

Original sponsors: Hayes, Adams,
Szymanski, et al

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE BILL NO. 655 (Finance)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the longevity bonus program;
7 requiring the payment of longevity bonuses from
8 appropriations from the general fund; and providing
9 for an effective date."

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

11 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
12 that

13 (1) the high cost of goods and services in Alaska and the
14 state's remoteness and harsh environment, make it difficult for many el-
15 derly Alaskans to remain in the state after retirement;

16 (2) when a person is forced to live out retirement years away
17 from home, family and friends, that person suffers an irreparable loss;

18 (3) Alaska's elderly are a precious human resource, and it is in
19 the public interest to provide a financial incentive for them to remain in
20 the state after retirement; and

21 (4) it is in the public interest to continue the longevity bonus
22 program for elderly Alaskans irrespective of need; the longevity bonus
23 program is not a form of welfare and is not a substitute for or supplement
24 to public assistance; other programs are available to provide the basic
25 necessities of life; the longevity bonus program is intended to encourage
26 elderly Alaskans to spend their retirement years in the comfort of their
27 homes.

28 * Sec. 2. AS 47.45.010 is amended to read:

29 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

1 (a) A person who is 65 years of age or over, who resides in the state
2 for at least one year immediately preceding the application for a
3 longevity bonus under this chapter [WAS DOMICILED IN THE TERRITORY ON
4 OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CONTINUOUS DOMICILE
5 IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to the commissioner
6 of administration for qualification to receive a monthly bonus of
7 \$250.

8 (b) When the commissioner of administration determines that an
9 applicant qualifies under AS 47.45 the commissioner [HE] shall immedi-
10 ately begin payment of the bonus.

11 (c) A person who otherwise qualifies to receive a bonus provided
12 for in AS 47.45 may continue to do so only as long as that person
13 continues to be a resident of [HE CONTINUOUSLY RETAINS A DOMICILE IN]
14 the state.

15 (d) Notwithstanding (a) of this section, on July 1, 1990, the
16 age requirement for eligibility for a longevity bonus shall be in-
17 creased to 66 years of age. On July 1 of each succeeding year the age
18 requirement shall be increased by one year.

19 * Sec. 3. AS 47.45.030 is amended to read:

20 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
21 [A] recipient shall notify the commissioner of administration when the
22 recipient [HE] expects to be absent from the state if the absence is
23 for a continuous period that exceeds 30 days. After that notifica-
24 tion, the recipient shall no longer receive bonuses from the Depart-
25 ment of Administration after the [HIS] last regularly approved monthly
26 application. Upon returning [HIS RETURN] to the state the recipient
27 [HE] may again make application for a bonus. Whenever the absence is
28 for a continuous period that exceeds 180 days the recipient shall be
29 disqualified from receiving bonuses for the next 12 calendar months

1 after returning [HIS RETURN] to the state. However, when the commis-
2 sioner of administration determines a period of absence is beyond the
3 control of the recipient, the recipient [HE] may not be disqualified,
4 if the recipient [HE] still otherwise qualifies upon returning [HIS
5 RETURN] to the state. Continual absences from the state, even though
6 reported, and failure to notify the commissioner of an expected ab-
7 sence may be grounds for disqualification.

8 * Sec. 4. AS 47.45.090(a) is amended to read:

9 (a) The [THERE IS THE] Alaska longevity bonus fund is created
10 for the purpose of paying the monthly bonuses provided for in this
11 chapter. The fund consists only of [ALL] money made available by
12 appropriations of the [STATE] legislature from the general fund [,],
13 and [FROM OTHER APPROPRIATED FUNDS, ALL CONTRIBUTIONS FROM WHATEVER
14 SOURCE, AND] income and interest derived from the investment of money
15 of the longevity bonus fund.

16 * Sec. 5. AS 47.45.150 is amended to read:

17 Sec. 47.45.150. DEFINITIONS. In this chapter

18 (1) "bonus" means a monthly Alaska longevity bonus payment
19 made to a person or the person's [HIS] beneficiary who qualifies under
20 this chapter;

21 (2) "resident" or "resident of the state" means an indi-
22 vidual who is physically present in the state with the intent to
23 remain in the state indefinitely and to make a home in the state; a
24 person demonstrates the requisite intent by maintaining a principal
25 place of abode in the state for one year and by providing other proof
26 of intent the commissioner may require by regulation, including proof
27 that the person is not claiming residency outside the state or obtain-
28 ing benefits under a claim of residency outside the state ["DOMICILE"
29 MEANS THE PLACE WITH WHICH A PERSON HAS A SETTLED CONNECTION FOR

1 DETERMINATION OF HIS CIVIL STATUS OR OTHER LEGAL PURPOSES BECAUSE IT
2 IS ACTUALLY OR LEGALLY HIS PERMANENT AND PRINCIPAL HOME].

3 * Sec. 6. Section 2, ch. 205, SLA 1972, and AS 47.45.170 are repealed.

4 * Sec. 7. A person who is qualified to receive a monthly longevity
5 bonus under AS 47.45.010(a) immediately before the effective date of this
6 Act is qualified to receive a monthly bonus under AS 47.45.010(a), as
7 amended by sec. 2 of this Act, and is not required to reapply for quali-
8 fication.

9 * Sec. 8. This Act takes effect on the date of a final decision by the
10 Alaska Supreme Court affirming the decision of the superior court in the
11 case of Rodney Vest, et al v. Marian Schafer and State of Alaska, No. LJU-
12 82-1103 CIV, Superior Court for the State of Alaska, First Judicial Dis-
13 trict at Juneau, on the constitutionality of the Alaska longevity bonus
14 program.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____

REQUEST

Bill/Resolution No.: CSHB 655(Fin)
Title: Longevity Bonus

Program _____
Sponsor: Haves, Adams, Etc.
Requestor: House Finance
Date of Request: 2/29/84

FISCAL DETAIL

Agency Affected: Dept. of Admin.
Program Category Affected: Social Services

BRU, Program or Subprogram(s) Affected:
Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		85.2	28.7	28.7	28.7	23.7
200 TRAVEL						
300 CONTRACTUAL		85.0	85.5	86.0	86.5	87.0
400 SUPPLIES		1.5	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		15,350.0	15,644.0	16,061.0	16,613.0	17,303.0
800 MISCELLANEOUS						
TOTAL OPERATING						
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND	15,521.7	15,759.2	16,176.7	16,729.3	17,419.7
FEDERAL FUNDS					
OTHER					
TOTAL					

POSITIONS:

FULL-TIME					
PART-TIME					
TEMPORARY					

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis

Prepared By: Rep. Al Adams, Chair APA Phone: 465-3706
Division: House Finance Committee Date: 2/29/84

Approved by Commissioner: _____ Date: _____
Agency: _____

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

12/1/83

CS HB 655 (FIN) FISCAL NOTE ANALYSIS

The amounts provided for administration of the Alaska Longevity Bonus program are those requested by the Department. The breakdown on these costs are as follows:

	<u>Annual Cost</u>
Personal Services	\$ 85,196
Clerk V, PFT	\$ 28,710
Clerk II, PPT (2 positions, 6 mos)	56,486
Contractual Services	
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls	85,000
Commodities	1,500
Office supplies and file cabinets for application and recipient files	

The costs are inflated in each succeeding fiscal year.

The amounts provided for payment of checks (shown in the grants line item) are based on House Research Agency calculations of the number of ALB recipients in each year after passage of CS HB 655 (FIN). The assumptions behind these calculations are fully explained in Attachment A. (Please note, however, that the administrative costs calculated in Attachment A are not what is provided in this fiscal note. Instead, the Department's administrative cost projection - a somewhat smaller figure - is provided through this fiscal note.)

The fiscal note shows only the increase in costs due to passage of this bill. In other words, the fiscal note only provides funding above the Department's budget request for the ALB program. Total projected program costs (the budget request plus this fiscal note) are as follows:

FY 85	\$ 48,021.7
FY 86	\$ 50,419.2
FY 87	\$ 52,996.7
FY 88	\$ 55,709.2
FY 89	\$ 58,559.7

For cost projections of CS HB 655 (Fin) beyond FY 89, please refer to the 2/24/84 memorandum from the House Research Agency to Representative Adams.

BASE CASE
LONGEVITY BONUS COST ANALYSIS
HB 655/SB 474

FISCAL YEAR	ELIGIBILITY AGE	RECIPIENTS	ANNUAL COST	CUMULATIVE COST
1985	65	15,950	\$48,275,870	\$ 48,275,870
1986	65	16,768	50,715,760	98,991,620
1987	65	17,627	53,315,960	152,307,600
1988	65	18,531	56,049,470	208,357,100
1989	65	19,481	58,923,120	267,280,200
1990	65	20,480	61,944,110	329,224,300
1991	66	18,887	57,124,790	386,349,100
1992	67	17,454	52,791,650	439,140,700
1993	68	16,142	48,821,710	487,962,400
1994	69	14,923	45,134,910	533,097,300
1995	70	13,781	41,681,430	574,778,800
1996	71	12,703	38,420,460	613,199,300
1997	72	11,685	35,342,150	648,541,400
1998	73	10,724	32,436,200	680,977,600
1999	74	9,814	29,683,580	710,661,200
2000	75	8,951	27,072,690	737,733,900
2001	76	8,128	24,583,920	762,317,800
2002	77	7,353	22,241,310	784,559,100
2003	78	6,626	20,042,250	804,601,400
2004	79	5,942	17,972,280	822,573,600
2005	80	5,298	16,023,700	838,597,300

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 5.127 % through 1990
ANNUAL NET OUT-MIGRATION: 3.000 % after 1990
BONUS AMOUNT IS \$250 PER MONTH
START STAIRSTEP IN 1991
ANNUAL ADMINISTRATIVE COSTS OF \$168 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE
APPLIED TO POPULATION PROJECTIONS FOR 1991

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

TABLE 1. PROJECTED NUMBER OF LONGEVITY BONUS RECIPIENTS UNDER THE CURRENT PROGRAM AND PROPOSED ALTERNATIVES

Fiscal Year ¹	Projected Recipients ² Under Current Program (25-Year Residents)	Projected Recipients ³ (All One-Year Residents)	Projected Recipients ⁴ One-Year Residents With < \$15,000 Annual Income	Projected Recipients ⁵ One-Year Residents With Stair-stepping Beginning FY 91
1985	10,672	15,950	11,458	15,950
1986	11,320	16,768	11,875	16,768
1987	11,968	17,627	12,244	17,627
1988	12,616	18,531	12,549	18,531
1989	13,264	19,481	12,865	19,481
1990	13,912	20,480	13,191	20,480
1991	14,560	21,530	13,495	18,887
1992	15,208	22,634	13,738	17,454
1993	15,856	23,795	13,994	16,142
1994	16,504	25,015	14,244	14,923
1995	17,152	26,297	14,506	13,781
1996	17,800	27,645	14,791	12,703
1997	18,448	29,063	15,137	11,685
1998	19,096	30,553	15,500	10,724
1999	19,744	32,119	15,864	9,814
2000	20,392	33,766	15,830	8,951

Prepared By: House Research Agency, February 1984.

TABLE 1 (Continued)

Footnotes

¹All figures represent the mid-fiscal year projection which forms the basis for computing the annual costs.

²Net monthly recipient growth is projected to be 54/month, which is the average of the current longevity bonus program's net monthly growth between FY 79 and FY 83 (actual) and FY 84 (estimated).

³Assumes 5 percent annual growth rate in elderly population. Five percent is the midpoint of the range of 4 - 6 percent projected annual elderly growth rates obtained during August 1983 conversations with Mr. Dave Swanson, then State Demographer of the Alaska Department of Labor and Dr. Scott Goldsmith, Economist of the Institute of Social and Economic Research, University of Alaska.

It is important to note that this 5 percent represents a continuous growth rate which is commonly used in demography and yields an effective growth rate of 5.127 percent annually. An analogous situation would be a money market account with a particular interest rate compounded daily yielding a higher effective annual rate.

It is also assumed that 97 percent of the elderly have at least one year of residency, based on information obtained from a 1981 University of Alaska survey of older Alaskans and the 1979 and 1980 Permanent Fund Dividend applications.

⁴Based on a 1980 Census income survey of elderly Alaskans, adjusted for inflation to 1983 income dollars.

⁵Based on a 5 percent annual growth rate in the elderly population through FY 90. The death rate and age distribution applied to the recipients beginning in FY 91 are based on 1980 Census data. The most recent migration data available are based on the 1970 Census and indicate a 4 percent net out-migration among elderly between 1965-1970. It is assumed that elderly out-migration has decreased somewhat as the state has matured and more health and social services for the elderly have become available. A three percent net out-migration is applied to the elderly population after FY 90.

ATTACHMENT F

Total request for administration of ALB program in FY 85 is \$269,400.

03-02-04-00-00 (02-22-3-07-00-00)

STATE OF ALASKA -- COMPONENT BUDGET SUMMARY

1985

1/17/84

AGENCY: DEPARTMENT OF ADMINISTRATION
 CATEGORY: SOCIAL SERVICES

PROGRAM: LONGEVITY BONUS
 SUB-PROGRAM: LONGEVITY BONUS

FISCAL YEAR 1985

EXPENDITURES & FUNDING	(01) FY83 ACT	(02) FY84 ATH	(04) FY84 SUP	(05) ADJ BASE	(17) 85 SL 1	(18) 85 SL 2	(19) 85 SL 3	(20) 85 SL 4	(08) GOVERNOR	(07) GOV.AMD.	(09) HOUSE	(10) SENATE	BY CL
01 PERS. SERV.	169.4	159.4		164.7	175.6	161.0	161.0	175.6	175.6				
02 TRAVEL	1.7	4.0		4.0	4.0	3.8	3.8	4.0	4.0				
03 CONTRACTUAL	84.6	81.1		81.1	81.1	77.0	77.0	85.6	85.6				
04 COMMODITIES	1.0	3.5		3.5	3.5	3.3	3.3	3.5	3.5				
05 EQUIPMENT	.4							.7	.7				
06 LANDS/BLDGS													
07 GRANTS, CLMS	27504.5	30211.5		30211.5	29749.5	26963.8	27468.1	32551.5	32551.5				
08 MISC.													
XX TOTAL EXPEND	27761.6	30459.5		30464.8	30013.7	27208.9	27713.2	32820.9	32820.9				
09 I-A TRANSFER	26.1	2.1			24.7	23.4	23.4	26.2	26.2				
10 FED. RECEIPT													
11 G. F. MATCH													
12 GENERAL FUND	27761.6	30459.5		30464.8	30013.7	27208.9	27713.2	32820.9	32820.9				
13 PGM RECEIPTS													
14 OTHER FUNDS													
15 FULL TIME	5.0	5.0		5.0	5.0	5.0	5.0	5.0	5.0				
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS		60.0											

03-02-04-00-00 (02-22-3-07-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

19:45

1/17/84

AGENCY: DEPARTMENT OF ADMINISTRATION
CATEGORY: SOCIAL SERVICES

PROGRAM: LONGEVITY BONUS
SUB-PROGRAM: LONGEVITY BONUS

***** GOVERNOR ANALYSIS *****

OBJECT GROUP	VARIATION		DESCRIPTION: GOVERNOR (\$32,820.9) VERSUS FY84 ATH (\$30,459.5)
01 PERS. SERV.	16.2	10.2%	
03 CONTRACTUAL	4.5	5.5%	
05 EQUIPMENT	0.7	100.0%	
07 GRANTS, CLMS	2340.0	7.7%	
** TOTALS	2361.4	7.8%	

FY 84 AUTH TO ADJ: FY 84 LEVEL WAS \$30,459.5, PLUS SALARY INCREASE DISTRIBUTION \$5.3, WHICH EQUALS FY 84 ADJUSTED BASE OF \$30,464.8.

FY 84 ADJ. TO GOVERNOR'S: FY 84 ADJUSTED IS \$30,464.8; GOVERNOR'S IS \$32,820.9 WHICH PROVIDES FUNDING TO PAY A MONTHLY BONUS TO ALL QUALIFIED RECIPIENTS.

PROPOSED LETTER OF INTENT TO ACCOMPANY CS HB 655 (FIN)

It is the intent of the legislature that CS HB 655 (Finance) is backstop legislation which only goes into effect if, after the Attorney General's Office makes its best efforts to defend the present program, the Alaska Supreme Court rules that the existing law is unconstitutional because of its residency requirements.

It is also the intent of the legislature that the revisions made to the current statute in CS HB 655 (Finance) do not change the basic intent of the original longevity bonus program. This is not a welfare program. The monthly bonus is a reward to older Alaskans for their contributions to the state, and is intended to encourage and assist our elders to remain in Alaska.

Many alternatives were considered prior to adoption of this bill, and it is the intent of the legislature that the stair-stepping provision, which will ultimately phase out this program, is the best and most rational means of treating fairly the present recipients and those who have made retirement plans predicated upon receiving a longevity bonus in the future, while simultaneously ensuring that the program is affordable over the long term. The current cost projections for CS HB 655 (Finance) parallel the state's current projections for future state revenues. In other words, the costs of the program parallel the state's projected revenue curve.

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Total request for administration of ALB program in FY 85 is \$269,400.

03-02-04-00-00 (02-22-3-07-00-00) STATE OF ALASKA -- COMPONENT BUDGET SUMMARY 19:45 1/17/84

AGENCY: DEPARTMENT OF ADMINISTRATION PROGRAM: LONGEVITY BONUS
 CATEGORY: SOCIAL SERVICES SUB-PROGRAM: LONGEVITY BONUS

FISCAL YEAR 1985

EXPENDITURES & FUNDING	(01) FY83 ACT	(02) FY84 ATH	(04) FY84 SUP	(05) ADJ BASE	(17) 85 SL 1	(18) 85 SL 2	(19) 85 SL 3	(20) 85 SL 4	(08) GOVERNOR	(07) GOV.AMD.	(09) HOUSE	(10) SENATE	CH C-1
01 PERS. SERV.	169.4	159.4		164.7	175.6	161.0	161.0	175.6	175.6				
02 TRAVEL	1.7	4.0		4.0	4.0	3.8	3.8	4.0	4.0				
03 CONTRACTUAL	84.6	81.1		81.1	81.1	77.0	77.0	85.6	85.6				
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14 OTHER FUNDS													
15 FULL TIME	5.0	5.0		5.0	5.0	5.0	5.0	5.0	5.0				
16 PART TIME													
17 TEMPORARY													
18 STAFF MONTHS		60.0											

03-02-04-00-00 (02-22-3-07-00-00)

STATE OF ALASKA -- COMPONENT BUDGET ANALYSIS

19:45

1/17/84

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05 EQUIPMENT	0.7	100.0%	
07 GRANTS, CLMS	2340.0	7.7%	
** TOTALS	2361.4	7.8%	

FY 84 AUTH TO ADJ: FY 84 LEVEL WAS \$30,459.5, PLUS SALARY INCREASE DISTRIBUTION \$5.3, WHICH
EQUALS FY 84 ADJUSTED BASE OF \$30,464.8.

FY 84 ADJ. TO GOVERNOR'S: FY 84 ADJUSTED IS \$30,464.8; GOVERNOR'S IS \$32,820.9 WHICH PROVIDES
FUNDING TO PAY A MONTHLY BONUS TO ALL QUALIFIED RECIPIENTS.

Rec'd 3-19-84

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: March 6, 1984
Page 1 of 3

<p>REQUEST Bill/Resolution No.: <u>CSHB 655 (Finance)</u> Title: <u>Longevity Bonus Program</u></p> <p>Sponsor: <u>Hayes</u> Requestor: _____ Date of Request: _____</p>	<p>FISCAL DETAIL Agency Affected: <u>Administration</u> Program Category Affected: <u>Social Services</u></p> <p>BRU, Program of Subprogram(s) Affected: <u>Longevity Bonus Program</u></p>
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EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		85.2	28.7	28.7	28.7	28.7
200 TRAVEL						
300 CONTRACTUAL		85.0	85.5	86.0	86.5	87.0
400 SUPPLIES		1.5	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		18,456.0	18,456.0	18,456.0	18,456.0	18,456.0
800 MISCELLANEOUS						
TOTAL OPERATING	0	18,627.7	18,571.2	18,571.7	18,572.2	18,572.7
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		18,627.7	18,571.2	18,571.7	18,572.2	18,572.7
FEDERAL FUNDS						
OTHER						
TOTAL	0	18,627.7	18,571.2	18,571.7	18,572.2	18,572.7

POSITIONS:

FULL-TIME	0	1.0	1.0	1.0	1.0	1.0
PART-TIME	0	2.7	0	0	0	0
TEMPORARY	0	0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

General Funds

ANALYSIS: Attach a separate page for any Analysis.

Prepared By: E. Louis Keller, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: March 6, 1984

Approved by Commissioner: Lisa Rudd
Agency: DEPARTMENT OF ADMINISTRATION

Date: 3/13/84

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

CSHB 655 (Finance)
Fiscal Note Analysis
Prepared by Division of Pioneers' Benefits
Department of Administration
March 6, 1984

This bill would change eligibility requirements for the Longevity Bonus Program to allow all one-year residents of Alaska who are age 65 or older to participate, and would restrict growth of the program by escalating the age of eligibility.

ASSUMPTIONS

- a. All persons who are age 65 and older who have been residents of Alaska for at least one year would be eligible for payments in FY 85-90. On July 1, 1990, the age for eligibility would be increased to 66 years, and each year thereafter on July 1, it would be increased one year.
- b. It is believed that there are approximately 16,500 persons now living in Alaska who would qualify under new eligibility requirements, and that there will be approximately 10,348 persons on the program by July 1, 1984. Therefore, it is assumed that an additional 6,152 persons would be enrolled on the program in FY 85 under the bill.
- c. The amount of the bonus would be \$250 per month.
- d. The program would continue to grow at the rate of approximately 60 per month, after the initial group of persons are enrolled who would be made eligible by the one-year residency requirement.
- e. All costs would be paid from the State General Fund.
- f. An increase in the Longevity Bonus staff would be needed to process the flood of new applications.
- g. The Act would take effect on the date of a final decision by the Alaska Supreme Court if that decision affirms the findings of the Superior Court in the existing law suit by Rodney Vest. For lack of a definite date, it is assumed for the purposes of computing this fiscal note, that the effective date would be July 1, 1984.

CSHB 655 (Finance)
 Fiscal Note Analysis
 Prepared by Division of Pioneers' Benefits
 Department of Administration
 March 6, 1984

Additional funds needed for FY 85 are computed as follows:

	<u>Annual Cost</u>
Personal Services	
Clerk V, PFT	\$ 28,710
Clerk II, PPT (4 positions, 8 months)	56,486
Contractual Services	
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls	85,000
Commodities	
Office supplies and file cabinets for application and recipient files	1,500
Grants	
Additional funds needed for Bonus payments to additional persons who will be eligible (6,152 x 12 x \$250)	18,456,000

Total additional funds required for FY 85	\$18,627,696

CS HB 655 (FIN) FISCAL NOTE ANALYSIS

The amounts provided for administration of the Alaska Longevity Bonus program are those requested by the Department. The breakdown on these costs are as follows:

	<u>Annual Cost</u>
Personal Services	\$ 85,196
Clerk V, PFT	\$ 28,710
Clerk II, PPT (2 positions, 6 mos)	56,486
Contractual Services	
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls	85,000
Commodities	1,500
Office supplies and file cabinets for application and recipient files	

The costs are inflated in each succeeding fiscal year.

The amounts provided for payment of checks (shown in the grants line item) are based on House Research Agency calculations of the number of ALB recipients in each year after passage of CS HB 655 (FIN). The assumptions behind these calculations are fully explained in Attachment A. (Please note, however, that the administrative costs calculated in Attachment A are not what is provided in this fiscal note. Instead, the Department's administrative cost projection - a somewhat smaller figure - is provided through this fiscal note.)

The fiscal note shows only the increase in costs due to passage of this bill. In other words, the fiscal note only provides funding above the Department's budget request for the ALB program. Total projected program costs (the budget request plus this fiscal note) are as follows:

FY 85	\$ 48,021.7
FY 86	\$ 50,419.2
FY 87	\$ 52,996.7
FY 88	\$ 55,709.2
FY 89	\$ 58,559.7

For cost projections of CS HB 655 (Fin) beyond FY 89, please refer to the 2/24/84 memorandum from the House Research Agency to Representative Adams.

CHANGES TO PROPOSED CS HB 655 (FIN) FROM ORIGINAL BILL

1. CS HB 655 (FIN) does not provide for retroactive payments. (Old sec. 6 of the original bill has been removed.)
2. CS HB 655 (FIN) includes a section making it clear that if a person is now qualified to receive a bonus, that person will also be qualified after the bill goes into effect, and need not reapply for the bonus. (See sec. 6.)
3. Under CS HB 655 (FIN), the new program goes into effect on the date of a final decision by the Alaska Supreme Court that the present program is unconstitutional, not 30 days later. (See sec. 7.)
4. CS HB 655 (FIN) only allows longevity bonuses to be paid for out of the general fund. (See title change and sec. 4).

SECTIONAL ANALYSIS OF HB 655

Title: An Act relating to the longevity bonus program; and providing for an effective date.

Section 1: States the findings and purpose for continuation of the Alaska Longevity Bonus (ALB) program. Finding (4) makes it clear that the program should not be thought of as a welfare program; rather, the program is intended to encourage elders to spend their retirement years in Alaska.

Section 2: Describes the new ALB program. A person must be 65 or older with one year of residency to enter the program, and continue to be a resident of Alaska to remain in the program. The bonus is \$250 per month. Beginning in 1990, the entrance age increases one year, each year, on July 1.

Section 3: The changes here are technical. Neutral pronouns and grammar corrections are made to the existing language of the statute.

Section 4: Redefines resident to mean a person physically present in the state with the intent to remain in the state indefinitely and provides for proof of residency.

Section 5: Repeals the nonseverability clause of current law and the purpose section of the current statute.

Section 6: Makes payments retroactive to July 1, 1982.

Section 7: This is the so called "backstop" clause. The bill would not go into effect until 30 days following a decision by the Alaska Supreme Court that the present program is unconstitutional. In other words, if the present program is considered constitutional by the Court, then the stair-stepping proposal in this bill would not go into effect.

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: _____, 1984

Page 1 of 2

REQUEST

Bill/Resolution No.: HB 655
 Title: Longevity Bonus Program
 Sponsor: Hayes
 Requestor: _____
 Date of Request: _____

FISCAL DETAIL

Agency Affected: Administration
 Program Category Affected: Social Services
 BRU, Program of Subprogram(s) Affected:
Longevity Bonus Program

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89
OPERATING						
100 PERSONAL SERVICES		85.2	28.7	28.7	28.7	28.7
200 TRAVEL						
300 CONTRACTUAL		85.0	85.5	86.0	86.5	87.0
400 SUPPLIES		1.5	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		55,368.0	18,456.0	18,456.0	18,456.0	18,456.0
800 MISCELLANEOUS						
TOTAL OPERATING	0	55,539.7	18,571.2	18,571.7	18,572.2	18,572.7
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		55,539.7	18,571.2	18,571.7	18,572.2	18,572.7
FEDERAL FUNDS						
OTHER						
TOTAL	0	55,539.7	18,571.2	18,571.7	18,572.2	18,572.7

POSITIONS:

FULL-TIME	0	1.0	1.0	1.0	1.0	1.0
PART-TIME	0	2.7	0	0	0	0
TEMPORARY	0	0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

Not identified by sponsor.

ANALYSIS: Attach a separate page for any Analysis.

Prepared By: F. Louis Keller, Director
 Division: Pioneers' Benefits

Phone: 465-4400
 Date: 2/16/84

Approved by Commissioner: Lisa Rudd
 Agency: DEPARTMENT OF ADMINISTRATION

Date: 2/22/84

Distribution (by Agency preparing fiscal note):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

HB 655
Fiscal Note Analysis
Prepared by Division of Pioneers' Benefits
Department of Administration
February 16, 1984

This bill will change eligibility requirements for the Longevity Bonus Program to allow all one-year residents of Alaska who are age 65 or older to participate. In 1990 the age for eligibility will be advanced to 66 years, and each year thereafter it will be increased one additional year.

Assumptions

- a. All persons who are age 65 and older who have been residents of Alaska for at least one year will be eligible for payments in FY 85-90. On July 1, 1990, the age for eligibility will be increased to 66 years, and each year thereafter on July 1, it will be increased one year.
- b. It is believed that there are approximately 16,500 persons now living in Alaska who will qualify under new eligibility requirements, and that there will be approximately 10,348 persons on the program by July 1, 1984. Therefore, it is assumed that an additional 6,152 persons will be enrolled on the program in FY 85 under the bill.
- c. The amount of the bonus will be \$250 per month.
- d. The program will continue to grow at the rate of approximately 60 per month, after the initial group of persons are enrolled who will be made eligible by the one-year residency requirement.
- e. Retroactive payments in the amount of \$250 per month will be made to persons who would have been eligible as of July 1, 1982.
- f. All costs will be paid from the State General Fund.
- g. An increase in the Longevity Bonus staff will be needed to process the flood of new applications.
- h. The Act takes effect 30 days after a final decision by the Alaska Supreme Court if that decision affirms the findings of the Superior Court in the existing law suit by Rodney Vest. For lack of a definite date, it is assumed for the purposes of computing this fiscal note, that the effective date will be July 1, 1984.

Sent to all teleconference sites to help public understand the bill

Alaska State Legislature
House of Representatives

Al Adams
Chairman
Committee on Finance

WHILE IN SESSION
Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3706

OUT OF SESSION
P.O. Box 333
Kotzebue, Alaska 99752
(907) 442-3320

1024 W. 6th

Anchorage, Alaska 99501

FACT SHEET FOR HB 655/SB 474: "AN ACT RELATING TO THE LONGEVITY BONUS PROGRAM, AND PROVIDING FOR AN EFFECTIVE DATE"

Today, the House Finance Committee will consider the stair-stepping proposal for the longevity bonus program. This proposal, which was introduced jointly in the House and the Senate with 41 co-sponsors, is HB 655 in the House and SB 474 in the Senate. The bill before the House Finance Committee today is HB 655. We hope that the following information will help you further understand the bill as you prepare to testify on the teleconference network.

HB 655/SB 474 accomplishes the following:

1. Makes the longevity bonus program constitutionally defensible by opening it up to all persons 65 and over with one year of Alaskan residency.
2. Increases the age of eligibility for the program by one year, each year, beginning in July, 1990.
3. Provides one time retroactive payments from July 1, 1982, for all persons 65 and over who were residents of at least one year in July, 1982.
4. Includes a backstop clause making the new stair-stepping program effective only if the Alaska Supreme Court rules the present program unconstitutional.

The sponsors of HB 655/SB 474 favor this particular proposal for the following reasons:

1. We feel it is the best option available to the legislature to protect the present recipients.
2. The concept of increasing the age of eligibility over time is constitutionally defensible. A similar approach was taken recently in federal social security legislation.
3. Stair-stepping is not a needs-based, welfare-type program. The authors of the original program fought



Official Business

long and hard for a program without any income constraints and we wish to continue that intent because we believe this is what the majority of today's elders want. In our conversations with seniors, individually and in organized groups, and in our constituent mail, we find strong opposition to a needs-based program. The longevity bonus is intended to encourage all our elders to remain in Alaska, not just those with a particular amount of yearly income.

4. Because we do not start increasing the age of eligibility until the start of FY 91 (July 1, 1990), all seniors who have lived in Alaska for at least one year and who are 60 or older on July 1, 1985 will receive a longevity bonus check each month beginning at age 65 for the rest of their lives. We can afford to do this because our revenues are predicted to be fairly high until 1990 which is the peak cost year for the program. Later, when our revenues are projected to come down, the costs of the program will also decrease. Thus, this proposal is both affordable and realistic. (See Attachment B for the program's projected annual costs.)

5. We considered several other options before agreeing to support this particular proposal. We also discussed these options with individual constituents as well as informal groups of elders.

The major alternative proposals are:

(a) The legislature could repeal the program. Since our elders are one of our most valuable resources, this is not considered a serious option.

(b) The legislature could open the program to every elder with one year of residency. This is an attractive proposal, but too expensive over the long term. The original longevity bonus program was designed to phase out over time, not become ever more expensive. Any program that costs too much in the future is at risk of being ended when our oil wealth is exhausted. It would be both unwise and dishonest to initiate a program now that we cannot be certain we can afford in the future.

(c) The legislature could implement a needs based program. We do not feel that seniors support this proposal for the reasons mentioned earlier.

(d) The legislature could place a budget cap on the program each year. One alternative would be to provide \$250 checks to all seniors but only fund it at a certain level regardless of whether this amount would

cover everyone's check. This would be unfair and dishonest. The other alternative is to lower the amount of the checks. This is not consistent with our desire to protect the present benefits of current recipients.

(e) The legislature could use the permanent fund to pay for the longevity bonus program. The sponsors of HB 655/SB474 do not support this approach because we believe that the permanent fund was created to benefit all Alaskans, not just our elders or any other smaller segment of Alaskan society. We also believe that we can maintain our commitment to Alaska's original pioneers --- those who were born here and those who developed the state in the first half of this century --- with funds from the state treasury, not the state's savings account.

(f) The legislature could make an annuity or retirement plan one option for all Alaskans to receive in lieu of a permanent fund dividend check each year. This may be an attractive option in the future but at present we simply do not have enough information to make such a program work. The most important problem is that we do not know how many people would choose the contribution to the retirement plan over the permanent fund dividend check each year. This makes it extremely difficult to plan, invest, and otherwise insure that the money will be there when Alaskans reach retirement age.

We are interested in ending the uncertainty faced by our elders today. We think this proposal, if adopted, puts the program on a firm constitutional and fiscal foundation. What we need now is your support. If we succeed in getting your support, then we will have solved the problem.

We hope that this information is of interest to you. Please feel free to ask questions of the Committee in addition to making your own comments on the proposal. We have 3½ hours to listen to your testimony, today.

ATTACHMENT B

LONGEVITY BONUS COST ANALYSIS HB 655/SB 474

FISCAL YEAR	ELIGIBILITY AGE	RECIPIENTS	ANNUAL COST	CUMULATIVE COST
1985	65	15,950	\$48,275,870	\$ 48,275,870
1986	65	16,768	50,715,760	98,991,620
1987	65	17,627	53,315,960	152,307,600
1988	65	18,531	56,049,470	208,357,100
1989	65	19,481	58,923,120	267,280,200
1990	65	20,480	61,944,110	329,224,300
1991	66	18,887	57,124,790	386,349,100
1992	67	17,454	52,791,650	439,140,700
1993	68	16,142	48,821,710	487,962,400
1994	69	14,923	45,134,910	533,097,300
1995	70	13,781	41,681,430	574,778,800
1996	71	12,703	38,420,460	613,199,300
1997	72	11,685	35,342,150	648,541,400
1998	73	10,724	32,436,200	680,977,600
1999	74	9,814	29,683,580	710,661,200
2000	75	8,951	27,072,690	737,733,900
2001	76	8,128	24,583,920	762,317,800
2002	77	7,353	22,241,310	784,559,100
2003	78	6,626	20,042,250	804,601,400
2004	79	5,942	17,972,280	822,573,600
2005	80	5,298	16,023,700	838,597,300

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:

1985 POPULATION, AGE 65 AND OVER: 15,950

ANNUAL POPULATION GROWTH: 5.127 % through 1990

ANNUAL NET OUT-MIGRATION: 3.000 % after 1990

BONUS AMOUNT IS \$250 PER MONTH

START STAIRSTEP IN 1991

ANNUAL ADMINISTRATIVE COSTS OF \$148 PER RECIPIENT ARE INCLUDED

AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE

APPLIED TO POPULATION PROJECTIONS FOR 1991

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

STATE OF ALASKA

DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

BILL SHEFFIELD, GOVERNOR

REPLY TO:

1031 W 4th AVENUE
SUITE 200
ANCHORAGE, ALASKA 99501
PHONE: (907) 276-3550

1st NATIONAL CENTER
100 CUSHMAN ST.
SUITE 400
FAIRBANKS, ALASKA 99701
PHONE: (907) 452-1568

POUCH K - STATE CAPITOL
JUNEAU, ALASKA 99811
PHONE: (907) 465-3600

February 21, 1984

The Honorable Albert P. Adams
Alaska State House of Representatives
Pouch V
Juneau, Alaska 99811

Re: Longevity Bonus Retroactivity

Dear Representative Adams:

You have asked our office for the legal implications of a section in a longevity bonus bill providing benefits retroactive to July 1, 1982. Our answer is that such a section is not legally required and will have little effect, if any, on the lawsuit.

When the state was sued, in the summer of 1982, on the constitutionality of the existing program, a three-way settlement agreement was entered into by this office, the Legislative Council, and Mr. Vest's attorneys. That agreement provided that the Legislative Council would use its best efforts to secure legislation during the 1983 session which would benefit all persons over the age of 65 equally, and which would be retroactive to July 1, 1982. Counsel for Vest agreed therein to give up all claim to benefits prior to 1982; the state agreed to provide benefits to Vest and his class back to that date. Thus last session, retroactive provision was necessary in order to settle the lawsuit.

The legislature did not, of course, pass any longevity legislation during the 1983 session, and as a result the lawsuit was not settled. The settlement agreements made in 1982, therefore, do not relate to the 1984 legislature. The inclusion of a retroactive section in legislation this year will not settle the litigation or foreclose Vest from seeking benefits back to 1972.

Counsel for Vest apparently believe that they still have a claim for retroactive benefits pending before the superior court. They have not yet moved on this claim. We do not believe that the inclusion or exclusion of a retroactive section in 1984

legislation will have any significant bearing on the outcome of this litigation, except to the extent that if one were included Vest would not have to litigate his claim for the included period (i.e. from July 1, 1984 to the present).

Please let us know if we can be of any further assistance.

Sincerely,

NORMAN C. GORSUCH
ATTORNEY GENERAL

By:


Deborah Vogt
Assistant Attorney General

DV:jf

(3) "department" means the Department of Health and Social Services. (§ 1 ch 136 SLA 1970; am § 2 ch 210 SLA 1970; am § 55 ch 71 SLA 1972)

Legislative history report. — For report on ch. 71, SLA 1972 (HCCSB 383 am H), see 1972 House Journal, p. 898.

Chapter 45. Alaska Longevity Bonus.

Section	Section
10. Persons who may qualify for longevity bonus	110. Custody of funds
20. Continuous eligibility procedures	120. Exemption from taxation and process
30. Absence from the state	130. Death or cessation of residency
40. Disqualification	140. Penalty for false statements
50. Department hearing	150. Definitions
60. Legal remedy	160. Applicability of Administrative Procedure Act
70. Unqualified persons	170. Purpose
80. Accrual of bonuses	
90. Alaska longevity bonus fund	
100. Powers and duties of the administrator	

Editor's note. — Section 2, ch. 205, SLA 1972, provides: "AS 01.10.030 does not apply to this Act. If any provision of this Act, or the application of a provision of this Act to any person or circumstance is held invalid,

this entire Act shall be considered invalid." Legislative history report. — For report on ch. 205, SLA 1972 (FCCS HCS CSSB 211), see 1972 House Journal, p. 751.

Sec. 47.45.010. Persons who may qualify for longevity bonus. (a) A person who is 65 years of age or over, who was domiciled in the territory on or before January 3, 1959 and who has maintained a continuous domicile in the territory or state for 25 years may apply to the commissioner of administration for qualification to receive a monthly bonus of \$150.

(b) When the commissioner of administration determines that an applicant qualifies under this chapter he shall immediately begin payment of the bonus.

(c) A person who otherwise qualifies to receive a bonus provided for in this chapter may continue to do so only as long as he continuously retains a domicile in the state. (§ 1 ch 205 SLA 1972; am § 1 ch 33 SLA 1976; am § 1 ch 89 SLA 1978)

Effect of amendments. — The 1976 amendment increased the monthly bonus in subsection (a) from \$100.00 to \$125.00.

The 1978 amendment increased the monthly bonus in subsection (a) from \$125.00 to \$150.00.

Legislative history report. — For report on ch. 33, SLA 1976 (SB 476 am), see 1976 Senate Journal, p. 160.

§ 47.45.010

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§ 47.45.020 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.45.060

Sec. 47.45.020. Continuous eligibility procedures. After qualification, monthly applications for bonuses may be made in person to any office of the Department of Administration. Mailed monthly applications shall also be considered by the Department of Administration. In-person or mailed applications shall be made on forms provided by the Department of Administration and shall conform to the conditions as provided by regulation. The commissioner may make exceptions for those residents who are isolated in rural areas and cannot mail a monthly application; however, they shall mail an application at least once every six months. (§ 1 ch 205 SLA 1972)

Sec. 47.45.030. Absence from the state. A recipient shall notify the commissioner of administration when he expects to be absent from the state if the absence is for a continuous period that exceeds 30 days. After that notification, the recipient shall no longer receive bonuses from the Department of Administration after his last regularly approved monthly application. Upon his return to the state he may again make application for a bonus. Whenever the absence is for a continuous period that exceeds 180 days the recipient shall be disqualified from receiving bonuses for the next 12 calendar months after his return to the state. However, when the commissioner of administration determines a period of absence is beyond the control of the recipient, he may not be disqualified, if he still otherwise qualifies upon his return to the state. Continual absences from the state, even though reported, and failure to notify the commissioner of an expected absence may be grounds for disqualification. (§ 1 ch 205 SLA 1972)

Sec. 47.45.040. Disqualification. Disqualification under this chapter shall rest solely with the commissioner of administration and shall be outlined in the regulations promulgated under AS 47.45.100(1). (§ 1 ch 205 SLA 1972)

Sec. 47.45.050. Department hearing. The Department of Administration may hold a departmental hearing upon the request of an applicant or recipient who has been disqualified. Previous to this hearing the department shall by certified mail notify an applicant or recipient in plain and comprehensive language the exact reason for his disqualification. Form letters using only referral to state statutes or department regulations, or otherwise vague in detail, shall not be considered compliance by the department with this section. (§ 1 ch 205 SLA 1972)

Sec. 47.45.060. Legal remedy. Legal remedy from disqualification may be sought by an applicant or recipient in any court of competent jurisdiction in the state. The burden of proof shall rest solely upon the applicant or recipient and any costs related to a disqualification verdict determined against the applicant or recipient may be recoverable by the attorney general from that person, or from any agency representing that person supported in whole, or in part, with state appropriations. (§ 1 ch 205 SLA 1972)

Sec. 47.45.070. Unqualified persons. An unqualified person is one who

(1) does not meet the age or residence requirements as provided for under this chapter;

(2) meets the age and residence requirements of this chapter but is confined in a state or federal mental health institution or facility and is certified by the state as unable to manage his own affairs; however, if that person, at the time of his commitment, provided the principal support of a spouse, the commissioner of administration may determine to pay the confined person's bonus to his spouse until the spouse is qualified for a bonus;

(3) is otherwise qualified but confined in a penal or correctional institution or facility; upon completion of sentence or upon the conferral of a pardon, parole or probation, the person may make application; confinement outside the state shall be considered as residence in the state if a person was convicted and sentenced from a court in Alaska; revocation of parole or probation shall be cause for immediate disqualification until release from confinement is again effected;

(4) leaves the state of his own volition and remains absent from the state for a continuous period of more than 180 days. (§ 1 ch 205 SLA 1972)

Sec. 47.45.080. Accrual of bonuses. No recipient may, for any reason, receive an accrual of bonuses in excess of two monthly payments. No interest may be paid on accrued bonuses. Upon the death of a recipient the commissioner of administration shall pay to the beneficiary of the recipient any accrued bonuses not to exceed two monthly payments. (§ 1 ch 205 SLA 1972)

Sec. 47.45.090. Alaska longevity bonus fund. (a) There is the Alaska longevity bonus fund created for the purpose of paying the monthly bonuses provided for in this chapter. The fund consists of all money made available by appropriations of the state legislature, and from other appropriated funds, all contributions from whatever source, and income and interest derived from the investment of money.

(b) The commissioner of administration is the administrator of the fund. (§ 1 ch 205 SLA 1972)

Sec. 47.45.100. Powers and duties of the administrator. The commissioner of administration shall

(1) promulgate regulations necessary to carry out the provisions of this chapter;

(2) make expenditures from the fund necessary to administer this chapter;

(3) establish and maintain an adequate system of accounts for the fund;

(4) publish annually a report showing the financial condition of the fund. (§ 1 ch 205 SLA 1972)

§ 47.45.110 WELFARE, SOCIAL SERVICES AND INSTITUTIONS § 47.45.170

Sec. 47.45.110. Custody of funds. The commissioner of revenue is the treasurer of the system and has powers and duties for this purpose including but not limited to the following:

(1) to act as official custodian of the cash and securities belonging to the fund;

(2) to receive all items of cash belonging to the fund. (§ 1 ch 205 SLA 1972)

Sec. 47.45.120. Exemption from taxation and process. Bonuses received under this chapter are exempt from all state and political subdivision taxes except sales and use taxes and are not subject to execution, attachment, garnishment or other process. No bonus received under this chapter may be exempt from a federal tax requirement. (§ 1 ch 205 SLA 1972)

Sec. 47.45.130. Death or cessation of residency. The commissioner of administration shall establish procedures to stop a bonus when a recipient under this chapter no longer qualifies. When a recipient dies or discontinues his residency in the state his qualification for a bonus shall stop at the time of his last approved monthly application. (§ 1 ch 205 SLA 1972)

Sec. 47.45.140. Penalty for false statements. A person who wilfully or knowingly makes a false statement, or falsifies or permits to be falsified any record required by this chapter, is guilty of a misdemeanor and, upon conviction, is punishable by a fine of not more than \$500, or by imprisonment for not more than six months, or by both, forfeits all rights under this chapter, and shall make adequate restitution for any bonuses illegally received. (§ 1 ch 205 SLA 1972)

Sec. 47.45.150. Definitions. In this chapter

(1) "bonus" means a monthly Alaska longevity bonus payment made to a person or his beneficiary who qualifies under this chapter;

(2) "domicile" means the place with which a person has a settled connection for determination of his civil status or other legal purposes because it is actually or legally his permanent and principal home. (§ 1 ch 205 SLA 1972)

Sec. 47.45.160. Applicability of Administrative Procedure Act. The Administrative Procedure Act (AS 44.62) does not apply to this chapter. (§ 1 ch 205 SLA 1972)

Sec. 47.45.170. Purpose. The sole purpose of this chapter is to offer and provide all law-abiding Alaskans capable of managing their own affairs who have maintained a domicile in the state for at least 25 years and have reached a retirement age of 65, an incentive to continue uninterrupted residency in the state. Under no circumstances shall this chapter be considered a form, type, or manner, of public relief. Bonuses made 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. These pioneers are the same Alaskans, who in the prime of their life were in effect treated as second-class citizens by the federal government and who paid much of their hard-earned income to a government in which they did not have the right to participate through the power of the ballot. The legislature also is aware of the fact that many of these pioneers have been forced to live out their retirement years in areas far away from the land they loved and nurtured and thereby also suffering, in many cases, the loss of familial relationship with their own kin, an experience that is sad and frustrating to them as well as depriving new generations of Alaskans of the benefits of their wisdom and experience. This legislation hopefully will provide our pioneers with the economic means to remain in and continue to serve their state and to enjoy the opportunity of aiding the new Alaskan in making this state truly "The Great Land." (§ 1 ch 205 SLA 1972)

Chapter 50. Office of Child Advocacy.

Section

- 10. Office of Child Advocacy
- 20. Board of directors for the Office of Child Advocacy
- 30. Compensation and expenses

Section

- 40. Powers and duties of board and director
- 50. Departments to assist Office of Child Advocacy

Editor's note. — For legislative findings, see § 1, ch. 189, SLA 1972, in the 1972 Temporary and Special Acts.

Sec. 47.50.010. Office of Child Advocacy. There is created in the Office of the Governor the Office of Child Advocacy to act as a coordinating body for services for children from prenatal to age 18. The Office of Child Advocacy is administered by a director appointed by the board of directors with the approval of the governor. Staff may be employed in accordance with appropriate budgets. (§ 2 ch 189 SLA 1972)

Sec. 47.50.020. Board of directors for the Office of Child Advocacy. There is created a board of directors for the Office of Child Advocacy. The board consists of the Alaska State Council on the Coordination of Community Child Care plus four members not more than 18 years of age appointed by the governor for a term of two years each, or until the youthful member attains the age of 19 years. (§ 2 ch 189 SLA 1972)

Introduced: 2/13/84
Referred: State Affairs
and Finance

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BARNES, MALONE, BETTISWORTH,
GRUSSENDORF, COWDERY, CATO,
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HURLBERT, SHULTZ, LARSON,
UEHLING, MCBRIDE, WARD,
M.M.MILLER, ABOOD, BUSSELL
FRITZ, LISKA, WENDTE AND ZHAROFF

1 IN THE HOUSE

2 HOUSE BILL NO. 655

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 THIRTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act relating to the longevity bonus program; and
7 providing for an effective date."

8 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

9 * Section 1. FINDINGS AND PURPOSE. The legislature finds and declares
10 that

11 (1) the high cost of goods and services in Alaska and the
12 state's remoteness and harsh environment, make it difficult for many el-
13 derly Alaskans to remain in the state after retirement;

14 (2) when a person is forced to live out retirement years away
15 from home, family and friends, that person suffers an irreparable loss;

16 (3) Alaska's elderly are a precious human resource, and it is in
17 the public interest to provide a financial incentive for them to remain in
18 the state after retirement; and

19 (4) it is in the public interest to continue the longevity bonus
20 program for elderly Alaskans irrespective of need. The longevity bonus
21 program is not a form of welfare and is not a substitute for or supplement
22 to public assistance. Other programs are available to provide the basic
23 necessities of life. The longevity bonus program is intended to encourage
24 elderly Alaskans to spend their retirement years in the comfort of their
25 homes.

26 * Sec. 2. AS 47.45.010 is amended to read:

27 Sec. 47.45.010. PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

28 (a) A person who is 65 years of age or over, who resides in the state
29 for at least one year immediately preceding the application for a

1 longevity bonus under this chapter [WAS DOMICILED IN THE TERRITORY ON
2 OR BEFORE JANUARY 3, 1959 AND WHO HAS MAINTAINED A CONTINUOUS DOMICILE
3 IN THE TERRITORY OR STATE FOR 25 YEARS] may apply to the commissioner
4 of administration for qualification to receive a monthly bonus of
5 \$250.

6 (b) When the commissioner of administration determines that an
7 applicant qualifies under AS 47.45 the commissioner [HE] shall immedi-
8 ately begin payment of the bonus.

9 (c) A person who otherwise qualifies to receive a bonus provided
10 for in AS 47.45 may continue to do so only as long as that person
11 continues to be a resident of [HE CONTINUOUSLY RETAINS A DOMICILE IN]
12 the state.

13 (d) Notwithstanding (a) of this section, on July 1, 1990, the
14 age requirement for eligibility for a longevity bonus shall be in-
15 creased to 66 years of age. On July 1 of each succeeding year the age
16 requirement shall be increased by one year.

17 * Sec. 3. AS 47.45.030 is amended to read:

18 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification a
19 [A] recipient shall notify the commissioner of administration when the
20 recipient [HE] expects to be absent from the state if the absence is
21 for a continuous period that exceeds 30 days. After that notifica-
22 tion, the recipient shall no longer receive bonuses from the Depart-
23 ment of Administration after the [HIS] last regularly approved monthly
24 application. Upon returning [HIS RETURN] to the state the recipient
25 [HE] may again make application for a bonus. Whenever the absence is
26 for a continuous period that exceeds 180 days the recipient shall be
27 disqualified from receiving bonuses for the next 12 calendar months
28 after returning [HIS RETURN] to the state. However, when the commis-
29 sioner of administration determines a period of absence is beyond the

1 control of the recipient, the recipient [HE] may not be disqualified,
2 if the recipient [HE] still otherwise qualifies upon returning [HIS
3 RETURN] to the state. Continual absences from the state, even though
4 reported, and failure to notify the commissioner of an expected ab-
5 sence may be grounds for disqualification.

6 * Sec. 4. AS 47.45.150 is amended to read:

7 Sec. 47.45.150. DEFINITIONS. In this chapter

8 (1) "bonus" means a monthly Alaska longevity bonus payment
9 made to a person or the person's [HIS] beneficiary who qualifies under
10 this chapter;

11 (2) "resident" or "resident of the state" means an indi-
12 vidual who is physically present in the state with the intent to
13 remain in the state indefinitely and to make a home in the state; a
14 person demonstrates the requisite intent by maintaining a principal
15 place of abode in the state for one year and by providing other proof
16 of intent the commissioner may require by regulation, including proof
17 that the person is not claiming residency outside the state or obtain-
18 ing benefits under a claim of residency outside the state ["DOMICILE"
19 MEANS THE PLACE WITH WHICH A PERSON HAS A SETTLED CONNECTION FOR
20 DETERMINATION OF HIS CIVIL STATUS OR OTHER LEGAL PURPOSES BECAUSE IT
21 IS ACTUALLY OR LEGALLY HIS PERMANENT AND PRINCIPAL HOME].

22 * Sec. 5. Section 2, ch. 205, SLA 1972, and AS 47.45.170 are repealed.

23 * Sec. 6. Sections 2 and 4 of this Act are retroactive to July 1, 1982.

24 * Sec. 7. This Act takes effect 30 days after the date of a final
25 decision by the Alaska Supreme Court affirming the decision of the superior
26 court in the case of Rodney Vest, et al v. Marian Schafer and State of
27 Alaska, No. 1JU-82-1103 CIV, Superior Court for the State of Alaska, First
28 Judicial District at Juneau, on the constitutionality of the Alaska
29 longevity bonus program.