

ALASKA STATE LEGISLATURE
SENATE STATE AFFAIRS STANDING COMMITTEE

March 27, 2003

3:35 p.m.

MEMBERS PRESENT

Senator Gary Stevens, Chair
Senator John Cowdery, Vice Chair
Senator Fred Dyson
Senator Gretchen Guess
Senator Lyman Hoffman

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

CS FOR HOUSE JOINT RESOLUTION NO. 18(MLV) am
Supporting the men and women of the United States armed forces.
SCHEDULED BUT NOT HEARD

SENATE BILL NO. 117

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

HEARD AND HELD

PREVIOUS ACTION

SB 117 - No previous action to record.

WITNESS REGISTER

Ray Matiashowski
Deputy Commissioner
Department of Administration
PO Box 110200
Juneau, AK 99811-0200

POSITION STATEMENT: Testified SB 117

Joel Gilbertson
Commissioner
Department of Health &
Social Services
PO Box 110601

Juneau, AK 99801-0601

POSITION STATEMENT: Testified on SB 117

Virginia Smiley
Administrative Services Manager
Longevity Bonus Program
Department of Administration
PO Box 110200
Juneau, AK 99811-0200

POSITION STATEMENT: Available for questions SB 117

Rosalee Walker
122 Glacier Ave
Juneau, AK 99801

POSITION STATEMENT: Opposed to SB 117

Barbara Rice
Box 210213
Auke Bay, AK 99821

POSITION STATEMENT: Opposed to SB 117

Mike Race
1669 Evergreen
Juneau, AK 99801

POSITION STATEMENT: Opposed to SB 117

Charles Michon
229 Herndon Dr.
Homer, AK 99603

POSITION STATEMENT: Opposed to SB 117

Edna Fisk
58775 E. End Road
Homer, AK 99603

POSITION STATEMENT: Opposed to SB 117

Tepa Rogers
Box 849
Homer, AK 99603

Gary Longley Sr.
P.O. Box 1051
Nome, AK 99762

POSITION STATEMENT: Opposed to SB 117

Tony Krier
P.O. Box 385

Nome, AK 99762

POSITION STATEMENT: Opposed to SB 117

Norma Niclas

P.O. Box 1069

Nome, AK 99762

POSITION STATEMENT: Opposed to SB 117

Jim Duros

P.O. Box 2864

Kodiak, AK 99615

Pat Branson

P.O. Box 3888

Kodiak, AK 99615

POSITION STATEMENT: Opposed to SB 117

Dr. Bob Johnson

P.O. Box 945

Kodiak, AK 99615

POSITION STATEMENT: Opposed to SB 117

Selina Petruska

P.O. Box 61

Beaver, AK 99724

POSITION STATEMENT: Opposed to SB 117

Charles Broker

P.O. Box 84

Tok, AK 99780

POSITION STATEMENT: Opposed to SB 117

Freddie Lolly

P.O. Box 913

Tok, AK 99780

POSITION STATEMENT: Opposed to SB 117

Gloria Stickwan

P.O. Box 64

Glennallen, AK 99588

POSITION STATEMENT: Opposed to SB 117

Jane Brown

P.O. Box 92

Glennallen, AK 99588

POSITION STATEMENT: Opposed to SB 117

Ed Martin Sr.
44332 Sterling Highway
Soldotna, AK 99669
POSITION STATEMENT: Opposed to SB 117

James Price
P.O. Box 7043
Nikiski, AK 99635
POSITION STATEMENT: Opposed to SB 117

Laurie Churchill
P.O. Box 7043
Nikiski, AK 99635
POSITION STATEMENT: Opposed to SB 117

Dorris Lee Kopp
P.O. Box 3011
Paxson, AK 99737
POSITION STATEMENT: Opposed to SB 117

Walter Kopp
P.O. Box 3011
Paxson, AK 99737
POSITION STATEMENT: Opposed to SB 117

Elena Rath
2441 First Ave.
Ketchikan, AK 99901
POSITION STATEMENT: Opposed to SB 117

Elizabeth Dennis
1227 W. 12th Ave
Anchorage, AK 99501
POSITION STATEMENT: Opposed to SB 117

Emilie Lindstrom
1780 Evergreen Ave
Juneau, AK 99801
POSITION STATEMENT: Opposed to SB 117

J. R. Hank Langman
3921 Astro Circle
Anchorage, AK 99517
POSITION STATEMENT: Opposed to SB 117

Norma Alderfer
1200 I Street

Anchorage, AK 99501
POSITION STATEMENT: Opposed to SB 117

John Cerutti
P.O. Box 871
Valdez, AK 99686
POSITION STATEMENT: Opposed to SB 117

Bob Kelsey
P.O. Box 861
Valdez, AK 99686
POSITION STATEMENT: Opposed to SB 117

Bill Barr
P.O. Box 1128
Valdez, AK 99686
POSITION STATEMENT: Opposed to SB 117

Ruth Bohms
P.O. Box 80155
Fairbanks, AK 99708
POSITION STATEMENT: Opposed to SB 117

Harry Jenkins
210 10th Ave.
Fairbanks, AK 99701
POSITION STATEMENT: Opposed to SB 117

Rudy Vetter
P.O. Box 78324
Fairbanks, AK 99701
POSITION STATEMENT: Opposed to SB 117

Frederick Stirn
P.O. Box 104
Wasilla, AK 99654
POSITION STATEMENT: Opposed to SB 117

Eileen Johnson
501 Knik Goose Bay
Wasilla, AK 99654
POSITION STATEMENT: Opposed to SB 117

Don Dinkel
P.O. Box 5193
Wasilla, AK 99654
POSITION STATEMENT: Opposed to SB 117

Darrel C. Connick
290 Alder St.
Bethel, AK 99559
POSITION STATEMENT: Opposed to SB 117

Bob Hatcher
No address provided
POSITION STATEMENT: Opposed to SB 117

Annie Zaroat
Ninilchik, AK 99639
POSITION STATEMENT: Opposed to SB 117

Johnny Cook Sr.
Ninilchik, AK 99639
POSITION STATEMENT: Opposed to SB 117

Barbara Lewis
Haines, AK 99827
POSITION STATEMENT: Opposed to SB 117

Stanley Brown
Anchorage Pioneers Home
Anchorage, AK 99513
POSITION STATEMENT: Opposed to SB 117

Carolyn Tuovinen
No address provided
POSITION STATEMENT: Opposed to SB 117

John Hall
No address provided
POSITION STATEMENT: Opposed to SB 117

Robert Billings
No address provided
POSITION STATEMENT: Opposed to SB 117

June Hoss
Haines, AK 99828
POSITION STATEMENT: Opposed to SB 117

Marie Darlin
415 Willoughby
Juneau, AK 99801
POSITION STATEMENT: Opposed to SB 117

Sam Trivette
7870 Glacier Highway
Juneau, AK 99801
POSITION STATEMENT: Opposed to SB 117

Iris Douglass
P.O. Box 2182
Homer, AK 99603
POSITION STATEMENT: Opposed to SB 117

Roy Douglass
P.O. Box 2182
Homer, AK 99603
POSITION STATEMENT: Opposed to SB 117

Janet Tobuk
P.O. Box 475
Nome, AK 99762
POSITION STATEMENT: Opposed to SB 117

Daniel Karmun Sr.
P.O. Box 819
Nome, AK 99762
POSITION STATEMENT: Opposed to SB 117

Margaret Hall
P.O. Box 1916
Kodiak, AK 99615
POSITION STATEMENT: Opposed to SB 117

Jan Chatto
P.O. Box 3206
Kodiak, AK 99615
POSITION STATEMENT: Opposed to SB 117

Deanne Young
325 E 3rd Ave.
Anchorage, AK 99501
POSITION STATEMENT: Opposed to SB 117

Patrick Luby
1900 Kelly Maureen Circle
Anchorage, AK 99515
POSITION STATEMENT: Opposed to SB 117

Gretchen Wehmhoff

P.O. Box 672395
Chugiak, AK 99567
POSITION STATEMENT: Opposed to SB 117

Ed Barber
2060 Belmont Dr.
Anchorage, AK 99517
POSITION STATEMENT: Opposed to SB 117

Shirley Knight
526 Lignite Ave.
Fairbanks, AK 99707
POSITION STATEMENT: Opposed to SB 117

Alfred Grant
1516 22nd Ave.
Fairbanks, AK 99701
POSITION STATEMENT: Opposed to SB 117

Margaret Zielinski
P.O. Box 81301
Fairbanks, AK 99701
POSITION STATEMENT: Opposed to SB 117

Bob Hufmon
1018 Galena Street
Fairbanks, AK 99709
POSITION STATEMENT: Opposed to SB 117

ACTION NARRATIVE

TAPE 03-11, SIDE A

CHAIR GARY STEVENS called the Senate State Affairs Standing Committee meeting to order at 3:35 p.m. Present were Senators Dyson, Cowdery and Chair Gary Stevens. Senators Guess and Hoffman arrived momentarily.

He announced there were many people in the room and on line waiting to testify. He asked testifiers to focus their thoughts and limit their comments to two minutes.

#SB 117

SB 117-ELIMINATING LONGEVITY BONUS PROGRAM

CHAIR GARY STEVENS asked the department representatives to come forward.

RAY MATIASHOWSKI, Deputy Commissioner of the Department of Administration, read the following into the record:

The original intent of the Alaska Longevity Bonus program was to provide incentive for older Alaskans to continue uninterrupted residency in Alaska, acknowledge the economic hardships of living out retirement years in the state, and to recognize the contributions these pioneers made while Alaska was a territory.

The actual program began in 1973 with \$100 checks being mailed to approximately 4700 recipients with a total cost to the State of about two and a half million dollars. Over the subsequent years the number of recipients grew, as did the size of the checks, up to \$250 in 1982. In 1982 there were just over 9,000 Alaskans receiving a longevity bonus check at a total cost of \$26,000,000.

The original eligibility requirements to get a check were that an individual had to be 65 years old, have lived in the territory on or before January 3, 1959, and maintained a domicile in the state for 25 years. All three of these criteria had to be met in order to become eligible to receive a check from the State.

In 1984 through the results of a legal challenge, these requirements were eliminated and a 1-year residency requirement was implemented. The cost of the longevity bonus program was \$29,000,000 in 1984 and swelled to \$43,000,000 in 1985.

Over the following years the program continued to grow, reaching its peak in 1996 with a total general fund outlay of \$73,270,100.

A phase-out program was implemented in 1994 reducing the monthly checks to new recipients by \$50 per year for the next three years, and no recipients were added to the program after December 31, 1996. All people on the program prior to 1997 continue to receive their checks as long as they maintain eligibility requirements.

Because of this phase out, the program is gradually shrinking over time with projections of approximately \$29,000,000 being paid out in 2009 and the last seniors receiving checks in about 2030. Additionally because of the phase out, of the 38,000 seniors currently in Alaska, about 18,000 are receiving a longevity bonus check leaving 20,000 seniors completely uncovered by this program.

Because of the unequal treatment the program offers seniors and because it no longer reflects it's original intent, the administration is seeking the elimination of the longevity bonus program.

JOEL GILBERTSON, Commissioner of the Department of Health and Social Services added:

I come before the committee today as a fellow department to discuss the continued safety net programs that will be fully funded under the Murkowski 2004 budget request and other programs that are being administered through the state on behalf of the federal government. Continuing under Governor Murkowski's budget for 2004 will be full funding of Adult Public Assistance, which continues to provide cash assistance to over 4,800 senior citizens in this state. That is at a cost of over \$20 million in general fund dollars for old age assistance program. In addition, fully funded will be assisted living general relief, which provides services to over 263 seniors at a cost to the state of \$2.4 million annually. We will continue our food stamp program, which serves approximately 1,092 seniors who reside in households and that distribution is \$2.8 million annually. We are continuing our home and community based programs grants at a cost of \$1.5 million, our Medicaid home and community based waiver services, which provide over 1,250 seniors who are eligible for nursing home care and they voted to remain in their own communities and in their homes at a cost of \$19.7 million annually to the state. Additionally, we are fully funding the 602 beds that are currently being used in the Alaska Pioneer Homes at a cost of \$34 million. We are continuing nursing home coverage, long term care coverage under Medicaid for seniors, which allows between 850 and 900 seniors to live in nursing homes at a cost of \$58 million to the state in FY02,

the last year we have of completed Medicaid numbers. Additionally, we continue the guardianship and conservator programs, which serve 850 adults at \$1.4 million. We continue our personal care attendant program, which provides assistance to seniors with functional impairments at a cost of \$13.7 million and serves over 1,800 Alaskans. We are continuing Medicaid coverage to assist seniors who are receiving Medicaid but don't have the means to make premium payments or co-payments. We pay the premiums, the co-payments and the deductible coverage for individuals at 100 percent of poverty. And we pay premiums for individuals at 130 percent of poverty. Our total Medicaid program assistance for seniors, including prescription drugs and medical care and hospitalization to over 6,300 elderly Alaskans is at a cost of \$95 million annually. In addition we will be working with Washington to pursue a prescription drug benefit through the Medicare Program where it belongs. This Administration remains committed to having a safety net program for seniors. Safety net programs that provide prescription drug coverage and access to long term care and assisted living personal care attendants. Food assistance and cash assistance payments will be fully funded under the Governor's budget. As the Deputy Commissioner stated, 20,000 seniors currently do not receive the Alaska Longevity Bonus; an amount of seniors that is higher than the number that do receive the program and the intent of the program has changed. The intent of the program has not changed, but the actual reality of the operation of the program is different from its original intent when it was created.

I'm here to let you know that the Administration is committed to fully funding safety net programs. Safety net programs are funded in the FY04 budget. These programs will continue. They provide the safety net to seniors and the Administration supports the bill obviously - SB 117 - and both Ray Matiashowski and myself are here to answer any questions or yield to what I expect to be a full session of testimony from the public.

CHAIR GARY STEVENS asked if members had any questions.

SENATOR JOHN COWDERY said he would like a list of the recipients of the bonus sorted by district.

DEPUTY COMMISSIONER MATIASHOWSKI advised the department had that information sorted by zip code and he would check to find out whether it could be sorted by legislative district.

SENATOR COWDERY replied that would be helpful. He reported both he and his wife are recipients. He heard about the possibility of a needs based program and would be interested in hearing more. Although an individual might not need the bonus today that is no guarantee it wouldn't be needed in the future.

CHAIR GARY STEVENS pointed out the information was available on page two in the committee packets.

SENATOR GRETCHEN GUESS asked for an explanation for eliminating the program. She understood the Commissioner's perspective that there are other programs, but she was unclear why the Administration was looking at eliminating the program.

DEPUTY COMMISSIONER MATIASHOWSKI stated the main reason is the program does not meet the original intent. The Legislature implemented it to provide incentive to people who lived in the state during territorial days to remain in the state in retirement. With the elimination of the residency requirement, it became a different program and the true dollar cost to the state is too high to sustain.

COMMISSIONER GILBERTSON added it is fair to say the program is different than when it was created. As a result of litigation regarding length of residency, it is a different program. There are now more seniors who do not receive the bonus than seniors who do receive the bonus. There are seniors on Adult Public Assistance who aren't eligible for the bonus program and there are seniors who are not on Adult Public Assistance who do receive the bonus. The safety net programs will continue to exist and the Administration believes the state's resources are best put into those programs.

SENATOR GUESS asked if he was referring to the 1973 intent when he says it isn't the original intent because it's obvious it has been the intent of Legislatures and other governors to have this program.

COMMISSIONER GILBERTSON agreed he was referring to the program as originally created.

SENATOR GUESS asked if there were still people that fit the original criteria that would be taken off the program if it were eliminated. She observed you couldn't get to the original intent the way the program is currently structured.

COMMISSIONER GILBERTSON acknowledged he understood what she was saying, but according to his definition the current program is beyond the original intent in terms of expenditure and scope.

SENATOR GUESS questioned, "There are still people that fit in that original intent that would be removed from this program?"

COMMISSIONER GILBERTSON agreed and repeated there are safety net programs within state government that are fully funded in the '04 budget. Those programs accomplish the Administration's goal, which is to ensure that needed services are available to seniors. At a time when resources must be allocated to maintain core state functions and a safety net for all seniors, the Administration sees this as the best way to accomplish that goal.

SENATOR GUESS remarked the original intent had nothing to do with having a safety net. The safety net issues are clear, but it's a different issue.

She asked whether the Administration believes that the 1994 Legislature made a commitment when it decided to phase out the program.

COMMISSIONER GILBERTSON replied he isn't presumptuous enough to state the commitment made by the Legislature at that time. However, the Administration's position is that under the current budget situation facing the state, and the current need to fund core services and safety net programs, resources need to target the safety net programs.

SENATOR GUESS asked if that means that the \$47 million from the bonus program would increase the current funding to those safety net programs by \$47 million.

COMMISSIONER GILBERTSON responded his department saw over \$80 million in general fund revenues going from 2003 to 2004 and another \$60 million in general fund revenue associated with the Medicaid program.

SENATOR GUESS repeated she was asking whether the bonus money would be added to the safety net programs, she wasn't talking about additional growth monies.

COMMISSIONER GILBERTSON replied the department would be spending more in their Medicaid program in 2004 than in 2003 and over half the costs would be associated with care provided to seniors and individuals with disabilities. There is more money being invested in the Medicaid program and costs are increasing annually.

SENATOR GUESS said she and the Commissioner would meet later because they had different definitions of what new money means.

SENATOR COWDERY asked anyone that was in the program at inception to raise his or her hand.

UNIDENTIFIED SPEAKER reported many people couldn't hear the question.

CHAIR GARY STEVENS repeated the Senator's question and noted eight hands were raised.

SENATOR HOFFMAN stated the problem is it isn't new money. Programs are costing more, but the services provided are the same. To say that the bonus checks should go toward increased costs doesn't seem to make much sense. Even if all the bonus program money were used, it wouldn't keep pace with the program cost increases. He asked if the Commissioner was saying that is possible.

COMMISSIONER GILBERTSON replied he wasn't saying that. He was saying they have seen exponential growth in the number of seniors being served. Between 2003 and 2004 they are projecting an increase in the cost per individual and in the number of individuals seeking service. The increased business for these programs will take additional general fund dollars and to strengthen the safety net, the Administration believes there is a need to prioritize services and the budget. The Governor's position is core services must be funded in the FY04 budget. Difficult decisions were made and this is part of that decision making process.

SENATOR HOFFMAN said many of the people he has discussed this with say the bonus provides up to and in many cases, in excess of 50 percent of their income. That purchasing power has diminished over the life of the program and the actual

purchasing power of the \$250 is nowhere near what it was in 1973. Many of the things these people use their dollars on are not covered by the safety net and it's difficult for them to find even part time work to supplement their income.

He asked whether the Administration had given any consideration to a needs based program referred to by Senator Cowdery.

4:00 pm

CHAIR GARY STEVENS said to keep that question in mind for a moment and reported Virginia Smiley, the Administrative Services Manager with the Longevity Bonus Program, was available for just a short time if there were any questions. None were forthcoming.

He restated Senator Hoffman's question regarding a needs-based approach.

DEPUTY COMMISSIONER MATIASHOWSKI advised the Administration's position is to support SB 117 and he was unaware of any discussion of a needs-based program.

SENATOR HOFFMAN asked if the Governor would veto such a bill if "it landed on his desk."

DEPUTY COMMISSIONER MATIASHOWSKI answered he was certainly unable to answer that question.

CHAIR GARY STEVENS announced he would take public testimony from three people in Juneau then move to each of the LIO sites before returning to Juneau.

SENATOR FRED DYSON suggested the Chair offer people with time or physical limitations the opportunity to testify first.

CHAIR GARY STEVENS agreed that was a good point.

ROSALEE WALKER from Juneau submitted the following and read it into the record:

I have been a resident of Juneau, Alaska for 37 years. I come before you as a member of the Board of Directors for the Older Persons Action Group (OPAG), and as the president of the AARP Mount Juneau Chapter #865. Both of these organizations oppose the elimination of the Longevity Bonus Program.

It is well documented that for many years Alaskan seniors have voluntarily worked with elected officials at all levels of government to help to seek solutions to a variety of problems. We are proud of the quality and extent of our volunteer involvement. As Alaskans, we do not restrict our activities to issues that are related to seniors only, but we work cooperatively to seek responsible, reasonable, and fair solutions that will benefit our nation, our state, and our local communities. We are, indeed, sensitive to the growing concerns about Alaska's budget situation and we participate with the decision makers during their deliberations on budgetary matters.

When the Governor stated that he wanted to eliminate budgetary waste as a part of his plan to address Alaska's budget dilemma, we applauded this effort. Needless to say, it came as a great shock to us to find out that we had been targeted as budgetary waste in the proposal to eliminate the Longevity Bonus Program. The gross simplified justification that has been offered by the Administration to eliminate the Longevity Bonus Program is based upon an unformed decision. Ending this program in such a sudden and deliberate manner will open a Pandora's box the results of which cannot be imagined. Instead of helping to solve our budget problems, the elimination of the Longevity Bonus Program has the potential to exacerbate Alaska's budgetary problems. Additionally, the negative impacts that will be imposed upon some of Alaska's most vulnerable citizens will be devastating.

There is nothing new about attempts to eliminate the Longevity Bonus Program, and seniors have been zealous in their efforts to maintain at least some portion of its benefits. In a sincere effort to salvage the program in 1993, the Legislature made a commitment to continue the Longevity Bonus Program on a limited basis and to allow the program to "sunset" itself as the participants left the state or died. For many of us who were involved at that time, the agreement that was made was considered to be closure as far as this particular issue was concerned. The Legislature made a commitment in good faith and we seniors were satisfied that this would be the end of the matter.

State policy decisions concerning the Longevity Bonus Program should be viewed in the context of current economic and social benefits to the recipients as well as economic and social benefits to the state. Seeking waste in government does not mean that it is necessary to "rip and run" with any funds that may seem available without serious examination of impacts upon the recipients, agencies, families, and communities. We all realize that the devil is in the details, but the Administration has not taken the time to analyze the Longevity Bonus Program to find out where the devil may be hiding.

The proposal to eliminate the Longevity Bonus Program has been presented to the Legislature in haste with no concern about anything except the confiscation of funds for the Administration's purposes. We seniors feel that we were deliberately ignored during the development of this proposal, and we feel a sense of betrayal regarding the 1993 legislative commitment. We respectfully ask that you vote against the Administration's proposal to eliminate the Longevity Bonus Program. If any of you have nagging and persistent concerns, vote "NO" anyway. Give us at least one year to have an opportunity to work with the Legislature, the Administration, and the recipients to seek a solution that is responsible, reasonable, and fair. We are ready, willing and able to volunteer the time and effort that will be necessary to reach that goal.

Please do not accept the Administration's proposal to eliminate the Longevity Bonus Program! Vote no!

SENATOR DYSON asked whether she would support a fair needs test so wealthy individuals wouldn't receive the money.

MS. WALKER replied, "This is a bag of worms." She likened the Administration's efforts to the analogy of cutting off the bottom of the blanket and sewing it on the top to make the blanket longer. The integrity of the blanket is destroyed and it's shorter anyway because of the new seam. She urged legislators to work with the recipients to determine why a means test made them so unhappy.

BARBARA RICE from Juneau opposed SB 117. When she first came to Alaska, people moved south when they retired for cheaper living.

One of the reasons for the bonus was to keep retirees and their accumulated assets in Alaska to help the economy.

CHAIR GARY STEVENS noted Dorothy Hildre, Lila Dyer, James and Marie Devon were present but did not want to testify.

MIKE RACE from Juneau opposed SB 117. His mother is a recipient of the bonus and lives in one of the Pioneer Homes. He opined both the longevity bonus program and the Pioneer Home system should remain under the Department of Administration.

He suggested reducing each bonus check by ten percent. Administrating a needs-based program would cost more than it would be worth.

CHAIR GARY STEVENS restated his intention to rotate testimony among the off net and LIO sites and to limit initial testimony to three individuals per site.

CHARLES MICHON from Homer opposed SB 117. He and his wife make about \$1,100 in Social Security benefits and it doesn't go very far. The bonus pays for medication and some insurance.

EDNA FISK from Homer opposed SB 117. The program is already being phased out and the recipients are the ones who helped build Alaska. She and her husband are still living in Alaska thanks to the bonus.

TEPA ROGERS from Homer opposed SB 117. She said she was born in 1931 and receives the \$100 bonus so anyone born after that year is not eligible. The pool of recipients is dwindling rapidly and it should be allowed to phase out naturally.

MICHAEL WILLIAMS from Beaver signed up to testify, but was unavailable.

GARY LONGLEY Sr. from Nome opposed SB 117. He said he is 70 years old and is not eligible for the bonus so he has no axe to grind regarding continuation of the program. However, his mother and brother would be adversely affected if she were to lose the bonus. They are able to afford to live in an Anchorage nursing home because of Social Security, a disability payment and her longevity bonus. If she were to lose the bonus, they might have to find another place to live.

"It doesn't take a big brain to realize that closing out of the longevity bonus program will be done shortly because these older

people are dying off. Attrition will automatically close out the program. Please keep in mind all recipients are in their 70s, 80s, 90s, and even 100s. They are used to receiving the bonus and it's too late for them to adjust to make an economic change.... This program has not outlived its purpose; it will have outlived its purpose when all the recipients have gone to the Happy Hunting Grounds. Listen to Lyman Hoffman, he's right on the money."

TONY KRIER from Nome opposed SB 117. He came to Alaska in 1943 and his longevity check pays for his utilities. He would like to see the program continue.

NORMA NICLAS from Nome opposed SB 117. She is the director of the senior center in Nome. About 95 percent of the Elders that go to the center or are on home delivery take advantage of public assistance because they don't have an economic choice. They have lived a subsistence life style most of their lives and to take the bonus away would be cruel and heartless. Most of the senior safety net items aren't even available in Nome.

SIDE B
4:25 pm

JIM DUROS from Kodiak opposed SB 117. He said he is an ordinary retired citizen who has spent 54 years in Alaska and hopes he can spend his "remaining days in this beautiful state." He said, "I will always be humbly grateful for those benefits provided to me as a senior citizen and especially those longevity bonus checks I receive that have made it possible for me and other seniors to survive the ever increasing high cost of living in Alaska.... Most of us who are aided by the longevity bonus will not live much longer.... making the program extinct in a few more years. In my opinion, our state will suffer an adverse economy if and when the longevity program ends. If we elder Alaskans are able to remain in Alaska, we will continue to give back very much more than we receive and this is the reason the original longevity bonus program was conceived."

PAT BRANSON executive director of the senior center in Kodiak opposed SB 117. On Kodiak Island they serve about 1,004 people who are over 60 half of which are minorities that live at the poverty guideline. Another 35 percent live at just above the poverty guideline, but cannot receive public assistance. They can make \$15,000 per year and not qualify for the safety nets the Department of Health and Social Services mentioned.

She said, "I would challenge each of you to try and live on \$15,000 a year. Taking the longevity away from this category of seniors would be most hurtful. Most seniors on our island live only on Social Security and their longevity bonus and their income is less than \$20,000 a year. They pay for their prescription drugs, rent, food with their longevity checks. They have no private insurance coverage and Medicare does not pay for prescription drugs. When Governor Murkowski speaks about other safety nets that are available for seniors if the longevity is eliminated, he is excluding assistance for seniors who are above the minimum income criteria of \$1,000 a month and those who do not meet nursing home needs to qualify for the choice waiver program. These are the people who volunteer to stay in our community and contribute to the economy. The longevity bonus is a safety net in keeping these seniors out of costly nursing homes and for assisting them in living independently for as long as possible and continuing to contribute to our state."

DR. BOB JOHNSON opposed SB 117 as a representative of the Pioneers of Kodiak, Igloo 18. Initially this was to reward those who had spent many years in Alaska. It is similar to a retirement payment a corporation might give a long-term employee. He opined the Legislature was delinquent not defending this as a constitutional idea. The bonus was a promise or a contract and it should be honored. Eliminating the program might ultimately end up costing the state as much if not more than it does now. The same applies to a means test. It's a fine idea but it would be expensive to implement and would probably cost more than it would save.

SELINA PETRUSKA testified on behalf of the elders in Beaver in opposition to SB 117. Eliminating the bonus would be devastating to the Elders.

CHARLES BROKER testified that the seniors in Tok are opposed to SB 117. He asked what ideas Governor Murkowski has for seniors because, "The \$250 is a pretty hard thing to beat."

FREDDIE LOLLY from Tok opposed SB 117. She doesn't want to have to collect food stamps and at her age she shouldn't be forced into that position. She said, "I certainly hope you'll consider leaving things alone because I don't think you can come up with anything any better."

GLORIA STICKWAN from Glennallen testified on behalf of the Tazlina Village Council. The Tazlina residents faxed a statement to the Chair opposing SB 117. The cost of living in the Tazlina

area is very high. Monthly fuel bills are at least \$500 and a single bag of groceries costs about \$100. Eliminating the bonus will create hardship for these elders. Getting safety net programs in place would probably cost more than the longevity bonus plan does now.

JANE BROWN from Glennallen opposed SB 117. She is not a senior citizen and none of her relatives qualify for the bonus, but she believes the program was a promise to the senior population and it shouldn't be broken by the state. She suggested, "Before you ask seniors who live on a fixed income to tighten their belts, you should first cut the state employees retirement COLA benefits."

ED MARTIN SR. from Soldotna opposed SB 117. He said the program is well needed by those least able to support themselves due to age and ability to work and care for themselves. Other areas of the state budget should be cut before the bonus program.

JAMES PRICE from Nikiski opposed SB 117. He said he is 44 years old and he would rather pay income tax than see the bonus program cut. It has helped make Alaska a better place for all the residents. He said, "I'm surprised that the Legislature would threaten to or even consider to reduce longevity payments."

CHAIR GARY STEVENS asked Mr. Price to realize that SB 117 is a Governor's bill.

LAURIE CHURCHILL from Nikiski opposed SB 117. She advised there are many other areas that could be cut. "Taking money away from senior citizens is morally and ethically wrong."

DORRIS LEE KOPP from Paxson opposed SB 117. She has been an Alaskan resident since 1947. The bonus has helped her to pay insurance and to stay independent. She has never had to depend on the state or federal government for aid and doesn't want to start now.

WALTER KOPP from Paxson opposed SB 117. He and his wife generate their own power. It is expensive for them to travel to doctors and to pay for food. Seniors who support SB 117 should return their checks. The bonus should not be means tested because each person's lifestyle is different. "The longevity bonus program is our safety net.... Why not take \$200 out of each and every permanent fund check to help support our state budget?"

AL SLAGLE intended to participate, but was unable to stay long enough to testify.

ELENA RATH from Ketchikan opposed SB 117. She spoke on behalf of the senior citizens from the Ketchikan Adult Day Center who were unable to attend. They use the bonus to pay for fuel, groceries and medications. She said she is 39 years old and would be willing to pay more user fees to help senior citizens.

ELIZABETH DENNIS from Anchorage opposed SB 117. She and her husband have lived in Alaska since 1957. People on fixed incomes depend on the money. A graduated income tax would be fair because the people that have the most would pay the most.

CHAIR GARY STEVENS asked committee members if they were available to stay and listen to testimony until 7:00 pm because an enormous number of people were waiting to express their views.

EMILIE LINDSTROM from Juneau asked to testify before it got dark because she was unable to drive after dark.

CHAIR GARY STEVENS asked her to come forward.

MS. LINDSTROM opposed SB 117. She has lived in Alaska since 1942 and it's a very expensive place to live. She said, "Water alone is \$62.50. I have arthritis I can't sit in the tub so I have a quick shower. And I live with my cat and she drinks less than one-half cup of water a day and we still pay \$62.50 for water alone. And the oil is very expensive because we old people can't be cold.... I wouldn't go hungry without the money, however it does help. I think it's only fair that the people that make money should pay taxes."

J.R. HANK LANGMAN from Anchorage opposed SB 117. He said he would send his comments directly to Chair Gary Stevens, but he had a question. Senator Hoffman addressed the issue, but he wondered if anyone had done a study of how eliminating the bonus would affect all the villages in the outlying areas. Eliminating the program would be a serious mistake for all Alaskans.

NORMA ALDERFER from Anchorage told the LIO moderator what she had to say had already been said.

JOHN CERUTTI from Valdez opposed SB 117. He is the vice president of the Pioneers of Alaska, Igloo 7. He suggested that the Governor ask state employees to pay 50 percent of their

medical benefits if he really wants to save money. He said, "The safety net for seniors has a huge hole in it and Senator Hoffman should be praised for his remarks."

BOB KELSEY was born in Valdez in 1918 and he opposed SB 117. The nation is in a depression and the President has gotten the country in a war in Iraq and is spending billions of dollars. Taxes will certainly go up so seniors will need the longevity bonus more than ever.

BILL BARR from Valdez intended to participate, but was unable to stay long enough to testify.

CHAIR GARY STEVENS announced the committee members had previous commitments so testimony would be taken for another hour at most, but he would take additional testimony at a later meeting.

RUTH BOHMS from Fairbanks opposed SB 117. She has lived in Alaska for the last 52 years. The purpose of the bonus was clearly stated in 1972. She read from the original legislation. "Under no circumstances shall this chapter be considered a form, type or method of public relief. Bonuses under this chapter are not predicated on need even though they may appear to provide supplemental income to some qualified persons who would otherwise be forced to become responsibilities of the state. The Legislature further finds and states that this legislation recognizes the economic hardships suffered by many elderly Alaskans. Alaskans who through their tenacity and perseverance molded Alaska as we know it through skillful application of their talents. This legislation will, hopefully, provide our pioneers with the economic means to remain in and continue to serve this state and to enjoy the opportunities of aiding the new Alaskans in making this state truly The Great Land."

She suggested the Governor and his imaginative staff create a special user fee for North Slope workers who "come into Alaska and leave like bandits with their loot making no contribution to our great state..."

5:00 pm

HARRY JENKINS from Fairbanks opposed SB 117. The price of everything, including ice pool tickets, has risen. He noted a local newspaper reported 3,274 tax foreclosures in the North Star Borough. He asked, "Does that tell you anything?"

CHAIR GARY STEVENS stated he would take testimony until 6:00 pm then he would reconvene on Thursday for additional testimony. He apologized to everyone who would not be able to participate that day.

He called Karen Wood and the Fairbanks moderator informed him Ms. Wood decided to send her written comments rather than give oral testimony.

RUDY VETTER from Fairbanks opposed SB 117. He has been a resident since 1947 and he and other recipients have helped increase the economies of various communities.

HENRY FERGUSON from Palmer had to leave before he was able to testify.

FREDERICK STIRN spoke for the Houston Senior Center and opposed SB 117. He pointed out many seniors won't qualify for the various safety nets.

EILEEN JOHNSON from Wasilla opposed SB 117. In her household budget her first priority is to cut unnecessary items, but the elderly don't belong in that category. Other adjustments should be made.

CORINNE WALKER had to leave before giving testimony.

DON DINKEL from Wasilla opposed SB 117. He has lived in Alaska for 66 years. This was a promise and is one of the most humane and economical programs the state has ever had. He urged members to consider the benefits of the program rather than focusing solely on the costs.

DARREL C. CONNICK from Bethel would send written comments rather than give oral testimony.

ARTHUR DULL SR. from Bethel had to leave before giving testimony.

BOB HATCHER opposed SB 117. He is a WW II veteran who voted for statehood. If this bill passes, many seniors will have to leave their homes.

TAPE 2
5:10 pm

CHAIR GARY STEVENS reported six people were waiting to give testimony in Ninilchik and he asked that they select just three to speak. He also asked that just three of the 25 people from the Anchorage Pioneer Home give testimony.

LORRAINE SCONBERG had to leave before giving testimony.

Annie ZAROAT from Ninilchik opposed SB 117. She has lived in Alaska for 46 years. The bonus is just as important today as it was initially.

JOHNNY COOK SR. from Ninilchik opposed SB 117. He is 71 and depends on the longevity bonus. Many of the conservative voters in this state are senior citizens who voted for Governor Murkowski. "This measure is coming back to us like a slap in the face."

CHAIR GARY STEVENS noted there were eight people waiting to testify in Haines. He asked them to select three.

BARBARA LEWIS from Haines opposed SB 117. There are 133 seniors in Haines who receive and depend on the bonus.

STANLEY BROWN from the Anchorage Pioneers Home opposed SB 117. He advised he and his wife have eight children who live in Alaska and all are of voting age.

CHAIR GARY STEVENS said he heard him loud and clear.

CAROLYN TUOVINEN a volunteer at the Anchorage Pioneer Home opposed SB 117. She is aware of how important the bonus is to seniors. She takes offense at the comments regarding public employees because most of them work very hard. Senior recipients rely on the bonus and they need it.

JOHN HALL from the Anchorage Pioneer Home opposed SB 117. He has been a resident since 1939 and knows the program has been very important to many. He feels it would almost be a crime to take it away from those who need it.

ELDERSON BEAVER had to leave before giving testimony.

DR. ROBERT BILLINGS opposed SB 117. He moved to Alaska in 1960 and is a WW II veteran. He has a number of medical issues and is trying to remain independent. He said he can't afford to leave Alaska and he can't afford to stay either.

JUNE HOSS from Haines opposed SB 117. She is a lifelong Alaskan and does not receive the bonus. The 133 bonus checks issued to seniors in the Haines Valley brought in \$399,000 last year. She estimated, "Every penny of that probably stayed in the district." In the last several months they lost five seniors, which indicates the program will phase out on its own. She closed saying, "I think SB 117 should be tossed out."

5:25 pm

CHAIR GARY STEVENS announced he was sorry he had to put so many people off, but they were doing the best they could. In Juneau he noted Ralph C. Hunt was present but did not want to testify.

MARIE DARLIN, a lifelong Alaskan from Juneau, represented AARP and opposed SB 117. She advised there are many reasons they should work to keep seniors in Alaska. In December 2001 the McDowell Group conducted a study for the Commission on Aging and reported that seniors are an industry and a resource. They bring revenue into the state and provide countless hours of volunteer time to communities. Many non-profits and communities would be hard pressed to operate without volunteer help.

A copy of her full testimony is in the bill file.

CHAIR GARY STEVENS noted Norma Jean McCorcle, Jim McCorcle, Larry Weld, Mildred Tandy, Betty Hunt, Miriam Lowe, Lorilyn Swanson, George Rogers, Olive Rogers, Maurice Lone, Jim Castrol, and Sandy Perry were present but did not wish to testify.

SAM TRIVETTE from Juneau opposed SB 117. He is president of the Retired Public Employees Association of Alaska. He arrived in Alaska in 1954 and both his parents retired here. He took care of them the last five years of their lives and both had serious medical problems. Even though they had Social Security and state retirement, it is likely he would have had to move them into an assisted care facility outside Alaska if it hadn't been for the longevity bonus. In reviewing the data it's clear that many of the recipients are women who are at least 75 years old. Discontinuing this program will have a huge economic impact on communities because many of these seniors will be forced to leave the state and take their Social Security, retirement benefits and assets with them.

Although he did not read Governor Murkowski's letter in the Anchorage Daily News early in the week in which he was pitting

seniors against seniors, he finds this extremely distasteful and is saddened the Governor would stoop to that level.

AMBER KLOPP from Homer had to leave before she could give testimony.

ED KLOPP from Homer had to leave before he could give testimony.

IRIS DOUGLASS from Homer advised she was speaking for five other seniors all of whom opposed SB 117.

ROY DOUGLASS from Homer had to leave before he could give testimony.

JANET TOBUK from Nome spoke for her mother and others who are similarly situated in opposition to SB 117. She doesn't receive the bonus but is retired and grew up in Alaska. She said her late grandfather said, "Be careful what you take from the government, they might want something in return and you might not want or be able to give it back."

DANIEL KARMUN, SR. from Nome opposed SB 117. He serves on the Alaska Commission on Aging because there was no representation for the villages in the state. He has had the opportunity to speak to Elders, to Kotzebue, to the president of Nana, and others and they all expressed concern regarding the elimination of the longevity bonus program. The needs in the 36 villages near Nome are just as great as in urban areas. The support provided by the longevity program has been very important to their survival.

One of the things his Eskimo parents taught him is to show respect and to serve all Elders "who have been the background of our lives in each generation. We owe it to them to serve them in crisis."

MARGARET HALL from Kodiak opposed SB 117. She and her husband are 55 year residents of Alaska and bonus recipients. They retired in Alaska because of the quality of life offered. Although it is an unpopular suggestion, a state income tax based on a percentage of the federal tax would affect all citizens, those who receive the least income and those with the largest income. She said, "I would hate to think that our Legislature and our Governor are thinking that we are dying off just too slowly."

CHAIR GARY STEVENS assured her they would never think that.

JAN CHATTO from Kodiak opposed SB 117. Although she is not eligible to receive the bonus, she believes the state has an obligation to live up to their commitment. It's not fair to balance the budget on the backs of the poorest in the state. An income tax would be much more equitable.

CHAIR GARY STEVENS noted people waiting to testify in Glennallen were gone.

Ervin McKenzie from Anchorage had to leave before he could give testimony.

Mary McKenzie from Anchorage had to leave before he could give testimony.

DEANNE YOUNG from Anchorage spoke on behalf of the Older Persons Action Group. She read a letter opposing SB 117 a copy of which is in the bill file.

PATRICK LUBY from Anchorage works for AARP and opposed SB 117. He said he couldn't understand why the Governor would even propose something like this. This is the personification of "wedge politics" which is an effort to get groups to work against one another and it's very inappropriate for Alaska to participate. He said, "Senator Cowdery hit the nail on the head. The bonus goes to the oldest of older Alaskans." They are also the people with the highest health care costs, they live in the oldest homes with the highest utility costs, and they are more likely to be widowed older women. The safety net is welfare and anyone who has worked with older Alaskans recognizes they want and need to continue to receive the longevity bonus, which recognizes the contributions they have made. Older Alaskans would work with the Governor to solve the budget problems but what is done must be fair and make sense. Eliminating the bonus doesn't make any sense and it certainly isn't fair.

GRETCHEN WEHMHOFF from Anchorage spoke on behalf of her parents and opposed SB 117. They have lived in Alaska since the early 1960s and have contributed like most seniors. The bonus played a part in their calculations to determine whether they could afford to retire in Alaska. They now depend on the bonus and eliminating it is not a respectful thing to do to them and other seniors. She heard no one except Governor Murkowski and the two department representatives speak in favor of SB 117.

ED BARBER from Anchorage opposed SB 117. Past chairman of the Pioneer Home Advisory Board, Ed Doss was a primary advocate of the program who always gave four points when discussing the program.

- These funds allow old timers to remain in Alaska rather than moving south upon retirement.
- The bonus acts as seed money and turns over many times throughout the economy as the funds continue to circulate.
- The bonus is a tribute that is received with dignity by the pioneers for their time and contribution to Alaska rather than some form of welfare assistance.
- It puts a little sugar in an old timers coffee.

He closed stating SB 117 is a draconian measure that targets the eldest of seniors.

5:55 pm

SHIRLEY KNIGHT from Fairbanks opposed SB 117. When she read of Governor Murkowski's plans she and other seniors were shocked. This is an injustice to pioneers. She doesn't receive the bonus but she has benefited from the seniors. She said, "I think Governor Murkowski should get back to reality because this is not an easy time for senior citizens."

ALFRED GRANT from Fairbanks had to leave before he could give testimony.

BETTY HUMMEL from Fairbanks had to leave before she could give testimony.

PEARL SELID WATSON from Fairbanks had to leave before she could give testimony.

MARGARET ZIELINSKI from Fairbanks opposed SB 117. She and her husband were shocked to hear that Governor Murkowski intended to eliminate the longevity bonus program. There are no magic programs to fill the hole the loss of this program would create. She said he should leave the old people alone and allow them to keep their pride.

SIDE B
6:00 pm

BOB HUFMON from Fairbanks said pioneer seniors strongly oppose SB 117. He said this is the only state program he knows of that

is designed to self-destruct. It goes down each year with no governmental intervention. Abolishing the bonus would create undue hardship for many seniors now faced with escalating costs. "The Governor's attempt to split the senior community into two factions is absolutely ludicrous. He may well find out that all seniors stick together for their mutual benefit and protection."

CHAIR GARY STEVENS apologized to the people who didn't get the opportunity to testify. Some of them were: Vi Jerrel from Homer, Marguerite Stetson, Leslie J. Zarobsky, Ronelva Peacock, Chuck Diz from Anchorage, Nancy Mendenhall, Darlene Herbert, Betty Hufman, Evelyn Melavic, Randall Acord, Wenzel Raith, Cliff Brennen, Don Lee, Roger Hansen, Patricia Smith, Gladys Terry, Charlotte Davis, Glenn Hanneman, Janette Hanneman, Glenn Hackney, Ed Shellinger, Joe Strunka and Vernon Miller from Fairbanks.

SB 117 was held in committee.

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CHAIR GARY STEVENS adjourned the meeting at 6:15 pm.