

ALASKA STATE LEGISLATURE
SENATE HEALTH, EDUCATION AND SOCIAL SERVICES STANDING COMMITTEE

February 7, 2007

1:33 p.m.

MEMBERS PRESENT

Senator Bettye Davis, Chair
Senator Joe Thomas
Senator John Cowdery
Senator Kim Elton
Senator Fred Dyson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 40

"An Act relating to reapplications for the Alaska longevity bonus program; and providing for an effective date."

HEARD AND HELD

PREVIOUS COMMITTEE ACTION

No previous action to consider

WITNESS REGISTER

Senator Wielechowski
Alaska State Capitol
Juneau, AK

POSITION STATEMENT: Sponsor of SB 40

Pat Luby, Advocacy Director
AARP
Anchorage, AK

POSITION STATEMENT: Supported SB 40

Janet Clark, Assistant Commissioner
Department of Health & Social Services
Juneau, AK

POSITION STATEMENT: Available for questions on SB 40

Stacie Kraly, Assistant Attorney General
Civil Division

Department of Law
Juneau, AK

POSITION STATEMENT: Available for questions on SB 40

Ellie Fitzjarrald, Director
Division of Public Assistance
Department of Health & Social Services
Juneau, AK

POSITION STATEMENT: Available for questions on SB 40

Frederick Sturn, representing himself
Mat-Su Valley AK

POSITION STATEMENT: Supported SB 40

Doris Carpenter, representing herself
Mat-Su Valley AK

POSITION STATEMENT: Supported SB 40

ACTION NARRATIVE

CHAIR BETTYE DAVIS called the Senate Health, Education and Social Services Standing Committee meeting to order at [1:33:30 PM](#). Present were Senators Cowdery, Thomas, Elton, Dyson, and Chair Davis.

SB 40-LONGEVITY BONUS REAPPLICATIONS

CHAIR DAVIS announced SB 40 to be up for consideration.

[1:34:41 PM](#)

SENATOR WIELECHOWSKI, sponsor of SB 40, said that it related to reapplication for the longevity bonus, and he believes that the bonus represents long-standing Alaska values and smart policy.

SENATOR ELTON moved to adopt the proposed committee substitute to SB 40, Version /C, as the working document. There being no objection, the motion carried.

[1:35:46 PM](#)

SENATOR WIELECHOWSKI explained that the committee substitute made a simple administrative correction to give jurisdiction to the commissioner of the Department of Health and Social Services (DHSS).

He said that the bonus went back to 1915, listed historical facts about the bonus and the requirements over the years, and how admission to the program was ended in 1996. Funding for the bonus was ended in 2003 by former governor Frank Murkowski. No analysis was done to determine the impact of this change on the economy. Many seniors relied heavily on the bonus. He urged the committee to join him in supporting the bill.

[1:38:48 PM](#)

SENATOR WIELECHOWSKI explained that the problem with reinstating the bonus was that the current statute required continual application in order to maintain eligibility; section 1 of his bill would require that the commissioner of the DHSS accept applicants who were eligible when the bonus funding was cut. The bonus law had remained active even though the funding was no longer provided. SB 40 would require applicants to have been eligible in 2003, and have maintained continuous state residency since that date. New applicants would not be allowed. Provisions are also included about the reapplication date, the right to determine whether an applicant meets requirements, the amount of the monthly bonus, and an effective date.

[1:40:46 PM](#)

PAT LUBY, Advocacy Director for the Alaska AARP, said that many of the AARP members were delighted that the governor had reinstated the funding in her budget. He urged the committee to approve the bill.

[1:41:55 PM](#)

SENATOR DYSON asked Mr. Luby whether his organization thought the bonus should be needs-based.

[1:42:51 PM](#)

MR. LUBY replied that many people based their retirement budgets on the longevity bonus. The AARP's position was that government money should be first given to those most in need.

[1:43:59 PM](#)

SENATOR COWDERY remarked that like the permanent fund, the longevity bonus should not be given on an as-needed basis.

[1:45:40 PM](#)

JANET CLARK, Assistant Commissioner of the Department of Health and Social Services (DHSS), said that the DHSS supported the bill, and she would explain the fiscal impact.

STACIE KRALY, Assistant Attorney General for the Department of Law, said that the department's review of the statute showed a need for reconstitution of the program. Under the existing statute an applicant had to reapply consistently to remain eligible, but with the de-funding of the program everyone stopped applying. The statute thus needs to be fixed to allow for reapplication.

[1:49:13 PM](#)

CHAIR DAVIS asked if such a change could be made within SB 40.

[1:49:23 PM](#)

MS. KRALY replied that the issue should be addressed in SB 40. A process for re-determining eligibility needs to be created.

[1:50:41 PM](#)

CHAIR DAVIS said that some issues with the bill might be better addressed in another committee.

[1:51:11 PM](#)

SENATOR COWDERY asked if people who left the state when the bonus funding was cut would be allowed to re-apply, and how they would be tracked.

[1:51:38 PM](#)

MS. KRALY replied that the issue needed to be addressed.

[1:52:15 PM](#)

SENATOR WIELECHOWSKI said that according to the current bill, people who left the state when the program funding was cut would no longer be eligible if they returned.

[1:52:59 PM](#)

MS. KRALY replied that the process of re-qualification needed to be examined.

[1:53:43 PM](#)

SENATOR ELTON asked if the DHSS would have the discretion to determine the residency requirement.

[1:54:26 PM](#)

MS. KRALY replied that the DHSS would not be able to establish baseline eligibility for residency, but the bill could create litigation in specific scenarios.

[1:55:42 PM](#)

SENATOR WIELECHOWSKI said that technically every applicant would be in violation of the statute because it required monthly applications, and agreed that an amendment needed to be made.

[1:56:43 PM](#)

MS. CLARK said that reestablishing the bonus would require policy guidance and retooling of the bill.

[1:57:31 PM](#)

SENATOR THOMAS asked if there would be a provision for those who may forget to apply for the bonus on time.

[1:57:54 PM](#)

MS. KRALY replied that the legislation was codified law of the state of Alaska, so all due process would apply.

[1:58:16 PM](#)

CHAIR DAVIS said they could review the fiscal note at a later date, and asked Ellie Fitzjarrald to testify.

[1:58:55 PM](#)

ELLIE FITZJARRALD, Public Assistance Director for the Department of Health and Social Services (DHSS), explained that she could talk about the fiscal analysis, but did not plan to testify.

[1:59:14 PM](#)

FREDERICK STURN, representing himself, said that the longevity bonus was important to many seniors he knew, especially women without retirement plans. Living off social security alone was difficult with rising prices.

[2:00:54 PM](#)

DORIS CARPENTER, representing herself, said that she thought the reapplication issue was not very important and that continual reapplication was not necessary.

[2:03:00 PM](#)

SENATOR COWDERY said that he thought reapplication should be a non-issue, and asked how many eligible people had died since the program funding was cut.

[2:04:10 PM](#)

SENATOR WIELECHOWSKI said that the number of eligible residents has dropped from 18,000 to 13,000.

He explained that the governor line-item vetoed the funding in 2003, and that there had been wide support from the legislature for the program. He agreed with Senator Cowdery in that the bonus should not be needs-based.

[2:06:09 PM](#)

SENATOR ELTON said that he heard the cost of reinstating the program would be \$33 million, and wondered if early appliers would add an additional cost to this figure because of retroactive payments.

[2:08:06 PM](#)

SENATOR COWDERY pointed out that the fiscal note on SB 40 required the bonus to be declared as supplemental income.

[2:08:41 PM](#)

CHAIR DAVIS said that the committee would be putting the bill aside to allow the sponsor to confer with the Department of Law, and the committee would likely review the bill again two weeks from that date.

CHAIR DAVIS, finding no further business, adjourned the meeting at 2:09:20 PM.