

SB

56

File #  
1

HOUSE STATE AFFAIRS COMMITTEE

NEXT COMMITTEE: FINANCE

BILL: SB 56

CURRENT VERSION: 2nd HCS CS SB 56 (SA)

SCHEDULED: MARCH 7, 1988

SPONSOR: KERTTULA

PHONE NO: 3771

CONTACT FILE: \LLSA\LB.DBF

BILL SUBJECT: AMENDING AND MAKING EFFECTIVE AN ANNUITY PROGRAM & AMENDMENTS TO LONGEVITY BONUS PROGRAM

SPONSOR BACKUP: IN FILE

AFFECTED AGENCIES:

<u>DEPARTMENT</u>	<u>CONTACT/PHONE</u>	<u>COMMENT</u>
ADMIN	PUSHPENDER/2200	

FISCAL NOTES

<u>AGENCY</u>	<u>REQUESTED</u>	<u>DATED</u>	<u>FY 90 AMT</u>	<u>FY 91 AMT</u>
ADMIN		1/25/88	(3,708.2)	(8,282.3)

ACTION

<u>DATE</u>	<u>COMMENT</u>
1/25/88	TELECONFERENCE HEARING ON 1/20/88 WORK DRAFT
3/7/88	2nd HCS CS SB 56 (SA) PASSED FROM STATE AFFAIRS AND REFERRED TO FINANCE

105  
Kubley

- 193. Dorothy Agen  
P.O. Box 871370  
Wasilla, AK 99687  
376-3313  
POM supporting SB 56
- 34. Lurlyne Allen  
8541-R East 4th  
Anchorage, AK 99504  
(907) 333-0152
- 4. Charlotte Ames  
1220 Fifth Avenue  
Fairbanks, AK  
(907) 456-5624
- 329. Elizabeth Aprill  
Box 127  
Anchor Point, AK 99603  
235-7178  
POM supporting SB 56
- 20. Stan Aubert  
3165 Totem Drive  
Fairbanks, AK  
(907) 479-6149
- 161. Betty/Jerry Bair  
HCR 04, Box 511  
Seward, AK 99664  
288-3627  
POM supporting SB 56
- 295. Ella Ballard  
Star Route Box 2655  
Wasilla, AK 99687  
892-6292  
POM supporting SB 56
- 279. Pearl Barnhardt  
HCO 2, Box 7263  
Palmer, AK 99645  
745-0188  
POM supporting SB 56
- 224. F.P. Bares  
Box 510  
Talkeetna, AK 99676  
733-2442  
POM supporting SB 56
- 143. Lillian Albrecht  
P.O. Box 1324  
Palmer, AK 99645  
745-3094  
POM opposing SB 56
- 127. Roberta Alward  
4251 Dimond Way  
Wasilla, AK 99687  
376-3167  
Supports SB 56
- 110. Norma Anderson  
2729 Tongass, #306  
Ketchikan, AK 99901  
(907) 225-4484
- 62. Olive Arnold  
9121 Peck, #241C  
Anchorage, AK 99504  
(907) 337-7942
- 30. Oliver Backlund  
Box 1936  
Fairbanks, AK 99707  
(907) 479-2632
- 306. William Baker  
HC 89, Box 453  
Willow, AK 99688  
495-6553  
POM supporting Longevity Bonus
- 76. William Barber  
5201 East 22nd Avenue  
Anchorage, AK  
(907) 333-7019
- 176. Margaret Bartko  
Box 550  
Palmer, AK 99645  
745-3467  
POM supporting Longevity Bonus
- 163. Berton Baugh  
Mary Louise Baugh  
Box 975  
Seward, AK 99664  
POM supporting SB 56

6/18/21  
3/4/2

200. Helen Beal  
Box 727  
Palmer, AK 99645  
745-2027  
POM supporting SB 56
241. Olive Bell  
250 East Fireweed  
Palmer, AK 99645  
745-0621  
POM supporting SB 56
328. Kathleen Bensley  
1201 Century Circle  
Wasilla, AK 99687  
373-2462  
POM supporting SB 56
202. Ruth Bickel  
510 L Street, #804  
Anchorage, AK 99501  
276-6839  
POM supporting SB 56
331. Harry Black  
Box 15  
Hyder, AK 99923  
(604) 636-9154  
POM supporting Longevity Bonus
155. Slim Blood  
Box 94  
Valdez, AK 99686  
835-4484  
POM supporting SB 56
11. Gerald Bohms  
Pioneers of Alaska, Igloo #4  
535 Halvorson Road  
Fairbanks, AK  
(907) 479-6970
301. Everette Brighton  
P.O. Box 2412  
Palmer, AK 99645  
745-4533  
POM supporting SB 56
83. Nancy Bruce  
3201 Knik Avenue  
Anchorage, AK  
(907) 243-4236
14. Ray Becuar  
1289 Old Richardson Highway  
Fairbanks, AK  
(907) 488-6604
9. Erma Belz  
Foster Grandparents  
1424 Moore Street  
Fairbanks, AK  
(907) 452-6417
111. Ella Benson  
Route 1, Box 393  
Ketchikan, AK 99901  
(907) 225-3930
267. Chris Bjornstad  
P.O. Box 871806  
Wasilla, AK 99687  
376-5974  
POM supporting SB 56
66. M.M. Blackburn  
9191 Peck  
Anchorage, AK  
(907) 333-6699
33. Jean Boehinek  
Palmer, AK
35. Marian Bremher  
9121 Peck Avenue, #132C  
Anchorage, AK 99504  
(907) 333-7833
335. Gladys Briske  
P.O. Box 230445  
Anchorage, AK 99523  
POM supporting SB 56
1. Carolyn Burg  
Box 020005  
Juneau, AK 99802  
586-2747  
Notify of LB hearings

102. Kim Bush  
Medical Assistance  
P.O. Box H-07  
Juneau, AK 99811  
(907) 465-3355
53. Ben & Mary Cantil  
9121 Peck, #224C  
Anchorage, AK 99504  
(907) 338-0906
46. Virginia Carter  
Anchorage Senior Advisory Comm  
2260 Knoll Circle  
Anchorage, AK 99501  
(907) 277-1214
195. Lavina/Jack Castle  
Star Route Box 2654  
Wasilla, AK 99687  
892-6754  
POM supporting SB 56
277. Mr. & Mrs. Frank Chmiel  
P.O. Box 2175  
Palmer, AK 99645  
746-1477  
POM supporting SB 56
152. Mr. & Mrs. Eugene Coghlan  
P.O. Box 870146  
Wasilla, AK 99687  
376-5635  
POM supporting SB 56
291. Jack Cole  
P.O. Box 178  
Willow, AK 99688  
495-6447  
POM supporting SB 56
153. Mary Combs  
P.O. Box 1108  
Palmer, AK 99645  
POM supporting SB 56
140. Frank/Esther Cornelius  
P.O. Box 452  
Palmer, AK 99645  
745-3802  
POM supporting SB 56
212. Mr. & Mrs. Bruce Cannon  
Box 870461  
Wasilla, AK 99687  
892-6267  
POM supporting SB 56
82. Carl/Corinne Carlson  
Box 100186  
Anchorage, AK 99510  
(907) 243-6195
147. Elizabeth Cason  
P.O. Box 870213  
Wasilla, AK 99687  
376-5738  
POM supporting SB 56
228. M.W. Chapman  
SR 5175-D  
Wasilla, AK 99687  
376-7389  
POM supporting SB 56
264. Mable Cline  
Star Route B, Box 7656  
Palmer, AK 99645  
745-3952  
POM supporting SB 56
237. Mary Louise Colby  
1201 Century Circle, F-1  
Wasilla, AK 99687  
373-5677  
POM supporting SB 56
141. Albert Coleman  
SRC Box 8392  
Palmer, AK 99645  
745-4203  
POM supporting SB 56
214. Afton Coon  
Treasurer  
Pioneers of Alaska, #22  
1902 Sawmill Creek Road  
Sitka, AK 99835  
747-8533  
POM supporting SB 56
129. Lois Covlasky  
450 Island Street  
Wasilla, AK 99687  
376-2923  
Supports SB 56

79. Raymond Creticanin  
825 East 8th Avenue  
Anchorage, AK  
(907) 272-5113
221. Pat & Mary Cullison  
P.O. Box 106  
Palmer, AK 99645  
745-2341  
POM supporting SB 56
265. Jane Dadney  
Box 3043  
Palmer, AK 99645  
745-2324  
POM supporting SB 56
6. Doris Dallas  
450 Sun Way  
Fairbanks, AK  
(907) 479-3365
250. Arthur Daniels  
Mary Adele Daniels  
HCO 1, Box 6936  
Palmer, AK 99645  
745-5296  
POM supporting SB 56
117. Robert Davis  
211 Anna Street  
Palmer, AK 99645  
(907) 745-0586
125. Louise Dibble  
326 4th Street, #409  
Juneau, AK 99801  
463-3397  
Supports SB 56
201. Miriam Dixon  
3151 West Anner  
Wasilla, AK 99687  
376-9354  
POM supporting SB 56
169. Dell/Sydney Dodge  
Star Route Box 2661  
Wasilla, AK 99687  
892-7930  
POM supporting SB 56
116. Helen Dolenc  
825 South Diomede  
Palmer, AK 99645  
(907) 745-3932
219. Velma Dragseth  
Box 9-127  
424 East Dogwood  
Palmer, AK 99645  
745-8331  
POM supporting SB 56
151. Leo/Shirley Dresnek  
517 North Chugach  
Palmer, AK 99645  
745-6117  
POM supporting SB 56
255. Mr. & Mrs. Herbert Dundas  
HCC 1, Box 6754-I  
Palmer, AK 99645  
POM supporting SB 56
130. James Duros  
Pioneers of Alaska  
Box 869  
Kodiak, AK 99615  
486-5154  
Supports SB 56
196. Charles Edwards  
P.O. Box 870570  
Wasilla, AK 99687  
376-5396  
POM supporting SB 56
181. Anneliese Eid  
3541 East 142nd Street  
Anchorage, AK 99516  
345-0482  
POM supporting SB 56
29. Arthur Eldridge  
300 Howland Road, #5  
Fairbanks, AK  
(907) 457-1324
316. Kathreen Elmore  
14741 Elmore Road  
Anchorage, AK 99516  
345-6790  
POM supporting SB 56

149. Doug Endell  
HC 02, Box 7094  
Palmer, AK 99645  
745-2861  
POM supporting SB 56
94. Helen Erickson  
1200 I Street, #707  
Anchorage, AK 99501  
(907) 258-7299
293. Arvita Evans  
P.O. Box 593  
Palmer, AK 99645  
745-4111  
POM supporting SB 56
270. Gertrude Felzien  
P.O. Box 634  
Palmer, AK 99645  
745-3347  
POM supporting SB 56
207. Ken Fisher  
2176 Chickaloon  
Wasilla, AK 99687  
POM supporting SB 56
315. Elizabeth Gaines  
P.O. Box 871104  
Wasilla, AK 99687  
376-5752  
POM supporting SB 56
112. Patrick Ginley  
900 15th, #6  
Fairbanks, AK 99701  
(907) 452-6863
305. Ted Glatfeldder  
HC 02, Box 7244  
Palmer, AK 99645  
745-3577  
POM supporting Longevity Bonus
156. Mr. & Mrs. Carl M. Gonder  
SR Box 2504  
Wasilla, AK 99687  
892-6137  
POM supporting SB 56
8. Dottie Englund  
North Star Council on Aging  
1424 Moore Street  
Fairbanks, AK  
(907) 452-1735
192. Leo Estrada  
HC 31, Box 5079E  
Wasilla, AK 99687  
376-2962  
POM supporting SB 56
59. Jean & Paul Faulkner  
9121 Peck, #229-C  
Anchorage, AK 99504  
(907) 338-4178
256. Henry Ferguson  
152 West Auklet  
Palmer, AK 99645  
745-4570  
POM supporting SB 56
37. Margaret Flood  
5700 Lake Otis, #A-15  
Anchorage, AK  
(907) 561-1533
39. Prent & Vera Gazaway  
1521 West 14th  
Anchorage, AK 99501  
(907) 277-2073
247. Myrtle Gislason  
SR Box 5085  
Wasilla, AK 99687  
376-5675  
POM supporting SB 56
88. Vincenzo Glorioso  
1808 Cindy Lee Lane  
Anchorage, AK 99507  
(907) 563-7960
99. Rebecca Goodman  
Box 211604  
Auke Bay, AK 99821  
(907) 463-3085

308. Delena Goodwin  
P.O. Box 96  
Talkeetna, AK 99676  
733-2740  
POM supporting SB 56
87. Joe Gorham  
4107 Minnesota Drive  
Anchorage, AK  
(907) 362-4107
7. William Goshgarian  
3281 Davis Road  
Fairbanks, AK
31. William Gritmacker  
1212 16th Avenue  
Fairbanks, AK 99701  
(907) 456-7030
206. Mr. & Mrs. James Halbert  
500 West Lakeview  
Wasilla, AK 99687  
76-2678  
POM supporting SB 56
324. Mr. Hall  
829 Oceanview Drive  
Anchorage, AK 99515  
345-3213  
POM supporting SB 56
258. Charles Hamilton  
HCO 2, Box 7253  
Palmer, AK 99645  
745-1153  
POM opposing SB 56
226. Louise Harris  
P.O. Box 874287  
Wasilla, AK 99687  
376-3962  
POM supporting SB 56
84. D.C. Harrison  
1057 West Fireweed Lane, #220  
Anchorage, AK  
(907) 561-4989
131. Bob Gore  
Chairman  
Pioneers Homes Advisory Comm.  
119 Austin Street, #911  
Ketchikan, AK 99901  
225-6749  
Supports SB 56
89. Ken Gorton  
3300 West 30th Avenue  
Anchorage, AK 99517  
(907) 248-2239
189. Mr. & Mrs. Richard Gratiot  
Box 122  
Willow, AK 99688  
495-6375  
POM supporting SB 56
70. Gordon/Mary Guffey  
1241 Denali Street, #101  
Anchorage, AK  
(907) 276-1110
164. Mr. & Mrs. George Haley  
P.O. Box 1178  
Palmer, AK 99645  
746-1405  
POM supporting Longevity Bonus
101. Mary Halloran  
Office of Mgmt & Budget  
P.O. Box AM  
Juneau, AK 99811  
(907) 465-3568
160. Joseph Hamilton  
Box 550  
Cooper Landing, AK 99572  
595-1240  
POM supporting SB 56
128. Walter Harris  
P.O. Box 873395  
Wasilla, AK 99687  
376-4383  
Supports SB 56
174. Mr. & Mrs. Herbert Harrison  
1230 Scottwood Drive  
Wasilla, AK 99687  
376-9513  
POM supporting SB 56

150. Lee Hartley  
Pouch 5010  
Palmer, AK 99645  
745-3621  
POM supporting SB 56
25. Scott Haskins  
147 Keisan Way  
Fairbanks, AK 99709  
(907) 479-8212
217. Emmy Havemeister  
Box 870127  
Wasilla, AK 99687  
745-7122  
POM supporting SB 56
284. Mable Hayes  
P.O. Box 831  
Palmer, AK 99645  
745-3373  
POM supporting SB 56
74. Helene Hennings  
1326 LaTouche  
Anchorage, AK  
(907) 279-2919
50. Dave Herndon  
Older Persons Action Group  
5636 South Tahiti Loop  
Anchorage, AK  
(907) 276-1059
319. Forrest/Ruby W. Higgins  
P.O. Box 873148  
Wasilla, AK 99687  
376-2916  
POM supporting SB 56
209. Wesley Hodge  
P.O. Box 30  
Talkeetna, AK 99676  
733-2424  
POM supporting SB 56
18. Betty Hoffman  
Pioneers of Alaska, Aux. #8  
1018 Galena Street  
Fairbanks, AK  
(907) 474-0549
236. Rosalia Hartrick  
1201 Century Circle, E-1  
Wasilla, AK 99687  
376-6844  
POM supporting SB 56
107. Ernie Haugen  
Box 1049  
Petersburg, AK 99833  
(907) 772-3142
179. Rev. Reeves Havens  
P.O. Box 2383  
Palmer, AK 99645  
745-2223  
POM supporting SB 56
40. Richard Henderson  
601 West 32nd, #68  
Anchorage, AK 99503  
(907) 562-7260
283. Hilda Hermon  
P.O. Box 594  
Palmer, AK 99645  
745-3560  
POM supporting SB 56
190. Dennis Herrin  
P.O. Box 2451  
Palmer, AK 99645  
376-4758  
POM supporting SB 56
80. Jorge Hix  
Older Persons Action Group  
3130 West 62nd Avenue  
Anchorage, AK 99502  
(907) 243-2887
266. Pansy Hodsdon  
P.O. Box 447  
Palmer, AK 99645  
745-3742  
POM supporting SB 56
93. Martin Hogheimer  
7505 Glen Highway, #51  
Anchorage, AK  
(907) 337-5260

10. Ina & Orlo Holder  
2893 Plack Road  
Fairbanks, AK  
(907) 488-6423
239. Jewel Holstein  
HC 34, Box 2051  
Wasilla, AK 99687  
376-5526  
POM supporting SB 56
185. Anne & James Howard  
3220 Amber Bay Circle  
Anchorage, AK 99515  
344-9289  
POM supporting SB 56
327. George & Jo Jarvis  
Box 812  
Nikiski, AK 99635  
776-8342  
POM supporting Longevity Bonus
32. M. Jodwalis  
6009 Richardson Highway  
Salcha, AK  
(907) 488-6652
223. Hugh Johnson  
HC 31, Box 5116  
Wasilla, AK 99687  
376-2603  
POM supporting SB 56
16. Marvin Johnson  
161 8th Avenue  
Fairbanks, AK 99701  
(907) 452-4920
275. Mr. & Mrs. Rodney Johnson  
P.O. Box 7  
Sutton, AK 99645  
745-4555  
POM supporting SB 56
261. Douglas Jones  
HCO 1, Box 6865  
Palmer, AK 99645  
745-6299  
POM supporting SB 56
289. Holly & Tom Hollis  
P.O. Box 870675  
Wasilla, AK 99687  
POM supporting SB 56
208. Verlie Hornung  
Star Route A, Box 6228  
Palmer, AK 99645  
373-5650  
POM supporting SB 56
19. Bob Huffman  
Pioneers of Alaska, Igloo #8  
1018 Galene Street  
Fairbanks, AK  
(907) 474-0549
294. Edna Jensen Woods  
3401 East Cottle Loop  
Wasilla, AK 99687  
376-5971  
POM supporting Longevity Bonus
54. Lewis John  
9121 Peck Avenue, #142C  
Anchorage, AK
271. Margaret Johnson  
P.O. Box 1283  
Palmer, AK 99645  
745-2870  
POM supporting SB 56
139. Mary Johnson  
1210 West Lake Lucille  
Wasilla, AK 99687  
376-5574  
POM supporting SB 56
309. Blanche Johnston  
P.O. Box 871627  
Wasilla, AK 99687  
376-2020  
POM supporting SB 56
215. Leonard Joslin  
P.O. Box 1408  
Palmer, AK 99645  
745-4967  
POM supporting SB 56

183. Barbara Juge  
3851 Hebrides  
Wasilla, AK 99687  
373-2638  
POM supporting Longevity Bonus
244. Frank Kammermeyer  
348 North Bailey  
Palmer, AK 99645  
745-3315  
POM supporting SB 56
216. Frances/Leo Kaye  
HC 30, Box 12934  
Wasilla, AK 99687  
376-8810  
POM supporting SB 56
57. Bert Kellogg  
Box 10-1183  
Anchorage, AK  
(907) 279-0876
122. Senator Jay Kerttula  
P.O. Box V  
Juneau, AK 99811  
465-3771  
Prime Sponsor of SB 56
251. Margorie King  
Box 2054  
Palmer, AK 99645  
745-7525  
POM supporting SB 56
132. Ed Klopp  
Pioneers of Alaska  
Box 496  
Homer, AK  
235-8636  
Supports SB 56
105. Don Kubley  
Pioneers of Alaska  
Juneau, AK 99801  
(907) 789-5451
274. Clarar LaGrant  
P.O. Box 50  
Palmer, AK 99645  
745-3727  
POM supporting SB 56
41. Robert Kallenberg  
Box 670307  
Chugiak, AK 99507  
(907) 688-2919
233. Reino & Hana Kangas  
Box 1516  
Palmer, AK 99645  
745-2435  
POM supporting SB 56
231. Mr. & Mrs. Karris Keirn  
HCO 4, Box 9742  
Palmer, AK 99645  
745-4639  
POM supporting SB 56
69. Beth Kerttula  
Office of Senator Kerttula  
P.O. Box V  
Juneau, AK 99811  
(907) 465-3771
246. John King  
HCO 2, Box 7460  
Palmer, AK 99645  
745-3857  
POM supporting SB 56
222. Dorothy/W.W. Klingler  
P.O. Box 639  
Palmer, AK 99645  
745-4594  
POM supporting SB 56
320. Frank Kos  
P.O. box 128  
Willow, AK 99688  
495-6566  
POM supporting SB 56
81. Richard Kuhn  
General Delivery  
Anchorage, AK 99510
109. Lon Lackey  
P.O. Box 870307  
Wasilla, AK 99687  
(907) 376-5522

103. Gordon Landis  
Public Assistance  
P.O. Box H-07  
Juneau, AK 99811  
(907) 465-3347
170. Harold Lau  
1316 Oceanview Drive  
Anchorage, AK 99515  
345-3143  
POM supporting SB 56
304. Mr. & Mrs. Lloyd Lawton  
Box 271  
Palmer, AK 99645  
745-3529  
POM supporting SB 56
243. June Liebing  
HCO 4, Box 9775  
Palmer, AK 99645  
745-4326  
POM supporting SB 56
43. Elverda Lincoln  
Robert Lincoln  
HC 31, Box 5192  
Wasilla, AK 99687  
(907) 376-2902
262. E.E. Line  
2645 Whispering Woods Drive  
Wasilla, AK 99687  
376-6709  
POM supporting SB 56
137. Charles Logston  
Arloine Logston  
P.O. Box 387  
Palmer, AK 99645  
745-3664  
POM supporting SB 56
136. Ralph/Louise Long  
HC 305489  
Wasilla, AK 99687  
376-5994  
POM supporting SB 56
240. Lon Luckey  
P.O. Box 870307  
Wasilla, AK 99687  
376-5522  
POM supporting SB 56
52. Thelma Langdon  
AARP State Legislative Comm.  
2363 Captain Cook Drive  
Anchorage, AK 99517
286. Winston Laughlin  
HCO4, Box 9965  
Palmer, AK 99645  
745-3778  
POM supporting SB 56
38. Herman Leirer  
Pioneers of Alaska  
Dairy Hill, Box 524  
Seward, AK 99664  
(907) 224-5965
115. Herman Lierer  
Seward, AK  
(907) 224-5965
297. Margaret Lindstam  
P.O. Box 943  
Palmer, AK 99645  
745-1093  
POM supporting SB 56
177. Bernard Locke  
1400 Wasilla Fishhook Road  
Wasilla, AK 99687  
373-2061  
POM supporting SB 56
24. Betty Long  
P.O. Box 73337  
Fairbanks, AK 99707  
(907) 488-9643
180. Betty Lovett  
510 L Street, #804  
Anchorage, AK 99501  
279-7461  
POM supporting Longevity Bonus
45. Marie MacKenzie  
CARTA  
1620 Crescent  
Anchorage, AK 99508  
(907) 262-4895

204. Harriet MacRae  
P.O. Box 771  
Palmer, AK 99745  
745-4695  
POM supporting SB 56
272. Blanche Marshall  
P.O. Box 767  
Palmer, AK 99645  
745-3088  
POM supporting SB 56
210. Arnold McCracken  
H C 33, Box 2963  
Wasilla, AK 99687  
376-7748  
POM supporting SB 56
48. Willie McDonald  
9121 Peck  
Anchorage, AK 99504  
(907) 338-2020
106. Joan McKinnon  
5801 Radcliffe  
Anchorage, AK  
(907) 337-0742
17. Lois Meier  
455 Third Avenue, #721  
Fairbanks, AK 99701  
(907) 452-3638
154. Emma Merritt  
HCR 64, Box 575  
Seward, AK 99664  
POM supporting annuity
325. Esther L. Michael  
15201 Snowflake Drive  
Anchorage, AK 99516  
345-1219  
POM supporting SB 56
15. Bernard Miller  
Bonnie Miller  
Box 1107  
Fairbanks, AK 99707  
(907) 452-2866
322. Howard/Ruth Moen  
17501 Goldenvue Drive  
Anchorage, AK 99516  
345-1306  
POM supporting SB 56
218. Wanda/Floyd Marrs  
P.O. Box 520  
Palmer, AK 99645  
745-3313  
POM supporting SB 56
298. Joseph Marshall  
P.O. Box 1092  
Willow, AK 99688  
495-6856  
POM supporting SB 56
142. Leola McDannel  
1201 Century Circle, B-1  
Wasilla, AK 99687  
373-4826  
POM supporting SB 56
71. Erwin McKenzie  
1335 West 12th Avenue  
Anchorage, AK 99501  
(907) 277-0448
64. Blanche McNutt  
9121 Peck Avenue, #236C  
Anchorage, AK 99504  
(907) 337-1466
26. Nancy Mendenhall  
1907 Yankovich Road  
Fairbanks, AK 99709  
(907) 479-2786
158. Mr. & Mrs. Edward Metzker  
P.O. Box 217  
Willow, AK 99688  
495-6287  
POM supporting SB 56
321. Alice E. Miller  
4945 Dearmoun Road  
Anchorage, AK 99516  
345-1077  
POM supporting SB 56
269. Hazel Miller  
307 South Chugach  
Palmer, AK 99645  
745-4694  
POM supporting SB 56
333. Betty Moffitt  
P.O. Box 748  
Palmer, AK 99645  
745-3384  
POM supporting SB 56

234. Dorothy Moore  
1201 Century Circle  
Wasilla, AK 99687  
376-5716  
POM supporting SB 56
186. Frank Morton  
P.O. Box 222  
Palmer, AK 99645  
745-3304  
POM supporting SB 56
36. Pappy Moss  
540 Karluck  
Anchorage, AK 99501  
(907) 688-1012
75. Marge Mullen  
365 Lingonberry  
Soldotna, AK 99669
276. Maude Musgrove  
P.O. Box 1284  
Palmer, AK 99645  
745-3907  
POM supporting SB 56
162. Olaf & Ann Mysse  
2525 Via Tranquilla Drive  
Wasilla, AK 99687  
373-5660  
POM supporting SB 56
317. Edna Nelson  
Star Route 2830  
Wasilla, AK 99687  
892-6232  
POM supporting SB 56
314. Margaret Nelson  
P.O. Box 233  
Palmer, AK 99645  
745-3307  
POM supporting SB 56
281. Marion Nerup  
William Nerup  
P.O. Box 131  
Palmer, AK 99645  
745-5202  
POM supporting SB 56
67. M.A. Morris  
9121 Peck  
Anchorage, AK
296. Wilbert Mosby  
Box 871242  
Wasilla, AK 99687  
892-6939  
POM supporting SB 56
95. George Mot  
Office of Mgmt & Budget  
Anchorage, AK  
(907) 561-7877
171. Gladys Musgrove  
250 East Fireweed  
Palmer, AK 99645  
745-2983  
POM supporting SB 56
273. Mr. & Mrs. Aubrey Myers  
P.O. Box 1283  
Palmer, AK 99645  
745-2870  
POM supporting SB 56
287. John Nash  
HCO4, Box 9220  
Palmer, AK 99645  
745-3796  
POM supporting SB 56
292. Elowise Nelson  
2135 Wolverine Circle  
Wasilla, AK 99687  
376-8949  
POM supporting Longevity Bonus
188. Mr. & Mrs. Paul Nelson  
HC 31, Box 5290  
Wasilla, AK 99687  
376-5814  
POM supporting SB 56
175. Joseph Newsome  
P.O. Box 871076  
Wasilla, AK 99687  
373-5549  
POM supporting SB 56

60. Katherine Nicolie  
9131 Centennial, #104B  
Anchorage, AK 99504
198. Quentin Norgaard  
110689 Hoffman Station  
Anchorage, AK 99511  
345-1250  
POM supporting SB 56
278. Jean O'Neill  
P.O. Box 2229  
Palmer, AK 99645  
745-4510  
POM supporting SB 56
290. Mr. & Mrs. Frank Offiler  
665 East Third  
Palmer, AK 99645  
745-1406  
POM supporting SB 56
44. Florence Orr  
Anchorage Senior Center  
3001 East 15th Avenue  
Anchorage, AK 99508  
(907) 279-3001
120. Rose Palmquist  
P.O. Box 870294  
Wasilla, AK 99687  
(907) 376-0110
3. George Parker  
435 Juneau Avenue  
Fairbanks, AK  
(907) 452-3641
124. Bob Pavitt  
AARP  
130 Seward, #205  
Juneau, AK 99801  
586-2066  
Supports SB 56
134. A.C. Perry  
1716 Scottwood Drive  
Wasilla, AK 99687  
376-4854  
Supports SB 56
334. Jay Nolfi  
P.O. Box 520309  
Big Lake, AK 99652  
892-6356  
POM supporting SB 56
63. Grace O'Brien  
9121 Peck, #233C  
Anchorage, AK 99504  
(907) 337-4704
232. Mabel Obanion  
P.O. Box 870262  
Wasilla, AK 99687  
745-1074  
POM supporting SB 56
68. M.C. Olson  
CARTA/NEA  
1021 West Hill Avenue  
Anchorage, AK  
(907) 272-9156
157. Lawrence Palmer  
P.O. Box 1278  
Palmer, AK 99645  
745-5009  
POM supporting SB 56
98. Connie Parker  
2104 McKinley  
Anchorage, AK  
(907) 248-4719
313. Lois Pastro  
Box 1828  
Palmer, AK 99645  
376-2928  
POM supporting SB 56
257. Earl & Jane Payne  
Box 1310  
Palmer, AK 99645  
745-4740  
POM supporting SB 56
235. Melba Pettit  
1201 Century Circle, G-2  
Wasilla, AK 99687  
373-54221  
POM supporting SB 56

182. William Plate  
P.O. Box 126  
Willow, AK 99688  
495-6334  
POM supporting SB 56
91. Roxanne Pomeroy  
P.O. Box 210027  
Anchorage, AK 99521  
(907) 333-2217  
Opposed to Longevity Bonus
166. David Prator  
13241 Reef  
Anchorage, AK 99515  
345-4614  
POM supporting SB 56
254. Iola Jo Puddicombe  
Box 603  
Palmer, AK 99645  
745-4331  
POM supporting SB 56
285. Ray & Elvi Rebarchek  
P.O. Box 464  
Palmer, AK 99645  
745-3458  
POM supporting SB 56
55. Debbie Reinwand  
Anchorage Times  
Anchorage, AK  
(907) 263-9181
225. Lloyd Rink  
P.O. Box 6166J12  
Palmer, AK 99645  
POM supporting SB 56
203. June Robinette  
P.O. Box 870797  
Wasilla, AK 99687  
376-2092  
POM supporting SB 56
96. Chuck Rosen  
Anchorage Times  
Box A0  
Anchorage, AK 99507
144. Carl/Barbara Poetzsch  
P.O. Box 871487  
Wasilla, AK 99687  
376-4993  
POM supporting SB 56
280. Mr. & Mrs. Virgil Poppert  
P.O. Box 870434  
Wasilla, AK 99687  
376-5541  
POM supporting SB 56
58. Bill Price  
Box 462  
Anchorage, AK 99510  
(907) 561-8720
172. Mr. & Mrs. Nat Raap  
Box 696  
Palmer, AK 99645  
745-4543  
POM supporting SB 56
23. John Fæeves  
Box 81941  
College, AK  
(907) 457-6058  
Opposed to Longevity Bonus
336. George Rhoton  
1101 Cordova Street, #323  
Anchorage, AK 99501  
278-9262  
POM supporting SB 56
73. H.T. Roach  
Box 871707  
Wasilla, AK 99687  
(907) 376-7300
213. The Rogar Family  
380 North Eklutna Street  
Palmer, AK 99645  
745-4375  
POM supporting SB 56
5. Ann Ross  
337 Hagelbargar Avenue  
Fairbanks, AK  
(907) 457-2439

229. Agnes Sand  
SR Box 2918  
Wasilla, AK 99687  
376-8794  
POM supporting SB 56
268. Dorothy Saxton  
P.O. Box 847  
Palmer, AK 99645  
745-2595  
POM supporting SB 56
191. Lawrence Schachle  
SR Box 5119J  
Wasilla, AK 99687  
376-2781  
POM supporting SB 56
307. Gus Scheele  
P.O. Box 870330  
Wasilla, AK 99687  
892-6338  
POM supporting Longevity Bonus
135. Judy Scorup  
P.O. Box 775  
Palmer, AK 99645  
745-3773  
POM favoring SB 56
56. Marilyn Scott  
CARTA  
P.O. Box 112827  
Anchorage, AK 99511  
(907) 345-1698
330. Hazel Shan  
Box 870347  
Wasilla, AK 99687  
892-6791  
POM supporting SB 56
220. Paul & Helen Shannon  
P.O. Box 872006  
Wasilla, AK 99687  
745-7037  
POM supporting SB 56
178. Irma & Tom Shearer  
1830 Melanie  
Wasilla, AK 99687  
376-6277  
POM supporting SB 56
146. Carlene Sanders  
James Sanders  
P.O. Box 877492  
Wasilla, AK 99687  
376-2912  
POM supporting SB 56
100. Paula Scavera  
Senate Advisory Council  
P.O. Box V  
Juneau, AK 99811  
(907) 465-3114
126. Elizabeth Schaeffer  
1201 Century Circle  
Wasilla, AK 99687  
376-2715  
Supports SB 56
187. Mr. & Mrs. Harry Scholtz  
SR Box 7099  
Palmer, AK 99645  
745-3430  
POM supporting SB 56
133. Elbert Scott  
Eleanor Scott  
1925 East 37th  
Anchorage, AK 99508  
563-6279  
Supports SB 56
42. Gordon Severson  
2621 Lake Otis Parkway  
Anchorage, AK 99508  
(907) 277-5875
311. Howard G. Shanks, Sr.  
P.O. Box 2413  
Palmer, AK 99645  
745-2980  
POM supporting SB 56
138. John & Eva Shaw  
P.O. Box 888  
Palmer, AK 99645  
745-3320  
POM supporting SB 56
230. Carole Shelton  
241 North Hatcher Street  
Palmer, AK 99645  
376-2603  
POM supporting SB 56

260. Delores Sherrif  
P.O. Box 870873  
Wasilla, AK 99687  
376-5460  
POM supporting SB 56
200. Alta Simmons  
P.O. Box 870189  
Wasilla, AK 99687  
376-7145  
POM supporting SB 56
97. Veronica Slajer  
1611 Atkinson Drive  
Anchorage, AK  
(907) 333-6248
282. Elouise Smith  
Palmer, AK 99645  
POM supporting SB 56
326. Helen Smith  
724 West 45th Avenue, B  
Anchorage, AK 99503  
561-5816  
POM supporting SB 56
51. Bob Snider  
6219 Petersburg Street  
Anchorage, AK  
(907) 562-0608
227. Ann Souter  
P.O. Box 577  
Palmer, AK 99645  
745-3832  
POM supporting SB 56
184. Herbert Spreen  
P.O. Box 876673  
Wasilla, AK 99687  
376-5593  
POM supporting SB 56
2. Harold Starkel  
1437 Laurene Street  
Fairbanks, AK  
(907) 451-6738
118. Lorena Showers  
Anchorage, AK
238. Doris/Kacel Sisk  
NC 30, Box 12727  
Wasilla, AK 99687  
376-5878  
POM supporting SB 56
337. Charmaine Smith  
Chuck Smith  
P.O. Box 871385  
Wasilla, AK 99687  
376-2941  
POM supporting SB 56
27. Hardy Smith  
Box 55153  
North Pole, AK 99705  
(907) 488-6653
248. Mr. & Mrs. Nathan Smith  
450 North Bailey  
Palmer, AK 99645  
745-3128  
POM supporting SB 56
303. Warren Sonnichsen  
P.O. Box 872452  
Wasilla, AK 99687  
376-7857  
POM supporting SB 56
173. Marguerite Spain  
P.O. Box 136  
Willow, AK 99688  
495-6323  
POM supporting SB 56
49. Ollie St. Germain  
9131 Centennial Drive  
Anchorage, AK 99504  
(907) 333-8264
199. Mr. & Mrs. Clifford Steadman  
HCO3, Box 8453  
Palmer, AK 99645  
745-5114  
POM supporting SB 56

318. Kawtherine Steele  
P.O. Box 871104  
Wasilla, AK 99687  
376-5752  
POM supporting SB 56
86. Doug Studebaker  
1013 Wilshire Avenue  
Anchorage, AK  
(907) 562-4609
300. Shirley Swinyar  
431 Highview  
Anchorage, AK 99515  
345-3032  
POM supporting SB 56
8. Jack Taylor  
2106 West 45th  
Anchorage, AK  
(907) 248-3569
252. Walt/Vivian Teeland  
425 West Lakeview Drive  
Wasilla, AK 99687  
376-5328  
POM supporting SB 56
119. Robert Thibodeau  
1616 Glacier Avenue  
Juneau, AK 99801  
(907) 586-2138
92. W.O. Thompson  
Pioneers of Alaska, Igloo #15  
3214 Linden Drive  
Anchorage, AK 99502  
(907) 243-5331
249. Mr. & Mrs. Kelsie Tollett  
P.O. Box 874723  
Wasilla, AK 99687  
376-8968  
POM supporting SB 56
148. Alice Tretzel  
P.O. Box 874376-5611  
Wasilla, AK 99687  
376-5611  
POM supporting SB 56
194. William Strawn  
P.O. Box 210  
Palmer, AK 99645  
745-2759  
PCM supporting SB 56
77. Tom Suthard  
033 Juneau  
Anchorage, AK 99501  
(907) 274-6135
123. John Taber  
Director  
Div. of Public Assistance  
P.O. Box H-07  
Juneau, AK 99811  
465-3347  
Testified on Public Assistance
167. Mary Taylor  
HCR 68, Box 1201  
Moose Pass, AK 99631  
782-3135
47. Elaine Tessor  
2625 Arlington Drive  
Anchorage, AK 99517  
(907) 272-6693
312. Herbert Thompson  
Box 1  
Talkeetna, AK 99676  
733-2449  
POM supporting SB 56
302. William Thompson  
Box 1  
Talkeetna, AK 99676  
733-2449  
POM supporting SB 56
159. Opal Toomey  
HC 33, Box 2992  
Wasilla, AK 99645  
376-5525  
POM supporting longevity bonus
253. Beatrice Turner  
Box 477  
Palmer, AK 99645  
745-3078  
POM supporting SB 56

165. Mr. & Mrs. Ernest Utt  
P.O. Box 870253  
Wasilla, AK 99687  
376-5718  
POM supporting Longevity Bonus
197. Mr. & Mrs. John Vance  
961 Susitna Bay  
Wasilla, Ak 99687  
376-3763  
POM supporting SB 56
299. Enid/George Ventgen  
P.O. Box 352  
Houston, AK 99694  
892-6789  
POM supporting SB 56
90. Fred/Lillian Villwock  
P.O. Box 210027  
Anchorage, AK 99521  
(907) 333-2217
114. Ed Visner  
Seward, AK
22. Joe Vogler  
Box 40  
Fairbanks, AK  
(907) 479-2344
104. Debra Voight  
Department of Law  
P.O. Box K  
Juneau, AK 99811  
(907) 465-3600
211. Sig & Mabel Volkmer  
Box 872532  
Wasilla, AK 99687  
376-2034  
POM supporting SB 56
332. Marian Wagers  
2642 Cottonwood Street  
Anchorage, AK 99508  
277-7061  
POM supporting SB 56
310. Walter Wallace  
P.O. Box 125  
Houston, AK 99694  
892-6808  
POM supporting SB 56
168. Viola Walters  
Star Route B, Box 7220  
Palmer, AK 99645  
745-4961  
POM supporting SB 56
259. Mary Waymire  
P.O. Box 1236  
Palmer, AK 99645  
745-3102  
POM supporting SB 56
145. Eunice Weinstein  
1534 West Lake Lucille  
Wasilla, AK 99687  
376-3144  
POM supporting SB 56
323. Mary/Orville Wertzbaugher  
HC 02, Box /826-A2  
Palmer, AK 99645  
745-3963  
POM supporting SB 56
245. Mr. & Mrs. Robert Wheelright  
SRD 9021A  
Palmer, AK 99645  
745-7751  
POM supporting SB 56
72. G.G. Whitehead  
1543 L Street  
Anchorage, AK  
(907) 277-2908
205. John Wilson  
P.O. Box 874135  
Wasilla, AK 99687  
376-8312  
POM supporting SB 56
65. Josephine Wilson  
4002 East 4th  
Anchorage, AK  
(907) 333-7481

- |  |  |
|--|--|
| 61. Laura Wilson<br>9131 Centennial, #208B<br>Anchorage, AK<br>(907) 337-5976                      | 12. Julia Wood<br>963 Steele Creek<br>Fairbanks, AK<br>(907) 457-6027  |
| 288. Stanley Woodin<br>HC 31, Box 5245-A<br>Wasilla, AK 99687<br>376-0350<br>POMM supporting SB 56 | 13. Jere Woods<br>Mat-Su Borough<br>Palmer, AK   |
| 121. Horace Woodworth<br>P.O. Box 3556<br>Palmer, AK 99645<br>(907) 745-4800                       | 242. Eleanor Wright<br>HCO 2, Box 7767<br>Palmer, AK 99645<br>745-3953<br>POM supporting SB 56               |
| 113. Evelyn Wynn<br>Anchorage, AK  | 28. Rawland Young<br>1243 23rd<br>Fairbanks, AK 99701  |
| 21. Ron Young<br>1313 22nd Avenue, #10<br>Fairbanks, AK<br>(907) 456-2706                          | 78. Patti Zantek<br>Representing Brad Phillips<br>3333 Denali, #240<br>Anchorage, AK 99503<br>(907) 276-1960 |
| 108. Carl Zehrung<br>P.O. Box 520081<br>Big Lake, AK 99652<br>(907) 892-6783                       |  |

STATE OF ALASKA  
THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
LEGISLATIVE REFERENCE LIBRARY

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

May, 1988

Copies of minutes listed below were originally included in this file. The minutes are available on the STAIRS database CMPR. In order to save space copies of minutes have not been left in the files.

Mary Van Nimwegen

House State Affs:

3/7/88

11/16-17/87

- ✓ 2. Louis & Ruth Anderson  
3290 Douglas Highway  
Juneau, AK 99801  
Dear Lou and Ruth
- ✓ 4. Trevor Davis  
Carol Beery Davis  
114 East 6th Street  
Juneau, AK 99801  
Dear Trevor and Carol
- ✓ 6. Louise Dibble  
326 4th Street, #409  
Juneau, AK 99801  
463-3397  
Supports SB 56
- ✓ 8. Barbara Fallon  
2400 Douglas Highway, #12  
Juneau, AK 99801
- ✓ 10. Richard Garrison  
305 Highland Drive  
Juneau, AK 99801  
Dear Dick
12. Don Kubley  
Pioneers of Alaska  
Juneau, AK 99801  
(907) 789-5451
- ✓ 14. Lloyd/Vivian Lovaas  
526 East Street  
Juneau, AK 99801
- ✓ 16. Marie Munoz  
622 Fourth Street  
Juneau, AK 99801  
Dear Rie
- ✓ 18. Charles/Ruth Popejoy  
620 Seatter Street  
Juneau, AK 99801  
Dear Jack and Ruth
- ✓ 20. Bill Ray  
165 Behrends Avenue  
Juneau, AK 99801
- ✓ 3. Jack Burford  
12175 Glacier Highway, E-306  
Juneau, AK 99801
- ✓ 5. Bob and Dale DeArmond  
422 Calhoun Avenue  
Juneau, AK 99801
- ✓ 7. William Dunn  
✓ Evelyne Dunn  
11435 Glacier Highway  
Juneau, AK 99801  
Dear Bill and Evelyne
- ✓ 9. Ruth Fosburgh  
1025 D Street  
Juneau, AK 99801
- ✓ 11. Phil/Violet Holdsworth  
326 Fourth Street, #1009  
Juneau, AK 99801
- ✓ 13. Doris Ladwig  
89½ West 12th Street, #205  
Juneau, AK 99801
- ✓ 15. Vernon Metcalfe  
3333 Nowell Avenue, #208  
Juneau, AK 99801  
Dear Vern
- ✓ 17. Bob Pavitt  
AARP  
130 Seward, #205  
Juneau, AK 99801  
586-2066  
Supports SB 56
- ✓ 19. Maxine Race  
1669 Evergreen Avenue  
Juneau, AK 99801
- ✓ 21. Burke Riley  
2000 Glacier Avenue  
Juneau, AK 99801

- ✓ 22. George/Jean Rogers  
1790 Evergreen Avenue  
Juneau, AK 99801
- ✓ 23. Joseph Rude  
102 7th Street  
Juneau, AK 99801  
Dear Dr. Rude
- ✓ 24. Katherine Shaw  
350 Irwin Street, #401  
Juneau, AK 99801
- ✓ 25. Margaret Smoker  
William Smoker  
2780 Fritz Cove Road  
Juneau, AK 99801  
Dear Margaret and Bill
- ✓ 26. Thomas/Jane Stewart  
925 Calhoun  
Juneau, AK 99801  
Dear Tom and Jane
- ✓ 27. Dorothy Sturrock  
Harry Sturrock  
3031 Douglas Highway  
Juneau, AK 99801  
Dear Dorothy and Hub
- ✓ 28. Aurelia Thibodeau  
Robert Thibodeau  
1616 Glacier Avenue  
Juneau, AK 99801  
Dear Ril and Bob
- ✓ 29. Mary Toner  
127 West 7th Street  
Juneau, AK 99801
- ✓ 30. Bessie Visaya  
622 West 11th Street  
Juneau, AK 99801
- ✓ 31. Bernice Westfall  
895 West 12th Street  
Juneau, AK 99801  
Dear Bunnie
32. William Winn  
513 East Street  
Juneau, AK 99801  
Dear Bill
- ✓ 33. Carl/Gladys Zaruba  
6590 Glacier Highway  
184 Lupine Lane  
Juneau, AK 99801  
Dear Carl and Gay
- ✓ 34. Amos J. Alter  
Catherine Alter  
Box 020304  
Juneau, AK 99802  
Dear Joe and Kay
- ✓ 35. Fred Baxter  
Box 020762  
Juneau, AK 99802
- ✓ 36. Margaret Bixby  
Box 020032  
Juneau, AK 99802
- ✓ 37. Carolyn Burg  
Box 020005  
Juneau, AK 99802  
586-2747  
Notify of LB hearings
- ✓ 38. Don Dickey  
P.O. Box 021129  
Juneau, AK 99802
- ✓ 39. Ann & Larry Dummer  
P.O. Box 020354  
Juneau, AK 99802
- ✓ 40. Fred & Carol Eastaugh  
Box 021211  
Juneau, AK 99802
- ✓ 41. Margaret Fritsch  
Box 503  
Juneau, AK 99802

- ✓ 1. Robert Garrison  
P.O. Box 020155  
Juneau, AK 99802  
Dear Bob
- ✓ 43. Inez & Jim Gregg  
534 Fifth Street  
Juneau, AK 99802
- ✓ 45. Eunice Miron  
Box 416  
Juneau, AK 99802
- ✓ 47. Stanton Price  
P.O. Box 020188  
Juneau, AK 99802  
Dear Stan
- ✓ 49. Clifford Swap  
Edna Swap  
P.O. Box 021117  
Juneau, AK 99802  
Dear Cliff and Edna
- ✓ 51. Alfred Widmark  
Box 1492  
Juneau, AK 99802  
Dear Al
- ✓ 53. Selma Miklos  
P.O. Box 32826  
Juneau, AK 99803
- ✓ 55. Gene Forrest  
Box 211635  
Auke Bay AK 99821
- ✓ 57. Rudolph Pusich  
Mary Pusich  
Box 449  
Douglas, AK 99824  
Dear Rudy and Mary
59. Ann Smith  
Box 617  
Douglas, AK 99824
- ✓ 42. Elmer/Helen Gowdy  
P.O. Box 020125  
Juneau, AK 99802
- ✓ 44. Robert Janes  
P.O. Box 432  
Juneau, AK 99802  
Dear Bob
- ✓ 46. Ed & Sherry Orbeck  
Box 890  
Juneau, AK 99802
- ✓ 48. Jack Quisenberry  
Marjorie Quisenberry  
P.O. Box 020088  
Juneau, AK 99802  
Dear Jack and Marge
- ✓ 50. Sam Taguchi  
Box 37  
Juneau, AK 99802
52. Mamie/Marcus Jensen  
P.O. Box 32220  
Juneau, AK 99803  
Dear Mamie and Mark
- ✓ 54. Harriet Botelho  
Box 211005  
Auke Bay, AK 99821
56. Rebecca Goodman  
Box 2116J4  
Auke Bay, AK 99821  
(907) 463-3085
- ✓ 58. Agnes & Paul Sincic  
Box 16  
Douglas, AK 99824

*Seward Senior Citizens, Inc.*

---

419 5th AVENUE  
P. O. BOX 1195  
SEWARD, ALASKA 99664  
(907) 224-5604

October 13, 1987

Fran Ulmer, Chair  
House State Affairs Committee  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811

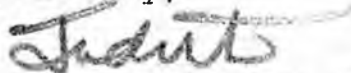
Dear Fran:

I have received a copy of your 9-14-87 letter to the Pioneers of Alaska concerning senior issues. I have spoken with many of our area seniors about this issue, there are a total of 267 of your constituents involved with our program. The majority feel that it is time to abolish the Longevity Bonus Program altogether. It no longer stands for the initial intent.

Also, it would be much more cost effective to have your already established senior centers be funded to do homemaker services and home health services.

We do hope that you take our words to heart.

Sincerely,



Mrs. Judith Ann Martin  
Director



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

### MEMORANDUM

December 1, 1987

TO: Members of the House of Representatives

FROM: Representative Fran Ulmer, Chair  
House State Affairs Committee

SUBJECT: Longevity Bonus program

On November 16 and 17, 1987, the House State Affairs Committee held work sessions on the Longevity Bonus program in Fairbanks and Anchorage. The purpose of these sessions was to receive testimony from individuals interested in the future of the Bonus program, and to review/analyze proposals to change the current program--CSSB 56(Jud) and HCS CSSB 56(SA).

The work sessions were well attended. Sixteen legislators representing both the House and Senate observed or presented their views. The public was also well represented with a total of 112 observing and of these, 37 testified on the merits of the current program and pending legislation.

As you would expect, the comments and testimony were diverse, representing a broad range of differing viewpoints. For example, some seniors view the Longevity Bonus program as a "pension" owed seniors living in Alaska. Others believe the Longevity Bonus is paid simply to maintain a senior population in Alaska. Interestingly, these viewpoints are far from the original purpose of the program which was designed to reward only those seniors who had resided in Alaska before Statehood.

There were many comments and concerns expressed regarding Senate and House versions of SB 56--the "annuity" proposal. A significant number favored the Senate version which would grandfather in those currently receiving the \$250 Bonus as of 1/1/88. Those turning 65 after that date could receive \$250 provided they continued to deposit their Permanent Fund Dividend check in an annuity account controlled by the State. However, some seniors commented that a "cut off" date would be unfair to those seniors who had lived in the state for many years but who

## Longevity Bonus

Page 2

would not turn 65 by 1/1/88. Others commented that seniors recently moving to the state who were 65 would qualify after only one year of residency.

Several legislators and individuals expressed other concerns as well. For example, it is not clear whether Alaskans with low incomes would contribute their Permanent Fund Dividend to an annuity account simply because that money was needed for basic necessities, such as food, shelter and clothing. Similarly, younger Alaskans might opt to spend their dividend rather than save it for future retirement. Some argued that a private annuity account would bring a similar return on an investment of dividends and would allow greater flexibility in controlling their assets. On the other hand, some suggested that it would be easier to save the dividend if it was automatically transferred to an annuity account rather than relying on one's own self-control.

One legislator commented that, unlike the Permanent Fund Dividend, there was no residency requirement for those participating in the annuity. Consequently, seniors would not necessarily have to remain in the state to receive the Longevity Bonus. Although it could be argued that the Permanent Fund Dividend residency requirement controls for this possibility, it was pointed out that seniors can place a comparable amount of money into the annuity each year independent of the Dividend program.

If CSSB 56 were passed into law and the annuity was not successful, the problem of continued costs would have to be addressed for each budget cycle. It should be remembered that CSSB 56 does not become self-supporting for at least 15 years and, in effect, is really a 15-year phase-out of the State's financial commitment to the Longevity Bonus.

One basic difference between CSSB 56(Jud) and HCS CSSB 56(SA) is that the proposed substitute locks in the amount of the State's contribution regardless of how many people participate in the annuity or how well the annuity does. Another difference is that it reduces the monthly bonus payment by \$25.

Currently, seniors comprise four percent of the total population. As the overall Alaska population grows older, and as new people come to Alaska to take advantage of this program, the elderly will comprise an increasing proportion of the population--that means increased costs for all senior programs which help maintain independent living and a quality life in Alaska. As of November 23, there is estimated to be more than a four percent increase in the costs of the Longevity Bonus in FY 89. That amounts to a \$2,371,000 increase over FY 88 appropriations. As one legislator stated, "we have to make decisions and balance priorities". Do we continue to fund the Longevity Bonus program at its current and future levels or do we

make difficult choices based on the overall needs of not only current seniors, but future seniors as well?

Attached you will find a memorandum summarizing the work of the House State Affairs Committee to date. I have also attached the committee minutes with a list of participants in the work session. I hope you will find this information helpful, and if you have further questions or would like additional information, please do not hesitate to call my office.

Please consider that:

- Since the court's decision to open the Longevity Bonus program to all 65 year-old seniors who have resided in the state one year, the program has grown from a cost of \$30.2 million in 1983 to an estimated \$53 million in FY 89; and
- Alaska's senior population is the fastest growing population in the U.S. In FY 85 there were 18,133 known seniors 65 years or older. By FY 90, seniors 65 and older will exceed 24,000.

Attachment

T:2d

HOUSE STATE AFFAIRS COMMITTEE

Senior Letters

Longevity Bonus Work Session

November 16 and 17, 1987

Date NOV 1987

Senior Voice

Client No. 0615

# Help the House answer Longevity questions

Dear Seniors:

I would like to take this opportunity to thank the seniors of Alaska for your cooperation and participation during the last legislative session and request your continued assistance in resolving important issues facing the State of Alaska. You can assist by providing your input to the questions below and sending your comments which I will share with the House State Affairs Committee.

As you already know, we are at a crossroad in the State's delivery of programs to all Alaska residents. Revenues, which for a period of time exceeded expenditures, have declined below the current level of State spending. As a senior resident of Alaska, you have closely followed those programs that affect you directly, and have provided valuable insights and suggestions on how these programs could be improved.

The above programs include: the Longevity Bonus program, Pioneers' Homes, Older Alaskans Commission, Homeowner's Property Tax Exemption, Renter's Equivalency Rebate, Water and Sewer Assessment (currently not funded), Motor Vehicle Exemption (currently not funded), Adult Public Assistance Payments to the Aged, Old Age Assistance, Personal

## Summary Longevity Bonus Program

The Longevity Bonus (ALB) program, initiated in 1972, gave \$100 a month to residents 65 and older who had lived in Alaska since before statehood in 1959. Only those senior Alaskans with 25 years of continuous residency were eligible to receive the bonus.

In 1984, the 25-year residency requirement was found unconstitutional and the legislature reduced the requirement to one year. As a result, the ALB became available to more Alaska seniors, and the cost of providing the bonus greatly increased.

As noted above, the ALB was originally \$100; however, increases over the years raised the amount to \$250. Almost 17,000 senior Alaskans are currently eligible to receive the ALB at an annual cost of over \$50 million.

FY	Total Appropriated	ALB	Average No. of Recipients
88	\$50,889,000	\$250	*16,930
80	\$13,607,600	**\$150/\$200	8,243
73	\$ 4,000,000	\$100	3,641

\* Number of seniors eligible to receive the ALB in FY 88.

\*\* Six months at \$150, then ALB was increased to \$200.

Care Attendants, Home Health, Public Health Nursing, Adult Homemaker Services, and Senior Centers.

Question: Which of the above senior programs do you believe are the most important for the State to continue to support and at what financial level? What programs do you believe should be expanded if additional funds are available, and which could be reduced if we have fewer dollars to spend?

Whatever the price of oil, the State will have to reduce total expenditures because of the decline in production of Prudhoe Bay oil in the 1990s. The Legislature spent considerable time last session analyzing the State's financial situation and all program expenditures. Of particular concern are programs that are rapidly expanding in cost, like the Longevity Bonus. (Please see the enclosed summary.) For example, many alternative proposals were offered regarding the Longevity Bonus program, not only by legislators, but by seniors and senior organizations, yet no one could agree on what approach would be best.

Question: If the current Longevity Bonus program must be changed to reduce the cost of the program,

how could it be structured to best meet the needs of Alaska's seniors?

As noted above, the Longevity Bonus issue was not resolved during the last legislative session. The Governor's "needs based" approach, the Senate's annuity option, and various other alternatives have been returned to the House State Affairs Committee for additional work.

The House State Affairs Committee will be holding a work session in Fairbanks on November 16 and Anchorage on November 17 to discuss these proposals. Public testimony will be received at these hearings. Your written comments and suggestions would be appreciated and may be sent to House State Affairs, P.O. Box V, Juneau, AK 99811.

The contribution of seniors to our state is very important — not just for what you have contributed in the past, but for what you can help with now.

It cannot be stressed enough that seniors who live in Alaska contribute greatly to the Alaska economy and provide a wealth of knowledge and experience. Please share some of this knowledge and experience by writing to me with your thoughts and suggestions.

Fran Ulmer, Chair  
House State Affairs  
Committee

*Seward Senior Citizens, Inc.*

---

419 5th AVENUE  
P.O. BOX 1195  
SEWARD, ALASKA 99664  
(907) 224-5604

October 13, 1987

Fran Ulmer, Chair  
House State Affairs Committee  
P.O. Box V  
State Capitol  
Juneau, Alaska 99811

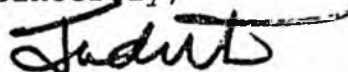
Dear Fran:

I have received a copy of your 9-14-87 letter to the Pioneers of Alaska concerning senior issues. I have spoken with many of our area seniors about this issue, there are a total of 267 of your constituents involved with our program. The majority feel that it is time to abolish the Longevity Bonus Program altogether. It no longer stands for the initial intent.

Also, it would be much more cost effective to have your already established senior centers be funded to do homemaker services and home health services.

We do hope that you take our words to heart.

Sincerely,



Mrs. Judith Ann Martin  
Director

ELEANOR BEUSON

Juneau, Ak 99801  
9209 James Blvd, #103  
Oct. 4, 1987.

Fran Ulmer  
House State Affairs Committee  
Juneau, Ak

Dear Fran:

It is comforting to know that there is someone interested in the welfare of the Senior Citizens in Alaska. I realize there are others as well as you. My thanks and appreciation to all of you. However, I feel the Governor does not fit in the above category. I called his office to register my complaint regarding setting the amount of the longevity bonus. Of course he was not available so I voiced my opinion to his secretary. I received a letter from him and signed by him stating the h.s. had been set at \$200 per month. I thought it was strange there was nothing in the paper or TV.

2. Confirming this.

If the longevity bonus is cut  
even \$500 per month, you  
are going to be taking \$500 in  
food, medication, heat or  
something away from some  
needy senior citizen - please  
see attached article on back  
of this page. Do you realize  
how many of us are below  
the income poverty level?  
If it must be cut, then I  
would suggest cutting from  
those who have sufficient  
retirement income and won't  
suffer because of the loss.  
I don't know what will take  
one less trip to Hawaii or  
elsewhere. I am not  
criticizing <sup>or?</sup> them. I probably  
would do the same thing  
if I were in the  
financial position to do so.  
But, you wouldn't be  
taking the necessities of life  
from them.

\* They forgot to  
mention worn  
out dentures. It  
has been so long  
since I have been  
able to eat a ~~slice~~  
or lettuce, I have  
forgotten what they  
taste like. Did  
you know that  
the cost of new  
dentures is  
\$1,600? Who can  
afford them?  
Again, I am  
not complaining  
this is just a  
fact.

3. I have been retired approximately  
over year, consequently I am  
not familiar with most of  
the programs you have  
listed in paragraph 3 of your  
letter. However, I would  
wonder about 4, 5, 6 & 7. The  
rest I feel are necessary.  
Thank God for the Care-a-  
Jan. Many of us wouldn't  
be able to get to the  
doctor or grocery shopping  
with out it.

Why was there such a  
drastic cut in the  
money appropriated for  
the longevity bonus program?  
How does the h. S. compare  
(decided) percentage wise to all  
countries I am going to  
mention on the following  
pages.

## CRIME

### **Programs now pay victims—but enough?**

*This is a good example*

Robbie, 22, a typical mugger, has certain rights afforded him by law: He can get a speedy trial, can have a free attorney, can receive free medical attention, can get pretrial counseling, can remain silent, can confront victims and witnesses, can appeal, can have emotional and financial problems considered before sentencing, can receive education and job development after sentencing, can earn early parole, and can get rehabilitation services.

Mabel, 83, a typical victim—who sustained a broken hip in the assault, suffered psychological trauma that lasted for a year afterward, and who had \$100 taken from her (that resulted in her living in darkness for the next month because she could not pay her electric bill)—also has certain rights: She can get an award from her state victim compensation program (if she qualifies and if there is any money left), can attend all hearings (often with no provisions made for transportation, comfort or meals to compensate for her age, diet or medication requirements), and can be subjected to unlimited trial indignities (“Why were you walking after dark?” “Why were you alone?” “Why weren’t you more careful?”).

Some justice. But things are changing. In 1965 California created the first victim compensation program; in 1975 the National Organization for Victim Assistance (NOVA) was founded; in 1980 Wisconsin enacted the first state Bill of Rights for victims; and in 1984 Congress passed the Victims of Crime Act with a fund of up to \$110 million per year to support state compensation programs. Today all 50 states provide some form of victim assistance, 43 have enacted some type of Bill of Rights for victims, and 44, plus the District of Columbia, have compensation programs. But many programs are backlogged, others are running out of money, and none can help all victims (you may not qualify if your income or insurance is deemed adequate).

uphill fight. When, in 1954, she first testified in Congress against the practice, she was opposed by both big labor and big business. Final victory in Congress didn't come until last year—33 years after her testimony and 19 years after her death.

AARP prevailed for a number of reasons. First, we kept pushing. We also had merit on our side. And then, of course, we had grown. From just a handful of members in the early 1960s, AARP burgeoned into an organization of more than 26 million individuals.

But more than just raw numbers, we offered leadership. Drawing on our national network of volunteer leaders, we stepped up advocacy efforts in Congress to contain healthcare costs and to safeguard and improve programs for the elderly, including Social Security.

F. Moreover, we expanded the concept that was  
d Dr. Andrus's starting point: promoting self-help.  
e She believed the elderly should help the elderly—  
"to serve, not to be served"—and not rely unnecessarily on government programs. Thus many of the needs of our members are being met through our private-sector initiatives such as supplemental health and auto insurance.

Now, challenges loom. For one thing, people are living longer; there will be more of them in the older age groups. And soon the baby-boom generation will turn 50.

One thrust will be to broaden pensions to cover more employees. Another priority will be to secure the health benefits corporations provide retirees and, at the same time, establish protection for the growing number of people under age 65 (particularly children) who are uninsured.

Even more than it is today, long-term health care will be a burning issue. So will the matter of caregivers—mainly women who work 40 hours a week and then put in another 15, 20 or more hours at night and on weekends caring for an elderly parent or relative. Already we are moving to play a leadership role. We are working to sensitize industry to the needs of caregivers.

With these and other assets, AARP clearly has the potential to increase its role as a major force in American life. I'm confident that the new generation of AARP leaders will succeed. In their

④

How the  
money  
appropriated  
for jails  
and inmates  
out or  
increased?

Percentage?

③ What is  
the cost per  
year per  
inmate?

\$20,000 -

\$30,000?

④ Seems  
like \$3,000  
per year

for senior  
citizens is

a drop in  
the bucket

compared  
to the cost

of supporting  
a criminal.

5. What about housing for pregnant  
and unwed mothers. Where  
the funds cut for this  
program? I'll bet they  
were increased if anything.  
(Again, I am not speaking  
of the truly needy.) I am  
speaking of the type that has  
set off the living room  
floor with a baby crawling  
around watching and the  
drapes open so anyone  
can see in. Gross?  
Yes - but still a fact! Or  
a drunken parent with  
a child running around  
outside and a bunch of  
drunks throwing beer cans  
at him. Or drug busters  
one after another. Cases  
I been being carried into  
departments - if they can afford  
this they don't need help.  
Apartments being broken into.  
A woman getting an apartment  
and then the baby friend  
moving in rent free and  
don't feel these programs were  
funded for this type of people.  
I think it is a crime the  
state or taxpayers dollars are  
used for this. If here are

6. The fathers of these children  
and why aren't they paying  
for this? If the girl is  
under age why aren't the  
parents paying? If a couple  
can prove (and do they actually  
have to prove?) that they have  
been living together for six  
months they are eligible  
for subsidized housing. If  
this isn't encouraging  
irresponsibility among a lot  
of other things I would like  
to know what is. I am  
very surprised the state has  
not been sued by parents  
of minors for making this  
available and encouraging  
this type of thing. (Perhaps  
that knowledge but never-  
theless being done.) This  
in my opinion is some-  
thing that is in over-  
hauled mess and  
certainly needs to be  
investigated and guidelines  
enforced. Plus medical  
bills, food, etc. being  
paid. The cost for these is  
\$3000 per year, per case.

I raised my daughter from  
the time she was three  
years old - I had to work  
two jobs sometimes but  
we made it. Let these  
able bodied mothers get  
out and go to work. No  
wonder there are so  
many parasites everything  
is handed to them full of  
charge and for the asking.  
I could go on and on  
but enough for now.

Thank you for your letter.

Sincerely,  
Eleanor Johnson

10-1-87

Dear Fran;

I appreciate your letter concerning some of the issues coming up on our next legislative session.

Some of these programs certainly effect us seniors in different ways, depending on our income and our health. What may not effect me now, could someday if my health should fail.

The two items that would effect me the most at the present, or I should say the near future (I'll be 63 in the spring) is the longevity bonus and the home owners property tax exemption. All my retirement planning has been with these two programs in mind. The two seniors programs listed above would be the most important to me, I would say at my present status anyway.

To answer the second question, about expanding if funding was available, I would suggest, Home Health and Public Health Nursing.

(2)

The third question, to reduce if we have fewer dollars to spend. I would suggest Water and Sewer Assessments, Motor Vehicle Exemptions, Personal Care Attendants, Adult Homemaker Service, and Senior Centers.

This last item (Senior Center), I think should be kept alive, because there are many elderly people that really depend on it for lunches and activities. On the other hand there are many people that attend, that it would be no hardship if they did not participate, this is a tough one. I have been participating and enjoying it, but it would not be a hardship at my age and my health status as of now.

On the Longevity Bonus issue, I think the Senates annuity option is the way to go, if it can be set up to more or less pay its way.

These are tough questions facing our next legislative session. I hope my humble opinion will help in some way.

I have been a strong supporter of the dividend program. I don't think there

(3)

has ever been a broader program that effects every citizen more equal. I feel that most all of that money is pumped right back into our economy. Last year I used mine to pay a portion of my property tax. Almost everyone I talked to had their dividend check ear-marked to pay bills or buy something special they had been saving for. I think most of us have to admit, there has been many programs that have failed. Many loans given out that have never been paid back, and many other things that have failed too numerous to mention. If there wasn't so much money gone down the tube, I would say use our dividend money for something useful. Up to this time there hasn't been a fairer way to use a part of "our" money, this should be held on to the last.

Thank-you proudly for giving me a chance to give my opinion. I think our legislature is improving year by year  
(over)

Dennis

Ruth M. & C. L. Jack Popejoy  
620 Seatter Street  
Juneau, Alaska 99801

September 19, 1987

Fran Ulmer, Chair  
House State Affairs Committee  
Pouch V  
Juneau, Alaska 99811

Dear Mrs. Ulmer:

Thank you for your recent letter informing Alaskan Senior Citizens of the financial condition of the State of Alaska and the serious conditions concerning the distribution of State Funds to its Senior Citizens.

My wife, Mrs. Ruth M. Popejoy and myself both know that the Longevity Bonus program has been a great boost to both of us and have been exceptionally thankful that it has been in existence the past 15 years. In considering State reductions it is our firm belief that it should be put on a REDUCTION BASIS just like it was increased after first being put into law. Namely: Reduce the \$250.00 per month to \$200.00. Soon afterwards reduce the monthly payments to \$150.00, then later to \$100.00 This method would not leave our senior citizens completely without financial assistance during this reduction period, and can enable them to make adjustments accordingly. We are well aware that several older Alaskans have returned to Alaska in order to qualify for this lucrative monthly income. They can all manage nicely when it is so reduced.

OUR OTHER PRIORITIES:

2nd. - ALASKAN PIONEER HOMES must be maintained. Oil or no oil money.

3rd. - Home Owners Property Tax Exemption is a major factor to us who still live in our homes in Alaska and should be continued.

4th. - Senior exemption of paying for motor vehicle licenses is an important assistance.

5th. - SeniorCenters support is another vital item to us oldsters.

BEYOND THESE PRIORITIES: It appears to us that the remaining ten (10) programs could be combined with reduced allowable amounts as needed.

Sincerely,

*C. L. Jack Popejoy*  
Ruth M. & C. L. Jack Popejoy

October 2, 1987  
P.O. Box 263  
Douglas, Alaska 99824

Honorable Fran Ulmer  
Representative, State of Alaska  
P.O. Pouch V  
State Capitol  
Juneau, Alaska 99811

Dear Representative Ulmer:

The critical concerns that face the State of Alaska are top priority of every PIONEER Senior Citizen.

**ALASKA LONGEVITY BONUS:** In the past fifteen years the number of recipients has increased approximately FOUR TIMES. Why? The influx of Senior Citizens from other States, who can become an Alaskan Pioneer in ONE year! How much can a Senior Citizen contribute with one year residency? The intent of the bill was that the program would gradually phase out, instead of increasing. The residency requirement should be changed by LITIGATION.

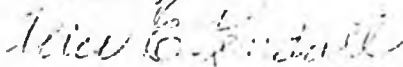
**ALASKA LONGEVITY BONUS based on NEED:** The original program was designed as an incentive for LONG TIME Alaskans to continue to maintain their homes in Alaska. It was never intended to be a 'duplicated welfare program' for the influx of older people. "Johnny come latelys"

The ADMINISTRATION of all special state programs relating to the Senior Citizen should be kept under State Control and not transferred to any program that operates under Federal Regulations. The Constitution does not stipulate that the States can not spend their money as they wish.

**MOTOR VEHICLE EXEMPTION:** If the Senior Citizen can own and maintain a motor vehicle, he certainly should be financially capable of purchasing his own license plates. By the same token, HUNTING & FISHING licenses should not be free. Hunting and fishing is rugged duty and not for the physically weak and impaired.

**WATER AND SEWER ASSESSMENT:** A State tax exempt Lien on the property until the real estate is either sold or transferred to a beneficiary would allow the Sr. Citizen the privilege of proper sewage disposal and good water. Sewage disposal and good water are prime factors for good health, and protection of the environment.

Sincerely,



Alice S. Kendall  
23 year Pioneer Alaska Resident

Juneau, AL, 99801  
895 W. 12<sup>th</sup> #305  
Oct. 8, 1987

Dear Fran:

To me the most important program needing funding are:

#1 Longevity Bonus: Cancel - Replace with an entirely new structure - Name - Age basis, beginning at age 70 yrs. which should save quite a lot and still do pretty much as it was originally intended.

#2 Pioneers Bonus: Probably should be restricted pretty much to where it is available only to those (age limit or medical certificate) who are in need of medical supervision - but not necessarily continuous nursing care. State funding, plus the "Pioneers Community" as of #1 - and or a small percent of Soc. Sec. leaving the Elders with their dignity.

#3 Sr. Centers must be funded in order to continue The National Nutrition Program.

#4 Low Income Housing must be

maintained, whether by Federal or State.

I personally, carry suppressed Insurance, which I pay from my Longevity Bonus. If this is taken away - I will of necessity have to apply for all those things from the Health Dept, for which I am eligible now, but prefer my independence & dignity.

Thank you for the opportunity to express my thoughts, and pray the Committee will find an answer. As I do believe the Welfare officers will be overworked & underfunded if the \$250.00 Bonus is destroyed, unless immediately replaced with a more equitable & legal consideration.

Sincerely,

Bernice Kaeft

P.S. As President of A.A.R.P. I urge my Committee and membership to also express themselves to you.

Fran Allmer  
Chair House State  
Affairs Committee

11/6/87

RE Senior Programs

Dear Fran:

In the November issue of the Senior Voice you requested comments in reference to the senior programs and particularly about longevity.

First I would like to say we are 30 year classmates as well as our children and our grand children were born here and all are still here, we are retired of course,

I have been very vocal in reference to these programs and nursing homes and did write a letter that was published in part in the Senior Voice in Oct. in reference to nursing home prices.

Dale Kirk partially answered some of the questions but even the ones he answered were unsatisfactory in my mind as to the cost of the care per person of \$6,000 or \$144,000 per year for a couple to stay in a nursing home at two per small room.

I will not go in to that further at this moment only to say if some one would pay me another \$144,000 per year we could stay in our own home and pay for care as well as our home.

This is the third time I have written this letter in an attempt to be objective and to keep our personal situation out of it but it seems impossible to do this as these programs are very personal and very important.

So about the best I can do is to tell you

how the cutting of the programs will effect us. my wife is an invalid and requires constant care, and has for some years now.

I am the housekeeper nurse and chief bottle washer. I am in poor health and as a matter fact will be going to the doctor the day this letter is mailed to set up a heart by pass.

The Longevity, Dividend, and tax exemption has enabled us to stay in our home since I was forced to retire early due to health and to care for my wife.

Our total life style depends on these programs. If they are cut off or cut drastically we will lose the house back to the state and be forced to seek aid from the state in some other manner either a senior home or the Pioneer home.

I can not see where the state would gain especially in our case and I suspect many others are in the same condition, as a matter fact I do know some. The 1984 change to the one year residency created a big problem for the long time Alaskans.

Children begin transporting their parents and older relatives to AK, for the benefits and to get them off their back. Some of the children have left but the seniors are still here and have filled the senior homes to a point that the true Alaskans cannot obtain an apt.

You can not blame these people but I do not feel it is fair to the older Alaskans.

Some that are getting the longevity and dividends are not living in the state any more.

The checks are not transferable but are sent to a relative or friend that signs them

and makes the deposit in aK and returns the stub for the next month.

I know this is next to impossible to police but it is happening, including the dividends.

There could be 10 cards with photos but then you would run into problems of house bound and invalids that could not get to the bank. It is a problem.

This is not answering your request for suggestions.

First I would like make you aware that I am a retired investigator of over 25 years as well as retired again from the largest mechanical designing and consulting engineering firm in aK. I worked for them for over 5 years in the contract administration department and also as an inspector and a major part of it was state projects.

I have observed the waste, mismanagement, corruption, and down right stupidity of some of the persons in charge of these projects wasting millions of dollars. I could name you many but will only name a few.

I was the mechanical inspector on the Pioneer home addition as an example. It was poorly planned, poorly constructed and to my knowledge had 6 million dollars in extras due to mistakes.

I inspected almost every jail in aK new ones and additions, as well as schools including the bush and Villog schools. It is very sad. The improper handling of funds and, laws was sickening. Now the state claims the economy is in bad condition so they give the judges large raises.

So how do they figure on funding this?

By taking away senior benefits?

The state is not in trouble it is management that has the problem with bureaucracy, special

Interest groups and mismanagement and corruption  
 The \$50,800.00 you speak of is a mere drop in  
 the bucket compared with state waste.

So now that you know I am biased my suggestions  
 maybe of no value or interest because I do not  
 think anything should be cut and all things  
 should be expanded.

Why are the old and disabled the first to bear  
 the brunt of cut backs?

There would be no state if it were not for us.

I will offer a suggestion or two which has  
 probably been thought of or unconstitutioned

- # 1 We know the price of longevity will keep growing  
 and something will be done due to the influx  
 of seniors.

One suggestion would be to leave the present  
 recipients as is and phase it out in 2 to 5 years

This would give whom ever is looking forward  
 to a time to make plans and stop most of the  
 influx of seniors from other states.

This may not sound or be fair for Alaskans  
 that have been here for many years but I see  
 no choice.

- # 2 This may not fly.

To one year residents give them a percentage  
 as an example 20% for the first year and  
 30% thereafter increase until the maximum  
 was reached making it 5 years before fully  
 qualified

- # 3 Cooper wants a needs basis.

In reality this could work if the high cost of  
 living and medical is considered. It is well

Known Anchorage is the highest place in the nation to live.

If a couple with a home is below the \$35,000 level it becomes a poverty level. We are not in the 35,000 bracket Medicare helps but not nearly enough so medical is a major problem.

My wife and I are both vets and thank God we are. But they only pay for short term nursing home care.

#### # 4 Property Tax exemption

This is badly needed it could be the straw that breaks the camels back, ~~we depend on the~~ and lose your home

#### # 5 Water and Sewer assessments.

I did not know it was ever funded.

We depend on the dividend check to pay ours.

#### The Pioneer homes and nursing facilities

It is a well known fact there is not near enough especially nursing facilities.

There must be more built. 90% of the seniors will need nursing home care before death.

This will include us.

With all the money the state has had to use there should be at least twice as many and the best not the mediocre building we have.

Maybe I should not have said that but I expected them.

#### # 7 Older Action Commission

They need more funding. They are doing the best job they can with what they get.

## #8 Renters rebate

I am not too well versed on this but it indicates to me it would be mostly new comers I could be wrong. I feel it should be closely scrutinized.

## #9 Auto exemptions

This helps and is nice but not as important as other issues.

## #10 Senior Centers

I assume this includes homes.

Apparently the supply cannot keep up with the demand due to the influx.

There are waiting lists at the ones I have checked. We have applied to 3 of them and was turned down as our income at that time was a few dollars over. (a catch 22 basis)

The qualifications should be more flexible.

Each applicant has different problems.

I also know that some transfer funds and assets and lie to qualify. So we need more especially if the longevity is ~~not~~ not phased out. They will keep coming.

## #11 Personal Care attendants, Home Health and Public Nursing

We are receiving Home Health care and a nurse about once a month we do pay a little but it has been a blessing and due to my wife's condition as well as mine it is really needed and should be well funded.

## #12 adult Homemakers Service

Apparently they are not properly funded. We were promised help months ago and have never received any help, and I could certainly use some help as in my condition I cannot keep up the house properly and attend to my wife as well.

## #13 adult Public assistance + old age assistance

I am not sure what this consist of. But any assistance the seniors can obtain I feel is needed and justified. Every one will get there some day.

## #14 the annuity plan

I am not well acquainted with this but if it has to do with the younger generation they will object as they will feel they will never get it back unless deposited in their name.

By this time I am sure you tired of this but hear with me.

I do not think I have to remind you that all of this money goes back into the economy of AK, also the 17000 recipients have family in most cases in AK.

They will influence their families votes so it is not just 17000 votes we are talking about it could be 3 or 4 times that many.

All helped build this state and we are going to stay even if it means welfare or poorer home. Cooper broke every promise and even tried to get into the permanent fund.

He has tried and has succeeded in some cases  
to cut all social services and senior programs.  
And still trying.

I voted for him and I am sorry I did.

He will never make a second term at the  
rate he is going.

I am sorry this grew so long and I am  
sure being.

I must apologize for my poor writing I  
have arthritis and no secretary.

If you have read this I thank you for  
your time and the opportunity to express my opinion.

I know it is based on personal opinion and  
my experience and may not be of any value  
to you.

Thanks again

Sincerely

B. W. Arnold

19837 Eagle River Rd

Eagle River AK 99577

694-9628

Nov. 2, 1987  
Anchorage, Alaska

Dear Fran,

In regards to opinion  
on questions regarding all  
state programs, I believe  
the "Longevity" program is  
the most important & should  
expand if funds are available.

If some dollars are spent  
on the "Elder Alaska Commission  
program".

Getting on to my personal  
information, I am an Alaska  
resident since Feb. 1948-1949  
steadily reside here, tax payer  
of forty yrs, I am 64 yrs old  
& will be 65 April 26, 1988  
my question at this time  
is will Longevity <sup>donor</sup> program

come to a <sup>"2"</sup> close June 1, 1988  
to all Alaska residents not  
65 yrs of age?

I am a widow & disabled  
for life have both hips  
total hip replacement.

My only income is  
Soc. Sec. & with cost  
of living this one check  
barely covers all my  
expenses per mo. I to receive  
Longevity Bonus check would  
sure help.

I would very much  
& appreciate at your convenience  
to reply my letter

Thank you,

Sincerely,

Mrs. Leanne Brown  
P.O. Box 100594  
Anchorage, Alaska  
99510

1901 Spenser Rd.  
Anchorage, AK 99503  
Sept. 23, 1987

Fran Ulmer, Chair  
House State Affairs Committee  
PO Box 1 State Capitol  
Juneau, AK 99811

Dear Rep. Ulmer,

In answer to your questions on senior programs  
I will list programs as to priority.

1. Longevity bonus funded as is \$250.00 per month.  
Many seniors are dependent on it to enable them  
to stay in Alaska when relatives and friends reside.  
Cost should not be raised - cut other programs.
2. Pioneer home is very important. Needs and approach should not be  
considered.
3. Property tax exemption is needed so that we may maintain  
our homes here in Alaska.

The above three should get 1st priority.  
As a resident since 1946 the above programs help me  
to stay in Alaska and be a productive citizen.

Sincerely  
Margaret Green

R. W. PAVITT AND ASSOCIATES, INC.  
PLANNING CONSULTANTS

*Denner*

September 24, 1987

REPRESENTATIVE FRAN ULMER  
Chair, State Affairs Committee  
Alaska State Legislature  
Post Office Box V  
Juneau, Alaska 99811

Dear Fran:

Since your September 14 letter was addressed to me personally (rather than in my capacity as Vice-Chair of the AARP State Legislative Committee), I will respond with personal views on the issues you have raised.

As we know, the original "longevity bonus" program was designed to reward the real pioneers who had resided in the Territory and had contributed to the development of Alaska for a period of 25 years; and who remained in the state beyond the age of 65. While I have not researched the demographics or actuarial history of the recipients of this well-intentioned show of respect for pioneer seniors, it is clear that even at \$250 a month, the drain of this program on the budget would not have been too significant over the years had the original requirements been permitted to remain intact.

When, however, the courts struck down the durational residency requirement in 1984 (an election year), the legislature panicked and proceeded to award the largesse to all 65-year old one-year residents. "After all" they reasoned, "we're in the chips, and what's \$50 million more or less to this affluent society!"

Decisions based solely on the current availability of money rather than on a philosophical principle are inevitably poor decisions. Witness on the one hand, the decision to repeal (rather than suspend) the state income tax statute; and, on the other, Governor Cowper's abortive attempt to repeal the Alaska Senior Citizen Property Tax Relief Program.

The problem with bad governmental decisions is the fact that they are so very hard to change!

With regard to the longevity bonus, it is obvious to me that the law must change. No way can the state continue to shell out more than \$50 million each year without seriously endangering programs that accomplish substantially more good for more Alaskans. By the same token, however, I don't believe that the legislature can, will, or should (politically or morally) cut off those present recipients that have come to count on that \$250 per month as part of their annual income--whether for their very survival, or for a bit of luxury in their "golden years."



1986-1987  
ALASKA STATE LEGISLATIVE COMMITTEE

CHAIRMAN  
Ms. Lee McAnerney  
PO Box 406  
Seward, AK 99664  
907) 224-3060

VICE CHAIRMAN  
Miss Patricia Oakes  
Box 9  
Central, AK 99730  
907) 520-5227

SECRETARY  
Ms. June A. Robinette  
PO Box 970797  
Wasilla, AK 99697  
907) 376-2032

10/8/87

Representative Fran Ulmer, Chair  
House State Affairs committee  
PO Box V  
Juneau, AK 99811

Dear Representative Ulmer:

In reply to your letter of 9/28/87, I offer these views from the AARP State Legislative committee, the group which speaks for Alaska's 26,000 AARP members on legislative matters. As a group which represents many years of fiscal concern, which recalls the lean territorial days and the days when Alaskans paid many direct taxes, we are deeply concerned with the overall fiscal picture in the state, as well as with the programs which affect older Alaskans.

As you are aware, we strongly support those programs which keep older Alaskans in their home state and in a position to live independently in their own homes. We are deeply aware that such programs cost the state less in the long run than programs which might provide only long-term care or which would rely heavily upon state Medicaid contributions. We would also point out that funding which supports the older Alaskan residing in the state is funding that stays and circulates within the state.

Because Alaska has one of the fastest-growing senior populations in the nation--at a time when the national senior population is also increasing rapidly percentagewise--we are concerned that Alaska plan for the needs of this population in the years ahead.

Longevity Bonus: Because court decisions have obliterated the original purpose of the Longevity Program and its eventual phase-out and because the revenue demands of the present situation are heavy and show every sign of increasing, we feel: 1) people presently under the Longevity Bonus must be protected to continue receiving the bonus at the present level; and 2) the Annuity Concept presently before the legislature appears to be the best solution to the situation and should be enacted in 1988. Further delay will cost more in the long run. We know that reducing the present bonus even \$25 a month would work great hardship on many who have been receiving the bonus and living in Alaska because of it. We know many who plan to retire within the next ten years have counted on the bonus in their financial planning to remain in Alaska, so we feel that the annuity will provide a satisfactory solution for their needs, as well as a long-term solution for younger Alaskans.

The senior programs which are vital to the older Alaskans are those which allow them to remain in Alaska, living independently. The Homeowner's Property Tax Exemption/Renter Rebate is vital to this, should be fully funded as soon as possible under the present \$150,000 cap, and some sort of uniformity in the definition of "hardship" should be provided to municipalities. Funding for the administration of this appropriation should be included in the operating budget.

On our survey of over 1100 of our 26,000 Alaska members this past summer, we found that the two key items to those participating in the survey were continuation of the longevity bonus and of the homeowners tax exemption/renter rebate. Programs such as those operated on a community basis by the Older Alaskans commission--homemaker services, home health care, personal care attendants, some form of transportation assistance in some areas, senior centers--are crucial. Additional funding is needed for case-management activities on the local level.

And for those who are frail or cannot manage independent living any longer, there is the need for long-term care facilities--and insurance for that. Legislation to remediate the spousal impoverishment problem is something that will be receiving greater attention. Because most care-givers are family members, often entering the "senior years" themselves, the need for various types of daycare and respite care programs is great.

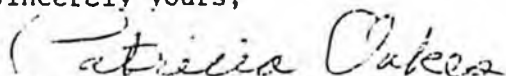
There is a need for more adequate Medicaid funding, including prescription drug coverage for those in the Medicaid-income level.

Frankly, after the cuts of the past two years, there is little left to cut in senior programs. If more funding becomes available, full funding of the Homeowners Property Tax Exemption/Renter Rebate is important to the municipalities who are bearing the burden of the shortfall in this program. Expansion of the OAC programs which foster independent living is highly desirable--not only to the expansion of existing programs, but toward providing such programs in areas not currently covered. These OAC programs are especially good because they are based upon community-determined needs and operated on a local level.

Thank you for asking our views on legislation for older Alaskans. I look forward to meeting with you in Juneau on these issues--and urge you to feel free to call at any time that the State Legislative Committee can provide information for you or your committee.

You will be interested to know that our concern over the revenue picture, immediate and long-term, is great. At our September meeting, we started the first phases of a long-term project on state revenue sources/program funding/tax reform in the hopes of being able to make some positive suggestions to the legislators in the years to come, for we are not only interested in the concerns of older Alaskans, but of Alaskans in general.

Sincerely yours,



Patricia Oakes, Chair  
Alaska AARP State Legislative Committee



## *Pioneers of Alaska*

IGLOO NO. 4

*Fairbanks, Alaska 99707*

October 20, 1987

Fran Ulmer, Chair  
House State Affairs Committee  
P.O. Box V, State Capitol  
Juneau, Alaska 99811

Dear Ms. Ulmer:


This letter is in response to your letter dated Sept. 14, 1987 from the Committee on State Affairs to Igloo #4 concerning Senior programs.

In answer to your first question, our response is that, when you list 14 programs that affect Senior Alaskans, it is difficult for us to suggest changes in those programs without knowing more about their current funding and effectiveness, especially when we know that this input will be used to reduce funding to those programs. We urge the Committee to proceed cautiously when recommending changes.

Your second question is much easier for us to answer. At our Grand Igloo convention in Palmer last month, the message came through loud and clear that the Pioneers favor an annuity program as contained in S.B. 56.

Thank you for requesting our written comments. All Pioneers will be carefully watching the upcoming legislative session as you work on these difficult problems.

Yours truly,

  
Gerald Borms  
President



## GORTON INVESTMENTS

KEN GORTON, SR.  
PRESIDENT

November 1, 1987

FRAN ULMER, Chairman  
House State Affairs Committee  
P. O. Box V  
Juneau, Ak. 99811

Dear Representative Ulmer:

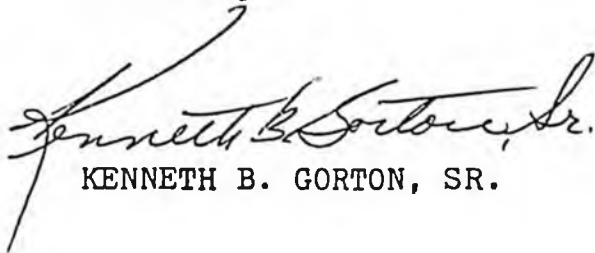
This is in response to your letter, "Dear Seniors" appearing in "Senior Voice" newspaper for November 1987.

It is not clear to me why your committee, or the House of Representatives, is at all in doubt about the answer to your question: "If the current Longevity Bonus Program must be changed to reduce the cost of the program, how could it be structured to best meet the needs of Alaska's seniors?"

The answer is very plain. The people of this State in an official election voted heavily in favor of the annuity program. The Alaska Senate complied with the voters wishes and passed annuity Senate Bill 56.

Please tell me why you refuse to pass the annuity bill in defiance of the voters of this State???

Sincerely,



KENNETH B. GORTON, SR.

P. R. MILLER  
PO BOX 384  
DELTA JUNCT AK 99737

PMB 384

Delta Junction, AK 99737

11 Nov 87

14 505-4117

How to run Unimer,

First, let me appreciate for the Unimer's side of everything. You'd find it worse than it looks.

Secondly - I intend to write a significant letter to Sen Tom Fricker on the Unimer Bonus mess.

Now - to business. I for one refused to vote on the two referendums on the Bonus. The situation to me and for me was like would I rather be shot in the foot with a .32 cal pistol or the speedometer with a .32 cal pistol. Either way it was going to hurt me. Both present proposals effectively eliminate me from ever getting a Unimer Bonus and that is with over 20 years in Alaska.

Now my proposal. Step one would be the Unimer Bonus in with the permanent fund. This has a combination of program, other programs, money to spend on other things and an end to the Bonus. The best of all would be to have the Bonus in the Unimer Bonus.

With Unimer in the permanent fund I know all the money would be there for the Unimer Bonus. The Unimer Bonus would be a permanent fund. The Unimer Bonus would be a permanent fund. The Unimer Bonus would be a permanent fund.

CASES.

STEP TWO. INSTA STATE APPROPRIATIONS LIKE FEDERAL  
1445 FOR IS SENIOR CITIZENS. AT THE US WITH  
TWO YEARS IN THE STATE (ONE FOR FEDERAL) A MINIMUM  
OF \$1000 IS PAID THIS YEAR IS INCURRED WITH  
RESIDENCE IN THE STATE FOR EACH OF TWO YEARS  
(FOR FEDERAL) IN THREE YEARS OF RESIDENCE. THIS  
WOULD PRESS THE RESTRICTIONS OF RESIDENCE AND BE  
A BENEFIT ON LEAVING THE STATE TIME UP FOR THE  
BONUS.

THE FEDERAL COSTS WOULD BE PAID FROM  
FEDERAL BUDGET - EMPLOYER TO BE  
AND STATE THAT ALL IN FEDERAL BUDGET  
LOSS OF INCOME.

STEP THREE. THE PRESENT SET OF PROGRAMS  
BE DISCONTINUED, BUT WITH THE NEW INSTA STATE  
ADULT PROGRAMS WOULD BE INTENTED TO BE PAID  
POSSIBLY SUBJECT TO LIMIT HEAVY. SO INCREASE THE  
MONTHLY PAYMENT TO \$400 AND LET THE PRESENT  
RECIPIENTS QUALIFY. IF ELIGIBLE FOR THE FEDERAL  
BONUS - OK. IF NOT - THEN ALL IN FEDERAL BUDGET  
INCREASED THIS YEAR PROGRAMS WOULD BE  
OK!

THANKS FOR INTERESTING AND I WOULD BE  
PRESENTED A MORE DETAILED REPORT TO COME.

SECRETARY

SECRETARY

THE SECRETARY

The Sr. Voice Nov. article  
Gross -

Reduce - If necessary  
Motor Vehicle Exemp

Lower Cap on Prop of exemp  
to 100,000 or even 75,000

Al Bonus - reduce to 200. -

would save 10 millions

as if needs based make  
it a 50,000 Gross Income

or less. That is a fair

amount for a couple

retired in Alaska to

live a fairly good life

If costs go up it should

go up accordingly.

I don't have any idea

how much that would

save. Maybe not even

the 10 m. ? More than

likely no where near

4 admin would be, exactly.

Keep - at whatever level needed  
Pioneer Homes operated by  
STATE - but redefine  
their purpose -  
OAC - but review its  
function  
All State Public Assistance  
programs  
Senior Centers - not to be  
funded by HUD.

Look into state funded  
senior housing options  
Keep the Feds out of it  
so it takes care of  
Alaskans in need.

Maree Darlin

Saldetnaab.  
now.

The House State Office  
Juena.  
araba.



Dear Friend:

read the serious voice, but I don't  
feel I can write my feelings, as no one  
can understand conditions like they were  
41 years ago. we came to Alaska for a better  
place for our 3 children, and we had it  
at that time, we built our home at Kasiluk,  
no house decent to live in, so we fixed up  
2 bfr building our own. we went to Seward  
for our materials, we had to go so far any  
thing. the 2nd year we were feeling, so the  
community brought up groc. gas etc, we had to  
organize our school, it was very rugged, but  
the children were in school, didn't have the  
road into Anchorage yet, but our community  
was in harmony, we had a teacher who lived  
there and she was real good. Mrs. Ernie McLean

I am sorry to feel as I do  
towards the new comers, they  
know nothing about what made  
to our state what it is now, we  
have built 3 houses since we  
came to Saldetna, repaired 2  
some different. (I see who comes)



and live in their children's back  
yard. drawing our goodness they  
never gave our state very much in  
pleasant life. but are glad to take  
and not share.

I do so want to live and die in  
my own home. I have pd my  
way all I can. my price for  
movement in front of my property  
is pd. thanks to the Alaska Check  
I took it right to City Hall and  
pd it off. now in facing my house  
needing a new roof and foundation

I have neighbors and friends who  
keep me clear of snow. Please  
don't cut me off my income or less  
than 700.00 mos. and I will be so  
next Bk. but I have faith and, if  
all well be well. remember the old

Pioneers. who really helped to make  
Alaska and who feel we can't  
compete any more. My Trust.

Verla Haworth.

P.O. Box 4817

Seldovia, Alaska

40669

209

Harold F. Bergmann  
P.O. Box 607  
Petersburg, Alaska 99833

11/13/87

House State Affairs Committee;

- After reading Fran Ufner's  
letter in November's Senior Voice.

First - Cut the <sup>loyalty</sup> bonus to \$200

Second - Drop the real-estate tax  
exemption for elders.

Third - Adopt <sup>part of</sup> Jay Kestubek's  
annuity program suggestion.

but  
change the permanent  
dividend contribution to  
the program to 50% of  
the dividend. That would  
give the younger people  
something in their pocket  
& something to look forward  
to at least, of course it could be less  
than \$200.

Why not run that through your  
computers and see how it comes  
out?

Sincerely  
Harold Bergmann  
age 70 - retired teacher.

# CARTA

## Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

October 7, 1987

Fran Ulmer, Chair  
State House Affairs Committee  
P.O.Box 5  
State Capitol  
Juneau, Alaska

Dear Representative Ulmer,

CARTA is appreciative of your continued efforts to seek input for resolving important issues facing the State of Alaska.

We are concerned that you do receive a response to your queries in your letter of September 14, 1987.

It is important that the maintenance of senior programs for independent living be continued. The greying of America is not really in the future. It is here. There is no doubt that many of the present retirement contingent in Alaska will be living longer. It simply makes more dollar sense to emphasize broad programs that support independent living. We would encourage the legislature to take this long range view in evaluation of senior programs.

We have done surveys as have other groups to ascertain senior preferences for present programs. We feel there is a need for complete demographics studies across the State before any group speaks with final authority.

We would urge the Legislature to look upon the retirement community as an important resource both for its financial contributions and the thousands of hours of volunteer services. The 1975 Longevity Bill encouraged the present retention of this age group which was almost non-existent in earlier years. Other top notch senior programs have been created. We encourage you to view the continued growth of this age group as a positive economic asset to the state and not as a drain on the state budget. Business communities throughout this nation have

# CARTA

## Central Alaska Retired Teachers Association

Advocate for Retired and Pre-Retired Educators

learned the value of targeting senior citizens as important consumers. Alaska needs residents who choose to remain here permanently.

CARTA members have spent their working years serving young people. We continue our investment in this young state both in our returning of retirement dollars to the economy and in service to other Alaskans of all ages.

We intend to remain active in the problem solving that lies ahead. We appreciate your continued communications. Thank you again for your efforts.

Sincerely,

*Terrell Bazaway*  
CARTA President

HOUSE STATE AFFAIRS COMMITTEE

Longevity Bonus Briefing Memorandum

Work Session

November 16 and 17, 1987



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

November 9, 1987

TO: State Affairs Committee Members

FROM: Representative *Evan Ulmer*, Chair  
House State Affairs Committee

SUBJECT: Longevity Bonus

The attached summarizes testimony, research and information relating to the current Longevity Bonus (ALB) program. Specifically, you will find a summary of:

- the current ALB program;
- CSSB 56 (Jud) and HCS CSSB 56(SA);
- legislative proposals last session, and
- public proposals

The above information should provide a helpful review prior to our meeting in Fairbanks and Anchorage on November 16 and 17 respectively. Please note too that Dave Rose of the Permanent Fund Corporation will present an analysis of the impact of the stock market's instability on Permanent Fund assets after the morning work session in Anchorage. Mr. Rose will also comment on proposed changes in inflation proofing, management and use of the earnings.

If you have any questions regarding the enclosed material, please contact Dennis J. Burns at 465-4963.



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

House State Affairs Committee

Work Session

November 16 and 17, 1987

### CONTENTS

- I. Current Longevity Bonus Program
  - ALB costs and Elderly Population Growth (page 1)
  - Need (page 5)
  - Summary (page 7)
- II. Longevity Bonus: SB 56
  - CSSB 56(Jud) & HCS CSSB 56(SA) - (Pages 8-9)
  - Observations: Annuity Proposal (page 9-10)
- III. ALB: Legislative Proposals
  - House Research Reports: 87.303 and 87.231 (page 11)
- IV. ALB: Public Proposals and Suggestions (page 12)
- V. Attachments (page 13)
  - Survey Letter
  - Pioneer Benefits news item

I. CURRENT LONGEVITY BONUS PROGRAM

The Longevity Bonus (ALB) program, initiated in 1972, gave \$100 a month to all residents 65 and older who had lived in Alaska since before statehood in 1959 - only those senior Alaskans with 25 years of continuous residency were eligible receive the bonus.

In 1984, the 25-year residency requirement was found unconstitutional and the legislature reduced the requirement to one year. As a result, the ALB became available to more Alaska seniors and the cost of providing the bonus greatly increased. As noted above, the ALB was originally \$100; however, increases over the years raised the amount to \$250. Almost 17,000 senior Alaskans are currently eligible to receive the ALB at an annual cost of over \$50 million dollars.

ALB Costs and Elderly Population Growth

Tables 1 and 2 summarize present and projected costs of the present ALB. Table 3 compares the ALB with other senior programs. Table 4 and Figure 1 provide an overview of elderly population growth in Alaska.

Table 1

Selected fiscal year appropriations, bonus amounts and recipients.

<u>FY</u>	<u>TOTAL APPROPRIATED</u>	<u>ABL</u>	<u>AVERAGE QUALIFIED RECIPIENTS</u>
88	\$50,889,000	\$250	16,930 <sup>1</sup>
80	\$13,607,600	\$150/\$200 <sup>2</sup>	8,243
73	\$ 4,000,000	\$100	3,641

.....  
 1 number of seniors eligible to receive the ALB in FY 88

2 the increase to \$200 effective FY81

Table 2

Estimated annual and cumulative costs (millions)  
of the current ALB program to the year 2005.

---

<u>Fiscal Year</u>	<u>Annual Costs</u>
1989	52.7
1990	55.6
1991	58.2
1992	60.7
1993	63.4
1994	65.9
1995	68.8
1996	71.4
1997	73.6
1998	76.1
1999	78.5
2000	81.1
2001	83.6
2002	86.2
2003	88.9
2004	91.6
2005	94.9
Cumulative Total:	<u>\$1,301</u>

Table 3

A comparison of FY 88 appropriations for  
senior programs in Alaska (\$ Thousands).

---

<u>Department</u>	<u>FY 88</u>
Administration	
Longevity Bonus	\$50,889.8
Pioneer Homes	18,400.6
OAC	3,695.1
Community and Regional Affairs	
Homeowner's Property Tax Exemption	2,866.3
Renter's Equivalency Rebate	221.3
Health & Social Services	
APA-Payments to the Aged	7,221.8
OAA-LB Hold Harmless	4,068.1
Personal Care Attendants	764.5
Home Health	793.5
Public Health Nursing	435.6
Adult Homemaker Services	893.2
Medicaid	11,756.9
Maniilaq Senior Center	868.3
Maniilaq Homemaker Service	99.7
Norton Sound Homemaker	149.2
Total:	<u>103,123.9</u>

Table 4 and Figure 1 were prepared by the House Research Agency.

Table 4: According to Karen Oakley (House Research), elderly Alaskans have historically comprised between two and three percent of the total population. The elderly now comprise almost 4 percent of the total population, and as the people who emigrated to Alaska over the last several decades grow older, the elderly will comprise an increasing proportion of the population.

Table 4

Population growth of seniors in Alaska

---

<u>Year</u>	<u>Total Alaska Population</u>	<u>Age 65 +</u>	<u>Aged % Population</u>
1950	137,000	4,742	2.96
1960	230,400	5,386	2.28
1965	265,200	6,181	2.28
1970	308,500	6,887	2.15
1975	384,100	10,111	2.47
1980	419,800	11,547	2.66
1985	539,600	18,133	3.36
1986	545,158	19,417	3.56
1987	543,903	20,632	3.79
1988	548,497	21,923	4.00
1989	559,077	23,328	4.17
1990	572,346	24,615	4.30
1991	588,315	26,026	4.42

Figure 1 shows the age structure of Alaska's population. As the people that comprise the "bulge" in the population pyramid reach 65 years of age, the number of elderly Alaskans will increase as will the proportion of the population that is elderly.

### Need

On September 14, 1987 a letter (see V. attachment) was sent to 55 senior organizations and individuals requesting their comments regarding senior programs including the ALB. The following summarizes the results of that survey. Please note that a ranking of senior programs in terms of need was impossible due to the diverse responses obtained.

#### Longevity Bonus

##### Senior Groups

Pioneers of Alaska (Fairbanks): support CSSB 56

CARTA (Anchorage): support CSSB 56

Seward Seniors, Inc.: ALB program no longer stands for original purpose and should be abolished

AARP (Central) supports CSSB 56

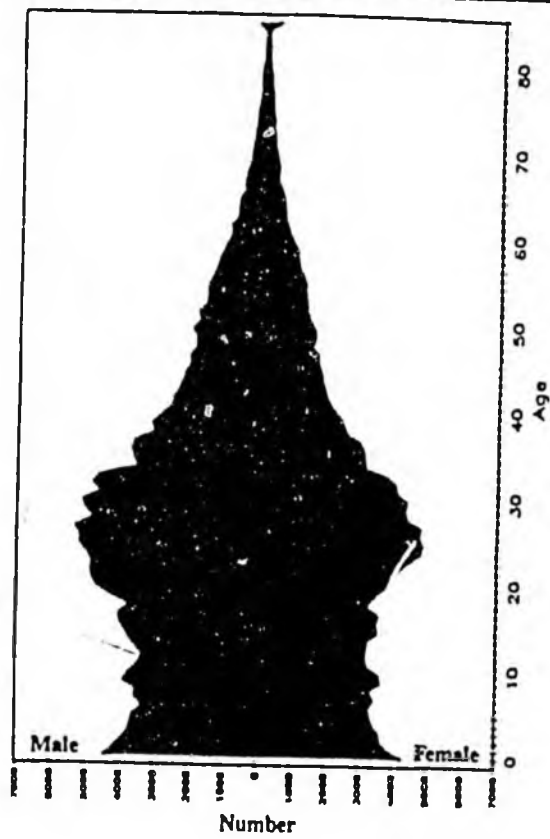
##### Individual Comments

Juneau: supports HCS CSSB 56; "...admittedly, it would be 12 - 14 years before the state could be completely out of ALB program, but each of those years would be progressively less painful...and if the annuity option was made mandatory for recipients...the resultant savings to the general fund would be more immediate".

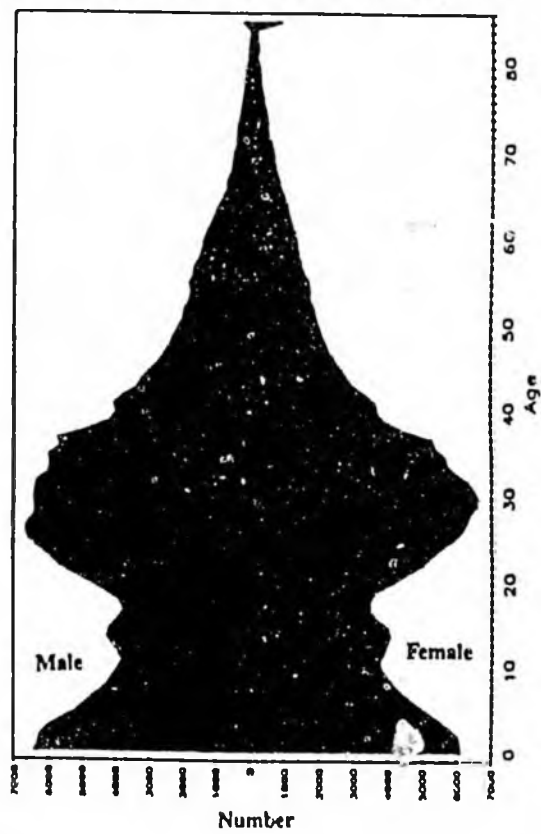
Juneau: "The intent of the bill (ALB program) was that the program would gradually phase out, instead of increasing".

Juneau: "Cancel - replace with an entirely new structure beginning at age 70 which should serve many and do ... what was originally intended".

Alaska Population by Age and Sex, 1980



Alaska Population by Age and Sex, 1985



Alaska Population by Age and Sex, 1991

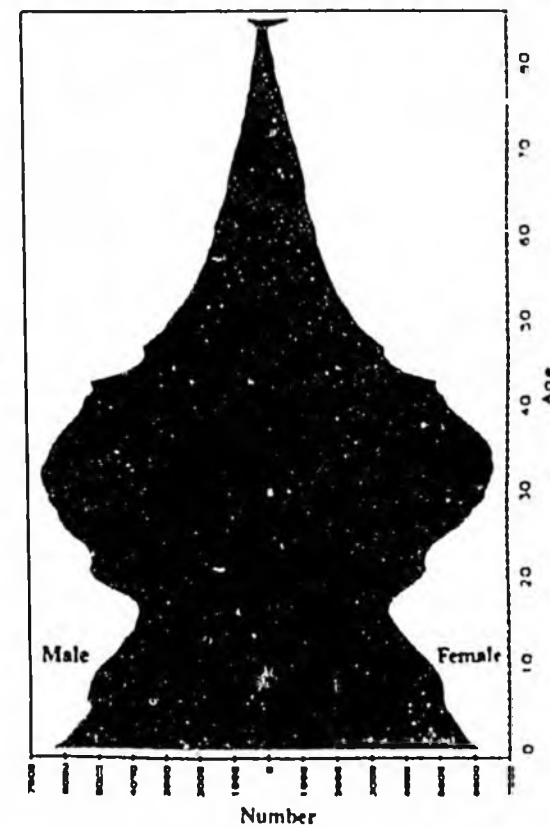


Figure 1. Age structure of Alaska's population.

Juneau: "...it (ALB) should be placed on a Reduction basis.. just like it was increased after first being put into law. Namely: reduce the \$250 per month to \$200. Reduce to \$150, then later to \$100. This method would not leave our senior citizens completely without financial assistance during this reduction period, and can enable them to make adjustments".

Anchorage: "The people of this State in an official election voted heavily in favor of the annuity program".

Anchorage: "The longevity bonus program is the most important and should expand".

Anchorage: "Longevity Bonus funded as is at \$250. Many seniors are dependent on this to enable them to stay in Alaska..cut other programs".

#### Senior Programs

##### Senior Groups

Seward Seniors, Inc.: "..it would be much more cost effective to have...already established senior centers be funded to do homemaker and home health services".

AARP (Central): "..our survey of 1100 of 26,000 members ...found two key items (were most important)...longevity bonus and homeowners tax exemption/renter rebate".

##### Individual Comments

Juneau: "If the senior can own and maintain a car..he should be financially capable of purchasing his own license plates. Hunting and fishing licenses should not be free".

Juneau: "Pioneer Homes should be restricted..to where it is available only to those who are in need of medical supervision".

Juneau: "Our priorities..Alaskan Pioneer Homes must be maintained, Home Owners Property Tax Exemption, senior exemption for motor vehicle licenses, senior centers. Beyond that the remaining senior programs could be combined with reduced allowable amounts as needed".

Fairbanks: "..expand Home Health and Public Health nursing..

Fairbanks: "All my retirement planning has been with these two programs in mind (ALB and home owners property tax exemption)". "...to reduce (senior programs) with fewer dollars to spend..I would suggest water and sewer assessments, motor vehicle exemptions, personal care attendants, adult homemaker services and senior centers.. senior centers should be kept alive because there are many elderly people who depend on it..."

#### Summary

The total amount appropriated to the ALB for FY 88 was over \$50 million dollars compared to FY 73 of \$4 million. The number of recipients of the bonus has increased by 13,289 since FY 73. Over this same time period, the bonus amount has increased from \$100 to \$250.

The cumulative cost of the ALB by FY 2005 will be over \$1 billion dollars. When compared to current senior programs (Table 3), the ALB amounts to 53% of all funding (ALB plus hold harmless).

Elderly Alaskans have historically comprised between two and three percent of the population (nationwide, the elderly comprise over ten percent of the total population). Currently the elderly comprise four percent of the total population, and as the people who emigrated to Alaska over the last several decades grow older, the elderly will comprise an increasing proportion of the population.

Seniors realize that the cost of the ALB must be contained and, for the most part, favor the Senate's annuity proposal. Those seniors (responding to the questionnaire) who ranked senior programs indicated the ALB and Homeowner's Property Tax Exemption/Renter's Equivalency Rebate as the most important for maintaining independent living. Generally, most seniors were unaware of the costs associated with senior programs.

II. LONGEVITY BONUS: SB 56

The Legislature spent considerable time last session analyzing both the state's financial situation and the structure of the ALB program. Almost everyone agreed that the program needed to be adjusted to make it more affordable. The House CS for CSSB 56 (SA) was designed to make the ALB program more affordable and predictable.

As you know, the House CS for CSSB 56 (State Affairs) was returned to the State Affairs Committee on 5/17/87 after a House floor debate on that same day. At issue were amendments to CSSB 56 (Judiciary) which: 1) reduced the bonus amount by \$25 (\$225) and 2) incorporated a schedule of bonus reductions referred to in a House Research memorandum - the intent of the schedule was to break the tie between the annuity and dividend programs.

During the floor debate, Representative Mike Miller moved for adoption of an amendment which would have increased the Bonus amount by \$25 (\$250). A similar amendment was introduced (but not acted upon) by Representative John Sund which not only increased the bonus amount by \$25, but placed in the bill the actual schedule of bonus reductions. Subsequently, HCS CSSB 56 (SA) and all pending amendments were moved to the bottom of the calendar and, as noted above, were returned to the House State Affairs Committee.

CSSB 56 (JUD) and HCS CSSB 56(SA)

CSSB 56 (Judiciary)

This proposal creates a voluntary annuity program which guarantees seniors \$250 per month. Two groups can be identified:

- Grandfather Group: individuals who turn 65 by January 1, 1988 would receive \$250 per month, without being required to give up their permanent fund dividend
- Reduced Bonus Group: individuals who turned 65 after January 1, 1988 would qualify for a combined growing annuity program and declining longevity bonus program. The mechanism for determining the annual amount of the declining longevity bonus is the provision that ties the annuity to the dividend program which is spelled out in in Sec. 6.

If an individual decides to participate in the voluntary annuity by paying cash or their permanent fund dividend, he/she will receive \$250 - part of which is paid from an annuity account and

the other part from the general fund. If an individual decides not to participate, he/she would receive the declining bonus amount.

House CS for CSSB 56 (SA)

This proposal made two changes to the above proposal:

- It changed the amount of the bonus to \$225, and
- It added a new subsection (c) to AS 47.45.015 which broke the tie between the annuity program and the dividend program. The dollar amount subtracted from the ALB each year would be based on a schedule of reductions set out in a House Research memorandum dated May 15, 1987 (see section III). This approach would limit the state's general fund outlay to a known quantity.

The assumption underlying CSSB 56 (Judiciary) was that the permanent fund and dividend programs would not change. If the legislature, in future years, caps the dividend, changes the formula for distribution of earnings, or makes other changes that effect the dividend amount, the annuity would not grow as fast as projected. The result would be an increase in general fund costs and a reduction in the certainty of when the bonus payments would end (for annuity/bonus reduction group).

Observations: Annuity Proposal

- Every year between now and 1995 the cost of the annuity increases;
- The annuity continues full general fund costs for all seniors in the program by 1/1/88;
- Calls for additional general fund monies for seniors who enter the program after 1/1/88;
- Shifting the costs of the program for new entrants from the general fund to the Permanent Fund ignores the Prudhoe Bay revenues/Permanent Fund earnings stream cross-over which occurs around 1994 to 1997. By the year 2000 the Permanent Fund earnings are estimated to be twice the amount of revenue coming from Prudhoe Bay;

- The annuity proposal establishes a "state social security" program only for those Alaskans wealthy enough to forego their PFD today. It says we are willing to provide even more money for those who are more fortunate. It also creates three groups of Alaskans: the "grandparent group", the "reduced-declining bonus" group, and the no bonus group;
- The annuity proposal does not address the loss of federal funds, \$4 million this year, for hold harmless. The cost of "hold harmless" is estimated to increase by about \$500,000 yearly. In addition, it does not address possible Medicaid coverage loss for lower income seniors who do not participate in the annuity;
- Low income people under 65 would not choose the annuity option;
- Knowledgeable individuals of any income level may prefer an IRA. House Research points out (87.218) that the same amount of money could be earned by investment of PFDs in an IRA or the annuity plan, but the annuity program offers less individual control and no vested property rights in the investment;
- Unlike an IRA, under the annuity program, the individual cannot transfer the funds to another investment, nor can he/she select the type of investment made;
- Under the annuity proposal, early withdrawal is limited to one time for "an unforeseeable emergency," and only with the approval of the Commissioner of Administration, and
- With low participation, the administrative costs will take a larger chunk of the annuity earnings, leaving less for annuity payments than the proponents of the bill envision.

Page 11  
Longevity Bonus

III. ALB: LEGISLATIVE PROPOSALS

(see attached memorandum)



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

May 15, 1987

MEMORANDUM

TO: Representative Fran Ulmer

ATTN: Dennis Burns

FROM: Karen Oakley *ko*  
Legislative Analyst

RE: Projected Costs of the Longevity Bonus Program Under Senate Bill 56  
Research Request 87.303 (Supplemental Information)

You asked us to project the costs of the Alaska Longevity Bonus Program under the Committee Substitute for Senate Bill 56 offered by the Senate Judiciary Committee [CSSB 56 (Jud)] with the following modifications:

- 1) The bonus amount for persons turning 65 years after January 1, 1988 will be calculated by subtracting the maximum possible annuity payment from \$225 rather than from \$250; and,
- 2) The bonus amount for persons 65 years or older by January 1, 1988 will be \$225 rather than \$250.

Attached are the following:

Table 1. Amount of the Monthly Annuity Payments Possible from Investment of Permanent Fund Dividends in Annuity Accounts

Table 2. Comparison of Annual and Cumulative Costs between the Current Longevity Bonus Program and Various Proposals

Figure 1. Comparison of Annual Costs

Figure 2. Comparison of Cumulative Costs

I hope you find this information useful. Please let us know if you need additional information.

Attachments

TABLE 1

Amount of the Monthly Annuity Payments Possible from  
Investment of Permanent Fund Dividends in Annuity Accounts

No Change in the Permanent Fund Dividend Program

Bonus amount is \$225 minus the monthly annuity payment.

Fiscal Year	Dividend Received	CASE A			CASE B			
		Annuity Balance at Interest Rate of 9.0%	Monthly Annuity Payment	Monthly Longevity Bonus Amount	Balance of prior year's annuity account on July 1	Payment from prior year's account	Combined Monthly Annuity Payment	Monthly Longevity Bonus Amount
1989	\$794.00	\$847.60			\$847.60			
1990	855.00	1,836.59	\$8.37	216.63	912.71	8.53	8.53	216.63
1991	914.00	2,977.58	18.13	206.87	975.70	9.37	17.91	207.00
1992	913.00	4,220.19	29.40	195.60	974.63	10.24	28.14	196.50
1993	923.00	5,585.31	41.67	183.33	985.30	10.46	38.60	186.40
1994	991.00	7,145.88	55.14	169.86	1057.89	10.83	49.44	175.56
1995	1,071.00	8,932.30	70.55	154.45	1143.29	11.93	61.37	163.63
1996	1,154.00	10,968.10	88.19	136.81	1231.90	13.26	74.64	150.36
1997	1,244.00	13,283.20	108.29	116.71	1327.97	14.71	89.35	135.65
1998	1,340.00	15,909.14	131.14	93.86	1430.45	16.35	105.69	119.31
1999	1,442.00	18,880.30	157.07	67.93	1539.34	18.20	123.89	101.11
2000	1,550.00	22,234.15	186.40	38.60	1654.63	20.27	144.17	30.83
2001	1,653.00	25,999.80	219.52	5.48	1764.58	22.61	166.77	58.23
2002	1,759.00	30,217.51	256.70	0.00	1877.73	25.07	191.84	33.65
2003	1,870.00	34,933.32	298.34	0.00	1996.23	27.77	219.61	5.39
2004	1,986.00	40,197.37	344.90	0.00	2120.06	30.75	250.37	0.00
2005	2,107.00	46,064.35	396.87	0.00	2249.22	33.97	284.34	0.00

Estimates of monthly annuity payments based on Alaska Permanent Fund Dividend Corporation projections of dividend payment (February 28, 1987 Financial Statement) and an interest rate of 9 percent.

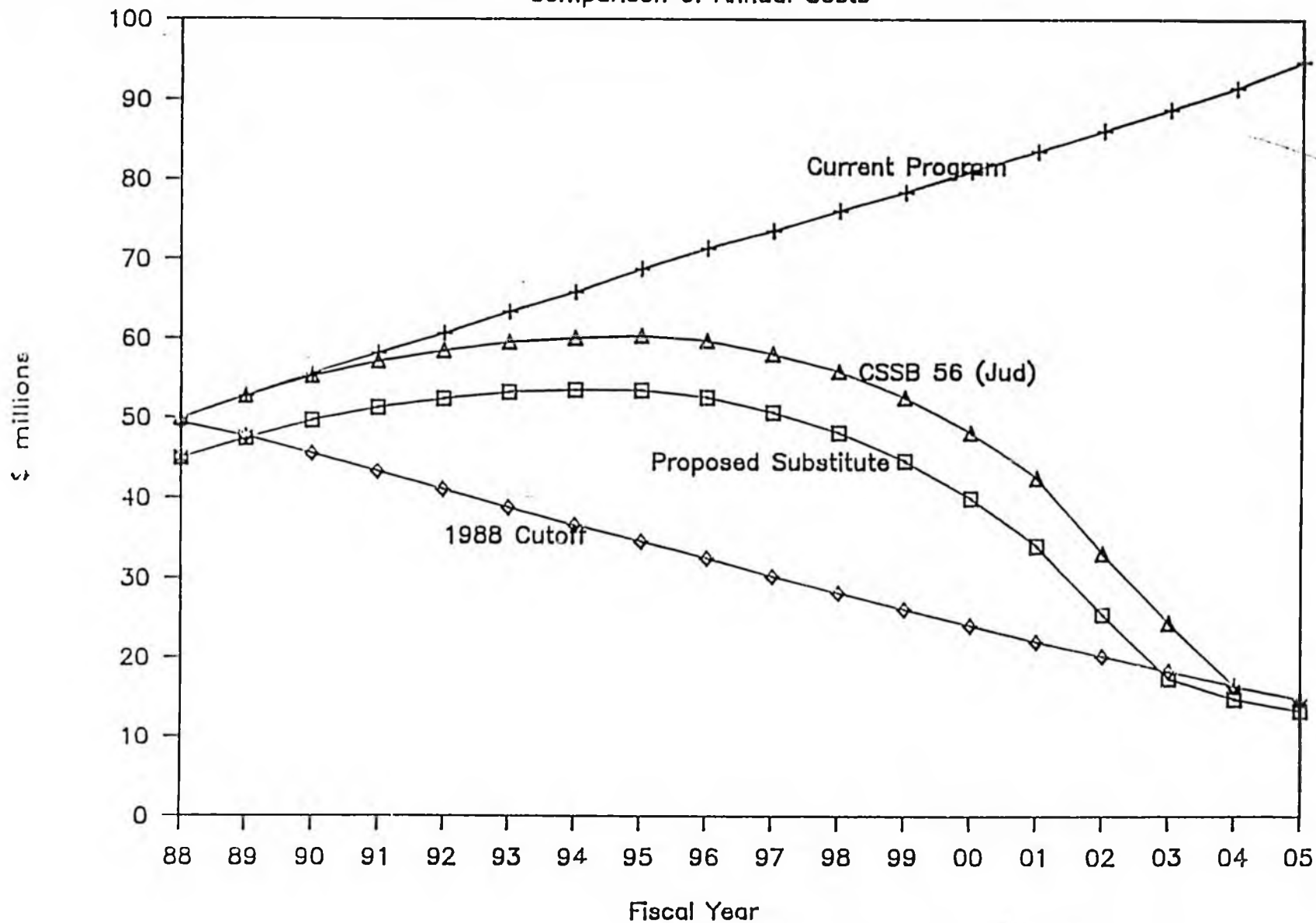
Life expectancy values were provided by the Alaska Department of Labor, Demographic Report No. 1, December 1986.

Prepared by the House Research Agency, May 1987 (87-303S; 870330-10).

Comparison of Annual and Cumulative Costs Between the Current Longevity Bonus Program and Various Proposals

Year	Current Program	January 1, 1988 Cutoff Reiger Proposal	HB 151 Governor's Proposal	HB 151 Modifications		Bonus Reduction With Needs	Needs Based No Age Cutoff	--CSSB 56 (Jud)-- Bonus Reduction/ Annuity	SB 56 House Proposed Substitute	
				\$25,000 Income Limit	\$20,000 Income Limit					
				Annual Cost	Annual Cost					
1988	\$49.9	49.3	\$34.5	\$43.1	\$41.8	\$44.9	\$44.9	\$43.8	\$49.9	44.9
1989	52.7	47.7	28.8	35.8	33.4	42.1	45.8	39.8	52.7	47.4
1990	55.6	45.5	27.1	33.7	31.9	38.9	46.7	41.3	55.2	49.7
1991	58.2	43.3	25.4	31.6	29.4	34.9	46.8	42.8	57.1	51.3
1992	60.7	41.1	24.0	29.8	27.5	30.4	46.9	44.3	58.5	52.4
1993	63.4	38.9	22.3	27.6	25.3	25.4	46.0	45.4	59.6	53.3
1994	65.9	36.7	20.9	25.9	23.9	19.8	45.5	46.8	60.1	53.5
1995	68.8	34.6	19.2	23.9	21.8	13.8	44.1	47.9	60.4	53.5
1996	71.4	32.5	17.7	21.9	19.8	7.1	42.0	48.6	59.8	52.6
1997	73.6	30.3	16.4	20.3	18.5	0	0.0	49.7	58.1	50.7
1998	76.1	28.2	15.1	18.8	16.9	0	0.0	51.1	55.9	48.2
1999	78.5	26.1	13.7	17.0	15.2	0	0.0	51.6	52.6	44.7
2000	81.1	24.1	12.6	15.7	14.0	0	0.0	53.2	48.2	40.0
2001	83.6	22.1	11.3	14.0	12.4	0	0.0	53.7	42.6	34.1
2002	85.2	20.2	10.3	12.8	11.3	0	0.0	55.3	33.2	25.5
2003	85.9	18.3	9.2	11.4	10.1	0	0.0	56.2	24.4	17.4
2004	91.6	16.5	8.4	10.4	9.1	0	0.0	58.4	16.5	14.8
2005	94.9	14.8	7.4	9.2	8.0	0	0.0	59.6	14.8	13.3
<b>Cumulative</b>										
Total	\$1,301.1	\$570.2	\$324.3	\$402.9	\$370.3	\$257.3	\$408.7	\$889.5	\$859.5	\$747.5

Figure 1  
**ALASKA LONGEVITY BONUS**  
 Comparison of Annual Costs

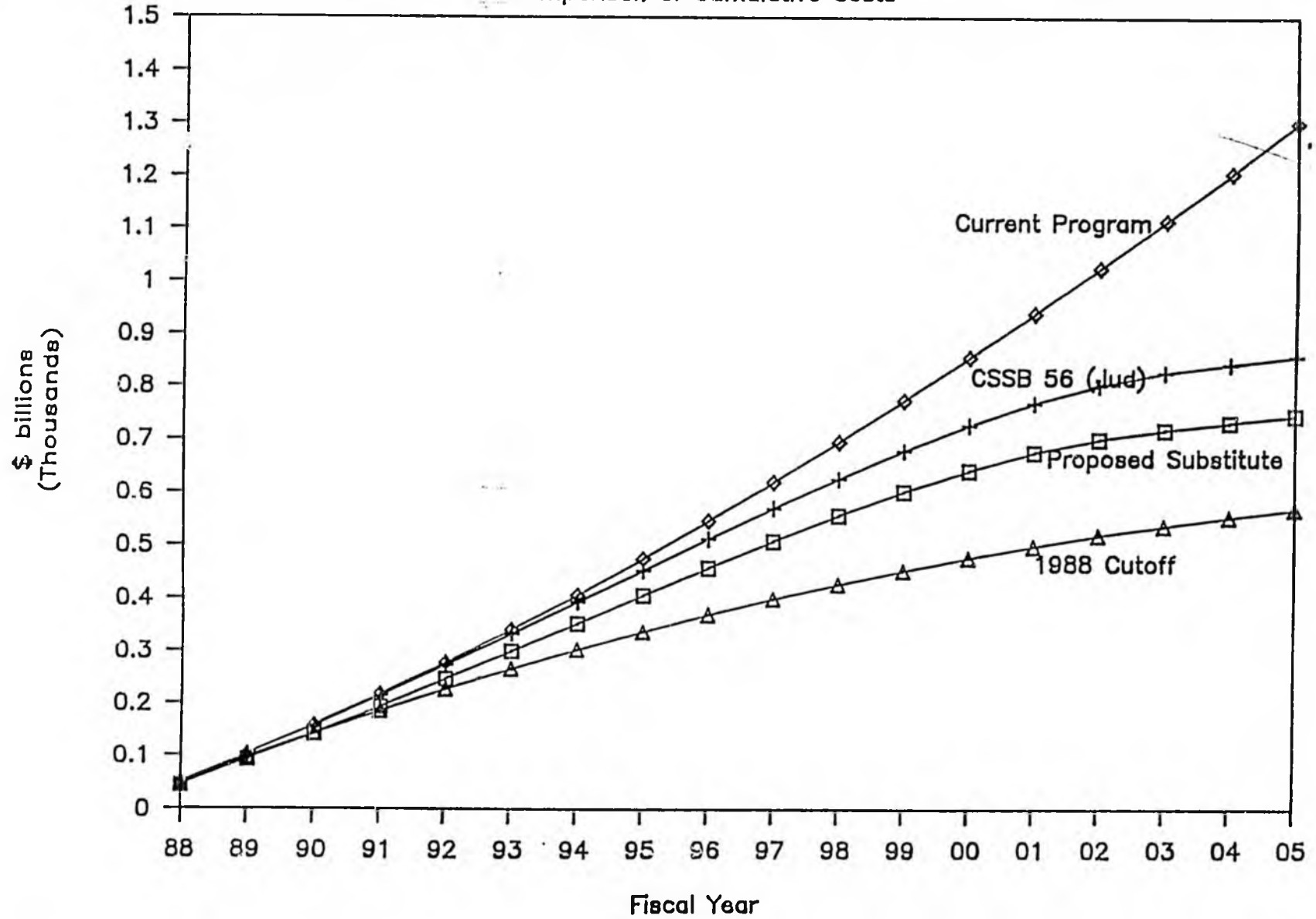


Prepared by the House Research Agency, May 1987.

Figure 2

# ALASKA LONGEVITY BONUS

Comparison of Cumulative Costs





ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

May 12, 1987

MEMORANDUM

TO: Representative Fran Ulmer

ATTN: Dennis Burns

FROM: Karen Oakley *KO*  
Legislative Analyst

RE: Projected Costs of the Longevity Bonus Program Under Senate Bill 56  
Research Request 87-303

You asked us to project the costs of the Alaska Longevity Bonus (ALB) Program if modified by the Committee Substitute for Senate Bill 56 offered by the Senate Judiciary Committee [CSSB 56 (Jud)] and dated April 1, 1987 (Attachment A). Committee Substitute for Senate Bill 56 would set a schedule for reducing the amount of the monthly bonus paid to all persons turning 65 years of age after January 1, 1988; the bill would also establish an optional program wherein all persons eligible for a Permanent Fund Dividend (PFD) could elect to set aside each PFD in an annuity account. The relationship between the ALB program and the annuity program is this: the schedule for reducing the bonus amount will be determined by the maximum possible straight life annuity payment under the annuity program. Committee Substitute for Senate Bill 56 (Jud) defines how this maximum possible straight life annuity payment is to be calculated.

Under earlier versions of SB 56, the bonus amount was defined as:

. . . \$250, minus the maximum possible straight life annuity for a person 65 years of age under the annuity program . . .

Committee Substitute for Senate Bill 56 (Jud) now explains that:

. . . The maximum possible straight life annuity equals the amount a person would receive if that person became 65 on January 2, 1988, and contributed 100 percent of all permanent fund dividends or the cash equivalency to the annuity program for every year after December 31, 1987. However, for the purposes of this section the maximum possible straight life annuity may not exceed the amount that a person turning 65 in the current year would receive if that person had contributed 100 percent of all permanent fund dividends or the cash equivalency to the annuity program for every year after December 31, 1987.

Thus, to determine what the bonus amount will be in any year, CSSB 56 (Jud) requires that two maximum possible annuity payments be calculated and compared:

Case A: the payment due a person turning 65 years of age in the current year that has contributed all PFDs received after January 1, 1987 to an annuity account; and

Case B: the payment due a person who turned 65 years of age on January 2, 1988 and who contributed each PFD received after January 1, 1987 to an annuity account.

Committee Substitute for Senate Bill 56 (Jud) specifies that in determining the bonus amount, the maximum possible annuity payment will be the lesser of the amounts paid under the two cases.

In Case B, the individual has an annuity account for each PFD, and the annuity payment received by this individual is the sum of the annuity payments derived from each such account. In calculating the total annuity payment made to this individual, we have assumed that the PFD is deposited into an annuity account in October of each year, accrues interest at a rate of 9 percent through the end of the fiscal year, and that monthly annuity payments begin on July 1. The life expectancy value used to calculate the annuity payment due the individual who turned 65 on January 2, 1988 changes each year.

In Table 1, the maximum possible annuity payments under Case A and Case B are compared based on March 19, 1987 projections of future PFDs by the Permanent Fund Divided Corporation. Only in the first year that annuity payments are made--FY 90--does the amount due the person who turned 65 on January 2, 1988 exceed the amount due the person turning 65 in the current year, and the difference is only a few cents. Because the annuity payments possible under Case B are lower than under Case A, the bonus amount in any year will be greater under Case B, and it will take longer for the bonus program to end. If the bonus amount is calculated using the annuity payable to the person turning 65 in the current year, the bonus program would end in about 2002 because in that year, the annuity amount is projected to exceed \$250. Using the bonus reduction schedule dictated by Case B, the bonus program would not end until about 2004.

In Table 2, the annual and cumulative costs of the ALB program under CSSB 56 (Jud) are compared to the costs of the current program and various other proposals to modify the program. Figure 1 depicts the annual costs of CSSB 56 (Jud), the current program, and CSHB 151 (Fin), which modifies the current program by requiring all recipients to turn 65 years prior to January 1, 1988; Figure 2 depicts the cumulative costs

Representative Ulmer  
May 12, 1987  
Page 3

Because the bonus amount is predicated on annuity accounts built from PFDs, projections of the costs of the ALB program under CSSB 56 (Jud) are necessarily sensitive to the projections of future PFDs amounts. Various proposals to change the proportion of Permanent Fund earnings available for dividends have been considered by the legislature this year. To provide an indication of how changes in the PFD amounts will affect the ALB program under CSSB 56 (Jud), we have projected the costs of the ALB program using PFD projections under two scenarios:

**40%-30%-30%:** 40 percent of the earnings go to dividends, 30 percent to inflation proofing, and 30 percent to reserves; and,

**50%-50%:** 50 percent of the earnings go to dividends and 50 percent to the General Fund after full inflation proofing.

(See House Research Memorandum 87-174 for further information on these scenarios.)

Figure 3 compares the annual costs of CSSB 56 (Jud) using these differing PFD projections to the costs of the current program and the program under CSHB 151 (Fin). Figure 4 compares the cumulative costs. The effect of both the 40-30-30 and 50-50 proposals is to reduce the PFD amount in comparison to the current program. Because the PFD amounts determine the maximum possible annuity payments which in turn dictate the bonus amount, the longevity bonus program would cost more and take longer to end if dividends are reduced.

The link between the PFD program and the ALB program established by CSSB 56 is forged solely to provide a formula for reducing the bonus amount--ALB recipients are not required to set aside their PFDs in an annuity. The fact that the two programs are linked adds considerable uncertainty to the bonus program as modified by CSSB 56. One option for accomplishing what CSSB 56 does--but without the uncertainties caused by the link with the PFD program--would be to simply replace the relevant phase-out language in the bill with a schedule for reducing the bonus amount.

I hope you find this information useful. If you need any additional information, please let me know.

Attachments

TABLE 1

Amount of the Monthly Annuity Payments Possible from  
Investment of Permanent Fund Dividends in Annuity Accounts

No Change in the Permanent Fund Dividend Program

Fiscal Year	Dividend Received	CASE A			CASE B			
		Person turning 65 in current year			Person Turning 65 on 1-2-99			
		Annuity Balance at Interest Rate of 9.0%	Monthly Annuity Payment	Monthly Longevity Bonus Amount	Balance of prior year's annuity account on July 1	Payment from prior year's account	Combined Monthly Annuity Payment	Monthly Longevity Bonus Amount
1989	\$794.00	\$847.60			\$847.60			
1990	855.00	1,836.59	\$8.37	241.63	912.71	8.53	3.53	241.47
1991	914.00	2,977.58	18.13	231.87	975.70	9.37	17.91	232.09
1992	913.00	4,220.19	29.40	220.60	974.63	10.24	28.14	221.36
1993	923.00	5,585.31	41.67	208.33	985.30	10.46	33.60	211.40
1994	991.00	7,145.88	55.14	194.86	1057.89	10.93	49.44	200.56
1995	1,071.00	8,932.30	70.55	179.45	1143.29	11.93	61.37	189.63
1996	1,154.00	10,968.10	88.19	161.81	1231.90	13.26	74.64	175.36
1997	1,244.00	13,283.70	108.29	141.71	1327.97	14.71	89.35	160.65
1998	1,340.00	15,909.14	131.14	118.86	1430.45	16.35	105.69	144.31
1999	1,442.00	18,880.30	157.07	92.93	1539.34	18.20	123.89	126.11
2000	1,550.00	22,234.15	186.40	63.60	1654.63	20.27	144.17	105.83
2001	1,653.00	25,999.80	219.52	30.48	1764.58	22.61	166.77	83.23
2002	1,759.00	30,217.51	256.70	0.00	1877.73	25.07	191.34	53.16
2003	1,870.00	34,933.32	298.34	0.00	1996.23	27.77	219.61	30.39
2004	1,986.00	40,197.37	344.90	0.00	2120.06	30.75	250.37	0.00
2005	2,107.00	46,064.35	396.87	0.00	2249.22	33.97	284.34	0.00

Estimates of monthly annuity payments based on Alaska Permanent Fund Dividend Corporation projections of dividend payment (February 28, 1987 Financial Statement) and an interest rate of 9 percent.

Life expectancy values were provided by the Alaska Department of Labor, Demographic Report No. 1, December 1985.

Prepared by the House Research Agency, May 1987 (87-303A; 370330-10).

Comparison of Annual and Cumulative Costs between the Current Longevity Bonus Program and Various Proposals

Fiscal Year	Current Program Annual Cost	January 1, 1988 Cutoff Reiger Proposal Annual Cost	HB 151 Governor's Proposal Annual Cost	HB 151 Modifications		Bonus Reduction Annual Cost	Bonus Reduction With Needs Annual Cost	Needs Based No Age Cutoff Annual Cost	CSSB 56 (Jud) Bonus Reduction/Annuity Annual Cost
				\$25,000 Income Limit	\$20,000 Income Limit				
				Annual Cost	Annual Cost				
1988	\$49.9	49.3	\$34.5	\$43.1	\$41.8	\$44.9	\$44.9	\$43.8	\$49.9
1989	52.7	47.7	28.8	35.8	33.4	42.1	45.8	39.8	52.7
1990	55.6	45.5	27.1	33.7	31.9	38.9	46.7	41.3	55.2
1991	58.2	43.3	25.4	31.6	29.4	34.9	46.8	42.8	57.1
1992	60.7	41.1	24.0	29.8	27.5	30.4	46.9	44.3	58.5
1993	63.4	38.9	22.3	27.6	25.3	25.4	46.0	45.4	59.6
1994	65.9	36.7	20.9	25.9	23.9	19.8	45.5	46.8	60.1
1995	68.8	34.6	19.2	23.9	21.8	13.8	44.1	47.9	60.4
1996	71.4	32.5	17.7	21.9	19.8	7.1	42.0	48.6	59.8
1997	73.6	30.3	16.4	20.3	18.5	0	0.0	49.7	58.1
1998	76.1	28.2	15.1	18.8	16.9	0	0.0	51.1	55.9
1999	78.5	26.1	13.7	17.0	15.2	0	0.0	51.6	52.6
2000	81.1	24.1	12.6	15.7	14.0	0	0.0	53.2	48.2
2001	83.6	22.1	11.3	14.0	12.4	0	0.0	53.7	42.6
2002	85.2	20.2	10.3	12.8	11.3	0	0.0	55.3	33.2
2003	88.9	18.3	9.2	11.4	10.1	0	0.0	56.2	24.4
2004	91.6	16.5	8.4	10.4	9.1	0	0.0	58.4	16.5
2005	94.9	14.8	7.4	9.2	8.0	0	0.0	59.6	14.8
CUMULATIVE TOTAL	\$1,301.1	\$570.2	\$324.3	\$402.9	\$370.3	\$257.3	\$408.7	\$889.5	\$859.5

Figure 1  
**ALASKA LONGEVITY BONUS**

Comparison of Annual Costs:

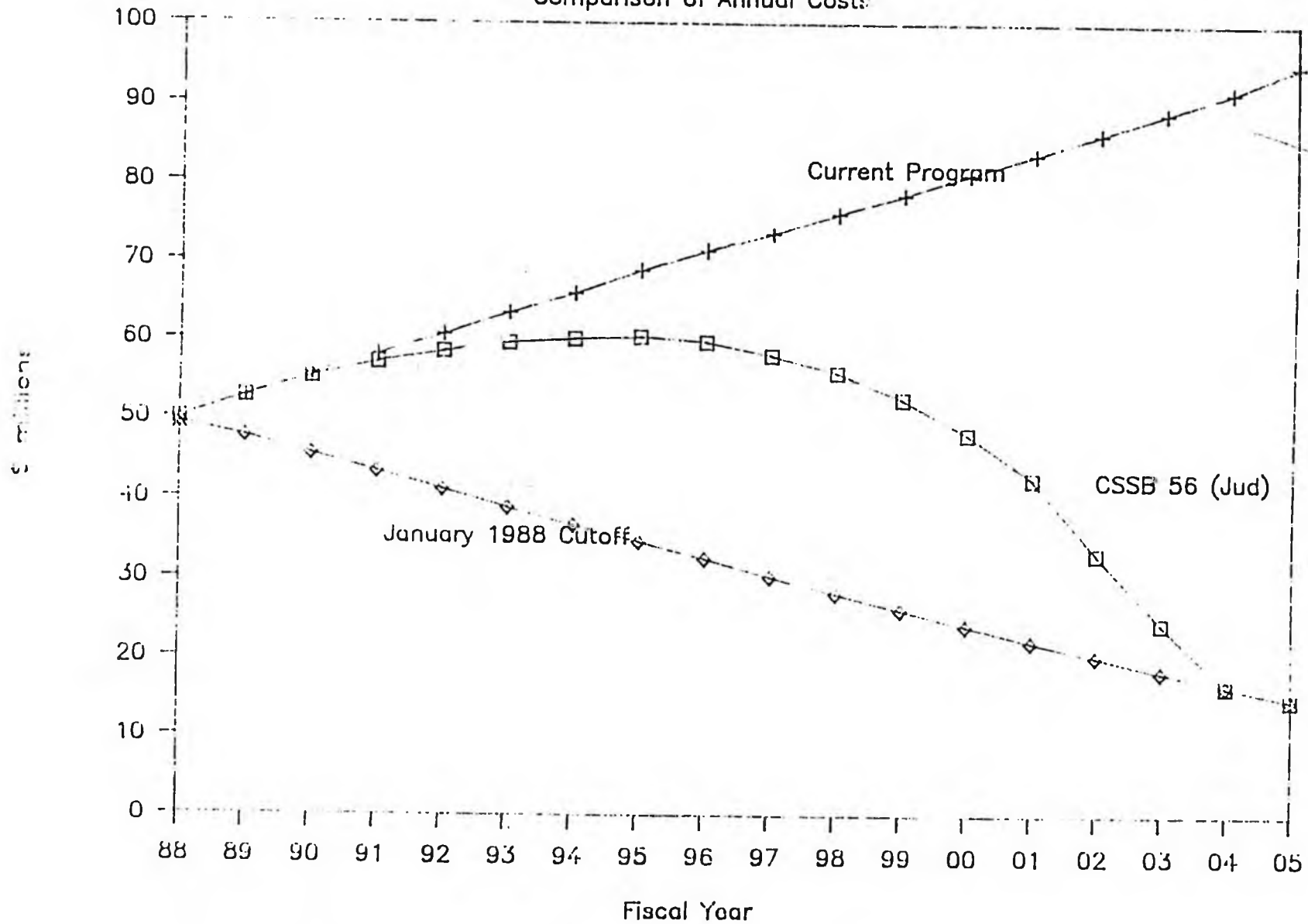


Figure 2  
**ALASKA LONGEVITY BONUS**

Comparison of Cumulative Costs

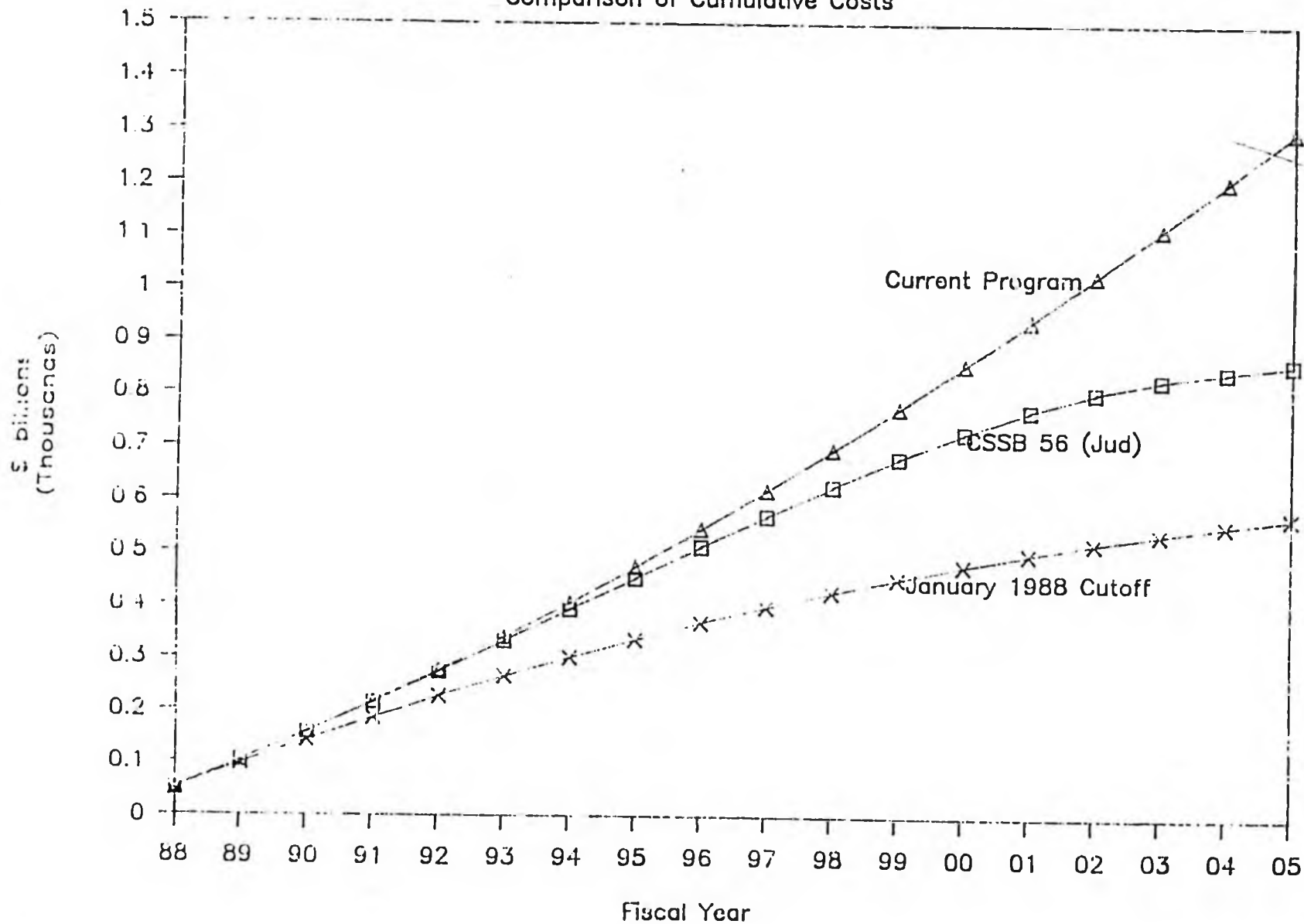
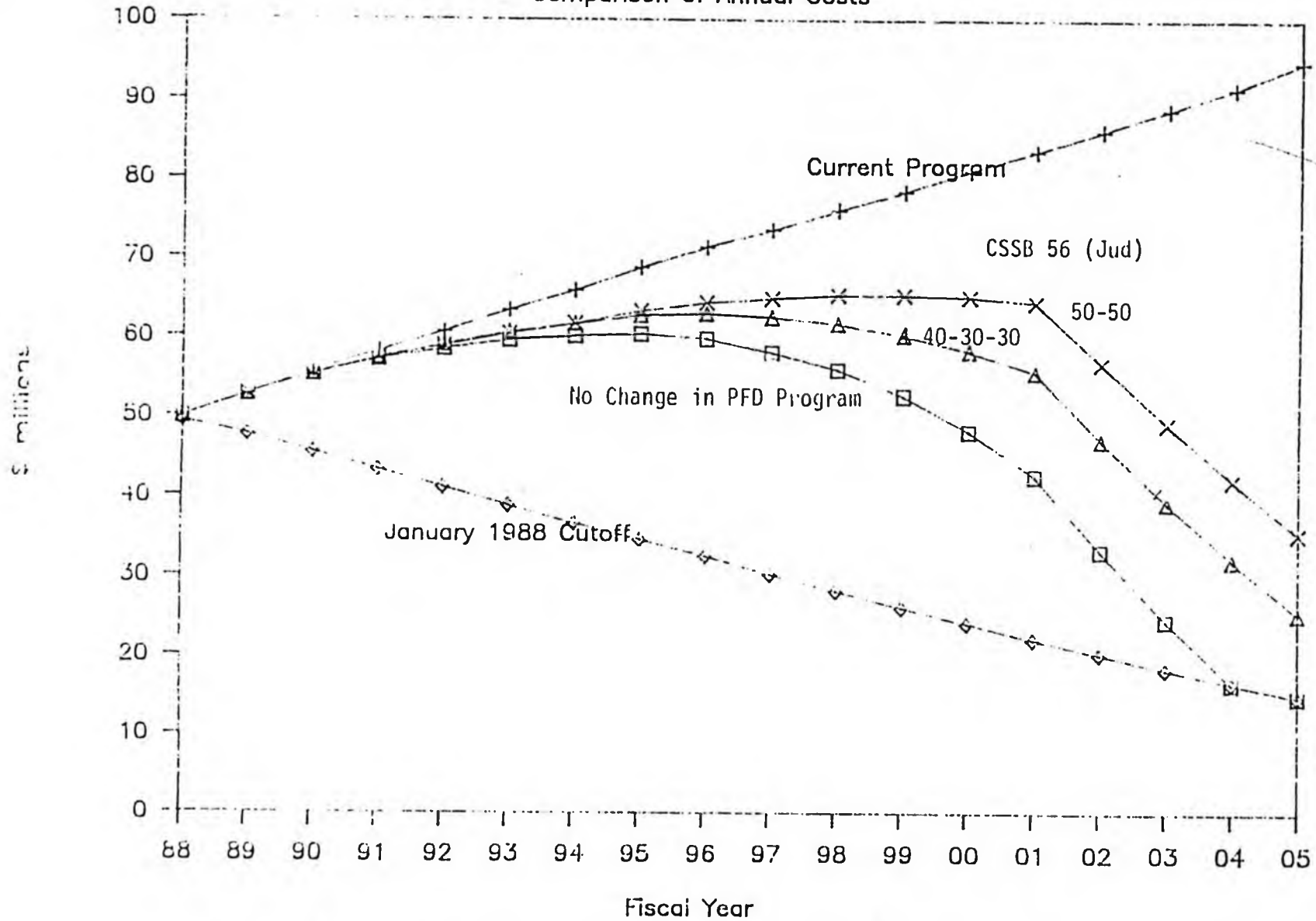


Figure 3  
**ALASKA LONGEVITY BONUS**  
 Comparison of Annual Costs

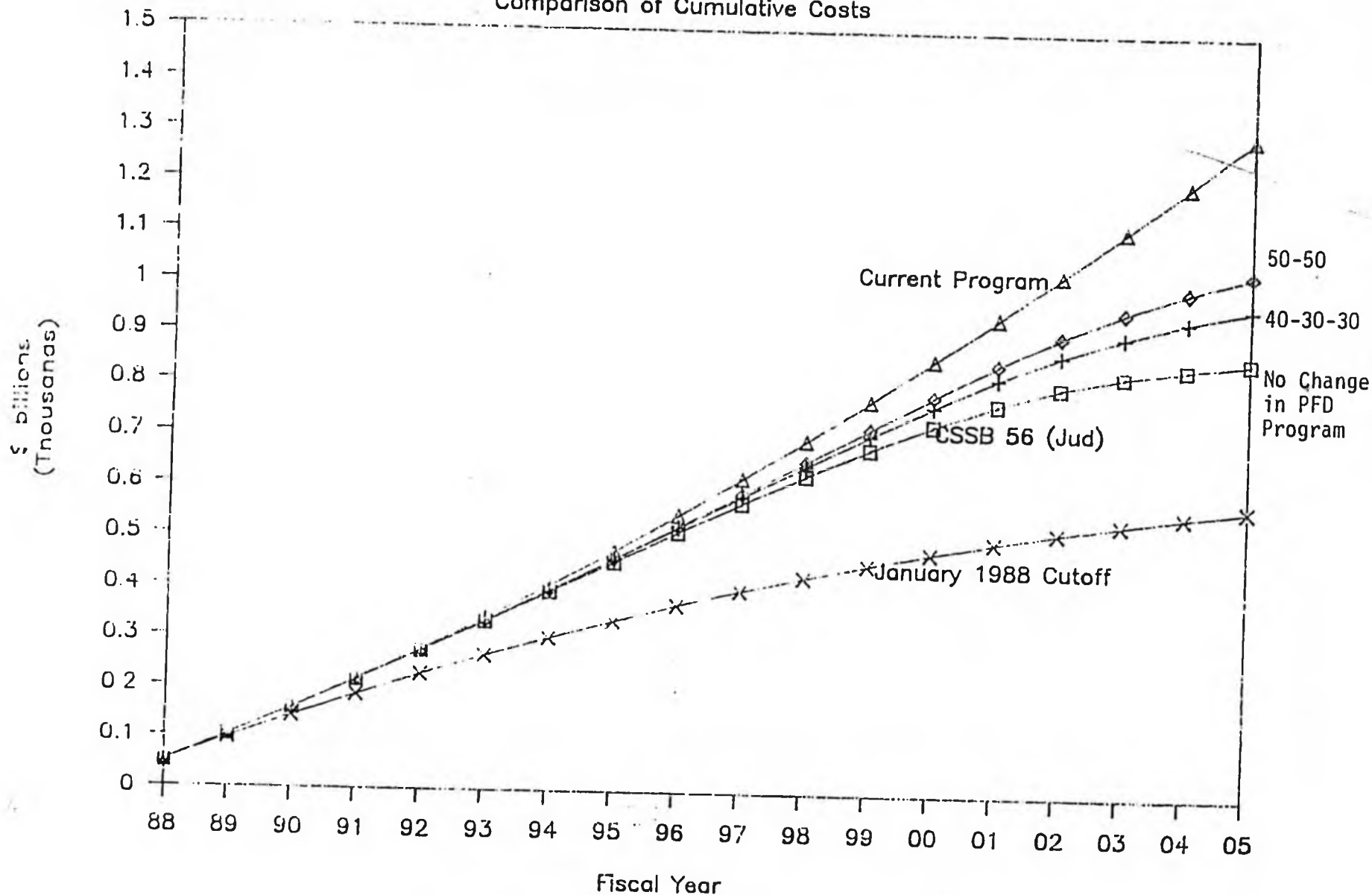


Prepared by the House Research Agency, May 1987.

Figure 4

# ALASKA LONGEVITY BONUS

Comparison of Cumulative Costs



Prepared by the House Research Agency, May 1987.



P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

THIS MEMO CONCERN  
COSTS OF GRANTS  
ONLY ON A LOW  
TERM BASIS.

April 30, 1987

MEMORANDUM

TO: Representative Al Adams

ATTN: Louann Cutler

FROM: Karen Oakley <sup>KO</sup>  
Legislative Analyst

RE: Projected Costs of the Alaska Longevity Bonus Program Under  
Proposed Modifications of House Bill 151  
Research Request 87.231 (Supplemental Information)

You asked us to prepare a table and figures comparing the annual and cumulative costs of the Alaska Longevity Bonus Program and the various proposals to modify the program currently being considered by the legislature. The following proposals were analyzed:

- 1) **Current Program.** All persons 65 years of age or older receive \$250 per month for the remainder of their lives.
- 2) **Governor's Proposal.** House Bill 151, proposed by Governor Cowper, would provide a bonus only to individuals who turn 65 prior to January 1, 1988 and who have an adjusted gross income of less than \$25,500. The bonus amount would vary from \$200 to \$17 per month depending upon the recipient's income.
- 3) **House Bill 151 Modification: \$25,000 income limit; \$250 bonus.** Persons must turn 65 years prior to January 1, 1988 to be eligible for the bonus. Persons with incomes of \$20,000 or less would receive a monthly bonus of \$250; persons with incomes greater than \$20,000 but less than \$25,000 would receive a reduced monthly bonus varying between \$25 and \$225; and persons with incomes greater than \$25,000 would be ineligible.
- 4) **House Bill 151 Modification: \$20,000 income limit; \$250 bonus.** Persons must turn 65 years prior to January 1, 1988 to be eligible. Persons with incomes of \$20,000 or less would receive a monthly bonus of \$250; persons with incomes greater than \$20,000 would be ineligible.

- 5) **Bonus Reduction.** All persons 65 years or over would be eligible to receive the bonus. The bonus amount would start at \$225 per month in FY/88 and be reduced \$25 each year until reaching zero in FY 97. (This proposal has also been referred to as Phase-out.)
- 6) **Bonus Reduction with Needs.** All persons 65 years or older with incomes of \$20,000 or less would receive a bonus of \$225. Persons with incomes greater than \$20,000 would receive a monthly bonus of \$225 in FY 88; in subsequent years, the bonus amount would be reduced by \$25 each year until the bonus amount reaches zero in FY 97. In FY 97, once the bonus amount reaches zero for all recipients with incomes greater than \$20,000, the bonus program ends.
- 7) **Needs Based; No Age Cutoff.** All persons 65 years and over would be eligible to receive a monthly bonus of \$250 if their income is \$20,000 or less. Persons with incomes greater than \$20,000 and less than \$25,500 would be eligible for a reduced monthly bonus, and persons with incomes greater than \$25,500 would be ineligible.
- 8) **Bonus Reduction/Annuity Program.** Under the Committee Substitute for Senate Bill 56 (CSSB 56), all persons 65 years of age or older on January 1, 1988 will receive \$250 per month for the remainder of their lives. For those persons turning 65 years after January 1, 1988, the bonus amount is reduced in each year by the maximum possible straight-life annuity payment that would be due a 65-year-old who had invested all Permanent Fund Dividends received after December 1987 in an annuity account. Once a person turns 65 years old and begins to receive the bonus, the bonus amount would not change. In FY 2003, the bonus amount is projected to reach zero, so anyone turning 65 after 2003 would not be eligible to receive the bonus. Although this proposal is commonly referred to as the "annuity" program, the primary effect of CSSB 56 is to reduce the bonus amount gradually over the next 15 years; the Permanent Fund Dividend annuity program simply provides the schedule for reducing the bonus amount.

Attached are the following:

Table 1. Comparison of Annual and Cumulative Costs between the Current Longevity Bonus Program and Various Proposals.

Figure 1. Comparison of Annual Costs.

Figure 2. Comparison of Cumulative Costs.

I hope you find this information useful. If you need any additional information, please let me know.

Attachments

Table 1  
Comparison of Annual and Cumulative Costs Between the Current Longevity Bonus Program and Various Proposals

Fiscal Year	Current Program		HB 151 Governor's Proposal		HB 151 Modifications				Bonus Reduction		SUND Needs Based No Age Cutoff		CSSB 56 Bonus Reduction/Annuity			
	Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost	\$25,000 Income Limit		ADAMS \$20,000 Income Limit		With Needs		No Age Cutoff		Annuity			
					Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost	Annual Cost	Cumulative Cost
1968	32.9	32.9	34.5	34.5	43.1	43.1	41.8	41.8	44.9	44.9	44.9	44.9	43.8	43.8	49.9	49.9
1969	52.7	85.6	28.8	63.3	35.8	78.9	33.4	75.2	42.1	87.0	45.8	90.7	39.8	83.6	53.8	103.7
1970	55.0	138.2	27.1	90.4	33.7	112.6	31.9	107.1	38.9	125.9	46.7	137.4	41.3	124.9	57.0	160.7
1971	58.0	210.4	25.4	115.8	31.6	144.2	29.4	136.5	34.9	160.8	46.8	184.2	42.8	167.7	59.6	220.3
1972	56.7	277.1	24.0	139.8	29.8	174.0	27.5	164.0	30.4	191.2	46.9	231.1	44.3	212.0	61.8	282.1
1973	55.5	340.5	22.3	162.1	27.6	201.6	25.3	189.3	25.4	216.6	46.0	277.1	45.4	257.4	63.9	346.0
1974	55.9	402.4	20.9	183.0	25.9	227.5	23.9	213.2	19.8	236.4	45.5	322.6	46.8	304.2	65.3	411.3
1975	55.5	475.2	19.2	202.2	23.9	251.4	21.8	235.0	13.9	250.2	44.1	366.7	47.9	352.1	66.8	478.1
1976	71.5	546.6	17.7	219.9	21.9	273.3	19.8	254.8	7.1	257.3	42.0	408.7	48.6	400.7	67.5	545.6
1977	55.0	620.2	16.4	236.3	20.3	293.6	18.5	273.3	0	257.3	0.0	408.7	49.7	450.4	67.6	613.2
1978	55.1	696.3	15.1	251.4	18.8	312.4	16.9	290.2	0	257.3	0.0	408.7	51.1	501.5	67.3	680.5
1979	78.5	774.8	13.7	265.1	17.0	329.4	15.2	305.4	0	257.3	0.0	408.7	51.6	553.1	66.3	746.8
1980	51.1	855.9	12.6	277.7	15.7	345.1	14.0	319.4	0	257.3	0.0	408.7	53.2	606.3	64.7	811.5
1981	53.0	959.5	11.3	289.0	14.0	359.1	12.4	331.8	0	257.3	0.0	408.7	53.7	660.0	62.3	873.8
1982	55.2	1,025.7	10.3	299.3	12.8	371.9	11.3	343.1	0	257.3	0.0	408.7	55.3	715.3	59.1	932.9
1983	58.9	1,115.6	9.2	308.5	11.4	383.3	10.1	353.2	0	257.3	0.0	408.7	56.2	771.5	55.4	988.3
1984	51.0	1,202.2	8.4	316.9	10.4	393.7	9.1	362.3	0	257.3	0.0	408.7	58.4	829.9	51.9	1,040.2
1985	54.7	1,303.1	7.4	324.3	9.2	402.9	8.0	370.3	0	257.3	0.0	408.7	59.6	889.5	48.5	1,088.7

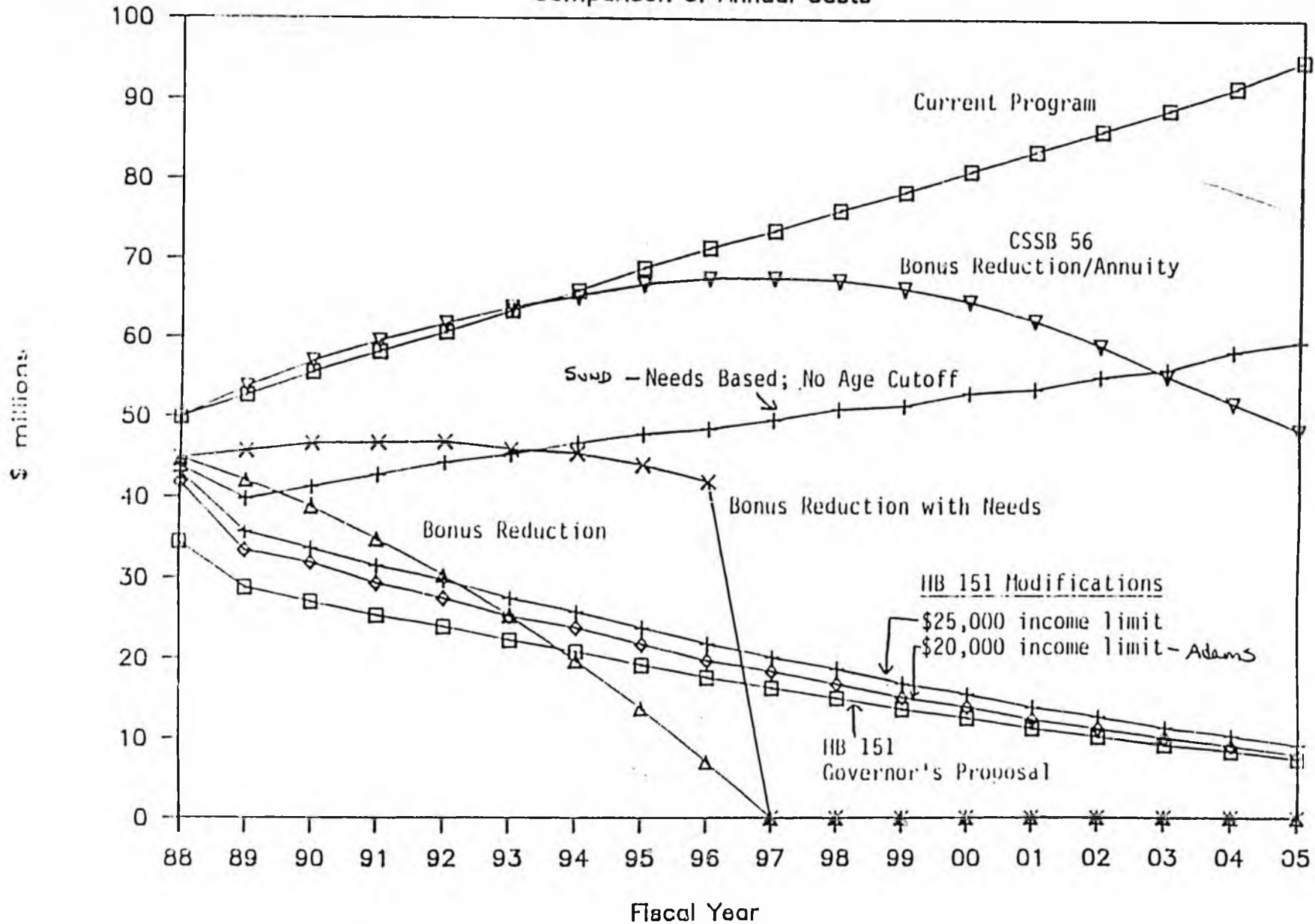
NOTE: Population figures used to project the costs of the program under the Committee Substitute for Senate Bill 56 were slightly different from the population figures used to project costs of the other proposals.

Prepared by the House Research Agency, April 1987 (87-23152; 860330-03).

FIGURE 1

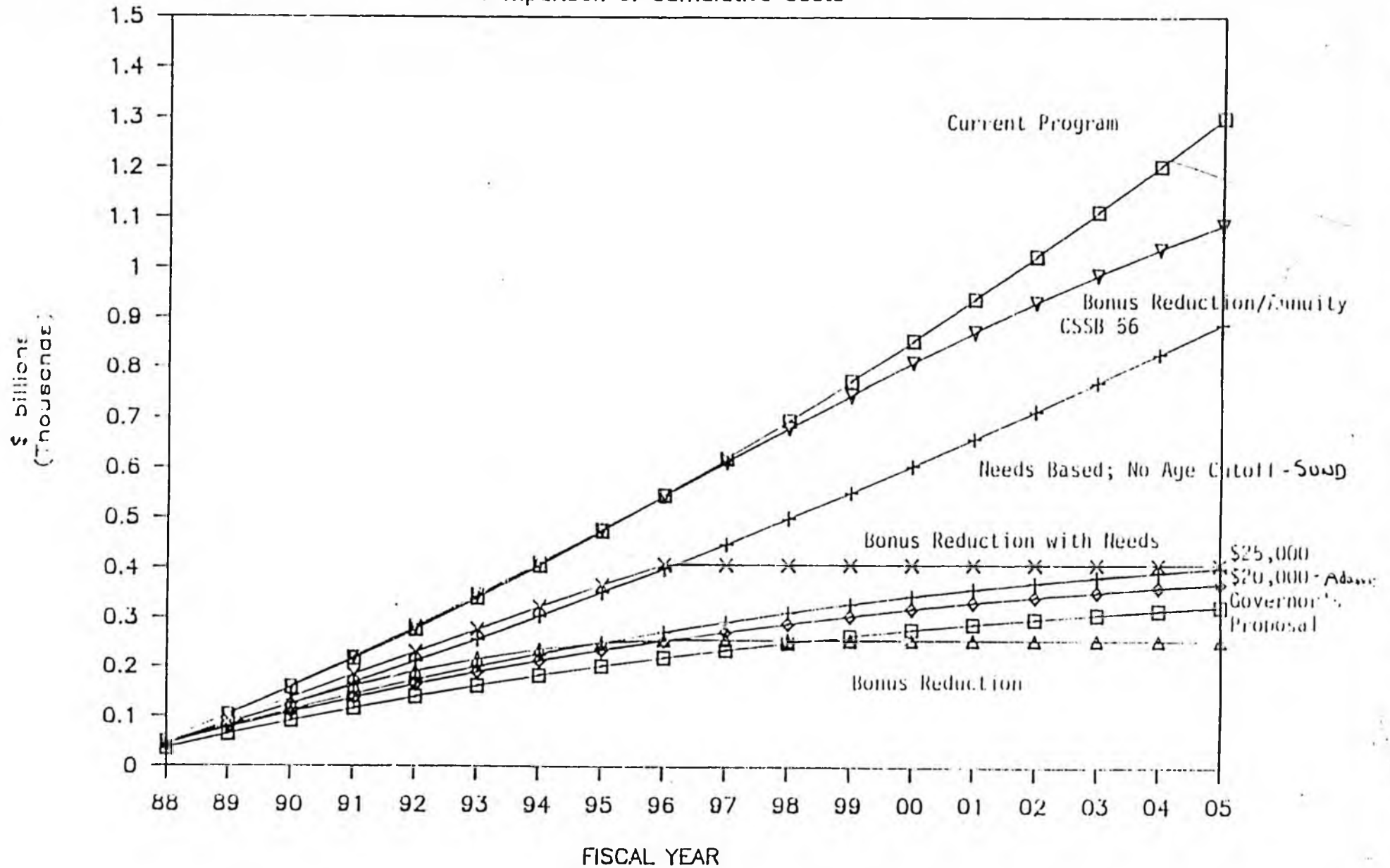
# ALASKA LONGEVITY BONUS

Comparison of Annual Costs



Prepared by the House Research Agency, April 1987.

FIGURE 2  
 Alaska Longevity Bonus  
 Comparison of Cumulative Costs



Prepared by the House Research Agency, April 1987.

#### IV. ALB: PUBLIC PROPOSALS AND SUGGESTIONS

Clem Tillion: "When the state received the first big oil bonanza, some nine hundred million...some of us wanted to save a portion of this windfall like the PF of today so the first ALB bill which paid a bonus to our pioneer was to be funded from the earnings of \$100 million placed in a PF with the understanding that if earnings dropped the pioneers might really receive less".

Ben Engdal: "Enact legislation changing the name of the ALB program to the Permanent Fund Social Security Act. Which will have as its objective to provide for all qualified senior citizens of Alaska upon reaching the age of 65 the sum of \$250 per month thereafter. The money needed to fund this program would be provided by a grant from the present PFD program, now disbursed in its entirety to all the residents of the state, in effect making every recipient of the dividend a contributor to his or her own retirement at age 65. A minimum 3 year residency should be required..to discourage elderly out-or-state people from moving here...".

Jay Hammond: "Rename the LB program 'The Territorial Pioneer Service Award'. Any current residents, age 65 or over who upon demand can demonstrate that they were simply here in Alaska for a period of at least 6 months during territorial days - whether or not as an Alaska resident - would qualify. This way the major stumbling block of duration residency would be eliminated. Legislative intent would at least be partly accommodated, and the count down to close out on pioneer programs begun and cost greatly reduced. In the process the pride of all those who have made worthy contributions during territorial days would be duly sustained. Should the governor then wish to provide aid to other elderly based on need, fine. However, let's call it something entirely different".

Page 13  
Longevity Bonus

V. ATTACHMENTS

- Letter To Seniors
- Pioneer Benefits questions and answers regarding the ALB

*For Committee  
File*



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

September 14, 1987

Evelyn Hamlin  
612 West 10th  
Juneau, AK 99801

Dear Evelyn:

I would like to take this opportunity to thank the seniors of Alaska for your cooperation and participation during the last legislative session and request your continued assistance in resolving important issues facing the State of Alaska. You can assist by providing your input to the questions below and sending your comments which I will share with the House State Affairs Committee.

As you already know, we are at a crossroad in the State's delivery of programs to all Alaska residents. Revenues, which for a period of time exceeded expenditures, have declined below the current level of State spending. As a senior resident of Alaska, you have closely followed those programs that affect you directly, and have provided valuable insights and suggestions on how these programs could be improved.

The above programs include: the Longevity Bonus program, Pioneers' Homes, Older Alaskans Commission, Homeowner's Property Tax Exemption, Renter's Equivalency Rebate, Water and Sewer Assessment (currently not funded), Motor Vehicle Exemption (currently not funded), Adult Public Assistance Payments to the Aged, Old Age Assistance, Personal Care Attendants, Home Health, Public Health Nursing, Adult Homemaker Services, and Senior Centers.

September 14, 1987

Page 2

Question: Which of the above senior programs do you believe are the most important for the State to continue to support and at what financial level? What programs do you believe should be expanded if additional funds are available, and which could be reduced if we have fewer dollars to spend?

Whatever the price of oil, the State will have to reduce total expenditures because of the decline in production of Prudhoe Bay oil in the 1990's. The Legislature spent considerable time last session analyzing the State's financial situation and all program expenditures. Of particular concern are programs that are rapidly expanding in cost, like the Longevity Bonus. (Please see the enclosed summary.) For example, many alternative proposals were offered regarding the Longevity Bonus program, not only by legislators, but by seniors and senior organizations, yet no one could agree on what approach would be best.

Question: If the current Longevity Bonus program must be changed to reduce the cost of the program, how could it be structured to best meet the needs of Alaska's seniors?

As noted above, the Longevity Bonus issue was not resolved during the last legislative session. The Governor's "needs based" approach, the Senate's annuity option, and various other alternatives have been returned to the House State Affairs Committee for additional work. The House State Affairs Committee will be holding a work session in Fairbanks on November 16 and Anchorage on November 17 to discuss these proposals. Public testimony will be received at these hearings. Your written comments and suggestions would be appreciated and may be sent to House State Affairs, P.O. Box V, Juneau, AK 99811.

The contribution of seniors to our state is very important--not just for what you have contributed in the past, but for what you can help with now. It cannot be stressed enough that seniors who live in Alaska contribute greatly to the Alaska economy and provide a wealth of knowledge and experience. Please share some of this knowledge and experience by writing to me with your thoughts and suggestions.

Sincerely,

Fran Elmer, Chair  
House State Affairs Committee

Enclosure  
File: Longevity Bonus

Senior Voice

Client No. 0615

# Pioneers' Benefits answers bonus questions

*Editor's note: Nearly 17,000 older Alaskans now receive Alaska's Longevity Bonus of \$250 a month. Officials for the program say they answer many of the following questions every day. Both questions and answers were prepared by staff of the Division of Pioneers' Benefits.*

**Q. What is the Longevity Bonus?**

**A.** It is a monthly payment provided by the state to qualified people as an incentive to remain in Alaska.

**Q. Who can receive the bonus?**

**A.** Alaska residents who have reached age 65 and have lived in Alaska for at least one year immediately preceding application.

**Q. How much is the bonus and how is it paid?**

**A.** \$250 a month. It is paid by check, mailed to your Alaska address. It cannot be mailed to a bank or to an address outside of Alaska.

**Q. Do I have to be retired to receive the bonus?**

**A.** No. Retirement is not a requirement.

**Q. Do only needy people receive the bonus?**

**A.** No. The bonus is not based on need and is not considered a form, type or manner of public relief.

**Q. Will the bonus affect my right to other benefits?**

**A.** It may. You must report it when you apply for other benefits because many agencies include the bonus as part of your income when they figure your entitlement to other benefits.

**Q. Do I have to pay taxes on the bonus?**

**A.** The federal government considers the bonus as income for tax purposes, so it must be reported. You should ask your nearest Internal Revenue office to answer your tax questions.

**Q. Will I continue to get the bonus if I move into the Pioneer's Home?**

**A.** Yes, unless you are in the nursing wing.

**Q. If I am in a nursing home, will I receive the bonus?**

**A.** No. In 1985 the Legislature passed a law that prohibits persons in nursing homes from receiving the bonus.

**Q. Can I apply before I am eligible?**

**A.** No. You should apply the month you become 65 or the month you complete your 12 months as a resident of Alaska.

**Q. How can I prove my age?**

**A.** With your application you should send the bonus program an original or a true copy of your birth certificate, delayed birth certificate, school records, U.S. census records, U.S. Social Security records, Bible or family records, court records, organization records, military records or other records that make it clear that you are in the program and try to suggest that you may have your age

**Q. How do I prove I have lived in Alaska the required time?**

to tell when your Alaska residence began and to list your home addresses since your Alaska residence began.

**Q. I was out of Alaska during the last year. Do I qualify to receive the bonus?**

**A.** On your application you must tell the program about any absences during the one-year period which were over 30 days. If you were out of the state over 90 days, you must remain in the state 12 months from your return date in order to qualify.

**Q. I lived in Alaska continuously for 25 years and then moved away. Can I return to Alaska and claim the bonus?**

**A.** Yes, if you can show you returned to take up permanent residence in Alaska again and have abandoned your legal home elsewhere and have completed your one-year residence requirement.

**Q. After I apply, when will I receive my first payment?**

**A.** The first of the month after you prove you have completed all requirements.

**Q. I was eligible three months ago, but I just sent in my application. Will I receive back payments?**

**A.** No back payments are made for time before an application is received by the bonus office.

**Q. Are the checks sent automatically, or do I have to reapply each month?**

**A.** You must personally reapply each month. Attached to each check is a reapplication stub which you must sign yourself and mail back to the bonus office in order to receive your next month's check. If the stub does not reach the bonus office by the 15th of the month, your next check will not be printed.

**Q. Can someone else sign my stubs?**

**A.** No, you must sign them yourself. A power of attorney cannot be used. The only person who can sign your stubs for you is your guardian or a conservator who has been appointed by the court. If you can't write your name, you may mark an X if the stub is also signed by two people not related to you who watched you make your mark.

**Q. If I lose or destroy my stub, what can I do?**

**A.** Tell the bonus office as soon as you can. Your next payment can be approved without your stub if you are in Alaska. You may call the nearest governor's office or senior center to help you contact the bonus office.

**Q. I am a subsistence fisherman. How can I reapply if I am away from home for two or three months at a time?**

**A.** If you do not leave Alaska, you should let the bonus office know you are leaving home. They will then approve your payments and mail them to you when you return. If you are notified again.

**Q. What if I go to visit in another town and won't be home when the check comes?**

they can mail the check to you when you are home again or mail it to you at your temporary location.

**Q. I am receiving the bonus now, and I have to leave Alaska. How long can I be gone without losing a payment?**

**A.** You can be gone up to 30 days without losing a payment.

**Q. How many payments will I miss if I am gone over 30 days?**

**A.** You will miss one payment if you are gone from 31 to 60 days; two payments from 61 to 90 days.

**Q. Who do I notify when I leave the state?**

**A.** If you plan to be gone over 30 days, you must notify the bonus program before you leave. Your payments are then suspended. When you return the program must be notified of the exact dates you left and returned. If you are gone less than 90 days, your payments will start again after you let the program know you are back.

**Q. How can I prove my departure and return dates?**

**A.** If you have airline or ferry tickets, you can send a copy to the bonus office. If you drove out of the state, the U.S./Canadian border will stamp a piece of paper with the dates that you cross the border.

**Q. What if I am gone for medical reasons?**

**A.** No payment is made to anyone who is gone from Alaska for over 30 days for any reason.

**Q. What if I am gone for more than 90 days?**

**A.** If you are absent from Alaska for over 90 days in a 12-month period, you must wait for one year after you return before you can apply to receive the bonus again.

**Q. What if I was out of Alaska for over 90 days for reasons over which I had no control?**

**A.** You should write to the bonus office and tell why you were gone so long, and they will ask you to show proof that your absence was beyond your control. The

commissioner of the Department of Administration then decide if the emergency waiting period can be lifted.

**Q. For medical reasons I be gone 90 days from Alaska for chemotherapy. Will it be a reason "beyond my control"?**

**A.** No. If the medical treatment you are receiving is available in Alaska, then your absence is not "beyond your control."

**Q. If I move Outside, will receive the bonus?**

**A.** No. If you receive a check for the month after you leave you must return it to the bonus office.

**Q. I live in an isolated area where there is no regular service. How can I receive checks?**

**A.** Write the bonus office ask if you qualify for room service.

*If you have other questions contact Mary Jo Jensen, director of the Division of Pioneers' Benefits, Department Administration, P.O. Box 20700, Anchorage, AK 99511, telephone 265-4400.*



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

#### HOUSE COMMITTEE SUBSTITUTE FOR SENATE BILL 56 (SA)

#### FILE CONTENTS

1. MEMORANDUM FROM REPRESENTATIVE ULMER TO HOUSE STATE AFFAIRS COMMITTEE, DATED JANUARY 22, 1988
2. HCS CS CS SB 56 (2ND SA) (WORK DRAFT): AN ACT AMENDING AND MAKING EFFECTIVE AN ANNUITY PROGRAM AND AMENDMENTS TO THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND PROGRAM PROVIDED FOR IN SECS. 2 - 18, CH. 99, SLA 1985; AND PROVIDING FOR AN EFFECTIVE DATE
3. HCS CS SB 56 (SA): AN ACT AMENDING AND MAKING EFFECTIVE AN ANNUITY PROGRAM AND AMENDMENTS TO THE LONGEVITY BONUS PROGRAM AND THE PERMANENT FUND DIVIDEND PROGRAM PROVIDED FOR IN SECS. 2 - 18, CH. 99, SLA 1985; AND PROVIDING FOR AN EFFECTIVE DATE
4. MEMORANDUM FROM KAREN OAKLEY TO REPRESENTATIVE ULMER, DATED JANUARY 20, 1988
5. MEMORANDUM FROM KAREN OAKLEY TO REPRESENTATIVE ULMER, DATED MAY 12, 1987
6. MEMORANDUM FROM TAMARA BRANDT COOK TO REPRESENTATIVE ULMER, DATED DECEMBER 23, 1987

#### FISCAL NOTE

- A. DEPARTMENT OF ADMINISTRATION, LONGEVITY BONUS: PENDING



# Alaska State Legislature

## House

Official Business

Pouch V  
State Capitol  
Juneau, Alaska 99811

### COMMITTEE ON STATE AFFAIRS

### M E M O R A N D U M

TO: House Members

FROM: Representative Frank Ulmer, Chair  
House State Affairs

DATE: April 26, 1988

RE: HCS CSSB 56(FIN)

---

The legislature has spent considerable time analyzing the the Longevity Bonus program, the state's financial situation, and the current and future needs of our seniors. The legislation before you, HCS CSSB 56(FIN), is the product of this intensive effort.

#### How HCS CSSB 56(FIN) Affects Seniors

- Seniors who are currently receiving the Longevity Bonus and those turning 65 on or before 1/1/89 will continue to receive \$250 each month until they die.
- Those turning 65 after 1/1/89 who choose to put all or part of their Permanent Fund Dividend or cash into an annuity account, will receive an amount based on the income earned from their annuity account and a declining Bonus.
- Those turning 65 after 1/1/89 who do not choose to put their Permanent Fund Dividends or cash into an annuity account would receive a declining Bonus.

All seniors who receive the Bonus, whether it is \$250 or the declining Bonus, must be residents of Alaska, 65 years or older, and comply with the regulations regarding allowable absences from the state.

How HCS CSSB(FIN) Helps Alaskans

- Meets the needs of our present seniors who have come to rely on the Bonus;
- Sets in place a plan for seniors who have not turned 65;
- Offers a long term savings plan for all Alaskans; and
- Provides a fiscally responsible alternative to the current Longevity Bonus program.

How HCS CSSB 56(FIN) Differs From CSSB 56

- Adds language which may result in tax free contributions to an annuity account.

Under the House version, if an individual makes an emergency withdrawal from their annuity account, they can pay it back with interest. However, that person cannot make a subsequent contribution to their annuity account for two years after that withdrawal. The two year requirement is designed to avoid the problem of "constructive receipts" - the ability to exert control over retirement funds. Removing control over retirement funds may allow for contributions to be tax free.

- Includes modifications to simplify administration of the program.

Once a person turns 65, the balance of their account is transferred from one account (Annuity Investment Fund) to the Annuity Reserve Account within the Fund. This money is used to make annuity payments.

The above system removes the necessity for the annual estimation of how many members will choose to retire and what amount should be appropriated. It also removes the need for supplemental appropriations when an insufficient amount is appropriated. Finally, it allows for the continued investment of annuity account funds once they are transferred to the Annuity Reserve Account.

This allows for a beneficiary to receive a lump sum payment of all Dividends or cash credited to an individuals account. If there is no beneficiary, a lump sum is paid to the survivors.

- Includes a schedule for declining Bonus payments.

Under the Senate plan (the House bill without Section 9), the Bonus amount would be free to vary up and down because the Bonus calculation is tied to how well the annuity performs. This results in uncertainty as to when the Bonus would phase out. In addition, any change in the calculation of the Dividend which reduced the amount of future Dividends could act to increase the costs of the Longevity Bonus program beyond that intended by the Senate. If changes are adopted (e.g. 40/30/30), the General Fund costs for this program will increase.

Under HCS CSSB 56(FIN), the Bonus amount for each fiscal year is set forth in Section 9. These Bonus amounts are based on the required calculations in Section 8 and reflect the Senate's intent. Section 9 assures more predictability of the state's expenses, reduces uncertainty as to when the program will phase out, and provides greater certainty for the seniors who do not participate in the optional annuity program as to what they will receive each year.

EXAMPLES OF MONTHLY ANNUITY AND BONUS PAYMENTS

Seniors Who Are 65 or Turn 65 by 1/1/89

If you are 65 now or turn 65 by 1/1/89, you will receive \$250 per month until you die. You will also receive the Permanent Fund Dividend.

Seniors Who Turn 65 On 1/2/89

If you turn 65 on 1/2/89, selected the annuity, deposited 100% of one Dividend into an annuity account in FY 90, and continued to deposit 100% of all Dividends each year thereafter, you could receive the following payments:

<u>Fiscal Year</u>	<u>Bonus + Annuity = Monthly</u>
1991	\$240.32 + \$009.68 = \$250
1995	197.65 + 52.35 = 250
2000	\$117.90 + 132.10 = 250
2005	0 + 260.07 = 260

Individuals Who Turn 65 in FY 1995

If you turn 65 in FY 95, deposit 100% of one full Dividend into an annuity account in FY 90, and continue to deposit 100% of all Dividends each year thereafter, you could receive the following payments:

<u>Fiscal Year</u>	<u>Age</u>	<u>Bonus + Annuity = Monthly</u>
1991	61	
1992	62	
1993	63	
1994	64	
* 1995	65	\$197.65 + 57.13 = \$254
2000	70	117.90 + 163.13 = 281
2005	75	0 + 351.64 = 351

---

The first Permanent Fund Dividend (or cash) that could be contributed to an annuity account would be in October of 1989 (FY 90).

If you turn 65 in FY 1995, deposit 100% of one Dividend into an annuity account in FY 90, and continue to deposit 100% of all Dividends into the annuity up to the age of 65 but not thereafter, you could receive the following:

<u>Fiscal Year</u>	<u>Bonus + Annuity = Monthly</u>
1991	
* 1995	\$197.65 + 57.13 = \$254
1996	184.51 + 57.13 = 241
2000	117.90 + 57.13 = 175
2005	0 + 57.13 = 57

Individuals Who Turn 65 in FY 2005

If you turn 65 in FY 2005, deposit 100% of all dividends since FY 90 up to the age of 65 but not thereafter, you could receive:

<u>Fiscal Year</u>	<u>Monthly Annuity</u>
2005	351.64
2006	351.64
2007	351.64
Etc.	351.64

Individuals Who Turn 65 After 1/1/89 and Do Not Select the Annuity

If you turn 65 in FY 95, do not make any contributions to an annuity account, you will receive the following:

<u>Fiscal Year</u>	<u>Monthly Bonus</u>
1995	\$197.65
1996	184.51
1997	170.11
1998	154.31
1999	136.95
2000	117.90
2001	96.95
2002	73.89
2003	48.51
2004	20.58
2005	0

PROJECTED COSTS

## Projected General Fund Costs

<u>FY</u>	<sup>1</sup> <u>Current Program</u>	<sup>2</sup> <u>HCS CSSB 56(FIN)</u>	<sup>3</sup> <u>Senate Version PFD Modified 40/30/30</u>
1989	52.9	52.9	52.6
1990	54.2	54.2	57.2
1991	54.9	54.6	59.8
1992	55.7	54.9	61.9
1993	56.6	55.0	63.8
1994	57.8	55.0	65.0
1995	59.1	54.6	66.2
1996	60.6	54.0	66.6
1997	62.3	52.9	66.0
1998	64.2	51.3	65.0
1999	66.4	49.0	62.8
2000	68.9	46.0	59.5
2001	71.7	42.1	54.8
2002	74.9	36.9	48.8
2003	78.4	30.4	41.2
2004	82.3	22.2	31.9
2005	<u>86.6</u>	<u>14.8</u>	<u>20.6</u>
Cum	\$1107.5	\$780.8	\$943.7

1,2

Source: Dept. of Administration, Fiscal Note dated 3/9/88

2

These projected costs would be similar to the Senate version (HCS CSSB 56-FIN without Section 9); the costs to the state, however, could be greater than those shown if the projected Dividend amounts are less than what is expected in current law.

3

Senate Version (without Section 9)  
Source: House Research, Request 88.147

# HOUSE COMMITTEE REPORT

(7)

5/17/87

Date referred:

FURTHER REFERRALS:

Returned from calendar 5/17

DATE: 3-7-88

The State Affairs Committee has considered HCS CSSB 56(SA)

"An Act amending and making effective an annuity program and amendments to the longevity bonus program and the permanent fund dividend program provided for in secs. 2 - 18, ch. 99, SAL 1985; and providing for an effective date."

### RECOMMENDS:

- replace with HCS CS SB 56(2d SA)  the same title
- attached amendment(s)  a new title
- do pass
- do not pass
- no recommendation
- individual recommendations
- additional referral to the Finance Committee

**ADOPTS:**  \_\_\_\_\_ letter of intent

### ATTACHES NEW FISCAL NOTE(s):

- fiscal impact  same as previous fiscal note published \_\_\_\_\_
- zero fiscal note  same as previous zero fiscal note published \_\_\_\_\_
- zero with analysis

### SIGNING DO PASS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

### SIGNING OTHER RECOMMENDATIONS:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

\_\_\_\_\_  
 Chairman's signature



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

March 30, 1988

Ella Benson  
Route 1, Box 393  
Ketchikan, AK 99901

Dear Ella:

Thank you for your return note on SB 56, the proposed annuity program. Since you are 77 years old, you are one of the people who will continue receiving the \$250 Longevity Bonus payment each month and you will be able to keep your annual Permanent Fund dividend also.

I agree that it was unfortunate when the Longevity Bonus program was forced to include all senior residents, regardless of length of residency; however, that is the law of the land as interpreted by the courts and now we must live within it.

Let me assure you that under the bill passed from the House State Affairs Committee you will continue to receive both the \$250 per month Longevity Bonus and the annual Permanent Fund dividend. Thank you again for writing.

Sincerely,

A handwritten signature in cursive script that reads "Fran".

Fran Ulmer, Chair



Official Business

# Alaska State Legislature

## House

COMMITTEE ON STATE AFFAIRS

March 18, 1988

P.O. BOX V

State Capitol

Juneau, Alaska 99811

Ella Benson  
Route 1, Box 393  
Ketchikan, AK 99901

Dear Ella,

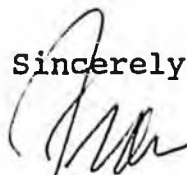
The House State Affairs Committee recently passed out a new committee substitute for SB 56, the "annuity proposal", which makes several changes to the current Longevity Bonus program. I would like to take a few minutes and describe those proposed changes.

The committee substitute (2d HCS CSSB 56-SA) accomplishes the following:

- Seniors who are currently receiving the bonus and those turning 65 on or before 1/1/89 will receive \$250 each month. You will continue to receive your Permanent Fund Dividend too.
- If you turn 65 on or after 1/2/89, you can choose to put all or part (25%, 50%, or 75%) of your Permanent Fund Dividend or cash in an annuity account. When you turn 65, you can receive a retirement check each month based on the interest earnings in your annuity account and a declining longevity bonus. Please note that the bonus paid by the state phases out in about 15 years.
- If you turn 65 on or after 1/2/89 and do not choose to put your Permanent Fund dividend or cash into the annuity program, you would receive a declining bonus providing you turned 65 during the period the bonus was available before it phased out.
- Under the State Affairs Committee Substitute, each Permanent Fund Dividend you deposit into your annuity account would be protected from federal taxation.

I hope this brief explanation is helpful to you in understanding the proposed changes in the Longevity Bonus program. Please let me know if I can provide additional information or explain the proposed changes further. Please note that the State Affairs Committee Substitute is currently in the House Finance Committee which is chaired by Representative Al Adams.

Sincerely,

  
Fran Ulmer,  
Representative

*P.S. I am 77 years old been in Alaska 51 yrs, only go out for medical. I*

# Alaska State Legislature

## Committees:

Chair-State Affairs  
V. Chair-Judiciary  
Telecommunications  
Special Ethics  
Legislative Council  
Finance Subcommittee  
for the University of Alaska  
Joint Committee  
on Economic Recovery



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

## REPRESENTATIVE FRAN ULMER

March 22, 1988

Dear Senior:

The House State Affairs Committee recently passed out a new committee substitute for SB 56, the "annuity proposal", which makes several changes to the current Longevity Bonus program. I would like to take a few minutes and describe those proposed changes.

The committee substitute (2d HCS CSSB 56-SA) accomplishes the following:

- Seniors who are currently receiving the bonus and those turning 65 on or before 1/1/89 will receive \$250 each month. You will continue to receive your Permanent Fund Dividend too.
- If you turn 65 on or after 1/2/89, you can choose to put all or part (25%, 50%, or 75%) of your Permanent Fund Dividend or cash in an annuity account. When you turn 65, you can receive a retirement check each month based on the interest earnings in your annuity account and a declining longevity bonus. Please note that the bonus paid by the state phases out in about 15 years.
- If you turn 65 on or after 1/2/89 and do not choose to put your Permanent Fund dividend or cash into the annuity program, you would receive a declining bonus providing you turned 65 during the period the bonus was available before it phased out.
- Under the State Affairs Committee Substitute, each Permanent Fund Dividend you deposit into your annuity account would be protected from federal taxation.

I hope this brief explanation is helpful to you in understanding the proposed changes in the Longevity Bonus program. Please let me know if I can provide additional information or explain the proposed changes further. Please note that the State Affairs Committee Substitute is currently in the House Finance Committee which is chaired by Representative Al Adams.

Sincerely,

A handwritten signature in cursive script that reads "Fran".

Fran Ulmer,  
Representative

District 4B — Juneau

TO: Division of Pioneers' Benefits  
Longevity Bonus Program  
P. O. Box CL  
Juneau, Alaska 99811-0211

I, Fran Ulmer, Alaska State Representative, hereby request a list, with names and addresses, of Longevity Bonus recipients in House District 4.


I am aware that privacy considerations impose restrictions on the use of the names and addresses provided. I agree not to allow this information to be used for any purpose other than to disseminate information regarding governmental programs and pending legislation which is of interest to Longevity Bonus recipients; will allow no copies to be made; and will return the original list to the Longevity Bonus Program following the use for which the request is made.


Signature: 

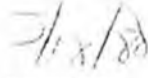
\_\_\_\_\_  
Fran Ulmer

\_\_\_\_\_  
Date

List received by:

  
\_\_\_\_\_  
Printed name

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

Expected date of return of list: 3/21/88

SKB/ms  
E/0315/4

TO: Division of Pioneers' Benefits  
Longevity Bonus Program  
P. O. Box 61  
Juneau, Alaska 99811-0211

I, Fran Ulmer, Alaska State Representative, hereby request labels, with names and addresses, of Longevity Bonus recipients in House District 4.

I am aware that privacy considerations impose restrictions on the use of the names and addresses provided. I agree not to allow this information to be used for any purpose other than to disseminate information regarding governmental programs and pending legislation which is of interest to Longevity Bonus recipients; and will allow no copies to be made.

A statement for the cost of the labels is below.

SIGNATURE: Fran Ulmer DATE: \_\_\_\_\_

Labels received by:

Printed Name                      Signature                      Date

\_\_\_\_\_ labels @ .65/each = \_\_\_\_\_ Check \$ \_\_\_\_\_ Received by \_\_\_\_\_

SKR/ms  
R/0321/2

Original sponsors: Kerttula, Halford,  
Fischer and Uehling

1 IN THE SENATE

BY THE STATE AFFAIRS COMMITTEE

2 2d HOUSE CS FOR CS FOR SENATE BILL NO. 56 (State Affairs)

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - SECOND SESSION

5 A BILL

6 For an Act entitled: "An Act amending and making effective an annuity  
7 program and amendments to the longevity bonus program  
8 and the permanent fund dividend program provided for  
9 in secs. 2 - 18, ch. 99, SLA 1985; and providing for  
10 an effective date."

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

2 \* Section 1. AS 43.23.110(a) is amended to read:

3 (a) The annuity investment fund is established as a separate  
4 fund in the state treasury. The annuity investment fund consists of  
5 money transferred from the dividend fund, cash contributions under  
6 AS 43.23.125, and income earned by the annuity investment fund.  
7 Notwithstanding AS 37.13.145, an amount equal to the permanent fund  
8 dividends taken as annuity credits under this chapter shall be annual-  
9 ly transferred from the dividend fund to the annuity investment fund.

0 \* Sec. 2. AS 43.23 is amended by adding a new section to read:

1 Sec. 43.23.125. CASH CONTRIBUTIONS. An individual who is eligi-  
2 ble to receive the permanent fund dividend as an annuity credit under  
3 AS 43.23.005(d) but does not elect to do so or who elects to receive  
4 only a portion of the permanent fund dividend as an annuity credit may  
5 make a cash contribution to that individual's annuity account. The  
6 total amount credited and contributed to an annuity account in a year  
7 may not exceed the amount of the permanent fund dividend for that  
8 year.

9 \* Sec. 3. AS 43.23.130(a) is amended to read:

1 (a) An individual with one or more annuity credits or cash  
2 contributions under AS 43.23.125 may receive an annuity upon reaching  
3 the age of 65.

4 \* Sec. 4. AS 43.23.130(e) is amended to read:

5 (e) If a person elects to credit a permanent fund dividend or  
6 make a cash contribution to an annuity account in a particular year,  
7 that person may make an irrevocable choice regarding death benefits  
8 with respect to that credit or contribution. If a person dies before  
9 age 65 and that person has selected death benefits in at least one  
10 year, a lump sum payment shall, subject to appropriation, be paid to  
11 the surviving spouse by right of survivorship unless a different  
12 beneficiary was designated. When no spouse survives and no benefi-  
13 ciary is designated, the lump sum shall be paid to the decedent's  
14 estate. The lump sum payment includes all dividends credited to  
15 the person's annuity account in years in which death benefits were  
16 selected and interest on those dividends. Dividends credited and cash  
17 contributed to a person's annuity account in years for which death  
18 benefits were not selected and interest on those dividends and con-  
19 tributions shall, if the person dies before age 65, be distributed  
20 in accordance with AS 13.06 - AS 13.36 (Uniform Probate Code) and  
21 AS 13.43 (Uniform Simultaneous Death Act) [EQUITABLY AMONG THE ANNUI-  
22 TY ACCOUNTS OF ALL INDIVIDUALS FOR WHICH DEATH BENEFITS WERE NOT  
23 SELECTED].

24 \* Sec. 5. AS 43.23 is amended by adding a new section to read:

25 Sec. 43.23.135. EMERGENCY WITHDRAWALS. An individual may make a  
26 withdrawal from that individual's annuity account before reaching the  
27 age of 65 if the individual establishes to the satisfaction of the  
28 commissioner that the withdrawal is necessary to meet an unforeseeable  
29 emergency. The amount withdrawn may not exceed the total amount in

1 the individual's annuity account or the amount actually necessary to  
2 meet the emergency, whichever is less. The commissioner shall define  
3 the term "unforeseeable emergency" by regulation. An individual may  
4 only make one withdrawal under this section and may pay it back with  
5 interest under terms established by the commissioner. An individual  
6 who has made a withdrawal under this section may not elect to credit a  
7 dividend or make a cash contribution to an annuity account for two  
8 years after the withdrawal.

9 \* Sec. 6. AS 47.45.015(a) is amended to read:

10 (a) Except as provided in (b) and (c) of this section, the  
11 monthly longevity bonus is equal to \$250, minus the maximum possible  
12 straight life annuity [FOR A PERSON 65 YEARS OF AGE] under the annuity  
13 program (AS 43.23.110 - 43.23.130), as determined by the commissioner  
14 of administration. The maximum possible straight life annuity equals  
15 the amount a person would receive if that person became 65 on Janu-  
16 ary 2, 1989, and contributed 100 percent of all permanent fund divi-  
17 dends or the cash equivalency to the annuity program for every year  
18 after December 31, 1988. However, for purposes of this section the  
19 maximum possible straight life annuity may not exceed the amount that  
20 a person turning 65 in the current year would receive if that person  
21 had contributed 100 percent of all permanent fund dividends or the  
22 cash equivalency to the annuity program for every year after Decem-  
23 ber 31, 1988.

24 \* Sec. 7. AS 47.45.015 is amended by adding a new subsection to read:

25 (c) Notwithstanding (a) of this section, the monthly longevity  
26 bonus in a fiscal year for a person who is 65 years of age after  
27 January 1, 1989, may not exceed

28 (1) \$240.32 in fiscal year 1991;

29 (2) \$230.54 in fiscal year 1992;

- 1 (3) \$220.59 in fiscal year 1993;
- 2 (4) \$209.64 in fiscal year 1994;
- 3 (5) \$197.65 in fiscal year 1995;
- 4 (6) \$184.51 in fiscal year 1996;
- 5 (7) \$170.11 in fiscal year 1997;
- 6 (8) \$154.31 in fiscal year 1998;
- 7 (9) \$136.95 in fiscal year 1999;
- 8 (10) \$117.90 in fiscal year 2000;
- 9 (11) \$96.95 in fiscal year 2001;
- 10 (12) \$73.89 in fiscal year 2002;
- 11 (13) \$48.51 in fiscal year 2003;
- 12 (14) \$20.58 in fiscal year 2004; and
- 13 (15) \$00.00 after fiscal year 2004.

14 \* Sec. 8. Section 1, ch. 99, SLA 1985, is repealed.

15 \* Sec. 9. Chapter 99, SLA 1985, and secs. 1 - 6 of this Act apply only  
16 to permanent fund dividends for years beginning after December 31, 1988.  
17 Notwithstanding the amendments to AS 43.23 made by ch. 99, SLA 1985, and  
18 this Act, permanent fund dividends for 1988 and prior years shall be made  
19 under the law as it existed before the effective date of this Act.

20 \* Sec. 10. This Act takes effect immediately under AS 01.10.070(c).

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_ Agency Affected: Administration  
 Title: An Act amending and making  
effective an annuity program . . . . BRU: Longevity Bonus  
 Sponsor: Kerttula, Halford, et al. Components: Grants  
 Requestor: House State Affairs

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	(3,798.2)	(8,282.3)	(12,891.2)	(17,620.8)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	(3,798.2)	(8,282.3)	(12,891.2)	(17,620.8)
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	(3,798.2)	(8,282.3)	(12,891.2)	(17,620.8)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	(3,798.2)	(8,282.3)	(12,891.2)	(17,620.8)

POSITIONS:

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

ANALYSIS: (Attach a separate page if necessary)

See attachments.

Prepared By: Jim Fox, Deputy Commissioner Phone: 465-2200  
 Division: Department of Administration Date: 01/25/88

Approved by Commissioner: John M. Andrews Date: 01/25/88  
 Agency: Department of Administration

Distribution (by preparer):

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

The following is a conservative estimate of the costs of the draft proposal related to House CS for CS for Senate Bill No. 56 (2d State Affairs). Because of the relatively short time involved a thorough analysis has not been accomplished and the figures are based on a number of assumptions which could be further refined within a few days.

For example the Department of Labor figures for projected census in the age category in question are in the process of being refined. Their recent experience, as well as ours, indicates that the 1984 figures contained in the ALASKA POPULATION PROJECTIONS may well be too high.

The number of people moving into Alaska in the 65 to 70 age group has been assumed to equal the number moving out of Alaska. This may not be entirely accurate, but in any event the effect would probably equal less than 1.5% for that age group. Again, a bit more time would allow for refinement.

The mortality factors were developed using the age distribution of existing eligible beneficiaries as taken from the January, 1982 Longevity Bonus program. The 1984 UNISEX PENSION MORTALITY TABLE supplied by the Division of Retirement and Benefits was used to determine projected attrition in that population group. This table may not be totally reflective of the general population in Alaska.

The figures given do not include operating costs for the Longevity Bonus Program. The Division of Pioneers Benefits currently budgets about \$325,000 per year for administration of this program. It is anticipated that this cost would hold constant for at least the first few years. An actual fiscal note will also include some start-up costs for the change, primarily due to the need to develop a better data system in order to keep track of the variable payment rates. This will be absolutely necessary if the administrative overhead is to be held constant.

Impact on Longevity Bonus Grant Program  
Draft HCS CS SB56 (2nd State Affairs)

FY	NO. # NEW ELIG.	AMT. OF ANNUAL PNT.	AVG. PNT. TO NEW ELG. (65 AFTER 12/2/89)	REMAINING FROM COMP PROGRAM	ATTENTION PAID FOR REMAINING ELIG.	EST. REMAIN AT END FY	PMT. FOR ORIG. RECP.	OF PAYMENT FOR BONUS	CUMULATIVE EXPENDITURES	COST OF 100 MAY 5/1/86 (42 GRANTS)	ESTIMATED GRANT SAVINGS	CUMULATIVE SAVINGS
1989	346	4250.00		4519,000	17,479	.043202	16718	451,206,705	451,805,705	451,805,705		40
1990	360	4250.00		41,079,520	16,719	.046026	15949	449,000,199	450,079,713	450,079,713	13,790,215	13,790,215
1991	374	4240.32		41,079,230	15,949	.049092	15166	446,671,562	447,290,292	447,290,292	18,262,259	412,030,474
1992	389	4230.54		41,076,722	15,166	.052942	14372	444,306,406	445,093,159	445,093,159	22,691,215	434,721,689
1993	405	4220.59		41,071,461	14,372	.057889	13570	441,910,060	442,964,529	442,964,529	27,003,648	461,725,337
1994	421	4209.64		41,059,005	13,570	.063450	12764	439,500,130	440,599,136	440,599,136	31,170,426	492,895,763
1995	438	4197.65		41,040,375	12,764	.069886	11954	437,076,397	438,114,712	438,114,712	35,100,744	527,996,507
1996	455	4184.51		41,004,116	11,954	.077602	11146	434,650,615	435,050,731	435,050,731	38,882,402	566,878,909
1997	474	4170.11		40,956,616	11,146	.086711	10342	432,213,441	432,199,057	432,199,057	42,514,605	609,393,514
1998	492	4154.31		40,911,909	10,342	.097200	9546	429,831,954	430,743,063	430,743,063	46,000,602	655,394,116
1999	512	4136.95		40,841,691	9,546	.099230	8761	427,460,042	429,301,794	429,301,794	49,342,099	704,736,215
2000	533	4117.90		40,753,595	8,761	.097039	7991	425,120,404	426,081,999	426,081,999	52,550,503	757,286,718
2001	554	4097.95		40,644,474	7,991	.090835	7242	422,849,351	423,493,024	423,493,024	55,622,779	812,909,497
2002	576	4076.99		40,510,030	7,242	.082556	6516	420,635,593	421,146,363	421,146,363	58,550,307	871,459,804
2003	599	4054.51		40,349,703	6,516	.071117	5810	418,493,644	419,840,427	419,840,427	61,338,749	932,798,553
2004	623	4030.59		40,155,807	5,810	.057474	5152	416,459,014	416,607,702	416,607,702	64,000,149	996,798,702
2005	649	4000		40	5,152	.042395	4521	414,509,146	414,509,146	414,509,146	66,521,963	1,063,320,665
2006	674	4000		40	4,521	.030879	3929	412,679,841	412,679,841	412,679,841	68,944,437	1,132,265,102
2007	701	4000		40	3,929	.020970	3379	410,969,210	410,969,210	410,969,210	71,269,059	1,203,534,161
2008	729	4000		40	3,379	.014075	2879	409,379,130	409,379,130	409,379,130	73,500,689	1,277,034,850
2009	759	4000		40	2,879	.009245	2411	407,929,451	407,929,451	407,929,451	75,650,229	1,352,685,079
2010	791	4000		40	2,411	.005632	1999	406,617,581	406,617,581	406,617,581	77,720,107	1,430,405,186

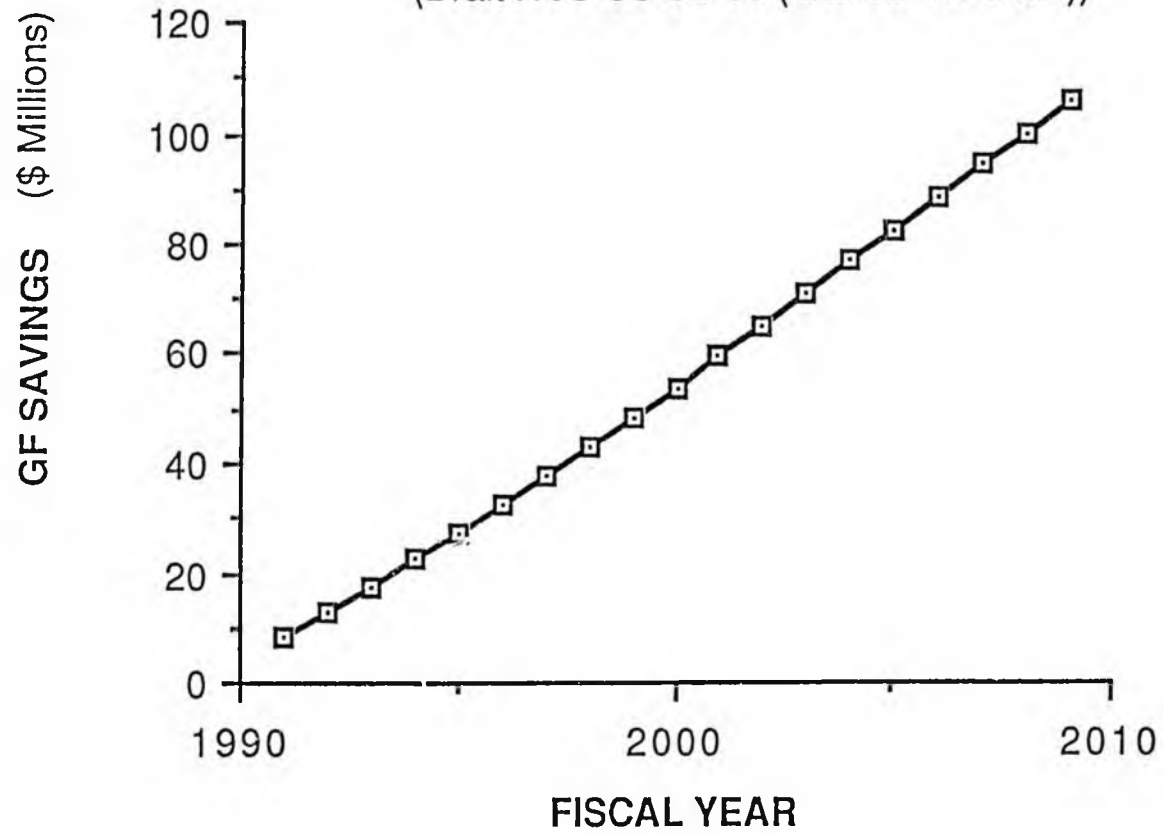
BASE NUMBER ELIGIBLE AT BEGINNING OF FY89 17300 ANTICIPATED ANNUAL GROWTH RATE 4.0%

BASE YEAR 1989 ORIGINAL AMOUNT OF LONGEVITY PNT. \$250.00

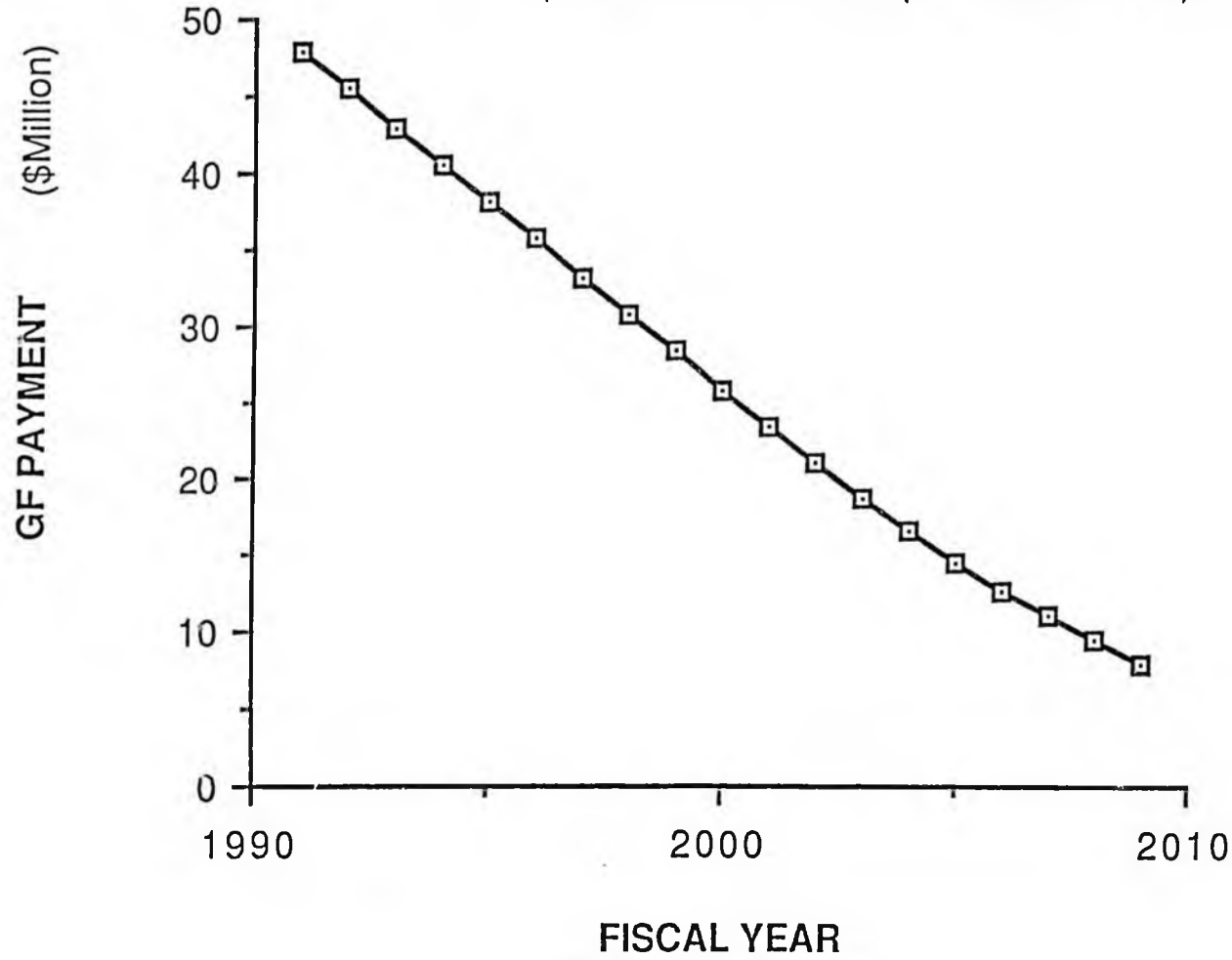
Payments shown are based on bonus payments to half of the estimated number of new recipients in a given year added to the number of prior year recipients. Since a growth factor is assumed for the group as a whole, no mortality rate was factored in. The estimate of number of recipients is based on a straight line projected growth rate of four percent in the annual number of eligibles. The bonus payment is the maximum specified in the draft for new recipients.

## ANNUAL SAVINGS

(Draft HCS CS SB 56 (2nd State Affairs))

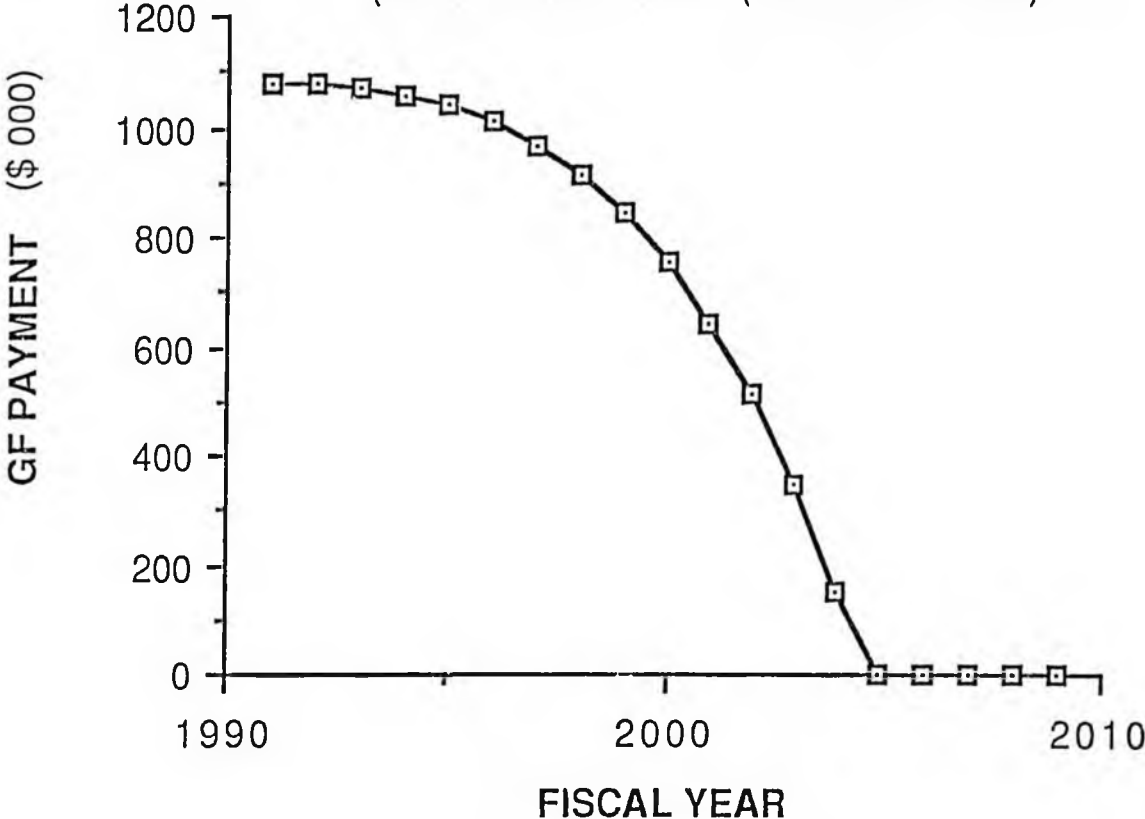


**ANNUAL COST OF GRANTS**  
(Draft HCS CS SB 56 (2nd State Affairs))

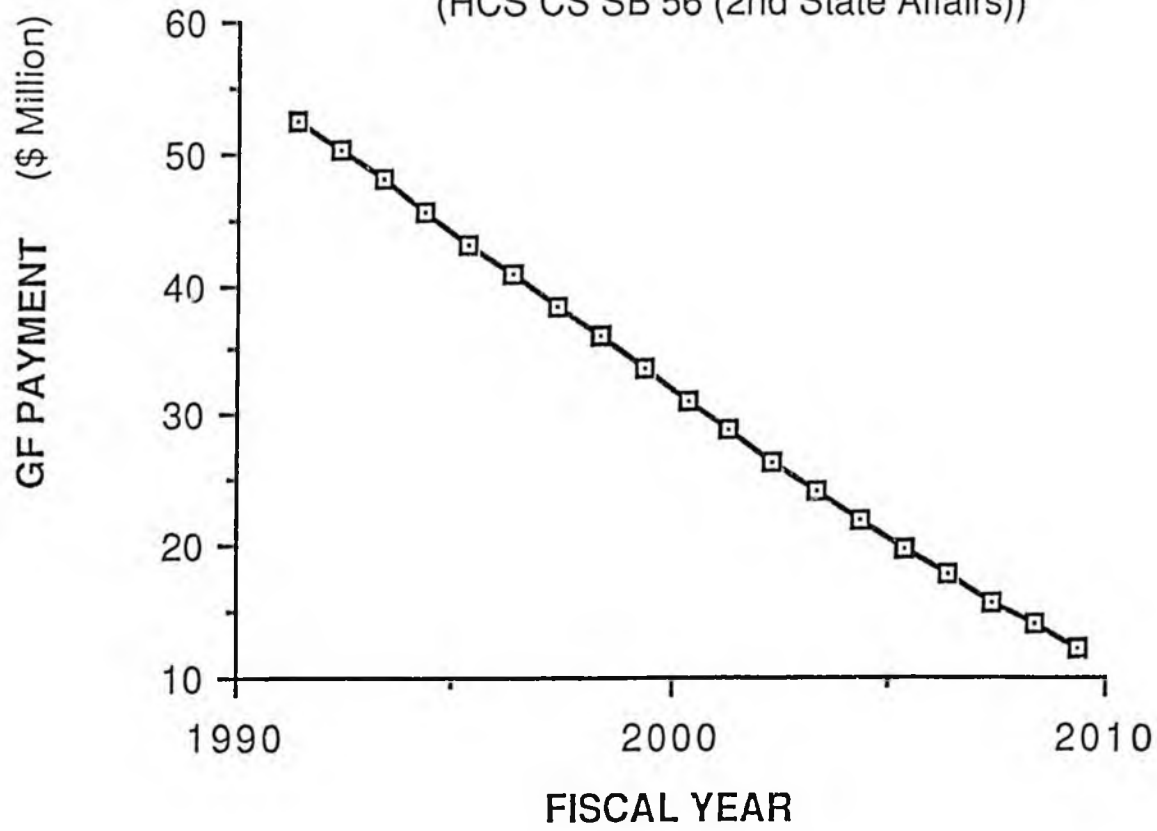


### Grant Cost for Annuity Recipients

(Draft HCS CS SB 56 (2nd State Affairs))



**Grant Cost for Original Recipients**  
DRAFT  
**(HCS CS SB 56 (2nd State Affairs))**



The following table is an estimate of the amount of grant payments if the basic \$250 Longevity Bonus payment were to be fractionally reduced. The table is based on the same assumptions as the above projections. The chart reflects a number of different decrement scenarios in increments of \$10.

A base decrement was not contemplated in the draft material. This table is for informational purposes only.

ANNUITY REDUCTIONS ESTIMATED FROM STATED MAXIMUM ALB PAYMENTS IN DRAFT

YEAR	ANNUAL COST IF BONUS AMOUNT CHANGED							
	AT \$250 GF COSTS	AT \$240 GF COSTS	AT \$230 GF COSTS	AT \$220 GF COSTS	AT \$210 GF COSTS	AT \$200 GF COSTS	AT \$190 GF COSTS	AT \$180 GF COSTS
1989	\$51,805,705	\$49,733,477	\$47,661,249	\$45,589,021	\$43,516,792	\$41,444,564	\$39,372,336	\$37,300,108
1990	\$50,075,719	\$48,003,530	\$45,931,341	\$44,070,152	\$42,156,964	\$40,063,775	\$38,060,586	\$36,057,397
1991	\$47,750,792	\$45,639,022	\$43,927,151	\$42,015,461	\$40,103,710	\$38,191,929	\$36,250,169	\$34,355,398
1992	\$45,383,158	\$43,364,495	\$41,745,234	\$39,926,273	\$38,107,311	\$36,256,349	\$34,459,367	\$32,550,423
1993	\$42,964,829	\$41,259,434	\$39,534,339	\$37,809,243	\$36,084,148	\$34,359,053	\$32,533,958	\$30,603,862
1994	\$40,559,136	\$38,918,645	\$37,298,074	\$35,857,574	\$34,033,033	\$32,406,532	\$30,776,012	\$28,145,491
1995	\$38,144,712	\$36,578,122	\$35,043,533	\$33,907,943	\$32,172,354	\$30,436,764	\$28,901,175	\$27,255,563
1996	\$35,733,731	\$34,219,089	\$32,777,407	\$31,955,749	\$30,396,063	\$28,455,421	\$27,014,759	\$25,374,097
1997	\$33,319,057	\$31,852,737	\$30,506,815	\$29,150,895	\$27,214,575	\$26,469,454	\$25,122,333	\$23,776,213
1998	\$30,743,863	\$29,491,469	\$28,239,115	\$26,998,741	\$25,734,356	\$24,481,990	\$23,229,618	\$21,977,244
1999	\$28,301,784	\$27,141,672	\$25,982,011	\$24,822,149	\$23,662,223	\$22,502,426	\$21,342,563	\$20,182,704
2000	\$25,861,999	\$24,812,945	\$23,763,640	\$22,674,935	\$21,603,782	\$20,536,727	\$19,467,673	\$18,398,619
2001	\$23,493,824	\$22,513,376	\$21,632,107	\$20,652,476	\$19,672,029	\$18,591,660	\$17,611,131	\$16,630,662
2002	\$21,144,365	\$20,291,616	\$19,357,233	\$18,692,699	\$17,833,142	\$16,873,637	\$15,979,032	\$14,894,477
2003	\$18,848,427	\$18,035,542	\$17,224,657	\$16,412,772	\$15,600,667	\$14,799,715	\$14,059,729	\$13,319,743
2004	\$16,507,792	\$15,874,774	\$15,141,846	\$14,479,357	\$13,821,204	\$13,163,662	\$12,504,699	\$11,846,746
2005	\$14,309,146	\$13,829,760	\$13,348,414	\$12,763,048	\$12,187,662	\$11,607,317	\$11,026,951	\$10,446,635
2006	\$12,137,641	\$12,155,606	\$11,661,774	\$11,154,749	\$10,647,707	\$10,140,673	\$9,633,639	\$9,126,606
2007	\$10,003,210	\$10,524,662	\$10,066,153	\$9,647,625	\$9,209,096	\$8,770,568	\$8,332,040	\$7,893,511
2008	\$9,379,136	\$9,005,972	\$8,626,807	\$8,253,641	\$7,879,475	\$7,503,310	\$7,127,145	\$6,751,979
2009	\$7,929,451	\$7,612,273	\$7,295,095	\$6,977,917	\$6,660,739	\$6,343,561	\$6,026,383	\$5,709,205
2010	\$6,477,581	\$6,332,677	\$6,088,174	\$5,823,471	\$5,558,768	\$5,294,064	\$5,029,361	\$4,764,658

YEAR	AT \$170	AT \$160	AT \$150
	GF COSTS	GF COSTS	GF COSTS
1989	\$35,227,880	\$33,155,651	\$31,083,423
1990	\$34,054,209	\$32,081,020	\$30,047,691
1991	\$32,483,626	\$30,644,657	\$28,633,067
1992	\$30,631,484	\$29,012,502	\$27,193,646
1993	\$29,163,787	\$27,468,672	\$25,753,677
1994	\$27,314,971	\$25,894,450	\$24,293,929
1995	\$25,829,996	\$24,394,406	\$22,788,617
1996	\$24,133,433	\$22,892,772	\$21,252,110
1997	\$22,430,092	\$21,389,971	\$19,737,851
1998	\$20,724,670	\$19,472,496	\$18,226,122
1999	\$19,022,642	\$17,862,931	\$16,702,119
2000	\$17,329,564	\$16,250,510	\$15,191,456
2001	\$15,650,233	\$14,869,734	\$13,709,610
2002	\$14,032,162	\$13,206,741	\$12,359,326
2003	\$12,579,756	\$11,639,772	\$11,099,786
2004	\$11,188,594	\$10,330,441	\$9,872,269
2005	\$9,866,219	\$9,295,653	\$8,705,487
2006	\$8,619,572	\$8,112,536	\$7,603,506
2007	\$7,454,963	\$7,016,454	\$6,577,926
2008	\$6,377,814	\$6,002,648	\$5,627,463
2009	\$5,392,027	\$5,074,649	\$4,757,671
2010	\$4,499,955	\$4,235,212	\$3,970,546

STATE OF ALASKA  
1988 LEGISLATIVE SESSION

BILL VERSION: CSSB No. 56  
PUBLISH DATE: \_\_\_\_\_

FISCAL NOTE

REQUEST:

Revision Date: \_\_\_\_\_  
Title: An act Relating to the Alaska  
Longevity Bonus Program  
Sponsor: \_\_\_\_\_  
Requestor: \_\_\_\_\_

Agency Affected: Health & Social Services  
BRU: Assistance Payments BRU  
Components: OAA ALB Hold Harmless

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 88	FY 89	FY 90	FY 91	FY 92	FY 93
PERSONAL SERVICES	-0-	-0-	-0-	-0-	-0-	-0-
TRAVEL	-0-	-0-	-0-	-0-	-0-	-0-
CONTRACTUAL	-0-	-0-	-0-	-0-	-0-	-0-
SUPPLIES	-0-	-0-	-0-	-0-	-0-	-0-
EQUIPMENT	-0-	-0-	-0-	-0-	-0-	-0-
LAND & STRUCTURES	-0-	-0-	-0-	-0-	-0-	-0-
GRANTS, CLAIMS	-0-	-0-	(41.1)	(99.6)	(177.6)	(277.2)
MISCELLANEOUS	-0-	-0-	0	0	0	0
TOTAL OPERATING	0	0	(41.1)	(99.6)	(177.6)	(277.2)
CAPITAL	-0-	-0-	-0-	-0-	-0-	-0-
REVENUE	-0-	-0-	-0-	-0-	-0-	-0-

FUNDING: (Thousands of Dollars)

GENERAL FUND	-0-	-0-	(41.1)	(99.6)	(177.6)	(277.2)
FEDERAL FUNDS	-0-	-0-	-0-	-0-	-0-	-0-
OTHER	0	0	-0-	-0-	-0-	-0-
TOTAL	0	0	(41.1)	(99.6)	(177.6)	(277.2)

POSITIONS:

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

ANALYSIS : (Attach a separate page if necessary)

CSSB No. 56 continues the hold harmless program, but no hold harmless provision for the annuity payments. As ALB payments decrease, then the amount of ALB hold harmless for SSI replacement also decreases. The drop in ALBHH for SSI replacement is a net savings to the State.

Prepared by: John R. Taber, Director Phone: 465-3347  
Division: Division of Public Assistance Date: 1/22/88

Approved by Commissioner: Marya M. Munson Date: Jan 25, 1988  
Agency: Department of Health & Social Services

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

Division of Public Assistance  
 Assistance Payments BRU

Old Age Assistance - Alaska Longevity Bonus Hold Harmless (OAA-ALBHH)

1. The Governor's FY89 budget presumes continuation of the current Longevity Bonus program and the need for a Hold Harmless program. CSSB No. 56 continues the Hold Harmless program, but no Hold Harmless provision for annuity payments.
2. We assume the first annuity payments will be made in July, 1989, but that no Old Age Assistance applicants or recipients will elect to participate.
3. We assume that the Annuity and Bonus payments will be as follows:

	<u>Bonus</u>	<u>Annuity</u>
FY88	\$250	0
FY89	\$250	0
FY90	\$242	\$ 7.74
FY91	\$233	\$16.71
FY92	\$223	\$26.76
FY93	\$212	\$37.75

4. Costs assume average age of new applicants for Old Age Assistance will be 65.

CSSB No. 56 provides for a redesign of the ALB to include an annuity and assumes continuation of a full hold harmless for the Bonus. The impact of this proposed change is two-fold: as the ALB payments decrease then the amount of ALB Hold Harmless for SSI replacement also decreases. The drop in ALBHH for SSI replacement is a net savings to the State. As the Bonus payment decreases the amount of ALB Hold Harmless for OAA replacement decreases and shifts back to OAA. The amount of this decrease is a dollar for dollar shift back to Old Age Assistance in the Adult Public Assistance (APA) component.

	<u>FY89</u>	<u>FY90</u>	<u>FY91</u>	<u>FY92</u>	<u>FY93</u>
Estimated number of Aged recipients receiving ALB Hold Harmless that replaces SSI income in amount \$212-250	368	428	488	543	608
Reduction in monthly Bonus	0	(\$8)	(\$17)	(\$27)	(\$38)
Average monthly State savings for SSI replacement (clients x Bonus reduction)	0	(3424)	(8296)	(14796)	(23104)
Fiscal year ALB Hold Harmless savings (Monthly x 12 months)	0	(41088)	(99552)	(177552)	(277248)

328



STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

REQUEST: \_\_\_\_\_

Bill Version: CS SB 56 (JUD)  
Publish Date: \_\_\_\_\_

Revision Date: \_\_\_\_\_

Agency Affected: ADMINISTRATION  
BRU: LONGEVITY BONUS

Title: An Act amending and making effective an annuity program

Sponsor: KERTTULA, HALFORD...

Components: \_\_\_\_\_

Requestor: \_\_\_\_\_

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS		51,200.0				
MISCELLANEOUS						
TOTAL OPERATING						

CAPITAL						
---------	--	--	--	--	--	--

REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND		51,200.0				
FEDERAL FUNDS						
OTHER						
TOTAL		51,200.0				

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

[Empty box for analysis]

Prepared by: Senator John Binkley Phone: \_\_\_\_\_  
Division: Co-Chair Senate Finance Date: 5/7/87

Approved by Commissioner: [Signature] Date: \_\_\_\_\_  
Agency: \_\_\_\_\_

- Distribution (by preparer):
- Legislative Finance
  - Legislative Sponsor
  - Requestor
  - Office of Management and Budget
  - Impacted Agency(ies)
  - Senate Secretary



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

COMMITTEE ON STATE AFFAIRS

February 26, 1988

Mrs. Judith Ann Martin  
Director  
Seward Seniors, Inc.  
P.O. Box 1195  
Seward, AK 99664

Dear Mrs. Martin:

Thank you for your letter and clarification on SB 56. I am committed to trying to get a resolution of this matter prior to the end of session.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fran Ulmer".

Fran Ulmer, Chair  
House State Affairs Committee

# Seward Senior Citizens, Inc.

---

419 5th AVE.  
P.O. BOX 1195  
SEWARD, ALASKA 99664  
(907) 224-5604

February 16, 1988

Fran Ulmer, Chair  
House State Affairs Committee  
P O. Box V  
Juneau, Alaska 99811

Dear Committee:

Referring to our letter dated October 13, 1987 we'd like to correct the impression given within. We are not in support of abolishing the Longevity Bonus Program. We are in support of Senate Bill#56.

Sincerely,

Seward Seniors, Inc. Board of Directors

*James A. Hilton, President*  
*Jackie Campbell Vice President*  
*Doris M. Witzell*  
*Conda R. Stubblefield*  
*Julia Duchamp*  
*Betty Skinner Treasurer*

JC - COPIES TO SA COM

# Alaska State Legislature

## Committees:

Chair-State Affairs  
V. Chair-Judiciary  
Telecommunications  
Special Ethics  
Legislative Council  
Finance Subcommittee  
for the University of Alaska  
Joint Committee  
on Economic Recovery



P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4947

## REPRESENTATIVE FRAN ULMER

February 26, 1988

Sally Harris  
Pioneers of Alaska  
P.O. Box 1009  
Palmer, AK 99645

Dear Ms. Harris:

I have received the petitions signed by you and others supporting Senate Bill 56, the Longevity Bonus Annuity program, and appreciate knowing your position. I am committed to trying to get a resolution of this matter prior to the end of session.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fran Ulmer", written over a vertical line.

Fran Ulmer, Chair  
House State Affairs Committee

TELECOPY COVER SHEET

9/1/77

TO: Sup. - Tom McLean

FIDE: 466-1017

FROM: Sally Harris  
11th St. NW

FIDE: 376-7574

INSTRUCTIONS: \_\_\_\_\_

RECEIVED DATE: 2/16/88

TIME: \_\_\_\_\_

SENT DATE: 2/16/88

TIME: 11:04

BY: (YOUR OFFICE AND PHONE NO.) LID. INT. SU 376-3704

DISPOSAL OF ORIGINAL: \_\_\_\_\_ THROW AWAY \_\_\_\_\_ HOLD FOR PICKUP

NUMBER OF PAGES: 1 (NOT COUNTING THIS COVER SHEET)

X

V

WE ARE UNDERSIGNED SUPPORT SENATE BILL 55, THE LONGEVITY SAVINGS PROGRAM, AND ASK THAT SB 55 BE PASSED AND ENACTED INTO LAW, THEREBY, FULFILLING THE ANTIHAY WILL OF THE PEOPLE IN 1986 ON THE LONGEVITY SAVINGS PROGRAM. OUR REQUEST IS TO BE REFERRED TO THE GOVERNOR, SPEAKER OF THE HOUSE, MEMBERS OF THE HOUSE, THE JUDICIARY AND SENATE AFFAIRS COMMITTEE CHAIRMEN.

<u>NAME (PRINT)</u>	<u>SIGNATURE</u>	<u>ADDRESS</u>
MARION W TREMPER	<i>Marion W. Tremp</i>	P.O. Box 1003, Fairbanks, AK 99707
ALAN S. LINCK	<i>Alfred S. Linck</i>	665 10th St, Fairbanks, AK 99701
ZORRO DRAKE		Box 7337, Fairbanks, AK 99707
DAVID J COOK	<i>David J. Cook</i>	1148 Madison, Fairbanks, AK 99709
MARY ANN EBERHART	<i>Mary Ann Eberhart</i>	551 Eberhart Pl, Fairbanks, AK 99712
Jean (Prest) HUBBS	<i>Jean Hubbs</i>	1955 Prairie, Fairbanks, AK 99705
JUDY ROSSINI	<i>Jean Hubbs</i>	1901 Hwy Den St, Fairbanks, AK 99701
CORA (PREST) HUBBS	<i>Cora Hubbs</i>	P.O. Box 625, Fairbanks, AK 99707
CHARLOTTE W. COOK	<i>Charlotte W. Cook</i>	1520-5th Ave, Fairbanks, AK 99701
CHRISTINE W. WADDLE	<i>Christine W. Waddle</i>	104 Nelson, Fairbanks, AK 99707
OLIVIA W. HUNNY	<i>Olivia W. Hunny</i>	668 9th Ave, Fairbanks, AK 99701
MATHILDE GIBBY	<i>Mathilde Gibby</i>	665-10th Ave, Fairbanks, AK 99701
HELEN TRICE	<i>Helen Trice</i>	1097 Madison Dr, Fairbanks, AK 99709
BETTY L. E. CARSON	<i>Betty L. E. Carson</i>	316 Front St, Fairbanks, AK 99701
AUDREY G. HARDIN	<i>Audrey G. Hardin</i>	1302 9th Ave, Fairbanks, AK 99701
KEGG S. PALMQUIST	<i>Kegg S. Palmquist</i>	580 Fairbanks St, Fairbanks, AK 99701

PLEASE RETURN TO:  
 P.O. BOX 1009  
 PALMER, AK 99645

WE THE UNDERSIGNED SUPPORT SENATE BILL 56, THE LANGUAGE RIGHTS ACT, AND ASK THAT SB 56 BE PASSED AND ENACTED INTO LAW, THEREBY PROTECTING THE RIGHTS AND INTERESTS OF THE PEOPLE IN 1988 ON THE LANGUAGE RIGHTS ACTIVITY PROGRAM. THIS PETITION TO BE ADDRESSED TO THE GOVERNOR, SPEAKER OF THE HOUSE, PRESIDENT OF THE SENATE, THE JUDICIARY AND STATE AFFAIRS COMMITTEE CHAIRMAN.

NAME (PRINT)

SIGNATURE

ADDRESS

John A. Allaire *[Signature]* 1026 Woodlands Way, Folsom, CA 95742

VALLIE BYRNE *[Signature]* 1002 10th Ave, Fairbanks, AK

Sonia Younker *[Signature]* Box 83529, Fairbanks, AK

LAURIE YOUNKER *[Signature]* PO Box 83539, Fairbanks, AK

Alan G. Doyle Jr *[Signature]* P.O. Box 81153, Fairbanks, AK 99708

CELENE HACHNEY *[Signature]* 1136 Summit Dr, Fairbanks, AK 99709

Douglas Albert *[Signature]* 2225 S. Central

CHUCK CLUTTS *[Signature]* 506 Junction, Fairbanks, AK

Allen Veezy *[Signature]* 1716 Kings View Rd, N. Fairbanks, AK

Red Dixon *[Signature]* 2510 Broadway, Fairbanks, AK

PLEASE RETURN TO:  
P.O. BOX 1009  
PALMER, AK 99645

2

WE THE UNDERSIGNED SUPPORT BECAUSE WE BELIEVE THAT THE INTERESTS OF THE PEOPLE OF ALASKA WILL BE BEST SERVED BY THE PASSAGE AND ENACTMENT OF THE PROPOSED AMENDMENT TO THE CONSTITUTION OF THE PEOPLE IN 1935 ON THE MATTER OF THE DEPARTMENT OF REVENUE AND THE REVENUE TO BE COLLECTED THEREON, SPEAKER OF THE HOUSE, PRESIDENT OF THE SENATE, THE JUDICIARY AND STATE AFFAIRS COMMITTEE (NAMES).

NAME (PRINT)	SIGNATURE	ADDRESS	
MARY L. ROSS	<i>Mary L. Ross</i>	1100 Ruby St Anchorage, AK	99708
Eileen T. Wickstrom	<i>Eileen T. Wickstrom</i>	PO Box 73551 Fairbanks, AK	99707
Luis E. Meyer	<i>Luis E. Meyer</i>	455-35th Ave, Apt 221 Fairbanks	99701
Lucille Koutouka	<i>Lucille Koutouka</i>	2000 7th St Fairbanks	99707
MAGDALENE CASEADY	<i>Magdalena Casady</i>	5th St Fairbanks	99701
Joy Albin	<i>Joy Albin</i>	954 W. 1st St Fairbanks	99701
Erene Brooks	<i>Erene Brooks</i>	541 Ashcroft - Fairbanks	99701
Jeanne Olsen	<i>Jeanne Olsen</i>	1002 9th St Fairbanks	99701
Patricia Gaciano	<i>Patricia Gaciano</i>	252 1st St Sitka, AK	99709
MARY E. COOK	<i>Mary E. Cook</i>	PO Box 773 1073 S. Line Dr Fairbanks	99701
Evelyn Sites	<i>Evelyn Sites</i>	1000 1st St Fairbanks	99701
Roberta L. Rice	<i>Roberta L. Rice</i>	1945 1st St Fairbanks	99709
Josiah L. Baker	<i>Josiah L. Baker</i>	1710 W. 1st St Fairbanks	99709
Carol J. Cook	<i>Carol J. Cook</i>	10080 1st St College	99708
MARILYN THOMAS	<i>Marilyn Thomas</i>	1000 1st St Fairbanks	99707

WE THE UNDERSIGNED HEREBY CERTIFY THAT THE SIGNATURES ON THIS DOCUMENT ARE TRUE AND THAT WE DO BE PASSED AND INITIALED AND THAT THE SIGNATURES ARE THE SIGNATURES OF THE PEOPLE IN 1983 ON THE LEGISLATIVE SERVICE REPORT. THESE SIGNATURES TO BE ADDRESSED TO THE GOVERNOR, SPEAKER OF THE HOUSE, COMMISSIONER OF THE PEOPLE, THE JUDICIARY AND SENATE AFFAIRS COMMITTEE MEMBERS.

NAME (PRINT)

SIGNATURE

ADDRESS

Wanda [Signature] 5621 Photo Dr, Anchorage AK

Patricia Storris [Signature] 507 - [Signature] Alaska 99701

RUTH HICK [Signature] 227-15 St. Alaska 99701

Debra G. Morris [Signature] 115 Terminal Hotel 99709

LESLIE MYRA [Signature] 125 [Signature] Alaska 99701

JEAN D PERDUE [Signature] 1166 [Signature] Alaska 99702

JEAN L. GORDON [Signature] 9245 [Signature] Alaska 99709

BRUCE R. GORDON [Signature] 4548 Wood River Dr 99709

Bonnie T. Williams [Signature] 1735 [Signature] Alaska 99709

Kathleen A. Thomas [Signature] 3170 [Signature] Alaska 99709

[Signature] [Signature] [Signature] Alaska 99701

Helen S. Bailey [Signature] 1325 [Signature] Alaska 99701

ELLEN RING [Signature] 115 [Signature] Alaska 99709

Angela Randolph [Signature] 685 - 24 [Signature] Alaska 99701

Debbie Ribas [Signature] 2295 [Signature] Alaska 99709

[Signature] [Signature] [Signature] Alaska 99701

Dorothy Bunker [Signature] [Signature] [Signature] Alaska 99701

Lorraine Phillips [Signature] [Signature] [Signature] Alaska 99708

Michael Anderson [Signature] [Signature] [Signature] Alaska 99708

JEAN SCHMIDT [Signature] [Signature] [Signature] Alaska 99701

MARIE D. WARD [Signature] [Signature] [Signature] Alaska 99701

Patricia [Signature] [Signature] [Signature] Alaska 99708

Sandra [Signature] [Signature] [Signature] Alaska 99708

WE THE UNDERSIGNED SUPPORT SENATE BILL 83, THE CONSTITUTIONAL PROTECTION ACT, AND WEAS THAT BE TO BE PASSED AND ENFORCED IMMEDIATELY, THEREBY, FULFILLING THE NATURAL RIGHT OF THE PEOPLE IN 1988 ON THE THIRTEENTH DAY OF JUNE PREVIOUS. THIS PETITION TO BE ADDRESSED TO THE SENATOR, SPEAKER OF THE HOUSE, PRESIDENT OF THE SENATE, THE JUDICIARY AND STATE AFFAIRS COMMITTEE CHAIRMAN.

NAME (PRINT)

SIGNATURE

ADDRESS

William R. Titman *William R. Titman* 3711 Erickson Ave 99709  
 Sharon R. Leslie *Sharon R. Leslie* 2751 Davis Rd 99709  
 Orlene L. Leslie *Orlene L. Leslie* 2751 Davis Rd 99709  
 Kenneth A. Leslie *Kenneth A. Leslie* 2751 Davis Rd 99709  
 Ken D. Leslie *Ken D. Leslie* 2751 Davis Rd 99709  
 Clinton K. Schoenleber *Clinton K. Schoenleber* 3703 Mitchell Ave 99709  
 Connie A. Quabben *Connie A. Quabben* PO Box 153 99707  
~~Jack L. Allen~~ *Jack L. Allen* 3722 ERICKSON AVE 99709  
 Jack L. ALLEN 3722 ERICKSON AVE Jack L. Allen  
 JoAnne Clark *JoAnne Clark* 2107 Davis Rd 99709  
 Patricia T. Warner *Patricia T. Warner* 2038 Pioneer Rd 99709  
 Shirley Stating *Shirley Stating* 3514 Pagan Rd 99709  
 Sally Murphy *Sally Murphy* 114 Galena St. Flks 99709  
 Magdalene Caus *MAGDALENE* 216 Slater St 99701  
 Maria M. Keag *MARIE McKEAL* - 1724 FRODOE RD. YAKIMA WA 99705  
 Keag, Marlene 1704 FRODOE RD. YAKIMA WA 99705  
 Charles B. Baskett *Charles Baskett* 4815 Palmyra Ave N. W. 99705  
~~Carl W. Mosley~~ *Carl W. Mosley* 1200 N. 4th St 99701  
 Evelyn Huggins *Evelyn Huggins* 3028 Pioneer Rd 99709  
 Noelle Collins *Noelle Collins* 312 Interstate 99701  
 Nancy J. Girdell *Nancy J. Girdell* 985-3rd Ave 99701  
 Nancy R. Richter *Nancy R. Richter* PO. Box 1285 Federal AK 99707  
 Sylvia Bouillon *Sylvia Bouillon* 1102 Pioneer Rd 99709  
 Jeanette Theissen *Jeanette Theissen* 2000 Pioneer Rd 99705  
 Lisa J. Young *Lisa J. Young* 2000 Pioneer Rd 99705  
 Jack M. Lambert *Jack M. Lambert* 2000 Pioneer Rd 99705

BE THE UNDERSIGNED SUSPECT BEING BILL 55, THE LEGISLATIVE BRANCH HAS THE HONOR TO  
THAT BE BE PASSED AND CARRIED INTO LAW, THE BY THE PEOPLE IN 1985 ON THE LEGISLATIVE BRANCH BEING  
IF THE PEOPLE IN 1985 ON THE LEGISLATIVE BRANCH BEING CARRIED INTO LAW, THE BY THE  
ADDRESSED TO THE GOVERNOR, SPEAKER OF THE HOUSE, COMMISSIONER OF THE SENATE, THE  
JUDICIARY AND STATE AFFAIRS COMMISSIONER CHAIRMAN.

NAME (PRINT)	SIGNATURE	ADDRESS
JAMES C. GRIFFIN	James C. Griffin	4223 3rd Avenue Palmer, AK 99707
DORRIS H. THOMAS	Dorris H. Thomas	PO Box 1287 Eks Ak 99707
INGEBORG WILSON	I. Wilson	215 "C" St. Fairb.
DAVID A. GILLEN	David A. Gillen	1013 H. Street #101 FBI
CHARLES A. LOUAY	Charles A. Louay	205 1/2 Ave. EKS AK 99707
JOSEPH P. APPA	Joseph P. Appa	611 W. 1st Ave. EKS AK 99707
E. MURPHY WILDE	E. Murphy Wilde	PO Box 276 99707
CHARLES L. CLUTTS	Charles L. Clutts	506 3rd Ave. EKS AK 99707
JOAN B. CLUTTS	Joan B. Clutts	506 3rd Ave. EKS AK 99707
MARLENE M. LIND	Marlene M. Lind	77 1st Ave. EKS AK 99707
MARIE D. WOOD	Marie D. Wood	126 Charles St. EKS AK 99707
MARY LANGM	Mary Langm	576 1st Ave. EKS AK 99707
DORRIS H. THOMAS	Dorris H. Thomas	122 1/2 1st St. EKS AK 99707
LILIAN F. H. CLAY	Lilian F. H. Clay	2nd Street EKS AK 99707
CLARA M. ANDERSON	Clara M. Anderson	122 1/2 1st St. EKS AK 99707
LEONA F. BOWLES	Leona F. Bowles	PO Box 20122 Palmer AK 99707
BURTON S. SHERBUTT	Burton S. Sherbutt	157 PHILLIPS FIELD RD, Palmer AK 99707
LARA A. KAGANER	Lara A. Kaganer	PO Box 5572 EKS AK 99707
JOHN A. CLAY	John A. Clay	2 1/2 1st Ave. EKS AK 99707
MARY J. JONES	Mary J. Jones	PO Box 548 EKS AK 99707
KATHLEEN E. DALLA	Kathleen E. Dalla	PO Box 548 EKS AK 99707
ROSEMARY L. SMITH	Rosemary L. Smith	PO Box 548 EKS AK 99707
MARIE S. LIND	Marie S. Lind	PO Box 548 EKS AK 99707

THE INTERNATIONAL BROTHERHOOD OF SEAFARERS, AFRICAN DIVISION, IS A 501(c)(3) ORGANIZATION AND ALL CONTRIBUTIONS ARE TAX DEDUCTIBLE. IF YOU ARE A MEMBER OF THE INTERNATIONAL BROTHERHOOD OF SEAFARERS, YOUR CONTRIBUTION WILL BE DEDUCTIBLE TO THE EXTENT OF THE CONTRIBUTION, SUBJECT TO THE LIMITS, WHICH ARE SET FORTH IN THE BY-LAWS, THE CONSTITUTION AND STATE AFFILIATE CONSTITUTIONS.

NAME (PRINT)	SIGNATURE	ADDRESS	Fbics
LOVE	John Walker	1433 Aurora Drive	AK 99701
Raymond Mackay	Raymond Mackay	551 Old Harbor Rd.	
Bobby Poloff	Bobby Poloff	7 Fairbanks AK 99712 - 1019 Vernal St	
Billy Portman	Billy Portman	665-11th Ave #303 Fairbanks 99701	
James H. Robbins	James H. Robbins	100 Hwy 99 Fairbanks 99701	
Marie A. Martin	Marie A. Martin	9 S. Glacier Ave #7 Fairbanks 99701	
Paula S. Lane	Paula S. Lane	P.O. Box 8585 Fairbanks 99708	
John Miller	John Miller	2225 Paragon Dr. Fairbanks 99705	
John Hall	John Hall	2225 W. HALL Fairbanks 99701	
Charles W. Lane	Charles W. Lane	2001 1st St Fairbanks	
Charles W. Link	Charles W. Link	104 5th Ave 10th Fl Fairbanks	
Mathilde Link	MATILDE LINK	665-10th Ave #106	
Jean H. Johnson	Jean H. Johnson	#5 Adak	
Nancy Lehman	Nancy Lehman	Box 1954 Fairbanks AK 99707	
Catherine Cooper	Catherine Cooper	Box 5222, North Pole AK 99705	
John Blay	John Blay	Box 5531 North Pole AK 99705	
Ken Smith	Ken Smith		
Laurel Smith	Laurel Smith	1077 Fulton Way Sldh - Fairbanks 99707	
Pauline H. Scott	Pauline H. Scott	179 2nd Ave Fairbanks 99701	
Dorothy H. G. ...	Dorothy H. G. ...	#227, Fairbanks 99701	
Tatiana Russell	Tatiana Russell	224 3rd Fairbanks Alaska	
Andell Ritcher	Andell Ritcher	1111 1st St Fairbanks AK	
Mary E. Agbola	Mary E. Agbola	8-7 5th Fairbanks AK	
...	...	Fairbanks AK 99707	

PLEASE RETURN TO:  
P.O. BOX 1009  
PALMER, AK 99645

57

# STATE OF ALASKA



*SIA file  
co.*

## SENATE JUDICIARY COMMITTEE

SEN. JAY KERTTULA  
SEN. ARLISS STURGULEWSKI  
SEN. JAN FAIKS  
SEN. JOE JOSEPHSON  
SEN. PAT RODEY

P.O. BOX V  
STATE CAPITOL  
JUNEAU, ALASKA 99811  
(907) 465-3717  
(907) 465-3771

DATE: February 12, 1988  
TO: Alaska State Legislators  
FROM: Senator Jay Kerttula *adm  
for JK*  
RE: Longevity Bonus

Attached is a copy of a paper prepared by the Older Persons Action Group (OPAG). Rose Palmquist, President, of OPAG, has asked me to distribute this paper, "Why Encourage Seniors to Remain in Alaska?" to each of you.

W H Y   E N C O U R A G E   S E N I O R S  
T O   R E M A I N   I N   A L A S K A ?

By

Older Persons Action Group

February 1988

1987 SURVEY RESULTS

NAME OF ORGANIZATION	VOLUNTEER HOURS	CASH CONTRIBUTION
Borough Statewide	1,357,922	
Cities Statewide	393,600	
Retired Senior Volunteer Program	100,000	\$ 145,855
Older Persons Action Group	6,176	
Pioneer Homes	21,632	2,763,200
Senior Centers	281,100	
Libraries & Museums Statewide	575,640	
Daybreak, Hospice, ASRAA	6,900	
American Lung Assn. of Alaska	884	
Alaska Retired Teachers	33,600	
Social Security Administration:		
retirement, survivors & disability benefits		148,632,000
supplemental security income benefits		1,724,000
SSI disability benefits		3,682,000
reimbursement of Medicare claims		44,000,000
administration		2,200,000
Unions & other private retirement		
programs: 1987 payments		100,000,000
Older Alaskans Commission		5,287,900
Alaska Public Employees' Retirement System:		
real estate mortgages & small business loans		127,419,700
benefits paid to Alaskan residents		34,620,000
refunds to Alaskan residents		6,000,000
administration expense		4,985,000
Civil Service retirement payments		64,489,020
Military Pensions		95,408,720
Alaska Retired Teachers		24,571,652
Veteran's pensions		26,809,403
Retired Alaska National Guard		530,460
Federal senior housing programs		3,660,000
HUD native senior housing (estimate)		1,200,000
Medicaid		42,340,000
Earned Income, non-federal:		348,344,595
(age 55-66 = 325,930,603)		
(age 66-70 = 16,820,804)		
(age 71 + = 5,593,188)		
<b>TOTALS</b>	<b>2,777,454</b>	<b>1,094,313,000</b>

(more than forty agencies responded)

The Older Persons Action Group (OPAG), a statewide non-profit advocate for Alaska's senior citizens, believes with Senator Kerttula that the oil and other resources of Alaska belong to all Alaskans. Every Alaskan resident benefits from these resources, generally relative to the length of time spent in the state: older Alaskans benefit less, simply because their life expectancy is so much less. The now old are entitled to their share; the young can benefit now and look forward to benefits after retirement age. Consequently, OPAG maintains that the Longevity Bonus and the Property Tax Exemption/Renters Rebate programs must be continued undiminished.

The purpose of this 1987 survey of senior citizen contributions to Alaska was to determine how much financial input comes to Alaska, SEPARATE FROM THE STATE GENERAL FUND, as a result of these elders making their homes in Alaska. Many legislators recognize that, were it not for the longevity bonus and the tax exemption/renter's rebate, a good share of the general fund appropriations now going to these programs\* would have to swing over to Health and Social Service appropriations.

#### WHAT PURPOSE WERE THE BONUS AND EXEMPTIONS EXPECTED TO SERVE?

The longevity bonus tax exemption programs were to provide elderly, longtime Alaskans with "incentive to continue uninterrupted residency in the state." In 1972, only 2.3 percent of all Alaskans

were 65 years of age or older, compared with 10 percent for the nation as a whole. The 1972 legislature concluded that the high costs and rigors of Alaska life were forcing "pioneers...to live out their retirement years ~~to~~ far away from the land they loved and nurtured,...- (thus) depriving future generation of Alaskans of the benefits of their wisdom and experience." The lawmakers went out of their way to emphasize that the payments were not to be considered as "any form, type or manner of public relief," but rather a reward for hardships suffered during Territorial days and an incentive to remain in the state.

#### SO, WHO PROVIDES "PUBLIC RELIEF"?

These elders had established homes and communities and had envisioned a new state. They had paid territorial and state income and property taxes, had selected Prudhoe and developed its earning capabilities for all Alaskans, and had made statehood a reality.

Younger people will benefit, quite properly, from the oil income and the Permanent Fund for many years to come. Older Alaskans have much less time to share these benefits; therefore, older Alaskans are receiving longevity bonuses and tax exemptions on their residences to compensate for the shorter time available to them. To reduce or eliminate either of these programs will create inequity of benefits for seniors.

Prior to introduction of the bonus and exemption, most seniors who could afford a move, moved "south" when they retired. They sold or rented their homes, withdrew checking/savings accounts, and took their pensions, annuities, social security, health care benefits, earned interest, dividends, and other assets and moved out of the state to a

warmer and less expensive climate. This survey does not include the private equity of older Alaskans in Alaskan property and businesses, but the reader may simply look at his own community to realize the large contribution seniors provide to the tax base of Alaskan communities.

The survey has addressed the 1987 volunteer work by seniors in their communities. An astounding figure of two and three quarters million hours donated by retired professional teachers, foster "grandparents", village elders teaching culture and survival, retired administrators & business people with friendly faces and voices serving on civic boards and commissions, the sick and bedridden, and so many more, enrich all of Alaska each year. At the modest rate of \$5/hour, this donation comes to about thirteen million dollars. However, more than half the hours volunteered were provided to municipalities and to libraries and museums. These positions normally earn at least ten dollars per hour. Therefore, the volunteer work provided by seniors equals more than one-half the cost of statewide senior programs.

#### DID ALASKA STOP ITS "ELDERS-DRAIN"?

The volunteerism exhibited by Alaskans of retirement age proves that the state has succeeded in keeping some of the strong social fiber provided by older people, in the communities where these people belong. Our studies show that more seniors stay in Alaska. In 1972, 2.3 percent of all Alaskans were 65 years or older; now, fifteen years later, 4.7 percent of all Alaskans are 65 years or older. But this is still less than one-half the national average of 11 percent.

These citizens are rich and poor, but are most often middle income. If these benefits of longevity bonus and tax exemption/-

renter's rebate are withdrawn or greatly reduced as proposed, we predict that many seniors will feel the pinch and head "south", taking with them income and assets.

To find out how important these incomes and assets are, OPAG president Rose Palmquist expanded upon OPAG's 1986 study. Mrs. Palmquist surveyed the money received by Alaskan seniors residing in Alaska in 1987, including NON-GENERAL FUNDS spent by agencies that support the elderly in Alaska. We contacted Social Security Administration, unions, military, Veteran's Administration, Department of Labor, the state retirement programs, local municipalities, more than forty agencies altogether. We received answers both to volunteer hours and funds spent in Alaska. The results are on the first page of this paper. The City of Haines was so thorough that it included the money spent in Haines by seniors for the 12 month average: \$553,721.20.

The survey has not included the factor of private investment. It has touched once on the use of private retirement funds in financing industries (the Alaska Public Employee's Retirement System administers ninety-five percent of its real estate mortgages and small business loans fund inside Alaska, a fund totalling \$134,126,000). No figures were obtained on the time spent by seniors in small enterprises, or part time family enterprises such as family farming, nor the revenues thus generated. No figures were gathered on earned interest, dividends, or other such income for Alaskan residing seniors, either.

The researchers connected with this survey are amazed to learn what a large contribution seniors make to private industry in Alaska. One billion, ninety-four million cash dollars were earned by people of retirement age in 1987 and added to the Alaskan economy. When combined

to the two and three quarters million hours of volunteer work by seniors, it is obvious that the 4.7 percent of total Alaskan population as represented by the senior citizens more than justifies senior programs. State funding of the longevity bonus and the tax exemption/-renter's rebate programs are well founded in "value-received."

It is obvious that if large numbers of seniors feel they must leave the state, the negative impact of such a move on the statewide economy would be very depressing. Please note that the cost of the longevity bonus/tax exemptions (if fully founded) of approximately fifty-six million dollars is not included in the above total; seniors being in Alaska are the cause of dollar infusion into the economy at a rate of approximately twenty times more than the longevity bonus/exemption cost.

A spot survey taken at the Anchorage Senior Center indicated that 57% of the Alaskan elders present would leave Alaska if both programs were eliminated.

The results of this survey demonstrate that the Longevity Bonus and the Tax Exemption/Renter's Rebate not only benefit the needy, but also provide necessary services to one of the strongest and most stable fibers of Alaskan economic and social structure. Secondly, OPAG asks that this thought be kept in mind: the Permanent Fund invests heavily outside of Alaska; let's not push the investments seniors have to offer into other states but rather, keep our seniors and their contribution here at home.

NOTE:

1. OPAG researchers, in preparing the 1987 survey of retired Alaskans' cash input in this state, were provided with more data from the source agencies than was given in 1986. Some agencies provided data for people in the fifty-five year to sixty-two year age bracket, as well as the sixty-two years and older age bracket (these will be identified in the statistics). Most agencies responding also gave the amount of volunteer effort the Alaskan seniors are contributing to our State...Added this year are the data on senior citizen housing projects cash input into Alaskan economy; many agencies were able to provide the administrative cost of programs for the elderly as spent in Alaska.

2. \* FY 87 Homeowners' property tax exemption = \$ 2,866,300  
Renters equivalency rebate = 221,200  
Longevity bonus = 50,889,800

Total state general fund spent on seniors' programs:

\$53,977,300



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

January 20, 1988

MEMORANDUM

TO: Representative Fran Ulmer

ATTN: Dennis Burns

FROM: Karen Oakley *KO*  
Legislative Analyst

RE: Projected Costs of the Longevity Bonus Program Under  
Senate Bill 56  
Research Request 88.127 (Supplemental Information)

You asked us to provide projections of the annuity and bonus amounts if the program starts one year later--in FY 90 instead of FY 89. Table 1 was revised to reflect this change and is attached.

Attachment

TABLE 1 (Revised January 20, 1988)  
MONTHLY ANNUITY PAYMENTS POSSIBLE FROM INVESTMENT OF  
PERMANENT FUND DIVIDENDS IN AN ANNUITY

No Change in the Permanent Fund Dividend Program

		CASE A			CASE B			
		Person turning 65 in current year			Person Turning 65 on 1-2-89			
Fiscal Year	Dividend Received	Annuity	Monthly Annuity Payment	Monthly Longevity Bonus Amount	Balance of prior year's annuity account on July 1	Payment from prior year's account	Combined Monthly Annuity Payment	Monthly Longevity Bonus Amount
		Balance at Interest Rate of 9.0%						
1990	\$882.47	\$942.04			\$942.04			
1991	873.21	1,958.97	\$9.30	\$240.70	932.15	\$9.68	\$9.68	\$240.32
1992	868.57	3,062.48	19.34	230.66	927.20	9.78	19.46	230.54
1993	933.24	4,334.33	30.24	219.76	996.23	9.95	29.41	220.59
1994	995.21	5,786.81	42.79	207.21	1,062.39	10.95	40.36	209.64
1995	1,060.84	7,440.07	57.13	192.87	1,132.45	11.99	52.35	197.65
1996	1,130.01	9,315.96	73.46	176.54	1,206.29	13.14	65.49	184.51
1997	1,202.53	11,438.10	91.98	158.02	1,283.70	14.41	79.89	170.11
1998	1,277.59	13,831.36	112.93	137.07	1,363.83	15.80	95.69	154.31
1999	1,355.50	16,523.17	136.56	113.44	1,447.00	17.35	113.05	136.95
2000	1,436.37	19,543.59	163.13	86.87	1,533.32	19.06	132.10	117.90
2001	1,520.30	22,925.43	192.95	57.05	1,622.92	20.95	153.05	96.95
2002	1,607.60	26,704.83	226.34	23.66	1,716.11	23.06	176.11	73.89
2003	1,698.05	30,920.93	263.66	0.00	1,812.67	25.38	201.49	48.51
2004	1,791.94	35,616.71	305.28	0.00	1,912.90	27.93	229.42	20.58
2005	1,892.84	40,842.82	351.64	0.00	2,020.61	30.65	260.07	0.00

Estimates of monthly annuity payments based on Alaska Permanent Fund Dividend Corporation projections of dividend payment (January 19, 1988 projections) and an interest rate of 9 percent.

Life expectancy values were provided by the Alaska Department of Labor, Demographic Report No. 1, December 1986.

Prepared by the House Research Agency, January 1988 (87-127S; 100287-15).



ALASKA STATE LEGISLATURE  
HOUSE OF REPRESENTATIVES  
RESEARCH AGENCY

P.O. Box Y, State Capitol  
Juneau, Alaska 99811-3100  
Mail Stop 3100  
(907) 465-3991

February 1, 1988

MEMORANDUM

TO: Representative Fran Ulmer

FROM: Karen Oakley *KO*  
Legislative Analyst

RE: Senate Bill 56: Effect of Future Permanent Fund Dividends on the  
General Fund Cost of the Longevity Bonus Program  
Research Request 88.147

You asked us to discuss two aspects of Senate Bill (SB) 56, which would create a State-sponsored annuity program as an eventual replacement for the Alaska Longevity Bonus (ALB) Program. You asked: 1) how the "maximum straight life annuity," which ultimately determines the bonus amount, is calculated; and 2) how changes to the Permanent Fund Dividend (PFD) program proposed by Senate Joint Resolution (SJR) 40 would affect the General Fund cost of the ALB program during the next 15 years.

The "Maximum" Straight Life Annuity Under SB 56

An annuity is a type of investment that transfers income available earlier in one's life to later in one's life, generally when one is no longer working. There are several types of annuities, but the only kind that concerns us here is the straight life annuity. When a person begins receiving payments from an annuity account under a straight life plan, the monthly payment is based on three things:

- 1) the amount in the account;
- 2) the person's life expectancy, which is the length of time the person can be expected to live from that point on; and
- 3) the interest rate expected during the person's life.

Using these three variables, a monthly payment is calculated. The recipient will receive this payment for the rest of their life, whether the person lives one day or 25 years. When the person dies, the payments stop, and the person cannot pass any of the funds not yet spent from the annuity account on to a heir.

Calculation of the monthly payment possible under a straight life annuity is not difficult, once values for each of the three variables is known.<sup>1</sup> The only tough decisions are deciding on the values for the three variables. In this case, the account balance is uncertain because we do not know precisely how much future Permanent Fund Dividends--or the earnings on those dividends--will be. We have used life expectancy values generated by the State Demographer; the life expectancy of a 65 year-old in Alaska is 15.9 years. We have assumed an interest rate of nine percent. Other equally valid values could have been used--for example, a life expectancy value based on nationwide data or a higher or lower interest rate could be used. Using different assumptions will affect the annuity payment and thus the bonus amount. A higher interest rate and/or a shorter life expectancy will increase the annuity payment and thus lower the bonus amount. A lower interest rate and/or a longer life expectancy will decrease the annuity payment and thus increase the bonus amount. As will be discussed in the following section, larger PFDs would increase the annuity and also reduce the bonus amount.

Under SB 56, the bonus amount is \$250 minus the maximum possible straight life annuity under the annuity program. The maximum possible straight life annuity equals:

the amount a person would receive if that person became 65 years on January 2, 1989, and contributed 100 percent of all PFDs for every year after 1988.

-----  
<sup>1</sup>In fact, many hand-held calculators are programmed to calculate such payments. Similarly, most spreadsheet software packages include a payment function.

Thus, in each year after the program goes into effect, it is necessary to calculate how much a person who turned 65 years on January 2, 1989 would be receiving from investment of each PFD in a straight life annuity. The only unusual thing about calculating this maximum annuity is that the maximum annuity payment is the sum of the individual annuity payments derived from each PFD. Normally, persons over the age of 65 years would not continue investing cash in annuities--they would just use the cash. Each year, the straight life annuity payment from that year's PFD would be calculated using a lower life expectancy value as the person would be one year older.

#### Effect of Changes to the PFD Program on General Fund Cost of the ALB Program

Larger Permanent Fund Dividends increase the amount of the maximum annuity, thereby reducing the bonus amount. The smaller the bonus amount, the less the ALB program costs. Thus, any change that reduces the amount of future PFDs will ultimately act to increase the General Fund cost of the longevity bonus program. Senate Joint Resolution 40 would change the disposition of Permanent Fund earnings so that PFDs will be decreased.

In Table 1, projections of PFD amounts, bonus amounts and the cost of the ALB program based on bonus amounts under four scenarios are presented. Figure 1 shows the annual costs under the four scenarios.

With no change to the PFD program, the bonus is projected to reach zero in 2005, and the cumulative costs (FY 88 through FY 05) of the bonus program are about \$920 million. Under SJR 40, the bonus does not reach zero until after 2005, and the cumulative costs of the bonus program are \$1 billion. The cumulative costs through 2005 of the current bonus program are projected to be \$1.3 billion.

As we discussed earlier, these projections should not be interpreted as actual values; the focus should be on the general trend of the costs associated with each scenario and the relative trend, i.e., how one scenario compares to the others. Clearly, Senate Bill 56 does reduce the cost of the bonus program even if there are changes to the Permanent Fund Dividend program. Changes to the Permanent Fund Dividend program which decrease dividends will, however, have fairly costly effects on the ALB program.

Representative Ulmer  
February 1, 1988  
Page 4

We noted in a prior memo on SB 56 (House Research Memorandum 87.303) that the uncertainty created by basing the bonus amount on PFDs could be avoided by simply reducing the bonus amount by a set schedule. Another way to remove some of the uncertainty concerning the future General Fund cost of the bonus program would be to define a bottom line by having a fixed bonus reduction schedule apply only if the PFD program is changed such that PFDs are reduced. In this way, the General Fund cost of the bonus program could actually be less than we have projected here, if, for example, PFDs are larger than predicted or interest rates are higher. The General Fund cost would simply be limited by the use of a bonus reduction schedule in the event of a change to the PFD program.

I hope you find this information useful. If we can provide any further information, please let us know.

Attachments

TABLE 1  
COMPARISON OF LONGEVITY BONUS PROGRAM COSTS UNDER DIFFERENT PERMANENT FUND DIVIDEND PROJECTIONS

YEAR	NO CHANGE IN PFD PROGRAM						PFD PROGRAM MODIFIED BY SJR 40 (40-30-30 PLAN)								
	HRA PROJECTIONS OF FUTURE PFDS			APFC PROJECTIONS OF FUTURE PFDS			ASSUME CAPITAL GAINS = 10%			ASSUME CAPITAL GAINS = 20%					
	PFD AMOUNT	BONUS AMOUNT	ANNUAL COST ALB PROGRAM (MILLIONS)	PFD AMOUNT	BONUS AMOUNT	ANNUAL COST ALB PROGRAM (MILLIONS)	PFD AMOUNT	BONUS AMOUNT	ANNUAL COST ALB PROGRAM (MILLIONS)	PFD AMOUNT	BONUS AMOUNT	ANNUAL COST ALB PROGRAM (MILLIONS)			
1988			\$49.9			\$49.9			\$49.9			\$49.9			
1989			52.6			52.6			52.6			52.6			
1990	\$889		57.2	\$882		57.2	\$590		57.2	\$521		57.2			
1991	881	\$240	59.6	873	\$240	59.6	633	\$244	59.8	530	\$244	59.9			
1992	877	230	61.4	869	231	61.4	668	236	61.9	564	238	62.1			
1993	940	220	62.9	933	221	62.9	704	229	63.8	598	232	64.1			
1994	1,004	209	63.6	995	210	63.6	740	221	65.0	634	225	65.6			
1995	1,075	197	64.1	1,061	198	64.2	777	212	66.2	670	217	67.1			
1996	1,157	184	63.6	1,130	185	63.7	848	202	66.6	756	209	67.7			
1997	1,243	169	61.9	1,203	170	62.1	975	191	66.0	902	199	67.5			
1998	1,333	153	59.8	1,278	154	60.1	1,114	178	65.0	1,060	187	66.8			
1999	1,428	135	56.4	1,356	137	56.9	1,264	163	62.8	1,230	173	65.0			
2000	1,527	115	52.1	1,436	118	52.9	1,426	145	59.5	1,411	156	62.0			
2001	1,622	92	46.4	1,520	97	47.6	1,523	125	54.8	1,509	135	57.6			
2002	1,721	68	39.4	1,608	74	41.1	1,621	102	48.8	1,609	112	51.8			
2003	1,824	41	30.7	1,698	49	33.0	1,722	76	41.2	1,709	87	44.5			
2004	1,931	11	20.1	1,792	21	23.3	1,825	48	31.9	1,812	59	35.4			
2005	2,042	0	15.0	1,893	0	15.0	1,931	16	20.6	1,918	28	24.4			
CUMULATIVE COST THROUGH 2005			\$916.6	CUMULATIVE COST THROUGH 2005			\$927.1	CUMULATIVE COST THROUGH 2005			\$993.6	CUMULATIVE COST THROUGH 2005			\$1,021.1

NOTES:

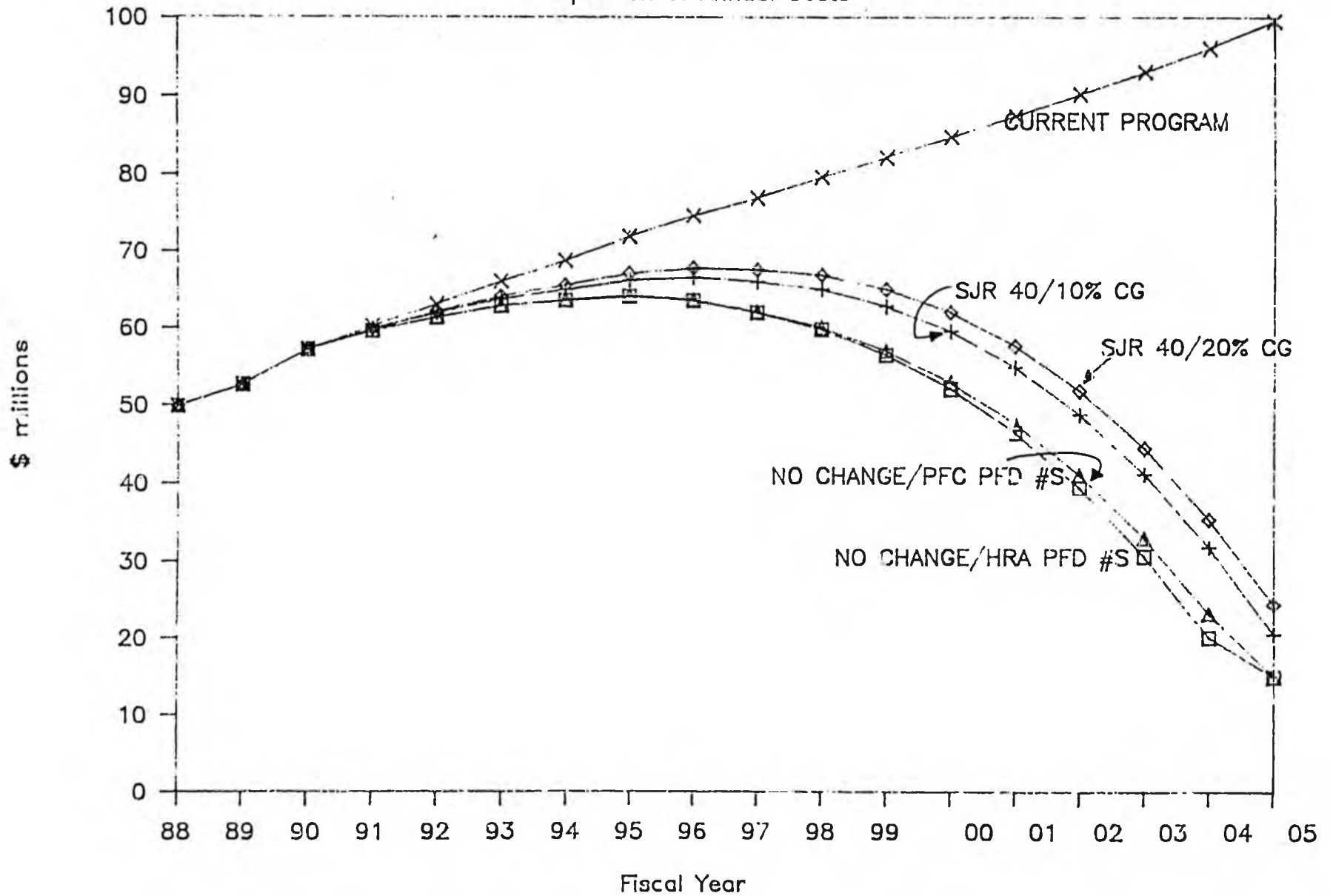
1. Projections of future Permanent Fund Dividends under Senate Joint Resolution 40 depend upon the portion of earnings attributable to capital gains. These projections do not include the anticipated Dinkum Sands settlement.
2. The projections of future PFDs by the Alaska Permanent Fund Corporation are from January 1988 and include anticipated funds from the Dinkum Sands settlement.

Prepared by the House Research Agency, February 1988, (88.147A).

FIGURE 1

# ALASKA LONGEVITY BONUS

Comparison of Annual Costs



Prepared by the House Research Agency, February 1988.

QUALITY SERVICES

Date JAN 05 1988

Peninsula Clarion

Client No. 0615

This editorial is reprinted from the Jan. 6, 1987, edition of The Clarion.

**T**he first sign to be read from the Cowper administration's tentative proposal for the state's Longevity Bonus program is the possibility that the ill-conceived advisory measure on last November's ballot will be ignored. With this possibility in mind, concerned Alaskans will consider contacting their legislators to let them know what they really think should be done with the bonus program.

It can't  
go on  
too long

200 0615 255

Here's a short refresher on our topic: When the courts a few years ago ruled the longevity program unconstitutional (basically for setting up pre-statehood pioneers as a special class of citizens), the Legislature responded by extending the bonus to all residents 65 and older. The

program has since grown to an annual cost of more than \$50 million. In legislative haggling over what to do, the Alaska Senate prevailed so far as getting its proposal in the ballot advisory measure. Voters were asked only if they favored having an annuity program anyone could enter by investing Permanent Fund dividends. There was no reference to options — chiefly the House-favored alternative of phasing the program out.

It is reasonable to declare the advisory measure meaningless. It was unfairly stacked and poorly understood. The Legislature should feel free to admit a mistake and ignore its result.

Once that is done, the topic is wide open again — which is just what Cowper's staff has said by suggesting that the program be redrawn based on needs, cutting off all seniors who have more than \$20,000 a year of income. This, of course, would be a welfare program, although the Cowper staff has avoided calling it that for political reasons.

Many Alaskans, including many seniors, have come to regret the longevity program for what the court's ruling did to it and for the resulting cost to the taxpayers, especially as our oil-fired boom has become a boomerang. But many oppose turning it into a welfare program. This fact is reflected in the unwillingness of the 14th Alaska Legislature to adopt such an approach. Neither the Senate's annuity nor the House phase-out plan addressed needs or income levels of recipients.

The most salient argument heard here is that poorer seniors should not be rewarded for failing to have planned for their futures and that those seniors who have only recently taken up Alaskan residence do not deserve the subsidy.

The vote here continues to favor phasing out the program. If the Legislature wants to phase in an income ceiling, or welfare line, at the same time, that might be tolerable so long as the full program is being phased out.

The original idea was to give pioneer Alaskans an incentive for staying on, rather than moving Outside in retirement. That idea is now far away. The number of pioneers unavoidably dwindles. The cost of the liberalized longevity program grows exorbitant. It is the 15th Legislature's duty to number its days.

Nothing has changed in the year since this



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: House State Affairs Committee

FROM: Representative Fran Ulmer, Chair  
House State Affairs

SUBJECT: House CS For CSSB 56 (2d SA) Work Draft

DATE: January 22, 1988

---

This committee substitute, HCS CSSB 56 (2d SA), makes several changes which are outlined below:

Page 3, Section 6, Line 6: the bonus remains \$250 per month.

Page 3, Section 7, Lines 20 through 29 and Page 4, Lines 1 through 8: shows the monthly longevity bonus in a fiscal year for a person who is 65 years of age after January 1, 1989. The monthly bonus amounts are based on the most current projections of Permanent Fund Dividend payments (House Research Memorandum 88.127). Note that the bonus amount (Table 1, Case B) does not reach zero until 2005 - a year later than predicted last session (see House Research Memorandum 87.303). This results because the Permanent Fund net income is predicated to be lower relative to last year, thus dividends are lower. Administrative costs have increased, primarily for "hold harmless", and this also reduces the bonus amount too. It should also be noted that these projections include the addition of Dinkum Sands money.

A question was raised during the interim work sessions as to whether those participating in the annuity program were required to remain a resident of the state. I have attached a memorandum from the Division of Legal Services which addresses this question. Briefly, the one year residency requirement remains in effect for all seniors receiving the bonus. Therefore those seniors receiving the bonus and annuity would have to maintain their residency (to FY 2005). Seniors who leave the state prior to FY 2005 would lose the bonus (and the Dividend) but would continue to receive their annuity.



Official Business

# Alaska State Legislature

## House

P.O. BOX V  
State Capitol  
Juneau, Alaska 99811

### M E M O R A N D U M

TO: House State Affairs Committee

FROM: Representative Fran *Olmer*, Chair  
House State Affairs

SUBJECT: Overview Of The Permanent Fund  
Work Session, November 17, 1987

---

Attached you will find a summary of the overview given by Dave Rose on the Permanent Fund's 10-year performance.

AN OVERVIEW OF THE PERMANENT FUND'S 10-YEAR PERFORMANCE  
AND A LOOK AT WHAT HAPPENED IN OCTOBER 1987

TESTIMONY OF DAVE ROSE  
EXECUTIVE DIRECTOR,  
ALASKA PERMANENT FUND CORPORATION  
TO  
HOUSE STATE AFFAIRS COMMITTEE  
NOVEMBER 17, 1987

I would like to spend some time today talking about the Fund, give some historical perspectives, explain how we invest, and then talk about where the Fund is as a result of the gyrations of the financial markets in the last month.

The Fund was created in 1976 by constitutional amendment and is now in its 11th year of existence. To give you some perspective on the size of the Alaska Permanent Fund in comparison to other large funds around the country, consider the following:

\* The Alaska Permanent Fund is larger than any private foundation. It is larger than the Ford Foundation, the J. Paul Getty Trust, and the Rockefeller Foundation.

\* The Alaska Permanent Fund is larger than any union pension trust. It is larger than any single retirement fund of the Teamsters, the Electrical Workers, or the United Mine Workers.

\* If the Alaska Permanent Fund were a corporate pension fund, it would be the fourteenth largest.

\* If the Alaska Permanent Fund were a government pension fund, it would be the eighteenth largest.

\* If the Alaska Permanent Fund were a Fortune 500 company, it would rank fifteenth in terms of net income - smaller only than GM, Exxon, Mobil, Ford, IBM, Texaco, Chevron, AT&T, du Pont, GE, Amoco, Chrysler, Shell Oil, and Philip Morris.

In short, there are a few funds larger than the Permanent Fund, but your Fund is one of the largest in the country, and certainly the most unique. In Alaska, it is the largest producer of net income in our state other than the petroleum industry.

**Slide/chart #1:** Gives an overview of how the Permanent Fund works. As you can see, the Fund is comprised of two parts: principal and an earnings reserve account. The principal in turn receives money

from three distinct sources: oil revenues automatically dedicated to the Fund by the state Constitution and the statutes; special one-time appropriations from the legislature; and inflation-proofing.

As we earn money, through investment of the total assets, all of those earnings go into the earnings reserve account which is basically a holding account for all earnings during the year - as well as for earnings from prior years which have not yet been distributed.

Frequently people err in the sense of looking at the earnings reserve account and saying "gee, we have \$800 - 900 million in that account," but a lot of that money is in that account waiting for distribution (dividends and inflation-proofing). You only get the true picture of the surplus on June 30 of each year - after the distribution has been made.

From that earnings reserve account, first are paid dividends according to statute and an appropriation; second, inflation-proofing back to the principal of the Fund which is automatic and not appropriated; and third, if there is any money left after dividends and inflation-proofing those earnings are surplus and remain in that account, subject to appropriation by the legislature for any lawful purpose.

**Slide/chart #2:** Since the inception of the Fund, in the 10-year period 1978 - 1987, the State has received about \$26 billion in total oil revenues. Of that amount, \$20.4 billion has been expended (about 78%) and \$5.6 billion, or 22%, has gone into the Permanent Fund.

**Slide/chart #3:** The source of funds is also somewhat interesting. Roughly 50% (\$3.9 billion) has gone into the Fund through legislative appropriation - over and above the flow of monies mandated by the Constitution and by statute. This has happened over an extended period of time. First, there was the \$900 million appropriation made in 1980 in memory of the earlier \$900 million Prudhoe Bay bonus of 1969. The following year, \$1.8 billion was appropriated by the legislature. One year ago, there was another appropriation of \$1.264 billion - not from the General Fund this time, but from Fund undistributed income left over after previous year payments of dividends and inflation-proofing.

In sum, almost \$4 billion has come from legislative appropriations; another \$2.9 billion (37% of the principal), has been contributed to the Fund by the constitutional and statutory dedication of revenues; and 13% (\$982 million) has gone into the principal as a result of inflation-proofing (adopted by the legislature in 1982).

**Slide/chart #4:** When you look at principal, you can see it has grown rather rapidly. From FY 78, the Fund has grown to \$7.9

billion as of the end of fiscal 1987. Dedicated revenues have fallen off in the last few years as we have seen oil prices fall. Falling oil prices have had the same effect on new money coming into the Fund as on new General Fund revenues.

**Slide/chart #5:** This chart shows that net income has been unusually high in recent years. If you look at the chart you can see that during the period fiscal years 1981 - 1985, there was a steady rise, from \$150 million in '81 to \$368, to \$471, to \$530 and up to \$658 million at the end of fiscal year 1985. A very nice rising line of growth. When you get to 1986 and 1987, you can see a very unusual skew. There was a tremendous surge in earnings in both of those years.

The cash earnings in 1986 were \$1.021 billion and in 1987, \$1.069 billion. Ordinarily in '86 and '87, the Fund would have earned somewhere between \$600 - 700 million. However in 1986, we saw a major shift in the bond market and capital gains were taken in that year - about \$280 million - and the money that was gained was invested in stock. In 1987 when the stock market rose rather substantially, there were market operations which took profits in stocks and placed that money in bonds. The years 1986 and 1987 were very unusual years, but years in which the earnings grew substantially.

**Slide/chart #6:** You can see from this chart the capital gains; that is, the gains made in terms other than dividends and interest and real estate earnings. These are the capital gains on the purchase and sale of stock and bonds. You can see in almost the whole history of the Fund, very little activity except for the years '86 and '87 where there were \$323 million in extraordinary gains taken in '86 and \$352 million taken in '87. These extraordinary gains are not likely to reoccur. This was strictly a market aberration.

**Slide/chart #7:** As far as the use of funds are concerned, money has gone out in five different directions since the inception of the Fund. The largest amount, \$1.305 billion has been paid out as dividends. The next largest amount, \$1.024 billion dollars, or about 30%, has been appropriated by the legislature back into the Fund. Next, \$982 million, 23%, has gone back to the principal for inflation-proofing, and \$529 million or 12% remains in the earnings reserve account as of June 30 of this past year. In addition, there were contributions in the early days of the Fund to the General Fund of another \$228 million. The last payment to the General Fund took place in 1983.

**Slide/chart #8:** This chart shows the amount paid out in dividends, and you can see there is a steady progression from \$12 million to \$391 million which were expended this last year. Dividends were not paid out in the first two years, and indeed some of the dividends paid out over time were General Fund monies. But these

were the earnings contributed by the Permanent Fund starting at \$12 million in 1980 and ending in \$391 million in 1987.

I would like to move on to allocation of assets. With respect to investments, the Fund is very conservative, and that is reflected in the mix of investments. The trustees set the asset allocation targets as follows:

\* Not less than 73.5% of investments may be in fixed income (generally bonds). Within that amount, we have allocated \$300 million for an Alaska Certificates of Deposit program, and about \$80 million for home mortgages.

\* In stocks, the operating parameters permit us to invest not less than 12% of invested funds in stocks, and not more than 20%.

\* In real estate, the staff may not invest less than 3% nor more than 6.5% of the total assets.

These are the asset allocations made by my trustees every February and March, and they involve factors of risk of which I will discuss in a moment.

Given these parameters, let's see where we are as of the end of October - not exactly on target. Fixed-income is OK, at 84.4% - certainly above the 73.5% floor. Very conservative, a lot of money in bonds. Stocks you remember, the minimum is 12% and the maximum is 20%. At 11.4% priced at market, we are outside our parameters on the conservative side. In real estate we are in the middle range at 4.2%.

With respect to CD's within fixed-income, although we have \$300 million available, Alaska banking institutions have only taken down \$171,725,000 - there being little need in Alaska at this point for the banks to take more money. Similarly with mortgages, although \$80 million is available, only \$40.3 million has been taken down. We are not making many mortgage loans in this environment.

**Slide/chart #9:** When you take a look at the Fund and net asset allocation, you see we are conservatively postured. This chart, which is a scattergram, represents funds over a billion dollars in the public funds area. As you move vertically up toward the top of the chart, that represents earnings, or returns, and the higher you go vertically on the chart, the better you are. On the horizontal side, the more to the left you are the less risk you take and the more to the right of the chart, the higher risk.

If you take a look at the dot with a circle around it, which is the Permanent Fund, you see that there is not a fund in the country that has earned more money for the amount of risk taken. There are some funds to the left of that dot which have taken less risk than the Permanent Fund, and there are many to the right of the dot who

have taken more risk than the Fund. But you notice that the Permanent Fund has earned a little bit above average for all funds, a little bit above that horizontal line. Again, there is no fund in the country that has been as conservative yet has had as good a performance.

**Slide/chart #10:** This is the rationale of the asset allocation scheme that you have seen. If you look at common stocks over the last 60-year period, you can see that they have earned 9.8% - with inflation of 3.1% over that period - for a real rate of return of 6.7% over time on stocks. Similarly, with bonds, you can see that over time you would tend to earn 1.1% in real terms with your investment in government bonds.

In setting the present asset allocation scheme, the trustees have said they wish to earn a 3% real rate of return over time. So, the task is to blend a historical 6.7% in stock, and a historical 1.1% in bonds in such a way that the Fund will earn a 3% real rate of return. Now, the trustees have, to some degree, hedged their bets because they have attempted to blend the historical context with that of the current day investments. As a result, they have been able to invest a bit more heavily in bonds than they ordinarily would be able to simply because bond returns have been, in recent years, gracious to us all.

**Slide/chart #11:** With respect to the bond portfolio, it is primarily invested in AAA-rated US treasury bonds; nothing as risky as junk bonds. We spread our bonds throughout all maturities. The average life to maturity is about 8 years which is relatively short. You can see that at the end of the last fiscal year, the value of the bond portfolio was 102% or 2% greater than what we had paid for it.

**Slide/chart #12:** On the stock side, the stock portfolio is really in two pieces. Half is managed passively; that is, we have a computer simulation of the S&P 500, and we invest half of our stock in that simulation. The other half of the money is in the hands of active managers we retain for diversification and hopefully to beat the market. They actively buy and sell stock based on their intuition and professional knowledge. You can see that at the end of the last fiscal year, the stock was at 140% of cost, about 40% higher than what we paid for.

**Slide/chart #13:** I alluded before to the mortgage program; we have about \$40 million in Alaska mortgages. These are loans made by Alaska lending institutions, single to four-plex loans. Our program is a little bit different than the AHFC program in that we require 20% down payment and generally lend money on some of the larger homes (because of the lower maximum loan amount limits of AHFC). This is a 30-year program. We have a fairly low foreclosure rate for two reasons: the downpayment is rather high so people do not easily walk away from these homes; and secondly, we

have a program which allows us to work very closely with the people who are in trouble by making certain adjustments or extending payments. If we do have to foreclose, we rent those homes to protect them. This program has not grown in recent years. It has been as high as \$48 million, and is now at \$40 million. The chart shows the mortgage loan rates.

**Slide/chart #14:** The Alaska CD program, again, is designed to lend money to Alaska lending institutions. You have heard a lot about the banking institutions in the state undergoing rocky times. We have money in some of those banks, but the money loaned is fully collateralized; the collateral is held physically by us in third party trusts. We find that we do not consider deposits in Alaska banks are in great risk. The chart shows the cost of the money to the banks.

**Slides/charts #15-18:** The last class of Fund investment, equity real estate, is depicted here in a series of pie charts. We have diversified a portion of our real estate portfolio by investing in real estate pools in which many pension funds and endowment funds are also investors. About 24 - 25% of our real estate portfolio is in these pools, and the other 76% is invested in joint ventures in individual properties.

We also have diversification in respect to where our real estate is located. Most of it is on the East coast, the least is in the Midwest. We try to get a balance so that if one area gets sick, the whole portfolio is not harmed.

We also diversify by type of investment and investment advisor. You can see we have a substantial holding in shopping malls, a lesser amount in office buildings, some industrial parks, and very little multi-family residential. It is a little overbalanced in retail, however we live with it because the market in office buildings is rather slim.

**Slides/charts #19-21:** I would like to move on to returns. There are a series of charts here. You can see for the 10-year period, that we have had different levels of returns. Last few years, 11.6%, 14.4%, 13.4% - these are nominal returns (cash returns) not paper profits. If you take the nominal return and you subtract from it inflation, you get the real return - the realized rate of return after inflation. You can see that in 1987, that return was 11.5%, the highest in the history of the fund.

Remember that over time, the trustees goal is a 3% realized rate of return. You can see that bogey has been met over the last six years. A 3% realized real rate of return over time is a very difficult bogey to make, but it has not been that difficult in the markets we have had recently. Let me assure you that the constant ability to exceed that is not the result of good management; it really is the result of the markets we have enjoyed.

If you look at a 10-year horizon - because that is what you want to look at rather than year to year - you can see the nominal return on average for the past 10 years has been 12.1%. Inflation has been an average of 6.8%, rather high for the last 10 years, and the realized real rate of return has been 5.3%.

Let me talk current market and what October did to us.

On February 24 1987, the staff of the Fund became very concerned that the market was overvalued. In other words by looking at price-to-earnings ratio, dividends, earnings, etc., it became very clear that the fundamentals in the market were no longer there. The stock market continued to go up because there was a great deal of euphoria, everyone was doing it, and because everyone was marching in the parade they kept buying, forcing the market up. There was a great deal of foreign money, and a fair amount of liquidity. It seemed to us as managers of your trust, that we had to have a better reason for investing than simply pointing out that everyone else is doing it. So we made a calculated decision to liquidate a portion of that portfolio - \$713 million worth - and take \$221 million in profits.

What we decided was that, since 2/3 of the money was in the passive account - the computer-driven mirror of the S&P 500 - that if the market was to turn around, it would not suffice just to look at our computer screen and watch our values dwindle. It seemed that more of our stocks should be actively managed. Thus, the decision was made to move that portfolio from an investment of 2/3 passive and 1/3 active to a 50/50 split. In making that balance, the decision was made not to add money into the market on the active side, but to subtract money from the passive side.

So, \$221 million was taken in profits. At that time, the Dow Jones was about 2300. Subsequently the market went to 2700, and then in October, it dropped to 1700. It was a bittersweet experience for us since we had sold off 1/3 of the stock and were glad we did as a hedge. But we held on to 2/3 of the stock - about \$1 billion at cost - and we lost value on that as did everyone else. The only difference between our Fund and others throughout the country was that we had a relatively low dedication to common stock.

So what happened during October? Our income from interest, dividends and real estate was about \$62.3 million, roughly \$2 million per day. In the stock and bond area, some \$7.3 million in capital gains were taken. This was a question of selling off some of the profitable items, cutting some losses, and even though the market went to pot, we were able to recognize some gains. So the total income to the Fund during October was almost \$70 million. This was hard cash, not net losses. So, from an income standpoint, October was a business-as-usual month.

From an unrealized gain perspective, however, it was a different story. At September 30, the fixed-income portfolio was in the hole; that is, the market value of our bonds was \$178 million below cost. Now that could be alarming, but generally when we buy bonds we plan to hold until maturity, so in effect we never would have had that kind of loss. Stocks at September 30 were in the black, \$414 million. Real estate was valued at \$24 million more than we paid for it. So at the end of September 30, the total portfolio on paper was worth \$259 million more than cost.

Lots of things happened in October. The bond market underwent a substantial rally, and its position changed to the good by \$167 million. By month-end, our bonds were worth just \$10 million less than we paid for them. The stock market, however, went to pot. The Fund's stock holdings were worth \$302 million less than on September 30, but still \$111 million dollars more than what they cost. Real estate remained the same. So that by the end of October, on paper, the total Fund was still worth \$124 million more than what we had paid for it, but substantially less than on September 30 - \$135,65,000 less.

What does this mean in terms of hard numbers? The \$135 million drop against the Fund value of about \$8.9 billion at market means that the market value of the Fund in October dropped by about 1.6%. Because your Fund was heavily invested in fixed-income and not equities, we did not have substantial loss compared to other U.S. funds.

Let me conclude with a few other issues.

**Slide/chart #22:** This is a chart of unrealized gains. You can see over the 10-year period, the Fund has been above water and below water with respect to unrealized gains. We as Fund managers watch these numbers, but quite frankly this doesn't add to your bottom line. We measure ourselves not only in cash return, but also where we are in respect to the total portfolio. And this is just illustrative of the fact that your portfolio has both good and bad times. At the end of June, we were above water, in the black, in the amount of \$551 million.

**Slide/chart #23:** This chart perhaps tells it all in terms of issues. This is the bottom line of all the items that you are faced with as legislators. One line shows the pattern of state oil revenues. You can see that they have fallen dramatically, are projected to hold steady for awhile, but then tail off in '97 and beyond. The other line is the Permanent Fund earnings line. You can see that little blip in 1986-87, those are the two big sales on capital gains first in bonds then in stock. But taking away that two-year blip, you can see it is a fairly steady line upward.

There are essentially two main sources of state revenue we are looking at over the long haul. One is, of course, oil revenue and

the other is earnings of the Permanent Fund. These are the #1 and #2 producers of revenue, and will be the largest producers for many years to come. You can see that around 1996 those lines cross, where the Fund's earnings overtake oil, and the Permanent Fund becomes the largest producer of revenue. But right now, this is the state picture. We have tourism, mining, fishing, timber and many other industries in the state, but when you step back and look at it, these are the two sources of income for the state.

It seems like the major argument/debate today relates to how the Fund's earnings should be spent. My task, and that of the trustees is to invest the Fund wisely. It is not our job to get into the debate on how the money should be spent --- except that you should consider two things:

- \* first is the continuing need for use of a portion of the earnings for inflation-proofing; and

- \* second is, that while you have seen dramatic earnings over the past few years, you do not want to assume the Fund will be earning at that level on a continual basis, lest you put too much pressure on those of us who have to invest your Fund. You have seen the risk chart, there is no question that we can earn more money for the Fund if we take more risk. There is no question we could also lose a lot of money if we take risk. As Fund managers, we would not like to see a spending pattern which would compel us to put the Fund at risk in order to meet a spending appetite.

Let's look more closely at inflation-proofing.

Right now there are two legislative uses of the earnings of the Fund. One is the payment of dividends and the second is inflation-proofing to protect purchasing power. If there is money left over, then it is subject to appropriation by the legislature. In the past few years, in very favorable markets, we have been able to cover dividends and inflation-proofing and still have something left over for possible use by the legislature. This has been habit forming, but be cautious. We are approaching a point in time where we cannot be all things to all people. While we may be able to meet all of the goals now, we likely will not be able to meet all three in the future.

**Slides/chart #24:** When you take away inflation-proofing you do several things. The first chart shows the growth of Fund principal. If you have inflation-proofing, your Fund grows to \$26 billion by the year 2005, but if you didn't have inflation-proofing your Fund would be less than \$12 billion dollars at that time.

**Slide/chart #25:** This chart shows that if you inflation-proof, the Fund can earn \$2.3 billion a year by the year 2005, which you can use. If you don't inflation-proof, the earnings will be closer to \$1.1 billion a year. That is a big difference.

**Slide/chart #26:** How does this translate to the people? Well, this last chart shows if you keep the dividend formula the same and you continue inflation-proofing, the per capita dividend reaches the \$2,000 mark. Without inflation-proofing, the per capita dividend stays under \$1,000.

As you can see, inflation-proofing has a dramatic impact on the principal, earnings, and dividend program.

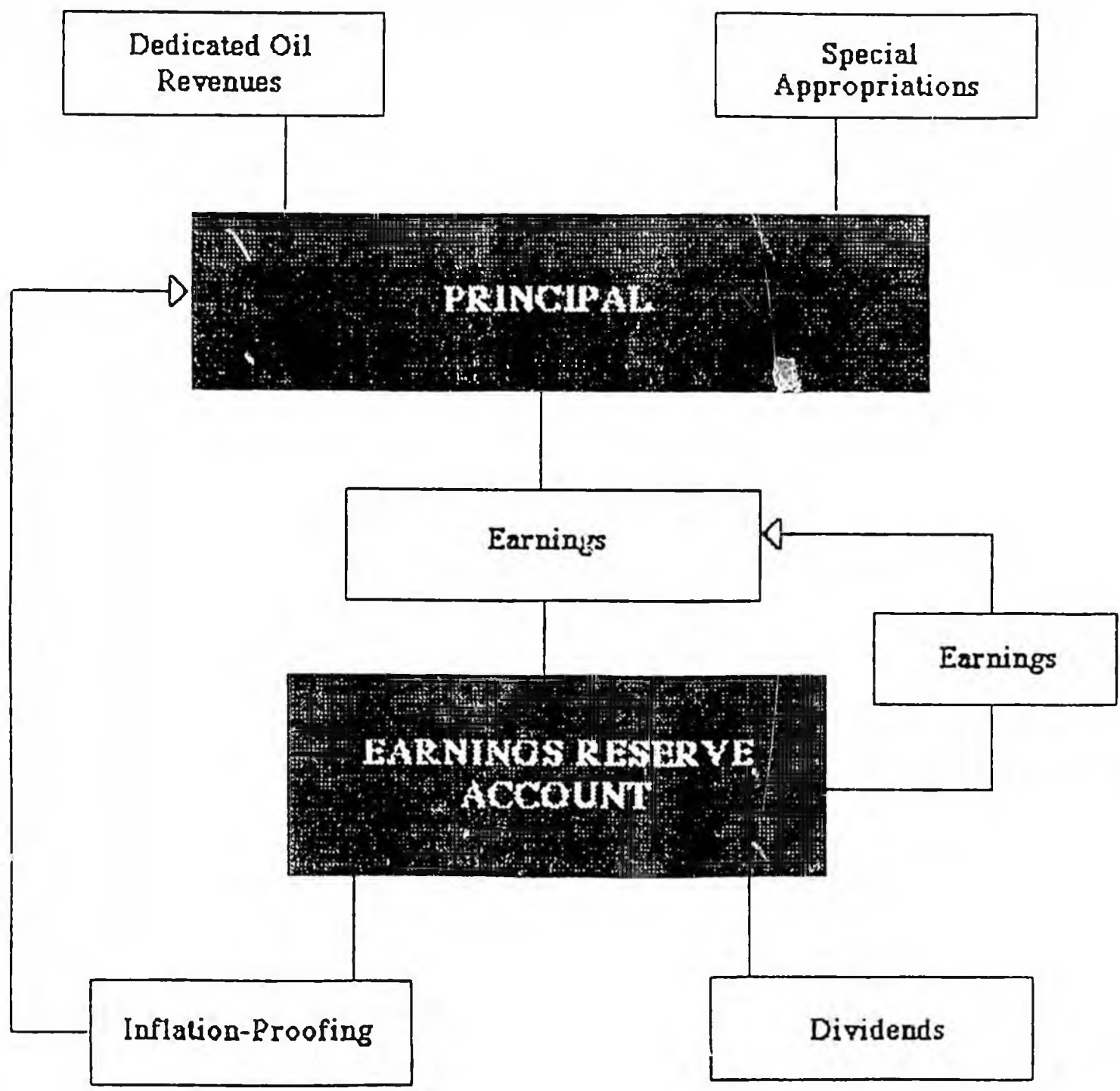
Lastly, I want to address the question of social and political investment. The Permanent Fund up to now has been a bottom line organization. We do economic investing, we don't make investments for social or political reasons. Unlike our sister fund in Alberta which started at about the same time we did, we have been able to grow and sustain ourselves. Not so in Alberta.

In Alberta, up until 1983-84, 70% of the resource revenue went to their General Fund, and 30% went to the Heritage Savings Trust Fund. That fund invested its money and it was able to keep all its income. Unlike Alaska, the fund got 30% rather than 25% and it was able to keep in its fund all of its money. But the politicians, and the perceived need to use the fund for social and political rather than economic and trust purposes, brought about some changes.

First of all instead of 30% of the resource revenue going into the fund, after 1984, 85% went to their General Fund and 15% went to the Heritage Fund. In addition, the Heritage Fund from that time on was disallowed from reinvesting any of its earnings. Instead, it had to pay out all its earnings to the government. Finally, beginning with the current fiscal year, not only are all the earnings of the Alberta Heritage Trust being siphoned off to government, but all new money has stopped flowing into the fund as well. The Fund gets no new money and the Fund pays out all of its income. The bottom line is that the fund is not keeping up with inflation.

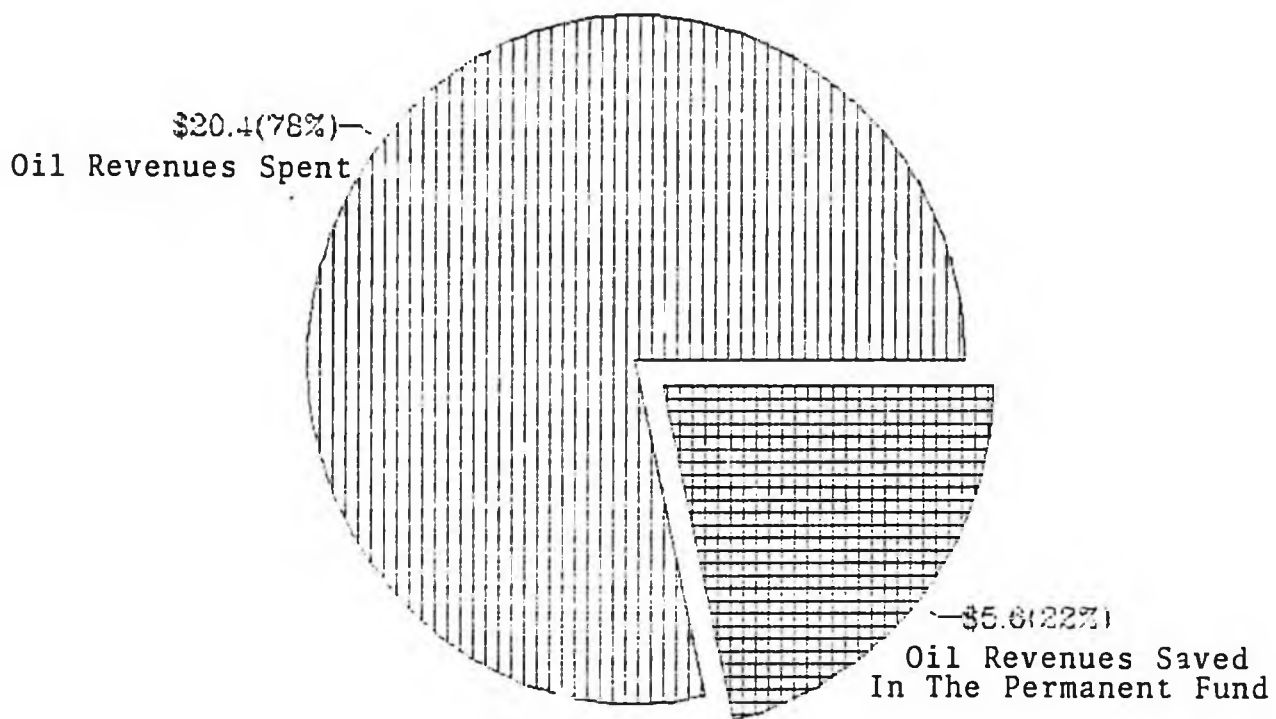
The Alberta Fund ought to be a history lesson for Alaska, and I would ask you all to consider this case study in how to make a trust disappear. We must be smarter in Alaska. Thank you.

# HOW THE PERMANENT FUND WORKS



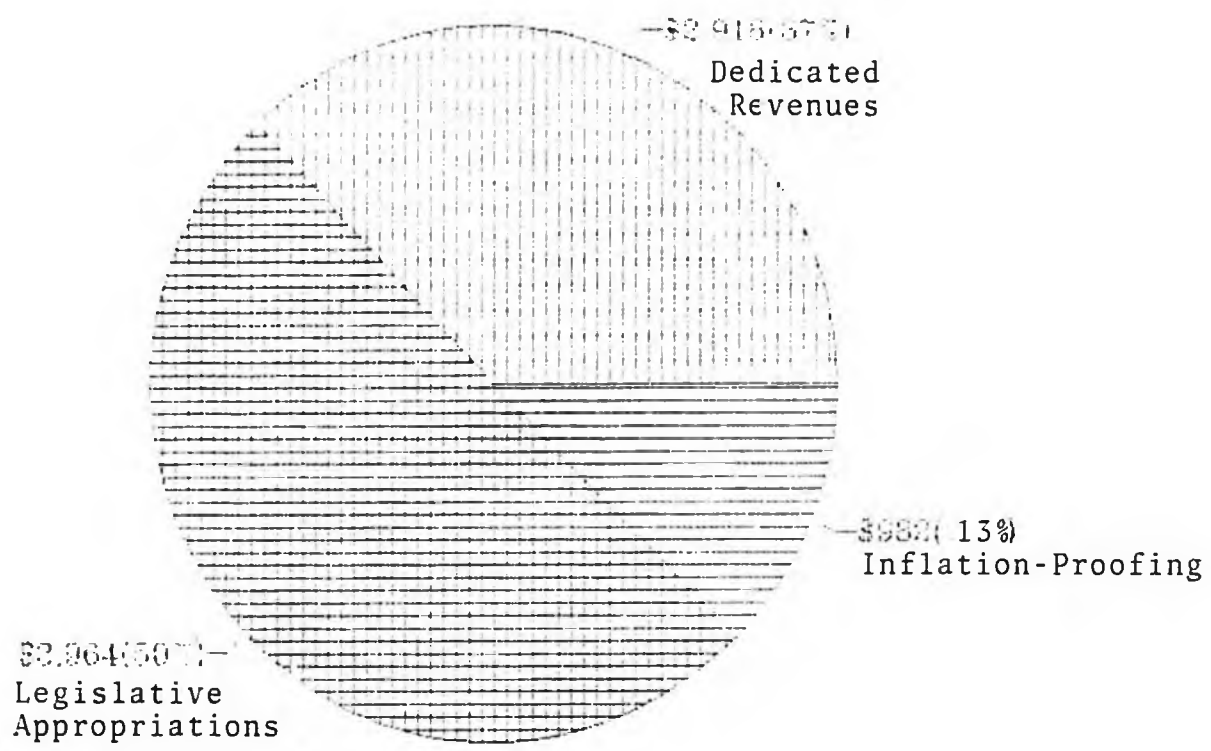
# TOTAL STATE OIL REVENUES FY 1987-1978

\$26 Billion



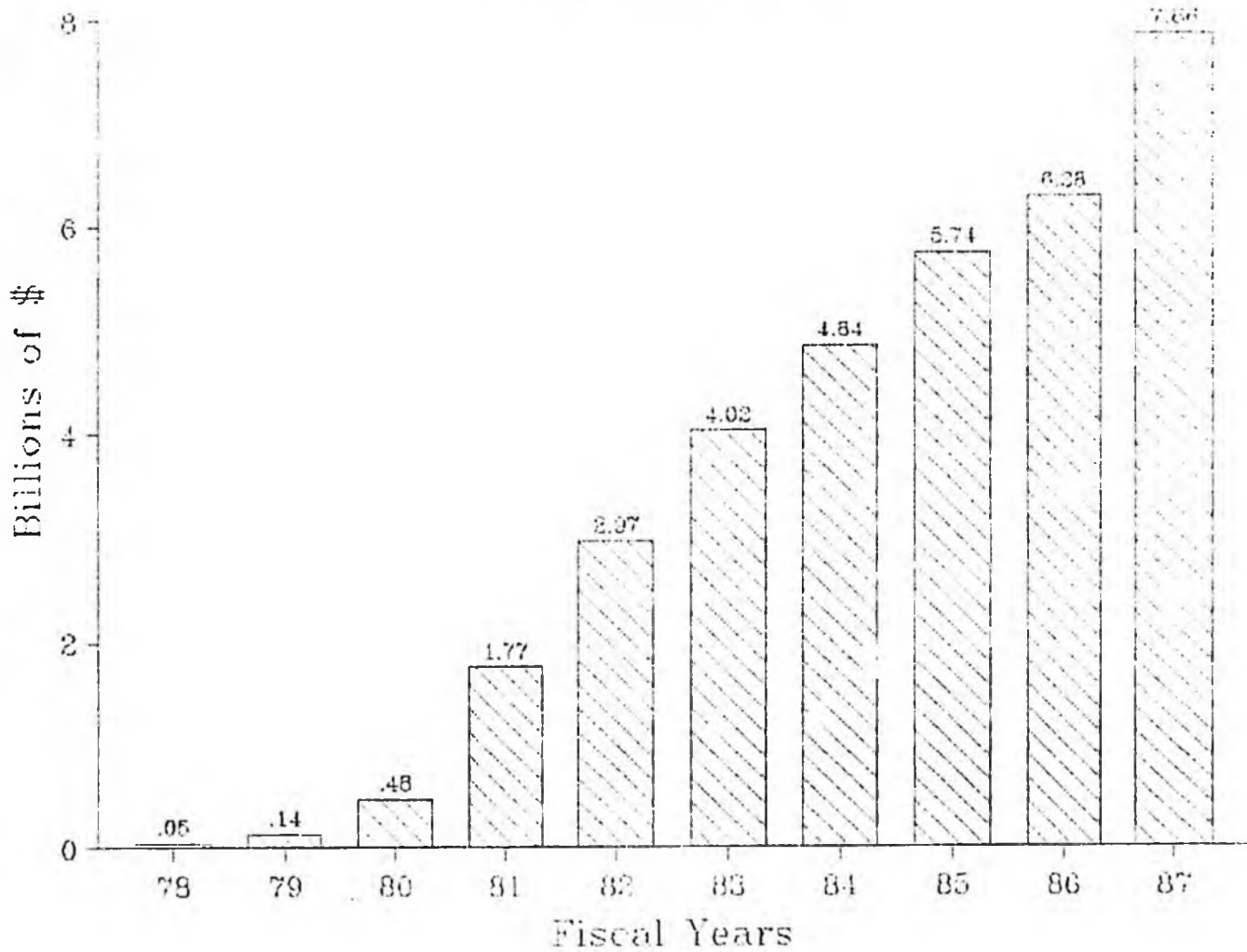
# SOURCE OF FUNDS

Contributions to Principal Since Inception  
(in millions)

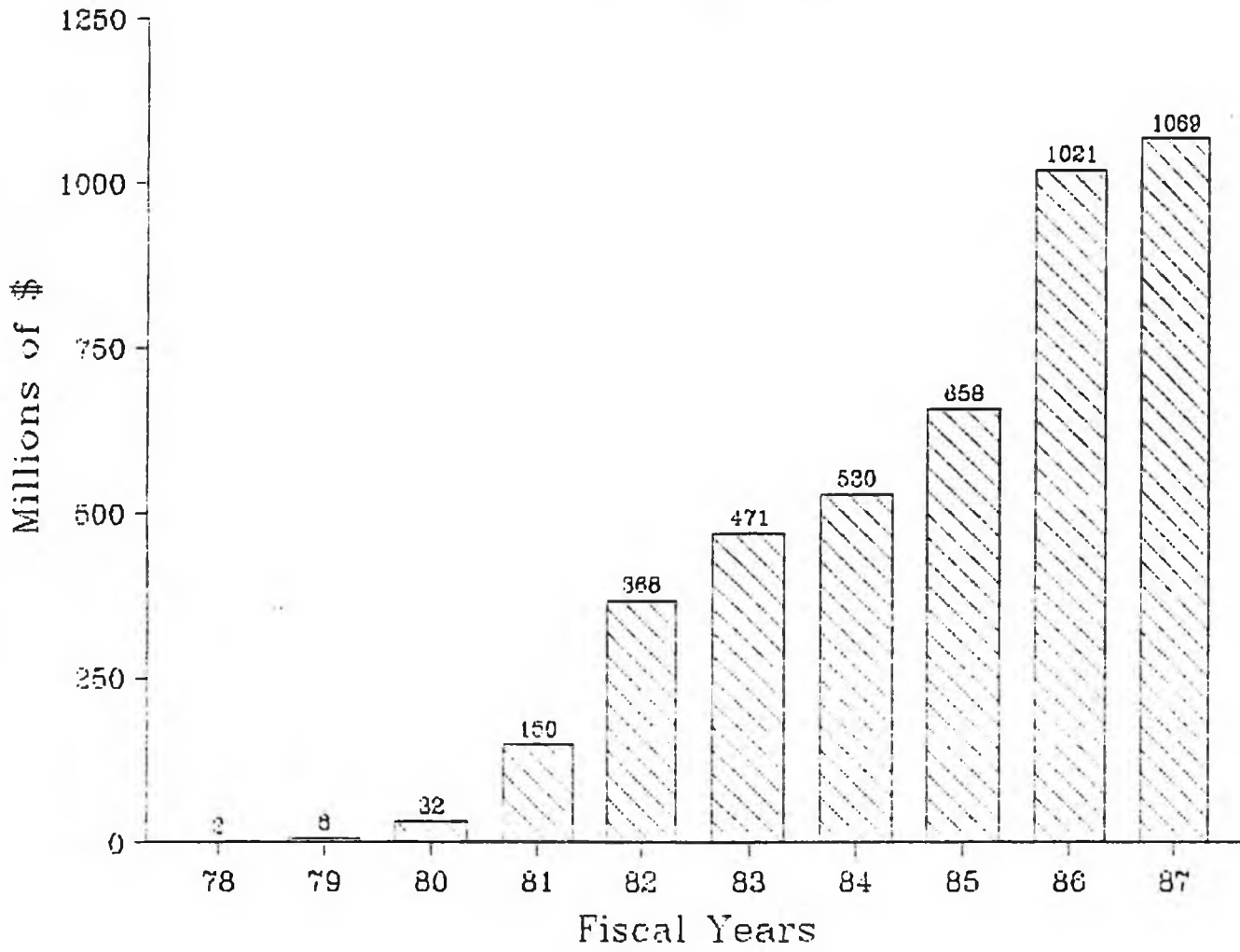


Total Principal as of June 30, 1987: \$7.86 Billion

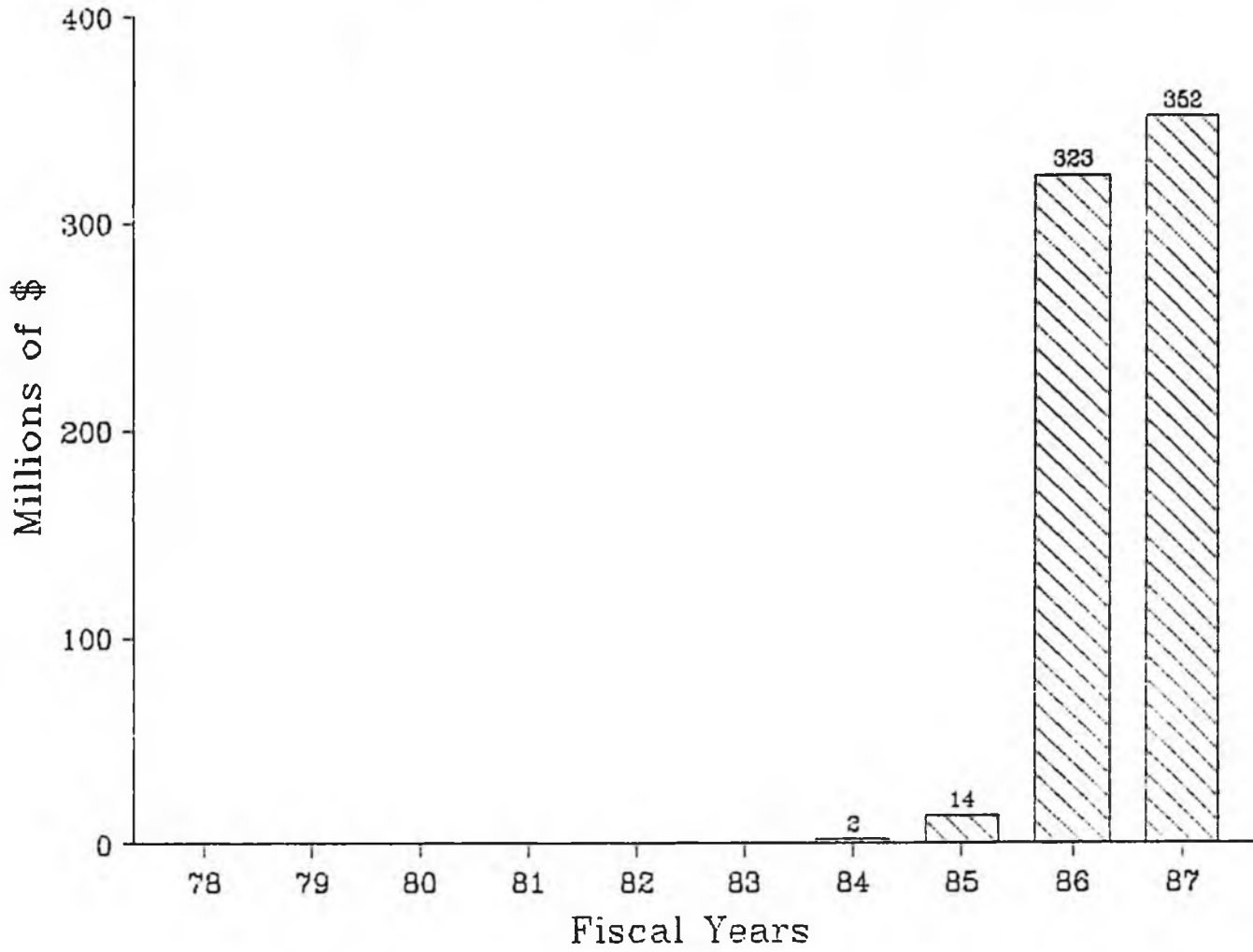
# PRINCIPAL



# NET INCOME

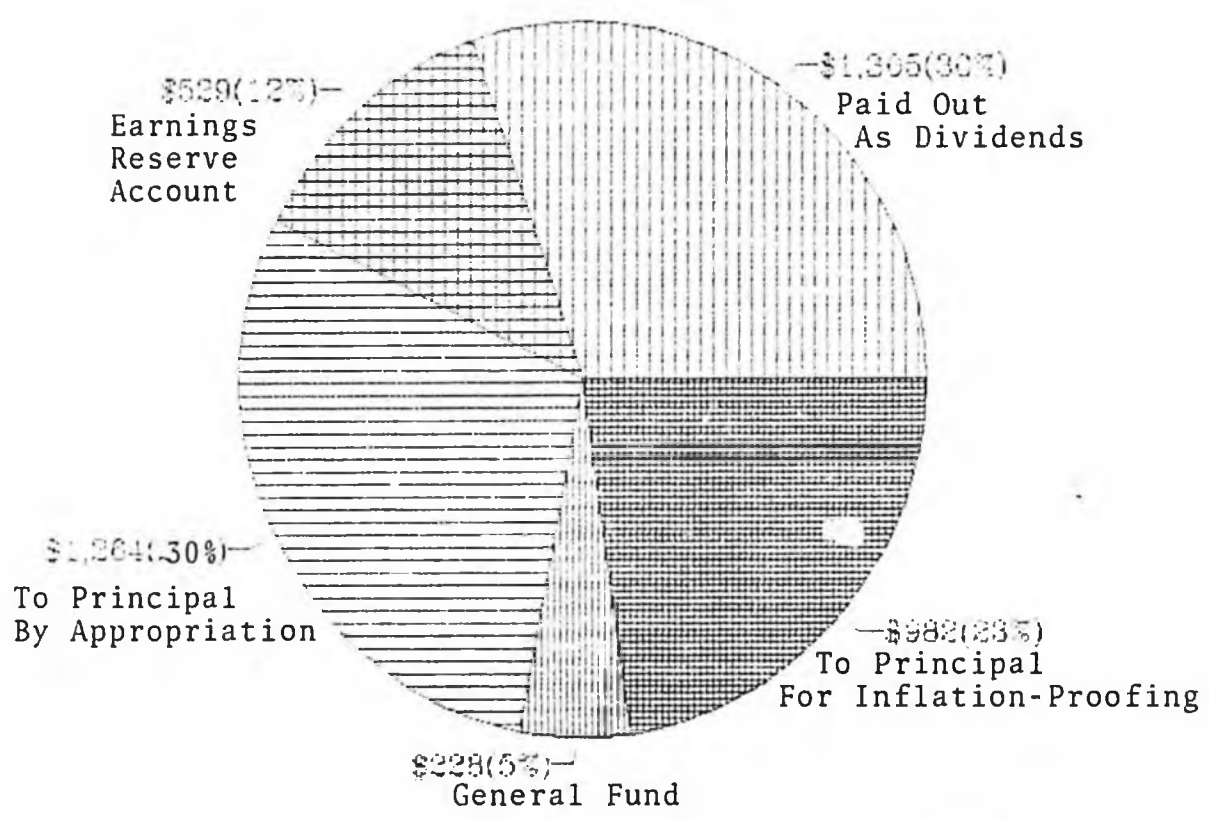


# TOTAL FUND REALIZED CAPITAL GAINS



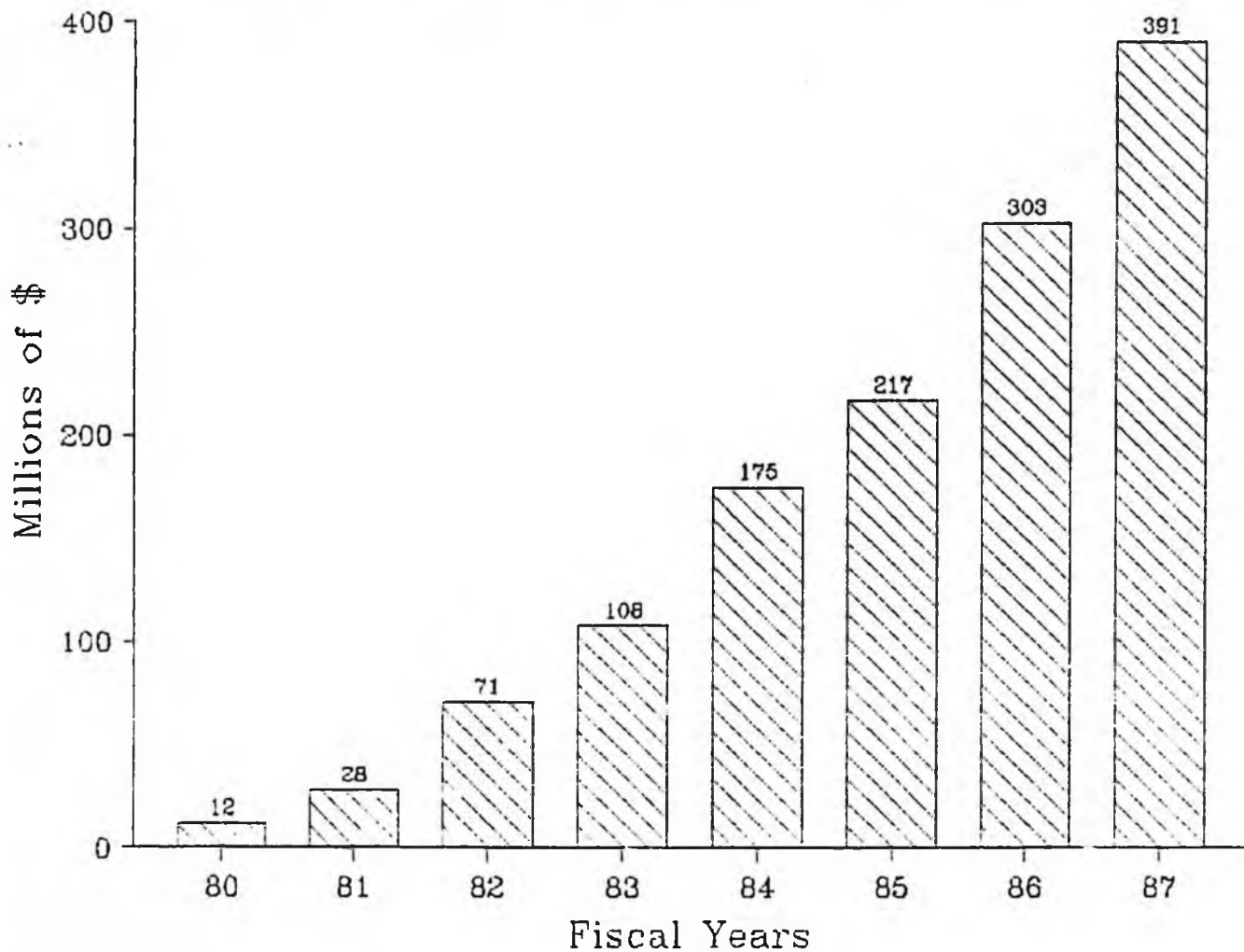
# USE OF FUNDS

Distribution of Earnings Since Inception  
(in millions)



Total Net Income FY 1987-1977: \$4.3 Billion

# FUND INCOME PAID OUT FOR DIVIDENDS



# RISK-ADJUSTED PERFORMANCE ANALYSIS

Public Funds Investing in Stocks and Bonds

~~REWARD VS. RISK ANALYSIS~~

~~BALANCED FUNDS BACKGROUND~~

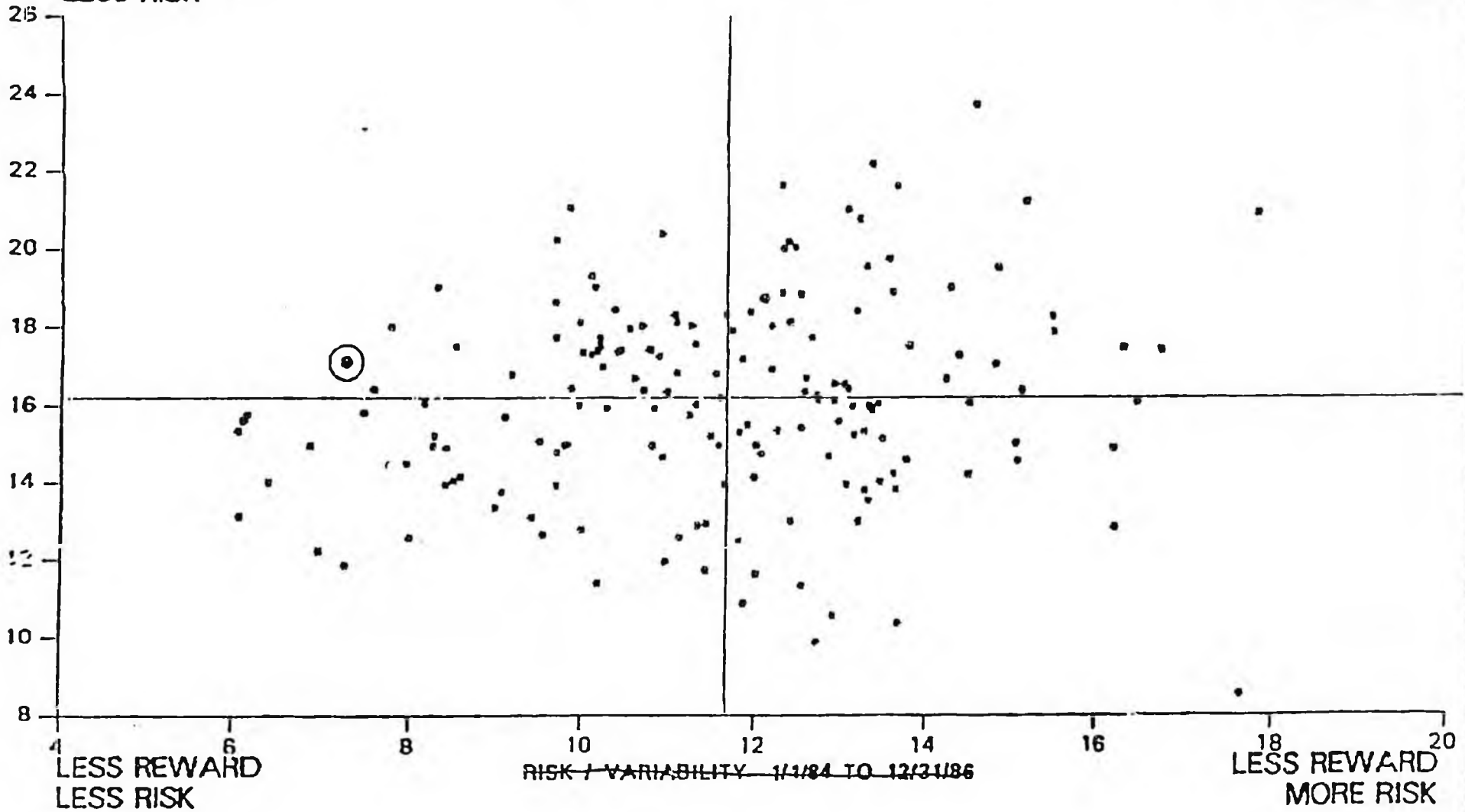
~~TOTAL FUND RATES OF RETURN VS. VARIABILITY~~

3 YEARS January 1, 1984 - December 31, 1986

MORE REWARD  
LESS RISK

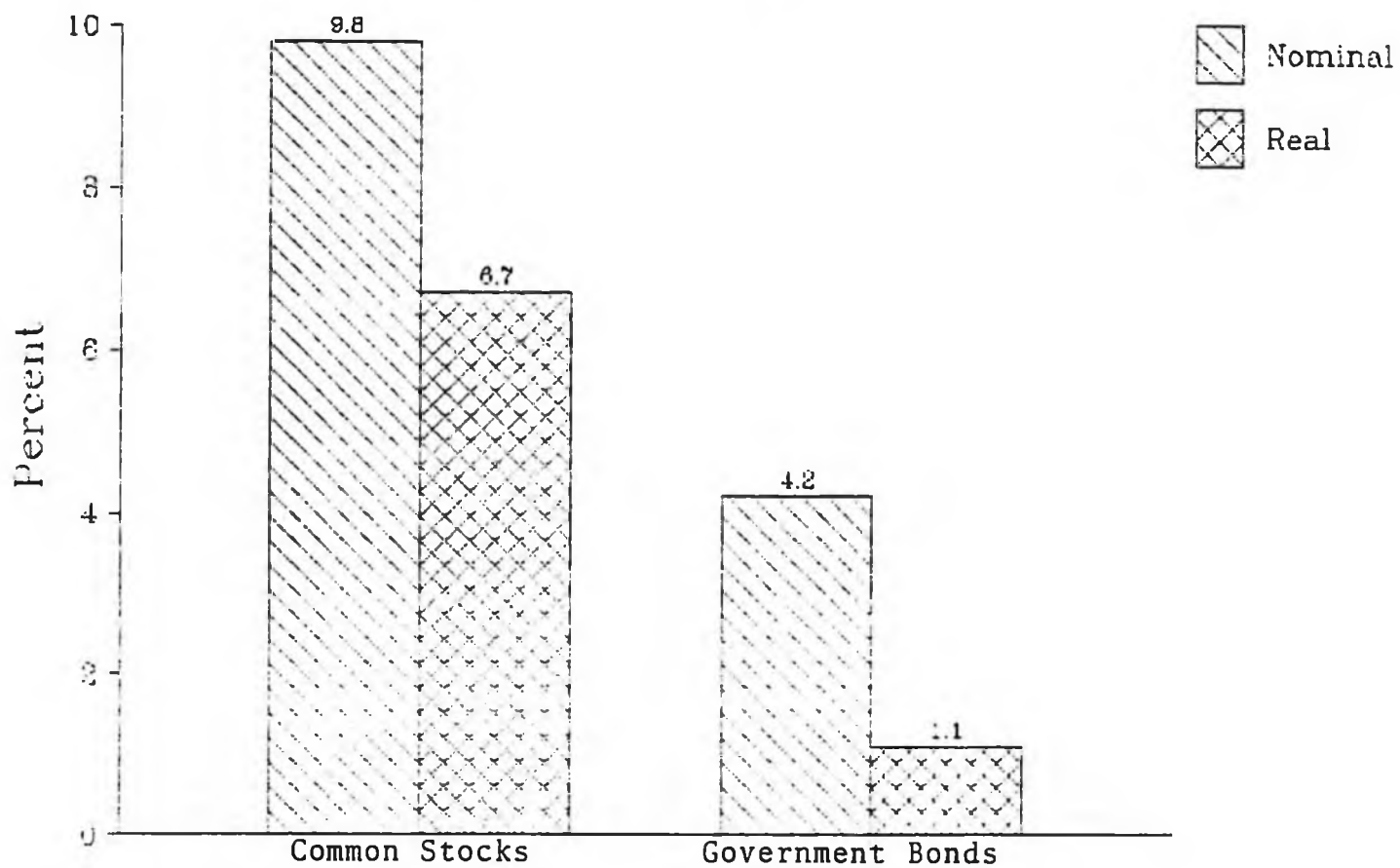
MORE REWARD  
MORE RISK

REWARD / RATES OF RETURN 1/1/84 TO 12/31/86



# STOCKS AND BONDS

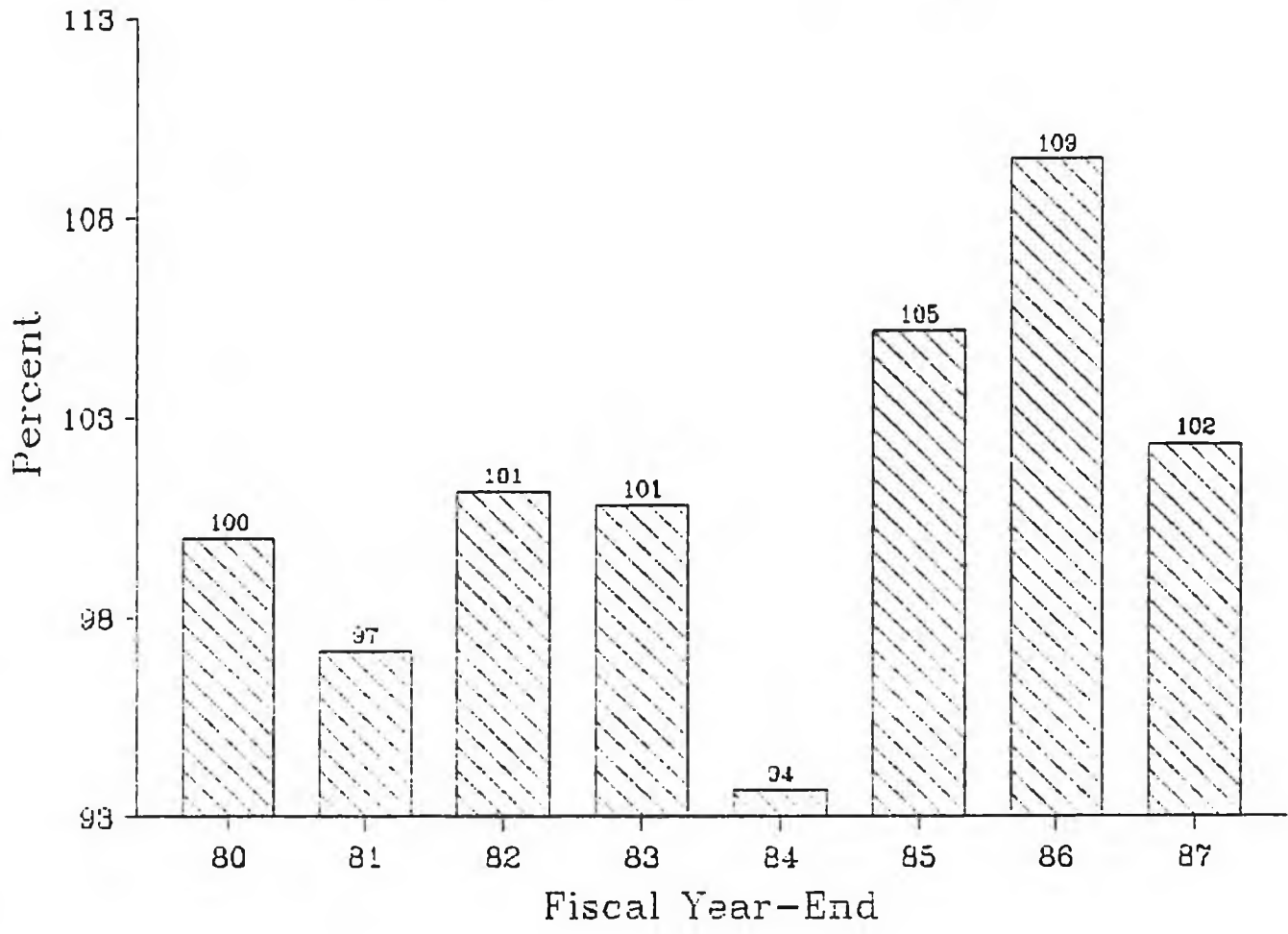
60 Years of Historical Performance



Average Annual Rates of Return 1985 - 1926

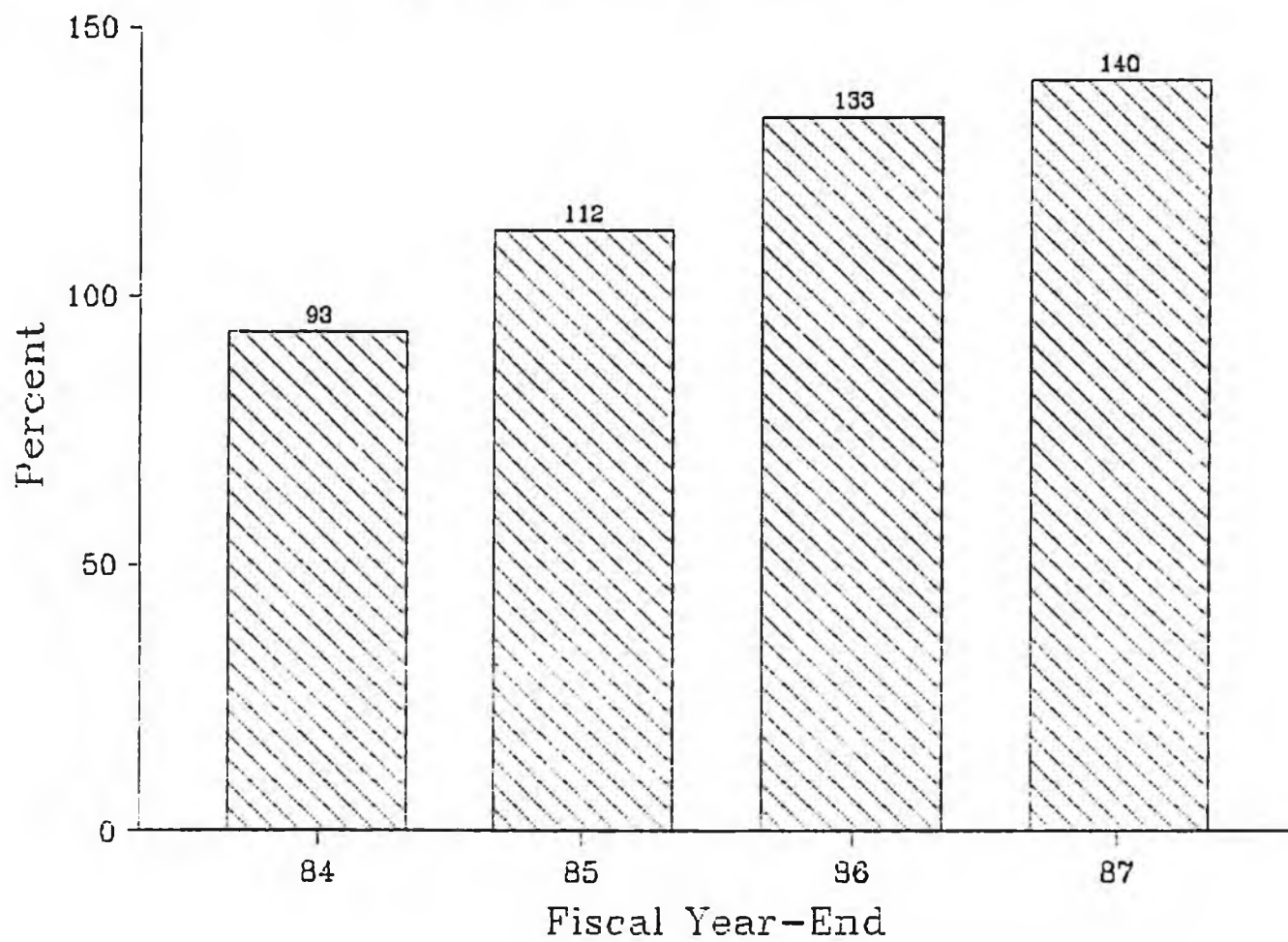
# THE VALUE OF THE BOND PORTFOLIO

Market Value as a % of Cost Value

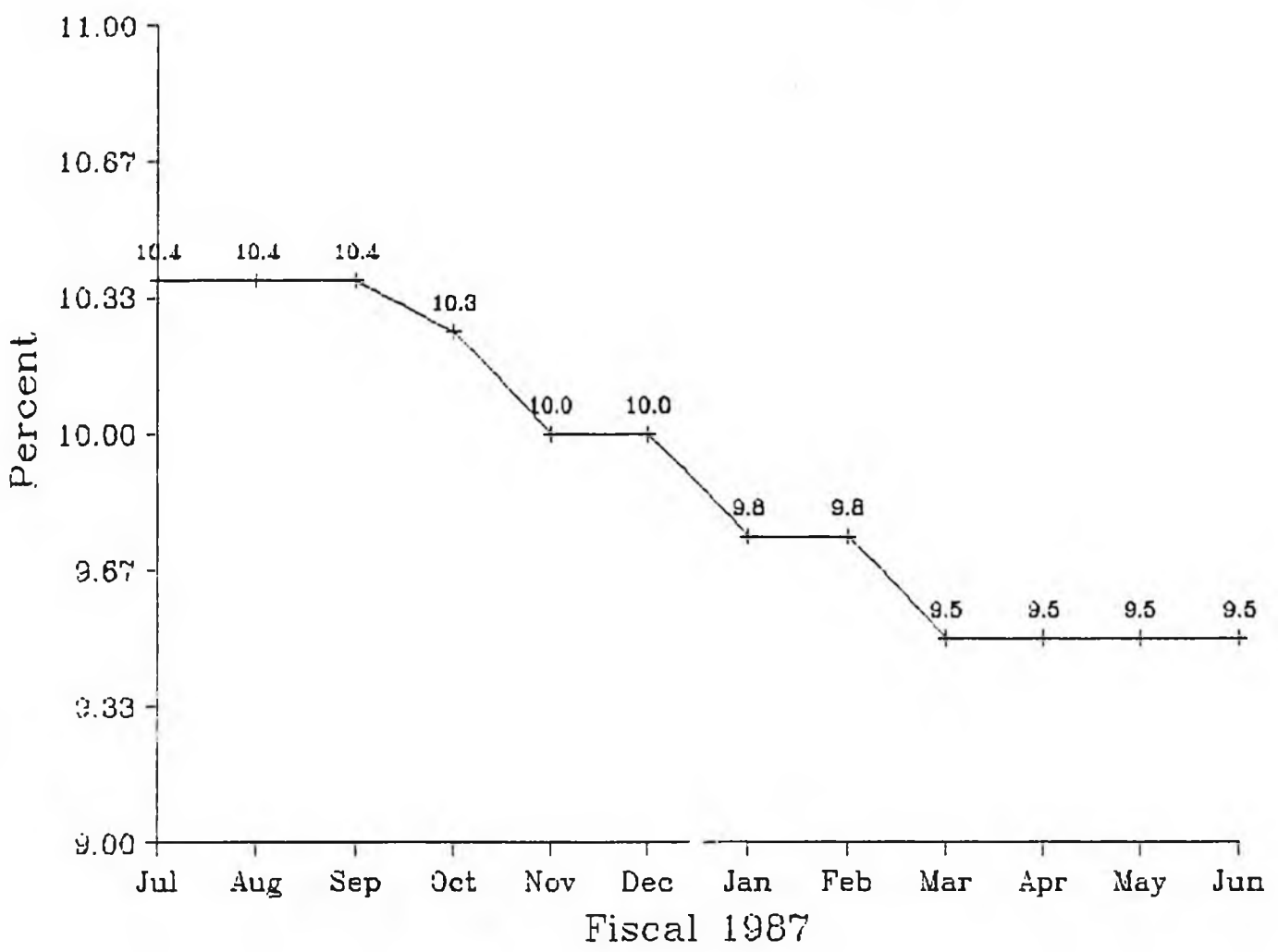


# PERMANENT FUND STOCK PORTFOLIO

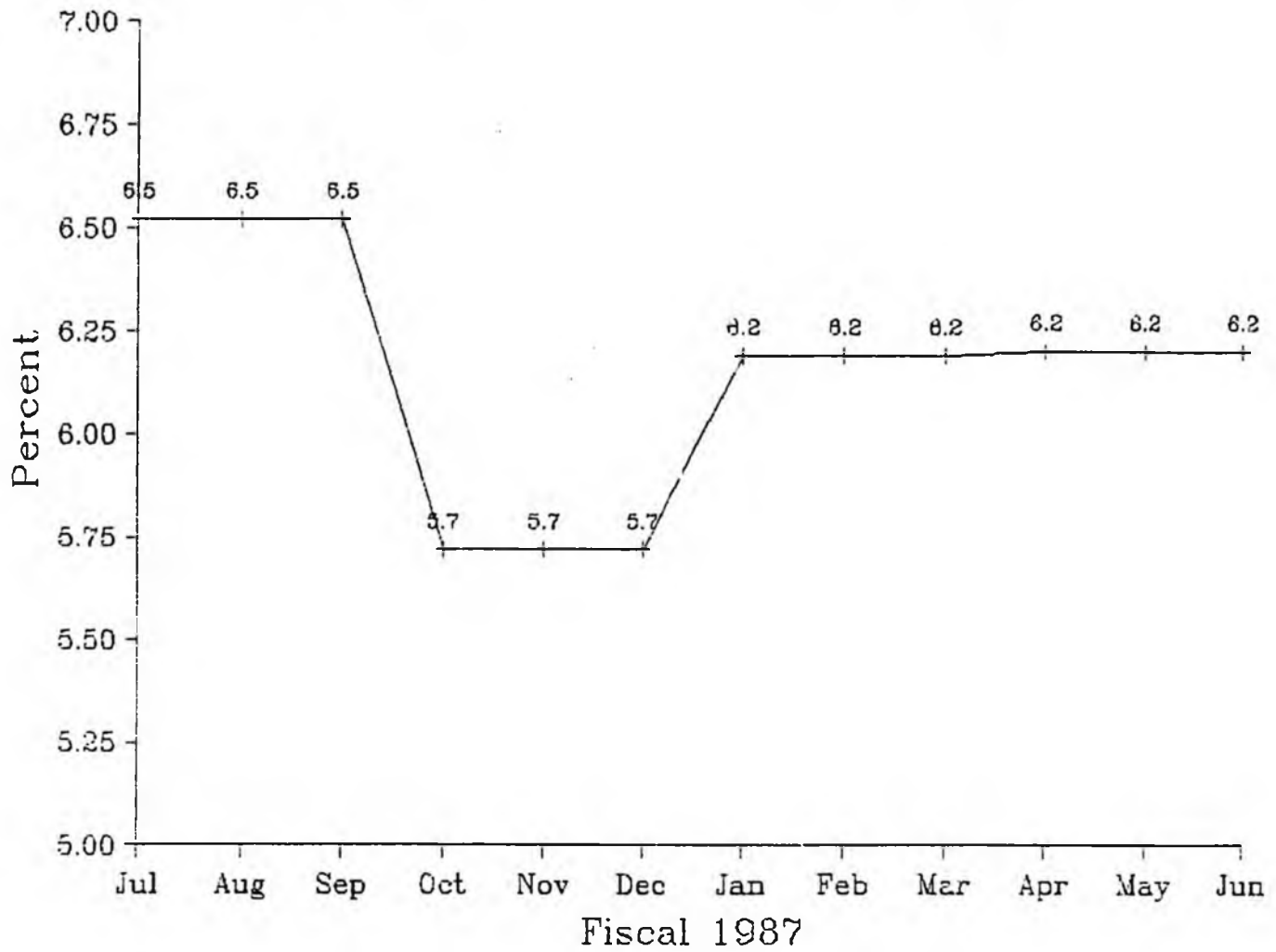
Market Value as a % of Cost Value



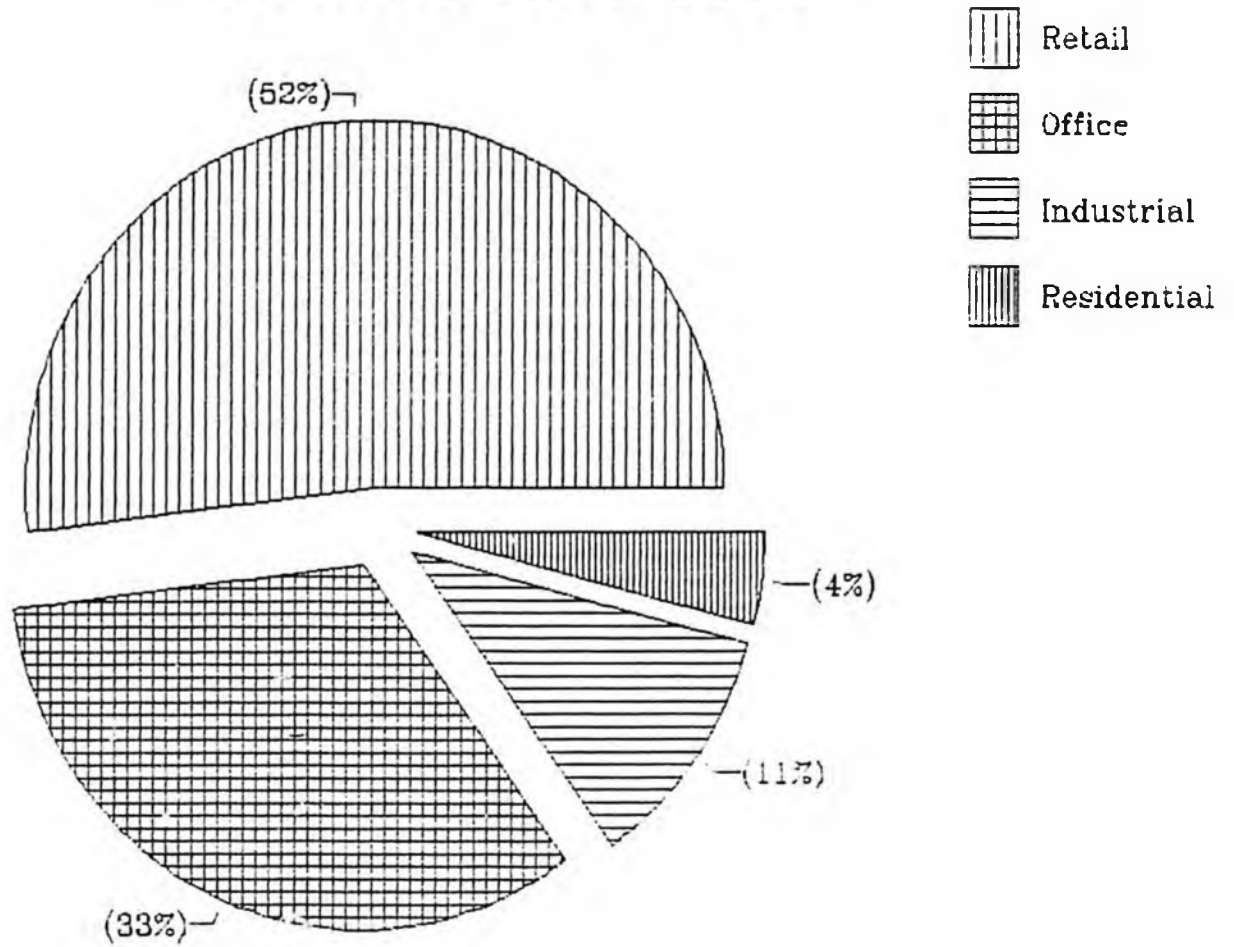
# Permanent Fund Mortgage Rates



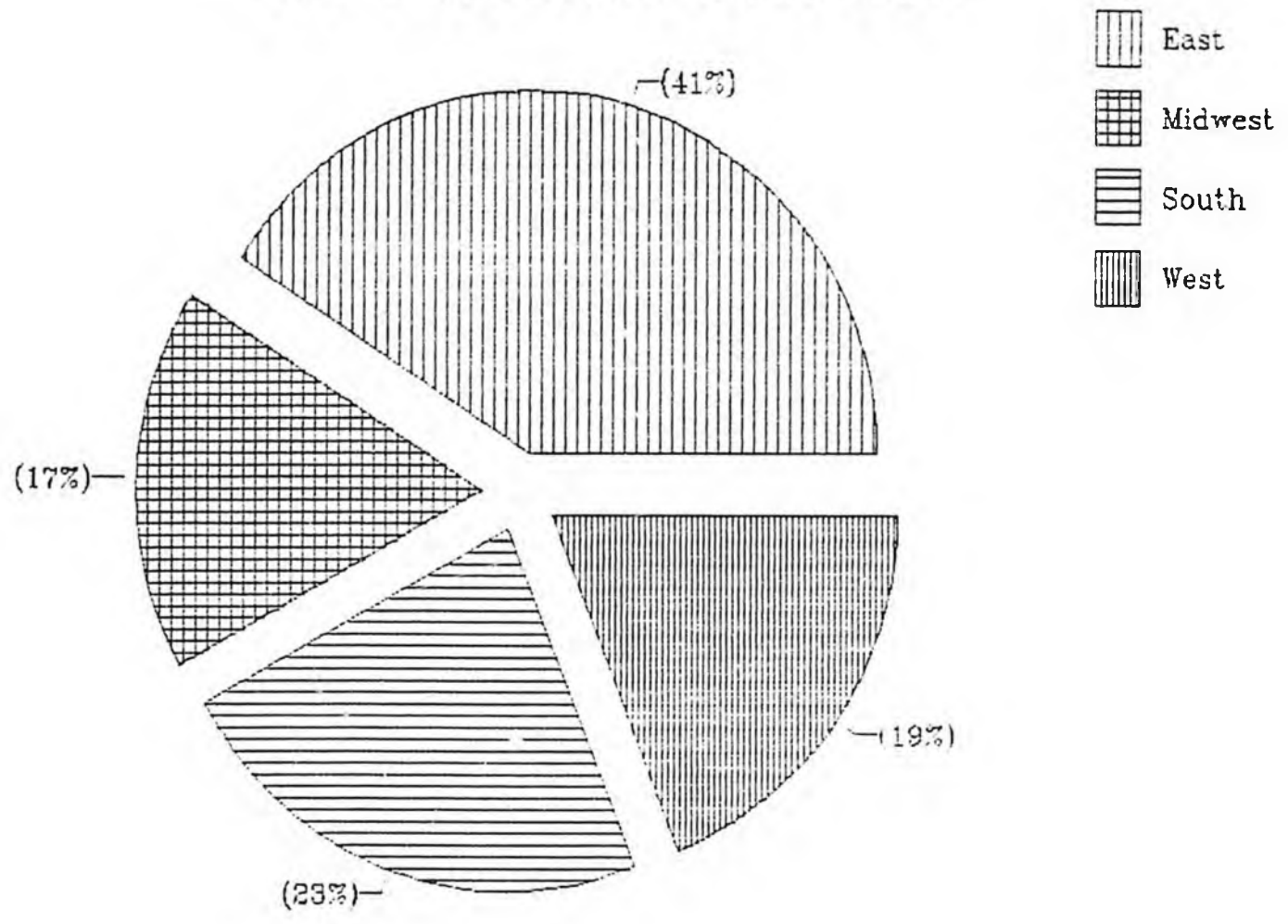
# Permanent Fund CD Rate



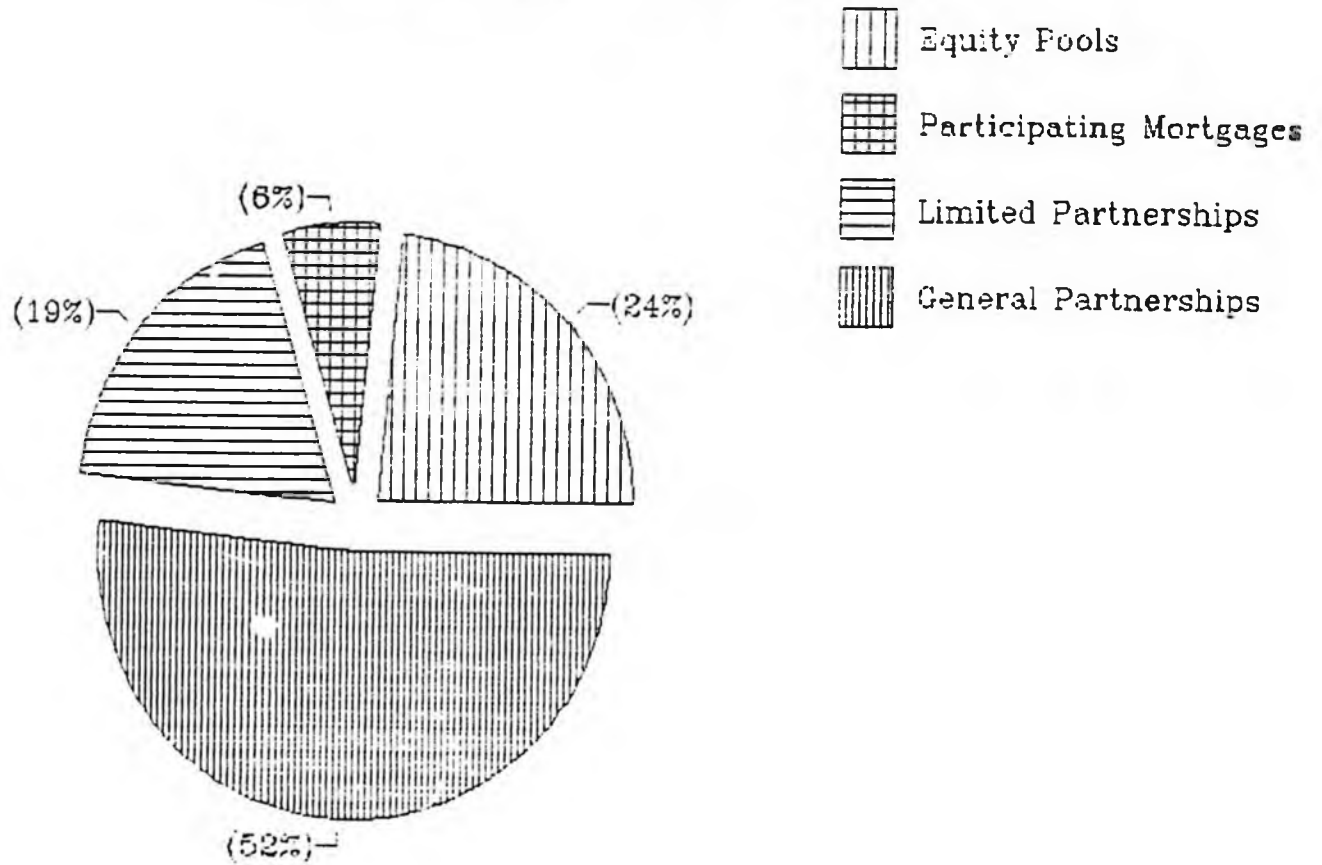
# BY PROPERTY TYPE



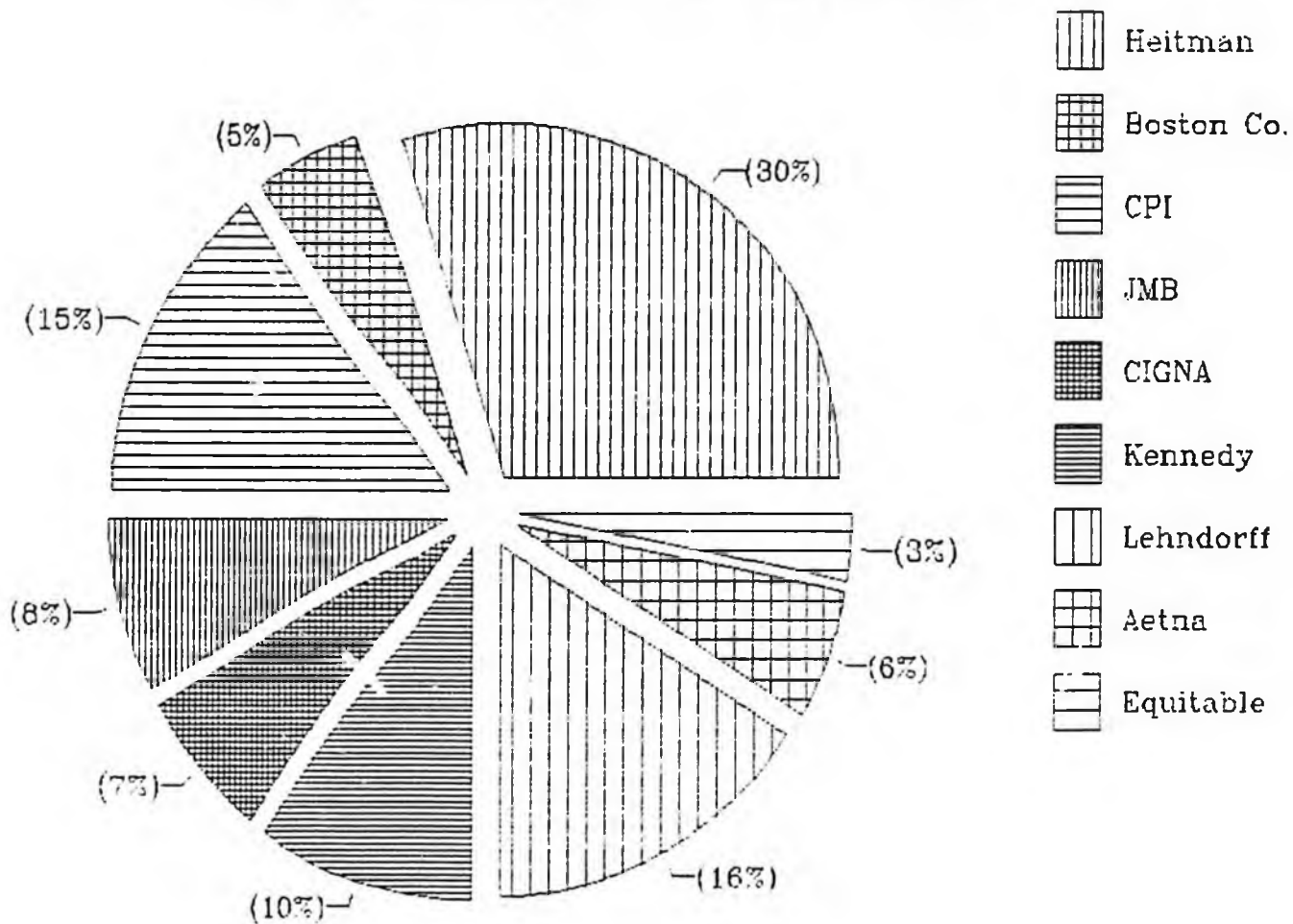
# BY PROPERTY LOCATION



### BY INVESTMENT TYPE

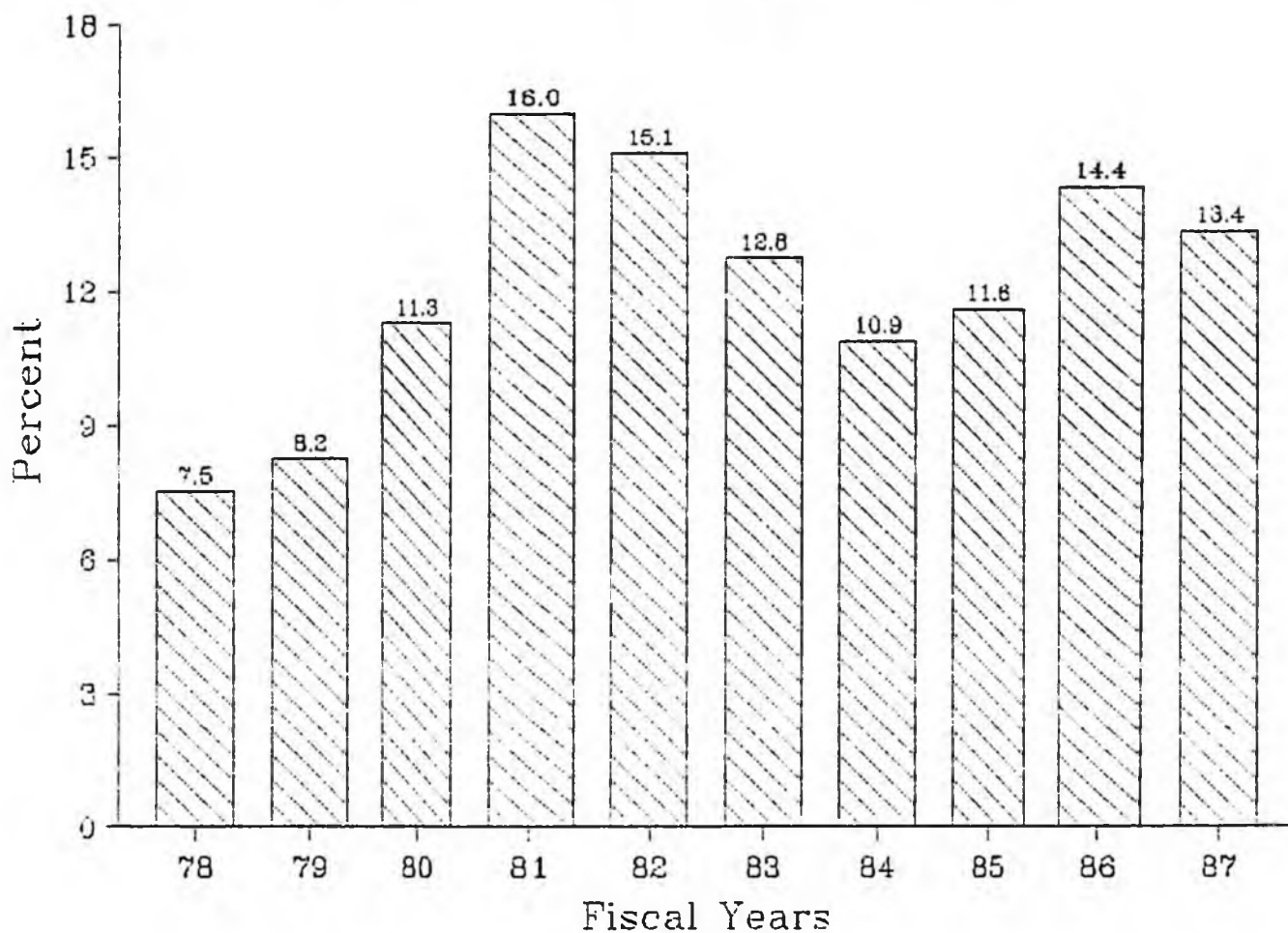


# BY INVESTMENT ADVISOR



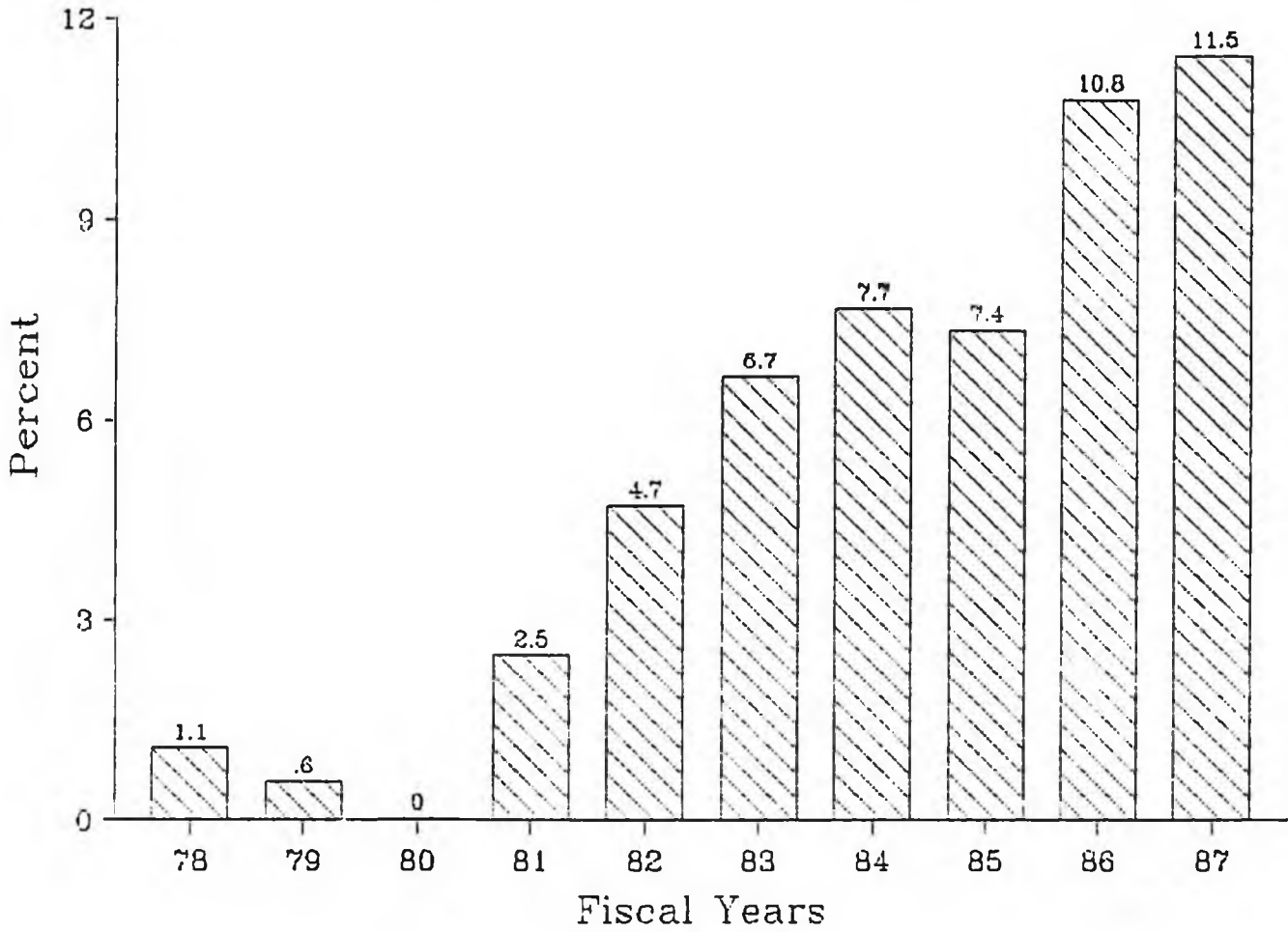
# REALIZED RATES OF RETURN

Nominal



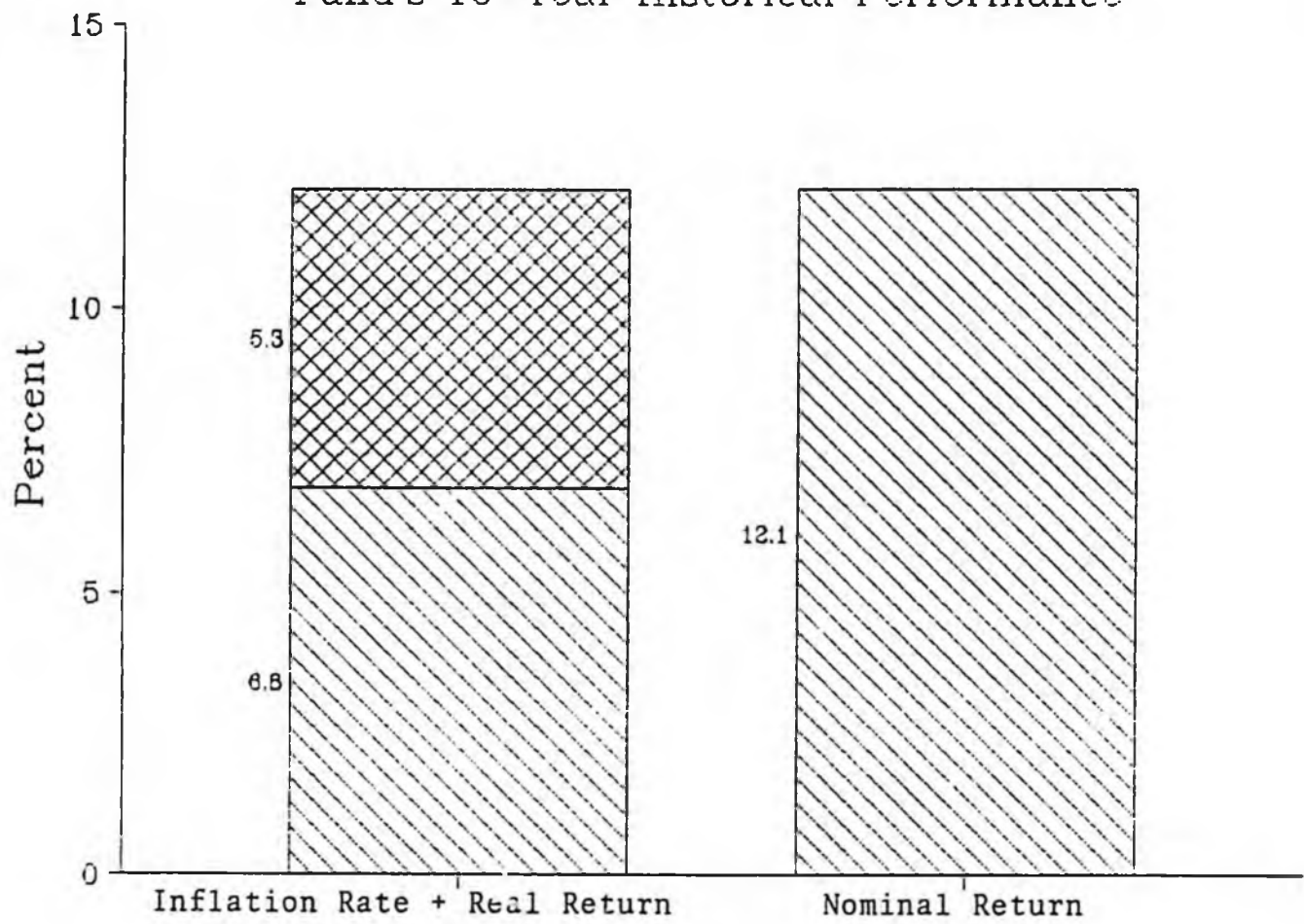
# REALIZED RATES OF RETURN

Real



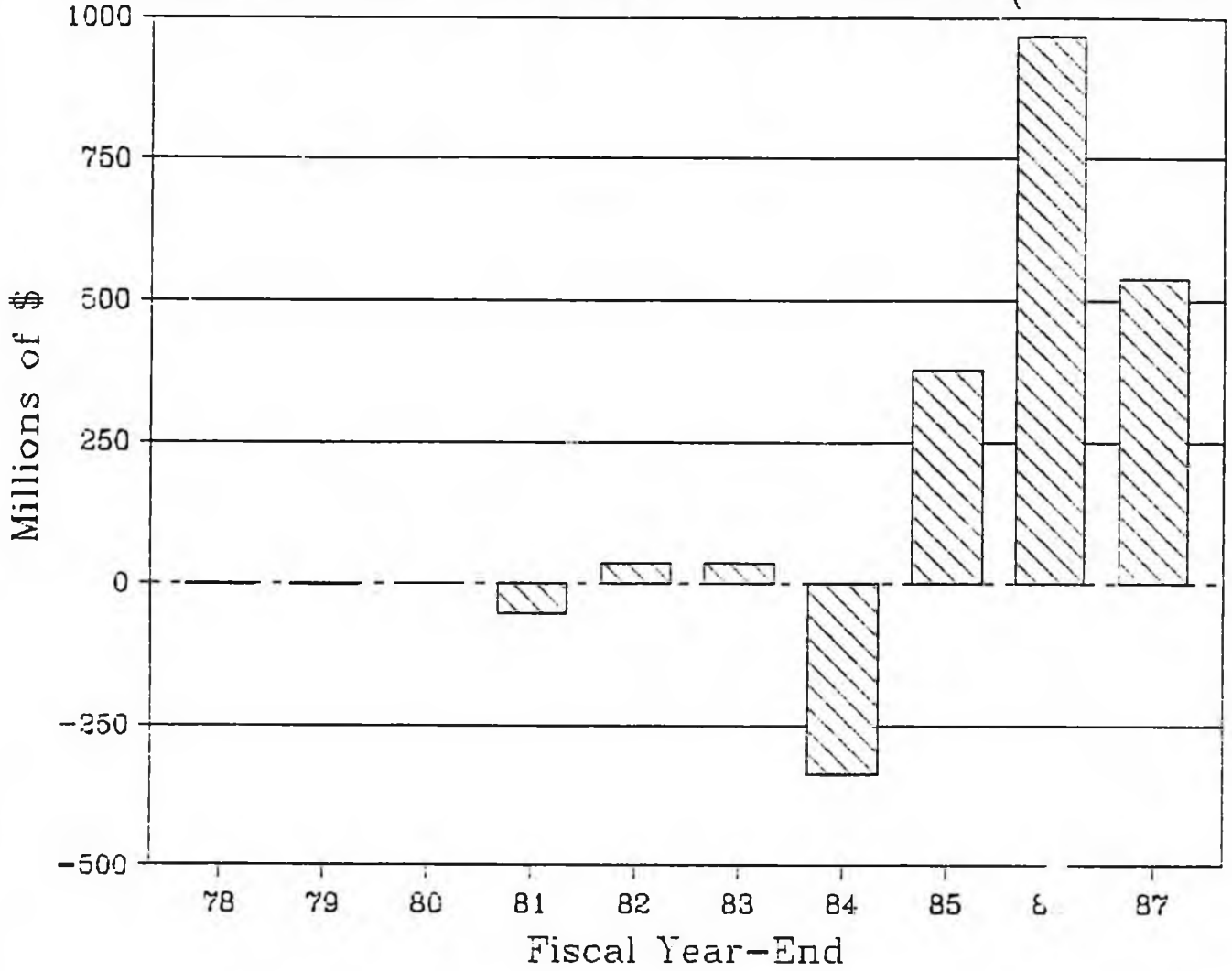
# AVERAGE REALIZED RATES OF RETURN

Fund's 10-Year Historical Performance



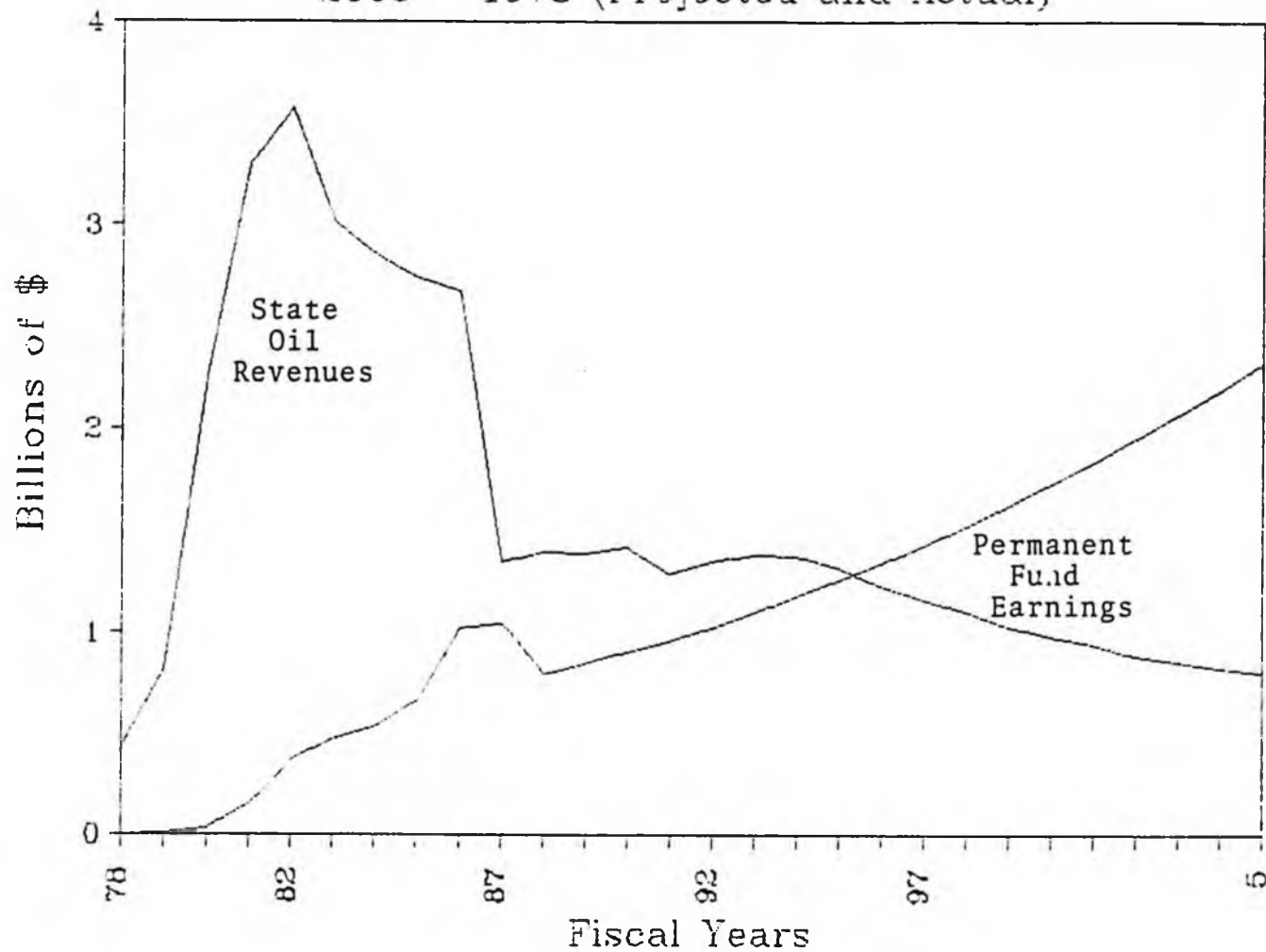
Fiscal 1987 - Fiscal 1978

# TOTAL FUND UNREALIZED GAINS (LOSSES)



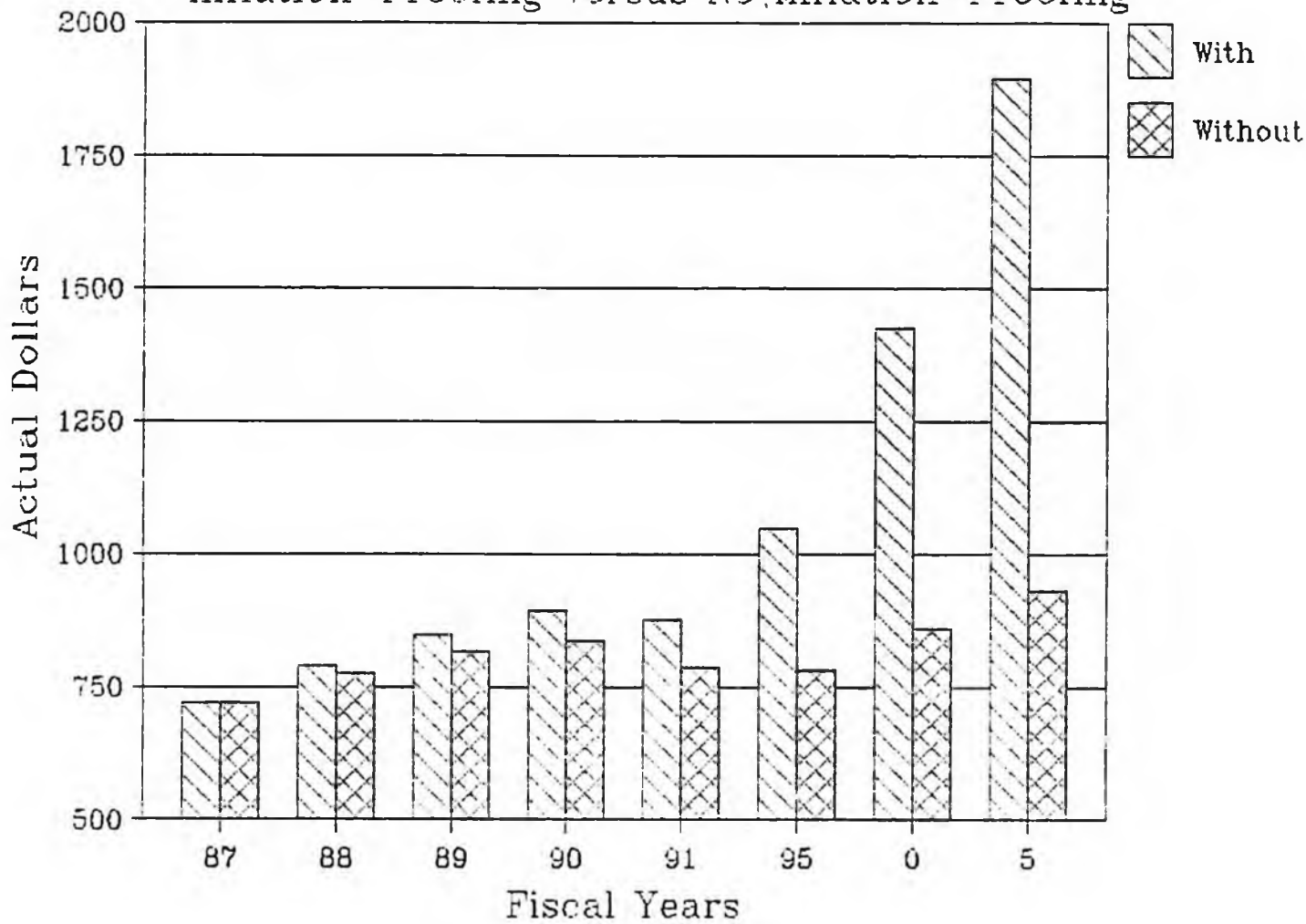
## STATE OIL REVENUES VS. FUND EARNINGS

2005 - 1978 (Projected and Actual)



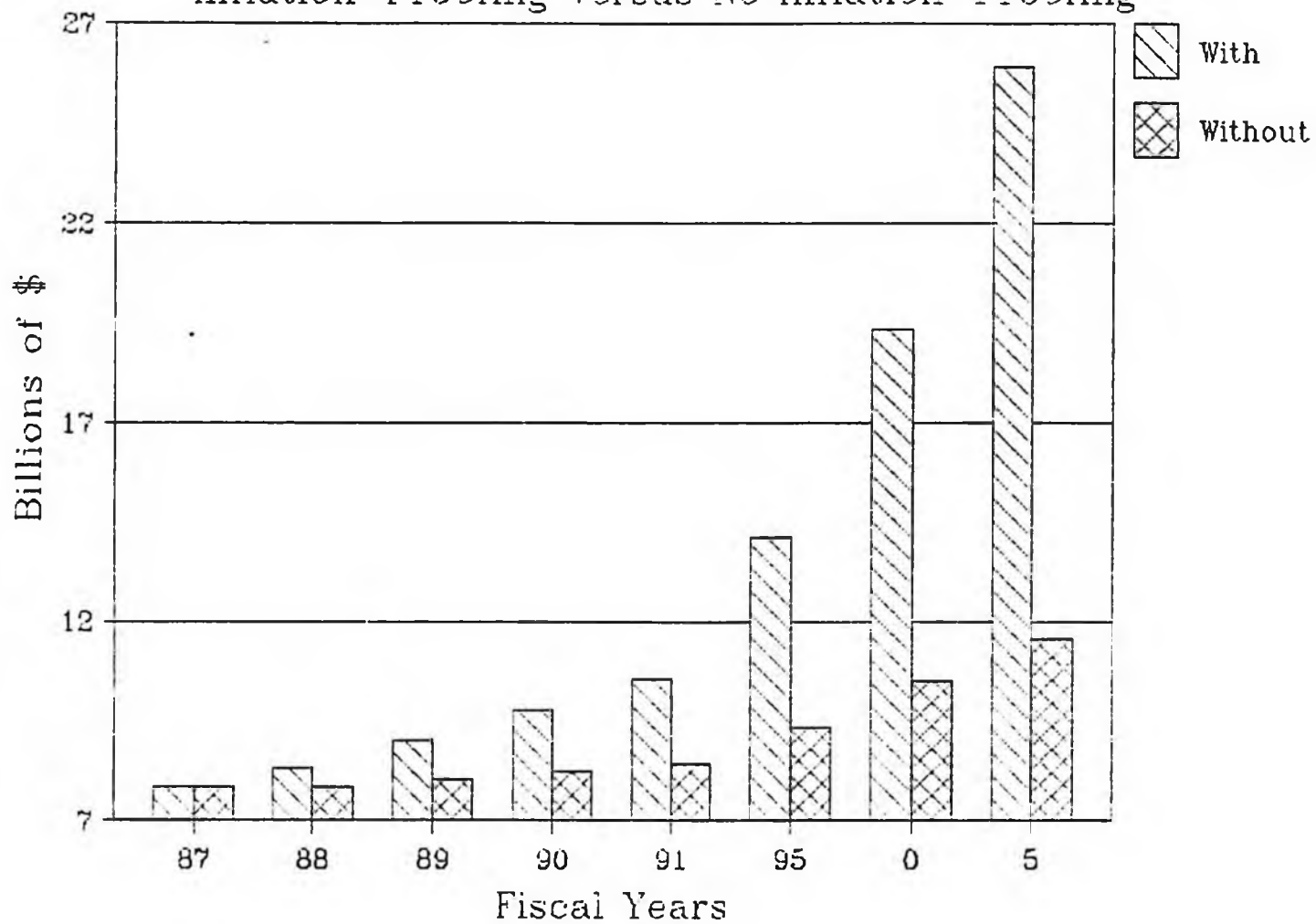
# Projected Per Capita PF Dividends

## Inflation-Proofing Versus No Inflation-Proofing



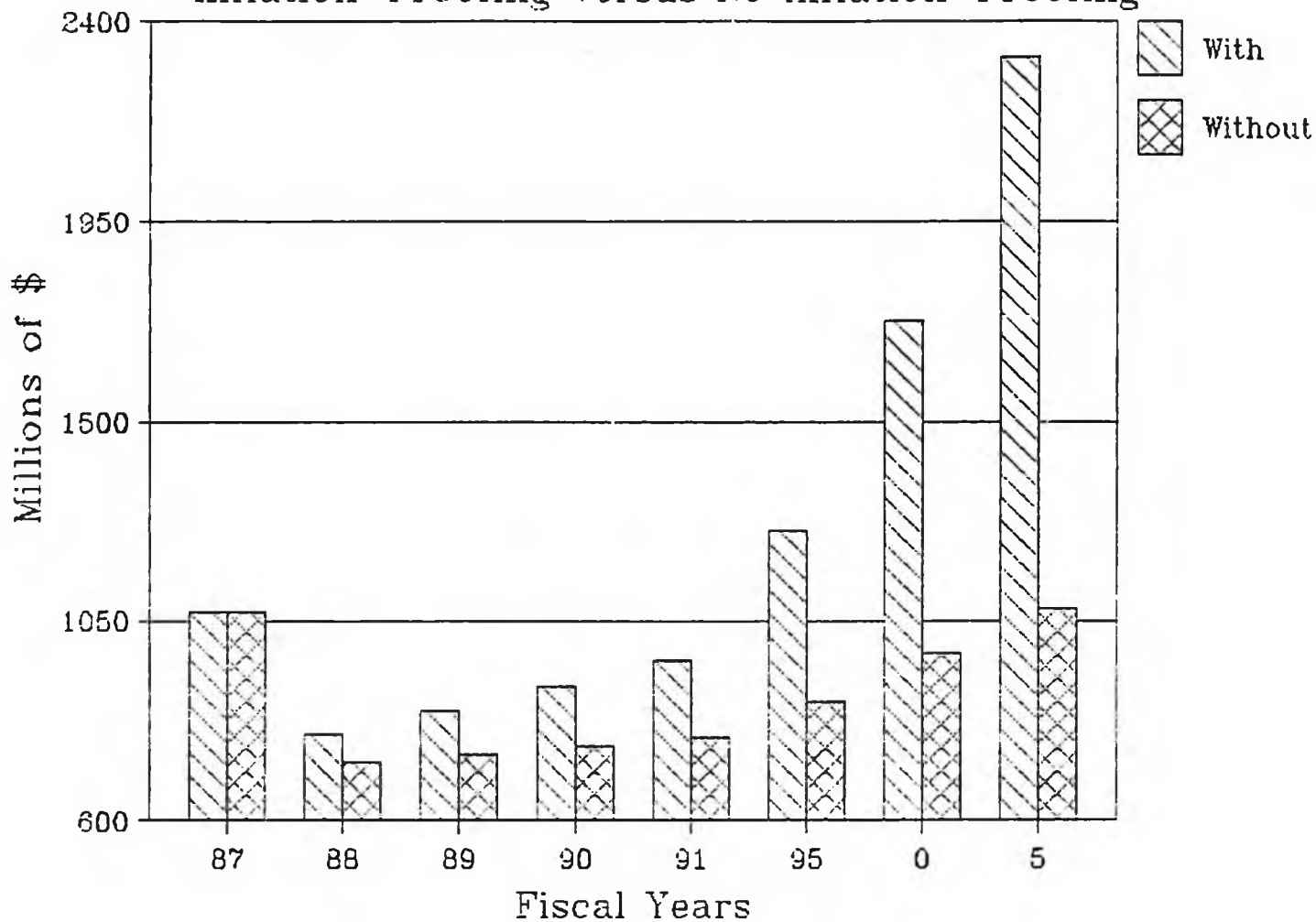
# PROJECTED GROWTH OF FUND PRINCIPAL

## Inflation-Proofing Versus No Inflation-Proofing



# PERMANENT FUND PROJECTED EARNINGS

Inflation-Proofing Versus No Inflation-Proofing





STATE OF ALASKA  
THE LEGISLATURE

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

LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

December 23, 1987

SUBJECT: Longevity Bonus Program (CSSB 56 (Jud))  
TO: Representative Fran Ulmer  
Chair, State Affairs Committee  
FROM: Tamara Brandt Cook *TBC*  
Director  
Division of Legal Services

You have asked whether a person must be a resident of the state to qualify for a longevity bonus and whether anything in CSSB 56 (Jud) changes the residency requirement. Under current law to qualify for a longevity bonus payment, a person must be at least 65 years of age and have resided in the state for at least one (1) year. AS 47.45.010 provides:

Sec. 47.45.010 PERSONS WHO MAY QUALIFY FOR LONGEVITY BONUS.

(a) A person who is 65 years of age or over, who resides in the state for at least one year immediately preceding application for a longevity bonus under this chapter may apply to the commissioner of administration for qualification to receive a monthly bonus of \$250.

(b) When the commissioner of administration determines that an applicant qualifies under this chapter the commissioner 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 that person continues to be a resident of the state.

CSSB 56 (Jud) repeals Section 1, ch. 99, SLA 1985. That section would have modified AS 47.45.010(a), but it has never taken effect and will not take effect under

Representative Fran Ulmer  
Page 2  
December 23, 1987

CSSB 56 (Jud). As a result of that repeal, section 17, ch. 99, SLA 1985 does take effect. That section amends AS 47.45.010(a) only by eliminating the \$250.00 bonus amount as follows:

(a) A person who is 65 years of age or over, who resides in the state for at least one year immediately preceding application for a longevity bonus under this chapter may apply to the commissioner of administration for qualification to receive a monthly bonus [OF \$250.00].

Other than the repealer the only change made in CSSB 56 (Jud) to the longevity bonus program is an amendment to AS 47.45.015(a) contained in section 6 of the bill. That amendment provides for implementation of the annuity program, but does not address the residency requirement. Therefore, under CSSB 56 (Jud) the one year residency requirement currently contained in AS 47.45.010 remains in effect.

TBC:bb  
B1/001

## FORMULA PROGRAMS

- LONGEVITY BONUS

FY 89 Increment:                    \$2,371.0 GF.

The department plans to fund the costs of this program under provisions of current statutes. As currently mandated in AS 47.45, eligible recipients are to be paid \$250 per month.

The number of longevity bonus recipients varies from month to month depending upon relocation, death, incarceration, and attaining eligible status. The increment reflects a projected increase of 800 in the average number of monthly recipients during FY 89. These projections are based upon FY 87 actuals, on FY 88 projections, and on the current economic environment. ✓