

**MINUTES**  
**SENATE FINANCE COMMITTEE**  
**April 30, 2003**  
**5:27 PM**

**TAPES**

SFC-03 # 70, Side A  
SFC 03 # 70, Side B  
SFC 03 # 71, Side A  
SFC 03 # 71, Side B

**CALL TO ORDER**

Co-Chair Gary Wilken convened the meeting at approximately 5:27 PM.

**PRESENT**

Senator Lyda Green, Co-Chair  
Senator Gary Wilken, Co-Chair  
Senator Lyman Hoffman  
Senator Donny Olson  
Senator Ben Stevens  
Senator Con Bunde

**Also Attending:** JOE BALASH, Staff to Senator Therriault;  
Testifiers are listed in the order they spoke.

**SUMMARY INFORMATION**

SB 117-ELIMINATING LONGEVITY BONUS PROGRAM

The Committee heard from the Senate President and took public testimony. The bill was held in Committee

#SB117

SENATE BILL NO. 117

"An Act eliminating the longevity bonus program and making related conforming changes; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Co-Chair Wilken reminded that the committee substitute proposes to "continue the Alaska Longevity Bonus Program as a needs-based program for Alaskan seniors with a monthly income of 150 percent over the Alaska federal poverty level."

AT EASE 5:30 PM / 5:30 PM

JOE BALASH, Staff to Senator Therriault, re-read the statement he made during the previous hearing into the record. [See Committee minutes for April 30, 2003, 9:00am.]

Co-Chair Wilken requested the witness review the eligibility requirements proposed in the committee substitute.

Mr. Balash listed monthly income limits of \$1,402 for an individual and \$1,893 for a couple, assets that do not exceed \$4,000 for an individual and \$6,000 for a couple. He noted that a primary residence, one automobile and sufficient funds for burial would be exempted from the asset limitations.

Senator Bunde commented that the State is facing a fiscal challenge and warned that if not addressed, a serious economic downturn or depression would occur. He relayed that many have stated that this is a legislative problem, but he argued this is a problem shared by all Alaskan residents. He requested that those who oppose any reduction to the longevity bonus program offer suggestions to compensate for the funding.

Co-Chair Wilken stated this meeting would not "turn into a debate" on how to balance the budget, etc.

JIM GARRIGUES, Abbott Loop Community Council, testified via teleconference from Anchorage and asked why nonresidents and aliens are given longevity bonuses. He asked why people who "never earned a paycheck" in Alaska are receiving these payments. He also wanted to know why the elderly must shoulder the responsibility to balance the budget, and asserted it is the Legislature's duty to find another solution.

RON COWAN, Long Term Care Ombudsman, testified via teleconference from Anchorage that he understood the fiscal challenges of the State. He told of his experiences in working with senior citizens. He listed two reasons the longevity bonus should be maintained: respect for the contributions they have made to the State, and because a promise was made to them. He stated the means test criterion is too limited and he offered to assist in determining

more appropriate criteria.

J.R. HAWK LANGMAN, Pioneers of Alaska, Igloo #15, testified via teleconference from Anchorage that he does not financially rely on the longevity bonus and would be willing to forgo receiving his payments if he were assured that the funds would be wisely spent. He spoke to the need of these funds for the economies of rural villages.

DELISA CULPEPPER testified via teleconference from Anchorage, about disparities in the Denali KidCare program criteria compared to Medicare coverage for senior citizens. She told of the reliance on longevity bonus payments to many senior citizens to pay prescription drug expenses.

GORDON J. SEVERSON testified via teleconference from Anchorage to yield his time to Elizabeth Dennis.

ELIZABETH DENNIS, Alaska Resident since 1957 testified via teleconference from Anchorage that the longevity bonus is crucial to the economy of many villages. She informed that reductions to the program would remove an important cash flow source to the economy of the State. She predicted many residents would be forced to move Outside where their money is stretched farther. She asserted that the state income tax must be reinstated.

MARGE ZIELINSKI testified via teleconference from Fairbanks and read statements she submitted earlier to the Committee [copy on file.] She asserted, "leave the longevity bonus alone; it is not broke." She added that the issue of the program's cost would resolve itself, remarking, "read the obituaries".

GLENN HACKNEY testified via teleconference from Fairbanks to his disbelief that the longevity bonus program is being revised again. He opined that the operational expenses of the program are minimal and he challenged the expenses listed in the fiscal note. He quoted session laws from 1972 citing that the program should not be based on income or assets. He assured he would pay taxes associated to operating his vehicle, including the proposed increases in gasoline taxes registration fees and the proposed surcharges for new tire purchases.

NANCY MENDENHALL testified via teleconference from Fairbanks about the investments that retirees contribute to the State, including volunteerism. She warned that the State would suffer if many senior citizens relocated to other states. She recommended that State employee positions should be eliminated rather than the longevity

bonus program.

CLIFF BRENNEN testified via teleconference from Fairbanks that "like the road to Hell" this legislation is probably well intended. He cautioned that income qualifications would create a further divide between rural and urban communities, suggesting that rural residents are able to hold harmless significantly more assets than urban residents, including boats and fish wheels.

GLEN FRANKLIN testified via teleconference from Fairbanks that he came to Fairbanks in September 1933. He found this legislation degrading and an insult to the participants in the program, regardless of whether they would qualify under the income and assets standards. He noted today is his birthday.

CHARLES MICHON testified via teleconference from Homer that he moved to Alaska in 1994 for health reasons. He stated that if he did not receive the longevity bonus he would need to leave the State due to cost of living. He suggested State employees should take a salary reduction.

CARL GLANVILLE testified via teleconference from Homer about an event that destroyed his bridge. He suggested "a little housekeeping on the part of the State" to reduce the number of employees who "actually contribute nothing".

IRIS DOUGLAS testified via teleconference from Homer that the program should not be changed because participants are "dying out". She did not want to be forced to receive welfare.

VI JERREL, PhD. testified via teleconference from Homer in opposition to the committee substitute, stressing the program should remain unchanged. She qualified that she does not receive longevity bonus payments. She informed that former Governor Jay Hammond established the program as an incentive for senior citizens to remain in Alaska. She requested identification of those seniors who supposedly do not depend on the bonus income.

JAMES DENNIS, testified via teleconference from an offnet location in Craig

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Mr. Dennis continued that the "free ride is over" and that the State income tax must be reinstated.

JUNE HAAS testified via teleconference from an offnet location in Haines that she missed qualifying for the longevity bonus program by three days; however she has many friends who depend on the benefits. She expressed the program was never intended as an income program. She suggested that if a means test is implemented the income level should be set at \$2500 per individual. She furthered that the income for couples should be no less than for two individuals, as living expenses are the same for one person as two.

LORILYN SWANSON, Manager, Fireweed Place, and Board Member, Alaska Commission on Aging, testified in Juneau that of the seniors who qualify for subsidized housing, 30-40 percent of their income is comprised of longevity bonus benefits. She spoke of income qualifications for low-income senior housing, stressing the amounts are significantly higher than the amounts proposed in the committee substitute.

DORIS ROBBINS, Retired Public Employees of Alaska, testified in Juneau that this bill breaks a promise made when the provisions to phase out the program were implemented in 1994. She suggested that those seniors who would no longer qualify would take their remaining income, leave the State and spend that money elsewhere.

MYRNA GARDNER, Juneau resident, testified in Juneau that this bill would impact Alaska's most vulnerable citizens. She suggested two options to the State's budget crisis, reduced spending and generating revenues. She asserted that generating revenues would "make those requesting programs pay". She compared the revenues potentially generated by a State income tax, particularly from nonresidents.

ROSALEE WALKER, AARP and board member, Older Persons Action Group, testified in Juneau that since this proposal was first offered, the organizations have offered services to assist in finding alternatives. However, she stated those offers have not been well received. She referenced the application for adult public assistance programs [copy on file] and stated the qualifications do not address senior citizens' particular circumstances.

MIKE RACE, Vice President, Pioneers of Alaska, testified in Juneau that the organization is in opposition to the bill. He quoted Robert Service regarding the obligations of a promise made. He suggested the Committee consider all testimony received.

EMMA ANDREW testified via teleconference from an offnet location about the impacts of elimination of the longevity bonus to elders

residing in villages. She noted many of these elders are not educated and have no other means of income.

ROBERT NICK, village mayor and lifelong Alaskan, testified via teleconference from an offnet location about the large percentage of residents over the age of 65 in the Bethel area. He was thankful for the longevity benefit payments received by his deceased mother for four years.

PETRIA FALKENBERG testified via teleconference from Kenai about the dependence on the longevity bonus by many seniors for medical expenses. She noted she is not a senior citizen. She asserted the seniors have made the "ultimate sacrifice" in making Alaska "what it is today." She suggested implementing a state lottery as an alternate method of addressing the State's budget situation.

LENORE JONES testified via teleconference from Kenai that Alaska voters elected the legislators to represent them.

DALE JOHNSON testified via teleconference from Kenai that he would be willing to forgo his \$100 monthly longevity bonus payment if other concessions were made by the Legislature.

THELMA LUDWIGSEN testified via teleconference from Ketchikan that she opposes elimination of longevity benefits for seniors living on a "close budget"

MARGARET ANTONSON, employed by the Division of Public Assistance for 28 years, testified via teleconference from Ketchikan about the difficulties for elderly people to request public assistance. She pointed out that the paperwork itself is difficult.

CLEO WESTON, 51-year Alaskan, testified via teleconference from Ketchikan that she had felt "shortchanged" when she first received the bonus as payment amounts should have been based on length of Alaskan residency. She expressed it is hard to request public assistance and that she grew up when welfare was a "nasty word".

DEE DALHAUG, 36-year old, administrator of an assisted living home, testified via teleconference from Ketchikan about the difficulties of elderly to obtain housing. She stressed those who receive the longevity bonus have earned it and deserve it.

Senator Bunde commented on testimony given indicating that the longevity bonus program was established as a promise. He cited discussions held during the consideration of the enabling legislation noting that former Senator Coghill testified that when

the State funds were diminished, the program could be eliminated.

MARY HASTINGS, 75-year resident, testified via teleconference from Ketchikan that the longevity bonus program should remain unchanged and not be needs based.

MARY HARDER, 40-year Kodiak resident, testified via teleconference from Kodiak that although Kodiak is beautiful place, it is impossible to exist in this location on income less than \$2500 per month. She said losing seniors would have a "sad effect" on Kodiak, particularly on local churches, as they pledge larger percentage of their incomes to churches.

DEE LOESCHE, Wasilla Senior Center, testified via teleconference from Mat-Su in agreement with most of the other testimony given. She had questions about the qualifications and predicted the administrative costs of the amended program would be too high.

BETTY MERCER, 78-year old, testified via teleconference from Mat-Su that she is responsible for the distribution of food in Wasilla. She listed the income requirements for participation in the food bank program, which are considerably higher than the proposed amounts in the committee substitute.

CHESTER WEBB testified via teleconference from Mat-Su that the legislators continue to increase their salaries, although considers decreasing benefits to seniors. He supported funding for education, and suggested elimination of unnecessary programs and pork barrel projects. He asserted that seniors built this State. He charged that Governor Murkowski lied during the gubernatorial campaign and threatened that those legislators who vote for passage of this bill would be removed from office.

RUSSELL SANDERS, Alaska resident since 1955, testified via teleconference from Mat-Su that he works with seniors and that he has seen the state develop. He directed the Committee to leave the senior citizens alone.

LOUISE HARRIS, 89-years old, and President, Palmer Senior Center, testified via teleconference from Mat-Su that seniors are a resource to the State. She explained that seniors spend their income, pensions and bonuses in Alaska. She also informed that seniors are proud and that it would be demeaning to apply for welfare benefits.

JIMMY STEVENS testified via teleconference from an offnet location, on behalf of elders, about the expenses of operating a boat as well

as heating expenses. He stressed that if legislators care about elders they should no change the longevity bonus program.

NORMA NICLAS, Director, XYZ Senior Center, testified via teleconference from Nome, that the longevity bonus program must be left in place. She stated that these benefits funds are necessary for seniors to remain in the community, as no pioneer home or assisted living housing exists in the Nome area.

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DAN KARMUN, AK Commission on Aging-Northwest Area, testified via teleconference from Nome, that he considers his parents his best teachers. They taught him to respect his elders, he noted. He informed that Northwest Alaska has the highest cost of living and that consideration of this should be made in the income eligibility criteria.

ALBERT KENHERDER testified via teleconference from Sitka that the longevity bonus benefits paid remain in the State. He warned that if the program were eliminated he would leave Alaska and spend his social security income elsewhere.

CHARLES BROKER [spelling not verified] testified via teleconference from Tok that the existing program should not be changed. He pointed out that the local senior program assists about 45 seniors daily. He noted seniors are year-round residents do not only reside in Tok during the summers to serve tourists.

JOHN CERUTTI, 83-years old, testified via teleconference from Valdez that the Governor and the legislators lack the political will to implement an income tax. He disagreed with the change to the one-year residency requirement, asserted it was "stupid". As a civil engineer he informed that he helped build the State's infrastructure.

ETHEL K. BROWN testified via teleconference from Anchorage that although senior citizens never paid into the longevity bonus program, they receive benefits due to the contributions they made to the State. She noted she remained in Alaska because of the bonuses.

PEG STOUT, Chapter President, AARP, testified via teleconference from Anchorage that obituaries published in the past two days indicate seven deaths of people over the age of 73. She asked the

savings of making the longevity bonus program needs based, predicting it would be costly to implement and another layer of bureaucracy. She surmised the recipients "pay" for the benefits in the form of sharing their experiences.

LOIS ARNOLD testified via teleconference from Anchorage that most recipients of longevity bonus payments do not deposit their checks into a Swiss bank account. He asserted that by sponsoring this legislation, Governor Murkowski "shot himself in the foot". She questioned the cost to implement and monitor the means program compared to retaining the existing program until all participants pass away.

WINFRED EASTFIELD testified via teleconference from Anchorage that at 88-years of age, along with her husband who is 93, they would not be on the program too much longer. She told of living on a low income and said she did not receive food stamps because she scrounged grocery stores for leftovers.

NORMAN EASTFIELD testified via teleconference from Anchorage about his youth, pointing out that he does not drink or smoke and does volunteer work.

CHARLOTTE M. DAVIS, Public Health Nurse, testified via teleconference from Fairbanks that she is not an elder and has no family in Alaska. She furthered that she has worked with elders for over 20 years. She stated that elimination of the longevity bonus program would have severe impacts, specifically relating to Medicaid. She explained that more people would become eligible and forced to enlist in the Medicaid program. She predicted the Pioneers' Homes would be affected as well.

ED SHELLINGER testified via teleconference from Fairbanks that the Governor and the members of the Legislature do not listen. He suggested that senior citizens work with a legislative committee for a two-year period to reach solutions to the State's fiscal situation. He told of his recent hospitalization and the related expenses.

BOB HUFMAN testified via teleconference from Fairbanks about newspaper articles that have made a "major issue" of the longevity bonus program creating two classes of senior citizens: those who receive benefits and those who do not. He surmised that the provisions of this committee substitute would create two classes of welfare recipients.

HAL LEVEY testified via teleconference from Fairbanks that this

would create a hardship for those with moderate incomes.

BETTY HUFMAN testified via teleconference from Fairbanks that she is opposed to any kind of means test, asserting it is "ill conceived". She stated that seniors are being asked to "build the bridge" until revenues from the Governor's resource development programs are realized. She pointed out that seniors would not live long enough to see the benefits.

ERNEST LINE testified via teleconference from offnet location in Wasilla that candidate Murkowski did not speak of an intention to eliminate the longevity bonus program. He stated that the committee substitute should be reviewed and rewritten. He suggested the Legislature should "bite the bullet" and reinstate an income tax.

MARIE DARLIN, Coordinator, Capital City Task Force, AARP, testified in Juneau that seniors could be involved in reaching a solution to Alaska's budget problems.

PAT LUBY, Legislative Representative, AARP, testified in Juneau that gerontology studies show that as people age they would become poor. He added that this would occur mostly among women, as most of their assets are utilized to support dying spouses. He calculated the hourly wage of those seniors who would qualify under the proposed income requirements would be \$5.50. He also noted that prescription drug coverage and subsequent expenses are different for each person, which is not considered in this legislation. He asserted that seniors told to save their money for retirement, but are not told that if they do this and "follow the rules", they would be punished.

JOE SONNEMAN testified in Juneau that because his parents live in Chicago, he assists seniors in Juneau in hopes that someone else will care for his parents in Chicago. He surmised that a "welfare approach" to the longevity bonus program politically would "not sell". He recommended a progressive income tax. He also recommended a reduction of the Department of Corrections budget to three percent of total expenditures.

CAROL FLEEK testified in Juneau on behalf of her parents in Ketchikan who have lived in Alaska since 1953. She informed that her parents spend \$400 each month for prescriptions. She indicated there are few job opportunities for elderly residents in Ketchikan. Although her parents' income is greater than the proposed qualifying amount, she stated it could be six months to one year before they would qualify for subsidized housing benefits. She told the Committee that she and her siblings assist in supplementing

their parent's incomes. She suggested a \$100 senior tax levied to all workers or a \$100 reduction taken from each resident's permanent fund dividend to pay the expenses of the longevity bonus program. She asserted she would be willing to forego receiving a permanent fund dividend.

BERTHA HANSEN testified via teleconference from Ketchikan that it is the seniors that made the "great land of Alaska" what it is today. She charged that seniors are now expected to balance the State's budget when the legislators have not. Seniors are proud and should not have to go on welfare, she stressed.

ED ZASTROW testified via teleconference from Ketchikan about the multiple times he has testified in opposition to this bill. He asserted that the committee substitute is "completely unacceptable" because the qualifying monthly income and asset amounts are too low and "insulting" to seniors. He expressed that this bill needs additional study, and that changing the program is unacceptable. He reiterated that he opposes any change to the longevity bonus program.

PAT FLEMMING testified via teleconference from Mat-Su to tell the Committee to leave bonus exactly the way it is. She noted she does not receive bonus, that she has lived in Alaska for four years and loves seniors. She asked if a lawsuit would require the program opened to all seniors in the State. She spoke to costly litigation and the total loss of the program.

Co-Chair Wilken informed the witness that a preliminary opinion from the Legislature's legal council rules that this legislation is constitutional and legal.

Senator Bunde asked if the witness' comments pertained to the longevity bonus program as it was established in 1976, or the amended program implemented at the direction of the court.

Ms. Flemming answered that her statement is to the program "as it stands today".

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FRANK GIRARD testified via teleconference from Mat-Su that the proposed means testing should be further reviewed. Without the longevity bonus benefits, he informed that he and wife would lose their home. He disagreed with the argument that because some

seniors currently do not qualify for the program, others should be eliminated from it as well. He suggested legislators should donate a percentage of their "lavish" income to fund education. He spoke to a correlation between taxation of church property to this matter, surmising that because of religious political clout no politician would consider taxing church property.

JIM WATENPAUGH testified via teleconference from Mat-Su that "forcing grandma or granddad on welfare rolls" is "cold blooded". He stressed that seniors pay the ultimate cost with their lives in ending receipt of longevity bonus benefits. He charged that if this bill passes, some legislators would have to "learn to walk on water" to get reelected.

BARBARA KOGASSOGOON, Savoonga resident, testified via teleconference from Nome that she needs the longevity bonus to provide housing for her kids and grandkids.

ED BARBER testified via teleconference from Anchorage to question the fiscal note. He expected the administrative costs would increase drastically, although the legislature is supposedly opposed to additional bureaucracy.

FUTURE MALVO testified via teleconference in Anchorage in opposition to SB 117.

ANN SECREST, Director of Communications, AARP, testified via teleconference from Anchorage, about the adverse affects of reductions to the longevity bonus program. She spoke of Norm Eastfield's volunteer work at the McLaughlin Youth Center.

KATHERINE FERGUSON, Alaska resident since 1958, testified via teleconference from Fairbanks, that she and her husband had expected they would have to leave the State after retirement. She noted the longevity bonus program was enacted and enabled them to remain in Alaska near their family. She expressed that she feels she is in a battle with Governor Murkowski. She requested the Committee delay its final decision on this legislation until more information is available. She stressed that seniors require time to adjust to lower incomes.

JOE V. STRUNKA testified via teleconference from Fairbanks that he is not a recipient of the longevity bonus program. He added that he came to Alaska in 1962 and has sent letters and testified before the Knowles Administration in support of continuing the longevity bonus program. If turned into a welfare program, he recalled that former Governor Knowles was concerned the eligibility would be

expanded to all seniors aged 65 and older and would be a "Pandora's box". Mr. Strunka asserted that the "cancer" is actually the number of State employees. He suggested the State should privatize functions and eliminate the Department of Transportation and Public Facilities. He furthered that the Department of Fish and Game should be eliminated as well because the federal government has taken over many management duties. He also suggested reductions to higher education funding, stating that the many campuses are not necessary and telling of a distance education program in London.

Senator Bunde commented that if every State employee position were eliminated, the State deficit would only be reduced by one-half.

Co-Chair Wilken noted 62 testifiers spoke at this hearing and he thanked them as well as those Committee members present.

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**ADJOURNMENT**

Co-Chair Gary Wilken adjourned the meeting at 08:10 PM