

HOUSE FINANCE COMMITTEE
April 02, 2001
1:41 PM

TAPE HFC 01 - 69, Side A
TAPE HFC 01 - 69, Side B

CALL TO ORDER

Co-Chair Williams called the House Finance Committee meeting to order at 1:41 PM.

MEMBERS PRESENT

Representative Bill Williams, Co-Chair
Representative Eldon Mulder, Co-Chair
Representative Con Bunde, Vice-Chair
Representative Eric Croft
Representative John Davies
Representative Carl Moses
Representative Richard Foster
Representative John Harris
Representative Ken Lancaster
Representative Jim Whitaker

MEMBERS ABSENT

Representative Bill Hudson

ALSO PRESENT

Representative Gretchen Guess; Representative Fred Dyson; Hans Neidig, Staff, Senator Lydia Green; Alison Elgee, Deputy Commissioner, Department of Administration; Rosalee Walker, Board Member, Older Alaskans Aging Group, Juneau.

PRESENT VIA TELECONFERENCE

Jeff Jesse, Executive Director, Alaska Mental Health Trust Authority, Anchorage, Department of Revenue.

SUMMARY

HB 162 An Act relating to absences from the state under the longevity bonus program.

HB 162 was reported out of Committee with a "do pass" recommendation and with a fiscal note by the Department of Administration dated 3/22/01.

CSSB 112 (FIN) An Act placing certain employees of the Alaska Mental Health Trust Authority in the exempt service; establishing a minimum salary for the

long term care ombudsman; and providing for an effective date.

CS SB 112(FIN) was reported out of Committee with a "do pass" recommendation and with a zero fiscal note by the Department of Revenue dated 3/01/01.

#HB162

HOUSE BILL NO. 162

An Act relating to absences from the state under the longevity bonus program.

REPRESENTATIVE FRED DYSON advised that the House HESS Committee had sponsored HB 162. He introduced Representative Gretchen Guess, the co-sponsor.

Representative Dyson noted that the bill would change two Longevity Bonus date clauses. It would increase the allowable paid absence from 30 to 60 consecutive days and it would extend the unpaid sabbatical from 90 consecutive days to five years.

Representative Dyson commented that the Longevity Bonus is extremely important to many of its recipients, especially those who are low income. By extending the allowable paid absence to 60 days and by extending the unpaid sabbatical to five years, seniors would be able to leave the State without a penalty.

Representative Davies asked what the public interest was in not re-qualifying those seniors. He asked why there was a need for a five-year limit. He suggested dropping the five-year clause.

REPRESENTATIVE GRETCHEN GUESS replied that the five-year clause was introduced as a mechanism to clean out the rolls for those who are eligible. She claimed that eliminating the five-year clause would make it more difficult for the Department of Administration to determine who was eligible.

Representative Davies reiterated, "What difference would it make to the State".

Representative Dyson explained that when people in the program die, it helps the Department clear the rolls. He added that he would not object to changing or removing the date.

Representative Harris thought that the length extension would allow more people to qualify for the program. Representative Guess advised that the extension from 30 days to 60 days would make a positive fiscal note, but that would be off set with the extension of 90 days to 5 years.

Currently, there are participants leaving for 90 days, and in order to keep their eligibility, they must return for a month. Extending it from the 30 to 60 days does cost more but the other change would create a negative "fix".

Representative Harris asked at this time, if a person left the State for 90 days or more, would they then not qualify for the Longevity Bonus. Representative Guess explained that unless they came back to the State, they would no longer qualify, however, they would have to be repaid for the month that they returned.

ALISON ELGEE, DEPUTY COMMISSIONER, DEPARTMENT OF ADMINISTRATION, explained the fiscal note. She stated that the extension of the allowable absence from 30 days to 60 days was the period in which the eligible person would continue to receive their check. The costs associated with Section 1 would be \$288,400 dollars. She added that Section 2 would save the State money, however, it would be difficult to predict the amount. The Department estimated that if 10% of the Longevity Bonus recipients were absent from the State for an additional 30 days, the program would save \$435,100 dollars. Those numbers indicate the potential savings.

Ms. Elgee addressed the "allowable absence" question voiced by Representative Harris. Right now allowable absences are up to 90 consecutive days, and then they must return for at least ten days; or they can be gone for a total of 180 days during the last twelve months. Medical treatment is an allowable absence, however, the spouse is not allowed out for the extended time period.

Co-Chair Mulder asked if the "piggy-back" provision had been problematic. Ms. Elgee advised that the spouse does have to return after 90 consecutive days. Co-Chair Mulder asked if that would be corrected in the bill. Ms. Elgee explained that it would.

Representative Foster asked the number of people in the Longevity Program. Ms. Elgee replied that there are 22,000 recipients currently in the program and that it is decreasing on an annual bases of about 6% to 7%.

Representative Davies questioned the State's interest in Section 2. Ms. Elgee responded that it would provide the Department an opportunity to purge out the rules. The program is currently in a phase out, and the Department would like to know when it has been completed. The legislation would provide an opportunity to eliminate those people that are no longer eligible. She acknowledged that there is no "magic" to 5 years.

Representative Croft referenced Section 3, (A)(4). He asked if there had been any cut off at all. Ms. Elgee explained

that it would be a policy call to determine how the program should be handled. The Department is requesting a time limit in order to determine the necessary records.

Co-Chair Williams asked how many employees would be kept on staff to execute the program. Ms. Elgee replied that the staff consists of three clerks who process the Longevity Bonus checks each month. She added that they have additional duties. The Department anticipates that as the program diminishes, the staff will also decrease. The staff currently maintains the wait lists for the Pioneer Homes.

Co-Chair Mulder asked how the Department determines if a person has been out of the State for longer than 30 days.

Ms. Elgee replied that the checks are only sent to instate addresses and if the checks are returned with an out of State postmark, the payment of the check is suspended until the Department can check these circumstances out. People are asked to report their absences. If someone has a beyond thirty day absence, they are requested to document that leave. They are then reactivated when they return to Alaska.

Co-Chair Mulder noted that the State does not spend a lot of money to track these people. He believed that the legislation would allow people to be "more" truthful, however, voiced concern, that the legislation would be subjecting the State to potential legal recourse for those that have "life status". He asked if making the adjustment could create a legal problem. Ms. Elgee did not know if that would be a problem.

ROSALEE WALKER, BOARD MEMBER, OLDER ALASKANS AGING GROUP, JUNEAU, testified in support of the legislation. She related a personal experience with the illness of her mother and how when she left the State to care for her elderly mother, she nearly lost her Longevity Bonus. She commented that changing the 60 days would make it easier for those depending on the bonus to pay their bills. She stressed that she could not financially manage without the bonus. Ms. Walker acknowledged that problems do arise with the current system.

Co-Chair Mulder requested that Mike Tibbles, Staff to Representative Bill Williams, speak with Tamara Cook, Legislative Legal, regarding a legal opinion to protect the State with the changes that the legislation proposes. Representative Dyson advised that if there is a problem, he would recommend Speaker Porter to address these concerns on the House Floor.

Representative Davies MOVED a conceptual amendment to Page 2, Section 2, changing that language to a delayed effective date of 15 years.

Co-Chair Williams OBJECTED.

Co-Chair Mulder commented that dying disqualifies people, however, he believed that for the Department's records, it would be beneficial to have a sound date determination policy. He suggested that people should have some certainty in knowing what would be happening within five years and if they would be returning to the State.

Representative Croft agreed with Co-Chair Mulder. He commented on the legal defense. He maintained that the State retains the ability to change the rules. He agreed that changing the 30 to 60 days would be a rational amount of time and would be a change that was justified. He commented that the proposed change would complicate the "simple" change.

Representative Davies disagreed. There are no new people that can qualify for the program. The language addresses those people that are presently qualified. He questioned the public rationale for having that language. In the previous language, a person could re-qualify as many times as they wanted. He did not believe that the change would create a significant fiscal impact.

Representative Whitaker inquired the age of those included in the program. Ms. Elgee recalled that the application was closed on December 1996. At that time, each person had to be 65, and that now, the population is now 70 plus years. Representative Whitaker noted that within fifteen years, the program would be nearly over.

Vice-Chair Bunde commented that the bonus was initially provided in order to help these older people to continue to live in the State. Representative Davies argued that there are legitimate reasons for living outside the State for more than five years. He noted that there are people that leave, and are not being paid the bonus while they are gone. He proposed that if one of those folks decides to come back, what would be the State's interest in saying "no".

Ms. Elgee advised that there would have to be a demonstration on their part, which indicates that they intended to be a "real" resident. She added that there are residency indicators which are checked.

Co-Chair Williams commented that five years is a long time to keep track of an individual. Ms. Elgee replied that the State of Alaska would not attempt to keep track. If they

returned to the State, then it would be their responsibility to make the contact.

Representative Davies WITHDREW the MOTION to amend.

Co-Chair Mulder spoke in support of the 60-day provision change. He noted his concern with the continued senior citizen property tax exemption.

Representative Davies commented that program accomplishes the State's original function. He noted that legislation does provide for "honoring our pioneers". He claimed that the tax exemption does have the effect of keeping families together. Representative J. Davies recommended that there be a financial "means" test used to qualify for the exemption. He stressed that there remains a societal reason to encourage seniors to stay in the State.

Co-Chair Mulder MOVED to report HB 162 out of Committee with individual recommendations and with the accompanying fiscal note. There being NO OBJECTION, it was so ordered.

HB 162 was reported out of Committee with a "do pass" recommendation and a fiscal note by the Department of Administration dated 3/22/01.

TAPE HFC 01 - 69, Side B

#SB112

CS FOR SENATE BILL NO. 112(FIN)

An Act placing certain employees of the Alaska Mental Health Trust Authority in the exempt service; establishing a minimum salary for the long term care ombudsman; and providing for an effective date.

HANS NEIDIG, STAFF, SENATOR LYDA GREEN, stated that SB 112 would place employees of the Alaska Mental Health Trust Authority (AMHTA) in the exempt service while establishing a minimum salary for the Long Term Care Ombudsman.

Mr. Neidig noted that SB 112 was introduced at the request of the Alaska Mental Health Trust Authority to address concerns expressed about their ability to function efficiently as a State corporation.

The legislation would establish a minimum salary for the Long Term Care Ombudsman at Range 21. Establishing a minimum salary of the Long Term Care Ombudsman would help ensure that a qualified individual can be hired for that crucial position.

Vice-Chair Bunde inquired what range these employees currently are at. Mr. Neidig replied that they currently are at a Range 20. He noted that a maximum salary had not yet been established.

Representative Harris questioned how long the position had been unfilled. Mr. Neidig understood that it had been vacant since November 2000.

JEFF JESSE, (TESFITIFED VIA TELECONFERENCE), EXECUTIVE DIRECTOR, ALASKA MENTAL HEALTH TRUST AUTHORITY (AMHTA), DEPARTMENT OF REVENUE, responded that the position has remained vacant since the Executive Order, which transferred responsibility to the Trust Authority. He commented that there has been a tremendous turnover in that position, which he predicted resulted not only from the salary range but also the intense workload. Mr. Jesse acknowledged that the employee is asked to take on a tremendous responsibility for that salary range.

Representative Harris asked if the salary was being paid from the AMHTA account. Mr. Jesse advised that the entire budget at this time is paid for out of the Federal Senior Services Block Grant. Currently, there is an increment in the Department of Administration's budget that would add \$100 thousand dollar increase to the \$250 thousand dollars in federal money, to increase the overall capacity of the office. He noted that only the long-term ombudsman would fall under that salary change.

Representative Whitaker asked if there was something in existing law, which might preclude a higher pay rate for that position. Mr. Jesse explained that the position is in classified service. That position has been classified at a Range 20 and it would not be possible to pay higher.

Vice-Chair Bunde pointed out that the legislation stipulates that it would be a "minimum" of Range 21. He asked what Mr. Jesse would anticipate the maximum payment range to be. Mr. Jesse advised that AMHTA did not want to pay anymore than they had to for that job category. He noted that a job in that area requires a combination skill level and that it would be good if that person had some legal background. He stressed that it was not the intention to pay more than necessary to get a qualified person for the position.

Vice-Chair Bunde asked if the maximum step was a Range 28 for an exempt position. Mr. Jesse replied the requested position was not exempt, and emphasized that no one would be paid a Range 28 for that position.

Representative Davies MOVED to report CS SB 112 (FIN) out of Committee with individual recommendations and with the

accompanying fiscal note. There being NO OBJECTION, it was so ordered.

CS SB 112 (FIN) was reported out of Committee with a "do pass" pass recommendation and with a zero fiscal note by the Department of Revenue dated 3/01/01.

#

ADJOURNMENT

The meeting was adjourned at 2:40 P.M.