

**HB**

**49**

FISCAL NOTE

REQUEST:

Revision Date: January 17, 1989 Agency Affected: Department of Administration  
Title: \* See below BRU: Longevity Bonus  
Sponsor: Boucher Components: Administration, Grants  
Requestor: Boucher

\* An Act Relating to Absences from the State for Purposes of Qualification for Longevity Bonus Reimbursement Payments; and Providing for an Effective Date.

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	.3	.4	.4	.4	.4
SUPPLIES	0	.1	.1	.1	.2	.2
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	369.7	379.2	388.7	398.2	407.7
MISCELLANEOUS						
TOTAL OPERATING	0	370.1	379.8	389.2	398.8	408.3
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	370.1	379.8	389.2	398.8	408.3
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	370.1	379.8	389.2	398.8	408.3

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 attached

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Division: Administration Date: January 17, 1989  
Approved by Commissioner: John M. Andrews *John M. Andrews* Date: January 18, 1989  
Agency: Department of Administration

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CONTINUATION of FISCAL NOTE ANALYSIS

For Bill/Resolution No. HB 49

In order to project the fiscal impact of the passage of HB 49 some assumptions had to be made. These assumptions were:

- 1) That the number of qualified recipients for the Longevity Bonus will increase by an average of 45 persons a month for the next six years.

Rationale: Trend analysis for FY 89 and FY 90 indicate an increase of over 50 persons a month, but the extended forecast shows a flattening of the rate of increase which resulted in the conservative estimate of 45.

- 2) That the percentage of ineligible recipients will remain at 2% of the qualified recipients.

Rationale: Trend analysis has shown the number of ineligible recipients to not vary from the 2% level for the last 12 months. The maturity of the program would indicate stability in this area if none other.

- 3) That one of three recipients ineligible in any one month are absent for reasons beyond their control.

Rationale: A random survey of records and the opinion of the staff which works on a day-to-day basis assessing the status of recipients was the basis for this conservative estimate.

With these assumptions a projection/forecasting spreadsheet was constructed to come up with the dollar figures for FY 89 through FY 94 (for each month the number of qualified recipients was calculated). The number of ineligible was determined by multiplying the qualified recipients by 2%. One-third of this number was multiplied by \$250. The monthly amounts were then summed to come up with fiscal year totals for the grants component. The cost of postage and the cost of check and mailing materials comprise the contractual and supply component.

DEPARTMENT OF ADMINISTRATION  
POSITION PAPER

DIVISION: Pioneers' Benefits

BILL NUMBER: HB 49

BILL TITLE: "An Act relating to absences from the state for purposes of qualification for longevity bonus reimbursement payments; and providing for an effective date."

The Department of Administration does not support the passage of HB 49.

HB 49 amends AS 47.45.030 by adding a subsection giving eligible recipients an entitlement to retroactive bonus payments for periods when they were out-of-state for reasons "beyond the control of the recipient."

A part of the rationale for the Alaska Longevity Bonus (ALB) payment is to provide an offset to the higher cost of living in Alaska and thereby encourage seniors to remain in the state. None of the current wording in the statute indicates intention to pay the bonus for time spent out-of-state in excess of 30 days. This bill specifies discretionary circumstances under which that would occur.

Current statute provides a penalty (one-year suspension from the program) to those who spend more than 90 days a year outside of the state. The allowable absence was reduced, in 1985, from 180 days to 90 days. This seems to provide a clear intent that the payment is also to encourage full-time residence in the state. Current statute also provides that this penalty may be effectively waived if the ALB beneficiary can demonstrate that the time in excess of 90 days was beyond their control.

To date, payments are not made to a person who is not physically present in the state or to a person for time spent out-of-state. I do not feel it appropriate to establish a precedent in making certain persons eligible for the ALB while not physically present in the State.

Should this bill pass, the impact on the administrative staff of the program would be minimal. The increased workload would consist of creating the reimbursement payment check. Other analysis required to determine the returning beneficiary's eligibility is currently a factor in the workload of the program. The major measurable impact would be fiscal. Increments would be required to offset the increase in grants, contractual and supply lines as indicated in the fiscal note.

APPROVED:

Director: Barbara Bathony

Signature: Barbara Bathony Date: 1-24-89

Commissioner: John M. Andrews

Signature: [Signature] Date: 1/24/89

For further information call Dean Gottehrer at 465-2200