

**SB34**

DATE: 2/8/91

FURTHER:

DATE TURNED INTO OFFICE: 2/12/91

The Finance Committee considered SENATE BILL NO. 34

"An Act relating to absence from the state for purposes of qualifying for longevity bonuses."

and recommended:

- replace with \_\_\_\_\_ CS
- or adopt \_\_\_\_\_ CS SB 34 (SA)
- attached amendment(s)
- \_\_\_\_\_ letter of intent adopted

- same title
- new title
- technical title change (HB only)

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):  
 Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 zero fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_

APPROVES PREVIOUS:  
 Dept/Date:  
 fiscal note(s) \_\_\_\_\_  
 \_\_\_\_\_  
 zero fiscal note(s) DOA 2/5/91  
 \_\_\_\_\_

appropriation-no fiscal note

SIGNING DO PASS:

*[Handwritten signatures]*  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

OTHER RECOMMENDATIONS:

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

1. *[Handwritten signature]* *[Handwritten signature]* *[Handwritten signature]*  
 Co-Chairs: Signatures and Recommendations

FISCAL NOTE

No. 2

Bill Version: CSSB 34(STA)

(S) Publish Date: 2/8/91

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

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

Title: Longevity Bonus allowable absences

Sponsor: Senator Pourchot

Requestor: Senator Rodey

Department Affected: Administration

BRU: Longevity Bonus

Component: Grants

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	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
<b>TOTAL OPERATING</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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: None

ANALYSIS: (Attach a separate page if necessary.)

The initial calculated prediction of costs to the program at 135 days allowable absences was 9 recipients x \$3,000 = \$27,000. The margin of error in the prediction of social behavior of 22,000 recipients is greater than 27,000, therefore, the fiscal note is 0.

Prepared by: Barbara Bathony *Barbara Bathony*  
Division: Pioneers' Benefits

Phone: 465-4400

Date: 2/5/91

Approved by Commissioner: Millett Keller *Millett Keller*  
Agency: Administration

Date: 2/5/91

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

CS FOR SENATE BILL NO. 34 (STATE AFFAIRS)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 SEVENTEENTH LEGISLATURE - FIRST SESSION

BY THE SENATE STATE AFFAIRS COMMITTEE

Offered: 2/8/91  
 Referred: Finance

Sponsor(s): SENATORS POURCHOT, Collins

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to absence from the state for purposes of qualifying for longevity  
 2 bonuses."

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

4 \* Section 1. AS 47.45.030 is amended to read:

5           Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification, a recipient shall  
 6       notify the commissioner of administration when the recipient expects to be absent from the state  
 7       if the absence is for a continuous period that exceeds 30 days. After that notification, the  
 8       recipient may no longer receive bonuses from the Department of Administration after the last  
 9       regularly approved monthly application. Except as provided in (b) of this section, upon  
 10       [UPON] returning to the state, the recipient may again make application for a bonus.  
 11       [WHENEVER THE ABSENCE IS FOR A CONTINUOUS PERIOD THAT EXCEEDS 90  
 12       DAYS THE RECIPIENT SHALL BE DISQUALIFIED FROM RECEIVING BONUSES FOR  
 13       THE NEXT 12 CALENDAR MONTHS AFTER RETURNING TO THE STATE. HOWEVER,  
 14       WHEN THE COMMISSIONER DETERMINES A PERIOD OF ABSENCE IS BEYOND THE

1 CONTROL OF THE RECIPIENT, THE RECIPIENT MAY NOT BE DISQUALIFIED IF THE  
2 RECIPIENT STILL OTHERWISE QUALIFIES UPON RETURNING TO THE STATE.]  
3 Continual absences from the state, even though reported, and failure to notify the commissioner  
4 of an expected absence may be grounds for disqualification.

5 \* Sec. 2. AS 47.45.030 is amended by adding a new subsection to read:

6 (b) A recipient who has not qualified to receive at least eight bonuses in the last 12  
7 months due to application of (a) of this section or who is absent for a continuous period that  
8 exceeds 135 days may not receive bonuses for 12 months and is disqualified from the program  
9 but may reapply under AS 47.45.010 at the end of the 12-month period. However, when the  
10 commissioner determines that a period of absence is beyond the control of the recipient, the  
11 period of absence determined to be beyond the control of the recipient may not be considered  
12 in determining whether the recipient is disqualified from the program and disqualified from  
13 receiving bonuses for the 12-month period.

14 \* Sec. 3. AS 47.45.070 is amended to read:

15 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is one who

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

18 (2) meets the age and residence requirements of this chapter but either is confined  
19 in a state or federal mental health institution or facility and is certified by the state as unable to  
20 manage personal affairs, or resides in a nursing home as that term is defined in AS 08.70.180;  
21 however, if that person, at the time of commitment or commencement of residence, provided the  
22 principal support of a spouse, the commissioner of administration may determine to pay the  
23 confined person's bonus to the person's spouse until the spouse is qualified for a bonus;

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

30 (4) is disqualified under AS 47.45.030 [VOLUNTARILY LEAVES THE STATE  
31 AND REMAINS ABSENT FROM THE STATE FOR A CONTINUOUS PERIOD OF MORE

1

THAN 90 DAYS].

Senator Pourchot  
February 12, 1991

### SUMMARY

SB 34 amends the Longevity Bonus statutes governing length of absence from the state by increasing from 90 to 135 days the length of time a bonus recipient can be gone before having to go through the one year requalification process.

To clarify the current statutory ambiguity regarding cumulative absences, a new provision is added that specifies that a person who has not qualified to receive at least 8 bonuses during the last 12 months will have to requalify for the program.

In public hearings held by the Division of Pioneer Benefits this past fall, seniors repeatedly stated that they felt unduly restricted in their travel by the current statutory 90-day limitation on absences. This restriction appears severe in light of the fact that many seniors must save for several years before being able to afford a trip Outside.

By allowing seniors to be gone an additional 45 days (during which time they do not receive a bonus), SB 34 appears to more closely meet the intent of the original legislation and to represent a win/win situation. Not only would seniors be afforded greater travel opportunities, but the overall cost of the longevity bonus program would not be increased. In addition, this proposal may encourage individuals to be more accurate in their reporting of out of state absences.

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

BILL NO. SB34

Revision Date: \_\_\_\_\_ Department Affected: Health & Social Services  
 Title: "An Act relating to absence from the state for qualifying for Longevity Bonus." BRU: Assistance Payments  
 Component: Old Age Assistance - Alaska Longevity Bonus Hold Harmless  
 Sponsor: Pourchot, Collins  
 Requestor: \_\_\_\_\_ 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	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	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: No fiscal impact.

ANALYSIS: (Attach a separate page if necessary.)

If there is any fiscal impact on the OAA-ALB Hold Harmless program, it will be too small to measure.

Prepared By: Jan L. Hansen, Director Phone: 465-3347  
 Division: Division of Public Assistance Date: 2/4/91  
 Approved by Commissioner: [Signature]  
 Agency: Department of Health and Social Services Date: 2/4/91

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

SB 34

STATE OF ALASKA  
1991 LEGISLATIVE SESSION

Bill Version: SB 34\*

(S) Publish Date: 2/8/91

Revision Date: \_\_\_\_\_ Department Affected: Administration  
 Title: Longevity Bonus: Allowable BRU: Longevity Bonus  
Absence Component: Grants  
 Sponsor: Senator Pourchot  
 Requestor: Senator Pourchot 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	165.0	330.0	330.0	330.0	330.0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	165.0	330.0	330.0	330.0	330.0	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	165.0	330.0	330.0	330.0	330.0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	165.0	330.0	330.0	330.0	330.0	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: None

ANALYSIS: (Attach a separate page if necessary.)

(SEE ATTACHED)

*\* This note was not included in members' files.*

Prepared By: Barbara Bathony, B. Bathony Phone: 465-4400  
 Division: Pioneers' Benefits Date: 2/4/91  
 Approved by Commissioner: Milton [Signature]  
 Agency: Department of Administration Date: 2/4/91

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

02/04/91

The cost of Longevity Bonus is effected four ways. Summary:

- A) Increased use of allowed absences will decrease bonuses.
- B) As length of allowable absences increase, a number of now disqualified people will be added to the program.
- C) As length of allowable absences increases, people who are not on the program at all will be added.
- D) The bill disqualifies recipients for cummulative absences; this could be some savings.

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A) as the length of allowable absences increase, people who leave longer will not receive bonuses while they are gone, thus reducing program costs

gap analysis--most recent 8 months

Warrants Missed	Recipients	Percent
0	17,742	97.5% don't travel--won't be affected
1	304	1.7% could travel more--won't be affected
<b>2</b>	<b>115</b>	<b>0.6% might travel more if allowed</b>
3	22	0.1% recipients missings more than 2 warrants
4	15	0.1% exceed limit but weren't disqualified,
5	4	0.0% so were on excused absence--won't
6	2	0.0% be affected
7	0	0.0%
8	0	0.0%

18,204

**CONSIDERATIONS:**

The above calculations represent a single period analysis. Alaskans do not necessarily want to leave every year. The calculations are based on social behavior, which is very unpredictable. We do not know how many of the 0.6% would leave for longer absences if allowed, and we do not know for how long they would leave. The reporting accuracy is also questioned. The penalty for exceeding 90 days is so severe that it may encourage fraud. If four times as many people (relative to the above estimate) were affected and the breakdown is as follows (NOTE: arbitrary) then the savings from people forfeiting bonuses is as shown below.

460

Days Allowed	Percent Affected	Number Affected	Lost Bonuses	Cost Reduction
90	100%	460	0	0
120	70%	322	1	80,500
135	60%	276	1.5	103,500
150	50%	230	2	115,000
165	30%	138	2.5	86,250
180	10%	46	3	34,500

B) As the length of allowable absences increases, the number of people disqualified for exceeding the limit will decrease, thus increasing program cost

disqualifications in FY 90 and 91  
(both partial years--equivalent to about one year)

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Days Absent	Disqualifi		Category Cost	Cost
	Number	Percent		
120	18	28%	54,000	54,000
135	4	6%	12,000	66,000
150	6	9%	18,000	84,000
165	4	6%	12,000	96,000
180	4	6%	12,000	108,000
+	28	44%	84,000	192,000

64

C) As the length of allowable absences increases, the number of people who qualify for the program will increase. These people are gone too much to receive checks now, but they will receive some payments if longer absences are allowed.

Department of Labor population over 65 is:

1988	20,397
1989	21,885
1990	23,000 (estimate)

The division mailed approximately 22,000 1099 IRS forms for 1990 recipients. This leaves about another 1,000 potential recipients who are not presently on the program at all.

of these: 650 in nursing homes or incarcerated  
100 philosophically opposed or will not apply

The remainder who might qualify are arbitrarily distributed below.

Days Absent	Distribution		Bonuses Missed	Bonuses Received	Category Cost	Cost
	Percent	Number				
		250				
120	5%	13	4	8	25,000	25,000
135	10%	25	4.5	7.5	46,875	71,875
150	40%	100	5	7	175,000	246,875
165	20%	50	5.5	6.5	81,250	328,125
180	15%	38	6	6	56,250	384,375
+	10%	25	12	0	0	384,375

100%

::

D) Section 2 of the bill disqualifies people for cumulative absences as well as for a continuous period. Assuming the disqualification would be adjusted if the absolute limit is changed, there would be some savings as recipients are disqualified for cumulative absences.

Assume that the savings offset 10% of the effect of the failure to disqualify recipients under (B) above.

**Summary of cost computations**

Days Absent	Bonus Forfeiture	Fail to Disqualify	New Recipients	Additional Disquals	Total Cost
120	(80,500)	54,000	25,000	(5,400)	(6,900)
135	(103,500)	66,000	71,875	(6,600)	27,775
150	(115,000)	84,000	246,875	(8,400)	207,475
165	(86,250)	96,000	328,125	(9,600)	328,275
180	(34,500)	108,000	384,375	(10,800)	447,075
+	0	192,000	384,375	(19,200)	557,175

The fiscal note reports costs for only the 165 day version.  
 Analysis of alternative limits was performed at the request of the sponsor.

**ADDITIONAL COMMENTS:**

The division revised the payment and absence reporting schedule effective December 1990. The division would like to see the absence reporting schedule included in the statute. A proposal for statute change is attached.

Draft Statute Change SB34

AS 47.45.030 ABSENCE FROM THE STATE. (a) A recipient shall notify the commissioner of absences as required by regulation. A recipient who is absent from the state for a continuous period that exceeds 30 days is disqualified from receiving one or more bonuses as follows:

(A) Duration of Absence	(B) Number of Bonuses
31 to 45 days	1
46 to 75 days	2
76 to 105 days	3
106 to 135 days	4
136 to 150 days	5

(b) A recipient who is absent from the state for a continuous period that exceeds        days is disqualified from receiving bonuses until returning to the state and for 12 months after returning to the state. At the conclusion of the 12-month period of disqualification, the recipient may apply for bonuses under AS 47.45.010.

(c) A recipient who is disqualified from receiving more than 5 bonuses within a 12-month period due to application of (a) of this section shall be disqualified from receiving bonuses for 12 months. At the conclusion of the 12-month period of disqualification, the recipient may apply for bonuses under AS 47.45.010.

(d) Absences separated by fewer than 10 days of physical presence in the state will be added together and considered a continuous absence.

(e) When the commissioner determines a period of absence is beyond the control of a recipient, the recipient is disqualified from receiving bonuses according to (a) of this section and from receiving bonuses until returning to the state. The portion of an absence determined to be beyond the control of the recipient shall be excluded from the application of (b) and (c) of this section.



# OLDER PERSONS ACTION GROUP, Inc.

325 E. Third Avenue, Suite 300  
Anchorage, AK 99501  
(307) 278-1059 (Toll free 800-471

Post-It™ brand fax transmittal memo 7871		# of pages » 2
To: Sen. P. Pourchet	From: OPAG	
Co.	Co.	
Dept.	Phone # 276-1059	
Fax # 465-2069	FAX # 278-6724	

February 25, 1991

Senator Pat Pourchet  
Capital Room 518  
P. O. Box V, MS 3100  
Juneau, Alaska 99811

Re: SB 34

Dear Senator Pourchet:

For too many years some decision makers have waged an on-going battle against the Alaska Longevity Bonus Program. Older Persons Action Group, Inc. (OPAG) and other organizations representing members of the state's retirement community have continually opposed the never-ending attempts to needs-base, reduce payments or amend the Longevity Bonus Program.

Some of the more compelling reasons for continuing the Longevity Bonus Program is its present form include:

- 1) The program benefits elders in all areas of the state. Recipients in every zip code of the state can rely on delivery of their check each month. Once admitted to the program there is no mandate to report to any agency or governmental entity unless the recipient has been away from the State of Alaska for a clearly defined number of days. Recipients have only to complete, sign and mail a simple form before the fifteenth day of the month; an easy task for rural and urban elderly alike.
- 2) Payments mailed to Longevity Bonus recipients bolster the economy of every city, town, village and trade area in the state. A large portion of most checks is used to purchase food, shelter, fuel and other essential supplies in the community where the recipient lives. This monthly infusion of cash stabilizes the economy of all Alaskan communities for it is a year-around resource.
- 3) The Longevity Bonus is a cost-effective way to help older Alaskans maintain independence and stay off welfare rolls.

Page 2  
Senator Pat Fourchot  
2/25/91

The OPAG Board of Directors urges serious consideration of these points any time changes are proposed and deliberated.

OPAG does not support SB 34 or other regulations which allow longevity bonus recipients to be out of the state for more than 90 days in any calendar year unless there are medical reasons. Only the few affluent can afford to leave their homes for extended travel. Those in need and those living on fixed, marginal incomes cannot afford that luxury.

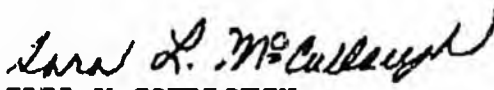
Secondly the Bonus was created to encourage people to retire in Alaska. That original intent is as valid in the 90's as it was in the 70's. Additionally, the economic impact of the stable year-around resource Alaska's retirement community contributes to the state must be seriously considered.

Sanctioning prolonged absence for other than medical reasons sends the wrong message to younger people and will stimulate further dissension and division of young and old.

OPAG recommends no changes be made in the current Longevity Bonus as action to amend invites further attack on legislation and existing programs. This is not the time to encourage changes in the Longevity Bonus Program.

As long time President of Older Persons Action Group, Rose Palmquist has the authority to speak on legislative issues for Older Persons Action Group, Inc. and Association of Alaska Senior Citizens Organization. She is now in Juneau and available for discussion of this and other issues relating to older Alaskans.

Sincerely,

  
SARA MCCOULLOUGH  
Vice President  
Older Persons Action Group, Inc.

SM:bj

1991 LEGISLATION  
POSITION PAPER  
DEPARTMENT OF ADMINISTRATION

Division Pioneers' Benefits Bill Number SB34

Bill Title Longevity Bonus: Allowable Absence

Position Statement: Explain briefly what bill does, its impacts and Department's position, i.e.  
a) support, b) do not support, c) neutral or d) oppose.

The department supports a reasonable increase in the amount of time a longevity bonus recipient may be out of state without losing the bonus for a year, if the change will not increase the cost of the program.

APPROVED:

Director Barbara Bathony Division Pioneers' Benefits  
print name

Signature Barbara Bathony Date 1-28-91

Commissioner Millett Keller

Signature Millett Keller Date 1/30/91

(For more information, call Barbara Pritchett 465-2200)

Rev. 1/23/91