

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7228 HOUSE STATE AFFAIRS

Confirm.

m. Rielly

APOC



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

HOUSE STATE AFFAIRS COMMITTEE

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

May 7, 1992

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, AK 99811

Dear Mr. Speaker,

The House State Affairs Committee has considered the appointment of Marjorie A. O'Reilly to the position of Commissioner of the Alaska Public Offices Commission.

The following members recommend as follows:

Do Recommend

Do Not Recommend

No Recommendation

Eugene H. Kubina

Michael W. Hill

Cathy Buckner

Larry Baker

Tomroyer

David Hagg

W. G. ...

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Sincerely,

*Gene Kubina*

Representative Gene Kubina, Chairman  
House State Affairs Committee

Confirm.  
Buckalew &  
Andrews  
Personnel  
Board



# Alaska State Legislature

HOUSE OF REPRESENTATIVES

House State Affairs Committee

Official Business

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

May 13, 1991

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, Alaska 99811

Dear Mr. Speaker:

The House State Affairs Committee has considered the appointment of Eleanor Andrews to the Personnel Board.

The following members were present and recommend as follows:

Do Recommend

Other Recommendations

Gene Kubina

David Weisbe NR

Tom Miller

Jerry Babin NR

E. Bruchman

Mark Huntley

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

Sincerely:

Gene Kubina  
Representative Gene Kubina, Chair  
House State Affairs Committee



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

August 6, 1990

Ms. Eleanor Andrews  
P.O. Box 201947  
Anchorage, AK 99520-1947

Dear Eleanor,

I am pleased to appoint you to the Personnel Board for a term ending June 20, 1992. Please know that as you accept this official position with my administration you will contribute to the citizens of Alaska in an important way.

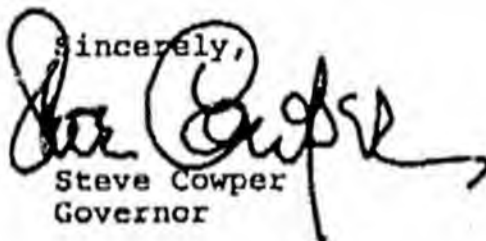
As required by Alaska statute, the enclosed oath of office form must be notarized, signed, and returned. Please send it to Ponny Forsmo, Special Staff Assistant, Boards and Commissions, P.O. Box A, Juneau, AK 99811. Upon receipt of the completed form, you will be authorized to exercise the powers and perform the duties of your office pending confirmation by the Legislature.

The Alaska Public Offices Commission will send you a Conflict of Interest Statement, which must be completed and filed within 30 days of your appointment.

In addition, we have enclosed an optional Equal Opportunity Survey that we would appreciate having returned with the oath of office if you choose to fill it out. This information is kept confidential and used for statistical analysis of boards and commissions appointments.

Enclosed is an identification card to facilitate your travel as a board member. Please use these card privileges only during official state business. If you should resign your appointment before your term expires, please return the card to my Boards and Commissions Office.

In advance, thanks for your time, effort, and good work. We Alaskans appreciate your forthcoming and important contribution.

Sincerely,  
  
Steve Cowper  
Governor

Enclosures

STATE OF ALASKA

OATH OF OFFICE

I, Eleanor Andrews, do solemnly swear (or affirm) that I will support and defend the Constitution of the United States, and the Constitution of the State of Alaska, and that I will faithfully discharge my duties as a member of the Personnel Board to the best of my ability.

Eleanor Andrews  
Signature

Subscribed and sworn to before me this 7th day of September 1990  
19\_\_.

Archie L Miller  
Notary Public, State of Alaska  
My Commission expires: 4-16-92

(SEAL)

NOTE: Pursuant to AS 09.63.010, this oath may be administered by a justice, judge, or magistrate of a court; a clerk or deputy clerk of a court; a notary public; a U.S. postmaster; or a commissioned officer under AS 09.63.050.

AUG 20 1990

NAME: S. J. Buckalew, Jr.  
HOME ADDRESS: 3124 Antioch Circle  
Anchorage, Alaska 99508  
DATE AND PLACE OF BIRTH: December 6, 1920 -- Dallas, Texas  
Alaska resident since April, 1950

MARRIED: Spouse: Marcy Buckalew. Children: Seaborn J. Buckalew, III  
and Robert J. Buckalew

EDUCATION:

1938-1942 Texas A&M College, now Texas A&M University - BA Degree  
John B. Stetson University - JD Degree - June 6, 1949  
Air War College - 1972

EMPLOYMENT BACKGROUND:

1952-1953 Assistant U.S. Attorney; United States Attorney, Third  
Judicial District, Anchorage, Alaska  
November 1953-January 1971 - Private practice of law, Anchorage,  
Alaska  
January 1971-July 1973 - District Attorney, Third Judicial District,  
Anchorage, Alaska  
July 9, 1973-July 31, 1988 - Superior Court Judge, Anchorage, Alaska  
(Retired July 31, 1988)

ELECTED OFFICES HELD:

1955-1957 - Member, Territorial House of Representatives  
1956 - Delegate, Alaska Constitutional Convention  
1960 - Member of the First State Senate

Fraternal or service organization membership: American Bar Association  
Florida Bar  
Alaska Bar

ADDITIONAL COMMENTS OR INFORMATION

Member of Army of The United States - 1942-1946  
Active Duty - Korean conflict  
Retired Alaska National Guard July 7, 1973 after 31 years total service,  
active, reserve and National Guard  
Graduate Officer Candidate School - Air War College

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 25, 1991

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

Dear Representative Grussendorf:

The name of Seaborn Buckalew is hereby withdrawn from the February 19, 1991 request for legislative confirmation to the position noted below:

Personnel Board:

Buckalew, Judge Seaborn - Anchorage  
Term began 7/11/90 expires 6/20/96

Sincerely,

Handwritten signature of Walter J. Hickel in cursive script.  
Walter J. Hickel  
Governor

cc: House Judiciary Committee

WALTER J. HICKEL  
GOVERNOR



STATE OF ALASKA  
OFFICE OF THE GOVERNOR  
JUNEAU

April 25, 1991

The Honorable Patrick M. Rodey  
Alaska State Senator  
P.O. Box V  
Juneau, AK 99811

Dear Senator Rodey:

Governor Hickel has withdrawn his request for legislative confirmation of Seaborn Buckalew to the Personnel Board.

Our past assessment of Judge Buckalew still stands, however, prevailing circumstances necessitate this change.

We appreciate our previous communications with you and wanted to let you know personally.

Best regards,

A handwritten signature in cursive script that reads "Don Tanner".

Don Tanner  
Director

Patrick M. Rodey  
Senator

## Alaska State Legislature

3111 C. St., Suite 510  
Anchorage, Alaska 99503  
(907) 561-7613



Senate

During Session:  
P.O. Box V  
Juneau, Alaska 99811  
(907) 465-3793

March 6, 1991

Representative Gene Kubina  
State Capitol  
Juneau, Alaska 99811

Dear Representative Kubina:

Thank you for providing a copy of your letter to Governor Hickel expressing concern regarding the screening protocol for selecting appointees to various state boards and commissions.

I appreciate your desire to be reasonably informed as to a nominee's qualifications to serve on a particular board or commission. While I do not know Mr. John Alleman, appointed to the Human Rights Commission, and referenced in your letter, I am very well acquainted with Mr. Seaborn J. Buckalew, Jr., nominated to the State Personnel Board, also mentioned in your letter to the Governor.

I've known Seaborn Buckalew personally for many years and by reputation for the more than 40 years he and his family have lived in Alaska. My parents spoke of Mr. Buckalew in a manner one's parents often use when trying to identify community role models for their children.

Buckalew is highly regarded by people from all walks of life. He served two terms in the Territorial Legislature, 1955-1958, and was appointed to fill a senate vacancy in the First State Legislature, 1959-1960. He is a distinguished attorney and enjoyed an excellent reputation during his tenure on the bench. His life has been one of great public service.

I believe Alaskans are very fortunate to have a person of Seaborn Buckalew's stature willing to serve on the State Personnel Board.

Warm regards,

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

PATRICK M. RODEY

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

P.O. Box Y, Juneau, Alaska 99811  
(907) 465-3867 or 465-2450  
FAX (907) 465-2029

Deliveries to: 240 Main Street  
Court Plaza, Room 500  
Mail Stop 3101

MEMORANDUM

April 29, 1991

**SUBJECT:** Appointments by Governor Cowper not submitted for confirmation by Governor Hickel  
(Work Order No. 7-LS1299)

**TO:** Senator Dick Eliason  
Attn: Sheila Peterson

**FROM:** Jerry Luckhaupt *JEL*  
Legislative Counsel

QUESTIONS PRESENTED:

Governor Cowper made appointments to positions on various boards and commissions during his last year in office, Governor Hickel by recent letter stated that he intentionally omitted those appointees from request for legislative confirmation.

I. What can the legislature do if they wish to confirm some or all of Governor Cowper's appointments?

ANSWER: The legislature may by majority vote in joint session confirm some or all of Governor Cowper's appointments (that have not already legally been removed from office) without communication from Governor Hickel requesting their confirmation. See discussion I.

II. What happens if the legislature does nothing regarding these appointments?

ANSWER: To the extent the appointees have not already legally been removed from office they will be removed from office by operation of law (AS 39.05.-080(3)), for a failure to be confirmed. See discussion II.

FACTUAL BACKGROUND

In 1990, during his last year in office, Governor Cowper made appointments to various boards and commissions of the state. The names of these appointees have not been transmitted to the legislature by Governor Hickel for confirmation.

Senator Dick Eliason  
April 29, 1991  
Page 2

Governor Hickel recently provided a letter to you in which he identifies these appointees and states their names "were intentionally omitted" from Governor Hickel's February 19, 1991, confirmation transmittal and that their names "are hereby withdrawn from request for legislative confirmation of appointment".

Of the appointees whose names are not being transmitted for confirmation, I am only aware of one who has been purportedly removed from office by Governor Hickel. Peter Sokolov was reappointed to an engineering seat on the Public Utilities Commission by Governor Cowper in November of 1990. The other appointees may still occupy their positions or memberships.

### DISCUSSION

#### I

*Legislative Notice*

In answer to your first question, I direct your attention to my memorandum to you of January 25, 1991 (copy attached). In that memorandum, I discuss the authority of the legislature to hold confirmation proceedings for an appointment to a position that requires legislative confirmation. If the governor refuses to transmit a request for confirmation, the legislature may act to confirm or reject the appointee on their own. This conclusion is based upon the notion of legislative notice (akin to judicial notice) and that imposing a requirement of a communication or request for confirmation would make the legislature's constitutional duty to confirm gubernatorial appointment subject to the whim, caprice, or indiscretion of the executive. This conclusion is supported in the decisions of other states that have confronted this issue and is consistent with the decisions of our supreme court in similar situations.

There is one group of appointments that this conclusion would not apply to and that could not be confirmed by the legislature. That group would consist of appointees who have legally been removed from office by the governor. For example, if one of the individuals appointed by Governor Cowper was appointed to a board or commission whose members serve at the pleasure of the governor and may be removed at any time for any reason, and the Governor removed that appointee, "as provided by law,"<sup>1/</sup> then the appointee would not be holding office and his appointment would not properly be before the legislature. A purported removal, not "as provided by law,"<sup>2/</sup> is ineffective and I believe the legislature still would have the authority to consider the confirmation of the appointee who has been removed from office contrary to statute.

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<sup>1/</sup>Article III, section 26 of the Alaska Constitution provides that members of boards or commissions that are "at the head of a principal department or a regulatory or quasi-judicial agency" may only "be removed as provided by law."

<sup>2/</sup>"Provided by law" means as provided by the legislature. Article XII, section 11, Alaska Constitution.

II

Article III, section 26 of the Alaska Constitution provides:

**SECTION 26. BOARDS AND COMMISSIONS.** When a board or commission is at the head of a principal department or a regulatory or quasi-judicial agency, its members shall be appointed by the governor, subject to confirmation by a majority of the members of the legislature in joint session, and may be removed as provided by law. They shall be citizens of the United States. The board or commission may appoint a principal executive officer when authorized by law, but the appointment shall be subject to the approval of the governor.

Only members of boards or commissions that are at "the head of a principal department or a regulatory or quasi-judicial agency" are subject to confirmation. Bradner v. Hammond, 553 P.2d 1 (1976).

AS 39.05.080 implements this constitutional requirement and requires the governor to submit to the legislature the names of those

(A) persons appointed to a position or membership who have not previously been confirmed by the legislature or either house of it; (B) persons appointed subject to confirmation to fill an existing position or membership. . . .

AS 39.05.080(3) provides that the

[F]ailure of the legislature to act to confirm an appointment during the session in which the appointment was presented is tantamount to a declination of confirmation on the day the session adjourns.

*Failure to act to confirm same as declining confirmation*

This provision clearly provides that if an appointee is not confirmed or rejected by the legislature that the inaction is a rejection and the appointee loses his office on the day the legislature adjourns that session of the legislature. See e.g. Munson v. Territory of Alaska, 16 Alaska 580 (1956).

But what if the appointee's name is not forwarded by the governor and presented to the legislature? Article III, section 26 of the Alaska Constitution requires that appointments made by the governor be confirmed by the legislature. The constitution does not limit the confirmation requirement to situations where the governor has transmitted the appointee's name to the legislature for confirmation.

*Legislature confirms regardless of whether gov. transmits name or not.*

[I]n acting upon an appointment, [the legislature] is not exercising a prerogative granted it in its own interest or that of its members; there

Senator Dick Eliason  
April 29, 1991  
Page 4

can be no waiver of that duty so that inaction would be the equivalent of a tacit approval of an appointment.

State ex rel McCarthy v. Watson, 132 Conn. 518, 45 A.2d 716, 724 (1946).

Although, AS 39.05.080(3) does anticipate an orderly procedure for confirmation or rejection of all appointments by providing that all appointments will be presented to the legislature (and if not confirmed they are rejected by operation of law), it does not anticipate the situation where an appointment has been made and a request for confirmation is not communicated to the legislature. But, just as the legislature may take notice of an appointment for the purpose of confirming an appointee, as discussed in the January 25, 1991 memorandum to you (attached) so too, is the legislature charged with notice when it fails to confirm a gubernatorial appointee even without communication from the governor. Shawver, supra; Bell v. Sampson, supra. Therefore, if the legislature does not act to confirm any of the individuals appointed by Governor Cowper whose names have been withheld by Governor Hickel, their appointments will have been rejected by the legislature on the day the legislature adjourns this session. At that time, there will be vacancies on each of the boards and commissions listed in Governor Hickel's letter and Governor Hickel will be free to appoint someone else to the seat.<sup>3/</sup>

GPL:lmb:pl  
91-148.lmb

Enclosure

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<sup>3/</sup> These new appointments will, of course, be subject to confirmation at the next regular session of the legislature.

Confirm.

S. Stillion

APOC



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

HOUSE STATE AFFAIRS COMMITTEE

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

May 7, 1992

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, AK 99811

Dear Mr. Speaker,

The House State Affairs Committee has considered the appointment of Sandra Stillion to the position of Commissioner of the Alaska Public Offices Commission.

The following members recommend as follows:

Do Recommend

Do Not Recommend

No Recommendation

~~\_\_\_\_\_~~  
~~\_\_\_\_\_~~

Tommye  
Gene Kubina

Michael W. Hill  
Fanny Baker  
David Chasler  
W. Huntley  
E. Buckman

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Sincerely,

Gene Kubina  
Representative Gene Kubina, Chairman  
House State Affairs Committee

Confirm.

N.B. Usera

... Dept. of

Administration



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

HOUSE STATE AFFAIRS COMMITTEE

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

May 7, 1992

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, AK 99811

Dear Mr. Speaker,

The House State Affairs Committee has considered the appointment of Nancy Bear Usera to the position of Commissioner of Administration.

The following members recommend as follows:

Do Recommend

Do Not Recommend

No Recommendation

<u>Eugene G. Kubina</u>	_____	_____
<u>Scott Buchanan</u>	_____	_____
<u>Michael W. Hill</u>	_____	_____
<u>Tom Meyer</u>	_____	_____
<u>Jimmy Carter</u>	_____	_____
<u>David [unclear]</u>	_____	_____
<u>[unclear]</u>	_____	_____

Sincerely,

Representative Gene Kubina, Chairman  
House State Affairs Committee



# Alaska State Legislature

## HOUSE OF REPRESENTATIVES

Official Business

HOUSE STATE AFFAIRS COMMITTEE

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

May 7, 1992

The Honorable Ben Grussendorf  
Speaker of the House of Representatives  
Alaska State Legislature  
Juneau, AK 99811

Dear Mr. Speaker,

The House State Affairs Committee has considered the appointment of Nancy Bear Usera to the position of Lieutenant Governor, if the Office of Lieutenant Governor becomes vacant.

The following members recommend as follows:

Do Recommend

Do Not Recommend

No Recommendation

Eugene A. Kubina

~~\_\_\_\_\_~~

E. Grussendorf

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Michael W. Mill

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Tom Meyer

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David MacArthur

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Sincerely,

Gene Kubina

Representative Gene Kubina, Chairman  
House State Affairs Committee

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

WALTER J. HICKEL, GOVERNOR

P.O. BOX 110200  
JUNEAU, ALASKA 99811-0200  
PHONE: (907) 465-2200  
FAX: (907) 465-2135

April 2, 1992

The Honorable Gene Kubina, Chairman  
State Affairs Committee  
House of Representatives  
State Capitol  
Juneau, AK 99801-1182

Dear Representative Kubina:

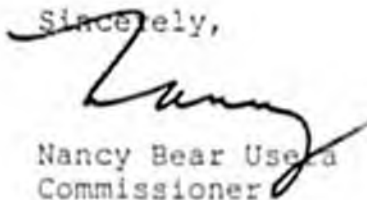
When I was before the State Affairs Committee last week, a couple of questions were posed in connection with the committee's discussions on succession. Specifically, the committee was interested in knowing whether or not the State has a written policy concerning the Governor and Lieutenant Governor traveling together on the same plane, and what the third order of succession would be if the Governor, Lieutenant Governor, and Governor's designee were killed in a common accident or other disaster.

In looking into these areas, I find that there is no written policy on the Governor's air travel. However, my understanding is that, in practice, Alaska's Governors and Lieutenant Governors historically have attempted to avoid traveling on the same plane; and that on the rare occasions where it has occurred, it has generally been inadvertent.

With respect to the third order of succession, the Department of Law advises that neither the Constitution or Alaska law address the question of succession to the office of the Governor if the Governor had named a single successor and that individual, the Governor, and Lieutenant Governor died simultaneously. Accordingly, absent any other designations by the Governor, my understanding is that the legislature or the courts would be required to address the matter.

Thank you again for the opportunity to appear before the State Affairs Committee. If additional information or clarification is needed, please let me know.

Sincerely,

  
Nancy Bear Usefoote  
Commissioner

NBU/nl

cc: Paul Fuhs  
Legislative Liaison  
Office of the Governor

January 23, 1992

The Honorable Ben Grussendorf  
Speaker of the House  
Alaska State Legislature  
State Capitol  
Juneau, AK 99801-1182

Dear Speaker Grussendorf:

In accordance with AS 39.05.080 and Article III Sections 25 and 26 of the Alaska Constitution, I submit the following names for legislative confirmation of appointment to the positions noted:

COMMISSIONER, DEPARTMENT OF ADMINISTRATION

Nancy Bear Usera

COMMISSIONER, DEPARTMENT OF REVENUE

Darrel J. Rexwinkel

In accordance with AS 44.19.040 and Article III Section 13 of the Alaska Constitution, I submit the following name for legislative confirmation to the position noted:

LIEUTENANT GOVERNOR, IF THE OFFICE  
OF LIEUTENANT GOVERNOR BECOMES VACANT

Nancy Bear Usera

The resumes for these appointments have been submitted to the offices of the Senate Secretary and the Chief Clerk of the House.

Sincerely,

S/S Walter J. Hickel

Walter J. Hickel  
Governor

WJH:tab:kl

0109

**NANCY BEAR USERA**

105 Spruce Street  
Juneau, AK 99801  
(907) 463-3083 (h)  
(907) 465-2200 (w)

**EMPLOYMENT HISTORY:**

- 10/91 to present Commissioner, Department of Administration, State of Alaska. Maintaining interdepartmental management and liaison in matters of finance, personnel, labor relations, procurement, data processing, risk management, and retirement and benefits programs. The department also administers the State's telecommunications, pioneers' homes, longevity bonus, and municipal grant programs.
- 1/91 to 10/91 Commissioner, Department of Labor, State of Alaska. Oversight of State employment service, unemployment insurance, workers' compensation, and labor relations programs. Oversight of enforcement of laws and regulations dealing with job safety; hours of work; wages; work conditions; and the collection and analysis of labor and population statistics.
- 1984 to 1/91 President/CEO, Alaska Credit Union League and Affiliates, a trade association representing all of Alaska's state and federally chartered credit unions.
- 1981 - 1984 President, U2, Inc., a consulting firm specializing in legislative advocacy, conference management, volunteer management, and fund raising.
- 1977 - 1981 Project Consultant, Credit Union National Association, Washington, D.C.
- 1972 - 1977 Vice President, William S. Bergman Associates, Inc., Washington, D.C., a multiple association management firm representing national trade and professional associations.
- 1969 - 1972 Executive Assistant, Campaigns USA, Inc., Washington, D.C., a firm specializing in public relations, legislative advocacy, fund raising, campaign and management services.

**PROFESSIONAL AFFILIATIONS:**

- Board Member, Alaska Housing Finance Corporation  
Board Member, Alaska Permanent Fund Corporation  
Member, State Bond Committee  
Member, Student Loan Corporation  
Member, Women Executives in State Government  
Board Member, Credit Union National Association and Affiliates  
Member, Association of Credit Union League Executives  
Member, CUNA Governmental Affairs Committee  
Member, ACULE NCUA Structure Task Force  
Member, ACULE Legislative Response Task Force (1990)  
Member, CUNA Federal Legislative/Regulatory Subcommittee (1988)  
Member, ACULE, League Services Delivery Committee (1988)  
Member, CUNA Human Resource Development Committee (1987)  
Member, ACULE League Services Development Committee (1986)

Nancy Bear Usera

**CIVIC AFFILIATIONS:**

Board Member, Commonwealth North, an Alaska leadership public policy forum  
Member, Commonwealth North, Committee on Federal/State Relations  
Member, Commonwealth North, Community Education Committee  
Co-Author, Going Up In Flames, the Promises of Alaska Statehood  
Board Member, Anchorage Economic Development Corporation  
Member, Legislative Committee, AEDC  
Chairman and Member, Anchorage Municipal Budget Advisory Commission (1983-89)  
Subcommittee Chairman for Cost Containment, Mayor's Task Force on Fiscal  
Policy (1988)  
Treasurer, Anchorage Parent Teacher Association (1984-85)  
Board Member, Council of Community School Associations (1982-84)  
President, Huffman Elementary School Parent Teacher Association (1982-84)

**PERSONAL DATA:**

Attended Virginia Polytechnic Institute and State University  
Licensed insurance agent, life/health and casualty/property  
Birth Date: October 9, 1949  
Marital status: Divorced with three children  
Health: Excellent



# PERS NEWSBREAK

Alaska Public Employees'  
Retirement System

Number 45

January 1992

1992

## Nancy Bear Usera Commissioner

Commissioner Nancy Bear Usera comes to the Department of Administration from the Department of Labor, where she had been Commissioner since January 1991. She was the first woman to hold the post of Commissioner of Labor.

Prior to her appointment to Labor by Governor Hickel, Commissioner Usera served as President of the Alaska Credit Union League, a trade association which represents all of Alaska's state and federally chartered credit unions. She had been with the Anchorage based league since 1984.

Originally from Washington, D.C., Usera was vice president of a management/lobbying firm representing special interest



national trade associations before Congress and federal regulatory agencies.

She has three boys - Michael, age 14, James, 13, and Phillip, 11, who reside with her in Juneau.

POSSIBLE DISCUSSION ITEMS

1. Should the longevity bonus program be needs based?
2. Why was the one year residency requirement added to the longevity bonus program? Was it not intended originally to benefit the old-timers. The Courts ruled that a longer time requirement was unconstitutional.
3. If the general fund is unable to sustain the expenditure for the program, what are some alternatives?
4. Should the age requirement be raised?
5. Should the amount be changed?

\*\*\*\*\*

ADDITIONAL INFO ON OPAG STUDY

OPAG is compiling current information on the impact of retirees on the Alaskan economy to update their April, 1991 study. It appears that the \$635,349,865. figure will increase by 3 to 4 percent. This figure does not include retirees' income from the Permanent Fund Dividend, the Longevity Bonus Program, or the property tax exemption.

Longevity

Bonus

Discussion



# House State Affairs Committee

## Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE: Nov 12, 1991

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Vicki Bukovich	Div of Elections	8008. Diamond, Ste 550 Anchorage	99515	696-1573	507-8683	Y <input type="radio"/> N <input checked="" type="radio"/>	327
Sheel Gaudin	Div. of Elections	675 7th Ave Station H Fbks AK <del>99707</del>	99707	681-2832	451-2835	Y <input type="radio"/> N <input checked="" type="radio"/>	91B 327
Ruth Benson	League of Women Voters	1551 Furmen Loop Fbks <del>997</del>	99709	479-6912		Y <input type="radio"/> N <input checked="" type="radio"/>	HJR 45 145327
Mike Abbott		Box 242701 Anch 94	99521			Y <input type="radio"/> N <input checked="" type="radio"/>	Am
Dore Southall		2221 Eagan Ave.	99701	456-6358		<input checked="" type="radio"/> Y <input type="radio"/> N	Longwater, Borneo
						Y <input type="radio"/> N <input type="radio"/>	
						Y <input type="radio"/> N <input type="radio"/>	
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						Y <input type="radio"/> N <input type="radio"/>	
						Y <input type="radio"/> N <input type="radio"/>	



# House State Affairs Committee

## Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
Glen Hammerman <sup>11A-112 MDN</sup>	Self	3370 Davis Rd				Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	
						Y	N	



# House State Affairs Committee

## Representative Gene Kubina, Chair

SUBJECT OF MEETING:

DATE:

PLACE:

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?	WHAT SUBJECT/ WHICH BILL?
Low Merer	Retired Teacher					Y	(N) longevity
Harvey C. Hoggard	Retired Bus.					Y	N
Maria G. Hoggard	Retired Lk	105 Concord	99702			Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N
						Y	N

# LEGISLATIVE TELECONFERENCE NETWORK

## SIGN-IN SHEET



SPONSOR: (H) State Affairs  
 SUBJECT: Longevity  
 START/END TIME: 1:00 PM DATE: 4/1

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	TUNE NACCARATO	1903 LAKE OAKS	272-68	✓		?
2	R.W. STEPHENS	12431 SHELBORNE 99576	345-7754		✓	
3	Lelen JADACK	200-23RD AVE West	272-1074	✓		
4	C. LIPPITT	2203 Mac T. NLEY HVC	248-472	✓		
5	CAROL MASER	2526 Glenwood	258-6071		✓	
6	C. C. DUNN	1625 575 Ave	255-9755	✓		
7	J.P. BURRELL	3716 Wesleyan	333-2774			
8	R. P. HOWE	9141 GRANITE PL	344-7150		✓	
9	M. P. Blackburn	01-A G	615-2399			
10	H. Frank Dozawa	1521 16th Ave Anchorage 99501	277-2073	✓	✓	
11	Clara Evanson	3916 N. Fair Circle			✓	
12	Alan E. Wicks	2666 Northrup Pl. Anch 99508	274-4728		✓	
13	Mary Putman	2903 W 29-99577	248-423			
14	Helen Erickson	1200 I St #157	258-7277			
15	Ellen J. Cook	355 15th St #39 Anchorage	272-4300			
16	Jean C. Gatzke	9121 Park Ave. Anchorage 99504	333-114-1		✓	
17	Madge E. Crouch	9121 Park Ave. Anchorage 99504	333-1149		✓	
18	Paul F. Donley	1303 Southampton Anchorage 99503	562-4486		✓	

# LEGISLATIVE TELECONFERENCE NETWORK



## SIGN-IN SHEET

SPONSOR: (H) State Affairs

SUBJECT: LONGEVITY BONUS

START/END TIME: 1:00 DATE: 9/1

### PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	John-Baptiste Paul	9901 Grange DR # 1	349 7395		✓	
2	John-Baptiste Justice	" "	" "		✓	
3	Bill Hardesty	2117 Hillcrest Pl Anch	271-7006	✓		
4	George K. Arcand	4530 O'Malley Rd Anchorage	346-2260		✓	
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# LEGISLATIVE TELECONFERENCE NETWORK



## SIGN-IN SHEET

SPONSOR: (H) State Affairs

SUBJECT: LONGEVITY BONUS

START/END TIME: 1:00 PM DATE: 4/1

### PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	Sig Johnson NARFE	4040 Twilight Lane 99516	345 2095		✓	
2	Lindy Houdery MILK	10441 Houdery Mill Cir	346 1671	✓		
3	Louie Stephens	2026 E 37 St Anchorage	561-0308	✓		
4	ORIAN H CHRISTIANSON	9635 STONEGATE DR Anchorage	349-4500	✓		
5	E Pauline Burnette	2534 Crestwood 99508	276-4365			
6	LEBERTA MARTIN	2120 C ST. #2 99503	279-0871	✓		
7	ELVA TRAVIS	5274 85th 99515	349-6700		✓	
8	Peggy Bohannon	Box 110388 99511	345-6357		✓	
9	Peter B Huselen	4433 San Francisco #106	NONE		✓	
10	VERNON BAILEY JR	7247 Spruce ST	333 8874	✓		
11	Donald K Gates	2501 Lakeland Dr	277 5991	✓		
12	Carl Thompson	3601 Twilight LN	345 1078			
13	BETTY I. ROCKNE	2939 DRAKE DR.	276 8248		✓	
14	Wayne M Hochstetler	2929 Lake Ave	277 7747		✓	
15	Don Carter	1121 Rock #224C	538/0906			
16	Gene Williams	11201 Avion 99501	349-1681		✓	
17	RICHARD PERSON	2121 PORCUPINE TRAIL 99511	745-0197			
18	RACHEL C HARRIS	3307 Rosella St.	333-6514		✓	

# LEGISLATIVE TELECONFERENCE NETWORK



## SIGN-IN SHEET

SPONSOR: 141 State Affairs

SUBJECT: LONGEVITY PRIZES

START/END TIME: 1:00 PM DATE: 4/1

### PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	LEORA S EBERLEIN	600 W. 76 <sup>th</sup> AVE #307	349-8838		✓	
2	<i>NSA-Alaska</i> Marion Olson	1032 H 1 <sup>st</sup> Ave.	272-9156		✓	
3	Pauline R. King	1414 Columbine St.	276-6437		✓	
4	Wardie W. Kinney	✓ - -	276-937		✓	
5	Harley Arlene Steward	12102 Lilac Circle 16	345-1530		✓	
6	JOHN S. FLOURNOY	3950 ALASKA BAY CIR.	349-5830		✓	
7	JOHN D. RILEY	P.O. Box 110512 ANCHORAGE 99511	345-1719	✓		
8	KATHLEEN J. PETERS	2100 E 37 <sup>th</sup> Anch AK 99508	58563654			
9	CLINT TOLUNE	936 11 <sup>th</sup> ST ANCHORAGE	277-8025		✓	
10	Barbara A. Clyburn	9121 Peck Ave	333-072		✓	
11	Mary A Cartil	9121 Peck #224E	338-0926		✓	
12	Gordon S. Guffey	1241 Donal St. CAPTA	276-7112		✓	
13	Mary F. Guffey	"	"		✓	
14	TESS UPGRANG	1049 GOOSEBERRY PL. 9000	349-5268			
15	MARLENE McHARR	237 PENNSYLVANIA DR. #137	333-6719			
16	HILARY H LANDON	9224 KAMM	2435-538			
17	HENRIETTA SNAPE	P.O. Box 1255 Anchorage AK 99511	345-0538	✓		
18	Robert L. Smay	P.O. Box 11-235 Anchorage AK 99511	345-0578	✓		

Anchorage AK.

\*\*\*\*\*  
\*  
\* DELIVER TO: LIOCMIL \*  
\*  
\* ORIGINAL \*  
\* CREATED: 04/01/91 TIME: 10:19 \*  
\* SUBJECT: 91-03-110, BL, LONGEVITY, 4/1 \*  
\* PRINT DATE: 04/01/91 TIME: 14:00 \*  
\*  
\*\*\*\*\*

T/C NO: 91-03-110  
DATE: 4/1  
SPONSOR: (H) STATE AFFAIRS  
SUBJECT: LONGEVITY BONUS  
MODERATOR: JUDY

BRIDGE LIST

\*\*\*\*\*

1. MARY McDERNIE/JUNEAU
2. ANC
3. ANCH PIONEER HOME
4. CHUGIAK SENIOR CENTER
5. MAT
6. NOM
7. WRANGELL/(REP TAYLOR)
8. SEWARD
9. HOM
10. PETERSBURG
11. SOL
12. FBX
13. KTN

*Addition*

EMAI: LIOCMIL  
BACK-UP PHONE: 561-1199

# LEGISLATIVE TELECONFERENCE NETWORK



## SIGN-IN SHEET

SPONSOR: (H) State Affairs  
 SUBJECT: HB 11, 20, 122 SB 8, 34.15  
 START/END TIME: 1:00 DATE: 4-1-91

PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	Edna Roberts	923 W. 11th Ave - #207	279-9383			
2	Esther L. Pinn	" " 266	272 0293		X	
3	Opal Liles	" " 402	272-7133		X	
4	Pearl O'Meara	923 W 11th Ave -			X	
5	Edna Markley	923 W 11th Ave 305	272 2005			
6	Farris W. McAlister	" " "				
7	Emely Du Beau	" " "	272-4206		V	
8	Frank Stahm	" " "	272 3356			
9	Ingrid Liles	" " "	274-2495			
10	Ann Palamie	2120 Lake George Dr	333-5196		V	
11	Lena Cabe	923 - W - 11th				
12	Bernice Case	- - -				
13	Kathleen McPinnel	- - -				
14						
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*Handwritten notes:*  
 Bill Case  
 Frank Stahm  
 Opal Liles  
 Pearl O'Meara



## SIGN-IN SHEET *page 2*

SPONSOR: (H) State Affairs  
 SUBJECT: Largemouth  
 START/END TIME: 1:15 DATE: 4-1-91

### PLEASE PRINT

	NAME/REPRESENTING	ADDRESS	PHONE #	TESTIFY	OBSERVE	BILL #
1	VIRGINIA YOUNG	923 W. 11 <sup>TH</sup> AVE, ANCH. 99501	274-6740		X	
2	MAGDALENE UZZELL	" "	274-2444			
3	NANCY SEILER	" "				
4	Mabel Howes	" "	274-8500			
5	May Reynolds					
6	Grace Dillon	" "	274-5076			
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# Juneau Site - Cap. 102

Name	Address	Representing
Tom Brice	Capital	Rep. Tom Meyer
Bob TKACZ	Capital press room	Senate Voice Mag.
Jane Hanna	8100 N. Douglas, Jno.	Sr. Adv.
Gene Honno	" "	" "
Mary Lou Meinen	805 Gold Belt	A.A.P.
Peter Sharp	tho Juneau	Pioneers Socy Comm Deputy Com. Insp.
✓ Hubert B. Waldron	Juneau	Dept. of Administration Dept. of Admin.
✓ Barbara Bathony	Dept. of Admin	Div. of Pioneers Socy
✓ Kevin Pat Parnell	R.E.P.	STATE HOUSE -
✓ Bert Sharp	Repr.	State House of Reps
✓ Mark Boyer	Rep.	SHY HSS
✓ GURON LARDES	Feb 11-07, Towing 9484	Div. of Mutual Assistance
David Paul	Dept of Labor	
John J. Shaffer	303 KIMBHAM SITKA	AARP State Legislation Education



# Alaska State Legislature

Please enter into the record my testimony to the State Affairs Committee  
 committee on Longevity Bonus, dated April 1, 1991  
 bill/subject

Mr. Chairman -

I believe the longevity bonus payments should be discontinued, immediately.

If existing safety nets for persons over 65 years of age are inadequate to provide shelter, food and essential medical care for a number of people, then surely old age assistance, etc. could be beefed up in those cases.

I particularly resent references to seniors as having "earned" a bonus, because of "building Alaska". Whatever our reasons for coming and staying, we were neither improvident nor shiftless, and we certainly did not expect this or any other generation to "pay" us for having been fortunate enough to come here. It is most offensive to hear such "justifications" being advanced for the paying of the longevity bonus.

I am 66 years old and I receive the bonus; I pass it on in charitable contributions. I came to Alaska in 1948 and I have enjoyed living and working here, except for moments such as this when I see it as my duty to speak up.

Thank you extending <sup>it</sup> the courtesy of comment.

Signed:

*Roxolana E. Pomeroy*

Testifier Roxolana E. Pomeroy

myself

Representing (Optional)

2824 Kimberlin Court, Anchorage, AK 99508

Address

561-0651

Phone No.

AN OPAG STUDY  
THE IMPACT OF RETIREES  
on the  
ECONOMY OF ALASKA

Information For This Study  
Collected and Compiled  
by Volunteers:

Robert Kallenberg, Chugiak  
Lee Eberlein, Anchorage  
Marie Darlin, Juneau  
Elizabeth Lucas, Juneau  
Ann Walsh, Fairbanks  
and others

OLDER PERSONS ACTION GROUP, INC.  
325 East Third Avenue, Suite 300  
Anchorage, Alaska 99501

Rose Palmquist, President

Vera Gazaway, Director

## INTRODUCTION

As Alaska matures so does its population. In 1987 the OPAG Board of Directors prepared and produced WHY ENCOURAGE SENIORS TO REMAIN IN ALASKA? At the request of SENIOR VOICE readers and others, OPAG continues to research and study the impact of Older Alaskans in the 1990's.

The information included in this paper represents many hours of volunteer work conducted by highly trained and skilled retirees. The study is on-going and OPAG welcomes comments and suggestions.

Conspicuous by its absence is information about volunteer work contributed by retirees in communities outside Fairbanks, Anchorage and Juneau. Retirees interested in compiling that data for their community are encouraged to call toll-free 800-478-1059.

VERA A. GAZAWAY  
Executive Director

## THE IMPACT OF RETIREES ON ALASKA

Retired Alaskans are a year-round economic and social resource. Other states rely on retirement communities to stabilize and balance their budget. Alaska too has that option.

Many retire from work between the ages of 50 and 60. Those are the years when decisions are made to stay in Alaska or move to another area. A look at the factors which influence that decision include climate, housing options, individual life styles, cost and availability of health care, social and recreational opportunities. Given the high cost of living in Alaska, the few who move to this state after retiring from the work force most often do so to be near their adult children.

It is important to note that retirement assets are among the most portable of all assets. Each person who moves takes with them retirement benefits earned from former employers, social security, annuities and bank accounts. Each person moving to Alaska will purchase groceries, pay for housing and utilities. In short, they will contribute to the economy as we all do. It should also be noted that each time a retiree moves from the state, Alaska loses that individual's income, other financial assets, expertise, experience and continuing contributions.

Prior to the introduction of the longevity bonus and property tax/renters rebate programs, most seniors who could afford a move went "south" when they retired. They sold or rented their home, withdrew checking/savings account, took their pensions, annuities, social security, health care benefits, earned interest dividends and other assets and moved out of the state to a warmer and less expensive climate. Those who retired at age 55 could have contributed to Alaska's economy and social welfare for 10 years before qualifying for either the Bonus or tax exemption.

The economic loss is great. The older consumer tends to shop in stores located near their residence, patronize local merchants and spend most of their total income in the community where they live. They consume fewer public services than other groups since few have children in the schools system, most drive fewer miles than working people, seldom require services of the police. This group does consume more medical services than other age groups; however, medical insurance pays most of the costs and contributes to the support of the medical community.

cont.

Retirees are a wonderful source of volunteer help for their community. Retirement is a time people can select activities for satisfaction and pleasure. For many that means supporting a favorite group, volunteering to share their interests, expertise and talents with others. For the town, city or hamlet where retirees live that means volunteer services for hospitals, schools, libraries, museums, visitors centers, parks and gardens. The list is never ending and includes a wide variety of contributions.

Older Persons Action Group, Inc. (OPAG) wanted to determine what Alaska's older residents contributed to this state. This paper includes the findings of that study as of April 1, 1991.

339A

AN OPAG STUDY

THE IMPACT OF RETIREES ON THE ECONOMY OF ALASKA

AVAILABLE AS OF APRIL 1, 1991

The following is the latest available data on the income of retirees in Alaska:

1.	Federal	\$ 75,324,000
2.	Military	71,100,000
3.	Soc. Sec. (Nov. 1990 x 5.4 for '91)	202,368,000
4.	SSI (elderly only)	2,283,600
5.	State (149,809,403 x .65)	96,076,150
6.	Labor	51,107,609
7.	Corporate	<u>940,718</u>
	Medicare	49,000,077
	Vet Benefits	<u>87,149,711</u>
		\$ 635,349,865

The above figures do not include any appropriated funds such as Longevity Bonus or Permanent Fund Dividend distribution.

The \$ 635,349,865 is a conservative amount because it does not include money derived from private investments, or annuities from 401 (K) plans.

Using a multiplier of 1.8, the impact of \$ 635,349,865 is \$ 1,143,269,479 on the economy of Alaska.

ROBERT KALLENBERG

mjj:332

## VOLUNTEERS: A COMMUNITY RESOURCE

~~RETIRED PERSONS:~~ No dollar amount has been assigned to the hours of volunteer labor listed here. The numbers represent contributed services of retired persons from all walks of life: attorneys, cooks, homemakers, teachers, construction workers, engineers, economists, artists, reporters, secretaries, executives are only a few of the many.

The Alaskan chapters of one organization, the National Association of Retired Federal Employees, conducted a survey of their members and report these contributions of time and expertise:

49 NARFE members in Juneau volunteered 7,456 hours  
77 NARFE members in Anchorage volunteered 17,692 hours  
25 NARFE members in Fairbanks volunteered 4,628 hours  
16 NARFE members in the Mat-Su Valley volunteered 1,053 hours  
21 NARFE members in Southeast Alaska volunteered 4,036 hours

Retirees also volunteer many hours to the religion of their choice. Those contributions are not included in this paper. There are no hours listed for hours older volunteers contribute to community and civic groups or clubs. Five communities include senior citizens' advisory commissions in their chapters. The volunteer services of those groups are not included.

Alaska's older volunteers are a valuable and reliable source of labor for every precinct in the state when local, state and national elections are held. These same volunteers are vital to the success of tourism in their community.

The scope and value of the volunteer contributions persons over the age of 55 make to the community of their choice is immeasurable and should be considered seriously. Each individual who moves from Alaska to retire in another area is a lost resource. Their financial and social assets are highly portable and will add to the resources of the community and state where they reside.

Each retiree does make a difference. The Rose Garden in the Anchorage Park Strip is living testimony of that statement. For the past two years one 74 years young volunteer has been largely responsible for that colorful display of beauty.

Compiled by

OLDER PERSONS ACTION GROUP, INC.  
325 East Third Avenue, Suite 300  
Anchorage, Alaska 99501

<u>ORGANIZATION</u>	<u>HOURS</u>	<u>PEOPLE</u>
Foster Grandparents and Senior Companions	182,828	500
AIRRES (Louise Rude)	4,200	27
Our Lady of Compassion	3,400	18
Humana Hospital	1,300	13
Providence Hospital	5,000	30
Anchorage Senior Center (140 hrs. per person)	16,800	70
Chugach Senior Center	11,886	100+
American Red Cross	208	2
R.S.V.P. (South Central	115,000	498
Juneau & Fairbanks	826	160
R.S.V.P. Total*	115,826*	658*
OPAG	4,106	87
Mary Conrad Center	2,854	8
Action for Alaskas Children	800	1
Alliance for Mentally Ill	4,616	12
AARP/SLC	1,008	20
Alzheimers	50	4
Loussac Library	225	3
Anchorage Museum	6,500	25
Alliance for Mental Health:	5,624	33
MOA - Parks & Rec · Adopt a Park	710	35
Juneau Elections	727	51
Juneau Visitors Center	4,525	135
S.E. Regional Resource Center	660	15
Soroptmist	1,087	11
Friends of Library	1,884	40
Hospital Guild	936	11
AARP	5,520	23
JRTA	6,975	37
St. Ann's Nursing Home	500	10
Juneau Library	1,458	7
State Museum	3,266	63
Valley Senior Center	1,440	22
Mountain View Senior Center	24,000	51
Salvation Army	2,565	28
Gastineau Historical Society	500	25
Juneau School District	2,500	20
	<u>426,484</u>	<u>2,195</u>

# Alaska State Legislature

Legislative Research Agency



P.O. Box Y  
Juneau, AK 99811-3100  
Phone: (907) 165-3991  
Fax: (907) 163-3331

June 15, 1990

## MEMORANDUM

TO: Senator Jim Duncan  
ATTN: Dale Staley  
FROM: Gordon S. Harrison, Director *gsh*  
RE: Economic Impact of the Longevity Bonus Program  
Research Request 90.312 (Revised 6/15/90)

You asked for information about the economic impact of the longevity bonus program.

Unfortunately, no formal economic studies of the longevity bonus program have been done. However, the economic effects of the program can be discussed in general terms.

### Overview of Program Expenditures

Approximately \$525 million of state unrestricted general fund revenue has been spent on the longevity bonus program (including program administration) since its inception in fiscal year 1973. Presumably this amount of money would have been expended for other public purposes if the longevity bonus had not made a claim on it. Therefore, it is misleading to say that the program has been directly responsible for injecting over half a billion dollars into the state's economy. However, because the money has gone to individuals with a high propensity to spend--particularly for food, rent, and items of daily living--this program has generated proportionately more statewide income than would have been generated by many alternative state activities. For example, capital expenditures typically involve large purchases of materials and fabricated project components, many of which are purchased from outside Alaska. These secondary income impacts, called "multiplier" effects, of the longevity bonus program are discussed below under the heading "Respending Longevity Bonus Income."

### Personal Income

The longevity bonus program pays \$250 per month to all Alaska residents of one year or longer who are 65 years of age or older (and who register for the benefit). In the current fiscal year, approximately \$57 million will be distributed to more than 19,000 individuals under this program. While these

per capita payments amount to a very small fraction of the total personal income in the state, they constitute a very significant portion of the personal income of many elderly people.

The income of most people declines sharply when they retire or withdraw from the labor force because of age. Table 1 shows the income of elderly Alaskans in 1984, according to survey data collected by the Older Alaskans Commission.<sup>1</sup> Half of the elderly population (51 percent) had incomes of less than \$10,000. Seventy-nine percent of Alaska's Native population falls within this group.<sup>2</sup> To these people, an annual income of \$3,000 from the longevity program (\$6,000 for a married elderly couple) is clearly important.<sup>3</sup>

### Community Income

Table 2 is a list of the number of longevity bonus recipients in each community in Alaska (March 1990). Just as bonus payments loom large in the lives of many individuals, so too do they loom large in the economies of many small rural communities where cash income from all sources is scarce. Although no statistical data is available that quantifies total income in communities--particularly rural, predominantly Native villages--it is well known that many are poor. Thus, when compared with urban areas, it seems likely that a much higher proportion of the cash spent in rural communities is derived from longevity bonus payments.

### Respending of Longevity Bonus Income

A portion of every dollar spent in an economy is respent, and a portion of that is respent, and so on until it has all leaked from the system. This effect is referred to as the income multiplier. Generally speaking, the size of the multiplier increases with the size and complexity of the economy in which the

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<sup>1</sup>Older Alaskans Survey Data, Older Alaskans Commission, October, 1984.

<sup>2</sup>"A Profile of Older Alaskans," *Alaska Economic Trends*, June 1988. This report utilizes survey data referenced above.

<sup>3</sup>A recent report by the Institute of Social and Economic Research states the following about the effects of the longevity bonus program: "In 1988 the median income of Anchorage households with at least one person over 65 was \$33,700, as compared with \$48,900 for all Anchorage households. Incomes in Anchorage are typically higher than in rural areas, so longevity payments likely make up a larger part of incomes of older Alaskans outside Anchorage." ISER Fiscal Policy Paper No. 4, "Big Ticket Spending: Transfers and Labor Costs," p. 5.

spending occurs. Alaska has a statewide income multiplier of about 1.5,<sup>4</sup> which means that respending amounts to about half of the value of the original expenditure.<sup>5</sup> Thus, in fiscal year 1990, the program will generate total income of at least \$85.5 million.

However, the multiplier effects of longevity bonus payments are probably larger than the multiplier effects of other major categories of state spending (for example, salaries, capital projects<sup>6</sup> or permanent fund dividend payments). This is because recipients of longevity bonus checks have lower than average incomes and can be expected to spend virtually all of each monthly check. As a group, these recipients do not save as much of their income as do higher income groups, nor do they have a heavy tax burden (they qualify for certain local tax exemptions and their federal personal income tax payments are comparatively low because their incomes are low).<sup>7</sup> Thus, the high propensity of seniors to spend longevity bonus income enhances the importance of this program to local economies and to the statewide economy.

#### Retention of Other Retirement Income

The over-65 age group is one of the fastest growing segments of Alaska's population. It doubled during the 1980s.<sup>8</sup> The longevity bonus program may contribute to this growth: it provides financial incentive for retired people to remain in Alaska and for older nonresidents to move to Alaska to be with family members. To the extent the longevity bonus program has these demographic effects, it makes a further contribution to the Alaska economy: it holds pension and retirement income here, and attracts to the state the pension and retirement income of the in-migrants. Thus, for example, a retired state worker who would otherwise have left Alaska but who remains in Alaska because of the longevity bonus program will spend his retirement income here as well as his longevity bonus payments. Similarly, a person who moves to Alaska

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<sup>4</sup>Personal communication, Scott Goldsmith, Professor of Economics, Institute of Social and Economic Research, University of Alaska, Anchorage.

<sup>5</sup>Alaska's income multiplier is not large because the economy is small and money rapidly leaks from it (virtually all manufactured goods are imported, for example).

<sup>6</sup>Even though a smaller proportion of many capital expenditures may enter the Alaska economy than bonus payments, and thus generate proportionately less secondary income, some capital projects make important long-term contributions to the state's economy by directly stimulating economic activity or by providing infrastructure that indirectly supports economic activity.

<sup>7</sup>Saving and taxes are two large sources of "leakage" of money from the spending stream.

<sup>8</sup>"A Profile of Older Alaskans", *op. cit.*

Senator Duncan  
April 19, 1990  
Page 4

because of the longevity bonus program will bring with him other sources of personal income that will be spent locally in addition to the longevity bonus payments.

I hope this brief, speculative overview is useful to you. As you know, the question of the economic impacts of a program is separate from, or at least only one aspect of, the larger question of the desirability of a program from a public policy perspective. If you have any questions or would like additional information, please call.

**TABLE 1**  
**Income of Alaskans 65 Years of Age and Older**  
**Survey Data, 1984**

	<b>MALES</b>		<b>FEMALES</b>		<b>TOTAL</b>	
	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>	<u>Number</u>	<u>%</u>
Less Than \$5,000	502	11	1,198	25	1,700	18
\$5,000-\$9,999	1,297	28	1,866	38	3,163	33
\$10,000-\$14,999	1,039	22	832	17	1,871	20
\$15,000-\$19,000	707	15	418	9	1,125	12
\$20,000 and Over	1,104	24	558	11	1,662	17
Total in Survey	4,649	100	4,872	100	9,521	100

Source: *Older Alaskans Survey Data*, October 1984, Older Alaskans Commission, p. 7

Prepared by the Legislative Research Agency, April 1990 (90.312)

TABLE 2  
GEOGRAPHICAL DISTRIBUTION OF LONGEVITY  
BONUS RECIPIENTS, MARCH 1990

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
ADAK	26	1		1
AIACHAK	25	1		1
AKIACHAK	25	14	12	26
AKIAK	25	8	8	16
AKUTAN	26	3	3	6
ALAKANLUK	23		1	1
ALAKAHUK	23	7	11	18
ALEKHAGIK	26	6	5	11
ALEXANDER CREEK	16	2		2
ALLAKAKET	24	4	4	8
AMDER	22	1		1
AMBLER	22	4	6	10
AHAKTURUK PASS	22	1		1
AHAKTUVUK PASS	22		4	4
ANCHORAGE	17	1		1
ANCHOR POINT	05	47	32	79
ANCHORAGE	14	2,866	3,697	6563
ANCHORAGE	10	2	2	4
ANDERSON	17		1	1
ANGOON	02	14	19	33
ANIAK	24	11	14	25
ANVIK	24	1	6	7
ARCTIC VILLAGE	20	5	2	7
ATKA	26	4	1	5
ATMAUTLUAK	25	7	4	11
ATQUSAK	22	1	2	3
AUKE DAY	04	40	39	79
BARROW	22	46	62	108
BEAVER	24	2	1	3
BETHEL	25	60	62	122
BEILLES FIELD	24	1	3	4
BIG LAKE	16	50	38	88
BIRD CREEK	07	2		2
BREVIK MISSION	23	3	5	8
BUCKLAND	22	7	9	16
CANTWELL	17	8	4	12
CAPE POLE	01	1		1
CENTRAL	19	4	2	6
CHALKYITSIK	24	4	1	5
CHATHAM	17	1		1
CHEFORNAK	25	9	6	15
CHENEGA	06	1		1
CHENEGA DAY	06		1	1
CHEVAK	23	9	7	16
CHICKALOON	16	1	2	3
CHIGNIK	27	2	2	4
CHIGNIK DAY	27	1	1	2
CHIGNIK LAGOON	27	4		4
CHIGNIK LAKE	27	4	2	6

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
CHINIAC	27	1	1	2
CHISTOCHINA	17	1	1	2
CHITINA	06	3	3	6
CHUATHDALUK	24		1	1
CHUGIAK	15	99	95	194
CIRCLE	19		4	4
CLAM GULCH	05	12	11	23
CLARKS POINT	26		3	3
CLEAR	17		1	1
COLD BAY	26		1	1
COLLEGE	21	16	21	37
COOPER LANDING	06	22	18	40
COPPER CENTER	17	36	33	69
CORDOVA	06	59	55	114
COUNCIL	23	2	2	4
CRAIG	02	17	9	26
CROOKED CREEK	24	3	4	7
DE RING	22	2	3	5
DELTA JUNCTION	17	56	53	109
DENALI NAT'L PARK	17		1	1
DENALI PARK	17	1		1
DILLINGHAM	16	33	42	75
DIOMEDE	23	2	2	4
DOT LAKE	17	3	2	5
DOUGLAS	04	53	62	115
DUTCH HARBOR	06		2	2
EAGLE	17	1	7	8
EAGLE RIVER	15	136	153	289
EK	25	7	10	17
ELEGIK	10	1	2	3
EIELSON AFB	18	5	1	6
EKUK	26		1	1
EKWOK	26	7	1	8
ELFIN COVE	03	1	1	2
ELIM	22	9	8	17
ELMENDORF AFB	13	2	1	3
EMMONAK	23	15	14	29
ENGLISH BAY	05	1	2	3
ESTER	19	6	2	8
EXCURSION INLET	02	1	2	3
AIRBANKS	20	889	982	1871
FALSE PASS	26	4	2	6
FAT	08	1		1
FORT RICHARDSON	16	2	5	7
FORT WAINWRIGHT	19	1	2	3
FORT YUKON	24	16	15	31
FORTUNA LEDGE	24	3	2	5
FOX	20		1	1
FRITZ CREEK	16		1	1

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
FUNTER BAY	02	2	2	4
GAKONA	17	18	11	29
GALENA	24	12	2	14
GAMBELL	23	9	10	19
GIRDWOOD	07	10	7	17
GLENNALLEN	17	22	23	45
GOLVIN	23	3	5	8
GOODNEWS BAY	25	7	11	18
GRAYLING	24	5	3	8
GUSTAVUS	02	4	5	9
HAINES	02	87	88	175
HALIBUT COVE	05	3		3
HEALY	17	3	3	6
HOLY CROSS	24	14	9	23
HOMER	05	158	157	315
HOONAH	02	20	26	46
HOOPER BAY	23	26	23	49
HOPE	06	5	7	12
HOUSTON	16	6	7	13
HPOE	06	1		1
HUGHES	24	1	3	4
HUSLIA	24	7	3	10
HYDABURG	02	15	13	28
HYDER	19	3	1	4
IGIUGIG	26	1		1
ILIAMNA	26	4	4	8
INDIAN	07	2	2	4
IVANOF BAY	27	1		1
JUNEAU	02	422	563	985
KAKE	02	17	18	35
KAKTOVIK	22	5	5	10
KALSYAG	24	2		2
KALTAG	24	4	5	9
KARLUK	27		2	2
KASAAN	02	2	1	3
KASIGLUK	25	11	11	22
KASILOF	05	21	25	46
KENAI	05	182	204	386
KETCHIKAN	01	374	395	769
KIANA	22	10	13	23
KING COVE	26	5	3	8
KING SALMON	26	3	3	6
KIPNUK	25	8	14	22
KIVALINA	22	6	9	15
KLAWOCK	02	12	13	25
KOBUK	22	2	4	6
KODIAK	27	164	165	329
KOKHANOK	26	2	2	4
KOKHANOK BAY	26	1	1	2

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
KOKHONAK	26	1		1
KOLIGANEK	26	6	6	12
KONGIGANAK	25	8	8	16
KOTLIK	23	10	8	18
KOTZEBUE	22	40	54	94
KOYUK	23	7	5	12
KOYUKUK	24	5	4	9
KUSIGLUK	25		1	1
KWETHLUK	25	20	20	40
KWIGILLINGOK	25	10	13	23
LAKE MINCHUMINA	18	1	1	2
LARSEN BAY	27	4	4	8
LEVELOCK	26	6	2	8
LITTLE DIOMEDE	23	1		1
LOVELOCK	26		1	1
LOWER KALSKAG	24	7	6	13
MANLEY HOT SPRINGS	24	6	4	10
MANLEY SPRINGS	24	1		1
MAHOKOTAK	26	8	4	12
MARSHALL	24	6	3	9
MCGRATH	24	11	15	26
MCKINLEY PARK	17	1	1	2
MEDDOW LAKES	16		1	1
MEKORYUK	25	10	6	16
MENTASTA	17	1		1
METLAKATLA	02	34	34	68
MEYERS CHUCK	01	2	2	4
MINTO	24	15	10	25
MONOKOTAK	26		1	1
MOOSE PASS	06	4	6	10
MOUNTAIN POINT	12		2	2
MOUNTAIN VILLAGE	25	10	13	23
MOUNTIN VILLAGE	24	1		1
NAKNEK	26	8	9	17
NAPAKIAK	25	13	13	26
NAPASKIAK	25	7	8	15
NELSON LAGOON	26	1	2	3
NENANA	17	31	21	52
NEW SIUYAHOK	26	11	10	21
NEWIALEN	26	1		1
NEWTOK	25	4	1	5
NIGHTMUTE	25	4	5	9
NIKISHKA	07	10	9	19
NIKISKI	05	20	14	34
NIKOLAI	24	1	6	7
NIKOLSKI	26	5	4	9
NINILCHICK	16	1	1	2
NINILCHIK	05	28	24	52
NOATAK	22	9	5	14

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
NOME	23	63	80	143
NONDALTON	26	3	5	8
NOORVIK	22	13	13	26
NORTH POLE	18	113	110	223
NORTHWAY	17	5	10	15
HUIQSUT	22	4	6	10
HULATO	24	6	8	14
NUNAPITCHUK	25	13	10	23
HYAC	24	1		1
OLD HARBOR	27	9	2	11
OSCARVILLE	25	1	2	3
OUZINKIE	27	9	8	17
PALMER	16	296	328	624
PAXSON	18	2	1	3
PEDRO BAY	26	2	2	4
PELICAN	03	11	8	19
PERRYVILLE	27	2	6	8
PETERSBURG	01	109	101	210
PILOT POINT	26	3	2	5
PILOT STATION	24	12	4	16
PITKAS POINT	24	1	1	2
PLATINUM	25		2	2
POINT BAKER	02	12	5	17
POINT HOPE	22	8	14	22
POINT LAY	22	2	1	3
PORT LIONS	27	1		1
PORT ALEXANDER	03	1	1	2
PORT ALSWORTH	26	4	1	5
PORT GRAHAM	05	4	6	10
PORT HEIDEN	26	2	1	3
PORT LIONS	27	9	4	13
PORTAGE CREEK	26	1	1	2
PT HOPE	22	1		1
QUINHAGAK	25	18	11	29
RAMPART	24	1	1	2
RED DEVIL	24		1	1
RUBY	24	7	7	14
RUSSIAN MISSION	24	10	3	13
SAINTE GEORGE ISLAND	26	3	6	9
SAINTE MARYS	24	12	12	24
SAINTE MICHAEL	23	4	5	9
SAINTE PAUL ISLAND	24	12	11	23
SALCHA	18	19	12	31
SAND POINT	26	7	7	14
SAVOONGA	23	8	12	20
SCAMMON BAY	23	10	7	17
SELAWIK	22	15	20	35
SELDOVIA	05	21	12	33
SEWARD	06	89	79	168

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
SHAGELUK	24	2	5	7
SHAKTOOLIK	23	9	6	15
SHELDON POINT	23	1	1	2
SHISHMAREF	23	5	9	14
SHISHMOREF	23	1		1
SHUNGNAK	22	7	7	14
SITKA	03	188	227	415
SKAGWAY	02	23	23	46
SKWENTHA	16	3	2	5
SLANA	17	5	2	7
SLEETMUTE	24	2	4	6
SOLDOTNA	05	148	187	335
SOUTH NAKNEK	26	2	5	7
SPENARD	10	9	10	19
ST PAUL ISLAND	24	1		1
ST. MICHAEL	13	1		1
STEBBINS	23	7	11	18
STERLING	05	46	36	82
STEVENS VILLAGE	24	6	5	11
STONY RIVER	24	1		1
SUTTON	16	15	15	30
TALKEETNA	16	24	17	41
TANACROSS	17	4	2	6
TANANA	20	13	12	25
TATITLEK	06	5		5
TELIDA VIA MCGRATH	24	1		1
TELLER	23	7	9	16
TENAKEE SPRINGS	03	13	13	26
TETLIN	17	5	2	7
THORNE BAY	01	3	1	4
TIN CITY	23	1		1
TOGIAK	26	14	16	30
TOK	18	34	27	61
TOKSOOK BAY	25	9	7	16
TRAPPER CREEK	16	6	7	13
TULUKSAK	24	11	7	18
TUNTUTULIAK	25	6	8	14
TUNUNAK	26	10	9	19
TWIN HILLS	25	3	3	6
TWO RIVERS	20	3	1	4
TYONEK	24	6	5	11
UNALAKLEET	11	22	19	41
UNALASKA	26	8	8	16
UPPER KALSKAG	24	4	3	7
VALDEZ	06	38	43	81
VENETIE	24	8	6	14
VIA ANCHORAGE	16	2		2
VIA BARROW	23		2	2
VIA GAKONA	24	1		1

MAILING ADDRESS	ELECTION DISTRICT	MALES	FEMALES	TOTAL
VIA HOMER	05	1		1
VIA KETCHIKAN	01	1	1	2
VIA MCGRATH	24	1	1	2
VIA PALMER	16	1		1
VIA RED DEVIL	24	1		1
VIA SOLDOTNA	05	1	1	2
VIA TALKEETNA	16	1		1
VIA TOK	17		1	1
VIA TWIN HILLS	26		1	1
WAINWRIGHT	22	10	10	20
WALES	23	7	6	13
WARD COVE	01	16	15	31
WASILLA	16	336	330	666
WHITE MOUNTAIN	23	5	6	11
WHITE MOUNTIAN	23	2	1	3
WHITTIER	06	7	5	12
WILLOW	16	51	31	82
WRANGELL	01	102	98	200
YAKUTAI	02	15	18	33
		9,152	10,230	19382

Note: Add multiple entries for the same geographic locations.

SOURCE: Department of Administration, Longevity Bonus Program.

**OPTIONS FOR CAPPING THE ALASKA LONGEVITY BONUS PROGRAM**

Report to the Second Session of the 16th Alaska Legislature  
Prepared by the Department of Administration  
Jan. 8, 1990

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## EXECUTIVE SUMMARY

This report was prepared according to language in the fiscal 1990 operating budget that says, "The legislature intends that the administration analyze the possibility of restructuring the (Alaska Longevity Bonus Program) at \$50 million annually, including hold harmless provisions and administrative costs of the program."

It is important to note that a \$50 million annual cap on the program will require significant change. This fiscal year, the cost of the longevity bonus will be about \$62 million. That includes more than \$5 million in Health and Social Services hold harmless provisions and approximately \$400,000 for administrative costs.

There are only two basic approaches to establishing a cap: 1) reducing the number of recipients, and 2) reducing the amount of the monthly bonus check. These approaches, of course, may be combined, and the number of possible variations is almost infinite. We have highlighted in this report six specific options for capping the program at \$50 million annually. Any of those six options would require statutory change.

The analysis is also built upon five questions that the Department of Administration believes are essential to any effective solution of the longevity bonus question. A description of those questions can be found on the following page. As you read this report, you'll see the questions repeated as we consider each of the six options for capping the program. Of course, any analysis could be based on a different set of questions, but we believe these are, at the least, an important starting point from which to debate the future of the program.

Along with the narrative portion of this report, several charts and graphs are included to help illustrate key elements of the various options. Also included are several past reports on the longevity bonus program prepared by the House Research Agency, which has studied the issue in great detail over the years.

It should be noted that this report, following the intent language written by the legislature, only presents an analysis of options for cutting the program. The report contains no recommendations.

## **RESTRUCTURING THE LONGEVITY BONUS: FIVE QUESTIONS**

In analyzing various options for the future of the program, the Department of Administration believes the following questions must be asked about any proposed solution. Of course, different people will place different weights on the importance of each of these questions. They are offered only to prompt effective debate and therefore help lead to a workable solution of the longevity bonus question.

- 1. What is the effect on current recipients?** Should Alaskans who already receive the \$250 per month longevity bonus be assured they can count on the bonus for the rest of their lives?
- 2. Is the change easy to understand?** Any restructuring of the program should be easily explained and easily understood.
- 3. Is the effect easily predictable?** Alaskans should be able to quickly calculate how any change to the longevity bonus will affect their futures. Also, it's important for the state's budget writers to know how much the program will cost in the years ahead.
- 4. How much will costs be reduced?**
- 5. How quickly will costs be reduced?**

## REVIEWING THE BONUS PROGRAM: THE FIRST 17 YEARS AND BEYOND

When the Alaska Longevity Bonus Program began in 1973, \$100 a month was paid to about 3,600 seniors who were at least 65 years old and had lived in Alaska continuously for at least 25 years. The program changed dramatically in 1984 when the 25-year residency requirement was declared unconstitutional. Costs began to skyrocket. Now, anyone who is 65 and has lived in Alaska for two years is eligible for the \$250-a-month bonus.

As of October 1989, 19,219 seniors were receiving the bonus. The total projected cost of the program for fiscal 1990, including \$5 million for hold harmless provisions and approximately \$400,000 in administrative costs, is about \$62 million.

Without change, costs will continue to increase. The number of eligible Alaskans will keep growing, as will the percentage of the population that is at least 65 years old. Without change, more than 28,000 seniors will be paid about \$85 million in the year 2000. (See Attachment 2, House Research Agency request 89.173, Jan. 30, 1989, Table 3)

The rising costs of the hold harmless provisions -- what it costs the state to maintain federal benefits for Alaskans who would otherwise lose them because they receive a bonus check -- add even more to the totals. With hold harmless costs included, the estimated pricetag for the longevity bonus is more than \$102 million in the year 2000, if no changes are made to the current program. (See Attachment 1 -- Table 1)

There are other ways to illustrate the rapidly escalating cost of the current program. The following examples indicate the possible effect of each year without change.

The first is to multiply the estimated increase in beneficiaries by the cost of the bonus. This year the program will have a net gain of about 1,000 new beneficiaries. Thus, we can expect the annual cost of the bonus to increase by \$3 million or more. (1,000 x \$3,000 annually per recipient = \$3 million) Since this is a net gain, we can expect this increase will be compounded over the years.

Another is to simply assume the net gain is made up mostly of seniors who are age 65 and have an average remaining life expectancy of 16 years. This would show a long-term liability of \$48 million ((1,000 x \$3,000 x 16 = \$48 million). This understates potential long-term costs.

If, as many propose, any change to the program must totally protect current beneficiaries, then for each year the program remains unchanged the state assumes a long-term liability of well over \$100 million.

For example, the Department of Labor (Alaska Population Projections, 1986)

estimates that in 1990 there will be about 2,350 seniors age 64. Assume that when they turn 65 they will apply for the bonus and that their average life expectancy is about 16 years. This one-year group creates a potential payment liability of \$112.8 million. (2,350 x \$3,000 x 16 = \$112.8 million.) However, our experience has shown that this is substantially lower than the actual number of new beneficiaries that can be expected. Nor does this figure include estimates of Health and Social Services hold harmless costs.

Continuation of the program in its present form will require that funding be diverted from other needs -- or that additional taxes be levied -- decisions that surely would prompt a difficult public policy debate.

The program does have advantages. Most of the money that goes to bonus payments is circulated within the state. Most seniors are not well off and have little chance of acquiring other income. Testimony indicates the bonus also helps some seniors remain in Alaska and near family members. By definition, any reduction in the program, by whatever means, diminishes these secondary benefits. In following the intent of the legislature, the Department of Administration compiled the following analysis of various options to cap the annual cost of the program at \$50 million.

#### **OPTIONS FOR CAPPING PROGRAM COSTS: TWO APPROACHES**

As mentioned in the executive summary that accompanies this report, any cap on the cost of the Alaska Longevity Bonus Program would involve either or both of two scenarios: Limiting the number of people who are eligible for the bonus or reducing the amount of the bonus. Although there are limitless variations of each approach, this analysis highlights selected options under each of the two main headings.

##### **1. LIMITING ELIGIBILITY FOR THE PROGRAM**

Limiting the number of eligible recipients involves selecting one or more limiting attributes and establishing those as eligibility criteria. Some attributes are legally acceptable and some are not. Within prescribed limits, age, income, residency and dependency have all proven to be legally acceptable criteria with which to limit eligibility for public benefits. Others, such as race, gender and religion are not usually legally acceptable. In general, the state may not discriminate in the provision of benefits except for compelling reason. Basically, in a legal test, the compelling nature of the reason is weighed against the critical nature of the benefit.

Residency is the criteria most commonly tested. When the benefit is necessary to the individual's health and well-being -- public assistance, education, medical care -- the length of residency requirement must be quite short or non-existent. Physical presence of 30 days is a common limit. When the benefit meets a less compelling need -- sports licenses, permanent fund dividends and the present longevity bonus -- then the length of residency

requirement may be longer. One to two years is common. The residency requirement was recently doubled for the bonus, from one to two years. That criteria has yet to be tested in court.

Currently, there are rather few limiting criteria for the longevity bonus. (One must be 65 years old, a two-year Alaska resident, not in prison, not in a nursing home or in a mental hospital and certified as unable to manage personal affairs.) Changing one of the current criteria might force other changes. For example, if eligibility were to become based on economic need, then the two-year residency might well be successfully challenged.

With that in mind, we have elected to comment on three options for limiting the number of eligibles: 1) Immediately raising the age of eligibility to 70; 2) Raising the age of eligibility more gradually; 3) Basing eligibility for the bonus on income.

#### **Option 1a: Immediately raising the age of eligibility to 70**

If the age of eligibility for the bonus was raised to 70 this session, the total cost of the program would drop to \$37.4 million in fiscal 1991 and increase about \$2 million a year from there. It would take 10 years before the cost of the program returned to what it is today. (See Attachment 1 -- Table 2) But it would only take six years, until fiscal 1997, before the suggested cap of \$50 million is exceeded.

#### Asking the questions:

- 1. What is the effect on current recipients?** The bonus would be taken away from those between ages 65 and 69, unless the legislature adopted a type of "hold constant" provision that continued to pay the bonus to those who had already been receiving it. In that case, savings would be much less. In fiscal 1991, for example, it would cost \$21.7 million to hold constant those Alaskans between ages 65 and 69 who would otherwise lose their monthly bonus checks. (See Attachment 1 -- Table 2)
- 2. Is the change easy to understand?** Yes.
- 3. Is the effect easily predictable?** Yes.
- 4. How much will costs be reduced?** Not much, if seniors currently between ages 65 and 69 were to be held constant (keep receiving the bonus).
- 5. How quickly will costs be reduced?** Immediately.

#### **Option 1b: Raising the age of eligibility more gradually**

To meet the suggested cap of \$50 million in annual costs, the age of eligibility could be increased to 68 for fiscal 1991. That would put the total cost of the program at \$47.7 million. (See Attachment 1 -- Table 3) If the age of eligibility stayed at 68 in fiscal 1992, the total program cost of \$50.8 million would be just above the cap. For the following two years, fiscal 1993 and 1994, the eligibility age would have to be 69 in order to stay at or near the

\$50 million goal. That suggested cap still could be achieved if the age limit was increased to 70 in fiscal 1995 and 1996.

Asking the questions:

1. **What is the effect on current recipients?** Those currently between ages 65 and 67 would lose eligibility for a bonus they are already receiving unless some type of "hold constant" provision were enacted.
2. **Is the change easy to understand?** Conceptually, it is. But it would probably be confusing to seniors trying to determine exactly when they would be eligible for the program.
3. **Is the effect easily predictable?** For the state's budget writers, yes. But seniors would have a hard time predicting exactly when they would become eligible.
4. **How much will costs be reduced?** Not much, if seniors already receiving the bonus are held harmless until they reach age 68.
5. **How quickly will costs be reduced?** Immediately.

**Option 1c: Basing eligibility for the bonus on income**

This so-called "needs-based" approach has been debated by the legislature in the past. (Governor Cowper's bill, HB 151, was introduced in the first session of the 15th Alaska Legislature. The House Research Agency wrote an analysis, which is attached to this report). That analysis is now three years old, but the basic findings are still valid: if the longevity bonus is paid according to income guidelines, then fewer Alaskans will be eligible. The level of cost savings depends, of course, on the income guideline and the distribution of income within Alaska's senior population. A higher income guideline would eliminate fewer seniors from eligibility for the bonus. A lower guideline would eliminate more people from eligibility.

We had hoped to have some information on the distribution of income by age from research conducted by the University of Washington in 1985 that used a large sample of bonus recipients. The limited information we do have indicates that approximately 90 percent of the seniors have income of less than \$20,000 annually. A rough estimate indicates that placing the income cutoff at that level would reduce the cost of the program in fiscal 1991 to about \$53 million -- if an agreement could be negotiated with the federal government to eliminate the need for Health and Social Services hold harmless funding. That would permit a total reduction in cost of approximately \$11 million to \$12 million. Precise predictions will have to wait on better income data -- either from further research or the 1990 census.

Practically, this is probably the most functional way to control the cost of the program. Setting the income maximum at a reasonable high level would make it difficult to argue that the program was based solely on need. It would also open the possibility of immediately doing away with the need for millions of dollars in Health and Social Services hold harmless funding. But the program would still exist for thousands of Alaska seniors who have come to depend on

the program for either basic needs or improved quality of life.

Asking the questions:

1. **What is the effect on current recipients?** Some people who now receive the bonus would not be eligible if income guidelines are established.
2. **Is the change easy to understand?** Relatively. The concept of receiving benefits based on income is not a new one. However, "income" would need to be clearly defined.
3. **Is the effect easily predictable?** Yes.
4. **How much will costs be reduced?** Accurate estimates can't be made until better data about senior income is available.
5. **How quickly will costs be reduced?** Immediately.

## 2. REDUCING THE AMOUNT OF THE BONUS

Reducing the amount of the bonus check requires selecting a method whereby a reduced amount of money is allocated among eligible beneficiaries. This can involve limiting the amount appropriated and pro-rating among beneficiaries, or selecting a predetermined amount for the check and appropriating sufficient funds to cover the cost. A combined approach is possible, such as the so-called "stair-stepping" process contained in the final version of SB 56, which was vetoed by Governor Cowper.

Neither limiting the amount of the bonus nor limiting the number of recipients will effect any significant immediate savings if current beneficiaries are continued (held constant) with no change in benefits. The exception might be an income-based program that would permit savings of Health and Social Services hold harmless funding. Even an abrupt end to the program (i.e. after a given date no new beneficiaries are added) would save only \$3 million to \$4 million the first year.

We present three approaches to reducing the amount of the bonus check: 1) Pro-rating a \$50 million appropriation; 2) Reducing the bonus by a certain percentage each year; 3) a flat dollar reduction. Each of these options is illustrated in an attached House Research Agency paper.

### **Option 2a: Pro-rating a \$50 million appropriation**

Under this plan, \$50 million, or some other pre-determined amount, would go to the program each year. The actual bonus program would be calculated by subtracting the Health and Social Services hold harmless and administrative costs from the \$50 million, then dividing the remainder by the number of eligible Alaskans. In fiscal 1991, this would provide for a monthly bonus check of about \$185. Because eligibility will continue to grow, the size of the bonus would continue to shrink by approximately the amount of population increase of Alaskans over 65. That increase is currently about 5 percent a year and would level off to about 3 percent per year late this decade. In the year 2000,

28,265 seniors would be eligible, bringing the monthly bonus down to somewhere around \$100. The exact amount is difficult to calculate because the amount needed for Health and Social Services hold harmless would decrease as the size of the bonus decreased. Of course, the appropriation could be set at any level. In the year 2000, each \$1 million added to the base cap would increase the bonus check about \$2.90 per month. (See Attachment 2, House Research Agency request 89.173, Jan. 30, 1989, Table 3) Potentially, this is the easiest scenario by which to control costs.

**Asking the questions:**

- 1. What is the effect on current recipients?** They would continue to receive payments, but the total amount of their monthly check would drop.
- 2. Is the change easy to understand?** Yes.
- 3. Is the effect easily predictable?** Yes, but exact bonus payments wouldn't be known each year until all applications for eligible seniors were on file.
- 4. How much will costs be reduced?** Because the current cost of the program is about \$62 million annually, this change would save \$12 million the first year. After that, the cost would remain constant.
- 5. How quickly will costs be reduced?** Immediately.

**Option 2b: Reducing the bonus by a certain percentage each year**

Like other options, the actual cost savings would depend on the percentage decrease plugged into the formula. As the House Research Agency has demonstrated in the past, a 5 percent reduction per year would prompt little cost savings. In fact, the suggested goal of \$50 million would not be reached until fiscal year 2001, when 29,142 eligible recipients would receive a monthly bonus of \$142. (The House Research figure does not deduct Health and Social Services hold harmless costs). That would put the total cost of the program at \$49.7 million, plus hold harmless costs. (See Attachment 2, House Research Agency request 89.173, Jan. 30, 1989, Table 3) Of course, a larger percentage reduction would achieve bigger cost savings more quickly.

**Asking the questions:**

- 1. What is the effect on current recipients?** They would receive a smaller bonus check than they do now.
- 2. Is the change easy to understand?** Yes.
- 3. Is the effect easily predictable?** Yes, but like other options, the exact bonus payment wouldn't be known until all applications were on file each year.
- 4. How much will costs be reduced?** It depends on the percentage decrease plugged into the formula.
- 5. How quickly will costs be reduced?** Immediately.

**Option 2c: Reducing the bonus by a flat rate**

Actual cost savings would depend on how much the bonus is reduced from its

\$250 per month level. The fact that eligibility will continue to increase means that substantial savings would be achieved only if the monthly bonus is reduced by a sizeable amount. The House Research Agency has estimated that a \$25 reduction in the bonus, to \$225 per month, would have reduced the cost of the program to \$49.4 million in the current fiscal year. (See Attachment 2, House Research Agency request 89.246, Feb. 16, 1989, Table 2) But that figure does not include the additional costs of the Health and Social Services hold harmless provision.

Asking the questions:

1. **What is the effect on current recipients?** They would receive a smaller bonus check than they do now.
2. **Is the change easy to understand?** Yes.
3. **Is the effect easily predictable?** Yes.
4. **How much will costs be reduced?** It depends on how far the bonus is reduced from its \$250 per month level.
5. **How quickly will costs be reduced?** Immediately.

**ATTACHMENT 1**  
**TABLES USED IN THIS REPORT**

TABLE 1

## ALB Beneficiary Increase

Year	Monthly No. of Recipients	% change From Prior Year	Annual Cost	H&SS Hold Harmless	Total Prog Costs
1990	18,905		\$56,715,000	\$5,058,109	\$61,773,109
1991	19,813	4.80%	\$59,439,000	\$6,193,900	\$65,632,900
1992	20,877	5.37%	\$62,631,000	\$7,221,100	\$69,852,100
1993	21,942	5.10%	\$65,826,000	\$8,261,700	\$74,087,700
1994	23,006	4.85%	\$69,018,000	\$9,344,000	\$78,362,000
1995	24,071	4.63%	\$72,213,000	\$10,590,000	\$82,803,000
1996	25,053	4.08%	\$75,159,000	\$11,649,000	\$86,808,000
1997	25,952	3.59%	\$77,856,000	\$12,813,900	\$90,669,900
1998	26,853	3.47%	\$80,559,000	\$14,095,290	\$94,654,290
1999	27,753	3.35%	\$83,259,000	\$15,504,819	\$98,763,819
2000	28,571	2.95%	\$85,713,000	\$17,055,301	\$102,768,301
2001	29,428	3.00%	\$88,284,000	\$18,760,831	\$107,044,831
2002	30,311	3.00%	\$90,933,000	\$20,636,914	\$111,569,914
2003	31,221	3.00%	\$93,663,000	\$22,700,605	\$116,363,605
2004	32,157	3.00%	\$96,471,000	\$24,970,666	\$121,441,666
2005	33,122	3.00%	\$99,366,000	\$27,467,733	\$126,833,733
2006	34,116	3.00%	\$102,348,000	\$30,214,506	\$132,562,506
2007	35,139	3.00%	\$105,417,000	\$33,235,957	\$138,652,957
2008	36,193	3.00%	\$108,579,000	\$36,559,552	\$145,138,552
2009	37,279	3.00%	\$111,837,000	\$40,215,507	\$152,052,507
2010	38,397	3.00%	\$115,191,000	\$44,237,058	\$159,428,058

## Comments

1. The projected figures for average number of beneficiaries per month are from the Division of Pioneer Benefits. They are based on an annual percentage increase over the current number of beneficiaries.
2. The growth in the number of individuals, 65 years of age and older, in Alaska has been dramatic over the last decade. Net increases of more than 6% per year have occurred. Based on estimates from the Department of Labor we have anticipated this growth rate leveling off to a steady 3% per year beginning about the year 2000.
3. There are some estimates that would place this leveling off closer to the mid 90's. Also past experience has indicated that economic factors can have substantial impact on the number of elderly remaining in the state.
4. There is no anticipation of possible changes in the mortality rate during the projection period.
5. Projections beyond the very short term become increasingly unreliable in direct proportion to the length of time.

Cost of Program by Year of Age.  
Figures are in millions

AGE	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
70	4.1	4.4	4.7	5.0	5.2	5.5	5.7	6.0	6.2	6.5	6.8	7.1	7.4	7.7	8.0	8.4	8.8	9.2	9.6	10.1
71	4.1	4.4	4.6	4.9	5.2	5.4	5.7	5.9	6.2	6.4	6.7	7.0	7.3	7.6	7.9	8.3	8.7	9.1	9.5	10.0
72	3.4	3.7	3.9	4.1	4.3	4.6	4.8	5.0	5.2	5.4	5.6	5.9	6.1	6.4	6.7	7.0	7.3	7.6	8.0	8.4
73	3.5	3.7	4.0	4.2	4.4	4.6	4.8	5.1	5.3	5.5	5.7	6.0	6.2	6.5	6.8	7.1	7.4	7.7	8.1	8.5
74	3.2	3.4	3.6	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.2	5.4	5.6	5.9	6.1	6.4	6.7	7.0	7.3	7.7
75	2.7	2.8	3.0	3.2	3.4	3.5	3.7	3.9	4.0	4.2	4.4	4.5	4.7	4.9	5.2	5.4	5.6	5.9	6.2	6.5
76	2.3	2.4	2.6	2.7	2.9	3.0	3.1	3.3	3.4	3.6	3.7	3.9	4.0	4.2	4.4	4.6	4.8	5.0	5.3	5.5
77	2.2	2.3	2.5	2.6	2.7	2.9	3.0	3.1	3.3	3.4	3.5	3.7	3.8	4.0	4.2	4.4	4.6	4.8	5.0	5.3
78	1.9	2.0	2.2	2.3	2.4	2.5	2.7	2.8	2.9	3.0	3.1	3.3	3.4	3.6	3.7	3.9	4.1	4.3	4.5	4.7
79	1.6	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.8	2.9	3.1	3.2	3.4	3.5	3.7	3.9
80	1.4	1.4	1.5	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.9	3.0	3.1	3.3
81	1.3	1.4	1.5	1.5	1.6	1.7	1.8	1.9	1.9	2.0	2.1	2.2	2.3	2.4	2.5	2.6	2.7	2.9	3.0	3.1
82	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.8	1.9	2.0	2.1	2.2	2.3	2.4	2.5
83	1.0	1.0	1.1	1.2	1.2	1.3	1.4	1.4	1.5	1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.3	2.4
84	.8	.9	.9	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.3	1.4	1.4	1.5	1.6	1.6	1.7	1.8	1.9	2.0
85	.6	.6	.7	.7	.7	.8	.8	.8	.9	.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.4	1.4
86	.6	.6	.6	.7	.7	.7	.8	.8	.8	.9	.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.4
87	.4	.5	.5	.5	.5	.6	.6	.6	.6	.7	.7	.7	.8	.8	.9	.9	.9	1.0	1.0	1.0
88	.4	.4	.4	.4	.5	.5	.5	.5	.5	.6	.6	.6	.6	.7	.7	.7	.7	.8	.8	.9
89	.2	.2	.3	.3	.3	.3	.3	.3	.3	.4	.4	.4	.4	.4	.4	.5	.5	.5	.5	.6
90	.2	.2	.2	.2	.2	.2	.2	.2	.2	.3	.3	.3	.3	.3	.3	.4	.4	.4	.4	.4
91	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.3	.3	.3	.3	.3
92	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
93	.1	.1	.1	.1	.1	.1	.1	.1	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2	.2
94	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
95	.0	.0	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
96	.0	.0	.0	.0	.0	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
97	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
98	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
99	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.1	.1	.1	.1	.1
100	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
Sub-Total	4.1	4.4	4.7	5.0	5.2	5.5	5.7	6.0	6.2	6.5	6.8	7.1	7.4	7.7	8.0	8.4	8.8	9.2	9.6	10.1
MSB																				
Hold Harmless	21.7	16.8	18.2	4.9	2.3															
Grand Total	25.8	20.4	14.9	9.8	7.6	5.5	5.7	6.0	6.2	6.5	6.8	7.1	7.4	7.7	8.0	8.4	8.8	9.2	9.6	10.1

## Comment

Figures within the table are not cumulative. The amount shown for each age and year is the per cent of the program cost represented by that age group. For example, in 1991 those eligible persons who were 70 during the year would receive approximately 4.1 million; those who were 80 would receive about 1.4 million.

To determine the effect of raising the age limit to 71 effective 2000, subtract the amount estimated for payment to those age 70 (6.5 million) from the estimated total for the program (58.5 million). The remained (52.0 million) would be the cost for an ALB program with a minimum age of 71.



**ATTACHMENT 2**

**APPENDIX  
(REPORTS OF THE HOUSE RESEARCH AGENCY,  
PRIOR PROPOSED LEGISLATION,  
FISCAL INFORMATION,  
OTHER DOCUMENTS)**

## APPENDIX

### HOUSE RESEARCH AGENCY REPORTS

#### 87.161 Options for Reducing ALB Costs

The 1985 legislature passed a bill (Chapter 99, SLA 1985) that included two options to reduce the costs of the bonus program -- the "stairstepping" approach, wherein the number of people eligible to receive the bonus would be reduced by annual increases in the age of eligibility -- and the annuity approach, wherein the amount of the bonus would be reduced each year and an optional annuity program, using Permanent Fund dividends, would be established. Both options begin the process of phasing out the ALB. Karen Oakley/House Research, 3/20/87

#### 87.218 Proposed Annuity Program versus Individual Retirement Accounts

This discusses the request by Representative Swackhammer to see whether an individual would receive more money from investment of their PFDs in the annuity program as proposed in SB 56, or in an Individual Retirement Account (IRA) and what advantages or disadvantages of the annuity program might affect participation in the program. Generally, the same amount of money could be earned. The remainder of the analysis explains the differences between the two options. Karen Oakley/House Research, 5/3/87.

#### 87.231 ALB Costs under Need Based System

Representative Al Adams proposed two modifications to the ALB in HB 151. 1) Persons with incomes less than \$20,000 would receive a monthly bonus of \$250; persons with incomes between \$20,000 and \$25,000 would receive a reduced monthly bonus varying between \$25 and \$225; and persons with income greater than \$25,000 would be ineligible. 2) Persons with incomes less than \$20,000 would receive a monthly bonus of \$250, and persons with incomes greater than \$20,000 would be ineligible for the bonus. Karen Oakley/House Research, 3/31/87

87.237 ALB Costs under Need Based System

Representative Fran Ulmer proposed a modification to the ALB in HB 151 that included 1) persons with incomes less than \$20,000 would receive a monthly bonus of \$225; 2) Persons with incomes greater than \$20,000 would receive a monthly bonus of \$225 in FY88; in subsequent years, the bonus amount would be reduced by \$25 each year until the bonus amount reaches \$0 in FY97; 3) In FY97, once the bonus amount reaches \$0 for all recipients with incomes greater than \$20,000, the bonus program ends. Karen Oakley/House Research, 4/8/87.

87.272 ALB Costs under Need Based System

Determination of costs under Representative Sund's proposal if the age criterion were eliminated, i.e., persons turning 65 year after January 1, 1988 and meeting the income criteria would be eligible to receive the bonus. Karen Oakley/House Research, 4/21/87.

87.275 Effect on Public Assistance from Reducing or Eliminating ALB

Discusses the likely impact of proposals to reduce and eventually eliminate the Alaska Longevity Bonus (ALB) on the cost of public assistance programs that provide support to needy elderly Alaskans. One proposal would provide a bonus only to individuals that turn 65 years prior to 1/1/88, and that have an adjusted gross income less than \$25,500 making the bonus amount vary from \$200 to \$17 per month depending upon recipient's income, and which finally eliminates the program because persons turning 65 years after 1/1/88 will not be eligible for the bonus. Another proposal would gradually decrease the bonus amount to zero over the next 15 years and create an annuity program that would allow individuals to set aside their Permanent Fund

dividends. When this annuity payment exceeds \$250 the bonus program ends. Karen Oakley/House Research, 4/28/87.

87.303 Projected Costs of ALB under SB56

Committee Substitute for SB 56 would set a schedule for reducing the amount of the monthly bonus paid to persons turning 65 years of age after January 1, 1988. The schedule for reducing the bonus amount will be determined by the maximum possible straight life annuity payment under the annuity program. Committee Substitute for SB 56 (Jud) defines how this maximum possible straight life annuity payment is to be calculated; is solely to provide a formula for reducing the bonus amount. Karen Oakley/House Research, 5/12/87.

88.040 Population Growth/Years of Residency

Compares increases in Alaska's elderly population with increases in total Alaska population. Also investigates a claim that the number of one-year residents receiving the ALB has recently increased. Karen Oakley/House Research, 10/21/87.

88 111 Project Costs of ALB if Eligibility Age Increased to 70 years

Provides a series of charts showing the reduced cost to the ALB program while making it available to persons at age 70. In comparison to current programs and proposals, increasing the age of eligibility to 70 years substantially reduces the cost of the program. Karen Oakley/House Research, 1/15/88.

88.127 Projected ALB Costs under SB56

Provides projections of annuity and bonus amounts using most current projections of Permanent Fund Dividend payments. The bonus amount does not reach zero until after year 2004. Karen Oakley/House Research, 1/19/88.

- 88.147 Effect of future PFD on the GF cost of the ALB  
Discusses Rep. Ulmer's request to compare two aspects of SB 56 - how the "maximum straight life annuity" is calculated, and how changes to the PFD proposed by SJR 40 would affect the GF cost of the ALB program in the next 15 years.
- 88.249 Effect of Life Expectancy Values on Annuity Payments under SB57  
Discusses how the life expectancy values used to calculate the "maximum possible straight life annuity" payment affect the bonus amount and the general fund cost of the longevity bonus program.  
Karen Oakley/House Research, 5/3/88.
- 88.272 SB56: Annuity Program Residency Requirement and ALB Cost Comparisons  
This report answered two questions asked by Rep. Willis. An individual need not be a resident of the state to be eligible to receive an annuity payment from the individual's account. The ALB costs under SB 56 would increase slightly at first, peaking in the late 1990s to about \$65 million. The annual costs would then decline gradually until FY 2006, when the program would end. Under HB 151, the ALB costs would immediately drop to about \$30 million. By FY 2005, the annual cost projection would be \$7.4 million. Karen Oakley/House Research, 6/3/88.
- 89.173 Projected Costs of ALB under SB 5 and other proposed modifications  
Analysis of Representative Brown's request to project the annual and cumulative costs of the ALB program under several proposed modifications and to discuss projections of growth in Alaska's senior population. Information provided in this research paper updates House Research Agency Memorandums 88.147 and 88.127. Karen Oakley/House Research, 1/30/89.

89.173 (Supplemental) Projected Costs of  
under SB 5

Modified graphs - removed information for the ALB options that would freeze bonus appropriations at \$50 and \$60 million.

89.181 Projected Costs of ALB under SB 5

Projects the annual and cumulative costs of the ALB under SB 5 which establishes a state-sponsored annuity program as an eventual replacement of the ALB program. All residents would be given the opportunity to invest their PFDs in an annuity account, therefore, the bonus program would be affected by changes to the PF. The primary use of these projections is for comparing the relative costs of the different SB 5 proposals. Karen Oakley/House Research, 1/30/89.

89.246 Estimated Costs of ALB in FY90  
under various modifications

Discusses estimated costs of the ALB in FY90 if 1) the program is unchanged, 2) no new recipients are allowed, 3) new recipients are allowed but the monthly bonus amount is reduced to \$225.00, and 4) eligibility is based on need. The costs estimated are for bonuses only; does not include administrative or hold harmless costs. Karen Oakley/House Research, 2/16/89.