SB

347

Alaska State Legislature

REPRESENTATIVE
ADELHEID HERRMANN

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NAKNEK, ALASKA 99633
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While in Juneau
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CHAIRMAN
SPECIAL COMMITTEE
ON FISHERIES

MEMBER
TRANSPORTATION
COMMITTEE

House of Representatives

DISTRICT 26

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AKUTAN
ALEKNAGIK
ATKA
BELKOFSKI
CLARK'S POINT
COLD BAY
DILLINGHAM
DUTCH HARBOR
EGEGIK
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EKWOK
FALSE PASS
IGIUGIG
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KING COVE
KING SALMON
KOKHANOK
KOLIGANEK
LEVELOCK
MANOKOTAK
NAKNEK
NELSON LAGOON
NEWHALEN
NEW STUYAHOK
NIKOLSKI
NONDALTON
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PORT ALSWORTH
PORT HEIDEN
PORT MOLLER
PORTAGE CREEK
SAND POINT
SOUTH NAKNEK
SQUAW HARBOR
ST. GEORGE
ST. PAUL
TOGIAK
TWIN HILLS
UGASHIK
UNALASKA

MEMORANDUM

TO: All Representatives

FROM: Representative Adelheid Herrmann

DATE: April 9, 1984

SUBJECT: ASRAA Pin

Enclosed is a pin from the Association for Stranded Rural Alaskans in Anchorage (ASRAA). ASRAA provides services to rural Alaskans who have migrated to Anchorage unprepared for the dangers looming there, often becoming the victims of crime or abuse. A lieutenant from the Anchorage Police Department recently attributed ASRAA's services to a decline in the City's crime in certain neighborhoods.

AH/g/ml
Enclosure

FIRST READING AND REFERENCE OF SENATE RESOLUTIONS

SCR 45

SENATE CONCURRENT RESOLUTION NO. 45 by the Judiciary Committee:

> Suspending Uniform Rule 41(b) of the Alaska State Legislature concerning Senate Bill No. 347.

was read the first time and referred to the Finance Committee.

MITCH...

Wednesday, April 11, 84

CSSB 347 (Fin): "An Act authorizing the use of Alaska permanent fund income to pay longevity bonuses; amending the longevity bonus program and the permanent fund dividend distribution program; and providing for an effective date."

There is a Draft CS from State Affairs before the Committee. You may wish to comment on whether the subcommittee appointed for this has any input, or perhaps you just want to comment the draft was put together at your direction.

There is an updated Fiscal Note from Administration on this, Dated April 4, 1984. This fiscal note should apply to the proposed HOuse State Affairs Committee substitute drafted dated April 9, 84 by Lynn Asper, Legislative Counsel, but you might wish to ask Lou Keller to clarify this.

A copy of the Alaska Supreme Court decision of April 6,84 is on top.

Lynn Asper, the Legislative Counsel who drew up the bill and all subsequent revisions including the proposed CS from State Affairs, will be here to answer any questions. I also asked him to draw up a Sectional Analysis, which should be available to the Committee in time for the meeting. He just finished revising the bill to delete all references to the pending Alaska Supreme Court decision,so it's the draft copy dated 4/9/84.

Ron Lorensen, Deputy Attorney General, will be here to provide testimony and answer questions. He andLynn between them can can answer questions about various changes made to date in the proposed CS.

There is a Proposed Amendment to the proposed CS, which is in your backup on the top. This has been drafted by Lorensen, who will discuss it at length, but it is a change in the CS to allow the Alaska Supreme Court decision to be appealed to the U.S. Supreme Court. It is a policy question to be decided by Committee.

Also on top of the backup pile is a copy of the Senate Concurrent Resolution #45 which allows for a title change in the bill itself. This Resolution passed the Senate this morning 18-0 (2 absent), and was passed on and received by the Chief Clerk of the House at 11:24 this morning, April 11, 1984

Lou Keller, Director of Pioneer Benefits for the Dept. of Administration, will be here to answer questions, as the administrations authority on the longevity bonus program.

DRAFT

PROPOSED AMENDMENT

HOUSE CS FOR SENATE BILL NO. 347 (STATE AFFAIRS)

(SEE ATTACHED)

BASICALLY, THIS PAGE AMENDS THE LANGUAGE OF THE HOUSE CS TO MAKE ADJUSTMENTS AND REPEALS TO THIS ACT IF THE U.S. SUPREME COURT REVERSES THE DECISION OF THE ALASKA SUPREME COURT OF APRIL 6, 1984 REGARDING THE CASE OF SHAFER AND THE STATE OF ALASKA VS. VEST.

* Sec. 7. (a) A person who was qualified to receive a monthly longevity bonus under AS 47.45 on March 30, 1984 is presumed to be qualified to receive a monthly bonus under AS 47.45 as amended by this Act. Payments under AS 47.45 as amended by this Act may be made to that person as long as the person continues to qualify for payments under those provisions.

(b) A person who (1) is eligible to receive a monthly longevity bonus under AS 47.45 as amended by this Act for which that person was not eligible under AS 47.45 on March 30, 1984; and (2) whose application for a longevity bonus for a month beginning on or after May 1, 1984 is received by July 1, 1984 may be paid for each month for which that person is qualified and for which such an application was filed, notwithstanding any other provision of law to the contrary.

* Sec. 8. (a) The amendment to AS 47.45.010(a) made by sec. 1 of this Act, the adoption of AS 47.45.150(3) made by sec. 4 of this Act, the repeal of AS 47.45.150(2) and 47.45.170 made by sec. 5 of this Act, and the repeal of AS 47.45 made by sec. 6 of this Act are repealed if the United States Supreme Court reverses, in whole or in part, the decision of the Alaska Supreme Court in the case of Marian Schafer and State of Alaska v. Rodney Vest, Alaska Supreme Court No. S-289, on the constitutionality of the Alaska longevity bonus program (AS 47.45) as it read immediately before the effective date of this Act.

(b) In the event that the Alaska Supreme Court is reversed, in whole or in part, by the United States Supreme Court, the provisions repealed by (a) of this section are repealed on the day following the day on which the decision of the United States Supreme Court takes effect and, notwithstanding the provisions of AS 01.10.100(c), the provisions of AS 47.45.010(a) and 47.45.150, as they read immediately before the effective date of this Act are revived.

* Sec. 9. This Act applies only to longevity bonus payments for months of qualified residence beginning on or after May 1, 1984.

* Sec. 10. This Act takes effect immediately in accordance with AS 01.-10.070(c).

636 MR. CHAIRMAN, I REQUEST THAT SB 347 BE ALLOWED TO STAY IN SUBCOMMITTEE UNTIL TUESDAY'S MEETING WHEN A RECOMENDATION WILL COME FORWARD AT THAT TIME. THE SUBCOMMITTEE WILL CONTACT THE PRIME SPONSORS SEN. RAYE AND AL ADAMS AND THE GOV'S OFFICE AND THE GENTLEMAN FROM THE DEPT OF LAW. OBJECTION WAS MADE BY LARSON FOR THEPURPOS OF A QUESTION. MILLER MAINTAINED HIS OBJECTION

STATE OF ALASKA
THE LEGISLATURE

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M April 11, 1984

SUBJECT: Sectional analysis of HCS CSSB 347 (State Affairs) (4/9 Draft)

TO: Representative Mitch Abood
Chairman, House State Affairs Committee

FROM: Linn H. Asper
Legislative Counsel

You have asked for a sectional analysis of the latest version of a proposed State Affairs Committee substitute for SB 347.

You should note that the title of this bill is different than the title of the Senate-passed version. It is my understanding that efforts will be made to waive the provisions of legislative rule 41(b) regarding title changes in the other house. If this is not done the proposed committee substitute will be invalid because of the violation of Rule 41(b).

Section 1 amends the residence requirements for the longevity bonus program so that any one-year resident who is 65 or older may receive the bonus payments. This is the heart of the bill.

Section 2 makes technical changes in the provision of AS 47.45 relating to the effect of an absence from the state by a longevity bonus recipient.

Section 3 adds a new provision to allow the commissioner of administration access to state records under limited circumstances to obtain information needed to make eligibility determinations for the longevity bonus program.

Section 4 provides a definition of "resident" to supplement the changes made to the eligibility requirements by section 1.

Section 5 repeals the following sections:

AS 47.45.150(2); the definition of "domicile", a word no longer used in the chapter.

AS 47.45.170; the purpose and intent language from the original program.

Sec. 2, ch. 205, SLA 1972; the section from the original longevity bonus Act that would operate to invalidate the entire program if any part of it is held to be invalid.

Section 6 repeals the longevity bonus program on July 1, 2000.

Section 7 indicates that the eligibility of a person who is eligible for a longevity immediately before the effective date of the Act is not affected by the amendments made by the Act.

Section 8 restricts the operation of the Act to payments for May, 1984 and thereafter.

Section 9 provides for an immediate effective date.

LHA:lmb
L3/043

[April 6 Order of Supreme Court, as received by telephone]

State v. Vest

The judgment of the Superior Court, holding that Alaska's Longevity Bonus Program 1/ violates the Fourteenth Amendment of the Constitution of the United States is AFFIRMED. An opinion will follow.

IT IS SO ORDERED.

1/ AS 47.45.010-.170

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 4, 1984

REQUEST

Bill/Resolution No.: CSSB 347 (Fin)
Title: Permanent Fund/Longevity Bonus

Sponsor: Ray
Requestor: Mulcahy
Date of Request:

FISCAL DETAIL

Agency Affected: Administration
Program Category Affected: Social Services

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

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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: April 4, 1984

REQUEST
Bill/Resolution No.: CSSB 347(Fin)
Title: Permanent Fund/Longevity Bonus

Sponsor: Ray
Requestor: Mulcahy
Date of Request: February 24, 1984

FISCAL DETAIL
Agency Affected: Administration
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	11.8	49.9	28.7	28.7	28.7	28.7
200 TRAVEL						
300 CONTRACTUAL	9.5	56.9	57.9	58.9	59.9	60.9
400 SUPPLIES	.5	1.5	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS	2,076.0	12,456.0	12,096.0	11,736.0	11,376.0	11,016.0
800 MISCELLANEOUS						
TOTAL OPERATING	2,097.8	12,564.3	12,183.6	11,824.6	11,465.6	11,106.6
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	2,097.8	(26,335.7)	(33,116.4)	(35,275.4)	(37,434.4)	(39,593.4)
FEDERAL FUNDS						
OTHER		38,900.0	45,300.0	47,100.0	48,900.0	50,700.0
TOTAL	2,097.8	12,564.3	12,183.6	11,824.6	11,465.6	11,106.6

POSITIONS:

FULL-TIME (FTE)	.2	1.0	1.0	1.0	1.0	1.0
PART-TIME (FTE)	.3	1.0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: In FY 85 there would be an expenditure of $38,900.0 in Permanent Fund Distributable Income and a reduction in the Longevity Bonus General Funds Budget of $26,335.7. In succeeding years Permanent Funds would increase and General Funds would decrease.

ANALYSIS: Attach a separate page for analysis

Prepared By: E. Louis Kottaras, Director
Division: Pioneers' Benefits
Phone: (907) 465-4400
Date: April 4, 1984

Approved by Commissioner: Lisa Rudd
Agency: DEPARTMENT OF ADMINISTRATION
Date: 4/5/84

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

Rev. 3-20-84
19/FORMS/FN

CSSB 347 (Fin)
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
April 4, 1984

This bill would increase the number of persons eligible for the Longevity Bonus Program.

This fiscal note was requested to be prepared using the following assumptions:

a. All persons who are age 65 and older who have been residents of Alaska for at least one year would be eligible.

b. On February 22, 1984, the Senate Finance Committee received information from the Department of Revenue that there are 14,500 Alaskans over age 65, based on verified 1983 Permanent Fund applications.

There will be approximately 10,348 persons on the Longevity Bonus program by July 1, 1984. Therefore, it is assumed, as requested using the February 22 information, that an additional 4,152 persons will be enrolled on the program in FY 85 under the bill.

c. The amount of the bonus would be $250 per month. According to calculations of Permanent Fund Distributable Income issued by the Department of Revenue in January of 1984, only $38.9 million would be available for credit to the Longevity Bonus account in FY 85. This amount would fund only 12,967 persons, rather than 14,500. Therefore, the additional $4.6 million needed to fund 14,500 persons would have to be obtained from another source.

d. No retroactive payments would be paid.

e. There may be a much larger rate of growth in this program with new legislation. We do not know what the rate of growth will be, but we assume that there will be an increased cost for grants over the next six years. The FY 87 budget preparation will reflect the first full year of experience on which to base more specific figures.

f. All administrative expenses (program management and operating costs, exclusive of bonus payments) would be paid from the General Fund. Bonus payments would be paid from the Longevity Bonus Account established from earnings of the Permanent Fund, except for all expenses in FY 84 and the additional $4.6 million in grants needed in FY 85, which would be paid from the General Fund.

g. An increase in the Longevity Bonus staff would be needed to process the flood of new applications.

h. The Act would become effective on May 1, 1984.

CSSB 347 (Fin)
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
April 4, 1984

Additional funds needed for FY 84 are computed as follows:

		Annual Cost
Personal Services		$ 11,836
Clerk V, PFT (2 months)	$4,785	
Clerk II, PPT (2 positions, 2 months)	7,051	
Contractual Services		
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls		9,492
Commodities		
Office supplies		500
Grants		
Additional funds needed for Bonus payments to additional persons who will be eligible (4,152 x 2 x $250)		2,076,000
Total additional funds required for FY 84		$ 2,097,828

Additional funds needed for FY 85 are computed as follows:

Personal Services		$ 49,862
Clerk V, PFT	$28,710	
Clerk II, PPT (2 positions, 6 months)	21,152	
Contractual Services		
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls		56,950
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 (4,152 x 12 x $250)		12,456,000
Total additional funds required for FY 85		$12,564,312

November 9, 1983

Permanent Funds Available for
Longevity Bonus Grants
CSSB 347 (Fin)

FY 85	-	$37,400,000	+	$1,500,000 (interest)	=	$38,900,000
FY 86	-	$48,900,000	+	$1,960,000 (interest)	=	$50,860,000
FY 87	-	$60,500,000	+	$2,420,000	=	$62,920,000
FY 88	-	$68,400,000	+	$2,740,000	=	$71,140,000
FY 89	-	$75,900,000	+	$3,040,000	=	$78,940,000
FY 90	-	$85,600,000	+	$3,420,000	=	$89,020,000
FY 91	-	$97,200,000	+	$3,888,000	=	$101,088,000
FY 92	-	$108,435,000	+	$4,337,400	=	$112,772,400
FY 93	-	$120,481,000	+	$4,819,250	=	$125,300,250
FY 94	-	$133,280,000	+	$5,331,200	=	$138,611,200

March 29, 1984

Total Longevity Bonus Program Costs

CSSB 347 (Fin)

FY 84	Administration	$ 248,000	GF
	Additional Administration	21,828	GF
	Grants (10,000 x 10 x $250)	25,000,000	GF
	(14,500 x 2 x $250)	7,250,000	GF
	Total	$32,519,828	
FY 85	Administration	$ 269,400	GF
	Additional Administration	108,312	GF
	Grants (14,500 x 12 x $250)	38,900,000	PF
		4,600,000	GF
	Total	$43,877,712	
FY 86	Administration	$ 269,400	GF
	Additional Administration	87,600	GF
	Grants (15,100 x 12 x $250)	45,300,000	PF
	Total	$45,657,000	
FY 87	Administration	$ 269,400	GF
	Additional Administration	88,600	GF
	Grants (15,700 x 12 x $250)	47,100,000	PF
	Total	$47,458,000	
FY 88	Administration	$ 269,400	GF
	Additional Administration	89,600	GF
	Grants (16,300 x 12 x $250)	48,900,000	PF
	Total	$49,259,000	
FY 89	Administration	$ 269,400	GF
	Additional Administration	90,600	GF
	Grants (16,900 x 12 x $250)	50,700,000	PF
	Total	$51,060,000	

Grants Budget
If Longevity Bonus Program Is Unchanged
(based on growth of 60 per month
over present enrollment)

FY 85	10,348 persons @ $250/mo.	=	$31,044.0
FY 86	11,068 persons @ $250/mo.	=	33,204.0
FY 87	11,788 persons @ $250/mo.	=	35,364.0
FY 88	12,508 persons @ $250/mo.	=	37,524.0
FY 89	13,228 persons @ $250/mo.	=	39,684.0
FY 90	13,948 persons @ $250/mo.	=	41,844.0
FY 91	14,668 persons @ $250/mo.	=	44,004.0
FY 92	15,388 persons @ $250/mo.	=	46,164.0
FY 93	16,108 persons @ $250/mo.	=	48,324.0
FY 94	16,828 persons @ $250/mo.	=	50,484.0

19/7R1/0404-04/7

	POSITION TITLE				RANGE/STEP	BARG. UNIT	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
1.	Clerk V				11B	G				
	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
2.	PFT	12			1	Juneau	4			

3.	CONTINUATION LEVEL	ADDITION	
4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary 1,914/mo.	22,968	
6.	Benefits	1,454	
7.	Supplemental Benefits	1,408	
8.	Fixed Benefits	2,880	
9.	TOTAL PERSONAL SERVICES	01	28,710
10.	Travel	02	
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		28,710

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	28,710
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR B&M USE ONLY
4A KEY NUMBER — — - — — - — — - — — - — —

JUSTIFICATION

The program expects to receive applications from 4,152 persons who will meet the new eligibility requirements when the bill is effective. A Clerk V position is required to supervise two PPT Clerk II positions, who will be required to process the volume of applications. In addition, the Clerk V will be responsible for calculation of any retroactive benefits which may be due.

At the end of eight months, it is expected that the receipt of applications will level off and the Clerk V position will then be required to assist with actions necessary for continuing eligibility of increased number of recipients, and added volume of data input.

13 REQUEST FOR NEW POSITION

AGENCY Administration
PROGRAM Social and Economic Assistance for the Aged
BRU Longevity Bonus Program
COMPONENT

Page of
Revised Date

FY 85

01-1136 (7/82) - 15

1.	POSITION TITLE Clerk II			RANGE/STEP 7B	BARG. UNIT G	FORM 12 PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION PPT	STAFF MONTHS 8	RP NUMBER	PCN NUMBER	BRU PRIORITY 2	LOCATION Juneau	ELECTION DISTRICT 4	LEG.		
3.	CONTINUATION LEVEL		ADDITION						

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary 1,510/mo.	12,080	
6.	Benefits	2,022	
7.	Supplemental Benefits		
8.	Fixed Benefits		
9.	TOTAL PERSONAL SERVICES 01		14,102
10.	Travel 02		
11.	Contractual 03		
12.	Commodities 04		
13.	Equipment 05		
14.	Other		
15.	TOTAL COST		14,102

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	14,102
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BSM USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The program expects to receive applications from 4,152 persons who will meet the new eligibility requirements when the bill is effective. Prior to approval, each application received must be date-stamped, registered, scrutinized for completeness, acknowledged and filed. In addition, documentation verifying applicant's completion of the requirements will be requested if not received with the application.

Two permanent part time Clerk II positions will be required to process the volume of applications in a timely manner. It is expected that the large volume of applications will level off at the end of eight months and the additional positions will no longer be required.

13 REQUEST FOR NEW POSITION

AGENCY Administration
PROGRAM Social and Economic Assistance for the Aged
BRU Longevity Bonus Program
COMPONENT

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Revised Date

FY 85

1.	POSITION TITLE: Clerk II			RANGE/STEP: 7B	BARG. UNIT: G	FORM 12 PAGE/LINE	GOV.	APPROV.	DISAPP.
2.	TYPE OF POSITION: PPT	STAFF MONTHS: 8	RP NUMBER	PCN NUMBER	BRU PRIORITY: 3	LOCATION: Juneau	ELECTION DISTRICT: 4	LEG.		
3.	CONTINUATION LEVEL		ADDITION						

	TYPE OF EXPENDITURE	1	2	AMOUNT 3
	PERSONAL SERVICES			
5.	Salary 1,510/mo.		12,080	
6.	Benefits		2,022	
7.	Supplemental Benefits			
8.	Fixed Benefits			
9.	TOTAL PERSONAL SERVICES	01		14,102
10.	Travel	02		
11.	Contractual	03		
12.	Commodities	04		
13.	Equipment	05		
14.	Other			
15.	TOTAL COST			14,102

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.	100	General Funds	1004	14,102
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR B&M USE ONLY
4A KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The program expects to receive applications from 4,152 persons who will meet the new eligibility requirements when the bill is effective. Prior to approval, each application received must be date-stamped, registered, scrutinized for completeness, acknowledged and filed. In addition, documentation verifying applicant's completion of the requirements will be requested if not received with the application.

Two permanent part time Clerk II positions will be required to process the volume of applications in a timely manner. It is expected that the large volume of applications will level off at the end of eight months and the additional positions will no longer be required.

13 REQUEST FOR NEW POSITION

AGENCY Administration
PROGRAM Social and Economic Assistance for the Aged
BRU Longevity Bonus Program
COMPONENT

Page of
Revised Date

FY 85

Lawmakers try to fix bonus ills

by Dean Fosdick
Associated Press

Juneau — Legislators trying to cure constitutional problems with Alaska's Longevity Bonus Program were scrambling Friday to find compromises in two backup bills so the $250 a month checks could continue going out to the state's pioneer residents.

But it appears the House-passed "stair-stepping" approach for phasing out the plan is the biggest obstacle standing in the way of quick passage.

Moments after the Alaska Supreme Court upheld a lower court ruling that the payments were discriminatory and illegal because of residency requirements, legislative leaders reiterated their pledge to keep the cash flowing without interruption.

"The bottom line . . . is that the old-timers will get their checks this month," said Senate President Jay Kerttula, D-Palmer and a co-sponsor of the Senate measure. "We'll get the program in place well before the end of the month. If anything's a fact, that's a fact."

Under various rulings, the courts had effectively ended the payments with the checks issued at the end of March.

The program had been open to citizens 65 years of age or older who have lived in Alaska since before statehood and for 25 years.

The high court heard arguments Thursday from a lawyer representing Rodney Vest, 69, of Anchorage, who contends the residency requirement violates the constitutional rights of other Alaska senior citizens.

In a one-line decision Friday, the high court agreed. The court affirmed a December ruling by Superior Court Judge Walter Carpeneti of Juneau.

Few people in the Capitol were expressing any surprise at the decision — especially in light of advice to legislators from the Attorney General's office last spring that the program's residency requirement could not be defended.

"The attorney general had advised us earlier that we had about a 20 percent chance of winning," said House Speaker Joe Hayes, R-Anchorage.

At Thursday's high court hearing, the justices questioned arguments presented by Assistant Attorney General Deborah Vogt, and their queries showed skepticism similar to that exhibited by Carpeneti during Superior Court arguments last year.

Vogt argued that the payments to pioneer senior citizens recognized their hardships as territorial citizens and also made it affordable for them to remain in the state after the oil boom drove up the cost of living.

The program was as defensible as the benefits paid military veterans, she said.

But Mark Sandburg, an attorney representing Vest, contended the provision could not withstand court scrutiny.

On a social level, "There can be a sourdough aristocracy," Sandburg said. But legally, length of residency "cannot be a badge of worth."

Vest, who attended the hearing, said he was disgusted that the case has gone this far, saying state legislators "could have settled it amicably three years ago, but a few political hacks wanted to drag it through the courts."

Spurred by Friday's decision, legislators were predicting that a new program could be in place by the end of the month. Rep. Al Adams, D-Kotzebue, and Senate Floor Leader Bill Ray, D-Juneau, were already at work Friday, trying to refine compromises in the measures which passed their respective houses on March 6.

The Senate bill, sponsored by Kerttula and Ray, would establish a one-year residency requirement for people over age 65 and tap 12.5 percent of the earnings from the Alaska Permanent Fund. It would reduce fund dividend payments by 25 percent to support the $250 a month checks to the state's pioneers.

It would be effective 30 days after the court's decision and would end the program on the year 2000.

The House measure includes an automatic phase-out provision, would attach one-year residency minimums to Alaskans over age 65 and be paid out of the state's treasury.

The "stair-stepping" phase-out would begin in 1990. Under the bill's formula, the eligibility age for the program would be increased every year, or go from age 65 in 1990, to 66 in 1991, 67 in 1992 and so on.

Kerttula, however, has problems with that concept.

"In a few years, residents aged 64 will not be able to partipate," he said. "But a new resident aged 65 will be.

"We've given a lot from our original concept," Kerttula said. "We did not provide for stair-stepping. We did provide a cut-off. We've also provided for income from the general fund rather than the permanent fund."

"It's our intention to continue the program, but the way to do it is still undecided," Adams said.

"They would like to cut out the program in the year 2000," he said.

Supreme court upholds rule against longevity program

Associated Press 4/7

Juneau — It cost the state approximately $60,000 to defend the residency requirements in Alaska's unconstitutional Longevity Bonus Program — a case its attorney general had said from the onset it probably couldn't win.

The Alaska Supreme Court ruled Friday that Alaska's practice of rewarding the pioneers who have lived in the state since territorial days is discriminatory and illegal.

The panel based its decision on the 14th amendment to the Constitution.

The program had been open to residents 65 years or over who have lived in Alaska since before statehood and for 25 years.

But Rodney Vest, 69, of Anchorage, sued, contending the residency requirement was unfair. The action later was expanded to include all people 65 years of age or older who have lived in Alaska for at least a year, but who have not received the $250 monthly payments.

The outcome was almost a foregone conclusion from the beginning. Last spring, the attorney general's office advised legislators that the program's residency requirement could not be defended.

"The attorney general advised us earlier that we had about a 20 percent chance of winning," House Speaker Joe Hayes, R-Anchorage, said Friday.

Deborah Vogt, the assistant attorney general who argued the case, said the $60,000 was mostly for in-house costs, although $7,800 went for a legal consultant, a constitutional specialist who helped prepare the case.

"That includes litigation efforts, some of the legislative appearances, briefs before the Supreme Court . . . Superior Court, appeal papers and motions," she said. "It also includes some of our efforts from two years ago when we filed for 1,800 affadavits, plus some paralegal work."

Attorney General Norm Gorsuch said the case was "relatively inexpensive" because most of the work was handled in-house. And he acknowledged remarks about the state having thought it had a weak case.

"We have consistently addressed the legislature, particularly in hearings, that the matter is unconstitutional," said Gorsuch, who indicated he had rated the chances of winning the suit anywhere from 5 to 20 percent.

"But that doesn't mean you don't answer the case and continue to fight it, because you might win," he said.

COPY

ANCH. DAILY NEWS
April 1, 1987

Lawmakers hasten wor

By DEAN FOSDICK
The Associated Press

JUNEAU — Legislators trying to cure constitutional problems with Alaska's Longevity Bonus Program were scrambling Friday to find compromises in two backup bills so the $250-a-month checks could continue going out to the state's pioneer residents.

But it appears the House-passed "stair-stepping" approach for phasing out the plan is the biggest obstacle standing in the way of quick passage.

Moments after the Alaska Supreme Court upheld a lower court ruling that the payments were discriminatory and illegal because of residency requirements, legislative leaders reiterated their pledge to keep the cash flowing without interruption.

"The bottom line . . . is that the old-timers will get their checks this month," said Senate President Jay Kerttula, D-Palmer and a co-sponsor of the Senate measure. "We'll get the program in place well before the end of the mont
If anything's a fact, that's
fact."

Under various rulings, th
courts had effectively ende
the payments with the check
issued at the end of March.

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older who have lived in Al
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ment violates the constitutional rights of other Alaska senior citizens.

In a one-line decision Friday, the high court agreed. The court affirmed a December ruling by Superior Court Judge Walter Carpeneti of Juneau.

Spurred by Friday's decision, legislators were predicting that a new program could be in place by the end of the month. Rep. Al Adams, D-Kotzebue, and Senate Floor Leader Bill Ray, D-Juneau, were already at work Friday, trying to refine compromises in the measures which passed their respective houses on March 6.

The Senate bill, sponsored by Kerttula and Ray, would establish a one-year residency requirement for people over age 65 and tap 12.5 percent of the earnings from the Alaska Permanent Fund. It would reduce fund dividend payments by 25 percent to support the $250 a month checks to the state's pioneers.

It would be effective 30 days after the court's decision and would end the program on the year 2000.

The House measure includes an automatic phase-out provision. It would attach one-year residency minimums to Alaskans over age 65 and be paid out of the state's treasury.

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State paid $60,000 to defend bonuses

ANCH. D.N. April 7, 87

By DEAN FOSDICK
The Associated Press

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The panel based its decision on the 14th amendment to the U.S. Constitution, which extends equal protection to all citizens.

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See Back Page, STATE

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Continued from Page A-1

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But Rodney Vest, 69, of Anchorage, sued, contending the residency requirement was unfair. The action later was expanded to include all people 65 years of age or older who have lived in Alaska for at least a year, but who have not received the $250 monthly payments.

Longevity pay ruled illegal

ANCH DAILY NEWS April 7, 1984

By HAL SPENCER
The Associated Press

☐ The Supreme Court decision prompted Alaska lawmakers to work on a compromise to House and Senate versions of a new longevity bonus program. Story in Metro, Page B-1.

The Alaska Supreme Court on Friday said Alaska's practice of rewarding senior citizens who have lived here since territorial days is discriminatory and illegal.

The ruling means the Alaska Legislature must act to revise the Longevity Bonus Program if pioneer senior citizens are to continue receiving their $250-a-month payments.

Sen. Bill Ray, D-Juneau, said Thursday the legislature fully intends to revise the program, and vowed the checks will continue.

"Obviously the heat's on now for a solution. We'll be trying to work up something with the legislature. That'll be a top priority," said Pete Spivey, Gov. Bill Sheffield's press secretary.

The program is open to senior citizens 65 or older who have lived in Alaska since before statehood and for 25 years.

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The outcome was almost a foregone conclusion from the beginning. Last spring, the attorney general's office advised legislators that the program's residency requirement could not be defended.

But the House and Senate failed to agree on an alternative plan. House Speaker Joe Hayes, R-Anchorage, insisted

See Back Page, LONGEVITY

Longevity bonus ruled illegal by Alaska Supreme Court

Continued from Page A-1

that the program first be defended in court. So the state switched its position, contending it had taken a fresh look at the issue and concluded it was defensible.

At Thursday's high court hearing, the justices picked apart arguments presented by Assistant Attorney General Deborah Vogt and their questions contained the same measure of skepticism exhibited by Carpeneti during Superior Court arguments last year.

Vest, who attended the Thursday hearing, said he was disgusted that the case had gone this far, saying state legislators "could have had settled it amicably three years ago, but a few political hacks wanted to drag it through the courts."

One of his attorneys, Mark Sandburg, argued the program's residency requirement could not possibly survive legal scrutiny.

On a social level, "There can be a sourdough aristocracy," Sandburg said. But legally, length of residency "cannot be a badge of worth."

Sandburg represented Ron and Patricia Zobel in their 1980 battle against residency requirements in the Permanent Fund dividend distribution program. That program initially was designed to reward long-term residents with larger payments than newcomers.

The case went to the U.S. Supreme Court, which ruled unanimously that the approach was unconstitutional.

Mrs. Vogt argued that the payments to pioneer senior citizens recognized their hardships as territorial citizens and also made it affordable for them to remain in the state after the oil boom drove up the cost of living. She said the program was as defensible as the benefits paid to military veterans.

Two backup bills are currently in the legislative hopper.

A Senate-passed bill would establish a one-year residency requirement for people over age 65 and tap 12.5 percent of the earnings from the Alaska Permanent Fund. It would reduce fund dividend payments by 25 percent to support the $250-a-month checks.

The House version, which includes an automatic phase-out provision, would attach one-year residency minimums to Alaskans over age 65 and be paid out of the state's treasury.

It would use a "stairstepping" approach to begin phasing out the program in 1990.

Under that formula, the eligibility age for the program would be increased every year, or go from age 65 in 1990 to 66 in 1991, 67 in 1992 and so on.

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ANCH. D.N. April 7, 84

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See Back Page, STATE

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Introduced: 4/11/84

IN THE SENATE BY THE JUDICIARY COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 45

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTEENTH LEGISLATURE - SECOND SESSION

Suspending Uniform Rule 41(b) of the Alaska State Legislature concerning Senate Bill No. 347.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

That under Rule 54 of the Uniform Rules of the Alaska State Legislature the provisions of Rule 41(b) of the Uniform Rules are suspended in the consideration of Senate Bill No. 347.

PASSED Senate April 11, 1984
on an 18-0 vote.

Alaska State Legislature

Rule 24

Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

April 10, 1984

Senator Bill Ray
Juneau, Alaska

Dear Senator Ray:

I commend your desire to resolve the longevity bonus question in an expedient matter. To follow through on that desire, it appears the Senate must take the next step. The House and Senate have passed bills to the other body. However, because of the technical nature of the Rules relating to bill titles, we are not able to use the Senate legislation to effect a compromise.

It's my understanding that you have proposed a compromise which, in part, eliminates payment of bonuses from the permanent fund. To expedite this proposal, it only makes sense to use a bill which has passed one body of the Legislature as the vehicle for embodying a compromise. The Senate version in possession by the House specifies use of the permanent fund in the bill title. The House version, now in the Senate, specifies the general fund and will allow a much broader latitude to address the issue of the longevity bonus program.

Because of the title amendment restrictions, our uniform rules will not allow us to use the Senate bill to affect a general fund payment proposal as you have suggested might be acceptable in a compromise. The House bill will allow this.

To move this process along, I urge you to use HB 655 and amend it in any way you desire consistent with the title so that we may place the bill in conference committee. This will expedite the process by at least a few days, and with the deadline for the end of bonus checks fast approaching, every day counts.

Sincerely,

Joe L. Hayes
SPEAKER OF THE HOUSE

Alaska State Legislature
State Senate

Committee on Judiciary

Senator Bill Ray
Chairman
Senate Floor Leader

Pouch V
State Capitol
Juneau, Alaska 99811

April 11, 1984

The Honorable Joe Hayes
Speaker of the House
Alaska House of Representatives
Room 206, Capitol Building
Juneau, Alaska 99811

Dear Speaker Hayes,

I received your letter of April 10, 1984. Thank you for your commendation of our desire to resolve the longevity bonus legislation. I, in turn, commend you on your desire to resolve the issue.

We in the Senate are well aware of the title problems with the bill. As you may recall, on March 20, 1984, I testified as did Senate President Jalmar Kerttula before the House State Affairs Committee. A proposed compromise of using general funds and deleting the "stairstep" approach was publicly made before the committee by Senator Kerttula and myself. (See attached minutes).

Before this meeting I had also met with Representative Mitch Abood to discuss a compromise, and a concurrent resolution that the Senate would introduce so that the House would be able to change the title of the Senate bill to accommodate the changes within the bill. Representative Abood was given a copy of the draft resolution on March 20, from which he testified.

Today, a Senate Concurrent Resolution relating to the title change of Senate Bill 347, will be introduced on the Senate floor. I believe that takes care of your problem. As Senate Bill 347 is scheduled for this afternoon in House State Affairs I urge your expedient concurrence on the compromise version of Senate Bill 347, as reached by House State Affairs Chairman Mitch Abood and myself.

Sincerely,

Bill Ray

Senator Bill Ray

Attachment

COMMENTS ON RAY/KERTTULA PROPOSED COMPROMISE

Elements of the Proposal*

1. Use General Fund as funding source
2. Open up program to everyone 65 and over with one year's residency
3. End the program in the year 2000. This does not mean grandfathering in recipients on that date. The program would terminate.

Things to Consider

1. This plan costs $415 million more than HB 655 (stair stepping beginning in 1990) between now and the year 2000.

2. This plan opens up the longevity bonus to more newcomers than HB 655. Morever, it offers no security to the people for whom the program was originally designed. By ending the program entirely in the year 2000, the recipients are left without bonus checks at the time they are most needed -- when the recipients are the oldest.

3. HB 655 closely tracks the state's revenue curve. This plan does not. Additionally, HB 655 is the best proposal for the current recipients, those for whom the program was originally designed. HB 655 allows them to receive checks for the rest of their lives; this plan does not.

4. If the underlying goal of the Ray/Kerttula plan is to buy time to put an alternative bonus plan into place, HB 655 can be used for the same purpose. Stairstepping does not begin until 1990. Morever, if no better alternative does develop, HB 655 provides a plan that is fair and affordable, now.

5. HB 655 is supported by the vast majority of Alaskan elders. Every senior citizens group that has taken a position on this issue has supported HB 655. No other plan has received any formal endorsements. The only opposition to HB 655 comes from a few 57, 58, and 59 year olds. This problem will exist with any plan, regardless of where you draw the line.

---

* This is based on information provided by the House State Affairs Committee. An actual draft of the proposal has never been presented to Representative Adams.

HOUSE STATE AFFAIRS
STANDING COMMITTEE
March 20, 1984
1:25 p.m.

Members Present: Rep. Abood, Chairman
Rep. Ward, Vice-Chair
Rep. Cowdery
Rep. Shultz
Rep. M.M. Miller
Rep. Lacher
Rep. Larson

Members Absent: None

COMMITTEE CALENDAR

CSSB 347 (Fin) "An Act authorizing the use of Alaska Permanent Fund Income to pay longevity bonuses; amending the Longevity Bonus Program and the Permanent Fund Dividend Distribution Program; and providing for an effective date."

WITNESS REGISTER

Ron Lorensen
Deputy Attorney General
Department of Law
Pouch K
Juneau, Alaska 99811
465-3600
Position Statement: Did not state a position; he was present to answer questions for the committee.

Joe Vogler
University Heights
Fairbanks, Alaska
479-2344
Position Statement: He wanted the longevity bonus to continue; he did not state a position on CSSB 347 (SA).

Sen. Ray
State Capital Building
Pouch V
Juneau, Alaska 99811
465-4922
Position Statement: He indicated to the committee that a compromise was in order between the House and Senate. He said that monies could be taken from the general fund rather than the

permanent fund.

Virginia Blanchard
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: She urged passage of CSSB 347 (Fin); felt the legislature should act quickly so that old timers could continue receiving their checks after April 18, 1984.

Sen. Kerttula
State Capital Building
Pouch V
Juneau, Alaska 99811
465-3771
Position Statement: He said that CSSB 347 (Fin) would stand on its own with the amendments.

David Bentley
923 W. 11th
Anchorage, Alaska 99501
Position Statement: He said he was opposed to using monies from the permanent fund for the Longevity Bonus Program, but favored using monies from the general fund.

Leo Land
Box 122
Haines, Alaska 99827
766-2466
Position Statement: He urged passage of CSSB 347 (Fin); he asked that the legislature, please get it through quickly.

Kirt Bell
General Delivery
Hooper Bay, Alaska 99604
Position Statement: He urged continuation of the Longevity Bonus Program; he was in favor of CSSB 347 (Fin) or anything that would work.

Everett Calhoun
Box 198
Sitka, Alaska 99835
Position Statement: He wanted the Longevity Bonus Program; but felt that the one year residency requirement was not enough.

Beulah Olson
P.O. Box 296
Delta Junction, Alaska 99737
Position Statement: She was fearful that the Longevity Bonus Program would be discontinued. She asked

the committee to please continue the program.

George Lewis
Box 183
Haines, Alaska
766-2164
Position Statement: He said that if the longevity bonus was withdrawn, he did not know what the old timers would do. He was afraid that it would be discontinued. He wanted something done to continue the program. From his testimony, he indicated his support for CSSB 347 (Fin).

Marvin Johnson
Pioneer's Auxiliary No. 8
161 8th
Fairbanks, Alaska 99701
Position Statement: He was speaking for 17 other members that wanted the longevity bonus continued; they favored CSSB 347 (Fin), but they did not concur with the one-year requirement.

Jerry McCutcheon
121 W. 11th
Anchorage, Alaska 99501
272-2679
Position Statement: He felt that monies from the longevity bonus were being taken from oil revenues and that we should call the Longevity Bonus Program just what it was, welfare.

Wally Kubley
Igloo 16
Juneau, Alaska
Position Statement: He was in favor of a compromise bill and the continuation of the Longevity Bonus Program.

Nancy Mendenhall
Auxiliary 8
SR 20014
Fairbanks, Alaska 99701
479-2786
Position Statement: She favored passage of CSSB 347 (Fin).

Kiki Strickland
Box 1859
Fairbanks, Alaska 99701
456-6035
Position Statement: She was in favor of CSSB 347 (Fin), without the one-year requirement.

Annetta Gillespie

Box 1225
Seward, Alaska
Position Statement: She felt that the monies for the Longevity Bonus Program should come from the permanent fund.

Mary McClure
Box 357
Palmer, Alaska
745-3723
Position Statement: She said it was too bad the program would be discontinued after 16 years.

Evelyn Davis
SR Box 6451
Wasilla, Alaska
376-5802
Position Statement: She like the idea of monies coming from the general fund rather than the permanent fund.

Dorothy Englund
North Star Council on Aging
P.O. Box 73888
452-1735
Position Statement: She said she would rather see CSSB 347 (Fin) pass than any other bill. She said she knew what the Longevity Bonus Program meant to older people; the difference between living and existing.

Jane Windsor
319 E. Bentley Drive
Fairbanks, Alaska 99701
452-1735
Position Statement: She was in support of CSSB 347 (Fin).

Lee Carman
712 Bentley Drive
Fairbanks, Alaska 99701
452-6296
Position Statement: He felt that the legislature could come up with a better bill, and that the Attorney General's Office could have put more attorneys on the case so we could have won with the Vest Suit. He favored continuation of the Longevity Bonus Program.

Leonard Larson
P.O. Box 17-5134
Big Lake, Alaska
Position Statement: He felt that the legislature was doing a good job and wanted CSSB 347 (Fin) passed out of committee.

Arnold Perry
P.O. Box 871643
Wasilla, Alaska
376-4854
Position Statement: CSSB 347 (Fin) looked good to him.

Evelyn Vantrase
3550 W. Diamond
Anchorage, Alaska 99606
248-0254
Position Statement: She urged immediate passage of CSSB 347 (Fin).

Lon Lackey
P.O. Box 870307
Wasilla, Alaska
Position Statement: He favored CSSB 347 (Fin).

Emma Gilliland
Box 326
Petersburg, Alaska
772-3263
Position Statement: She did not want the Longevity Bonus Program to be cut-off.

Lou Keller
Director
Division of Pioneer Benefits
Department of Administration
Pouch C
Juneau, Alaska 99811
465-4400
Position Statement: Observer.

W.F. Hall
Box 1916
Kodiak, Alaska 96615
486-6108
Position Statement: Observer.

Margaret Lippitt
2203 McKinley
Anchorage, Alaska
248-4770
Position Statement: Observer.

Harvey Stelling
Box 929
Valdez, Alaska
835-4664
Position Statement: Observer.

Max H. Wells
Box 890

Valdez, Alaska
835-4523
Position Statement: Observer.

Robert Emmert Gray
P.O. Box 1102
Homer, Alaska 99603
235-8614
Position Statement: Observer.

Robert Machado
Mile 1414 Alaska Hwy.
Delta Junction, Alaska 99737
895-4750
Position Statement: Observer.

Marvin Johnson
161 8th
Fairbanks, Alaska 99701
Position Statement: Observer.

Hazel M. Branscom
Box 882
Fairbanks, Alaska 99707
452-4273
Position Statement: Observer.

Cy Randell
Box 882
Fairbanks, Alaska 99707
452-4273
Position Statement: Observer.

Joseph Karosic
Box 81785
College, Alaska 99708
479-5769
Position Statement: Observer.

Helen Espe
Fairbanks Mental Health Center
209 40 Mile
Fairbanks, Alaska 99701
452-1575
Position Statement: Observer.

Merl Thomas
P.O. Box 980
Fairbanks, Alaska 99701
479-4757
Position Statement: Observer.

Ella Pierson
1214 Coppet

Fairbanks, Alaska 99701
452-4336
Position Statement: Observer.

Lena Phipps
407 11th Ave.
Fairbanks, Alaska 99701
Position Statement: Observer.

Johanna Fluegel
1831 Caribou Way
Fairbanks, Alaska
479-6796
Position Statement: Observer.

Leona Johnson
161 8th Ave.
Fairbanks, Alaska 99701
452-4920
Position Statement: Observer.

John W. Pierson
1214 Coppet St.
Fairbanks, Alaska
452-4336
Position Statement: Observer.

Lela M. King
407 11th Ave.
Fairbanks, Alaska 99701
Position Statement: Observer.

Doris Southall
2B7 Dixon Apt.
Fairbanks, Alaska 99701
456-6358
Position Statement: Observer.

Mary Stock
736 9th Ave.
Fairbanks, Alaska 99701
456-4543
Position Statement: Observer.

Olga Steger
665 9th Ave.
Fairbanks, Alaska 99701
456-2993
Position Statement: Observer.

Alaska Linck
666 10th
Fairbanks, Alaska 99701
456-5107

Position Statement: Observer.

Joe Baleh
SR 90550
Fairbanks, Alaska 99701
Position Statement: Observer.

Marie Baleh
SR 90550
Fairbanks, Alaska 99701
Position Statement: Observer.

Irma Lee Oates
P.O. Box 1612
Fairbanks, Alaska 99701
456-7872
Position Statement: Observer.

Myrtle Thomas
615 College Road
Fairbanks, Alaska 99701
456-8361
Position Statement: Observer.

Richard McMordie
730 Front St.
Fairbanks, Alaska 99701
Position Statement: Observer.

Helen Mount
906 Lathrop St.
Fairbanks, Alaska 99701
456-4046
Position Statement: Observer.

James L. Mount
906 Lathrop St.
Fairbanks, Alaska 99701
456-4046
Position Statement: Observer.

Harriet J. McRae
P.O. Box 771
Palmer, Alaska
745-4695
Position Statement: Observer.

Joe Rollins
RR A Box 6451
Palmer, Alaska
745-2643
Position Statement: Observer.

Faye E. Rose

SRA Box 6521
Wasilla, Alaska
745-5664
Position Statement: Observer.

Margaret Nelson
SR Box 5290
Wasilla, Alaska
Position Statement: Observer.

Paul Nelson
SR Box 5290
Wasilla, Alaska
Position Statement: Observer.

Margaret A. McCartney
SR Box 2131-Z
Wasilla, Alaska
Position Statement: Observer.

Niilo Kangas
P.O. Box 873593
Wasilla, Alaska
Position Statement: Observer.

Mary Edlund
P.O. Box 195
Palmer, Alaska
745-3569
Position Statement: Observer.

Kathleen Moore
P.O. Box 198
Palmer, Alaska
745-3669
Position Statement: Observer.

Gil Mort
SR Box 12650
Wasilla, Alaska
376-6037
Position Statement: Observer.

Katie Hurley
P.O. Box 870157
Wasilla, Alaska
Position Statement: Observer.

Kacel M. Sisk
SR Box 12727
Wasilla, Alaska
Position Statement: Observer.

Doris A. Sisk

SR Box 12727
Wasilla, Alaska
Position Statement: Observer.

E.E. Line
SR Box 5014
Wasilla, Alaska
Position Statement: Observer.

Kathryn Larson
P.O. Box 17-534
Big Lake, Alaska
Position Statement: Observer.

Teresa Ripley
409-4 Spruce Street
Sitka, Alaska 99835
Position Statement: Observer.

Gerald Hughes
1307 Halibut Point Road
Sitka, Alaska 99835
Position Statement: Observer.

Tarleton Smith
Box 1132
Sitka, Alaska 99835
747-8807
Position Statement: Observer.

Louis Spencer
Box 119
Haines, Alaska
766-2307
Position Statement: Observer.

Lena Farkus
Box 253
Yakutat, Alaska 99689
784-3238
Position Statement: Observer.

Richard Davis
Box 192
Cordova, Alaska 99574
424-3568
Position Statement: Observer.

Paula Fridgen
Box 41
Cordova, Alaska 99574
424-3686
Position Statement: Observer.

Helen Grindle
Box 314
Cordova, Alaska
424-3404
Position Statement: Observer.

Doris Anderson
Box 2
Cordova, Alaska
424-3669
Position Statement: Observer.

Helene Hennings
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Diane Neville
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Celia Wellington
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Mary Harvey
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Lu Ausman
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Esther Pinon
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Mildred Kirkpatrick
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Stan Laird
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Dante Lenduzzes
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

C. Higgins
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Margaret Hafemeister
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Lillian Johnson
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Harold Maxwell
923 W. 11th
Anchorage, Alaska 99501
276-3414
Position Statement: Observer.

Pauline Blatchford
Box 1530
Petersburg, Alaska
772-3447
Position Statement: Observer.

Beulah Haltiner
Box 1530
Petersburg, Alaska
772-4748
Position Statement: Observer.

Kristian H. Odegaard
Box 1530
Petersburg, Alaska
772-3191
Position Statement: Observer.

Larine Espeseth
Box 1530
Petersburg, Alaska
772-4435
Position Statement: Observer.

Julia Robison
Box 1530
Petersburg, Alaska
772-3263
Position Statement: Observer.

Frances Pease
SR Box 117
Copper Center, Alaska 99573
882-3883
Position Statement: Observer.

Maxwell Fancher
Box 72
Glennallen, Alaska 99588
882-3715
Position Statement: Observer.

Ed Knoebel
Box 84
Glennallen, Alaska 99588
882-3208
Position Statement: Observer.

Eddy Bell, Sr.
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Joseph Night
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Gladys Hale
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Erma Tomaganak
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Fred River, Sr.
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Paul Nakusuk
General Delivery
Hooper Bay, Alaska 99604
Position Statement: Observer

Annetta Gillespie
Box 1225
Seward, Alaska
Position Statement: Observer.

Michael James
Box 405
Seward, Alaska
Position Statement: Observer.

Rachael Sperry
Box 1557
Seward, Alaska
Position Statement: Observer.

Judith Martin
Box 1584
Seward, Alaska
Position Statement: Observer.

Jolene King
Box 1305
Seward, Alaska
Position Statement: Observer.

Orville Wheat
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Ida Hollenbach
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Sim MacKinnon
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Frances Martin
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Ruth Sturmlauf
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Carley Turner
Box 193
Sitka, Alaska 99835
Position Statement: Observer.

Bernadette Knight
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Marjorie Tillotson
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Eugenie Williams
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Joe Paddock
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Lee Marty
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Berte Le Marte
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Smokey Morrison
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Helen Pearl
Box 198
Sitka, Alaska 99835
Position Statement: Observer.

Mary Gillespie
Box 391
Wrangell, Alaska 99929
874-3828
Position Statement: Observer.

Doris Prather
Box 541
Wrangell, Alaska 99929

874-3727
Position Statement: Observer.

Bob McCormick
Box 333
Wrangell, Alaska 99929
874-3870
Position Statement: Observer.

PREVIOUS ACTION

CSSB 347 (Fin)	1/11/84 - First Reading.
	Committee Referrals - Judiciary, Finance and Rules Committees.
	2/2/84 - Judic[illegible] Committee Report, page 1914 of Senate Journal.
	2/28/84 - Finance Committee Report, page 2192 of Senate Journal.
	3/1/84 - Rules Committee Report, page 2223 of Senate Journal.
	3/1/84 - See page 2223 and 2228 for Senate floor action.
	3/2/84 - See page 2241 of Senate Journal for floor action.
	3/6/84 - See pages 2267 through 2270 for Senate floor action.
	3/6/84 - See page 2270 for Senate floor action.
	3/7/84 - See page 2280 - 2281 for Senate floor action.
CSSB 347 (Fin)	3/8/84 - First Reading on House floor.
	Committee Referrals - State Affairs, Finance and Rules Committees.
	No previous action in State Affairs.
	See References: Alaska Supreme Court No. 1JU 82-1103 Civil

ACTION NARRATIVE

TAPE#1, Side A
Recording
Number 0010

Chairman Abood called the State Affairs Committee meeting to order at 1:25 p.m. All members of the committee were present. Chairman Abood announced the recent decision by the Alaska Supreme Court to lift the stay on stopping the distribution of the Longevity Bonus checks. He deferred to Ron Lorensen, the Deputy Attorney General for the Department of Law.

Number 0056

Rep. Ward takes over as Chairman.

Number 0081

Ron Lorensen explains and answers some questions on the March 1984 order handed down the Alaska Supreme Court No. 1JU 82-1103 Civil. He said that Vest Attorneys filed a motion with the courts in February requesting the appeal be reviewed as frivolous and to dissolve the stay. The request to dismiss the appeal was denied. It was decided to expedite the appeal, but the stay of the Superior Court was dissolved by the Supreme Court. The Supreme Court wants to clear this case and have a decision on it. No more checks will be issued to recipients after April 18 of 1984. He said that the state had filed their briefs and will present their arguments before the Supreme Court and will possibly announce their decision on or before April 18.

However, for practice purposes the next longevity bonus check to go out will be between April 26 - 30, 1984. So, that will be the first check actually effected by this court decision, unless either another court decision or a legislative decision altered the situation.

Number 0173

Discussion continues with Rep. Ward and Mr. Lorensen.

Number 0194

Joe Vogler of Fairbanks said he wasn't pleased with the way the Governor and the Attorney General had handled the Longevity Bonus Program. He said that Alaskans were part of a special treaty before statehood, that we are a self governed state, and that there should be something in Article 6, Paragraph 11 of the United Nations Charter that the Attorney General could look into.

He said old timers deserve some type of recognition.

Number 0254

Sen. Ray said that a compromise was in order between the House and the Senate, they could take the House version and use monies from the general fund instead of the permanent fund, and eliminate the stair-stepping approach.

Number 0283

Virginia Blanchard of Anchorage said that she wanted to see the legislature get busy and come to some decision so folks receive their checks after April. She favored the $250.00, that had been reduced to $200.00.

She agreed with amendments posed for CSSB 347 (Fin).

Sen. Kerttula said that CSSB 347 (Fin) would stand on its own with amendments. He and Virginia Blanchard exchanged comments on the bill.

Number 0417

David Bentley of Homer said he was opposed to using monies from the permanent fund for the Longevity Bonus Program.

Number 0436

Leo Land of Haines urged that CSSB 347 (Fin) be passed out of committee. He said, "get it through please, damned to go on welfare".

Number 0456

Kirt Bell of Hooper Bay said that he wanted the Longevity Bonus Program to continue. It would be a burden if it was not continued.

Number 0478

Everett Calhoun of Sitka said he was concerned about the one year residency requirement. He said that there would not be enough rooms in the Pioneer's Home if that went into effect and the only solution then would be to build more Pioneer Homes.

Number 0505

Beulah Olson of Delta said she was distressed that after April there would no longer be a check for the older folks. She was opposed to the federal government telling the state how to spend their money.

Number 0530

Ron Lorensen, Deputy Attorney General assured everyone that there was plenty of time left to consider and establish another program, and the elderly should not worry, they will continue receiving their bonus

checks.

Number 0538 — George Lewis of Haines said that old timers were depending on the Longevity Bonus Program. He said if it was withdrawn he didn't know what they would all do. Especially the native people who were a sizeable group among the senior citizens.

Number 0581 — Marvin Johnson of Fairbanks said he was speaking for 17 other people from Pioneer's Auxiliary No. 8. He said he was concerned with length of residency requirement. He said to be vested as a state employee you have to work for five years, and he was upset because elderly people living here for 30 - 40 years have right to benefits, not people who moved up here recently who are getting in on it.

Tape 1, Side B
Recording
Number 0007 — Jerry McCutcheon of Anchorage said that the Longevity Bonus Program was taking money from oil revenues that belong to everyone and giving it to a special class of people. He said, "if those people need welfare, let's call it what it is, I don't want my money going to the Rodney Vest's of the world".

Number 0039 — Wally Kubley, a member of Igloo 16, representing the Pioneers of Alaska said it was the third time he had testified on CSSB 347 (Fin). He said that out of the 14 bills pertaining to longevity bonus, he was enthused to hear that there was a compromise bill. He cautioned the committee to watch the effective date of the legislation to make sure it is before April 18.

Number 0095 — Lon L[illegible]y of Mat-Su, representing 20 people who support this bill. He felt it put people above welfare and kept their dignity.

Number 0158 — Nancy Mendenhall of Fairbanks said she favored CSSB 347 (Fin), but did not want the funds to come from the permanent fund. She like the concept of no sunset clause and would like to consider stretching the age limit over a period of time.

Rep. Lacher responded that the House passed a bill with the funds which came from the

general fund.

Nancy Mendenhall said she was glad to hear Sen. Ray and the House were willing to compromise on it. The problem was all senior citizens with one year residency have to come in, if the Supreme Court decision is to be upheld. She asked if the committee could see the proposed amendments.

Ed Knoebel from Glennallen testified, but his statements were unclear on the tape.

Joe Rollins of Mat-Su was against any reduction of the longevity bonus fund unless you were to reduce grants to churches at the same time. He felt the committee should be addressing the time element involved due to the Supreme Court decision, and not spend time talking about reducing the bonus.

Number 0291

Kiki Strickland said she did not want a sunset clause, because in 1990 the problems for the old people would be even more serious financially; she wanted funds to come from the general fund. She was concerned about the constitutional issues raised on this issue and the ineptitude of Av Gross and others. She felt all legislation on this problem was inadequate, but that this bill was better than the others. She felt that Alaskans are responsible for maintaining the equality of life in Alaska and that included support for its senior citizens.

Number 0334

Annetta Gillespie of Seward said she did not believe that monies for the longevity bonus should come from the permanent fund.

Number 0356

Chairman Abood said that the new proposed Committee Substitute makes the Longevity Bonus Program from general fund, all persons 65 and older, and one year residents, will be eligible for the Longevity Bonus Program. The program, however, will no longer exist after July 1, 2000.

The specific amendments are as follows:

Amendments to CSSB 347 (Fin):

Page 1, Line 12: Delete all Section 1

Page 1, Line 28: Delete all Section 2

Page 3, Line 10: Delete all Section 5

Page 4, Line 26: Delete all Section 8

The above amendments deletes all Permanent Fund references to the Longevity Bonus Program.

Add a new Section 10 to read:

"AS 47.45 is repealed July 1, 2000"

and renumber following sections.

The above amendment repeals the entire Longevity Bonus Program, July 1, 2000.

Amend the title of the bill to read:

"An Act relating to the Longevity Bonus Program; and providing for an effective date."

Further, in order for these amendments to be effective, the title of the bill would have to change, and this could only be done with a Concurrent Resolution to waive Rule 54 of the Uniform Rules.

Number 0403 Mary McClure of Mat-Su said that it was too bad it would be discontinued after 16 years.

Number 0425 Evelyn Davis of the Senior Citizen's Center in Palmer said she liked the idea of the monies coming from the general fund instead of the permanent fund and supported Sen. Ray's position.

Number 0446 Dorothy Englund of Fairbanks, from the North Star Council on Aging, said that she knows what the Longevity Bonus Program means to people. It was the difference between existing and living. She said that a survey shows that money was spent on;

1) food

2) medical expenses, and

3) home repairs.

She said, "nobody was saving money and

taking trips to Hawaii". She said she would rather see CSSB 347 (Fin) pass than any other bill. She would like to have a better bill by stopping year at which people got on it, rather than end it in year 2000. She preferred the money to come out of the general fund, and suggested establishing an annuity program of some kind.

Number 0501 — Jane Windsor of American Association of Retired Persons Commission, Fairbanks, said she favored CSSB 347 (Fin). It helped the elderly buy and pay for their own housing and not rent.

Number 0533 — Lee Carman of Fairbanks said he felt that we could have come up with a better bill.

Number 0562 — Leonard Larson of Wasilla said that he disagreed with Ms. Carman. He felt that the legislature was doing a good job. He wanted CSSB 347 (Fin) to pass out of committee, and wanted to see the longevity bonus continue. Why not give new arrivals $75.00 a month and take care of them that way?

Number 0589 — Arnold Perry of Mat-Su said that CSSB 347 (Fin) looks good to him.

Number 0603 — Discussion continues among committee members.

Tape 2, Side A
Recording
Number 0010 — Discussion continues among committee members on longevity bonus.

Number 0042 — Chairman Abood moved that CSSB 347 (Fin) be adopted in lieu of Judiciary.

Rep. Ward objected. He said that he felt a Committee Substitute should come from State Affairs here in committee and do it right. His objection was withdrawn.

Rep. M.M. Miller said that as he understood Mr. Lorensen, he was suggesting language changes and amendments to Section 10 of the bill as well, but he would move it to Finance to avoid delay and meet deadline.

Number 0106 — Chairman Abood withdrew his motion to move the bill.

Number 0115	Chairman Abood assigned a subcommittee of Representatives Lacher, Ward and Shultz to meet with Mr. Lorensen and get back to the committee by Thursday.
Number 0139	Evelyn Vantrase of Anchorage said she favored CSSB 347 (Fin) and added, "ask what your state can do for you, but what you can do for your state".
Number 0146	Emma Gilliland of Petersburg said that she did not want the Longevity Bonus Program to be cut-off.
Number 0148	Lon Lackey of Mat-Su favored CSSB 347 (Fin), and said why not favor Alaskan residents. Why not discriminate on longevity bonus? West Virginia has drinking age at 19 years for residents, 21 years for non-residents. We have to wait our turn in union hall lines for fishing, licenses, why not for longevity bonus?
Number 0303	Chairman Abood adjourned the meeting at 3:05 p.m.

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Alaska State Legislature

Representative Mitch Abood
CHAIRMAN

House Committee on State Affairs

MEMORANDUM

To: Representative Mitch Abood, Chairman
House State Affairs Committee

From: Roger L. Poppe, Committee Aide
House State Affairs Committee

Date: March 22, 1984

Subject: Transmittal times and dates for CSHB 655 (Fin) am and CSSB 347 (Fin)

In accordance with a request from the Committee, I talked with Nancy Quinto of the Senate Secretary's office and with Irene Cashen and Edith Carter of the Chief Clerk of the House's office to establish the dates and times of transmittal of CSHB 655 (Fin) am and CSSB 347 (Fin). I found out the following:

CSHB 655 (Fin) am "An Act relating to the longevity bonus program; requiring the payment of longevity bonuses from appropriations from the general fund; and providing for an effective date."

Sponsored by: Hayes, Adams, Szymanski, et al

Was officially engrossed and transmitted to the Senate with an adopted Letter of Intent on March 7, 1984, and was entered on page 2848 of the House Journal. The actual time of transmittal was 2:15 p.m., when Nancy Quinto, Assistant Senate Secretary of the Senate Secretary's office, signed the log book to accept the bill for the Senate.

CSSB 347 (Fin) "An Act authorizing the use of Alaska permanent fund income to pay longevity bonuses; amending the longevity bonus program and the permanent fund dividend distribution program; and providing for an effective date."

Sponsored by: Ray and Kerttula

Was officially engrossed and transmitted to the House on March 7, 1984, and was entered on page 2281 of the Senate Journal. The actual time of transmittal was 1:42 p.m., when Kris Gray, Assistant Engrosser of the Chief Clerk of the House's office, signed the log book to accept the bill for the House.

Therefore, according to the log books, the Senate version of the longevity bonus bill would take temporal precedence over the House bill on the order of some 33 minutes.

A telephone call to Billy Berrier, Director of Legal Services, established that the decision as to which bill would take precedence of treatment is strictly a political decision, and is not a legal one, as there is nothing in the Uniform Rules that covers this.

the new proposed CS
Make the longevity Bonus
program from general funds -

All 65 & older & 1 year
residents will be eligible
for the Longevity Bonus

The Program however will
no longer exist after
July 1, ~~1995~~ 2000,

MARIAN SCHAFER and
STATE OF ALASKA,

Appellants,

vs.

RODNEY VEST, on his behalf and on the behalf of all other persons similarly situated,

Appellee.

Supreme Court No. S-289

ORDER

RECEIVED
MAR 19 1984
CLERK OF APPELLATE COURTS
ANCHORAGE, ALASKA

Superior Court No. 1JU 82-1103 Civil

Before: Burke, Chief Justice, Rabinowitz, Matthews, Compton and Moore, Justices.

On consideration of the appellee's motion to dismiss appeal, dissolve stay and/or expedite appeal process, filed February 8, 1984 and the reply to the motion filed February 10, 1984,

IT IS ORDERED:

1. The request to dismiss the appeal is denied.

2. This appeal will be considered by the Alaska Supreme Court on an expedited basis.

3. The order of Judge Carpeneti to suspend injunction pending appeal entered on January 13, 1984 will be dissolved effective April 18, 1984.

Entered by direction of the court at Anchorage, Alaska on March 19, 1984.

CLERK OF THE SUPREME COURT

David A. Lampery
DAVID A. LAMPERY

ccs: Justices
Counsel - telephone
The Honorable Walter L. Carpeneti - telephone
Appeals Deputy, Juneau Trial Courts

COMMITTEE REPORT

SENATE

1

FURTHER:

2/2/84

Date 2/28/84

Mr. President

The Committee on FINANCE considered SB 347

authorizing the use of Alaska permanent fund income to pay longevity bonuses; amending the longevity bonus program and the permanent fund dividend distribution program; efd.

and (a majority of the committee) (the committee) reports it back with the following recommendations:

[ ] do pass

[ ] do pass with attached amendment(s)

[✓] replace with/~~or adopt~~ CS for SB 347 (Fin)
[ ] new title
[ ] ~~same title~~ and majority recommends Do Pass

[ ] and attached a "LETTER OF INTENT" [✓] NEW FISCAL NOTE

[ ] reports it back without recommendation

[ ] recommends referral to _____ Committee

MEMBERS SIGNING
DO PASS

MEMBERS HAVING
OTHER RECOMMENDATIONS

Chairman

Chairman recommendation

Amendments to CSSB 347 (Finance)

Page 1 Line 12 Delete all SECTION 1

Page 1 Line 28 Delete all SECTION 2

Page 3 Line 10 Delete all SECTION 5

Page 4 Line 26 Delete all SECTION 8

The above amendments deletes all Permanent Fund references to the Longevity Bonus program.

Add a new SECTION 10 to read:

" A.S. 47.45 is repealed July 1, 2000."

and renumber following sections.

The above amendment repeals the entire Longevity Bonus Program July 1, 2000.

Amend the the title of the bill to read:

"An Act relating to the Longevity Bonus Program and providing for an effective date"

To my knowledge the Senate is drafting a Concurrent Resolution to allow the changing of this title according to Rule 54 of the Uniform Rules.

would obtain the information. She further stated that since active referral to the attorney general's office had only begun within the last 9 months, most cases are likely to be in early stages of action. Co-chairman Sackett requested that the bill be held in committee pending receipt of the requested information.

Senator Vic Fischer also requested expert testimony on Section 4 of the legislation, dealing with the types of land for which clearning loans may be made. Citing the description of qualifying lands as those having "agricultural potential," the Senator questioned the implication of such broad wording. Ms. Brown commented that the section would allow clearing of Class 4 lands for grazing. Under present law the program is restricted to Class 2 and 3 lands based on soil type and slope. A significant percentage of Class 4 land (designated for agriculture only) is, due to slope and topographic conditions--good grazing land. Under present statute the program has no latitude which would allow for clearing of such lands for grazing.

Co-chairman Bennett directed that the bill be held in committee pending receipt of requested information from the attorney general's office.

SB 347

Co-chairman Bennett moved that SB 347 (ACT AUTHORIZING THE USE OF ALASKA PERMANENT FUND INCOME TO PAY LONGEVITY BONUSES; AMENDING THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND DISTRIBUTION PROGRAM; AND PROVIDING FOR AN EFFECTIVE DATE) be brought on for discussion.

Senator Mulcahy explained that the legislature had a similar bill before it during the previous session. He then conducted the following sectional review:

Sec. 1 - Establishes a longevity bonus account within the permanent fund at 12.5% of the income stream. This money can be invested, and the legislature can add to the account through appropriation.

Sec. 2 - Changes percentage of disbursement to the permanent fund distribution fund from 50% to 37.5% as a result of the use of 12.5% for longevity bonuses.

Sec. 3 - Establishes one-year residency and 65-years of age as qualifications.

Sec. 4 - Establishes monthly payments of $200 with a 3% per annum increase if funding is available.

Sec. 5 - Technical change substituting "recipient" for "his."

Sec. 6 - Revises longevity bonus legislation in order that the account may receive funding from the permanent fund.

Sec. 7 - Allows Commissioner of Administration access to state records (driver and hunting or fishing licenses) to verify residency.

Sec. 8 - Defines "resident."

Sec. 9 - Defines purpose.

Sec. 10 - Repeals the current statutory definition of "residency."

Sec. 11 - Retroactive clause.

Sec. 12 - Contains backstop provisions.

Senator Mulcahy explained that the current bill differs from that of last year in that it reduces the monthly payment from $250 to $200. Further, current legislation contains retroactive provisions while that of last year did not. And Section 12 makes the program dependent upon the Supreme Court decision (if the state loses the Vest case, the bill becomes effective--if the state prevails, the bill will not be needed).

Senator Mulcahy advised of difficulties in tracking information presented on the fiscal note from the Dept. of Administration. Directing attention to the note dated 2/3/84, the Senator noted that funding shown in parenthesis represents deficit funding--general fund amounts which the Dept. of Administration would normally be requesting. However, because of the shift to the permanent fund for the flow of income, general funds will not be needed. The $42.5 million shown under permanent funds does not represent the income flow into the account; it represents the projected cost of the program. The difference between the deficit funding and projected costs is shown under revenue and expenditures.

Co-chairman Sackett noted that the fiscal note presents information in an incorrect manner and requested that it be redone. The Co-chairman also questioned the great difference in FY 85 general funds ($11 million to $30 million) between the department's first and second fiscal note.

Co-chairman Bennett directed that the bill be held in committee pending appearance before committee of a representative from the department and updated, clarified fiscal information.

A brief discussion followed concerning the retroactive clause in the bill. Senator Mulcahy stated that last year the committee decided that it would not include retroactive provisions.

Referring to Section 12, Senator Josephson advised of his understanding that the proposed bill would go into effect only if the Vest suit is lost. He added that he wished it made clear that the legislature does not prefer the proposed program over the current program. The proposed legislation represents only a backstop or contingency in the event the current program is lost.

Senator Vic Fischer voiced opposition to the bill at the $200 level and asked that a fiscal note be prepared showing costs under the bill if payments are $250 a month.

ADJOURNMENT

The meeting was adjourned at approximately 9:50 a.m.

SFC-84, #4, Side 1 (000-end)

Co-chairman Bennett moved that SB 323 (ACT RELATING TO INCOME OF ALASKA PIONEERS' HOME RESIDENTS) be brought on for discussion.

Senator V. Fischer presented a proposed CS for SB 323 (Finance) and an accompanying State Affairs' Committee memorandum explaining the bill:

Section 1 - Increases from $35 per month to $100 per month the amount of money an individual resident of a Pioneer Home may keep for personal use before charges for rent and other expenses are levied by the home.

Section 2 - Provides that residents who have no income receive a stipend of $100 rather than $35 per month.

Section 3 - Directs that the Dept. of Administration adopt regulations under which charges for Pioneer Home care will be established. This will prevent the Dept. from levying new rental charges without due process.

Sec. 4 - Provides for effects of individuals which are exempt from attachment by the state.

The Finance Committee Substitute also incorporates the provisions of SB 405 (Act relating to increases in charges for residence in the Alaska Pioneers' Home) which specifically requires that the Dept. of Administration provide sixty (60) days' notice to residents of Pioneer Homes before fee increases may be adopted.

Directing attention to Page 2, Line 15, Senator Fischer noted that the Finance Committee Substitute differs from that of State Affairs in that rather than listing goods and services for which the state may claim reimbursement against an estate, the Finance version allows for claims for "arrearages in fees for ancillary charges." Senator Fischer further directed attention to a new fiscal note (2/17/84) to be attached to the Finance Committee Substitute. He noted that it differs from prior fiscal information relating to the bill in that it does not provide for escalation of the $100 allowed for personal use in accordance with the cost of living.

Senator Fischer moved for adoption of CS for SB 323 (Finance) (AN ACT RELATING TO THE ALAKA PIONEERS' HOME). No objection having been raised, the committee substitute was adopted. Senator Fischer moved for passage of CS for SB 323 (Finance) with individual recommendations. No objection having been raised, the bill passed from Senate Finance with a unanimous "do pass" recommendation.

SB 347

Co-chairman Bennett moved that SB 347 (ACT AUTHORIZING THE USE OF ALASKA PERMANENT FUND INCOME TO PAY LONGEVITY BONUSES; AMENDING

THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND DISTRIBUTION PROGRAM) be brought on for consideration. Senator Mulcahy explained that during prior discussions of the bill, questions arose regarding retroactivity and information on the fiscal note. He advised that retroactivity is not part of the suit against the state. The legislature must then decide whether to include retroactive provisions within the bill or merely let the bill go forward based on its effective date.

Directing attention to the fiscal note dated February 3, 1984, Senator Mulcahy explained that the Dept. currently has $32.8 million in general funds budgeted for the longevity bonus program for FY 85. A retroactive clause will necessitate $18.5 million in funding. Reduction of longevity payments from $250 to $200 results in a savings of $6.7 million. Approximately $14.5 million will be required to bring additional (6,100) recipients into the program at $200 per month. Co-chairman Sackett noted that the above figures are predicated upon a total of 16,500 persons being involved in the program rather than the 14,500 actually involved. Based on the foregoing figures, the program will require $38.9 million in permanent fund moneys in addition to general funds of $26.4 for this year, resulting in a negative budget figure of $12.4 for the coming year.

Senator Mulcahy moved that the retroactive provision be deleted from the bill. A brief discussion followed regarding last year's consideration of the retroactive issue. Paula Scavera, aide to Senator Ray advised that the current thrust of the Vest lawsuit is to "make everybody equal" rather than to press for retroactive bonus payments. Senator Mulcahy restated his motion for deletion of Section 11, relating to retroactivity. No objection having been raised, the motion carried, and references to retroactivity were deleted from the bill.

Referring to population estimates for recipients under the program, Senator Mulcahy noted a range of 16.5 to 14.5. Max Gifford, aide to Co-chairman Sackett, appeared before committee and advised that 16.5 is based on permanent fund dividend applications for Alaskans 65 years and older. While that number of applications is filed, qualifying recipients number only 14.5. Senator Mulcahy moved for use of 14.5 as the population total for fiscal note purposes. No objection having been raised, the motion carried and the lower population total was adopted.

Senator V. Fischer moved to increase the monthly bonus payment under the bill to $250. Upon a show of hands the motion carried and the $250 figure was adopted.

Wally Kubley and Bill McIlroy briefly appeared before committee representing the Pioneers of Alaska. Mr. Kubley advised that the Pioneers endorse the concept of longevity bonus legislation. In rural areas approximately 67% of Alaska's elderly draw upon the program (only 3% receive social security). The majority are

proud people unwilling to take welfare. Most are aged and extremely concerned that they might lose their $250 bonus, and they will have no other income.

Due to time constraints, Co-chairman Bennett announced that the bill would be held over for further consideration at the next committee meeting.

ADJOURNMENT

The meeting was adjourned at approximately 10:00 a.m.

SFC-84, #4, Side 2 (000-end)
SFC-84, #6, Side 1 (000-583)

Senator Ferguson moved that CS for HB 516 (Fin.) pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--Senators Bennett, Ferguson, V. Fischer, Josephson, and Mulcahy signing "do pass," Senators Faiks and Sackett signing "no recommendation."

SB 347

Co-chairman Bennett moved that SB 347 (ACT AUTHORIZING THE USE OF ALASKA PERMANENT FUND INCOME TO PAY LONGEVITY BONUSES; AMENDING THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND DISTRIBUTION PROGRAM) be brought on for discussion.

Senator Mulcahy directed attention to a new fiscal note and a proposed CS for SB 347 (Fin.). He noted that differences between the current CS and previous versions consist of elimination of the retroactive section, increase of monthly payments from $200 to $250, and elimination of the 3% annual escalation rate.

Referring to the fiscal note, Senator Mulcahy explained that the Dept. currently has $31.3 million in the operating budget for the program. The $26.3 shown as a deficit relates to these operating funds (the funds are no longer needed since funding will derive from permanent fund income). The difference of approximately $5 million when added to the permanent fund amount of $38.9 million produces the $43.0 million needed for the program. This funding is based on an eligible population of 14,500 rather than 16,000.

Senator President Kerttula advised that since the state takes 25% of its non-renewable resource funding and places it in the permanent fund, it represents "good philosophy" to take 25% of the direct proceeds distributed from the fund and place them in a retirement account.

Addressing his question to Senate President Kerttula, Senator Vic Fischer asked if he (Senator Kerttula) and Senator Ray had discussed the possiblity of funding the entire program from the general fund rather than using permanent fund income. Senator Kerttula responded that consideration had been given to such an approach, but problems were encountered in future availability of general funds. In using permanent fund income, the sponsors of the legislation hoped to establish a program with perpetuity.

Co-chairman Bennett called for comments from those in attendance wishing to testify concerning the bill. No one came forward.

Senator Mulcahy moved that CS for SB 347 (Finance) pass from committee with individual recommendations. No objection having been raised, the bill passed from Senate Finance--Senators Bennett, Ferguson, Sackett, Mulcahy, and Josephson signing "do pass," Senators Faiks and V. Fischer signing "no recommendation."

BILL ASSIGNMENTS

3

STATE OF ALASKA

Bill Sheffield, Governor

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

POUCH C
JUNEAU, ALASKA 99811
PHONE:

March 16, 1984

House & Senate Finance Committees
Alaska State Legislature
Pouch V MS#3100
Juneau, AK 99811

This is to request that all fiscal notes for CSSB 347 Longevity Bonus prior to the revised version under date of February 27, 1984 as signed by Acting Commissioner Anselm Staack be withdrawn.

Thank you very much.

Sincerely,

Rebecca Burch

Rebecca Burch
Special Assistant
to Commissioner Rudd

RB/tc

attachment

cc: The Honorable Bill Ray
Alaska State Legislature

Senate State Affairs

House State Affairs

STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: February 27, 1984

REQUEST
Bill/Resolution No.: CSSB 347
Title: Permanent Fund/Longevity Bonus
Sponsor: Ray
Requestor: Mulcahy
Date of Request: February 24, 1984

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

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STATE OF ALASKA 1984 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date: February 27, 1984

REQUEST
Bill/Resolution No.: CSSB 347
Title: Permanent Fund/Longevity Bonus

Sponsor: Ray
Requestor: Mulcahy
Date of Request: February 24, 1984

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		49.9	28.7	28.7	28.7	28.7
200 TRAVEL						
300 CONTRACTUAL		56.9	57.9	58.9	59.9	60.9
400 SUPPLIES		1.5	1.0	1.0	1.0	1.0
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC		12,456.0	12,096.0	11,736.0	11,376.0	11,016.0
800 MISCELLANEOUS						
TOTAL OPERATING	0	12,564.3	12,183.6	11,824.6	11,465.6	11,106.6
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND		(26,335.7)	(33,116.4)	(35,275.4)	(37,434.4)	(39,593.4)
FEDERAL FUNDS						
OTHER (Permanent Fund)		38,900.0	45,300.0	47,100.0	48,900.0	50,700.0
TOTAL	0	12,564.3	12,183.6	11,824.6	11,465.6	11,106.6

POSITIONS.

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

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL: In FY 85 there would be an expenditure of $38,900.0 in Permanent Fund Distributable Income and a reduction in the Longevity Bonus General Funds Budget of $26,335.7. In succeeding years Permanent Funds would increase and General Funds would decrease.

ANALYSIS: Attach a separate page for any Analysis.

Prepared by: E. Louis Keller, Director
Division: Pioneers' Benefits
Phone: (907) 465-4400
Date: February 27, 1984

Approved by Commissioner: Lisa Rudd
Agency: DEPARTMENT OF ADMINISTRATION
Date: 2-28-84

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

Budget Categories: (Longevity Bonus Program)	Existing proposed budget (Governor) as follows: Column 1) FY 85 as proposed based on August 1983 projections of 11,208 recipients. Column 2) Adjustment based on February 1984 projections of 10,348 recipients. Column 3) Revised FY 85 proposed budget.			Additional cost of Longevity Bonus Program under CSSB 347 and by funding source (as shown on the fiscal note, page 1):			Reconciliation: a. Total cost of program; b. Including existing proposed FY 85 adjusted budget; c. Additional cost under CSSB 347 and; d. By funding source.		
	1) Totals (all G.F.*)	2) Adjustment**	3) Revised Totals	G.F.	P.F.°	Total	G.F.	P.F.	Total
100 Personal Services	175.6		175.6	49.9		49.9	225.5		225.5
200 Travel	4.0		4.0				4.0		4.0
300 Contractual	85.6		85.6	56.9		56.9	142.5		142.5
400 Supplies	3.5		3.5	1.5		1.5	5.0		5.0
500 Equipment	.7		.7				.7		.7
700 Grants	32,551.5	(1,507.5)	31,044.0	(26,335.7)°°	12,456.0	12,456.0	4,600.0	38,900.0	43,500.0
Totals	32,820.9	(1,507.5)	31,313.4	108.3	12,456.0	12,564.3	4,977.7	38,900.0	43,877.7

* G.F. = General Fund.
** Based on revised estimate of 10,348 recipients in FY 85.
° P.F. = Permanent Fund.
°° $26,335.7 is a reduction in expenditures from the General Fund and is not carried into the totals of this column (for information only).
Total cost of Longevity Bonus Program should CSSB 347 become law (FY 85 only).

CSSB 347
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
February 27, 1984

This bill would increase the number of persons eligible for the Longevity Bonus Program.

This fiscal note was requested to be prepared using the following assumptions:

a. All persons who are age 65 and older who have been residents of Alaska for at least one year would be eligible.

b. On February 22, 1984, the Senate Finance Committee received information from the Department of Revenue that there are 14,500 Alaskans over age 65, based on verified 1983 Permanent Fund applications.

There will be approximately 10,348 persons on the Longevity Bonus program by July 1, 1984. Therefore, it is assumed, as requested using the February 22 information, that an additional 4,152 persons will be enrolled on the program in FY 85 under the bill.

c. The amount of the bonus would be $250 per month. According to calculations of Permanent Fund Distributable Income issued by the Department of Revenue in January of 1984, only $38.9 million would be available for credit to the Longevity Bonus account in FY 85. This amount would fund only 12,967 persons, rather than 14,500. Therefore, the additional $4.6 million needed to fund 14,500 persons would have to be obtained from another source.

d. No retroactive payments would be paid.

e. The program would continue to grow at the rate of approximately 50 per month, after the initial group of persons are enrolled who would be made eligible by the one-year residency requirement.

f. All administrative expenses (program management and operating costs, exclusive of bonus payments) would be paid from the General Fund. Bonus payments would be paid from the Longevity Bonus Account established from earnings of the Permanent Fund, except for the additional $4.6 million needed, which would be paid from the General Fund.

g. An increase in the Longevity Bonus staff would be needed to process the flood of new applications.

h. The Act would become effective on July 1, 1984.

CSSB 347
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
February 27, 1984

Additional funds needed for FY 85 are computed as follows:

		Annual Cost
Personal Services		$ 49,862
Clerk V, PFT	$28,710	
Clerk II, PPT (2 positions, 6 months)	21,152	
Contractual Services		
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls		56,950
Commodities		1,500
Office supplies and file cabinets for application and recipient files		
Grants		
Additional funds needed for Bonus payments to additional persons who will be eligible (4,152 x 12 x $250)		12,456,000
Total additional funds required for FY 85		$12,564,312

November 9, 1984

Permanent Funds Available for
Longevity Bonus Grants
(CSSB 347)

		Earnings		Interest		
FY 85	-	$37,400,000	+	$1,500,000	=	$38,900,000
FY 86	-	$48,900,000	+	$1,960,000	=	$50,860,000
FY 87	-	$60.500,000	+	$2,420,000	=	$62,920,000
FY 88	-	$68,400,000	+	$2,740,000	=	$71,140,000
FY 89	-	$75,900,000	+	$3,040,000	=	$78,940,000
FY 90	-	$85,600,000	+	$3,420,000	=	$89,020,000
FY 91	-	$97,200,000	+	$3,888,000	=	$101,088,000
FY 92	-	$108,435,000	+	$4,337,400	=	$112,772,400
FY 93	-	$120,481,000	+	$4,819,250	=	$125,300,250
FY 94	-	$133,280,000	+	$5,331,200	=	$138,611,200

February 24, 1984

Total Longevity Bonus Program Costs (Actual)

(CSSB 347)

FY 85	Administration (reg.)	$ 269,400	GF
	Additional Administration	108,312	GF
	Grants (14,500 x 12 x $250)	38,900,000	PF
		4,600,000	GF
	Total	$43,877,712	
FY 86	Administration	$ 269,400	GF
	Additional Administration	87,600	GF
	Grants (15,100 x 12 x $250)	45,300,000	PF
	Total	$45,657,000	
FY 87	Administration	$ 269,400	GF
	Additional Administration	88,600	GF
	Grants (15,700 x 12 x $250)	47,100,000	PF
	Total	$47,458,000	
FY 88	Administration	$ 269,400	GF
	Additional Administration	89,600	GF
	Grants (16,300 x 12 x $250)	48,900,000	PF
	Total	$49,259,000	
FY 89	Administration	$ 269,400	GF
	Additional Administration	90,600	GF
	Grants (16,900 x 12 x $250)	50,700,000	PF
	Total	$51,060,000	

Grants Budget
If Longevity Bonus Program Is Unchanged
(based on growth of 60 per month
over present enrollment)

FY 85	10,348 persons @ $250/mo.	=	$31,044.0
FY 86	11,068 persons @ $250/mo.	=	33,204.0
FY 87	11,788 persons @ $250/mo.	=	35,364.0
FY 88	12,508 persons @ $250/mo.	=	37,524.0
FY 89	13,228 persons @ $250/mo.	=	39,684.0
FY 90	13,948 persons @ $250/mo.	=	41,844.0
FY 91	14,668 persons @ $250/mo.	=	44,004.0
FY 92	15,388 persons @ $250/mo.	=	46,164.0
FY 93	16,108 persons @ $250/mo.	=	48,324.0
FY 94	16,828 persons @ $250/mo.	=	50,484.0

03-02-04-00-00 (02-22-3-07-00-00) STATE OF ALASKA -- COMPONENT_BUDGET_SUMMARY 07:57 1/03/84

AGENCY: DEPARTMENT OF ADMINISTRATION
CATEGORY: SOCIAL SERVICES

PROGRAM: LONGEVITY BONUS
SUB-PROGRAM: LONGEVITY BONUS

EXPENDITURES & FUNDING	83 AUTH	83 FINAL	83 ACT	84 AUTH	ADJ BASE	85 SL 1	85 SL 2	85 SL 3	85 SL 4	GOVERNOR		
01 PERS. SERV.	156.6	156.6	169.4	159.4	164.7	175.6	161.0	161.0	175.6	175.6		
02 TRAVEL	4.4	4.4	1.7	4.0	4.0	4.0	3.8	3.8	4.0	4.0		
03 CONTRACTUAL	106.0	106.0	84.6	81.1	81.1	81.1	77.0	77.0	85.6	85.6		
04 SUPPLIES	3.5	3.5	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	27944.0	27944.0	27504.5	30211.5	30211.5	29749.5	26963.8	27468.1	32551.5	32551.5		
08 MISC.												
** TOTAL EXPEND	28214.5	28214.5	27761.6	30459.5	30464.8	30013.7	27208.9	27713.2	32820.9	32820.9		
09 I-A TRANSFER	26.1	26.1	26.1	2.1		24.7	23.4	23.4	26.2	26.2		
FED. RECEIPT												
**GF + MATCH	28214.5	28214.5	27761.6	30459.5	30464.8	30013.7	27208.9	27713.2	32820.9	32820.9		
G. F. MATCH												
GENERAL FUND	28214.5	28214.5	27761.6	30459.5	30464.8	30013.7	27208.9	27713.2	32820.9	32820.9		
PGM RECEIPTS												
I/A RECEIPTS												
OTHER FUNDS												
15 FULL-TIME	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0		
16 PART-TIME												
17 TEMPORARY												

000042A

Informational Only:
BASED ON $200 PER
MONTH LONGEVITY BONUS

CSSB 347
Fiscal Note Explanation Sheet (FY 85 only)
Prepared By Division of Pioneers' Benefits
Department of Administration
February 27, 1984

Budget Categories: (Longevity Bonus Program)	Adjusted proposed FY 85 budget			Additional cost of Longevity Bonus Program under CSSB 347 by funding source			Reconciliation: Total cost of Program		
Funding Sources:	Total (All G.F.)*	Adjustment**	Revised Total	G.F.	P.F.°	Total	G.F.	P.F.	Total
100 Personal Services	175.6		175.6	49.9		49.9	225.5		225.5
200 Travel	4.0		4.0				4.0		4.0
300 Contractual	85.6		85.6	56.9		56.9	142.5		142.5
400 Supplies	3.5		3.5	1.5		1.5	5.0		5.0
500 Equipment	.7		.7				.7		.7
700 Grants	32,551.5	(1,507.5)	31,044.0	(30,935.7)°°	3,756.0	3,756.0		34,800.0	34,800.0
Totals	32,820.9	(1,507.5)	31,313.4	108.3	3,756.0	3,864.3	377.7	34,800.0	35,177.7†

* G.F. = General Fund.
**Based on revised estimate of 10,348 recipients in FY 85.
° P.F. = Permanent Fund.
°°$30,935.7 is a reduction in expenditures from the General Fund and is not carried into the totals of this column (for information only).
† Total cost of Longevity Bonus Program should CSSB 347 become law (FY 85 only) based on payments of $200 per month.

CSSB 347
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
February 27, 1984

This bill would increase the number of persons eligible for the Longevity Bonus Program.

This fiscal note was requested to be prepared using the following assumptions:

a. All persons who are age 65 and older who have been residents of Alaska for at least one year would be eligible.

b. On February 22, 1984, the Senate Finance Committee received information from the Department of Revenue that there are 14,500 Alaskans over age 65, based on verified 1983 Permanent Fund applications.

There will be approximately 10,348 persons on the Longevity Bonus program by July 1, 1984. Therefore, it is assumed, as requested using the February 22 information, that an additional 4,152 persons will be enrolled on the program in FY 85 under the bill.

c. The amount of the bonus would be $200 per month. According to calculations of Permanent Fund Distributable Income issued by the Department of Revenue in January of 1984, $38.9 million would be available for credit to the Longevity Bonus account in FY 85. At $200 per month only $34.8 million would be required, leaving an unspent balance of $4.1 million in FY 85.

d. No retroactive payments would be paid.

e. The program would continue to grow at the rate of approximately 50 per month, after the initial group of persons are enrolled who would be made eligible by the one-year residency requirement.

f. All administrative expenses (program management and operating costs, exclusive of bonus payments) would be paid from the General Fund. Bonus payments would be paid from the Longevity Bonus Account established from earnings of the Permanent Fund.

g. An increase in the Longevity Bonus staff would be needed to process the flood of new applications.

h. The Act would become effective on July 1, 1984.

CSSB 347
Fiscal Note Analysis
Prepared By Division of Pioneers' Benefits
Department of Administration
February 27, 1984

Additional funds needed for FY 85 are computed as follows:

		Annual Cost
Personal services		$ 49,862
Clerk V, PFT	$28,710	
Clerk II, PPT (2 positions, 6 months)	21,152	
Contractual Services		
Added postage, bonus warrants, printing of new regulations and application forms and increased telephone tolls		56,950
Commodities		1,500
Office supplies and file cabinets for application and recipient files		
Grants		9,964,800
Additional funds needed for Bonus payments to additional persons who will be eligible (4,152 x 12 x $200		
Difference in cost per month for those already enrolled on July 1, 1984 ($50 x 12 x 10,348)		(6,208,800)
Total additional funds required for FY 85		$ 3,864,312

February 27, 1984

Total Longevity Bonus Program Costs (Actual)

(CSSB 347)

FY 85	Administration (reg.)	$ 269,400	GF
	Additional Administration	108,312	GF
	Grants (14,500 x 12 x $200)	34,800,000	PF
	Total	$35,177,712	
FY 86	Administration	$ 269,400	GF
	Additional Administration	87,600	GF
	Grants (15,100 x 12 x $200)	36,240,000	PF
	Total	$36,597,000	
FY 87	Administration	$ 269,400	GF
	Additional Administration	88,600	GF
	Grants (15,700 x 12 x $200)	37,680,000	PF
	Total	$38,038,000	
FY 88	Administration	$ 269,400	GF
	Additional Administration	89,600	GF
	Grants (16,300 x 12 x $200)	39,120,000	PF
	Total	$39,479,000	
FY 89	Administration	$ 269,400	GF
	Additional Administration	90,600	GF
	Grants (16,900 x 12 x $200)	40,560,000	PF
	Total	$40,920,000	

Opinion

Richard Morgan Publisher

Wayne Dunworth
General manager

John Marrs
Editor

Promising new idea

The latest bid to resolve the constitutionality problem with the Longevity Bonus Program looks like the best yet. The members of the Alaska House of Representatives must agree, because 31 cosponsors signed up for the bill.

That support and one Senate proponent, Sen. Pat Rodey, R-Anchorage, are good signs. The doubt may rest primarily with the Senate majority, possibly with the willingness of its two most prominent senators, President Jay Kerttula of Palmer and Sen. Bill Ray of Juneau, to give up their own plan.

The new plan would pay $250 a month to all Alaskans over 65 and would increase the eligibility age by one year every year after 1889. It would pay for the program from the general fund.

The Kerttula-Ray plan proposes paying $200 a month from the earnings of the Permanent Fund. It would make eligible all Alaskans over the age of 65 who have been residents of the state for a year or more.

Two key differences are immediately apparent:

- The House bill would limit the number of people who could become qualified while still recognizing Alaska's pioneers.
- The House bill would not dip into the Permanent Fund or its earnings.

The chief reserv[illegible] in this corner about the Kerttula-Ray plan h[illegible]n its open-ended proposal. It creates the possibil[illegible] of younger Alaskans subsidizing elder cheechakos just because the money was available, not because they contributed anything special to Alaska.

The Longevity Bonus Program was created to help true pioneers in their older years to live well and to remain in the land they pioneered.

The court declared it unconstitutional because it arbitrarily split senior Alaskans according to whether they happened to live in the state before statehood.

The new bill in the House promises a way to recognize the older Alaskans without drawing line so arbitrarily. It seems to leave a lot of room including many Alaskans of 65 or older who h been in the state for any appreciable time, while a graduating the qualifying age from a certain poin that the state does not wind up years from now s sidizing people who had nothing to do with devel ing the state.

Such a plan might be riskier than the other plan the event of a court challenge. But this is one of th matters in which the risk is worth taking.

The new longevity proposal deserves full co sideration in the Senate as well as in the House Representatives.

Quotables

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David Reisman, *Individualism Reconsidered*

Opinion

Richard Morgan Publisher

Wayne Dunworth
General manager

John Marrs
Editor

Promising new idea

The latest bid to resolve the constitutionality problem with the Longevity Bonus Program looks like the best yet. The members of the Alaska House of Representatives must agree, because 31 cosponsors signed up for the bill.

That support and one Senate proponent, Sen. Pat Rodey, R-Anchorage, are good signs. The doubt may rest primarily with the Senate majority, possibly with the willingness of its two most prominent senators, President Jay Kerttula of Palmer and Sen. Bill Ray of Juneau, to give up their own plan.

The new plan would pay $250 a month to all Alaskans over 65 and would increase the eligibility age by one year every year after 1889. It would pay for the program from the general fund.

The Kerttula-Ray plan proposes paying $200 a month from the earnings of the Permanent Fund. It would make eligible all Alaskans over the age of 65 who have been residents of the state for a year or more.

Two key differences are immediately apparent:

- The House bill would limit the number of people who could become qualified while still recognizing Alaska's pioneers.
- The House bill would not dip into the Permanent Fund or its earnings.

The chief reservation in this corner about the Kerttula-Ray plan has been its open-ended proposal. It creates the possibility of younger Alaskans subsidizing elder cheechakos just because the money was available, not because they contributed anything special to Alaska.

The Longevity Bonus Program was created to help true pioneers in their older years to live well and to remain in the land they pioneered.

The court declared it unconstitutional because it arbitrarily split senior Alaskans according to whether they happened to live in the state before statehood.

The new bill in the House promises a way to recognize the older Alaskans without drawing line so arbitrarily. It seems to leave a lot of room including many Alaskans of 65 or older who h been in the state for any appreciable time, while a graduating the qualifying age from a certain poin that the state does not wind up years from now s sidizing people who had nothing to do with devel ing the state.

Such a plan might be riskier than the other plan the event of a court challenge. But this is one of th matters in which the risk is worth taking.

The new longevity proposal deserves full c sideration in the Senate as well as in the House Representatives.

Quotables

☐ The inner-directed person, living in a time of e panding frontiers, could in fact achieve a sm degree of the freedom he felt.

David Reisman, *Individualism Reco*

Current Statute 5.

(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 (HCSSB 383 am H), see 1972 House Journal, p. 898.

Chapter 45. Alaska Longevity Bonus.

Section

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

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.

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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)

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
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)

6.

THE STATUS OF OLDER ALASKANS

1980 DATA BASE

Prepared for
The Older Alaskans Commission

Prepared by

The Institute of Social and Economic Research
University of Alaska

June 1983

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INTRODUCTION

The data base contained in this report was prepared by the Institute of Social and Economic Research (ISER) under a Request for Services Agreement (RSA) from the Older Alaskans Commission (OAC). The 1970 data were extracted from Census Tapes CNT-1, CNT-2, and CNT-5. The 1980 data were extracted from Census Tapes STF-1, STF-2, and STF-3A. To make intercensual year comparisons, the 1970 data were reformatted to conform to the 1980 census area boundary definitions before being merged into the data base.

The principal investigator for ISER was Professor Theodore Lane. ISER Research Associate Jim Kerr was responsible for programming and data management. The project manager for the OAC was its Executive Director, Jon Wolfe.

The data base contained in this report is the first part of an effort by the OAC to identify longer-term trends in the number of older Alaskans, their geographic distribution, status, and needs. It is anticipated that this effort will generate additional reports during 1983, expanding the data base and analyzing pertinent trends.

STATEWIDE DATA TABLES

TABLE 1. NUMBER OF PERSONS 55 YEARS AND OVER, BY AGE
STATE OF ALASKA
1970 AND 1980

	Total		% Distribution		55-59 Years		60-64 Years		65-74 Years		75 + Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Alaska	20747	32260	100.0	100.0	8550	12617	5310	8096	4704	8312	2183	3235
Aleutian Islands	282	332	1.4	1.0	136	144	80	81	46		20	21
Anchorage Borough	6465	11945	31.4	37.0	3015	5355	1721	3070	1105	2623	544	897
Bethel Census Div.	599	967	2.9	3.0	227	283	133	253	149	314	90	117
Bristol Bay Borough	65	66	0.3	0.2	20	19	19	22	21	17	5	8
Dillingham Census Div.	323	405	1.6	1.3	114	140	92	96	87	116	30	53
Fairbanks North Star	2180	3751	10.6	11.6	1031	1406	576	909	397	914	176	362
Haines Borough	200	223	1.0	0.7	81	80	45	65	50	67	24	11
Juneau Borough	1510	1990	7.3	6.2	580	716	410	503	363	557	149	214
Kenai Peninsula Borough	1376	2365	6.7	7.3	557	885	349	653	339	633	131	194
Ketchikan Gateway Bor.	1239	1501	6.0	4.7	421	511	303	348	352	427	163	215
Kobuk Census Division	356	470	1.7	1.5	120	127	79	94	99	166	58	83
Kodiak Island Borough	604	743	2.9	2.3	243	291	151	197	148	179	62	76
Matanuska-Susitna Bor.	818	1793	4.0	5.6	299	621	211	442	223	519	85	211
Nome Census Division	569	689	2.8	2.1	217	212	127	138	165	249	60	90
North Slope Borough	242	331	1.2	1.0	87	112	60	71	63	114	32	34
Prince of Wales	382	376	1.9	1.2	144	130	109	95	89	98	40	53
Sitka Borough	748	789	3.6	2.4	239	265	149	163	202	200	158	161
Skagway-Yakutat	388	415	1.9	1.3	122	135	76	88	135	126	55	66
Southeast Fairbanks	101	363	0.5	1.1	52	139	25	82	18	95	6	47
Valdez-Cordova Census D.	504	807	2.8	2.5	230	319	165	193	129	212	60	83
Wade Hampton Census Div.	263	430	1.3	1.3	95	163	65	89	71	130	32	48
Wrangell-Petersburg	627	806	3.0	2.5	210	252	158	201	169	244	90	109
Yukon-Koyukuk Census D.	644	703	3.1	2.2	240	232	164	163	154	226	86	82
Total	20565	32260	100.0	100.0	8488	12617	5267	8096	4654	8312	2156	3235

Note: 1970 Census Division totals may not equal Alaska total due to reporting changes.

TABLE 2. PERCENT DISTRIBUTION OF PERSONS OVER 55 YEARS OF AGE
STATE OF ALASKA
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75 + Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
Alaska	20747	32260	41.2%	39.1%	25.6%	25.1%	22.7%	25.8%	10.5%	10.0%
Aleutian Islands	282	332	38.2	43.4	28.4	24.4	16.3	25.9	7.1	6.3
Anchorage Borough	6465	11945	46.6	44.8	26.6	25.7	18.3	22.0	8.4	7.5
Bethel Census Div.	599	967	37.9	29.3	22.2	26.2	24.9	32.5	15.0	12.1
Bristol Bay Borough	65	66	30.8	28.8	29.2	33.3	32.3	25.8	7.7	12.1
Dillingham Census Div.	323	405	35.3	34.6	28.5	23.7	26.9	28.6	9.3	13.1
Fairbanks North Star	2180	3751	47.3	39.6	26.4	26.4	18.2	24.4	8.1	9.7
Haines Borough	200	223	40.5	35.9	22.5	29.1	25.0	30.0	12.0	4.9
Juneau Borough	1510	1990	38.9	36.0	27.2	25.3	24.0	28.0	9.9	10.0
Kenai Peninsula Borough	1376	2365	40.5	37.4	25.4	27.6	24.6	26.8	9.5	8.2
Ketchikan Gateway Bor.	1239	1501	34.0	34.0	24.5	23.2	28.4	28.4	13.2	14.3
Kobuk Census Division	356	470	33.7	27.0	22.2	20.0	27.8	35.3	16.3	17.7
Kodiak Island Borough	604	743	40.2	39.2	25.0	26.5	24.5	24.1	10.3	10.2
Matanuska-Susitna Bor.	818	1793	36.6	34.6	25.8	24.7	27.3	28.9	10.4	11.8
Nome Census Division	569	689	38.1	30.8	22.3	20.0	29.0	36.1	10.5	13.1
North Slope Borough	242	331	36.0	33.8	24.8	21.5	26.0	34.4	13.2	10.3
Prince of Wales	382	376	37.7	34.6	28.5	25.3	23.3	26.1	10.5	14.1
Sitka Borough	748	709	32.0	33.6	19.9	20.7	27.0	25.3	21.1	20.4
Skagway-Yakutat	388	415	31.4	32.5	19.6	21.2	34.8	30.4	14.2	15.9
Southeast Fairbanks	101	363	51.5	38.3	24.8	22.6	17.8	26.2	5.9	12.9
Valdez-Cordova Census D.	504	807	39.4	39.5	28.3	23.9	22.1	26.3	10.3	10.3
Wade Hampton Census Div.	263	430	36.1	37.9	24.7	20.7	27.0	30.2	12.2	11.2
Wrangell-Petersburg	627	806	33.5	31.3	25.2	24.9	27.0	30.3	14.4	13.5
Yukon-Koyukuk Census D.	644	703	37.3	33.0	25.5	23.2	23.9	32.1	13.4	11.7

Figure 1

Distribution of Persons 55 Years and Older by Age

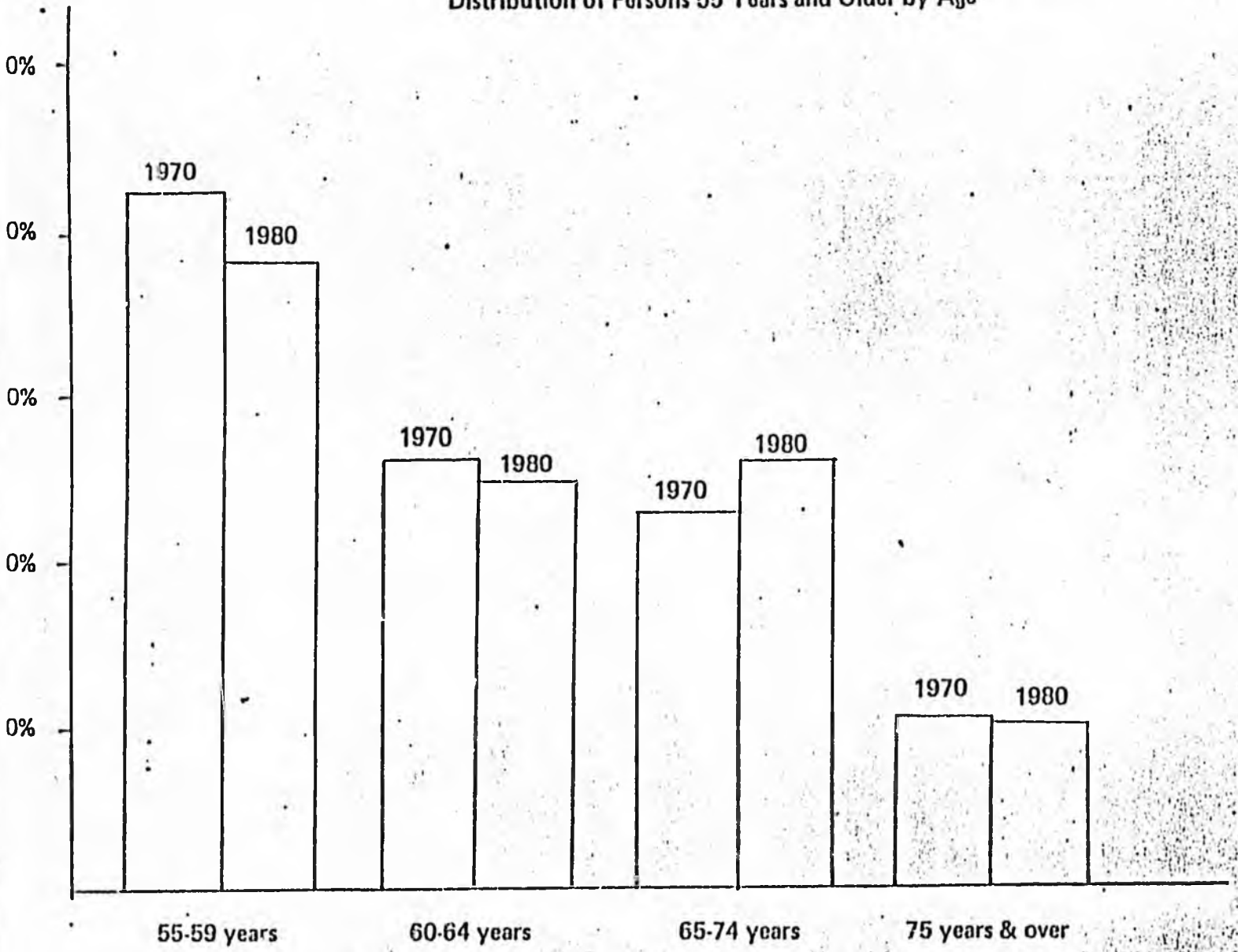


TABLE 3. NUMBER OF PERSONS 55 YEARS AND OLDER BY AGE AND SEX
STATE OF ALASKA
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75 + Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	11726	16039	4801	6777	2909	4303	2651	4278	1205	1401
Percent	100.0	100.0	41.6	40.2	25.5	25.6	22.6	25.4	10.3	8.8
FEMALE										
Number	9021	15421	3669	5840	2321	3793	2053	4034	978	1754
Percent	100.0	100.0	40.7	37.9	25.7	24.6	22.8	26.2	10.8	11.4
TOTAL										
Number	20747	32260	8550	12617	5310	8096	4704	8312	2183	3235
Percent	100.0	100.0	41.2	39.1	25.6	25.1	22.7	25.8	10.5	10.0

TABLE 4. NUMBER OF PERSONS 65 YEARS AND OLDER BY RACE
STATE OF ALASKA
1970 AND 1980

	Total		White		Black		Other*	
	1970	1980	1970	1980	1970	1980	1970	1980
Alaska	6887	11547	4653	8137	109	214	2125	3196
Aleutian Islands	66	107	16	12	1	0	49	95
Anchorage Borough	1729	3520	1455	3067	68	141	206	312
Bethel Census Div.	239	431	15	13	5	0	219	418
Bristol Bay Borough	26	25	20	12	0	0	6	13
Dillingham Census Div.	117	169	24	23	0	NA	93	146
Fairbanks North Star	573	1276	509	1074	20	57	44	145
Haines Borough	74	78	33	65	0	NA	41	13
Juneau Borough	512	771	411	636	4	2	97	133
Kenai Peninsula Borough	470	827	404	747	4	2	62	78
Ketchikan Gateway Bor.	515	642	426	523	3	1	86	118
Kobuk Census Division	157	249	10	15	0	NA	147	234
Kodiak Island Borough	210	255	114	141	3	5	93	109
Matanuska-Susitna Bor.	308	730	295	700	0	0	13	30
Nome Census Division	225	339	42	42	0	0	183	297
North Slope Borough	95	148	6	8	0	NA	89	140
Prince of Wales	129	151	43	51	0	NA	86	100
Sitka Borough	360	361	274	271	1	2	85	88
Skagway-Yakutat	190	192	106	93	0	NA	84	99
Southeast Fairbanks	24	142	22	86	0	2	2	54
Valdez-Cordova Census D.	189	295	133	208	0	1	56	86
Wade Hampton Census Div.	103	178	9	4	0	NA	94	174
Wrangell-Petersburg	259	353	194	272	0	NA	65	81
Yukon-Koyukuk Census D.	240	308	57	74	0	0	183	234
Total	6810	11547	4618	8137	109	213	2083	3197

*Includes Alaska Natives, Asians, and Pacific Islanders

Notes: (1) 1970 Census Division totals may not equal Alaska totals due to reporting changes.

(2) NA denotes "not available" due to census suppression to ensure confidentiality.

TABLE 5. PERCENT DISTRIBUTION OF PERSONS 65 YEARS AND OLDER BY RACE
STATE OF ALASKA
1970 AND 1980

	Total		White		Black		Other*	
	1970	1980	1970	1980	1970	1980	1970	1980
Alaska	6887	11547	67.6%	70.5%	1.6%	1.9%	30.9%	27.7%
Aleutian Islands	66	107	24.2	11.2	1.5	0.	74.2	88.8
Anchorage Borough	1729	3520	84.2	87.1	3.9	4.0	11.9	8.9
Bethel Census Division	239	431	6.3	3.0	2.1	0.	91.6	97.0
Briston Bay Borough	26	25	76.9	48.0	0.	0.	23.1	52.0
Dillingham Census Div.	117	169	20.5	13.6	0.	NA	79.5	86.4
Fairbanks North Star	573	1276	88.8	84.2	3.5	4.5	7.7	11.4
Haines Borough	74	78	44.6	83.3	0.	NA	55.4	16.7
Juneau Borough	512	771	80.3	82.5	0.8	0.3	18.9	17.3
Kenai Peninsula Borough	470	827	86.0	90.3	0.9	0.2	13.2	9.4
Ketchikan Gateway Bor.	515	642	82.7	81.5	0.6	0.2	16.7	18.4
Kobuk Census Division	157	249	6.4	6.0	0.	NA	93.6	94.0
Kodiak Island Borough	210	255	54.3	55.3	1.4	2.0	44.3	42.7
Matanuska-Susitna Bor.	308	730	95.8	95.9	0.	0.	4.2	4.1
Nome Census Borough	225	339	18.7	12.4	0.	0.	81.3	87.6
North Slope Borough	95	148	6.3	5.4	0.	NA	93.7	94.6
Prince of Wales	129	151	33.3	33.8	0.	NA	66.7	66.2
Sitka Borough	360	361	76.1	75.1	0.3	0.6	23.6	24.4
Skagway-Yakutat	190	192	55.8	48.4	0.	NA	44.2	51.6
Southeast Fairbanks	24	142	91.7	60.6	0.	1.4	8.3	38.0
Valdez-Cordova Census D.	189	295	70.4	70.5	0.	0.3	29.6	29.2
Wade Hampton Census Div.	103	178	8.7	2.2	0.	NA	91.3	97.8
Wrangell-Petersburg	259	353	74.9	77.1	0.	NA	25.1	22.9
Yukon-Koyukuk Census D.	240	308	23.8	24.0	0.	0.	76.3	76.0

*Includes Alaska Natives, Asians, and Pacific Islanders

Note: NA denotes "not available" due to census suppression to ensure confidentiality.

TABLE 6. NUMBER OF PERSONS 65 YEARS AND OVER
BY TYPE OF LIVING ARRANGEMENT
STATE OF ALASKA
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	2288	33.2	4243	36.7
Spouse	987	14.3	2116	18.3
Relative	1225	17.8	1200	10.4
Nonrelative	215	3.1	243	2.1
Total	4715	68.5	7802	67.6
LIVING ALONE				
Males	997	14.5	1250	10.8
Females	702	10.2	1716	14.9
Total	1699	24.7	2966	25.7
LIVING IN GROUP QUARTERS				
Inmate of Institution	340	4.9	706	6.1
Other	133	1.9	73	0.6
Total	473	6.9	779	6.7
GRAND TOTAL	6887	100.0	11547	100.0

Figure 2

Distribution of Persons 65 Years and Older
by Type of Living Arrangements

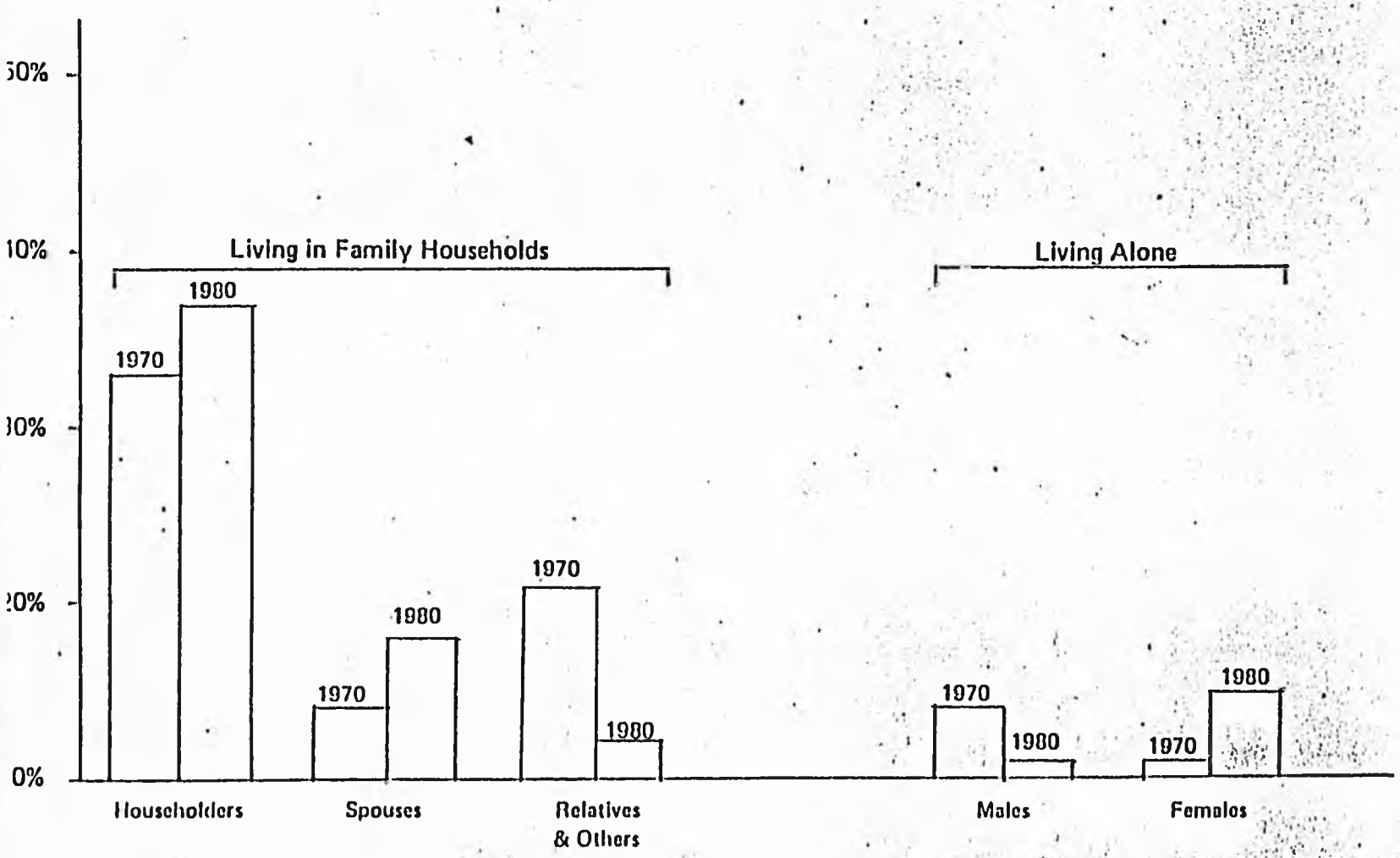


TABLE 7. HOUSEHOLDERS 65 YEARS AND OLDER
BY HOUSING TENURE STATUS
STATE OF ALASKA
1980

	Total	Percent	Homeowners		Renters	
			Number	Percent	Number	Percent
Alaska	9272	100.0	7209	77.8	2063	22.2
Aleutian Islands	73	100.0	66	90.4	7	9.6
Anchorage Borough	2789	100.0	2054	73.6	735	26.4
Bethel Census Division	337	100.0	294	87.2	43	12.8
Briston Bay Borough	24	100.0	19	79.2	5	20.8
Dillingham Census Div.	127	100.0	119	93.7	8	6.3
Fairbanks North Star	1049	100.0	764	72.8	285	27.2
Haines Borough	64	100.0	51	79.7	13	20.3
Juneau Borough	688	100.0	508	73.8	180	26.2
Kenai Peninsula Borough	680	100.0	547	80.4	133	19.6
Ketchikan Gateway Bor.	518	100.0	399	77.0	119	23.0
Kobuk Census Division	179	100.0	164	91.6	15	8.4
Kodiak Island Borough	226	100.0	169	74.8	57	25.2
Matanuska-Susitna Bor.	472	100.0	395	83.7	77	16.3
Nome Census Division	314	100.0	235	74.8	79	25.2
North Slope Borough	123	100.0	96	78.0	27	22.0
Prince of Wales	118	100.0	101	85.6	17	14.4
Sitka Borough	232	100.0	165	71.1	67	28.9
Skagway-Yakutat	159	100.0	131	82.4	28	17.6
Southeast Fairbanks	112	100.0	93	83.0	19	17.0
Valdez-Cordova Census D.	263	100.0	208	79.1	55	20.9
Wade Hampton Census Div.	138	100.0	134	97.1	4	2.9
Wrangell-Petersburg	309	100.0	254	82.2	55	17.8
Yukon-Koyukuk Census D.	278	100.0	243	87.4	35	12.6

TABLE 8. PERSONS 65 YEARS AND OVER BY POVERTY STATUS
STATE OF ALASKA
1969 AND 1979

	1969		1979		Above Poverty Status				Below Poverty Status			
					1969		1979		1969		1979	
	Total	Percent	Total	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Alaska	6172	100	10448	100	4179	78	8966	87	1453	22	1482	13
Aleutian Islands	16	100	103	100	3	19	67	65	13	71	36	35
Anchorage	1713	100	3200	100	1487	87	2932	92	226	13	268	8
Bethel Census Div.	253	100	423	100	37	34	302	71	166	66	121	29
Bristol Bay Borough	15	100	20	100	8	53	14	70	7	47	6	30
Dillingham Census Div.	125	100	164	100	69	53	91	55	56	45	73	45
Fairbanks North Star	534	100	1020	100	450	84	931	91	040	16	09	9
Haines Borough	47	100	75	100	27	6	65	87	29	94	10	13
Juneau Borough	485	100	730	100	417	86	670	92	68	14	60	8
Kenai Peninsula Borough	417	100	802	100	346	83	721	90	71	17	81	10
Ketchikan Gateway Bor.	505	100	546	100	379	75	462	85	126	25	84	15
Kobuk Census Division	148	100	244	100	104	70	173	71	44	30	71	29
Kodiak Island Borough	191	100	255	100	130	68	233	91	61	32	22	9
Matanuska-Susitna Bor.	302	100	633	100	219	72	556	88	83	28	77	12
Nome Census Division	225	100	318	100	144	64	207	65	81	36	111	35
North Slope Borough	151	100	150	100	101	67	119	79	50	33	31	21
Prince of Wales	80	100	151	100	73	91	129	85	7	9	22	15
Sitka Borough	199	100	245	100	146	73	219	89	53	27	26	11
Skagway-Yakutat	177	100	186	100	89	50	162	87	88	50	24	13
Southeast Fairbanks	59	100	110	100	50	85	92	84	9	15	18	16
Valdez-Cordova Census D.	77	100	262	100	59	77	196	75	18	23	66	25
Wade Hampton Census Div.	0	100	177	100	0	0	93	53	0	0	84	47
Wrangell-Petersburg	259	100	335	100	200	77	320	96	59	23	15	4
Yukon-Koyukuk Census D.	194	100	299	100	131	68	212	71	63	32	87	29

Figure 3

Distribution of Persons 65 Years and Older by Poverty Status

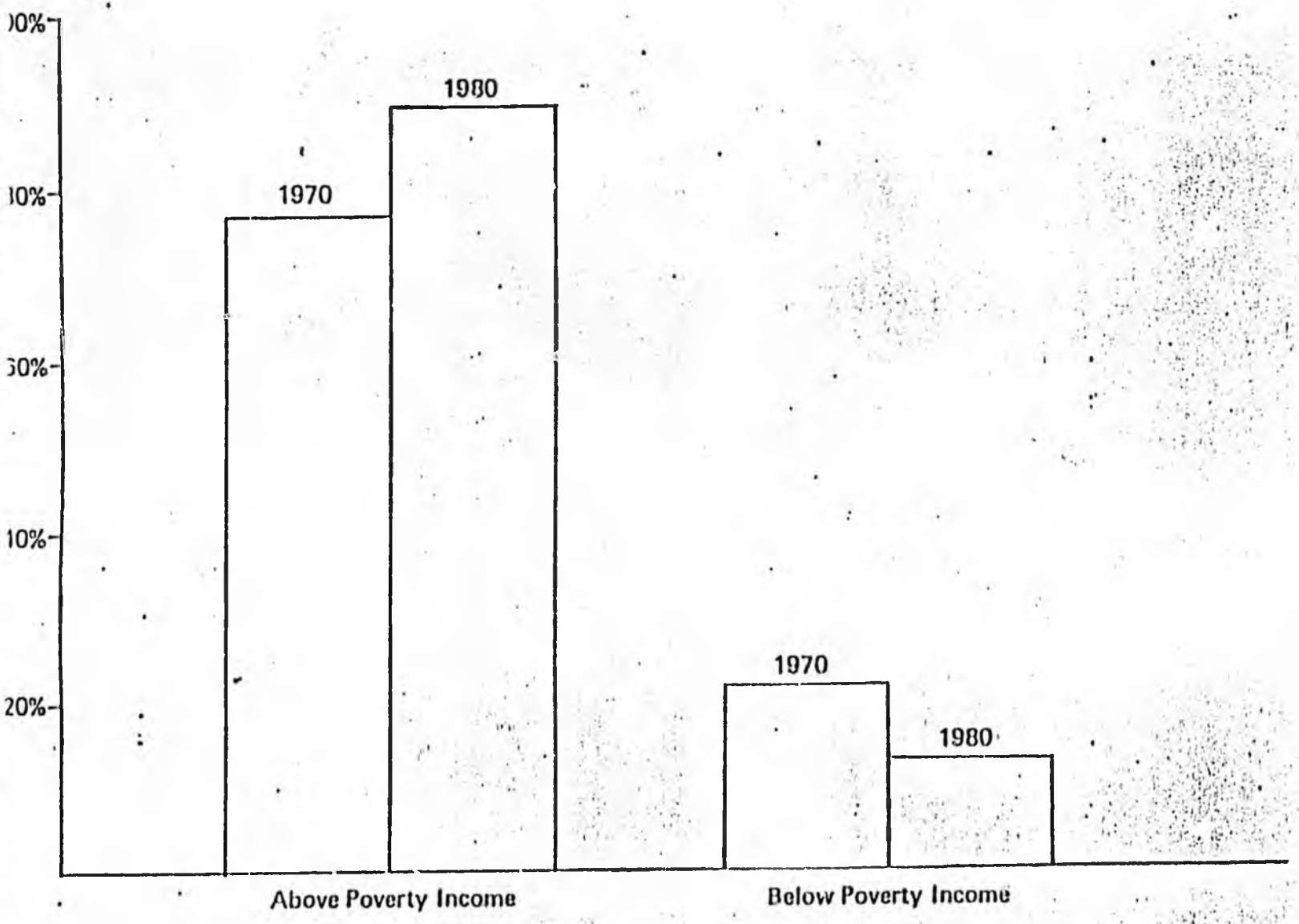


TABLE 10. NATIVE PERSONS 65 YEARS AND OLDER
BY CENSUS DIVISION
STATE OF ALASKA
1980

	Number	Percent
Alaska	2881	100.0
Aleutian Islands	92	3.2
Anchorage Borough	194	6.7
Bethel Census Division	418	14.5
Bristol Bay Borough	13	0.5
Dillingham Census Div.	145	5.0
Fairbanks North Star	117	4.1
Haines Borough	12	0.4
Juneau Borough	77	2.7
Kenai Peninsula Borough	67	2.3
Ketchikan Gateway Bor.	93	3.2
Kobuk Census Division	234	8.1
Kodiak Island Borough	87	3.0
Matanuska-Susitna Bor.	26	0.9
Nome Census Division	297	10.3
North Slope Borough	140	4.9
Prince of Wales	98	3.4
Sitka Borough	77	2.7
Skagway-Yakutat	94	3.3
Southeast Fairbanks	54	1.9
Valdez-Cordova Census D.	73	2.5
Wade Hampton Census Div.	174	6.0
Wrangell-Petersburg	70	2.4
Yukon-Koyukuk Census D.	229	7.9

CENSUS AREA DATA TABLES

TABLE 11. PERSONS 55 YEARS AND OVER BY AGE AND SEX
ALEUTIAN ISLANDS CENSUS AREA
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	190	200	93	97	50	48	36	43	11	12
Percent	100.0	100.0	48.9	48.5	26.3	24.0	18.9	21.5	5.8	6.0
FEMALE										
Number	92	132	43	47	30	33	10	43	9	9
Percent	100.0	100.0	46.7	35.6	32.6	25.0	10.9	32.6	9.8	6.8
TOTAL										
Number	282	332	136	144	80	81	46	86	20	21
Percent	100.0	100.0	48.2	43.4	28.4	24.4	16.3	25.9	7.1	6.3

TABLE 12. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
ALEUTIAN ISLANDS CENSUS AREA
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	23	34.8	49	45.8
Spouse	2	3.0	15	14.0
Relative	13	19.7	21	19.6
Nonrelative	1	1.5	1	0.9
Total	39	59.1	86	80.4
LIVING ALONE				
Males	12	18.2	8	7.5
Females	2	3.0	9	8.4
Total	14	21.2	17	15.9
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0	0	0
Other	13	19.7	4	3.7
Total	13	19.7	4	3.7
TOTAL	66	100.0	107	100.0

TABLE 13. PERSONS 55 YEARS AND OVER BY AGE AND SEX
ANCHORAGE BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	3453	5912	1662	2746	901	1623	607	1195	283	355
Percent	100.0	100.0	48.1	46.4	26.1	27.4	17.6	20.2	8.2	6.0
FEMALE										
Number	3012	6026	1353	2609	820	1447	578	1428	261	542
Percent	100.0	100.0	44.9	43.3	27.2	24.0	19.2	23.7	8.7	9.0
TOTAL										
Number	6465	11945	3015	5355	1721	3070	1185	2623	544	897
Percent	100.0	100.0	46.6	44.8	26.6	25.7	18.3	22.0	8.4	7.5

TABLE 14. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
ANCHORAGE BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	472	27.3	1057	30.0
Spouse	253	14.6	630	17.9
Relative	456	26.4	507	14.4
Nonrelative	78	4.5	79	2.2
Total	1259	72.8	2273	64.6
LIVING ALONE				
Males	187	10.8	326	9.3
Females	191	11.0	671	19.1
Total	378	21.9	997	28.3
LIVING IN GROUP QUARTERS				
Inmate of Institution	70	4.0	241	6.8
Other	22	1.3	9	0.3
Total	92	5.3	250	7.1
TOTAL	1729	100.0	3520	100.0

TABLE 15. PERSONS 55 YEARS AND OVER BY AGE AND SEX
BETHEL CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	347	540	134	169	68	136	83	173	62	62
Percent	100.0	100.0	38.6	31.3	19.6	25.2	23.9	32.0	17.9	11.5
FEMALE										
Number	252	427	93	114	65	117	66	141	28	55
Percent	100.0	100.0	36.9	26.7	25.8	27.4	26.2	33.0	11.1	12.9
TOTAL										
Number	599	967	227	283	133	253	149	314	90	117
Percent	100.0	100.0	37.9	29.3	22.2	26.2	24.9	32.5	15.0	12.1

TABLE 16. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
BETHEL CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	117	49.0	243	56.4
Spouse	22	9.2	75	17.4
Relative	67	28.0	58	13.5
Nonrelative	6	2.5	3	0.7
Total	212	88.7	379	87.9
LIVING ALONE				
Males	10	4.2	29	6.7
Females	16	6.7	22	5.1
Total	26	10.9	51	11.8
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	1	0.4	1	0.2
Total	1	0.4	1	0.2
TOTAL	239	100.0	431	100.0

TABLE 17. PERSONS 55 YEARS AND OVER BY AGE AND SEX
BRISTOL BAY BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	40	37	14	13	11	11	13	9	2	4
Percent	100.0	100.0	35.0	35.1	27.5	29.7	32.5	24.3	5.0	10.8
FEMALE										
Number	25	29	6	6	8	11	8	8	3	4
Percent	100.0	100.0	24.0	20.7	32.0	37.9	32.0	27.6	12.0	13.8
TOTAL										
Number	65	66	20	19	19	22	21	17	5	8
Percent	100.0	100.0	30.8	28.8	29.2	33.3	32.3	25.8	7.7	12.1

TABLE 18. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
BRISTOL BAY BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	9	34.6	13	52.0
Spouse	3	11.5	3	12.0
Relative	2	7.7	2	8.0
Nonrelative	2	7.7	1	4.0
Total	16	61.5	19	76.0
LIVING ALONE				
Males	7	26.9	3	12.0
Females	3	11.5	3	12.0
Total	10	38.5	6	24.0
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	0	0.0	0	0.0
Total	0	0.0	0	0.0
TOTAL	26	100.0	25	100.0

TABLE 19. PERSONS 55 YEARS AND OVER BY AGE AND SEX
DILLINGHAM CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	205	227	68	74	59	46	65	68	13	39
Percent	100.0	100.0	33.2	32.6	28.8	20.3	31.7	30.0	6.3	17.2
FEMALE										
Number	118	178	46	66	33	50	22	48	17	14
Percent	100.0	100.0	39.0	37.1	28.0	28.1	18.6	27.0	14.4	7.9
TOTAL										
Number	323	405	114	140	92	96	87	115	30	53
Percent	100.0	100.0	35.3	34.6	28.5	23.7	26.9	28.6	9.3	13.1

TABLE 20. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
DILLINGHAM CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	62	53.0	98	58.0
Spouse	13	11.1	31	18.3
Relative	12	10.3	17	10.1
Nonrelative	8	6.8	2	1.2
Total	95	81.2	148	87.6
LIVING ALONE				
Males	11	9.4	9	5.3
Females	10	8.5	12	7.1
Total	21	17.9	21	12.4
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	1	0.9	0	0.0
Total	1	0.9	0	0.0
TOTAL	117	100.0	169	100.0

TABLE 21. PERSONS 55 YEARS AND OVER BY AGE AND SEX
FAIRBANKS NORTH STAR BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	1248	2009	599	817	340	541	219	480	90	171
Percent	100.0	100.0	48.0	40.7	27.2	26.9	17.5	23.9	7.2	8.5
FEMALE										
Number	932	1742	432	869	236	448	178	434	86	191
Percent	100.0	100.0	46.4	38.4	25.3	25.7	19.1	24.9	9.2	11.0
TOTAL										
Number	2180	3751	1031	1486	576	989	397	914	176	362
Percent	100.0	100.0	47.3	39.6	26.4	25.4	18.2	24.4	8.1	9.7

TABLE 22. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
FAIRBANKS NORTH STAR BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	145	25.3	394	30.9
Spouse	74	12.9	211	16.5
Relative	109	19.0	122	9.6
Nonrelative	23	4.0	36	2.8
Total	351	61.3	763	59.8
LIVING ALONE				
Males	92	16.1	173	13.6
Females	53	9.2	197	15.4
Total	145	25.3	370	29.0
LIVING IN GROUP QUARTERS				
Inmate of Institution	54	9.4	140	11.0
Other	23	4.0	3	0.2
Total	77	13.4	143	11.2
TOTAL	573	100.0	1276	100.0

TABLE 23. PERSONS 55 YEARS AND OVER BY AGE AND SEX
HAINES BOROUGH
1970 AND 1980

	Total		55-59 Years		-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	108	120	54	42	24	35	24	38	6	5
Percent	100.0	100.0	50.0	35.0	22.2	29.2	22.2	31.7	5.6	4.2
FEMALE										
Number	92	103	27	38	21	30	26	29	18	6
Percent	100.0	100.0	29.3	36.9	22.8	29.1	28.3	28.2	19.6	5.8
TOTAL										
Number	200	223	81	80	45	65	50	67	24	11
Percent	100.0	100.0	40.5	35.9	22.5	29.1	25.0	30.0	12.0	4.9

TABLE 24. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
HAINES BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	20	27.0	36	46.2
Spouse	13	17.6	22	28.2
Relative	9	12.2	5	6.4
Nonrelative	2	2.7	0	0.0
Total	44	59.5	63	80.8
LIVING ALONE				
Males	9	12.2	5	6.4
Females	3	4.1	10	12.8
Total	12	16.2	15	19.2
LIVING IN GROUP QUARTERS				
Inmate of Institution	18	24.3	0	0.0
Other	0	0.0	0	0.0
Total	18	24.3	0	0.0
TOTAL	74	100.0	78	100.0

TABLE 25. PERSONS 55 YEARS AND OVER BY AGE AND SEX
JUNEAU BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	804	944	326	365	219	225	186	274	73	80
Percent	100.0	100.0	40.5	38.7	27.2	23.8	23.1	29.0	9.1	8.5
FEMALE										
Number	706	1046	262	351	191	278	177	283	76	134
Percent	100.0	100.0	37.1	33.6	27.1	26.6	25.1	27.1	10.8	12.8
TOTAL										
Number	1510	1990	588	716	410	503	363	557	149	214
Percent	100.0	100.0	38.9	36.0	27.2	25.3	24.0	28.0	9.9	10.8

TABLE 26. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
JUNEAU BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	165	32.2	268	34.8
Spouse	87	17.0	145	18.8
Relative	95	18.6	76	9.9
Nonrelative	8	1.6	22	2.9
Total	355	69.3	511	66.3
LIVING ALONE				
Males	73	14.3	69	8.9
Females	79	15.4	171	22.2
Total	152	29.7	240	31.1
LIVING IN GROUP QUARTERS				
Inmate of Institution	5	1.0	20	2.6
Other	0	0.0	0	0.0
Total	5	1.0	20	2.6
TOTAL	512	100.0	771	100.0

TABLE 27. PERSONS 55 YEARS AND OVER BY AGE AND SEX
KENAI PENINSULA BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	838	1297	345	486	209	355	198	375	86	81
Percent	100.0	100.0	41.2	37.5	24.9	27.4	23.6	28.9	10.3	6.2
FEMALE										
Number	538	1068	212	399	140	298	141	258	45	113
Percent	100.0	100.0	39.4	37.4	26.0	27.9	26.2	24.2	8.4	10.6
TOTAL										
Number	1376	2365	557	885	349	653	339	633	131	194
Percent	100.0	100.0	40.5	37.4	25.4	27.6	24.6	26.8	9.5	8.2

TABLE 28. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
KENAI PENINSULA BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	148	31.5	293	35.4
Spouse	65	13.8	167	20.2
Relative	84	17.9	69	8.3
Nonrelative	12	2.6	13	1.6
Total	309	65.7	542	65.5
LIVING ALONE				
Males	104	22.1	142	17.2
Females	40	8.5	112	13.5
Total	144	30.6	254	30.7
LIVING IN GROUP QUARTERS				
Inmate of Institution	13	2.8	31	3.7
Other	4	0.9	0	0.0
Total	17	3.6	31	3.7
TOTAL	470	100.0	827	100.0

TABLE 29. PERSONS 55 YEARS AND OVER BY AGE AND SEX
KETCHIKAN GATEWAY BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	670	764	226	275	168	175	193	229	83	85
Percent	100.0	100.0	33.7	36.0	25.1	22.9	28.8	30.0	12.4	11.1
FEMALE										
Number	569	737	195	236	135	173	159	198	80	130
Percent	100.0	100.0	34.3	32.0	23.7	23.5	27.9	26.9	14.1	17.6
TOTAL										
Number	1239	1501	421	511	303	348	352	427	163	215
Percent	100.0	100.0	34.0	34.0	24.5	23.2	28.4	28.4	13.2	14.3

TABLE 30. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
KETCHIKAN GATEWAY BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	169	32.8	221	34.4
Spouse	83	16.1	123	19.2
Relative	55	10.7	31	4.8
Nonrelative	13	2.5	6	0.9
Total	320	62.1	381	59.3
LIVING ALONE				
Males	80	15.5	73	11.4
Females	45	16.5	105	16.4
Total	165	32.0	178	27.7
LIVING IN GROUP QUARTERS				
Inmate of Institution	27	5.2	75	11.7
Other	3	0.6	8	1.2
Total	30	5.8	83	12.9
TOTAL	515	100.0	642	100.0

TABLE 31. PERSONS 55 YEARS AND OVER BY AGE AND SEX
KOBUK CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	181	242	65	63	38	52	54	87	24	40
Percent	100.0	100.0	35.9	26.0	21.0	21.5	29.8	36.0	13.3	16.5
FEMALE										
Number	175	228	55	64	41	42	45	78	34	43
Percent	100.0	100.0	31.4	28.1	23.4	18.4	25.7	34.6	19.4	18.9
TOTAL										
Number	356	470	120	127	79	94	99	166	58	83
Percent	100.0	100.0	33.7	27.0	22.2	20.0	27.8	35.3	16.3	17.7

TABLE 32. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
KOBUK CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	80	51.0	126	50.6
Spouse	23	14.6	50	20.1
Relative	31	19.7	25	10.0
Nonrelative	2	1.3	1	0.4
Total	136	86.6	202	81.1
LIVING ALONE				
Males	8	5.1	21	8.4
Females	10	6.4	17	6.8
Total	18	11.5	38	15.3
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	3	1.9	9	3.6
Total	3	1.9	9	3.6
TOTAL	157	100.0	249	100.0

TABLE 33. PERSONS 55 YEARS AND OVER BY AGE AND SEX
KODIAK ISLAND BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	367	432	143	185	91	113	93	95	40	39
Percent	100.0	100.0	39.0	42.8	24.8	26.2	25.3	22.0	10.9	9.0
FEMALE										
Number	237	311	100	106	60	84	55	84	22	37
Percent	100.0	100.0	42.2	34.1	25.3	27.0	23.2	27.0	9.3	11.9
TOTAL										
Number	604	743	243	291	151	197	148	179	62	76
Percent	100.0	100.0	40.2	39.2	25.0	26.5	24.5	24.1	10.3	10.2

TABLE 34. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
KODIAK ISLAND BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	72	34.3	88	34.5
Spouse	33	15.7	45	17.6
Relative	36	17.1	25	9.8
Nonrelative	6	2.9	9	3.5
Total	147	70.0	167	65.5
LIVING ALONE				
Males	38	18.1	40	15.7
Females	17	8.1	41	16.1
Total	55	26.2	81	31.8
LIVING IN GROUP QUARTERS				
Inmate of Institution	1	0.5	5	2.0
Other	7	3.3	2	0.8
Total	8	3.8	7	2.7
TOTAL	210	100.0	255	100.0

TABLE 35. PERSONS 55 YEARS AND OVER BY AGE AND SEX
MATANUSKA-SUSITNA BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	485	953	168	345	116	237	143	276	58	95
Percent	100.0	100.0	34.6	36.2	23.9	24.9	29.5	29.0	12.0	10.0
FEMALE										
Number	333	840	131	276	95	205	80	243	27	116
Percent	100.0	100.0	39.3	32.9	28.5	24.4	24.0	28.9	8.1	13.8
TOTAL										
Number	818	1793	299	621	211	442	223	519	85	211
Percent	100.0	100.0	36.6	34.6	25.8	24.7	27.3	28.9	10.4	11.8

TABLE 36. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
MATANUSKA-SUSITNA BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	91	29.5	246	33.7
Spouse	47	15.3	156	21.4
Relative	34	11.0	63	8.6
Nonrelative	11	3.6	15	2.1
Total	183	59.4	480	65.8
LIVING ALONE				
Males	71	23.1	68	9.3
Females	27	8.8	81	11.1
Total	98	31.8	149	20.4
LIVING IN GROUP QUARTERS				
Inmate of Institution	2	0.6	100	13.7
Other	25	8.1	1	0.1
Total	27	8.8	101	13.8
TOTAL	308	100.0	730	100.0

TABLE 37. PERSONS 55 YEARS AND OVER BY AGE AND SEX
NOME CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	310	375	117	125	68	73	92	130	33	47
Percent	100.0	100.0	37.7	33.3	21.9	19.5	29.7	34.7	10.6	12.5
FEMALE										
Number	259	314	100	87	59	65	73	119	27	43
Percent	100.0	100.0	38.6	27.7	22.8	20.7	28.2	37.9	10.4	13.7
TOTAL										
Number	569	689	217	212	127	138	165	249	60	90
Percent	100.0	100.0	38.1	30.8	22.3	20.0	29.0	36.1	10.5	13.1

TABLE 38. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
NOME CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	113	50.2	179	52.8
Spouse	22	9.8	64	18.9
Relative	40	17.8	33	9.7
Nonrelative	4	1.8	5	1.5
Total	179	79.6	281	82.9
LIVING ALONE				
Males	24	10.7	33	9.7
Females	12	5.3	23	6.8
Total	36	16.0	56	16.5
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	10	4.4	2	0.6
Total	10	4	2	0.6
TOTAL	225	100.0	339	100.0

TABLE 39. PERSONS 55 YEARS AND OVER BY AGE AND SEX
NORTH SLOPE BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	140	187	45	67	38	39	40	62	17	19
Percent	100.0	100.0	32.1	35.8	27.0	20.9	28.6	33.2	12.1	10.2
FEMALE										
Number	102	144	42	45	22	32	23	52	15	15
Percent	100.0	100.0	41.2	31.3	21.6	22.2	22.5	36.1	14.7	10.4
TOTAL										
Number	242	331	87	112	60	71	63	114	32	34
Percent	100.0	100.0	36.0	33.8	24.8	21.5	26.0	34.4	13.2	10.3

TABLE 40. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
NORTH SLOPE BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	52	54.7	84	56.8
Spouse	13	13.7	34	23.0
Relative	16	16.8	15	10.1
Nonrelative	0	0.0	1	0.7
Total	81	85.3	134	90.5
LIVING ALONE				
Males	3	3.2	5	3.4
Females	7	7.4	7	4.7
Total	10	10.5	12	8.1
LIVING IN GROUP QUARTERS				
Inmate of Institution	1	1.1	0	0.0
Other	3	3.2	2	1.4
Total	4	4.2	2	1.4
TOTAL	95	100.0	148	100.0

TABLE 41. PERSONS 55 YEARS AND OVER BY AGE AND SEX
PRINCE OF WALES-OUTER KETCHIKAN
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	240	214	97	77	71	54	48	55	24	28
Percent	100.0	100.0	40.4	36.0	29.6	25.2	20.0	25.7	10.0	13.1
FEMALE										
Number	142	162	47	53	38	41	41	43	16	25
Percent	100.0	100.0	33.1	32.7	26.8	25.3	28.9	26.5	11.3	15.4
TOTAL										
Number	382	376	144	130	109	95	89	98	40	53
Percent	100.0	100.0	37.7	34.6	28.5	25.3	22.3	26.1	10.5	14.1

TABLE 42. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
PRINCE OF WALES-OUTER KETCHIKAN
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	56	43.4	64	42.4
Spouse	26	20.2	31	20.5
Relative	23	17.8	13	8.6
Nonrelative	1	0.8	1	0.7
Total	106	82.2	109	72.2
LIVING ALONE				
Males	12	9.3	20	13.2
Females	10	7.8	17	11.3
Total	22	17.1	37	24.5
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	5	3.3
Other	1	0.8	0	0.0
Total	1	0.8	5	3.3
TOTAL	129	100.0	151	100.0

TABLE 43. PERSONS 55 YEARS AND OVER BY AGE AND SEX
SITKA BOROUGH
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	404	405	120	137	83	91	108	97	93	80
Percent	100.0	100.0	29.7	33.8	20.5	22.5	26.7	24.0	23.0	19.8
FEMALE										
Number	344	384	119	128	66	72	94	103	65	81
Percent	100.0	100.0	34.6	33.3	19.2	18.8	27.3	26.8	18.9	21.1
TOTAL										
Number	748	789	239	265	149	163	202	200	158	161
Percent	100.0	100.0	32.0	33.6	19.9	20.7	27.0	25.3	21.1	20.4

TABLE 44. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
SITKA BOROUGH
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	79	21.9	100	27.7
Spouse	46	12.8	57	15.8
Relative	27	7.5	28	7.8
Nonrelative	9	2.5	24	6.6
Total	161	44.7	209	57.9
LIVING ALONE				
Males	27	7.5	20	5.5
Females	30	8.3	45	12.5
Total	57	15.8	65	18.0
LIVING IN GROUP QUARTERS				
Inmate of Institution	141	39.2	64	17.7
Other	1	0.3	23	6.4
Total	142	39.4	87	24.1
TOTAL	360	100.0	361	100.0

TABLE 45. PERSONS 55 YEARS AND OVER BY AGE AND SEX
SKAGWAY-YAKUTAT-ANGOON CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	240	218	72	73	50	44	84	64	34	37
Percent	100.0	100.0	30.0	33.5	20.8	20.2	35.0	29.4	14.2	17.0
FEMALE										
Number	148	197	50	62	26	44	51	62	21	29
Percent	100.0	100.0	33.8	31.5	17.6	22.3	34.5	31.5	14.2	14.7
TOTAL										
Number	388	415	122	135	76	88	135	126	55	66
Percent	100.0	100.0	31.4	32.5	19.6	21.2	34.8	30.4	14.2	15.9

TABLE 46. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
SKAGWAY-YAKUTAT-ANGOON CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	76	40.0	85	44.3
Spouse	34	17.9	45	23.4
Relative	17	8.9	12	6.3
Nonrelative	4	2.1	4	2.1
Total	131	68.9	146	76.0
LIVING ALONE				
Males	42	22.1	20	10.4
Females	16	8.4	26	13.5
Total	58	30.5	46	24.0
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	1	0.5	0	0.0
Total	1	0.5	0	0.0
TOTAL	190	100.0	192	100.0

TABLE 47. PERSONS 55 YEARS AND OVER BY AGE AND SEX
SOUTHEAST FAIRBANKS CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	63	201	37	77	11	49	11	50	4	25
Percent	100.0	100.0	58.7	38.3	17.5	24.4	17.5	24.9	6.3	12.4
FEMALE										
Number	38	162	15	62	14	33	7	45	2	22
Percent	100.0	100.0	39.5	38.3	36.8	20.4	18.4	27.8	5.3	13.6
TOTAL										
Number	101	363	52	139	25	82	18	95	6	47
Percent	100.0	100.0	51.5	38.3	24.8	22.6	17.8	26.2	5.9	12.9

TABLE 48. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
SOUTHEAST FAIRBANKS CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	14	58.3	69	48.6
Spouse	7	29.2	28	19.7
Relative	0	0.0	14	9.9
Nonrelative	0	0.0	5	3.5
Total	21	87.5	116	81.7
'NG ALONE				
	2	8.3	18	12.7
	1	4.2	6	4.2
	3	12.5	24	16.9
'UP QUARTERS				
.stitution	0	0.0	0	0.0
	0	0.0	2	1.4
.al	0	0.0	2	1.4
TOTAL	24	100.0	142	100.0

TABLE 49. PERSONS 55 YEARS AND OVER BY AGE AND SEX
VALDEZ-CORDOVA CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	373	458	142	174	107	113	86	123	38	48
Percent	100.0	100.0	38.1	38.0	28.7	24.7	23.1	26.9	10.2	10.5
FEMALE										
Number	211	349	88	145	58	80	43	89	22	35
Percent	100.0	100.0	41.7	41.5	27.5	22.9	20.4	25.5	10.4	10.0
TOTAL										
Number	584	807	230	319	165	193	129	212	60	83
Percent	100.0	100.0	39.4	39.5	28.3	23.9	22.1	26.3	10.3	10.3

TABLE 50. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
VALDEZ-CORDOVA CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	65	34.4	116	39.3
Spouse	22	11.6	45	15.3
Relative	10	5.3	25	8.5
Nonrelative	5	2.6	6	2.0
Total	102	54.0	192	65.1
LIVING ALONE				
Males	51	27.0	56	19.0
Females	24	12.7	36	12.2
Total	75	39.7	92	31.2
LIVING IN GROUP QUARTERS				
Inmate of Institution	8	4.2	6	2.0
Other	4	2.1	5	1.7
Total	12	6.3	11	3.7
TOTAL	189	100.0	295	100.0

TABLE 51. PERSONS 55 YEARS AND OVER BY AGE AND SEX
WADE HAMPTON CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	149	251	54	96	37	47	41	80	17	28
Percent	100.0	100.0	36.2	38.2	24.8	18.7	27.5	31.9	11.4	11.2
FEMALE										
Number	114	179	41	67	28	42	30	50	15	20
Percent	100.0	100.0	36.0	37.4	24.6	23.5	26.3	27.9	13.2	11.2
TOTAL										
Number	263	430	95	163	65	89	71	130	32	48
Percent	100.0	100.0	36.1	37.9	24.7	20.7	27.0	30.2	12.2	11.2

TABLE 52. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
WADE HAMPTON CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	50	48.5	118	66.3
Spouse	13	12.6	31	17.4
Relative	18	17.5	12	6.7
Nonrelative	1	1.0	1	0.6
Total	82	79.6	162	91.0
LIVING ALONE				
Males	10	9.7	7	3.9
Females	5	4.9	9	5.1
Total	15	14.6	16	9.0
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	6	5.8	0	0.0
Total	6	5.8	0	0.0
TOTAL	103	100.0	178	100.0

TABLE 53. PERSONS 55 YEARS AND OVER BY AGE AND SEX
WRANGELL-PETERSBURG CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	354	435	119	139	93	104	96	143	46	49
Percent	100.0	100.0	33.6	32.0	26.3	23.9	27.1	32.9	13.0	11.3
FEMALE										
Number	273	371	91	113	65	97	73	101	44	60
Percent	100.0	100.0	33.3	30.5	23.8	26.1	26.7	27.2	16.1	16.2
TOTAL										
Number	627	806	210	252	158	201	169	244	90	109
Percent	100.0	100.0	33.5	31.3	25.2	24.9	27.0	30.3	14.4	13.5

TABLE 54. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
WRANGELL-PETERSBURG CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	88	34.0	150	42.5
Spouse	46	17.8	65	18.4
Relative	28	10.8	10	2.8
Nonrelative	10	3.9	5	1.4
Total	172	66.4	230	65.2
LIVING ALONE				
Males	51	19.7	43	12.2
Females	35	13.5	61	17.3
Total	86	33.2	104	29.5
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	19	5.4
Other	1	0.4	0	0.0
Total	1	0.4	19	5.4
TOTAL	259	100.0	353	100.0

TABLE 55. PERSONS 55 YEARS AND OVER BY AGE AND SEX
YUKON-KOYUKUK CENSUS DIVISION
1970 AND 1980

	Total		55-59 Years		60-64 Years		65-74 Years		75+ Years	
	1970	1980	1970	1980	1970	1980	1970	1980	1970	1980
MALE										
Number	406	411	148	135	107	92	103	132	48	52
Percent	100.0	100.0	36.5	32.8	26.4	22.4	25.4	32.1	11.8	12.7
FEMALE										
Number	238	292	92	97	57	71	51	94	38	30
Percent	100.0	100.0	38.7	33.2	23.9	24.3	21.4	32.2	16.0	10.3
TOTAL										
Number	644	703	240	232	164	163	154	226	86	82
Percent	100.0	100.0	37.3	33.0	25.5	23.2	23.9	32.1	13.4	11.7

TABLE 56. PERSONS OVER 65 YEARS BY TYPE OF LIVING ARRANGEMENT
YUKON-KOYUKUK CENSUS DIVISION
1970 AND 1980

	1970		1980	
	Number	Percent	Number	Percent
LIVING IN FAMILY HOUSEHOLD				
Householder	95	39.6	146	47.4
Spouse	24	10.0	43	14.0
Relative	37	15.4	17	5.5
Nonrelative	8	3.3	3	1.0
Total	164	68.3	209	67.9
LIVING ALONE				
Males	52	21.7	62	20.1
Females	22	9.2	35	11.4
Total	74	30.8	97	31.5
LIVING IN GROUP QUARTERS				
Inmate of Institution	0	0.0	0	0.0
Other	2	0.8	2	0.6
Total	2	0.8	2	0.6
TOTAL	240	100.0	308	100.0

exemption upon SSI

PATRICK M. RODEY
3271 MONTCLAIRE CT
ANCHORAGE, AK 99503

DURING SESSION:
POUCH V
JUNEAU, AK 99811
(907) 465-3717

1.

ALASKA STATE SENATE

M E M O R A N D U M

DATE: February 14, 1984

TO: U.S. Senator Ted Stevens

FROM: Senator Rodey and Representatives Hayes and Adams

RE: Federal Exemption for the Alaska Longevity Bonus Program

Title XVI of the Social Security Act, as amended, established a national program, effective January 1, 1974, called Supplemental Security Income for the Aged, Blind and Disabled (SSI). It is a welfare program which provides monthly cash payments to persons who are blind, disabled, or who have reached the age of 65 and have demonstrated financial need.

The amount of the monthly payments is based on the difference between the maximum income standards (presently $314 for an individual, and $472 for a couple) and the total monthly income as determined by 42 USC § 1382. For our purposes, we are only concerned with the SSI payments to the aged.

42 USC § 1382(b)(2)(B) is the federal exemption which requires the Social Security Administration, when calculating the amount of SSI benefits for which an individual or couple are eligible, to disregard the $250 per month income provided by the Alaska Longevity Bonus program.

It is this exemption which may be in jeopardy if and when our Longevity Bonus bill is enacted. We have already requested a formal opinion from the Social Security Administration, Region X on this matter, and are awaiting their response. (See attachment.)

If their opinion is that our proposed changes to the Alaska Longevity Bonus program make the present exemption null and void, we would request that you seek an amendment to the federal law which would continue the exemption for recipients of the revised bonus program.

The amendment we would suggest is as follows:

> 42 USC § 1382(b)(2)(B) monthly (or other periodic) payments received by any individual, under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 or older and duration of residence in such State by such individual.

Should it become necessary for you to seek this amendment to federal law, we offer the following information about the fiscal impact of the SSI program in Alaska.

According to the local office of the Social Security Administration:

1) the number of older Alaskans who received SSI benefits during the most recent reporting period for which figures are available (the 3rd Quarter of 1983) was 1,111.

2) the total federal dollars expended in Alaska in all of 1983 for SSI payments to older Alaskans was only $2,222,000.

As you can easily see when you compare these figures with the corresponding national totals - 1,548,471 older Americans received $225.6 million each month in SSI payments in 1983 - the fiscal impact of the Alaska program on the federal budget is extremely small. However to the estimated 700-300 older Alaskans who receive both the Alaska Longevity Bonus and SSI, the average monthly SSI payment of $178 is significant. It is on behalf of these people that we ask for your help.

PATRICK M. RODEY
3271 MONTCLAIRE CT.
ANCHORAGE, AK 99503

DURING SESSION:
POUCH V
JUNEAU, AK 99811
(907) 465-3717

ALASKA STATE SENATE

February 15, 1984

Honorable Ted Stevens
United States Senate
147 Russell Office Building
Washington, D.C. 20510

ATTN: Mark Barnes

Dear Ted:

This is to follow up on our meeting of yesterday regarding the Alaska Longevity Bonus. First, we would like to thank you for your prompt attention to our concern. We know how busy you must be, and we appreciate you taking the time to assist us on the question of the SSI federal exemption.

Second, we would like to request a brief letter from your office reiterating for the record what we discussed informally in the Speaker's office. We want to be sure that this small uncertainty about the federal exemption does not get in the way of solving the larger problem of the Longevity Bonus. A letter from your office expressing your confidence that the exemption can be continued will enable us to keep moving the bill through the committee process while we await final resolution of the exemption question.

Once again, thanks for your help.

With warm regards,

Patrick M. Rodey

Albert P. Adams

PATRICK M. RODEY
3271 MONTCLAIRE CT.
ANCHORAGE, AK 99503

DURING SESSION:
POUCH V
JUNEAU, AK 99811
(907) 465-3717

ALASKA STATE SENATE

February 13, 1984

John Henderson
Assistant Regional Commissioner, Programs
Social Security Administration, Region X
2901 3rd Avenue
Mail Stop 302
Seattle, Washington 98121

ATTN: Loren Gomez

Dear Mr. Henderson:

Pursuant to the telephone conversation last week between Loren Gomez of your office and Jim Kelly, my administrative assistant, this is to request a formal opinion on the effect the attached, proposed change to Alaska State law would have on the federal exemption contained in 42 USC § 1382(b)(2)(B).

This exemption (Attachment #1) requires the Social Security Administration, when calculating the amount of SSI benefits for which an individual or couple are eligible, to disregard the $250 per month provided by the Alaska Longevity Bonus program.

Attachment #2 is the present law governing the bonus program; attachment #3 is a copy of the bill which would change the present law. The section which may affect the federal exemption appears on page 2 of the bill, lines 13-16.

When this section goes into effect on July 1, 1990, and the age requirement for eligibility for a longevity bonus is increased to 66 years of age, will the federal exemption still be in force? Will the exemption remain in force in succeeding years as the age requirement continues to stair-step up one year, each year?

I have been in contact with U.S. Senator Ted Stevens' office, and his staff's preliminary opinion is that the language of the federal exemption is broad enough to accomodate the proposed change. If that is not the opinion of your office, however, Senator Stevens has indicated a willingness to pursue a change in federal law which would continue the exemption for recipients of the revised Alaska Longevity Bonus program.

Your timely response to this request is critical. The bill making the changes to the present Alaska Longevity Bonus program was introduced yesterday in both the State House and the State Senate, with a majority of legislators already signed on as co-sponsors. Thus, the prospects for early passage by the full Legislature are excellent.

I look forward to hearing from you on this very important matter. If you have any questions, or need further information, please contact Jim Kelly of my staff at (907)465-3754. Thank you.

With regards,

Patrick M. Rodey

Attachments

ATTACHMENT #1

furnished to such individual or such spouse without such institution receiving payment therefor (unless such institution has expressly undertaken an obligation to furnish full support and maintenance to such individual or spouse without any current or future payment therefor) or payment therefor is made by another nonprofit organization, and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by anotner person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the seventeenth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for purposes of the Disaster Relief Act of 1974 [42 U.S.C.A. § 5121 et seq.], and (III) such individual declares that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe.

[See main volume for text of (B) to (F)]

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

[See main volume for text of (1)]

(2)(A) the first $240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

(B) monthly (or other periodic) payments received by any individual under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in such State by such individual;

(3)(A) the total unearned income of such individual (and such spouse, if any) in a month which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $20 in such month and (B) the total earned income of such individual (and such spouse, if any) in a month which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $10 in such month;

[See main volume for text of (4)(A)]

(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this subchapter (or aid under a State plan approved under section 1352 or 1382 of this title) for the month before the month in which he attained age 65), (i) the first $780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, (ii) such additional amounts of earned income of such individual (for purposes of determining the amount of his or her benefits under this subchapter and of determining his or her eligibility for such benefits for consecutive months of eligibility after the initial month of such eligibility), if such individual's disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, as may be necessary to pay the costs (to such individual) of attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or

Dept. of Law
Y-1-4

8.

LONGEVITY BONUS STATUS

1. Vest v. State at the Superior Court:

Vest originally sued in the summer of 1982. A three-way agreement was signed by our office, Vest and the Legislative Council staying the case through the 1983 legislative session, on the Council's agreement to use its best efforts to enact legislation which treated all senior Alaskans equally. No legislation was enacted, and Vest reactivated the suit shortly after the close of the session.

Vest filed a short summary judgment memorandum arguing that the residency requirements (25 years continuous residency, and residency in the territory prior to statehood) were invalid after the U.S. Supreme Court decision in Zobel. He also argued that the provisions violated the Citizenship Clause and the Alaska equal protection clause. Finally, he argued that the residency provisions should be striken from the act, and the program opened up to all residents.

The state argued that Zobel was not a per se bar to residency requirements, that the court should judge the program under the federal rational basis test, that states have broad leeway in deciding whom to benefit when distributing state resources, and that there were valid, rational reasons for favoring pre-statehood residents over those who came later. The state also argued that the residency requirements were not severable from the remainder of the act, and if they were invalid the court could not open up the program.

Judge Carpeneti ruled on December 17, 1983 in favor of Vest on all arguments except severability. He found that the act infringed the federally protected right-to-travel and applied the strict scrutiny test, noting that the program did not merely delay benefits, as in Sosna v. Iowa, 419 U.S. 393 (1975) (one year requirement for divorce not invalid), but rather denied newer arrivals entirely of the ability to participate in the program. He further read Zobel as implying that the U.S. Supreme Court would have applied strict scrutiny in that case if it had reached the issue. Once determining that strict scrutiny applied, the court held the residency requirements invalid since there was no compelling state interest to support them.

Judge Carpeneti enjoined the program, and stayed his own order for 30 days. The state filed its appeal, and then moved for an extended stay pending final disposition by the state supreme court. The state's motion was granted on January 13, 1984.

2. State v. Vest, Supreme Court:

On January 10, 1984, Judge Carpeneti reduced his order to a written judgment, thus preparing the way for appeal. The state's appeal papers were filed that day. The appellate rules provide that the superior court has 40 days to certify the record (about February 20, but since the record is relatively small, it may take less time), the state then has 30 days to file its appeal brief (about March 22), Vest has 30 days to answer (about April 22) and the state has 20 days to reply (about May 12). Vest's counsel have talked about moving for expedited treatment, but to date have not filed such a motion.

3. Other considerations:

The drafters of any legislation replacing the present program should consider the proposed program with an eye to the federal eligibility rules for Supplemental Social Security. Our adult public assistance program (blind, disabled and aged) is tied to those rules. The federal statute and regulations are attached, and provide for two relevant exemptions for "income."

One deals specifically with our program (although not by name) and exempts payments under a program enacted prior to July 1, 1973 if payments are not based on need and are based solely on the recipient's attainment of age 65 and duration of residence in the state. An amendment to the present act reducing the residency requirement to one year would come within this exemption.

The second exemption is for assistance which is based on need and furnished by a state or subdivision. The statute is silent on what constitutes "need," but the regulation states that "assistance is based on need when it is provided under a program which uses the amount of your income as one factor to determine your eligibility." Thus we believe that any program with an income cap would come within this exemption.

chapter, which is to pay benefits only to the extent an individual's basic subsistence needs are not provided from other sources; use of a presumed value to allow the agency to avoid complex, individualized computations was not unreasonable, particularly in view of the fact that the presumption creates a maximum reduction in benefits and may be rebutted by a recipient. Wynn v. Harris, D.C.Tenn.1980, 494 F.Supp. 878.

As regarded regulation pursuant to which the recipients' supplemental security income benefits were reduced based on their alleged receipt of in-kind support and maintenance benefits amounting to the difference between the amount of rent they paid and the current retail value of their housing, the decision by the Secretary to utilize current market value was clearly reasonable, whether or not other methods might be equally reasonable or even superior; in addition, the absence of empirical data underlying the one-third presumptive reduction in benefits did not render the regulation arbitrary. Id.

Under regulations setting forth requirements for an approved state program of aid to the aged, blind and disabled under this chapter to effect that amount of property that could be reserved for each individual recipient should not be in excess of $2,000, requirement would be construed as applying to savings derived from any source, including savings from aid to the aged, blind and disabled benefits and, thus, in order to have had an "approved" plan, New York must have imposed a ceiling of no more than $2,000 on such savings. Yulling v. Califano, D.C.N.Y.1979, 474 F.Supp. 601.

New York program of aid to the aged, blind and disabled did impose limit on savings from resources and, thus, was an approved plan within meaning of the federal supplemental security income regulations. Id.

27. Incremental method

In regard to public households containing persons receiving benefits under old age, survivors and disability insurance program or under supplemental security income program, appropriate method of calculating public assistance for remaining eligible household members was "incremental" method, under which only eligible persons were counted in order to determine household's size before referring to schedules to find appropriate fixed allowance, rather than "proration" method, under which two-thirds of three person grant would be authorized for households containing one ineligible and two eligible persons. Leone v. Blum, 1980, 425 N.Y.S.2d 836, 73 A.D.2d 252, certification denied 431 N.Y.S.2d 814, 50 N.Y.2d 1042, 410 N.E.2d 747, affirmed 440 N.Y.S.2d 604, 53 N.Y.2d 105, 423 N.E.2d 27.

28. Lump-sum payment

Practice of Secretary in including a lump-sum social security payment for purposes of determining available resources of an applicant under regulation providing that in order to be eligible for supplemental security income payment a single individual may not have resources of more than $1,500 is consistent with the statutory scheme; therefore, applicant who was paid approximately $11,500 in a lump-sum supplemental security income payment was not entitled to receive monthly benefits. Beatty v. Schweiker, C.A.Pa.1982, 678 F.2d 359.

§ 1382a. Income: definition of earned and unearned income; exclusions from income

(a) For purposes of this subchapter, income means both earned income and unearned income; and—

(1) earned income means only—

(A) wages as determined under section 403(f)(5)(C) of this title;

(B) net earnings from self-employment, as defined in section 411 of this title (without the application of the second and third sentences following subsection (a)(11), and the last paragraph of subsection (a)), including earnings for services described in paragraphs (4), (5), and (6) of subsection (c);

(C) any refund of Federal income taxes made by reason of section 43 of Title 26 (relating to earned income credit) and any payment made by an employer under section 3507 of Title 26 (relating to advance payment of earned income credit); and

(D) remuneration received for services performed in a sheltered workshop or work activities center; and

(2) unearned income means all other income, including—

(A) support and maintenance furnished in cash or kind; except that (i) in the case of any individual (and his eligible spouse, if any) living in another person's household and receiving support and maintenance [illegible] from such person, the dollar amounts otherwise applicable to such individual (and spouse) as specified in subsections (a) and (b) of section 1382 of this title shall be reduced by 33⅓ percent in lieu of including such support and maintenance in the unearned income of such individual (and spouse) as otherwise required by this subparagraph, (ii) in the case of any individual or his eligible spouse who resides in a nonprofit retirement home or similar nonprofit institution, support and maintenance shall not be included to the extent that it is

furnished to such individual [illegible] payment therefor (unless such obligation to furnish full support without any current or fut made by another nonprofit shall not be included and the the case of any individual which begins with the month his eligible spouse began to a residential facility (includ person and ends with the clo individual and his eligible sp while living in such a reside seventeenth month followin more than 30 days prior t individual and his eligible s while living in such a re individual and his eligible s by such individual (or by s home, (II) there occurred w (and while such individual, c the household referred to in the President declared a m Disaster Relief Act of 197 individual declares that he living in the household refe

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(2)(A) the first $240 per yea periods) of income (whether ear on the basis of the need of the (B) monthly (or other period program established prior to Ju of which the individual receivir any individual for such payme attainment of age 65 and dura

(3)(A) the total unearned inc a month which, as determine Secretary, is received too inf income so received does not ex income of such individual (a determined in accordance wit irregularly to be included, if su month;

[See main

(B) if such individual (or such attained age 65, or received benefit approved under section 1352 or 13 which he attained age 65), (i) the amounts for shorter periods) of paragraphs of this subsection, (ii) individual (for purposes of determi subchapter and of determining his months of eligibility after the init disability is sufficiently severe to r in order for him to work, as may b attendant care services, medical de services (not including routine drug

furnished to such individual or such spouse without such institution receiving payment therefor (unless such institution has expressly undertaken an obligation to furnish full support and maintenance to such individual or spouse without any current or future payment therefor) or payment therefor is made by another nonprofit organization, and (iii) support and maintenance shall not be included and the provisions of clause (i) shall not be applicable in the case of any individual (and his eligible spouse, if any) for the period which begins with the month in which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in a residential facility (including a private household) maintained by another person and ends with the close of the month in which such individual (or such individual and his eligible spouse) ceases to receive support and maintenance while living in such a residential facility (or, if earlier, with the close of the seventeenth month following the month in which such period began), if, not more than 30 days prior to the date on which such individual (or such individual and his eligible spouse) began to receive support and maintenance while living in such a residential facility, (I) such individual (or such individual and his eligible spouse) were residing in a household maintained by such individual (or by such individual and others) as his or their own home, (II) there occurred within the area in which such household is located (and while such individual, or such individual and his spouse, were residing in the household referred to in subclause (I)) a catastrophe on account of which the President declared a major disaster to exist therein for purposes of the Disaster Relief Act of 1974 [42 U.S.C.A. § 5121 et seq.], and (III) such individual declares that he (or he and his eligible spouse) ceased to continue living in the household referred to in subclause (II) because of such catastrophe;

[See main volume for text of (B) to (F)]

(b) In determining the income of an individual (and his eligible spouse) there shall be excluded—

[See main volume for text of (1)]

(2)(A) the first $240 per year (or proportionately smaller amounts for shorter periods) of income (whether earned or unearned) other than income which is paid on the basis of the need of the eligible individual;

(B) monthly (or other periodic) payments received by any individual, under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence in such State by such individual;

(3)(A) the total unearned income of such individual (and such spouse, if any) in a month which, as determined in accordance with criteria prescribed by the Secretary, is received too infrequently or irregularly to be included, if such income so received does not exceed $20 in such month and (B) the total earned income of such individual (and such spouse, if any) in a month which, as determined in accordance with such criteria, is received too infrequently or irregularly to be included, if such income so received does not exceed $10 in such month;

[See main volume for text of (4)(A)]

(B) if such individual (or such spouse) is disabled but not blind (and has not attained age 65, or received benefits under this subchapter (or aid under a State plan approved under section 1352 or 1382 of this title) for the month before the month in which he attained age 65), (i) the first $780 per year (or proportionately smaller amounts for shorter periods) of earned income not excluded by the preceding paragraphs of this subsection, (ii) such additional amounts of earned income of such individual (for purposes of determining the amount of his or her benefits under this subchapter and of determining his or her eligibility for such benefits for consecutive months of eligibility after the initial month of such eligibility), if such individual's disability is sufficiently severe to result in a functional limitation requiring assistance in order for him to work, as may be necessary to pay the costs (to such individual) of attendant care services, medical devices, equipment, prostheses, and similar items and services (not including routine drugs or routine medical services unless such drugs or

services are necessary for the control of the disabling condition) which are necessary (as determined by the Secretary in regulations) for that purpose, whether or not such assistance is also needed to enable him to carry out his normal daily functions, except that the amounts to be excluded shall be subject to such reasonable limits as the Secretary may prescribe, (iii) one-half of the amount of earned income not excluded after the application of the preceding provisions of this subparagraph, and (iv) such additional amounts of other income, where such individual has a plan for achieving self-support approved by the Secretary, as may be necessary for the fulfillment of such plan, or

[See main volume for text of (C) and (5)]

(6) assistance, furnished to or on behalf of such individual (and spouse), which is based on need and furnished by any State or political subdivision of a State;

[See main volume for text of (7) and (8)]

(9) if such individual is a child one-third of any payment for his support received from an absent parent;

(10) any amounts received for the foster care of a child who is not an eligible individual but who is living in the same home as such individual and was placed in such home by a public or nonprofit private child-placement or child-care agency;

(11) assistance received under the Disaster Relief Act of 1974 [42 U.S.C.A. § 5121 et seq.] or other assistance provided pursuant to a Federal statute on account of a catastrophe which is declared to be a major disaster by the President;

(12) interest income received on assistance funds referred to in paragraph (11) within the 9-month period beginning on the date such funds are received (or such longer periods as the Secretary shall by regulations prescribe in cases where good cause is shown by the individual concerned for extending such period); and

(13) any assistance received to assist in meeting the costs of home energy, including both heating and cooling, which (as determined under regulations of the Secretary by such State agency as the chief executive officer of the State may designate) (A) is based on need for such assistance, and (B) is (i) assistance furnished in kind by a private nonprofit agency, or (ii) assistance furnished by a supplier of home heating oil or gas, by an entity providing home energy whose revenues are primarily derived on a rate-of-return basis regulated by a State or Federal governmental entity, or by a municipal utility providing home energy.

(As amended Oct. 26, 1974, Pub.L. 93–484, § 4, 88 Stat. 1460; Jan. 2, 1976, Pub.L. 94–202, § 9, 89 Stat. 1140; June 30, 1976, Pub.L. 94–331, §§ 2(a), 4(a), 90 Stat. 781, 782; Oct. 4, 1976, Pub.L. 94–455, Title XXI, § 2123, 90 Stat. 1920; Oct. 20, 1976, Pub.L. 94–566, Title V, § 505(b), 90 Stat. 2686; Nov. 12, 1977, Pub.L. 95–171, § 8(a), 91 Stat. 1355; Apr. 1, 1980, Pub.L. 96–222, Title I, § 101(a)(2)(B), 94 Stat. 195; June 9, 1980, Pub.L. 96–265, Title II, § 202(a), Title III, § 302(b), 94 Stat. 449, 451; Oct. 19, 1980, Pub.L. 96–473, § 6(g), 94 Stat. 2266; Aug. 13, 1981, Pub.L. 97–35, Title XXIII, § 2[illegible](b) 95 Stat. 865; Jan. 6, 1983, Pub.L. 97–424, Title V, § 545(a), 96 Stat. 2198.)

1 So in original. There is no closing parenthesis.

References in Text. The Disaster Relief Act of 1974, referred to in text, is Pub.L. 93–288, May 22, 1974, 88 Stat. 143, which is classified principally to chapter 68 (section 5121 et seq.) of this title. For distribution in the Code of such Act, see Short Title note set out under section 5121 of this title.

1981 Amendment. Subsec. (b)(3). Pub.L. 97–35 substituted "month" for "calendar quarter" wherever appearing, "such month" for "such quarter" wherever appearing, "$20" for "$60", and "$10" for "$30".

1980 Amendments. Subsec. (a)(1). Pub.L. 96–473, § 6(g)(1), (2), in subpar. (B) substituted "(ii)" for "(10)", and redesignated second subpar. (C) relating to remuneration received for services in a sheltered workshop, etc., as (D).

Subsec. (a)(1)(C). Pub.L. 96–265 § 202(a), added subsec. (a)(1)(C).

Subsec. (a)(1)(C). Pub.L. 96–222 added subsec. (a)(1)(C).

Subsec. (b)(2)(B). Pub.L. 96–473, § 6(g)(3) substituted "monthly" for "Monthly" and "individual;" for "individual.", which changes had been made editorially for purposes of codification, thereby requiring no further changes in text.

Subsec. (b)(4)(B). Pub.L. 96–265, § 302(b), added provisions relating to extraordinary work expenses due to severe disability.

1977 Amendment. Subsec. (b)(12). Pub.L. 95–171 added par. (12).

1976 Amendments. Subsec. (a)(2)(A). Pub.L. 94–331, § 4(a), added cl. (iii).

Subsec. (a)(2)(A)(iii). Pub.L. 94–455 substituted in parenthetical text "seventeenth month" for "fifth month".

Subsec. (b). Pub.L. 94–331, § 2(a), added par. (11).

Subsec. (b)(2). Pub.L. 94–202 designated existing provisions as subpar. (A) and added subpar. (B).

Subsec. (b)(6). Pub.L. 94–566 substituted "assistance, furnished to or on behalf of such individual (and spouse), which" for "assistance described in section 1382(a) of this title which".

1974 Amendment. Subsec. (a)(2)(A). Pub.L. 93–484 designated existing provisions as cl. (i) and added cl. (ii).

Effective Date of 1981 Amendment. Amendment by Pub.L. 97–35 effective with respect to months after the first calendar quarter which ends more than five months after August, 1981, with provision for transitional payments, see section 2341(c) of Pub.L. 97–35, set out as a note under section 1382 of this title.

Effective Date of 1980 Amendments. Section 202(b) of Pub.L. 96–265 provided that: "The amendments made by subsection (a) [enacting subsec. (a)(1)(C) of this section] shall apply only with respect to remuneration received in months after September 1980."

Insertion in subsec. (b)(4)(B) of this section by section 302(b) of Pub.L. 96–265 of reference to extraordinary work expenses due to severe disability applicable with respect to expenses incurred on or after the first day of the sixth month which begins after June 9, 1980, see section 302(c) of Pub.L. 96–265, set out as a note under section 423 of this title.

Amendment by Pub.L. 96–222 applicable to payments for months beginning after Dec. 31, 1979, see section 101(b)(1)(B) of Pub.L. 96–222, set out as a note under section 602 of this title.

Effective Date of 1977 Amendment. Section 8(b) of Pub.L. 95–171 provided that: "The amendment made by this section [enacting subsec. (b)(12) of this section] shall be effective July 1, 1976, with respect to catastrophes which occurred on or after June 1, 1976, and before December 31, 1976. With respect to catastrophes which occurred on or after December 31, 1976, the amendment made by this section [enacting subsec. (b)(12) of this section] shall be effective the first day of the calendar quarter following enactment of this Act [Nov. 12, 1977]."

Effective Date of 1976 Amendments. Amendment by Pub.L. 94–566 effective Oct. 1, 1976, see section 505(e) of Pub.L. 94–566, set out as a note under section 1382 of this title.

Section 2(b) of Pub.L. 94–331, as amended by Pub.L. 95–171, § 6(a), Nov. 12, 1977, 91 Stat. 1355, effective the first day of calendar quarter following Nov. 12, 1977, provided that: "The Amendments made by this Act [amending subsec. (b)(11) of this section and sections 415, 3402, 6153, and 6154 of Title 26, and enacting provisions set out as notes under sections 415 and 3402 of Title 26] shall be applicable only in the case of catastrophes which occur on or after June 1, 1976."

Section 4(b) of Pub.L. 94–331, as amended by Pub.L. 95–171, § 7(a), Nov. 12, 1977, 91 Stat. 1355, effective the first day of calendar quarter following Nov. 12, 1977, provided that: "The

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earned income received in that period. Rather than reducing your SSI payments in quarters prior to your receipt of a retroactive monthly social security benefit, we will reduce the retroactive social security benefits by an amount equal to the amount of SSI payments (including federally administered State supplementary payments) that we would not have paid to you if your social security benefits had been paid when regularly due rather than retroactively (see § 404.408b(b)). If a balance is due you from your retroactive social security benefits after this reduction, for SSI purposes we will not count the balance as unearned income in a subsequent quarter in which you receive it. This is because your social security benefits were used to determine the amount of the reduction. This exception to the unearned income counting rule does not apply to any monthly social security benefits for a period for which you did not receive SSI.

OMB CONTROL No.: 0960-0123 for § 416.1123(b).

[45 FR 65547, Oct. 3, 1980 as amended at 47 FR 4988, Feb. 3, 1982; 47 FR 13794, Apr. 1, 1982]

§ 416.1124 Unearned income we do not count.

(a) *General.* While we must know the source and amount of all of you unearned income for SSI, we do not count all of it to determine your eligibility and benefit amount. We first exclude income as authorized by other Federal laws (see paragraph (b) of this section). Then we apply the other exclusions in the order listed in paragraph (c) of this section to the rest of your unearned income in the calendar quarter. We never reduce your unearned income below zero or apply any unused unearned income exclusion to earned income except for the $60 general exclusion described in paragraph (c)(10) of this section.

(b) *Other Federal laws.* Some Federal laws other than the Social Security Act provide that we cannot count some of your unearned income for SSI purposes. We list the laws and the exclusions in the appendix to this subpart which we update periodically.

(c) *Other unearned income we do not count.* We do not count as unearned income—

(1) Any public agency's refund of taxes on real property or food;

(2) Assistance based on need which is wholly funded by a State or one of its political subdivisions. (For purposes of this rule, an Indian tribe is considered a political subdivision of a State.) Assistance is based on need when it is provided under a program which uses the amount of your income as one factor to determine your eligibility. Assistance based on need includes State supplementation of Federal SSI benefits as defined in Subpart T of this part but does not include payments under a Federal/State grant program such as Aid to Families with Dependent Children under title IV-A of the Social Security Act;

(3) Any portion of a grant, scholarship, or fellowship used for paying tuition, fees, or other necessary educational expenses. However, we do count any portion set aside or actually used for food, clothing, or shelter;

(4) Food which you or your spouse raise if it is consumed by you or your household;

(5) Assistance received under the Disaster Relief Act of 1974 and assistance provided under any Federal statute because of a catastrophe which the President of the United States declares to be a major disaster. See § 416.1150 for a more detailed discussion of this assistance, particularly the treatment of in-kind support and maintenance received as the result of a major disaster;

(6) Up to $60 of unearned income in a calendar quarter if you receive it infrequently or irregularly; that is, if you receive it only once during the quarter or if you cannot reasonably expect to receive it. If the total amount of infrequent or irregular unearned income you receive in a quarter exceeds $60, we cannot use this exclusion;

(7) Periodic payments made by a State under a program established before July 1, 1973, and based solely on your length of residence and attainment of age 65;

(8) Payments for providing foster care to an ineligible child who was

placed in your home by a public or private nonprofit child placement or child care agency;

(9) One-third of support payments made to or for you by an absent parent if you are a child;

(10) The first $60 (or proportionately less for less than a full quarter) of any unearned income in a calendar quarter other than income based on need. Income based on need is a benefit that uses the amount of your income as a factor to determine your eligibility. The $60 exclusion does not apply to a benefit based on need that is totally or partially funded by the Federal government or by a nongovernmental agency. (However, assistance which is based on need and funded wholly by a State or one of its political subdivisions is excluded totally from income as described in § 416.1124(c)(2).) If you receive less than $60 of unearned income in a quarter and you have earned income in that quarter, we will use the rest of the $60 exclusion to reduce the amount of your countable earned income; and

(11) Any unearned income you receive and use to fulfill an approved plan for achieving self-support, if you are blind or disabled. See §§ 416.1180 through 416.1182 for an explanation of plans to achieve self-support and for the rules on when this income exclusion applies.

(12) Any interest earned on excluded burial funds and any appreciation in the value of an excluded burial arrangement which are left to accumulate and become a part of the separately identifiable burial fund. (See § 416.1231 for an explanation of the exclusion of burial assets.) This exclusion from income applies to interest earned on burial funds or appreciation in value of excluded burial arrangements which occur beginning November 1, 1982, or the date you first become eligible for SSI benefits, if later.

[45 FR 65547, Oct. 3, 1980, and 47 FR 55213, Dec. 8, 1982]

In-Kind Support and Maintenance

§ 416.1130 Introduction.

(a) *General.* Both earned income and unearned income include items received in kind (§ 416.1102). Generally we value in-kind items at their current market value and we apply the various exclusions for both earned and unearned income. However, we have special rules for valuing food, clothing, or shelter that is received as unearned income (in-kind support and maintenance). This section and the ones that follow discuss these rules.

(b) *How we define in-kind support and maintenance.* In-kind support and maintenance means any food, clothing, or shelter that is given to you or that you receive because someone else pays for it. Shelter includes room, rent, mortgage payments, real property taxes, heating fuel, gas, electricity, water, sewerage, and garbage collection services. You are not receiving in-kind support and maintenance in the form of room or rent if you are paying the amount charged under a business arrangement.

(c) *How we value in-kind support and maintenance.* Essentially, we have two rules for valuing the in-kind support and maintenance which we must count. The one-third reduction rule applies if you are living in the household of a person who provides you with both food and shelter (§§ 416.1131 through 416.1133). The presumed value rule applies in all other situations where you are receiving countable in-kind support and maintenance (§§ 416.1140 through 416.1145). In some living arrangements, if certain conditions exist, we do not count in-kind support and maintenance. These are discussed in §§ 416.1141 through 416.1145. Also, we apply special rules when members of a couple have different living arrangements (§ 416.1147).

§ 416.1131 The one-third reduction rule.

(a) *What the rule is.* Instead of determining the actual dollar value of in-kind support and maintenance, we reduce the Federal benefit rate by one-third if you (or you and your eligible spouse)—

Another way to pay longevity bonuses

Dear Editor:

Should the state allow everyone who has lived in Alaska 12 months and has had the good fortune to reach the age of 65 to be eligible for the longevity bonus regardless of whether they have contributed to, or paid anything to, the building of the state?

I have a plan I hope the legislators will seriously consider. I believe this plan is constitutional and one which would not be difficult to administer.

First, Alaska would replace the name of the Longevity Bonus Program with the School Tax Refund Annuity Plan (STRAP). Until a couple of years ago, anyone who ever drew a paycheck in Alaska had $10 deducted from his first one each year.

Second, instead of giving a bonus, Alaska would give an annuity.

Third, Alaska would change the criteria for recipients of the annuity. For each year the school tax was paid, that person would have a year vested in STRAP. That would be the sole requirement.

As an example, a person who started paying before statehood and continued to pay for 20 years would be 100 percent vested. Because the maximum amount would be fixed, this would be a defined benefit plan.

This is how the annuitant would be paid:

1. Any person who paid into the plan for 20 years would receive $250 a month because she would be 100 percent vested; e.g., Rodney Vest, who has brough suit against the state, has worked here for 20 years so he would receive the full $250.

2. Any person who paid the school tax for 15 years would receive 75 percent of $250 or $187.50.

3. Any person who paid the school tax for 10 years would receive 50 percent or $125.

4. Any person who paid the school tax only the year before it was discontinued would be fully vested in 5 percent of the amount so that upon reaching age 65 that person would receive $12.50 a month. Still not a bad return for a $10 investment.

As with any pension plan, the School Tax Refund Annuity Plan would not be complete until the last annuitant had received his last check and turned out the light.

In a plan like this, the state would use its actuarial tables to calculate its total unfunded liability in order to fund the plan until everyone is paid.

Is this plan oversimplified? Perhaps. Is this plan a fair one? Yes. It would meet all the requirements of the Employees Retirement Income Security Act of 1974 (ERISA); it would meet all the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA); it would even uphold the Norris Decision which requires equal benefits for men and women. There is no discrimination in age, sex, race or length of residency in this plan.

I wish this type of vesting had been used in the dividend program. We might have saved ourselves a lot of problems.

Roland Bloes, CLU
1500 Primrose St.

A

ISSUES IN LONGEVITY BONUS LEGISLATION

Background

Last year the U.S. Supreme Court struck down Alaska's original Permanent Fund dividend distribution program. The Court ruled in the Zobel case that the program's cumulative residency requirements violated the Equal Protection Clause of the U.S.Constitution.

Within a month of the Zobel decision, Anchorage-area resident Rodney Vest challenged the Alaska longevity bonus (ALB) program on equal protection grounds. The program pays $250 per month to all Alaska residents over 65 who: (a) resided in Alaska before Alaska achieved statehood on January 3, 1959; and (b) have resided in Alaska at least 25 years.

Vest is 68 years old and began his residence in Alaska three months after statehood. The court has certified his suit as a class action, which means that he represents all other individuals who might claim the longevity bonus program's residency requirements are unconstitutional.

Concerned that the lawsuit could force an immediate end to the program, the Legislative Council agreed last August with Vest to use its "best efforts" to obtain legislation addressing Vest's lawsuit in return for Vest's promise to stay the litigation until the end of the 1983 legislative session. Under the stay agreement, the Legislative Council promised to seek legislation which: (1) "treats equally" all one-year Alaska residents 65 or over; and (2) retroactively pays those individuals who have been denied bonuses in FY83.

If the legislation called for in the stay agreement is enacted during this regular session, the suit will be dismissed. If this legislation is not enacted, Vest's lawyers have announced their intention to continue the litigation and sue for retroactive payments for the class for back years -- perhaps back to 1972.

Issues

1. What are the chances the state will win in court?

The Legislative Council entered this agreement on the advice of the Department of Law and other counsel that the current law is unconstitutionally discriminatory. The

Department of Law has since described the program as indefensible. Virtually every attorney who has considered the subject believes the current law is unconstitutional and would be struck down by the courts.

The statute which created the program in 1972 is specifically non-severable; if any provision is struck down, the entire statute falls. If the court finds the program unconstitutional, the court will probably order all payments stopped.

2. What is the purpose of the longevity bonus program?

The 1972 legislation creating the program suggested four purposes:

(a) reward the past contributions of Alaska's pioneers;

(b) provide a financial incentive for Alaska's pioneers to remain in the state in the face of the state's high cost of living;

(c) retain the wisdom and experience of Alaska's pioneers; and

(d) compensate for past hardships -- such as the inability to vote in federal elections -- suffered by Alaska's pioneers.

The Zobel case and other recent constitutional decisions strongly imply that these purposes cannot legally sustain the program, either because the purposes are impermissible, or because the program's methods are not rationally related to these purposes. The program's supporters often offer two additional purposes which -- unlike the current law -- apply to a program which makes payments to all senior citizens, not just pioneers. These additional purposes are:

(e) diversify the age structure of Alaska's population by encouraging elderly people to live in the state; and

(f) provide income supplements and relief to Alaska's elderly, who have a lower average income than the rest of the adult population.

3. What are the options?

Numerous approaches have been suggested for this problem. They include:

(a) continue to litigate, making zero or minor changes in the current law;

(b) continue to litigate, but make the statute severable and amend the law to provide for a more likely constitutional

"back-stop" plan to be triggered by an injunction ag... program;

(c) open up the program to all one-year Alaska residents over 65, and then close it in FY84, giving all recipients a "grandfather" right to continue receiving benefits;

(d) open up the program to all one-year residents over 65 on an indefinite basis;

(e) phase out the longevity bonus program by reducing the monthly payments each year, either with or without simultaneous gradual increases in public assistance;

(f) open up the program -- with reduced benefits -- to all one-year residents over 65 on a temporary basis while the Legislature and administration investigate other options;

(g) phase out the longevity bonus program by increasing the age of eligibility each year;

(h) end the program;

(i) replace the longevity bonus program with an annuity program, either immediately or gradually;

(j) "buy out" all one-year Alaska residents over 65 as of the end of FY84 by paying them the amount of payments they would have received over their likely lifespans, and then end the program;

(k) replace the longevity bonus program with comprehensive health insurance for Alaska's elderly; and

(l) limit longevity bonus payments to those elderly individuals who can prove that the payments would help relieve especially heavy financial pressures to relocate out of the state.

The first six options -- fight the lawsuit, fight the lawsuit with a backstop trigger, grandfather one-year resident senior citizens, open the program indefinitely, phase out the program, and open up the program temporarily while considering the long-run options -- are receiving the most attention in the session's final days.

The fourth option -- open the program indefinitely -- is contained in HB36, SB200, and SB215. The first two bills would use General Fund monies to finance the opened-up program. SB215, which has passed the Senate, would use 12.5 percent of the Permanent Fund's annual income for this purpose.

Because current law earmarks one-half of the Fund's income to pay Permanent Fund dividends, passage of SB215 would reduce annual dividends by 25 percent. (The other half of the

interest earnings are re-invested in the Fund so as to protect it against inflation.) This year, the dividend would be cut from about $350 to about $250.

The administration has circulated a proposal to implement the fifth option, phase-out. This proposal would reduce longevity bonus payments by $25 a month each year for 10 years -- thus eliminating the program -- while simultaneously increasing old age assistance by the same amount.

4. Population issues.

Population estimates for Alaska's elderly vary widely, both as to the number of them today and their likely growth rate. Calculations made from estimates provided by the Department of Revenue and Dr. Scott Goldsmith of the University of Alaska indicate, however, that almost 20,000 Alaskans will be eligible for this program in FY86. This is double the 9,731 current recipients.

More controversial still is the impact of induced in-migration and reduced out-migration caused by an opened-up longevity bonus program itself. This is the "X factor" in the population equation, because no one can predict the long-run impact of paying $3,000 to each senior citizen ($6,000 per couple).

What is clear is that Alaska is a much different place in 1983 than it was in 1972. The state is also changing all the time in ways that make this a more attractive place for the elderly to live. The cost of living is lower, relative to costs in the Lower 48, than it used to be. The state also has more amenities such as improved medical facilities, improved transportation services (such as bus systems), and higher-quality television.

Elderly people are thus now more likely to stay in the state as they get older, and even more likely to come from the Lower 48 to live, particularly if they have family here. Senior citizens have doubled in number in the past decade, a rate of growth substantially greater than that of the rest of the population.

5. Impacts of alternatives.

(a) Impacts on future litigation.

The current law is clearly unconstitutional, so any strategy predicated on fighting the lawsuit will result in defeat. If the Legislature elects to litigate, attorneys familiar with the case predict that defeat will come in September when the Superior Court judge hearing the case rules the law unconstitutional.

Legal opinions are divided on the constitutionality of the "grandfather" option. Opening up the class of eligible recipients to include people over 65 who were one-year residents as of FY84 would resolve the Vest suit. The Department of Law thinks, however, that it may well bring another one -- which would probably be successful. Several private attorneys with a record of successful constitutional challenges have also said the grandfather plan would be vulnerable to attack on equal protection grounds. On the other hand, Legislative Counsel and private counsel retained by the Senate to research constitutional residency questions believe that while the question is certainly debatable, analogous precedents suggest the grandfather plan would be found constitutional.

(b) Impacts on recipients.

All but three of the plans outlined above will lead to immediately reduced benefits for existing recipients. The exceptions are the options of continuing to litigate, grandfathering, and indefinitely opening up the program at $250/month of General Fund monies. Continuing to litigate, however -- at least without making the statute severable or adding a backstop constitutional plan triggered by the first adverse court ruling -- will almost certainly lead to a sudden termination of the program. Most lawyers predict that the judge hearing the case will not only find the current law unconstitutional, but will also order payments stopped pending appeal.

SB215 does not contain an explicit reduction of benefits, but it will result in reduced longevity bonus payments by holding total payments to a total of 12.5 percent of Permanent Fund income. Calculations based on the Revenue-Goldsmith estimates indicate projected monthly payments over the next five years will be:

FY84	$204
FY85	$142
FY86	$184
FY87	$224
FY88	$243

The Department of Administration's projections track these estimates closely. SB215 co-sponsor Sen. Bill Ray, however, accepts neither these figures nor the Department's. The report on SB215 provided by the Senate Ad Hoc Committee on Residency predicts that under the legislation longevity bonus payments will fall below the current $250/month in at least one year, FY85.

Phasing out the longevity bonus program while increasing public assistance would leave a bad taste in the mouth of many recipients, who feel the bonus is not "welfare" but a reward for past contributions to Alaska. On the other hand, phasing out the bonus program without simultaneously increasing public

assistance would hurt many of Alaska's poorest people, some of whom depend on this monthly check. Other recipients are apparently among the wealthiest residents of the state.

Finally, SB215 would reduce the Permanent Fund dividends of Alaska's elderly by 25 percent, just as it would reduce the annual dividends of all Alaskans. Even though the elderly would receive Permanent Fund income through their longevity bonus payments, the link between dividends and Fund performance represented by the dividends might be diluted for them as well as for other Alaskans.

(c) Impacts on the state budget.

The uncertainty about the numbers of elderly Alaskans today and in the future makes estimates of long-run costs a risky enterprise. It is clear, however, that the price tag will be high. The following is a rough approximation of the total cost of each option over the next 10 years:

10-year phase-out of ALB without increases in public assistance	$230,000,000
Current program	$460,000,000
10-year phase-out of ALB with increases in public assistance	$540,000,000
SB215 (uses 12.5 percent of Permanent Fund income to open up ALB program indefinitely to all one-year residents over 65)	$675,000,000
Open up ALB program indefinitely to all one-year residents over 65 at $250/month	$775,000,000

(The cost of grandfathering at current payment levels has not been estimated, but it would be lower than opening up the program indefinitely and will decrease -- rather than increase -- each year after FY84.)

Choosing to fight the Vest lawsuit also endangers the public treasury. As stated above, Vest's attorneys have announced their intention to press for retroactive payments going back farther than FY83 if the Legislature does not abide by the stay agreement.

These retroactive payments could cover the entire decade the program has been in effect, and could amount to $40-80 million dollars. Enrolling those individuals owed retroactive payments for the past 10 years would also pose substantial problems in administration, as some could be in Arizona or Australia today.

(d) Impacts on state policy.

Opening up the program to all one-year residents 65 or over will increase Alaska's population above what it would be otherwise, although no one can say by how much. This increased population of elderly would have some beneficial effects; it would allow extended families to stay or come together, for example, thereby reducing the sense of isolation felt by many Alaskans today. There may, however, be significantly cheaper methods of increasing the numbers of senior citizens in Alaska than paying more than three quarters of a billion dollars in the next 10 years.

SB215 also carries more than the obvious cost of reducing every Alaskan's annual Permanent Fund dividend by 25 percent. The Senate bill would also increase Alaska's elderly population, although the "ceiling" represented by 12.5 percent of the Permanent Fund's income would reduce payments and thus not cause as much population growth as simply opening up the program at the current $250/month.

Critics raise three additional concerns about SB215:

--The taking of 12.5 percent of Permanent Fund income may create a precedent for other groups wanting their own share of the Fund's income.

--Taking 25 percent of everyone's Permanent Fund dividends to fund a program which makes payments to about three percent of Alaskans seems inequitable to some. Although SB215 supporters argue that all Alaskans will eventually receive longevity bonus payments, this is clearly untrue, because some will die before reaching 65.

--Using Permanent Fund income to finance the longevity bonus program does not, as SB215 supporters claim, "take Alaska's senior citizens out of the budget process," because the Legislature must still appropriate the payments each year.

6. A proposal

Two facts stand out from the current mass of confusion surrounding the longevity bonus program: (a) it will be found unconstitutional; and (b) almost everyone believes that some program meeting the special needs of some of Alaska's senior citizens should be retained, but there is little agreement on what that program should look like.

With these points in mind, the Legislature should consider a plan which would maintain the program's payments at $250/month in the short run, and search for a long-run solution.

During the next two years, the Legislature would study the program's public policy goals, the elderly's current population and future growth rates, and long-term fiscal feasibility of various options. A legislative committee should be charged with investigating policies for the elderly used in other states and nations, and take testimony from a broad cross-section of the Alaska public through statewide hearings.

(a) Advantages of proposal.

This plan has five major advantages:

--It would resolve the Vest lawsuit, thereby avoiding the possibility of a court finding the program unconstitutional and ordering its immediate termination.

--It would avoid steep reductions in payments, as it would be unfair to cut off current recipients without warning. This plan provides higher annual incomes for Alaska's senior citizens than does the Senate plan in each of the next two years. FY84 figures follow:

	House	Senate
Longevity bonus	$3000	$2448
Permanent Fund dividend	350	260
	$3350	$2708

--It steers clear of the special dedications of Permanent Fund income the Legislature has thus far avoided.

--It recognizes reality. The courts are forcing the Legislature to change the law. Alaska's elderly population is increasing significantly, and will increase faster in the years to come while oil revenues decline.

--It buys time for the Legislature, the administration, and the public to consider the long-run options for dealing with this complex problem without locking us into a "solution" we may soon regret.

(b) Disadvantages of proposal.

This plan's great disadvantage is also one of its greatest advantages. Delay can allow either reflection or inertia. The work needed to find a long-range solution to this problem might not get done.

Another significant disadvantage is immediate cost. FY84 costs could climb above the $30.2 million currently budgeted by as much as two-thirds.

Finally, there will be some administrative problems caused by the need to verify several thousand claims for FY83 retroactive payments. This administrative difficulty can be reduced by the Legislature's first acknowledging the state's liability for the payments, but delaying the appropriation until FY85. This will allow the Department of Administration time to enroll retroactive claimants and present an accurate budget to the Legislature at the beginning of the 1984 session.

(c) Where do we go from here?

Alaska is a special place, and that special quality comes less from its scenic beauty or natural resources than from the people who choose to live here.

The special quality of Alaskans is obvious in our spirit of innovation. That innovative spirit is demonstrated by three unique public institutions: the Permanent Fund, the Permanent Fund dividends, and the longevity bonus payments. All three are too important to have their fates decided in a rush.

B

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

August 31, 1983

MEMORANDUM

TO: Representative Hugh Malone

FROM: Gretchen Keiser
Legislative Analyst

RE: Basic Information on Alaska's Elderly Population
Research Request 83-203

Cliff Groh, on your behalf, requested that we answer a number of questions regarding Alaska's aged population. The information requested can be subdivided into the following four topics:

I. Alaska's Elderly Population: Present and Future
II. Elderly Public Assistance and Social Security Recipients
III. Longevity Bonus Program Recipients
IV. Life Expectancies of Alaska's Elderly

This memorandum presents the information we obtained regarding older Alaskans. We initially provide a summary of findings then present detailed information on each of the above topics in four separate sections. Specific questions you asked are reiterated at the beginning of each section.

SUMMARY OF FINDINGS

The number of older persons residing in Alaska cannot be definitely estimated because of the inherent biases and limitations of the population data available from two key sources: the Alaska Department of Labor and the Permanent Fund Dividend Program. We conclude that the elderly population (65 years and older) as of July 1, 1983 probably falls between approximately 14,600 and 15,900. Estimates in this range are higher than the 13,500 population figure used by Senate supporters of the proposed modification to the Longevity Bonus Program under CSSB 215 but lower than the 16,500 figure used by the Department of Administration in its preparation of fiscal notes for a modified Longevity Bonus Program earlier this year (pages 4 - 8).

On the basis of rather limited data, we suggest that approximately 96 to 98 percent of older Alaskans have resided in the state more than one year. The available data indicate that in recent years at least 2 to 4 percent of the elderly, on an annual basis, are new entrants with less than one year of residency. Therefore, assuming that 2 percent migrated to the state within the last year, we estimate that between 14,315 and 15,580 older Alaskans are residents of at least one year. If we assume a greater in-migration of 4 percent annually, between 14,020 and 15,265 elderly would be eligible for a longevity bonus under a one-year residency requirement (pages 5 and 6).

During the period 1970 - 1982, the elderly population growth rate (5.6 percent average annual growth) was considerably greater than that of the total population in Alaska (3.4 percent), mirroring a nationwide pattern. In 1982, the elderly represented approximately 3 percent of Alaska's population. The elderly population is expected to continue growing between 4 and 6 percent annually, while the total population growth rate is projected to slow to between 1 and 2 percent annually through the remainder of this century (pages 9 and 10).

We projected Alaska's elderly population in the year 2000 under a series of average annual growth rates. If we assume a 1983 population of 15,250 (midpoint of the 14,600 to 15,900 range previously discussed), the elderly population in the year 2000 would equal 30,100 (at 4.0 percent average annual growth), 32,170 (4.5 percent), 35,680 (5.0 percent), 38,845 (5.5 percent), and 42,290 (6.0 percent) in the year 2000. By the turn of the century, Alaska's elderly population will probably be between 2 to 3 times its present size. At 5 percent growth per year, the elderly would represent approximately 6 percent of the state's population in the year 2000, as projected by ISER's MAP model base case forecast (pages 10 - 13).

Available information on elderly interstate migration, historical patterns of older Alaskans' migration, socioeconomic characteristics, and lifestyle preferences of aged persons suggest that a dramatic increase in Alaska's elderly population solely on the basis of a monthly cash payment program is unlikely. Out-migration of Alaska's elderly may well be reduced somewhat. The aged most likely to migrate to the state as a result of a cash payment program would be those with relatives already in the state (pages 13 - 16).

The major sources of cash benefits to elderly public assistance recipients are federally funded Supplemental Security Income (SSI) and State-funded Old Age Assistance (OAA), which average $238 per month for 900 SSI recipients and $236 per month for 2,300 OAA recipients. Approximately 18 percent of elderly Alaskans were SSI and/or OAA recipients in October 1982. In comparison, approximately 9 percent of the total population receive monthly public assistance of all types (pages 17 - 19).

In 1982, 10,210 older Alaskans received Social Security payments under the retirees, survivors, and disability programs. Nationally in 1982, monthly payments averaged: $408 (retired worker), $700 (aged couple both receiving payments), and $378 (aged widow or widower) (page 17).

A total of 9,776 older Alaskans, representing approximately 61 to 67 percent of Alaska's elderly were qualified to receive longevity bonus payments in July 1983. On the average, 95 percent of the qualified recipients received bonus payments each month during FY83, with the remainder being ineligible due to absences of more than 30 days. The number of qualified recipients grew about 7 percent in the last year (pages 19 - 20).

Over two-thirds of the bonus recipients in January 1983 were 65 to 74 years old. Approximately one-quarter of the qualified recipients currently live in Southeast, roughly 42 percent live in the Anchorage/Southcentral area, 18 percent in the Interior, and the remaining 15 percent reside in Northern and Western Alaska. Ethnic data are not currently required of bonus applicants, but a 1976 survey indicates that 56 percent of the recipients were Native and 44 percent were non-Native at that time (pages 20 - 22).

Income data are also not required of current bonus recipients. In 1976, an overwhelming majority of recipients surveyed had monthly incomes (including their spouse's) under $1,000. A 1981 survey reported a marked regional difference in the dependency of older Alaskans (60 years and older) on the bonus payments as the major source of income. Only 3 percent of those surveyed in Southeast and Southcentral indicated that the bonus payments were their major source of income, while 41 and 66 percent of those surveyed in Southwest and Northwest Alaska indicated a primary dependency on the longevity bonus payments (page 22).

Rough estimates from the Department of Health and Social Services suggest that 50 to 70 percent of the aged currently receiving public assistance also participate in the longevity bonus program. Information from the 1976 survey indicates that 77 percent of the recipients of Old Age Assistance also received bonus payments, whereas about 28 percent of the bonus recipients also received OAA (page 23).

The life expectancies of older Alaskans are similar to those of the elderly nationwide. A 65-year old female Alaskan who qualified for the longevity bonus program might expect, on the average, to receive monthly payments for about 22 years, a qualified 65-year old male could enjoy cash payments for roughly 14 years (pages 23 and 24).

I. Alaska's Elderly Population: Present and Future

Questions: How many persons 65 or over are there in Alaska? How many have resided in the state one year or more? How fast is the elderly population growing relative to the entire state population? What are the most likely projections for the number of aged in Alaska in the next 20 years (with and without a reasonable adjustment for the effects of a program which makes cash payments to all elderly one-year residents)?

According to the Alaska Department of Labor (DOL), there were 13,921 Alaskans 65 years and older on July 1, 1982. This estimate is benchmarked to the 1980 Census, revised upward by DOL for estimated undercounting, and adjusted seasonally to a July 1st rather than April 1st date. Persons by age and sex were as follows:

AGE	MALE	FEMALE	TOTAL
65 - 69 years	3,113	3,197	6,310
70 - 74 years	1.818	2,003	3,821
75 years and over	1,652	2,138	3,790
TOTAL	6,583 (47.3%)	7,338 (52.7%)	13,921

In the absence of a DOL population estimate for July 1, 1983, we projected the number of senior citizens based on a review of the annual DOL population data for the period 1970 to 1982 (Attachment A). The older age group grew at an average annual rate of about 5.6 percent over the 12-year period. Looking at the past five years since completion of the TransAlaska Pipeline (1977-1982), the elderly population increased 4.8 percent annually, on the average. More recently between 1980 and 1982, the aged population grew on an average of 6.8 percent annually. On the basis of these recent historical growth rates, we projected the July 1, 1983 elderly population to be: 14,605 (4.8 percent annual growth), 14,725 (5.6 percent), or 14,900 (6.8 percent). We caution you that these are only rough projections based solely on recent annual growth rates.

The 1982 Permanent Fund Dividend (PFD) program provides another source of aged population figures which have been used by the Department of Administration in its review of the Senate's proposed legislative changes to the Alaska Longevity Bonus Program (CSSB 215). In May 1983, the Department of Revenue estimated that at least 16,500 applicants born in 1918 or earlier would ultimately be paid a PFD[1]. It

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1 A July 22, 1983 status report on 1982 PFD applicants born in 1918 or earlier does not dramatically change the earlier May estimate from the Department of Revenue.

is crucial to note that approximately 1,700 of these applicants were born in 1918 and were therefore 64 years old in 1982. Consequently, the successful PFD applicants 65 years and older in 1982 numbered approximately 14,800. This understates the total elderly population in 1982, however, because in-migrants after April 15, 1982 did not qualify for a PFD. We address this issue later in this section of the report.

In order to employ the successful 1982 PFD applicant total as a basis for estimating the 1983 elderly population, one must account for deaths among aged Alaskans. In 1981, 572 deaths were recorded among Alaskans 65 years and older, representing a death rate of 4.4 percent per year[2]. In addition, 29 deaths occurred among 64-year olds (1.7 percent annually). Therefore, of the 16,500 1982 PFD applicants, approximately 15,900 are now 65 years and older and still alive today. This is, at best, a rough estimate of the 1983 elderly population because it does not account for the out-migration of aged Alaskans since at least October 1982 (8 months) and the in-migration of elderly since April 1982 (14 months).

Usable information regarding the 1982-1983 migration patterns of older Alaskans simply does not exist. Historical trends between 1970 and 1980 and earlier indicate, however, that older age groups in Alaska undergo a net out-migration. In other words, more older persons left the state than migrated to the state during a given period of time. The pattern of elderly net out-migration, although lessening somewhat as the state matures and better services become more commonplace, will probably continue[3]. It appears reasonable to assume that more aged persons left Alaska than moved into the state between 1982 and 1983. Therefore, we suggest that the 15,900 PFD estimate be viewed as the high estimate of the total elderly population in 1983.

Residency

The overwhelming majority of older Alaskans have been residents for a considerable length of time. A statewide survey of 467 Alaskans 60 years and over conducted by the University of Alaska in 1981 indicates that approximately 90 percent had resided in Alaska for 11 years or

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[2]Alaska Vital Statistics, Annual Report 1981, Department of Health and Social Services, 1982.

[3]Mr. Dave Swanson, State Demographer, Alaska Department of Labor, Personal Communication, July 16, 1983.

more[4]. Similarly, about 90 percent of the 1979 PFD applicants (65 years and older) reported being residents for at least 11 years, with 75 percent indicating they had been residents for at least 21 years[5]. In a survey conducted by the U.S. Bureau of the Census in 1976, the average residency among civilian Alaskans 65 years and over was 33 years for non-Natives and 71 years for Natives.

Available information indicates that a small percentage of older Alaskans are recent in-migrants. Only 1.5 percent of the respondents to the 1981 University of Alaska survey (60 years and older) had lived in the State less than one year. This is probably a somewhat low estimate because elderly whites, who tend to be the more mobile persons among elderly Alaskans, were underrepresented in the University survey. The PFD program provides additional data on recent migration of older persons. Approximately 1 percent of the 1979 PFD applicants and over 3 percent of the 1980 PFD applicants 65 years and older were Alaska residents for less than one year. These estimates could also be conservative because some recent in-migrants in 1979 and 1980 might not have known of the program or have chosen not to file because they would receive only a fraction of the $50 per year dividend. Residency data from the 1982 PFD applications useful for determining recent in-migrant estimates of the elderly population are not available at this time. Furthermore, the 1980 Census data, once it becomes available, will only address 5-year interstate migration during the period 1976-1980.

On the basis of rather limited data, we suggest that at least 2 to 4 percent of the older Alaskan population in any given year are recent in-migrants with less than one year of residency. Conversely, 96 to 98 percent of the elderly appear to be longer term residents of Alaska.

Table 1 summarizes the total elderly population figures for 1982 and 1983 which we have discussed above. At this time, we conclude that the number of older persons residing in Alaska cannot be definitively estimated. Given the inherent biases and limitations of the available data, we prefer to identify the aged population as a range, encompassing what we believe to be reasonable low and high numbers. The 1983 total elderly population probably falls between 14,605 and 15,900. Assuming that 2 percent migrated to the state within the last year, we estimate that between 14,315 and 15,580 older Alaskans are residents of at least one year. Alternatively, if we assume a greater annual in-migration of elderly at 4 percent, between 14,020 and 15,265 elderly

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4 An Assessment of the Status and Needs of Alaska's Elderly, Charles Hines, Department of Sociology, University of Alaska, 1981.

5 1979 Permanent Fund Dividend Applicant Profile, Alaska Department of Revenue, 1981, Table 18.

would currently be eligible for longevity bonus payments under a one-year residency requirement.

The following factors may account for the differences between the high and low population estimates shown in Table 1:

1) Unlike the PFD program estimate, the Department of Labor 1982 estimate is benchmarked to the 1980 U.S. Census. Although Census numbers were revised upward by DOL, any residual undercounting would consistently lower annual estimates in later years, such as 1982. Similarly, the House Research Agency 1983 projections would incorporate the same undercounting biases.

2) For the purposes of the U.S. Census, individuals who live in Alaska only part of the year may have chosen to identify themselves as residents of another state. This could contribute to a lower Census count of older Alaskans, some of whom may spend a portion of the year elsewhere. On the other hand, the $1,000 cash payment of the 1982 PFD program provided a great incentive to individuals to identify themselves as Alaska residents. People had a much greater incentive to be "counted" in the 1982 PFD population than during the 1980 Census.

The population estimates in Table 1 fall between the estimates used earlier this year as the basis for proposed changes to the Alaska Longevity Bonus Program. The Senate's estimate of 13,500 eligible persons in FY 84 under CSSB 215 ranges from 4 to 15 percent lower than our estimates, depending upon the growth rate and in-migration assumptions one uses for the elderly. The Senate used a 1983 elderly population forecast made by DOL in 1981 which has been superceded by a higher DOL 1982 estimate. Estimates are more accurate than forecasts because they are based on more adequate population information. In addition, it appears that the Senate figure incorporates a relatively low estimation of annual in-migration by elderly (about 1.3 percent).

On the other hand, the Department of Revenue estimate of 16,500 1982 PFD successful applicants has been used by the Department of Administration as its estimate of eligible recipients for CSSB 215 fiscal calculations. This estimate overstates those eligible in 1983 because it fails to take into account approximately 600 deaths which probably occurred among elderly applicants since the October 15, 1982 deadline. In addition, available data suggest that out-migration among elderly probably offsets in-migration during the 1982-1983 period since filing of the 1982 PFD applications.

TABLE 1. ESTIMATES OF THE ELDERLY POPULATION OF ALASKA IN 1982 AND 1983

Year	Alaska Dept. of Labor[a]	Permanent Fund Dividend Program[b]	House Research Agency[c]
Total Elderly Population			
1982	13,920	14,800[d]	--
1983	NA	15,900	14,605 (4.8 % growth) 14,725 (5.6 % ") 14,900 (6.8 % ")
Elderly Population With At Least One-Year Residency			
Assumption: 2 percent annual in-migrants			
1982	13,645	14,650[e]	--
1983	NA	15,580	14,315 (4.8 % growth) 14,430 (5.6 % ") 14,600 (6.8 % ")
Assumption: 4 percent annual in-migrants			
1982	13,365	14,500[e]	--
1983	NA	15,265	14,020 (4.8 % growth) 14,135 (5.6 % ") 14,305 (6.8 % ")

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a Alaska Population Overview 1982. Alaska Department of Labor, 1983.

b Source: Alaska Department of Revenue, Research Section.

c The projections are based on a series of average annual growth rates computed from the Department of Labor's annual population data from 1970 - 1982. The average rates correspond with the following periods: 1977 - 1982 (5 percent), 1970-1982 (6 percent), and 1980-1982 (7 percent).

d This figure represents the estimated number of successful 1982 applicants who were 6-month residents as of October 15, 1982.

e These estimates assume that one-half of the annual in-migrants have been captured by the dividend program under the 6-month residency requirement.

Alaska's Elderly Population Growth Rate

In 1982, Alaskans 65 years and older represented 3.0 percent of the state's total population, an increase from 2.3 percent in 1970. There are relatively few older persons in Alaska compared with the elderly nationwide (11.3 percent of the U.S. population in 1980). While Alaska's total population increased by roughly 50 percent during the period 1970 - 1982, the elderly ranks almost doubled. The state's population grew at an average annual rate of 3.4 percent, whereas the elderly segment increased an average of 6.0 percent each year. Furthermore, the growth rate of Alaska's elderly population between 1970 and 1980 was more than double the nationwide rate for the elderly.

A number of factors probably contributed to the rather dramatic increase in Alaska's aged population over the past 12 years:

1) A relatively large group of persons 55 - 64 years old has aged over the past decade, swelling the elderly ranks. Many of these people probably migrated to Alaska in earlier decades when they were in their 20's, 30's and 40's.
2) Death rates among middle-aged and older Alaskans have decreased due, in part, to improved health services in the state.
3) The historical out-migration of older Alaskans, particularly whites, has decreased as the state matures and greater social and health care amenities become available in-state.
4) The in-migration of older persons may have increased during the period. Not surprisingly, the major motivating factor for interstate migration of persons 55 years and older nationwide is to be closer to relatives [6]. Common sense suggests that the most likely reason for an aged couple or individual to move north to Alaska would be in order to live near or with their children or siblings.

The elderly population in Alaska is expected to sustain its healthy growth rate of the past decade into the future. Projections vary between approximately 4 and 6 percent annual growth through the remainder of this century[7]. On the other hand, growth projections for Alaska's total population to the year 2000 suggest annual growth rates between 1 and 2 percent, much lower than the average of over 3 percent

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[6] Reasons for Interstate Migration. U.S. Department of Commerce, Bureau of the Census, Special Studies Series P-23, No. 81, March 1979.

[7] Mr. Dave Swanson, State Demographer, Alaska Department of Labor, Personal Communication, July 26, 1983 and Dr. Scott Goldsmith, Economist, Institute of Social and Economic Research, University of Alaska, Personal Communication, July 16, 1983.

during the period 1970 to 1982[8]. In light of the above projections, it is apparent that Alaska's elderly will probably represent at least 5 percent of the state's population by the year 2000. For instance, if annual growth rates of 5.0 percent (elderly population) and 1.5 percent (total population) are assumed, the elderly would represent 5.7 percent of Alaska's population in the year 2000, based on DOL's 1982 population estimates. The anticipated increase in Alaska's aged as a percentage of the total population mirrors national projections in which the elderly will increase to over 13 percent of the nation's population at the turn of the century.

Alaska's Elderly Population in the Future

Generating long-range population projections requires considerable understanding of Alaska's demographic and economic conditions which influence population levels. Underlying assumptions are crucial and often lead to quite different projections. Below we analyze some long-range projections of Alaska's population.

1. The U.S. Bureau of the Census presents a series of projections based on three patterns of age-specific migration: actual 1965-1975 migration, actual 1970-1975 migration, and hypothetical zero net migration[9]. The projections are based on Census data up to 1975; the 1980 Census data are not included[10]. The migration pattern of the elderly during the period 1965-1975 generates low growth in the elderly population, elderly migration during 1970-1975 produces moderate growth, and the zero net migration scenario shows high growth in the elderly

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[8] Mr. Tom Chester, Division of Strategic Planning, Office of Budget and Management, Personal Communication, August 3, 1983, and Man-in-the Arctic Program Economic Modelling System Technical Documentation Report, Inst. for Social and Economic Research, University of Alaska, June 1983.

[9] Hypothetical zero net migration implies that the number of persons who left the state equaled the number who moved to the state in a given period of time, resulting in zero change due to migration.

[10] Illustrative Projections of State Populations by Age, Race and Sex: 1975 to 2000, U.S. Bureau of the Census, Current Population Reports, Series p-25, No. 796, March 1979.

population. The U.S. Bureau of the Census projections for the year 2000 are as follows:

Elderly Growth Scenario	65 and Older Population	Elderly as a % of Total	Total Population
Low ('65-'75 migration)	20,500	4.3 %	474,200
Moderate ('70 - '75 migration)	25,300	4.7 %	544,086
High (zero net migration)	40,500	7.6 %	534,300

We consider the elderly population projections under the low and moderate growth scenarios to be low given the tendency for Census data to be conservative and the fact that elderly migration patterns in the late 1960s and early 1970s probably overstate current out-migration. On the other hand, the projection of 40,500 elderly in the year 2000 (high growth scenario) may be high; out-migration will proabably continue to exceed in-migration among older Alaskans.

2. The Department of Revenue developed projections of Alaska's population primarily to estimate the future number of Permanent Fund Dividend recipients over the short term (to FY85)[11]. Revenue's projections are based on the actual growth in the number of adult PFD applicants between 1978 and 1979 (4.5 percent growth) and general assumptions regarding the juvenile population under 18 at the time. The total population was projected to be approximately 832,000 in the year 2000, implying an average growth rate of about 3.1 percent annually. As mentioned earlier, the future growth in Alaska is projected to be much lower, between 1 and 2 percent per year until the turn of the century. Given the intended short-range purposes and the limited nature of the data base, we recommend that Revenue's population projections not be used for the purpose of estimating the number of Alaskans eligible for the Longevity Bonus Program.

Revenue's population projection has formed the basis of the elderly population figures under CSSB 215. The 832,000 population figure for the year 2000 was used and three growth scenarios were developed to forecast the number of elderly in the population at that time[12].

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11 Ms. Mary Ellen Frank, Research Section, Alaska Department of Revenue Personal Communication, August 1, 1983.

12 Mr. Bob Richardson, Actuary, Wm. Mercer, Inc. Personal Communication, July 29, 1983.

The following elderly population projections were generated for the year 2000:

Elderly Growth Scenario	Elderly as a % of Total	65 and Older Population	Total Population
Low	3.10 %	25,791	832,000
Moderate	4.55	37,854	832,000
High	6.00	49,918	832,000

Under the inflated total population projection, the Senate supporters of CSSB 215 chose to adopt the low growth scenario elderly population of 25,791 in the year 2000. In order for this projection to be accurate, the elderly growth rate would have to decline to about 3.4 percent annually from a current annual growth of approximately 6 percent and the total population would have to maintain a 3.1 percent annual growth rate, close to its recent 3.4 percent annual rate of growth. Both of these conditions would run counter to future projected growth. The elderly population, in fact, is projected to grow approximately 3 times faster than Alaska's overall population between now and the year 2000.

3. The Institute of Social and Economic Research (ISER) of the University of Alaska recently published a series of computer simulations forecasting the state's total population to the year 2010[13]. ISER's Man-in-the-Arctic (MAP) model forecasts are based on common underlying assumptions regarding future economic conditions in Alaska and differing assumptions regarding the levels of State petroleum revenues. Population forecasts range between approximately 578,000 and 688,000 in the year 2000. The base case simulation, which assumes a level of revenues consistent with the Department of Revenue's 50 percentile revenue projections for royalties and severance taxes, projects a population of 593,612 in the year 2000 (see Attachment B). This reflects an average annual growth rate of approximately 1.5 percent, which falls within the 1 to 2 percent range previously mentioned as the likely annual growth rate for the state's population until the turn of the century. Unfortunately, the ISER documentation does not provide age-specific population forecasts so there are no elderly population projections.

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[13]Man-in-the-Arctic (MAP) Economic Modeling System Technical Documentation Report, Appendix N, ISER, University of Alaska. Prepared for Harza-Ebasco Susitna Joint Venture. June 1983.

In conclusion, we project Alaska's elderly population in the year 2000 under a series of average annual growth rates. Elderly growth rates between 4 and 6 percent per year are assumed, based on conversations with Mr. Dave Swanson, State demographer, and Dr. Scott Goldsmith of ISER. We assume a 1983 elderly population of 15,250, which is the midpoint of the 14,600 - 15,900 range we estimated earlier. Calculations of the elderly as a percentage of the total population are based on ISER's MAP model base case forecast of the total population in the year 2000 as we believe that this is the most reasonable projection of those reviewed.

Average Annual Elderly Growth	65 and Older Population	MAP Model Total Population	Elderly as a % of Total
4.0	30,100	593,612	5.1 %
4.5	32,170	593,612	5.5
5.0	35,680	593,612	6.0
5.5	38,845	593,612	6.5
6.0	42,290	593,612	7.1

It appears that Alaska's elderly population in the year 2000 will probably be 2 to 3 times its present size. With 5 percent annual growth, the midpoint of elderly growth rate projections, older Alaskans will number approximately 35,680 at the turn of the century. Elderly would represent 6 percent of the state's projected population, whereas today they represent only 3 percent of the population.

Elderly Population Increase Under the Longevity Bonus Program

Projecting the aged population in Alaska if a program existed which provided monthly cash payments to all elderly residents of at least one year rests upon an understanding of the migration patterns among elderly persons. While some Census data exist on a national level, relatively little information is available specifically about recent elderly Alaskan emigrants and immigrants. We present a number of factors which should be considered in a discussion of possible population increases due to the influence of a monthly cash payment program.

1) The elderly, as a group, are nonmovers. Census data between March 1975 and March 1980 indicate that less than 1 percent of persons 65 years and over moved across interstate lines into western states[14].

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[14]Geographical Mobility: March 1975 to March 1980, U.S. Bureau of the Census. Current Population Reports, Series P-20, No. 368, 1981.

Similarly, less than 1 percent of persons, aged 55 - 64 years, moved to or among the western states. In fact, 79 percent of elderly (65 and over) did not move at all during this 5-year period; 75 percent of persons 55 - 64 years old also did not move.

2) Major reasons cited by persons 55 and older for interstate migration in another Census Bureau national study were:[15]

To be closer to relatives	22.2 percent
Retirement	19.8 "
Change of climate	12.1 "
Other family reasons	11.2 "
Job transfer	6.0 "
New job or looking for work	4.9 "

3) A national study reports that older migrants tend to be separated or divorced, of low income, less educated, renters, in better health, and have earlier histories of mobility[16]

4) Historically, middle-aged and elderly age groups in Alaska have shown a net out-migration. During the period 1965 - 1970, three times as many persons 65 years and older left the state as in-migrated[17]. Between 1970 and 1980, more whites 45 years and older left the state than entered[18]. Nonwhites of the same ages experienced a net in-migration, perhaps reflecting as has been suggested an increased pride of heritage among Alaska Natives and the settlement of the Alaska Native Claims which may have encouraged Natives to return to Alaska .

5) Despite existing incentives to encourage the elderly to remain in Alaska (e.g., Longevity Bonus Program, Property/Sales Tax Exemptions, and Pioneers' Home Program), many have continued to leave after retirement. Many probably seek places with a lower cost of living or a less severe climate. Others may chose to return to an area where they were born and may still have family.

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[15]Reasons for Interstate Migration. U.S. Bureau of the Census, Special Studies Series P-23, No.8, March 1979.

[16]Handbook of the Pyschology of Aging, J.E. Birren and K.W. Schaie, Eds, New York: Van Nostrand Reinhold Co, 1977.

[17]Interstate Migration in Alaska, Matthew Berman, ISER, University of Alaska. November 1982. Table 2.

[18]The Demand for the Juneau Pioneers' Home, Alaska Economics, Inc., December 1982.

6) As Alaska matures from a "frontier" area to a more established state, the migration patterns may change. The Alaska Department of Labor has developed a series of age-sex specific net migration patterns to be used when forecasting Alaska's future population. In general, the patterns suggest that a smaller net out-migration will occur among older age groups as the state continues to become more established. In other words, as more health services and social amenities become available in-state, more older Alaskans may chose to remain in Alaska after retirement.

7) According to a 1976 survey of Longevity Bonus and Old Age Assistance (OAA) recipients conducted by the Alaska Department of Health and Social Services, the bonus payment positively influenced some of the recipients' plans to remain in the state at that time[19]. Of those surveyed who received only the bonus, nearly one-third indicated that the bonus positively affected their decision to remain. About 5 percent of those surveyed who were dual recipients of the bonus and OAA stated that the bonus had a positive effect on their decision to stay. The Longevity Bonus had the greatest effect on those with a higher household income (at least $1,000 per month) because the bonus provided enough additional money to enable them to maintain their present standard of living without leaving the state.

8) The high cost of living and cost of relocation are considerable disincentives for in-migration of older persons to Alaska, particularly for those who are retired and living on a relatively low fixed income. Substantial costs could be incurred prior to establishing the one-year residency required under a modified longevity bonus program. Table 2 shows the U.S. Bureau of Labor Statistics (BLS) data for Autumn 1981 comparing annual expenditures for a retired couple under three standards of living: low, intermediate, and high budgets. The table shows budgets for Anchorage and a U.S. average.

TABLE 2. ANNUAL BUDGET FOR A RETIRED COUPLE (Autumn 1981)

	LOW	INTERMEDIATE	HIGH
Anchorage	$9,774	$12,900	$18,354
U.S. Average	$7,226	$10,226	$15,078
Difference (% of U.S. average)	$2,548 (35%)	$ 2,674 (26%)	$ 3,276 (22%)

Source: U.S. Department of Labor, Bureau of Labor Statistcs.

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[19] Alaska Longevity Bonus Impact Survey 1976, Alaska Department of Health and Social Services, Division of Public Assistance, 1976.

The annual budgets in Anchorage range from 22 to 35 percent above the U.S. averages, with the percentage difference highest for a low budget couple. BLS data are not available for other Alaska communities, but evidence from in-state cost differentials indicates that the gap between the U.S. averages and most other Alaska communities is even greater.

Census data for 1980 indicates that 36 percent of aged family units have household incomes below $9,999, which approximates the above BLS data for a retired couple on a low annual budget in Anchorage in 1981. Nearly 50 percent fall below $12,499, which roughly equals the BLS intermediate budget of $12,900 in Anchorage. Additional information from the U.S. Department of Labor indicates that a Lower Living Standard for one person in Anchorage was $8,260 in June 1982. Approximately 74 percent of elderly unrelated individuals reported an income below this figure in the 1980 Census. Therefore, it appears reasonable to assume that the cost of living in Alaska will, to some degree, act as a deterrent to many aged couples and individuals who might otherwise consider moving to Alaska in order to participate in a monthly cash payment program for the elderly.

In conclusion, we believe that the aged most likely to migrate to Alaska as a result of a cash payment program would be those with relatives already in the state. Living with relatives, either siblings or children, would certainly defray some of the initial and longer term costs involved. However, we do not foresee a dramatic influx of aged persons into established Alaska households under the stimulus of a cash payment program. In general, elderly prefer to live in their own households as long as possible and change their living arrangements primarily when their self-care capacity declines. Furthermore, aged persons may prefer to live with siblings or children closer to their familiar surroundings rather than uproot themselves to a, perhaps, quite foreign Alaskan environment.

A cash payment program widely available to elderly with one-year residency may very well reduce out-migration and may somewhat enhance in-migration of aged persons into Alaska. Available information on interstate migration, historical patterns of Alaska migration, socioeconomic characteristics, and living preferences of aged persons suggest, however, that <u>dramatic</u> population increases solely on the basis of a cash payment program are unlikely. A considerable degree of speculation will surround this issue until, at the very least, a survey of recent older Alaskan emigrants and immigrants is conducted. Survey questions specifically addressing the reasons for their recent move would provide valuable information on this issue.

II. ELDERLY PUBLIC ASSISTANCE AND SOCIAL SECURITY RECIPIENTS

Questions: How many persons 65 and over in Alaska receive public assistance or Social Security? On the average, how much in public assistance or Social Security do the elderly receive per person? How does the percentage of elderly receiving public assistance compare with the percentage of the entire population receiving public assistance?

There are a number of public assistance programs available to older Alaskans. Table 3 provides a summary of the different programs, number of elderly recipients, and average benefits. Supplemental Security Income (SSI) and Old Age Assistance (OAA) are the major sources of monthly cash benefits to those receiving public assistance. Approximately 900 receive federally funded SSI and 2300 receive State-funded OAA. Monthly benefits currently average $238 (SSI) and $236 (OAA). While SSI, with its lower income limits, provides a first source of public assistance to the truly needy, 700 aged SSI recipients also receive OAA benefits.

According to the Department of Health and Social Services, approximately two-thirds of the OAA recipients in October 1982 were rural residents and one-third lived in Anchorage, Fairbanks or Juneau. Approximately 64 percent of the OAA recipients were Native, 28 percent White, 2 percent Black, and 6 percent other or unknown.

In 1982, 10,210 Alaskans 65 years and older received Social Security payments under the retirees, survivors, and disability programs. Although current information regarding average benefits received by Alaskans is not available, monthly payments nationally in 1982 averaged: $408 (retired worker), $700 (aged couple both receiving payments), and $378 (aged widow or widower)[20].

The percentage of older Alaskans receiving public assistance cannot be determined exactly as the degree of overlap among aged recipients on all forms of public assistance is not readily identifiable. One approximate estimate is that the 2,500 recipients of SSI and/or OAA represent 18 percent of the 13,921 population estimate of the Department of Labor in 1982. In comparison, approximately 40,000 Alaskans (9 percent of Labor's 1982 total population estimate) receive monthly

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[20]Ms. Norma Eubanks, Service Rep, Social Security Administration, Juneau, Personal Communication, August 8, 1983.

TABLE 3. A SUMMARY OF PUBLIC ASSISTANCE PROGRAMS FOR ELDERLY RECIPIENTS IN ALASKA

Program Name	Program Description	Type of Benefit	Income Limit (Number of Persons) 1	2	3	4	Number of Elderly Alaskans	Average Benefit
Old Age Assistance	State payments to needy	monthly cash	$546	802	n/a	n/a	approx. 2,300	$236.70/mo.
Food Stamp	Federal funds designed to promote health & nutrition among low income homes	Food coupons	$490	650	810	970 (net monthly income)	1,700	$32/person (random sample of 10 elderly cases.)
Supplemental Security Income	federal funds to needy aged or disabled	Monthly cash	$304	436	n/a	n/a	approx. 900	$238/mo.
Energy Assistance	Federal block grant monies to low income households	Vendor home energy credit	$851	1113	1375	1637 (net monthly income)	approx. 1,400	$475
General Relief Medical	State funds for medical assistance, primarily drugs for Medicaid eligible elderly	Vendor payment	$300	400	n/a	n/a (or same as SSI or OAA)	2,750 eligibles, approx. 30% use benefits	$50/mo.
Medicaid-Nursing Home[1]	Cost of care payments for needy in nursing home 52% - state 48% - federal	Vendor payment	$852.9	n/a	n/a	n/a	approx. 300	$3,600/mo
Medicaid-Regular	Medical care payments for OAA recipients 52% - federal 48% - state	Vendor payment	$546	802	n/a	n/a	approx. 2,300 eligible, approx. 940 use benefits each month	$1,027/usage

[1] Excludes Alaska Psychiatric Institute and Harborview Developmental Center.

Source: Alaska Department of Health and Social Service, Division of Public Assistance. July 1983.

public assistance of all types[21]. The percentage of elderly Alaskans receiving OAA has declined since 1960 when 28.5 percent were recipients[22]. Nevertheless, the percentage of older Alaskans receiving public assistance is higher than the 10 percent aged nationwide who received public assistance in 1980[23].

III. LONGEVITY BONUS PROGRAM RECIPIENTS

Questions: What is the income distribution, ethnic composition, and geographic distribution of bonus recipients? What percentage are below the poverty line? What percentage of bonus recipients are receiving public assistance, and vice versa?

A total of 9,776 older Alaskans were qualified for longevity bonus payments in July 1983, with 96 percent actually receiving payments. As shown in Table 4, approximately 95 percent of the qualified recipients, on the average, received bonus payments each month in FY83. The percentage who receive payments varies seasonally, with the percentage dropping during the winter and early spring months--when some elderly spend time in warmer places--and peaking in the summer and fall.

The number of qualified recipients of the longevity bonus program grew about 7 percent in the past year. As Table 4 shows, the program witnessed an average net growth of 50 recipients per month last year. On the basis of reasonable 1983 population estimates considered in Section one of this report, somewhere between 61 percent (15,900 estimate) and 67 percent (14,605 estimate) of the aged Alaskans currently are qualified for bonus payments.

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[21]Mr. Gordon Landes, Division of Public Assistance, Alaska Department of Health and Social Services, Personal Communication, August 8, 1983.

[22]Old Age Assistance Study, Alaska Department of Health and Social Services, May 1966.

[23]"Relative Importance of Various Income Sources of the Aged, 1980", Melinda Upp, Social Security Bulletin 36(1), January 1983.

TABLE 4. LONGEVITY BONUS RECIPIENTS: JULY 1982 - JULY 1983

Month/Year	Qualified Recipients	Net Monthly Growth	Number Receiving Bonus	Percent of Total
7/82	9124	--	8930	97.9 %
8/82	9191	67 persons	8960	97.5
9/82	9247	56	9006	97.4
10/82	9317	70	9020	96.8
11/82	9372	55	8987	95.9
12/82	9425	53	8896	94.4
1/83	9481	56	8843	93.3
2/83	9486	5	8741	92.2
3/83	9528	42	8750	91.8
4/83	9577	49	8895	92.9
5/83	9659	82	9144	94.7
6/83	9731	72	9352	96.1
7/83	9776	45	9426	96.4
		Average Net Monthly Growth: 50 persons		FY83 Average: 95.1 %

Source: Longevity Bonus Program, Alaska Department of Administration

Unfortunately, current information about bonus recipients is rather limited. Applicants are required to provide their age and a mailing address; no data on income or race are collected. Table 5 presents an age distribution of bonus recipients in January 1983. Recipients range between 65 and 116 years old, with over two-thirds aged 65 - 74.

The geographic distribution of program recipients in June 1983 is summarized in Table 6. Approximately one-quarter of the qualified recipients live in Southeast, roughly 42 percent live in the Anchorage/Southcentral region, 18 percent in the Interior, and the remaining 15 percent reside in Northern and Western Alaska.

TABLE 5. AGE DISTRIBUTION OF LONGEVITY BONUS PROGRAM RECIPIENTS
(January 7, 1983)

Years	Number of Recipients	Percent of Total
65-69	3,606	40.1 %
70-74	2,570	28.6
75-79	1,597	17.7
80-84	786	8.7
85-89	293	3.3
90-94	111	1.2
95 and older	37	0.4

Source: Longevity Bonus Program, Alaska Department of Administration

TABLE 6. GEOGRAPHIC DISTRIBUTION OF LONGEVITY BONUS RECIPIENTS
(June 28, 1983)

Region	House Districts	Number of Qualified Recipients	Percent of Total
Southeast	1-4	2,395	24.5 %
Southcentral/ East Peninsula	5,6,16,27	1,559	15.9 %
Anchorage vinicity	7-15	2,540	26.0 %
Interior	11-21,24	1,781	18.2 %
Northern	22	380	3.9 %
Western	23,25,26	1,121	11.5 %
TOTAL		9,776	100.0 %

Source: Longevity Bonus Program, Alaska Department of Administration

Detailed summaries of longevity bonus program recipients by age and House District are presented in Attachment C.

The previously mentioned 1976 survey of recipients of the Longevity Bonus (LB) and Old Age Assistance (OAA) provides the only available information about the racial composition and income of bonus recipients[24]. The survey targeted three groups of recipients: OAA-only, dual OAA/LB, and LB-only. At that time, 56 percent of all bonus recipients surveyed were Native and 44 percent were non-Native. Nearly 76 percent of the dual OAA/LB recipients surveyed had incomes (including their spouse's) below $420 per month[25]. In addition, the overwhelming majority (83 percent) of the LB-only recipients surveyed had monthly incomes (including their spouse's) under $1,000. It appears that, at least in 1976, the incomes of the majority of bonus recipients were certainly not high.

An additional survey of bonus recipients conducted by the Department of Law in 1982 cannot be considered representative of all the program's recipients because the survey specifically targeted needy recipients. Furthermore, preliminary results of the survey with regard to income are confusing because some respondents included their spouse's income while others did not.

We were unable to accurately determine the percentage of current bonus recipients who are below the poverty line because of the lack of income data for program participants. The Census data provide a frame of reference, indicating that 13 percent of older Alaskans lived below the federal poverty level in 1980. However, there were considerable regional differences in elderly income within Alaska. Less than 11 percent of Alaskans (60 years and older) in Southeast, Interior and Anchorage lived below the poverty level, whereas approximately 28 and 34 percent had incomes below the poverty level in Northwest and Southwest Alaska, respectively[26]. In comparison, about 15 percent of the elderly nationally had incomes below the poverty level in 1980. One is cautioned, however, about making definite statements with respect to income as an absolute measure of poverty status in Alaska because of the reliance on a subsistence (non-cash) economy, to a considerable degree, in rural Alaska.

The previously mentioned 1981 University of Alaska survey of Alaskans 60 years and over provides a measure of the degree of importance the longevity bonus holds as an income source for the elderly. This survey

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[24] Alaska Longevity Bonus Impact Survey, Alaska Department of Health and Social Services, 1976

[25] The income limit for an aged couple receiving Old Age Assistance in 1975 was $420 per month.

[26] A New Beginning for Older Alaskans: A Comprehensive Statewide Plan and Management Information System, Segment One, Hall & Associates, Inc., 1982.

reports a marked regional difference in the dependency of older persons on the bonus payments as their major source of income. Three percent of those surveyed in Southeast and Southcentral relied on the bonus payment as their major income source. On the other hand, 41 and 66 percent of the persons surveyed in Southwest and Northwest respectively indicated a primary dependency on the monthly bonus payments. These percentages should be viewed as only rough approximations because the survey included individuals aged 60 to 64 years who are more likely to still be employed. Also, the survey sample overrepresented women and Natives; elders of these groups characteristically have lower incomes than either men or Whites.

Rough estimates by the Department of Health and Social Services suggest that between 50 and 70 percent of the aged currently receiving public assistance also receive longevity bonus payments[27]. Longevity bonus information is not consistently collected on Old Age Assistance applications because the bonus is not considered income for the purposes of OAA eligibility. Information from the 1976 longevity bonus impact survey indicates that about 77 percent of the OAA recipients received bonus payments at that time. Conversely, about 28 percent of the bonus recipients received OAA payments in 1976. The Longevity Bonus Program within the Department of Administration is not able to provide this sort of information about dual recipients because income data are not requested of applicants.

IV. LIFE EXPECTANCIES OF OLDER ALASKANS

Question: What are the life expectancies of Alaska's elderly?

Life expectancy data for older persons in Alaska are presented in Table 7. The life expectancies of older Alaskans are generally similar to those of the elderly nationwide. Aged females enjoy a longer life expectancy than aged males in Alaska and nationally. This difference in death rates between the sexes is expected to continue although it probably will not increase in the future.

Table 7 indicates that elderly Alaska males appear to have a lower life expectancy in all five-year age groups in 1980 when compared with 1970 data. The lower life expectancies shown for 1980 may, in part, be a result of larger numbers of elderly males remaining in Alaska or partially an artifact of the small population numbers. At this time,

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[27]Mr. Gordon Landes, Division of Public Assistance, Alaska Department of Health and Social Service, Personal Communication, July 8, 1983.

we do not believe that there is a significant trend toward lower life expectancy peculiar to older Alaska males.

TABLE 7. LIFE EXPECTANCY in YEARS of OLDER ALASKANS by AGE and SEX

Age	1970 Total	1970 Male	1970 Female	1980 Total	1980 Male	1980 Female
55-59	23.27	20.73	27.37	23.97	20.58	29.70
60-64	19.53	17.23	23.48	20.14	16.82	25.72
65-69	16.53	14.51	19.98	16.17	13.66	21.79
70-74	14.20	12.48	17.06	14.14	11.16	19.02
75 and over	11.49	10.13	13.77	11.35	8.41	16.08

Source: Alaska Population Overview 1982. Alaska Department of Labor, 1983.

Based on the life expectancy data for 1980 and the method of calculating life expectancies in five-year cycles, we estimated the approximate number of years that qualified individuals of certain ages might expect to receive longevity bonus payments. A 65-year old female might expect about 22 years of bonus payments, a 70-year old female 19 years of payments, and a 75 year old female, on the average, could expect payments for 16 more years. A male 65-years old might expect payments for about 14 years, a 70-year old man 11 years of payments, and a 75-year old man, on average, would enjoy 8 more years of longevity bonus payments.

In closing, we hope that this information will be useful. If we can provide any further assistance on this subject, please let us know. A separate Research Request (No. 83-204) will address the annual cost of various proposed modifications to the existing longevity bonus program.

GK

Attachments

ATTACHMENT A. ANNUAL ALASKA POPULATION DATA, 1970 - 1982

(Source: Alaska Population Overview 1982. Alaska Department of Labor)

Table II.1

PERSONS BY AGE AND SEX FOR
ALASKA, EACH YEAR: 1970 to 1982

Alaska

	July 1												
	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982
TOTAL PERSONS	308500	319600	329800	336400	348100	384100	409800	418000	411600	413700	419700	435200	460800
Under 5 years	32700	33570	34360	34720	35640	38800	41120	41600	40610	40510	40790	41980	44075
5 to 14 years	72290	72640	72690	71890	72160	76950	79570	78790	75330	73510	72390	72860	74830
15 to 64 years	196400	205890	214840	221540	231920	258700	278700	286650	284470	288050	294370	307420	327975
65 years & over	7110	7500	7910	8250	8730	9570	10410	10960	11190	11630	12150	12940	13920
FEMALES	139960	145540	150780	154340	160320	177520	190580	194640	192480	194190	197730	206030	219160
Under 5 years	15900	16370	16750	16910	17350	18930	20020	20260	19760	19710	19830	20430	21400
5 to 14 years	35330	35530	35520	35120	35210	37550	39280	38370	36660	35770	35210	35440	36400
15 to 64 years	85640	90310	94960	98540	103740	116530	126380	130720	130580	132920	136590	143510	154020
65 years & over	3090	3330	3550	3770	4020	4510	5000	5290	5480	5790	6100	6650	7340

ATTACHMENT B. MAN-IN-THE-ARCTIC (MAP) MODEL POPULATION PROJECTIONS TO THE YEAR 2010 UNDER A BASE CASE SCENARIO

(Institute of Social and Economic Research,
University of Alaska. June 1983)

TABLE N.8. SIMULATION CASE: DEPARTMENT OF REVENUE 50%
Part D
Population
(thousands)

	State	Railbelt	Greater Anchorage	Greater Fairbanks
1982	437.175	307.105	239.830	67.277
1983	457.836	319.767	251.057	68.711
1984	473.750	330.199	259.677	70.523
1985	486.327	339.204	267.539	71.666
1986	499.149	346.988	274.031	72.957
1987	508.054	352.021	277.833	74.190
1988	516.259	356.992	281.952	75.041
1989	523.255	363.345	287.469	75.877
1990	533.184	371.539	294.078	77.461
1991	535.306	372.958	295.108	77.850
1992	550.842	382.528	303.978	78.551
1993	557.199	385.835	306.233	79.602
1994	559.519	389.212	308.219	80.994
1995	563.529	391.838	310.628	81.210
1996	569.216	395.991	314.124	81.868
1997	575.498	401.438	318.628	82.810
1998	581.204	406.133	322.491	83.642
1999	587.213	411.184	326.660	84.524
2000	593.612	416.622	331.082	85.540
2001	599.998	422.232	335.608	86.625
2002	606.741	428.069	340.351	87.718
2003	614.511	434.441	345.608	88.834
2004	622.832	441.222	351.177	90.045
2005	631.699	448.422	357.087	91.336
2006	641.101	456.103	363.376	92.727
2007	651.071	464.117	369.933	94.184
2008	661.676	472.628	376.894	95.735
2009	672.544	481.306	383.955	97.352
2010	684.180	490.620	391.560	99.060

SOURCE: MAP MODEL OUTPUT FILES HE.9 AND HER.9
VARIABLES: POP, P.IR, P.AG, AND P.FG

ATTACHMENT C. ALASKA LONGEVITY BONUS PROGRAM RECIPIENTS
BY HOUSE DISTRICT AND AGE

(Alaska Department of Administration)

DATE 06/28/83

NAME OF HOUSE DISTRICT	HOUSE DIST NO.	TOTAL WARRANTS FOR MONTH NO.	QUALIFIED RECIPIENTS NO.	QUALIFIED RECIPIENTS %	BONUS PAYMENTS FOR THIS MONTH NO.	BONUS PAYMENTS FOR THIS MONTH %	QUALIFIED RECEIVING PAYMENTS %	BONUS PAYMENTS THIS FISCAL YEAR NO.	BONUS PAYMENTS THIS FISCAL YEAR AMOUNT	BONUS PAYMENTS THIS FISCAL YEAR %	BONUS PAYMENTS SINCE INCEPTION AMOUNT	BONUS PAYMENTS SINCE INCEPTION %
KETCH-NOANG-PETERS	01	901	939	9.61	891	9.45	94.89	2,027	225,250.00	9.34	2,524,350.00	2.8
INSIDE PASSAGE-CORDOVA	02	361	363	3.71	351	3.72	96.69	812	90,250.00	3.74	4,795,075.00	5.3
BARANOF-CHICHAGOF	03	378	383	3.92	372	3.95	97.13	850	94,500.00	3.92	5,567,750.00	6.2
JUNEAU	04	693	710	7.26	683	7.25	96.20	1,570	174,500.00	7.23	8,539,000.00	9.5
KENAI-COOK-INLET	05	487	496	5.07	482	5.11	97.18	1,095	121,750.00	5.05	5,446,325.00	6.0
NORTH KENAI-SOUTH COAST	06	224	226	2.31	216	2.29	95.58	504	56,000.00	2.32	2,817,750.00	3.1
ANCHORAGE-SOUTH	07	68	64	.65	62	.66	96.88	153	17,000.00	.70	792,300.00	.8
ANCHORAGE-HILLSIDE	08	139	140	1.43	139	1.47	99.29	312	34,750.00	1.44	1,433,650.00	1.6
ANCHORAGE-SAND LAKE	09	127	129	1.32	122	1.29	94.57	285	31,750.00	1.32	1,271,525.00	1.4
ANCHORAGE-MIDTOWN	10	315	319	3.26	310	3.29	97.18	708	78,750.00	3.26	3,525,025.00	3.9
ANCHORAGE-WEST SIDE	11	383	391	4.00	369	3.91	94.37	861	95,750.00	3.97	4,085,100.00	4.5
ANCHORAGE-DOWNTOWN	12	964	983	10.06	940	9.97	95.63	2,169	241,000.00	9.99	2,035,500.00	2.2
ANCHORAGE-MT.VIEW-UNIV.	13	241	236	2.41	232	2.46	98.31	542	60,250.00	2.50	2,509,585.00	2.8
MULDOON	14	134	139	1.42	130	1.38	93.53	301	33,500.00	1.39	1,228,330.00	1.3
CHUGIAK-EAGLE RIVER	15	135	139	1.42	131	1.39	94.24	303	33,750.00	1.40	1,406,450.00	1.5
MATANUSKA-SUSITNA	16	601	605	6.19	587	6.23	97.02	1,352	150,250.00	6.23	7,345,950.00	8.2
ANCHORAGE-INT.HIGHWAYS	17	271	270	2.76	264	2.80	97.78	609	67,750.00	2.81	3,304,650.00	3.6
SOUTHEAST NORTH STAR	18	27	28	.29	27	.29	96.43	60	6,750.00	.28	366,050.00	.4
OUTER FAIRBANKS	19	36	38	.39	36	.38	94.74	81	9,000.00	.37	595,325.00	.6
FAIRBANKS CITY	20	967	989	10.12	955	10.13	96.56	2,175	241,750.00	10.02	1,502,625.00	1.6
WEST FAIRBANKS	21	50	50	.51	50	.53	100.00	112	12,500.00	.52	579,325.00	.6
NORTH SLOPE-KOTZEBUE	22	379	380	3.89	375	3.98	98.68	852	94,750.00	3.93	5,282,700.00	5.9
NORTON SOUND	23	555	569	5.59	536	5.63	97.10	1,023	113,750.00	4.72	6,065,250.00	6.7
INTERIOR RIVERS	24	407	406	4.15	394	4.18	97.04	915	101,750.00	4.22	5,283,125.00	5.9
LOWER KUSKOKWIM	25	398	390	3.99	380	4.03	97.44	895	99,500.00	4.12	4,524,625.00	5.0
BRISTOL BAY-ALEUTIANS	26	277	282	2.88	269	2.85	95.74	623	69,250.00	2.87	3,658,475.00	4.0
KODIAK-EAST ALASKA	27	227	232	2.37	223	2.32	96.12	510	56,750.00	2.35	2,989,625.00	3.3
TOTAL		9,650	9,776	100.00	9,426	100.00	96.43	21,699	2,412,500.00	100.00	89,525,400.00	100.0

ALBS RECIPIENT AGE BREAK DOWN

AGES	NUMBER
65	682
66	732
67	771
68	736
69	685
70	596
71	566
72	538
73	460
74	410
75	389
76	342
77	350
78	291
79	225
80	220
81	187
82	168
83	104
84	107
85	76
86	68
87	53
88	56
89	40
90	46
91	26
92	19
93	16
94	4
95	7
96	6
97	6
98	4
99	6
100	2
101	1
102	2
103	1
104	0
105	0
106	0
107	0
108	0
109	0
110	0
111	0
112	1
113	0
114	0
115	0
116	1

THE LONGEVITY BONUS PROGRAM:
OPTIONS UNDER THE VEST SETTLEMENT

JON K. TILLINGHAST
Birch, Horton, Bittner, Pestinger & Anderson

March 8, 1983

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I. INTRODUCTION

On June 14, 1982, the United States Supreme Court ruled that the cumulative residency requirements of Alaska's permanent fund dividend distribution program violated the Equal Protection Clause of the United States Constitution.[1] Shortly thereafter, Alaska's Longevity Bonus ("ALB") Program was challenged on equal protection grounds.[2] On August 9, 1982, the Department of Law, with the approval of the Alaska Legislative Council, entered into a stipulation in the Vest case which stayed all proceedings pending adjournment of this legislative session, in order to afford the legislature an opportunity to address the constitutional problems with the existing program.

The purpose of this report is to analyze some 10 options available to the legislature in amending the Alaska Longevity Bonus Program. This report is a first step in a process which must be completed by the end of this session. As subparts (C) and (D) of this section discuss, the likely consequence of failing to enact remedial legislation this session is that the ALB program will be judicially terminated.

A. Description Of The Longevity Bonus Program

Predecessors of the existing ALB program can be traced to 1915. In that year, the Territorial Legislature authorized a monthly allowance of $12.50 for needy elderly Alaskans of 10 years

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[1]Zobel v. Williams, 72 L. Ed. 2nd 672 (1982)

[2]Vest v. Shafer, 1 JU-82-1103 Civ. (1st Jud. Dist., 1982)

residency who chose not to enter the newly-created Pioneers' Homes.[3] The current program was enacted in 1972[4] as a result of legislation introduced by Senators Butrovich and Ray.[5] Quite unlike the "need-based" focus of its predecessors, the 1972 legislation was to:

> "... 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. The 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 the benefit 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

[3]Chapter 64, SLA 1915.

[4]Chapter 205, SLA 1972; AS 47.45.010 et. seq.

[5]SB 211, 7th Leg., 2nd Sess.

the new Alaskan in making the state truly "The Great Land." §1, Ch. 205, SLA 1972.

The ALB program, then, has several purposes:

1. providing an incentive for a particular class of senior citizens to remain in the state;

2. compensating for the hardships faced by retirement in Alaska;

3. rewarding the past contributions of Alaska's elderly;

4. compensating for past hardships suffered by Alaska's pioneers; and

5. retaining the wisdom and experience of Alaska's pioneers.

Originally, the bonus was $100 per month. Over the years, the amount has gradually increased to its current $250 per month.[6] A person is eligible for a bonus if he or she:

1. is 65 years of age or older;
2. was "domiciled in the territory" on or before January 3, 1959; and
3. has been continuously domiciled in the state for 25 years.[7]

Additionally, if a person is absent from the state for more than 30 days, he will not receive another bonus until he returns. AS 47.45.030. If the person is absent for a continuous period in excess of 180 days, he is ineligible for a bonus for the next 12 calendar months following his return. Id.

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[6]Chapter 13, SLA 1981

[7]AS 47.45.010

Exceptions are made if the absence "is beyond the control of the recipient." Id.

The longevity bonus is taxable under the Internal Revenue Code. However, it is almost universally excluded in calculating income eligibility for state and federal assistance programs.[8]

B. The Individuals Covered By the Alaska Longevity Bonus Program.

There are currently some 9,425 Alaskans receiving some $28.4 million in longevity bonus payments. Sketching an accurate portrait of the state's ALB recipients is difficult, because the ALB application form requires little personal information. In 1976, the Alaska Department of Health and Social Services conducted a random survey of ALB recipients,[9] and, in conjunction with the Vest

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[8]Under 42 U.S.C. §1382(a)(b)(2)(B), which governs eligibility for federal Supplemental Security Income, and by reference also controls other federal programs such as Medicaid and energy assistance, the following is excluded from the definition of income:

> "monthly (or other periodic) payments received by any individual under a program established prior to July 1, 1973, if such payments are made by the State of which the individual receiving such payments is a resident, and if eligibility of any individual for such payments is not based on need and is based solely on attainment of age 65 and duration of residence is such state by such individual."

[9]"Alaska Longevity Bonus Impact Survey," Alaska Department of Health and Social Services (1976) (hereinafter "ALB Survey)

settlement, the Department of Law conducted a non-random survey of some 1,896 participants.

From those surveys, it is apparent that a large percentage of ALB recipients are Alaska Natives living in rural areas of the state.[10] Moreover, and in large part because of the ineligibility of many rural residents for social security, the longevity bonus is often the primary source of income for rural residents. For example, 41% of the elderly in Southwest Alaska, and 66% in Northwest Alaska, rely on the longevity bonus as their primary source of income.[11]

Available evidence suggests that a large percentage of ALB recipients have incomes only marginally above the current state welfare assistance level of $546 per month. The Department of Law's 1982 survey -- which was skewed toward the more needy recipients of the ALB -- found that 81.4% of the 1,896 recipients sampled had monthly incomes of $750 or less. The 1976 ALB survey found that half of the ALB recipients had a monthly income, "including that of their spouse," of under $500 per month.[12] Another

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[10] In 1976, 41% of the ALB recipients lived in rural areas of the state and 24.1% were Alaska Natives. ALB Survey at 14-15.

[11] "An Assessment of the Status and Needs of Alaska's Elderly," Department of Sociology, College of Arts & Sciences, University of Alaska (1981) (hereinafter "Assessment.")

[12] ALB Survey, op. cit n. 9 at 18-19.

44% had incomes of less than $1,000 per month. A 1981 University of Alaska survey indicated that roughly half of Alaska's elderly had monthly incomes of less than $800.00.[13]

The 1976 ALB survey suggests that, in light of the high percentage of bonus recipients in the 65-70 age group, the bonus has had a material effect in allowing older citizens to remain in the state after retirement.[14] The report also indicates that the ALB program has allowed a significant percentage of the elderly to remain off various public assistance programs -- including food stamps and state Old Age Assistance.[15]

One significant characteristic of Alaska's elderly in general warrants note -- one that will become quite significant in our analysis of alternatives. Only 10% of Alaska's elderly have resided in the state for 10 years or less.[16]

C. The Effects of Zobel And Vest On The ALB Program.

In reviewing the 1972 legislation creating the Longevity Bonus Program, the Department of Law concluded that "... the classification predicated upon being domiciled in the territory on or before January 3, 1959, bears little, if any, rational relationship to any legitimate legislative purpose which this bill is conceivably designed to serve and thus is in

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[13]Assessment, op. cit. n. 11 at 31.

[14]ALB Survey, op. cit. n. 9 at 12.

[15]Id. at 10, 18.

[16]Assessment, op. cit. n. 11 at 12.

all probability unconstitutional."[17]

Nonetheless, the ALB program remained unchallenged until 1982, following the U.S. Supreme Court's decision in Zobel v. Williams (hereafter "Zobel III").[18]

The law in issue in Zobel III (AS 43.23.010 et. seq.) provided for the distribution of a permanent fund dividend of $50.00 for each year of accumulated Alaska residency. The Court ruled, 8-1, that the cumulative residency requirement of the program was not rationally related to the goals of the statute -- a ruling which is discussed in more detail in section II(A), post.

The permanent dividend fund distribution program, in part, was intended to reward Alaskans for prior contributions to the state, a goal which: (1) three justices believed was constitutionally impermissible;[19] and (2) five justices believed was a permissible goal, but was not rationally furthered by a scheme

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[17]Memorandum, Havelock to Egan, Re: FCCS HCS CSSB 211 at 17 (June 29, 1972).

[18]In Williams v. Zobel, 619 P.2d 422 (Alaska 1980) ("Zobel I"), the Alaska Supreme Court invalidated the state's graduated personal income tax repeal. In Williams v. Zobel, 619 P.2d 448 (Alaska 1980) ("Zobel II"), the court upheld the cumulative residency requirement of Alaska's permanent fund dividend distribution plan -- a ruling reversed by the U.S. Supreme Court in Zobel III.

[19]Opinion of the Court, 72 L. Ed. 2nd at 679.

which awarded dividends solely on the basis of residency.[20]

Beyond the ruling of the case, the various opinions -- particularly those of the concurring justices -- are rich in forboding language suggesting that any durational residency requirement may receive "intensified scrutiny" by the Court, and will be justified only in "rare" circumstances.[21]

As is more fully discussed in Part II(A), post, the impact of the Zobel decision upon the ALB program was apparent. Two major goals of the existing ALB program are to reward elderly Alaskans for their prior contributions, and to compensate for past hardships and suffering -- ends which are implemented by a durational residency requirement more severe than that at issue in Zobel. A challenge to the ALB program was not long in coming. On July 6, 1982, one Rodney G. Vest challenged the ALB program in Superior Court in Juneau.[22] Mr. Vest is an elderly Alaskan whose residency in the state commenced three months after statehood. His complaint sought declaratory and injunctive relief striking the durational and statehood residency requirements of the act.

The State's response was colored by §2 of the legislation, which provided, inter alia, that:

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[20]See Brennan conc., 72 L. Ed.2nd at 684: O'Connor conc., 72 L. Ed. 2nd at 685.

[21]Brennan conc., 72 L. Ed. 2nd at 681, 684.

[22]See n. 2, ante.

> "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."

As the Department of Law explained in reviewing the 1972 law:

> "It is clear that the intent of the Legislature expressed in Section 2 of the bill is to forestall the possibility that a partial declaration of unconstitutionality would result in broadening the coverage of the bill to included additional clauses. This would be the case, for example, if either the 25 year waiting period requirement or the January 3, 1959 cutoff date were declared invalid, and the bill was expressly or impliedly severable."[23]

Thus, invalidation of the Longevity Bonus Program would result not in expanding the number of ALB recipients, but rather in the abrupt termination of the entire program.

Facing that grim probability, the State, with the approval of the Alaska Legislative Council, entered into an agreement with Vest, a copy of which is attached as Appendix A. The essence of the agreement is as follows:

> 1. Proceedings in the Vest case are stayed through the conclusion of this legislative session. Because that case has been subsequently certified as a class action,[24] existing ALB recipients are not in jeopardy at least through adjournment of this session;
>
> 2. The Alaska Legislative Council promised to use its "best efforts" to secure the enactment of legislation which treated equally "all persons 65 years or older as of July 1, 1982, who have been bona fide Alaska residents for at least one year prior to that date";

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[23] op. cit. n. 17 at 5.

[24] Order Certifying Class and Directing Notice to Class Members, Oct. 1, 1982.

3. If legislation of this sort were enacted this session, the suit would be dismissed; and

4. Recognizing that the Council could not bind the legislature, if legislation is not enacted, Mr. Vest may pursue his case, with the probable result that the program will be terminated.

There are three aspects of the settlement which warrant note. First, obviously, are the severe time constraints under which the legislature is operating. Second, there is the settlement's intentionally broad litmus test of acceptable legislation. All the legislature need do is treat all elderly, one-year Alaskan residents "equally." The standard could be met by any number of options, including repeal of the program. Third, there is the inescapable financial impact of the settlement itself. In order to treat all elderly Alaskans who were one-year residents as of July 1, 1982 equally, it will be necessary to fund retroactive longevity bonus payments under the existing program to the some 3,800 elderly Alaskans who would have qualified. The necessary retroactive appropriation is approximately $11.4 million.

Of course, the legislature itself is not "bound" to pass any particular kind of legislation, or any legislation or appropriation at all. While a "best efforts" clause is enforceable, that obligation runs only to the Alaska Legislative Council, which has already demonstrated both good faith and diligence in attempting to meet the obligations of the order and settlement.

D. Scope And Intent Of This Report.

The purpose of this report is not to recommend particular amendments to the Alaska Longevity Bonus Program. As Section II, post makes plain, any "recommendation" is a function of the goals which the legislature seeks to achieve through this exercise.

Rather, the goal of this report is to assemble a comprehensive list of alternatives proposed by various interested parties, and to analyze the alternatives in light of:

1. constitutional constraints;
2. fiscal impacts;
3. practicability; and
4. the effect of any changes on the elderly's eligibility for other programs.[25]

In developing a list of alternatives, this report has included five options examined by the Sheffield Administration, and five alternatives developed by the authors of this report. The information presented with respect to each option is intended to be sufficient for a threshold determination of feasibility. The report attempts to anticipate the major problems and issues surrounding each option; however, it is not intended to exhaust the details of every proposal.

Rather, the report should be used as a basis for the Senate Judiciary Committee's preliminary indication of

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[25]See Section II.(C) post.

preference. We are recommending that the committee choose two or three primary options. We will then prepare implementing legislation and a detailed analysis of the primary options. Under this approach, the committee will not be required, at this early point, to make an "all or nothing" choice. It will also afford the committee flexibility in the event that, for some presently unforeseeable reason, one option becomes impracticable.

Draft implementing legislation and a detailed analysis of the committee's choices can be transmitted within two to three weeks, depending on the options chosen.

E. Alternatives Included In This Report.

The options included in this report, which are analyzed in turn in Section III, are:

1. expand the Alaska Longevity Bonus Program to include all elderly Alaskans with one-year's residency;

2. phase out the Alaska Longevity Bonus Program by gradually reducing benefits;

3. phase out the Alaska Longevity Bonus Program by gradually reducing benefits, while contemporaneously raising the eligibility limits for general state assistance;

4. providing a minimal base payment under the Alaska Longevity Bonus Program based solely on one-year's residency, with supplemental payments made on the basis of need;

5. phase out the Alaska Longevity Bonus Program by increasing the age eligibility each year;

6. create an annuity plan, with the annuity corpus consisting of permanent fund distributions. This option would necessitate a transition program for those persons 40 years and older;

7. fund the Alaska Longevity Bonus Program through a "pay as you go" social security system, funded by approximately 25% of the existing permanent fund dividend distributions;

8. replacing the Alaska Longevity Bonus Program with a comprehensive health insurance program for elderly Alaskans;

9. condition eligibility for a longevity bonus upon a demonstration of hardship which would be suffered by being unable to continue Alaska residency; and

10. open the Alaska Longevity Bonus Program to all one-year residents, and terminate the program -- giving FY 1984 recipients a grandfather right to continued bonuses.

II. CONSTRAINTS ON THE CHOICE OF OPTIONS

There are four basic considerations in choosing a package of amendments to the Alaska Longevity Bonus Program. The purpose of this section is to provide an overview of the constraints and policy choices which should play a role in this committee's decision.

A. Constitutional Constraints.

The obvious and primary constraint on any set of amendments to the Alaska Longevity Bonus Program lies in the equal protection clauses of the United States (Amendment 14) and Alaska (Art. 1, §1) constitutions. The existing Alaska Longevity Bonus Program discriminates between Alaska residents based on their duration of residency; moreover, all of the alternatives considered by this report involve some durational residency requirement.

Under both the federal and Alaska constitutions, a durational residency requirement which conditions or denies either a "fundamental right" or a "basic necessity of life" is valid only if the discrimination is necessary to further a compelling state interest. Zobel II, 619 P.2d at 448; Memorial Hospital v. Maricopa County, 415 U.S. 250, 259 (1974). "Fundamental rights" involve such things as voting,[26] while "basic necessities of life" include basic medical care[27] and welfare.[28]

The so called "right to travel" -- which any durational residency requirement arguable affects -- is not a fundamental right automatically triggering the compelling state interest test. Zobel II, 619 P.2d at 425-426, Zobel III, 72 L.Ed. 2nd at 677-678.[29]

We are confident in concluding that longevity bonus is not a "basic necessity of life." The program is not welfare -- it is not based on need. Basic indigent assistance -- including both income supplements and Medicaid -- are available to the

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[26]Dunn v. Blumstein, 405 U.S. 330 (1972).

[27]Memorial Hospital v. Maricopa County, 415 U.S. 450 (1974).

[28]Shapiro v. Thompson, 394 U.S. 618 (1969).

[29]One of the oddities of Justice Brennan's concurrence in Zobel III was his view that the "right to travel" is a "fundamental" right (id. at 682) -- although impairment of that right by a durational residency requirement should be tested under the deferential "rationally related" standard (see text, post) or at worst "intensified ... scrutiny." Id. at 681.

needy in this state.[30] The longevity bonus program seems more akin to the permanent fund dividend, which the Alaska Supreme Court held in Zobel II was not a "basic necessity of life." 619 P.2d at 445. As the Court of Appeals for the Ninth Circuit has observed:

> "Deprivations which are only uncomfortable are not enough, such as conditioning lower tuition at state institutions of higher education upon a one-year residency requirement." Fisher v. Reiser, 610 F.2d 629, 639 n. 5 (1979), cert. denied 447 US 930.

Under the federal constitution, then, any durational residency requirement imposed by amendments to the ALB program need only be "rationally related" to a legitimate governmental purpose. Zobel III, 72 L.Ed. 2nd at 678. As this section will discuss, however, that standard is occasionally more deferential in its terms than in its application.

Conversely, under the Alaska Constitution, a durational residency requirement will withstand scrutiny only if it is "fairly and substantially related" to a legitimate governmental purpose. Zobel I, 619 P.2d at 427. The more the balance tips in favor of the individual, the more necessary the discrimination must be in order to further the law's purpose. Id.

From these standards, the following ground rules can be extracted from applicable case law:

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[30] See Memorial Hospital v. Maricopa County, 415 U.S. at 261

1. Unquestionably, the "length of residence may be used to test the bona fides of citizenship." Zobel III, 72 L.Ed. 2d at 684 (Brennan conc.). In other words, the state may, by a durational residency requirement, "make virtually certain (that the recipients of the program are) bona fide residents of the state ..." Vlandis v. Kline, 412 U.S. 441, 453-454 (1973).

As a general rule, attorneys have assumed that in cases not involving the "compelling state interest" standard, a one-year durational residency requirement is permissible as a presumption of domiciliary. See, Starns v. Malkerson, F. Supp. 325, 234 (Minn. 1970), affd. mem. 401 U.S. 985 (1971). Moreover, the State of Alaska has taken the position that in cases involving either particularly attractive benefits, or particularly transient populations, a durational residency requirement in excess of one year is constitutionally permissible. See Motion For Summary Judgment, September 8, 1982, Andress v. Baxter, et al., No. A82-307 Civil, U.S. District Court, (D. Alaska 1982).

For the purposes of the Longevity Bonus Program, there are three reasons why it makes little sense to attempt a multi-year durational residency requirement as a presumption of domicilary. First, the attempt would lack substantial

precedential support. Second, it would be contrary to the August 9, 1982 settlement in the Vest case. Finally, and as noted previously, a durational residency requirement would not begin to exclude significant numbers of elderly Alaskans unless it was in excess of 10 years.

2. Durational residency requirements may be permissible for reasons other than presuming domiciliary, although at least four justices of the United States Supreme Court believe that those situations are "rare." Zobel III, 72 L.Ed. 2nd at 684.[31]

At the outset, a state cannot use a lengthly durational residency requirement to reward long time residents for their prior contributions to the state. To a majority of the court, while the purpose itself is permissible, a durational residency requirement is irrationally tailored to that goal -- a point bluntly made by Justice O'Connor in her concurrence:

> "A multitude of native Alaskans -- including children and paupers -- may have failed to contribute to the state in the past. Yet the state does not dock paupers for their prior failures to contribute, and it awards every person over the age of 18 dividends equal to the number of years that person has lived in the state." L.Ed.2d at 689.

The flip side of rewarding a person for prior contributions is compensating a person for prior hardships. That, as noted previously, is a second major goal of the

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[31]One "rare" example cited by the four concurring justices was qualification of public office. Id.

existing ALB program. If it is irrational to assume that all long time residents "contributed" to the state, it may be equally irrational to assume that all long time residents suffered substantial past hardship.

There is one universal hardship which equates with territorial residency -- the lack of franchise. It is conceivable that a Longevity Bonus Program intended to compensate for that lack of representation would be constitutionally permissible. However, that rationale would only justify the January 3, 1959 residency requirement -- not the 25-year continuous residency provision of the act.

A much closer question is posed by the program's goal of allowing elderly Alaskans to remain in the state who would suffer particularly severe hardship if they were financially required to relocate. Justices Dimond and Matthews of the Alaska Supreme Court believe this may be a constitutionally permissible goal substantially furthered by a durational residency requirement:

> "... a state Longevity Bonus ... require(s) lengthy residency. Both those programs, however, are apparently designed to help those individuals who would like to retire in the state but cannot afford to do so because of the high cost of living. The state might well want to limit the benefits to those that would suffer the most hardship by being forced to leave, and it seems reasonable to suppose that a long period of residency would be some indicia of close ties to Alaska and the disruption that leaving might cause." Zobel II, 619 P.2d at 469 n. 13 (Dimond dissenting).

The Department of Law, in fact, has concluded that the Pioneers' Home may be constitutionally defensible as a reasonable means of accomplishing precisely this goal.[32] Indeed, one option considered in this report would award longevity bonuses on the basis of hardship caused by relocation -- which in turn would be measured in part by length of residence. By making length of residency "some indicia" (619 P.2d at 469) of the hardship of relocation, the option would avoid the indictment of overbreadth which was fatal to the permanent dividend fund distribution program in Zobel III.

Finally, as to the ALB program's goal of providing an incentive for a specific subclass of Alaska's elderly to remain in the state, the courts in all likelihood would view that purpose as merely discrimination for its own sake. See Zobel III, 72 L.Ed. 2nd at 678-679. Presuming that only long-time residents have the requisite "wisdom and experience" to warrant subsidization is hardly likely to impress the U.S. Supreme Court.

B. Varying Goals of Several Longevity Bonus Options.

There is a substantial difference of opinion as to what an amended ALB program should accomplish. As noted previously, the legislature may wish to retain one of the major goals of the existing program -- allowing those elderly with the closest ties to Alaska to continue to live here.

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[32] 1982 Op. Atty. Gen. ____(November 26, 1982) at 25.

Alternatively, the fiscal consequences of the various alternatives may be the primary consideration. As previously discussed, if legislation in conformity with the Vest settlement is enacted, an additional $11 million must be appropriated as retroactive bonus payments to July 1, 1982. Several of the options which propose to phase out the program, or which propose a conversion to permanent fund earnings, are partially or primarily directed at this end.

The primary goal of the legislation may also be to protect those currently most dependent upon the bonus. The current Old Age Assistance income level is $546.00 per month and there are approximately 2,300 elderly Alaskans receiving state assistance. Since the longevity bonus is not included in the calculation of income for state assistance, the practical consequence of a phase out or termination of the program would be to materially reduce the available income of the poorest elderly Alaskans. Moreover, as noted in Section I(B), ante, there are a large number of elderly Alaskans who are currently only marginally above the existing state poverty level.

There are two options particularly sensitive to this goal -- the phase out of the ALB program in conjunction with a correlative rise in state assistance levels, and the option of compensating those who would suffer the most hardship by relocation.

With respect to this goal, however, it should be stressed that the existing ALB program has been purposefully structured so as to not be a "welfare program." Precisely for that reason, the program is administered by the Department of Administration, rather than the Department of Health and Social Services, and any conversion to a "need-based" program will undoubtedly offend the dignity of many elderly Alaskans.

Finally, there is the possible goal of providing a long term, stable bonus program which frees the general fund from increasing commitments. The annuity and state social security options are primarily directed at this goal.

C. Consequential Effects of Any Amendment To The Longevity Bonus Program.

Any change to the Longevity Bonus Program may have two consequences which must be considered: (1) the continued eligibility of ALB recipients for other state or federal assistance programs; and (2) tax consequences on participants.

As noted in Section I(A), ante, under federal law the ALB is excluded from the definition of "income" for many federal assistance purposes.[33] As long as any amendments to the ALB program continue to base eligibility "solely on attainment of age 65 and duration of residency," and remain sufficiently similar to the existing program so as to be fairly called "a program established prior to July 1, 1973," the exemption would be retained.

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[33]See n. 8, ante.

Obviously, any material changes in eligibility requirements or structure of the program raise the risk that the new benefit will be included as "income," and many elderly Alaskans will be terminated from the applicable federal program. The Department of Health and Social Services has estimated the impacts from a loss of the longevity bonus exclusion. Those estimates appear at Appendix B of this report.

Anticipating the same problem with permanent fund dividends, the legislature, in the 1982 Special Session, provided that the state would substitute lost benefits for a period of four months.[34] Obviously, and to the extent possible, any amendments to the ALB program should either be tailored to the existing exception, or fall within another separate statutory income exclusion such as a "need based" payment.[35]

The tax consequences of amendments to the existing ALB program become particularly important with respect to this report's annuity option -- which is treated in detail in Section III (F), post. At the outset, it is sufficient to note that:

> 1. The existing longevity bonus program is taxed under the Internal Revenue Code;
>
> 2. Any ALB program which is based on need, or could be characterized as a "social benefit program for the promotion of the general welfare," would in all likelihood not be taxed by the IRS; and[36]

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[34] AS 43.23.075.

[35] See 42 U.S.C. §1382(a)(b)(6).

[36] See IRS Revenue Rulings, 53-136, 1963-2 C.B. 19; 68-38, 1968-1 C.B. 446; 72-340, 1972-2 C.B. 31; 78-170, 1978-1 C.B. 24.

3. On February 27, 1981, the Internal Revenue Service ruled that dividends distributed under the state's prior permanent dividend fund legislation -- the statute invalidated in Zobel III -- were taxable under the Internal Revenue Code.[37] While the IRS has yet to rule on the existing dividend program, it is likely that taxation of the permanent fund dividend could be deferred if it is used to fund the annuity or social security options discussed in this report.

III. DISCUSSION OF ALTERNATIVES

A. Expanding The Class Of Alaska Longevity Bonus Recipients To Include All Elderly With One-year's Residency.

There are currently some 9,425 Alaskans who receive bonuses totally $28.28 million. This proposal would require additional appropriations for (1) bonuses for an additional 3,803 people; and (2) additional clerical support in the Department of Administration. The additional costs would total $12 million in FY 1984, increasing to $13.7 million in FY 1988.[38]

These appropriations are in addition to the $11.4 million retroactive award required under the Vest settlement.

The advantages of this option are two-fold. First, it is one of the constitutionally "safest" options. Second, since eligibility would remain dependent on "duration of residence" -- albeit only one-year -- in all likelihood it would fall within the existing ALB exclusion to federal assistance programs.

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[37]IRS Index Nos. 0061.40-00; 0451.20.00; 0102.00-00.

[38]Department of Administration draft fiscal note, January 11, 1983.

Additionally, while theoretically any "one-year" elderly Alaskan could take advantage of this program, the demographics of Alaska's elderly (see Section 1(B), ante) are such that the primary beneficiaries of this option would be those who have lived in the state from 10 to 25 years. Whether such a program would encourage in-migration is problematical.

In addition to obvious fiscal disadvantages, this alternative would dilute the dignity and recognition attendant the current bonus to the point of non-recognition.

B. Phase Out The Existing Longevity Bonus Program.

One of the options analyzed by the Sheffield administration would phase out the ALB Program by reducing benefits by $50.00 each year beginning with FY 1984. By paying $200.00 a month to 13,228 recipients rather than $250.00 to 9,425, the net increase to the program in FY 1984 would be $2.1 million. In fiscal year 1985, however, when the bonus is reduced to $150.00, there will be a net decrease of $8.7 million in program costs.

This option has been unfavorably viewed by the administration, and apparently was prepared only as a point of comparison. Despite its fiscal benefits, the proposal protects no one. The poorest of Alaska's elderly would suffer the most. Since, as discussed previously, Alaska longevity bonuses are not counted in existing state and federal assistance income limits, the needly elderly person in Alaska receives, currently, a

subsidized monthly income of $546 for Old Age Assistance, plus $250 from the ALB program. This option would thus materially reduce state assistance levels.

C. Phase Out The Existing Longevity Bonus Program With A Contemporaneous Increase In State Assistance Levels.

The apparent "preferred" option of many with the Sheffield administration is to gradually increase state Old Age Assistance levels while at the same time gradually decreasing the amount of the longevity bonus. The program would function in the following manner:

CHART 1.

YEAR	OLD AGE ASSISTANCE LEVEL	ALASKA LONGEVITY BONUS
FY 1983	$546	$250
FY 1984	$596	$200
FY 1985	$646	$150
FY 1986	$696	$100
FY 1987	$746	$ 50
FY 1988	$796	$ 0

In analyzing the fiscal impacts of this alternative, assumptions must be made about how many elderly Alaskans will become eligible for Old Age Assistance as the OAA income level increases, and how many of the newly eligible will be inclined to seek assistance as their longevity bonus gradually diminishes.

Regardless of which assumptions are used, the impacts upon the longevity bonus program, are, of course, identical to the "phase out" option. Those impacts would be as follows:

CHART 2.

ADDITIONAL COST (SAVINGS) TO THE ALB PROGRAM (in millions)

FY 1984	2.1
FY 1985	(8.7)
FY 1986	(19.2)
FY 1987	(30.9)
FY 1988	(44.1)

The fiscal impact upon the Department of Health and Social Services' OAA program is far more difficult to determine. The Department of Administration has used two alternative assumptions -- (1) that of the 13,228 elderly in Alaska, 5% will become eligible and apply for public assistance as the income level is increased to $796 in FY 1988; or (2) that 25% of the elderly will become eligible and apply for assistance during that period.

We believe that the 25% possibility may be closer to the truth. Approximately 30% of Alaska's elderly have monthly incomes marginally above existing assistance levels -- from $500-$800 per month.[39] If those figures are accurate, as many as 3,968 will become eligible for public assistance -- in addition to the 2,300 currently on the OAA program.

The second variable involves the size of the benefits which the new clientele will receive. The Department of Health and Social Services has assumed that each new recepient will receive the mean benefit currently given or projected for

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[39]Assessment, op. cit. n. 11 at 31.

existing receipients -- $295 in FY 1984.

In computing the fiscal impacts for this option, we have used the following three assumptions:

(1) Of the 3,968 elderly whom current data suggest could be eligible for the increased OAA program, 2500 will in fact apply. This figure arbitrarily discounts both those who will decline to apply for psychological reasons, and those who will not apply because the minimal benefits to them are simply not worth the bother;

(2) Because we have discounted those who will receive minimal benefits, we have retained the "mean benefit" assumption employed by the Department of Health and Social Services; and

(3) The new recipients will be evenly distributed over each of the five years -- so that in each year an additional 500 recipients will be added to the OAA program.

Additionally, persons who become eligible for Old Age Assistance will also become eligible for Medicaid. The State's Medicaid budget for FY 1983 is $65 million dollars. 48% of that figure -- or $31.2 million -- is paid by the State. Some 23% of that budget -- or $7.17 million dollars -- is attributable to those currently on Old Age Assistance. If the OAA population doubles over the next five years -- as our assumptions presume that it will -- there will be an additional cost of $7.17 million (not adjusted for inflation) to this option, chargeable in equal portions to each of the next five fiscal years.

With these assumptions, the following chart illustrates the possible net fiscal impact of this option:

CHART 3

Year	# Add. on OAA	Mean Benefit	--------IN MILLIONS-------- Added Medicaid Costs	Added ALB Costs (Savings)	Net
FY 1984	500	$295.02	1.4	2.1	5.27
FY 1985	1000	345.02	2.8	(8.7)	(1.76)
FY 1986	1500	395.02	4.2	(19.2)	(5.90)
FY 1987	2000	445.02	5.6	(30.9)	(14.60)
FY 1988	2500	495.02	7.0	(44.1)	(29.30)

Thus, even with fairly liberal assumptions regarding the number of additional OAA clients and Medicaid costs, this option will begin saving money in FY 1985.

Moreover, for those elderly in the $500 - 800 per month income range who pay some federal taxes, the option would have advantages, since increased need based assistance, unlike the longevity bonus, should not be taxed under the Internal Revenue Code.

One obvious disadvantage of this option is that it transforms the longevity bonus program into a welfare scheme. Persons who currently receive $796 or less per month -- including the bonus -- will indeed be "held harmless" under the option, but only at the expense of applying for assistance to the Department of Health and Social Services.

Moreover, those current elderly bonus recipients whose monthly incomes (excluding the bonus) exceed $796 per month will receive no protection under this option.

Finally, because welfare payments are generally viewed by the courts as involving "basic necessities of life" (see §II(A), ante), the durational residency requirement for increased old age assistance must be dropped from one year to 30 days.[40] The minimum national old age assistance level under the federal Supplemental Security Income system -- which OAA supplements -- is $284.30/mo.. A person with $600 a month income in a "minimum benefit" state is presumably ineligible for old age assistance (including Medicaid) in that state, but could become eligible under the Alaska system upon 30 days residency. While the mere prospect of an additional $196 per month (in FY 1988) is unlikely to induce people to retire in Alaska, the concommitant provision of Medicaid services -- including full nursing home coverage -- may have that effect. If a person can obtain free nursing home coverage -- valued at between $40 - $60,000 per year -- simply by spending the month of August in Anchorage, the State may face a rather remarkable in-migration problem indeed.

D. Retaining A Modest Longevity Bonus, While Providing A "Need Based" Supplement.

This option is largely a variant of option C, and has been discussed by the Sheffield Administration as a means of

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[40] Shapiro v. Thompson, 394 U.S. 618 (1969).

retaining some longevity bonus payment which could not be considered "welfare."

Under this option, the longevity bonus, as with Option C, would be gradually reduced to, say, $100.00 per month. As the fiscal information for alternatives B and C suggest, this alternative would result in a savings to the longevity bonus program of $19.2 million by FY 1986.

To compensate for the loss of $150.00/mo. to the needy, either State OAA limits could be increased by $150, or a separate "need based bonus supplement" could be established by the Department of Administration.

The advantage of the latter option is that although based on "need," applicants will not be dealing with the Department of Health and Social Services, and may view the supplement less as a form of welfare. Additionally, since the supplement will be provided under a program other than State OAA, its recipients would not be entitled to Medicaid (including nursing home coverage) unless they are otherwise eligible for OAA under existing limits.

Additionally, the "need" is not necessarily limited to financial need. As this report's discussion of Option I indicates, longevity bonuses may be apportioned according to the hardship which the elderly would face by being forced to retire outside Alaska.

The disadvantage of a separate "need based" program in the Department of Administration is, of course, the necessary creation of a parallel bureaucracy in state government.

The fiscal costs of this option have not been developed by the administration or this report because of the variables involved -- the size of the remaining "basic" longevity bonus, and the question of administration. Costs of administration aside, the net savings to the State should be substantially similar to the FY 1986 figures for Option C -- in which the declining longevity bonus payment would be $100.00 per month. The projected net savings of $5.9 million would certainly exceed the costs of even a parallel bureaucracy within the Department of Administration.

E. Gradual Increase In The Age Of Eligibility.

Another option explored by the Administration would reduce the durational residency requirement for a bonus to one year, but raise the eligibility age each fiscal year. For FY 1984, the age would be raised to 66; to 67 in FY 1985; and so on.

This option would have a substantial fiscal impact until fiscal year 1988, at which time mortality would have reduced the class of beneficiaries below existing levels. For FY 1984, the option would cost an additional $9.5 million dollars beyond existing funding levels, according to the Department of Administration.

This option has been quite unfavorably received. It has been facetiously but not unfairly referred to as the "newcomer's bonus program." A recent migrant born prior to June 30, 1918 would receive a longevity bonus for life, while a long-time Alaskan born subsequent to that date would receive nothing.

F. Self-Sustaining Annuities.

The prior five options were developed by members of the administration, although the administration has not formally "sponsored" any particular approach. Moreover, several of the options -- particularly the "graduated age" and "phase out" options -- were developed more as comparative conversation pieces than as actual proposals.

The following five options -- commencing with the self-sustaining annuity -- were prepared by the authors of this report.

Under the self-sustaining annuity option, individuals would no longer receive a permanent fund dividend under AS 43.23. Rather, those dividends would form the corpus of a self-sustaining annuity account from which the individual would receive an annuity commencing at the age of 65.

According to Department of Revenue projections, the permanent fund dividend payment for FY 1984 will be $365.00, rising gradually throughout the remainder of this century to $952 in the year 2000.

Given this level of contribution to the corpus, a self-sustaining annuity account will produce an annuity roughly equivalent to the existing longevity bonus (with a 3 percent annual cost of living adjustment) for those who are currently 40 years or younger, and who will be residents of Alaska each of the next 20 years. For various age groups, the annuity entitlements at age 65 as a percentage of the "target" annuity ($3000/yr. plus 3% per annum) would be roughly as follows:

Current age	Annuity as a % of target annuity
25	358%
35	161%
40	100%
45	66
55	21

Obviously, some transition measure is necessary for those who are simply incapable of accruing a sufficient corpus by the age of 65 to be entitled to the "target annuity". The general fund, simply put, will be required to make up the difference, although, over time, that "differential" will decrease as annuity accounts assume some significance.

Many of the options explored in this report could suffice as a 20-25 year shrinking general fund obligation. One option particularly tailored to the annuity approach would be to allow those who are at or near the age of 65 to continue to receive their permanent fund dividends in cash, with the PFD being subtracted from the longevity bonus amount. For those in

the 40-60 year age group, the general fund would simply fund the difference between their annuity and the "target" figure.

Under this "transitional measure", the general fund "residual" payment would be based on the amount necessary to supplement the annuity corpus assuming that an individual received a permanent fund dividend every year. There would seem, in this regard, no obligation on the part of the state to give a larger general fund supplement to someone with two PFD credits than to someone with 15.

Thus, in fiscal year 1994, when current 55-year olds first receive their annuity, they would receive a state supplemental of 79 percent of the target annuity -- regardless of the actual PFD credit any individual has accrued.

The remaining question, obviously, is what to do about the person who is currently 65. If that individual's supplement is the same in 1994 as a new annuitant -- 79% -- he will in fact receive less than the new annuitant since he will have only his permanent dividend, rather than a 21% annuity, to make up the difference. Conversely, if the grandfathered PFD recipient received a full target annuity in 1994, he would be at a substantial advantage over the new annuitant. The reason is this: while the new annuitant has earned a substantial portion of his target annuity by foregoing his cash dividend each year, the "grandfathered" recipient has both enjoyed the dividend, and its earning power, over that same period of time.

The question is largely one of equity for the legislature. Either approach is defensible. While the latter scenario would seem to discriminate in favor of the existing elderly, the Alaska Supreme Court has recognized the legitimacy of creating preferential grandfather rights for those who have come to depend upon an existing state program.[41]

In either case, the difficulty with this "transition" option is that the longevity bonus program continues to be a substantial drain on the general fund for 20-25 years to come. Under the transition option described above, the FY 1984 budget for the ALB program would be increased by $6 million dollars over existing funding levels.[42]

Through Aetna Insurance Co., we investigated the alternative of simply purchasing a lifetime annuity for all those currently 65 or older. Unfortunately, the cost of a lifetime annuity for all Alaskans 65 or older would be prohibitive -- in the neighborhood of $300 to $400 million.

Finally, the Legislature should consider using the administration's options C and/or D as a transition measure. The short term fiscal impacts of those options are superior to those of a simple general fund supplement.

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[41] Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d at 1259-61.

[42] Assuming that the ALB of the "grandfathered class" is reduced by the $365 permanent fund dividend, each of 13,228 persons will receive a payment of $2,635 this year -- totaling $34 million dollars.

For all of the short term problems of an annuity program, the long term advantages should receive equal time. First, in a period of 20-25 years, the general fund will no longer be encumbered with the longevity bonus program. Second, the eventual size of one's annuity payments would be a function of the number of permanent fund dividend contributions that have been credited to the annuitant's account. We seriously doubt that a successful durational residency claim could be made to this aspect of the program. An annuitant with three years contributions could no more claim that he is due an annuity based on 20 years contribution than could a 1996 resident claim not merely the $787 cash dividend available that year, but rather some $6,000 which his predecessors had amassed by being residents of Alaska since 1984.[43]

We believe that there is a strong case for distributing annuities only to persons who are residents of Alaska at the

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[43]Because future annuities are a direct function of actual past payments to the program, the program does not "reward" presumed contributions but simply returns actual investments. cf. Zobel I, 619 P.2d at 435 (Rabinowitz conc.) Nor is the option akin to a situation where prior tax contributors are excused from funding the present needs of government, as with the tax repeal scheme at issue in Zobel I. At any point in time, each Alaskan is treated quite equally -- being entitled to an annuity credit if he or she resided in the state for six months during the pertinent year.

time. Partially for reasons discussed below, no individual will have a "vested right" to an annuity in the future. A purpose of the annuity program will be to alleviate the particular financial hardships caused by retirement in Alaska -- a purpose which we believe is constitutional. This goal would be served only by confining actual annuity payments to Alaska residents. Second, and particularly if the program is properly viewed as conferring an economic benefit not upon the crediting of an annuity account, but rather upon annuity distribution, the state certainly possesses the right to prefer its own residents in the disposition of its resources.[44]

There are, of course, other issues surrounding the annuity option. Many Alaskans will undoubtedly wish to retain the existing cash benefits of the permanent fund distribution. Alaskans will not be, however, totally without recompense. An annuity account for younger Alaskans in particular -- at least for those planning to stay in the state -- will one day lead to substantial benefits.

Of course, the prospect of a lucrative retirement account is a product of the legislature's continued willingness and ability to devote 25% of permanent fund earnings to the

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[44]Reeves, Inc. v. State, 65 L.Ed. 2nd 244, (1981); see also White v. Massachusetts Council of Construction Employees, ___ U.S.___, No. 81-1003 (U.S.S.Ct., Feb. 28, 1983)(distinguishing Hicklin v. Orbeck, 437 U.S. 518 (1978).

annuity program. Unquestionably, at some point in time, a material percentage of the permanent fund's earnings will be necessary for general government expenses. The point at which that will require access to more than 75% of the fund's earnings is problematical.

The tax consequences of an annuity program warrant detailed discussion. As noted previously, the Internal Revenue Service may well rule that permanent fund cash distributions are taxable. Conversely, if credits to an annuity account equal to the permanent fund dividend are not tax exempt, the real economic value and perceived political worth of an annuity option is substantially lessened.

The annuity program envisioned by this report is not employer/employee related, and therefore would not qualify as an exempt plan under the Internal Revenue Code.[45] Nor was serious consideration given to qualifying the annuity option as an Individual Retirement Account -- because (1) the state is not a qualified financial institution to administer such an account; (2) the required terms of an IRA were not compatible with the option considered; and (3) any "state required" IRA -- even if possible -- would severly impinge on the tax planning flexibility of individual Alaskans.[46]

Nonetheless, it is our opinion that the annuity option should result in the deferral of both the permanent fund

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[45]cf. 26 U.S.C. §401-404

[46]See 26 U.S.C. §408.

dividend contributions and accrued interest under the Internal Revenue Code. The courts and the IRS have generally ruled that contributions to an unqualified "annuity," "retirement" or "deferred compensation" plan are nonetheless tax deferred if the individual is not in "constructive receipt" of the annuity contributions, and the contributions do not represent a present "economic benefit."[47]

Combining the standards of that doctrine with the attributes of the proposed annuity program, the program should be taxed deferred for the following reasons:

1. If the State were to purchase individual annuities with each permanent fund dividend, with each resident being the beneficiary, the resident would have a vested and secured interest in the contribution, and would thus have received a current "economic benefit." If, however, the State were to merely give the annuitant an unsecured promise of payment, purchasing an annuity account with itself as the beneficiary in order to provide a funding source for that promise, there would be no "current economic benefit" and taxation would be deferred.[48] This is one customary means by which employers obtain tax deferral of an unqualified plan;

2. A person is in "constructive receipt" of an annuity contribution if he has current access to the

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[47] U.S. v. Goldsmith, 586 F.2d 810 (Ct.Cl. 1978).

[48] Id.

contributions without substantial terms and limitations.[49] Under this report's option, under no circumstances would an annuitant be entitled to withdraw anything until annuities are actually distributed;

3. To underscore the contingent nature of the annuity -- such that the IRS could not reasonably conclude that it represents a "current economic benefit" -- the annuity will only be received if the person is an Alaska resident at the time of the pertinent distribution.

Our only hesitancy in this regard is the February 27, 1981 ruling of the IRS that even if an individual chooses to defer receipt of his permanent fund dividend, it is taxable in the year that it could have been received. The ruling, however, "may not be used or cited as precedent," and, even if of precedential value, is distinguishable from this situation. The ruling is consistent with the proposition that the individual cannot have unfettered discretion in choosing the year in which income will be taxed. While an individual does have unbridled choice in determining when to take a permanent fund dividend, he will have no choice as to the time of receipt of his annuities. Moreover, where a person would have an absolute right to a deferred dividend, he will have no right to annuity distribution unless he is an Alaska resident at the time.

For tax reasons, then, the annuity option must be carefully structured. The former permanent fund dividend must

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[49] Id.

be used by the State to purchase an annuity for its own account, with itself as the beneficiary. The annuity income received by the State will then be used as the funding source for the annuity payments -- although technically and necessarily the annuity income could be used for any fiscal purpose.

A far closer question arises with respect to the effect of this option on other public assistance programs. Generally, annuity income is included in the calculation of income for various assistance programs.[50] If, however, this option can be characterized as a continuation of the longevity bonus program, then the existing longevity bonus income exclusion[51] may persist. If -- consistent with tax considerations -- the only "annuity" is the one purchased by the State as a funding source, then the existing longevity bonus program can be retained in both name and substance, with the amount of the bonus still dependent upon residency history. After all, under the option, (1) a person must be a six month resident in order to obtain a single PFD, and must be eligible for the annuity at the time of distribution;[52] (2) the amount of annuity is dependent upon the number of PFD's credited to the individual's account; and (3) the "grandfathered" class of existing elderly would presumably be required to meet a one-year durational residency requirement.

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[50] See, 42 U.S.C. §1382(a)(a)(2)(E).

[51] See 42 U.S.C. §1382(a)(b)(2)(B).

[52] See n. 8, ante.

The above, of course, is an argument -- it is not necessarily the law, which in final measure will be largely determined by the federal officials involved. The exposure to existing assistance programs -- at least for those not within the grandfathered transition class -- must be considered a risk of this option.

Even if, however, annuity distributions are considered "income" to various assistance programs, the corpus of the annuity account will not be. A person may be disqualified from a federal assistance program not only if his income exceeds a certain level, but as well if he has alternative available resources which he can upon from at any time. However, in this instance, a true "annuity corpus" does not exist -- since the only annuity runs for the benefit of the State. Moreover, even if federal officials were to view the "corpus" as belonging to the individual, it cannot be withdrawn prior to actual distribution.

G. State Social Security System.

In large part because of the need for a lengthy transition period with a self-sustaining annuity plan, this report also considered the possibility of a state social security system funded by a portion of the permanent fund dividends distributed under AS 43.23.

Under this system, a sufficient portion of each resident's permanent fund dividend would be withheld each year

to fund a retirement program designed to pay each Alaska resident of 65 years or older with one-year's residency $250 per month, with a moderate cost of living adjustment each year.

In assessing the feasibility of this option, the most important variable was the projected growth in Alaska's elderly population. The difficulties facing the federal social security system are due in part to an increasingly large percentage of elderly in the population.

For fiscal year 1983, the Alaska Department of Labor projects that there will be some 13,672 elderly in Alaska -- approximately 3% of Alaska's population.[53] The Department has projected that that population, as a percentage of all Alaskans, will remain relatively static through the year 2000, when, out of a population of 831,000 people, there will be 25,158 elderly.[54]

We believe that those projections are overly conservative, and do not take into account the significant nationwide trend of increased elderly population. Nor do those projections include the retirement years of the post World War II "baby boom" generation -- which will begin about the year 2010.

Accordingly, in projecting the long term impact of this option on permanent dividend distribution, we have used the

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[53]Alaska Population Overview, Alaska Department of Labor, 1981

[54]Id.

national growth patterns projected by the federal Social Security Administration, which are as follows:

YEAR	% OF ELDERLY POPULATION
1950	8.1
2000	13.1
2025	19.5
2050	21.8

Using those assumptions, Travelers' Insurance Co., on our behalf, calculated the percentage of permanent fund dividends which would be required to fund a "pay as you go" system.

For fiscal year 1983, the calculations are relatively straight-forward. Given an aggregate distribution of some $169 million in permanent fund dividends this year, approximately 25% would be needed to fund a "pay as you go system."

However, even assuming a 3% cost of living adjustment in the payment each year, the percentage needed to fund the program decreases. This is because permanent fund earnings will increase at a rate substantially higher than inflation. From the year 1983 to 2000, the average funding required would be 15 to 19 percent of the distributions, while, in the years 2000 to 2025 (and assuming continued growth in permanent fund earnings) the funding amount would be 10-12 percent.

Thus, if the withholding remains static at 25% over the course of several years, the resultant excess would begin to build a savings account of substantial magnitude, which at some

point in the future would make the program partially, or perhaps totally self-sustaining.

One obvious advantage of this option is that it frees the general fund from ALB obligations immediately. Conversely, by materially reducing the annual permanent fund dividend, it obviously raises some political difficulties.

Additionally, the social security option could likewise be tied to contribution history -- although not in the precise manner of the annuity option. The federal social security system currently fully covers any individual who had "not less than one quarter of coverage ... for each calender elapsing after 1950 ... except that in no case shall an individual be a fully insured individual unless he has at least 6 quarters of coverage."[55] Because, in the future, some portion of the benefits will be paid by the "savings account" resulting from the static 25% contribution, we believe that a similar contribution history requirement could be established in the legislation.

Even more so than the annuity option, there would be no "current economic benefit" from the program. By reducing the permanent fund distribution by 25%, and funding a retirement program from which the individual may or may not ultimately benefit, we believe it extremely unlikely that the IRS would conclude that the reduced sum is in some manner taxable.

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[55] 42 U.S.C. §414(a)(1)

Morever, we believe there is a substantial likelihood that the existing ALB exemption in federal law could be retained. Indeed, stripped to its essense this option does little more than alter the funding source of the ALB program.

The primary risk of the program is all the more apparent in light of the current difficulties with the federal social security system. While option F would be funded by a currently purchased annuity, younger Alaskans would be contributing to this option on the mere hope that the requisite amount of permanent fund earnings would remain available for the program well into the 21st century. The "savings account" created by the static 25% withholding is intended to alleviate that problem; however, regardless of the rate of growth of that account there is plainly some risk in this option.[56]

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[56]For example, under our population projections, there will be 30,747 elderly in Alaska in the year 2000. The permanent fund distributions for that year under AS 43.23 are estimated by the Department of Revenue to be $792 million, of which, under our static 25% withholding, $198 million would be placed in the social security fund. In that year, with a 3% COLA, the maximum monthly bonus will be approximately $390. Even if every elderly Alaskan is eligible for full benefits under the law's contribution requirements, the maximum payments would be $120 million -- with a savings account deposit being made in that year alone of $70 million. Of course, many of these elderly may not be fully eligible, and some who are eligible may not be residing in Alaska during that year.

Finally, there is some advantage to the existing elderly in this system over the annuity option. The existing elderly would have a net loss of only 25% of their permanent fund dividend, rather than the entirety of the benefit under the annuity approach.

H. Health Insurance For The Elderly.

The state of health insurance for the elderly, and indeed for all Alaskans, has already been the subject of considerable study,[57] and legislative activity.[58] Because of the obvious critical importance of adequate health care coverage for Alaska's elderly, the option of providing comprehensive health insurance for Alaska's older citizens in lieu of the longevity bonus was included in this report as an option.

While the Department of Law report found that health expenses were a major use of the longevity bonus for only 5.5% of its sample, the 1976 longevity bonus study found that 29% of the bonus recipients used at least a portion of the ALB for medical care, while 11% used a portion of the bonus for "insurance of all kinds."[59]

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[57]Alaska Comprehensive Health Care Financing Study, Batelle Human Affair Research Center (1981)

[58]HB 641, 12th Leg. 1st Sess. (1981)

[59]ALB Survey, op. cit. n. 9 at 22

In fact, almost all of Alaska's elderly receive some kind of public or private health coverage assistance -- either through Medicare, Medicaid, public and private retirement programs, Veteran's benefits or the Indian Health Service/Public Health Service.

When assessing the health insurance option, the two obvious questions are: (1) how severe are the gaps in existing coverage; and (2) how much would it cost to fill those gaps?

The major source of health insurance coverage for the elderly in Alaska is obviously Medicare -- a federal insurance plan which provides hospitalization for those eligible for social security[60] and medical insurance for an additional fee of $12.20 per month.

Both the hospital and medical insurance contain substantial deductibles, i.e. the first $304 of the hospital bill -- and co-payment requirements (20% in the case of medical insurance.)

Nursing home coverage under Medicare is severely limited -- confined to post-hospital care in a "skilled nursing facility" for short periods of time.

It is difficult to determine how many resident Alaskan elderly are on Medicare -- available statistics are bloated by Medicare claims submitted by tourists. There are some 9,323

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[60]42 U.S.C.§§ 426,1395(c). A person ineligible for Social Security may obtain Medicare hospitalization insurance for $113 per month

retired persons in Alaska receiving social security -- and hence eligible for Medicare.[61]

The largest group of elderly Alaskans ineligible for Medicare are rural residents, primarily Natives, who do not have a sufficient wage earning history to qualify for social security. All Alaska Indians, Aleuts and Eskimos are eligible for IHS -- which provides a broad range of services depending upon available facilities. IHS is, however, primarily a direct provider of facilities -- it does not make cash payments for services such a custodial care in a nursing home. Moreover, it is currently facing severe cutbacks in areas such as reimbursement for health-related travel expenses[62].

The most comprehensive health coverage in Alaska is, of course, Medicaid. To be eligible for Medicaid, one must meet the State public assistance income limitations. As noted previously, there are currently some 2300 elderly Alaska citizens on Medicaid. Medicaid does cover virtually unlimited nursing home residency.

The most glaring deficiency in Alaska health care for the elderly is the lack of coverage for institutionalization in custodial environments such as nursing homes. Nursing home

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[61]Interview, Ms. P. Eubanks, Field Rep. Social Security Admin. (Feb. 24, 1983)

[62]Interview, Ms. P. Roberts IHS, (Feb. 23, 1983)

rates in Alaska run from $90 to $172 per day[63]. The costs are simply prohibitive for anyone not on Medicaid -- indeed, of the 467 elderly Alaskans currently residing in State nursing homes (other than the Pioneers Homes), all but 31 are there under Medicaid, or Alaska's General Relief Medical Assistance.

Conversely, nursing home rates in Washington, for example, have been estimated by the Department of Health & Social Services to vary from $50-$60 per day. It is not known how many elderly Alaskans are institutionalized in lower forty-eight custodial care facilities; however, it is apparent that unless one is eligible for Pioneer Home placement, a nursing home can be afforded if, at all, only by relocating to the lower forty-eight.

Three private organizations were asked to estimate the premium amount required to supplement Medicare and other coverage for Alaska's elderly to provide health insurance equivalent to the existing Public Employees' Retirement System's retiree coverage, and to include comprehensive nursing home coverage. Neither Travelers Insurance, nor Aetna Insurance felt capable of providing an estimate.

However, insurance consultants frequently used by the state for matters such as the public employees Supplemental Benefits System estimated that to provide supplemental coverage

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63Alaska Nursing Home Census, Alaska Department of Health & Social Service, 12/31/82

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586-2890
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for Medicare, insurance could be provided at a premium of approximately $70 per individual per month. This would include comprehensive nursing home coverage.

Medicare is currently a primary insurer -- that is, the State could provide for Supplemental coverage without endangering basic Medicare eligibility. Moreover, and in all likelihood, supplemental State coverage could properly provide otherwise uninsured Alaska Natives with those costs not covered by the Indian Health Service.

The major difficulty is Medicaid. Medicaid eligibility is very much contingent upon the unavailability of "resources".[64] Currently, the State only pays 48% of a Medicaid's patient bills. If a State health insurance policy was considered a "resource" the State could find itself footing the entirety of a Medicaid patient's bill.

Of course, the State would hardly need to "supplement" any Medicaid coverage -- Medicaid coverage itself being essentially inclusive. The statute, could simply exempt Medicaid recipients from the coverage of the policy. The issue posed by such an enactment is whether the State would be frustrating the Congressional goals behind Medicaid -- which is to provide a health coverage means of last resort -- thereby running afoul of the Supremecy Clause.[65].

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[64]42 U.S.C. §1382(a)(1)(B)

[65]Florida Lime & Avocado Growers v. Paul, 373 U.S. 132 (1963)

Assuming that the State could continue to merely supplement Medicare, IHS facilities and existing private and retiree coverages, and that the consultants' figures are accurate, there remain two difficulties with the health insurance option. First, it is of no benefit to Alaska's needy elderly -- who will merely continue with Medicaid coverage at the price of their longevity bonus.

Secondly, there is the potentially severe problem of in-migration. If a year's residency in Alaska[66] were all that were required for free and unlimited nursing home coverage, the potential of in-migration may be severe. There are two potentially justifable components of the program which could mitigate this potential:

1. If a purpose of the health insurance option is to allow Alaska residents to continue to reside in the state even if nursing home coverage is required, nursing home coverage could be limited to Alaska institutions, just as many states

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[66]It is possible, although we believe unlikely, that a court would rule that supplemental health insurance coverage would constitute a "basis necessity of life" -- dropping the maximum possible durational residency requirement to 30 days. The program would be supplemental to a host of existing assistance insurance programs, and would not be based on need. See Memorial Hospital v. Maricopa County, 415 U.S. at 261.

limit resident tuition discounts to in-state universities.[67] The difficulty, obviously, is that existing Alaskan nursing home capacity is limited. Whether unlimited nursing home coverage for all Alaskans would result in the expansion of existing facilities is debatable;

2. For the reasons cited with respect to the annuity and social security options, eligibility for health insurance coverage might properly be based upon contribution history if (a) a portion of the individual's permanent fund dividend is used to help fund the insurance program; and (b) the funding is in excess of current needs, in order to amass the same type of "savings account" envisioned with respect to the social security option.

I. LONGEVITY BONUS PREMISED ON INDIVIDUALIZED RELOCATION HARDSHIP.

As noted in Section II(A), ante, there is some judicial support for the view that it is permissible for Alaska to establish a program intended to benefit those who would suffer the most hardship by financially-coerced relocation from the state, and to measure that hardship in part by duration of residence.

This option relies upon that support, and involves three steps:

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[67]Starns v. Malkerson, 326 F.Supp. 234 (D. Minn. 1970), affa mem. 401 U.S. 985 (1971)

1. cataloging those criteria which would differentiate those Alaska elderly who would suffer relatively more hardship by being forced to retire outside the state, and who need financial assistance in order to remain in-state;

2. translation of those subjective criteria to a point system similar to that used by the Alaska Commercial Fisheries Entry Commission; and[68]

3. structuring of that point system such that (a) administrative costs are minimized; and (b) successful applicants are confined to a pool roughly equivalent in number to existing bonus recipients.

Indeed, the structure of this option is similar to the Alaska Limited Entry Act -- which translates certain very subjective criteria -- such as "economic dependence on the fishery" -- into an objective point system. It does so, of course, at a bureaucratic price -- approximately $2.5 million a year for a pool of applicants originally roughly equivalent to those which this option would affect. It also does so at other costs, which will be discussed below.

It is not difficult to catalog the criteria which would set our "relocation hardship" pool aside. Duration and continuity of residence would be one criteria, as would, perhaps:

1. income;

2. location of family;

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[68]See AS 16.43

3. location of property; and

4. ethnic, religious, and cultural ties.

Although income and duration of residency would play a role in determing eligibility, no one factor alone would be dispositive.

It would not be difficult to translate these factors into a point system; nor would it be particularly difficult to structure that point system to limit the class of successful applicants. The proposal, however, does suffer from the following disadvantages:

1. Since most Alaskan elderly have lived here more than 10 years most Alaska elderly will suffer some demonsterable hardship from relocating elsewhere -- although a certain percentage obviously do not require a longevity bonus to remain;

2. The alternative also involves the establishment and funding of a new bureacracy -- an intrisically unworthwhile undertaking, but one which nonetheless would cost far less than simply opening the class to all elderly Alaskans;

3. Perhaps the most obvious disadvantage is the burden that it would place upon elderly Alaskans themselves. There would presumably be a lengthy application form, together with evidentiary requirements, and in some cases, adjudicatory hearings. The Limited Entry Commission is currently involved in some 120 judicial appeals -- a number which is either at or below historic levels. According to the Commission's FY1984

budget presentation, there is a current backload of some 325 administrative adjudications.

Attorneys will be required -- regardless of what efforts are undertaken to make the process simple and informal. The difficulties facing the elderly applicant are thus rather apparent.

J. GRANDFATHERING

This report closes with one of the simpler alternatives -- opening the class of longevity bonus recipients to all elderly Alaskans with one year's residency, and terminating the program for the future. Persons eligible, or becoming eligible this year will be "grandfathered" and will receive a longevity bonus for life. The fiscal impacts of this alternative are, for FY1984, identical to option A, and will obviously decline in the future due to mortality and relocation.

The obvious advantage of this program is that it protects those currently on the longevity bonus program. Equally, it deprives those approaching the age of 65 with any expectation of receiving a bonus.

We believe that this option is constitutionally permissible. The Alaska Supreme Court shares the general view of the constitutionality of grandfathering laws -- as long as the grandfathered class itself is constitutionally defined.[69] Plainly, the state legislatures

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[69]Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d at 1259-61.

have the right to terminate social programs while protecting those who have come to rely on their benefits.

4. CONCLUSION

As noted at the outset, the purpose of this report is merely to provide a threshhold feasibility review of various options for amending the longevity bonus program. Through discussions with administration officials, legislative staff members, consultants and private industry, we have attempted to highlight the major issues surrounding each alternative, and provide at least rough information on each question raised. If, after the Judiciary Committee has identified two or three relatively attractive options, the effort expended over the past three weeks on 10 proposals can be condensed into the pursuit of three, proposed legislation and a more intricate analysis of the preferred options can be promptly transmitted.

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT

RODNEY G. VEST,

Plaintiff,

v.

MARIAN SCHAFER and STATE OF ALASKA,

Defendants.

CONFIDENTIAL

Case No. 1JU-82-1103 Civ.

AGREEMENT AND ORDER OF SETTLEMENT

WHEREAS, in 1972 the Alaska Legislature enacted the Alaska Longevity Bonus Program (AS 47.45.010 et. seq.) which currently provides, inter alia, for the payment of $250 for each month of continued residency by bona fide Alaska residents over the age of 65 who were domiciled in Alaska on or before January 3, 1959 and who have maintained a continuous domicile in Alaska for 25 years;

WHEREAS, the purpose of the Alaska Longevity Bonus Program is among other things, to reward elderly Alaskans for their past contributions to the state and territory, and for past hardships suffered during territorial and early statehood days. AS 47.45.170;

WHEREAS, since 1972, the State of Alaska in good faith has administered the Longevity Bonus Program in the belief that

the rewarding of prior residency was a constitutionally permissible purpose;

WHEREAS, in upholding the State's prior Permanent Fund Dividend distribution program, the Alaska Supreme Court ruled that "reward[ing] those Alaska residents who have chosen to stay" is a constitutionally permissible purpose. Williams v. Zobel, 619 P.2d 448, 460 (Alaska 1980);

WHEREAS, Justices Dimond and Matthews, in dissenting in Williams v. Zobel, believed that the Longevity Bonus Program would withstand constitutional scrutiny (619 P.2d at 469, n.13);

WHEREAS, on June 14, 1982, the United States Supreme Court, in invalidating Alaska's prior Permanent Fund Distribution Program, ruled that a statutory purpose of rewarding prior residency was constitutionally impermissible. Zobel v. Williams, ____ U.S. _____, 80-1146;

WHEREAS, because of the U.S. Supreme Court's decision in Zobel v. Williams, it appears the Longevity Program may not be deemed constitutional;

WHEREAS, a serious and good faith disagreement has developed and the Alaska Legislative Council questions whether the appropriate remedy is to expand the class of recipiants of monthly longevity bonuses, or alternatively, to invalidate the entire program and cease payment of monthly bonuses to any person;

WHEREAS, this uncertainty regarding the appropriate remedy derives from § 2, Ch. 205, SLA 1972, which provides, with respect to the Longevity Bonus Program:

> If any provision of this Act, or the application of a provision of this Act to any person or circumstances is held invalid, this entire act shall be considered invalid.

WHEREAS, unless and until the question of appropriate remedy is resolved by this court, or a settlement of this controversy is achieved, it is reasonable and prudent that the State of Alaska continue to administer the Longevity Bonus Program in the manner provided by statute;

WHEREAS, on July 6, 1982, Plaintiff Rodney Vest filed the above-captioned action, seeking as relief his inclusion in the Longevity Bonus Program of "any . . . bona fide Alaska resident who is 65 years or older....". Complaint, Prayer for Relief, para. 2;

WHEREAS, ON July 23, 1982, Plaintiff Vest filed an amended complaint seeking to have this case certified as a class action under Alaska Rule of Civil Procedure 23 on behalf of all bona fide Alaskans of the age of 65 or older, and further seeking as alternative relief the invalidation of the Longevity Bonus Program, or the payment of retroactive bonuses "in amount equal to what they would have been entitled to obtain under the program had the unconstitutional criteria never been in place or

enforced." First Amended Complaint, Prayer for Relief, paras. 4-6.

WHEREAS, there are currently 9,124 recipients of monthly longevity bonuses, and many of these recipients are of modest means, and depend upon the monthly bonus for sustenance, and the termination of the longevity bonus payments to these individuals could cause great and irreparable harm;

WHEREAS, because of the uncertainty with respect to the appropriate remedy, the parties are desirous of settling this litigation in a manner which affords meaningful relief to Plaintiff Vest and others similarly situated, but which also ensures the continuation of monthly bonus payments to existing recipients;

WHEREAS, the parties are further desirous of achieving a settlement which will finalize and constitute a full and final accord of the rights and liabilities of the parties hereto;

WHEREAS, there may be as many as 4,000 persons who are similarly situated with Plaintiff Vest -- to wit, bona fide Alaskans of the age of 65 or over -- who are not currently receiving longevity bonus payments because of the residency requirements of the statute;

WHEREAS, the parties agree that, because of the nature of the rights of recipients involved in this litigation, a one-year residency requirement is reasonable, necessary and appropriate in order to demonstrate bona fide Alaskan residency;

WHEREAS, a full and final settlement of the parties' rights and liabilities hereto cannot be achieved until all persons similarly situated with Plaintiff Vest are certified as a class under Alaska Rule of Civil Procedure 23(c);

WHEREAS, the settlement envisioned by the parties includes the retroactive payment of longevity bonuses to plaintiff class commencing and including July 1, 1982;

WHEREAS, the payment of such retroactive bonuses to an expanded class of recipients would require the appropriation of sums above the amount currently appropriated for the longevity bonus program for fiscal year 1982-83. Moreover, and because of the Alaska Legislative Council's view of the non-severability clause, quoted above (effecting the expansion of the class of longevity bonus recipients), such payments may require the enactment of curative legislation;

WHEREAS, it is therefore necessary, in order to effectuate this settlement, for appropriate legislation to be enacted;

WHEREAS, the Alaska Legislature is a coordinate branch of government of the State of Alaska, and is represented in this action by the Attorney General;

WHEREAS, notwithstanding the above, the Attorney General cannot in any manner bind or compel the Alaska Legislature in the exercise of its legislative powers;

WHEREAS, on July 16, 1982, the Alaska Legislative Council moved to participate in the above-captioned action as amicus curiae, it is agreed that the Alaska Legislative Council may participate in all negotiations of any settlement, the filing of briefs and may participate in oral arguments; however, the Alaska Legislative Council agrees that it will not be involved in discovery proceedings in the event the case is ultimately litigated and will not become otherwise involved in accordance with the terms of this settlement agreement;

WHEREAS, and while the Alaska Legislative Council cannot bind the Alaska Legislature in the exercise of its legislative powers, the Alaska Legislative Council can and is willing to commit its best efforts to the enactment of appropriate legislation during the first regular session of the 13th Alaska Legislature;

WHEREAS, and subject to (1) the certification of plaintiff class, (2) the Superior Court's approval of a settlement proposal herein, and (3) the commitment of the Alaska Legislative Council to use its best efforts in the enactment of appropriate legislation, plaintiff class is agreed that such action will provide full and adequate consideration for the promise and agreement of plaintiff class not to seek relief in any form with respect to the Longevity Bonus Program through and including the adjournment of the first regular session of the

13th Alaska Legislature or June 30, 1983, whichever ever event comes first in time;

WHEREAS, nothing herein is to be construed as an admission by the State of Alaska as to the unconstitutionality of the Longevity Bonus Program;

WHEREAS, except with respect to the good faith of the State and its agents, nothing herein is to be construed as an admission by either party in the event the settlement agreed to here is not consummated;

NOW THEREFORE THE PARTIES STIPULATE AND AGREE AS FOLLOWS:

1. All actions and proceedings in the above-captioned case, other than:

(a) the certification of plaintiffs class

(b) the approval by the Superior Court for the State of Alaska, First Judicial District of this proposed settlement agreement, and

(c) any further approval by the court necessary to consummate the settlement agreement after the certification of plaintiffs class,

are stayed through and including the date of adjournment of the first regular session of the 13th Alaska Legislature or June 30th, 1983, whichever event occurs first in time. Procedures for class certification shall be submitted to the Court for review no later than September 10, 1982, and the parties will request the

Court to render its order with respect to the notice procedures forthe said class no later than September 24th, 1982. Notice to the class shall be transmitted, along with the proposed settlement and the conditions necessary to affectuate the settlement, on or before October 11th, 1982. The State of Alaska will undertake reasonable efforts to assist Plaintiff to locate those persons 65 years or older as of July 1, 1982, who have been bona fide Alaska residents in the state of Alaska for one year immediately prior to that date. In the event this settlement agreement is not consummated for whatever reason, but the class certification has been certified by the court as set forth above, the Plaintiff shall not be precluded from seeking an enlargement of the class and a certification thereof so as to include other persons having a shorter residential duration within the State and may also seek a greater retroactive recovery.

2. The Alaska Legislative Council shall utilize its best efforts to secure the enactment, during the first regular session of the 13th Alaska Legislature, of the following legislation;

(a) Legislation which treats equally all bona fide Alaska residents of the age of 65 or older with respect to their residential qualifications to receive any "longevity bonus payments" or any substitute benefits from July 1, 1982 and thereafter for as long as the legislature may determine to continue such a program. Bona fide Alaska residents are those

who continuously resided in the state for one year immediately prior to the date of eligibility; and

(b) Any appropriation which might be required to fund the legislation described in paragraph (a), including the retroactive payment of bonuses.

3. If the Alaska Legislature passes legislation described in 2(a)-(b) above at any time during the first regular session of the 13th Alaska Legislature and the Governor signs the said legislation or otherwise allows 2(a)-(b) to become law so that 2(a)-(b) will be effective no later than Ninety days after enacted, the above action shall be dismissed with prejudice, subject only to the determination of attorney fees by the Court.

4. If the above-captioned action is dismissed under paragraph 3 above, all claims or rights of any class member (except those class members who exercise their right to opt out under Rule 23 of the Alaska Rules of Civil Procedure), with respect to the Longevity Bonus Program, shall be merged into the judgment of dismissal and extinguished;

5. If the Legislation described in 2(a)-(b) above is not enacted during the first regular session of the 13th Alaska Legislature or in any event no later than June 30, 1983, then this agreement shall be null and void, except that the Plaintiff and the class certified, together with any additional members, if there is an enlargement of the class, may prosecute this case as

if this agreement had not been entered into, it being the intent of the parties that certification of the plaintiff class, or the enlargement thereof, shall not be affected if this agreement becomes null and void;

6. The obligation of the Alaska Legislative Council under 2 herein is contingent upon certification of plaintiff class under Alaska Rule of Civil Procedure 23(c), which class shall include each and every individual of the age of 65 or older who, as of July 1, 1982, had continuously resided one year immediately preceding that date within the State of Alaska, and in the event that a class is certified which is less inclusive than as above described, the State of Alaska has reserved the right to waive the protections of this paragraph in whole or in part. Nothing in this paragraph is intended to modify or affect the certification of the class or the right of the Plaintiff to enlarge the class if this agreement becomes null and void.

DATED this __ day of _____, 1982.

DATED: August 9, 1982

Wilson L. Condon by JJ

Attorney for Defendants
Marian Schaefer and
State of Alaska

WILSON L. CONDON
ATTORNEY GENERAL

DATED: August 6, 1982

Henry J. Camarot

Attorney for Plaintiff

Henry J. Camarot
Camarot, Sandberg & Hunter

DATED: 8/16/82

Attorney for Alaska
Legislative Council
Amicus Curiae

FOR William Ruddy
Robertson, Monagle,
Eastaugh & Bradley

O R D E R

IT IS SO ORDERED.

DATED: _____

Hon. Walter Carpeneti
Superior Court Judge

PROGRAM NAME	PROGRAM DESCRIPTION	TYPE OF BENEFITS	(Number of Persons) 1	2	3	4	ALB EXCLUDED	NUMBER OF ELDERLY ALASKANS	MEAN BENEFIT	NUMBER OF ELDERLY AT RISK
Medicaid - Nursing Home	Provides payments on behalf of needy persons in nursing homes for cost of care 40% federal 52% state funds	Vendor Payments	852.90	n/a	n/a	n/a	Yes	up to $450/mo.	$3600/mo.	app. 275* *includes app. 120 who are included in the 500 at risk for SSI
Medicaid - Regular	Provides payment for necessary medical care on behalf of recipients of Old Age Assistance federal, 52% state funds, 48%	Vendor Payment	546	802 (net)	n/a	n/a	Yes	app. 2300 eligible, of whom app. 943 use benefits each month	$1027/ useage	app. 1200* *includes 500 at risk in SSI progra

PROGRAM NAME	PROGRAM DESCRIPTION	TYPE OF BENEFITS	INCOME LIMIT (Number of Persons) 1	2	3	4	ALB EXCLUDED	NUMBER OF ELDERLY ALASKANS	MEAN BENEFIT	NUMBER OF ELDERLY AT RISK
Old Age Assistance	Payments to needy	Monthly Cash	546	802	n/a	n/a	Yes	app 2300	246.70/mo.	app 1200* *includes 500 at risk in SSI
Food Stamp Program	A federally funded program designed to promote the health of the nation's population by raising the levels of nutrition among low-income households	Food coupons that are used in place of money	490	650	810	970 This is net monthly income	No	1700	$[illegible].2 per person (random sampling of 10-elderly cases.)	-0-
Supplemental Security Income(SSI)	Federally funded & administered program providing assistance to needy persons who are aged or disabled 100% federal funds	Monthly Cash	284.30	426.40 (net)	n/a	n/a	Yes	app 900	app $228 mo.	500
Energy Assistance	Grants to low-income households to offset energy costs	Vendor home energy credit	$851	$1113 (net)	$1375	$1637	Yes	app. 1400	$475	300-400
General Relief (Medical)	100% state-funded, provides medical assistance on behalf of needy persons. For elderly, primarily provides drugs for Medicaid eligible persons on OAA and SSI	Vendor Payment	$300 or same as SSI and/or OAA (net)	$400			Yes, for elderly	2750 eligibles app. 30% of whom use benefits	$50/mo. usenge	app. 1475

STATE OF ALASKA

BILL SHEFFIELD, GOVERNOR

D

DEPT. OF HEALTH AND SOCIAL SERVICES

DIVISION OF PUBLIC ASSISTANCE

POUCH H-07
JUNEAU, ALASKA 99811
PHONE:
465-3347

August 3, 1983

Cliff Groh
Legislative Assistant
to Representative Malone
P.O. Box 9
Kenai, Alaska 99611

Dear Mr. Groh:

You had inquired about our response to several points made by Jon Tillinghast in his report to the Senate on alternatives to the Alaska Longevity Bonus. That report is remarkable in demonstrating how well Mr. Tillinghast absorbed the public assistance intricacies involved in the ALB issue. However, there are inaccuracies on the three points you cite:

(1) Page 5, paragraph 1:

It is true that the Longevity Bonus is excluded in determining income eligibility for the aged, blind, and disabled (Adult Public Assistance), for Federal Supplemental Security Income (SSI), for Medicaid based on Adult Public Assistance eligibility, and for Energy Assistance.

However, the bonus counts as income in the Food Stamp, General Relief, General Relief-Medical, Catastrophic Illness, and Aid to Families with Dependent Children programs.

In all our programs, determining who is "needy" involves measuring both income eligibility and resource eligibility. Even those programs that disregard the bonus as income count saved bonus payments against the program resource limit. For example, an aged recipient who accumulates bonus payments in his savings account will lose his Old Age Assistance, his SSI payment, and his Medicaid coverage when his savings account balance reaches over $1500.

(2) Page 30, paragraph 2, residence:

No public assistance program has a 30-day durational residency requirement. In Old Age Assistance, Medicaid, and SSI, all that is required is best summarized as "present, with intent to remain". If we were to attempt to put any durational requirement on Medicaid residency, we would be declared out of compliance with federal regulations (42CFR 435.403, copy attached). Such non-compliance would threaten all federal matching Medicaid funds.

06-F61LH

(3) Page 30, paragraph 2, nursing homes:

This is presently a serious mis-statement, which perhaps results from Mr. Tillinghast having to severely condense a mass of extremely complex eligibility information. If you were to read that paragraph as I do, you would see that the possibility of a "remarkable in-migration problem" is raised with respect to needy elderly who are over income for old age assistance in their home state, or who receive it there but find it insufficient, who would tend to come to Alaska if our qualifying limits and payments were raised substantially. If they get assistance here, they will also qualify for all Medicaid services, including expensive nursing home care.

We already have one of the highest old age assistance levels in the nation, and we do occasionally see applicants who have come here precisely for that reason. In-migration is clearly a factor which must be considered, even if it can't be accurately measured. And migration related Medicaid costs must be considered as well.

I believe Mr. Tillinghast is not suggesting that increasing Old Age Assistance will produce a "run" on Alaska nursing homes by Outsiders. To suggest such a prospect would be misleading:

(a) There is a nation-wide income eligibility "cap" for Medicaid institutionalized persons. This cap is set by Congress. If you have $917 or more of gross monthly income, you will be ineligible for Medicaid institutional care in Maine, Florida, California, Alaska, or Guam.

(b) Medicaid nursing home patients don't generally receive assistance payments. Almost all of their monthly income, including the Longevity Bonus, must be paid to the nursing home to be applied to their bill. They keep only up to $70 per month for incidental personal needs. There is, therefore, no personal financial advantage to moving to an Alaska nursing home.

(c) By federal regulation, most Medicaid nursing home patients must be so medically needy that most of them would be incapable of making such a decision to relocate, and/or they would be prevented from doing so by their physicians, even if they were so atypical as to actually want to go far away from their home environment, friends, and relatives.

(d) There wouldn't be any beds in Alaskan nursing homes for them to inhabit even if they did choose to move here. (We'd be happy to show you our monthly reports of nursing home vacant beds, if you're interested.)

I do not mean to suggest that Medicaid coverage by itself would not be a motive to relocate to Alaska. It might well be, especially for an ambulatory person with a chronic and expensive illness or handicap and

a bit too much retirement income to qualify for Medicaid Outside. However, if this were a big factor in in-migration, I would suspect we'd have seen it already in our caseloads. As far as we can tell, we haven't. If new applicants from out-of-state mention why they came were, it is almost always because Alaska is their former home, or they have family here, or, rarely, that they wanted more Old Age Assistance.

If you were interested in investigating the in-migration problem further, I'd suggest you might contact California old age assistance program authorities. Apparently, despite the second highest assistance level in the nation, excellent health facilities and medical coverage, and a very benign climate, California appears to be rapidly losing its elderly population, especially to Gulf Coast States. It's my understanding that their Legislative research staff now looking into the causes for this out-migration.

If you have any further questions, please don't hesitate to call me.

Sincerely,

Gordon G. Landes
Program Officer
Public Assistance

Approved: _____
Jerry Harris, Acting Director

ccs: As requested

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receiving an optional State supplement as specified in § 435.230 or individuals in categories specified by the agency under § 435.121.

§ 435.402 Citizenship and alienage.

The agency must provide Medicaid to otherwise eligible residents of the United States who are—

(a) Citizens; or

(b) Aliens lawfully admitted for permanent residence or permanently residing in the United States under color of law, including any alien who is lawfully present in the United States under section 203(a)(7) or section 212(d)(5) of the Immigration and Nationality Act.

§ 435.403 State residence.

(a) *Requirement.* The agency must provide Medicaid to otherwise eligible residents of the State.

(b) *Definition.* For purposes of this section, an individual is considered incapable of indicating intent if—

(1) His I.Q. is 49 or less or he has a mental age of 7 or less, based on tests acceptable to the mental retardation agency in the State;

(2) He is judged legally incompetent; or

(3) Medical documentation, or other documentation acceptable to the State, supports a finding that he is incapable of indicating intent.

(c) *Who is a State resident.* A resident of a State is any individual who:

(1) Meets the conditions in paragraphs (d) through (g) of this section; or

(2) Meets the criteria specified in an interstate agreement under paragraph (i) of this section.

(d) *Placement by States in an out-of-State institution.* If a State arranges for an individual to be placed in an institution located in another State, the State making the placement is the individual's State of residence, irrespective of the individual's indicated intent or ability to indicate intent.

(e) *Individuals receiving a State supplementary payment (SSP).* For any individual who is receiving an SSP, the State of residence is the State paying the SSP.

(f) *Non-institutionalized individuals.* (1) For any non-institutionalized individual under age 21 whose Medicaid eligibility is based on blindness or disability, the State of residence is the State in which he is living.

(2) For any other non-institutionalized individual under age 21, the State of residence is determined in accordance with 45 CFR 233.40, the rules governing residence under the AFDC program.

(3) For any non-institutionalized individual over age 21, the State of residence is the State where he is—

(i) Living with the intention to remain there permanently or for an indefinite period (or if incapable of stating intent, where he is living); or

(ii) Living and which he entered with a job commitment or seeking employment (whether or not currently employed).

(g) *Institutionalized individuals.* (1) For any institutionalized individual who is under age 21 or who is age 21 or older and became incapable of indicating intent before age 21, the State of residence is—

(i) That of his parents, or his legal guardian if one has been appointed; or

(ii) That of the parent applying for Medicaid on the individual's behalf, if the parents reside in separate States and there is no appointed legal guardian.

(2) For any institutionalized individual who became incapable of indicating intent at or after age 21, the State of residence is the State in which the individual was living when he became incapable of indicating intent. If this cannot be determined, the State of residence is the State in which he was living when he was first determined to be incapable of indicating intent.

(3) Under both paragraphs (g) (1) and (2) of this section, the State where the institution is located is the individual's State of residence unless that State determines that the individual is a resident of another State, by applying the rules under paragraphs (g) (1) and (2).

(4) For any other institutionalized individual over age 21, the State of residence is the State where he is living with the intention to remain there permanently or for an indefinite period.

(h) *Specific prohibitions.* (1) The agency may not deny Medicaid eligibility because an individual has not resided in the State for a specified period.

(2) The agency may not deny Medicaid eligibility to an individual in an institution, who satisfies the residency rules set forth in this section, on the grounds that the individual did not establish residence in the State before entering the institution.

(3) The agency may not deny or terminate a resident's Medicaid eligibility because of that person's temporary absence from the State if the person intends to return when the purpose of the absence has been accomplished, unless another State has determined that the person is a resident there for purposes of Medicaid.

(i) *Interstate agreements.* A State may have a written agreement with another State setting forth rules and procedures resolving cases of disputed residency. These agreements may establish criteria other than those specified in paragraphs (b) through (f) of this section, but must not include criteria that result in loss of residency in both States or that are prohibited by paragraph (h) of this section. The agreements must contain a procedure for providing Medicaid to individuals pending resolution of the case.

(j) *Continued Medicaid for institutionalized recipients.* If, on the effective date of this section, an agency is providing Medicaid to an institutionalized recipient who, as a result of this section, would be considered a resident of a different State—

(1) The agency must continue to provide Medicaid to that recipient for two years unless it makes arrangements with another State of residence to provide Medicaid at an earlier date; and

(2) Those arrangements must not include provisions prohibited by paragraph (h) of this section.

[44 FR 41437, July 17, 1979]

§ 435.404 Applicant's choice of category.

The agency must allow an individual who would be eligible under more than one category to have his eligibility determined for the category he selects.

Subpart F—Categorical Requirements for Eligibility

§ 435.500 Scope.

This subpart prescribes categorical requirements for determining the eligibility of both categorically and medically needy individuals specified in Subparts B, C, and D of this part.

Dependency

§ 435.510 Determination of dependency.

For families with dependent children who are not receiving AFDC, the agency must use the definitions and procedures set forth under the State's AFDC plan to determine whether—

(a) An individual under age 21 is a dependent child because he is deprived of parental support or care; and

(b) An individual is an eligible member of a family with dependent children.

Age

§ 435.520 Age requirements for the aged and children.

(a) The agency must not impose—

(1) An age requirement of more than 65 years;

(2) An age requirement that excludes an individual under age 19 who meets the definition of dependent child under the State title IV-A plan; or

(3) A lower age requirement than that under the State's AFDC plan.

(b) In determining age, the agency must use the common-law method (under which an age is reached the day before the anniversary of birth), except—

(1) For families and children, the agency must use the popular usage method (under which an age is reached on the anniversary of birth), if this method is used under the State's AFDC plan; and

(2) For aged, blind, or disabled individuals, the agency may use the popular usage method, if the plan provides under § 435.121, for coverage of aged, blind, or disabled individuals who meet more restrictive eligibility requirements than those under SSI.

(c) The agency may use [illegible] date, such as July 1, for an individual's age if the [illegible] the month, of his birth i

[43 FR 45204, Sept. 29, 1978; 46 FR 47987, Sept. 30, 1981]

Blindness

§ 435.530 Definition of bli

(a) *Definition.* The a[illegible] the same definition [illegible] used under SSI, except

(1) In determining [illegible] individuals whose Me[illegible] is protected under §§ 435.134, the agency [illegible] nition of blindness [illegible] under the Medicaid p[illegible] 1973; and

(2) The agency ma[illegible] strictive definition to [illegible] bility under § 435.121 [illegible] is no more restrictiv[illegible] under the Medicaid p[illegible] 1972.

(b) *State plan* [illegible] State plan must con[illegible] of blindness, expres[illegible] measurements.

§ 435.531 Determinat[illegible]

(a) Except as [illegible] (b) of this sectio[illegible] blindness—

(1) A physician [illegible] cases of the eye [illegible] whichever the indi[illegible] examine him, unles[illegible] cant's eyes are miss[illegible]

(2) The examin[illegible] report of examinat[illegible] agency; and

(3) A physician [illegible] cases of the eye [illegible] thalmologist or a[illegible] throat specialist[illegible] report and determ[illegible] agency—

(i) Whether the [illegible] definition of blin[illegible]

(ii) Whether a [illegible] tions are necess[illegible] terminations of [illegible] under § 435.916 c[illegible]

(b) If an ager[illegible] to individuals [illegible] basis of blindn[illegible] not apply for th[illegible]

STATE OF ALASKA
THE LEGISLATURE

POUCH Y · STATE CAPITOL
JUNEAU, ALASKA 99811
907-465-3800

LEGISLATIVE AFFAIRS AGENCY

M E M O R A N D U M July 15, 1983

SUBJECT: "Needs-based" longevity bonus program (Work Order No. 13-1503)

TO: Representative Hugh Malone

FROM: Linn H. Asper
Legislative Counsel

You have asked two questions about the constitutionality of a proposed longevity bonus program that would guarantee a certain floor level of income for elderly residents of the state.

Your first question is what residency requirement would be constitutionally mandated by such a program. Assuming that the program is a constitutionally established public assistance program for elderly people with limited income, there can be no more than a nominal residence requirement. In Shapiro v. Thompson, 22 L.Ed.2d 600 (1969), the United State Supreme Court conclusively established that public assistance benefits may not be denied to an otherwise eligible applicant on the basis of a durational residence requirement. In that case a one-year residence requirement was struck down, but the holding makes it clear that any durational residence requirement, other than a minimal one to determine if the applicant intends to reside in the state, is prohibited. Applying Shapiro to a needs-based longevity bonus program would indicate that a 30-day residence requirement is the most that could be required of an applicant who is otherwise qualified for the program.

Your second question relates to a constitutionally acceptable standard for the determination of need for the new longevity bonus program. This question can only be answered in general terms.

Past court decisions make it clear that it is not a violation of the equal protection clause to discriminate between classes of people on the basis of economic need.

That is, public assistance programs that aid persons who fall below certain income guidelines are constitutional even though people who have income levels above the established limits do not receive assistance. However, there is a grey area in the situation you outline in that if the income limits are set at high levels persons whose income exceeds the limits can argue that the established limits do not restrict the program to needy persons and that if the program is not based on need it must be extended to all persons or terminated. Using federally established guidelines to make need determinations is a safe way to approach the question because such guidelines have the value of established precedent in determining who is needy and who is not. Using limits that exceed existing federal or state income guidelines for public assistance would increase the risk of a successful equal protection challenge. If income limits are set far in excess of federal or state guidelines a court would probably find that the new program is not really based on financial need and invalidate it.

LHA:ljb
26/011

F

ERICKSON & ASSOCIATES

Consultants in Economics and Public Policy
526 Main Street, Juneau, Alaska 99801
Telephone 907/586-3118

28 July 1983

The Hon. Lisa Rudd
Commissioner of Administration
Pouch C
Juneau, Alaska 99811

Dear Lisa:

One of the major concerns about transforming the longevity bonus program into a universal generational entitlement has been the potential such a new program would have for encouraging in-migration to Alaska among those over 65. There is some evidence that an increasing number of persons over or approaching 65 are already being attracted to the state, usually to join their children and grandchildren already here. Since the average disposable income of persons over 65 in the U.S. is less than $8,000, an annual generational entitlement of $3,000 might be expected to increase the rate at which these parents of Alaskans choose to become Alaskans themselves.

I wonder if we are really correct in assuming that this kind of migration would be a bad thing for Alaska. I do know that Alaska's rates of suicide, alcoholism, child abuse, divorce, crime and other indices of personal disintegration and social disaffiliation are among the nation's highest. I suspect that these high rates are associated with the abnormally skewed age structure of our population, and with the lack of extended families associated with the relatively small cohort of people over 65 in Alaska society. As the attached graph shows, only about three percent of Alaskans are over 65, compared to 11 percent of all Americans. Could it be that Alaska society would be better off if we were to encourage not only the preservation of the extended families we have, but also the extension of presently nuclear families through in-migration of absent parents?

I and virtually all my contemporaries in urban Alaska of the 1950s grew up without the benefit of grandparents living nearby. I am thankful that my children have not experienced the same deprivation, and thankful that in rearing them I have had the

support of my own parents. But urban Alaska, where most Alaskans now live, is still a very mobile society, and as the population profile suggests, many families do not have these advantages.

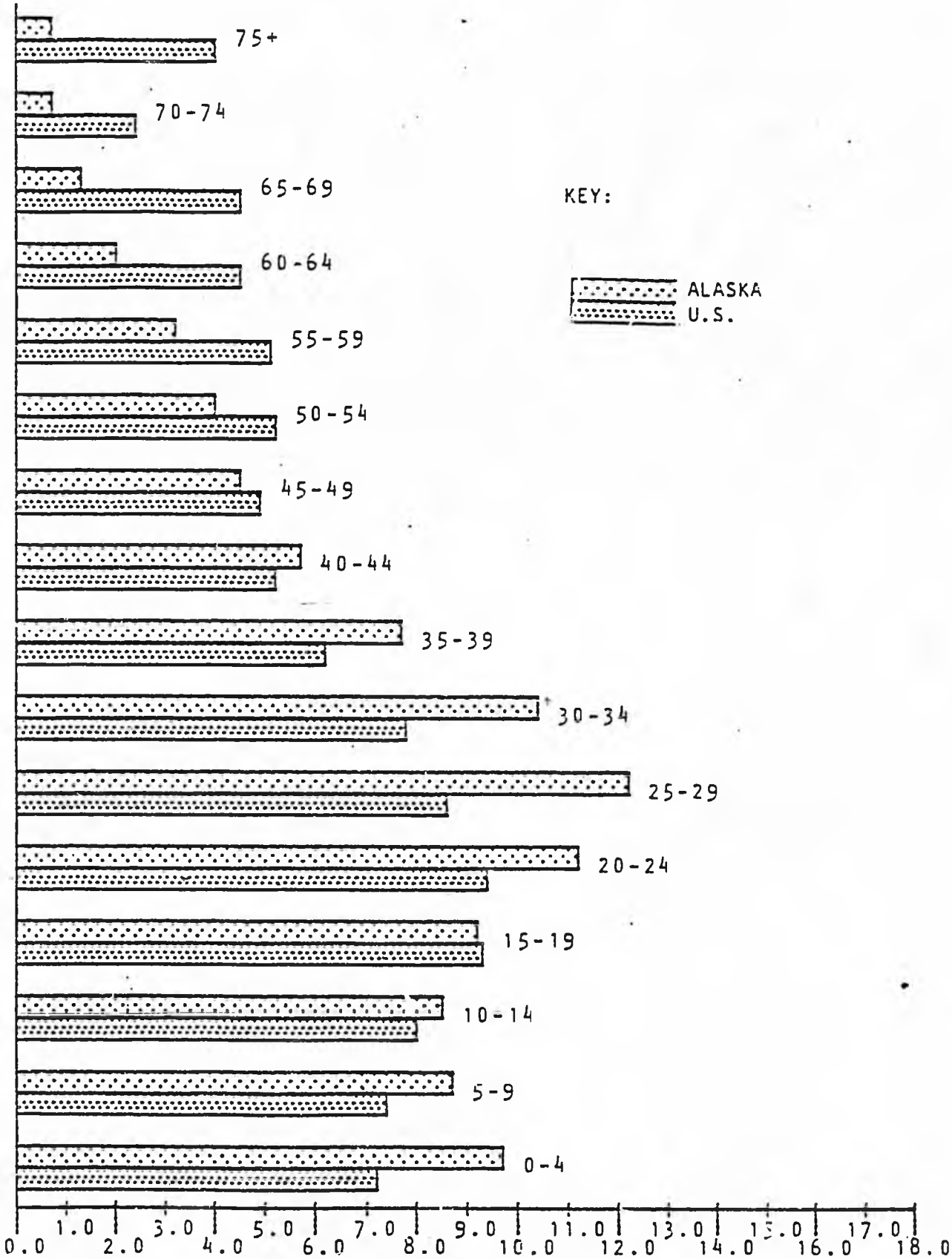
I wish I could give you hard research and statistics to support the theory that more extended families would reduce Alaska's many social problems. Or that I could confirm the hypothesis that in-migration and reduced out-migration stimulated by an Alaska generational entitlement would result in more extended families. If there is evidence for both of these notions, then it might provide a rational basis for replacing the current longevity bonus with a program providing for payments to all one year residents over 65, but gradually phasing out those payments as the percentage of Alaskans over 65 approached (say) half of the national average.

Sincerely,

Gregg K. Erickson

attachment

AGE STRUCTURE OF ALASKA AND US POPULATION, 1980



Prepared by ERICKSON & ASSOCIATES from U.S. Census data
(cohorts 65-69 and 70-74 estimated by Scott Goldsmith)

FIGG

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*NOT ADMITTED IN ALASKA

April 25, 1983

Senator Bill Ray
Alaska State Legislature
Pouch V
Juneau, Alaska 99811

Re: "GRANDFATHER OPTION": Sandberg, 4-12-83 Letter

Dear Senator Ray:

By letter of April 15, 1983, you asked for my views on Mark Sandberg's letter regarding the "grandfathering" option discussed in my March 8, 1983 report.

Under that option, the class of Longevity Bonus recipients would be expanded in FY 1984 to include all one-year Alaska residents. Then, the program would be terminated, with all FY 1984 recipients afforded a "grandfather right" to receive a longevity bonus for life. Mr. Sandberg, in an April 12, 1983 letter, expressed concerns about legislation "closing the class and funding an on-going program every year."

"Grandfather clauses" are rather common, and "have generally withstood equal protection challenges." Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d. 1255, 1267 (Alaska 1980). Frequently, individuals come to rely on a particular governmental program, and would suffer a peculiar hardship if that program were terminated. Nonetheless, and obviously, the legislature is under no obligation to continue any particular benefit program. The nearly universal judicial rule—shared by Alaska courts—is that the equal protection clause "does not forbid...statutory changes to have a beginning and thus to discriminate between the rights of an earlier and later time." Sperry & Hutchinson Company v. Rhodes, 220 U.S. 502, 505 (1911).

Usually, then, it would be reasonable for the legislature, in terminating a particular social program, to protect those who had come to rely upon the benefits accorded by the program. There are, however, two arguments which could be made that the general rule does not apply to this particular proposal.

First, the legislature would be "grandfathering" not only those who had come to rely upon the program for several years, but as well a substantial number of new recipients who had received the bonus for the first time in FY 1984. In discriminating between one-year residents who qualified before July 30, 1984, and those who reach 65 or moved to Alaska subsequent to that date, the "reliance" rationale may be difficult to support. Even under traditional equal protection analysis, which requires only a "rational basis" for any such distinction, an arbitrary dividing line under the guise of "grandfathering" is impermissible. State ex rel Bacich v. Huse, 59 P.2d. 1101 (Wash. 1936). Under state equal protection analysis, which requires a "fair and substantial relationship" between the goal of the statute and the discriminatory means chosen[1] the problem may be even more troublesome.

The short answer to this first issue is that the class which has come to rely upon the longevity bonuses is unconstitutionally defined. It would surprise me if the courts were to require a broadening of the class of eligible recipients and at the same time invalidate grandfathering legislation because the grandfathered class was overbroad. Plainly, constitutional constraints are a weighty consideration in determining whether a particular distinction is "fairly and substantially related" to the purposes of the enactment, and if the class grandfathered is "overbroad," it is certainly no broader than that constitutionally necessary.

The second potential issue is one raised both by Mr. Sandberg and the Department of Law. Both believe that there is some significance to the fact that the grandfathered class in this situation would continue to receive state benefits over a period of many years. Thus, for example, in FY 2000 the Department of Administration would continue to make payments to those who were elderly one-year residents as of June 30, 1984. This, they believe, may make the proposal akin to the existing longevity bonus, where one measure of eligibility is residency as of January 1, 1959.

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[1] State v. Erickson, 574 P.2d. 1, 12 (Alaska 1978)

However, grandfather provisions invariably contemplate future government action based upon prior status. In the case of Commercial Fisheries Entry Commission v. Apokedak, 606 P.2d. 1255, the Alaska Supreme Court upheld a grandfather provision under which 1980 eligibility for a limited entry permit was conditioned upon possession of a gear license prior to January 1, 1973.

Drawing distinctions based upon a person's status as of the date of a program amendment or termination has been accepted outside the licensing field. It has been upheld, for example, with respect to tax exemptions. United States v. Maryland Savings Share Insurance Corporation, 400 U.S. 4 (1970). More to the point, it was upheld with respect to social security benefits in Califano v. Webster, 430 U.S. 313, 320-321 (1977). That case involved certain benefit formula computations which benefited men more than women, and which were repealed in 1972. The 1972 amendments provided that men reaching the age of 62 in 1975 and thereafter would be unable to use the prior formula. The court upheld the grandfather clause of the 1972 law. [2].

Taken to its logical conclusion, Mr. Sandberg's concerns would lead to the result that states may not "grandfather" existing recipients of a residency-based benefits program, because future legislative funding would, in essence, be tantamount to conferring present benefits based upon past residency. This, presumably, would be contrary to the court's ruling Zobel v. Williams, 72 L. Ed. 2d. 672 (1982).

I disagree with that conclusion, and the applicability of Zobel. If current one-year elderly residents were "grandfathered," a legislative appropriation to that class in FY 2000 would not represent an attempt by that legislature to reward those who were present in Alaska in 1984. It was this "reward of past residency" which was fatal to the permanent fund dividend program in Zobel.

Rather, the purpose of the "grandfathering" proposal is to alleviate the hardship which recipients would suffer by losing their longevity bonus. This purpose is plainly permissible, and "fairly and substantially" furthered by a grandfather clause. The fact that future government action is necessary to fully accord existing recipients their grandfather rights seem inconsequential under applicable case law.

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[2]The grandfather clause was tested under the equal protection component of the Fifth Amendment to the U.S. Constitution. The Equal Protection Clause of the Fourteenth Amendment, of course, applies only to the states. However, the Supreme Court has repeatedly held that equal protection analysis under the Fourteenth Amendment as to states, and under the Fifth Amendment as to the federal government, is identical. Weinberger v. Salfi, 422 U.S. 749, 770 (1975)

In sum, I personally do not believe that the "grandfather" option creates serious constitutional problems. Of course, the mere fact that schooled attorneys disagree obviously raises at least the possibility of litigation. This alone may set this option apart from the other nine alternatives considered in my report.

If I can be of further assistance, please do not hesitate to let me know.

BIRCH, HORTON, BITTNER,
PESTINGER AND ANDERSON

Jon K. Tillinghast

JKT:rdg

TABLE 1

SUMMARY OF PROJECTED LONGEVITY BONUS COSTS UNDER SELECTED OPTIONS
(Millions of Nominal Dollars)

Fiscal Year	INCOME LIMIT			ELIGIBILITY AGE INCREASE	
	$15,000 (Individual)	$20,000 (Individual)	$30,000 (Household)	Starting in FY 85	Starting in FY 89
1985	$33.5	$38.2	$36.2	$42.0	$47.2
1986	35.3	40.2	38.1	38.5	48.3
1987	37.1	42.2	40.0	35.3	49.9
1988	39.0	44.4	42.1	32.3	51.1
1989	41.0	46.7	44.3	29.5	46.9
1990	43.1	49.1	46.5	26.8	43.0
1991	45.3	51.6	48.9	24.4	39.4
1992	47.6	54.2	51.4	22.1	36.0
1993	50.1	57.0	54.1	19.9	32.9
1994	52.6	59.9	56.8	17.9	29.9
1995	55.3	63.0	59.8	16.1	27.1
1996	58.2	66.2	62.8	14.4	24.6
1997	61.2	69.6	66.0	12.8	22.2
1998	64.3	73.2	69.4	11.3	19.9
1999	67.6	77.0	73.0	9.9	17.8
2000	71.1	80.9	76.7	8.7	15.9
2001	74.7	85.1	80.7	7.5	14.1
2002	78.6	89.4	84.8	6.5	12.5
2003	82.6	94.0	89.2	5.6	11.0
2004	86.8	98.8	93.7	4.7	9.6
2005	91.3	103.9	98.5	3.9	8.3

House Research Agency
10/17/83

FILED
STATE OF ALASKA
FIRST DISTRICT

JUL 22 3 21 PM '83

BY
DEPUTY CLERK

IN THE SUPERIOR COURT FOR THE STATE OF ALASKA

FIRST JUDICIAL DISTRICT AT JUNEAU

RODNEY G. VEST,

Plaintiff,

vs.

MARIAN SCHAFER and STATE OF ALASKA,

Defendants.

No. 1JU-82-1103 CIV

DEFENDANTS STATE OF ALASKA AND MARIAN SCHAFER'S MEMORANDUM IN SUPPORT OF CROSS MOTION FOR SUMMARY JUDGMENT AND IN OPPOSITION TO MOTION FOR SUMMARY JUDGMENT

I. INTRODUCTION AND SUMMARY

Alaska provides a special monthly benefit to a small portion of its people -- those over 65 years of age who are veterans of territorial Alaska. Enacted in 1972, and effective on January 1, 1973, the longevity bonus program provides $250 per month to those 65 and over who were resident in Alaska before it became a state on January 3, 1959. Some 9,000 Alaskans, about 3 percent of the state's population, presently benefit from the program. Although additional veterans of the territorial days will become beneficiaries as they turn 65, the great majority of Alaska citizens are not now and never will become eligible for this benefit.

The program serves important and legitimate state purposes. By providing this benefit to those who suffered the unique hardships of life in territorial Alaska, and who now face a particularly difficult time in a state with an exploding economy, the program makes it possible for those who are a unique repository of Alaska's cultural heritage to remain in the state.

The present lawsuit, brought by Rodney Vest on behalf of himself and others over 65 but ineligible for the benefit, challenges the program under the equal protection clause and related guarantees of the state and federal constitutions. Like the majority of the state's people, plaintiff Vest was not a

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participant in territorial Alaska and thus is not eligible for this special program. A resident of Alaska since shortly after statehood was achieved, he stands just over the inevitable line the legislature was required to draw in determining who would be included within the program.

As the U.S. Supreme Court has repeatedly noted, "a legislature must necessarily engage in a process of line drawing." United States Retirement Board v. Fritz, 449 U.S. 166 (1980). "The 'task of classifying persons for ... benefits ... inevitably requires that some persons who have an almost equally strong claim to favored treatment be placed on different sides of the line' and the fact that the line might have been drawn differently at some points is a matter for legislative, rather than judicial, consideration." Id. at 176. Since the classification the legislature has made in this case neither impinges upon a suspect class nor burdens the exercise of a fundamental right, and since it is rationally related to the promotion of permissible state goals, it fully satisfies both the U.S. and Alaska Constitutions.

In more than a dozen major decisions of the past decade, the U.S. Supreme Court has reaffirmed its historic position that it will not second guess state legislative choices concerning the proper allocation of public benefits and governmental subsidies. The Court has sustained legislative choices granting subsidies to widows but not to widowers; to veterans but not to non-veterans; to small families but not to large ones; to those who have been pushcart vendors in New Orleans for more than eight years and not to those who have begun that trade more recently; to those with 25 years railroad employment and not to those with less. In 1980 the Court emphasized once again in sweeping language the proper standard to be applied in cases such as these: "In more recent years ... the Court in cases involving social and economic benefits has consistently refused to invalidate on equal protection grounds legislation which is simply unwise or inartfully drawn." United States Retirement Board v. Fritz, 449 U.S.

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166 (1980). The same result applies under the Alaskan "sliding scale" equal protection test. Williams v. Zobel, 619 P.2d 448 (Alaska 1980); State v. Ostrosky, ___ P.2d ___, Op. No. 2702 (Alaska, July 19, 1983).

Notwithstanding the sweeping mandate of these cases, however, the plaintiff in this action contends that this court should undertake to impose its own view of the proper allocation of governmental subsidies in place of the judgment reached by the legislature. Such a result, the plaintiff suggests, is required by Zobel v. Williams, ___ U.S. ___, 72 L.Ed.2d 672 (1982)("Zobel III").

Zobel III is, however, a fundamentally different case from the one now before this court. Speaking with several voices, the Court in Zobel III invalidated Alaska's permanent fund dividend plan under which every resident of the state was granted $50 for each year of residency since statehood. For Chief Justice Burger, the Dividend Plan fell for the simple reason that the state failed to offer in its support any permissible legislative objective. Two of the suggested goals -- prudent management of the permanent fund and provision of a general incentive for remaining in the state -- had no connection to the statute's recognition and reward of residency acquired before the date of enactment of the statute. The third goal -- rewarding persons for their "contribution" to the state measured solely by how many incremental years a person had resided in Alaska -- was constitutionally impermissible. Thus, no reason at all remained to support the statutory classifications.

Other justices saw in the Permanent Fund Dividend Plan's "pervasive discriminations" a threat to the important constitutional interest in free interstate migration, often referred to as the right to travel. Each person choosing to come to Alaska would, under the plan, have been treated differently, and less well, than every person who came before. The recent arrival was to be treated as less worthy than the entire population of

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existing residents. The resulting burden on the freedom of interstate movement was clearly unacceptable to the Court.

The longevity bonus plan is altogether different. Rather than benefitting all 'insiders' against each succeeding group of newcomers, the longevity bonus plan provides an important benefit to a carefully defined group of beneficiaries -- a group of senior citizens who suffered the particular hardships of territorial days and who could by remaining provide a critically important cultural memory. In contrast to the Zobel facts, one who comes now to Alaska is not treated differently from the bulk of Alaska's citizens. One who chooses now to migrate to Alaska does not qualify for a payment under this plan -- and neither do the great majority of those already in residence. This is emphatically not a case in which those lacking political power -- such as outsiders and recent arrivals -- are singled out for less favored treatment. Those who have been in the state for more than two decades and who hold dominant political power will never benefit from this program. They have nonetheless chosen to continue to grant to a smaller group of citizens a particular benefit for which most Alaskans, old and new, are and will remain ineligible.

The particular concerns implicated in Zobel v. Williams are thus not applicable here. Passed in 1972, the longevity bonus plan did not single out the recent arrival for disadvantageous treatment. The dominant majority of Alaskans who supported this program, even though they will not benefit from it, are not a "discrete and insular minority" deserving of the special judicial scrutiny accorded legislation involving suspect classes. Unlike the legislation struck down in Zobel III, the plan under attack here does not burden the exercise of any constitutional right. Since no suspect classification is involved and no fundamental interest burdened by this law, it is to be judged by the same deferential standard of review that the U.S. and Alaska Supreme Courts have afforded to numerous governmental programs that allocate public benefits.

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II. THE PURPOSES OF THE LONGEVITY BONUS PROGRAM

The basic classification made by the Act is that it divides all Alaskans into two groups: those who were here in territorial days and those who were not. In order to receive a bonus, one must have resided in Alaska before January 3, 1959. Thus, no matter how long a person lives in Alaska, one year or fifty, that person will never qualify for the longevity bonus if he or she did not live in Alaska during territorial days. Rodney Vest, for example, is not precluded from participating in the bonus program because he has only resided in Alaska for 24 years, but rather is and always will be precluded because he did not arrive in Alaska until after Alaska became a state. Within the group of persons who resided in Alaska in territorial days, there are further classifications: a person must be 65 years old or older, and must have maintained continuous "domicile" for 25 years.

Alaska's rich and wonderful history is an important part of the fabric of Alaskan society today. Few who have come here recently or who come here now would be encouraged to remain if it were not for the strong link with the past which sets Alaska apart from anyplace else in the world. If living in Alaska were just like living in Los Angeles or Cleveland, few would put up with the climate and distance from the rest of the United States, and would instead live in Los Angeles or Cleveland. But most of us who arrive here are immediately taken with the sense of magic, the frontier spirit, the fierce independence and the uniqueness which are still evident reminders of a not too distant past. Every Alaskan, new or old, who is fortunate enough to make the acquaintance of some of the real old-timers is enriched by that experience. Whether that old-timer be a miner, trapper, or fisherman, or an Eskimo or Athapaskan old enough to remember the old days, the stories that person can tell will hold any audience of younger, newer Alaskans spellbound.

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While the rest of the United States traveled through the eighteenth and nineteenth centuries, and on into the twentieth, in a slow and more orderly procession, Alaska is catapulting through those years in record time. Indeed, some remote villages have raced from the stone age to the present in a few decades. Oil wealth has placed many aspects of present Alaskan life at the leading edge of modern development. Remote villages which a few years ago had no communication whatsoever with the rest of the world, save a weekly mail plane, now have modern telecommunication set-ups, telephones in every cabin, and more varied television than is available in most big cities. Whether the process is good or bad, it is undeniable that we are in the midst of the few short decades which mark the inevitable change from Alaska being thoroughly different from the rest of the nation to a time when the similarities are more common than the differences. But this process has been so rapid that there are still many old folks around today who hold in living memory the history of an era long departed from the rest of the nation.

This cultural memory bank is a valuable present state asset. Collectively, this memory knows how to build a fish wheel or sew a skin parka, can still speak Inupiat or Yupik or Athapaskan, remembers when Nordstrom's was the Northern Commercial Company, remembers the channels on the Nenana or the Yukon, remembers mining operations in Wiseman, Poorman, Fox, Iditarod, Douglas and Thane, remembers the first mail flight to Nome or the Aleutians, and remembers the hard battle fought and won to achieve statehood. Times were different then, and every present day Alaskan is vicariously proud of the heritage and history inherited from these old-timers who provide that link with the past. Just as most Alaskans think Alaska is a nicer place to live than the rest of the nation because it can still support a grizzly bear, an eagle or a wolf, modern Alaskans take pleasure in the presence in their midst of those who lived here when Alaska was truly a frontier. And just as the state will now devote

financial resources to the conservation of eagles, wolves and bears, or to the preservation of historic buildings, the more newly arrived Alaskans are willing to continue to subsidize the presence of this repository of cultural heritage.

Alaska's population has more than doubled since statehood, and many of those here in 1959 have left the state. Thus, the majority of present Alaskans cannot remember the days when Alaska was a territory. To the extent that one can pick out a date that signifies the entry of Alaska into the mainstream of American life, that date is the day Alaska became a state. It is the day that Alaskans became able to participate in the national government which had been affecting their lives for years. It is the day that Alaskans could choose a governor themselves, instead of accepting whomever Washington, D.C. sent. It is the day that Alaska took charge of its fish and game resources. Statehood closed the chapters of the past, and opened the chapter of the present.

By 1972, 13 short years later, the population had already grown to half again its strength at statehood. The state was gearing up for full involvement in the largest privately funded construction project the nation had ever seen -- the Trans-Alaska Pipeline. Already, miles of 48-inch pipe were stacked at Dietrich Pass. The massive Prudhoe Bay lease sale had taken place two years earlier. While the pipeline was eagerly anticipated by some and fought by others, it was clear Alaska was about to enter into development on a scale which would dwarf any past endeavors. The 1972 legislature was aware that the rich and unique past was slipping away, that the days of pioneering were over, and the twentieth century had truly begun.

The Alaska longevity bonus program was passed in 1972 with three important purposes. These goals emerge from the Act's statement of purpose. That section states as its "sole" purpose the objective of providing Alaskans of retirement age "an incentive to continue uninterrupted residency in the state." AS

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47.45.170. The purpose of encouraging old-timers to remain is, however, threefold. First, it recognizes that due to the harsh climate and high cost of living, many older Alaskans "have been forced to live out their retirement years in areas far away from the land they loved and nurtured and [illegible] by also suffering, in many cases, the loss of familial relationship with their own kin, an experience that is sad and frustrating to them..." Id. Thus, this purpose is to prevent present hardship by providing old-timers with the economic means to remain in the state.

Second, the goal of encouraging these pioneers to remain in the state serves the present purpose of providing all Alaskans the opportunity to benefit from the wealth of experience and history residing in the memories of these pioneers; that if these old-timers leave the state, it "deprive[s] new generations of Alaskans of the benefits of their wisdom and experience..." Id.

Finally, the Act is intended to compensate a certain group of old-timers for the peculiar type of past hardship which only that group has suffered: the deprivation of full citizenship which resulted from Alaska's territorial status. "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." Id. This compensation for past hardship additionally "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." Id.

III. THE EQUAL PROTECTION CLAUSES OF THE FEDERAL AND ALASKA CONSTITUTIONS GRANT TO THE STATE BROAD DISCRETION IN THE ALLOCATION OF PUBLIC BENEFITS

Both the Alaska and U.S. Constitutions provide to every citizen a fundamental guarantee of equal treatment before the

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law. In its Citizenship and Equal Protection Clauses the Fourteenth Amendment to the federal constitution mandates that "all persons ... are citizens of the United States and of the state wherein they reside. No state shall ... deny to any person within its jurisdiction the equal protection of the law." This same right is insured by article I, section 1 of the Alaska Constitution, which provides that "all persons are equal and are entitled to equal right...."

It is the very nature of legislation, however, to draw lines that determine who among all possible citizens is to be benefitted or burdened by a particular law. To satisfy the requirements of equal protection, a distinction drawn between some citizens and others "must be reasonable, not arbitrary, and must rest upon some ground of difference having a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike." Isakson v. Rickey, 550 P.2d 359, 362 (Alaska 1976).

When the statute in question relates to the enjoyment of a fundamental constitutional interest (such as voting or freedom of expression) or where the statute operates to the disadvantage of a suspect class (such as aliens) the "fit" between the classification and the object of the legislation must be extremely close and the state must show a "compelling interest" to sustain the legislation. State v. Erickson, 574 P.2d 1, 11 (Alaska 1978). Aside from these particular circumstances, however, a state statute will generally be sustained as long as the object of the legislation is a legitimate state goal and a reasonably close relation between the classifications created and the legislative objective is shown to exist. Williams v. Zobel, 619 P.2d 448, 452-453 (Alaska 1980)("Zobel II"). State v. Ostrosky, ___ P.2d ___, Op. No. 2702 (Alaska, July 19, 1983).

Here, the classifications created do not infringe upon a fundamental right, a basic necessity of life, or deal with a suspect classification. Zobel II, 619 P.2d at 454-457. Nor is

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there any real question concerning the "fit" between the purposes of the legislation and the class created. The desire to compensate territorial residents for their "second class" citizenship would naturally require the date of statehood to identify that class. A lengthy Alaskan residency, in turn, is necessary in order to meet the purposes of identification with the state, attainment of "pioneer" status, and present hardship that would be suffered by forced retirement outside the state.

Rather, the problem presented by this case is whether the purposes identified in AS 47.45.170 are legitimate objects for state attention. In particular, Zobel v. Williams, ___ U.S. ___, 72 L.Ed. 672 (1982)(Zobel III) raises questions about whether the state may treat the territorial pioneers as a separate class from other citizens of this state.

As this brief will show, Zobel III should not be read to strike down this legislative allocation of public benefits. The U.S. Supreme Court has consistently reaffirmed the breath of legislative discretion in the granting of governmental subsidies. This approach is not changed by the application of the "sliding scale" equal protection test set out most recently in State v. Ostrosky, ___ P.2d ___, Op. No. 2702 (Alaska, July 19, 1983). The sole question, therefore, is whether in Zobel III the U.S. Supreme Court changed the general analysis so as to render the purposes of the longevity bonus program unconstitutional. Neither the text of Zobel III, nor the history of the expansion of equal protection, requires this result.

A. The Major U.S. Supreme Court Decisions of the Past Decade have Reaffirmed the Breath of Legislative Discretion in the Granting of Governmental Subsidies

In more than a dozen significant cases decided during the 1970s and 1980s, the U.S. Supreme Court has firmly adhered to the view that courts should not second guess legislative judgments concerning the expenditure of public funds. In Dandridge v. Williams, 397 U.S. 471 (1970), the Court, in sustaining

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Maryland's decision to grant more generous benefits to families with fewer children, stated that, "In the area of economics and social welfare, a State does not violate the Equal Protection Clause merely because the classifications made by its laws are imperfect." Id. at 485. This has, of course, been the proper standard in economic regulation cases. In New Orleans v. Dukes, 427 U.S. 297 (1976), for example, the Court without dissent upheld against equal protection attack a city ordinance barring all pushcart vendors from the French Quarter except for those who "have continually operated the same business within the Vieux Carre ... for eight years prior to January 1, 1972...." In sustaining this durational requirement the Court stated that "...the judiciary may not sit as a superlegislature to judge the wisdom or desirability of legislative policy determinations made in areas that neither affect fundamental rights nor proceed along suspect lines." In this sphere, "it is only the invidious discrimination, the wholly arbitrary act, which cannot stand consistently with the Fourteenth Amendment." Id. at 303-304.

This deferential standard is particularly appropriate where the issue involves the elusive legislative judgments inevitably involved in the allocation of public funds, as the Court has expressly recognized:

> The basic principle that must govern an assessment of constitutional challenge to a law providing for governmental payments or monetary benefits is well established. Governmental decisions to spend money to improve the general welfare in one way or another are 'not confided to the courts. The discretion belongs to [the legislature] unless the choice is clearly wrong, a display of arbitrary power, not an exercise of judgment.'"

Mathews v. DeCastro, 429 U.S. 181 (1976).

Such a standard of review is virtually required if courts are to avoid massive judicial tinkering with the innumerable legislative judgments involved in the allocation of public funds. In a wide variety of contexts, the Court has therefore deferred to legislative judgments. In Idaho Department of

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Employment v. Smith, 434 U.S. 100 (1977), the Court sustained Idaho's decision to provide unemployment benefits to those attending night school, but not to one attending early morning classes, and reiterated that "This Court has consistently deferred to legislative determinations concerning the desirability of statutory classifications affecting the regulation of economic activity and the distribution of economic benefits." Id. at 101.

Even where the basic subsistence needs of the poor are at stake, the Court has adhered in more recent years to the principle that allocation of public benefits is a matter largely of legislative discretion. In Dandridge v. Williams, 397 U.S. 471 (1970), the Court permitted the state to pay less than minimum subsistence to large families while continuing to provide full subsistence to small families. Two years later, the Court reaffirmed this hands-off approach in Jefferson v. Hackney, 406 U.S. 535 (1972). There the Court sustained, against equal protection challenge, a state's decision to pay families with dependent children (AFDC) less than subsistence benefits, while providing full benefits to other categorical assistance recipients, notwithstanding the fact that a disproportionate number of those whose benefits were lowered were Black or Mexican-American. The Court noted that "Since budgetary constraints do not allow the payment of the full standard of need" for everyone, the state may determine who is "least able ... to bear the hardships of an inadequate standard of living." Id. at 549. The Court concluded that "Whether or not one agrees with this state determination, there is nothing in the Constitution that forbids it." Id. In a similar case, the Court permitted Florida to grant a property tax exemption to widows but not to widowers, deferring to the state's judgment that the financial difficulties of surviving female spouses are likely to be greater than those of surviving male spouses. Kahn v. Shevin, 416 U.S. 351 (1974).

The lesson of these cases is that legislatures are entitled to make their own 'rough judgments' about which categories

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of citizens face relatively greater current hardships. From other cases we learn that the Court defers as well to legislative determinations of relative prior hardship suffered by different groups of citizens. In Johnson v. Robinson, 415 U.S. 361 (1974), for example, the Court sustained Congress' decision to grant education benefits to 'cold war (non-combat) veterans' but to exclude from those benefits conscientious objectors who performed comparable alternative service. The requirements of equal protection were satisfied, the Court held, because Congress was free to determine that the hardships and disruption of (even peacetime) military service were greater than those for alternative service. Id. at 377-379.

Less than a month ago, the U.S. Supreme Court reaffirmed the principle of the Johnson case. In Regan v. Taxation with Representation, 51 U.S.L.W. 4583 (May 23, 1983), the Court upheld a special tax break permitting only veterans' organizations to engage in lobbying while still retaining full tax exempt status under section 501(c)(3) of the Internal Revenue Code -- a benefit available to no other organization. Because of the hardships veterans might have encountered, the Court stated that "It is ... not irrational for Congress to decide that, even though it will not subsidize substantial lobbying by charities generally, it will subsidize lobbying by veterans' organizations."

Perhaps no case more accurately demonstrates the standard of review appropriate in this case than U.S. Railroad Retirement Board v. Fritz, 449 U.S. 166 (1980). The Railroad Retirement Act of 1974 permitted continued 'windfall benefits' (combined Social Security and Railroad Retirement benefits) only for those who had a connection with the railroad industry on December 31, 1974 or who had completed before that date 25 years of railroad service. The lower court held that the distinction was not rationally related to a permissible governmental objective and that the Act therefore denied equal protection to the plaintiff class: those who had left the railroads before December 31,

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1974 and had less than 25 years of rail service. The U.S. Supreme Court reversed, and sustained the statute, stating that the courts have "no power to impose upon the States their views of what constitutes wise economic or social policy." Id. at 175. "The problems of government," the Court noted, "are practical ones and may justify, if they do not require, rough accommodations -- illogical, it may be, and unscientific." Id.

The Court's determination to leave to each state legislature the judgment of how to expend public benefits is particularly striking in those cases in which the Court has sustained such legislative classifications in spite of an argued impact on a suspect class or a fundamental interest. In Maher v. Roe, 432 U.S. 464 (1977), the Court upheld a legislative choice to provide public health subsidies for childbirth while withholding them from women who choose the exercise their fundamental right to an abortion. In Personnel Administrator v. Feeney, 442 U.S. 256 (1979), the Court sustained a state hiring preference for veterans in spite of a clear disproportionate impact on women. In Jefferson v. Hackney, 406 U.S. 535 (1972), the legislature's choice to subsidize fully categories of recipients other than AFDC beneficiaries impacted disproportionately on Blacks and other minorities. The tax break for veterans' lobbying organizations sustained in Regan v. Taxation With Representation, constituted a differential subsidy that arguably affected the exercise of First Amendment rights.

Judged by the standard of all of these cases, Alaska's decision to provide a subsidy to a carefully defined group of senior citizens who experienced the particular hardships of life in the territory, face more difficult hardships now, and whose presence provides a benefit to all Alaskans, is clearly defensible.

B. The Standard of Review in this Case is not Markedly Changed by Use of Alaska's "Sliding Scale" Test

Use of the Alaska "sliding scale" equal protection test

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does not markedly change this approach. In State v. Ostrosky, ___ P.2d ___, Op. No. 2702 (Alaska, July 19, 1983) the Alaska Supreme Court made its definitive statement on the meaning and application of Alaska's equal protection test. Basically, the court stated that the relaxed scrutiny similar to the federal "rational basis" test would apply except in those instances where the legislation touched upon fundamental rights, suspect classes, or other important interests. As the impingement on those rights grows, the level of scrutiny increases. If, however, the impingement is minimal or does not touch a fundamental right, then the interest is not entitled to "an elevated position on the Erickson sliding scale." Slip Op. at 27.

> We have postulated a single sliding scale of review ranging from relaxed scrutiny to strict scrutiny. The applicable standard of review for a given case is to be determined by the importance of the individual rights asserted and by the degree of suspicion with which we view the resulting classification scheme. As legislation burdens more fundamental rights, such as rights to speak and travel freely, it is subjected to more rigorous scrutiny at a more elevated position on our sliding scale. Likewise, laws which embody classification scheme that are more constitutionally suspect, such as laws discriminating against racial or ethnic minorities, are more strictly scrutinized....
>
> Having selected a standard of review on the Erickson sliding scale, we then apply it to the challenged legislation. This is done by scrutinizing the importance of the governmental interests which it is asserted that the legislation is designed to serve and the closeness of the means-to-ends fit between the legislation and those interests. As the level of scrutiny selected is higher on the Erickson scale, we require that the asserted governmental interests be relatively more compelling and the legislation's means-to-ends fit be corresponding closer. On the other hand, if relaxed scrutiny is indicated, less important governmental objectives will suffice in a greater degree of over/or under inclusiveness in the means-to-ends fit will be tolerated. Compare Vogler v. Miller, 660 P.2d 1192 (Alaska 1983), with Rose v. Commercial Fisheries Entry Commission, 647 P.2d 154 (Alaska 1982). As a minimum, we require that the legislation be based on a legitimate public purpose and that the classification "be reasonable, not arbitrary, and ... rest upon some ground of difference having a fair and substantial relation to the object of the legislation." Isakson v. Rickey, 550 P.2d at 362 (quoting State v. Wylie, 516 P.2d 142, 145 (Alaska 1973)).

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Id. at 25-26.

For example, in Ostrosky, the plaintiff had challenged the limited entry system's transfer provision, arguing that the free marketability of the permits discriminated on the basis of wealth or privilege. The court rejected this claim, holding that

> Since the wealth and lineage classifications presented here are not different from those which pervade our system of private property, we do not place the interest asserted by the Ostroskys -- redistribution of entry permits based on a system free of these classifications -- in an elevated position on the Erickson sliding scale. It follows, of course, that the rational basis test is the appropriate standard for this federal constitutional claim.

Id. at 27 (emphasis added).

Exactly how individual interests are to be ranked is still not entirely clear. Although the court expressly is avoiding "outright categorization of fundamental and nonfundamental rights," (Id. at 24, quoting with approval from State v. Erickson, 574 P.2d at 1, 11-12 (Alaska 1978)), the replacement is not expressly set out. The court did, however, expressly refer to the "spectrum of standards" advocated by Justices Marshall and White in federal equal protection cases, (id. at 23, n.13), and particularly referred to the dissenting opinion of Justice Marshall in San Antonio Independent School v. Rodriguez, 411 U.S. 1, reh. denied 411 U.S. 959 (1973). In that opinion, Justice Marshall stated that the standard should be rooted in existing specific constitutional guarantees:

> The task in every case should be to determine the extent of to which constitutionally guaranteed right are dependent on interests not mentioned in the constitution. As the nexus between the specific constitutional guarantee and the non-constitutional interest draws closer, the non-constitutional interest becomes more fundamental and the degree of judicial scrutiny applied when the interest is infringed on a discriminatory basis must be adjusted accordingly.

San Antonio Independent School District v. Rodriguez, 411 U.S. at 102-103 (Marshall, J. dissenting). As a result, it is the degree of interference with the constitutional right, not the outright characterization of the right as being infringed or not infringed

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which controls the sliding scale.

An example of particular relevance to this case is the Alaska Supreme Court's approach to the level of scrutiny to be given the permanent fund dividend program in Williams v. Zobel, 619 P.2d 448 (Alaska 1980) (Zobel II). There, as here, the primary constitutional principle potentially infringed by the residency requirement is the right to travel or the right to migrate interstate. There the court stated that:

> Further, we will no longer regard all durational residency requirements as automatically triggering strict scrutiny and requiring a showing that such a classification is absolutely necessary to promote a compelling state interest. Instead, we will balance the nature and extent of the infringement on [the right to travel] caused by the classification against the state's purpose in enacting the statute and the fairness and substantiality of the relationship between that purpose and the classification. Id. at 453.

As in Zobel II, the primary constitutional value potentially infringed is the right to travel or interstate migration. Although Mr. Vest attempts to create a heightened right to equal treatment through the Citizenship Clause, that attempt is well beyond the accepted ambit of that provision. Simply, the Citizenship Clause guarantees that there will not be greater or lesser degrees of citizenship once a person become a citizen, or "bona fide resident" of a particular locale. 1/ Slaughter-House Cases, 83 U.S. 36, 80 (1873).

The primary entitlement is, of course, to equal protection of the law. Although a state may ultimately restrict many public benefits to citizens of that state, it may not divide those benefits in violation of the equal protection clause. Mr. Vest attempts to bootstrap his argument by arguing for a greater degree of scrutiny based on the Citizenship Clause. It is his

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1/ It does not, of course, guarantee automatic access to all state benefits. Mr. Vest and others may or may not qualify for veterans' loans, student loans, or a host of other state programs based on legitimate non-residency based distinctions.

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status as a citizen that allows him to raise his claim to equal protection, and not vice versa.

Although the use of a residency requirement must have a rational basis for its selection, its use in and of itself does not implicate the Citizenship Clause. An irrational or unsupportable use of residency as a basis for discrimination is, of course, repugnant -- but no more so than any irrational standard of measurement. Justice Brennan in his concurring opinion in Zobel III, on which Mr. Vest relies attacked the unsupportable use of residency as a deciding line, not the use of residence itself:

> But we have never suggested that duration of residence vel non provides a valid justification for discrimination. To the contrary, discrimination on the basis of residence must be supported by a valid state interest independent of the discrimination itself.

Zobel III, 72 L.Ed 2d at 684. Here, as set forth previously at length, there are independently valid state interests in identifying the veterans of the territorial days for special honor.

The only other constitutional value potentially infringed, as in the permanent fund dividend program, is the right to travel. The Alaska Supreme Court found that the dividend program had a de minimus impact on the right to travel. Zobel II, 619 P.2d at 458. As will be shown, the dividend program had a much more extensive and pervasive impact on the citizenry, and the individual citizen, than the longevity bonus program. See section III, below. This lesser impact by the longevity bonus program does not raise the level of scrutiny to any great degree, and is on par or below the interest in the right to a limited entry permit which the Alaska Supreme Court has determined to be "not of a high order." State v. Ostrosky, Slip Op. at 25. See also Rose v. Commercial Fisheries Entry Commission, 647 P.2d 154, 158-160 (Alaska 1982). And, as previously shown, there is a reasonably close fit between the purposes of the legislation and the January 3, 1959 dividing date. As a result, the longevity

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equal protection analysis.

III. SINCE THE LONGEVITY BONUS PROGRAM DOES NOT BURDEN THE RIGHT TO TRAVEL OR ANY OTHER FUNDAMENTAL INTEREST, DOES NOT REST UPON A SUSPECT CLASSIFICATION, AND CLEARLY ADVANCES LEGITIMATE STATE GOALS, IT IS NOT INVALID UNDER ZOBEL V. WILLIAMS

As the cases discussed above make clear, state legislatures are granted wide constitutional latitude in determining how to distribute subsidies. The special monthly benefit provided by Alaska to those of its senior citizens who are veterans of the territory easily passes the constitutional standard established by those decisions. Plaintiff contends, however, that one decision of U.S. Supreme Court -- Zobel III -- compels invalidation of the longevity bonus.

Zobel III is not controlling. As we shall show, Zobel III is an unusual case which invalidated a statute both constitutionally and fundamentally different from the bonus program at issue here. The permanent fund dividend struck down in Zobel III singled out the new arrival for discriminatory treatment. Each newcomer to the state was treated less well than every citizen who arrived ahead of him. This is clearly not the case under this program: One arriving in Alaska today is not in any different position with respect to the longevity bonus than the great and dominant majority of Alaskans.

Moreover, the Permanent Fund Dividend plan provided incrementally greater benefits measured solely by the mere length of residence in Alaska. Thus, it could have been sustained only if the Court were willing to accept the constitutionally impermissible conclusion that "the longer one stays, the worthier one is." Eligibility for the bonus program, in contrast, is not designed to reflect "past contribution" measured incrementally by mere length of residence. It is, as we demonstrate below, a wholly different program supported by different and constitutionally permissible goals.

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A. Unlike the Permanent Dividend Fund Plan [illegible] in Zobel III, the Longevity Bonus Does Not Advance an Illegitimate State Purpose

The Court's holding in Zobel III only established two propositions of law: (1) rewards for past contributions cannot be based solely on length of residence; and (2) recognizing residency accumulated before the date of enactment of a statute is not rationally related to the purpose of creating incentives to stay in the future.

Beyond those two holdings, the impact of Zobel III is in its strong implication that the United States Supreme Court will not tolerate a certain kind of discrimination between bona fide residents. This discrimination is the creation of "fixed, permanent distinctions between an ever-increasing number of permanent classes of concededly bona fide residents, based on how long they lived in the state." Zobel III, 72 L.Ed.2d at 677. See also id. at 680 (stating that it would be "clearly impermissible" to "divide citizens into expanding numbers of permanent classes"). Although the Court's opinion avoided ruling on the constitutionality of the "prospective" portion of the dividend distribution plan, the concurring opinions of Justices O'Connor and especially Brennan indicate that the plan as a whole would not have passed constitutional muster.

The Court's opinion in Zobel III restated the three purposes advanced in justification of the distinctions among residents made by the dividend plan. Those purposes were stated as

> (a) the creation of a financial incentive for individuals to establish and maintain residence in Alaska; (b) the encouragement of prudent management of the Permanent Fund; and (c) apportionment of benefits in recognition of "undefined 'contributions of various kinds, both tangible and intangible, which residents have made during their years of residency.'

Id. at 678.

The Court concluded that the distinctions among residents made under the plan did not satisfy the rational basis

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test. Under the plan, residents were to receive greater benefits for greater durations of residency. The plan was also to be applied retroactively so that residency before enactment of the plan would also be counted toward increased benefits. The Court's opinion focused on the retrospective aspect of the plan. The Court failed to see any rational relationship between this retrospective aspect of the plan and the first two purposes noted above. In that regard, the Court stated:

> Assuming arguendo that granting increased dividend benefits for each year of continued residence might give some residents an incentive to stay in the State in order to reap increased dividend benefits in the future, the State's interest is not in any way served by granting greater dividends to persons for their residency during the 21 years prior to the enactment.
>
> Nor does the State's purpose of furthering the prudent management of the Permanent Fund and the State's resources support retrospective application of its plan to the date of statehood.

Id. at 678-679.

Mr. Vest argues, in this respect, that Zobel III stands for the proposition that any recognition of past residency is unconstitutional. Zobel III, instead, is much more limited and traditional, namely, that only an irrational use of residency is unconstitutional. The "retrospective" portion struck down, i.e., residency before the date of enactment, was not invalidated in the abstract, but rather because it was not connected to the asserted purposes. Here that connection exists.

The third, and only remaining goal asserted in Zobel III, did relate to the distinctions made by the Dividend Plan. That goal was to reward citizens for "past contributions" to the state, a "past contribution" measured solely and exclusively by the incremental length of residence. But as Shapiro v. Thompson, 394 U.S. 618 (1969), had made clear, such a goal was constitutionally impermissible. Sustaining such a goal "would permit the State to apportion all benefits and services according to the past tax [or intangible] contributions of its citizens." Id. at

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632-633. The permanent fund dividend rested on the premise that any citizen who had resided in Alaska for ten years was exactly five times worthier than one who had resided in the state for two years. As the Court had held in Shapiro, "The Equal Protection Clause prohibits such an apportionment of state services." Id., quoted and emphasis added in Zobel III, 72 L.Ed 2d at 679.

Thus, since two of the goals offered by the state in Zobel were irrelevant, and the third impermissible, the statute fell for lack of any reason to support the distinctions it drew. The distinction drawn by the longevity bonus program, however, is supported by three legitimate purposes. Therefore it is constitutional under the standard established by Zobel III.

Zobel III was not the opinion of a unified Court. The Court as a whole concluded that the distinctions were invalid under the Equal Protection Clause at least insofar as they were applied retroactively to provide greater benefits based on length of residence before enactment of the dividend plan. In a concurring opinion written by Justice Brennan for himself and three other members of the Court, it was emphasized that

> The Court today reaffirms the important principle that, at least with respect to durational-residency discrimination, a State's desire "to reward citizens for past contributions" is "clearly not a legitimate state purpose."

72 L.Ed 2d at 683. Beyond that, however, Justice Brennan's opinion indicates that a least four of the justices considered the constitutional concerns raised by the dividend plan to be such as "might well preclude even the prospective operation of Alaska's scheme." Id. at 681.

But Zobel III did not rule that all discriminations between bona fide residents based on length of residency were unconstitutional per se. Again, even Justice Brennan, whose opinion is the harshest of the attacks on the plan, would only automatically overturn residency discrimination having no independent valid state interest:

> It is, of course, elementary that the Constitution

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> does not bar the States from making reasoned distinctions between citizens. Insofar as those distinctions are rationally related to the legitimate ends of the State they present no constitutional difficulty, as our equal protection jurisprudence attests. But we have never suggested that duration of residence vel non provides a valid justification for discrimination. To the contrary, discrimination on the basis of residence must be supported by a valid state interest independent of the discrimination itself.

Id. at 684 (emphasis added).

It is noteworthy that the Court as a whole declined to take an additional step and invalidate the prospective component of the unlimited and ever-expanding dividend distribution plan. Although five justices signed on to the concurring opinions of Justices Brennan and O'Connor, and even though under the reasoning of the concurring opinions the entire program would have been expressly overturned, the Court refused to make that holding. Zobel III, therefore, also stands for the proposition that the residency provisions of the dividend plan represent "the water's edge"; i.e., that distinctions such as those made by the dividend program mark the boundary into unconstitutional territory. Distinctions between residents that are not unlimited and "ever-expanding" are not automatically invalid, and must be analyzed on a case-by-case basis.

Nothing in Zobel III suggests that it is impermissible for a state to provide a special benefit to persons who suffered a particular past hardship, who may now suffer relatively greater hardship than others, and who, if forced by hardship to leave, would deprive the state of a unique repository of its cultural heritage. As we demonstrate below, these legitimate goals, none of which were involved in the Permanent Fund Dividend Program overturned in Zobel III, provide ample justification for the longevity bonus program.

The purposes expressed in the longevity bonus statute are different from the purposes struck down in Zobel III. First, the purpose of using length of residence as a means of measuring present hardship is a different objective than rewarding for past

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contributions. In fact, Justices Dimond and Matthews, in their ultimately correct dissent to the Alaska Supreme Court's upholding of the dividend program, would have expressly upheld the longevity bonus program on this rationale. After stating that "I can understand why in some circumstances the state might desire to reduce turnover within a particular group of the population," Justice Dimond in a footnote stated

> For example, free admission to pioneer homes, AS 47.25.020 - 47.25.030, and a state longevity bonus, AS 47.45.010, both require lengthy residency periods. Both those programs, however, are apparently designed to help those individuals who would like to retire in the state but cannot do so because of the high cost of living. The state might well want to limit these benefits to those that would suffer the most hardship by being forced to leave, and it seems reasonable to suppose that a long period of residency would be some indicia of close ties to Alaska and the disruption that leaving might cause.

Zobel II, 619 P.2d at 469, n.13 (J. Dimond dissenting).

Nothing in Zobel III indicates that it is an impermissible goal for a state to provide a special benefit to a group which the state believes suffers relatively greater present hardship than others. And, again, the United States Supreme Court has repeatedly held this to be a valid legislative determination. 2/

Second, another primary purpose of the longevity bonus program is to allow persons who were here in territorial days and have continuing ties with the state to remain so as to continue to enrich our culture and provide present contributions to the

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2/ See, for example, Kahn v. Shevin, 416 U.S. 351 (1974)(state may conclude that widows face greater hardships than widowers); Dandridge v. Williams, 397 U.S. 471 (1970)(state may conclude that smaller families face greater hardship than large families); and Jefferson v. Hackney, 406 U.S. 535 (1972)(state may conclude that disability aid recipients face greater hardships than AFDC recipients). Indeed, the goal of providing relief to a broad category of persons thought to suffer greater present hardship is so well established that the cases above would not likely have been brought in the first place had it not been for the arguably disproportionate impact the programs had on persons defined by race or gender.

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present Alaska society. In other words, the program is not a benefit to the pioneers as much as it is a benefit to those non-pioneers who came to the state after 1959. It is the desire of that later arriving group to not be deprived "of the benefits of [the territorial pioneers] wisdom and experience," AS 47.45.170. The continued presence of these persons is a source of common cultural strength that is shared by all, new and old residents alike. Nothing in Zobel III indicates that this purpose is unconstitutional.

These purposes in and of themselves would justify the longevity bonus program. But even the remaining purpose set out in AS 47.45.170 was not struck down in Zobel III. Zobel III struck down the rationale that persons could be rewarded for past services to the state based on graduated lengths of residency. It struck down the idea that a person who has been in the state ten years has contributed five times as much to the state's welfare as a person who has been here two years. The longevity bonus program, on the other hand, is primarily motivated as a means of compensating a certain class of Alaska citizens for past hardship suffered in common:

> Legislature further finds and states that this legislation recognizes the economic hardship suffered by many elderly Alaskans.... 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.

AS 47.45.170.

Nothing in Zobel III indicates that it is impermissible for a state to have as a goal the compensation of a group of its citizens who have in the past suffered a particular hardship. Indeed, the veterans' benefit cases clearly establish that this is a fully legitimate governmental purpose. See, for example, Johnson v. Robinson, 415 U.S. 361 (1974), and Regan v. Taxation with Representation, 51 U.S.L.W. 4583 (May 23, 1983). Like programs retroactively compensating a group of veterans for their

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hardship suffered through wartime service, the longevity bonus program is intended to compensate those citizens who before 1959 endured a status not shared by persons arriving after that date.

Therefore, the purposes of the longevity bonus program as set out in AS 47.45.170 have not been struck down by either the Zobel III decision or any other decisions of the Alaska or U.S. Supreme Courts.

B. Equal Protection Analysis Generally does not Particularly Concern Itself with the Type of Distinction Made by the Bonus Program

The question before this court, then, is whether the principles of the existing cases can be expanded so as to render illegitimate the purpose of honoring a state's past by singling out a certain minority group who represent that past for all Alaskans; persons "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"; persons who in many instances had 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." AS 47.45.170. Neither the underlying purpose nor the established principles of the Equal Protection and Citizenship Clauses require an extension of previous holdings to the longevity bonus program.

Although the Equal Protection Clause has been extended in recent decades to many new areas, the history of that expansion follows a clearly defined course. Certain basic principles have underlain that expansion. As the following discussion will show, neither the history of that development nor those principles imply an expansion to the type of situation before this court. Although the expansion of equal protection is certain to

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continue down its path, that path bypasses nullifying the longevity bonus program.

This program is a benefit given by the overwhelming political majority, persons who arrived in this state after 1959, to a political minority without regard to race or creed. Such a program and intent is not the type of activity that the Equal Protection or Citizenship Clauses were enacted or interpreted to include.

It is safe to say that until the past few decades an attack of this sort on the longevity bonus program would have been dismissed almost out of hand. At first, the U.S. Supreme Court took an extremely narrow view of these clauses' ambit:

> We doubt very much whether any action of a state not directed by way of discrimination against the Negroes as a class, or on account of their race, will ever come within the purview of this provision. It is so clearly a provision for that race ... that a strong case would be necessary for its application to any other.

The Slaughter House Cases, 83 U.S. (16 Wall.) 36, 21 L.Ed. 394, 410 (1873). This extremely narrow interpretation was quickly recognized as being erroneous, and was soon extended to all racial classifications. Yick Wo v. Hopkins, 118 U.S. 356, 369 (1886). For a number of years the standard use of the clause followed fairly closely to its original intent, namely that

> [A]ll men, without regard to race or color, should have the same rights to acquire real and personal property and to enter in to business enterprises; criminal and civil law, in procedures or penalties, should make no distinctions whatsoever because of race or color; there should be no segregation of individuals on the basis of race or color as to the right to own or use land; there should be no segregation of individuals on the basis of race or color in the use of utilities, such as transportation or hotel; with reservations, for here there is substantial divergence, there should be no segregation in the schools. It was generally understood that Congress could legislate to secure these ends, without regard to whether the particular objective was frustrated by state action or by state inaction. On the other hand, the clause was meant to have no bearing on the right to vote; the evidence of its contemplated effect on state anti-miscegenation laws is unclear; and it was generally understood to have no bearing on segregation of a purely private sort in

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> situations fairly independent of the law; as in churches, cemeteries, or private clubs.

John P. Frank and Robert F. Munro, "The Original Understanding of "Equal Protection of the Law," 50 Colum. L. Rev. 131, 167-168 (1950). See also Alexander M. Bickel, "The Original Understanding and the Segregation Decision," 69 Harv. L. Rev. 1 (1955).

But the expansion of the Equal Protection Clause beyond the relatively narrow bounds of racial concerns was impeded by the pre-eminence of the Due Process Clause as the vehicle for the U.S. Supreme Court's constitutional defense of the sanctity of contract and property rights. 3/ In addition to using a different provision to defend constitutional rights, there was also a marked difference in concern about the rights to be defended.

The difference in the ranking of constitutional values and the relative unimportance of the Equal Protection Clause was highlighted in the opinion of Justice Holmes in Buck v. Bell, 274 U.S. 200 (1927). In rejecting an attack based upon the Equal Protection Clause against compulsive sterilization of the mentally retarded, Justice Holmes stated

> But, it is said, however it might be if this reasoning were applied generally, it fails when it is confined to the small number who are in the institutions named and is not applied to the multitudes outside. It is the usual last resort of constitutional arguments to point out shortcomings of this sort.

Id. at 207-208 (emphasis added). This famous characterization of equal protection arguments as the "usual last resort" began to change when cases like Nebbia v. New York, 291 U.S. 502 (1934), and West Coast Hotel v. Parrish, 300 U.S. 379 (1937), heralded the demise of substantive due process.

United States v. Carolene Products, 304 U.S. 144 (1938), set out what was to become the other great theme of equal

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3/ E.g., Mugler v. Kansas, 123 U.S. 623, 661 (1887); Allseyer v. Louisiana, 165 U.S. 578 (1897); Lochner v. New York, 198 U.S. 45 (1905).

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protection: the safeguarding of the political process and the protection of the individual against the power of the majority. Justice Harlan Fiske Stone's "footnote four" expressed the theme that would underlie the expansion of equal protection beyond the borders of race-based discrimination:

> It is unnecessary to consider now whether legislation which restricts those political processes which can ordinarily be expected to bring about repeal of undesirable legislation, is to be subjected to more exacting judicial scrutiny under the general prohibitions of the Fourteenth Amendment than are most other types of legislation....
>
> Nor need we enquire whether similar considerations enter into the review of statutes directed at particular religious, or national, or racial minorities: whether prejudice against discreet and insular minorities may be a special condition, which tends seriously to curtail the operation of those political processes ordinarily to be relied upon to protect minorities, and which may call for a correspondingly more searching judicial inquiry.

Id. at 152-153, n.4 (citations omitted). 4/

The concern with the unresponsiveness of the political process to all persons rather than simply racial minorities was also a central theme of the Warren Court. 5/ This underlying concern is central to the great expansion of the Equal Protection Clause beyond concerns about race -- to concerns about protecting specific constitutional rights like freedom of religion 6/; to implied constitutional rights such as the right to travel 7/; to the rights of non-racial groups who are often subject to discrimination such as aliens 8/; women 9/, illegitimate

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4/ Cf. South Carolina State Highway Dep't v. Barnwell Bros., 303 U.S. 177, 184, n.2 (1938) (similar concerns under the Commerce Clause for protecting those who do not have a political voice).

5/ E.g., Ely, "The Chief," 88 Harv. L. Rev. 11 (1974).

6/ Wisconsin v. Yodi, 406 U.S. 205 (1975).

7/ Memorial Hospital v. Maricopa County, 415 U.S. 250 (1974).

8/ Graham v. Richardson, 403 U.S. 365 (1971).

9/ Schleginger v. Ballard, 419 U.S. 498, 508 (1975).

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children 10/, and the poor 11/; and to directly clearing the political process itself. 12/

Generally, this area of expansion shows a twin concern with: (1) clearing the channels of the political process (for example, reapportionment, "one man-one vote," and voter qualifications); and (2) equal treatment for those whom the majority in the political process may mistreat as a class. 13/

This concern is evident in the use of equal protection to protect the right to travel. Durational residency, or residency based discrimination, is often illegitimate because of the infringement of residency requirements upon the constitutional right to travel freely from state to state. As the U.S. Supreme Court noted in Memorial Hospital v. Maricopa County, 415 U.S. 250 (1974), the primary concern was protecting newcomers from the prejudices of the established majority:

> Not unlike the admonishion of the Bible that, "Ye shall have one manner of law, as well for the stranger, as for one of your own country,"

10/ Trimble v. Garden, 97 S.Ct. 1459, 1463 (1977)

11/ Bounds v. Smith, 97 S.Ct. 1491, 1498 (1977).

12/ Gray v. Saunders, 372 U.S. 368 (1963)(voting rights); Bullock v. Carter, 405 U.S. 134 (1972)(filing fees); Reynolds v. Sims, 377 U.S. 553 (1964) ("one man-one vote").

13/ E.g., John Hart Ely, Democracy and Distrust: A Theory of Judicial Review (Harvard University Press 1980). See also Archibald Cox's Review of Democracy and Distrust, 94 Harv. L. Rev. 714 (1981); Ball, "Judicial Protection of Powerless Minorities," 59 Iowa L. Rev. 1059 (1974); Black "The Unfinished Business of the Warren Court," 46 Wash. L. Rev. 3, 8-9 (1970); Brest, "The Supreme Court, 1975 Term -- Forward: In Defense of the Anti-discrimination Principle," 90 Harv. L. Rev. 1, 6-12 (1976); Karst, "The Supreme Court, 1976 Term -- Forward: Equal Citizenship Under the Fourteenth Amendment," 91 Harv. L. Rev. 1, 8-10, 24-26 (1977); Tribe, "Structural Due Process," 10 Yale C.R.-C.L. L. Rev. 269 (1975). Some of these authors, particularly Ely, attempt to expand this notion beyond the Equal Protection and Citizenship Clauses to all constitutional interpretations. This expansion beyond the Fourteenth Amendment has been criticized as ignoring the many substantive values found in the text of the constitution, such as the right to free speech and the right to freedom of religion. E.g., Cox, supra; Tribe, "The Puzzling Persistence of Process-based Constitutional Theories", 89 Yale L. Journal 1063 (1980).

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> Leviticus 24:22 (King James version), the right of interstate travel must be seen as insuring new residents the same rights to vital government benefits and privileges in the States to which they migrate as are enjoyed by other residents.

Id. at 261.

The Court's decision in Zobel III is also based upon this theme. Although not directly grounded in the right to travel, the court as a whole was primarily concerned about the principle of a political majority of citizens apportioning benefits and burdens based solely upon their more senior status over newcomers. It was on this basis that the Court rejected the rationale of "reward for past contribution" -- that society would degenerate into a social and political ranking based solely upon various degrees of residency:

> If the states can make the amount of a cash dividend depend on length of residence, what would preclude varying university tuition on a sliding scale based on years of residence -- or even limiting access to public facilities, eligibility for student loans, for civil service jobs, or for government contracts by length of domicile? Could States impose different taxes based on length of residence? Alaska's reasoning could open the door to state apportionment of other rights, benefits and services according to length of residency. It would permit the states to divide citizens into expanding numbers of permanent classes. Such a result would be clearly impermissible.

Zobel III, 72 L.Ed.2d at 680.

Justice Brennan in his concurrence, although basing his concerns in the Citizenship Clause as well as the Equal Protection Clause, expressed the same basic notion -- that the measuring of each citizen against another based solely upon seniority in the state is antithetical to our notions of a unified society.

> In effect, then, the past-contribution rationale is so far-reaching in its potential application, and the relationship between residents and contribution to the state so vague and insupportable, that it amounts to little more than a restatement of the criterion for discrimination that it purports to justify. But while duration of residence has minimal utility as a measure of things that are, in fact, constitutionally relevant, resort to duration of residence as the basis for distribution of state largesse does closely track the constitutionally untenable position that the longer ones residence, the worthier one is of the state's

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> favor. In my view, it is difficult to escape from the recognition that underlying any scheme of classification on the basis of duration of residence, we shall almost invariably find the unstated premise that internal "some citizens are more equal than others." We rejected that premise and, I believe, implicitly rejected most forms of discrimination based upon length of residence, when we adopted the Equal Protection Clause.

Id., 72 L.Ed.2d at 685.

The concern was not with recognizing past residence where that trait is of importance (Id. at 684); instead, the concern is with the unfounded and indiscriminate advantage given length of residence in and of itself -- the favoring of a three-year resident over a two-year resident as well as favoring a 50-year resident over a 25-year resident. The Court's decision in Zobel rejects the concept of the newcomer "as stranger," and is concerned with the effect on the political fabric of our society by allowing discrimination against relative newcomers imposed by those in power. It is, in this regard, an extension and application of the underlying goals and principles that were part and parcel of the expansion of the equal protection doctrine in the past few decades.

But to apply those principles to the longevity bonus program would be to detour sharply from the evolving trend. It would be an extension of the equal protection rationale outside of the existing channel.

The longevity bonus program is not a case where the political majority is dividing benefits or assigning burdens to the detriment of a smaller class. It is not a case where there is an indication that newcomers or more recent arrivals are looked upon with disfavor or disrespect. Twenty-year residents and one-month residents are treated exactly the same.

Treating a smaller group of "pioneers" with respect and honor does not mean that "non-pioneers" are dishonored. It is, in fact, the non-pioneers -- those that arrived after 1959 -- who initiated the program and wish to continue the distribution of that program's benefits.

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This court, therefore, should not extend the holding of Zobel III and other equal protection cases to this new area. It is not an illegitimate purpose for a political majority to honor a non-racially or non-insular and distinct minority for valid and socially laudatory reasons. All Alaskans gain and take pride in the "pioneers" and the tradition they represent. The honoring of that minority strengthens Alaska society as a whole. Each citizen, whether a one-month resident or a twenty-year resident, shares in the tradition and cultural richness that comes from the continued presence of the pioneer minority. Compensating that minority for the pre-statehood hardships, the second class citizenship, and the present hardships that would be faced by that group if retirement Outside became necessary, cannot be termed illegitimate or be condemned as socially unworthy. Nor is this a situation, like that perceived to exist in Zobel, where length of residence threatens or forebodes an extension of a divisive principle to the entire social structure -- where all citizens will be judged by the length of their residence as many have been judged by the color of their skin.

Nor, like the past contribution analysis in the permanent fund dividend program, are the residence standards tenuously related to the goals in mind. Statehood marked a new era for Alaska. Although not precise, it is as good a dividing line as any to determine who to honor in the name of Alaska's past.

Consequently, this court should not attempt to read existing equal protection cases as including the purposes expressed for the longevity bonus program within their prohibition. Such a reading is not required by the language of the decisions, nor is it required by the underlying principles those decisions.

IV. SEVERABILITY

Plaintiff Vest argues that if this court should find the residency provisions of the longevity bonus act unconstitutional, it should read those provisions out of the act and then

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ignore or sever, the non-severability clause enacted as a part of the act. (The non-severability section appears at Sec. 2, ch. 205, SLA 1972). The remainder of the provisions of the act, he argues, should be applied to all bona fide residents over the age of 65.

Alaska's statutes include a general severability statute, or saving clause, which provides that every law should be construed as though it contained a clause indicating that if parts of the act are held invalid, the rest should stand. AS 01.10.030. The Alaska Supreme Court, in Lynden Transport, Inc. v. State, 532 P.2d 700 (Alaska 1975), interpreted a general clause such as Alaska's as setting up a very weak presumption for severability. In the absence of a specific severability clause within an act, general clauses are regarded as "mere codifications of a canon of statutory construction." Id. at 712. In the light of this canon, the test for severability set out in Lynden was announced:

> The test for determining the severability of a statute is twofold. A provision will not be deemed severable 'unless it appears both that, standing alone, legal effect can be given to it and that the legislature intended the provision to stand, in case others included in the act and held bad should fall.

Id. at 713 (emphasis added). Thus, even if the non-severability clause in the bonus act were read out of the act, as Vest suggests is appropriate, we must apply the test set out in Lynden. The longevity bonus act fails that test.

There is no complete law left to apply if the residency requirements are read out of the act. Vest agrees that a "bonafide" residency requirement is permissible; in order to rewrite the bonus act, the legislature must determine whether that requirement should be 30 days or six months or one year or two years or some other period. AS 47.45.010 cannot be purged of the allegedly offensive language without substituting some other language, and the legislature must make that substitution. AS

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47.45.030 (permitting absences from the state of up to six months) would likely be rewritten by the legislature if a shorter residency requirement were inserted in the act. The entire purposes section, AS 45.47.170, would have to be mutilated beyond recognition to remove the references to the statehood date and the 25 year requirement. Particularly with reference to the purposes section, there would simply be no law left to apply.

The bonus act also fails the second prong of the Lynden test. A reading of the act as a whole indicates that it was intended to benefit those pioneers who were in Alaska prior to statehood and who had maintained continuous domicile for 25 years. The purposes section on its face leaves no doubt as to this legislative intent. Vest does not argue that the purposes section should be read any other way. In arriving at the test set out in Lynden Transport, supra, the supreme court quoted from Sutherland's treatise on Statutes and Statutory Construction:

> If the valid parts are dependent or not severable from the invalid parts, all must fall. The valid parts must be enforceable as a separate law. If the remaining valid portions would not be passed by the legislature without the invalid, the statute must fail in its entirety. When the most important features or the paramount intent is invalid, the entire act must fall.

532 P.2d at 712 (emphasis added). The residency features, as amplified in the purposes section, are the paramount intent of the legislature. This is apparent from the face of the act as a whole. As such, even without the non-severability section which appears in the act, they cannot be severed from the remainder of the act.

In addition the bonus act does contain a non-severability section which specifically states that the general savings clause in AS 01.10.030 does not apply to the act, and that "if any provision of this Act...is held invalid, this entire Act

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shall be considered invalid." 14/ Vest argues that this section should be ignored because, he alleges, it was passed with a bad motive. He states, without citation or support, that one of the purposes of the non-severability section is to "blackmail prospective litigants by the threat that a suit can avail them nothing." Vest Memorandum at 7. Vest recognizes that the clause may have had other, valid purposes. The obvious, legitimate purpose which is apparent from the face of the act is that the legislature intended that if the act could not validly be applied only to the limited class specified in the act, it should not be broadened to include a larger class but rather should fail in its entirety.

A motive to discourage potential plaintiffs from litigating may not be lofty, but it is not unconstitutional. See, e.g., the Alaska Native Claims Settlement Act, wherein the following clause appears:

> In the event that the State initiates litigation or voluntarily becomes a party to litigation to contest the authority of the United States to legislate on the subject matter or the legality of this Act, all rights of land selection granted to the State by the Alaska Statehood Act shall be suspended as to any public lands . . .

43 U.S.C.A. 1609(b) (Supp. 1982).

But even if the "blackmail" purpose could be shown to exist, and even if it were unconstitutional, Vest's reading of the cases dealing with legislative motivation is misplaced. The general rule is that a court will not inquire into the underlying motivations of legislators.

In Palmer v. Thompson, 403 U.S. 217 (1970), plaintiffs

14/ If Vest were to pursuade this court that the residency provisions should be severed from the act, the court would then need to address the question of whether the non-severability clause could be severed. The state submits that although the clause would probably pass the first prong of the Lynden test, it would fail the second. It is doubtful that the legislature would have passed the act as a whole without the non-severability section.

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argued that the decision of the city of Jackson, Mississippi to close its previously segregated public swimming pools was racially motivated. The city closed the pools after a judgment invalidating enforced segregation was affirmed by the Court of Appeals. The city argued that it could not economically operate integrated schools. The Court held:

> But no case in this Court has held that a legislative act may violate equal protection solely because of the motivations of the men who voted for it. The pitfalls of such analysis were set forth clearly in the landmark opinion of Mr. Chief Justice Marshall in Fletcher v. Peck, 6 Cranch 87, 130 (1810), where the Court declined to set aside the Georgia Legislature's sale of lands on the theory that its members were corruptly motivated in passing the bill.
>
> A similar contention that illicit motivation should lead to a finding of unconstitutionality was advanced in United States v. O'Brien, 391 U.S. 367, 383 (1968), where this Court rejected the argument that a defendant could not be punished for burning his draft card because Congress had allegedly passed the statute to stifle dissent. That opinion explained well the hazards of declaring a law unconstitutional because of the motivations of its sponsors. First, it is extremely difficult for a court to ascertain the motivation, or collection of different motivations, that lie behind a legislative enactment....It is difficult or impossible for any court to determine the 'sole' or 'dominant' motivation behind the choices of a group of legislators. Furthermore, there is an element of futility in a judicial attempt to invalidate a law because of the bad motives of its supporters. If the law is struck down for this reason, rather than because of its facial content or effect, it would presumably be valid as soon as the legislature or relevant governing body repassed it for different reasons.

403 U.S. at 224, 225. The court went on to distinguish the cases relied on by Vest, Griffin v. County School Board, 377 U.S. 218 (1964) and Gomillion v. Lightfoot, 364 U.S. 339 (1960), holding that "The focus in those cases was on the actual effect of the enactments, not upon the motivation which led the States to behave as they did." Id. at 225.

In U.S. v. O'Brien, 391 U.S. 367 (1969) the court acknowledged that it would occasionally look to statements of legislators as an aid in interpreting a statute.

> It is entirely a different matter when we are asked to void a statute that is, under well-

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> settled criteria, constitutional on its face, on the basis of what fewer than a handful of Congressmen said about it. What motivates one legislator to make a speech about a statute is not necessarily what motivates scores of others to enact it, and the stakes are sufficiently high for us to eschew guesswork.

391 U.S. at 384. The Court again distinguished cases such as Gomillion which stand "not for the proposition that legislative motive is a proper basis for declaring a statute unconstitutional, but that the inevitable effect of a statute on its face may render it unconstitutional." Id. Vest admits that a non-severability clause is constitutional on its face. Proof of an illicit motive, even if available, would not render the section void.

V. REMEDIES

Plaintiff Vest has moved this court for partial summary judgment in his favor, reserving for a later determination the question of what remedies, if any, might be appropriate. The state joins this request that the court reserve judgment on the question of remedies. In the event that this court should find that the act unconstitutional, the state requests the opportunity to submit additional briefing or be heard again by this court prior to any judgment being entered which would affect present recipients of the bonus. Many of the people who presently receive the bonus depend upon it for their daily subsistence, and would be greatly harmed by a sudden disruption in payments. The state asks the opportunity to present evidence showing this hard-

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ship in order to assist the court in fashioning an appropriate remedy.

DATED: July 22, 1983

NORMAN C. GORSUCH
ATTORNEY GENERAL

By: _____
Robert M. Maynard
Assistant Attorney General

By: _____
Deborah Vogt
Assistant Attorney General

By: _____
Walter Dellinger
of Counsel

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HB 952 J

Dept. of Law
Y-1-4

LONGEVITY BONUS STATUS

1. Vest v. State at the Superior Court:

Vest originally sued in the summer of 1982. A three-way agreement was signed by our office, Vest and the Legislative Council staying the case through the 1983 legislative session, on the Council's agreement to use its best efforts to enact legislation which treated all senior Alaskans equally. No legislation was enacted, and Vest reactivated the suit shortly after the close of the session.

Vest filed a short summary judgment memorandum arguing that the residency requirements (25 years continuous residency, and residency in the territory prior to statehood) were invalid after the U.S. Supreme Court decision in Zobel. He also argued that the provisions violated the Citizenship Clause and the Alaska equal protection clause. Finally, he argued that the residency provisions should be striken from the act, and the program opened up to all residents.

The state argued that Zobel was not a per se bar to residency requirements, that the court should judge the program under the federal rational basis test, that states have broad leeway in deciding whom to benefit when distributing state resources, and that there were valid, rational reasons for favoring pre-statehood residents over those who came later. The state also argued that the residency requirements were not severable from the remainder of the act, and if they were invalid the court could not open up the program.

Judge Carpeneti ruled on December 17, 1983 in favor of Vest on all arguments except severability. He found that the act infringed the federally protected right-to-travel and applied the strict scrutiny test, noting that the program did not merely delay benefits, as in Sosna v. Iowa, 419 U.S. 393 (1975) (one year requirement for divorce not invalid), but rath denied newer arrivals entirely of the ability to participate in the program. He further read Zobel as implying that the U.S. Supreme Court would have applied strict scrutiny in that case if it had reached the issue. Once determining that strict scrutiny applied, the court held the residency requirements invalid since there was no compelling state interest to support them.

Judge Carpeneti enjoined the program, and stayed his own order for 30 days. The state filed its appeal, and then moved for an extended stay pending final disposition by the state supreme court. The state's motion was granted on January 13, 1984.

2. State v. Vest, Supreme Court:

On January 10, 1984, Judge Carpeneti reduced his order to a written judgment, thus preparing the way for appeal. The state's appeal papers were filed that day. The appellate rules provide that the superior court has 40 days to certify the record (about February 20, but since the record is relatively small, it may take less time), the state then has 30 days to file its appeal brief (about March 22), Vest has 30 days to answer (about April 22) and the state has 20 days to reply (about May 12). Vest's counsel have talked about moving for expedited treatment, but to date have not filed such a motion.

3. Other considerations:

The drafters of any legislation replacing the present program should consider the proposed program with an eye to the federal eligibility rules for Supplemental Social Security. Our adult public assistance program (blind, disabled and aged) is tied to those rules. The federal statute and regulations are attached, and provide for two relevant exemptions for "income."

One deals specifically with our program (although not by name) and exempts payments under a program enacted prior to July 1, 1973 if payments are not based on need and are based solely on the recipient's attainment of age 65 and duration of residence in the state. An amendment to the present act reducing the residency requirement to one year would come within this exemption.

The second exemption is for assistance which is based on need and furnished by a state or subdivision. The statute is silent on what constitutes "need," but the regulation states that "assistance is based on need when it is provided under a program which uses the amount of your income as one factor to determine your eligibility." Thus we believe that any program with an income cap would come within this exemption.

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Alaska State Legislature

Representative Mitch Abood
CHAIRMAN

House Committee on State Affairs

MEMORANDUM

TO: House State Affairs Committee Members

FROM: Roger Poppe, Committee Aide

DATE: March 20, 1934

SUBJECT: Miscellaneous Information on CSSB 347 (Fin)

In conversation with Gretchen Keiser, who drafted and researched the Memo from the House Research Agency to Representative Al Adams (February 24, 1984, revised February 28, 1984), I asked her how the recent changes in CSSB 347 (Fin) as amended by Senate Finance affected the comparative study done in her memo. She told me that there are two basic changes:

1) The Senate Finance Committee amended the amount in CSSB 347 (Fin) to be $250/month instead of $200/month.

2) The projections made by Senate Finance were based on a population of elderly that was estimated at 14,500 as of July 1, 1984. This amount is also the amount used in the Fiscal Note issued by the Dept. of Administration dated February 27, 1984. The House Research Agency study was based on a common base projection of 15,500 elderly as of July 1, 1984.

10.

ALASKA STATE LEGISLATURE
HOUSE OF REPRESENTATIVES
RESEARCH AGENCY

Pouch Y, State Capitol
Juneau, Alaska 99811
(907) 465-3991

February 24, 1984
revised 2/28/84

MEMORANDUM

TO: Representative Al Adams

FROM: Gretchen Keiser and David Teal, Legislative Analysts

RE: Number of Recipients and Annual Costs of the Longevity Bonus Program under Several Alternatives. Research Request No. 84-032

Louann Cutler, of your staff, requested that we prepare tables which would present the projected number of recipients and annual costs of the Longevity Bonus Program between FY 1985 and FY 2000 under the following alternatives:

(1) the current program (25-year senior residents age 65 and over; $250/month);

(2) House Bill 507 (one-year senior residents with less than $15,000 annual income; $250/month);

(3) House Bill 521 (all one-year senior residents; $250/month);

(4) CS Senate Bill 347 (all one-year senior residents; $200 +3% annual adjustment/month or a percent of the longevity bonus account, whichever is less);

(5) Senate Bill 465 (all one-year senior residents; annuity payment of variable amount depending upon annuity shares owned; gradual phase-out of longevity bonus); and

(6) House Bill 655/Senate Bill 474 (all one-year senior residents through FY 90, thereafter increase eligibility age to 66 in FY 91, 67 in FY 92, etc.; $250/month).

In addition, Louann requested that we project the FY 85 costs of the retroactive payments to one-year senior residents who would have been eligible in FY 83 and/or FY 84, as proposed in the CSSB 347, SB 465, and HB 655/SB 474 alternatives.

Table 1 presents the projected number of recipients under the alternatives identified above. In all cases, the numbers represent the projected recipients at the midpoint of each fiscal year. These recipient projections form the basis for computing projected annual costs

presented in Table 2. Because of the uncertainties regarding the future mortality, migration, income, age distribution of the senior population of Alaska, and participation of the entire population in an annuity replacement program we believe that these projections should be viewed as rough approximations.

A computer analysis of the House Bill 655/Senate Bill 474 stair-stepping alternative was conducted in order to estimate the projected number of recipients and cumulative costs under different assumptions with respect to: (1) the future migration of elderly in and out of Alaska, (2) the year stair-stepping would begin, (3) the year interval between subsequent stair-stepping, and (4) the qualified elderly population and projected annual growth rate. Table 3 summarizes the projected number of recipients and the cumulative costs of the stair-stepping concept through FY 2000 under several assumptions.

As indicated in Table 3, each set of assumptions generates different projections of the number of recipients and costs, but clearly the greatest differences occur when the year in which stair-stepping commences is altered and/or when stair-stepping is changed from one to two-year intervals. Stair-stepping every two years, in effect, allows most older persons to eventually qualify until, of course, the eligibility age gets quite high (e.g. 73 years in FY 2005 if two-year stair-stepping commences in FY 91). Under a program which increases the eligibility age every two years, the annual costs remain considerably higher than under a program which stair-steps every year. The annual number of recipients and costs under each of these cases are presented in detail in Attachment A.

The assumptions employed in projecting the number of recipients and costs for the various alternatives are consistent to the maximum extent possible. Each table includes footnotes which document the source of pertinent assumptions. In addition, a summary of each longevity bonus program alternative and its attendant assumptions is included in Attachment B.

We hope that this information will be useful to you. Please contact us if we can be of further assistance.

GK:DT

Attachments

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

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

[2]Net 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).

[3]Assumes 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.

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

[5]Based 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.

TABLE 2. PROJECTED ANNUAL COSTS[1] OF THE LONGEVITY BONUS PROGRAM UNDER THE CURRENT PROGRAM AND PROPOSED ALTERNATIVES
(In Millions of Dollars)

Fiscal Year	Current Program (25-Year Residents)	One-Year Residents (HB 521)	One-Year Residents with < $15,000 Annual Income (HB 507)	One-Year Residents 12.5% Permanent Fund Earnings (CSSB 347)[2]	One-Year Residents Annuity Replacement (SB 465)[3]	One-Year Residents With Stair-Stepping Beginning in FY 91 (HB 655/SB 474)
1985	$32.3	$48.3	$34.7	$37.7	$48.3	$48.3
1986	34.2	50.7	35.9	41.8	47.4	50.7
1987	36.2	53.3	37.0	45.3	46.3	53.3
1988	38.2	56.0	38.0	49.0	45.0	56.0
1989	40.1	58.9	38.9	53.0	43.4	58.9
1990	42.1	61.9	39.9	57.5	41.5	61.9
1991	44.0	65.1	40.8	62.2	39.3	57.1
1992	46.0	68.5	41.6	67.3	36.8	52.8
1993	48.0	72.0	42.3	72.9	34.0	48.8
1994	49.9	75.7	43.1	78.9	30.7	45.1
1995	51.9	79.5	43.9	85.5	27.0	41.7
1996	53.8	83.6	44.7	92.6	22.9	38.4
1997	55.8	87.9	45.8	100.3	18.2	35.3
1998	57.8	92.4	46.9	108.6	13.1	32.4
1999	59.7	97.1	48.0	117.6	7.4	29.7
2000	61.7	102.1	47.9	127.3	1.0	27.1
TOTAL	$751.7	$1,153.0	$669.3	$1,197.5	$502.3	$737.7
RETROACTIVE PAYMENTS[4] in FY 85		--	--	$15.6	$30.5	$30.5

Prepared By: House Research Agency, February 1984.

Footnotes

[1]Costs include annual bonus payments plus expenses for administering the Longevity Bonus Program by the Department of Administration. The annual bonus payments were computed by multiplying the projected mid-fiscal year number of recipients times the annual bonus under each alternative.

An alternate method of cost calculation, which is based on the total of 12 monthly bonus cost computations (i.e., projected number of recipients each month times monthly bonus) yields very similar cost estimates. For example, if an initial population of 1,000 recipients were growing 5 percent annually (5.127 percent effective rate), the costs of a program which paid a $250 monthly bonus under both methods would be:

A: $1{,}026\ \text{recipients}_{\text{mid-fiscal yr}} \times \$3{,}000\ \text{annual bonus} = \$3.078\ \text{million}$

B: [monthly recipients (i.e., 1,004 in July, 1,008 in August, etc.) x $250] totaled over 12 months = $3.080 million

And: $\$3.078/\$3.080 = 0.9994$

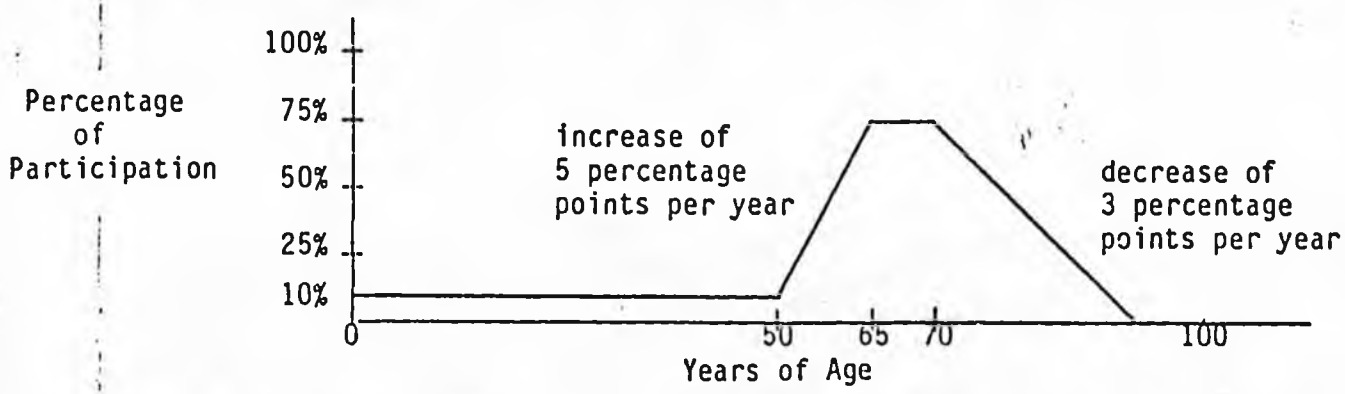
The administrative cost is estimated to be 0.89 percent of the annual bonus payments in FY 85, which reflects an increase due to the addition of several thousand recipients and is based on an average of the additional expenses identified by the Department of Administration in recent fiscal notes for the proposed longevity bonus alternatives. Beginning in FY 86, the administrative cost drops to 0.82 percent, as determined from the Department of Administration's FY 84 (Authorized) and FY 85 (Governor's) longevity bonus program budgets. The annual costs of managing the investments of funds created by CSSB 347 and SB 465 are not included.

[2]Annual costs under CSSB 347 include only that portion of the longevity bonus account actually distributed to qualified recipients plus administrative costs. With the exception of FY 85, there is projected to be a annual surplus in the longevity bonus account which would receive contributions equal to 12.5 percent of the distributable income of the Alaska Permanent Fund. On the basis of the Department of Revenue's January 1984 Permanent Fund forecast, the following annual surplus (excluding income) is projected between FY 86 and FY 2000:

FY 1986	$ 7.1 million	1995	$61.2 million
87	15.2	96	68.1
88	19.4	97	75.0
89	22.9	98	82.1
1990	28.1	99	89.2
91	35.0	2000	96.5
92	41.1		
93	47.6	TOTAL	$742.9 million
94	54.4		

[3]Annual costs under SB 465 include only the annual bonus payments and administrative costs. Under the assumptions employed, the annuity program would be self-sustaining and therefore incur no cost to the State. The participation

rate by all Alaskans in the purchase of annuity shares, payable beginning at age 65, is a key assumption and is assumed to be as follows:



[4]The retroactive payments to one-year elderly residents who would have been eligible in FY 83 and FY 84 are estimated as follows:

•FY 83 retroactive payments: the total elderly population was estimated to be 14,506 as of July 1, 1982; 97 percent, or 14,071, were residents of at least one year. Applying an annual (continuous) growth rate of 5 percent, the eligible senior citizens are estimated to have totaled 14,432 as of January 1, 1983.

Therefore:	14,432	eligible 1/1/83
	- 9,481	qualified recipients 1/1/83
	4,951	new recipients eligible for FY83 retroactive payments

And: 4,951 x $250 x 12 = $14,853,000 or $14.9 million

•FY 84 retroactive payments: the total elderly population was estimated to be 15,250 as of July 1, 1983; 97percent, or 14,793, were residents of at least one year. Applying an annual (continuous) growth rate of 5 percent, the eligible senior citizens are estimated to have totaled 15,172 as of January 1, 1984.

Therefore:	15,172	eligible 1/1/84
	- 9,965	qualified recipients 1/1/84
	5,207	new recipients eligible for FY84 retroactive payments

And: 5,207 x $250 x 12 = $15,621,000 or $15.6 million

In summary, the retroactive payments proposed under CSSB 347, SB 465, and HB 655/SB 474 are as follows:

CSSB 347	$15.9 million (FY 84 only)
SB 465	30.5 million (FY 83 and FY 84)
HB 655/SB 474	30.5 million (FY 83 and FY 84)

TABLE 3.

PROJECTED NUMBER OF RECIPIENTS AND CUMULATIVE COSTS THROUGH FY 2000 OF THE HOUSE BILL 655/SENATE BILL 474 LONGEVITY BONUS PROGRAM PROPOSAL UNDER DIFFERENT ASSUMPTIONS AND YEAR OF COMMENCEMENT OF STAIR-STEPPING

Case	Number of Recipients in FY 2000	Cumulative Cost Through FY 2000 (in millions)[1]	Percent Difference in Cumulative Cost From Base Case
Base case: FY 85 pop. = 15,950; 5 percent annual pop. growth through FY 90; stair-stepping in FY 91; 3 percent net out-migration after FY 90	8,951	$ 737.7	-----
Case A: same as base case except 4 percent out-migration after FY 90	8,126	$ 719.2	- 2.5 %
Case B: same as base case except stair-stepping begins in FY 90	7,732	$ 679.3	- 7.9 %
Case C: same as base case except stair-stepping begins in FY 89	6,654	$ 620.4	- 15.9 %
Case D: same as base case except stair-stepping begins in FY 86 and occurs every other year	11,341	$ 646.6	- 12.4 %
Case E: same as base case except stair-stepping begins in FY 89 and occurs every other year	14,771	$ 779.1	+ 5.6 %
Case F: same as base case except stair-stepping begins in FY 91 and occurs every other year	16,634	$ 864.0	+ 17.1 %
Case G: same as base case except DOA pop. of 16,860 in FY 85; DOA annual pop. growth of 4.27 percent (60/month) through FY 90;	9,082	$ 755.1	+ 2.4 %

[1]In all cases, the longevity bonus is assumed to remain at $250/month. Retroactive payments to senior citizens who would have been eligible in FY 83 and/or FY 84, estimated to add $30.5 million to the FY 85 cost, are not included.

Prepared by the House Research Agency, February 1984.

ATTACHMENT A

PROJECTED NUMBER OF RECIPIENTS AND COSTS OF THE HOUSE BILL 655/
SENATE BILL 474 LONGEVITY BONUS PROGRAM PROPOSAL
UNDER DIFFERENT ASSUMPTIONS

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

CASE A

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	18,705	56,575,510	385,799,800
1992	67	17,120	51,781,310	437,581,100
1993	68	15,680	47,426,890	485,008,000
1994	69	14,357	43,423,830	528,431,900
1995	70	13,131	39,715,690	568,147,500
1996	71	11,987	36,256,510	604,404,100
1997	72	10,921	33,030,880	637,434,900
1998	73	9,926	30,023,490	667,458,400
1999	74	8,997	27,211,420	694,669,800
2000	75	8,126	24,579,340	719,249,100
2001	76	7,308	22,105,170	741,354,300
2002	77	6,548	19,806,460	761,160,700
2003	78	5,844	17,676,530	778,837,300
2004	79	5,190	15,698,480	794,535,800
2005	80	4,583	13,861,850	808,397,600

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: 4.000 % 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

CASE 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	66	17,966	54,338,830	321,619,000
1991	67	16,603	50,217,030	371,836,000
1992	68	15,354	46,440,700	418,276,700
1993	69	14,195	42,933,700	461,210,500
1994	70	13,109	39,648,650	500,859,100
1995	71	12,083	36,546,710	537,405,800
1996	72	11,115	33,618,530	571,024,300
1997	73	10,201	30,854,290	601,878,500
1998	74	9,335	28,235,920	630,114,500
1999	75	8,514	25,752,360	655,866,800
2000	76	7,732	23,384,980	679,251,800
2001	77	6,995	21,156,600	700,408,400
2002	78	6,303	19,064,800	719,473,100
2003	79	5,652	17,095,780	736,569,000
2004	80	5,039	15,242,230	751,811,200
2005	81	4,459	13,487,840	765,299,000

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 5.127 % through 1989
ANNUAL NET OUT-MIGRATION: 3.000 % after 1989
BONUS AMOUNT IS $250 PER MONTH
START STAIRSTEP IN 1990
ANNUAL ADMINISTRATIVE COSTS OF $168 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE APPLIED TO POPULATION PROJECTIONS FOR 1990

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

CASE C

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	66	17,089	51,688,750	260,045,800
1990	67	15,793	47,767,960	307,813,800
1991	68	14,606	44,175,800	351,989,600
1992	69	13,503	40,839,850	392,829,400
1993	70	12,469	37,715,000	430,544,400
1994	71	11,494	34,764,350	465,308,800
1995	72	10,573	31,978,970	497,287,800
1996	73	9,704	29,349,550	526,637,300
1997	74	8,880	26,858,870	553,496,100
1998	75	8,099	24,496,430	577,992,600
1999	76	7,355	22,244,500	600,237,100
2000	77	6,654	20,124,800	620,361,900
2001	78	5,996	18,135,010	638,496,900
2002	79	5,377	16,262,030	654,759,000
2003	80	4,794	14,498,870	669,257,800
2004	81	4,242	12,830,040	682,087,800
2005	82	3,732	11,287,700	693,375,500

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 5.127 % through 1988
ANNUAL NET OUT-MIGRATION: 3.000 % after 1988
BONUS AMOUNT IS $250 PER MONTH
START STAIRSTEP IN 1989
ANNUAL ADMINISTRATIVE COSTS OF $168 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE APPLIED TO POPULATION PROJECTIONS FOR 1989

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

CASE D

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	66	14,709	44,489,070	92,764,920
1987	66	15,167	45,875,440	138,640,400
1988	67	14,051	42,499,340	181,139,700
1989	67	14,467	43,755,840	224,895,600
1990	68	13,408	40,552,470	265,448,000
1991	68	13,996	42,332,850	307,780,900
1992	69	12,955	39,182,570	346,963,400
1993	69	13,467	40,732,760	387,696,200
1994	70	12,441	37,630,490	425,326,700
1995	70	13,033	39,418,110	464,744,800
1996	71	12,010	36,326,940	501,071,800
1997	71	12,714	38,454,420	539,526,100
1998	72	11,692	35,364,950	574,891,100
1999	72	12,361	37,385,770	612,276,900
2000	73	11,341	34,300,870	646,577,800
2001	73	11,946	36,131,830	682,709,600
2002	74	10,926	33,045,450	715,755,000
2003	74	11,535	34,888,140	750,643,100
2004	75	10,516	31,805,520	782,448,600
2005	75	11,094	33,553,500	816,002,100

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 5.127 % through 1985
ANNUAL NET OUT-MIGRATION: 3.000 % after 1985
BONUS AMOUNT IS $250 PER MONTH
START STAIRSTEP IN 1986
ANNUAL ADMINISTRATIVE COSTS OF $168 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE APPLIED TO POPULATION PROJECTIONS FOR 1986

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

CASE E

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	66	17,089	51,688,750	260,045,800
1990	66	17,622	53,299,490	313,345,300
1991	67	16,325	49,377,030	362,722,300
1992	67	16,808	50,836,870	413,559,200
1993	68	15,577	47,115,110	460,674,300
1994	68	16,261	49,183,600	509,857,900
1995	69	15,051	45,523,530	555,381,500
1996	69	15,647	47,324,570	602,706,000
1997	70	14,455	43,720,250	646,426,300
1998	70	15,142	45,797,170	692,223,500
1999	71	13,954	42,205,750	734,429,200
2000	71	14,771	44,677,510	779,106,700
2001	72	13,585	41,088,070	820,194,800
2002	72	14,361	43,435,940	863,630,800
2003	73	13,176	39,851,800	903,482,500
2004	73	13,879	41,979,070	945,461,600
2005	74	12,674	38,393,200	983,854,800

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 5.127 % through 1988
ANNUAL NET OUT-MIGRATION: 3.000 % after 1988
BONUS AMOUNT IS $250 PER MONTH
START STAIRSTEP IN 1989
ANNUAL ADMINISTRATIVE COSTS OF $168 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE APPLIED TO POPULATION PROJECTIONS FOR 1989

PREPARED BY THE HOUSE RESEARCH AGENCY 02-23-1984

CASE F

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	66	19,475	58,904,930	445,254,000
1993	67	18,042	54,569,950	499,824,000
1994	67	18,575	56,183,320	556,007,300
1995	68	17,216	52,070,130	608,077,400
1996	68	17,971	54,356,180	662,433,600
1997	69	16,634	50,311,170	712,744,700
1998	69	17,292	52,301,640	765,046,300
1999	70	15,975	48,318,250	813,364,600
2000	70	16,734	50,613,580	863,978,200
2001	71	15,422	46,644,470	910,622,600
2002	71	16,325	49,376,170	959,998,900
2003	72	15,013	45,409,230	1,005,408,000
2004	72	15,871	48,004,030	1,053,412,000
2005	73	14,562	44,042,960	1,097,455,000

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

CASE G

LONGEVITY BONUS COST ANALYSIS

HB 655/SB 474

FISCAL YEAR	ELIGIBILITY AGE	RECIPIENTS	ANNUAL COST	CUMULATIVE COST
1985	65	16,860	$51,030,170	$ 51,030,170
1986	65	17,580	53,172,240	104,202,400
1987	65	18,331	55,442,700	159,645,100
1988	65	19,113	57,810,100	217,455,200
1989	65	19,929	60,278,600	277,733,800
1990	65	20,780	62,852,490	340,586,300
1991	66	19,164	57,962,490	398,548,800
1992	67	17,710	53,565,810	452,114,600
1993	68	16,378	49,537,650	501,652,200
1994	69	15,141	45,796,790	547,449,000
1995	70	13,983	42,292,660	589,741,600
1996	71	12,889	38,983,870	628,725,500
1997	72	11,856	35,860,420	664,586,000
1998	73	10,881	32,911,850	697,497,800
1999	74	9,958	30,118,870	727,616,600
2000	75	9,082	27,469,690	755,086,300
2001	76	8,247	24,944,430	780,030,800
2002	77	7,461	22,567,460	802,598,300
2003	78	6,724	20,336,160	822,934,400
2004	79	6,029	18,235,830	841,170,200
2005	80	5,375	16,258,680	857,428,900

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 16,860
ANNUAL POPULATION GROWTH: 4.270 % 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

ATTACHMENT B

ASSUMPTIONS ACCOMPANYING THE PROJECTED NUMBER OF RECIPIENTS AND ANNUAL COSTS UNDER THE CURRENT LONGEVITY BONUS PROGRAM AND PROPOSED ALTERNATIVES

I. CURRENT PROGRAM: Provides monthly payments of $250 to elderly who are 65 years or older, have 25 years of residency and have been residents since statehood.

Projected Recipients: Initial number of recipients is estimated by the Department of Administration to be 10,348 as of July 1, 1984. The future net growth in recipients is projected to be 54/month, which is an average of the program's net monthly growth between FY 79 and FY 84. Figures represent mid-fiscal year projections (i.e., the number of recipients as of January 1).

Annual Cost: equals annual bonus payments plus administrative costs.

- annual bonus payments = mid-fiscal year recipients x $250 x 12
- administrative costs are estimated to equal 0.82 percent of the annual bonus payments, as determined from the Department of Administration's FY 84 (authorized) and FY 85 (requested) longevity bonus program budgets.

II. HOUSE BILL 521: Opens program to all elderly with at least one year of residency as of July 1, 1984 and provides monthly payments of $250.

Elderly Population: Total senior population is estimated to be 16,032 on July 1, 1984. Projections are based on a 5 percent continuous annual growth rate in elderly population, which yields a 5.127 percent effective growth rate.

Projected Recipients: It is assumed that 97 percent of the elderly are residents of at least one year, or 15,550 as of July 1, 1984. The assumption that three percent of the elderly have less than one year of residency is based on a 1981 University of Alaska survey of older Alaskans and information from the 1979 and 1980 Permanent Fund Dividend applications. Figures represent the mid-fiscal year population of eligible elderly (i.e., the number of recipients as of January 1).

House Bill 521 (continued)

Annual Cost: equals annual bonus payments plus administrative costs:

- annual bonus payments = mid-fiscal year recipients x $250 x 12
- administrative costs are estimated to equal 0.89 percent of the annual bonus payments in FY 85, reflecting an increase due to the addition of several thousand recipients. Beginning in FY 86, the administrative costs drop back to 0.82 percent of the annual bonus payments, as determined from Department of Administration's FY 84 (authorized) and FY 85 (requested) longevity bonus program budgets.

III. HOUSE BILL 507: Opens program to elderly with at least one year of residency and an annual income of less than $15,000. Provides monthly payments of $250.

Elderly Population: Total elderly population is estimated to be 16,032 as of July 1, 1984. Projections are based on 5 percent annual growth rate.

Elderly Income: The elderly income distribution, which indicates the percentage of the elderly who fall within specific income categories, is based on the 1980 Census income survey of elderly Alaskans. The distribution has been adjusted for inflation to 1983 income dollars. Future inflation is assumed to be 5 percent annually through FY 2000.

Projected Recipients: It is estimated that 71.8 percent of the elderly had a 1983 annual income below $15,000 and have lived in Alaska at least one year; 11,458 would be eligible for monthly payments. Since the $15,000 income ceiling is not adjusted upward to account for inflation in subsequent years, the percentage of elderly eligible would gradually decrease:

FY 85	71.8 %
FY 90	64.4 %
FY 95	55.2 %
FY 2000	46.9 %

Annual Cost: equals annual bonus payments plus administrative costs

- annual bonus payments = mid-fiscal year recipients x $250 x 12
- administrative costs = 0.89 percent of the annual bonus payments in FY 85 and drop to 0.82 percent in subsequent fiscal years.

Computer Analysis: The attached Tables 1a and 1b present the projected number of recipients and annual costs of the income ceiling alternative under different assumptions regarding annual inflation.

PROJECTED NUMBER OF RECIPIENTS AND COSTS OF THE LONGEVITY BONUS PROGRAM UNDER AN ANNUAL INCOME CEILING OF $15,000

TABLE 1a. Assumptions: 5 percent annual inflation; 5 percent annual growth rate in elderly population.

FISCAL YEAR	ONE YEAR RESIDENTS	RECIPIENTS	INCOME CEILING#	ANNUAL COST##	CUMULATIVE COST
1985	15,950	11,458	15,000	34,680,810	34,680,810
1986	16,768	11,875	14,286	35,918,260	70,599,060
1987	17,627	12,244	13,605	37,032,900	107,632,000
1988	18,531	12,549	12,958	37,955,800	145,587,800
1989	19,481	12,865	12,341	38,910,290	184,498,100
1990	20,480	13,191	11,753	39,898,310	224,396,400
1991	21,530	13,495	11,193	40,815,670	265,212,000
1992	22,634	13,738	10,660	41,552,890	306,764,900
1993	23,794	13,994	10,153	42,326,270	349,091,200
1994	25,014	14,244	9,669	43,083,440	392,174,600
1995	26,297	14,506	9,209	43,874,110	436,048,700
1996	27,645	14,791	8,770	44,738,070	480,786,800
1997	29,062	15,137	8,353	45,784,220	526,571,000
1998	30,552	15,500	7,955	46,882,500	573,453,500
1999	32,119	15,864	7,576	47,981,070	621,434,500
2000	33,766	15,830	7,215	47,878,610	669,313,100

Income ceiling is discounted by 5 percent annually.
##Cost equals annual bonus payments plus administrative costs (0.89 percent in FY 85 and 0.82 percent thereafter).

TABLE 1b. Assumptions: 6 percent annual inflation; 5 percent annual growth rate in elderly population.

FISCAL YEAR	ONE YEAR RESIDENTS	RECIPIENTS	INCOME CEILING#	ANNUAL COST##	CUMULATIVE COST
1985	15,950	11,458	15,000	34,680,810	34,680,810
1986	16,768	11,372	14,151	35,821,020	70,501,830
1987	17,627	12,123	13,350	36,666,860	107,168,700
1988	18,531	12,367	12,594	37,406,070	144,574,800
1989	19,481	12,617	11,881	38,161,950	182,736,700
1990	20,480	12,848	11,209	38,861,110	221,597,800
1991	21,530	13,000	10,574	39,318,800	260,916,600
1992	22,634	13,158	9,976	39,796,750	300,713,400
1993	23,794	13,312	9,411	40,263,360	340,976,700
1994	25,014	13,478	8,878	40,766,860	381,743,600
1995	26,297	13,718	8,376	41,490,510	423,234,100
1996	27,645	13,976	7,902	42,270,500	465,504,600
1997	29,062	14,108	7,455	42,672,490	508,177,000
1998	30,552	13,935	7,033	42,148,440	550,325,500
1999	32,119	13,760	6,635	41,619,850	591,945,300
2000	33,766	13,532	6,259	40,928,260	632,873,600

Income ceiling is discounted by 6 percent annually.
##Cost equals annual bonus payments plus administrative costs (0.89 percent in FY 85 and 0.82 percent therafter).

Prepared By: House Research Agency, February 1984.

IV. CS SENATE BILL 347: Opens program to all elderly with at least one year residency. Provides monthly payments, beginning with either $200 in FY 85 (with 3 percent annual adjustments thereafter) or a portion of the longevity bonus account, whichever is less. Also provides retroactive payments to elderly who would be qualified in FY 84.

Elderly Population: Total elderly population is estimated to be 16,032 as of July 1, 1984. Projections are based on a 5 percent annual growth rate.

Projected Recipients: It is assumed that 97 percent of the elderly are residents of at least one year, or 15,550 as of July 1, 1984. Figures represent the mid-fiscal year population of eligible elderly (i.e., the number of recipients as of January 1).

Annual Cost: includes only that portion of the longevity bonus account actually distributed to qualified recipients plus administrative costs. With the exception of FY 85, there is projected to be an annual surplus in the longevity bonus account, which would receive annual contributions of 12.5 percent of the distributable income of the Alaska Permanent Fund. On the basis of the Department of Revenue's January 1984 Permanent Fund forecast, there is projected to be a surplus of $742.9 million (excluding income) in the longevity bonus account by FY 2000. The sponsors estimate that by FY 2005, the program will be self-sustaining and require no further contributions from the Alaska Permanent Fund earnings. House Research Agency did not investigate this aspect of the proposal.

Retroactive Payment: The total elderly population was estimated to be 15,250 as of July 1, 1983; 97 percent, or 14,793, were residents of at least one year. Applying an annual growth rate of 5 percent, we estimate a population of 15,172 eligible senior citizens as of January 1, 1984.

Therefore:

15,172 eligible 1/1/84
- 9,965 current recipients 1/1/84
5,207 new recipients eligible for FY84 retroactive payments

5,207 x $250 x 12 = $15,621,000 or $15.6 million

V. SENATE BILL 465: Opens the longevity bonus program to all elderly with at least one year residency. The bonus payment is gradually reduced and replaced, over 15 years, with annuity payments. Persons of any age can elect to participate in the annuity program through the annual purchase of one share (up to a maximum of 15 shares) by foregoing their Permanent Fund Dividend. For the first five years after enactment, persons 65 and older may annually purchase an annuity share for a $100 reduction in their Permanent Fund Dividend. Provides monthly payments of $16.50/annuity share for annuitants 65 years and older.

Senate Bill 465 (continued)

Elderly Population: Total elderly population is estimated to be 16,032 as of July 1, 1984. Projections are based on a 5 percent annual growth rate.

Projected Bonus and Annuity Recipients: It is assumed that 97 percent of the elderly are residents of at least one year, or 15,550 as of July 1, 1984. Projections are presented for the mid-fiscal year population of eligible elderly (i.e., the number of recipients as of January 1) in order to estimate annual costs.

Annual Longevity Bonus Cost: equals annual bonus payments plus administrative costs. Under SB 465, the bonus payment is reduced $16.50 each year. Therefore, the annual bonus payments gradually decrease over 15 years until the bonus equals $0 after FY 2000.

- annual bonus payments = mid-fiscal yr recipients$_{FY\ 85}$ x bonus$_{FY\ 85}$ x 12 and so forth in each fiscal year as the recipients increase and the bonus decreases.

- administrative costs are estimated to be 0.89 percent of the annual bonus payments in FY 85, reflecting an increase due to the addition of several thousand recipients. Beginning in FY 86, the administrative cost drops to 0.82 percent of the annual bonus payments, as determined from the Department of Administration's FY 84 (Authorized) and FY 85 (Governor's) longevity bonus program budgets.

Total Population: is estimated to be 490,000 as of July 1, 1983, based on a preliminary estimate by the Alaska Department of Labor. The total population is projected to grow at a 2.5 percent annual rate through the year 2000. This projected growth is based on the assumption that the state's population will grow at a lower rate than the 3.4 percent growth rate recorded by the Alaska Department of Labor during the period 1970-82.

Annuity Program Participation Rate: is assumed to be as follows:

Ages 0-50:	10%
Ages 51-64:	increases 5%/year of age from 10% to 75%
Ages 65-70:	75%
Ages 71 and over:	decreases 3%/year of age from 75% to 0%

Annual Annuity Deposit: equals the new annuity shares purchased in a given year times the foregone Permanent Fund Dividend for that year minus the refunds paid to individuals who leave the state. The estimate of new annuity shares each year is based on the participation rate times the projected population for that year. The projected Permanent Fund Dividends foregone are based on the Department of Revenue's January 1, 1984 forecasts through FY 2000. The refunds are based on: (1) an assumption of 3 percent annual out-migration in the state's total population, and (2) a calculation of the amount of the refunds which equal the participation rate times the previous Permanent Fund Dividends foregone times the number of years the program has been in effect.

Payable Annuity Shares: equals the total annuity shares held by the elderly 65 years and older minus the number of shares eliminated from the program through death or out-migration. Death rates are based on 1980 data from the Alaska Department of Labor's 1982 Population Overview. The elderly out-migration is assumed to equal 3 percent annually, which is slightly lower that the 4 percent rate available from the 1970 Census because as the state has matured and more health and social services for the elderly have become available.

Annual Annuity Payments: equals the number of payable annuity shares x $16.50/annuity share x 12 months plus administrative costs (i.e. 0.89 percent of the payments in FY 85 and 0.82 percent in FY 85 and thereafter).

Annuity Balance: cumulative surplus of annual annuity deposit minus annual annuity payment. Includes an 8 percent rate of return on annuity fund investments, which is the same rate of return used by the Division of Retirement and Benefits in its annual actuarial valuation of the State's retirement systems.

Computer Analysis: the attached table presents a summary of the above calculations for fiscal years 1985 through 2000. Assumptions may be changed and additional computer simulations prepared upon request.

VI. HOUSE BILL 655/SENATE BILL 474: Opens the program to all elderly with at least one year of residency through FY 90. Beginning in FY 91, the age requirement for eligibility increases to 66 and the age requirement increases one year at the beginning of each succeeding fiscal year. Provides a monthly payment of $250. Also provides retroactive payments to elderly who would have qualified in FY 83 and FY 84.

Elderly Population: Total elderly population is estimated to be 16,032 as of July 1, 1984. Projections are based on 5 percent annual growth rate in elderly population.

Projected Recipients through FY 90: It is assumed that 97 percent of the elderly are residents of at least one year, or 15,550 as of July 1, 1984. Figures represent the mid-fiscal year population of eligible elderly (i.e., the number of recipients as of January 1).

Projected Recipients beginning in FY 91: Stair-stepping essentially caps the eligible population at the FY 90 level, with the exception of minor in-migration of older persons who exceed the increasing age requirement in succeeding years. The number of recipients decreases annually as a function of attrition through death and migration out of Alaska. The age-specific death rates and age distribution data are based on the 1980 Census. The most recent elderly migration data are based on the 1970 Census and estimated to be 4 percent annual net out-migration.

LONGEVITY BONUS COST ANALYSIS

SB 465

(in millions of dollars)

	LONGEVITY BONUS PROGRAM			ANNUITY PROGRAM			
FISCAL YEAR	RECIP-IENTS	ANNUAL COST	CUMUL COST	ANNUAL DEPOSIT	PAYABLE SHARES	ANNUAL PAYMENTS	FUND BALANCE
1985	15,950	$48.28	$ 48.28	$ 26.03	15,950	$ 3.19	$ 24.67
1986	16,768	47.37	95.64	30.02	31,496	6.29	52.27
1987	17,627	46.28	141.92	32.86	46,624	9.31	81.90
1988	18,531	44.95	186.87	35.30	61,278	12.23	113.36
1989	19,481	43.37	230.24	38.56	75,373	15.05	147.82
1990	20,480	41.50	271.74	50.51	81,221	16.21	196.69
1991	21,530	39.33	311.08	55.35	89,651	17.90	252.88
1992	22,634	36.83	347.91	60.41	97,629	19.49	317.31
1993	23,794	33.97	381.88	65.56	105,094	20.98	390.84
1994	25,014	30.72	412.59	70.72	111,972	22.35	474.35
1995	26,297	27.04	439.64	75.92	118,149	23.59	568.82
1996	27,645	22.91	462.55	81.14	123,526	24.66	675.33
1997	29,062	18.28	480.83	86.26	128,025	25.56	794.91
1998	30,552	13.12	493.95	91.45	131,514	26.25	928.92
1999	32,119	7.38	501.34	96.75	133,865	26.72	1,078.86
2000	33,766	1.02	502.36	102.19	134,932	26.94	1,246.45

PROJECTIONS ARE BASED ON THE FOLLOWING ASSUMPTIONS:
1985 POPULATION, AGE 65 AND OVER: 15,950
ANNUAL POPULATION GROWTH: 2.500 %
ANNUAL OUT-MIGRATION: 3.000 %
BONUS AMOUNT IS $250 PER MONTH IN 1985 AND IS REDUCED BY $16.50 EACH YEAR
ANNUITY PAYMENT IS $16.50 PER SHARE PER MONTH
ANNUITY BALANCE INCLUDES INTEREST AT 8.00% PER YEAR
ANNUITY PROGRAM PARTICIPATION RATES:
- AGES 0-50: 10%
- AGES 51-64: INCREASES STEADILY FROM 10% TO 75%
- AGES 65-70: 75%
- AGES 71 AND OVER: DECREASES STEADILY FROM 75% TO 0%

ANNUAL ADMINISTRATIVE COSTS OF $160 PER RECIPIENT ARE INCLUDED
AGE DISTRIBUTION AND MORTALITY RATES FROM 1980 CENSUS DATA ARE APPLIED TO POPULATION PROJECTIONS

PREPARED BY THE HOUSE RESEARCH AGENCY 02-28-1984

Annual Cost: equals annual bonus payments plus administrative costs.

- annual bonus payments = mid-fiscal year recipients x $250 x 12 months

- administrative costs are estimated to be 0.89 percent of the annual bonus payments in FY 85, reflecting an increase due to the addition of several thousand recipients. Beginning in FY 86, the administrative cost drops to 0.82 percent of the annual bonus payments, as determined from the Department of Administration's FY 84 (Authorized) and FY 85 (Governor's) longevity bonus program budgets.

FY 83 Retroactive Payments: The total elderly population was estimated to be 14,506 as of July 1, 1982: 97 percent, or 14,071, were residents of at least one year. Applying an annual growth rate of 5 percent, we estimate a population of 14,432 eligible senior citizens as of January 1, 1983.

Therefore: 14,432 eligible 1/1/83
- 9,481 current recipients 1/1/83
4,951 new recipients eligible for FY83 retroactive payments

Therefore: 4,951 x $250 x 12 = $14,853,000 or $14.9 million

FY 84 Retroactive Payments: The eligible senior citizens as of January 1, 1984 is similarly estimated to be 15,172.

Therefore: 15,172 eligible 1/1/84
- 9,965 current recipients 1/1/84
5,207 new recipients eligible for FY84 retroactive payments

Therefore: 5,207 x $250 x 12 = $15,621,000 or $15.6 million

Combined total FY 83 and FY 84 retroactive payments:

$ 14,853,000 FY83
+ 15,621,000 FY84
$ 30,474,000 or $30.5 million

Prepared By: House Research Agency, February 1984.