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GOVERNOR STEVE COWPER

DEPARTMENT OF ADMINISTRATION

Commissioner Garrey Peska

DIVISION OF PIONEERS' BENEFITS

Director - Joyce Munson

Deputy Director - June Arkoulis-Sinclair

Longevity Bonus Administrator - Marian Schafer

Manager - Anchorage Pioneers' Home - Roberley Waldron

Manager - Fairbanks Pioneers' Home - Barbara Bathony

Manager - Ketchikan Pioneers' Home - Max LaMare

Manager - Palmer Pioneers' Home - Arleen Davis

Manager - Sitka Pioneers' Home - Gary Sheridan

Cover - "Pioneer Woman and Child"  
Sculptor - Suzanne Cox Johnson  
Commissioned 1981 Dedicated 1983  
Fairbanks Pioneers' Home  
2221 Eagan Avenue  
Fairbanks, Alaska

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF PIONEERS' BENEFITS PIONEERS' HOME--LONGEVITY BONUS

STEVE COWPER, GOVERNOR

P.O. BOX CL  
JUNEAU, ALASKA 99811-0211  
PHONE: (907) 465-4416

December 18, 1986

Dear Governor Cowper and honorable Legislators:

On behalf of the Pioneers' Home managers and the staff I now transmit to you the annual report summarizing the Division of Pioneers' Benefits efforts during 1986 to assist Alaska's senior citizens to live in comfort and security in Alaska.

We are proud of our accomplishments during the past year as we continue to have a high level of care at the Pioneers' Homes which provide a home for elderly Alaskans when they can no longer care for themselves within their family sphere. The longevity bonus program continued and served an average of 15,500 recipients each month enabling many older people to remain independent and self-sufficient.

As the age evolution continues and the population of senior citizens grows, the need for senior programs will increase. This evolution has affected the Pioneers' Homes as increased nursing beds are now in demand. The waiting time from the date of application can be up to two years for those needing nursing services. The population within the homes has also changed and the average age is now 82. This means more people are entering at a time in their lives when they are more frail and need more care.

As oil revenues decline I ask the political leadership of Alaska to bear in mind that the first Pioneers' Home was built during territorial days on money borrowed from Seattle. The loan to the state was cosigned by legislators. Historically, Alaska has helped take care of its elderly. The Pioneers' Homes have always had public support. Bond issues have never failed on the ballot. Donations and bequests are made to the system, and a cadre of volunteers donate time and energy to the Homes. The state of Alaska is far ahead of the lower forty-eight states which just now are trying to cope with the 45 percent increase in the number of people over the age of 80.

Speaking as a voice for the frail elderly of this state I thank you for your continued support for the programs.

Sincerely,

  
Joyce Munson  
Director

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## INTRODUCTION

The Division of Pioneers' Benefits is responsible for the administration of the Longevity Bonus Program and the five Pioneers' Homes at Sitka, Fairbanks, Anchorage, Palmer, and Ketchikan.

The Central Office is located in Juneau and consists of a Director and a staff of two funded from the BRU of the Pioneers' Homes. A building management specialist is funded from Capital Projects.

The objective of the Pioneers' Homes is to provide care in comfort, dignity, and safety for up to 600 aged Alaskans who can no longer cope with the problems of daily living without assistance, by providing a sheltered living environment. The average age of residents on admission is 80 years, and the average age of all residents in the homes is 82 years. The homes operate 24 hours per day, seven days per week, 365 days per year. The homes have a staff of 524 employees, of whom 439 are full time.

The Longevity Bonus Program issues monthly payments of \$250 to persons

over age 65 who have lived in the state at least one year immediately before applying as an incentive to continue uninterrupted residence in the state. Over 15,500 recipients were served this year.

Six full-time and one permanent part-time position are dedicated to administering the program. Less than .01 percent of the total amount expended to operate the program was for administrative overhead.

The Division works with the Pioneers' Home Advisory Board which consists of seven members appointed by the Governor. They serve without salary, but are entitled to per diem and travel expenses. The Pioneers' Home Advisory Board conducts annual inspections of the property and procedures of the Pioneers' Homes and recommends changes and improvements to the Governor. Each home is inspected every year. The objective of the Board is to ensure the safety and well-being of the residents of the Pioneers' Homes.

# Pioneers' Homes

past, present, future.



## PAST - THE FIRST PIONEERS' HOME

The first Pioneers' Home was established in March 1913 in the abandoned U.S. Marine barracks in Sitka. At the request of the Territorial Legislature, the U.S. Navy granted permission to use the barracks as a temporary Pioneers' Home for elderly destitute miners needing food and shelter. Miners came from all over the state; many needing nursing care as well as the basics.

Although in a state of disrepair and inadequate for the purpose, the old barracks buildings remained in use for almost 20 years. In 1934 the U.S. Congress transferred title to the land and buildings to the Territory. The barracks were torn down and the present main building of the Home was completed at a cost of \$341,687.62. Under a federal grant the superintendent's home, the nurses' quarters, and a garage were constructed, and the grounds were landscaped. The facility at that time housed about 170 men.

Because there was no hospital in Sitka at that time, nurses and the doctor were available to the townspeople only at the Home. It doubled as an emergency hospital; babies were delivered, and operations were performed at the Pioneers' Home.

Not until 1949 were women admitted to the Pioneers' Home--36 years later. They were housed in temporary quarters purchased with funds appropriated by the Legislature. Finally in 1956, after the construction of a new wing, the first lady pioneer moved into the Sitka Pioneers' Home. Constructed by the Alaska Public Works Administration at a cost of \$800,000, the women's wing also provided rooms for couples.

During the past ten years the Home at Sitka has been remodeled to eliminate dormitories and multiple bedrooms so that each room joins a bath that is private or shared by one other person. The segregated women's and men's wings no longer exist.

## PRESENT - ACCOMPLISHMENTS IN 1986

One of the goals of the Division of Pioneers' Benefits in 1986 was to begin a process of standardization of the Pioneers' Homes. A certain amount of autonomy will always remain because of geographical differences, but staffing, budgeting, and level of care for residents should be similar in all homes.

A major concern in FY 86 continued to be that some of the homes were unable to provide, to a certain extent, the increased services now required by individuals living in the residential sections of the homes. These individuals are increasingly requiring more assistance in the most basic activities such as bathing and dressing. The inability to meet these needs with current staff has been and continues to be documented in licensing surveys submitted by the Health Facilities Licensing and Certification Section, Department of Health and Social Services. In FY 86, the Division requested and received for FY 87 new positions funded with excess program receipts generated by the Pioneers' Homes.

The Central Office has increased support services to the homes and has arranged semiannual managers' meetings to develop a Pioneers' Homes system. Computer equipment was

installed throughout the Pioneers' Home system. Automation of the Division has provided a means of sharing information and improved cost effectiveness through analysis of comparative data throughout the program. The Division will continue to examine existing procedures in an effort to use computers to the fullest extent possible.

In FY 86 the Division continued to improve management practices instituted in the previous fiscal year. The numbers of contract awards were expanded to obtain further cost savings through group purchasing. Professional services were analyzed and in some instances, contracts for the same services previously provided will cost less in FY 87. The Division has also looked at contracting for services, where feasible, to reduce higher personal services costs.

In FY 86 the design phase of the Juneau Pioneers' Home was completed and the construction drawings and specifications were finalized. The bid for construction was advertised and the construction contract was awarded in September 1986. The new home will be completed and ready for occupancy by January 1, 1988.

Pioneers' Homes Annual Costs  
in Thousands

<u>Year</u>	<u>Ketchikan</u>	<u>Sitka</u>	<u>Fairbanks</u>	<u>Palmer</u>	<u>Anchorage</u>
1985	\$2,231.6	\$3,939.9	\$3,562.9	\$3,477.2	\$7,111.3
1984	2,136.2	3,744.1	3,430.4	3,205.0	7,049.4
1983	2,054.6	3,614.5	3,349.6	3,099.4	5,419.8
1982	1,008.5	3,199.3	3,091.7	2,808.8	3,248.7
1981		2,944.0	2,943.4	2,608.8	3,002.8
1980		2,544.0	2,586.9	2,214.0	2,695.4
1979		2,413.3	2,454.6	2,054.4	2,480.1
1978		2,103.8	2,158.9	1,823.5	1,833.5
1977		1,911.9	2,072.8	1,720.1	445.9
1976		1,765.2	1,802.7	1,320.0	

The Pioneers' Homes have not had significant increases in funding levels over the past five years. The increases are primarily attributable to personal services. The significant increase in the Anchorage Pioneers' Home budget in FY 83 is the result of the opening of the nursing wing. The significant increase in the Ketchikan Pioneers' Home budget in FY 83 represents funding for the first full year of operation.

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

## PRESENT - ACCOMPLISHMENTS IN 1986

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PIONEERS' HOMES AUTHORIZED BUDGET INCREASE/DECREASE 1982-1986

Anchorage

<u>Year</u>	<u>Authorized Budget</u>	<u>Percent Increase</u>
1982	3059.8	
1983	5543.8	81% (Addition of Nursing Wing)
1984	6026.4	9%
1985	7102.5	18%
1986	7884.0	11%

Fairbanks

<u>Year</u>	<u>Authorized Budget</u>	<u>Percent Increase</u>
1982	2977.4	
1983	3246.6	9%
1984	3401.6	5%
1985	3642.1	7%
1986	3738.1	3%

Ketchikan

<u>Year</u>	<u>Authorized Budget</u>	<u>Percent Increase/Decrease</u>
1982	1244.8	(Start up - 1/4 year operation)
1983	2191.4	76%
1984	2249.2	3%
1985	2446.8	9%
1986	2273.6	(7%)

Palmer

<u>Year</u>	<u>Authorized Budget</u>	<u>Percent Increase</u>
1982	2604.6	
1983	2855.9	9%
1984	3023.1	6%
1985	3425.7	13%
1986	3692.7	8%

Sitka

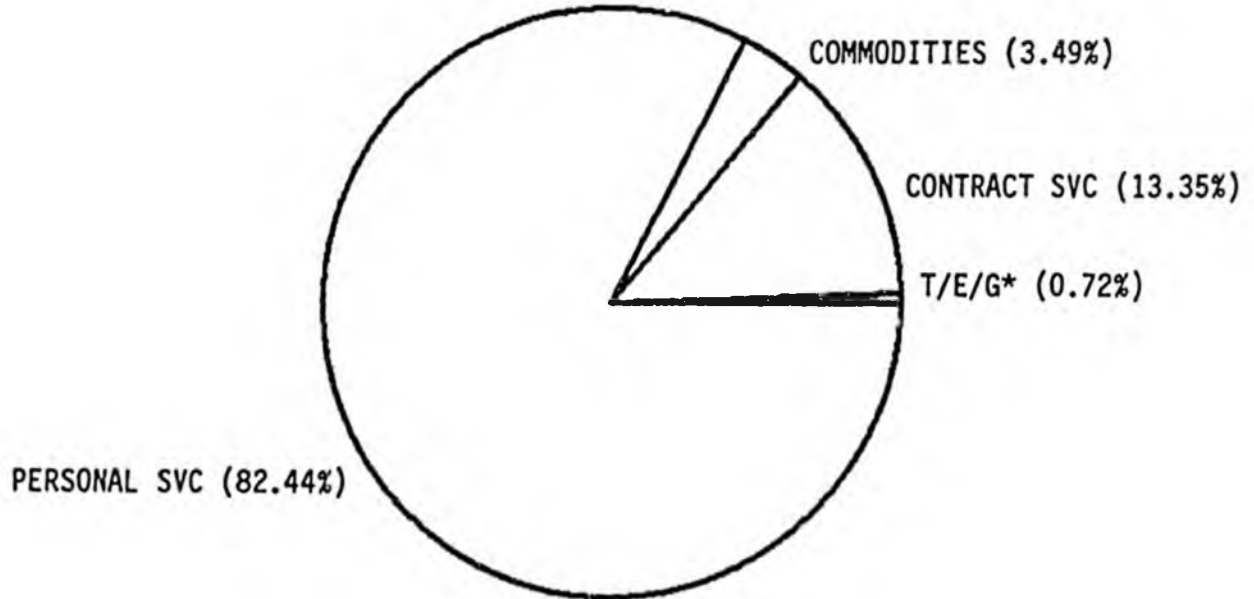
<u>Year</u>	<u>Authorized Budget</u>	<u>Percent Increase</u>
1982	3034.1	
1983	3531.7	16%
1984	3694.0	5%
1985	4041.2	9%
1986	4118.4	2%

Pioneers' Homes Annual Costs  
in Thousands

<u>Year</u>	<u>Ketchikan</u>	<u>Sitka</u>	<u>Fairbanks</u>	<u>Palmer</u>	<u>Anchorage</u>
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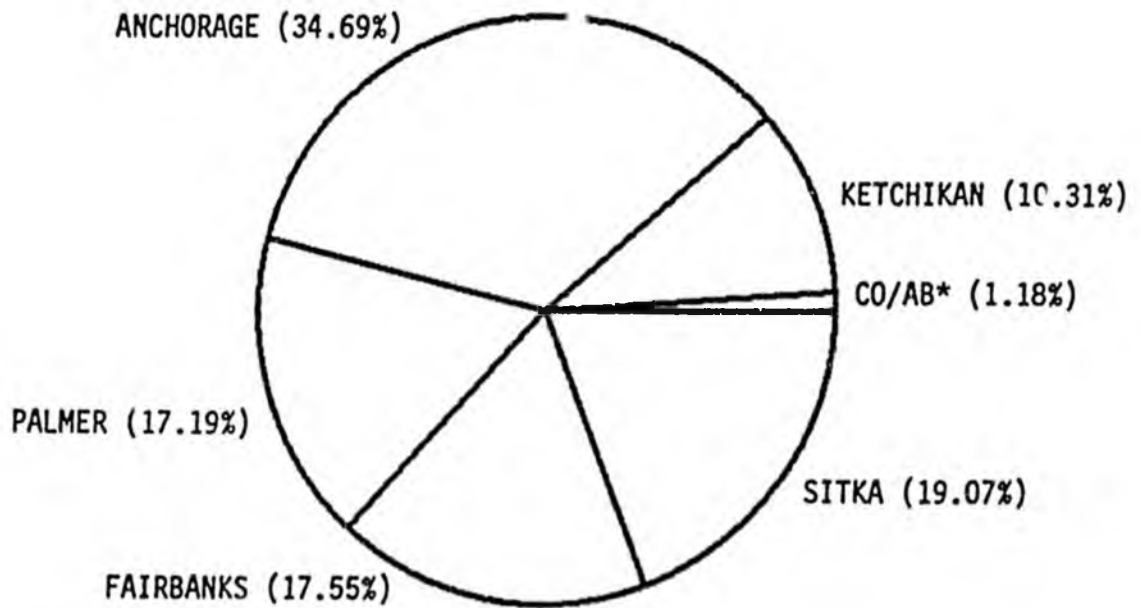
FY 87 OPERATING BUDGET BY EXPENDITURE TYPE  
FOR PIONEERS' HOMES



\*T/E/G--TRAVEL/EQUIPMENT/GRANTS

9/7C1/1120-02

FY 87 OPERATING BUDGET BY HOME  
FOR PIONEERS' HOMES



\* CO/AB--CENTRAL OFFICE/ADVISORY BOARD

9/7C1/1120-03

## CAPITAL PROJECTS

### Anchorage Pioneers' Home

Numerous improvements have been made in the facility this year including installation of new carpeting, vertical blinds, windows, light fixtures, kitchen equipment replacement, exterior lighting, etc. Roof replacement is in the planning stage, as are ramps for safe exit from the building.

Land across from the home has been purchased and is being converted to a parking lot for visitors and home employees. When completed, it will accommodate 46 cars.

### Fairbanks Pioneers' Home

A number of items were completed this year which make the Fairbanks Home a nicer place to live. New carpet and vinyl tile were installed in areas where the old had become soiled or worn. The administrative office and reception area were remodeled. The bathing room received a renovation which included new tub and patient lift. The fire alarm system was upgraded, as was the emergency generator which received a new cooling system. Heating boiler doors were renovated with new fire brick.

New projects are in design or in progress, including an entire new roof, ceiling repairs or replacement, asbestos removal, new drinking fountains which are usable by people in wheelchairs, telephone equipment room ventilation system, and dining room expansion.

Future projects include an entry door monitor and buzzer system, call light system, kitchen plumbing upgrade, freezer and cool room repairs, an additional vehicle garage, items to bring the home into compliance with the building codes, a sewer lift pump replacement, and complete upgrade of the communication system.

### Ketchikan Pioneers' Home

This home, being the newest of the Pioneers' Homes, has had little need for repair. However, the flat roof has been troublesome with leaks, and now the metal pitched roof is showing rusted places which will soon require repair or replacement.

An 1,100 square foot expansion of the dining room has been bid. Redesign is now under way to allow completion with available funds. Completion is expected prior to freezing weather this fall.

This expansion will allow for overflow crowds in the dining room on special occasions, and will provide space for arts, crafts, and recreation on a daily basis.

#### Palmer Pioneers' Home

This home has been under extensive repair and remodeling during FY 86. The roof, which was entirely replaced, has not proven to be sound. Extensive areas of condensation have created internal "rain" within the home. An entire redesign is necessary. Other projects completed were enclosing residents' porches, installing hand washing sinks in the nursing rooms, replacing slider doors to the exterior of residents' rooms, reinsulating bay windows, electrical and mechanical work, asbestos removal, site grading and landscaping, and revamping the roof drain system.

Plans for Phase III of the renovations are now being finalized. These items include correction of the fire and life safety code deficiencies, repair water damage to building, compliance with the building codes for the physically handicapped, light the rear parking area, repaint the building interior and exterior, repair interior beams, replace tiles in the kitchen and bathrooms, install

a fire hydrant, and upgrade the alarm system.

#### Sitka Pioneers' Home

Projects in progress during FY 86 include replacement of broken roof tiles; repairs to the sidewalks, steps, and rock retaining walls; the upgrade of the exterior lighting; and repainting of the buildings.

Preliminary planning is underway to renovate the North Wing to bring it into compliance with licensing and life/safety requirements.

#### Juneau Pioneers' Home

Preliminary planning and design work are now completed on this entirely new facility. The construction contract was awarded in September and construction is underway. Completion is expected by the end of 1987.



## THE FUTURE - MEETING THE NEEDS

An evolution is occurring in the elderly population in general. People are living longer and the percentage of older people is escalating. As the population ages and the elderly who choose to remain in the state become more frail, resources will be in demand to fund Pioneers' Homes.

In a time of budget reductions and declining oil revenues many decisions must be made in regards to programs the state can afford. Unfortunately, this includes programs for the elderly. Long-term care is extremely expensive and the Pioneers' Homes are completely state funded. Medicaid funds are not available for the program because of the 15 year residency requirement. The rent in the homes will probably be increased to help offset some of the operating costs and more cost effective measures will be taken to assure the quality of care remains adequate.

At the same time, the Division recognizes the increased pressure to change the Pioneers' Homes into nursing homes to meet the needs in the community. This is not a viable solution as the state could not absorb the increased costs.

Nursing home care in both the private and public sectors costs upwards of \$50,000 per year in Alaska. Individual and family resources are insufficient for long-term care, therefore the long-term care system depends on state and federal financing. Private financing, whether through one's own resources or through insurance payments, is nearly nonexistent.

The Pioneers' Homes are attractive because of the relatively low rent charged by the state; \$425 per month for residential and \$525 for nursing. This is not based on need, and therefore people are not forced into "pauperism" in order to receive the care they need. Although Pioneers' Homes at present have a residency requirement of 15 years, which does limit the availability of service, each year more people qualify for entrance.

The preference of older people is, typically, to remain at home, especially if certain community based services are provided. For the person suffering with chronic illness, disabling impairments, or an inability to cope, the Pioneers' Homes or nursing homes are the last resort. Community services are

working effectively and people are living independently much longer, but at an average age of 80 many are applying for admission to the Homes. This means people are much more frail and in need of more services before making application.

Within the Pioneers' Homes the population in need of nursing care is increasing, consuming more resources and displacing residential beds. The skilled nursing beds in all Homes are full and waiting lists continue to grow. In Anchorage there is a two-year waiting time for nursing beds.

Due to the demand for additional long-term care supports and rising expenditures for care, alternatives for providing this needed care must continually be evaluated for appropriateness, cost-effectiveness, and accessibility. There is a recognized need to have a system that is geared to the ever changing needs of individuals and promotes maximum independence.

To meet the increasing needs for long term care one new home will be added to the Pioneers' Home system. The home will be located on Vanderbilt Point approximately five miles from downtown Juneau. When completed it

will accommodate 20 ambulatory residents and 34 persons needing skilled nursing care. All residential rooms will be single occupancy; nursing rooms will be double occupancy. The home is now under construction, and beneficial occupancy will be in November 1987.

The new home's operating budget will be about \$2,500,000 per year, and about 45 new jobs will be provided to the Juneau area.

To meet the increasing need for nursing beds it is recommended that another level of care be established within the Homes--"Residential II." At present there is no nursing staff available to serve the residential areas of the Homes although many residents need some personal care service. This level of care could be implemented with some additional staffing but without remodeling of the facility to nursing standards. Residential II would be given only as needed by the residents, and it would be personal care with minimal nursing care. Many elderly need assistance to dress, to use the toilet, or to bathe. People are transferred or admitted to the skilled nursing unit because these services are not provided in residential. With the

addition of services many people now on waiting lists could be housed in residential rooms. Many residents can remain independent longer with this level of care instead of the very expensive 24 hour nursing service. To transfer a resident to skilled nursing care when they need additional help because of failing eyesight, loss of hearing, some disorientation, or other impairments, is not only costly but traumatic to the resident. Skilled nursing care should and could be restricted to only those really requiring this level of service of individualized health care attention or constant surveillance and treatment.

At the recommendation of the Division of Pioneers' Benefits, the Mini-Cabinet on Long Term Care, appointed by the governor in 1985, included the following finding and recommendation in their report.

Finding 8: Residential II at Pioneers' Homes

Pioneers' Homes have "residential beds" for those who require little or no nursing assistance and "nursing beds" for those who require nursing assistance. However, where appropriate, an occupant of a "nursing" bed may be placed in a less restrictive and costly setting, thereby freeing the "nursing" bed for those residents or those on waiting lists who have a need for skilled nursing care. More importantly, often the residential

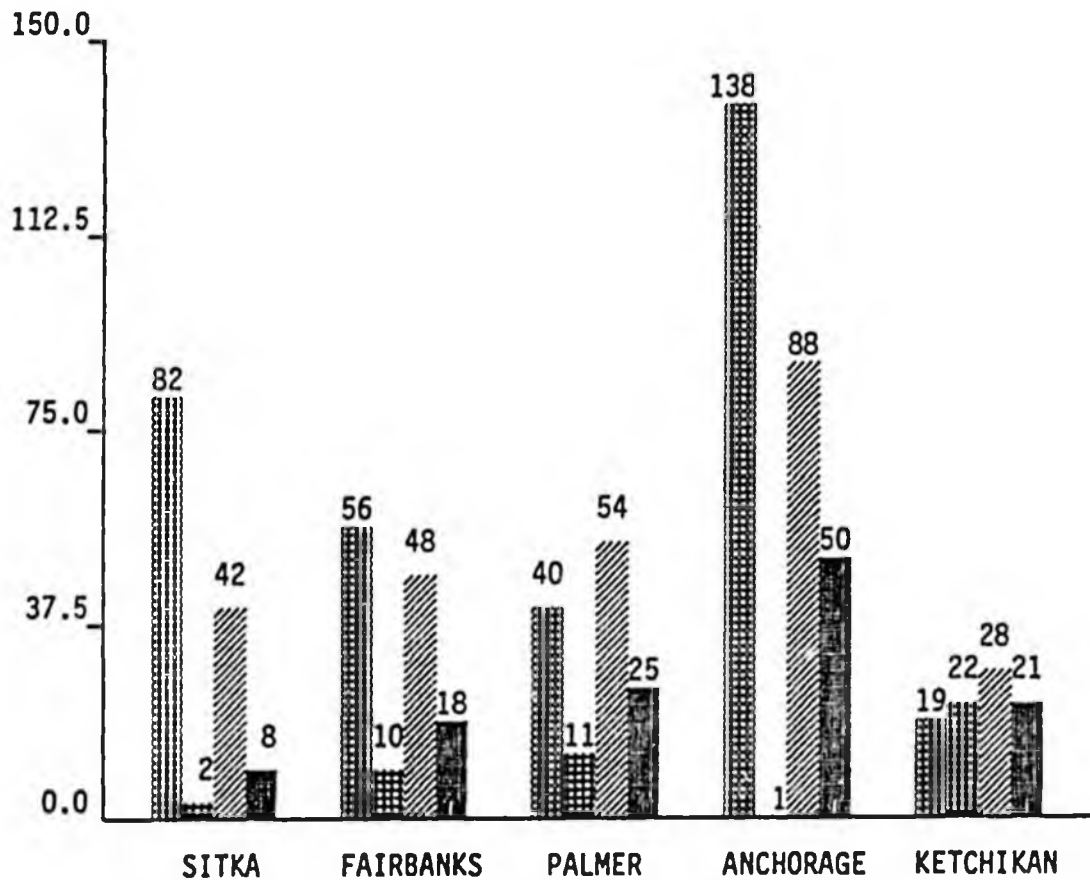
client will become medically fragile, thereby requiring some nursing or attendant care which currently is unavailable in the residential section of the Pioneers' Homes, but the medical need is not sufficient to warrant transfer to the nursing wing. The appropriate type of care is possible only if a level of care exists between nursing care and residential care. When appropriate, the placement of an occupant of a "nursing" bed in a less restrictive and costly setting will free the needed nursing bed and, thereby, hopefully address the Pioneers' Home waiting list and quality of care issues.

Recommendation 8

The Department of Administration, Division of Pioneers' Benefits should establish an ongoing process to identify Pioneers' Home patients/residents in Anchorage, Palmer, Sitka, and Fairbanks who could be properly placed in Residential Level II within the Pioneers' Home and the resources needed by the Pioneers' Home to effect this change.

Initially, the program was scheduled to be implemented in 1986. Those residents qualifying for Residential II were identified, but with pending budget cuts the request for positions to implement the program were deleted in the FY 87 budget. Fairbanks, Palmer, Sitka, and Ketchikan would need additional staff. The cost would be approximately \$650,000. This change would dramatically affect the level of care as well as the desire to better meet the requirements of an aging population in our state.

### TOTAL BEDS IN THE PIONEERS' HOMES



\* WAITING LIST (AS OF OCTOBER 1986)

- ▨ - RESIDENTIAL--TOTAL NUMBER OF BEDS
- ▤ - RESIDENTIAL--WAITING LIST
- ▧ - NURSING--TOTAL NUMBER OF BEDS
- ▩ - NURSING--WAITING LIST

9/7C1/1124-01

Number of Occupied Beds in Pioneers' Homes 1975-1985

December 31, 1985 - total of 559 residents in all Pioneers' Homes.

Ketchikan

<u>Year</u>	<u>Residential</u>	<u>Nursing</u>	<u>Total</u>
1982-1985	19	28	47

The numbers have remained the same since the home opened in 1982. They have had no vacancies.

Palmer

<u>Year</u>	<u>Residential</u>	<u>Nursing</u>	<u>Total</u>
1975	39	50	89
1976	38	50	88
1977	38	50	88
1978	39	52	91
1979	40	52	92
1980	40	52	92
1981	40	52	92
1982	40	52	92
1983	40	52	92
1984	40	52	92
1985	40	52	92

The numbers have remained fairly constant with little or no vacancy factor.

Fairbanks

<u>Year</u>	<u>Residential</u>	<u>Nursing</u>	<u>Total</u>
1975	40	42	82
1976	62	42	104
1977	62	42	104
1978	61	42	103
1979	61	42	103
1980	53	46	99
1981	51	48	99
1982	49	49	98
1983	50	50	100
1984	51	50	101
1985	54	50	104

The numbers reflect the changing population. In 1974 an addition was built on the home, and it was filled by 1975. In 1976, 4 additional beds were

licensed for nursing care; in 1980, 6 more nursing beds were licensed. Some vacancies in residential were occurring but for over a year there has been only turnover vacancies.

Anchorage

<u>Year</u>	<u>Residential</u>	<u>Nursing</u>	<u>Total</u>
1977	67	3	70
1978	117	3	120
1979	122	5	127
1980	126	9	135
1981	126	10	136
1982	113	27	140
1983	108	92	200
1984	109	92	201
1985	127	86	213

The Anchorage Home opened in 1976 but was not really occupied until 1977. In 1982 the skilled nursing wing was added. (6 month budget) Skilled nursing beds have been constantly full. There are presently five empty residential rooms.

Sitka

<u>Year</u>	<u>Residential</u>	<u>Nursing</u>	<u>Total</u>
1975	Not available		128
1976			125
1977			128
1978			117
1979			113
1980	59	42	111
1981	60	42	112
1982	66	43	109
1983	75	43	118
1984	66	43	109
1985	63	42	105

As other homes were added Sitka's population has decreased as people returned to their own communities. Nursing beds are all full, but there are empty residential beds.

The residential beds cannot be licensed for nursing without capital expenditures and additional staffing. The nursing staff is located only in nursing wings except for Anchorage (some nursing in residential). We are now housing people in residential areas who need additional nursing or personal care.

## ANCHORAGE PIONEERS' HOME



The Anchorage Pioneers' Home is a large, modern, five-story structure. The residential section of the home was opened in August of 1977. It has accommodations for 138 residential care residents.

The building is located on the corner of 11th Avenue and "I" Street, about ten blocks from downtown Anchorage, and across the street from the park strip. The exterior is red brick. The rooms are all private, but most share a connecting bathroom with another resident. The rooms are located on the first, second, third, and fourth floors.

Due to the design of the building, residents who would otherwise qualify for residential services but need the assistance of a wheelchair or walker must live on the first floor of the residential building and take their meals in the dining room on that floor.

The dining room, arts and crafts room, residents' kitchen, greenhouse, and other meeting rooms are located on the fifth floor with a view of Mt.

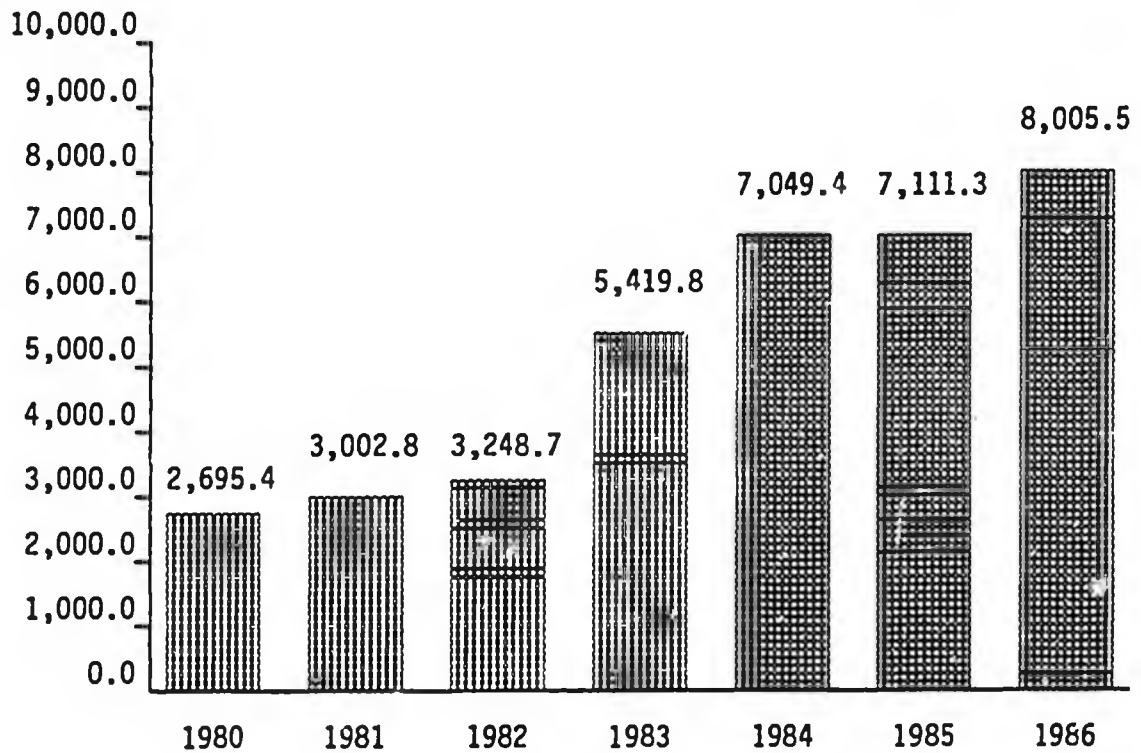
McKinley. The business office and manager's office are on the first floor. A whirlpool and physical therapy room are in the basement.

There is a parking lot provided for residents' cars; however, since the home is so closely located to downtown private cars are not necessary. The home also provides some transportation through the activities staff.

The nursing care unit was opened in August of 1982 and contains 38 single rooms and 28 double rooms for a total of 94 beds. There are six beds reserved for infirmity beds for short stays for illnesses and emergencies of residential care residents who need skilled nursing care. The facility provides complete nursing care and is licensed by the State.

The grounds are beautifully landscaped, and residents are encouraged to participate in planting flowers or vegetables in designated areas. The home provides many activities within the home, but also encourages community participation in the various civic organizations.

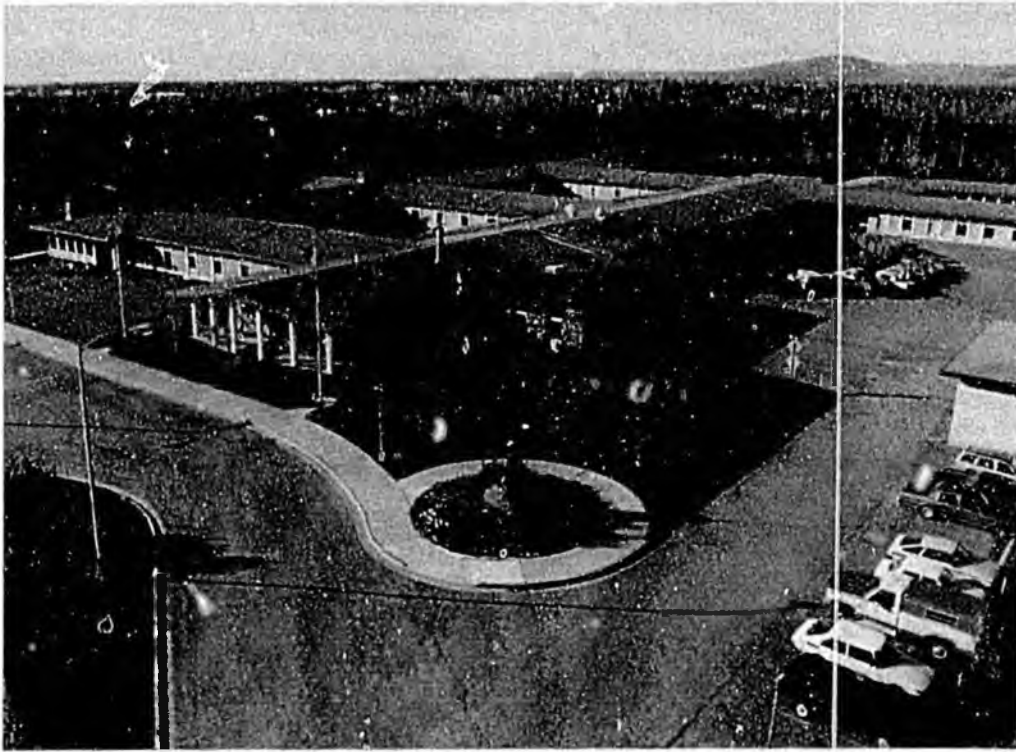
ANNUAL EXPENDITURES (IN THOUSANDS)  
ANCHORAGE PIONEERS' HOME



1983--ANCHORAGE NURSING WING OPENED.

9/7C1/1120-08

## FAIRBANKS PIONEERS' HOME



The Fairbanks Pioneers' Home is situated on 17 acres of woodland adjacent to the downtown area. The home has 104 rooms with a possible occupancy load of 106. There are 56 residential beds, 50 skilled nursing beds, and 4 infirmary beds. There are 98 single rooms and 6 doubles. Most of the rooms are designed with a bathroom that is shared with one other room.

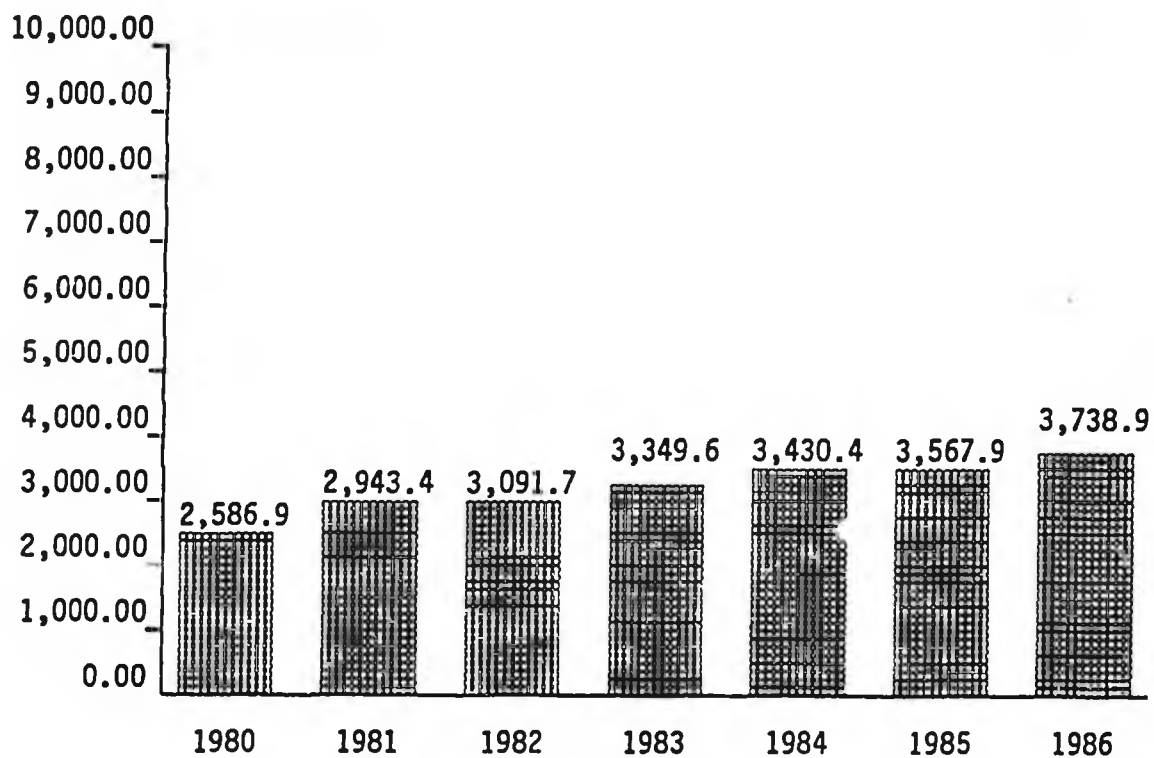
In summer the single story building is surrounded by a carpet of green and a riot of colorful blooms. A greenhouse, vegetable gardens, and berry patches, as well as a multitude of flower beds, provide activities and visual pleasure for residents. A bronze statue of a pioneer woman and child overlooks the entrance to the grounds and adds a distinctive note to the landscaping.

The home is designed with three courtyards and a patio to encourage residents to enjoy the beautiful Fairbanks summers. Picnics, coffees, and ice cream socials make exciting breaks when held among the sights and smells of nature.

As the weather cools and freeze up comes, activities move inside to the recreation room or to the Ptarmigan room with its warming fireplace. The indoor areas are home to fish, birds, and plants that add to the beauty of the very comfortable atmosphere. Both resident dining rooms are filled with potted plants and flowers to enhance the pleasure of good food and good company.

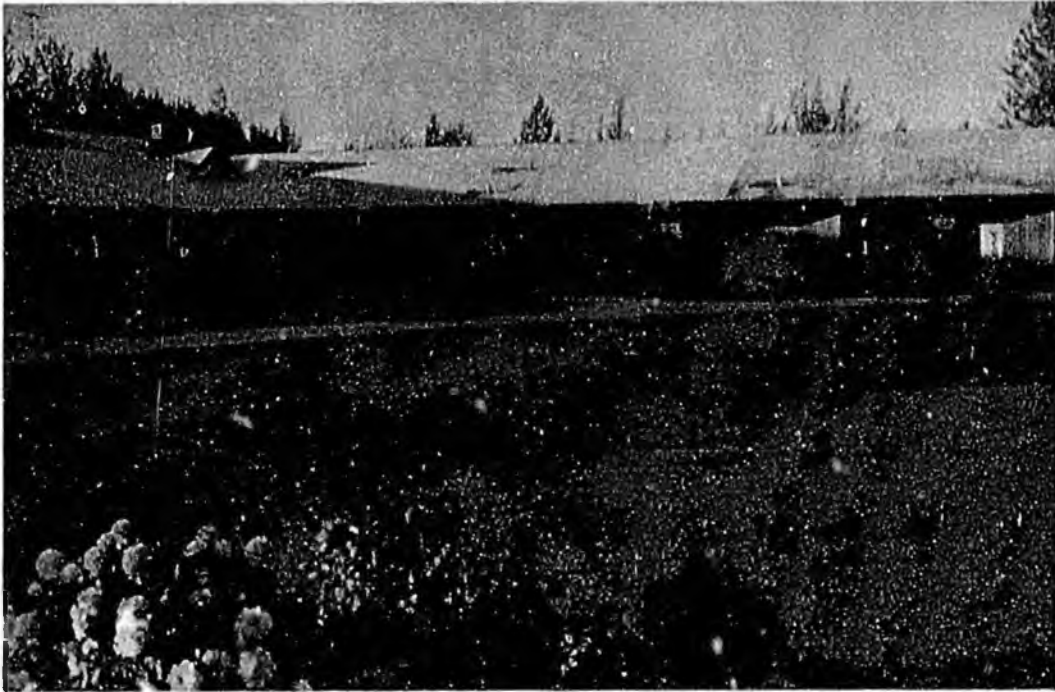
The Fairbanks Home is a pleasant, well-arranged home with some special touches for our very special older Alaskans.

ANNUAL EXPENDITURES (IN THOUSANDS)  
FAIRBANKS PIONEERS' HOME



9/7C1/1120-06

## PALMER PIONEERS' HOME



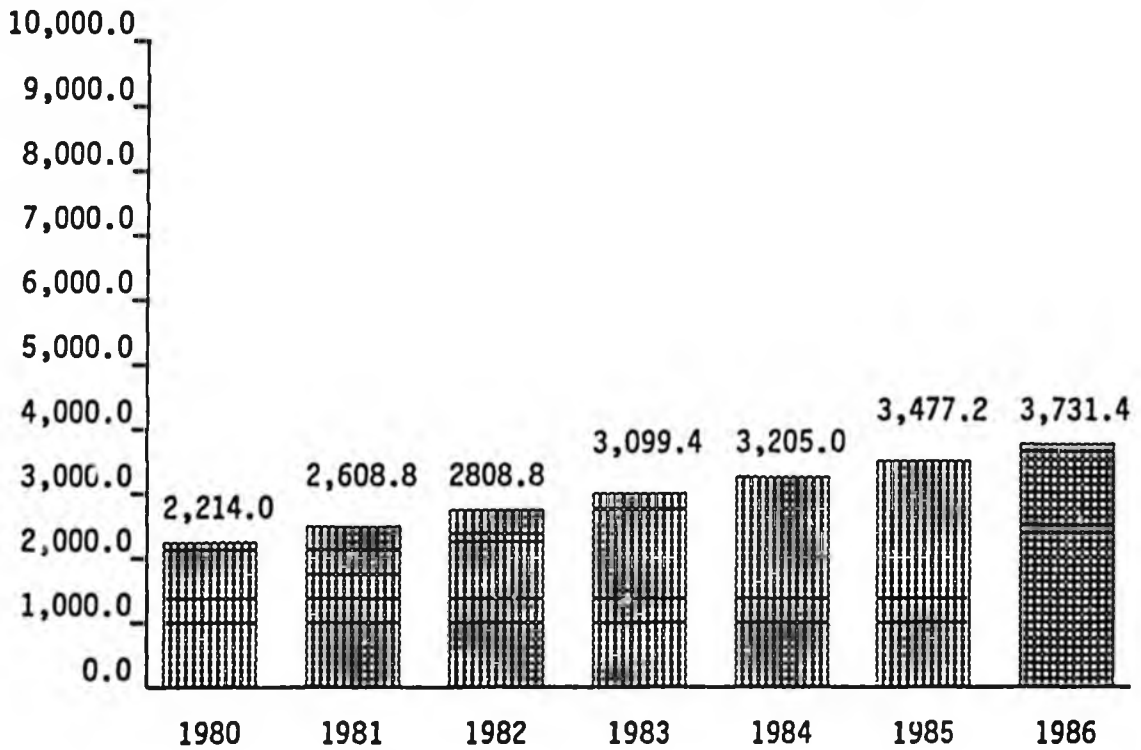
The Palmer Pioneers' Home is a modern, single story building located only a few blocks from the downtown area in the Matanuska Valley. It is in a jewel like setting surrounded by gracious lawns with a backdrop of trees and a view of both the Chugach and Talkeetna mountains.

The home was built in 1971 and an addition was added in 1976. The residential wings of the home can house 40 residents in single occupancy rooms. Most of the single rooms share a bathroom with one other room. The nursing wings contain 54 rooms and are divided into skilled nursing care and intermediate care. Two beds are used as an infirmary for short stays for illness or emergencies.

The building was designed around a core area consisting of the dining room, lounge, crafts area, and offices. Large windows allow the sun to stream in producing a sunny, cheerful environment. A homelike atmosphere prevails throughout the facility.

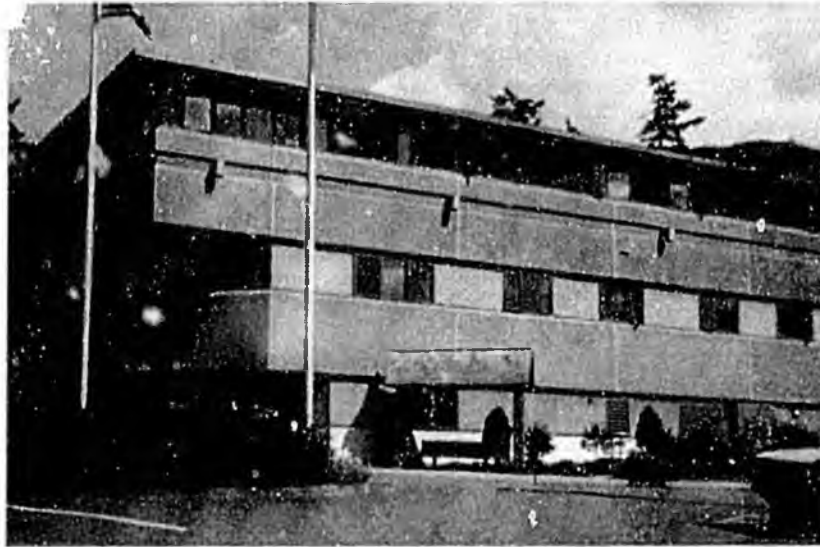
The residents are involved in many community events and activities. Special recognition has been given to the home for their resident kitchen band which performs in schools and at special functions. Within the home the residents are busy with special hobbies, bingo, crafts, parties, and socializing.

ANNUAL EXPENDITURES (IN THOUSANDS)  
PALMER PIONEERS' HOME



9/7C1/1120-07

## KETCHIKAN PIONEERS' HOME



The Ketchikan Pioneers' Home is the newest of the five Pioneers' Homes. It was built in 1981 and has a capacity of 19 residential rooms and 28 skilled nursing beds.

The home is situated so that the residents have a commanding view of the Alaska State Ferry operations, harbor activity, the Ketchikan International Airport, and the main thoroughfare, Tongass Avenue. Bus service to local businesses is available in front of the building.

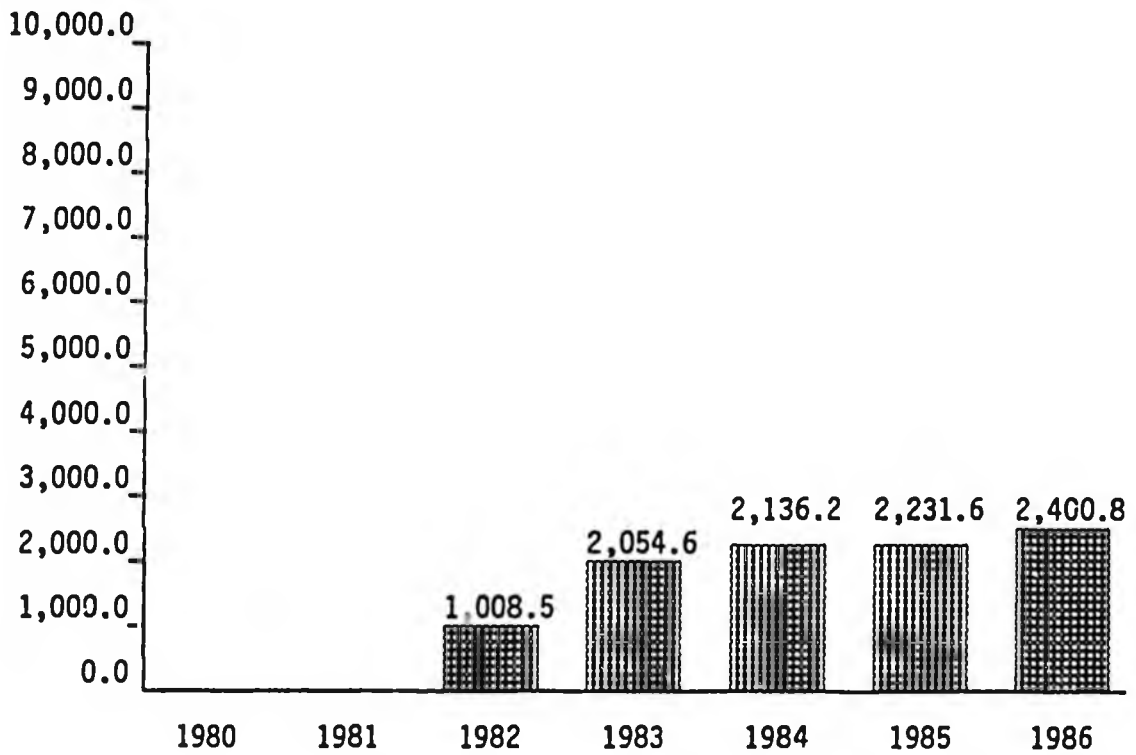
The home is a tri-level building with administrative offices on the ground floor, residential rooms on the

second floor, and skilled nursing on the third floor. The grounds around the building are known for their beautiful flowers and attract many visitors. There is a sun deck for the residents' use and a gazebo in the yard.

Residents are provided all basic necessities as well as recreational opportunities such as trips to town, bingo, exercise classes, ceramics, and, in the summer, picnics.

The outstanding characteristic of this home is the fact that the home is so small that the staff and residents consider themselves "family."

ANNUAL EXPENDITURES (IN THOUSANDS)  
KETCHIKAN PIONEERS' HOME



1982--KETCHIKAN PIONEERS' HOME OPENED.

9/7C1/1120-09

## SITKA PIONEERS' HOME



The first pioneers' home was in Sitka and consisted of two old wooden Marine barracks buildings. The enabling legislation was enacted by the 1913 Territorial Legislature. The current building for the Sitka Pioneers' Home is one of the community's most dominant architectural features. Centrally located in the city, the large three-story facility with nearly two acres of landscaped grounds offers residents a lovely view of gardens and the island-dotted Sitka Sound. An added attraction is "The Prospector," a large statue near the center of the grounds. It was created by the late Alonzo Victor Lewis who used William "Skagway Bill" Fonda, an Alaskan pioneer, as his model.

Built in 1934, the Sitka Pioneers' Home complex with its separate administrator's residence and nurses' quarters was nominated as an historic site, and on October 18, 1979 was placed on the National Register of Historic Places. Through the years the home has undergone several modernizing renovations yet it still retains the warm atmosphere of the early architecture. The administrative offices, main lounge, and dining room are located in the central core

area of the first floor. The large dining room has the comfortable air of a lodge or resort.

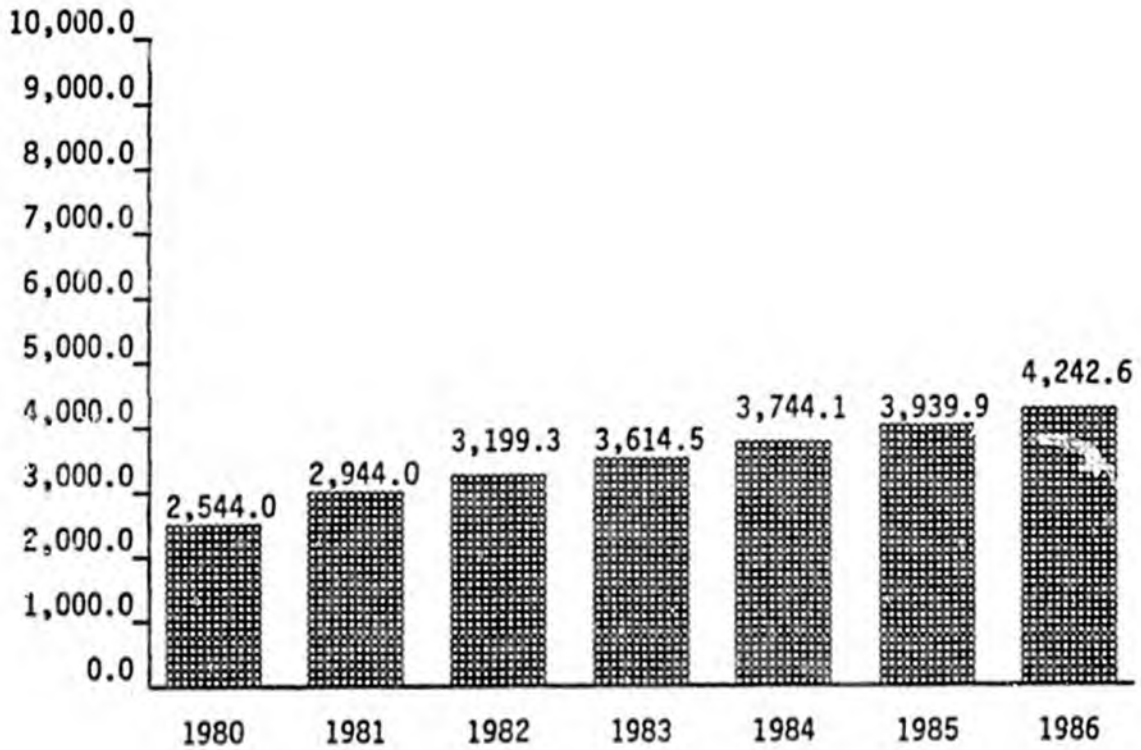
The second floor is primarily residential rooms with Social Services, Physical Therapy, and Housekeeping offices in the central area. The skilled nursing unit occupies the entire third floor complete with laboratory, medical director's office, pharmacy, and nursing offices.

Other support services, such as laundry and maintenance are located in the basement which is partially below ground level. The Activities area with fully complemented kitchen, ceramics, arts and crafts rooms, and wood shop share this floor as well as a section of residential rooms.

A variety of activities are available for the residents, and participation in community events is also encouraged. A small library is located in the home and is supplemented by a weekly book exchange from the City Library.

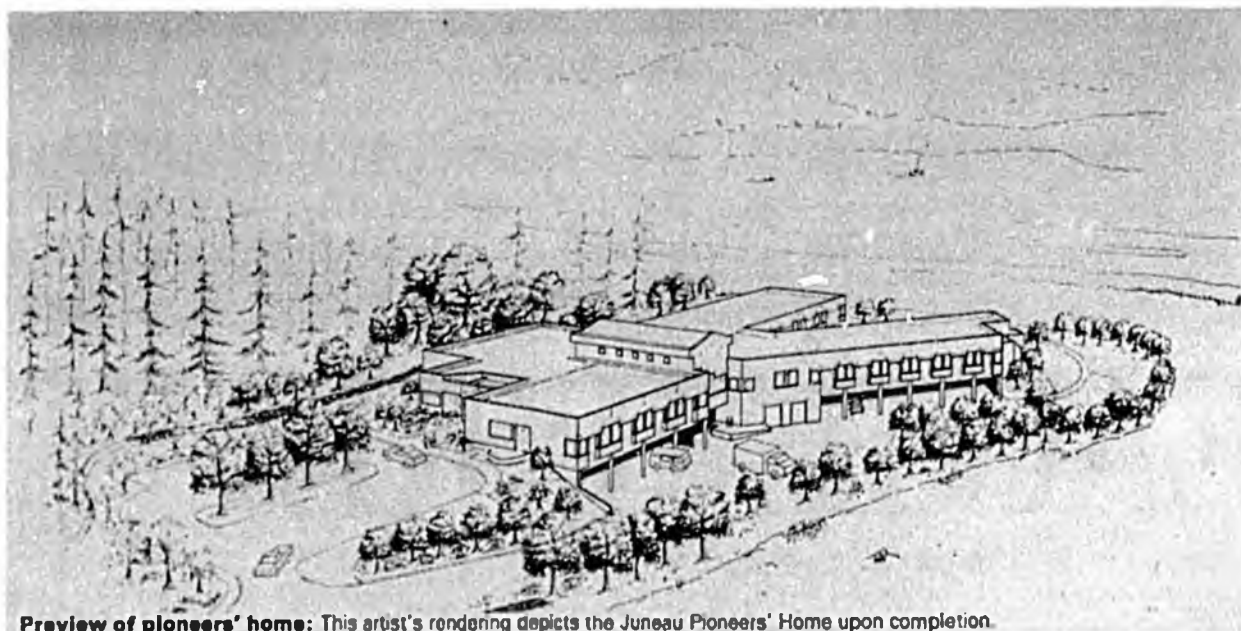
The Sitka Home has a total of 124 beds (42 skilled nursing and 82 residential services).

ANNUAL EXPENDITURES (IN THOUSANDS)  
SITKA PIONEERS' HOME



9/7C1/1120-05

## JUNEAU PIONEERS' HOME



**Preview of pioneers' home:** This artist's rendering depicts the Juneau Pioneers' Home upon completion.

The Juneau Pioneers' Home is under construction. Beneficial occupancy will occur November 30, 1987. Residents will be interviewed and begin moving in during January 1988. The home is located on Vanderbilt Point at 5-mile Egan Drive with a panoramic view of the Chilkat mountains.

The facility will be a two-story building with one floor partially underground. The lower floor will be

a service area. The dining room, physical therapy room, and residents' rooms will be on the upper level.

Two wings will house 54 residents. One wing will have full nursing service for 34 individuals in double occupancy rooms. The other wing will be for 20 ambulatory residents living independently in single rooms but sharing a bath with one other resident.

**onus**

**past,**

**present**

## HISTORY OF LONGEVITY BONUS PROGRAM

Enabling legislation establishing the longevity bonus program was enacted in 1972 and became effective January 1, 1973. The purpose as stated in the Alaska Statutes reads as follows:

AS 47.45.170. Purpose. The sole purpose of this chapter is to offer and provide all law-abiding Alaskans capable of managing their own affairs who have maintained a domicile in the state for at least 25 years and have reached a retirement age of 65, an incentive to continue uninterrupted residency in the state. Under no circumstances shall this chapter be considered a form, type, or manner, of public relief. Bonuses made under this chapter are not predicated on need even though they may appear to provide supplemental income to some qualified persons who would otherwise be forced to become responsibilities of the state. The legislature further finds and states that this legislation recognizes the economic hardships suffered by many elderly Alaskans, Alaskans who through their tenacity and perseverance molded Alaska as we know it through skillful application of their talents. These pioneers are the same Alaskans, who in the prime of their life were in effect treated as second-class citizens by the federal government who paid much of their hard-earned income to a government in which they did not have the right to participate through power of the ballot. The legislature also is aware of the fact that many of these pioneers have been forced to live out their retirement years in areas far away from the land they loved and nurtured and thereby also suffering in many cases, the loss of familial relationship with their own kin, an experience that is sad and frustrating to them as well

as depriving new generations of Alaskans the benefit of their wisdom and experience. This legislation hopefully will provide our pioneers with the economic means to remain in and continue to serve their state and to enjoy the opportunity of aiding the new Alaskan in making this state truly "The Great Land."

A person who was 65 years or older, was domiciled in Alaska on or before January 3, 1959, and had maintained a continuous domicile in Alaska for 25 years could apply to receive a monthly bonus of \$100. Approximately 4,200 qualified Alaskans began to receive the bonus the first year. The amount of money appropriated the first year was 5 million dollars.

In 1982 the residency requirement was challenged in a suit brought by Rodney Vest. Mr. Vest was 67 years old and had lived in the state since June of 1959 which made him ineligible, by six months, to receive the bonus payment.

In December 1983 the court ruled the residency requirement was unconstitutional.\* This ruling was appealed by the state but in 1984 the supreme court affirmed the lower court decision. The legislature immediately passed a bill that opened the program to all persons 65 years or older who

had resided in the state for one year immediately preceding the date of their application. The legislation changed the purpose of the statute, provided for a special committee to study alternatives to the program and make recommendations to the legislature, and extended the program for one year but contained a repealer that would have caused the program to cease after July 1985 if no further action was taken.

During 1985 the legislature did not agree on alternatives. New legislation was passed that removed the repealer and contained language to put the two alternatives on the ballot for a vote of the people in 1986.

\* The superior court has not yet rendered a decision on that portion of the lawsuit filed by Rodney Vest against the state in July 1982 which seeks retroactive bonuses for persons who were denied payment under the original residence requirements.

12/17/86  
Wainwright Alaska

Dear

I am very thankful sent check every month. I say very thank-you because my husband [redacted] me only security & Bonus [redacted] I have old man check other people

Thank you ~~very~~  
truly sincerely  
[redacted]

## PRESENT - LONGEVITY BONUS ACCOMPLISHMENTS IN 1986

In FY 86 the Longevity Bonus Program served approximately 15,500 elderly citizens of Alaska, and disbursed \$44,024,250 in monthly payments to qualified residents. This program enabled many people to remain in the state and to continue to be independent. Without the bonus a large percentage of the recipients, especially in rural Alaska, would apply for public assistance. The \$250 bonus payments are spent in Alaska (no checks are sent outside the state), benefiting local businesses and helping to boost the state's economy.

The 1985 legislature made two substantial changes to the program. The individuals residing in nursing homes, or in the nursing wings of the Pioneers' Homes, were made ineligible to receive the bonus. This change was enacted to protect Medicaid eligibility for those residing in private nursing homes. The other change affected the length of time a recipient could be absent from the state and remain on the program.

Previously a person could be gone for 180 days per year; this was changed to 90 days. The people affected by this change were often those maintaining two places of residency--one in the lower 48 and one in Alaska. Many of these recipients decided rather than to give up their lifestyle they would no longer remain on the program; this produced a small reduction in numbers served.

During FY 86, 2,311 new applicants were added to the program. At the same time, 661 nursing home residents and 601 deceased recipients were removed from the rolls. In addition, 535 persons have relinquished the bonus by failure to contact the program for more than six months.

In FY 86 computers were installed replacing much of the manual labor attached to the earlier data entry of status changes by batch system. Improvements are continuing to be made to efficiently meet the needs of the rapidly growing program.

## Longevity Bonus Program General Information

The purpose of the Longevity Bonus is to provide an incentive for elderly Alaskans to remain in the state. The program is not a form of welfare and eligibility is not based on need. The bonus is available to Alaska residents who are at least 65 years of age, are physically present in the state, and have resided in the state for at least one year immediately preceding application.

### Initial Eligibility

To apply for the bonus, a person must complete the form provided by the Longevity Bonus Program. The signature of the applicant must be verified by a notary public, postal official, or other official authorized to take oaths.

Documents verifying applicant's date of birth should be submitted at the time of application. A birth certificate or delayed birth certificate are considered as conclusive proof of age. Other documents which state applicant's date of birth may be acceptable, and in determining their value the program will consider the date of the documents and the circumstances surrounding their establishment. In place of an original document, the applicant may submit a true copy of the record or a statement as to the date of birth shown by the record which has been certified by the official who has custody of the original record.

A person establishes Alaska residency by being physically present in the state with the intent to remain indefinitely. An applicant demonstrates completion of the residence requirement by remaining in the state during the 12-month period immediately preceding application with absence less than 90 days within that period.

An applicant who has been absent from the state for more than 90 days during the year immediately preceding application will meet the residence requirement by remaining in the state for 12 months with absence less than 90 days during that period, or by providing proof that the absence over 90 days was due to reasons beyond the applicant's control.

Completion of the residence requirement is verified if attested to by two adults who sign the application in the space provided for that purpose. The applicant may be required to provide additional information to support the claim of eligibility for the program.

The application should be submitted during the month in which all eligibility requirements are completed. If the residence requirement has been met, the applicant should apply in the month in which he or she becomes age 65. However, if the applicant is at least 65 but has not met the

residence requirement, the application should be submitted in the month the residence requirement is completed.

If an application has been received, the applicant will be entitled to payment on the first of the month following completion of all requirements. The bonus program is not contributory and retroactive payments cannot be paid for any period before an application is received by the program.

#### Continuing Eligibility

A bonus in the amount of \$250.00 is issued for a month on the first day of that month. After a recipient proves initial eligibility, he or she must personally reapply for each monthly payment by signing and returning the reapplication stub attached to each warrant by the 15th day of the month. The signature of a person who has a recipient's power of attorney is not acceptable on a reapplication stub. A bonus payment is mailed to the recipient's Alaska mailing address and cannot be forwarded.

A recipient must be physically present in Alaska to qualify for payment and the law does not allow a bonus to be paid to persons absent from the state for more than 30 days for any reason. Bonus recipients are required to notify the program in advance of an absence which is expected to exceed 30 days, and as soon as possible when the absence unexpectedly exceeds 30 days.

When the program receives notice of an absence intended to exceed 30 days, payments are stopped until the recipient returns to Alaska and qualifies for reinstatement. If the absence lasts from 31 to 60 days, one payment is forfeited, and from 61 to 90 days, two payments are forfeited.

Recipients may be absent from the state for 90 days (either continuously or cumulative) within a 12-month period without jeopardizing entitlement to payment upon returning to the state. Persons who exceed the 90-day absence limit will qualify for reinstatement of payments by remaining in the state continuously for 12 months with absence during that period not exceeding 90 days. However, if it is shown that the recipient remained absent for more than the allowable 90 days for reasons which were beyond his or her control, the 12-month waiting period will be waived.

The program considers an absence over 90 days to be beyond a recipient's control if the excessive absence was for the purpose of required medical treatment for the recipient or the recipient's spouse if the medical treatment was not available in Alaska, or if the excessive absence was caused by hospitalization and inability to travel on the advice of

a physician as the result of an unexpected illness or injury to the recipient or the recipient's spouse which occurred after leaving Alaska. The reason for the excessive absence must be substantiated in writing by the attending physician, and other documentation as requested.

A recipient is not required to report absences of 30 days or less. A cumulative absence over 90 days is the sum of all absences which exceed 30 days within any 12-month period. For the purpose of calculating the period of absence, a 12-month period begins on the departure date.

Absence from the state and use of a second party to receive and forward bonus payments and reapplication stubs is a crime and, in addition to other penalties, is cause for permanent disqualification from the program.

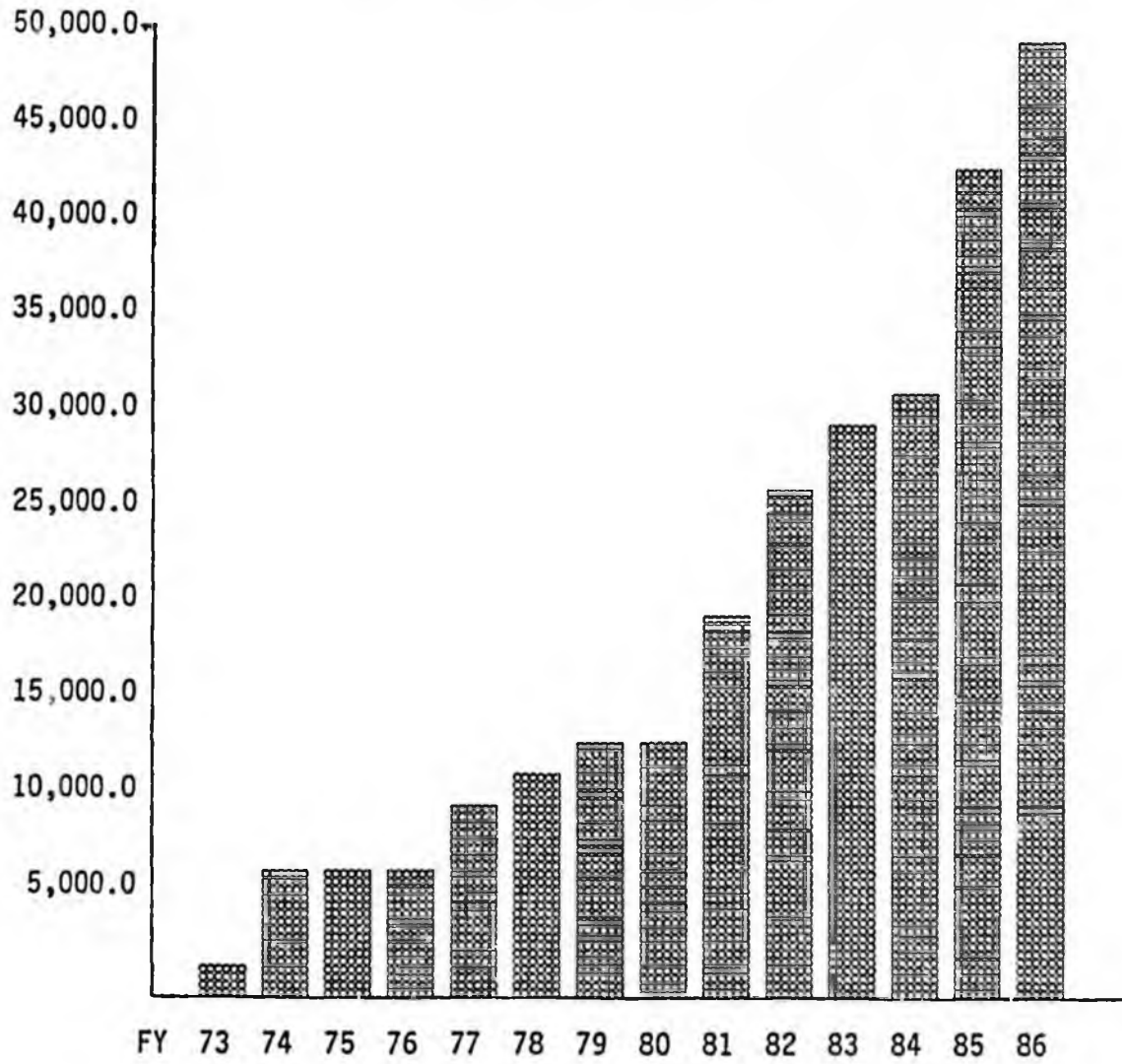
A person does not qualify for the Longevity Bonus while (1) confined in a correctional institution, (2) confined in a state or federal mental institution and certified as unable to manage his or her own affairs, or (3) residing in a nursing home as defined in AS 08.70.180, which includes the nursing section of the Pioneers' Homes.

Further information and application forms may be obtained by contacting:

Longevity Bonus Program  
P.O. Box CL  
Juneau, AK 99811-0211  
(907) 465-4416

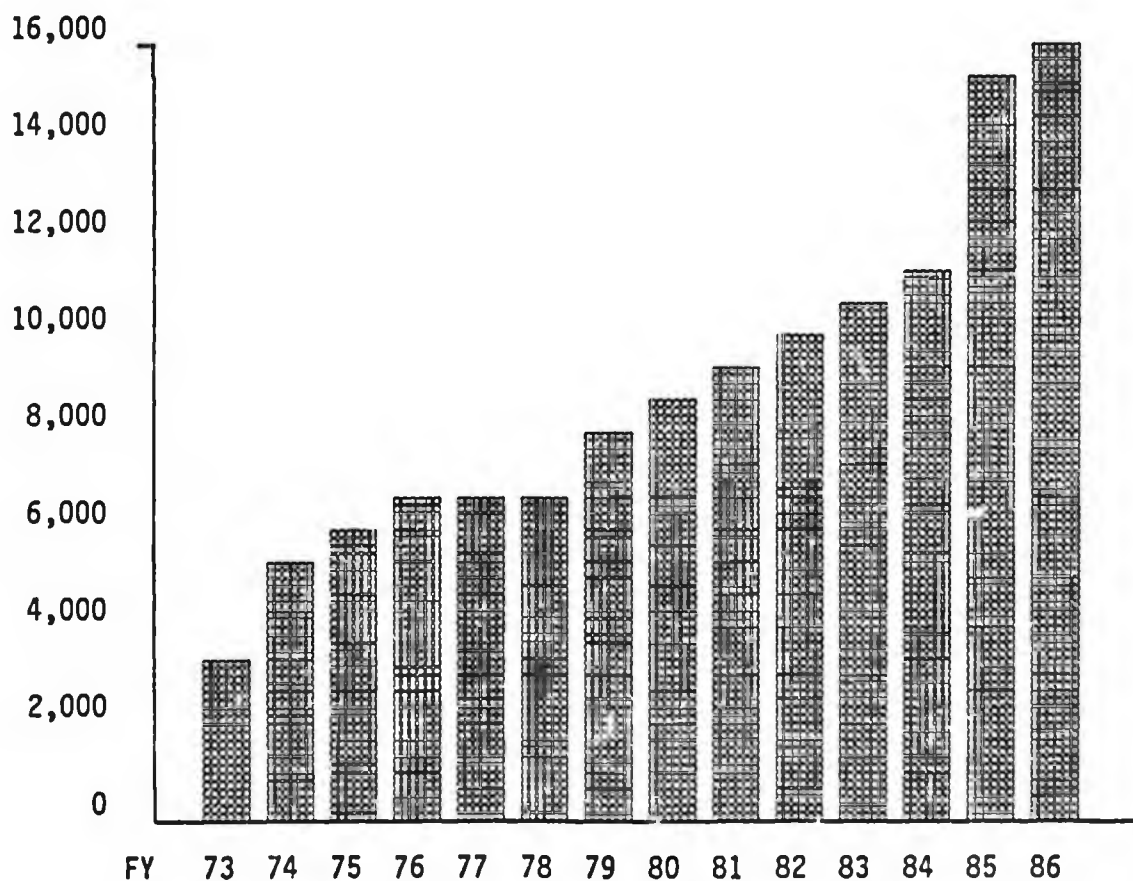
7FL/A-15

ANNUAL EXPENDITURES (IN THOUSANDS)  
LONGEVITY BONUS PROGRAM

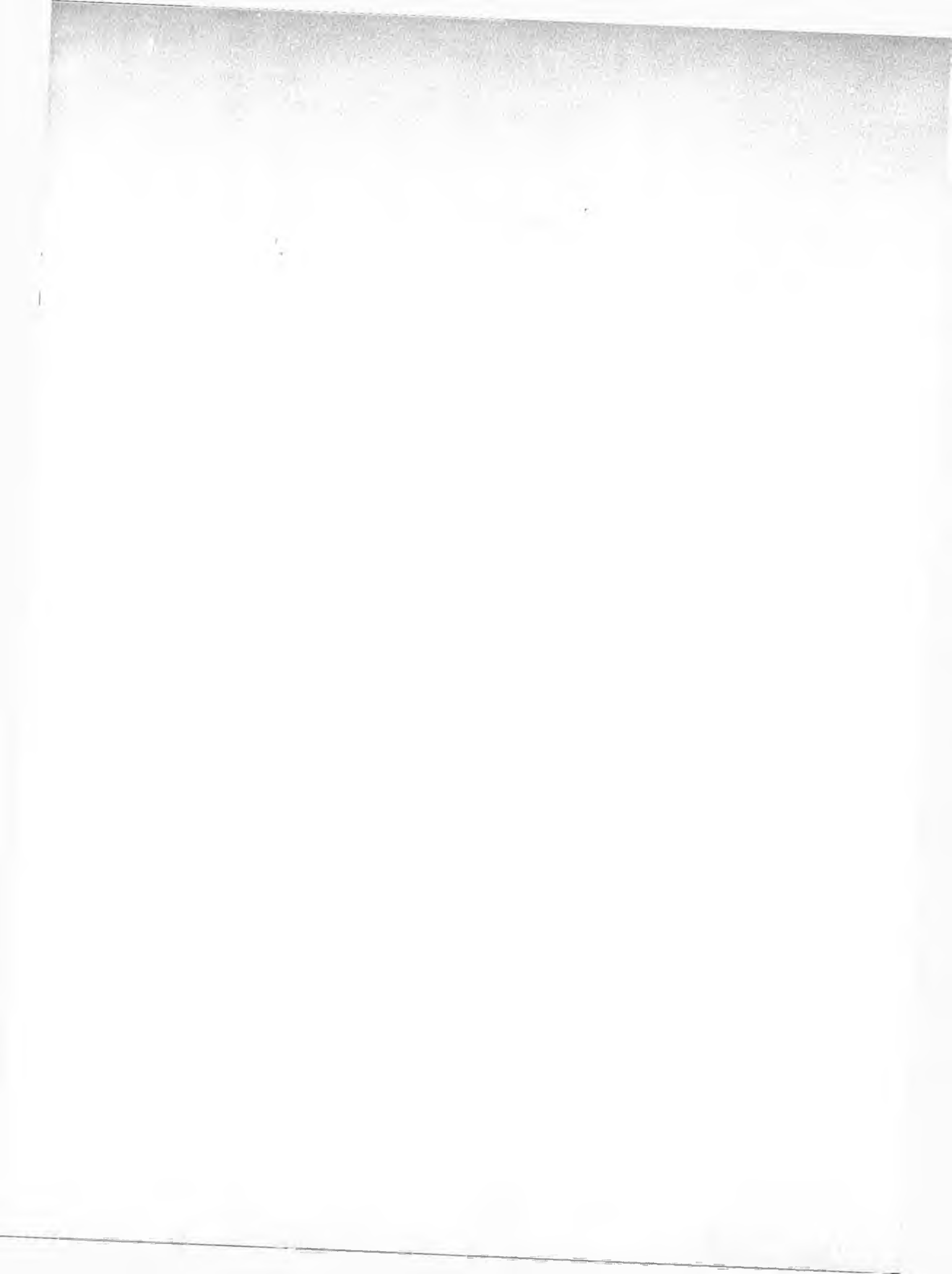


9/7C1/1220-16

QUALIFIED RECIPIENTS  
LONGEVITY BONUS PROGRAM



9/7C1/1220-14



SB

57

STATE OF ALASKA 1987 LEGISLATIVE SESSION  
FISCAL NOTE

Bill Version: SB 57  
Publish Date: \_\_\_\_\_

REQUEST \_\_\_\_\_

Revision Date: \_\_\_\_\_  
Title: Relating to Longevity Bonus

Agency Affected: Administration  
BRU: Longevity Bonus

Sponsor: Duncan  
Requestor: Senate State Affairs

Components: Administration, Grants

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 87	FY 88	FY 89	FY 90	FY 91	FY 92
PERSONAL SERVICES	0	184.5	184.5	184.5	184.5	184.5
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	81.0	81.0	81.0	81.0	81.0
SUPPLIES	0	11.1	11.1	11.1	11.1	11.1
EQUIPMENT	0	20.0	4.0	4.0	4.0	4.0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	(300.0)	(800.0)	(1,600.0)	(2,800.0)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	296.6	(19.4)	(519.4)	(1,319.4)	(2,519.4)
CAPITAL	0	750.0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	(300.0)	(800.0)	(1,600.0)	(2,800.0)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	1,046.6	280.6	280.6	280.6	280.6
TOTAL	0	1,046.6	(19.4)	(519.4)	(1,319.4)	(2,519.4)

POSITIONS:

FULL-TIME	0	5	5	5	5	5
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

**ANALYSIS:** Attach a separate page if necessary SB 57 would implement the annuity program (Title 43, Chapter 23, Article 2). However, the program would be limited to those who are presently between the ages of 52 and 65. The Longevity Bonus Program would be eliminated in the year 2001. Both of these limits will reduce the general fund requirements. An estimate of the reductions is not available. The amounts shown on the Grants and Claims line reflect the general fund reductions if the annuity program is implemented without these amendments. The amounts are based on the differences in costs of the annuity program and the current law as shown in Appendix A of 1986 Ballot Measure No. 3, Questions and Answers About Proposed Longevity Bonus Alternatives prepared by the Division of Strategic Planning, September 1986.

Prepared By: Michael P. McMullen Phone: 465-2200  
Division: Commissioner's Office Date: 2/11/87

Approved by Commissioner: Garrey Peska Date: 2/11/87  
Agency: Department of Administration

Distribution (by preparer):  
Legislative Finance  
Legislative Sponsor  
Requestor  
Office of Management and Budget  
Impacted Agency(ies)  
Senate Secretary

CONTINUATION of FISCAL NOTE ANALYSIS

For SB 57

Funds for operating the program will come from the annuity investment fund (AS 43.23.110) as provided in AS 43.23.110(d).

We estimate that approximately four full-time employees will be needed to administer this program on a continuing basis. We estimate that a program supervisor and chief accountant will be needed with two other staff members.

We are basing this fiscal note on the assumption that the Department of Revenue will verify ages of those who elect to participate in the annuity program. This is critical.

We estimate that four positions are needed to administer this program:

Supervisor: Retirement and Benefits Specialist III  
Accountant: Accountant II  
Technician: Retirement and Benefits Technician I/II  
Clerk: Accounting Clerk III

We propose that a notification will be sent to all Alaska box holders to inform them of the provisions of the bill and to advise them of the contact persons or agencies. We estimate an annual cost of \$20.0 for independent audits. We also propose that there will be annual statements of account that will be sent to approximately 150,000 participants. This cost is estimated to be \$41.0.

We estimate that the annuity program will be fully automated to reduce the need for staff. We estimate that one-time system analysis, development, and construction costs would be \$750,000.

We anticipate the need for one full-time Programmer/Analyst IV to provide guidance in the development of the annuity systems with the contractors and, after implementation, to provide ongoing maintenance. We also estimate a cost of \$20.0 for computer records storage.

A zero inflation rate is assumed for this fiscal note.

## APPENDIX A

### General Fund Costs of Proposed Bonus Program Alternatives

-----millions of dollars-----

<u>Fiscal Year</u>	<u>Costs of House Proposal</u>	<u>Costs of Senate Annuity Proposal</u>	<u>Costs of Current Law</u>
1988	49.3	49.9	49.9
1989	47.7	52.4	52.7
1990	45.5	54.8	55.6
1991	43.3	56.6	58.2
1992	41.1	57.9	60.7
1993	38.9	58.9	63.4
1994	36.7	59.2	65.9
1995	34.6	59.2	68.8
1996	32.5	58.2	71.4
1997	30.3	56.1	73.6
1998	28.2	53.2	76.1
1999	26.1	49.1	78.5
2000	24.1	43.7	81.1
2001	22.1	36.8	83.6
2002	20.2	28.2	86.2
2003	18.3	18.3	88.9
2004	16.5	16.5	91.6
2005	14.8*	14.8*	94.9†

\*Annual general fund costs continue declining, and reach zero by about 2034.

†Annual general fund costs likely to continue increasing.

# Alaska State Legislature

SENATE ADVISORY COUNCIL



Pouch V  
State Capital  
Juneau, Alaska 99811  
Phone: (907) 465-3114

## MEMORANDUM

TO: Senator Mitch Abood  
Alaska State Senate

ATTN: Carol Horos

FROM: Paula d. Scavetta *PS*  
Researcher

DATE: January 26, 1987

RE: Longevity Bonus

Attached is the information you requested on longevity bonus. The first page is a simplified form on where longevity bonus is. The second is a status on the Vest vs. Alaska court case.

As soon as the other information is compiled I will forward it to you.

## WHERE ARE WE ON LONGEVITY BONUS?

The 14th Alaska Legislature considered two alternatives to the present longevity bonus program. Both were adopted, but neither will take effect unless the legislature repeals the other. The legislature asked for an advisory vote on the annuity option in the last general election and the vote was 99,222 for and 65,789 against.

## WHAT IS THE ANNUITY OPTION?

The annuity option that was voted on provides that every individual who reaches 65 by January 1, 1988 (and has one year residency) including those already receiving the bonus would receive a longevity bonus payment of \$250 per month. A person under age 65 on January 1, 1988 could participate in an optional annuity program by depositing all or part of his or her permanent fund dividends in an account held by the state. Upon reaching age 65, a person could receive a monthly payment in an amount determined by how much was contributed to the account. The annuity payments would be supplemented with a declining longevity bonus payment paid for with general funds.

## WHAT WAS THE OTHER ALTERNATIVE ADOPTED?

The other alternative provides that anyone who is 65 years old by January 1, 1988 and have one year residency will receive a longevity bonus. Therefore, if you are not 65 years of age by January 1, 1988 you would not receive the bonus.

## WHAT IF THE LEGISLATURE DOESN'T REPEAL EITHER ALTERNATIVE?

If the Legislature doesn't repeal either alternative the existing longevity bonus would continue. The existing program being that anyone 65 or older with one year residency shall receive \$ 250 per month bonus. The estimated cost for this is \$ 51 million in FY 88.

## VEST VS. ALASKA

The Alaska Supreme Court ruled in the case Vest vs. Alaska, that the residency requirements of the longevity bonus program violated the equal protection provisions of the Alaska and United States Constitutions. That was in 1984.

Within the next few weeks, Judge Carpeneti will rule on whether or not elderly Alaskans that were denied longevity bonuses because of residency requirements are entitled to retroactive longevity bonuses because the residency requirements of the original statute unconstitutionally discriminated against them.

If the state is ordered to pay retroactive longevity bonus payments, the real question is how far back would they have to go (that could be 10 years, 5 years, 1 year or anything in between). There is a chance that the judge could order no retroactive payments at all.

Every year that the state is ordered to issue retroactive payments could possibly result in about a \$15 million expenditure (assuming 5,000 individuals were made eligible by the reduction of the residency requirement, \$250 per month times 12 months for 5,000 individuals).

Oral arguments by the state and Mr. Vest's attorney's were presented to Judge Bud Carpeneti on June 10, 1986. Judge Carpeneti is late with his ruling; it has been over 6 months, so a ruling will be coming very shortly.

The attorney for the state is Deborah Vogt. 465-3500 She is located in the Attorney General's office on the 4th floor of the Capital Building and she has copies of all briefs.

The attorney for Mr. Vest is Henry Camarot of Camarot, Sandberg, Hunter and Smith in Anchorage.

# STATE OF ALASKA THE LEGISLATURE

LEGISLATIVE AFFAIRS AGENCY  
BUREAU OF LEGISLATIVE COUNSEL  
307 363 2800

## LEGISLATIVE AFFAIRS AGENCY

MEMORANDUM

January 6, 1987

SUBJECT: Sectional analysis of longevity bonus bill  
(Work Order No. 15-0189)

TO: Senator-elect Jim Duncan

FROM: Keith B. Levy *KBL*  
Legislative Counsel

You have requested a sectional analysis of Work Order No. 15-0189, relating to the longevity bonus. Generally, the bill makes effective the annuity program which was enacted by the legislature two years ago (ch. 99, SLA 1985). However, your bill makes some significant changes to the annuity program and the longevity bonus program, as described below.

Section 1 amends AS 43.23.005(d) by limiting the option to take the permanent fund dividend as an annuity credit to those individuals who turn 65 years of age on or before January 1, 2001. A person who turns 65 after that date, or who is already 65 on January 1, 1988, would be required to take the dividend as cash. Thus, the annuity program would be limited to those who are presently between the ages of 52 and 65.

Section 1 also removes the option to take a portion of the dividend in cash and a portion as an annuity credit, providing instead that the dividend must be taken either entirely in cash or entirely as an annuity credit. The reason for this change is that section 6 of the bill provides for the reduction of the longevity bonus by \$25 per month for each year in which a person qualifies for but does not select an annuity credit. Since that section does not anticipate taking a portion of the dividend as an annuity credit, it was necessary to require that the choice be all or nothing.

Sections 2, 3, and 4 are technical amendments, necessary to conform to the changes made in section 1 of the bill.

Senator-elect Duncan  
Page 2  
January 6, 1987

Section 5 amends AS 47.45.010 to provide that to be eligible for a longevity bonus, a person must be 65 years of age on or before January 1, 2001. People who turn 65 after that date would be ineligible for the bonus.

Section 6 amends AS 47.45.015 to provide that an individual's longevity bonus is reduced by \$25 per month for each year in which that person qualifies to take the permanent fund dividend as an annuity credit, but opts to take it in cash instead.

In the original draft of this bill prepared for your office, section 6 provided that the longevity bonus was reduced by \$25 per month for each year in which the individual "did not qualify for and select" an annuity credit. In a memo dated November 21, 1986, I indicated that such a requirement presents constitutional problems because it unfairly discriminates against those residents who qualify for the longevity bonus, but would receive a lower amount solely because they were not residents during the early years of the annuity program, and therefore could not select an annuity credit. The current draft of section 6 resolves that problem by providing that the longevity bonus is reduced only for those years in which an individual qualified for an annuity credit and did not select one. Thus, people would not be penalized for those years in which they were not residents and could not select an annuity credit.

However, a second problem mentioned in the November 21 memo is not resolved by the current draft. That is that the bill still distinguishes between those individuals who select an annuity credit and those that don't by lowering the longevity bonus of the latter group. Under the state and federal equal protection clauses, at least a rational basis must be shown for this distinction. The argument could at least be made that no such basis exists.

Section 7 repeals sec. 1, ch. 99, SLA 1985. The repeal of that section is necessary to make the annuity program, enacted by ch. 99, SLA 1985, effective (see sec. 25, ch. 99, SLA 1985).

Section 8 provides that the amendments to the permanent fund dividend program provided for in the bill apply beginning with the 1988 dividend.

Section 9 provides for an immediate effective date.

KBL:mkr  
m7/112

**Ballot Language For  
Advisory Vote on Longevity  
Bonus Annuity Program**

The Fourteenth Alaska State Legislature considered two alternatives to the present longevity bonus program. Both were adopted into law, but neither will take effect unless the legislature chooses one of them. The legislature has asked for an advisory vote of the public on the annuity option which is described below.

The annuity option provides that every individual who reaches age 65 by January 1, 1988, including those already receiving the bonus, would receive a longevity bonus payment of \$250 per month. In addition, a person under age 65 on January 1, 1988, could participate in an optional annuity program by depositing all or part of his or her permanent fund dividends in an account held by the state. Upon reaching age 65, a person would receive a monthly payment in an amount determined by how much was contributed to the account. The annuity payments would be supplemented with declining longevity bonus payments paid for with general funds until the annuity accounts were large enough to provide monthly payments of \$250 a month.

The second option provides that every individual who is 65 years old by January 1, 1988, including those already receiving the bonus, will receive a longevity bonus payment of \$250 per month, but that anybody younger than age 65 by January 1, 1988, would not be eligible for benefits.

Should the legislature adopt the annuity option?

YES ( )      NO ( )



## LAWS OF ALASKA

1985

Source

CCSSB 56

Chapter No.

99

### AN ACT

Relating to a longevity bonus; and providing for an effective date.

---

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 7, 1985  
Actual Effective Date: Sections 2 - 18 take effect on the date that section 1 of this Act is repealed; section 1 takes effect on the date that sections 2 - 18 of this Act are repealed; sections 19 - 24 take effect June 8, 1985

1 \* Sec. 4. AS 43.23.015(a) is amended to read:

2 (a) The commissioner shall adopt regulations under the Adminis-  
3 trative Procedure Act (AS 44.62) establishing the process for de-  
4 termining the eligibility of individuals for permanent fund dividends.  
5 The commissioner may require an individual to provide proof of eli-  
6 gibility, and the commissioner may use other information available  
7 from other state departments or agencies to determine the eligibility  
8 of an individual.

9 \* Sec. 5. AS 43.23.015(b) is amended to read:

10 (b) The department shall prescribe and furnish an application  
11 form for claiming a permanent fund dividend. The application must  
12 contain a statement of eligibility and a certification of residency in  
13 substantially the following form:

14 I certify that

15 ( ) I am a state resident on the date of this application  
16 and I have been a state resident for at least six months immediately  
17 preceding the date of this application; or

18 ( ) (name), the individual on whose behalf I am applying,  
19 is a state resident and has been a state resident for at least six  
20 months immediately preceding the date of this application.

21 I understand that a false claim of residency to obtain a perma-  
22 nent fund dividend for myself or for another is a criminal offense and  
23 that if convicted I will forfeit future permanent fund dividends and  
24 that I will lose or must repay all permanent fund dividends that have  
25 been credited or paid to me, and any accrued interest in my annuity  
26 account. I understand that this penalty is in addition to any crimi-  
27 nal penalties imposed.

28

29

\_\_\_\_\_  
(signature of individual, parent,

1       end.

2           (b) If the commissioner determines that a cash [PERMANENT FUND]  
3 dividend should not have been claimed by or paid to an individual, the  
4 commissioner may use all collection procedures or remedies available  
5 for collection of taxes under this title to recover the payment of a  
6 permanent fund dividend that was improperly made. A notice of an  
7 improperly paid dividend must be sent to the individual within 10  
8 years after the improper payment. If notice is not sent within the  
9 10-year period, proceedings may not be commenced in court for recovery  
10 of the improper payment.

11 \* Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

12           (c) If the commissioner determines that a permanent fund divi-  
13 dend should not have been credited to an individual's annuity account,  
14 the commissioner may, after notice and opportunity for hearing, direct  
15 the commissioner of administration to debit the individual's annuity  
16 account for the amount wrongly credited. If the credit is the fault  
17 of the individual, the debit must be made within 10 years. If the  
18 credit is the fault of the state, the debit must be made within three  
19 years.

20 \* Sec. 11. AS 43.23.055 is amended to read:

21           Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

22           (1) annually make payments to individuals who elect to  
23 receive cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM  
24 THE DIVIDEND FUND];

25           (2) adopt regulations under the Administrative Procedure  
26 Act (AS 44.62) that establish procedures and time limits for claiming  
27 a permanent fund dividend or for electing an annuity credit; the de-  
28 partment shall set the time limit for applications for permanent fund  
29 dividends so that the number of eligible applicants is determined by

1 expired; or (3) court ordered restitution under AS 12.55.045 - 12.55.-  
2 051 or 12.55.100. A child support obligation under (1) of this sec-  
3 tion has priority over a debt owed to an agency of the state, and a  
4 permanent fund dividend may not be taken to satisfy a debt under (2)  
5 of this section until any portion of the dividend necessary to satisfy  
6 a child support obligation has been taken.

7 \* Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

8 (b) The department shall require an individual to take 100  
9 percent of the permanent fund dividend in cash if the department  
10 receives a levy, execution, garnishment, attachment or other legal  
11 remedy for the collection of a past due debt described in (a)(1) or  
12 (2) of this section.

13 (c) The courts of this state may, as a condition of any civil  
14 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-  
15 55.100, require the defendant to take the defendant's permanent fund  
16 dividend in cash.

17 \* Sec. 14. AS 43.23.075 is amended to read:

18 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In  
19 determining the eligibility of an individual under a public assistance  
20 program administered by the Department of Health and Social Services  
21 in which eligibility for assistance is based on financial need, the  
22 Department of Health and Social Services may not consider a permanent  
23 fund dividend as income or resources received by the recipient of  
24 public assistance or by a member of the recipient's household unless  
25 required to do so by federal law or regulation. The Department of  
26 Health and Social Services shall notify all recipients of public  
27 assistance of the effects of [RECEIVING] a permanent fund dividend  
28 credit or cash payment.

29 (b) An individual who is denied medical assistance under 42

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**



## LAWS OF ALASKA

1985

Source

CCSSB 56

Chapter No.

99

### AN ACT

Relating to a longevity bonus; and providing for an effective date.

---

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

THE ACT FOLLOWS ON PAGE 1, LINE 9

UNDERLINED MATERIAL INDICATES TEXT THAT IS BEING ADDED TO THE LAW AND BRACKETED MATERIAL IN CAPITAL LETTERS INDICATES DELETIONS FROM THE LAW; COMPLETELY NEW TEXT OR MATERIAL REPEALED AND RE-ENACTED IS IDENTIFIED IN THE INTRODUCTORY LINE OF EACH BILL SECTION.

Approved by the Governor: June 7, 1985  
Actual Effective Date: Sections 2 - 18 take effect on the date that section 1 of this Act is repealed; section 1 takes effect on the date that sections 2 - 18 of this Act are repealed; sections 19 - 24 take effect June 8, 1985

Offered: 5/11/85

Original sponsors: Ray, Halford,  
Bennett, et al

1 IN THE SENATE BY THE 2d CONFERENCE COMMITTEE  
2 CONFERENCE CS FOR SENATE BILL NO. 56  
3 IN THE LEGISLATURE OF THE STATE OF ALASKA  
4 FOURTEENTH LEGISLATURE - FIRST SESSION  
5 A BILL

6 For an Act entitled: "An Act relating to a longevity bonus; and providing  
7 for an effective date."

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

9 \* Section 1. AS 47.45.010(a) is amended to read:

10 (a) A person who is 65 years of age on or before January 1, 1988  
11 [OR OVER], who resides in the state for at least one year immediately  
12 preceding application for a longevity bonus under this chapter may  
13 apply to the commissioner of administration for qualification to  
14 receive a monthly bonus of \$250 upon reaching age 65.

15 \* Sec. 2. AS 43.23.005(c) is amended to read:

16 (c) A parent, guardian, or other authorized representative may  
17 claim a permanent fund dividend on behalf of an unemancipated minor or  
18 on behalf of an incompetent individual who is eligible to receive a  
19 dividend [PAYMENT] under this section.

20 \* Sec. 3. AS 43.23.005 is amended by adding a new subsection to read:

21 (d) A person who is eligible to receive a permanent fund divi-  
22 dend under this section, or who is authorized to claim a dividend on  
23 behalf of another under (c) of this section, may elect to receive the  
24 dividend either in cash or as an annuity credit. Alternatively, a  
25 person may elect to receive 25 percent, 50 percent, or 75 percent of  
26 the dividend in cash and the remainder as an annuity credit. A person  
27 who is 65 years of age on or before January 1, 1988 may only receive  
28 the permanent fund dividend in cash and may not elect to receive  
29 an annuity credit.

1 \* Sec. 4. AS 43.23.015(a) is amended to read:

2 (a) The commissioner shall adopt regulations under the Adminis-  
3 trative Procedure Act (AS 44.62) establishing the process for de-  
4 termining the eligibility of individuals for permanent fund dividends.  
5 The commissioner may require an individual to provide proof of eli-  
6 gibility, and the commissioner may use other information available  
7 from other state departments or agencies to determine the eligibility  
8 of an individual.

9 \* Sec. 5. AS 43.23.015(b) is amended to read:

10 (b) The department shall prescribe and furnish an application  
11 form for claiming a permanent fund dividend. The application must  
12 contain a statement of eligibility and a certification of residency in  
13 substantially the following form:

14 I certify that

15 ( ) I am a state resident on the date of this application  
16 and I have been a state resident for at least six months immediately  
17 preceding the date of this application; or

18 ( ) (name), the individual on whose behalf I am applying,  
19 is a state resident and has been a state resident for at least six  
20 months immediately preceding the date of this application.

21 I understand that a false claim of residency to obtain a perma-  
22 nent fund dividend for myself or for another is a criminal offense and  
23 that if convicted I will forfeit future permanent fund dividends and  
24 that I will lose or must repay all permanent fund dividends that have  
25 been credited or paid to me, and any accrued interest in my annuity  
26 account. I understand that this penalty is in addition to any crimi-  
27 nal penalties imposed.

28

29

\_\_\_\_\_  
(signature of individual, parent,

1 guardian, or other authorized  
2 representative)

3 \* Sec. 6. AS 43.23.015(e) is amended to read:

4 (e) If a public agency claims a [PERMANENT FUND] dividend on  
5 behalf of an individual under this section, the public agency shall  
6 elect 100 percent cash under AS 43.23.005(d) and hold the dividend in  
7 trust for the individual. Money held in trust under this subsection  
8 shall be invested by the commissioner in accordance with AS 37.10.070.

9 \* Sec. 7. AS 43.23.015(f) is amended to read:

10 (f) A minor or an incompetent individual may not maintain a  
11 claim against the state or an officer or employee of the state based  
12 either on the manner in which the parent, guardian, or authorized  
13 representative other than a public agency of the state managed or  
14 disposed of permanent fund dividends received on behalf of the minor  
15 or incompetent, or an election made or not made on that individual's  
16 behalf under AS 43.23.005(d) [INDIVIDUAL].

17 \* Sec. 8. AS 43.23.015 is amended by adding a new subsection to read:

18 (i) The permanent fund dividend application form shall be pre-  
19 pared to allow an applicant, other than a person who is exempt under  
20 AS 47.45.015(b), to elect to receive the dividend either in cash or as  
21 an annuity credit.

22 \* Sec. 9. AS 43.23.035 is amended to read:

23 Sec. 43.23.035. PENALTIES AND ENFORCEMENT. (a) In addition to  
24 any criminal penalties imposed by state law, if an individual is  
25 convicted of a crime in connection with a false statement made in a  
26 certification required under AS 43.23.015, and the conviction is not  
27 reversed, that individual forfeits all permanent fund dividends cred-  
28 ited or paid, together with any interest credited to that individual's  
29 annuity account and is not eligible for a future permanent fund divi-

1 dend.

2 (b) If the commissioner determines that a cash [PERMANENT FUND]  
3 dividend should not have been claimed by or paid to an individual, the  
4 commissioner may use all collection procedures or remedies available  
5 for collection of taxes under this title to recover the payment of a  
6 permanent fund dividend that was improperly made. A notice of an  
7 improperly paid dividend must be sent to the individual within 10  
8 years after the improper payment. If notice is not sent within the  
9 10-year period, proceedings may not be commenced in court for recovery  
10 of the improper payment.

11 \* Sec. 10. AS 43.23.035 is amended by adding a new subsection to read:

12 (c) If the commissioner determines that a permanent fund divi-  
13 dend should not have been credited to an individual's annuity account,  
14 the commissioner may, after notice and opportunity for hearing, direct  
15 the commissioner of administration to debit the individual's annuity  
16 account for the amount wrongly credited. If the credit is the fault  
17 of the individual, the debit must be made within 10 years. If the  
18 credit is the fault of the state, the debit must be made within three  
19 years.

20 \* Sec. 11. AS 43.23.055 is amended to read:

21 Sec. 43.23.055. DUTIES OF THE DEPARTMENT. The department shall

22 (1) annually make payments to individuals who elect to  
23 receive cash under AS 43.23.005(d) [PAY PERMANENT FUND DIVIDENDS FROM  
24 THE DIVIDEND FUND];

25 (2) adopt regulations under the Administrative Procedure  
26 Act (AS 44.62) that establish procedures and time limits for claiming  
27 a permanent fund dividend or for electing an annuity credit; the de-  
28 partment shall set the time limit for applications for permanent fund  
29 dividends so that the number of eligible applicants is determined by

1 October 1 of the year for which the dividend is declared and permanent  
2 fund dividends for a year are paid before April 30 of the year follow-  
3 ing that year;

4 (3) adopt regulations under the Administrative Procedure  
5 Act (AS 44.62) that establish procedures and time limits for an indi-  
6 vidual upon emancipation or upon reaching majority to apply for perma-  
7 nent fund dividends not credited or received during minority because  
8 the parent, guardian, or other authorized representative did not apply  
9 on behalf of the individual; [AND]

10 (4) assist residents of the state, particularly in rural  
11 areas, who because of language, disability, or inaccessibility to  
12 public transportation need assistance to establish eligibility and to  
13 apply for permanent fund dividends; and

14 (5) provide the commissioner of administration with infor-  
15 mation necessary to maintain individual annuity account records and  
16 administer the annuity program.

17 \* Sec. 12. AS 43.23.065 is amended to read:

18 Sec. 43.23.065. EXEMPTION OF PERMANENT FUND DIVIDENDS. Fifty  
19 percent of a cash [THE ANNUAL] permanent fund dividend payment [PAY-  
20 ABLE TO AN INDIVIDUAL] is exempt from levy, execution, garnishment,  
21 attachment, or any other remedy for the collection of debt. This  
22 exemption applies to an eligible individual's permanent fund dividend  
23 both before and after payment is made to the individual. An exemption  
24 is not available under this section for cash permanent fund dividend  
25 payments [DIVIDENDS] taken to satisfy (1) child support obligations  
26 required by court order or decision of the child support enforcement  
27 agency under AS 47.23.140 - 47.23.220; (2) a debt owed by an eligible  
28 individual to an agency of the state, unless the debt is contested and  
29 an appeal is pending, or the time limit for filing an appeal has not

1 expired; or (3) court ordered restitution under AS 12.55.045 - 12.55.-  
2 051 or 12.55.100. A child support obligation under (1) of this sec-  
3 tion has priority over a debt owed to an agency of the state, and a  
4 permanent fund dividend may not be taken to satisfy a debt under (2)  
5 of this section until any portion of the dividend necessary to satisfy  
6 a child support obligation has been taken.

7 \* Sec. 13. AS 43.23.065 is amended by adding new subsections to read:

8 (b) The department shall require an individual to take 100  
9 percent of the permanent fund dividend in cash if the department  
10 receives a levy, execution, garnishment, attachment or other legal  
11 remedy for the collection of a past due debt described in (a)(1) or  
12 (2) of this section.

13 (c) The courts of this state may, as a condition of any civil  
14 judgment or restitution order under AS 12.55.045 - 12.55.051 or 12.-  
15 55.100, require the defendant to take the defendant's permanent fund  
16 dividend in cash.

17 \* Sec. 14. AS 43.23.075 is amended to read:

18 Sec. 43.23.075. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) In  
19 determining the eligibility of an individual under a public assistance  
20 program administered by the Department of Health and Social Services  
21 in which eligibility for assistance is based on financial need, the  
22 Department of Health and Social Services may not consider a permanent  
23 fund dividend as income or resources received by the recipient of  
24 public assistance or by a member of the recipient's household unless  
25 required to do so by federal law or regulation. The Department of  
26 Health and Social Services shall notify all recipients of public  
27 assistance of the effects of [RECEIVING] a permanent fund dividend  
28 credit or cash payment.

29 (b) An individual who is denied medical assistance under 42

1 U.S.C. 1396 - 1396p (Social Security Act, Title XIX) solely because of  
2 the credit or receipt of a permanent fund dividend by the individual  
3 or by a member of the individual's household is eligible for state-  
4 funded medical assistance under the general relief assistance program  
5 (AS 47.25.120 - 47.25.300). The individual is entitled to receive,  
6 for a period not to exceed four months, the same level of medical  
7 assistance as the individual would have received under 42 U.S.C.  
8 1396 - 1396p (Social Security Act, Title XIX) had there been no perma-  
9 nent fund dividend program.

10 (c) An individual who is denied assistance solely because perma-  
11 nent fund dividends credited to or received by the individual or by a  
12 member of the individual's household are counted as income or re-  
13 sources under federal law or regulation is eligible for cash assis-  
14 tance under the general relief assistance program (AS 47.25.120 -  
15 47.25.300). Notwithstanding the limit in AS 47.25.130, the individual  
16 is entitled to receive, for a period not to exceed four months, the  
17 same amount as the individual would have received under other public  
18 assistance programs had there been no permanent fund dividend program.

19 \* Sec. 15. AS 43.23.095(6) is repealed and reenacted to read:

20 (6) "permanent fund dividend" means a credit to an annuity  
21 account or a cash payment under this chapter;

22 \* Sec. 16. AS 43.23 is amended by adding new sections to read:

23 ARTICLE 2. ANNUITY PROGRAM.

24 Sec. 43.23.110. ANNUITY INVESTMENT FUND. (a) The annuity  
25 investment fund is established as a separate fund in the state trea-  
26 sury. The annuity investment fund consists of money transferred from  
27 the dividend fund and income earned by the annuity investment fund.  
28 Notwithstanding AS 37.13.145, an amount equal to the permanent fund  
29 dividends taken as annuity credits under this chapter shall be annual-

1 ly transferred from the dividend fund to the annuity investment fund.

2 (b) Money in the annuity investment fund shall be invested by  
3 the commissioner of revenue in investments authorized under AS 39.-  
4 35.110. The commissioner of administration shall credit the net  
5 income of the annuity investment fund to the individual annuity  
6 accounts.

7 (c) The legislature may annually appropriate to the Department  
8 of Administration an amount sufficient to pay monthly annuity payments  
9 for the subsequent fiscal year under AS 43.23.130 from the annuity  
10 investment fund. Funds appropriated under this subsection shall be  
11 transferred from the annuity investment fund to the Department of  
12 Administration in order to meet the current demands of the annuity  
13 program.

14 (d) The legislature may annually appropriate from the annuity  
15 investment fund an amount sufficient to administer the annuity pro-  
16 gram. Any costs of administration funded under this subsection shall  
17 be allocated equitably among all individual annuity accounts.

18 (e) Notwithstanding AS 39.35.110 or (b) of this section, the  
19 commissioner of revenue may invest all or part of the annuity invest-  
20 ment fund in commercial insurance contracts purchased from insurance  
21 companies that have a Best's policyholders' rating of A or better and  
22 belong to Best's financial size Group IV at the time of purchase.

23 Sec. 43.23.120. ANNUITY PROGRAM. (a) The annuity program is  
24 administered by the commissioner of administration. The commissioner  
25 of administration shall adopt regulations necessary to implement the  
26 annuity program.

27 (b) The commissioner of administration shall maintain records of  
28 individual annuity accounts and make annuity payments under AS 43.23.-  
29 130.

1           Sec. 43.23.130. PAYMENT OF ANNUITIES. (a) An individual with  
2 one or more annuity credits may receive an annuity upon reaching the  
3 age of 65.

4           (b) An annuity under this section is a monthly payment based  
5 upon the principal and accrued interest in the person's annuity  
6 account. An annuity shall be paid as a straight life annuity or other  
7 payment plan authorized by the commissioner of the Department of  
8 Administration. The size of the annuity may not vary on account of  
9 the individual's sex.

10          (c) An individual need not be a resident of the state to be  
11 eligible to received an annuity payment from the individual's account.

12          (d) Except as provided in (b) and (e) of this section, an annu-  
13 ity account may not be assigned, sold, or otherwise transferred from  
14 one individual to another.

15          (e) If a person elects to credit a permanent fund dividend to an  
16 annuity account in a particular year, that person may make an irrevoc-  
17 able choice regarding death benefits with respect to that credit. If  
18 a person dies before age 65 and that person has selected death bene-  
19 fits in at least one year, a lump sum payment shall, subject to appro-  
20 priation, be paid to the surviving spouse by right of survivorship  
21 unless a different beneficiary was designated. When no spouse sur-  
22 vives and no beneficiary is designated, the lump sum shall be paid to  
23 the decedent's estate. The lump sum payment includes all dividends  
24 credited to the person's annuity account in years in which death  
25 benefits were selected and interest on those dividends. Dividends  
26 credited to a person's annuity account in years for which death bene-  
27 fits were not selected and interest on those dividends shall, if the  
28 person dies before age 65, be distributed equitably among the annuity  
29 accounts of all individuals for which death benefits were not select-

1 ed.

2 (f) An individual does not receive a vested property right in an  
3 annuity payment until that payment is made. Notwithstanding this  
4 section, the state is not obligated to provide annuity payments for  
5 annuity credits granted under AS 43.23.005.

6 \* Sec. 17. AS 47.45.010(a) is amended to read:

7 (a) A person who is 65 years of age or over, who resides in the  
8 state for at least one year immediately preceding application for a  
9 longevity bonus under this chapter may apply to the commissioner of  
10 administration for qualification to receive a monthly bonus [OF \$250].

11 \* Sec. 18. AS 47.45 is amended by adding a new section to read:

12 Sec. 47.45.015. AMOUNT OF BONUS. (a) Except as provided in (b)  
13 of this section, the monthly longevity bonus is equal to \$250, minus  
14 the maximum possible straight life annuity for a person 65 years of  
15 age under the annuity program (AS 43.23.110 - 43.23.130), as deter-  
16 mined by the commissioner of administration.

17 (b) A person who is 65 years of age on or before January 1,  
18 1988, is entitled to the full longevity bonus payment without reduc-  
19 tion for the annuity program.

20 \* Sec. 19. AS 47.45.030 is amended to read:

21 Sec. 47.45.030. ABSENCE FROM THE STATE. After qualification, a  
22 recipient shall notify the commissioner of administration when the  
23 recipient expects to be absent from the state if the absence is for a  
24 continuous period that exceeds 30 days. After that notification, the  
25 recipient may no longer receive bonuses from the Department of Admin-  
26 istration after the last regularly approved monthly application. Upon  
27 returning to the state, the recipient may again make application for a  
28 bonus. Whenever the absence is for a continuous period that exceeds 90  
29 [~~180~~] days the recipient shall be disqualified from receiving bonuses

1 for the next 12 calendar months after returning to the state. However,  
2 when the commissioner of administration determines a period of absence  
3 is beyond the control of the recipient, the recipient may not be  
4 disqualified if the recipient still otherwise qualifies upon returning  
5 to the state. Continual absences from the state, even though  
6 reported, and failure to notify the commissioner of an expected  
7 absence may be grounds for disqualification.

8 \* Sec. 20. AS 47.45.070 is amended to read:

9 Sec. 47.45.070. UNQUALIFIED PERSONS. An unqualified person is  
10 one who

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

13 (2) meets the age and residence requirements of this chap-  
14 ter but either is confined in a state or federal mental health insti-  
15 tution or facility and is certified by the state as unable to manage  
16 personal affairs, or resides in a nursing home as that term is defined  
17 in AS 08.70.190; however, if that person, at the time of commitment or  
18 commencement of residence, provided the principal support of a spouse,  
19 the commissioner of administration may determine to pay the confined  
20 person's bonus to the person's spouse until the spouse is qualified  
21 for a bonus;

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

1 (4) voluntarily leaves the state and remains absent from  
2 the state for a continuous period of more than 90 [180] days.

3 \* Sec. 21. AS 47.45 is amended by adding a new section to read:

4 Sec. 47.45.122. ELIGIBILITY FOR PUBLIC ASSISTANCE. (a) An  
5 individual whose public assistance is denied or reduced solely because  
6 of the receipt of a bonus under this chapter by the individual or by a  
7 member of the individual's household is eligible for assistance under  
8 the general relief assistance program in AS 47.25.120 - 47.25.300.  
9 Notwithstanding the limit in AS 47.25.130, the individual is entitled  
10 to receive the same amount as the individual would have received under  
11 other public assistance programs had the individual not received a  
12 longevity bonus.

13 (b) In this section "other public assistance" means

14 (1) Supplemental Security Income (42 U.S.C. 1381 - 1385);

15 (2) Medicaid (42 U.S.C. 1396 - 1396p); and

16 (3) Adult Public Assistance (AS 47.25.430 - 47.25.615).

17 \* Sec. 22. The lieutenant governor shall place before the qualified  
18 voters of the state at the next general election the following question,  
19 advisory to the legislature. The question shall appear on the ballot in  
20 substantially the following form:

21 Q U E S T I O N

22 Under legislation proposed in 1985, only individuals who turn  
23 65 on or before January 1, 1988, who have lived in Alaska  
24 for at least one year, will be entitled to receive an Alaska  
25 longevity bonus of \$250 a month.

26 The legislature is considering a program that would allow  
27 younger Alaskans to use all or part of their permanent fund  
28 dividend to purchase an annuity that they will receive when  
29 they turn 65, since they will no longer receive the full

1           longevity bonus. In the early years of the program, the  
2           annuity payment would have to be supplemented with a declin-  
3           ing bonus payment paid for with state funds, since initially  
4           the annuity payment would not on its own provide an amount  
5           equal to \$250 a month.

6           Should the legislature adopt this program?

7                           Yes [ ]                           No [ ]

8           \* Sec. 23. Section 11, ch. 38, SLA 1984 is amended to read:

9                   Sec. 11. Sections 7 and 9 of this [THIS] Act [AND AS 47.45] are  
10           repealed June 30, 1985.

11           \* Sec. 24. AS 43.23.045(c) is repealed.

12           \* Sec. 25. Sections 2 - 18 of this Act take effect on the date that  
13           sec. 1 of this Act is repealed.

14           \* Sec. 26. Section 1 of this Act takes effect on the date that secs.  
15           2 - 18 of this Act are repealed.

16           \* Sec. 27. Sections 19 - 24 of this Act take effect immediately in  
17           accordance with AS 01.10.070(c).

LAKE CLARK — Before attempting to cross-breed their respective "stair-step" and annuity approaches, the House and Senate should review the basic intent behind the Longevity Bonus Program, then do their best to meet it as closely and cheaply as possible.

What was that intent?

As one who was there, I recall well our desire to compensate territorial pioneers for their contributions prior to statehood. While it can be argued that some of us here at that time should pay rather than be paid for our contributions, enough "old-timers" were considered to have been on the plus side of the ledger to warrant reward. Moreover, although they'd been taxed, they'd been denied voting privileges, and many had worked prior to Social Security. Accordingly, the original longevity bonus was limited to those who had been here before statehood and had 25 years of continuous residency. The Zobel case, of course, threw all that out. The program had to be open to every one age 65-plus, whether they'd been here one year or 65. Since this perverted the program's original intent, many thought the program should have been dumped. Trouble was, if the program ends, many of those we sought to reward would have been badly hurt. Efforts to keep both, baby, and bathwater have prompted expensive interim measures which could turn that bathwater into red ink. A better solution, I believe, is to simply turn down the



**Jay Hammond**  
bushralings

tap and reduce the size of the tub. Here's a blended approach of both House and Senate concepts which appears to better meet original legislative intent at far less cost:

- 1) Provide that only those now age 51 or older would ever be eligible for the longevity bonus.
- Rationale: Since the original intent was to reward territorial pioneers who "contributed" 25 years to Alaska while undergoing deprivation, hardship and the voting disenfranchisement of territorial status, it makes sense to limit such reward to only those who might have made such contributions. Certainly no one under age 21 at the time of statehood could have done so. Therefore, since it has been 26 years since statehood, it should make sense to limit the bonus to those now 51 or older. This feature should appeal to advocates of "stair-stepping," though at first they may think it no more than "s-crawling." More on that later.
- 2) Grandfather in all current bonus recipients and exempt them from any annuity program which would require them to relinquish permanent fund dividends in order to

receive the full \$3,000 yearly bonus.

3) Establish an annuity/bonus program for everyone else now age 51 or older. Each year they could elect to receive either the dividend or one annuity share. Only if they acquired an annuity share every year, however, would they be eligible to receive the full combined annuity/bonus payment of \$3,000. For each year they failed to secure an annuity share, their bonus would decline by \$300 rather than simply the earnings per annuity share for that year.

For example: Upon reaching age 65 Alaskans now 55 could have obtained 10 annuity shares. If they had done so by that time, they would receive from their annuity account the annual earnings of their accumulated shares, with their bonus reduced accordingly. Thus, if their 10 annuity shares earned \$500, their bonus would be \$2,500 instead of \$3,000. No annuity shares? No bonus at all.

This in effect "back-loads" rather than "front-loads" annuity shares, by taking back from one's bonus more than the actual earnings of the annuity shares. This saves the state immense amounts of money by phasing out the bonus program far more rapidly.

Moreover, unlike the House version of stair-stepping by age rather than reducing bonus value, this approach does not give non-residents now 65-plus who come to Alaska an unfair advantage over, say, a lifelong Alaskan now 64 years old. For example: Five years from now the

would receive only a \$1,500 bonus. The lifelong Alaskan would receive the same amount, unless each year he had secured an annuity share with his relinquished dividend. Should he have done so and each share had earned \$50, his annuity/bonus payment would be \$250 from the annuity account, plus \$2,750 from the bonus account — for a total of \$3,000.

This approach 1) assures that all current longevity bonus recipients continue to receive both the full bonus and their dividend checks; 2) meets the primary intent of the bonus program better and costs less than either the House or Senate bill; 3) phases out the bonus in 10 years so far as new entries are concerned; and 4) does not get the state into an ever-expanding annuity program. Rather, it would phase out no more than 14 years later than would the House stair-stepped bonus — and unlike it, would be funded from relinquished dividends rather than the general fund.

I urge legislators to look very carefully at "back-loading" annuities. And rather than stair-stepping by age, they should consider sliding more rapidly down the bonus bannister by reducing its annual values to be offset only by an individual's prior acquisition of annuity shares. In those approaches may be some answers which could yet be prised out in this legislative session's dwindling days.

□ Jay Hammond was governor of Alaska from 1974 to 1982.

John Andrews Dep Comm - Admin.

65+  
1 yr Residency

Applic.  
Reapply Monthly  
At address -  
not prwordable

Incarcerated  
Nursing home  
Mental Hosp.

15,500 yearly

cd be out for 90 days.  
& cd reapply.

SB56

optimal annuity plan

Yes No  
99K 65K

\$ 51m current prog.

75m in ten years

86m 2002

\$ 30m in 2002 under SB56

SB57 pot'l to cost same as SB56  
or a whole lot less.

65 by the yr 2001.  
(he 21 by state head)

- 1) grandfather in  
Those who get it
- 2)

Hallgren -

Shifts the LBP to the Per. Fund.  
Don't come for that - lose Flex.  
on use of PF.

- 1) Private plans are better than this one.
- 2) Real # of partic. - may have high admin costs. In a certain % of partic.
- 3) Long term costs
- 4) Seniors can not use funds in times of crises.

Frees those less well off -  
to share in future income.

Less able - should be addressed.

Budgett

- 1) LB helps people to live in own home
- 2) w/d otherwise stay in Pioneer Homes.

PF: Keep hands off of it.

Prefers SB 56.

Concerned about possible suspension of PF ÷ prog.

Also concerned about what happens when PF person leaves the state for any length of time.

SLA 85:

If Based on need - Base it on net rather than gross.

JK: opposed to "stairstepping" or PN based program.

Can we get a printout on the  
long. bonus benefit in our ~~system~~ <sup>DISTRICT</sup>

Message from Tom Hawkins - 2400

In 1986 - 80% of Greenscreek was purchased by British Petroleum - AMSELCO.

Since that time seven miles of road has been constructed and the porthole has been built up. They are making major investments - later in February they will be driving the tunnel into the mountain. They expect to invest \$40 million in 1987 and additional \$40 million in 1988.

Their first shipment is expected to be by December 1988. They will start their mill later this year. 1,000 tons of rock will be removed daily and they will then float out the goodies. There is a staff of 225 operating on two 12 hour shifts. Findings suggest that this will be the largest silver mine in the U.S.

Prognosis is good. Of course this is market dependent and will be running faster than Red Dog.

A handwritten signature in dark ink, appearing to be 'TH', with a long horizontal flourish extending to the left.

SB

70

COMMON SENSE FOR ALASKA  
P.O. BOX 202087  
ANCHORAGE, AK 99520-2087

C  
SB 70  
M

April 10, 1986

Alaska State Legislature  
Senator Mitchell Abood  
P.O. Box V  
Juneau, AK 99811

Dear Senator Abood;

The Board of Directors of Common Sense for Alaska (CSA) is taking this opportunity to express strong opposition to S.B. 70, which would allow the Commissioner of Revenue to provide confidential taxpayer information to the Legislature and its staff. CSA supports the current confidentiality regulation by which the Department of Revenue is prohibited from disclosing taxpayer information.

S.B. 70 as proposed, permits any legislative committee to request taxpayer returns for review in closed executive sessions, in the presence of legislative aides and other State employees. This proposed Bill raises several concerns among our members regarding access to and control of confidential taxpayer information. Specifically, we are concerned with what policies will govern legislative aides and State employees involving this confidential taxpayer information. In addition we are concerned whether laws will be established to provide incentives and/or disincentives to legislative employees and immune legislators to prevent inadvertent disclosure of confidential and potentially damaging proprietary information. We believe the serious risks associated with this Bill not only discourage business and industry in Alaska, but violate the separation of powers concept inherent in a democratic society .

Sincerely,

*Rich*

Richard G. Carson  
Chairman  
Department of Revenue  
Study Task Force

RECEIVED  
APR 13 1987

SB

72

# Alaska State Legislature

Senator Paul A. Fischer  
Senate District D  
Box 784  
Soldotna, Alaska 99669  
(907) 262-9420 W  
262-9269 H



While in Juneau  
Pouch V  
Juneau, Alaska 99811  
(907) 465-3791

## State Senate

January 30, 1987

To: Senator Mitch Abood, Chairman Senate State Affairs  
From: Senator Paul Fischer *PF*  
Subject: CS for SB 72; Employee Salary Limitation

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Attached is a possible committee substitute that would correct a deficiency in the original bill.

The Alaska Railroad has brought it to my attention that some employees working for the railroad would not be affected by this salary limitation if it was ever evoked upon them. The proposed CS corrects this problem with a new section 9.

Attached find: a January 26 letter from the Alaska Railroad Corp. explaining this amendment, the proposed CS, and a revised fiscal note.

1 IN THE SENATE

2 CS FOR SENATE BILL NO. 72 ( )

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 FIFTEENTH LEGISLATURE - FIRST SESSION

5 A BILL

6 For an Act entitled: "An Act prohibiting salaries for certain employees  
7 from exceeding the governor's salary; and providing  
8 for an effective date."

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

10 \* Section 1. AS 22.05.140(c) is amended to read:

11 (c) Except as provided in AS 39.20.095, in [IN] addition to  
12 annual salary, each justice is entitled to receive a geographic cost-  
13 of-living adjustment, based on the location of the justice's primary  
14 office assignment, equal to 3.5 percent of the [HIS] annual salary  
15 times the number of pay step increases provided under AS 39.27.020 for  
16 a state employee working in the same election district in those dis-  
17 tricts for which AS 39.27.020 specified zero-to-five pay step in-  
18 creases. In an election district for which AS 39.27.020 specifies  
19 more than five pay steps, the number of pay step increases under this  
20 section is limited to five. Any retirement benefits to which a jus-  
21 tice may be entitled shall be computed only on the annual salary.

22 \* Sec. 2. AS 22.07.090(a) is amended to read:

23 (a) Except as provided in AS 39.20.095, the [THE] monthly salary  
24 of a judge of the court of appeals is equal to Step E, Range 29 of the  
25 salary schedule in AS 39.27.011(a) for Juneau, Alaska. The compensa-  
26 tion of a judge may not be diminished during the term of office,  
27 unless by general law applying to all salaried officers of the state.

28 \* Sec. 3. AS 22.10.190(c) is amended to read:

29 (c) Except as provided in AS 39.20.095, in [IN] addition to