savings or substantial Social Security.

In any case, these are older Alaskans who are economically poor. How poor? Those who qualify for the largest Senior Benefit amount (\$250/mo) can have no more (often less) than \$949/month income! The middle benefit amount is \$175/mo for persons who have incomes below the 100% Federal Poverty Level (\$1265/mo), and for the current lowest benefit (\$76/mo) the income limit is 175% FPL at no more than \$2214/mo. It is difficult to imagine living on such an income in Alaska, especially when the average Senior Beneficiary is 75 years old, likely has chronic health problems and must regard every expense as a choice between a necessity and a necessity.

When older Alaskans who qualify lose this income supplement from the Senior Benefits program, it will be gone and irreplaceable. They are not going to go out and get a job or ask for a raise. They are not going to ask for help from mom and dad. They will simply have permanently lost a significant amount of their monthly income, and therefore their financial security. Unquestionably the loss of this income will increase the risk of losing their independence and hasten their move to a much costlier track of dependent care.

The Senior Benefits Program is not a bricks and mortar program for the state. In fact, it functions in much the same way as the Permanent Fund Dividend, though on a smaller scale. The monthly allowance from the state goes directly to the senior beneficiary who then spends it on necessary expenditures in this state. They certainly are not going to fancy restaurants, buying a smart TV or taking a trip to Hawaii. It is a modest financial stimulus to Alaska's economy and can rightly be regarded as a state investment rather than an expense.

Being old and poor in Alaska is not a circumstance for more insecurity. Yet, when Gov. Dunleavy announced his line item vetoes on Friday, June 28<sup>th</sup>, he gave only three days' notice to beneficiaries that they should not expect any more checks.

**This is the current notice on the state's DHSS website: "July 1, 2019 - Under the FY 2020 budget signed by Governor Dunleavy, the Alaska Senior Benefits Payment Program will end July 1 and payments for FY2020 will not occur. With the state facing the challenge of aligning current state revenues with state expenditures, this program is being eliminated to contain costs**

*and reduce dependence of individuals on state funds. Repealing the Senior Benefits Payment program will reduce the administrative and financial burden on state resources."*

Aside from the obvious disregard of proper notice that some poor elders will immediately and permanently lose up to 25% of their monthly income, this website notice reiterates the governor's byline that it is to "reduce dependence of individuals on state funds." The individuals in question ARE dependent, not because of state funds, but because age has a tendency to do this to all who live long enough. Anyone who owns stock and watches the exchanges or Dow Jones, seeing a drop of 20-25% in the value of their portfolio would be stunned and reeling, and would quickly set about figuring out how to make this up. Low income seniors who are dependent will never be less dependent than they are today, and certainly not by abruptly cutting off a crucial source of financial security....without notice.

The governor says it will be a wash because they will get a larger PFD, and so it should not be a problem for these low income, vulnerable older Alaskans. However, there are some things to consider:

- Being cut off from the monthly benefit as of July 1, means these seniors must go through July, August, September, perhaps part of October, before they ever see any PFD money. While they live month to month counting every penny, we apparently now expect them to sustain the impact of losing up to \$1000 before ever seeing a PFD.
- Many forgo a PFD altogether, knowing it could render them ineligible for other means-tested supports they need, like many food assistance or heating assistance programs.
- Having this significant portion of monthly income taken away can be seen as a penalty or tax targeted specifically at the poorest and oldest of Alaskans, a tax that is not levied on other Alaskans. No one else is being asked or required to give up a chunk of their income in order to receive a PFD. Why penalize or tax these, our elders who have the least to give up?
- Repealing the SBP will "reduce administrative and financial burden on state resources." When people lose the ability to be independent in their homes and community, the next step is increasing dependence on state funds (Medicaid long term care) and/or family. The dependency will not go away, and thus it will increase administrative and financial burden, likely on the state, but also on Alaskan families who will have to take time off from or quit work, subsidize finances, and perhaps have their own health and well-being compromised as well.
- The most any SBP beneficiary receives is \$250/month. If that beneficiary should lose their independence and have to move out of their home and into assisted living, the cost would be somewhere between \$4000-\$9000/month. Skilled nursing care (nursing home) costs close to \$25,000/month in Alaska. Most often this cost is assumed by the state Medicaid program. No reduction of administrative and financial burden here.

In all of this, there is an apparent contempt for the oldest members of our community. Some call them "the aged" or "the aging." But Governor Dunleavy is aging; the OMB director is aging; commissioners are aging; all the legislators are aging; Republicans and Democrats and unaffiliated are all aging; liberals and conservatives are all aging; people of every color and gender are aging; children are aging; the wealthy and the needy are aging; workers and business owners are aging; neighbors and friends are aging; petroleum workers and farmers are aging; doctors and mechanics are aging. In fact, nobody is not aging. All of us, every Alaskan, is aging just as fast as the other. And someday that senior who could have sustained themselves independently for a little longer with the Senior Benefit income help, that person will be you or me.

We should not turn our heads away from our elders. We should not treat them as burdensome. We should look beyond the dependencies and pay very close attention to them. We should learn everything we possibly can from them. We should take care of the old person we're going to become.

Thank you for the opportunity to give comment today on behalf of older Alaskans.

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