

S B

159

FISCAL NOTE

STATE OF ALASKA
1991 LEGISLATIVE SESSION

BILL NO. SB 159

Revision Date: _____

Department Affected: Administration

Title: An Act relating to the Alaska Longevity Bonus payment; and providing for an effective date.

BRJ: Division of Pioneers' Benefits

Sponsor: Senate Rules Committee

Component: Longevity Bonus

Requestor: Senate Rules Committee

COMPONENT SERIAL NO.

2	6		
---	---	--	--

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)	(2,682.2)	2,616.6	2,718.5	2,415.1	2,209.1
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(7,326.0)	(2,682.2)	2,616.6	2,718.5	2,415.1	2,209.1

CAPITAL	0	0	0	0	0	0
---------	---	---	---	---	---	---

REVENUE	0	0	0	0	0	0
---------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	(7,326.0)	(2,682.2)	2,616.6	2,718.5	2,415.1	2,209.1
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(7,326.0)	(2,682.2)	2,616.6	2,718.5	2,415.1	2,209.1

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 FY 92 budget submission for the Longevity Bonus program reflects already the first year reduction of \$7,326.0. The attached spreadsheet shows the cost of the program through the year 2000 if proposed changes are not made and also show cumulative and regulatory savings through year 2000.

Prepared by: Barbara Bathony *Barbara Bathony*
Division: Director

Phone: 465-4400
Date: 3-4-91

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

Date: 3/27/91

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

SB 159

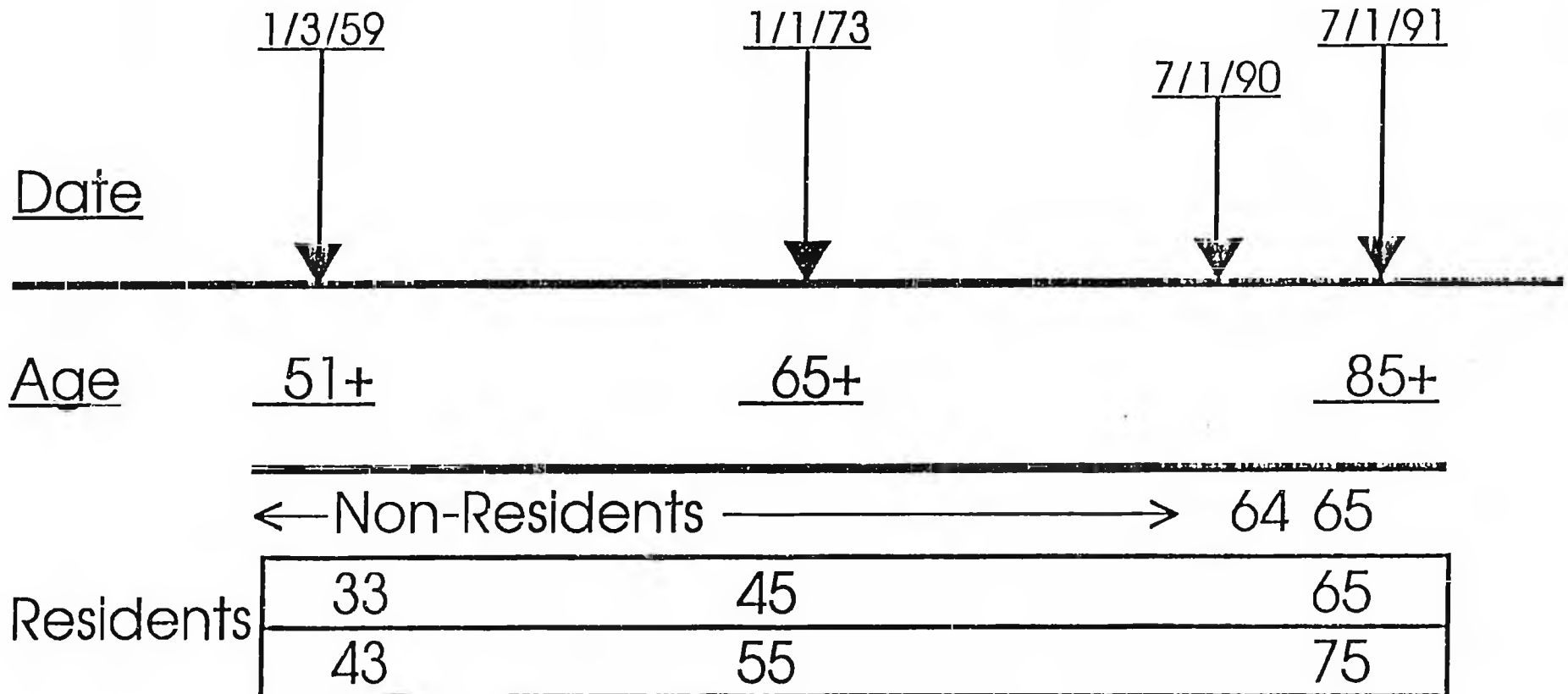
Longevity Bonus Program
February 28, 1991

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	73,673	\$2,500,000	\$77,473,673	\$63,794,647	\$1,200,000	\$62,594,647	\$14,879,026
1998	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
Cumulative Savings							\$123,621,557

d/lotus/110054

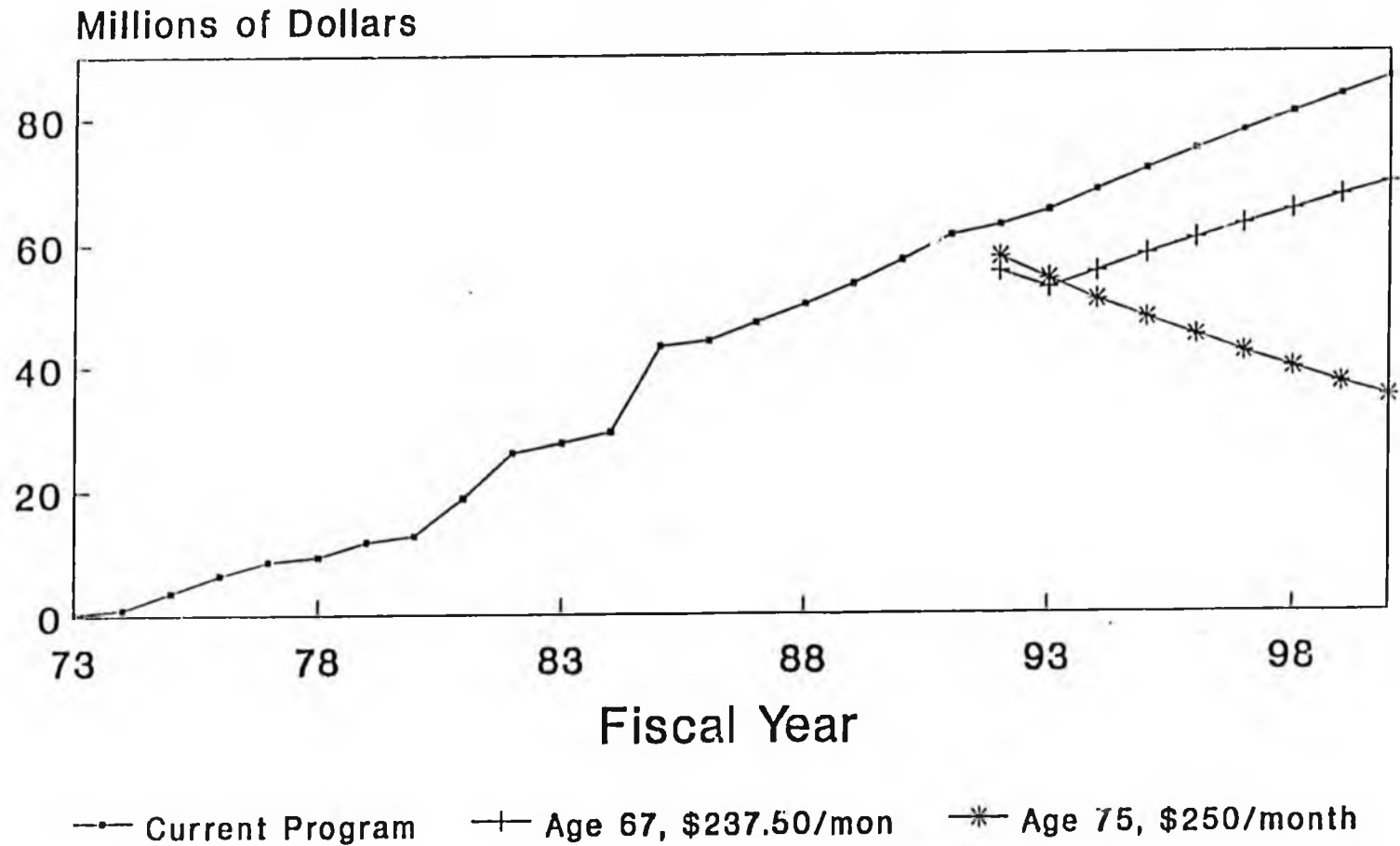
Longevity Bonus Program

Who was the program designed for?



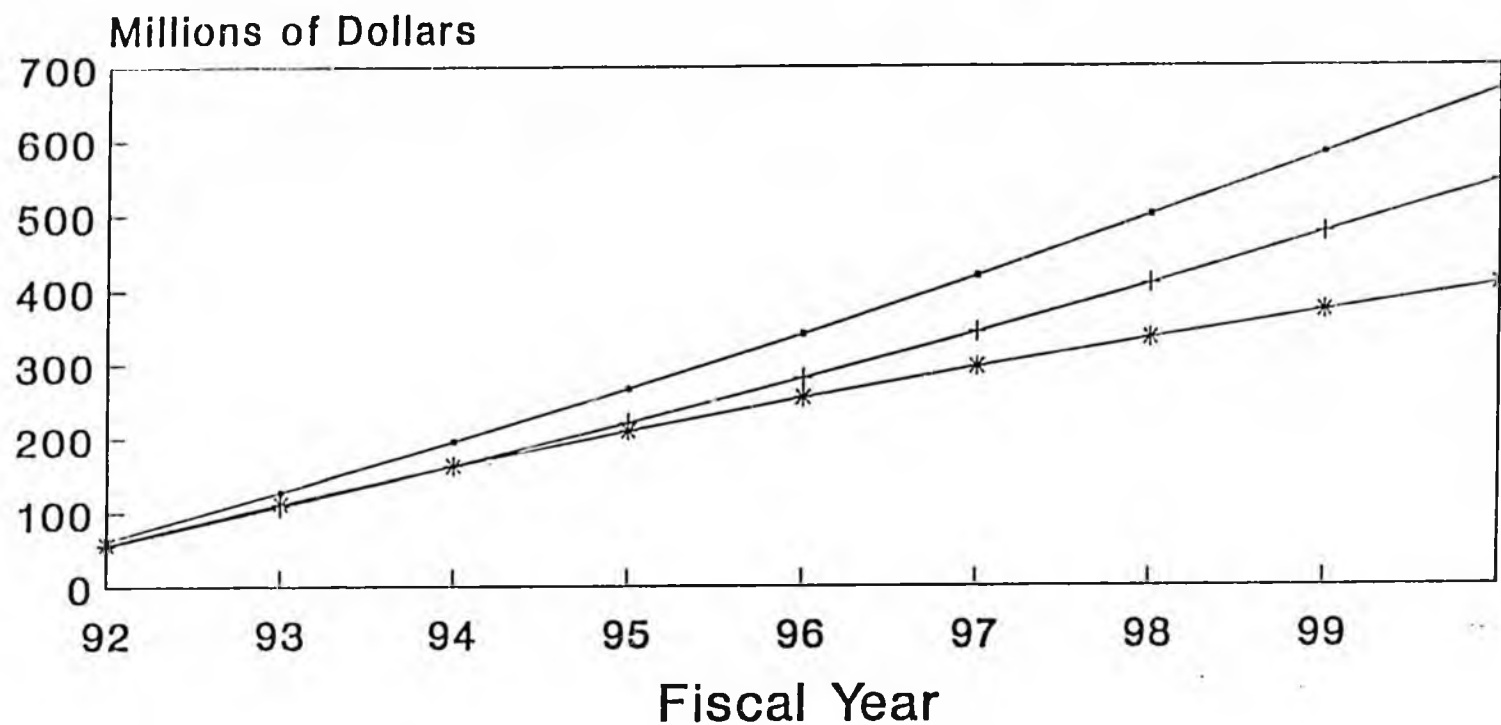
Longevity Bonus Program

Annual Dollars, 1973 - 2000



Longevity Bonus Program

Cumulative Dollars, 1992 - 2000



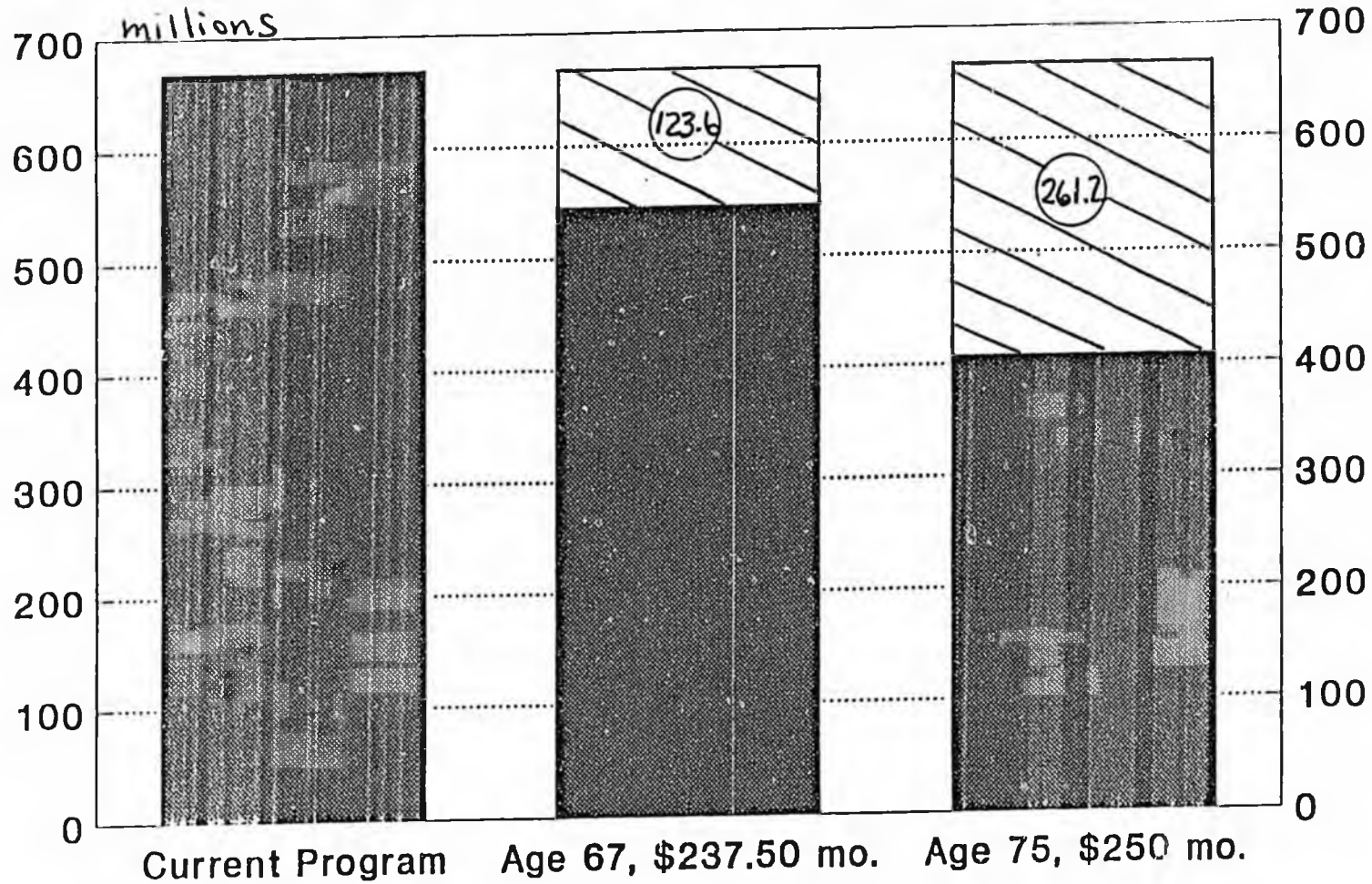
— Current Program

—+— Age 67, \$237.50/month

—*— Age 75, \$250/month

Longevity Bonus Program

Cumulative Dollars, 1992 - 2000



e/lb92-20

ADN 3/91

Hickel may bag plan to cut longevity bonus

The Associated Press

JUNEAU — Gov. Wally Hickel says he will discard his plan to reduce longevity bonus payments if Alaska's elderly tell him not to tinker 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 more than 50 pioneer homes, senior centers

and other such 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 collectively to maintain the

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

The program's cost has risen steadily since its creation in 1972. In its first year, 4,753 people received \$100 monthly bonus pay-

ments at a cost of \$346,100, according to the Division of Pioneer 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.

The advertisement is for Allen & Petersen, a home-decorating center. It features a stylized house graphic at the top left with logos for VISA, MasterCard, and Discover. Below the logos, the address "Corner of Seward & Benson" and phone number "276-0111" are listed. The main headline reads "WALLPAPER SALE" in large, bold letters. To the right, a speech bubble from a woman says, "Wow! What a great deal on wallpaper!". The company name "allen & petersen" is written in a large, lowercase font, with "home-decorating center" in smaller text below it.

SB159

Alaska State Legislature

Chairman
State Affairs
Committee

Legislative Council

Transportation
Committee



During Session:
State Capitol
P.O. Box V
Juneau, Alaska 99811
(907) 465-4859

During Interim:
P.O. Box 463
Valdez, Alaska 99686
(907) 835-2111

Representative Eugene Kubina

April 4, 1991

Honorable Walter J. Hickel, Governor
State of Alaska
P.O. Box A
Juneau, Alaska 99811-0101

Dear Governor Hickel:

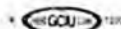
This past Monday, April 1st, I chaired a public forum at the Anchorage LIO sponsored by the House State Affairs Committee. The purpose of the meeting was to provide senior citizens and other interested people with an opportunity to comment on the various proposals currently in the legislature to modify the Longevity Bonus Program. Nearly two hundred people participated in the forum, many from teleconference sites throughout the state, and the mandate was clear: senior citizens are opposed to any changes to the longevity bonus program that would reduce benefits to recipients, raise requirements for eligibility or penalize seniors that must be absent from the state for extended periods of time.

One proposal which was discussed in detail was Senate Bill 159, the bill you introduced which raises the age of eligibility for longevity bonus payments from 65 to 67 and reduces the monthly payments to \$237.50. The testimony offered in response to SB 159 was strong in its opposition. As a matter of record, of the 171 people who signed the witness register, not a single person spoke in favor of the changes you have proposed in SB 159. You've publicly stated that you will withdraw your proposed changes to the longevity bonus program if you receive a mandate from the people to do so - I now feel that you have received that directive.

I realize that you and I, as elected public officials, are walking a narrow line trying to balance state spending with revenue sources, but we can't simply harden our hearts and assume that everyone is equally capable of tightening their belts - senior citizens are frequently burdened with personal and financial difficulties that don't normally affect younger, more able-bodied people. This isn't to say that our senior constituents are not willing to help the state as we face fiscal hard times. In fact, there was a

- DISTRICT SIX -

• Chenega Bay • Chitina • Cooper Landing • Cordova • Hope • Moose Pass • Seward • Tatitlek • Valdez • Whittier •

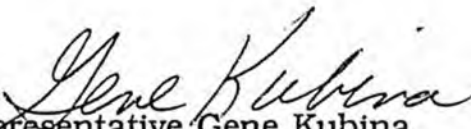


great deal of support expressed for Senator Kerttula's SB 8 which would convert the longevity bonus program to an annuity program utilizing contributions from personal permanent fund dividends. Perhaps this is one area that you may wish to look into.

I appreciate your willingness to reconsider your position on SB 159, it was an eye-opener to meet with so many senior citizens and get their input on the longevity bonus program.

If you would like to discuss the longevity bonus forum or if I can be of assistance to you as chair of the House State Affairs Committee, please feel free to give me a call.

Sincerely:


Representative Gene Kubina

cc: Members of the 17th Alaska Legislature