

ALASKA LEGISLATURE COMMITTEE FILES 1985-1986 80/2

4060 SJUD SB 56 (FILE 4) - SB 56 (FILE 6)

936



# RECORDS CERTIFICATION



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*James O. Smith*  
Signature of Camera Operator

*11/7/89*  
Date

SB

56

(FILE 4)

HEARING 4,

3/5/85



## ISSUES

- 1) Box Check (Education vs. Re-education)
  - a. Dept. of H & SS experience with public education effort for new programs and changes in existing programs.
  - b. Does receiving cash vs. annuity pose any new or different criteria for determining eligibility for PFD?
  
- 2) Certainty of Effect - Adequate Notice
  - a. Probability of federal interpretation of of dividend/annuity as income for recipients of public assistance.
  - b. Can H & SS determine the effect of SB56 on persons receiving public assistance in order to give adequate notice (page 7, line 20-23)
  
- 3) Annuity as a Contract v Government Assistance Program
  - a. Is flexibility allow a change of mind between application and issuance a problem affecting eligibility?
  - b. An annuity is a contract relationship in the private sector. Would such a relationship affect eligibility procedures as they exist now?
  - c. Is there any state liability for establishing an annuity that may later be construed as a contract?
  - d. Is the investment criteria different for management of a contractual obligation vs. a social service program?
  
- 4) Survivor Benefits
  - a. How does Survivor Benefits affect the value and level of front-end loading required?
  
- 5) Appropriate Funding Sources
  - a. At what point does the front-end load need to be known in order to determine the true fiscal impact of SB56?
  - b. When does P.F. Undistributed Income or General Fund become more appropriate than PFD as source of funding the annuity?
  
- 6) Participation of Poor or Uninformed
  - a. What income level is required for eligibility for various public assistance programs?
  - b. Will those most likely in need of public assistance at age 65 be likely to choose the annuity over cash now?

POSITION PAPER FOR

COMMITTEE SUBSTITUTE FOR SENATE BILL No. 56

For "An Act amending the longevity bonus program and the permanent fund dividend program, establishing an annuity program; and providing for an effective date."

I. Alaska Longevity Bonus - Enactment of the amendments to the Longevity Bonus Program included in CSSB 56 would protect Medicaid coverage for approximately 33 nursing home residents in FY86; however, benefits for approximately 750 Alaskans who currently receive Old Age Assistance, Medicaid, and federal Supplemental Security Income payments as outlined below would continue to be seriously jeopardized. This negative impact is a combined result of federal and state statutes that require the Longevity Bonus to be counted as income when determining these individuals' eligibility for assistance for residents of less than 25 years.

Nursing home residents are excluded from receiving the Longevity Bonus by CSSB 56 and therefore will continue to be eligible for Medicaid if their income is under \$975 per month.

Federal Supplemental Security Income (SSI) recipients are not protected by CSSB 56 and therefore those who are not 25-year residents by October 1, 1985 would suffer either a reduction or a termination of their federal SSI grant.

Old Age Assistance (OAA) recipients would also suffer either a reduction in their state grant or a termination of their grant.

Medicaid recipients who are not residing in a nursing home and who become ineligible for Old Age Assistance and Supplemental Security Income will also become ineligible for Medicaid. CSSB 56 does not provide a hold-harmless to replace the loss of these Medicaid benefits. The Department estimates that 333 elderly Alaskans will lose Medicaid benefits in FY86.

These low-income Longevity Bonus recipients can be protected from financial harm by the enactment of a series of amendments to General Relief and Longevity Bonus statutes (substantially as proposed in CSSB No. 128), to provide that:

- (1) The Department will use General Relief funds to replace federal SSI payments lost or reduced by the federal government counting some bonus payments as income;
- (2) The Department will use General Relief funds to replace Old Age Assistance (OAA) payments lost or reduced by the Adult Public Assistance program following the SSI policy of counting some Bonus payments as income; and

- (3) The Department will use General Relief-Medical funds to provide medical assistance to anyone who loses Medicaid coverage solely because their Longevity Bonus payments were counted as income.

The majority of the 750 individuals who would lose benefits under CSSB 56, as now written, depend on federal SSI and the state OAA payments as their primary source of income. Their medical bills are covered by Medicaid. The Department believes it essential, for basic humanitarian reasons, that enactment of CSSB 56 be accompanied by a "hold-harmless" provision that would protect those who would lose cash and medical assistance because they receive the Longevity Bonus.

If a hold-harmless provision is not enacted during this session, the Department will be compelled by federal requirements to end Medicaid eligibility for approximately 333 recipients and to reduce Old Age Assistance grants to an additional 400 recipients starting July 1, 1985.

II. Annuity Program - Enactment of the annuity program proposed in CSSB 56 would not have a substantial effect on most public assistance and Medicaid recipients. These individuals, whose annual incomes are less than \$10,000, cannot afford to defer their Permanent Fund checks, as they have an immediate need for these funds to buy basic necessities.

III. Federal Waiver - The Department is unable to make any commitments as to whether any changes in the Longevity Bonus Program will again alter the federal government's position and, perhaps, end the special exclusion for 25-year residents who receive the Bonus. If this were to occur, the number of recipients placed in jeopardy and the costs of providing them with "hold-harmless" protection would grow substantially beyond our current estimates.

RECOMMENDATION

Given the broad scope of this policy change and the fact that public assistance is only a minor part of it, we do not take any position either supporting or opposing this bill. However, we do oppose any change in the Longevity Bonus Program which does not include a hold-harmless for SSI, Old Age Assistance, and Medicaid recipients. We recommend adding a complete hold-harmless for SSI, Old Age Assistance, and Medicaid.

Recommended by: Rod Betit 2/21/85  
Rod Betit, Director  
Division of Medical Assistance

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

Recommended by: John R. Taber  
John R. Taber, Director  
Division of Public Assistance

Date: 2/21/85

Approved by: John R. Pugh  
John R. Pugh, Commissioner  
Department of Health & Social  
Services

Date: 2/21/85

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

REQUEST

Bill/Resolution No. CSSB No. 56  
 Title: An Act amending the LB prgm, & the PFD prgm, estab. an annuity...  
 Sponsor: State Affairs  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

FISCAL DETAIL

Agency Affected: Health & Social Services  
 Program Category Affected: Soc. & Econ. Assistance for general population  
 BRU, Program or Subprogram(s) Affected: Adult Public Assistance, Old Age Assistance

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS		(760.0)	(830.7)			
800 MISCELLANEOUS						
<b>TOTAL OPERATING</b>		(760.0)	(830.7)			
<b>CAPITAL</b>						
<b>REVENUE</b>						

FUNDING: (Thousands of Dollars)

GENERAL FUND		(760.0)	(830.7)			
FEDERAL FUNDS						
OTHER						
<b>TOTAL</b>		(760.0)	(830.7)			

POSITIONS:

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

ANALYSIS: Attach a separate page if necessary

Budgeted FY86 and FY87 Old Age Assistance expenditures are currently predicated on all Longevity Bonus payments being disregarded as countable income. CSSB No. 56 provides for no "hold-harmless" OAA coverage for those who receive countable Bonus payments. Therefore, beginning July 1, 1985, OAA payments will be reduced (or ended) for the approximately 750 recipients who are receiving countable Bonus payment

Prepared By: John R. Taber, Director

Phone: 465-3347

Division: ~~HEALTH & SOCIAL SERVICES~~ PUBLIC ASST

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

Approved by Commissioner: [Signature]

Date: 2/21/85

Agency: H+SS

JCC

Distribution (by Agency preparing fiscal note):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget

STATE OF ALASKA 1985 LEGISLATIVE SESSION  
FISCAL NOTE

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

**REQUEST**

Bill/Resolution No. CSSB No. 56  
 Title: "An Act amending the L.B. prgm & the PFD prgm, estab. an annuity."  
 Sponsor: State Affairs  
 Requestor: \_\_\_\_\_  
 Date of Request: \_\_\_\_\_

**FISCAL DETAIL**

Agency Affected: Health & Social Service  
 Program Category Affected: Soc. & Econ. assistance for general pop.  
 BRU, Program or Subprogram(s) Affected: Medical Assistance, Medicaid

**EXPENDITURES/REVENUES: (Thousands of Dollars)**

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
<b>OPERATING</b>						
100 PERSONAL SERVICES		-0-	-0-			
200 TRAVEL		-0-	-0-			
300 CONTRACTUAL		-0-	-0-			
400 SUPPLIES		-0-	-0-			
500 EQUIPMENT		-0-	-0-			
600 LAND & STRUCTURES		-0-	-0-			
700 GRANTS, CLAIMS		-0-	-0-			
800 MISCELLANEOUS		-0-	-0-			
<b>TOTAL OPERATING</b>		-0-	-0-			
<b>CAPITAL</b>		-0-	-0-			
<b>REVENUE</b>		-0-	-0-			

**FUNDING: (Thousands of Dollars)**

GENERAL FUND		-0-	-0-			
FEDERAL FUNDS		-0-	-0-			
OTHER		-0-	-0-			
<b>TOTAL</b>		-0-	-0-			

**POSITIONS:**

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

**ANALYSIS:** Attach a separate page if necessary  
 As written, CSSB No. 56 would result in no net increase in Medicaid expenditures beyond what is budgeted for FY'86.

(Continued)

Prepared By: Rod Betit, Director *R Betit* Phone: 465-3355  
 Division: Division of Medical Assistance Date: \_\_\_\_\_

Approved by Commissioner: Jan A. Poy *Jan A. Poy* Date: 2/21/85 *acc*  
 Agency: \_\_\_\_\_

Distribution (by Agency preparing fiscal note):  
 Legislative Finance  
 Legislative Sponsor  
 Requestor  
 Office of Management and Budget

Were a full cash and medical hold-harmless adopted by amending CSSB No. 56, the costs would be

Federal (SSI) Payment	1,400,000	1,530,517
State (OAA) Payment	760,000*	830,737*
Non Nursing Home Medical	413,847	471,609
Nursing Home Medical	-0- ©	-0- ©
	<u>\$1,813,847</u>	<u>\$2,002,126</u>

\* As these costs are already budgeted for FY 86, this is a non-add item.

© No cost if the exclusion is effective upon enactment of SB 56.

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# The Alaska Permanent Fund Dividend Program

## Economic Effects and Public Attitudes

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*by*

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September 1984

Prepared for the Alaska Permanent Fund Corporation

## EXECUTIVE SUMMARY

This study for the Alaska Permanent Fund Corporation examines public attitudes toward the Permanent Fund Dividend Program, the impacts of dividends on recipients, and the effects of dividends on the Alaska economy. The key findings are:

Attitudes - About 60 percent of Alaskans think the Permanent Fund Dividend Program is a good idea. Twenty-nine percent have mixed feelings. Ten percent think it is a bad idea.

Impacts - The "average" recipient saved \$200 of his 1982 dividend, paid \$200 in federal taxes, paid off \$50 in debt, and spent \$550. Of that \$550, \$450 went to day-to-day expenses (e.g., food, heat, clothing) and \$100 went to "special" items (e.g., airline tickets, VCRs).

Effects - Dividends create more spending money and jobs--and result in more population growth--than other ways of spending the same amount of public money, including bigger operating and capital budgets, tax reductions, and subsidizing economic activity.

Other major findings include:

### Attitudes

- A majority of Alaskans prefer the dividend program over more state and local construction projects, reduced property taxes, subsidized loan programs, or putting the money for dividends back into the Permanent Fund.
- Seventy-one percent of Alaskans would now choose to end the dividend rather than bring back the personal income tax. Fifty-five percent would be willing to give up some part of their dividends to pay for the longevity bonus for senior citizens. However, eighty-seven percent would not halt the "inflation-proofing" of the Permanent Fund so that the State could use the earnings for other purposes.

### Impacts

- The 1982 dividend distribution of \$450 million directly increased personal income in Alaska by 6.3 percent, about the same amount as the payroll of the Petroleum Industry.
- The relative benefits of the Permanent Fund Dividend Program to Alaskans vary widely. For one-third of all Alaskans, the 1982 dividends increased family income by less than five percent after taxes. But for one-eighth of all Alaskans, the dividends increased family income by more than twenty percent.
- Dividends substantially raised the incomes of many rural Alaskans. The 1982 dividends increased family income by more than twenty percent for over one-half of rural Alaska Natives.
- How Alaskans used their dividends varied with income. Lower-income Alaskans used more of the money to reduce their debt and for day-to-day expenses while higher-income Alaskans used more of the money for taxes and savings.

### Effects

- The 1982 and 1983 dividends have been significant factors in the rapid economic growth of the early 1980s. As the dividends entered the Alaska economy, they created about five thousand jobs, primarily in support industries, and added about \$360 million to consumer purchasing power in 1983. Although the direct program effects impacted every corner of the state, the secondary effects have concentrated in the urban areas, which are the centers for economic support activities.
- Inflation and the desire to work were little affected by the dividends, and few people moved to Alaska solely to receive a dividend. However, because the dividend program stimulates employment more than other uses of public funds, it does have the effect of bringing more people to Alaska.
- No use of Permanent Fund earnings, including retaining dividends in the Fund, is able to arrest the projected decline in state revenues due to depletion of petroleum reserves if contributions to the Permanent Fund continue at the current rate.
- The use of current Permanent Fund earnings for dividends or public expenditures reduces the level of public wealth available in future years. Accumulation of dividends in the Permanent Fund increases future wealth but reduces current levels of economic activity.

### Purpose and Design of the Study

The purpose of this study was to examine economic effects of the Permanent Fund dividend program and public attitudes toward the program. The study was carried out by the Institute of Social and Economic Research of the University of Alaska.

In order to study dividend uses and public attitudes, we conducted a survey of 1,016 Alaska households. The limited budget restricted this survey to telephone interviews, which excluded some families from the sample but not sufficient numbers to significantly affect the reliability of the results. To ensure equal reliability of the results for all areas of the state, we conducted equal numbers of interviews in three different geographic classifications of the state: Anchorage, other urban areas, and rural areas. The overall results of the survey were then weighted to reflect the relative share of the total population represented by each geographic area. The results reported for the entire state are accurate within plus or minus three percentage points.

A second major source of information for the study was the Institute of Social and Economic Research's Man-in-the-Arctic Program (MAP) econometric model of the Alaska economy. We used the model to project changes in the Alaska economy resulting from the Permanent Fund Dividend Program.

Other major sources of information for the study included data on dividend distributions provided by the Alaska Department of Revenue, census data on the distribution of income in Alaska, sales data for rural stores provided by Alaska Commercial Company, banking data from a large number of sources, small community sales tax data, and public assistance payments data from the Alaska Department of Health and Social Services.

### Alaskans' Attitudes Towards the Dividend Program

We asked survey respondents three types of questions concerning their views on the dividend program: first whether they favored or opposed the program; second, whether they preferred the dividend program over a number of alternative uses for the dividend money; and, third, the extent to which they agreed or disagreed with various perceptions about the dividend program. Several well-known supporters and opponents of the dividend program reviewed the survey before it was conducted to assure maximum objectivity in the attitudinal questions. Our results reflect the attitudes of household members most responsible for household finances, whom we selected as our survey respondents.

A majority of those surveyed think the Permanent Fund dividend program is a good idea and favor it over such other public uses as reinvestment of Fund earnings, large state construction projects,

local construction projects, property tax reductions, or loans. Almost three-quarters would prefer that the state stop the dividend program, if necessary, to avoid reinstating a state personal income tax. Only one in ten respondents favored limiting the dividend program to low-income households, but just over one of every two persons support the idea of using a portion of the money now spent on dividends to pay for longevity bonus checks.

A substantial majority of persons interviewed think that they are entitled to a share in the earnings of the Permanent Fund and have no problem with receiving money directly from the state. Most respondents emphatically believe that how residents use the money is of no concern to the state. In addition to viewing dividends as an entitlement, most respondents see the dividend program as a means of protecting the principal of the Permanent Fund and as a more effective vehicle for using public funds to benefit Alaska residents than legislative appropriations. They also think that the dividend program has made them pay closer attention to how the state spends the money it receives.

Survey respondents were mixed in their perceptions about whether dividends had been wasted on liquor or drugs, whether loss of dividend money in taxes to the Federal government is a problem with the dividend program, whether the dividends harm Alaska's image, and whether dividends are important sources of income in their communities. Rural residents were much more likely to see dividends as an important source of income.

Support for the dividend program is widespread among survey respondents, particularly among groups which tend to have lower incomes: rural residents, recent immigrants, persons with relatively less education, and younger and older Alaskans. Income itself is strongly related to attitudes toward the Permanent Fund dividend program, but even 45 percent of those living in households which received more than \$60,000 in income in 1983 supported the dividend program.

Three perceptions appear to be particularly important to those favoring the dividend program. Respondents were much more likely to favor dividends if they felt that (1) residents are entitled to a share in the state's wealth; (2) Alaska residents are better able to decide how to spend the state's money than the legislature; and (3) dividends are an important source of income. Household income did not explain any additional variation in public attitudes toward the dividends but accounts for much of the difference in perceptions about the importance of dividends as a source of income.

The importance of income and income-related perceptions in explaining support for dividends and the view that dividends are an entitlement suggest that much of the support for the dividend program will not diminish over time. Since support for the dividend program is apparently also a function of trust in the legislature's

motivations and abilities, public attitudes may shift in response to future state spending patterns, generally, and in response to specific proposals concerning the Permanent Fund in particular.

Finally, we observed that respondents who firmly expect that state revenues will decline in ten years were likely to oppose the dividend program in favor of increased savings while the reverse was true for those who firmly expect that state revenues will not decline. Less than half the persons we interviewed had either of these firm perceptions, however, and perceptions about future state revenues overall did not explain a substantial variation in attitude toward the dividend fund. This suggests that public expectations concerning future state revenues are not likely to substantially influence public attitudes toward the Permanent Fund dividend program, unless firmer public consensus on state revenue prospects should develop.

#### Effects of the Dividends on Income

The Alaska Permanent Fund Dividend Program has distributed more than 458 thousand 1982 dividend checks of \$1,000 and more than 430 thousand 1983 dividend checks of \$386.15 to Alaskans. More than \$15 million in 1982 dividend checks were distributed each month between June of 1982 and February of 1983, reaching a peak in December of 1982 at \$122 million. Almost all of the 1983 dividends were distributed between September and November of 1983.

About 31 percent of dividend recipients were children. Of all recipients, one-half had resided in Alaska for eleven or more years; one-fifth had resided in Alaska since 1959; and eight percent claimed only one year of residency. Two percent of the dividend checks were mailed to addresses outside Alaska.

Adults paid 28.4 percent of their 1982 dividends as federal income taxes. Since most children's dividend income was not taxed, the average tax rate for all dividend income was about 20.2 percent. Total federal income taxes were \$88 million on 1982 dividends and \$32 million on 1983 dividends.

The 1982 dividends directly increased Alaskans' after-tax income by about \$362 million, or by about 6.2 percent. However, the relative effects of dividends on after-tax income were much higher for large, low-income families. We prepared the estimates shown on the following table for the relative effects of 1982 Permanent Fund Dividends on after-tax income.

EFFECTS OF 1982 PERMANENT FUND DIVIDENDS  
ON AFTER-TAX INCOME OF ALASKANS

Percent Increase in After-tax Income of Individual's Family	Percent of All Alaskans	Percent of Rural Alaskans	Percent of Rural Alaska Natives
0 - 5%	35	29	12
6 - 10	26	23	11
11 - 15	15	15	15
16 - 20	6	7	11
21 - 25	4	5	11
26 - 30	4	5	8
31 - 35	3	4	7
36 - 40	2	4	8
41 - 45	1	1	3
46 - 50	-	-	1
> 50	<u>3</u>	<u>6</u>	<u>14</u>
Total	100	100	100

- Less than 0.5 percent.

NOTE: Totals may not add to 100 due to rounding.

As shown in the table above, the relative effects of dividends varied widely among Alaskan households. For 61 percent of Alaskans, 1982 Permanent Fund Dividend income represented less than a 10 percent increase in their families' after-tax incomes. For another 26 percent, the dividends represented an increase in after-tax income of between 10 and 25 percent. For the remaining 13 percent of Alaskans, the dividends represented more than a 25 percent increase in family income.

The contribution of dividends to family income was relatively greater in rural Alaska, and especially so for rural Alaska Natives. Our estimates suggest that dividends represented in 1982 more than a 25 percent increase in family income for 41 percent of rural Alaska Natives.

In sum, the 1982 dividends represented a substantial increase in family income for many Alaskans, especially in rural areas. However, for a majority of Alaskans, the dividends represented a relatively small increase in family income, especially after federal income taxes were paid. Since the 1983 dividends were about one-third the size of the 1982 dividends, their contribution to after-tax income was also smaller.

## How Alaskans Used Their Dividend Income

In each household surveyed, we spoke with the adult who knew the most about the use of the household's dividend checks and asked a series of questions about how much dividend income household members had used for the following categories:

- Special purchases
- Savings
- Debt reduction
- Day-to-day purchases
- Taxes

We asked separate questions about the uses of adults' and children's dividends and the uses of 1982 and 1983 dividends. Many interesting questions went unasked because the amount of time available in a telephone interview is limited.

As in any survey, respondents may not recall their households' purchases correctly. They may also avoid mentioning undesirable or illegal uses of income (none of our survey respondents mentioned any such uses). Similarly, many respondents may under- or overstate their total expenditures or have difficulty attributing purchases to special sources of income. To compensate for these limitations, we employed standard survey research techniques to internally check for the consistency of responses and referenced our survey responses to other secondary sources of information. We prepared several estimates of overall uses of dividend income based on different sets of assumptions about how to adjust for any overstated or understated uses.

Based on the survey results, between 5 and 15 percent of dividend income was used for special purchases, about one-fifth of which were airline tickets. Respondents mentioned a wide variety of other special purchases, among the most common of which were cars, furniture, houses, home additions, televisions, appliances, bicycles, snow-machines, and three-wheelers.

Between 15 and 25 percent of dividend income was saved, and about 5 percent was used to reduce debt. About 20 percent went to taxes. The remainder of dividend income--between 35 and 55 percent--was used for day-to-day purchases such as food, heat, clothing, and rent.

Lower-income and rural households used relatively less of their dividend income for taxes or savings and relatively more for debt reduction and special purchases.

Parents decided how their children's dividends would be used in over one-half of all households while children alone made the decisions in less than one-tenth. In the remainder of households, the decisions were made collectively. The greater the children's say in the use of the dividends, the greater the share of the

dividends which was spent, while the greater the parents' say, the greater the share which was saved or used to reduce debt.

In order to summarize the effects of the dividends, we asked each respondent the following question: "Overall, how would you say your household's spending, saving, and debt was changed by your dividend checks?" We categorized the answers in terms of the most significant effect which was mentioned. The following table summarizes the answers for the 1982 adults' and children's dividends, broken down by household income group. There were clear differences in the effects of dividends between income groups. The lower the income group, the greater the share of households which cited "reduced debt," "help with regular expenses," and "help with special purchases" as the most significant effects of dividends and the lower the share of households which cited "savings" or "little or no effect." Less than one-third of the lowest-income households thought that dividends had "little or no effect," compared to over half of the highest income households. The effects of adults' and children's dividends were also viewed differently: "reduced debt" and "help with regular expenses" were mentioned less frequently as effects of children's dividends while "increased savings" was mentioned more frequently.

MOST SIGNIFICANT OVERALL EFFECTS OF PERMANENT FUND  
DIVIDEND INCOME, AS SUMMARIZED BY SURVEY RESPONDENTS,  
BY HOUSEHOLD AND INCOME GROUP  
(Percent of Households)

Most Significant Overall Effect	1982 Adults' Dividends				1982 Children's Dividends			
	Under \$26,000	\$26,000- \$40,000	\$41,000- \$60,000	More Than \$60,000	Under \$26,000	\$26,000- \$40,000	\$41,000- \$60,000	More Than \$60,000
Reduced Debt	18.3	13.8	11.9	4.9	10.7	5.5	1.9	1.7
Increased Savings	9.1	19.3	25.0	15.8	20.1	24.5	28.9	21.7
Help with Regular Expenses	22.1	11.9	14.6	11.9	19.1	9.0	8.6	2.9
Special Purchases	10.8	9.8	4.9	5.1	7.2	5.5	9.4	1.7
Little or No Effect	27.9	36.3	33.5	49.3	31.7	41.1	38.7	52.6
Unaccounted for or No Answer Given	<u>11.8</u>	<u>8.9</u>	<u>10.1</u>	<u>13.0</u>	<u>11.2</u>	<u>14.4</u>	<u>12.5</u>	<u>19.4</u>
TOTAL	100	100	100	100	100	100	100	100

We examined dividend use in rural areas by comparing sales in twelve rural stores to dividend distributions using regression analysis. For eleven of these stores, we found that dividends significantly affected sales in at least some departments. In nine of the stores, total monthly sales increased by between \$83 and \$373 for every thousand dollars of dividends distributed locally during the month. Departments in which the effects on sales were greatest included groceries, soft goods, and hardware. Generally, the 1982 dividends had a greater direct effect on sales per dollar distributed than did the 1983 dividends. These results suggest that a large share of dividend income in rural areas was used to make purchases locally. They also serve to substantiate survey responses on how dividends were used in rural areas.

#### Economic Effects of the Dividend Program

This part of the study was divided into three sections which analyzed (1) the past and projected economic effects of the current dividend distribution program, (2) the relative economic effects of the program in comparison to other uses of an equivalent amount of Permanent Fund earnings, and (3) the economic effects of variations in the timing of the use of Permanent Fund earnings for dividends or other purposes.

The economic impact of the dividend program results primarily from the personal consumption spending it generates. Alaskans perceive dividend income to be some combination of permanent, transitory, and windfall income; and, consequently, less of it is spent than ordinary income. This is less so for lower-income Alaskans who consume most of their current income, including dividend income.

The dividends have been one of the most important sources of growth in disposable (after-tax) personal income in Alaska since the current economic boom began in 1980. The dividends directly accounted for 17 percent of the increase in disposable income for the years 1981-1983. Because of lags in both the distribution of dividends and personal expenditures, the spending of this income created 3 thousand jobs in 1982 and 5 thousand jobs in 1983. People moving to Alaska to fill these new jobs increased the state's population by 2 thousand in 1982 and another 2 thousand in 1983, resulting in higher government expenditures. In addition, the new jobs further increased disposable income by 9 percent in 1982 and by 23 percent in 1983.

The dividend program has not had any discernible effects on inflation. Few, if any, people have left the labor force as a result of dividend income. There is no evidence of substantial migration to Alaska by people hoping to receive dividends; at most, some people may have postponed their departure from Alaska in order to receive dividends. The secondary effects of dividends were felt

most in the support industries of trade, services, and finance which are concentrated in the urban parts of the state. Private holdings of wealth increased modestly and tended to be concentrated among the higher-income groups. The availability of funds resulted in a small amount of capital investment for business purposes.

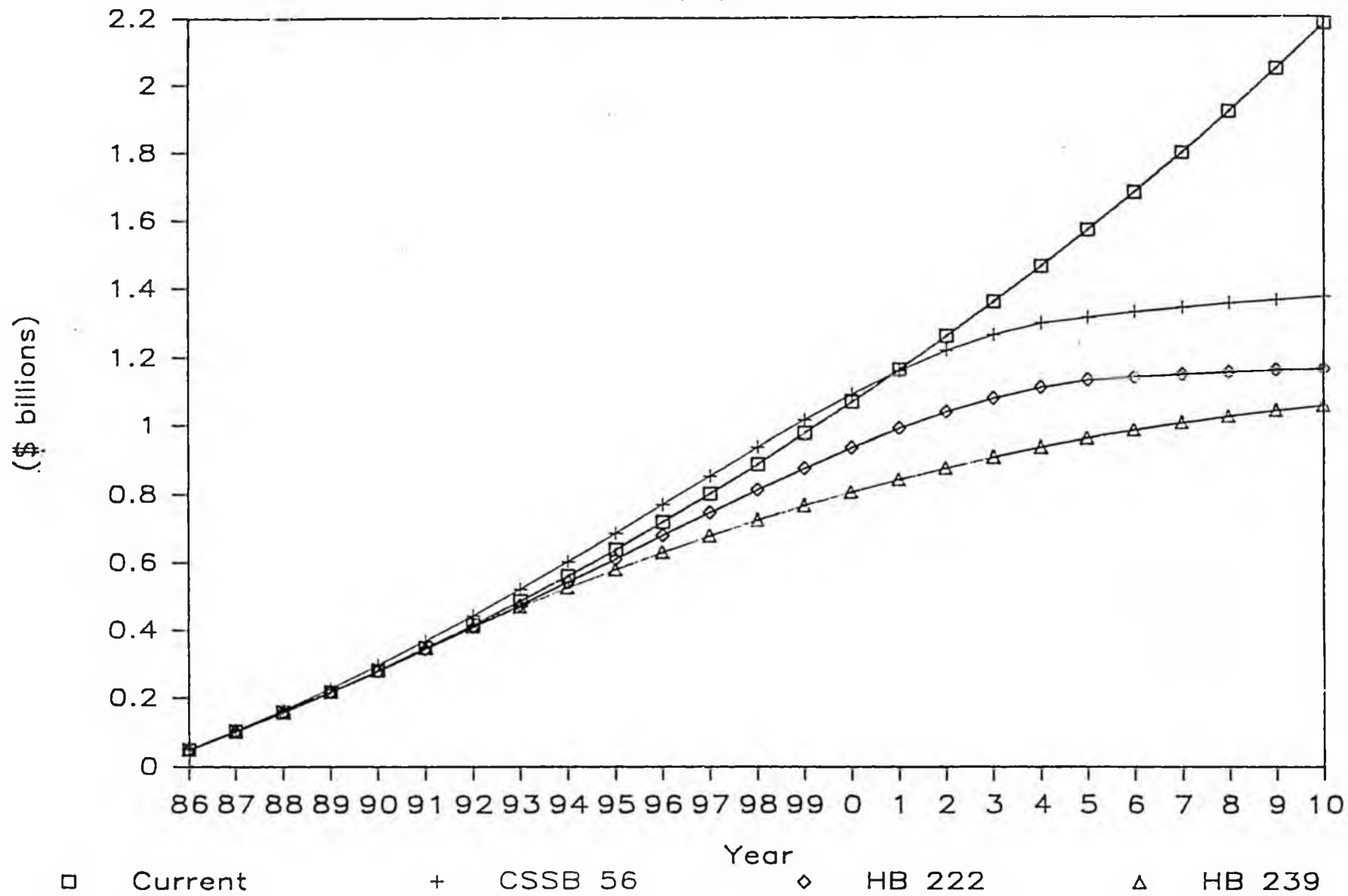
Compared to the expenditure of an equivalent amount of public funds for other purposes, including government operations, capital projects, subsidies, local transfers, or nonpetroleum tax reductions, the dividends produce the largest increase in before- and after-tax income, employment, and population. Employment growth from dividends is in the support sector while government expenditures produce more jobs in government or construction-related industries. Our results are generalized for each sector as a whole. Particular government programs may have characteristics considerably different from the average, particularly for subsidies.

Because nearly all state revenues come from the production of finite petroleum reserves, total public spending--whether in the form of dividends or alternatives--is nonsustainable at its current level. Several long-term policies involving (1) different mixes of public and private uses of Permanent Fund earnings and (2) different mixes of current and future spending of Permanent Fund earnings were examined using simulation analysis. No alternatives are able to arrest the decline in public revenues, and none significantly alter the projected structural shift in the economy away from growth dominated by the public sector.

Permanent Fund earnings spent as dividends produce more employment, personal income, and expand the private economy more than public expenditure of the same funds but, as with all other spending alternatives, contribute to the future decline in the level of government services. If current public spending patterns--including paying dividends--continue, significant and continuing reductions in government expenditures will become inevitable in about 1993, cutting per capita real public spending to half its current level by the turn of the century. Saving of Permanent Fund earnings has the least effect on the economy in the present but increases future opportunities for public or private spending by enlarging state fund balances in the future--augmenting future public revenues projected to be much smaller than those of today. Thus, the use of Permanent Fund earnings involves a choice between public versus private and current versus future spending.

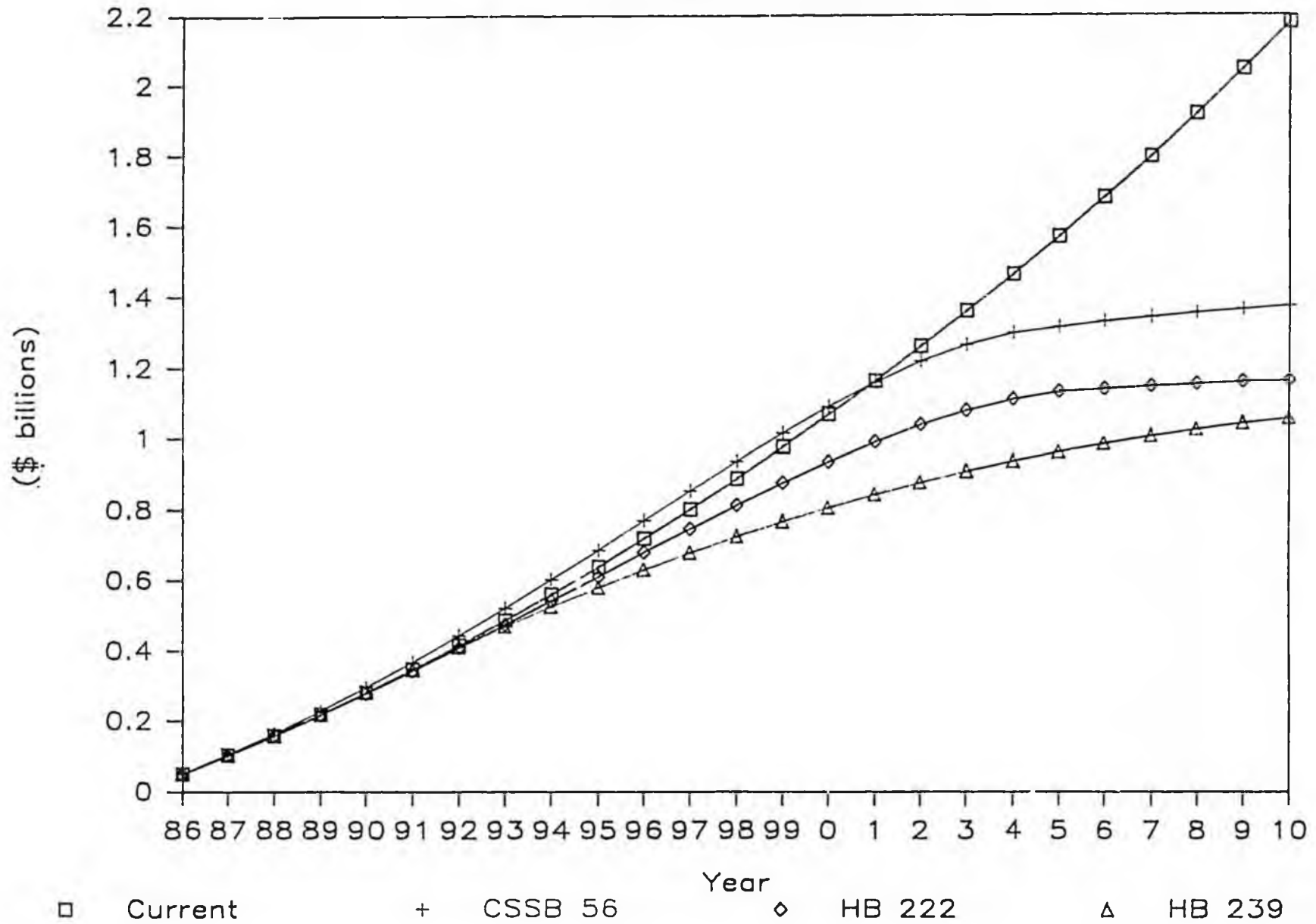
# LONGEVITY BONUS COST ANALYSIS

Cumulative Cost



# LONGEVITY BONUS COST ANALYSIS

Cumulative Cost



LONGEVITY BONUS COST ANALYSIS

Current Program

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	250	10.3	53.3	103.5
1988	13,660	250	41.0		65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9		65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9		65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8		65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8		65	11,906	250	35.7	68.5	416.3
1993	10,273	250	30.8		65	13,588	250	40.8	71.6	487.9
1994	9,606	250	28.8		65	15,193	250	45.6	74.4	562.3
1995	8,945	250	26.8		65	16,946	250	50.8	77.7	640.0
1996	8,291	250	24.9		65	18,572	250	55.7	80.6	720.6
1997	7,644	250	22.9		65	20,048	250	60.1	83.1	803.7
1998	7,012	250	21.0		65	21,645	250	64.9	86.0	889.6
1999	6,396	250	19.2		65	23,160	250	69.5	88.7	978.3
2000	5,799	250	17.4		65	24,712	250	74.1	91.5	1,069.8
2001	5,225	250	15.7		65	26,234	250	78.7	94.4	1,164.2
2002	4,676	250	14.0		65	27,764	250	83.3	97.3	1,261.5
2003	4,156	250	12.5		65	29,292	250	87.9	100.3	1,361.9
2004	3,666	250	11.0		65	30,817	250	92.5	103.4	1,465.3
2005	3,210	250	9.6		65	32,511	250	97.5	107.2	1,572.5
2006	2,788	250	8.4		65	34,342	250	103.0	111.4	1,683.9
2007	2,402	250	7.2		65	36,087	250	108.3	115.5	1,799.3
2008	2,050	250	6.2		65	38,259	250	114.8	120.9	1,920.3
2009	1,778	250	5.3		65	40,416	250	121.2	126.6	2,046.8
2010	1,449	250	4.3		65	42,563	250	127.7	132.0	2,178.9

Prepared by the House Research Agency

04-Mar-85

LONGEVITY BONUS COST ANALYSIS

CSSB 56 and HB 210

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	258	44.3		65	3,419	253	10.4	54.7	104.9
1988	13,660	265	43.5		65	5,109	255	15.6	59.1	164.0
1989	12,974	273	42.5		65	6,854	256	21.1	63.6	227.6
1990	12,293	281	41.5		65	8,620	256	26.5	68.0	295.6
1991	11,616	290	40.4		65	10,292	256	31.6	72.0	367.6
1992	10,943	299	39.2		65	11,906	254	36.2	75.4	443.0
1993	10,273	307	37.9		65	13,588	250	40.8	78.7	521.7
1994	9,606	317	36.5		65	15,193	245	44.6	81.1	602.8
1995	8,945	326	35.0		65	16,946	238	48.3	83.3	686.1
1996	8,291	336	33.4		65	18,572	228	50.9	84.3	770.4
1997	7,644	346	31.7		65	20,048	216	52.1	83.8	854.3
1998	7,012	356	30.0		65	21,645	202	52.5	82.5	936.7
1999	6,396	367	28.2		65	23,160	184	51.3	79.4	1,016.2
2000	5,799	378	26.3		65	24,712	163	48.5	74.8	1,091.0
2001	5,225	389	24.4		65	26,234	139	43.7	68.1	1,159.1
2002	4,676	401	22.5		65	27,764	110	36.6	59.1	1,218.2
2003	4,156	413	20.6		65	29,292	77	26.9	47.5	1,265.7
2004	3,666	426	18.7		65	30,817	38	14.1	32.9	1,298.6
2005	3,210	438	16.9		65	32,511	0	0.0	16.9	1,315.5
2006	2,788	452	15.1		65	34,342	0	0.0	15.1	1,330.6
2007	2,402	465	13.4		65	36,087	0	0.0	13.4	1,344.0
2008	2,050	479	11.8		65	38,259	0	0.0	11.8	1,355.8
2009	1,778	493	10.5		65	40,416	0	0.0	10.5	1,366.3
2010	1,449	508	8.8		65	42,563	0	0.0	8.8	1,375.1

LONGEVITY BONUS COST ANALYSIS

HB 222 (Lairson's Bill -  
Mandatory)

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	248	10.2	53.2	103.4
1988	13,660	250	41.0		65	5,109	245	15.0	56.0	159.4
1989	12,974	250	38.9		65	6,854	241	19.9	58.8	218.2
1990	12,293	250	36.9		65	8,620	237	24.6	61.4	279.6
1991	11,616	250	34.8		65	10,292	233	28.8	63.6	343.3
1992	10,943	250	32.8		65	11,906	228	32.5	65.3	408.6
1993	10,273	250	30.8		65	13,588	221	36.1	66.9	475.5
1994	9,606	250	28.8		65	15,193	214	39.0	67.8	543.3
1995	8,945	250	26.8		65	16,946	206	41.8	68.7	612.0
1996	8,291	250	24.9		65	18,572	196	43.7	68.6	680.6
1997	7,644	250	22.9		65	20,048	185	44.6	67.5	748.1
1998	7,012	250	21.0		65	21,645	173	44.9	65.9	814.0
1999	6,396	250	19.2		65	23,160	159	44.1	63.3	877.3
2000	5,799	250	17.4		65	24,712	143	42.3	59.7	937.0
2001	5,225	250	15.7		65	26,234	125	39.2	54.9	991.9
2002	4,676	250	14.0		65	27,764	104	34.8	48.8	1,040.7
2003	4,156	250	12.5		65	29,292	82	28.7	41.2	1,081.9
2004	3,666	250	11.0		65	30,817	56	20.8	31.8	1,113.7
2005	3,210	250	9.6		65	32,511	28	10.9	20.5	1,134.2
2006	2,788	250	8.4		65	34,342	0	0.0	8.4	1,142.6
2007	2,402	250	7.2		65	36,087	0	0.0	7.2	1,149.8
2008	2,050	250	6.2		65	38,259	0	0.0	6.2	1,155.9
2009	1,778	250	5.3		65	40,416	0	0.0	5.3	1,161.3
2010	1,449	250	4.3		65	42,563	0	0.0	4.3	1,165.6

LONGEVITY BONUS COST ANALYSIS

Begin Stairstep: FY 92  
 Step Increment: 1  
 Age Cap: None

HB 239

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	250	10.3	63.3	103.5
1988	13,660	250	41.0		65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9		65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9		65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8		65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8		66	9,982	250	29.9	62.8	410.6
1993	10,273	250	30.8		67	9,665	250	29.0	59.8	470.4
1994	9,606	250	28.8		68	9,346	250	28.0	56.9	527.2
1995	8,945	250	26.8		69	9,029	250	27.1	53.9	581.2
1996	8,291	250	24.9		70	8,710	250	26.1	51.0	632.2
1997	7,644	250	22.9		71	8,388	250	25.2	48.1	680.3
1998	7,012	250	21.0		72	8,059	250	24.2	45.2	725.5
1999	6,396	250	19.2		73	7,720	250	23.2	42.3	767.8
2000	5,799	250	17.4		74	7,370	250	22.1	39.5	807.3
2001	5,225	250	15.7		75	7,008	250	21.0	36.7	844.0
2002	4,676	250	14.0		76	6,637	250	19.9	33.9	878.0
2003	4,156	250	12.5		77	6,255	250	18.8	31.2	909.2
2004	3,666	250	11.0		78	5,864	250	17.6	28.6	937.8
2005	3,210	250	9.6		79	5,466	250	16.4	26.0	963.8
2006	2,788	250	8.4		80	5,063	250	15.2	23.6	987.4
2007	2,402	250	7.2		81	4,657	250	14.0	21.2	1,008.5
2008	2,050	250	6.2		82	4,254	250	12.8	18.9	1,027.5
2009	1,778	250	5.3		83	3,857	250	11.6	16.9	1,044.4
2010	1,449	250	4.3		84	3,473	250	10.4	14.8	1,059.1

ALB CASES WITH ZERO FRONT LOADING AND ZERO ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL*	CURRENT LAW
1986	\$250.00	\$ .00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$250.00	\$4.37	\$245.63	17,768	14,349	3,419	17,768	-0-	\$53.1	\$53.3	\$53.3
1988	\$250.00	\$9.70	\$240.30	18,769	13,660	5,109	18,769	-0-	\$55.7	\$56.3	\$56.3
1989	\$250.00	\$16.03	\$233.97	19,828	12,974	6,854	19,828	-0-	\$58.2	\$59.5	\$59.5
1990	\$250.00	\$23.55	\$226.45	20,913	12,293	8,620	20,913	-0-	\$60.3	\$62.7	\$62.7
1991	\$250.00	\$32.50	\$217.50	21,908	11,616	10,292	21,908	-0-	\$61.7	\$65.7	\$65.7
1992	\$250.00	\$43.06	\$206.94	22,849	10,943	11,906	20,839	2,010	\$62.4	\$62.5	\$68.5
1993	\$250.00	\$55.44	\$194.56	23,861	10,273	13,588	19,890	3,971	\$62.5	\$59.7	\$71.6
1994	\$250.00	\$69.89	\$180.11	24,799	9,606	15,193	18,823	5,976	\$61.7	\$56.5	\$74.4
1995	\$250.00	\$86.72	\$163.28	25,891	8,945	16,946	17,940	7,951	\$60.0	\$53.8	\$77.7
1996	\$250.00	\$106.27	\$143.73	26,863	8,291	18,572	16,073	9,990	\$56.9	\$50.6	\$80.6
1997	\$250.00	\$128.70	\$121.30	27,692	7,644	20,048	15,819	11,073	\$52.1	\$47.5	\$83.1
1998	\$250.00	\$154.42	\$95.58	28,657	7,012	21,645	14,934	13,723	\$45.9	\$44.8	\$86.0
1999	\$250.00	\$183.86	\$66.14	29,556	6,396	23,160	13,969	15,587	\$37.0	\$41.9	\$88.7
2000	\$250.00	\$217.46	\$32.54	30,511	5,799	24,712	13,031	17,480	\$27.0	\$39.1	\$91.5
2001	\$250.00	\$255.10	\$ .00	31,459	5,225	26,234	12,098	19,361	\$15.7	\$36.3	\$94.4
2002	\$250.00	\$298.96	\$ .00	32,441	4,676	27,764	11,193	21,247	\$14.0	\$33.6	\$97.3
2003	\$250.00	\$347.74	\$ .00	33,448	4,156	29,292	10,306	23,142	\$12.5	\$30.9	\$100.3
2004	\$250.00	\$402.63	\$ .00	34,483	3,666	30,817	9,438	25,045	\$11.0	\$28.3	\$103.4
2005	\$250.00	\$464.27	\$ .00	35,721	3,210	32,511	8,639	27,082	\$9.6	\$25.9	\$107.2
2006	\$250.00	\$533.39	\$ .00	37,130	2,788	34,342	7,850	29,280	\$8.4	\$23.5	\$111.4
2007	\$250.00	\$610.77	\$ .00	38,489	2,402	35,087	7,043	31,446	\$7.2	\$21.1	\$115.5
2008	\$250.00	\$697.21	\$ .00	40,309	2,050	38,259	6,359	33,950	\$6.2	\$19.1	\$120.9
2009	\$250.00	\$793.66	\$ .00	42,194	1,778	40,416	5,640	36,554	\$5.3	\$16.9	\$126.6
2010	\$250.00	\$901.13	\$ .00	44,012	1,449	42,563	4,950	39,062	\$4.3	\$14.9	\$132.0
2011	\$250.00	\$1,020.72	\$ .00	45,000	1,213	43,787	4,243	40,757	\$3.6	\$12.7	\$135.0
2012	\$250.00		\$ .00	45,000	1,003	43,997	3,669	41,331	\$3.0	\$11.0	\$135.0
2013	\$250.00		\$ .00	45,000	619	44,181	3,161	41,839	\$2.5	\$9.5	\$135.0
2014	\$250.00		\$ .00	45,000	658	44,342	2,698	42,302	\$2.0	\$8.1	\$135.0
2015	\$250.00		\$ .00	45,000	521	44,479	2,340	42,660	\$1.6	\$7.0	\$135.0
2016	\$250.00		\$ .00	45,000	405	44,595	1,907	43,093	\$1.2	\$5.7	\$135.0
2017	\$250.00		\$ .00	45,000	309	44,691	1,596	43,404	\$ .9	\$4.8	\$135.0
2018	\$250.00		\$ .00	45,000	231	44,769	1,320	43,680	\$ .7	\$4.0	\$135.0
2019	\$250.00	continues	\$ .00	45,000	169	44,831	1,070	43,922	\$ .5	\$3.2	\$135.0
2020	\$250.00	continues	\$ .00	45,000	114	44,886	866	44,134	\$ .3	\$2.6	\$135.0
2021	\$250.00	to	\$ .00	45,000	76	44,924	686	44,314	\$ .2	\$2.1	\$135.0
2022	\$250.00	increase	\$ .00	45,000	40	44,952	533	44,467	\$ .1	\$1.6	\$135.0
2023	\$250.00		\$ .00	45,000	31	44,969	407	44,593	\$ .1	\$1.2	\$135.0
2024	\$250.00		\$ .00	45,000	18	44,982	304	44,696	\$ .1	\$ .9	\$135.0
2025	\$250.00		\$ .00	45,000	10	44,990	222	44,778	\$ .0	\$ .7	\$135.0
2026	\$250.00		\$ .00	45,000	5	44,995	150	44,850	\$ .0	\$ .4	\$135.0
2027	\$250.00		\$ .00	45,000	3	44,997	100	44,900	\$ .0	\$ .3	\$135.0
2028	\$250.00		\$ .00	45,000	1	44,999	63	44,937	\$ .0	\$ .2	\$135.0
2029	\$250.00		\$ .00	45,000		45,000	41	44,959	\$ .0	\$ .1	\$135.0
2030	\$250.00		\$ .00	45,000		45,000	24	44,976	\$ .0	\$ .1	\$135.0
2031	\$250.00		\$ .00	45,000		45,000	13	44,987	\$ .0	\$ .0	\$135.0
2032	\$250.00		\$ .00	45,000		45,000	7	44,993	\$ .0	\$ .0	\$135.0
2033	\$250.00		\$ .00	45,000		45,000	4	44,996	\$ .0	\$ .0	\$135.0
2034	\$250.00		\$ .00	45,000		45,000	1	44,999	\$ .0	\$ .0	\$135.0

FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989	\$ .0	\$ .0	\$ .0
	CONSTANT 1985 DOLLARS, 1987-1989	\$ .0	\$ .0	\$ .0
	PRESENT VALUE IN 1985	\$ .0	\$ .0	\$ .0
TOTAL COSTS	NOMINAL DOLLARS	\$916.5	\$1,131.0	\$5,418.9
	CONSTANT 1985 DOLLARS	\$566.1	\$625.0	\$1,391.1
	PRESENT VALUE IN 1985	\$464.1	\$496.9	\$879.8

NOTES:

\* Persons 65 before 1992 are grandfathered.

ALB CASLS WITH THREE YEAR FRONT LOADING AND ZERO ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL**	CURRENT LAW
1986	\$250.00	\$ .00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$250.00	\$11.92	\$238.08	17,768	14,349	3,419	17,768	-0-	\$52.8*	\$53.3	\$53.3
1988	\$250.00	\$24.86	\$225.14	18,769	13,660	5,109	18,769	-0-	\$54.8*	\$56.3	\$56.3
1989	\$250.00	\$39.05	\$210.95	19,020	12,974	6,854	19,020	-0-	\$57.3*	\$59.5	\$59.5
1990	\$250.00	\$46.94	\$203.06	20,913	12,293	8,620	20,913	-0-	\$59.9	\$62.7	\$62.7
1991	\$250.00	\$56.27	\$193.73	21,908	11,616	10,292	21,908	-0-	\$50.	\$65.7	\$65.7
1992	\$250.00	\$67.31	\$182.79	22,849	10,943	11,906	20,839	2,010	\$58.9	\$62.5	\$68.5
1993	\$250.00	\$79.93	\$170.07	23,861	10,273	13,588	19,090	3,971	\$58.5	\$59.7	\$71.6
1994	\$250.00	\$94.67	\$155.33	24,799	9,606	15,193	18,823	5,976	\$57.1	\$56.5	\$74.4
1995	\$250.00	\$111.73	\$138.27	25,891	8,945	16,946	17,940	7,951	\$55.0	\$53.8	\$77.7
1996	\$250.00	\$131.53	\$118.47	26,863	8,291	18,572	16,873	9,990	\$51.3	\$50.6	\$80.6
1997	\$250.00	\$154.20	\$95.80	27,692	7,644	20,048	15,819	11,873	\$46.0	\$47.5	\$83.1
1998	\$250.00	\$180.13	\$69.87	28,657	7,012	21,645	14,934	13,723	\$39.2	\$44.8	\$86.0
1999	\$250.00	\$209.76	\$40.24	29,556	6,396	23,160	13,969	15,587	\$30.4	\$41.9	\$88.7
2000	\$250.00	\$243.52	\$6.48	30,511	5,799	24,712	13,031	17,480	\$19.3	\$39.1	\$91.5
2001	\$250.00	\$281.92	\$ .00	31,459	5,225	26,234	12,098	19,361	\$15.7	\$36.3	\$94.4
2002	\$250.00	\$325.34	\$ .00	32,440	4,676	27,764	11,193	21,247	\$14.0	\$33.6	\$97.3
2003	\$250.00	\$374.26	\$ .00	33,448	4,156	29,292	10,306	23,142	\$12.5	\$30.9	\$100.3
2004	\$250.00	\$429.25	\$ .00	34,483	3,666	30,817	9,438	25,045	\$11.0	\$28.3	\$103.4
2005	\$250.00	\$490.97	\$ .00	35,721	3,210	32,511	8,639	27,082	\$9.6	\$25.9	\$107.2
2006	\$250.00	\$560.18	\$ .00	37,130	2,788	34,342	7,850	29,280	\$8.4	\$23.5	\$111.4
2007	\$250.00	\$637.63	\$ .00	38,489	2,402	36,087	7,043	31,446	\$7.2	\$21.1	\$115.5
2008	\$250.00	\$724.15	\$ .00	40,309	2,050	38,259	6,359	33,950	\$6.2	\$19.1	\$120.9
2009	\$250.00	\$820.68	\$ .00	42,194	1,778	40,416	5,640	36,554	\$5.3	\$16.9	\$126.6
2010	\$250.00	\$928.22	\$ .00	44,012	1,449	42,563	4,950	39,062	\$4.3	\$14.9	\$132.0
2011	\$250.00	\$1,047.88	\$ .00	45,000	1,213	43,787	4,243	40,757	\$3.6	\$12.7	\$135.0
2012	\$250.00		\$ .00	45,000	1,003	43,997	3,669	41,331	\$3.0	\$11.0	\$135.0
2013	\$250.00		\$ .00	45,000	819	44,181	3,161	41,039	\$2.5	\$9.5	\$135.0
2014	\$250.00		\$ .00	45,000	650	44,342	2,698	42,302	\$2.0	\$8.1	\$135.0
2015	\$250.00		\$ .00	45,000	521	44,479	2,340	42,668	\$1.6	\$7.0	\$135.0
2016	\$250.00		\$ .00	45,000	405	44,595	1,907	43,093	\$1.2	\$5.7	\$135.0
2017	\$250.00		\$ .00	45,000	309	44,691	1,596	43,404	\$ .9	\$4.8	\$135.0
2018	\$250.00		\$ .00	45,000	231	44,769	1,320	43,680	\$ .7	\$4.0	\$135.0
2019	\$250.00		\$ .00	45,000	169	44,831	1,078	43,922	\$ .5	\$3.2	\$135.0
2020	\$250.00	continues	\$ .00	45,000	114	44,886	866	44,134	\$ .3	\$2.6	\$135.0
2021	\$250.00	to	\$ .00	45,000	76	44,924	686	44,314	\$ .2	\$2.1	\$135.0
2022	\$250.00	increase	\$ .00	45,000	48	44,952	533	44,467	\$ .1	\$1.6	\$135.0
2023	\$250.00		\$ .00	45,000	31	44,969	407	44,593	\$ .1	\$1.2	\$135.0
2024	\$250.00		\$ .00	45,000	18	44,982	304	44,696	\$ .1	\$ .9	\$135.0
2025	\$250.00		\$ .00	45,000	10	44,990	222	44,778	\$ .0	\$ .7	\$135.0
2026	\$250.00		\$ .00	45,000	5	44,995	150	44,850	\$ .0	\$ .4	\$135.0
2027	\$250.00		\$ .00	45,000	3	44,997	100	44,900	\$ .0	\$ .3	\$135.0
2028	\$250.00		\$ .00	45,000	1	44,999	63	44,937	\$ .0	\$ .2	\$135.0
2029	\$250.00		\$ .00	45,000		45,000	41	44,959	\$ .0	\$ .1	\$135.0
2030	\$250.00		\$ .00	45,000		45,000	24	44,976	\$ .0	\$ .1	\$135.0
2031	\$250.00		\$ .00	45,000		45,000	13	44,987	\$ .0	\$ .0	\$135.0
2032	\$250.00		\$ .00	45,000		45,000	7	44,993	\$ .0	\$ .0	\$135.0
2033	\$250.00		\$ .00	45,000		45,000	4	44,996	\$ .0	\$ .0	\$135.0
2034	\$250.00		\$ .00	45,000		45,000	1	44,999	\$ .0	\$ .0	\$135.0

NOTES:

\* Plus annual "front loading" costs of \$25.2 in '87, \$26.5 in '88, and \$27.7 in '89.

\*\* Persons 65 before 1992 are grandfathered.

FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989		
	CONSTANT 1985 DOLLARS, 1987-1989	\$79.4	\$ .0
	PRESENT VALUE IN 1985	\$66.6	\$ .0
		\$61.3	\$ .0
TOTAL COSTS	NOMINAL DOLLARS	\$937.0	\$1,131.0
	CONSTANT 1985 DOLLARS	\$600.4	\$625.0
	PRESENT VALUE IN 1985	\$500.8	\$496.9
			\$5,418.9
			\$1,391.1
			\$879.8

ALB CASES WITH ZERO FRONT LOADING AND THREE PERCENT ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----					---PROGRAM COSTS (MILLIONS)---		
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL* with escalator	CURRENT LAW
1986	\$250.00	\$ .00	\$250.00	16,744	15,039	1,705	6,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$257.50	\$4.37	\$253.13	17,768	14,349	3,419	17,768	-0-	\$54.7	\$54.9	\$54.9
1988	\$265.23	\$9.70	\$255.53	18,769	13,660	5,109	18,769	-0-	\$59.1	\$59.7	\$59.7
1989	\$273.18	\$16.03	\$257.15	19,828	12,974	6,854	19,828	-0-	\$63.7	\$65.0	\$65.0
1990	\$281.38	\$23.55	\$257.83	20,913	12,293	8,620	20,913	-0-	\$68.2	\$70.6	\$70.6
1991	\$289.82	\$32.50	\$257.32	21,908	11,616	10,292	21,908	-0-	\$72.2	\$76.2	\$76.2
1992	\$298.51	\$43.06	\$255.45	22,849	10,943	11,906	20,839	2,010	\$75.7	\$74.6	\$81.8
1993	\$307.47	\$55.44	\$252.03	23,861	10,273	13,588	19,890	3,971	\$79.0	\$73.4	\$88.0
1994	\$316.69	\$69.89	\$246.80	24,799	9,606	15,193	18,823	5,976	\$81.5	\$71.5	\$94.2
1995	\$326.19	\$86.72	\$239.47	25,891	8,945	16,946	17,940	7,951	\$83.7	\$70.2	\$101.3
1996	\$335.98	\$106.27	\$229.71	26,863	8,291	18,572	16,873	9,990	\$84.6	\$68.0	\$108.3
1997	\$346.06	\$128.70	\$217.36	27,692	7,644	20,048	15,819	11,873	\$84.0	\$65.7	\$115.0
1998	\$356.44	\$154.42	\$202.02	28,657	7,012	21,645	14,934	13,723	\$82.5	\$63.9	\$122.6
1999	\$367.13	\$183.86	\$183.27	29,556	6,396	23,160	13,969	15,587	\$79.1	\$61.5	\$130.2
2000	\$378.15	\$217.46	\$160.69	30,511	5,799	24,712	13,031	17,480	\$74.0	\$59.1	\$138.5
2001	\$389.49	\$255.10	\$134.39	31,459	5,225	26,234	12,098	19,361	\$66.7	\$56.5	\$147.0
2002	\$401.18	\$298.96	\$102.22	32,440	4,676	27,764	11,193	21,247	\$56.6	\$53.9	\$156.2
2003	\$413.21	\$347.74	\$65.47	33,448	4,156	29,292	10,306	23,142	\$43.6	\$51.1	\$165.9
2004	\$425.61	\$402.63	\$22.98	34,403	3,666	30,817	9,430	25,045	\$27.2	\$48.2	\$176.1
2005	\$430.38	\$464.27	\$ .00	35,721	3,210	32,511	8,639	27,002	\$16.9	\$45.4	\$187.9
2006	\$451.53	\$533.39	\$ .00	37,130	2,788	34,342	7,850	29,280	\$15.1	\$42.5	\$201.2
2007	\$465.07	\$610.77	\$ .00	38,489	2,402	36,087	7,043	31,446	\$13.4	\$39.3	\$214.8
2008	\$479.03	\$697.21	\$ .00	40,309	2,050	38,259	6,359	33,950	\$11.0	\$36.6	\$231.7
2009	\$493.40	\$793.66	\$ .00	42,194	1,778	40,416	5,640	36,554	\$10.5	\$33.4	\$249.8
2010	\$508.20	\$901.13	\$ .00	44,012	1,449	42,563	4,950	39,062	\$8.8	\$30.2	\$268.4
2011	\$523.44	\$1,020.72	\$ .00	45,000	1,213	43,787	4,243	40,757	\$7.6	\$26.7	\$282.7
2012	\$539.15		\$ .00	45,000	1,003	43,997	3,669	41,331	\$6.5	\$23.7	\$291.1
2013	\$555.32		\$ .00	45,000	819	44,181	3,161	41,839	\$5.5	\$21.1	\$299.9
2014	\$571.98		\$ .00	45,000	658	44,342	2,698	42,302	\$4.5	\$18.5	\$308.9
2015	\$589.14		\$ .00	45,000	521	44,479	2,340	42,660	\$3.7	\$16.5	\$318.1
2016	\$606.82		\$ .00	45,000	405	44,595	1,907	43,093	\$2.9	\$13.9	\$327.7
2017	\$625.02		\$ .00	45,000	309	44,691	1,596	43,404	\$2.3	\$12.0	\$337.5
2018	\$643.77		\$ .00	45,000	231	44,769	1,320	43,680	\$1.8	\$10.2	\$347.6
2019	\$663.08		\$ .00	45,000	169	44,831	1,078	43,922	\$1.3	\$8.6	\$358.1
2020	\$682.98	continues	\$ .00	45,000	114	44,886	866	44,134	\$ .9	\$7.1	\$368.8
2021	\$703.47	to	\$ .00	45,000	76	44,924	686	44,314	\$ .6	\$5.8	\$379.9
2022	\$724.57	increase	\$ .00	45,000	48	44,952	533	44,467	\$ .4	\$4.6	\$391.3
2023	\$746.31		\$ .00	45,000	31	44,969	407	44,593	\$ .3	\$3.6	\$403.0
2024	\$768.70		\$ .00	45,000	18	44,982	304	44,696	\$ .2	\$2.8	\$415.1
2025	\$791.76		\$ .00	45,000	10	44,990	222	44,778	\$ .1	\$2.1	\$427.5
2026	\$815.51		\$ .00	45,000	5	44,995	150	44,850	\$ .0	\$1.5	\$440.4
2027	\$839.97		\$ .00	45,000	3	44,997	100	44,900	\$ .0	\$1.0	\$453.6
2028	\$865.17		\$ .00	45,000	1	44,999	63	44,937	\$ .0	\$ .7	\$467.2
2029	\$891.13		\$ .00	45,000		45,000	41	44,959	\$ .0	\$ .4	\$481.2
2030	\$917.06		\$ .00	45,000		45,000	24	44,976	\$ .0	\$ .3	\$495.6
2031	\$945.40		\$ .00	45,000		45,000	13	44,987	\$ .0	\$ .1	\$510.5
2032	\$973.76		\$ .00	45,000		45,000	7	44,993	\$ .0	\$ .1	\$525.8
2033	\$1,002.97		\$ .00	45,000		45,000	4	44,996	\$ .0	\$ .0	\$541.6
2034	\$1,033.06		\$ .00	45,000		45,000	1	44,999	\$ .0	\$ .0	\$557.9

FRONT LOADING PAYMENTS	NOMINAL DOLLARS, 1987-1989	\$ .0	\$ .0	\$ .0
	CONSTANT 1985 DOLLARS, 1987-1989	\$ .0	\$ .0	\$ .0
	PRESENT VALUE IN 1985	\$ .0	\$ .0	\$ .0

NOTES:

\* Persons 65 before 1992 are grandfathered.

TOTAL COSTS	NOMINAL DOLLARS	\$1,401.7	\$1,603.2	\$13,086.7
	CONSTANT 1985 DOLLARS	\$783.7	\$801.9	\$2,501.1
	PRESENT VALUE IN 1985	\$616.9	\$615.7	\$1,392.6

ADD CASES WITH THREE YEAR FRONT LOADING AND THREE PERCENT ESCALATOR

FISCAL YEAR	---MONTHLY PAYMENTS---			-----POPULATIONS-----				---PROGRAM COSTS ( MILLIONS)---			
	TARGET	MAXIMUM POSSIBLE ANNUITY	ALB	65 & OVER	65 BEFORE 1986	65 AFTER 1985	65 BEFORE 1992	65 AFTER 1991	COMM. BILL stairstep in 1986	STAIRSTEP BILL** with escalator	CURRENT LAW with escalator
1986	\$250.00	\$ .00	\$250.00	16,744	15,039	1,705	16,744	-0-	\$50.2	\$50.2	\$50.2
1987	\$257.50	\$11.92	\$245.58	17,760	14,349	3,419	17,760	-0-	\$54.4*	\$54.9	\$54.9
1988	\$265.23	\$24.86	\$240.37	18,769	13,660	5,109	18,769	-0-	\$59.2*	\$59.7	\$59.7
1989	\$273.18	\$39.05	\$231.13	19,828	12,974	6,854	19,828	-0-	\$61.8*	\$65.0	\$65.0
1990	\$281.38	\$46.94	\$234.44	20,913	12,293	8,620	20,913	-0-	\$65.8	\$70.6	\$70.6
1991	\$289.82	\$56.27	\$233.55	21,908	11,616	10,292	21,908	-0-	\$69.2	\$76.2	\$76.2
1992	\$298.51	\$67.21	\$211.30	22,849	10,943	11,906	20,839	2,010	\$72.2	\$76.6	\$81.8
1993	\$307.47	\$79.93	\$227.54	23,061	10,273	13,588	19,890	3,971	\$75.0	\$73.4	\$88.0
1994	\$316.60	\$94.67	\$222.02	24,799	9,606	15,193	18,823	5,976	\$77.0	\$71.5	\$94.2
1995	\$326.19	\$111.73	\$214.46	25,891	8,945	16,946	17,940	7,951	\$78.6	\$70.2	\$101.3
1996	\$335.98	\$131.53	\$204.45	26,863	8,291	18,572	16,873	9,990	\$79.0	\$68.0	\$108.3
1997	\$346.06	\$154.20	\$191.86	27,692	7,644	20,840	15,819	11,873	\$77.9	\$65.7	\$115.0
1998	\$356.44	\$180.13	\$176.31	28,657	7,012	21,645	14,934	13,723	\$75.8	\$63.9	\$122.6
1999	\$367.13	\$209.76	\$157.37	29,556	6,396	23,160	13,969	15,587	\$71.9	\$61.5	\$130.2
2000	\$378.15	\$243.52	\$134.63	30,511	5,799	24,712	13,031	17,480	\$66.2	\$59.1	\$138.5
2001	\$389.49	\$281.92	\$107.57	31,459	5,225	26,234	12,098	19,361	\$58.3	\$56.5	\$147.0
2002	\$401.18	\$325.34	\$75.84	32,440	4,676	27,764	11,193	21,247	\$47.8	\$53.9	\$156.2
2003	\$413.21	\$374.26	\$38.95	33,440	4,156	29,292	10,306	23,142	\$34.3	\$51.1	\$165.9
2004	\$425.61	\$429.25	\$ .00	34,483	3,666	30,817	9,438	25,045	\$18.7	\$48.2	\$176.1
2005	\$438.38	\$490.97	\$ .00	35,721	3,210	32,511	8,639	27,082	\$16.9	\$45.4	\$187.9
2006	\$451.53	\$560.18	\$ .00	37,130	2,788	34,342	7,850	29,280	\$15.1	\$42.5	\$201.2
2007	\$465.07	\$637.63	\$ .00	38,489	2,402	36,087	7,043	31,446	\$13.4	\$39.3	\$214.8
2008	\$479.03	\$724.15	\$ .00	40,309	2,050	38,259	6,359	33,950	\$11.8	\$36.6	\$231.7
2009	\$493.40	\$820.68	\$ .00	42,194	1,778	40,416	5,640	36,554	\$10.5	\$33.4	\$249.8
2010	\$508.20	\$928.22	\$ .00	44,012	1,449	42,563	4,950	39,062	\$8.8	\$30.2	\$268.4
2011	\$523.44	\$1,047.08	\$ .00	45,000	1,213	43,787	4,243	40,757	\$7.6	\$26.7	\$282.7
2012	\$539.15		\$ .00	45,000	1,003	43,997	3,669	41,331	\$6.5	\$23.7	\$291.1
2013	\$555.32		\$ .00	45,000	819	44,181	3,161	41,839	\$5.5	\$21.1	\$299.9
2014	\$571.98		\$ .00	45,000	658	44,342	2,698	42,302	\$4.5	\$18.5	\$308.9
2015	\$589.14		\$ .00	45,000	521	44,479	2,340	42,660	\$3.7	\$16.5	\$318.1
2016	\$606.82		\$ .00	45,000	405	44,595	1,907	43,093	\$2.9	\$13.9	\$327.7
2017	\$625.02		\$ .00	45,000	309	44,691	1,596	43,404	\$2.3	\$12.0	\$337.5
2018	\$643.77		\$ .00	45,000	231	44,769	1,320	43,680	\$1.8	\$10.2	\$347.6
2019	\$663.08		\$ .00	45,000	169	44,831	1,073	43,922	\$1.3	\$8.6	\$358.1
2020	\$682.98	continues	\$ .00	45,000	114	44,886	866	44,134	\$ .9	\$7.1	\$368.8
2021	\$703.47	to	\$ .00	45,000	76	44,924	686	44,314	\$ .6	\$5.8	\$379.9
2022	\$724.57	increase	\$ .00	45,000	48	44,952	533	44,467	\$ .4	\$4.6	\$391.3
2023	\$746.31		\$ .00	45,000	31	44,969	407	44,593	\$ .3	\$3.6	\$403.0
2024	\$768.70		\$ .00	45,000	18	44,982	304	44,696	\$ .2	\$2.8	\$415.1
2025	\$791.76		\$ .00	45,000	10	44,990	222	44,778	\$ .1	\$2.1	\$427.5
2026	\$815.51		\$ .00	45,000	5	44,995	150	44,850	\$ .0	\$1.5	\$440.4
2027	\$839.97		\$ .00	45,000	3	44,997	100	44,900	\$ .0	\$1.0	\$453.6
2028	\$865.17		\$ .00	45,000	1	44,999	63	44,937	\$ .0	\$ .7	\$467.2
2029	\$891.13		\$ .00	45,000		45,000	41	44,959	\$ .0	\$ .4	\$481.2
2030	\$917.86		\$ .00	45,000		45,000	24	44,976	\$ .0	\$ .3	\$495.6
2031	\$945.40		\$ .00	45,000		45,000	13	44,987	\$ .0	\$ .1	\$510.5
2032	\$973.76		\$ .00	45,000		45,000	7	44,993	\$ .0	\$ .1	\$525.8
2033	\$1,002.97		\$ .00	45,000		45,000	4	44,996	\$ .0	\$ .0	\$541.6
2034	\$1,033.06		\$ .00	45,000		45,000	1	44,999	\$ .0	\$ .0	\$557.9

NOTES:

\* Plus annual "front loading" costs of \$25.2 in '87, \$26.5 in '88, and \$27.7 in '89.

\*\* Persons 65 before 1992 are grandfathered.

	NOMINAL DOLLARS, 1987-1989		
FRONT LOADING PAYMENTS	\$79.4	\$ .0	\$ .0
	CONSTANT 1985 DOLLARS, 1987-1989	\$66.6	\$ .0
	PRESENT VALUE IN 1985	\$61.3	\$ .0
TOTAL COSTS	NOMINAL DOLLARS	\$1,387.2	\$1,603.2
	CONSTANT 1985 DOLLARS	\$805.3	\$801.9
	PRESENT VALUE IN 1985	\$645.8	\$615.7
			\$13,086.7
			\$2,501.1
			\$1,392.6

COMPARISON OF ALB ALTERNATIVES

FISCAL YEAR	MONTHLY PAYMENTS						ANNUAL COSTS (millions)			
	ANNUITY BILL			CSSB 56			SPECIAL COMMITTEE ANNUITY BILL*	CSSB-56*	STAIRSTEP BILL**	CURRENT LAW
	ALB TO PERSONS 65 BEFORE 1986	MAXIMUM POSSIBLE ANNUITY	RESIDUAL ALB	ALB TO PERSONS 65 BEFORE 1986	MAXIMUM POSSIBLE ANNUITY	RESIDUAL ALB				
1986	\$250.00	\$ .00	\$250.00	\$250.00	\$ .00	\$250.00	\$50.2	\$50.2	\$50.2	\$50.2
1987	\$257.50	\$11.92	\$245.58	\$257.50	\$11.92	\$245.58	\$79.6	\$79.6	\$53.3	\$53.3
1988	\$265.23	\$24.86	\$240.37	\$265.23	\$24.71	\$240.52	\$84.7	\$84.7	\$56.3	\$56.3
1989	\$273.18	\$39.05	\$234.13	\$273.18	\$38.38	\$234.80	\$89.5	\$89.5	\$59.5	\$59.5
1990	\$281.38	\$46.94	\$234.44	\$281.38	\$45.55	\$235.83	\$65.8	\$65.9	\$62.7	\$62.7
1991	\$289.82	\$56.27	\$233.55	\$289.82	\$53.97	\$235.85	\$69.2	\$69.5	\$65.7	\$65.7
1992	\$298.51	\$67.21	\$231.30	\$298.51	\$63.79	\$234.72	\$72.2	\$72.7	\$62.5	\$68.5
1993	\$307.47	\$79.93	\$227.54	\$307.47	\$75.21	\$232.26	\$75.0	\$75.8	\$59.7	\$71.6
1994	\$316.69	\$94.67	\$222.02	\$316.69	\$88.43	\$228.26	\$77.0	\$78.1	\$56.5	\$74.4
1995	\$326.19	\$111.73	\$214.46	\$326.19	\$103.72	\$222.47	\$78.6	\$80.3	\$53.8	\$77.7
1996	\$335.98	\$131.53	\$204.45	\$335.98	\$121.37	\$214.61	\$79.0	\$81.3	\$50.6	\$80.6
1997	\$346.06	\$154.20	\$191.86	\$346.06	\$141.44	\$204.62	\$77.9	\$81.0	\$47.5	\$83.1
1998	\$356.44	\$180.13	\$176.31	\$356.44	\$164.33	\$192.11	\$75.8	\$79.9	\$44.8	\$86.0
1999	\$367.13	\$209.76	\$157.37	\$367.13	\$190.39	\$176.74	\$71.9	\$77.3	\$41.9	\$88.7
2000	\$378.15	\$243.52	\$134.63	\$378.15	\$219.97	\$158.10	\$66.2	\$73.2	\$39.1	\$91.5
2001	\$309.49	\$281.92	\$107.57	\$389.49	\$253.43	\$136.06	\$58.3	\$67.3	\$36.3	\$94.4
2002	\$401.18	\$325.34	\$75.84	\$401.18	\$291.07	\$110.11	\$47.8	\$59.2	\$33.6	\$97.3
2003	\$413.21	\$374.26	\$38.95	\$413.21	\$333.31	\$79.90	\$34.3	\$48.7	\$30.9	\$100.3
2004	\$425.61	\$429.25	\$ .00	\$425.61	\$380.64	\$44.97	\$12.7	\$35.4	\$28.3	\$103.4
2005	\$438.38	\$490.97	\$ .00	\$438.38	\$433.53	\$4.85	\$16.9	\$18.8	\$25.9	\$107.2
2006	\$451.53	\$560.18	\$ .00	\$451.53	\$492.60	\$ .00	\$15.1	\$15.1	\$23.5	\$111.4
2007	\$465.07	\$637.63	\$ .00	\$465.07	\$558.43	\$ .00	\$13.4	\$13.4	\$21.1	\$115.5
2008	\$479.03	\$724.15	\$ .00	\$479.03	\$631.66	\$ .00	\$11.8	\$11.8	\$19.1	\$120.9
2009	\$493.40	\$820.68	\$ .00	\$493.40	\$713.40	\$ .00	\$10.5	\$10.5	\$16.9	\$126.6
2010	\$508.20	\$928.22	\$ .00	\$508.20	\$803.32	\$ .00	\$9.8	\$8.8	\$14.9	\$132.0
2011	\$523.44	\$1,047.08	\$ .00	\$523.44	\$903.38	\$ .00	\$7.6	\$7.6	\$12.7	\$135.0
2012	\$539.15		\$ .00	\$539.15		\$ .00	\$6.5	\$6.5	\$11.0	\$135.0
2013	\$555.32		\$ .00	\$555.32		\$ .00	\$5.5	\$5.5	\$9.5	\$135.0
2014	\$571.98		\$ .00	\$571.98		\$ .00	\$4.5	\$4.5	\$8.1	\$135.0
2015	\$589.14		\$ .00	\$589.14		\$ .00	\$3.7	\$3.7	\$7.0	\$135.0
2016	\$606.82		\$ .00	\$606.82		\$ .00	\$2.9	\$2.9	\$5.7	\$135.0
2017	\$625.02		\$ .00	\$625.02		\$ .00	\$2.3	\$2.3	\$4.8	\$135.0
2018	\$643.77		\$ .00	\$643.77		\$ .00	\$1.8	\$1.8	\$4.0	\$135.0
2019	\$663.08	continues	\$ .00	\$663.08	continues	\$ .00	\$1.3	\$1.3	\$3.2	\$135.0
2020	\$682.98	to	\$ .00	\$682.98	to	\$ .00	\$ .9	\$ .9	\$2.6	\$135.0
2021	\$703.47	increase	\$ .00	\$703.47	increase	\$ .00	\$ .6	\$ .6	\$2.1	\$135.0
2022	\$724.57		\$ .00	\$724.57		\$ .00	\$ .4	\$ .4	\$1.6	\$135.0
2023	\$746.31		\$ .00	\$746.31		\$ .00	\$ .3	\$ .3	\$1.2	\$135.0
2024	\$768.70		\$ .00	\$768.70		\$ .00	\$ .2	\$ .2	\$ .9	\$135.0
2025	\$791.76		\$ .00	\$791.76		\$ .00	\$ .1	\$ .1	\$ .7	\$135.0
2026	\$815.51		\$ .00	\$815.51		\$ .00	\$ .0	\$ .0	\$ .4	\$135.0
2027	\$839.97		\$ .00	\$839.97		\$ .00	\$ .0	\$ .0	\$ .3	\$135.0
2028	\$865.17		\$ .00	\$865.17		\$ .00	\$ .0	\$ .0	\$ .2	\$135.0
2029			\$ .00	\$891.13		\$ .00	\$ .0	\$ .0	\$ .1	\$135.0
2030			\$ .00	\$917.86		\$ .00	\$ .0	\$ .0	\$ .1	\$135.0
2031			\$ .00	\$945.40		\$ .00	\$ .0	\$ .0	\$ .0	\$135.0
2032			\$ .00	\$973.76		\$ .00	\$ .0	\$ .0	\$ .0	\$135.0
2033			\$ .00	\$1,002.97		\$ .00	\$ .0	\$ .0	\$ .0	\$135.0
2034			\$ .00	\$1,033.06		\$ .00	\$ .0	\$ .0	\$ .0	\$135.0

TOTAL COSTS, 1986-2034:	\$1,387.2	\$1,466.8	\$1,131.0	\$5,418.9
CONSTANT 1985 DOLLARS, 1986-2034:	\$805.32	\$836.9	\$625.01	\$1,391.12
PRESENT VALUE, 1986-2034:	\$645.82	\$666.3	\$496.88	\$879.78

S:  
 rsons 65 before 1986 grandfathered (i.e., stairstepping starts in 1986). Annual costs include  
 three years of "front loading" (\$25.2 in '87, \$26.5 in '88, and \$27.7 in '89).  
 rsons 65 before 1992 grandfathered (i.e., stairstepping starts in FY 1992).



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O. Smith*  
Signature of Camera Operator

*11/7/89*  
Date

SB

56

(FILE 5):

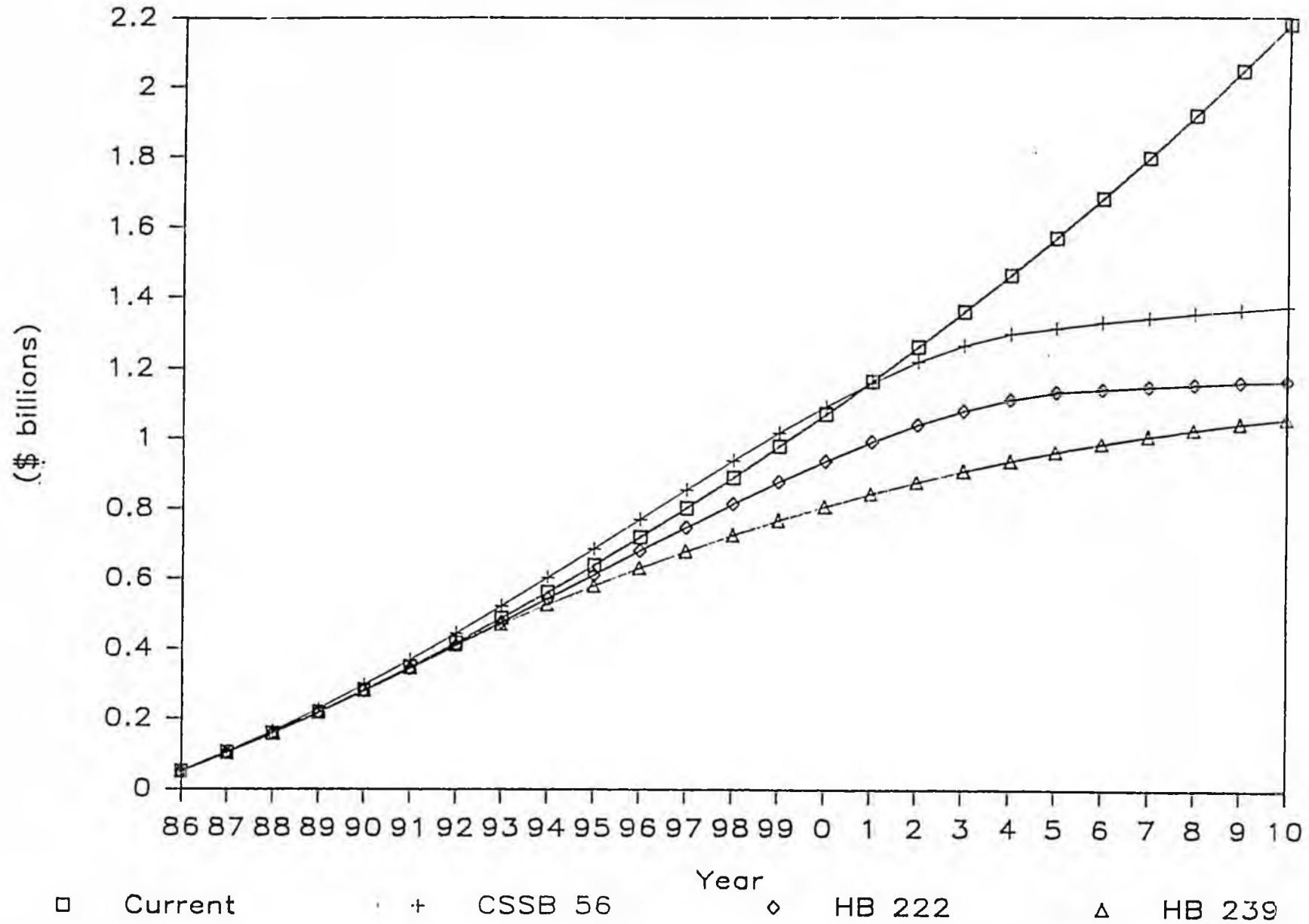
HEARING 5,

2/7/85



# LONGEVITY BONUS COST ANALYSIS

Cumulative Cost



LONGEVITY BONUS COST ANALYSIS

Current Program

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1	65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0	65	3,419	250	10.3	53.3	103.5
1988	13,660	250	41.0	65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9	65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9	65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8	65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8	65	11,906	250	35.7	68.5	416.3
1993	10,273	250	30.8	65	13,588	250	40.8	71.6	487.9
1994	9,606	250	28.8	65	15,193	250	45.6	74.4	562.3
1995	8,945	250	26.8	65	16,946	250	50.8	77.7	640.0
1996	8,291	250	24.9	65	18,572	250	55.7	80.6	720.6
1997	7,644	250	22.9	65	20,048	250	60.1	83.1	803.7
1998	7,012	250	21.0	65	21,645	250	64.9	86.0	889.6
1999	6,396	250	19.2	65	23,160	250	69.5	88.7	978.3
2000	5,799	250	17.4	65	24,712	250	74.1	91.5	1,069.8
2001	5,225	250	15.7	65	26,234	250	78.7	94.4	1,164.2
2002	4,676	250	14.0	65	27,764	250	83.3	97.3	1,261.5
2003	4,156	250	12.5	65	29,292	250	87.9	100.3	1,361.9
2004	3,666	250	11.0	65	30,817	250	92.5	103.4	1,465.3
2005	3,210	250	9.6	65	32,511	250	97.5	107.2	1,572.5
2006	2,788	250	8.4	65	34,342	250	103.0	111.4	1,683.9
2007	2,402	250	7.2	65	36,087	250	108.3	115.5	1,799.3
2008	2,050	250	6.2	65	38,259	250	114.8	120.9	1,920.3
2009	1,778	250	5.3	65	40,416	250	121.2	126.6	2,046.8
2010	1,449	250	4.3	65	42,563	250	127.7	132.0	2,178.9

Prepared by the House Research Agency

04-Mar-85

004238

LONGEVITY BONUS COST ANALYSIS

CSSB 56 and HB 210

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1	65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	258	44.3	65	3,419	253	10.4	54.7	104.9
1988	13,660	265	43.5	65	5,109	255	15.6	59.1	164.0
1989	12,974	273	42.5	65	6,854	256	21.1	63.6	227.6
1990	12,293	281	41.5	65	8,620	256	26.5	68.0	295.6
1991	11,616	290	40.4	65	10,292	256	31.6	72.0	367.6
1992	10,943	299	39.2	65	11,906	254	35.2	75.4	443.0
1993	10,273	307	37.9	65	13,588	250	40.8	78.7	521.7
1994	9,606	317	36.5	65	15,193	245	44.6	81.1	602.8
1995	8,945	326	35.0	65	16,946	238	48.3	83.3	686.1
1996	8,291	336	33.4	65	18,572	228	50.9	84.3	770.4
1997	7,644	346	31.7	65	20,048	216	52.1	83.8	854.3
1998	7,012	356	30.0	65	21,645	202	52.5	82.5	936.7
1999	6,396	367	28.2	65	23,160	184	51.3	79.4	1,016.2
2000	5,799	378	26.3	65	24,712	163	48.5	74.8	1,091.0
2001	5,225	389	24.4	65	26,234	139	43.7	68.1	1,159.1
2002	4,676	401	22.5	65	27,764	110	36.6	59.1	1,218.2
2003	4,156	413	20.6	65	29,292	77	26.9	47.5	1,265.7
2004	3,666	426	18.7	65	30,817	38	14.1	32.9	1,298.6
2005	3,210	438	16.9	65	32,511	0	0.0	16.9	1,315.5
2006	2,788	452	15.1	65	34,342	0	0.0	15.1	1,330.6
2007	2,402	465	13.4	65	36,087	0	0.0	13.4	1,344.0
2008	2,030	479	11.8	65	38,259	0	0.0	11.8	1,355.8
2009	1,778	493	10.5	65	40,416	0	0.0	10.5	1,366.3
2010	1,449	508	8.8	65	42,563	0	0.0	8.8	1,375.1

LONGEVITY BONUS COST ANALYSIS

HB 222 (Larkin, Ball -  
Mandatory)

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus (millions)	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	248	10.2	53.2	103.4
1988	13,660	250	41.0		65	5,109	245	15.0	56.0	159.4
1989	12,974	250	38.9		65	6,854	241	19.9	58.8	218.2
1990	12,293	250	36.9		65	8,620	237	24.6	61.4	279.6
1991	11,616	250	34.8		65	10,292	233	28.8	63.6	343.3
1992	10,943	250	32.8		65	11,906	228	32.5	65.3	408.6
1993	10,273	250	30.8		65	13,588	221	36.1	66.9	475.5
1994	9,606	250	28.8		65	15,193	214	39.0	67.8	543.3
1995	8,945	250	26.8		65	16,946	206	41.8	68.7	612.0
1996	8,291	250	24.9		65	18,572	196	43.7	68.6	680.6
1997	7,644	250	22.9		65	20,048	185	44.6	67.5	748.1
1998	7,012	250	21.0		65	21,645	173	44.9	65.9	814.0
1999	6,396	250	19.2		65	23,160	159	44.1	63.3	877.3
2000	5,799	250	17.4		65	24,712	143	42.3	59.7	937.0
2001	5,225	250	15.7		65	26,234	125	39.2	54.9	991.9
2002	4,676	250	14.0		65	27,764	104	34.8	48.8	1,040.7
2003	4,156	250	12.5		65	29,292	82	28.7	41.2	1,081.9
2004	3,666	250	11.0		65	30,817	56	20.8	31.8	1,113.7
2005	3,210	250	9.6		65	32,511	28	10.9	20.5	1,134.2
2006	2,788	250	8.4		65	34,342	0	0.0	8.4	1,142.6
2007	2,402	250	7.2		65	36,087	0	0.0	7.2	1,149.8
2008	2,050	250	6.2		65	38,259	0	0.0	6.2	1,155.9
2009	1,778	250	5.3		65	40,416	0	0.0	5.3	1,161.3
2010	1,449	250	4.3		65	42,563	0	0.0	4.3	1,165.6

LONGEVITY BONUS COST ANALYSIS

Begin Stairstep: FY 92  
 Step Increment: 1  
 Age Cap: None

HB 239

Fiscal Year	Over 65 by 1/86	Monthly Bonus	Cost (millions)	I I I	Eligibility Age	Reach 65 after 1/1/86	Monthly Bonus	Cost (millions)	Total Cost (millions)	Cumulative Cost (millions)
1986	15,039	\$250	\$45.1		65	1,705	\$250	\$5.1	\$50.2	\$50.2
1987	14,349	250	43.0		65	3,419	250	10.3	53.3	103.5
1988	13,660	250	41.0		65	5,109	250	15.3	56.3	159.8
1989	12,974	250	38.9		65	6,854	250	20.6	59.5	219.3
1990	12,293	250	36.9		65	8,620	250	25.9	62.7	282.1
1991	11,616	250	34.8		65	10,292	250	30.9	65.7	347.8
1992	10,943	250	32.8		66	9,982	250	29.9	62.8	410.6
1993	10,273	250	30.8		67	6,665	250	29.0	59.8	470.4
1994	9,606	250	28.8		68	3,346	250	28.0	56.9	527.2
1995	8,945	250	26.8		69	9,029	250	27.1	53.9	581.2
1996	8,291	250	24.9		70	8,710	250	26.1	51.0	632.2
1997	7,644	250	22.9		71	8,388	250	25.2	48.1	680.3
1998	7,012	250	21.0		72	8,059	250	24.2	45.2	725.5
1999	6,396	250	19.2		73	7,720	250	23.2	42.3	767.8
2000	5,799	250	17.4		74	7,370	250	22.1	39.5	807.3
2001	5,225	250	15.7		75	7,008	250	21.0	36.7	844.0
2002	4,676	250	14.0		76	6,637	250	19.9	33.9	878.0
2003	4,156	250	12.5		77	6,255	250	18.8	31.2	909.2
2004	3,666	250	11.0		78	5,864	250	17.6	28.6	937.8
2005	3,210	250	9.6		79	5,466	250	16.4	26.0	963.8
2006	2,788	250	8.4		80	5,063	250	15.2	23.6	987.4
2007	2,402	250	7.2		81	4,657	250	14.0	21.2	1,008.5
2008	2,050	250	6.2		82	4,254	250	12.8	18.9	1,027.5
2009	1,778	250	5.3		83	3,857	250	11.6	16.9	1,044.4
2010	1,449	250	4.3		84	3,473	250	10.4	14.8	1,059.1

Participation in Individual Retirement Accounts--1982

<u>Income Level</u>	<u>Participation Rate*</u>
under \$10,000	2.0%
\$10,000 - \$15,000	6.0
\$15,000 - \$20,000	10.9
\$20,000 - \$30,000	17.6
\$30,000 - \$40,000	28.9
\$40,000 - \$50,000	42.1
\$50,000 - \$100,000	63.7
\$100,000 - \$200,000	78.7
over \$200,000	<u>72.3</u>
all income levels	14.5%

\*Participation as a percent of federal tax returns that reported income from wages.

Source: Internal Revenue Service

=====

The State's deferred compensation plan offers another example of the participation rates one might expect for the annuity program. Under that plan, State employees can place a portion of their earnings in a special account. Tax liability on the deferred amount and on earnings on investments held by the account is deferred until the cash is received. Despite the following factors, only 1,600 to 1,700 (about ten percent) of State employees participate in the deferred compensation plan.

- The deferred compensation plan offers the same tax advantages as the annuity program.
- The amount that is deferred can be controlled by the employee.
- The employee knows how much he will get out of the plan and has several options for obtaining his funds.
- The wealth is not lost if the employee dies; all funds can be passed on to a beneficiary.
- Funds can be removed before the age of 65.
- The solvency of the plan is assured; each account is subject to separate accounting.



# RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

*James O. Smith*  
Signature of Camera Operator

*11/7/89*  
Date

SB

56

(FILE 6):

MAILING

RESPONSES



April 17, 1985

John P. Trent  
1700 East Tudor Rd.  
Anchorage, AK 99507

Dear Mr. Trent.

Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge soon.

Please don't hesitate to contact me again regarding this or any other issue of interest to you.

Sincerely,

*Pat*

Patrick M. Rodey

PMR/acp

*As a fellow runner  
I appreciate your cor-  
respondence.*

John P. Trent - Coordinator

"RUN & REJOICE"  
PULSATORS RUNNING CLUB  
2700 East Tudor Road  
Anchorage, AK 99507

11 April 1985

Mr. Patrick M. Rodey  
Alaska State Legislature  
Senate  
Committee on Judiciary  
Pouch V  
State Capitol  
Juneau, Alaska 99811

Dear Mr. Rodey:

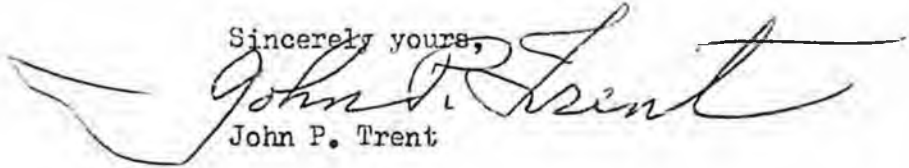
I favor passage of SB56 with certain compromises with House of Representatives approach to this measure. Since my wife and I are present recipients of the longevity bonus proposal, we could be expected to support such a measure that continues to assure long term Alaskan Residents with regular monthly payments from State Oil Revenues. As these revenues decline, there must be a proportionate decline in longevity benefits. I agree at this point too. Constitutionality as been a prior bogus on distribution of such payments. The annuity provisions of SB56 appear to leave the options open to younger Alaskan option to benefit from annuity provisions.

I am not in favor of half year Alaskans utilizing longevity bonus payments. Out of Alaska living should be curtailed to thirty days or less in order to continue as eligible longevity recipients. I also feel that longevity payments of \$250.00 a month should preclude receipt of Alaska Dividend money thereby merging senior citizen contribution to the annuity concept as a support and economy measure. In any measure, I favor continued longevity payments to Alaskan Residents over 65 years of age. The "phase out" of longevity payments by stair step of age requirements is offensive to fairness doctrine and would no doubt be challenged on constitutional grounds.

In appreciation for Senator Jan Faiks up date correspondence to me on this matter, I am enclosing a copy of this letter for her files.

cc: Senator Jan Faiks

Sincerely yours,

  
John P. Trent



April 10, 1985

Robert Y. Toyama  
P.O. Box 3130  
Anchorage, AK 99510

Dear Mr. Toyama:

Thank you for your response to my recent letter regarding the longevity bonus proposals. I only wish that all letters I receive were so warm and encouraging!

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Again, thank you for your comments. Please don't hesitate to contact me again regarding this or any other issue of interest to you.

Sincerely,

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

Patrick M. Rodey

PMR/acp

Alaska State Senate  
Pouch V  
Juneau, Alaska 99811

Dear Mr. Patrick M. Rodey,

April 5, 1985

Re: the dilemma on the longevity bonus.

First of all I like to thank you so much for helping senior citizens. You are very kind, thoughtful, considerate Senate. I have half a dozens friends who are receiving the monthly longevity bonus. I am semi-retired age 65 years and I don't think I can make it without the bonus. It sure did us good to pay some of the bills and high cost of living.

Please elucidate concerning SB56 program? I am sure you are doing the best and fair to all senior citizens of Alaska. We shall never forget you on voting time. My friends agree that you are the champion to our great cause. Thanks again.

When I have the substance just call to my attention, I definitely will contribute to your and our causes.

Respectfully yours,  
Robert Y. Toyama  
P. O. Box 3130  
Anchorage, AK 99510  
(907) 272-0492

*Robert Y. Toyama*



April 10, 1985

Victor Gonzalez  
316 N. Klevin St.  
Anchorage, AK 99508

Dear Mr. Gonzalez:

Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, please be assured that both the Senate and the House are committed to continuing full longevity bonus payments to current recipients. Since you are 67 years old at this time, you will continue to receive your payments each month.

Please don't hesitate to contact me again regarding this or any other issue of interest to you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Pat", is written over the typed name.

Patrick M. Rodey

PMR/acp

Anchorage, AK 99508

Mr. Patrick M. Rodey. April - 7/85

I am a senior's citizen of Alaska,  
I was born on 1/2/18  
now I have sixty seven year's  
old

Please tell me where this  
letter belongs after the 65 five  
year old

Atte

Victor Gonzalez  
VICTOR GONZALEZ  
316 N. KLEVIN ST  
ANCHORAGE, AK 99508

I send this letter

AFFIDAVIT

STATE OF ALASKA )  
 ) : ss.  
THIRD JUDICIAL DISTRICT )

VICTOR J. GONZALES, being first duly sworn,  
deposes and states as follows:

1. I was born on 1/12/18.
2. I became a resident of Alaska on 7/23/76 <sup>U.S.</sup>

Further your affiant saith not.

Dated this <sup>22nd.</sup> ~~18th~~ <sub>U.S.</sub> day of January, 1985.

AFFIANT:

Victor Gonzalez  
No. #0414215

SUBSCRIBED AND SWORN to before me this <sup>22nd</sup> ~~18th~~ day of January, 1985.

Jonathan L. Sims  
Notary Public in and for Alaska  
My Commission Expires: 1-18-87



April 12, 1985

Irving Jones  
4000 E. 142nd Ave.  
Anchorage, AK 99516

Dear Irving:


Thank you for your kind response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge soon.

Above all, please be assured that both the Senate and the House are committed to continuing full longevity bonus payments to current recipients.

Please don't hesitate to contact me again regarding this or any other issue of interest to you.

Sincerely,

  
Patrick M. Rodey

PMR/acp

Unsharage

Dear Senators;

I was pleased to receive a letter from you concerning the Longevity Bonus program. I am in favor your bill 56 plus a program with special emphasis on helping low and middle income senior citizens.

We senior citizens of this state are pleased that you're on our side. We feel a program to continue our 250.00 dollars a month. you also have the support of labor union and non-union members. I am a semi-retired from local # 341-, but I am still

a member of the C. I. C.  
I know Bill Robinson, Manoy  
Luy plus a few other people  
in so call high places in-  
cluding the governor. I have  
wined live in your district  
but I know you far ten years  
Can you have the title of  
being the people legislator.

Friendly yours  
"Ding"



April 8, 1985

John F. Sume  
HCR64 Box 457  
Seward, AK 99664

Dear Mr. Sume:

I appreciate your response to my recent letter regarding the longevity bonus proposals.


The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing full longevity bonus payments to current recipients. Your wife, turning 65 in July, will also be assured of a full longevity bonus payment under any of the plans being considered.

The 25-year residency requirement was struck down last year by the Alaska Supreme Court on the grounds that it in effect created different classes of Alaskans, and thereby violated the Equal Protection Clause of the U.S. Constitution. The one-year residency requirement is considered to be a reasonable amount of time, and applies to many other state programs, as well.

Again, thank you for your comments. Please don't hesitate to write again regarding longevity bonus or any other issue of interest to you.

Sincerely,

  
Patrick M. Rodey

PMR/acp

March 31, '85

Dear Mr. Rodup:

In response to your message printed on the reverse side, I do have a question.

If the annuity plan is adopted just what can we expect? How much would the checks be, etc? My wife will be 65 in July and ~~has~~<sup>we have</sup> lived in Alaska for 42 years. She will not be in the present plan of the longevity bonus program and since permanent fund checks have not be deposited to the annuity fund at that time I am wondering what her status will be?

I am also curious about the fact that if a one year residency requirement is legal (or constitutional) why isn't a 25 year requirement legal. At the time of this controversy the news media stated it was all a matter of the wrong wording being used in the original bill that made it illegal. Then why can not that wording simply be changed to include anyone that lives in Alaska for 25 years and is 65 yrs old, and just eliminate the clause of being here at the time of Statehood?

I would appreciate a clarification of this.

Thank you.

Sincerely,  
John & Lume



April 8, 1985

Mrs. Rosella Diethrich  
1280 E. 17th Ave. #309  
Anchorage, AK 99501

Dear Mrs. Diethrich:

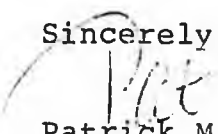
I appreciate your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients. Also, there will be no effect upon your permanent fund dividend.

Again, thank you for your comments. Please don't hesitate to write again regarding longevity bonus or any other issue of interest to you.

Sincerely,

  
Patrick M. Rodey

PMR/acp



Official Business

# Alaska State Legislature

## Senate

### Committee on Judiciary

Senator Pat Rodey, Chair  
Senator Tim Kelly, Vice-Chair  
Senator Jan Faika  
Senator Rick Ralford  
Senator Robert Ziegler

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 25, 1985

Dear Friend:

I'm sure you're aware that the solution to the longevity bonus dilemma is one of the most difficult decisions facing the Alaska Legislature this year. This dilemma was caused by last year's Alaska Supreme Court decision declaring our current program unconstitutional. There is much debate about what form the new program should take. Proposals include an annuity program, a "stair-stepping" approach, and a program with special emphasis on helping low and middle-income senior citizens.

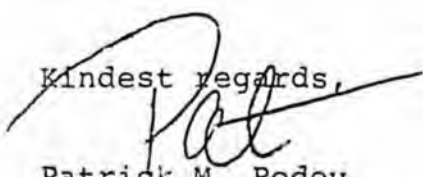
Please be assured that whatever form of longevity bonus replacement emerges from the legislature, my primary concern is to protect those seniors who are currently enrolled in the longevity bonus program. I am also committed to resolving the issue this year - - Alaska's seniors deserve the certainty of knowing their longevity bonus payments are secure.

The Senate Judiciary Committee, which I chair, recently held hearings on SB56, a bill which asks all Alaskans under age sixty-five to trade their annual permanent fund dividend checks for annuity shares which will produce monthly payments after sixty-five. Much work has gone into SB56, but some questions remain to be answered. The Senate favors the annuity approach and passed this bill on March 21.

The House appears to be headed towards approving a "stair-stepping" approach, which would limit the number of people who would participate in the future by raising the age of eligibility each year. As the group of eligible Alaskans dwindles over the years, the program would eventually phase itself out.

I am confident that by working with a spirit of cooperation, the House and Senate will work out a compromise bill this session which will also meet the Governor's approval. Meanwhile, I invite you to contact my office if you have questions or comments concerning SB56 or any other longevity bonus proposal.

kindest regards,

  
Patrick M. Rodey

March 28, 1985

Sen. Pat Rodey-

I would like to learn what the bill SB56 would mean to someone like me, who is already over 65 years old. I will be 76. April 14, 1985. In my case, how would that affect the permanent Fund?

Thank you.

Rosella D. Dietrich

1280 E. 17<sup>th</sup> Ave. #309

Anchorage AK. 99501



April 8, 1985

Lorena Showers  
P.O. Box 101978  
Anchorage, AK

Dear Lorena:

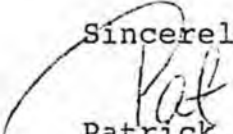
I appreciate your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients, while also addressing the other needs of senior citizens.

Again, thank you for your helpful comments. Please don't hesitate to write again regarding longevity bonus or any other issue of interest to you.

Sincerely,

  
Patrick M. Rodey

PMR/acp

*Your letter was great.  
I wish some of the  
legislators knew as  
much as you!*

March 29, 1985

Patrick M. Rodey, Senator  
Alaska State Legislature  
Pouch V  
Juneau, Alaska 99811

*She is a personal friend  
of PMR*

Dear Senator Rodey:

As you know, many of my friends as well as myself are concerned in the final longevity bonus bill which will be enacted during this session of the Legislature.

We are most concerned that it will not lower those currently eligible for the bonus. A needs program based on income for senior citizens sounds very good to many. It is a very unfair approach to the problem, however, when you set the limit on income and those just below the amount receive more than those just above that figure. As was earlier suggested, those under a \$25,000.00 income would receive \$250.00 a month and those over would receive \$100.00 per month. This is a completely unrealistic approach. The person just over the \$25,000.00 may live alone and not be eligible for low income housing so must therefore pay high rent, have no transportation provided, must shop, buy groceries and meet other basic needs. This person has greater needs than the citizen under \$25,000.00 who lives with family, has meals with them and has transportation provided for recreation, doctors appointments, etc.

Senior citizens needs such as more health care, dental care, hearing aids, prescriptions, etc. should be considered rather than bonus money at the expense of a lower bonus for Pioneer Alaskans.

Since under the former plan the bonus was to eventually be phased out, I sincerely feel that the stair-stepping approach to be a better solution. In any event, I feel you should not support a plan that is based on a needs approach. Even the annuity program would be good. All younger persons should save for the time when they can no longer work. Where would many of the senior citizens in the United States be today if they did not have the Social Security and Medicare programs? Most did not voluntarily pay into it, but they now have the benefit of a higher quality of life because of their monthly checks.

I thank you and appreciate your recent letter and know of your interest in all Alaskans.

Best wishes to you.

Sincerely,

*Lorena Showers*

Lorena Showers



April 8, 1985

Ms. Fay Malone  
406 9th Ave. E.  
Anchorage, AK 99501

Dear Ms. Malone:

Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Again, thank you for your comments.

Sincerely,

*Pat*  
Patrick M. Rodey

PMR/acp

*I agree with you on the death penalty and the sale of stock in the Railroad.*



MS. FAY MALONE  
406 9TH AVE. E.  
ANCHORAGE  
99501



*Senator*

*Pat Roddy*

*Rank V State Capitoul*

*Juneau*

*Alaska 99811*

4 - 4 - 85 -

Pat Radey.

Dear Sir a few lines to thank you for the letter about the Longevity Bonus program. I hope it can be saved, I know some seniors that would not be able to pay the High rent if it was chopped off. As for me - I worked hard during the 35 years I have been here and got my Home paid for - and at 81. I thank God each day. I don't have the money so many seniors have. From reading the newspaper it shows us all the time the New state building should be built - now it would be cheaper for the state in the long run and you would be where the largest population is and the people could conduct you better. Also I am for the death penalty where they are dead you as no one else will have to worry about them getting out & repeating their crime also it cuts down on the over head cost.

And how about selling stock in the rail road to raise money for new equipment. I would buy with my dividend check. If it meant to buy stock like 25'00 for common stock. Will guess

This is enough for now wish you the best and hoping you have a lot of headache pill handy.

Sincerely  
Gay Malone.



April 8, 1985

Esther Ipalook  
2213 E & 3rd #7G  
Anchorage, AK 99501

Dear Esther:


Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients like yourself.

Again, thank you for your comments.

Sincerely,

  
Patrick M. Rodey

PMR/acp

Anchorage, Alaska

Mar. 31, 1984

Mr. Patrick M. Rodey,

Dear Sir:

I am sixty nine years old. I am very thankful for the Longevity Bonus checks which come monthly. Without it I would not be able to help pay ~~the~~ <sup>the high</sup> rent.

So I certainly wish they would not be discontinued.

Thank you.

Sincerely

Esther Spalook  
2213 E. 43<sup>rd</sup>. # 76

Anchorage, Alaska  
99501



April 8, 1985

Jack and Gladys Taylor  
2106 W. 45th  
Anchorage, AK 99503

Dear Mr. and Mrs. ~~JACK and GLADYS~~ Taylor:

Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients.

Again, thank you for your comments and kind words of encouragement.

Sincerely,

*Kat*  
Patrick M. Rodey

PMR/acp

*Your letter was very well written. I agree with you on "Start stepping" and permanent fund dividend.*

Dear Senator Pat.

Thank you very much for the informative letter concerning the various forms the longevity bonus program could be continued.

We would respectfully encourage you to pursue the stair stepping form (the house version) that would end the program eventually. I can't see how we can continue the program forever.

We further suggest that all recipients of the longevity bonus be eliminated from the permanent fund, to receive both, seems very unfair.

My wife Gladys joins in wishing you continued success in representing our district.

Kindest regards.

Jack F. and Gladys B. Taylor  
2106 W 45th.

P.S. We are 36 yr. residents Anch. AK. 99503  
and we would rather see  
the bonus plan discontinued,  
than to have it on the basis  
of need.

Thanks.

Dear Ben, Pat.

There is a follow up letter from the  
one I wrote you recently. I'm afraid I

suggested that you support the former names  
of the long-term names, since that time  
I never had been asked to that name.

That makes it decidedly unfair.

My birthday is Sept. 6. on that day  
in 1986 I will be 65 yrs old. If the

order is permitted to stand I will mind  
the name by 2 mo. and 1 week that is unfair.

as I am a 36 year older resident, and  
then will be hundreds of 1 and 2 year

residents who will receive the name for life.

I hope you take this into consideration when  
the ~~the~~ your decision this analysis with the  
other members.

My wife, Gladys and I will your  
Comments never regarding our district

Respectfully

Jack + Joylyn  
2106 W 45th

Anch. AK 99503



April 8, 1985

Oliver F. Foreman  
P.O. Box 4-1576  
Anchorage, AK 99509

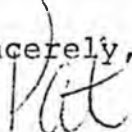
Dear Mr. Foreman:

Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Again, thank you for your comments.

Sincerely,

  
Patrick M. Rodey

PMR/acp

*I agree with your position on "stair stepping"*

THE FOREMAN'S  
P. O. BOX 4-1576  
ANCHORAGE, ALASKA 99509-1576  
TELEPHONE, (907) 279-1736

March 29, 1985

As a forty-one year resident of Alaska, I can think of many dilemmas whose solutions, if approached, would require much more difficult decisions and be far more valuable to our state than the longevity bonus. Many of our state's present and continuing problems can be traced to our many "give-away" programs. Alaska is, and has been, good to all of us. Residence provides us pleasure and opportunity. Why should we be paid for having enjoyed them?

The "stair-stepping" approach seems the humane way to phase out an ill-conceived program.



Oliver F. Foreman

P. S. If you want my family's votes in the next election, vote against funds for the Northern Lights Road project which has no basis for first priority in Anchorage in 1985.



Official Business

# Alaska State Legislature

## Senate

### Committee on Judiciary

Senator Pat Rodey, Chair  
Senator Tim Kelly, Vice-Chair  
Senator Jan Paik  
Senator Rick Halford  
Senator Robert Ziegler

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 25, 1985

Dear Friend:

I'm sure you're aware that the solution to the longevity bonus dilemma is one of the most difficult decisions facing the Alaska Legislature this year. This dilemma was caused by last year's Alaska Supreme Court decision declaring our current program unconstitutional. There is much debate about what form the new program should take. Proposals include an annuity program, a "stair-stepping" approach, and a program with special emphasis on helping low and middle-income senior citizens.

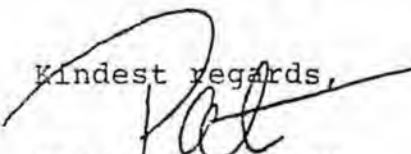
Please be assured that whatever form of longevity bonus replacement emerges from the legislature, my primary concern is to protect those seniors who are currently enrolled in the longevity bonus program. I am also committed to resolving the issue this year - - Alaska's seniors deserve the certainty of knowing their longevity bonus payments are secure.

The Senate Judiciary Committee, which I chair, recently held hearings on SB56, a bill which asks all Alaskans under age sixty-five to trade their annual permanent fund dividend checks for annuity shares which will produce monthly payments after sixty-five. Much work has gone into SB56, but some questions remain to be answered. The Senate favors the annuity approach and passed this bill on March 21.

The House appears to be headed towards approving a "stair-stepping" approach, which would limit the number of people who would participate in the future by raising the age of eligibility each year. As the group of eligible Alaskans dwindles over the years, the program would eventually phase itself out.

I am confident that by working with a spirit of cooperation, the House and Senate will work out a compromise bill this session which will also meet the Governor's approval. Meanwhile, I invite you to contact my office if you have questions or comments concerning SB56 or any other longevity bonus proposal.

kindest regards,

  
Patrick M. Rodey



April 8, 1985

Vincent J. Doran  
3811 Knik Ave.  
Anchorage, AK 99503

Dear Mr. Doran:

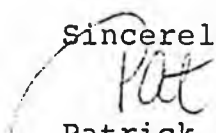
Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients.

Again, thank you for your comments.

Sincerely,

  
Patrick M. Rodey

PMR/acp

*I agree with you  
on the "Start Stepping"  
proposal.*

29 March 1985

Dear Senator Rodey:

Thank you for writing.

A welfare program to aid needy older persons should be a separate subject from the longevity bonus. They are not synonymous.

The wild spending spree of the state legislature over the past few years is slowing down because of dwindling revenues, and the prospect of even further reductions from the fountainhead: oil.

Many programs will have to be reduced, including the longevity bonus.

Something like the stair-stepping method may be a desirable solution.

Vincent J. Doran  
VINCENT J. DORAN  
3811 KNIK AV  
ANCHORAGE, AK 99503



April 8, 1985

David R. Young  
Box 693  
Cocper Landing, AK 99572

Dear Mr. Young:

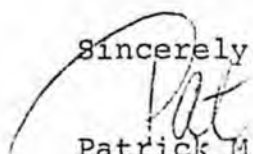
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Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients.

Again, thank you for your comments.

Sincerely,

  
Patrick M. Rodey

PMR/acp

*I agree with you  
a "phase out" if -  
best approach!*



Official Business

# Alaska State Legislature

## Senate

### Committee on Judiciary

Senator Pat Rodey, Chair  
Senator Tim Kelly, Vice-Chair  
Senator Jan Faika  
Senator Rick Halford  
Senator Robert Ziegler

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 25, 1985

Dear Friend:

I'm sure you're aware that the solution to the longevity bonus dilemma is one of the most difficult decisions facing the Alaska Legislature this year. This dilemma was caused by last year's Alaska Supreme Court decision declaring our current program unconstitutional. There is much debate about what form the new program should take. Proposals include an annuity program, a "stair-stepping" approach, and a program with special emphasis on helping low and middle-income senior citizens.

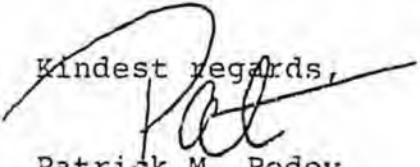
Please be assured that whatever form of longevity bonus replacement emerges from the legislature, my primary concern is to protect those seniors who are currently enrolled in the longevity bonus program. I am also committed to resolving the issue this year - - Alaska's seniors deserve the certainty of knowing their longevity bonus payments are secure.

The Senate Judiciary Committee, which I chair, recently held hearings on SB56, a bill which asks all Alaskans under age sixty-five to trade their annual permanent fund dividend checks for annuity shares which will produce monthly payments after sixty-five. Much work has gone into SB56, but some questions remain to be answered. The Senate favors the annuity approach and passed this bill on March 21.

The House appears to be headed towards approving a "stair-stepping" approach, which would limit the number of people who would participate in the future by raising the age of eligibility each year. As the group of eligible Alaskans dwindles over the years, the program would eventually phase itself out.

I am confident that by working with a spirit of cooperation, the House and Senate will work out a compromise bill this session which will also meet the Governor's approval. Meanwhile, I invite you to contact my office if you have questions or comments concerning SB56 or any other longevity bonus proposal.

Kindest regards,

  
Patrick M. Rodey

Box 693  
Cooper Landing, AK 99572  
April 1, 1985

Senator Pat Rodey  
Pouch V  
State Capitol  
Juneau, AK 99811

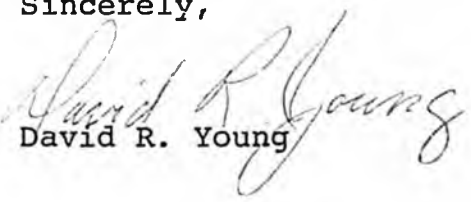
Dear Pat:

I agree with you that the longevity bonus issue will be a tough nut to crack. At the present time I lean towards the house version--let it phase itself out.

With the large increase of population every year, I am sure there will be an increase of older persons who will be eligible after being here a year. These are the ones I can't see receiving the bonus. If the annuity plan will cut out the above-mentioned, I'll go along with that aspect.

I am sure you and your fellow legislators will come up with a good solution to this difficult problem.

Sincerely,

  
David R. Young



April 8, 1985

M. A. Miles  
1407 Otter St.  
Anchorage, AK 99504

Dear M.A.:

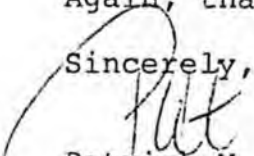
Thank you for your response to my recent letter regarding the longevity bonus proposals.

The legislature is continuing in its' effort to solve the longevity bonus question this year. Senate and House members have been appointed to a joint committee for the purpose of hammering out differences between the two primary proposals. I feel certain an equitable compromise will emerge by the end of session.

Above all, you may rest assured that both the Senate and House are committed to continuing longevity bonus payments to current recipients.

Again, thank you for your comments.

Sincerely,

  
Patrick M. Rodey

PMR/acp

*I agree that a "step" approach to the longevity bonus is a good idea.*

THE FEDERAL PROGRAM IS EXPANDED AND  
WAS BEING A MODEL TO THE STATE OF U  
YOUR TIME TO INCOME DECLINES. INCREAS-  
ING LIFE EXPECTANCY WITH IN THE FUTURE  
ENHANCE THE NUMBER OF RECIPIENTS' PAYMENT  
CONFOUNDING THE FINANCIAL SYSTEM. SO  
THE PROGRAM SHOULD BE OPERATIONAL PHASES  
OUT. HOWEVER, THOSE CURRENT RECIPIENTS WHO  
ARE RECEIVING BENEFITS SHOULD NOT BE  
ENROLLED AUTOMATICALLY BY ESTABLISHING A  
LINED OUT-OF-STATE OR USE. RECIPIENTS  
USING A SIMILAR METHOD, THE BENEFITS  
WAS COULD BE INCREASED MORE SOONER THAN  
THE LESSONS MEANING EFFICIENCY USES.  
FOR EXAMPLE, IN THE USE OF EFFICIENCY  
WAS INCREASED ONE YEAR EVERY TWO YEARS.  
PERSONS NOW BEING ASKED OF THE MODEL  
BECOME EFFICIENT AT THE SEARCH. ETC.



Official Business

# Alaska State Legislature

## Senate

### Committee on Judiciary

Senator Pat Rodey, Chair  
Senator Tim Kelly, Vice-Chair  
Senator Jan Faiks  
Senator Rick Halford  
Senator Robert Ziegler

Pouch V  
State Capitol  
Juneau, Alaska 99811

March 25, 1985

Dear Friend:

I'm sure you're aware that the solution to the longevity bonus dilemma is one of the most difficult decisions facing the Alaska Legislature this year. This dilemma was caused by last year's Alaska Supreme Court decision declaring our current program unconstitutional. There is much debate about what form the new program should take. Proposals include an annuity program, a "stair-stepping" approach, and a program with special emphasis on helping low and middle-income senior citizens.

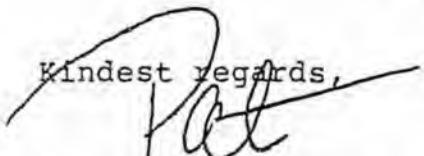
Please be assured that whatever form of longevity bonus replacement emerges from the legislature, my primary concern is to protect those seniors who are currently enrolled in the longevity bonus program. I am also committed to resolving the issue this year - - Alaska's seniors deserve the certainty of knowing their longevity bonus payments are secure.

The Senate Judiciary Committee, which I chair, recently held hearings on SB56, a bill which asks all Alaskans under age sixty-five to trade their annual permanent fund dividend checks for annuity shares which will produce monthly payments after sixty-five. Much work has gone into SB56, but some questions remain to be answered. The Senate favors the annuity approach and passed this bill on March 21.

The House appears to be headed towards approving a "stair-stepping" approach, which would limit the number of people who would participate in the future by raising the age of eligibility each year. As the group of eligible Alaskans dwindles over the years, the program would eventually phase itself out.

I am confident that by working with a spirit of cooperation, the House and Senate will work out a compromise bill this session which will also meet the Governor's approval. Meanwhile, I invite you to contact my office if you have questions or comments concerning SB56 or any other longevity bonus proposal.

Kindest regards,

  
Patrick M. Rodey

Sincerely,  
M. G. Miles  
1407 Otter St  
99504

*Pat - Thanks for the update. Here's a comment about the plan that I haven't heard. To me it appears to have much merit. Please consider it as a compromise.*