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159

FISCAL NOTE

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

No. 1  
Bill Version: SR 159  
(S) Publish Date: 3/1/91

Revision Date: \_\_\_\_\_  
Title: Longevity Bonus Payments  
Sponsor: Office of the Governor  
Requestor: Office of the Governor

Department Affected: Administration  
BRU: Division of Pioneers' Benefits  
Component: Longevity Bonus

COMPONENT SERIAL NO. 

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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
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	(7,326.0)	(12,284.0)	(12,946.0)	(13,509.0)	(14,219.0)	(14,879.0)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(7,326.0)	(12,284.0)	(12,946.0)	(13,509.0)	(14,219.0)	(14,879.0)

CAPITAL	0	0	0	0	0	0
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REVENUE	0	0	0	0	0	0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	(7,326.0)	(12,284.0)	(12,946.0)	(13,509.0)	(14,219.0)	(14,879.0)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(7,326.0)	(12,284.0)	(12,946.0)	(13,509.0)	(14,219.0)	(14,879.0)

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)  
The above savings are calculated from the annual costs of the program at \$250/65 years of age with regulation savings minus the cost of the program at \$237/for all recipients 67 years of age and for new recipients including regulation savings. See spreadsheet attached.

Prepared by: Barbara Bathony *Barbara Bathony* Phone: 465 4400  
Division: Director Date: 2-27-91

Approved by Commissioner: Millett Keller *Millett Keller* Date: 2/28/91  
Agency: Administration

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB, & Impacted Agency(ies).

Longevity Bonus Program  
February 28, 1991

Year	Current Program	Regulatory Savings Current Program	Current Program with Regulatory Savings	Governor's Proposed 67/\$237.50	Regulatory Savings 67/\$237.50	Governor's Proposed with Reg. Savings	Net Savings 67/\$237.50
1991	\$61,060,000			\$61,060,000			
1992	\$65,447,500	\$2,800,000	\$62,647,500	\$56,621,025	\$1,300,000	\$55,321,025	\$7,326,475
1993	\$67,619,507	\$2,700,000	\$64,919,507	\$53,935,313	\$1,300,000	\$52,635,313	\$12,284,194
1994	\$70,897,839	\$2,700,000	\$68,197,839	\$56,551,875	\$1,300,000	\$55,251,875	\$12,945,964
1995	\$74,179,015	\$2,700,000	\$71,479,015	\$59,170,374	\$1,200,000	\$57,970,374	\$13,508,641
1996	\$77,204,292	\$2,600,000	\$74,604,292	\$61,585,547	\$1,200,000	\$60,385,547	\$14,218,745
1997	\$79,973,673	\$2,500,000	\$77,473,673	\$63,794,647	\$1,200,000	\$62,594,647	\$14,879,026
1998	\$82,751,583	\$2,400,000	\$80,351,583	\$66,009,243	\$1,200,000	\$64,809,243	\$15,542,340
1999	\$85,523,806	\$2,300,000	\$83,223,806	\$68,221,091	\$1,100,000	\$67,121,091	\$16,102,715
2000	\$88,045,819	\$2,100,000	\$85,945,819	\$70,232,362	\$1,100,000	\$69,132,362	\$16,813,457
						Cummulative Savings	\$123,621,557

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WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

March 1, 1991

The Honorable Richard I. Eliason  
President of the Senate  
P.O. Box V  
Juneau, AK 99811

Dear President Eliason:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the Alaska longevity bonus payment.

Section 1 of the bill raises the age of eligibility to qualify to receive a longevity bonus under AS 47.45.010(a) from age 65 to age 67. Additionally, the bill decreases the monthly bonus from the current \$250 to \$237.50.

The bill amends AS 47.45.010(a)'s minimum residency requirement from two years to one year. In Lindley, et al. v. Malone, 3rd Jud. Dist. C.A. No. 3AN-90-2586 (1990), the Alaska superior court held that a two-year residency requirement for permanent fund dividends and longevity bonus payments was unconstitutional. As enacted in 1989 (sec. 6, ch. 107, SLA 1989), AS 47.45.010(d) provided in advance for the court's finding, by stating that if the two-year residency requirement was held invalid and no appeal was pending, the residency requirement would be one year. The Department of Administration applied that one-year requirement during 1990. To clarify the law, AS 47.45.010(a) and (d) are amended to reflect the court's ruling.

Section 2 of the bill provides that the change in the age requirement made in sec. 1 of the bill will not affect an individual who received a longevity bonus payment for a month before July 1991. Section 2 also provides that this "grandfather" provision does not apply to a person who was receiving the bonus but who, on or after June 30, 1991, is disqualified from receiving it for some period of time. Disqualification can occur as a result of extended absences from the state or as a result of fraudulent activity. (Absence for

- Transmittal Letter -

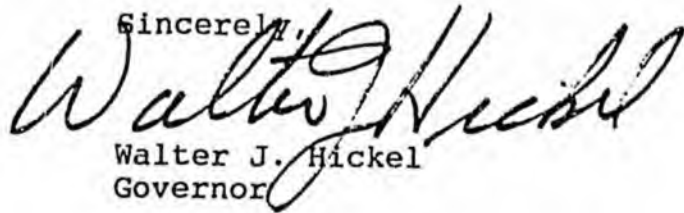
The Honorable Richard Eliason - 2 -

shorter periods, confinement in a mental institution, or residence in a nursing home will result in an interruption in bonus payments, but will not result in disqualification.)

Section 3 of the bill provides for an effective date of July 1, 1991.

I urge your early consideration and support of this bill.

Sincerely,

A handwritten signature in cursive script, reading "Walter J. Hickel". The signature is written in dark ink and is positioned above the printed name and title.

Walter J. Hickel  
Governor



*For A Bright Future*

DR - save

REC'D FEB 07 1991

Dear Fellow Senior:

There are many serious problems facing Alaska today. There must be a change in leadership if there is to be a change in direction. Something needs to be done quickly to reduce state spending, to get rid of drugs in our society, and to create an atmosphere for jobs.

It is extremely important that we do not forget those who made Alaska the wonderfully unique state which we enjoy today. Keeping our senior citizens in Alaska and with the family is a priority for my administration. The Longevity Bonus and the dividends from the Permanent Fund are a source of income that must be protected for you. There will be no change made by my administration in the Longevity Bonus for those who now receive it; you can count on that.

The Hickel/Coghill Administration strongly supports the Pioneers' Homes and the assistance given to those who are in the private long term care facilities. We will review the methods used to determine the Certificate of Need so that private facilities can have the capability of taking care of those in need in their own communities. We also have a commitment to home care so that the family member can stay at home as long as they are able. Keeping the family together is extremely important.

The Hickel/Coghill team is not promising everything to everybody, but we are committing our strong support to the senior programs. We appreciate your support on November 6th.

Sincerely,

Wally Hickel

# Hickel backs off from bonus cuts

## Tells seniors he'll be listening

By MATT KOHLMAN

THE ASSOCIATED PRESS

Gov. Walter J. Hickel says he will discard his plan to reduce longevity bonus payments if Alaska's elderly tell him not to tamper with the free-money program.

Spokesmen for the elderly say there is little doubt that the majority of Alaskans over 65 want to keep their monthly state payments at \$250.

Hickel said during his campaign that he would not cut the bonus. But after taking office he proposed payments be reduced by 5 percent, and the eligibility age be raised from 65 to 67.

Hickel sent a letter last week to pioneers' homes, senior centers and other agencies outlining the proposed cuts and asking for support.

"Many seniors told me they were willing to play their part in this necessary belt-tightening," Hickel wrote. "But if you tell me collective-

ly to maintain the current funding, then I'll recommend that we keep the program as is against my informed judgment."

Peggy Burgin, chairwoman of the state Older Alaskans Commission, said Hickel should have consulted with more elderly Alaskans before asking for the reduction.

"It's a feeling of the seniors that they've contributed enough back to the state in their pensions, their Social Security, their investments, that it's well worth keeping them in the state," said Burgin, who noted she was not speaking on behalf of the commission.

Joe Alter, a lobbyist for the American Association of Retired Persons, said his group's position is clear.

"I think the majority say leave it alone," he said. "We think the program should be stabilized."

Hickel spokesman Jeff Logan said a recent poll showed three-fourths of

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*Januar Engpin  
3/22/91*

## Bonus...

Continued from Page 1

Alaskans want to cut the state budget, and the governor wants to see if that same percentage relates to elderly regarding the longevity bonus.

"He wants to hear from the people themselves who are getting the checks," he said. "That's who the

collective is."

The program's cost has risen steadily since its creation in 1972. In its first year, 4,753 people received \$100 monthly bonus payments at a cost of \$346,100, according to the Division of Pioneers' Benefits.

About 22,260 people will receive the \$250 monthly bonus checks in the coming fiscal year at a cost of more

than \$60 million. The bonus is paid regardless of need.

Legislators say it probably will not matter if Hickel decides to do away with his proposal to reduce the longevity bonus.

"I don't think that legislation will be adopted," said Sen. Jay Kerttula, D-Palmer. "I think there is funding for this year."

Add'l Articles

## Proposed bonus cut to take 4 years

The Associated Press

JUNEAU — The Hickel administration's proposed 5 percent cut in the \$250 longevity bonus paid monthly to elderly Alaskans would take effect over each of the next four years, reducing the checks to \$200 by 1995.

"That's the plan we're going forward with," Administration Commissioner Millett Keller told the Older Alaskans Commission on Monday.

Keller also said the administration is considering filing liens against property owned by residents of the state's Pioneers' Homes to collect unpaid bills after they die.

In his state-of-the-budget speech Thursday, Gov. Walter Hickel proposed cutting

the longevity bonus by 5 percent, or \$12.50 a month, but did not say he wanted to impose the cut annually over the next four years.

He also suggested raising the minimum eligibility age from 65 to 67.

In an interview, Keller said he wanted to end the longevity bonus program and use the \$60 million a year saved to help the needy elderly, but Hickel rejected the idea.

The longevity bonus is not the best way to help the elderly in need, Keller said.

The state has the authority to collect unpaid rent and fees from Pioneers' Home residents, but it has not pursued such debts vigorously. Keller said the state should look at filing liens "so that

people who have the ability to pay are given the opportunity."

Keller said he was unsure when the state might begin using liens, and noted that public hearings would be held before any change is made.

State law allows the state to charge Pioneers' Home residents the full cost of their care, and "provides in very cold, calculating language" that liens may be applied to residents' property.

Residents pay from \$525 to \$800 a month depending on the type of care they receive at the Pioneers' Homes. Each resident costs the state from \$2,000 to \$6,000 a month, however.