

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
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Conference renews battle against elder abuse

by Pamela Craves

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And the Division of Family and Youth Services (DFYS) has gathered statewide support for a budget increase to add four more social workers in adult protection.

These efforts to beef up services for seniors and vulnerable adults are just part of the enthusiasm to combat elder abuse generated by an October conference in Anchorage.

"I think a lot of people came away from (the conference) with a real sense of excitement and awareness that there have been too few services available to a real at-risk population," said Becky Smith, a social worker with DFYS in Ketchikan.

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Keynote speaker Dr. Sue M. Parkins, an emergency room

protective team in Toledo, Ohio, discussed the signs and symptoms of elder abuse.

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Unreported abuse

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"We can see those abused and try to imagine how many others there are," she said.

Typically, one out of every eight victims reports abuse, according to Parkins. Seniors are hesitant to report abuse for a number of reasons. Often it is their own family members abusing them, Parkins said.

Abused seniors also are fearful of what will happen if they report. Will they have to leave their home and enter a nursing home?

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may not recognize signs of abuse.

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Dehydration and malnutrition also are indicators. Seniors are more fragile than children when it comes to nutritional needs, Parkins said. If dentures are fitting improperly, it could mean the person has lost a lot of weight.

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Coordinating services

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Strategies for increasing coordination include community organizing, case assistance, increasing basic services such as foster homes, and developing a

central office responsible for coordinating services at the state level.

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"(The group) identified some criteria on how to make that happen. In a sense that's what we're doing," Smith added, referring to the elder abuse task force she later started in Ketchikan.

The Ketchikan task force is one of four elder abuse task forces in the state. Others are located in Anchorage, Fairbanks and Juneau.

"Our goals are to identify what services are being provided and what the criteria for receiving those services are," Smith said.

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"Our goal is to line up all service agencies to do a coordinated public presentation," she said.

For more information on the Ketchikan task force call Becky Smith at 225-6611.

For information on elder abuse in your community or to report elder abuse, call the Division of Family and Youth Services.

CORRECTION

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

ADULT PROTECTIVE SERVICES CLIENTS AND DFYS SERVICES

<u>Age</u>	<u>FY87</u>	<u>FY88</u>	<u>FY89</u>	<u>FY90*</u>
18-59	609	577	568	362
60 & up	1326	1326	1272	894
 <u>Sex</u>				
Female	1268	1289	1256	810
Male	666	656	625	446
 <u>Race</u>				
AK Native	792	790	672	461
Black	58	59	69	42
Caucasian	1020	1000	976	603
Unknown	65	91	117	148
 <u>Services Turnover</u>				
Clients Exiting				
System in the FY	556	438	445	177
Clients Began in the FY	301	487	446	122
Clients Continued Thru				
to the next FY	554	543	566	871
Clients Interrupted				
During the FY	87	47	51	2
Clients Entered and				
Exited in the FY	437	428	371	84
 <u>Homemaker Services</u>				
Number of Clients	1260	1430	1363	76
 <u>Adult Foster Care</u>				
Number of Clients	27	41	38	28
 <u>Adult Residential Care</u>				
Number of Clients	66	69	70	77

*Homemaker Services were transferred to Public Health in FY90, resulting in a substantial drop in DFYS delivered services to "at risk" elders and vulnerable adults under the APS program.

DEPARTMENT OF HEALTH AND SOCIAL SERVICES
Division of Family and Youth Services

Adult Protective Services Reports of Harm*

<u>Number of Reports:</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>Avg.</u>	<u>%</u>
65 and over:	137		155	275	226	198	54
60 - 64	21		40	28	39	32	9
18 - 60	87		122	185	143	134	37
<u>Sex of Victim:</u>							
Male	85		118	185	161	137	38
Female	160		199	303	247	227	62
<u>Type of Harm:</u>							
Abandonment	10	11	11	17	7	11	3
Abuse	128	117	65	171	126	121	34
Economic Harm	40	69	133	127	98	93	26
Neglect	67	129	100	173	177	129	37
<u>Relationship of Perpetrator to Victim:</u>							
Wife	18		8	7	8	10	4
Husband	41		30	40	31	36	14
Son	40		24	43	64	43	17
Daughter	16		18	19	41	24	10
Other Male Family Member	32		10	30	34	27	10
Other Female Family Member	25		15	19	25	21	8
Other Male	31		64	46	63	51	20
Other Female	20		38	62	51	43	17
<u>Did the Victim Request That the Investigation be Terminated?</u>							
Yes	61		80	117	163	105	44
No	116		85	160	183	136	56
<u>Type of Report</u>							
Mandatory	88		123	169	151	133	67
Other	63		79	77	48	67	33
<u>Was the Report Confirmed?</u>							
Yes	142	202	152	150	222	174	62
No	31	94	145	124	129	105	38

REPORTS OF HARM*

	<u>65 and older</u> (all ages combined)	<u>60-65</u>	<u>18-59</u>	<u>TOTAL</u>
FY84				72
FY85	137	21	87	245
FY86	98	39	195	332
FY87	155	40	122	317
FY88	275	28	185	488
FY89	226	39	143	408

*Due to a transition in data collection to Prober, Reports of Harm to adults data is not available for FY90.

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May 13, 1990

ANCHORAGE TIMES



Elderly remain silent to abuse ^{Kott}

By JULIA SOPALSKI
Times Writer

Abuse of the elderly in Alaska is a quiet problem. Its victims mostly are silent.

State officials are aware of incidents involving senior citizens, but the extent of the problem is unknown because official reports are never filed, said William O'Connor, an ombudsman for the Older Alaskans Commission. Senior citizens in trouble often are too intimidated to admit they are in an abusive situation, O'Connor said.

The Division of Family and Youth Services in 1989 received 265 reports of abuse of adults over 60 years of age, down from 303 in 1988. But O'Connor said the statistics can be misleading because there is not enough money for social workers to follow up and investigate the reports. There may be more than the numbers indicate, he said.

A mandatory reporting law was passed in Alaska in 1983, requiring health and social workers to report suspected abuse of an elderly person. Failure to do so can result in a fine.

But the report is only recorded in division statistics if a caseworker has time to check it out, O'Connor said.

"I remember a case in the Kenai a few years back where a physician tried for more than six months to report a case of elderly abuse," O'Connor said. "If they won't listen to a physician, what happens when the person calling is only a concerned neighbor?"

The big problem is the shortage of workers in adult protection services, O'Connor said. Across the state, only three social workers are employed full time in adult protection — two in Anchorage and one in Fairbanks. All other caseworkers with the DFYS carry a combined load of child and adult cases.

"With all the children we have being sexually and physically abused, with blood like that running under the door, of course they take priority," he said.

Establishing the prevalence and needs of children in abusive situations is easier, partially because of staff resources, said Pat O'Brien, DFYS social services program officer in Juneau. O'Brien has worked for the agency for 18 years.

Alaska's mandatory reporting law was passed with little funding to back it up, O'Brien said. When the division was deluged with reports of child abuse several years ago, the state cut back

on Adult Protective Services, O'Brien said, and the program has never recuperated.

Social workers with Adult Protective Services say working for a child in an abusive situation can be easier than helping a senior in trouble. The social worker can investigate a report of child abuse with or without the agreement of the child or parents.

For adults, the social worker is in an advocacy role, said John Burke with the DFYS office in Anchorage. Adults are considered competent to make their own decisions, and an investigation of reported abuse cannot be continued if the suspected victim denies the allegation, he said.

Burke said abuse of the elderly, physical abuse in particular, is not a severe problem in Anchorage. When there is abuse, it often is a result of alcohol or drug abuse and a dysfunctional family setting, the man said. Conditions that give rise to child abuse.

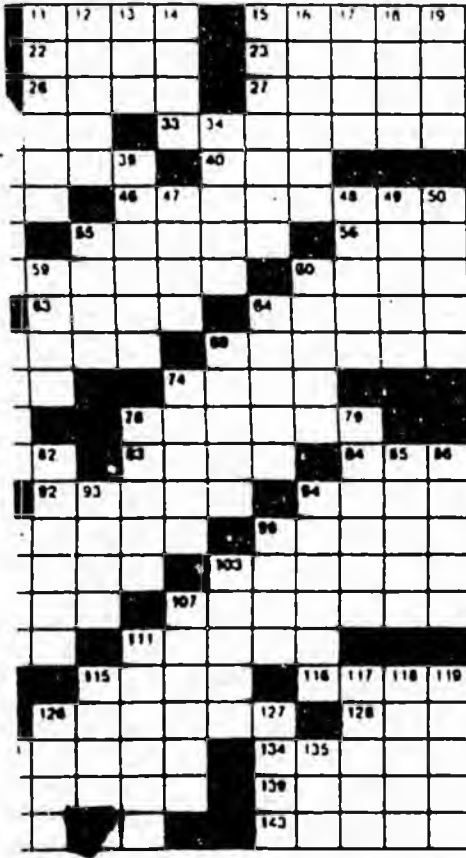
The problem of abuse of the elderly also existed in the past, Burke said, but today there are options allowing senior citizens more control over their situation. The elderly in the Anchorage area inform each other of public health and homekeeping services and gather at the cen-

AGE OLD

more clippings -

See Elderly, page C-4

- 11 Fruit
- 12 Marty
- 13 44 Amos friend
- 14 45 Visualize
- 15 47 Venture
- 16 48 Biv
- 17 49 Strainer
- 18 50 Church official
- 19 51 Tote
- 20 52 Cognizant
- 21 53 Root vegetable
- 22 54 Function
- 23 55 Exam
- 24 58 Fail to pay a bill
- 25 59 String toy
- 26 60 Proclaim
- 27 62 Supreme being
- 28 64 Napped
- 29 66 Bears couch once
- 30 67 Discredit falsely
- 31 68 German noun
- 32 69 Bear mug
- 33 71 Fry quickly
- 34 73 Lion hair
- 35 74 Passover feast
- 36 76 Peep
- 37 78 Pepper
- 38 79 Scribble
- 39 41 Yugoslavian
- 40 42 Modest
- 41 45 Andromeda
- 42 46 English noun
- 43 47 Woody plant
- 44 48 Linen
- 45 49 Maraque
- 46 50 Strong and
- 47 17 Sword coat
- 48 18 Deprivation
- 49 20 Turn aside
- 50 21 Cosmologist
- 51 22 Audible
- 52 23 Norman conqueror
- 53 24 Hussain
- 54 25 Impassive
- 55 26 Literary patron
- 56 27 Howling winds
- 57 28 Actress' birth
- 58 29 Lacking courage
- 60 34 Western movie
- 61 35 Hunt
- 62 37 Straighten
- 63 38 Monoglin
- 64 39 Fluviate
- 65 40 Turmeric
- 66 41 Singer
- 67 42 Fitzgerald
- 68 43 Peep
- 69 44 New Haven
- 70 45 Hood
- 71 46 Lt. Abner
- 72 47 Dealer
- 73 48 English
- 74 49 Omposer
- 75 46 Bare
- 76 47 young insect
- 77 48 Rival play
- 78 49 Annoy



Every day, at 11 a.m., three vans packed with hot meals begin their daily trips to the homes of housebound senior citizens scattered from Government Hill to Potter's Marsh.

In April, these Meals on Wheels vans delivered 274 main meals.

Judy Moor, regional supervisor of Alaska Management Technologies, oversees 25 homemakers who go out each day to help 120 senior citizens with their laundry, shopping and house cleaning.

These are organizations that provide daily necessities allowing senior citizens to remain independent in their own homes. Without the help, many would be forced to enter nursing homes.

But as these workers and drivers go about their daily routine of providing clean living spaces and nutritious meals, they perform another invaluable task.

For a lot of these seniors we are the only contact with other people they have on a daily basis. So the drivers become my eyes and ears," said Scott Earl, home-care manager for the Salvation Army.

Moor's business is contracted by the Alaska State Homemaker Program to provide domestic services throughout the state. The homemakers for Moor's agency are trained to spot neglect, trouble and possible abuse, she said.

"They tell me if something seems wrong. For example, Mr. Jones had \$3,000 in his account, but it's suddenly gone, and then I can ask a state social worker to check on the senior," she said.

These in-home, community-based services are lifelines for many senior citizens, and both organizations have a waiting list. Social workers and senior advocates believe the services also can be a preventive measure in the area of abuse of the elderly.

Such abuse is a process that builds over a period of time, said John Burke. Burke is an adult-protection social worker for the Division of Family and Youth Services in Anchorage. A young family may decide that a grandparent would be better off living with them, and have all the best intentions, he said.

gated to add a pension check to the family finances. With hard economic times, the situation can deteriorate, he said.

With help from home services or senior day-care, the family is given relief from the stress that comes from the constant care needed by some seniors or the senior can live independently and not become a burden," Burke said.

Lare Farmer-Lamm, DFYS social worker in Fairbanks, uses in-home services to stabilize homes where she sees an elderly person may be at risk but does not want to leave the family, she said. Workers coming into the home take pressure off the family and can keep an eye on the welfare of the elder.

Older Alaskans Commission ombudsman William O'Connor said there is a need for more of these services. He said additional funding for helping seniors in their own homes would help avoid the larger cost of having these same people in nursing homes. The passage of a bill this year to provide more community based in-home services is a step in the right direction, he said.

"I knew a lady who used to pay her attorney his \$125 an hour fee to come over and change her light bulbs," O'Connor said. A person who is 70 or 80 years old and living alone knows they cannot take the chance of climbing up on a chair to change a light bulb. If they fall, they know they will end up in the hospital and they may wind up staying in the hospital until they are transferred to a nursing home, O'Connor said.

"There are seniors all over town who sit with burned out light bulbs. How much would it cost us to provide that service?" he asked.

If the state spent \$100 a month providing this type of service for senior citizens, allowing them to stay in their own home, the cost would be much less than the \$7,000 or \$8,000 a monthly bill for a nursing home, O'Connor said.

"We're faced with a situation where we have to consider the more preventive approaches," he said. "We're going to run out of funds otherwise."

Elderly

Continued from page C-1

ior centers where they can exchange information.

In-home services available to seniors allow them to live independently and not become dependent on families, or vulnerable to situations that could put them at risk, Burke said.

Ronald Parker, regional manager for DFYS in Nome, has worked for 15 years in social services in rural Alaska. He said he sees very little physical abuse with seniors and actually has recorded a decrease in cases reported to his office. He said the re-emergence of interest in Native cultural values is responsible for the decrease, specifically Native respect for elders.

"There are not enough health and social services available in the villages so people get together and co-operatively provide the help and services their elders need," Parker said. Of the reports received by the office in Nome, which oversees the western section of the state, only two or three a year are substantiated. Those usually are linked to alcohol and substance abuse, Parker said.

But Lare Farmer-Lamm, an adult-protection social worker

who has worked with the division in Fairbanks for seven years, disagreed with Parker's estimate.

"I know from what I hear in the community and on the streets that there is physical abuse out there," she said. "The problem is the same as in the rest of the country. Seniors are ashamed to talk about it."

"Older people don't want to tell on their kids, or they're afraid we'll take them away from their family," Farmer-Lamm said.

Farmer-Lamm said her office often hears about the abuse too late, when the senior is in the hospital and the police have taken the case.

Statistics collected by the Fairbanks office show a slow, but steady, increase in cases of abuse of the elderly, she said. During the first three months of 1985, the office had about 29 clients who were victims. For the same period this year, there are 55 clients.

People are starting to report more incidents, Farmer-Lamm said, but without funding for more field workers to check more reports, collecting statistics is impossible. She is the only adult-protection worker for a large area covering Interior Alaska. She said, for now, the program has to be crisis-oriented, giving the most severe cases priority.

O'Connor agreed with

Farmer-Lamm. As long-term care ombudsman he travels the state investigating complaints concerning senior citizens. He said his focus is on problems of seniors in nursing home facilities, but added that the problem of abuse is not in institutions.

"Our nursing homes and other facilities for seniors are non-profit. This avoids a lot of the problems that occur in homes down below where they must cut corners to make a profit," he said.

The high standards of Alaska's Pioneers Homes are a model for facilities outside Alaska, O'Connor said.

Medicaid reimbursement for nursing home care in Alaska is the highest per diem reimbursement in the nation, and that allows the homes to hire better-qualified staff, he said. That helps make nursing homes in Alaska a safer place to live.

It is the elderly living in private homes that concerns him, O'Connor said.

Sixty percent of the complaints he investigates come from people who live in private residences, he said. When O'Connor has a social worker check out a complaint, the elderly person often is too intimidated to admit they are in an abusive situation.

"They think, 'I should have raised my children better than this,' and don't want to tell on their own kids," O'Connor said.

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Rep. Dan Glickman, a Democrat from Kansas who was first elected in 1978, believes his colleagues have grown increasingly timid and speculates that the grass-roots firestorm Ronald Reagan stirred up in 1981 "terminated" Democrats. (He fails to

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Elder abuse law not solving growing problem

Stories by Pamela Cravetz

It's been five years since the Alaska legislature tackled the problem of elder abuse and passed a reporting law. But just about everyone dealing with the law says it hasn't even come close to solving the problem.

The law encourages people to report abuse. It requires people in a number of professions, such as doctors, police officers, pharmacists, administrators of nursing homes, social workers and employees of projects funded by the Older Alaskans' Commission to report suspected abuse.

But many of these people aren't reporting.

For example, said Anita Stevens, assistant supervisor for the Anchorage office of the Division of Family and Youth Services (DFYS), the office has received no reports from the Anchorage Police Department, even though there has been at least one case involving the department. The case was later reported by another social service agency. (See story, page 21.)

There are all kinds of reasons why people aren't report-

ing, said Pat O'Brien, statewide DFYS coordinator for adult services in Juneau.

"We don't realize that elders are vulnerable," she said. It's hard to tell whether a senior is being abused or if they are just "crotchety," she added.

Many victims are reluctant to "tell on" their abusive abusers, O'Brien said. They look at it as confirmation that they are "losing it," she said. And others just don't want to get the abuser in trouble.

"Some of them are afraid of reporting it," O'Brien said. "They're afraid of doing anything."

O'Brien said.

Even though elder abuse is not being reported every time it occurs, the tally of abuse reports from July 1987 through June 1988 shows an alarming problem. DFYS received more than 800 reports of abuse of people age 60 and older. That was more than 60 percent of all adult abuse reports.

By most accounts this is only the tip of the iceberg.

"In this state we have a long way to go," said O'Brien, who just returned from a national conference on elder abuse.

"The field is booming," O'Brien said.

The lack of reporting in Alaska is a real scrambling block, according to Luke Phillips, head of the Elder Abuse Task Force in Anchorage.

Trainer statistics are needed before progress can be developed to deal with elder abuse, Phillips said. Even though there seems to be ample need for an elder abuse shelter and elder abuse respite care, you can't get money to deal with the problem without first having statistics that show the extent of the need, she explained.

In Juneau there used to be a fairly active elder abuse task force. But the lack of reporting made it hard to keep working on the problem, according to Norma Nicholas, Nicholas, who is an advocate for older women at the Aiding Women From Abuse and Rape Examination (AWARRE) shelter in Juneau, has no doubt that elder abuse exists in Juneau.

"What I do is public speaking to raise awareness," Nicholas said.

"Carotidians are generally the abusers," she added.

If an elder is being abused, social workers have very few options for taking them out of

the abusive situation. There is only one foster home in Juneau, according to Kusan a Cross, a social worker with DFYS in Juneau. And that home is licensed to care for only five people.

Cross referred one elderly man to the foster home when his children at his own home became intolerable.

Three generations were living in the same home, Cross said. The grandson kept demanding money from the grandfather. He'd take the grandfather's money and spend it through the house with him, spending his money and secretly treating him.

"The grandfather's son was the most used, so was supportive," Cross said. "We placed the grandfather in an adult foster home and he was delighted."

The Juneau man was lonely. Many seniors being abused or neglected have no options in their community. In many Alaska communities there are no adult care foster homes, nursing homes, or even adequate humanitarian services to help relieve the stress and strain that often leads to abuse by a caregiver.

In Fairbanks, for instance, where there is an active and effective elder abuse task

force, there are few alternatives for seniors who are being abused or neglected.

"Some of the folks just aren't appreciative for foster care," said Play MacIntyre, staff manager for the Fairbanks office of DFYS. "And usually they don't qualify for a nursing home care," she added. The big need is for an intermediate care facility. Currently, a person has to go to Anchorage to get that sort of care, she said.

The 1983 elder abuse reporting law allows an elder to receive help, to halt an investigation into reported abuse. Often, a senior does just that, especially when the only alternative is an abusive situation in either away in an unfamiliar city far from friends and relatives.

What follows on these two pages are individual stories about Alaskan seniors in abusive situations. These are seniors who have been physically abused, financially abused or neglected. As with many other abusive situations in Alaska, the only "solution" in some of these cases was a decision to continue to put up with the situation, for lack of better alternatives.

But actual solutions to elder abuse problems are sometimes as hard to come by in Alaska as the statistics that define the extent of the problem.

Statistics on Abuse

Alaska's elder abuse reporting statute requires people in a number of professions to call the Department of Health and Social Services' Division of Family and Youth Services (DFYS) if they suspect a person 60 or older is suffering harm.

Below are statistics from reports made to DFYS from July 1987 through June 1988. Pat O'Brien with DFYS in Juneau explained that the numbers don't add

up in all categories because of differing reporting practices in DFYS offices around the state. Some reports contain just the name on a slip of the person abused, O'Brien said.

If a case was not confirmed, that does not mean there was no abuse occurring, O'Brien said. Sometimes a report would not call DFYS, or a DFYS worker could not get in touch with the person.

Number of Reports	
Age 60 and over	278
Age 60 - 64	28
Age 18 - 59	185
Total	488
Sex of Victim	
Male	185
Female	303
Type of Harm	
Abandonment	17
Abuse	171
Economic Harm	127
Neglect	173
Relationship of Perpetrator to Victim	
Wife	7
Husband	40
Son	43
Daughter	19
Other Male Family Member	30
Other Female Family Member	19
Other Male	48
Other Female	88
Did the Victim Request that the Investigation be Terminated?	
Yes	117
No	160
Type of Reporter	
Mandatory	189
Other	77
Was the Report Confirmed?	
Yes	100
No	184

Source: Division of Family and Youth Services, Department of Health and Social Services Adult Protective Services Section Report, Filed July ending June 30, 1988.

Neglect: Devastating as physical blows

Kathleen James was calling himself regally. A night of times he was found in the cold in Bethel without enough clothes on. Though his family was supposed to pay his bills, buy his food and take care of his medical needs, they did not. Old age assistance checks were being cashed on James' behalf but he wasn't getting the money.

"Everybody thought it was outrageous," said a Division of Family and Youth Services (DFYS) social worker in Bethel. "Something needed to be done."

James lost his real home in his 70s, was a victim of elder abuse. He wasn't being helped, he was neglected. For an elderly person who can't take care of himself, neglect can be just as devastating as certain physical blows.

Bethel Community Health Director Dr. Grace Allmond remembers seeing one older man with a dislocated shoulder. He was brought in five or six days after it happened.

His wife was an alcoholic, and so was his kid. The man couldn't take care of himself and had fallen out of bed.

They let him sit for days, Allmond said. And that kind of injury hurts like hell, she added.

Allmond, who had practiced in Chicago where she saw much more elder abuse, said she on Bethel's report for elders with nothing done the extent of elder abuse she

Alford has seen people put up with less-than-desirable conditions to stay with their families.

see in Bethel.

There are many elderly in the Bethel area, said the social worker who related the story of Kathleen James, but few reports of elder abuse.

If she had to guess, the social worker said she would put the number of elder abuse reports at no more than one or two a month.

But both the social worker and Allmond say there are probably more cases than they are aware of.

James' family neglected him because they were debating, the social worker said. They didn't pay attention to James' needs.

He needed help cleaning himself, he couldn't hear, and he was almost blind, the social worker said.

DFYS handled James' problem by holding family meetings. At the meetings the family admitted that they were unable to care for James.

DFYS tried to get James into the Alyakik Agency, which handles in

Bethel, where he could stay with another relative, but there was no room available. So James was sent to a nursing home in Seward, far from friends and relatives.

He died two years later. "I don't think he really wanted to leave," the social worker said. "If he had a choice he would have stayed in the condition he was staying in," she added.

Allmond has seen people put up with less-than-desirable conditions to stay with their families.

Allmond talks about an elderly woman who had a certain and undetermined to stay with her daughter, even though the daughter had her own family to care for.

Allmond got reports that the daughter was neglecting her mother. But after visiting the home, Allmond determined the daughter was doing the best she could.

The mother was confined to bed and refused to come to the hospital for rehabilitation, Allmond said. She needed constant care, she needed to be in a 24-hour nursing home patient.

Allmond said. But Allmond recommended the mother be allowed to remain in the home and helped the daughter get humanitarian services.

A humanitarian nurse came and helped the daughter with chores four hours a day.

If given the primary caregiver a break, Allmond said.

They love their children so they deprive themselves

When money that would pay for warm clothes and food is regularly taken from an elder by younger relatives and used for purchasing alcohol, an alert social worker would likely classify this as elder abuse.

But for too often, the elder person isn't aware of being abused. And even if they don't like the situation, they just want someone coming in to try to fix it.

"They don't understand the word 'abuse,'" said Arlene Moore, an elder abuse worker at Fairbanks' Women in Child-Care/Abuse/Anti-incest (WICAA).

Moore, 66, has seen many younger relatives manipulate long grandsons or granddaughters at the elder's expense. The elder may not understand there are options, and they may not even think Moore's

agency is trying to help, Moore explained.

"Sometimes they love their children and grandchildren, they deprive themselves of their own needs," Moore said.

"By the end of the month they don't have enough food or clothing.

And in Fairbanks, where winter is so severe, lack of adequate clothing can be serious.

"I can't go in there and say 'stop doing that,'" Moore said. "It's their own life."

That is one major difference between elder abuse and child abuse. In abuse of a minor, a parent or caretaker is responsible (child abuse is a social worker concern), and often that doesn't happen. Moore said.

"It's hard for an elder to admit that maybe it's their child abusing them. It's a shameful thing," Moore said.

Moore's staff manager for the Fairbanks office of the Division of Family and Youth Services (DFYS), is elder abuse, the elder must be willing to accept services, and often that doesn't happen. Moore said.

"I know one case where the mother is afraid and has a debilitating problem," Moore said. Her son takes money away from her, telling her she is no good.

He sees her drinking as an excuse to argue with her. "The police scared and she gives money to get rid of him. He beats her up if she doesn't give it to him," Moore said.

Because the law recognizes that older people are capable of making their own decisions, the court can intervene without the elder's consent only after an elder is declared incompetent.

Many of the cases Moore sees do not involve incompetent elders, just frail or dependent elderly being taken advantage of by children or young relatives of the community.

"I know one case where the mother is afraid and has a debilitating problem," Moore said. Her son takes money away from her, telling her she is no good.

Moore said, "And I told her her daughter was abusing her," Moore said.

In a real way, the Fairbanks woman who reported, "I don't know why she does it."

That was all the woman would say about the abuse.

"She knows it's there," Moore said. But she depends on her daughter for everything.

"She (the daughter) doesn't let me walk and speak for me," the woman told Moore.

Without her daughter, the woman said, she probably couldn't manage.

Moore's staff manager for the Fairbanks office of the Division of Family and Youth Services (DFYS), is elder abuse, the elder must be willing to accept services, and often that doesn't happen. Moore said.

"It's hard for an elder to admit that maybe it's their child abusing them. It's a shameful thing," Moore said.

Physical abuse: He'd rather handle it himself

Jim McKay's situation had to make another abuse at home.

One day when McKay (not his real name) returned home to turn off the TV, his nephew caught him off guard and belted him over.

McKay, in his 70s, is a victim of elder abuse. One of a number of other Alaskan elder abuse victims he depends on help rather than help himself, with police help when necessary, than get involved with restraining orders or the state medical neglect bureaucracy.

"In (the abusive) situation

and mistreating him all over the place.

McKay explained that he tried to hold her arms and stop her but she was able to wriggle free.

The last time the police came to take the woman, McKay saw their report. It listed every time they had had to intervene between McKay and the woman.

The police told McKay he should get a restraining order from the court to stop his abuser from contacting him, but McKay refused.

McKay hasn't seen his stepson since.

"They wanted to put the blame for themselves," McKay said. He offered to let them live with him and even offered to let his stepson live in the old trailer next-door.

Nothing seemed to satisfy them. The stepchildren would eat breakfast and become abusive to McKay.

The woman belted down the door of McKay's car because his stepchildren beat his stepdaughter and molest family photos and possessions while McKay was out. One stepdaughter physically attacked McKay, the other punched him in the nose

and mistreating him all over the place.

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The police told McKay he should get a restraining order from the court to stop his abuser from contacting him, but McKay refused.

McKay hasn't seen his stepson since.

Where to report abuse

If you suspect elder abuse contact the nearest Division of Family and Youth Services (DFYS) office. DFYS staff is required to investigate all reports of elder abuse and to provide protective services where needed. The investigation will be completed upon the elder's request.

- Barrow, DFYS, 222-1111
- Anchorage, general reporting number 276-1452, David Tuel, 265-6014; Anti-Violence Unit, 265-4000.
- Fairbanks, 480-1444.
- Juneau, Sitka, Kodiak, 947-1444.
- Kenai, Bethel, 265-6411.



Some people can't make it alone. They think no one cares.

C.R.I.S.I.S. Inc.
Crisis Referral Information and Suicide Intervention Service
2111 Fairbanks, Suite A
Fairbanks, Alaska 99709-0208

Just a few hours of your time each week can mean the difference between life and death for a person experiencing a crisis. Volunteers are urgently needed. The duration is years. You can write down our number and call us, or you can walk away.

Anchorage 276-1600 **Statewide 800-478-1800** **BP AMERICA**

24 hours a day, 7 days a week

Space provided by Senior Votes and ALASKA PRODUCTION

WANTED: COMPUTER

Employment-oriented computer classes for low-income senior citizens need computers for practice and lab work.

Especially helpful would be an IBM-compatible PC (a computer that will accept DOS and 5 1/4" disks). We are open to loans or donations of equipment for the four-month duration of the class.

These JTPA classes are employment-oriented and help many seniors return to work with new skills.

Loans/donations are tax deductible and would greatly benefit both Anchorage and other Sitka seniors.

Please call Jane at Older Persons Action Group, Inc. 276-1028.

SB

4

STATE OF ALASKA
1992 LEGISLATIVE SESSION

FISCAL NOTE

BILL NO CSSB 4(JUD)

Revision Date: 01/14/92 Department Affected: Commerce & Economic Development
 Title: An Act establishing the Alaska BRU: Occupational Licensing
Gaming Commission; and providing for an effective date. Component: Administration
 Sponsor: Senators Zharoff and Jones
 Requestor: Senator Zharoff COMPONENT SERIAL NO.

0	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	289.1	289.1	289.1	289.1	289.1	289.1
TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	5.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES	0.0	0.0	0.0	0.0	0.0	0.0
GRANTS, CLAIMS	0.0	0.0	0.0	0.0	0.0	0.0
MISCELLANEOUS	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	399.1	352.1	352.1	352.1	352.1	352.1

CAPITAL	0.0	0.0	0.0	0.0	0.0	0.0
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REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS	0.0	0.0	0.0	0.0	0.0	0.0
OTHER	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	399.1	352.1	352.1	352.1	352.1	352.1

POSITIONS:

FULL-TIME	5.0	5.0	5.0	5.0	5.0	5.0
PART-TIME	0.0	0.0	0.0	0.0	0.0	0.0
TEMPORARY	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary)

The CS has no change to operating Funding, Expenditures or Revenue.

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing Date: 01/14/92
 Approved by Commissioner: Glenn A. Olds *Glenn A. Olds* Asst. Comm.
 Agency: Department of Commerce & Economic Development Date: 1-16-92

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

FISCAL NOTE ATTACHMENT - CSSB 4(JUD)

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees that transferred with the program was five: one Auditor and one Investigator located in Anchorage, one Auditor, one Tax Examiner and one Clerk Typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one Investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill establishes a five-member Alaska Gaming Commission giving it the authority to license, regulate and enforce gaming statutes and regulations.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff, especially in the area of audits and investigations. Presently, the gaming program has only two investigators which is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the growing number of permittees, operators and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of an Executive Director (based on our recommendation in the bill analysis), a Secretary to be utilized for Commission business and during their meeting(s), and a Records and Licensing Supervisor to oversee the licensing staff. We feel if this Commission is to effectively administer this program, they must be provided with the proper staff to do it. Without these positions, there is no reason to consider this legislation. You cannot accomplish the mandate of the law without being able to administer proper enforcement.

The \$399.1 required includes \$30.0 in travel to fund the cost of widespread travel to various communities and for Commission meetings quarterly, as well as \$50.0 to purchase the necessary workstations, computers and software. The required \$5.0 for equipment for FY 94 through FY 98 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily increase as more and more charitable organizations search for other sources of revenue in light of other sources becoming less available.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue will be generated the first year. While the amount of funds generated is considerably less than projected costs, other gaming revenue sources will more than compensate for the difference. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and strive towards voluntary compliance. During FY 91, the Gaming program generated \$1.6 million in revenue.

FISCAL NOTE ATTACHMENT - CSSB 4(JUD)

OPERATING EXPENDITURES

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Executive Director	26	\$90.1	
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing Supervisor	16	\$50.0	
	Secretary I	10	\$36.2	
				\$289.1
<u>Travel:</u>				
	Five-Commission Members Executive Director		\$15.0 \$ 5.0	
	Investigator		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 30.0
<u>Contractual:</u>				
	Lease Space			\$ 20.0
	Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>				
	Executive Director		\$ 1.0	
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Licensing Supervisor		\$ 1.0	
	Secretary I		\$ 1.0	
				\$ 5.0
<u>Equipment:</u>				
	Executive Director		\$10.0	
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Licensing Supervisor		\$10.0	
	Secretary I		\$10.0	
				<u>\$ 50.0</u>
				TOTAL COST
				\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

Equipment represents the cost for a workstation and computer.

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office Bldg., in 450 sq. ft., this is space inadequate for current needs and, with the increase demand with the commission, new space is a requirement.

Position Title Executive Director		No. of Positions 1	Range / Step 26A	Barg. Unit XE
Time Status PFT	Staff Months 12	Location AWA		Election District
TYPE OF EXPENDITURE		Amount		
Salary		67.8		
Benefits		22.3		
Premium Pay				
Other				
Total Personal Services		90.1		
Travel		5.0		
Contractual				
Commodities		1.0		
Equipment		10.0		
Other				
Total Cost		106.1		
FUNDING SOURCE FOR TOTAL COST				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	106.1		
IA Receipts	1037			
CIP Receipts	1061			
Other				
Justification DUTIES: To implement the policies and procedures of the Alaska Gaming Commission. IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED: The policies and procedures of the Alaska Gaming Commission will not be readily implemented.				

**Request For
New Position**

AGENCY Commerce and Economic Development
BRU Occupational Licensing
COMPONENT Administration

FY 93

Page 4 of 8

Revised Date: _____

FISCAL NOTE

No. 1

STATE OF ALASKA
1991 LEGISLATIVE SESSION

Bill Version: SB 4

(S) Publish Date: 4/17/91

Revision Date: _____ Department Affected: Commerce & Economic Dev.
 Title: An Act establishing the Alaska BRU: Occupational Licensing
Gaming Commission Component: Administration
 Sponsor: Senator Zharoff
 Requestor: Senator Zharoff

COMPONENT SERIAL NO.

	3	5	6
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 92	FY 93	FY 94	FY 95	FY 96	FY 97
PERSONAL SERVICES	289.1	289.1	289.1	289.1	289.1	289.1
TRAVEL	30.0	30.0	30.0	30.0	30.0	30.0
CONTRACTUAL	25.0	25.0	25.0	25.0	25.0	25.0
SUPPLIES	5.0	3.0	3.0	3.0	3.0	3.0
EQUIPMENT	50.0	5.0	5.0	5.0	5.0	5.0
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	399.1	352.1	352.1	352.1	352.1	352.1

CAPITAL						
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REVENUE	75.0	100.0	100.0	100.0	100.0	100.0
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FUNDING: (Thousands of Dollars)

GENERAL FUND *	399.1	352.1	352.1	352.1	352.1	352.1
FEDERAL FUNDS						
OTHER						
TOTAL	399.1	352.1	352.1	352.1	352.1	352.1

*Funding source is General Fund in bill as proposed.

POSITIONS:						
FULL-TIME	5	5	5	5	5	5
PART-TIME						
TEMPORARY						

Changes in CS SB 4 (4c) reflect NO FISCAL CHANGE from the original fiscal note. This fiscal note is appropriate.
3-16-91 RMH
 date Comte Aide (initial)

Estimate of current year impact: -0-

ANALYSIS: (Attach a separate page if necessary.)

The CS has no change to operating Funding, Expenditures or Revenue.

Prepared By: John N. Hansen, Jr., Gaming Program Manager Phone: 465-2581
 Division: Occupational Licensing

Approved by Commissioner: Glenn A. Olds Date: _____
 Agency: Department of Commerce & Economic Development Date: 4-11-91

Distribution (by preparer): Legislative) Changes in CS SB 4 (sub) have no fiscal impact. This fiscal note is appropriate. VB, & Impacted Agency(ies).

FISCAL NOTE ATTACHMENT - SB 4

EXPENDITURES AND REVENUES

This program was transferred from the Department of Revenue to the Department of Commerce and Economic Development effective July 1, 1989 through Executive Order #74. The total number of employees that transferred with the program was five: one Auditor and one Investigator located in Anchorage, one Auditor, one Tax Examiner and one Clerk Typist located in Juneau. Since that time, the following new positions have been filled: a Gaming Program Manager located in Juneau, one Investigator located in Fairbanks, a Chief of Gaming Compliance located in Anchorage, and a Licensing Examiner located in Juneau.

The bill establishes a five-member Alaska Gaming Commission giving it the authority to license, regulate and enforce gaming statutes and regulations.

Charitable gaming activity in the state has rapidly grown beyond the capacity of the current staff, especially in the area of audits and investigations. Presently, the gaming program has only two investigators which is woefully inadequate given the number of permittees and the geographical size of the state. While the two auditors may conduct desk audits at their workstations and obtain documentation by way of correspondence, the number of audits that can be accomplished during the year is limited by the growing number of permittees, operators and distributors. We are, therefore, submitting a fiscal note requesting funding for an additional investigator and auditor. Also contained in the fiscal note is a request for funding of an Executive Director (based on our recommendation in the bill analysis), a Secretary to be utilized for Commission business and during their meeting(s), and a Records and Licensing Supervisor to oversee the licensing staff. We feel if this Commission is to effectively administer this program, they must be provided with the proper staff to do it. Without these positions, there is no reason to consider this legislation. You cannot accomplish the mandate of the law without being able to administer proper enforcement.

The \$399.1 required includes \$30.0 in travel to fund the cost of widespread travel to various communities and for Commission meetings quarterly, as well as \$50.0 to purchase the necessary workstations, computers and software. The required \$5.0 for equipment for FY 93 through FY 97 represents computer upgrades and programming. This is based on the assumption that charitable gaming will steadily increase as more and more charitable organizations search for other sources of revenue in light of other sources becoming less available.

With the additional auditor and investigator positions, we estimate that \$75.0 in additional revenue will be generated the first year. While the amount of funds generated is considerably less than projected costs, other gaming revenue sources will more than compensate for the difference. Additionally, with the amount of travel that will be required to effectively administer this program, the auditors and investigators can also use the opportunity to educate the licensees and strive towards voluntary compliance. During FY 91, the Gaming program generated \$1.6 million in revenue.

**FISCAL NOTE ATTACHMENT
SB 4**

OPERATING EXPENDITURES

	<u>Position</u>	<u>Range</u>	<u>Cost</u>	<u>Subtotal</u>
<u>Personal Services:</u>				
	Executive Director	26	\$90.1	
	Investigator III	18	\$56.4	
	Auditor III	18	\$56.4	
	Records and Licensing	16	\$50.0	
	Supervisor			
	Secretary I	10	\$36.2	
				\$289.1
<u>Travel:</u>				
	Five-Commission Members		\$15.0	
	Executive Director		\$ 5.0	
	Investigator		\$ 5.0	
	Auditor III		\$ 5.0	
				\$ 30.0
<u>Contractual:</u>				
	Lease Space			\$ 20.0
	Public Notices, Printing and Postage			\$ 5.0
<u>Supplies:</u>				
	Executive Director		\$ 1.0	
	Investigator III		\$ 1.0	
	Auditor III		\$ 1.0	
	Licensing Supervisor		\$ 1.0	
	Secretary		\$ 1.0	
				\$ 5.0
<u>Equipment:</u>				
	Executive Director		\$10.0	
	Investigator III		\$10.0	
	Auditor III		\$10.0	
	Licensing Supervisor		\$10.0	
	Secretary I		\$10.0	
				\$ 50.0
	TOTAL COST			\$399.1

Travel for the commissioners is based on the assumption that they will meet on a quarterly basis.

Equipment represents the cost for a workstation and computer.

Lease Space is for locating the Gaming staff into their own office space. Currently located in Occupational Licensing on the 9th floor of the State Office in 450 sq. ft., this space is inadequate for current needs and, with the increase demand with the commission, new space is a requirement.

REQUEST FOR NEW HIRE

POSITION TITLE: Executive Director
RANGE/STEP: 26a
SERVICE: Partially Exempt
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$67.8
Benefits \$22.3

Total Personal Services: \$ 90.1

TRAVEL: \$ 5.0
COMMODITIES:* \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$106.1

FUNDING SOURCE:

Funding source is general fund \$106.1

POSITION DUTIES:

- o Implement the policies and procedures of the Alaska Gaming Commission.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

The policies and procedures of the Alaska Gaming Commission will not be readily implemented.

REQUEST FOR NEW HIRE

POSITION TITLE: Investigator III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Conduct investigations of permit or license violations and complaints.
- o Conduct inspections of premises, observe gaming activity to ensure compliance with statutes and regulations.
- o Issue Notices of Violations when appropriate and necessary.
- o Educate the participants with regard to statutes and regulations.
- o Assist the participants by providing the correct forms, and answering inquiries.
- o Occasionally assist the auditor(s) in gathering information/documentation.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many complaints and/or allegations could not be investigated.

REQUEST FOR NEW HIRE

POSITION TITLE: Auditor III
RANGE/STEP: 18a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$40.5
Benefits \$15.9

Total Personal Services: \$56.4

TRAVEL: \$ 5.0
COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$72.4

FUNDING SOURCE:

Funding source is general fund \$72.4

POSITION DUTIES:

- o Plan, organize and complete audits of permittees, operators and distributors.
- o Provide technical assistance to permittees, operators and distributors.
- o Provide information to inquiring persons regarding statutes and regulations.
- o Assist the investigator(s) when necessary.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Because of the numerous number of permittees and licensees, the expanse of the state, and the limited funding for travel purposes, many audits could not be done.

REQUEST FOR NEW HIRE

POSITION TITLE: Records and Licensing Supervisor
RANGE/STEP: 16a
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$35.5
Benefits \$14.5

Total Personal Services: \$50.0

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$61.0

FUNDING SOURCE:

Funding source is general fund \$61.0

POSITION DUTIES:

- o Supervise and monitor the licensing of permittees, operators and distributors.
- o Direct and guide procedures for actual issuance of permits and licenses and computer entry of same. Responsible for the overall recording and establishment of the licensing record and maintenance of these records.
- o Provide information to the public and organizations regarding application of statutes, regulations and policies.
- o Responsible for form control and review of public handouts and applications to ensure proper format and content.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

Responsibility for the day-to-day operations will be shouldered by either the Gaming Program Manager or the Executive Director.

REQUEST FOR NEW HIRE

POSITION TITLE: Secretary I
RANGE/STEP: 10b
SERVICE: Classified
TYPE OF POSITION: PFT
STAFF MONTHS: 12 Months

TYPE OF EXPENDITURE:

PERSONAL SERVICES:

Salary: \$24.6
Benefits \$11.6

Total Personal Services: \$36.2

COMMODITIES: \$ 1.0
EQUIPMENT: \$10.0

Total Cost \$47.2

FUNDING SOURCE:

Funding source is general fund \$47.2

POSITION DUTIES:

- o Open and process incoming applications, financial statements and correspondence.
- o Responsible for maintaining records/files for the Executive Director and Commission members.
- o Responsible for arrangement of transportation and accommodations of the entire staff. Make arrangements for meetings and notify the participants.
- o Responsible for transcribing minutes of meetings and distributing the written records to the appropriate parties.

IMPACT TO DIVISION/PROGRAM IF POSITION IS NOT FILLED:

These duties would have to be fulfilled by a current staff member. The current staff is already overburdened, and the quality and quantity of work would decline.

SECTIONAL ANALYSIS - Sen. Zharoff
CSSB 4 (JUD)-ESTABLISHING THE ALASKA GAMING COMMISSION

SECTION 1: Establishes the Alaska Gaming Commission in AS 05.15 (Games of Chance & Contests of Skill). The commission would consist of 5 members appointed by the governor who must be state residents and must never have been convicted of a felony or an offense relating to gambling. One member shall be from each of the four Judicial Districts and one member shall be from anywhere in the state. Members of the Commission may not be operators, distributors or elected officials of the state or political subdivisions. Commission members would serve 4 year staggered terms, may not serve more than 8 years, and may be removed from office by the governor for cause including negligence of duty; incompetence; or misconduct in office. Members would be entitled to per diem and travel expenses. This section also delineates that the commission shall license, regulate and supervise games of chance & contest of skill under AS 05.15; hire an executive director and staff as necessary; meet at least every three months; and adopt regulations necessary to implement AS 05.15. This section also allows the commission to appoint hearing officers and clarifies that the executive director is partially exempt and the other employees are classified. In addition, the bill also states that the Attorney General shall enforce the regulations of the commission; that records of the commission are public except for records relating to audits and investigations of the commission; that all proceeds of the commission go into the general fund; that the commission is subject to the Administrative Procedures Act; and that the commission is subject to the conflict of interest statutes.

SECTION 2: AS 05.15.010 currently states that the Dept. of Commerce & Economic Development shall administer AS 05.15. Section 2 of this bill replaces that language and states that the Alaska Gaming Commission would administer this chapter.

SECTION 3: Adds a new subsection prohibiting the commission from issuing a permit or lisenche for gaming to anyone who has been a member of the Commission within the last year.

SECTION 4: Adds a new section prohibiting a person who has been a member of the Commission within the last year from being a member in charge.

SECTION 5: Removes the Commissioner of DC&ED from the definitions section of AS 05.15 and replaces it with "commission" since, under this bill, the Alaska Gaming Commission rather than the Department of Commerce & Economic Development would be administering gaming.

SECTION 6: Makes a change to the definition of gambling in the criminal law statutes by removing the reference to the Department of Commerce & Economic Development since gaming activity would be administered by the Commission.

SECTION 7: States that the Department of Public Safety shall determine whether a person appointed by the governor to serve on the commission has been convicted of a felony or a gambling offense.

SECTION 8: Adds a new subsection to include the executive director of the Alaska Gaming Commission to the list of partially exempt employees.

SECTION 9: Adds a new subsection to include the Alaska Gaming Commission under the Conflict of Interest Statutes.

SECTION 10: Adds a new subsection to include the Alaska Gaming Commission with the entities that must comply with the Administrative Procedures Act.

SECTION 11: Adds a sunset date of June 30, 1995.

SECTION 12: Removes the definition of the "department" under AS 05.15 as it would no longer apply if the commission is established and removes the regulation of games of chance & contest of skill from the duties of the Department of Commerce & Economic Development since these would become duties of the commission.

SECTION 13: Requires the governor to make the appointments to the commission within 120 days after the effective date of this bill and requires that the governor set the terms of the initial members as follows: 2 members for 4 years; 1 member for 3 years; 1 member for 2 years; and 1 member for 1 year.

SECTION 14: States that any regulations in place pertaining to games of chance or contests of skill prior to July 1, 1991 and regulations on these matters in effect on the effective date of this bill remain in effect until the commission adopts new regulations. In addition, DC&ED will administer AS 05.15 from the effective date of this bill until the members of the commission are appointed.

SECTION 15: Allows the revisor of statutes and the assistant attorney general assigned to review regulations the latitude to clean up statute and regulation with regard to the administration of AS 05.15 and references to the "department" or "commissioner" should be read as referring to the Alaska Gaming Commission.

SECTION 16: Gives this legislation an effective date of July 1, 1991.

BILL'S distributing of alaska

RECEIVED MAR 11 1991

March 7, 1991

Senator Fred Zharoff
Alaska State Senate
P.O. Box V
Juneau, Ak 99811

Dear Senator Zharoff

I was pleased to learn that SB-4, for an Alaska Gaming Commission is to be considered again this session.

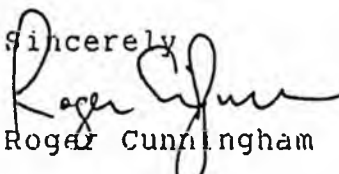
As you probably have heard, several members of the public spoke in favor of a gaming commission at hearings on HB168 by Rep. Choquette. As well as citizen support, Rep. Robin Taylor supported it, along with John Hansen, Gaming Program Manager, DCED.

Charitable Gaming has grown to the place where a full commission is needed to oversee it. The amount of money changing hands daily dictates that a group of dedicated individuals give gaming their undivided attention.

I support your bill and would offer any help you may need in the way of supporting material or information to insure its passage this session. I would envision the commission structured along the same lines as the Alcoholic Beverage Control Board which includes respected industry representatives.

Please call if I can provide any further input to insure passage of SB-4.

Sincerely


Roger Cunningham

cc: Rep Robin Taylor

Anchorage Amateur Radio Club, Inc.
Gaming Committee
1910 Rosemary Street
Anchorage, Alaska 99508

21 December 1990

Senator Fred Zharoff
112 Mill Bay Road
Kodiak, Alaska 99611

Dear Senator Zharoff,

Our Club is deeply concerned about the proposed regulations from the Department of Commerce and Economic Development concerning pull tabs.

12 AAC 34.700 would have a serious impact on our income from gaming. We have been doing business with an independent operator for several years. We believe Mr. Pete Kramer has served us well. We have found no discrepancy in his accounting procedures or business ethics. We have received our fair share of the funds in a timely and business like manner. We do not have the facilities or personnel to conduct these activities, and oversee their operation as Mr. Kramer has done. As an independent business man, he is certainly entitled to receive a fair profit as compensation for his immense investment of time and personal assets. He has also complied with the State's stringent bonding requirements.

In closing, We are completely pleased with the present and past operation. We feel that the proposed regulations are unnecessarily restrictive and primarily designed to drive the Operator out of the picture. This should not be ! If such is to happen, our Club would not able to continue it's philanthropic activities. We must urge you to use your power and authority to bring about a revision to these regulations which will be mutually beneficial to all concerned.

Respectfully,



Fred S. Wegmer
Treasurer (Gaming)

S B

8

(7)

JUDICIARY COMMITTEE REPORT

Date Referred: March 9, 1992

FURTHER REFERRALS:

Finance

Date of Committee Action: 3/30/92

The JUDICIARY Committee considered:

CSSB 8(STA) am

CS FOR SENATE BILL NO. 8 (STA) am

ANNUITY PROGRAM AMENDMENTS

"An Act amending and making effective an annuity program and amendments to the longevity bonus program and the permanent fund dividend program provided for in secs. 2 - 18, ch. 99, SLA 1985; and providing for an effective date."

RECOMMENDATIONS:

be replaced with HCS CSSB 8 (JUDICIARY) [] the same title [X] a new title

[X] have attached amendments(s)

[] do pass

[] do not pass

[] no recommendations

[] individual recommendations

[] additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept)

APPROVES PREVIOUS: (Dept/Date)

[] fiscal impact _____

[] fiscal note(s) _____

[] zero fiscal note _____

[] zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
		Dave Donley (support ST. AFF CS)			X
		W. G. ... (support state affairs CS)			-
		Mark ...		X	
		J. Ellis			X
		Wendell ...			✓

Dave Donley
CHAIRMAN'S SIGNATURE

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: March 2, 1992

Title: An Act amending and making effective an annuity
and amendments to the longevity bonus and P.F.D..

BILL NO. CS for SB 8 (STA) am

MAR 03 1992

Department Affected: Revenue

BRU: Operations

Component: Treasury Management

Sponsor: Kertula, Halford

Requestor: House State Affairs

Component Serial No.

0	1	2	1
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	5.0	5.0	5.0	5.0	5.0
TRAVEL						
CONTRACTUAL	0	20.0	20.0	20.0	20.0	20.0
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	25.0	25.0	25.0	25.0	25.0

CAPITAL						
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REVENUE						
---------	--	--	--	--	--	--

FUNDING: (Thousands of Dollars)

GENERAL FUND/Unrestricted						
FEDERAL FUNDS						
OTHER	0	25.0	25.0	25.0	25.0	25.0
TOTAL	0	25.0	25.0	25.0	25.0	25.0

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: None

ANALYSIS: The 25.0 expenditure in total operating costs is the basic personal services and contractual costs for a trust managed by the Treasury Division. Contractual costs would consist of external investment management, accounting, auditing, and custodial services. Future cost increases are dependent on the asset growth of the trust fund from contributions and market gains.

Prepared by: Brian C. Andrews

Phone: 465-2300

Division: Treasury

Date: March 2, 1992

Reviewed by Commissioner: Daniel

Agency: Revenue

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

MAR 03 1992

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 8 (STA) am

Revision Date: March 2, 1992
Title: Annuity Program Amendments
Sponsor: Kerttula, Halford
Requestor: House State Affairs

Agency Affected: Revenue
BRU: Permanent Fund Dividend Division
Components: Permanent Fund Dividend
Division
COMPONENT SERIAL NO. 9 8 1

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
OPERATING						
PERSONAL SERVICES		26.7	13.1	13.1	13.1	13.1
TRAVEL						
CONTRACTUAL		15.0	15.0	15.0	15.0	15.0
SUPPLIES						
EQUIPMENT						
LANDS & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	-0-	41.7	28.1	28.1	28.1	28.1
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER (RSA)		41.7	28.1	28.1	28.1	28.1
TOTAL	-0-	41.7	28.1	28.1	28.1	28.1

POSITIONS:

FULL-TIME						
PART-TIME						
TEMPORARY						

Estimate of current year impact: Norre

ANALYSIS: See attached. *Thomas C. Williams*

Prepared By: Thomas C. Williams Phone: 465-2323
Division: Permanent Fund Dividend Division Date: March 2, 1992

Approved by Commissioner: _____ Date: _____
Agency: Revenue

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

ALASKA DEPARTMENT OF REVENUE
PERMANENT FUND DIVIDEND DIVISION
CSSB 8 (STA) am ANALYSIS
As of March 2, 1992

Assumptions:

1. This bill is the only Permanent Fund Dividend checkoff bill that will become law. This fiscal note could change if other PFD checkoff bills are introduced and become law.
2. The Department of Administration will charge the Department of Revenue for the required additional computer time.
3. The cost of programming changes will be a one-time cost. Ongoing maintenance of new programs would be accomplished by existing staff. The computer system will need to be changed to account for the change in the program, to establish new accounting controls and to provide for the transfer of funds to the trust account. The following tasks will require the following programming hours.

	<u>Hours</u>
a. <u>Wang Data Entry Processing Updates</u>	75.0
(1) Data entry	
(2) Batch lists	
(3) Corrections	
(4) Wang to IBM transfer	
b. <u>IBM File Processing Updates</u>	30.0
(1) Edits	
(2) Batch listings	
(3) Worksheets	
c. <u>CICS Online Programs for Lookup and Changes</u>	37.5
d. <u>Nightly Update of Changes</u>	22.5
e. <u>Warrant Jobs</u>	90.0
(1) Printing warrants with different amounts. Include check stub messages.	
(2) Modify warrant registers as needed for balancing.	
(3) Create new program for transferring accumulated decisions to trust account and to account for the reserve necessary due to returned and cancelled PFD warrants.	
f. <u>Miscellaneous</u>	45.0
(1) Setting up test files on IBM	
(2) Systems testing	
 <u>Total Hours</u>	 <u>300.0</u>

ALASKA DEPARTMENT OF REVENUE
 PERMANENT FUND DIVIDEND DIVISION
CSSB 8 (STA) am ANALYSIS
 As of March 2, 1992

4. The cost of document review, data capture and the data processing chargeback will be continuing. One Document Processor I position would be required for three months to assist in the manual review and coding of 535,000 applications. One Data Processing Clerk I position would be required for two months to assist in data capture.
5. There will be an additional cost associated with an extra page in the PFD booklet necessary to describe the annuity options.
6. Garnishments and assignments will take precedence over contributions to the annuities in the order established by statute. The PFD Division will only honor contributions to the extent that an individual's permanent fund dividend has not otherwise been assigned or garnished.
7. The PFD Division will be responsible for electronically transferring contributions to the annuity account.
8. The Treasury Division will be responsible for the accounting and management of the annuity account.

Cost Summary:

1. Personal Services

	<u>FY 94</u>	<u>FY 95</u>
1 PPT Analyst/Programmer V, R21 @ \$6,770.74/Mo including salary and benefits for 2 months. PCN 04-6011 would be funded for an additional 2 months.	\$ 13.6	\$ -0-
1 PPT Document Processor I, R7 @ \$2,573.60/Mo including salary and benefits for 3 months. This position represents the equivalent of the additional time and effort.	7.7	7.7
1 PPT Data Processing Clerk I, R8 @ \$2,699.03/Mo including salary and benefits for 2 months. This position represents the equivalent of the additional time and effort.	<u>5.4</u>	<u>5.4</u>
Total Personal Services	<u>26.7</u>	<u>13.1</u>

2. Contractual Services

a. Data Processing Chargeback	5.0	5.0
b. Printing charge for extra page	<u>10.0</u>	<u>10.0</u>
Total Contractual Services	<u>15.0</u>	<u>15.0</u>
TOTAL COST	<u>\$ 41.7</u>	<u>\$ 28.1</u>

FISCAL NOTE

BILL NO. CSSB 8 (SA)

STATE OF ALASKA
1992 LEGISLATIVE SESSION

Revision Date: _____
Title: An Act amending and making effective an
Annuity Program
Sponsor: Kertulla
Requestor: Senate Rules Committee

Department Affected: Administration
BRU: Retirement and Benefits
Component: Retirement and Benefits
COMPONENT SERIAL NO. 64

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	414.3	426.7	439.5	452.7	466.3	480.3
TRAVEL	50.0	25.0	25.0	25.0	25.0	25.0
CONTRACTUAL	1,201.3	1,132.7	1,132.7	1,132.7	1,132.7	1,132.7
SUPPLIES	52.5	60.5	70.5	80.5	90.5	100.5
EQUIPMENT	144.1	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	1,862.2	1,644.9	1,667.7	1,690.9	1,714.5	1,738.5

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING: (Thousands of dollars)

GENERAL FUND	1862.2	1644.9	1667.7	1690.9	1714.5	1738.5
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	1862.2	1644.9	1667.7	1690.9	1714.5	1738.5

POSITIONS

FULL-TIME:	8	8	8	8	8	8
PART-TIME:	0	0	0	0	0	0
TEMPORARY:	0	0	0	0	0	0

Estimate of current year impact: zero

ANALYSIS: (attach a separate page if necessary.)

See attached for a detailed analysis

Prepared By: Gary Bader *Gary M. Bader*
Division: Retirement and Benefits

Phone: 465-4470
Date: 1/16/92

Approved by Commissioner: Nancy Bear Usura *Nancy Bear Usura*
Agency: Department of Administration

Date: 1/21/92

Distribution (by preparer): Legislative Finance, Legislative Sponsor, Requestor, OMB & Impacted Agency(ies).
Rev 11/91 Page 1 of 4

Committee Substitute for Senate Bill 8 (SA)
Fiscal note Analysis
Prepared by Division of Retirement & Benefits
Department of Administration
January 16, 1992

Analysis: The cost of the annuity program is anticipated to be borne entirely by general fund (GF) appropriations. This fiscal note assumes that approximately 5% of the permanent fund dividend recipients (25,000) will participate in the annuity program.

Eight full-time positions will be needed to administer this program on a continuing basis. Even though we are proposing to contract with a private record keeper, eliminating the need for a large staff, this bill requires extensive manual effort to interface with the contractor. Personnel will handle counseling, address and beneficiary changes, account maintenance, and cash contributions.

Travel in FY 93 is needed to explain the program and answer questions at several locations throughout the state. In subsequent years, there will continue to be the need for rural education and counseling.

There are annual contractual needs for the operation of the annuity program as well as contract with the annuity record keeper. These ongoing contractual needs are explained below. The system will be highly automated to reduce the need for a larger staff. An analyst/programmer V will coordinate D.P. activities.

On-going office supply needs will include microfilming supplies, computer paper stock, annual statements of account and 1099's. In FY 93, there will also be a one time need for office equipment and the purchase of a microfilmer and reader for file maintenance.

The total estimated administrative cost to the division by fiscal year is as follows:

	<u>FY 93</u>	<u>FY 94</u>
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PERSONAL SERVICES

1 Retirement System Manager	\$ 81.1	
1 Retirement Specialist I/II	52.0	
1 Retirement Technician I/II	42.1	
1 Accountant II	52.0	
1 Accounting Technician I	42.1	
1 Clerk-Typist III	35.0	
1 Accounting Clerk III	37.9	
1 Analyst/Programmer V	<u>72.1</u>	
Total Personal Services Cost	\$414.3	
FY 93 Personal Services w/3% increase		\$426.7

TRAVEL

FY 93 - 35 trips to various locations throughout the state for public meetings to explain the program.

FY 94 and after - trips to various locations throughout the state for annual enrollment counselling.

	50.0	25.0
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Total Travel cost

CONTRACTUAL

	<u>FY 93</u>	<u>FY 94</u>
CPU costs	20.0	
Computer tapes	10.0	
Disk space costs	<u>20.0</u>	
Total DP resource	\$50.0	\$50.0
Record Keeping Contractor		
25,000 accts. @ \$35.00	875.0	875.0
Information Blitz,		
TV, and Radio	85.0	35.0
RSA to PFD division	41.7	28.1
Postage: Information and		
warrants	50.0	50.0
Audits	15.0	15.0
Actuarial Consulting	15.0	10.0
Centrex charges (8 lines), long		
distance WATS line	30.8	30.8
Floor space (1,000 square feet at		
2.25/mo)	<u>38.8</u>	<u>38.8</u>
Total Contractual cost	1,201.3	1,132.7

		<u>FY 93</u>	<u>FY 94</u>
SUPPLIES			
	<u>FY 93</u>	<u>FY 94</u>	
Office supplies, calculators	\$ 4.0	\$ 2.0	
Microfilming supplies	3.5	3.5	
Paper stock	40.0	50.0	
Statement of Account	<u>5.0</u>	<u>5.0</u>	
Total Supplies cost		52.5	60.5
 EQUIPMENT			
8 Work stations	36.8		
8 Chairs	2.4		
8 PCs and other office equipment	40.0		
Other office equipment (Dictaphone, calculators, etc.)	10.0		
1 Printer	4.5		
1 Microfilmer and reader	45.0		
2 File cabinets	.6		
8 Phones (600/instrument)	4.8		
Total Equipment cost		<u>144.1</u>	<u>-0-</u>
 TOTAL Operations Cost		 <u>\$1862.2</u>	 <u>\$1,644.9</u>

The continuing personal services costs is estimated to increase at 3% per year. The costs of administration of this system is anticipated as general funds realized from the offsetting savings realized from declining Longevity Bonus payments. Funding is anticipated from general fund appropriations.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 8 (SA)

Revision Date: January 21, 1992
Title: An Act amending and making effective an annuity program and amendments to the longevity bonus program
Sponsor: Senator Kerttula
Requestor: Senate Rules Committee

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

COMPONENT

0	0	2	6
---	---	---	---

Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(0)	(76.0)	(753.6)	(2,124.4)	(4,033.1)	(5,340.5)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(76.0)	(753.6)	(2,124.4)	(4,033.1)	(5,340.5)

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

GENERAL FUND	0	(76.0)	(753.6)	(2,124.4)	(4,033.1)	(5,340.5)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	0	(76.0)	(753.6)	(2,124.4)	(4,033.1)	(5,340.5)

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)
Impact for FY 93 is zero.

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

Phone: 465-4400
Date: January 21, 1992

Approved by Commissioner: Nancy Bear Usura *Nancy Bear Usura*
Agency: Administration

Date: 1/21/92

Fiscal Note
CSSB 8 (SA)
January 21, 1992

Projected annual savings under this proposal are tenuous because they depend upon a number of variables that cannot be predicted accurately. These projections were prepared as a joint project of the Legislative Research Agency and the Alaska Longevity Bonus program in April 1991 and updated by the Longevity Bonus program in December 1991. A brief discussion of some of the more important assumptions and variables follows.

The Bonus amount for those turning 65 after January 1, 1994, is \$250 less than the annuity payment for those who turn 65 in the current year. The annuity payment depends upon:

- . Permanent Fund Dividends-we use projections provided by the Permanent Fund Corporation;
- . the interest rate at which earnings accrue and the interest rate used to determine an annuity-we used 8.5 percent as a reasonable estimate in both cases provided by Legislative Research;
- . the life expectancy of a 65 year-old we used figures provided by the Alaska Department of Labor; and
- . the frequency of bonus adjustments-we assumed that bonuses would be adjusted at the beginning of each fiscal year and remain fixed throughout the year.

The number of recipients who receive \$250 per month was determined by applying mortality and migration figures-supplied by the Alaska Department of Labor-to the projected number of recipients who will be on the program prior to 1992.

The number of recipients who receive reduced bonuses was determined by applying population, mortality and migration figures to the current number of recipients in order to determine the number of new applicants in each year. Migration and mortality figures were then applied to new applicants in order to determine the number of recipients who will receive reduced bonuses in each year. See additional assumptions on the spreadsheet.

Caveats

Projections exclude the cost of administering an annuity program. The assumption is that this agency's involvement with the annuity portion of the program would be limited to being informed of the amount by which bonus warrants should be reduced. Expected costs of modifying the program in order to pay amounts other than a fixed \$250 are included in the FY 93 contractual line.

Projections exclude the savings that would occur under the "hold harmless" provisions of AS 47.45.122. Those costs would be reflected in this fiscal note only if the legislature appropriates hold harmless funds to this agency for subsequent transfer to the Department of Health and Social Services.

Projections exclude savings that might occur if the number of recipients declines as the program becomes less financially attractive to participants and potential participants.

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PFD info from Jim Kelly, 12/13/91

Year	Expected Dividend	Population
92	862	543,000
93	897	
94	947	
95	1002	576,000
96	1050	
97	1119	
98	1186	
99	1245	
2000	1301	633,000
01	1361	
02	1420	
03	1480	
04	1539	
05	1600	695,000
06	1659	
07	1719	
08	1780	
09	1842	
10	1904	763,000

**Longevity Bonus Program
as Redefined by SB 8**

Revised 12/10/91

Current Program			Total		SB8 Plus		PFD		Annual		Monthly		(000 omitted)	(000 omitted)	(000 omitted)	(000 omitted)	(000 omitted)
State Fiscal Year	Qualified Recipients	(000 omitted) Cost	Grand-Fathered Recipients	SB8 Recipients	GrandFathered Qualified Recipients	Dividend Received	Payments Annuity	Payments Annuity	Payments Annuity	Payments Annuity	GF Cost Of Grand-Fathered Recipients	Non-GF Cost of Post 93 Recipients	GF Cost Cost of Post 93 Recipients	Total GF Cost	Total GF Savings		
1992	21,190	63,570.0															
1993	22,385	67,155.0	22,385		22,385	\$910.47											
1994	23,624	70,872.0	22,798	832	23,630	959.13	\$111.26	\$9.27	68,392.6	92.6	2,403.4	70,796.0	76.0				
1995	24,841	74,523.0	21,527	3,327	24,854	1,012.63	237.93	19.83	64,580.0	791.6	9,189.4	73,769.4	753.6				
1996	25,952	77,856.0	20,179	5,804	25,983	1,059.15	381.89	31.82	60,536.1	2,216.5	15,195.5	75,731.6	2,124.4				
1997	26,805	80,415.0	18,911	8,000	26,911	1,120.64	543.79	45.32	56,732.2	4,350.3	19,649.7	76,381.9	4,033.1				
1998	28,034	84,102.0	18,532	10,192	28,724	1,176.43	726.95	60.58	55,594.5	7,409.1	23,166.9	78,761.5	5,340.5				
1999	29,070	87,210.0	16,753	12,332	29,085	1,231.81	932.51	77.71	50,258.5	11,499.7	25,496.3	75,754.8	11,455.2				
2000	30,166	90,498.0	15,804	14,322	30,126	1,284.27	1,162.30	96.86	47,410.6	16,646.5	26,319.5	73,730.1	16,767.9				
2001	31,173	93,519.0	14,890	16,175	31,065	1,341.82	1,418.03	118.17	44,671.2	22,936.6	25,588.4	70,259.6	23,259.4				
2002	32,231	96,693.0	14,051	17,992	32,043	1,398.32	1,702.54	141.88	42,151.8	30,632.1	23,343.9	65,495.7	31,197.3				
2003	33,332	99,996.0	13,261	17,983	31,244	1,458.23	2,018.13	168.18	39,781.7	36,292.0	17,657.0	57,438.7	42,557.3				
2004	34,461	103,383.0	12,512	21,553	34,065	1,516.90	2,367.87	197.32	37,537.4	51,034.7	13,624.3	51,161.7	52,221.3				
2005	35,684	107,052.0	11,827	23,303	35,130	1,578.62	2,754.51	229.54	35,480.3	64,188.3	5,720.7	41,200.9	65,851.1				
2006	37,146	111,438.0	11,239	0	11,239	1,578.00	3,181.55	265.13	33,717.0	0.0	0.0	33,717.0	77,721.0				
2007	38,830	116,490.0	10,724	0	10,724	1,578.00	3,644.82	303.74	32,172.0	0.0	0.0	32,172.0	84,318.0				
2008	40,888	122,664.0	10,315	0	10,315	1,578.00	4,147.47	345.62	30,943.8	0.0	0.0	30,943.8	91,720.2				
2009	42,797	128,391.0	9,860	0	9,860	1,578.00	4,692.84	391.07	29,580.1	0.0	0.0	29,580.1	98,810.9				
2010	44,542	133,626.0	9,374	0	9,374	1,578.00	5,284.56	440.38	28,120.8	0.0	0.0	28,120.8	105,505.2				

Notes: Grandfathered Recipients = All persons paid via current program, declines in accordance with mortality tables maintained by AK Dept of Labor using 1990 census results.
 Assume each recipient deposits PFD Jan 1 of each year.
 8.50% Annual Interest Rate earned on Investment
 Current Program - assumes no changes to the law.
 Total GF Cost = GF cost of grandfathered recipients plus GF cost of post 93 recipients.
 Total GF Savings = Difference between total GF cost of current program if not modified and the cost of the program if SB8 becomes law.

SB8 Recipients = All persons entering the program after SB8 becomes law, and assumes the normal proportion of eligible people do actually apply for the smaller bonus.
 PFD Dividend Received = based on Dept. of Revenue projections.
 Annuity - based on model previously developed and maintained by Legislative Research.
 GF cost of Grandfathered Recipients = Number of Grandfathered recipients times \$3,000.
 Non-GF Cost of Post 93 Recipients = Portion of \$3,000 paid by annuities.
 GF Cost of Post 93 Recipients = Balance needed in GF as long as annuities are less than \$3,000

Definition: "Recipients" are defined as the Average Number of Warrants Issued in a month. This means one "recipient" would receive \$3,000 per year. It does not equate exactly to the number of people.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 8 (SA)

Revision Date: January 21, 1992
Title: An Act amending and making effective an annuity program and amendments to the longevity bonus program
Sponsor: Senator Kerttula
Requestor: Senate Rules Committee

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

COMPONENT

0	0	2	7
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Expenditures/Revenues: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	106.0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(0)	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	106.0	0	0	0	0	0

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

GENERAL FUND	106.0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE	0	0	0	0	0	0
TOTAL	106.0	0	0	0	0	0

POSITIONS:

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

Estimate of current year impact: 0

ANALYSIS: (Attach a separate page if necessary.)

Impact for FY 92 is zero. This fiscal note assumes there would be an amendment to the computer program contract (to modify the longevity bonus system to print and account for multiple checks) and computer services support. Estimated cost is \$89.0. Estimated cost for mailing and printing is \$17.0.

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

Phone: 465-4400
Date: January 21, 1992

Approved by Commissioner: Nancy Bear Usery *Nancy Bear Usery*
Agency: Administration

Date: 1/21/92

Fiscal Note
CSSB 8 (SA)
January 21, 1992

Contractual costs are: Explaining program to 22,000 recipients, 2 mailings plus printing of information.

2 mailings	\$ 12,000	(assume cost of mailing to be same
printing	5,000	as FY 92)
software program revision	<u>89,000</u>	(FY 91 estimate)
	\$106,000	

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FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CS SB 8

Revision Date: 2/3/92

Department Affected: Health & Social Services

Title: An Act amending and making effective an annuity program.....

GRU: Medicaid

Component: ALB Hold Harmless and Medicaid

Sponsor: Kertulla

Non-facility

Requestor: _____

COMPONENT SERIAL NO.	0	2	3	0
	0	2	3	1

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

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

REVENUE FUND SOURCE:	0	0	0	0	0	0
----------------------	---	---	---	---	---	---

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

POSITIONS:

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

Estimate of current year impact: None

ANALYSIS: (Attach a separate page if necessary.)

CS SB 8 would result in net savings to the state. See attached analysis

Prepared By: Chris Schubert Phone: 465-3355

Division: Division of Medical Assistance Date: _____

Approved by Commissioner: [Signature]

Agency: Department of Health & Social Services Date: _____

FISCAL NOTE ANALYSIS
CS SB 8

FY93

There is no fiscal effect on Medicaid (0230) or the Alaska Longevity Bonus Hold Harmless ("ALB HH") medical component (0231) for FY93 as the ALB reduction would not begin until FY94.

FY94 and following

A change made to the ALB HH medical assistance program in FY 92 significantly reduced the number of ALB HH recipients by allowing nearly all Medicaid recipients receiving ALB payments to retain their Medicaid eligibility. (Anticipated FY93 expenditures were reduced from \$1,800,000 to \$44,000.)

CS SB 8 would decrease the ALB payment by \$8 in FY94; the decreased amount would grow each year FY98, when the bonus will be decreased by a total of \$53. Even by FY98, when the \$53 decrease is reached, the number of recipients affected will be minuscule and total funding effect negligible, even if all the recipients remaining the ALB HH program were to elect the annuity option, which is unlikely.

FISCAL NOTE

STATE OF ALASKA
1992 LEGISLATIVE SESSION

BILL NO. CSSB 8

Revision Date: FEBRUARY 3, 1992 Department Affected: HEALTH & SOCIAL SERVICES
 Title: AN ACT RELATING TO THE ALASKA LONGEVITY BONUS PROGRAM BRU: ASSISTANCE PAYMENT BRU
 Sponsor: Kerttula Component: ADULT PUBLIC ASSISTANCE - OAA & OAA ALB HOLD HARMLESS
 Requestor: _____ COMPONENT SERIAL NO.

0	2	2	2	APA
0	2	2	3	ALB HF

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 93	FY 94	FY 95	FY 96	FY 97	FY 98
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)

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

GENERAL FUND	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)
FEDERAL FUNDS	0	0	0	0	0	0
OTHER FUND SOURCE:	0	0	0	0	0	0
TOTAL	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)

POSITIONS:

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

Estimate of current year impact: NO FISCAL IMPACT FY92

ANALYSIS: (Attach a separate page if necessary.) CSSB 8 continues the ALB Hold Harmless program, but includes no hold harmless provision for annuity payments. See the attached addendum for an analysis of the impact of this proposed change.

Prepared By: Jan L. Hansen, Director Phone: 465-3347
 Division: DIVISION OF PUBLIC ASSISTANCE Date: February 3, 1992
 Approved by Commissioner: Theodore A. Mala, MD, MPH
 Agency: DEPARTMENT OF HEALTH & SOCIAL SERVICES Date: _____

Division of Public Assistance
 Assistance Payments BRU

Old Age Assistance (OAA) & Alaska Longevity Bonus Hold Harmless (OAA-ALB HH)

1. CSSB No. 8 continues the Hold Harmless program, but includes no Hold Harmless provision for annuity payments.
2. We assume the first annuity payments will be made in fiscal year 1994, and that no Old Age Assistance applicants or recipients will elect to participate
3. We assume that the bonus payments will decrease March 1, 1994, and that OAA clients whose bonus payments will be impacted will be as follows:

	<u>Bonus</u>	<u>Annuity</u>	<u>OAA Clients Impacted</u>
FY93	\$250	0	155
FY94	\$242	\$ 8	458
FY95	\$232	\$18	789
FY96	\$221	\$29	1153
FY97	\$210	\$40	1565
FY98	\$197	\$53	1945

4. Only those who become 65 after January 1, 1994 will receive a declining ALB.
5. Longevity bonus and annuity amounts are based on Legislative Research Report 92.124.
6. There is no effect in FY 93 on Old Age Assistance clients impacted by this bill because annuity payments will not begin until FY 94.
7. Costs assume average age of new applicants for Old Age Assistance will be 65.
8. Approximately 35 percent of all OAA recipients also receive SSI.

CSSB No. 8 provides for a redesign of the Longevity Bonus program to include an annuity and assumes continuation of a full Hold Harmless for the bonus. The impact of this proposed change is two-fold: 1) As the ALB payments decrease then the amount of ALB Hold harmless for federal Supplemental Security Income (SSI) replacements also decreases. The drop in ALBHH for SSI replacement is a net savings to the State. 2) As the bonus payment decreases, the amount of ALB Hold Harmless for OAA replacement decreases and shifts back to Old Age Assistance. The amount of this decrease is a dollar for dollar shift back to Old Age Assistance in the Adult Public Assistance (APA) component.

	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>
Estimated number of impacted aged recipients receiving ALB Hold Harmless that replaces SSI income (35% of OAA clients impacted)	54	160	276	404	548	681
Estimated number of impacted aged recipients receiving ALB Hold Harmless that does not replace SSI income (65% of OAA clients impacted)	101	298	513	749	1017	1264
Total number of new OAA recipients receiving ALB Hold Harmless (100% of OAA clients impacted)	155	458	789	1153	1565	1945
Reduction in monthly bonus \$	0	(8)	(18)	(29)	(40)	(53)
Fiscal year State Savings for ALB Hold Harmless Program benefits to replace OAA payments (65% of OAA clients impacted x bonus reduction x 12 months)	0	(9.5)	(110.8)	(260.7)	(488.2)	(903.9)
Fiscal year State Savings for ALB Hold Harmless Program benefits to replace SSI payments (35% of OAA clients impacted x bonus reduction x 12 months)	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)
Fiscal year State Cost for non-SSI OAA recipients (non-SSI clients x bonus reduction x 12 months)	0	9.5	110.8	260.7	488.2	803.9
=====						
Net Savings to State resulting from CSSB 8	0	(5.1)	(59.6)	(140.6)	(263.0)	(433.1)

Alaska State Legislature



Sen. Jay Kerttula, Co-Chairman
Sen. Pat Pourchot, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uehling

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Senate Finance Committee

SPONSOR STATEMENT

CS SENATE BILL 8 (STATE AFFAIRS) am Relating to an ANNUITY PROGRAM

In 1972, the Alaska Legislature instituted the Alaska Longevity Bonus Program. The primary purpose of the program was to provide for residents who helped build Alaska, and to enable them to remain in Alaska when they retire. All Alaskans who were age 65 or older and had been a resident of the state prior to January 1, 1959, and had 25 years of continuous residency were eligible to receive the bonus.

This program was initiated before the pipeline construction. The availability of large amounts of money was not the motivating factor in initiating the Longevity Bonus; rather, it was based on an enlightened approach toward our elders and the realization that our future and our children's future remains more secure with the support our elders give by remaining in Alaska where basic necessities are available to them.

In 1982, Rodney Vest filed suit against the state on the issue of the Longevity Bonus program, challenging the state's residency requirement. The case went before the Alaska Supreme Court.

In 1984, the Supreme Court issued the decision which changed the eligibility requirements for the longevity bonus program.

The Legislature subsequently amended the longevity bonus statutes so that individuals who have resided in the state for one year would be eligible for the \$250 bonus. It was apparent to everyone that this decision would lead to an increase in the number of eligible Alaskans 65 and older with a resulting increase in costs to the state.

The statistics since 1984 clearly show the increase in participants and cost. In 1973, there were 3,641 participants in the longevity bonus program, at a cost of \$4 million. In 1989, there were 18,000 seniors participating in the program at a cost of \$54 million. To fully fund the longevity bonus program in FY 93 would require \$67 million with an estimated participation of 22,865 individuals. At this rate, the longevity bonus

program will cost the state \$100 million by the year 2006.

Because of these increased costs, the Administration and the legislature felt the need to examine options which would protect the longevity bonus and which would enable seniors to continue to receive the bonus while simultaneously phasing out the amount of general fund dollars which would be required for the program.

As early as 1983, the Legislature began to look at alternatives to the Longevity Bonus program. The Hammond Commission was formed in 1984 and I was a member of this Commission.

In 1985, the legislature passed Conference Committee Substitute for SB 56 which authorized an annuity program and placed a ballot proposition before the voters asking them whether or not the legislature should adopt an annuity program; on November 4, 1986, this ballot proposition passed by a vote of 99,222 to 65,789 (garnering more votes than any candidate has received in the last two gubernatorial elections).

In 1986, Senate Bill 5, which I sponsored, was introduced. This legislation would put an annuity program in place.

Although SB 5 passed the legislature, it was vetoed by the Governor who failed to understand the issues.

Once again, the pioneers are supporting the enactment of the annuity program which the voters overwhelmingly approved in 1986.

Senate Bill 8 is an updated version of the legislation which the Senate passed in 1988. This legislation represents years of work by many Alaskans. Its enactment will reduce call on the state treasury and is necessary to save the program. However, more critical than even the economics of the proposal is the fact that the annuity proposal ensures that the state will continue to provide a program for pioneer Alaskans.

Since 1984, there have been several actuaries who have worked on the annuity proposal to ensure the actuarial soundness of the legislation and its tax status: Aetna Life, Kidder Peabody Corporation, Benefits Concepts, Morrison and Forrester (Tax attorneys), New York Life Insurance Company, Metropolitan Life Insurance Company, to name a few.

The projections for Senate Bill 8 are based on information from the Department of Labor, the

Department of Administration, and the Permanent Fund Corporation. On the advice of the Department of Administration, we have assumed an interest rate of 7% for the annuity program which is conservative; the state's deferred compensation program earned 9.25% interest in the last quarter.

Under the provisions of Senate Bill 8, Alaska's seniors who are currently receiving the longevity bonus and those who turn 65 between now and January 1, 1994 will qualify for the current longevity bonus program and they will also receive the full permanent fund dividend. These individuals would not participate in the annuity program.

Individuals who turn 65 after January 1, 1994 would participate in a program consisting of a declining longevity bonus payment, and an option to participate in the annuity program; the combination would equal \$250 per month.

To participate in the annuity program, an individual must contribute all or a portion of their permanent fund dividend into an annuity account. Those who choose to contribute 100 percent of their permanent fund dividends (or the cash equivalent) into the annuity

program, will receive a combined longevity bonus payment and annuity payment totalling at least \$250 per month;

Individuals who are 50 or younger at the time of the legislation's effective date may receive over \$250 per month.

However, if an individual never contributes his permanent fund dividend into the annuity program, the amount of his bonus will keep decreasing until he will receive a \$3 bonus in 2007 plus his permanent fund dividend; In 2008, his longevity bonus would be zero (based on certain assumptions)

There are three provisions of Senate Bill 8 which are worth noting and which contribute to the flexibility of the annuity program:

1) Section 4 provides for an eligible individual to make cash contributions to his annuity account but the total amount of any annuity credit plus a cash contribution may not exceed the permanent fund dividend for that year. The individual must also make the contribution within a certain time frame;

2) Section 7 provides for the designation of beneficiaries to an annuity account should an individual die before reaching age 65.

3) Section 8 provides for a one-time only emergency withdrawal from an individual's annuity account to meet an "unforeseeable emergency." The Commissioner of Administration will define this term in regulation. The language in this section of the bill is similar to the state's deferred compensation statutes. For the deferred compensation program, the IRS has provided a skeletal statement as to what is allowable as an unforeseen catastrophic emergency.

An individual may pay back the money into the annuity with interest.

Alaska's seniors have accepted the need for a change to the present longevity bonus program; however, they have spoken overwhelmingly in opposition to any needs-based proposal.

It is unacceptable to force our senior citizens to live in poverty after they have given their energy, their youth, and their good will to build our state; their efforts have made our own lives better. The Alaskan senior is

justifiably a proud individual and should not be put through the degradation of a welfare program in their later years when their presence is so necessary to the well-being of future generations.

I believe that enacting the annuity program is the best way to ensure that Alaska seniors can continue to rely on a monthly check of at least \$250. The annuity will enable us to legally secure the Alaska longevity bonus program at a relatively low cost to the state. By the year 2010, it is estimated that the State will save \$533.7 million if Senate Bill 8 passes.

Alaska State Legislature

Sen. Jny Kerttula, Co-Chairman
Sen. Pat Pourchot, Co-Chairman

Sen. Al Adams
Sen. Jim Duncan
Sen. Lyman F. Hoffman
Sen. Dick Shultz
Sen. Rick Uehling

Senate Finance Committee

SECTIONAL ANALYSIS

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CS SENATE BILL 8 (State Affairs) am

Sec. 1 Amends Ch. 99 SLA 85 which has never taken effect to provide that a person 65 years of age on or before January 1, 1994 will receive a longevity bonus of \$250 per month. Ch. 99 SLA 85 set this date at January 1, 1988.

Sec. 2 Amends Ch. 99 SLA 85 to include cash contributions permitted under section 4 of this bill.

Sec. 3. Provides for the investment of funds in the annuity investment fund and adds a reference to the annuity reserve account established in section 6 of this bill.

Sec. 4. Adds a new provision allowing certain individuals to make cash contributions to annuity accounts if they do not elect to receive permanent fund dividends as annuity credits. Sets up the annual window of time during which such a cash contribution may be made.

Sec. 5 Amends Ch. 99 SLA 85. Conforming language to allow for cash contributions.

Sec.6. Amends Ch. 99 SLA 85 to require that annuities be paid from the annuity reserve account.

Sec. 7 Amends Ch. 99 SLA 85 65. Sets up beneficiary succession for death benefits.

Sec. 8. Permits a one-time emergency withdrawal to meet an unforeseeable emergency, as defined in regulation.

Sec. 9. Amends Ch. 99 SLA 85 by adding a description of "maximum possible straight life annuity" to to be used for determining the amount of the monthly longevity bonus. A person who is 65 on or before January 1, 1994 is entitled to the full longevity bonus payment without reduction.

Sec. 10. Repeals the stairstepping provision in Ch. 99 SLA 85.

Sec. 11. The annuity credit selection applies only to permanent fund dividends beginning after December 31, 1992

Sec. 12. The bill has an immediate effective date.

Date of Committee Action: 3/9/92

The STATE AFFAIRS Committee considered:

CSSB 8(STA) am

CS FOR SENATE BILL NO. 8 (STATE AFFAIRS) am

ANNUITY PROGRAM AMENDMENTS

"An Act amending and making effective an annuity program and amendments to the longevity bonus program and the permanent fund dividend program provided for in secs. 2 - 18, ch. 99, SLA 1985; and providing for an effective date."

RECOMMENDATIONS: the same title
be replaced with _____ a new title

have attached amendments(s)

do pass

do not pass

no recommendations

individual recommendations

additional referral to the _____ Committee

ADOPTS: _____ letter of Intent

ATTACHES NEW FISCAL NOTE(S): (Dept) _____

APPROVES PREVIOUS: (Dept/Date) _____

fiscal impact ADMIN

fiscal note(s) Revenue

zero fiscal note _____

zero fiscal note(s) _____

SIGNING DO PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eugene G. Kubisa</i>	-	<i>Donna Beach</i>		<input checked="" type="checkbox"/>	
<i>Tom Moore</i>	X	<i>James ...</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<i>Mike Miller</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>		<i>[Signature]</i>		<input checked="" type="checkbox"/>	

Eugene G. Kubisa
CHAIRMAN'S SIGNATURE

Alaska State Legislature

Legislative Research Agency



130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

March 30, 1992

MEMORANDUM

TO: Senator Jalmar Kerttula *PKS*

FROM: Paula d. Scavera and Paul Engelman *PE*
Legislative Analysts

RE: Interest Rates and Private Annuities

As you requested, we contacted private insurance companies for current interest rates on annuities. The current rate is 6.0 percent to 6.5 percent depending on the amount of money initially placed in the account and the company providing the annuity. All of the companies contacted required an initial minimum amount to establish an annuity. Minimums range from \$1,000 to \$10,000.

Daniel Carpenter of Benefits Concepts, Inc., indicated that the current amount charged by insurance companies to administer annuities is approximately 2.25 percent. This includes both operating expenses and a profit margin. Some companies also charge an additional annual annuity fee.

If we can be of any additional assistance, please contact us.

Alaska State Legislature

Legislative Research Agency



130 Seward Street, Suite 218
Juneau, Alaska 99801-2196

Phone: (907) 465-3991
Fax: (907) 463-3351

JAN 30 1992

January 30, 1992

MEMORANDUM

TO: Senator Jay Kerttula

FROM: Paul Engelman and Paula d. Scavera *PE*
Legislative Analysts *PS*

RE: Cost Comparison of Existing Longevity Bonus Program and Senate Bill 8
Research Request 92.124

You requested an update of previous Legislative Research Agency memorandums which compared the general fund cost of the current longevity bonus program with the cost of the program as modified by the proposed Senate Bill 8.

The attached table and graphs incorporate some changes in assumptions from previous memorandums. The annual annuity interest rate has been lowered to 7 percent, on the advice of the director of Retirement and Benefits, Alaska Department of Administration, to reflect current interest rate expectations. The starting date for the annuity program has also been moved forward one year, as Senate Bill 8 was not enacted last year. These changes reveal a decrease in cumulative savings compared to earlier analyses.

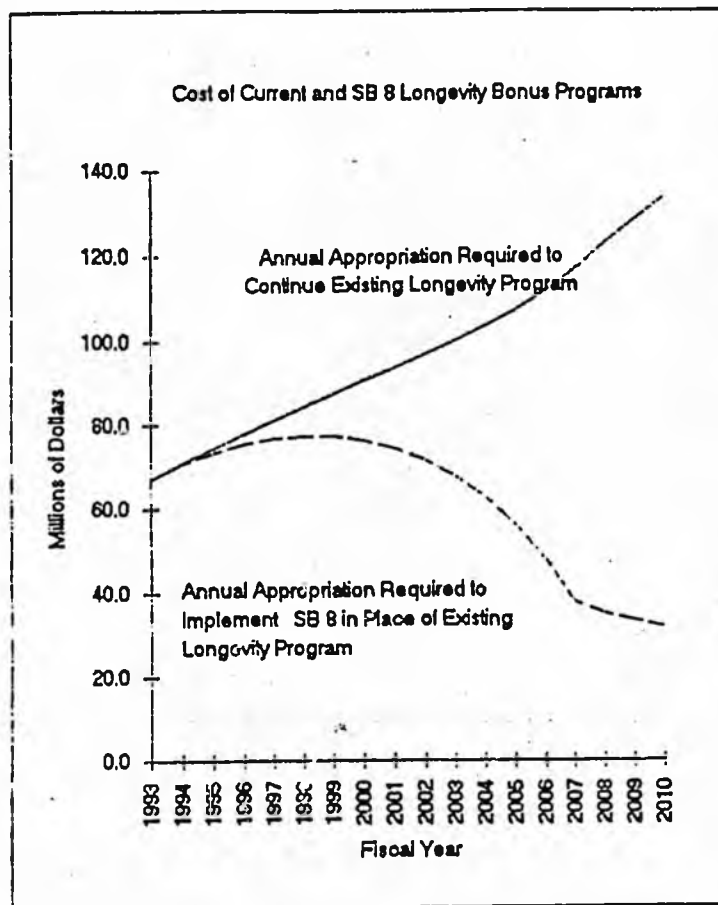
We hope this information is helpful to you. If you need further assistance please do not hesitate to contact this office.

Attachments

Alaska Longevity Bonus Program and Senate Bill 8

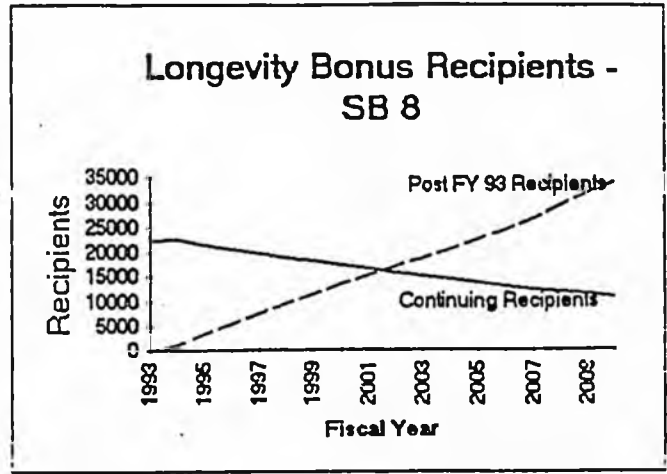
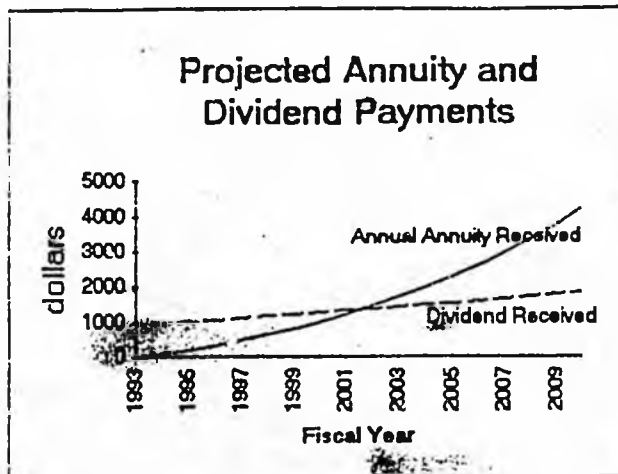
Fiscal Year	General Fund Costs/Savings			
	Cost of Current Program	Cost of SB 8 Program	Annual Savings SB 8	Cumulative Savings SB 8
1993	67.2	67.2	0.0	0.0
1994	70.9	70.8	0.1	0.1
1995	74.5	73.5	1.1	1.2
1996	77.9	75.5	2.4	3.6
1997	80.9	76.7	4.2	7.8
1998	84.1	77.3	6.8	14.6
1999	87.2	77.2	10.0	24.6
2000	90.5	76.3	14.1	38.7
2001	93.5	74.4	19.1	57.8
2002	96.7	71.6	25.1	82.9
2003	100.0	67.6	32.4	115.3
2004	103.4	62.4	40.9	156.2
2005	107.0	55.9	51.2	207.4
2006	111.4	47.8	63.6	271.0
2007	116.5	37.8	78.7	349.7
2008	122.7	35.0	87.7	437.4
2009	128.4	33.4	95.0	532.4
2010	133.6	31.9	101.7	634.1

Note:
 *All Dollar Amounts are in Millions of Nominal Dollars.
 *Implied migration and mortality rates are from Alaska Department of Labor.
 *Annuity Interest Rate 7%
 *No Annual Annuity Service Charge



Revised 3/5/92

Alaska Longevity Bonus Program and Senate Bill 8



Fiscal Year	Qualified Recipients	Post FY 93 Recipients	Total Recipients	Dividend Received	Annual Annuity	Monthly Annuity	Post FY 93 Bonus	Total Monthly Annuity+Dividend
1993	22385	0	22385	924.00	0.00	0.00	250.00	250.00
1994	22488	1137	23625	970.00	101.55	8.46	241.54	250.00
1995	21469	3373	24842	1022.00	215.26	17.94	232.06	250.00
1996	20512	5441	25953	1066.00	342.65	28.55	221.45	250.00
1997	19587	7383	26970	1111.00	483.80	40.32	209.68	250.00
1998	18687	9345	28032	1171.00	639.76	53.31	196.69	250.00
1999	17843	11224	29067	1221.00	813.24	67.77	182.23	250.00
2000	17018	13144	30162	1271.00	1004.36	83.70	166.30	250.00
2001	16237	14932	31169	1321.00	1214.36	101.20	148.80	250.00
2002	15484	16743	32227	1374.00	1444.54	120.38	129.62	250.00
2003	14773	18555	33328	1426.00	1696.67	141.39	108.61	250.00
2004	14086	20372	34458	1479.00	1972.15	164.35	85.65	250.00
2005	13431	22250	35681	1533.00	2272.75	189.40	60.60	250.00
2006	12807	24338	37145	1589.00	2600.33	216.69	33.31	250.00
2007	12220	26607	38827	1647.00	2956.98	246.42	3.58	250.00
2008	11657	29228	40885	1706.00	3344.98	278.75	0.00	278.75
2009	11136	31659	42795	1766.00	3766.63	313.89	0.00	313.89
2010	10641	33899	44540	1830.00	4224.38	352.03	0.00	352.03

MIKE MILLER
Box 21494, Juneau AK 99802
(907) 586-3067

February 26, 1992

Honorable Ben Grussendorf, Speaker
Alaska House of Representatives
Capitol Building
Juneau, AK 99811

Dear Mr. Speaker:

This is in regard to SB 8 (State Affairs) am amending the Alaska Permanent Fund and Longevity Bonus acts. It passed the Senate, as you know, yesterday. I believe the bill, unquestionably written and passed with only the best of intentions, would nonetheless cause grave harm to many thousands of Alaska residents.

Please bear with me as I outline some of the many objections I have to the legislation.

(1) The bill links the Alaska Permanent Fund Dividend act and the Longevity Bonus law as if there were some connection between them. There is absolutely none. The two laws were passed at different times for entirely different reasons. I know because as a state legislator I voted proudly for both bills and still consider those votes among the best I cast during 16 years in the House of Representatives.

The Alaska Permanent Fund Dividend act recognizes the fact that every single Alaska resident is a "shareholder" in Alaska's petroleum wealth. It is not welfare, not a gift; it is in a very real sense the same as a corporate dividend, based on the earnings of "the company" and it serves not only to tremendously benefit Alaska's economy at the family level and the local business level, it also gives each Alaskan a vital personal interest in the workings of the Permanent Fund.

The Longevity Bonus law on the other hand provided -- and still provides, its critics contention to the contrary -- a recognition of the contribution of Alaskan "oldtimers" who pioneered this land and established the Alaska we know and love today. Originally the law was written to reward specifically those who arrived on the scene before Statehood. Because of constitutional challenge, that element has been changed and the benefits have been enlarged to include senior citizens who came here after Statehood.

But it is important to realize that in spite of the lawsuit and the law's broadening, it continues (at least until now!) to serve its original purpose. And although I regretted and opposed the lawsuit at the time it was filed I have to admit that

I can no longer find fault in the current arrangement under which previously ineligible mothers, fathers, grandmothers and grandfathers find they can now afford to live in Alaska and provide love, assistance, and guidance to the younger members of their families. I find high public purpose in an expenditure that promotes this.

(2) SB 8 takes two of Alaska's finest laws, the Longevity and PFD acts, and forces each Alaskan to make a wrenching choice. He or she can opt for a dividend each year or an annuity in lieu of the current Longevity Bonus. But not both.

For some seniors with retirement plans in force, small investment portfolios, and perhaps even continued employment, making such a choice will be distasteful but not catastrophic.

For many thousands of Alaskans living on lower incomes, however, the choice will be heart-breaking. For people in the bush (particularly Native citizens living a subsistence lifestyle) and for many single parents and other urban Alaskans of limited means, the annual Permanent Fund Dividend is literally a godsend. Repairs can be made to homes, medical needs can be attended to, new school clothes can be bought and even otherwise unattainable bicycles can be purchased.

But now, the PFD will have to be sacrificed if these Alaskans hope to have the \$250 a month that all senior Alaskans 65 or older are now entitled to.

My guess is that few young and middle-aged Alaskans of limited means will opt for the annuity. They won't be able to. The pressing needs of the moment will dictate that they take the PFD -- and when these folks reach their older years the state will still, in many cases, have to take care of them, but this time in the form of welfare relief. Far, far better if these Alaskans could have the dignity of the Longevity Bonus.

(3) The bill will create, in the near future, two classes of senior citizens in Alaska -- seniors who are "grandfathered" into having both a PFD each year and a Longevity Bonus payment each month (and I am most thankful that the legislation at least makes this provision) and seniors who will be denied one of the two.

The "two classes of seniors" provision is all the more unfair because within the "haves" class will be individuals with only a year or two of residence in Alaska while within the "have not" class will be Alaskans who have spent decades or their whole lives here.

Although, as I mentioned earlier, I am now persuaded of the very desirable public purpose achieved in assisting later-arriving older Alaskans to live here with their children and grandchildren, I think it is unfortunate in the extreme that Alaskans with decades more tenure will be shut out of one of the two programs, either the PFD or the Longevity Bonus.

(4) This "two class" condition is just the sort of provision on which the original Longevity Bonus legislation fell when challenged constitutionally. I predict it will fall again for the very same reason.

(5) Another problem is both legal and moral -- and it stems from linking the PFD to the Longevity Bonus: What happens in the future if the last drop of oil is drained from Alaska lands and it becomes necessary to reduce PFD payments? As it stands now such action would be deplorable but possible if an economic emergency is great enough. Once this legislation passes, though, the state is committed morally and it seems to me legally, to keeping the PFDs high enough to fund \$250-a-month annuities for those who opted for them. Surely it would be inconceivable for the legislature to establish two levels of PFD payments, lower PFDs for cash receivers and higher PFDs for those who opted for annuities.

(6) I don't believe the net "savings" from the bill will be as great as its proponents imagine. First of all, as I indicated earlier, the legislation may simply transfer a large number of individuals from becoming Longevity Bonus receivers in their golden years to becoming welfare receivers. And while some seniors will no longer be receiving \$250 a month from the state, the lack of this income may well force many of them reluctantly to leave -- taking with them their social security and other financial resources to another state. These people probably spend as high (or higher) a percentage of their total income in Alaska as any other group in the state, and all of this income will be lost when they have to go.

(6) The bill itself, I believe, is flawed in that persons who opt for an annuity can only get their money out of the fund if they die before age 65 and the money, of course, then goes to their beneficiaries. There is, to be sure, a provision for cashing out an account because of an "unforeseeable emergency" (yet to be defined by the Commissioner of Administration) but why should it have to be an emergency for an Alaskan to get at his or her own money? Why can't the person simply change his or her mind and get their money, plus interest, out of the fund? It is, in every sense, the individual's funds that are involved; this is no "gift" from the state. And what happens if an Alaskan puts years and decades of money in lieu of PFDs into the fund then dies at age 65 and a half? Apparently the fund pays nothing to beneficiaries. The money goes down the drain as far as the Alaskan or the Alaskan's estate is concerned.

February 26, 1992

Mr Speaker, I'd like to say again that I consider SB8 well intentioned. It is an attempt to meet what the Senate considers a vexing problem. I hold the sponsors of the bill in the highest esteem and I consider the bill's prime sponsor to be the Legislature's most dedicated and effective lawmaker in the area of senior citizen rights and protection.

Nonetheless, I don't believe SB8 is the answer to the problem, if there is one. My own view is that it is not a "problem" to encourage seniors to stay in Alaska; it is an opportunity. My suggestion is that, for the time being, no action be taken. There is no emergency. We can certainly continue the present course for several more years. If, later, the economic horizons become truly bleak and barren, then will be the time to tighten all of our collective belts, not just the belts of senior citizens.

Thanks for your patience in wading through all this.

Best Personal Regards,

A handwritten signature in black ink, appearing to read "Mike Miller", written over a horizontal line.

Mike Miller

1992 ALASKA LEGISLATIVE PROGRAM

PRIORITIES

- Increase access to appropriate and affordable health care for all Alaskans by:
 - advocating formulations of a health policy for Alaska
 - supporting concept of state-mandated insurance for the uninsured
 - seeking legislation and appropriations for a comprehensive and coordinated program of home-, community-, and institutionally-based services through the state
 - supporting availability of adequate health insurance for all, including those uninsured
 - supporting replacement of health facilities
- Strengthen programs which will provide economic security for all Alaskans by:
 - supporting legislation to stabilize the Longevity Bonus Program
 - advocating recognition of the economic and social value of the retirement community by supporting programs to encourage retirees to remain in Alaska
 - supporting legislation to protect pension benefits by establishing an independent corporation for the management of pension funds

SUPPORT ITEMS

- Support full funding of the present Property Tax Exemption Program for senior citizens, homeowners, and renters
- Support legislation for reimbursement of Medicare Part B premiums for state pension beneficiaries age 65 and older, correcting inequities for older Alaskans and complying with the Older Workers Protection Act
- Support senior housing with continuum care components

SL1001AK (191)

ALASKA

State Legislative Committee

Sb. 8 -

1992 FACTS & LEGISLATIVE PRIORITIES



American Association
of Retired Persons
