

ALASKA LEGISLATURE COMMITTEE FILES

1993-1994

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HOUSE STATE AFFAIRS

380



Associated Press

event Thursday, joined long-track speedskater as the only two American double-medal winners at the 1992 Winter Olympic Games.

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MEDALS

Through Sunday

	G	S	B	T
Germany	10	10	8	28
United Team	8	8	8	24
Austria	6	7	6	21
Norway	6	8	3	20
Italy	4	6	4	14
United States	8	4	2	11
France	3	8	1	9
Finland	3	1	3	7
Japan	1	2	4	7
Canada	2	2	2	6
South Korea	2	1	1	4
The Netherlands	1	1	2	4
Sweden	1	0	3	4
Switzerland	1	0	2	3
China	0	3	0	3
Luxembourg	0	2	0	2
Czechoslovakia	0	0	2	2
New Zealand	0	1	0	1
North Korea	0	0	1	1
Spain	0	0	1	1

Olympics coverage,
Page C-4

Time doesn't heal trauma

Victims of sex abuse hit time limit on prosecutions

By ANNA FARNESKI
Staff Writer

As the white-haired man sat at the defense table, leaning forward to hear the judge's comments, tears welled in the eyes of a 28-year-old woman sitting alone in the courtroom visitors' gallery.

The droplets rolled down her face, over the dark circles beneath her blue eyes. She wiped the tears on her skirt. Her gaze returned to the scholarly-looking man.

Attending George "Biff" McGlauffin's sentencing hearing in late January was as close as the young woman will ever get to justice. McGlauffin cannot be punished for what he did to her when she was 9 years old.

A boarder at her parents' home, McGlauffin befriended her, treated her like a daughter... and then like a mistress. He showered her with gifts and attention, but robbed her of her childhood.

McGlauffin, 64, was sentenced to eight years in jail Jan. 23 after a judge earlier found him guilty of raping and sexually abusing a 9-year-old girl—not the woman in court—between 1981 and 1983.

Based on evidence from the state and pornographic photos of young boys and girls shot by McGlauffin,

the prosecutor estimated that the retired laborer sexually abused at least three other young children in the mid-1970s in Fairbanks. But McGlauffin, 64, could not be prosecuted for those alleged crimes because the statute of limitations on the crimes prevents the state from filing charges.

The young woman who wept silently was one of the girls in the photographs—McGlauffin admitted to the crime in court and in a letter to the judge.

"It's like we don't matter," the woman said in an interview later. "Why don't we matter?"

According to mental health experts, victims of childhood sexual abuse are often so traumatized by the abuse that they repress the memories for years. In the interim, they are often plagued with depression, anger, food disorders, drug and alcohol abuse and suicidal tendencies.

Often, their minds do not allow them to recall the events, or deal with them, until they are mature adults. By that time, the state cannot prosecute, so the perpetrator remains free.

Advocates for victims of sexual assault and sex abuse throughout the state want the statute of limitations for prosecution lengthened, and they have gone to the Legislature for help.

At his hearing in January, McGlauffin asked the judge for leniency. He has heart problems.

The numbers

Alaska's sex abuse rate is six times the national average, according to the state Division of Family and Youth Services.

Alaska: One of every 105 children is abused.
Nelson: One of every 633 children is abused.

he said, and he hasn't touched a child since 1983. His niece, a speech writer for President George Bush, sent the judge a letter asking for a light sentence. She used White House letterhead.

McGlauffin's attorney said the man has rehabilitated himself.

Despite his conviction, McGlauffin adamantly denied any misconduct with children, with one exception. He admitted to sexual relations with the 28-year-old woman at the sentencing hearing, who is referred to as "R" in the court record.

With "R," McGlauffin said, he was able to "experiment to my heart's content. She was a very loving, responsive, imaginative young person."

But the grown woman doesn't associate such feelings with the experience. While growing up after that time, she always thought nobody liked her. Even now, intimacy with her husband is difficult. Despite help from a therapist, she has nightmares and often cannot sleep.

Sex abuse victims in Fairbanks, including McGlauffin's 28-year-old victim, have gathered more than 400 signatures from Fairbanks residents supporting a bill to change the statute of limitations.

Under current state law, a victim must report the crime before his or her 17th birthday and within 10 years of the offense, or the state cannot prosecute. Compared to other states, Alaska's statute of limitations on sex abuse is short, according to legislators and advocates for victims.

The topic is "hot one" in Juneau these days, legislators said. National attention focused on the issue last year after celebrities, such as comedian Roseanne Arnold announced they had been sexually abused as children.

"It's topical and there's a lot of interest and support," said Rep. Mark Boyer, D-Fairbanks. "My guess is we'll see a change in the statutes."

Boyer's HB 378 would remove any time limitation on reporting sexual abuse. It would also raise the age of consent from 18 to 18. Sens. Artias Sturgulewski, Virginia

(See ABUSE, Back Page)

Prices Beat!



ABUSE

(Continued from Page A-1)
Collins and Lyman Hoffman also introduced similar bills.

Boyer said he and other legislators have been bombarded with mail on the issue.

He began researching the statute of limitations after a victim here pointed out the problem to him. "At first I was skeptical because of all the national media attention given to people like Roseanne Barr, but once I looked at the issue and did the research, I thought, boy, this was serious."

What's fair?

However, not everyone is pleased at the thought of an increase in the statute of limitations on sex abuse crimes. Assistant Public Defender Paul Canarsky, who defended McGlauffin, said the change would be costly to the state and unfair to defendants.

Canarsky said defendants would have to rely on old evidence. He also predicted that the prosecutors would use already scarce funds to try old cases. Prosecutors would decline more current cases, he said.

"The thing about the statute of limitations, though, is that it also embodies a common sense approach," he added. "Unless it's something really, really serious like murder, the mistakes a person has made in the past should be left behind them."

Canarsky said he objects to special rules for a class of crimes. The statute of limitations for most crimes is five years. There is none for murder.

Law enforcement officials say they would welcome a change in the rules. They said the additional cases would not be too expensive or time-consuming.

Karla Taylor Welch, the assistant district attorney who prosecutes sex abuse cases here, said that in the past year there were four cases in which she could not prosecute individuals on alleged crimes because of the statute of limitations. Two of the men, including McGlauffin, were convicted on other sexual abuse charges, but two of the men remain free.

In McGlauffin's case, Welch said, it would have been easy to convict, because McGlauffin saved hundreds of photos that he took of the boys and girls he molested.

Alaska State Trooper Sgt. Jim McCann, who investigated the McGlauffin case, said he rarely hears of abuse cases in which the statute of limitations has expired. "That sort of thing happens all the time, we're getting more and more," he said.

"It hurts, and it's not very easy for us to look into the eyes of the victim that sits before us and say 'I'm sorry there's nothing for us to do.'"

McCann disagrees with a statute of limitations on any crime.

"What do we owe this perpetrator?" he asked. "Why is it not fair if we can prove 10 or 15 years later that he's a pedophile. If we can make the case, who cares?"

OLYMPICS

(Continued from Page A-1)

disappointments in '84 and '88, the one-man ski squad from Luxembourg claimed two medals here, without further detail.

TY

Editorial

Fair warning

12/84

A recent sentence by Superior Court Judge Thomas Schulz should be fair warning to child abusers. Like rape, people are now more inclined to report cases of sexual abuse of children, prosecutors are more likely to take the cases to court and judges aren't afraid to impose strict sentencing. A Ketchikan man was recently sentenced by Schulz to 19 years in jail for sexual abuse of a minor. That term will be added to a five-year sentence the man is already serving for the same charge.

Nineteen years sounds like a stiff penalty, but in some cases it doesn't approach justice. In this case, the man had a prior conviction from Washington state. Despite that, his wife obtained a state license for a child care facility in Ketchikan — where the man abused an 8-year-old boy. While awaiting sentencing on that charge, he sexually abused still another child.

One could argue that justice has been served. The mother of the 3-year-old sued the state and collected about \$1.5 million for her claims that the state was negligent in not warning child care clients of the man's tendencies and for not revoking the child care license. And the man has now been sentenced on both charges.

But the sad part of the story is that a convicted abuser was able to go as far as he did. There were just enough cracks in the system to let him through. And there are still more cracks available, depending on probation.

But people's perceptions of child abuse are changing. Just a few years ago, rape victims were the ones who felt guilty of a crime. Now people are beginning to acknowledge that it's the perpetrator, not the victim, who deserves the scrutiny. As that perception changed, women became more likely to report rapes and pursue convictions.

The same thing is happening with child abuse. People, including family members, are more willing to admit that it's the children, not the adult perpetrator, who are the victims. In some cases, treatment for the offender may help solve the problem. In other cases, stiff sentencing is the only answer.

Public reporting on child abuse cases is another factor that can help stem its growth. If abusers know they face criminal prosecution, they should also know that their name will appear in public.

But more important than sharing the criminal, public information about child abuse can help people understand and come to terms with it. As each child abuse case is reported, it serves as an example to someone else who might be living with it — and thinking they're alone with it.

Unfortunately, public scrutiny might embarrass the... as well. We're confident that will change. The first step is under

Ketchikan Daily News 12/84

April 1988

Why I'm every mother's worst

THE MURDERER

For more than 40 years, I was a loving friend to hundreds of little boys. I took them fishing, helped them with homework, and listened to their problems. Their parents never suspected I was also having sex with them.

BY ROSS M. NELSON *with Ruth Miller Fitzgibbons*



Did you think your son slept over at a friend's house that night? He did, but it wasn't the friend you thought. I know he told you he'd be at Billy's.

Your son was sleeping with me. I'm the man down the street who hired him to mow the grass, who helped him with his homework while you were at work, who went to school and scout functions when neither you nor his father had the time. I also taught him some things he didn't need to know—not yet, anyway.

You see, I am a child molester—a pedophile.

For more than 40 years, I had sex with boys. Most of them were between the ages of 12 and 15. Some I truly cared about; others were just passing sexual fancies. Many times I wanted to stop myself, to call and tell a boy's mother what I had done with her child. But I would convince myself that my time with the boy had a more positive influence than a negative one. And it was so easy to get away with it—until I finally got caught. I'm now 60 and in a Texas prison, where I'm serving a 20-year sentence.

Meeting boys was simpler than you might imagine. I never had to force or intimidate them, or offer them money or other bribes. Most of them came along with me willingly.

Take a typical Saturday afternoon. Mom is busy with the younger children, or maybe away at some social engagement. Dad is playing golf or working, or perhaps he doesn't even live with the family anymore. The boy feels lonely and unwanted at home. He comes to the mall to wander.

From where I'm sitting on a bench in the middle of

"MY EVERY MOVE was driven by a compulsive need to have sex with young boys. I was addicted."

the mall concourse, the boy can't help but see me when he leaves the video arcade. Earlier I was in there too, and we made eye contact, even spoke a few casual words. I chose him to talk to because he seemed quiet, and he was alone. Now he sees me again as he walks along looking in the store windows. Within ten or twenty paces, he glances back.

Now he's at the pet shop or perhaps the bookstore. I head over casually and make a friendly remark about the merchandise. He smiles shyly. He's always been taught not to talk to strangers. But I've smiled and chatted, and shown interest in him. I'm not really a stranger anymore.

I offer to buy him a hamburger or a slice of pizza. He may hesitate. But finally he smiles and agrees. From then on, he's mine.



here are far more child molesters who operate like me than

there are those who forcefully kidnap children. What the abductors do makes the headlines. What I do is more common and less noticeable. Most child molesters are established in our communities, known to others as just another good neighbor. We may even be married with kids of our own.

My urge to have sex with boys was not the result of any emotional, physical, or sexual abuse, nor did it come upon me suddenly with adulthood. My first sexual encounter, though it was an innocent one, was in sixth grade. While a boy named Adam and I were putting on costumes for the school play, we engaged in a harmless game of "you show me yours and I'll show you mine." Later, when I was 12, my friend Danny wanted to play the game as well. Then it was Jerry, Danny's brother, then my younger cousin. I was always the instigator.

When I was 13, my mother, my brother, and I moved to a new town (my father had left home when I was a

year old). I was introverted, studious, hesitant to make new friends. No one in my family seemed to notice anything wrong. I had had a close relationship with my grandfather, but he died shorly before we moved. I didn't date much—hardly ever—since I was only interested in boys.

By gossiping with other boys, I learned who in town was homosexual—the manager of the pickle factory, the local tailor, even the vice principal of the high school. But the thought of having sex with any of these men turned me off. Some of the boys I knew did—and bragged about it. Perhaps it was then that I first realized that some boys would consent to sex with an adult in exchange for a favor or friendship.

I had been active in the military reserves in high school and at age 19 became a platoon sergeant in the infantry during the Korean War. There I learned to smoke, drink, and swear—all of which helped cover up my lack of self-confidence. My sexual curiosity was set aside except for cautious glances and a few minor episodes, and I left active duty as a master sergeant. Back home, I bought a house, and my mother moved in with me because my older brother had married while I was away.

This began a dark time in my life. There were periods when my every move was driven by a compulsive need to have sex with young boys. My mother continued to live with me on and off over the next 40 years, and I believe she was aware of my deviant sexual behavior, but we never spoke about it. Somehow I managed to get an education, learn a profession (I'm a horticulturist), and master the science of photofinishing. For years I worked nights in a large photofinishing lab, where I was surprised to discover the proliferation of pornography involving children. This helped convince me that my desires were not that abnormal.

Lust seemed to consume my free time. Looking back, I realize that I was searching for someone to love

who would love me back—unconditionally. For nearly a year, I had a relationship with a woman I had met through work, but it didn't last—I had an affair with a 14-year-old boy while we were seeing each other.

I went through dozens of these affairs. I especially liked blue-eyed blonds, preferably ones who were intelligent and polite, neat and nicely dressed. Many of these boys were members of large families—and they cut across all class levels. I've intimately known the sons of a senator, a general, a physician, an assistant city manager, and more. Boys who had an emotional—rather than economic—need for a friend like me were most easily controlled and more loyal. Some of my relationships lasted several years.

To keep a boy's friendship, I offered him very little beyond what he should have found at home: someone who'd listen and who'd cheer him on in school and sports. Occasionally, I took boys to the movies or on camping trips, or played cards with them for hours. I truly enjoyed spending time with them. And I knew what they offered me: the chance to feel whole, comfortable, needed.



was careful about the boys I went after. I watched for two physical types: early maturers, who reach puberty

at about 10 or 12 years old, and late bloomers, who don't hit puberty until 15 or so. Undergoing physical change: their peers have yet to begin, early maturers are often shunned by other boys their age. As a result, they're willing and eager to engage in activities with older boys or men whose physical size more closely matches theirs, simply to discover what is happening to them. Sometimes they seek these relationships just to reassure themselves that they aren't freaks. Boys who are late bloomers may also feel left out, since girls their age tend to prefer their more masculine friends. These boys are easily seduced by older adults:

that way they can gain the sexual experience their peers brag about.

It's difficult to say whether the boys enjoyed the sex with me or just tolerated it in exchange for the attention they craved. The vast majority, I believe, were not gay—they simply accommodated my wishes in order to remain close to me. The boys were generally passive sexual partners at first, although most would eventually agree to give oral and anal sex. Usually I didn't mind being kissed on the lips, but some would refuse open-mouthed kisses.

About ten years ago, I realized that I had slipped into addictive behavior. I wasn't getting any sexual gratification from my affairs; each one was simply another conquest. One August, I took time to count up all the boys

I'd been with since the beginning of that year, most of whom I'd had sex with only once or twice. There were 29 in all! Most I picked up while riding my motorcycle, cruising city parks, or just parking at a convenience store and waiting. Adolescent boys can't seem to resist a motorcycle.

I met 13-year-old Jimmy that way. Going into a store to buy cigarettes, I saw him and his friend playing a video game. Jimmy was slender, with brown hair and blue-green eyes and just a few freckles over his nose. Judging from his manners and his clothes, I guessed he came from an upper-middle-class family. He asked about my motorcycle and wanted me to give him a ride. An hour later, he was at my house phoning his mother to say that he was at a friend's and asking if he could spend

the night. He stayed that night and the whole next day. He said he'd had sex only once before, with a girl his age. His parents were separated.

John is another boy typical of so many I was with. At 15, he was the eldest child in a big family and was expected to take care of himself.

But John wanted more. He needed someone to tell him he was doing well, pat him on the back, play a game of tennis or catch. He wanted to be able to tell somebody when he was feeling low and to be comforted instead of being told to "take it like a man."

I never really feared that a boy would turn me in to the police. With one of the boys I loved most, I got proof of this.

I met him fishing at a lake near my home. I was (continued on page 116)

Can Child Molesters Be Stopped?

One in three girls and one in seven boys will be sexually molested before the age of 18, according to the U.S. Department of Justice. The typical pedophile will sexually abuse 380 children in a lifetime. Most molesters are men, says Gerald Blanchard, M.A., a Wyoming therapist and author of *Sex Offender Treatment: A Psychoeducational Model*.

There are three types of child molesters.

Aggressive: The rarest. Violent and sadistic, sometimes mutilating victims after sex.

Regressed: The most common; often married and a parent. Sexual behavior is normal until extreme stress—such as loss of a job, a death, or divorce—triggers a few episodes of sex with a child.

Fixed: The classic type. Often a sex addict. May be ambivalent about his behavior; rationalizes that he's a loving friend to lonely, "neglected" children. Ross M. Nelson falls into this category.

Some pedophiles prefer sex with girls, others with boys. Many people assume that the latter are homosexual, creating the misconception that gay men are likely to prey on young boys. But, says Blanchard, "though some pedophiles are gay, many aren't. And it's not their homosexuality that causes them to molest kids—it's their overriding sexual preference for children."

Pedophiles are often genuinely empathetic with children—and thus able to easily manipulate them. "They know what kids like, how to connect with them. Kids find them endearing and entertaining," says Blanchard. In contrast, pedophiles tend to have difficulty relating to adults. Often their emotional development was somehow interrupted during childhood, frequently as a result of sexual abuse.

They tend to appear aloof and arrogant but inside are very insecure. "Pursuing and conquering a child as a sexual partner gives them a sense of power that is lacking in their lives," explains Blanchard.

Most pedophiles are consumers of vast amounts of child pornography, according to a report from the U.S. Congress Permanent Subcommittee on Investigations on Child Pornography and Pedophilia. They often show the materials to their victims in an attempt to convince them that such sex acts are normal.

Experts say pedophiles are among the most difficult sex offenders to treat. Short-term, intensive rehabilitation can stop them for a while, but the majority molest again after three or four years. Blanchard blames the low success rate on the fact that most therapists have only recently begun to treat pedophilia as an addiction as well as a criminal offense. "Controlling any addiction is a lifelong process. There's no such thing as a cure," he says. "With the right treatment, we have a better chance of managing the behavior over long periods of time." The most effective rehabilitation combines several methods, such as one-on-one counseling, drugs that inhibit sex drive, group therapy, and 12-step programs similar to those used to treat alcoholism and drug addiction.

Parents needn't become suspicious of every compassionate babysitter or attentive friend. Establishing open communication with your children about sexuality will help them confide in you if something confusing or scary happens to them. Finally, believe a child who reports a sexual overture or encounter, no matter how respectable or unlikely the accused person might seem. —R.M.F.

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Sex offender registration law is upheld by court

By Hal Spencer
Associated Press writer

OLYMPIA — A state law requiring that sex offenders register with the authorities has survived an important legal challenge.

The state Court of Appeals on Monday rejected the argument that the 1980 law is unconstitutional because it applies to people who committed their crimes before the law took effect. The law requires that all convicted sex offenders register with the sheriff in their home county.

The purpose of the law is to help authorities keep track of former offenders on the argument that a large percentage of them are repeat offenders. Similar registration laws exist in many states, officials have said.

The appeals court, acting on an appeal by convicted sex offender Michael Taylor, 39, of Seattle, said the constitutional principle barring "ex post facto" application of laws does not apply because the law is "regulatory" rather than "punitive" in nature.

One of the three judges dissented, saying the effect of the law is certainly punitive because it makes life harder for the offender in several ways.

Taylor contended that the law requiring him to register with the sheriff in his home county of King was unconstitutional because he had committed the crime in 1989, a year before the law took effect.

Taylor was convicted and sentenced to 180 days and community service for "attempted indecent liberties." Dan Donohoe, a spokesman for King County Prosecutor Norm Maleng, said Taylor was visiting a friend in Renton and during the evening, stripped naked and attempted to initiate sex with the friend's female roommate who was asleep in her bedroom. Donohoe said the initial charge was attempted rape but was reduced to attempted indecent liberties.

The appeals court majority disagreed with Taylor's argument against the registration law.

We conclude that while registration is disadvantageous to a

registrant, the disadvantages are relatively minor and are not sufficient as to make the registration statute punitive in overall effect. We conclude it is a regulatory statute, which does not violate the prohibition against ex post facto laws," said the opinion, written by Judge Jack Schulfield.

Taylor's attorney, Fred Diamondstone, said Monday that he hadn't had a chance to speak to his client and did not know if he would appeal to the state Supreme Court. But he noted that an identical case — State vs. Ward — was to be heard by the high court in the fall.

Diamondstone agreed with the dissent filed by the third judge in the case, Susan Agid.

Agid wrote that the law is primarily punitive because "It can have the effect of restricting change of residence, can diminish changes of employment, will make the registrant a suspect in every reported sexual offense and will have an overall stigmatic effect greater than would otherwise exist."

Alaska Association Chiefs of Police



January 25, 1993

RECEIVED

JAN 29 1993

Representative Ramona Barnes
Speaker of the House
State Capitol
Juneau, Alaska 99801-1182

Dear Representative Barnes:

I am writing to express the support of the Alaska Association of Chiefs of Police for House Bill 69. We support the concept of identifying and registering sex offenders for some period of time once they have been discharged from any conviction for a sex offense under AS11.41.410 - 11.41.455.

Probation, after discharge from a criminal conviction is normally an acceptable tool in monitoring a person's behavior. Sex offenders, however, pose a higher risk of re-offending and are a greater threat to public safety after release. Registering sex offenders and providing that information to public agencies in the offender's community will undoubtedly provide greater protection for the public.

If we can be of any assistance in the passage of your bill please let me know.

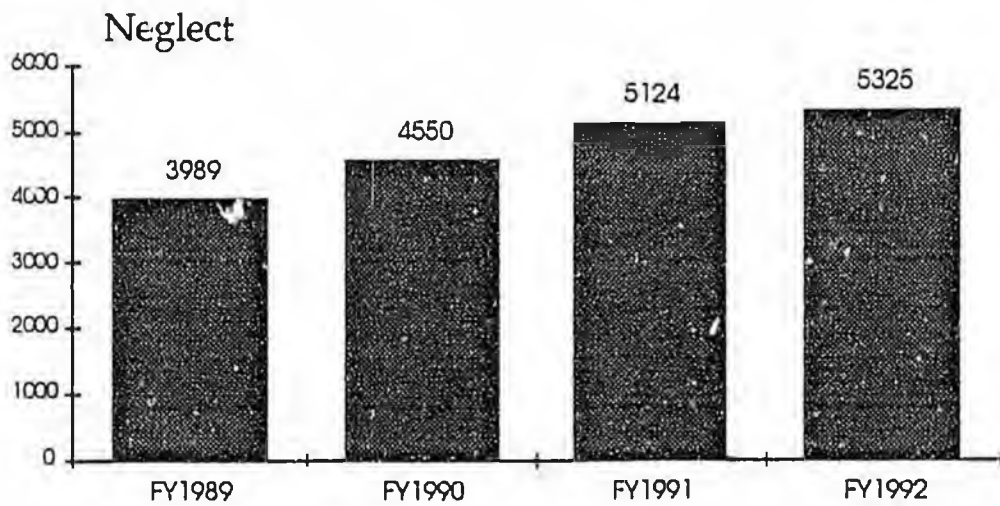
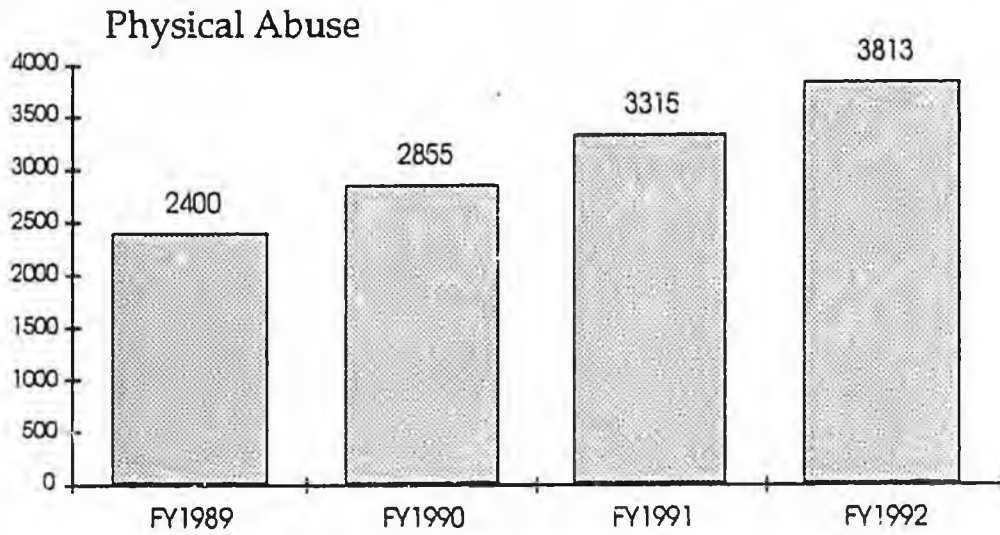
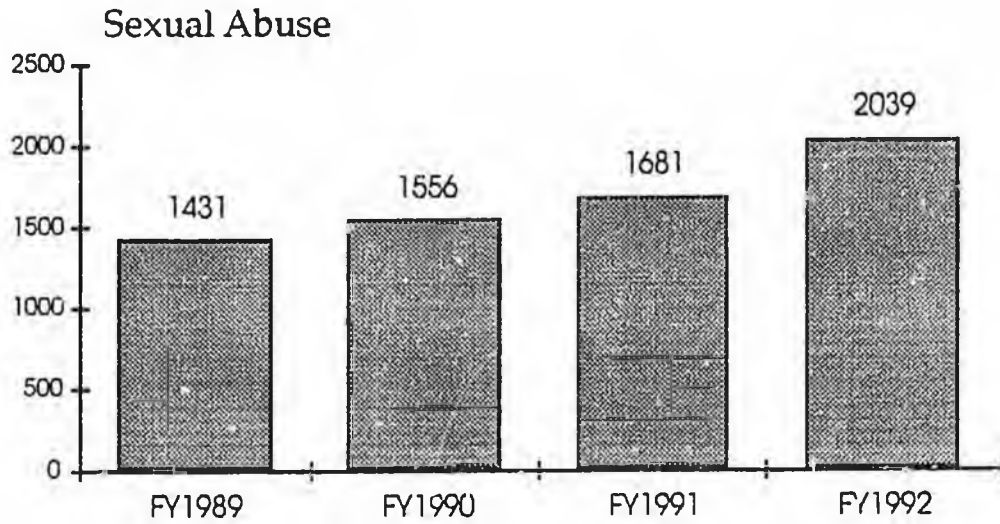
Very truly yours,

A handwritten signature in cursive script, which appears to read "Ronald L. Otte", is written over a horizontal line.

Ronald L. Otte
President

RLO/lp

Reports of Harm to Children Made to Child Protective Services from FY89 to FY92



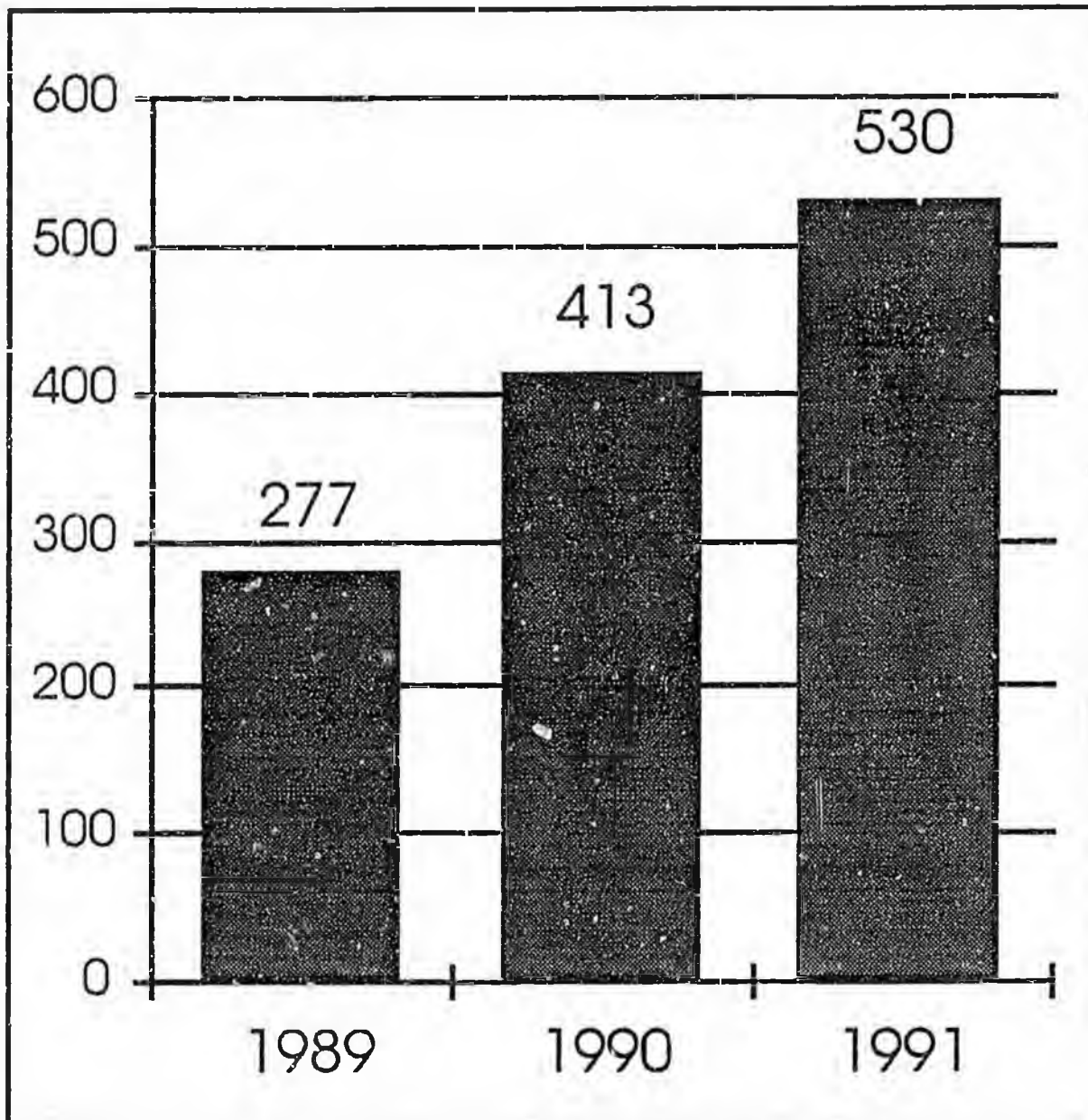
Provided by The Network on Domestic Violence and Sexual Assault

Source: Department of Health and Social Services

HB69
2/2/93

HB69

Reported Rapes in Alaska 1989 through 1991



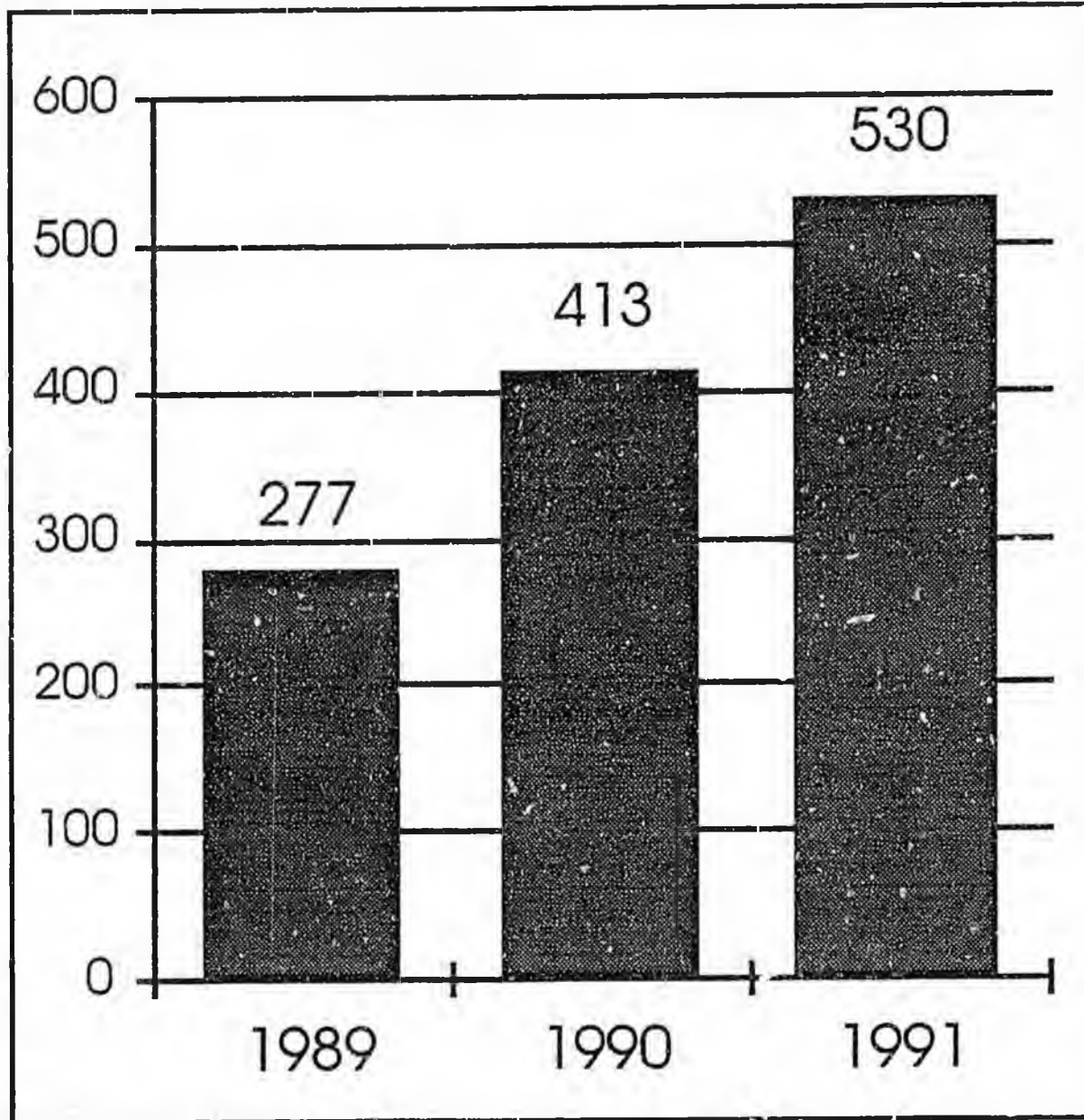
Provided by The Network on Domestic Violence and Sexual Assault

Source: Department of Public Safety

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HB69

Reported Rapes in Alaska 1989 through 1991



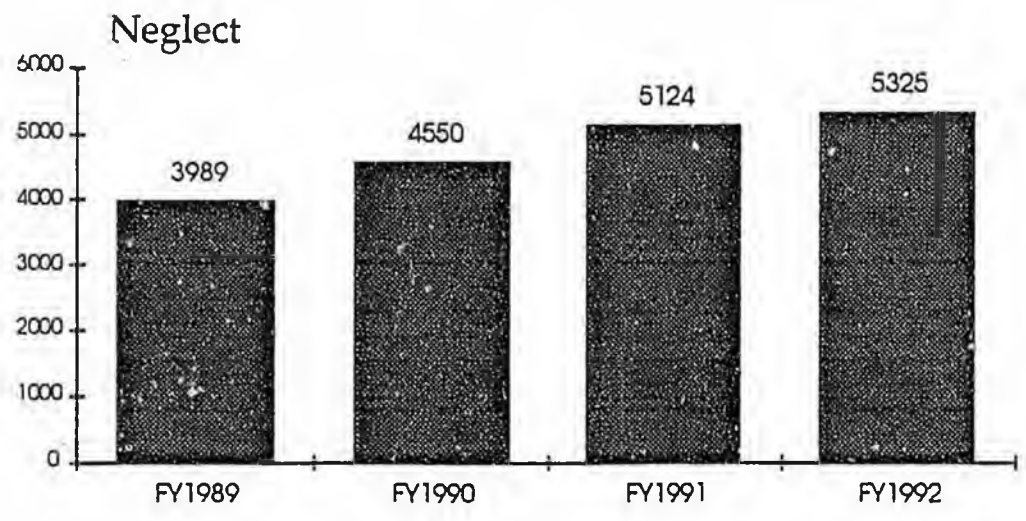
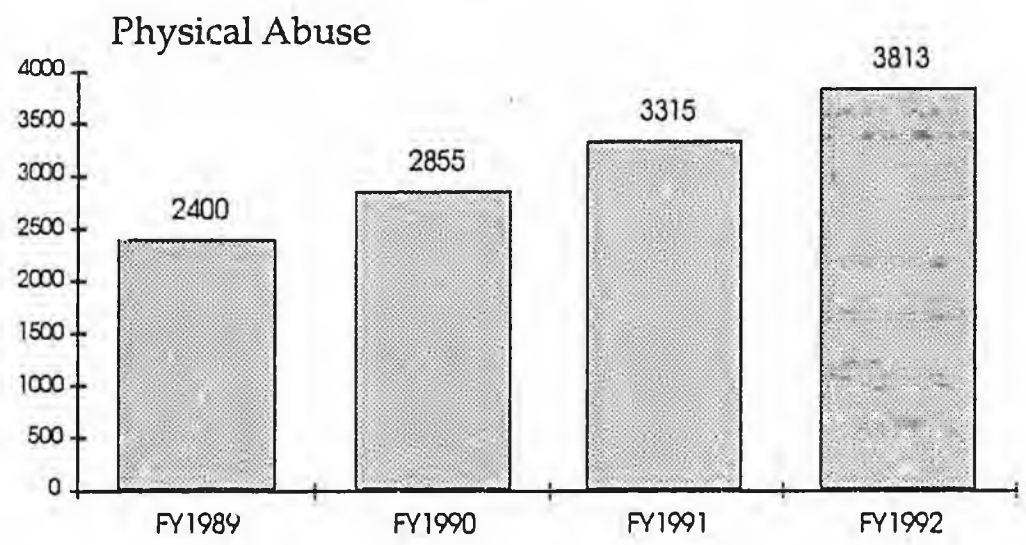
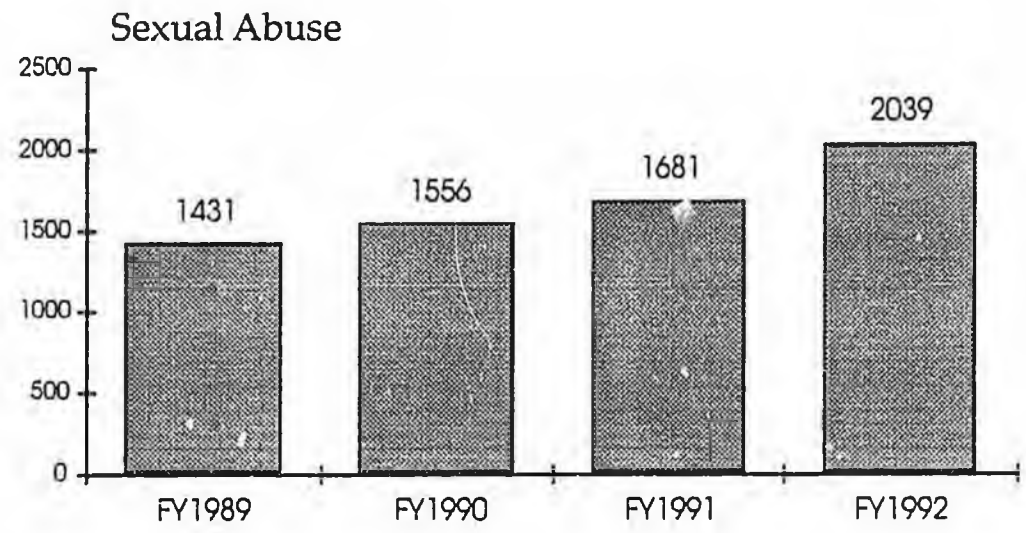
Provided by The Network on Domestic Violence and Sexual Assault

Source: Department of Public Safety

HB69
2/2/93

HB69.

Reports of Harm to Children Made to Child Protective Services from FY89 to FY92



Provided by The Network on Domestic Violence and Sexual Assault

Source: Department of Health and Social Services

HB69
2/2/93

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO: HB 69

Revision Date: _____ Dept. Affected: Public Safety
 Title: "An Act relating to registration of
sex offenders." BRU: Alaska State Troopers
 Component: Criminal Investigation Bureau
 Sponsor: Representative Barnes
 Requestor: Representative Barnes COMPONENT SERIAL NO. 830

EXPENDITURES/REVENUES: (Thousands of Dollars) (inflation not included)

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	38.5	38.5	38.5	38.5	38.5	38.5
TRAVEL						
CONTRACTUAL	36.1	2.1	2.1	2.1	2.1	2.1
SUPPLIES	2.6	2.6	2.6	2.6	2.6	2.6
EQUIPMENT	11.8					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	89.0	43.2	43.2	43.2	43.2	43.2

CAPITAL						
---------	--	--	--	--	--	--

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

FUNDING: (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF	58.0	32.2	32.2	32.2	32.2	32.2
1005 GF/Program Receipts	31.0	11.0	11.0	11.0	11.0	11.0
1006 GF/MHTIA						
Other						
TOTAL	89.0	43.2	43.2	43.2	43.2	43.2

POSITIONS:

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

Estimate of current year (FY 93) impact: \$ 0

ANALYSIS: (Attach a separate page if necessary.)

See attached analysis.

Prepared By: Francis C. Allan Phone: 269-5691
 Division: Alaska State Troopers Date: 1/28/93
 Approved by Commissioner: *Richard L. Burton* Date: 2/1/93
 Agency: Richard L. Burton, Dept. of Public Safety

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HB 69 establishes a sex offender registry within the Department of Public Safety. The bill requires State Troopers to take the photographs and fingerprints of sexual offenders and to maintain a central repository of sex offender information.

The Criminal Investigation Bureau (CIB), Sex Crimes Unit, estimates that there are approximately 300 persons convicted of sex crimes annually. This is supported by data provided by the Department of Corrections, indicating that over the past eight years the average of new inmates sentenced for sex crimes is 231 per year. The majority of these offenders are sentenced to serve at least some time in prison, and would be subject to registration upon release from a correctional facility. The Department of Corrections estimates that approximately 50 sex offenders per year are released from custody, with another approximately 30 sex offenders a year transferring to Alaska under the Interstate Compact. Adding to those convicted offenders who are not incarcerated, the Department estimates that between 150 - 200 offenders a year will have to register.

Although the bill does not specifically state, the Department is assuming that the bill will be applied retroactively to all convicted sex offenders who meet the terms of the bill and who are present in Alaska at the time the bill becomes law. It is difficult to estimate the number of such offenders, but estimates from the Department of Corrections and the Department of Law indicate that around 1,000 offenders would have to register immediately after the bill becomes law.

Because failure to register is a crime, it is essential that there be some notice to the public of the registration requirements if this bill is adopted. First year costs include \$10,000 in contractual costs to pay for posters required under Section 6 of the bill and for a handful of notices to be placed in newspapers around the state.

With some programming additions and data storage expansion, the DPS Information Systems section anticipates that the Alaska Public Safety Information Network (APSIN) can be adapted to meet the "Central Repository" requirements of this legislation. This will involve creating a new subsystem in APSIN which can take advantage of information already available on convicted offenders. The collection of fingerprints will become part of the Alaska Automated Fingerprint Identification System (AAFIS) and APSIN. Information on these sex offenders will then be available to Criminal Justice Terminals throughout the state who are authorized to receive such information. Special applications will be developed to supply the public information authorized, yet retain confidential data. The cost of designing, coding, testing, installing, and documenting this application will cost \$4,000. Permanent disk usage will cost \$1,000 for the first year and every year thereafter. This will handle an initial database of approximately 1000 offenders, and is capable of expanding yearly by an additional 300 offenders.

To deal with the additional tasks necessary to implement this legislation, including data entry for new felons added to the system (which will involve updating APSIN with release, probation and escape information), entry and dissemination of information, and the processing of the fingerprint cards generated through the registration requirement, a Clerk IV position is needed in the Sex Crimes Unit of the Criminal Investigation Bureau.

This position will provide a point of contact for all information regarding the registration of convicted sex offenders for all state and local law enforcement agencies. This will involve interaction with the Department of Corrections, Alaska Court System, and local law enforcement agencies. This position will also respond to all requests for information from the public.

HB 69 calls for all AST posts to be available to take sex offenders' fingerprints and photographs. Since not all AST posts are currently equipped with adequate cameras, this requirement will necessitate some purchases of new cameras (\$2,500) to assure sufficient photograph quality. Ongoing costs for fingerprint cards are included with the supplies requirements for the Clerk IV.

A significant number of offenders live in bush areas. It is highly unlikely that they would voluntarily travel to locations outside their villages to register. This fiscal note does anticipate actively pursuing registration of these individuals due to the high cost.

The following is a summary of the costs that are anticipated to be incurred during the first year of operations under this legislation:

	Equipment & Public Notice	Computer Programming	Clerk IV	TOTAL
Personal Services	\$ 0.0	\$ 0.0	\$ 38.5	\$ 38.5
Contractual	10.0	24.0	2.1	36.1
Supplies	0.0	0.0	2.6	2.6
Equipment	<u>11.8</u>	<u>0.0</u>	<u>0.0</u>	<u>11.8</u>
TOTAL	\$ 21.8	\$24.0	\$ 43.2	\$ 89.0

Costs not included after the first year in operation are the equipment costs (\$11.8), costs of public notice (\$10.0), and the initial programming effort and storage space expansion (\$24.0).

Department of Public Safety
 Fiscal Note Analysis - HB 69
 Page 4 of 5

PERSONAL SERVICES:

Salary - Clerk IV - Range 9, Step A, including 120 hours of overtime	25,810	
Benefits	<u>12,666</u>	
Total Personal Services		38,476

CONTRACTUAL:

Printing of posters and public notices	10,000	
Telephone and postage: \$50 per month	600	
Repair and maintenance on microcomputer	500	
Contracted programming and data storage space	<u>25,000</u>	
Total Contractual		36,100

SUPPLIES & MATERIALS:

Film	500	
Registration forms	1,000	
Stationery, copy machine paper, etc.	<u>1,100</u>	
Total Supplies & Materials		2,600

EQUIPMENT:

Desk	500	
Chair	225	
Computer table	600	
Cameras 35 mm (x 10)	2,500	
Microcomputer with printer	<u>8,000</u>	
Total Equipment		<u>11,825</u>
TOTAL COST		89,001

This bill authorizes the Department of Public Safety to adopt fees to implement this program. It is very difficult to estimate the revenue that would be generated by these fees. If offenders were to be charged \$20.00 each for initial registration, and persons seeking information from the central registry are charged a fee of \$5.00, the revenue that would be raised is estimated as follows:

FY93	1,250	offenders		1,200	inquiries
	X <u>20</u>	fee	X	<u>5</u>	
	25,000			6,000	
FY94	250	offenders		1,200	inquiries
	X <u>20</u>	fee	X	<u>5</u>	
	5,000			6,000	

Position Title Clerk IV		Number of Positions 1	Range/Step 9/A	Bargaining Unit ASEA
Time Status PFT	Staff Months 12	Location Anchorage (statewide)	Election District 99	
Type of Expenditure		Amount		
1	2	3		
Salary*	25.8			
Benefits*	12.7			
Premium Pay (Included in Above)				
Other				
Total Personal Services		38.5		
Travel				
Contractual		2.1		
Commodities		2.6		
Equipment				
Other				
Total Cost		43.2		
Funding Source For Total Cost				
Federal Receipts	1002			
G.F. Match	1003			
General Fund	1004	43.2		
Program Receipts/GF	1005			
I-A Receipts	1007			
CIP Receipts	1081			
Other				
* Personal Services Salary and Benefits Costs are from PACS calculations.				

Justification
This position will be responsible for updating APSIN (Alaska Public Safety Information Network) with release, probation, and escape information; entry and dissemination of the information and the processing of the fingerprint cards generated through the registration requirement. Tasks associated with the fingerprint card processing are monitoring receipt of the anticipated cards, reviewing the cards for accuracy and completeness, preparing the cards for AAFIS (Alaska Automated Fingerprint Identification System) processing and maintaining the fingerprint file.

The position will act as the point of contact for all information regarding the registration of convicted sex offenders for all the state and local law enforcement agencies. This individual will file all information and photographs after receiving them from the trooper posts. Additionally, this will involve interaction with the Department of Corrections, the Department of Health and Social Services, and the Alaska Court System.

**REQUEST FOR
NEW POSITION**

AGENCY Department of Public Safety

BRU Alaska State Troopers

COMPONENT Criminal Investigation Bureau

FY 94

Page **5** of **5**

Revised Date _____

HB

81

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (STA)

Revision Date: _____
Title: An act relating to the Longevity Bonus
Sponsor: House Rules Committee
Requestor: State Affairs

Department Affected: Administration
BRU: Pioneers' Benefits
Component: Longevity Bonus
Administration
COMPONENT SERIAL NO. 27

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS:

Prepared by: Dennis L. DeWitt
Division: Director

Phone: 465-4400
Date: _____

Approved by Commissioner: Nancy Bear Usera
Agency: Administration

Date: 3/11/93

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (STA)

Revision Date: _____

Title: An act relating to the Longevity Bonus

Sponsor: House Rule Committee

Requestor: State Affairs

Department Affected: Administration

BRU: Pioneers' Benefits

Component: Longevity Bonus

Grants _____

COMPONENT SERIAL NO. 26

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(8,500.0)*	(16,200.0)*	(22,200.0)*	(27,800.0)*	(33,500.0)*	(39,200.0)*
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(8,500.0)	(16,200.0)	(22,200.0)	(27,800.0)	(33,500.0)	(39,200.0)

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

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

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	(8,500.0)	(16,200.0)	(22,200.0)	(27,800.0)	(33,500.0)	(39,200.0)
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(8,500.0)	(16,200.0)	(22,200.0)	(27,800.0)	(33,500.0)	(39,200.0)

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

Estimate of current year (FY93) impact: 0

ANALYSIS: * Cost savings reflect the difference between current program costs and new program cost. See attached table for details of the calculations.

Prepared by: Dennis L. DeWitt
Division: Director

Phone: 465-4400
Date: _____

Approved by Commissioner: Nancy Bear Usura
Agency: Administration

Date: 3/11/93

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Longevity Bonus Fiscal Note

CSHB 81 (STA)

FY	Current Program		Proposed Phase-Out		Difference	
	Number of Participants	Annual Cost	Number of Participants	Annual Cost	Number of Participants	Annual Savings to the State
1994	24,059	69.6	23,482	61.1	(577)	(8.5)
1995	25,864	74.8	22,512	58.6	(3,352)	(16.2)
1996	27,021	78.2	21,521	56.0	(5,500)	(22.2)
1997	28,081	81.2	20,527	53.4	(7,554)	(27.8)
1998	29,188	84.4	19,551	50.9	(9,637)	(33.5)
1999	30,266	87.5	18,544	48.3	(11,722)	(39.2)

Cost in Millions of Dollars

Explanation: 1. For purposes of consistency, we have used Legislative Research figures for the 'Number of Participants' and 'Annual Cost' for the Current Program and the Proposed Phase-Out.

NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
The Valley Chapter 2067

A RESOLUTION OF THE NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
VALLEY CHAPTER 2067 SUPPORTING A LONGEVITY BONUS ANNUITY PROGRAM.

WHEREAS, the original intent of the Longevity Bonus Program as established in 1972 has been negated by subsequent legislation and program changes resulting in a rapidly increasing number of recipients and escalating program costs; and

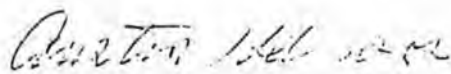
WHEREAS, the state budget cannot support the projected growth of the present program; and,

WHEREAS, the development of a Longevity Bonus annuity program is a major objective of the Older Persons Action Group, The Pioneers of Alaska, the Alaska Federation of the National Association of Retired Federal Employees, the Alaska Chapter of the American Association of Retired Persons, and other senior citizens groups, and

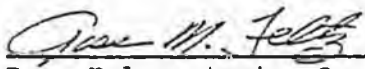
WHEREAS, Senate Bill 6 has been filed for the 1993 Legislature to establish a senior citizens annuity program.

NOW, THEREFORE, BE IT RESOLVED that Chapter 2067 of the National Association of Retired Federal Employees hereby supports the development of a senior citizens annuity program, Senate Bill 6 in particular, by the state of Alaska.

ADOPTED at the regular meeting of Chapter 2067 of the National Association of Retired Federal Employees this 10th day of February, 1993.


Austin Helmers, President
The Valley Chapter 2067, NARFE

ATTEST:


Rose Feltz, Acting Secretary
The Valley Chapter, NARFE

2/1/93

IN THE LEGISLATURE OF THE STATE OF ALASKA
with reference to:

In the HOUSE, Bill No. 58
In the SENATE, Bill No. 81

2/15/93
JES

Please do not support these bills requested by the Governor.

This is my second shot at writing this. The first attempt is in the circular file because it seemed even to me that all I did was cry about how it would impact me personally. Let it suffice to say we have been here 23 years and have toughed out a lot and made difficult family decisions because of the thought there would be a pay-off at the end to make it all worthwhile.

I am a grandfather now, but not yet old enough to fit in the slot of the Governor's program. I find it incredible that he would offer these benefits to a one year resident and deny them later to a family with our history in the state.

Please consider this alternative. I do not particularly like it but I understand your need to balance budgets and I would consider it much more fair:

1. Determine the amount of money funding the existing longevity bonus program requires annually and set up a cost of living adjustment factor.
2. Require applications each year like the permanent fund system, for example.
3. Divide the annual amount by the number of approved applications and send out the checks.

I think this system could be implemented simply and efficiently, would put a cap on the annual fund, would reward those who stayed thru the tough times, and would only gradually diminish the amount each recipient received as population increased within this age group.

Sincerely,



Bruce E. Schirmers

FAX 262 4121

F70 1000



Bruce & Co.

P.O. Box 2559 2856

262-4500

Soldotna, Alaska 99669



Alaska State Legislature

Please enter into the record my testimony to the H. State Affairs
 committee name
 committee on Phase OUT HB 81 Longevity, dated Feb 2, 1993
 bill/subject Bonus

See attached

Signed: John J. Shaffer
 Testifier
SLC AARP
 Representing (Optional)
303 Kimsham Sitka AK 99835
 Address
907 747-8425
 Phone No.



**ALASKA STATE LEGISLATION
ALASKA LONGEVITY BONUS PROGRAM
POSITION PAPER
1993**

AARP POSITION

The Alaska State Legislative Committee of the American Association of Retired Persons advocates the reform of the Longevity Bonus Program to an annuity program.

This annuity program should include the following recommendations:

- 1) Protect current recipients and continue their benefits.
- 2) Assure program stability to recipients.

Discussion

Monthly longevity bonus payments by the State of Alaska to persons 65 years or more of age were initiated in 1972 with stipulations. The payments were intended to acknowledge long time contributions to the state and to encourage post-retirement residency. The courts nullified all but limited residency requirements.

The program has expanded and exceeded expectations. The rapid growth of the retirement community accelerated the financial obligations upon the Alaska General Fund. The current program is one of the most successful and broadest based programs of state government contributing to the economy and social well being of all Alaskans.

Many proposals have been made to modify the longevity bonus program. In 1985 an annuity program was submitted for a state-wide advisory vote, passing by a 60 percent margin.

Seniors are a valuable contributing force in our state. The longevity bonus program enables seniors to retire in the state. Implementation of an annuity program would solve the accelerating obligations upon the General Fund by phasing out that obligation and would enable current recipients to remain in Alaska.

For further information, please contact:

Mary Lou Melners, Chair
State Legislative Committee
(907) 586-2568

Joe Alter, Coordinator
Capital City Task Force
(907) 586-6680

Seattle Office
9750 Third Ave, NE Ste. 400
Seattle, WA 98115
(206) 526-7918

John Shaffer, Chair
Economic Security Subcommittee
(907) 747-8425

FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 1
Bill Version: HB 81
(H) Publish Date: 1/22/93

Revision Date: _____
Title: An act relating to the Longevity Bonus Program
Sponsor: Rules Committee
Requestor: Governor

Department Affected: Administration
BRU: Pioneers' Benefits
Component: Longevity Bonus
Grants _____
COMPONENT SERIAL NO. 26

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(413.9)*	(2,174.2)*	(6,138.7)*	(13,025.0)*	(20,017.0)*	(27,282.5)*
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(413.9)	(2,174.2)	(6,138.7)	(13,025.0)	(20,017.0)	(27,282.5)

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	(413.9)	(2,174.2)	(6,138.7)	(13,025.0)	(20,017.0)	(27,282.5)
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(413.9)	(2,174.2)	(6,138.7)	(13,025.0)	(20,017.0)	(27,282.5)

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

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)* Cost savings reflect the difference between current program costs and new program costs. Budget requests will continue to go up through FY96 due to growth in numbers of participants. By FY97 budget requests begin to go down. See attached tables for details of the calculations.

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: 01/12/93

Approved by Commissioner: Nancy Bear Usura
Agency: Administration

Date: 1/15/93

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

No. 2
 Bill Version: HB 81
 (H) Publish Date: 1/22/93

Revision Date: _____

Title: An act relating to the Longevity Bonus Program

Sponsor: Rules Committee

Requestor: Governor

Department Affected: Administration

BRU: Pioneers' Benefits

Component: Longevity Bonus

COMPONENT SERIAL NO. 27

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	11.6	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	11.6	0	0	0	0	0

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

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	11.6	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	11.6	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS: (Attach a separate page if necessary.)

The proposed Longevity Bonus program changes would require modifications to both mainframe and microcomputer software and revised interface programs at an estimated cost of \$11.6.

Prepared by: Dennis L. DeWitt 

Division: Pioneers' Benefits

Phone: 465-4400

Date: 1/15/93

Approved by Commissioner: Nancy Bear Usara 

Agency: Administration

Date: 1/15/93

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FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. HB 81

Revision Date: 2/8/93

Department Affected: Administration

Title: An act relating to the Longevity bonus

BRU: Pioneers' Benefits

Component: Longevity Bonus

Sponsor: House Rules Committee

Grants

Requestor: State Affairs

COMPONENT SERIAL NO. 26

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	(500.0)*	(4,000.0)*	(7,100.0)*	(11,300.0)*	(17,500.0)*	(23,600.0)*
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	(500.0)	(4,000.0)	(7,100.0)	(11,300.0)	(17,500.0)	(23,600.0)

CAPITAL	0	0	0	0	0	0
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REVENUE						
FUND SOURCE:	0	0	0	0	0	0

FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	(500.0)	(4,000.0)	(7,100.0)	(11,300.0)	(17,500.0)	(23,600.0)
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	(500.0)	(4,000.0)	(7,100.0)	(11,300.0)	(17,500.0)	(23,600.0)

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

Estimate of current year (FY93) impact: 0

ANALYSIS: * Cost savings reflect the difference between current program costs and new program cost. Budget requests will continue to go up through FY96 due to growth in numbers of participants. By FY97 budget requests begin to go down. See attached table for details of the calculations.

Prepared by: Dennis L. DeWitt, Director
Division: Pioneers' Benefits

Phone: 465-4400
Date: 2/5/93

Approved by Commissioner: Nancy Bear Usera
Agency: Administration

Date: 2/8/93

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Longevity Bonus Fiscal Note

	Current Program		Proposed Phase-Out		Difference	
	Number of Participants	Annual Cost	Number of Participants	Annual Cost	Number of Participants	Annual Savings to the State
FY						
1994	24,059	69.6	24,059	69.1	0	(0.5)
1995	25,864	74.8	25,864	70.8	0	(4.0)
1996	27,021	78.2	27,021	71.1	0	(7.1)
1997	28,081	81.2	26,581	69.9	(1,500)	(11.3)
1998	29,188	84.4	25,525	66.9	(3,663)	(17.5)
1999	30,266	87.5	24,444	63.9	(5,822)	(23.6)

Cost in Millions of Dollars

Explanation: 1. For purposes of consistency, we have used Legislative Research figures for the 'Number of Participants' and 'Annual Cost' for the Current Program and the Proposed Phase-Out.

Note : There is an additional fiscal note associated with this proposal for the administration component, for \$11,625 for computer modifications.

8-GH1022E
Cook
3/8/93

CS FOR HOUSE BILL NO. 81(STA)
IN THE LEGISLATURE OF THE STATE OF ALASKA
EIGHTEENTH LEGISLATURE - FIRST SESSION

BY THE HOUSE STATE AFFAIRS COMMITTEE

Offered:
Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to the longevity bonus program; and providing for an effective
2 date."

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

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

5 (a) A person who is 65 years of age or over, who reached that age before
6 January 1, 1994. and who resides in the state for at least one year immediately
7 preceding application for a longevity bonus under this chapter, may apply to the
8 commissioner of administration for qualification to receive a monthly bonus of \$225
9 [\$250].

10 * Sec. 2. This Act takes effect July 1, 1993.

MEMORANDUM

State of Alaska

Department of Law

TO: Nancy Bear Usera
Commissioner
Department of Administration

DATE: March 5, 1993

FILE NO: 663-93-0335

TEL. NO.: 465-3600

SUBJECT: Constitutionality of
"grandfathering" in
current longevity bonus
recipients and those
who will soon turn 65

FROM: John B. Gaguine *JBG*
Assistant Attorney General
Governmental Affairs - Juneau

You have asked for an opinion as to the constitutionality of the "grandfather" provisions of HB 81 and SB 58. These identical bills, both introduced by the respective rules committee on behalf of the governor, eliminate the longevity bonus for people who turn 65 on or after January 1, 1997. However, they contain "grandfather" provisions that allow persons turning 65 by the end of this year to keep receiving \$250 a month for the rest of their lives; persons turning 65 in 1994 to keep receiving \$200 a month for the rest of their lives; persons turning 65 in 1995 to keep receiving \$150 a month for the rest of their lives; and persons turning 65 in 1996 to keep receiving \$100 a month for the rest of their lives.

The question that these bills raise is whether the "grandfather" provisions violate the equal protection clause of the Alaska constitution, article I, section 1.¹ While we cannot give you a certain answer to this question, we believe strongly that a court would not overturn the "grandfather" provisions if either bill is entitled into law and the provisions were challenged.

Equal protection analysis in Alaska uses a "sliding scale" approach. When a legislative classification impairs an individual's interest, the court first looks at the weight of the that interest. The court then examines the legitimacy of the legislative purpose in enacting the classification. Finally, if the court finds that the interest is legitimate, it examines the "closeness of the fit" between the classification and the purpose. If the individual's interest is not especially weighty, a less-than-perfect fit will be tolerated. Rose v. Commercial Fisheries Entry Commission, 647 P.2d 154, 158-60 (Alaska 1982).

¹ If the provisions pass constitutional muster under the Alaska constitution, they will also pass muster under the federal equal protection clause, part of the Fourteenth Amendment, because the federal clause has been construed as more deferential to legislative enactments than the state clause. Rose v. Commercial Fisheries Entry Commission, 647 P.2d 154, 158 (Alaska 1982).

Nancy Bear Usera
Commissioner
Our File: 663-93-0335

March 5, 1993
Page 2

The Alaska Supreme Court has held that an individual's interest in receiving government benefits is at the bottom of the sliding scale. State v. Anthony, 810 P.2d 155 (Alaska 1991) (permanent fund dividend); Sonneman v. Knight, 790 P.2d 702 (Alaska 1990) (unemployment compensation benefits). The Governor's introduction letter for both bills explains the purpose of the "grandfather" provisions: to protect current recipients, and those reaching age 65 in the next four years, because many of them have counted on the bonus in planning for retirement, and an abrupt termination of the program would cause hardship. Acting to prevent such hardship is obviously a legitimate legislative purpose. Finally, there is a substantial relationship between the purpose of the "grandfather" provisions and those provisions: by "grandfathering" in current recipients and those soon to turn 65, hardship is prevented. The fit is not perfect: there are obviously some current wealthy recipients who would suffer no hardship if their bonus was terminated, and some persons in their fifties who have made retirement plans relying on the bonus. But, as noted, when the individual's interest is at the bottom of the sliding scale, the fit does not have to be perfect. There is here a sufficiently substantial relationship that we are confident a court would not invalidate the "grandfather" provisions.

Our research has not disclosed any Alaska cases concerning the constitutionality of "grandfather" provisions. However, other jurisdictions have upheld such provisions, when there was a reason for them. In City of New Orleans v. Dukes, 427 U.S. 297 (1976), the U.S. Supreme Court upheld a New Orleans ordinance banning pushcart food sales in the French Quarter but allowing pushcart vendors who had operated in the Quarter for eight years to continue operating. Even though only two vendors qualified under this "grandfather" provision, the Court upheld the ordinance, finding it to be a permissible economic regulation "aimed at enhancing the vital role of the French Quarter's tourist-oriented charm in the economy of New Orleans." Id. at 303. Dukes has been widely followed by state and federal courts.

For the above reasons we believe that if HB 81 or SB 58 were enacted into law, and a court were presented with a claim that the "grandfather" provisions of the enactment violate the equal protection clause of the Alaska constitution, the court would reject the challenge and uphold the "grandfather" provision.

If we can be of further assistance, please let us know.

cc: Roberley Waldron
Eileen Plate

STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

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

January 26, 1993

The Honorable Al Vezey
Alaska State Representative
State Capitol
Juneau, AK 99811-1182

JAN 26 1993

Dear Representative Vezey:

Re: Governor's Longevity Bonus Phase
Out Bill SB 58 and HB 81

As you know, this administration has submitted a proposal (SB 58/HB 81) to phase out the Longevity Bonus program. We would like to share with you the reasons for the approach we took in crafting our plan.

It is evident from the Economic Summit and public comments that there is a movement to reduce or do away with some non-needs based programs. The Longevity Bonus program falls into that category and is, therefore, extremely vulnerable. Financial pressure to reduce the cost of the program is building greater every year. We are concerned that the State's ability to grandfather in current recipients is threatened, the more expensive the program becomes. In view of these factors, we believe a solution must be reached this year to protect those currently in the program and to provide for a reasonable phase out period.

The Governor's proposal is a single issue and simple. It pays \$250 per month to all current recipients for life, and transitions in new participants at a reduced amount over a three-year period.

We recognize that since the advisory vote in 1986, there has been significant interest in an "annuity plan" to replace the Longevity Bonus. Several versions of an annuity proposal have been developed. However, many fear that too much time has elapsed since the original annuity proposal to be able to accommodate such a long-term approach. The State has already spent \$88 million more than it would have if the phase out had started in 1986.

January 26, 1993

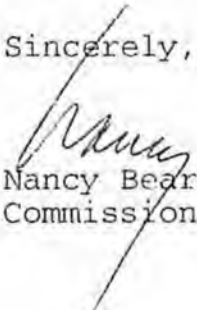
Two other issues regarding the annuity plan concern us. First, investment professionals at the Department of Revenue estimate that an unrealistically high level of participation by Permanent Fund Dividend (PFD) recipients will be necessary to maintain a financially viable program. Second, we are concerned that those most in need of supplementing their senior income will not be able to participate. Many Alaskans use their PFD for living priorities and would be unlikely to set aside their dividends for investment purposes. Accordingly, the plan would serve more as a government subsidized investment program for the more affluent.

We strongly believe it is not in the State's best interest to create a new long-term, open-ended program that is uncertain, costly, and duplicates programs already available through the private sector. We urge you to consider the Longevity Bonus phase out and the annuity option as separate issues.

Enclosed are some summaries which provide more information. If you have any questions or need additional information, please let me know.

Thank you for your consideration of the Governor's alternatives.

Sincerely,



Nancy Bear Usera
Commissioner

NBU/pal

9/2/02611.sf&pf

Enclosures

cc: Kris Lethin
Legislative Liaison
Office of the Governor

Roberley Waldron
Deputy Commissioner
Department of Administration

Division of Pioneers' Benefits
Department of Administration

**GOVERNOR'S PROPOSAL
LONGEVITY BONUS PHASE OUT
TALKING POINTS**

Phase out program

- ~ Grandfathering all current recipients
- ~ End new enrollment with those who turn 65 before January 1, 1997
- ~ Reduce payment for new eligibles over next three years (94 -- \$200; 95 -- \$150; 96 -- \$100)

Origin of program

- ~ Established in 1972 to pay \$100/month to those over age 65 who lived in Alaska prior to statehood (January 3, 1959)
- ~ Intended to provide for Alaskans who helped build our state but didn't have retirement income to stay in Alaska

Program changes

- ~ Vest case (1984) eliminated original residency requirements
- ~ Changes focus of program and made it open ended
- ~ Monthly bonus increased from \$100 to \$250

Program growth and costs

- | | | |
|--------|-------------------|----------------------------|
| ~ 1973 | 4,753 recipients | \$346,100 annual cost |
| ~ 1983 | 9,731 recipients | \$27.5 million annual cost |
| ~ 1986 | 15,763 recipients | \$44 million annual cost |
| ~ 1993 | 23,000 recipients | \$66 million annual cost |
| ~ 2000 | 31,000 recipients | \$93 million annual cost |
- ~ We've spent \$88 million more than we would if the program had been phased out in 1986.
 - ~ Each year phase out is delayed, the total (aggregate through end) cost of the program increases over \$100 million.

Changes for today's seniors

- ~ Alaska's life style and cost of living are now comparable to other states
- ~ More traditional employment opportunities have employer-based pensions
- ~ Social Security benefits have increased
- ~ Medical assistance programs are now available
- ~ ERISA protection for pensions is now provided

- ~ The Permanent Fund Dividend program was initiated
- ~ Senior citizen tax relief is available
- ~ Free and/or subsidized private and governmental services are available for all senior citizens
- ~ OAC grant programs which fund a variety of community based senior services have been initiated

Annuity programs

- ~ After six years of trying, the issue has still not been resolved.
- ~ Government-operated annuity program will require new expenditures and new administrative programs
- ~ The new direct deposit feature for the PFD allows recipients to self-direct dividends to an account of their choice
- ~ Annuity concept requires large pool of participants to ensure financial viability
- ~ The less affluent will be able to invest little or none of their PFD

Time to act

- ~ Current year is a window of opportunity to assure grandfathering of existing recipients
- ~ Ability to provide any transition time is becoming more difficult
- ~ Pressure to terminate all non-needs based benefits is growing

**ALASKA LONGEVITY BONUS
-PHASE OUT
Questions and-Answers**

1. *Whom was the Longevity Bonus intended to serve?*

In 1972 the Legislature established the Longevity Bonus Program to serve seniors who were 25 year residents and lived in Alaska prior to statehood.

2. *What was the purpose of the Longevity Bonus Program?*

"The sole purpose of this chapter is to offer..... an incentive to continue uninterrupted residency in the state." Chapter 205 SLA 1972

3. *What changes have occurred since the creation of the Longevity Bonus Program in 1972 that reduce the need for the program?*

The need for future seniors to rely on the Longevity Bonus has been mitigated by a number of programs/protections that were not available when the Longevity Bonus was created.

- ~ Alaska's life style and cost of living are now comparable to other states
- ~ More traditional employment opportunities have employer-based pensions
- ~ Social Security benefits have increased
- ~ Medical assistance programs are now available
- ~ ERISA protection for pensions is now provided
- ~ The Permanent Fund Dividend program was initiated
- ~ Senior citizen tax relief is available
- ~ Free and/or subsidized private and governmental services are available for all senior citizens
- ~ OAC grant programs which fund a variety of community-based senior services have been initiated

In addition, elimination of the 25 year residency and requirement to be in Alaska before January 3, 1959, (Statehood) has drastically enlarged the group the program was designed to served.

4. *Why phase out the Longevity Bonus program?*

The state budget cannot sustain the projected growth of this program. Current recipients who are dependent on the Longevity Bonus are in jeopardy of eventually losing the benefit if growth is not curtailed. Projections indicate the program will exceed \$100,000,000 in the year 2002.

5. *Why end eligibility with those who are now age 62?*

This provides those with reasonable expectations of receiving the bonus some financial support from the Longevity Bonus. It provides adequate notice to others who have time for planning that the Longevity Bonus will no longer be available.

6. *Isn't a three year phase out short notice?*

Alaskans have been on notice that the Longevity Bonus was not likely to continue since 1986 when the legislature began considering proposals to phase out the program. Therefore, with the proposed three-year phase out, Alaskans will have known for over ten years that it was not likely that the program could be sustained indefinitely.

7. *Will phase out of the Longevity Bonus adversely affect the Alaska economy?*

No. The phase out will be gradual over 41 years so the effect will not be significant. With necessary budget reductions, the funds otherwise spent on the Longevity Bonus will be shifted to other priorities.

8. *In 1986 there was an advisory vote to end the Longevity Bonus and create an annuity program. Why doesn't this proposal contain an annuity plan?*

Economic conditions, investment options, and available technology have changed during the ensuing 7 years. The annuity plan calls for creation of a new government program at a time when it is necessary to downsize government operations. Additionally, Alaskans can now self-direct investment of their PFD to any number of options through direct deposit.

9. *Under other proposals that include an annuity plan, will seniors be guaranteed payment of \$250 per month when they reach age 65?*

Absolutely not. They will receive payments based only upon how much money they actually deposited in the program. The size of monthly payments will depend on the amount of annual investment; number of years in the program; and rate of interest earned. Those who did not invest any portion of their PFD will receive nothing.

10. *What costs has the state incurred by not ending the Longevity Bonus in 1986?*

The state has spent over \$88 million more than it would have if the growth had been held to the \$44 million budget of 1986. Today, the program serves 23,000 recipients and adds an additional \$5 million to the budget annually.

11. *Why will this approach to phasing out the Longevity Bonus program work when others have failed?*

This plan is simple. It is a single issue, not tied to development of new and financially complex programs. It is not dependent on uncertainties of the financial markets. It is sensitive to people's needs. It recognizes the special role of Senior Alaskans. It simply makes sense.

GOVERNOR'S PROPOSAL LONGEVITY BONUS PHASE OUT

The original Longevity Bonus legislation stated, "The sole purpose of this chapter is to offer and provide ... an incentive to continue uninterrupted residency in the state." (Ch. 205, SLA 1972) We propose to phase out the Longevity Bonus Program because:

- ~ Other incentives are now offered that enhance the living conditions of seniors
 - Alaska's life style and cost of living are now comparable to other states
 - More traditional employment opportunities have employer based pensions
 - Social Security benefits have increased
 - Medical assistance programs are now available
 - ERISA protection for pensions is now available
 - The Permanent Fund Dividend program was initiated
 - Senior citizen tax relief is available
 - Free and/or subsidized private and governmental services are available for all senior citizens
 - OAC grant programs which fund a variety of community based services have been initiated
- ~ 25 year residency requirement was struck down, negating the original intent of the program
- ~ It is serving all those who were at least 45 years old when it was passed
- ~ Bonus amount has increased from \$100 to \$250 and will need further adjustment to keep pace with inflation
- ~ Combination of the increased Bonus and more recipients due to shorter residency has made the program too costly
- ~ Limited state resources should be focused on those less able to help themselves
- ~ Alaskans generally agree it's time to phase out the current program

Key Provisions of Proposal

Terms	3-year phase out \$200, \$150, \$100 Grandfather all current recipients
Cost	Declines rapidly after 1996 Set formula allows for accurate budgeting
Administration	No new administrative cost Program ends by 2040
Investment Options for Permanent Fund Dividend (PFD)	Self-directed through direct deposit instructions on PFD application
Effect on Alaska's Seniors	Proposal easily understood Current recipients continue bonus at \$250 Provides for a reasonable transition

LONGEVITY BONUS PHASE OUT PROPOSALS COMPARISON CHART

	GOVERNOR'S PROPOSAL	SENATE BILL 6
TERMS	<ul style="list-style-type: none"> - 3 year phase out - \$200, \$150, \$100 - Grandfather all current recipients 	<ul style="list-style-type: none"> - Estimated 15 year phase out - Bonus declines based on variable factors - Grandfather all current recipients
COST	<ul style="list-style-type: none"> - Declines rapidly after 1996 - Set formula allows for accurate budgeting 	<ul style="list-style-type: none"> - Declines gradually - Declines dependent on PFD and investment income - Additional administrative costs - Variable nature makes budgeting difficult
ADMINISTRATION	<ul style="list-style-type: none"> - No new administrative costs - Program ends by 2040 	<ul style="list-style-type: none"> - New administrative system to determine annual payments within the longevity bonus program - create new government managed and administered annuity investment program - Longevity Bonus administration ends 2040 - New annuity administration open ended
INVESTMENT OPTIONS FOR PERMANENT FUND DIVIDENDS (PFD)	<ul style="list-style-type: none"> - Self-directed through direct deposit instructions on PFD application 	<ul style="list-style-type: none"> - Creates complex state operated annuity program as option for investing PFD - May not have sufficient participation to sustain financial viability
EFFECT ON ALASKA'S SENIORS	<ul style="list-style-type: none"> - Proposal easily understood - Current recipients continue at level they started - Provides for a reasonable transition - Frees resources for other senior needs 	<ul style="list-style-type: none"> - Complex to understand - Annual bonus dependent on PFD and investment income - Dedicates more general funds to non-needs based senior program

**GOVERNOR'S PROPOSAL
LONGEVITY BONUS PROGRAM
PHASE OUT
SUMMARY OF INTENT**

The Alaska Longevity Bonus Program was established in 1972 to pay \$100 per month as a "bonus" to those over age 65 who had lived in Alaska for 25 years and were here at the time of statehood. This was a finite, self liquidating group. The purpose of the program was to "offer and provide.... an incentive to continue interrupted residency in the state." (Ch. 205, SLA 1972) Were the original criteria still in place, those eligible to enroll in the program in 1996 would have been 28 years old at the time of statehood.

At the end of 1973 the program had 4,753 recipients and an annual cost of \$346,100. The program grew at a steady rate up through 1983 when there were 9,731 recipients and an annual budget of \$27,586,750. The \$100 monthly bonus was increased in 1976, 1978, 1981, and 1982 to its current level of \$250 per month. Current projections suggest the annual cost of the ALB will exceed \$90 million in the year 2000 and will pass the \$100 million mark in 2002.

In 1984, the Supreme Court found the residency rules unconstitutional in the Vest case. By the end of 1986 the Longevity Bonus Program had 15,763 recipients with an annual budget of \$44,105,500. Compared to 1983, that represented a 62% increase in recipients and a 60% increase in budget. More important, the Vest case changed the group being served from a finite, self liquidating group (65 years old, 25 years in state, here at time of statehood) to a continually growing group (anyone age 65 with one year residency). Beyond the change in the size of the group, the basic purpose of the Longevity Bonus Program changed. It was no longer a program to provide an incentive to long term Alaskans who helped build our state prior to statehood.

During the years since the creation of the Longevity Bonus, there have been several changes that have improved the economic condition of Alaskan seniors. The federal government passed the Employee Retirement Income Security Act (ERISA) in 1976, Individual Retirement Accounts (IRAs) became widely available, Senior Citizen Property Tax Relief was enacted, property values increased, The Permanent Fund Dividend was established, State income taxes were repealed, and Social Security incomes steadily increased. As a group, those reaching age 65 today, have had the advantage of the economic growth of the past 20 years and are more economically stable than any previous group of seniors.

This proposal protects those who planned their retirement around the Longevity Bonus Program. They will be able to depend on it for the rest of the time they remain in Alaska. The three year transition period before new enrollment is ended allows those close to retirement to receive the Longevity Bonus. It gives future retirees time to make other plans for retirement income. This proposal does not provide for creating a government operated annuity plan. For those who wish to invest their Permanent Fund Dividend to provide for future retirement income, today they can do so by directing the Permanent Fund Dividend Division to send the PFD to a private annuity plan or other investment of their choice. This can be accomplished through direct deposit instructions on the PFD application. This preserves the investment concept without creating a new bureaucracy to implement an insurance type program.

This proposal returns the Longevity Bonus Program to its original goal -- assisting a finite group who may not have remained in Alaska in retirement without this assistance.

Funds Spent on Senior Programs

FY '93 unless otherwise noted

Program	State	Federal	Total
Dept. of Administration			
Longevity Bonus	64,811,700		64,811,700
Pioneer Homes	30,432,500		30,432,500
Older Alaskans Commission	6,053,500	6,486,900	12,523,400
TOTAL DEPT.	101,297,700	6,486,900	107,767,600
Dept. of Health & Social Services			
Supplemental Security Income		3,580,580	3,580,580
Longevity Bonus Hold Harmless	2,194,500		2,194,500
Adult Public Assistance (for aged)	14,600,000		14,600,000
Food Stamps for elderly		165,600*	165,600*
Medicaid home health care	227,800	227,000	455,600
Medicaid nursing homes			
Skilled nursing	2,677,100	2,677,100	5,354,200
Intermediate nursing	16,385,400	16,385,400	32,770,800
General Relief Medical (Nursing Homes)	253,900		253,900
Medicaid Permanent Fund (Hold Harmless)	2,621,200		2,621,200
TOTAL DEPT.	38,959,900	23,035,680	61,996,380
Dept. of Community & Regional Affairs			
Homeowners Property Tax Exemption	2,838,800		2,838,800
Renters Equivalency Rebate	820,000		820,000
Job Training Partnership Act		185,125	185,125
TOTAL DEPT.	3,658,800	185,125	3,843,925
Dept. of Commerce and Economic Development			
Alaska Housing Finance Corporation			
Senior Housing Development	141,100		141,100
Senior Housing Revolving Loan Program		Up to \$30 million in bonds available from AHFC	
TOTAL DEPT.	141,100		141,100
TOTAL ALL DEPARTMENTS	144,057,500	29,707,625	173,765,125

Total number of seniors age 60+ = 35,266. Average benefit per senior = \$4,927.00.

* Estimated figure based on percentage of seniors served

Note: All funding levels are for FY 93 authorized, except for Medicaid and Job Training Partnership Act, which are FY 92 actual.

Additional State Benefits--Revenues Lost	Additional Municipal Benefits--Revenues Lost
Dept. of Transportation, ferry fares: \$540,800	Municipal Tax Exemptions \$8,454,353*
Dept. of Public Safety, vehicle registration: Estimated \$300,000.	*The above information does not include municipal services or discounts for seniors. Municipalities also often offer sales tax exemptions, discounted bus fares and similar programs.
University of Alaska, tuition waiver: \$230,267 estimated	Total number of seniors age 60+ = 35,266. Total revenues lost = \$8,454,353.
Dept. of Fish and Game: waivers of hunting, trapping, and fishing licenses (average cost: \$10.60): \$27,560.	Total average benefit = \$240.
Total additional State benefits = \$1,098,627. Average senior benefit = \$31.15.	

Longevity Bonus Fiscal Note

Analysis of New Program Costs

FY		Cost Increase	Net Increase From Year to Year	Average Monthly ALB Warrants	ALB Grants	Projected Cost of Proposed Changes	Savings to the State
1989	Actual			17,824	53,472,250		
1990	Actual	6.92%	1,234	19,058	57,172,700		
1991	Actual	5.31%	1,012	20,070	60,209,600		
1992	Actual	4.76%	955	21,025	63,073,750		
1993	Projection	5.03%	1,058	22,083	66,249,000	66,249,000	0
1994	Projection	5.03%	1,112	23,195	69,584,250	69,170,302	413,948
1995	Projection	5.03%	1,167	24,362	73,084,500	70,910,273	2,174,227
1996	Projection	5.03%	1,225	25,587	76,760,500	70,621,770	6,138,730
1997	Projection	5.03%	1,287	26,874	80,621,500	67,596,525	13,024,975
1998	Projection	5.03%	1,352	28,226	84,677,000	64,659,990	20,017,010
1999	Projection	5.03%	1,419	29,645	88,936,000	61,653,512	27,282,488

Note - There is an additional fiscal note associated with this proposal for the administration component, for \$11,625 for computer modifications.

House Bill 81
Sectional Analysis

Sec. 1: Provides for phase out of the Longevity Bonus Program.
Specifically:

- a. All current Longevity Bonus recipients and persons reaching age 65 before January 1, 1994, would receive the current \$250 per month bonus payment.
- b. Persons reaching age 65 during calendar year 1994 would receive \$200 per month.
- c. Persons reaching age 65 during calendar year 1995 would receive \$150 per month.
- d. Persons reaching age 65 during calendar year 1996 would receive \$100 per month.

Under current law, all persons 65 or older are eligible to receive a \$250 per month bonus payment.

Sec. 2: Provides that persons must be 65 before January 1, 1997, to receive a bonus payment. Persons turning 65 after that time would not be eligible.

**GOVERNOR'S PROPOSAL
LONGEVITY BONUS PHASE OUT
TALKING POINTS**

Phase out program

- ~ Grandfathering all current recipients
- ~ End new enrollment with those who turn 65 before January 1, 1997
- ~ Reduce payment for new eligibles over next three years (94 -- \$200; 95 -- \$150; 96 -- \$100)

Origin of program

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- ~ Changes focus of program and made it open ended
- ~ Monthly bonus increased from \$100 to \$250

Program growth and costs

- | | | |
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| ~ 2000 | 31,000 recipients | \$93 million annual cost |
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- ~ Ability to provide any transition time is becoming more difficult
- ~ Pressure to terminate all non-needs based benefits is growing

**ALASKA LONGEVITY BONUS
-PHASE OUT
Questions and Answers**

1. Whom was the Longevity Bonus intended to serve?

In 1972 the Legislature established the Longevity Bonus Program to serve seniors who were 25 year residents and lived in Alaska prior to statehood.

2. What was the purpose of the Longevity Bonus Program?

"The sole purpose of this chapter is to offer..... an incentive to continue uninterrupted residency in the state." Chapter 205 SLA 1972

3. What changes have occurred since the creation of the Longevity Bonus Program in 1972 that reduce the need for the program?

The need for future seniors to rely on the Longevity Bonus has been mitigated by a number of programs/protections that were not available when the Longevity Bonus was created.

- ~ Alaska's life style and cost of living are now comparable to other states
- ~ More traditional employment opportunities have employer-based pensions
- ~ Social Security benefits have increased
- ~ Medical assistance programs are now available
- ~ ERISA protection for pensions is now provided
- ~ The Permanent Fund Dividend program was initiated
- ~ Senior citizen tax relief is available
- ~ Free and/or subsidized private and governmental services are available for all senior citizens
- ~ OAC grant programs which fund a variety of community-based senior services have been initiated

In addition, elimination of the 25 year residency and requirement to be in Alaska before January 3, 1959, (Statehood) has drastically enlarged the group the program was designed to served.

4. Why phase out the Longevity Bonus program?

The state budget cannot sustain the projected growth of this program. Current recipients who are dependent on the Longevity Bonus are in jeopardy of eventually losing the benefit if growth is not curtailed. Projections indicate the program will exceed \$100,000,000 in the year 2002.

5. Why end eligibility with those who are now age 62?

This provides those with reasonable expectations of receiving the bonus some financial support from the Longevity Bonus. It provides adequate notice to others who have time for planning that the Longevity Bonus will no longer be available.

6. *Isn't a three year phase out short notice?*

Alaskans have been on notice that the Longevity Bonus was not likely to continue since 1986 when the legislature began considering proposals to phase out the program. Therefore, with the proposed three-year phase out, Alaskans will have known for over ten years that it was not likely that the program could be sustained indefinitely.

7. *Will phase out of the Longevity Bonus adversely affect the Alaska economy?*

No. The phase out will be gradual over 41 years so the effect will not be significant. With necessary budget reductions, the funds otherwise spent on the Longevity Bonus will be shifted to other priorities.

8. *In 1986 there was an advisory vote to end the Longevity Bonus and create an annuity program. Why doesn't this proposal contain an annuity plan?*

Economic conditions, investment options, and available technology have changed during the ensuing 7 years. The annuity plan calls for creation of a new government program at a time when it is necessary to downsize government operations. Additionally, Alaskans can now self-direct investment of their PFD to any number of options through direct deposit.

9. *Under other proposals that include an annuity plan, will seniors be guaranteed payment of \$250 per month when they reach age 65?*

Absolutely not. They will receive payments based only upon how much money they actually deposited in the program. The size of monthly payments will depend on the amount of annual investment; number of years in the program; and rate of interest earned. Those who did not invest any portion of their PFD will receive nothing.

10. *What costs has the state incurred by not ending the Longevity Bonus in 1986?*

The state has spent over \$88 million more than it would have if the growth had been held to the \$44 million budget of 1986. Today, the program serves 23,000 recipients and adds an additional \$5 million to the budget annually.

11. *Why will this approach to phasing out the Longevity Bonus program work when others have failed?*

This plan is simple. It is a single issue, not tied to development of new and financially complex programs. It is not dependent on uncertainties of the financial markets. It is sensitive to people's needs. It recognizes the special role of Senior Alaskans. It simply makes sense.

GOVERNOR'S PROPOSAL LONGEVITY BONUS PHASE OUT

The original Longevity Bonus legislation stated, "The sole purpose of this chapter is to offer and provide ... an incentive to continue uninterrupted residency in the state." (Ch. 205, SLA 1972) We propose to phase out the Longevity Bonus Program because:

- ~ Other incentives are now offered that enhance the living conditions of seniors
 - Alaska's life style and cost of living are now comparable to other states
 - More traditional employment opportunities have employer based pensions
 - Social Security benefits have increased
 - Medical assistance programs are now available
 - ERISA protection for pensions is now available
 - The Permanent Fund Dividend program was initiated
 - Senior citizen tax relief is available
 - Free and/or subsidized private and governmental services are available for all senior citizens
 - OAC grant programs which fund a variety of community based services have been initiated
- ~ 25 year residency requirement was struck down, negating the original intent of the program
- ~ It is serving all those who were at least 45 years old when it was passed
- ~ Bonus amount has increased from \$100 to \$250 and will need further adjustment to keep pace with inflation
- ~ Combination of the increased Bonus and more recipients due to shorter residency has made the program too costly
- ~ Limited state resources should be focused on those less able to help themselves
- ~ Alaskans generally agree it's time to phase out the current program

Key Provisions of Proposal

Terms	3-year phase out \$200, \$150, \$100 Grandfather all current recipients
Cost	Declines rapidly after 1996 Set formula allows for accurate budgeting
Administration	No new administrative cost Program ends by 2040
Investment Options for Permanent Fund Dividend (PFD)	Self-directed through direct deposit instructions on PFD application
Effect on Alaska's Seniors	Proposal easily understood Current recipients continue bonus at \$250 Provides for a reasonable transition

LONGEVITY BONUS PHASE OUT PROPOSALS COMPARISON CHART

	GOVERNOR'S PROPOSAL	SENATE BILL 6
TERMS	<ul style="list-style-type: none"> - 3 year phase out - \$200, \$150, \$100 - Grandfather all current recipients 	<ul style="list-style-type: none"> - Estimated 15 year phase out - Bonus declines based on variable factors - Grandfather all current recipients
COST	<ul style="list-style-type: none"> - Declines rapidly after 1996 - Set formula allows for accurate budgeting 	<ul style="list-style-type: none"> - Declines gradually - Declines dependent on PFD and investment income - Additional administrative costs - Variable nature makes budgeting difficult
ADMINISTRATION	<ul style="list-style-type: none"> - No new administrative costs - Program ends by 2040 	<ul style="list-style-type: none"> - New administrative system to determine annual payments within the longevity bonus program - create new government managed and administered annuity investment program - Longevity Bonus administration ends 2040 - New annuity administration open ended
INVESTMENT OPTIONS FOR PERMANENT FUND DIVIDENDS (PFD)	<ul style="list-style-type: none"> - Self-directed through direct deposit instructions on PFD application 	<ul style="list-style-type: none"> - Creates complex state operated annuity program as option for investing PFD - May not have sufficient participation to sustain financial viability
EFFECT ON ALASKA'S SENIORS	<ul style="list-style-type: none"> - Proposal easily understood - Current recipients continue at level they started - Provides for a reasonable transition - Frees resources for other senior needs 	<ul style="list-style-type: none"> - Complex to understand - Annual bonus dependent on PFD and investment income - Dedicates more general funds to non-needs based senior program

**GOVERNOR'S PROPOSAL
LONGEVITY BONUS PROGRAM
PHASE OUT
SUMMARY OF INTENT**

The Alaska Longevity Bonus Program was established in 1972 to pay \$100 per month as a "bonus" to those over age 65 who had lived in Alaska for 25 years and were here at the time of statehood. This was a finite, self liquidating group. The purpose of the program was to "offer and provide.... an incentive to continue interrupted residency in the state." (Ch. 205, SLA 1972) Were the original criteria still in place, those eligible to enroll in the program in 1996 would have been 28 years old at the time of statehood.

At the end of 1973 the program had 4,753 recipients and an annual cost of \$346,100. The program grew at a steady rate up through 1983 when there were 9,731 recipients and an annual budget of \$27,586,750. The \$100 monthly bonus was increased in 1976, 1978, 1981, and 1982 to its current level of \$250 per month. Current projections suggest the annual cost of the ALB will exceed \$90 million in the year 2000 and will pass the \$100 million mark in 2002.

In 1984, the Supreme Court found the residency rules unconstitutional in the Vest case. By the end of 1986 the Longevity Bonus Program had 15,763 recipients with an annual budget of \$44,105,500. Compared to 1983, that represented a 62% increase in recipients and a 60% increase in budget. More important, the Vest case changed the group being served from a finite, self liquidating group (65 years old, 25 years in state, here at time of statehood) to a continually growing group (anyone age 65 with one year residency). Beyond the change in the size of the group, the basic purpose of the Longevity Bonus Program changed. It was no longer a program to provide an incentive to long term Alaskans who helped build our state prior to statehood.

During the years since the creation of the Longevity Bonus, there have been several changes that have improved the economic condition of Alaskan seniors. The federal government passed the Employee Retirement Income Security Act (ERISA) in 1976, Individual Retirement Accounts (IRAs) became widely available, Senior Citizen Property Tax Relief was enacted, property values increased, The Permanent Fund Dividend was established, State income taxes were repealed, and Social Security incomes steadily increased. As a group, those reaching age 65 today, have had the advantage of the economic growth of the past 20 years and are more economically stable than any previous group of seniors.

This proposal protects those who planned their retirement around the Longevity Bonus Program. They will be able to depend on it for the rest of the time they remain in Alaska. The three year transition period before new enrollment is ended allows those close to retirement to receive the Longevity Bonus. It gives future retirees time to make other plans for retirement income. This proposal does not provide for creating a government operated annuity plan. For those who wish to invest their Permanent Fund Dividend to provide for future retirement income, today they can do so by directing the Permanent Fund Dividend Division to send the PFD to a private annuity plan or other investment of their choice. This can be accomplished through direct deposit instructions on the PFD application. This preserves the investment concept without creating a new bureaucracy to implement an insurance type program.

This proposal returns the Longevity Bonus Program to its original goal -- assisting a finite group who may not have remained in Alaska in retirement without this assistance.

Funds Spent on Senior Programs

FY '93 unless otherwise noted

Program	State	Federal	Total
Dept. of Administration			
Longevity Bonus	64,811,700		64,811,700
Pioneer Homes	30,432,500		30,432,500
Older Alaskans Commission	6,053,500	6,486,900	12,523,400
TOTAL DEPT.	101,297,700	6,486,900	107,767,600
Dept. of Health & Social Services			
Supplemental Security Income		3,580,580	3,580,580
Longevity Bonus Hold Harmless	2,194,500		2,194,500
Adult Public Assistance (for aged)	14,600,000		14,600,000
Food Stamps for elderly		165,600*	165,600*
Medicaid home health care	227,800	227,000	455,600
Medicaid nursing homes			
Skilled nursing	2,677,100	2,677,100	5,354,200
Intermediate nursing	16,385,400	16,385,400	32,770,800
General Relief Medical (Nursing Homes)	253,900		253,900
Medicaid Permanent Fund (Hold Harmless)	2,621,200		2,621,200
TOTAL DEPT.	38,959,900	23,035,680	61,996,380
Dept. of Community & Regional Affairs			
Homeowners Property Tax Exemption	2,838,800		2,838,800
Renters Equity agency Rebate	820,000		820,000
Job Training Partnership Act		185,125	185,125
TOTAL DEPT.	3,658,800	185,125	3,843,925
Dept. of Commerce and Economic Development			
Alaska Housing Finance Corporation			
Senior Housing Development	141,100		141,100
Senior Housing Revolving Loan Program	Up to \$30 million in bonds available from AHFC		
TOTAL DEPT.	141,100		141,100
TOTAL ALL DEPARTMENTS	144,057,500	29,707,625	173,765,125

Total number of seniors age 60+ = 35,266. Average benefit per senior = \$4,927.00.

* Estimated figure based on percentage of seniors served

Note: All funding levels are for FY 93 authorized, except for Medicaid and Job Training Partnership Act, which are FY 92 actual.

Additional State Benefits--Revenues Lost	Additional Municipal Benefits--Revenues Lost
Dept. of Transportation, ferry fares: \$540,800	Municipal Tax Exemptions \$8,454,353*
Dept. of Public Safety, vehicle registration: Estimated \$300,000.	*The above information does not include municipal services or discounts for seniors. Municipalities also often offer sales tax exemptions, discounted bus fares and similar programs.
University of Alaska, tuition waiver: \$230,267 estimated	Total number of seniors age 60+ = 35,266. Total revenues lost = \$8,454,353.
Dept. of Fish and Game: waivers of hunting, trapping, and fishing licenses (average cost: \$10.60): \$27,560.	Total average benefit = \$240.
Total additional State benefits = \$1,098,627 Average senior benefit = \$31.15.	

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Longevity Bonus Program Alternative Funding Proposals

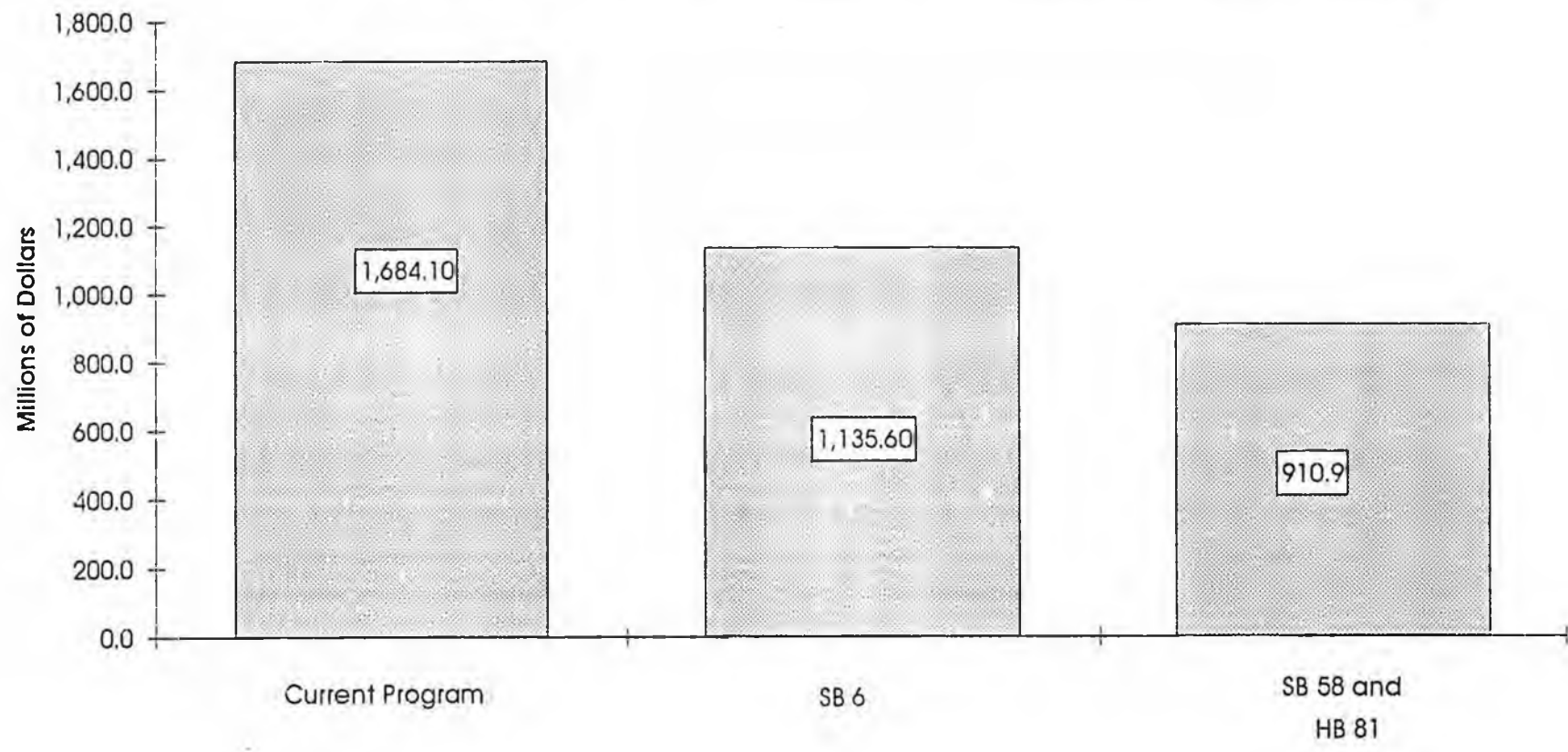
Fiscal Year	Projected Cost		
	Current Program	Senate Bill 6	Senate Bill 58 and House Bill 81
1994	69.6	69.6	69.1
1995	74.8	74.7	70.8
1996	78.2	77.5	71.1
1997	81.2	79.5	69.9
1998	84.4	81.1	66.9
1999	87.5	82.0	63.9
2000	90.8	82.3	60.9
2001	93.9	81.4	57.7
2002	97.1	79.7	54.7
2003	100.4	76.9	51.6
2004	103.8	72.9	48.5
2005	107.5	67.7	45.4
2006	111.9	61.0	42.2
2007	116.9	52.7	39.1
2008	123.1	42.3	36.0
2009	128.9	29.3	33.0
2010	134.1	25.0	30.1

Fiscal Year	Projected Number of Participants		
	Current Program	Senate Bill 6	Senate Bill 58 and House Bill 81
1994	24,059	24,059	24,059
1995	25,864	25,864	25,864
1996	27,021	27,021	27,021
1997	28,081	28,081	26,581
1998	29,188	29,188	25,525
1999	30,266	30,266	24,444
2000	31,408	31,408	23,385
2001	32,456	32,456	22,272
2002	33,557	33,557	21,181
2003	34,704	34,704	20,087
2004	35,880	35,880	18,950
2005	37,153	37,153	17,814
2006	38,675	38,675	16,666
2007	40,428	40,428	15,512
2008	42,572	42,572	14,367
2009	44,559	44,559	13,239
2010	46,376	46,376	12,136

Cumulative Costs Through 2010		
1,684.1	1,135.6	910.9

All dollars in millions

Longevity Bonus Proposals - Cumulative Cost Through Fiscal Year 2010



FISCAL NOTE

STATE OF ALASKA
1993 LEGISLATIVE SESSION

BILL NO. CSHB 81 (STA)

Revision Date: _____
Title: An act relating to the Longevity Bonus

Department Affected: Administration
BRU: Pioneers' Benefits

Sponsor: House Rules Committee
Requestor: State Affairs

Component: Longevity Bonus
Administration
COMPONENT SERIAL NO. 27

Expenditures/Revenues:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL	0	0	0	0	0	0
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

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

Estimate of current year (FY93) impact: 0

ANALYSIS:

Prepared by: Dennis L. DeWitt
Division: Director

Phone: 465-4400
Date: _____

Approved by Commissioner: Nancy Bear Usura
Agency: Administration

Date: 3/11/93

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Audit Report



**A SPECIAL REPORT ON SELECTED
BOARDS AND COMMISSIONS ISSUES**

October 30, 1992



Audit Control Number:

01-4410-93

Division of Legislative Audit

P.O. Box 113300, Juneau, Alaska 99811-3300

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DIVISION OF LEGISLATIVE AUDIT

The Legislative Budget and Audit Committee is a permanent interim committee of the Alaska Legislature. The bipartisan committee is made up of five senators and five representatives, with one alternate from each legislative chamber. The chairmanship of the committee alternates between the two chambers every legislature.

The committee is responsible for providing the legislature with audits of state government agencies. The programs and activities of state government now cost more than \$4 billion a year. As legislators and administrators try increasingly to allocate state revenues effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by the Division of Legislative Audit helps provide that information.

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LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Audit



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October 30, 1992

Members of the Legislative Budget
and Audit Committee:

In accordance with the provisions of Title 24 of the Alaska Statutes, the attached report is submitted for your review.

A SPECIAL REPORT ON SELECTED BOARDS AND COMMISSIONS ISSUES

October 30, 1992

Audit Control Number

01-4410-93

This review addresses selected issues involving boards and commissions. These issues deal with inactivity of some statutorily required boards and commissions; self-sufficiency of those relating to occupational licensing; consistency in compensation of board and commission members, executive directors, and travel reimbursement; executive department commissioner representation; and sunset review provisions.

Fieldwork procedures utilized in the course of developing the findings and discussion presented in this report are discussed in the Objectives, Scope, and Methodology section of this report.

A handwritten signature in cursive script, appearing to read "Randy S. Welker".

Randy S. Welker, CPA
Legislative Auditor

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OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Title 24 of the Alaska Statutes and a special request by the Legislative Budget and Audit Committee, we reviewed selected issues concerning boards, commissions, councils, corporations, and authorities (collectively called boards for this report).

Objectives

Our objective was to analyze selected issues which concern boards. These issues involve board inactivity, sunset review cycles, commissioner representation on certain boards and commissions, consistency between boards in compensation for members and executive directors, and self-sufficiency of licensing boards.

Governor Hickel appointed a task force in October 1991 to also look at issues concerning boards and commissions. Their purpose was to make recommendations on reducing the cost and management demands of boards and commissions. Because the Governor's Task Force on Boards and Commissions recently prepared a draft report after holding public hearings on proposed consolidations and eliminations, we did not duplicate their efforts and reconsider these issues. The results of their review will be acknowledged and also presented in this report.

Scope and Methodology

The scope of our audit encompassed all boards established in state statute and federal law pertaining to Alaska with Alaskan representation on the board. We did not consider temporary task forces, boards, or commissions established with a termination date prior to September 1992. Recommendations for change or repeal in statutes will only include those which require legislative action.

Our methodology varied for the different issues which required analysis:

1. *Our Universe:* We first performed a statutory search of "board" references. We also reviewed the Alaska Administrative Code, Governor's Administrative Orders, legislative resolutions, and the Governor's Boards and Commissions Book.
2. *Board Conditions:* To obtain provisions of board membership, per diem, compensation, staffing, originating legislation, and special issues of each board, we reviewed state and federal law, meeting minutes, past audits, FY 93 conference committee budgets and fiscal notes, and conducted interviews with agency personnel. This information can be found at Appendix A.
3. *Executive Director Compensation:* To evaluate executive director pay, we determined ranges, steps, and pay as noted in the Alaska State Payroll System or through inquiry with agency personnel if the pay is not on the state payroll system. We obtained staff size from conference committee budget information.

4. *Commissioner Representation:* To analyze commissioner representation on boards, we scheduled the various boards which require commissioner representation. Our review required consultation with legislative legal services, analysis of board minutes and commissioner attendance, and discussion with commissioner staff as to participation on certain boards and commissions.
5. *Sunset Reviews.* To evaluate the effectiveness of sunset provision, we contacted national organizations to obtain nationwide trends concerning sunset. We also reviewed sunset audit results, recommendations by the Legislative Auditor, and action taken by the legislature.
6. *Occupational Licensing Self-Sufficiency:* To determine board self-sufficiency, we evaluated costs incurred by the Department of Commerce and Economic Development and tested the reasonableness of costs allocated to the various occupations. Costs allocated to the various occupations are used to determine license fees collected as the funding source for occupational licensee regulation.

Finally, we reviewed the Governor's Task Force on Boards and Commissions' draft report (see Appendix B), transcripts from meetings of the Governor's Task Force, and changes between the preliminary and final recommendations. This was to gain an understanding of actions taken that involve our scope and to avoid duplication of efforts. This included consultation with the Governor's Boards and Commissions staff.

BACKGROUND INFORMATION

For the purposes of our review, there are 145 boards and commissions required by federal and state law. Some boards have as few as 3 members, others have as many as 24 members. Total membership on all boards exceeds 1200.

Boards are administratively placed in executive branch agencies, the legislative branch, the court system, and the University of Alaska. Some boards require appointment by the Governor, others require legislative or agency appointments. Some members are departmental commissioners. Boards often are allowed to appoint an executive director who hires staff to perform necessary duties of the entity. Boards sometimes are subject to sunset requirements, others terminate without consideration of a sunset review.

The nature and funding sources of these boards vary. Some board responsibilities are advisory while others regulate, make legal findings, authorize the issuance of bonds, or oversee the investment of billions of dollars. Funding sources for boards include the general fund, the science and technology fund, the oil spill response fund, corporate receipts, federal receipts, and other restricted receipts.

Agency accounting for board expenditures also varies

Often a board and staff to the board or commission will have their own budget component within the State's budgeting system. Such is the case with the Alaska Industrial Development and Export Authority and the Alaska Energy Authority. Actual board costs with larger authorities may be insignificant when compared to overall operations.

Another example of insignificant board costs include the occupational licensing boards. The primary cost for regulating the occupations is that of the occupational licensing staff. Since occupational licensing boards do not receive compensation, their primary costs are per diem and meeting expenses.

A number of board-related concerns have been expressed

Concerns have been raised in both the executive and legislative branches of government concerning the proliferation of boards and commissions. The Division of Legislative Audit was asked to review selected issues pertaining to boards and commissions. The issues involved duplication of effort, inactivity, inconsistencies in travel, per diem, board compensation, and executive director pay. Additional issues concerned sunset cycles as well as self-sufficiency of selected boards and commissions.

Governor Hickel also had board-related concerns which lead to appointment of the Governor's Task Force on Boards and Commissions in October 1991. One of the Task Force purposes was to make recommendations for reducing the cost and management demands of boards and commissions.

The Task Force reviewed the purpose and intent, the constitutional and statutory accountability, and federal requirements of each board and commission. They had five meetings, one of which was primarily for public testimony. They made recommendations for improving the efficiency of boards and commissions, and determining the necessity for existence. Their report is shown at Appendix B.

To avoid duplication of effort, our analysis of boards and commissions for elimination or consolidation included only those that were not included in the Governor's Task Force Review. Those not included in the Governor's review were primarily those that were inactive, have not been funded, or have had no appointed board members. Differences between our universe and that of the Task Force is that the Governor's Task Force universe of boards and commissions includes those that are temporary, are not established in statutes, or those that have specific termination dates.

I - ELIMINATION OF STATUTORILY ESTABLISHED BOARDS AND COMMISSIONS

Both the Division of Legislative Audit (DLA) and the Governor's Task Force (GTF) reviews identified boards, commissions, corporations, and authorities (collectively called "boards" in this report) that can be eliminated. We have included in this analysis only those that will require legislative action to repeal associated statutory language.

The Governor's Task Force recommended elimination of 11 boards and commissions (see GTF draft report at Appendix B). Six of the 11 boards recommended for elimination were temporary task forces not established in statute. Two of the eleven recommended for elimination automatically terminated with sunset provisions.

The two boards which automatically terminated were the Board of Electrical Examiners, sunset 6/30/91 with wind down through 6/30/92; and the Board of Mechanical Examiners, sunset 6/30/92 with wind down through 6/30/93.

Three of GTF recommendations would require statutory repeal to effect elimination.

All of the boards in the first box above have varying degrees of activity. The Medicaid Rate Advisory Committee appears to be the most active with up to ten meetings a year. Testimony at the GTF indicated that the Medicaid Rate Advisory Commission provides advice on medicaid rate setting to the commissioner. The GTF felt the commissioner could still be advised without having a separate board. The GTF meeting transcripts appear to refer only to elimination of the commission members not the eight full time positions currently budgeted as staff to the commission.

The Telecommunications Information Council (TIC) was recommended for elimination by the GTF primarily due to inactivity. Yet, discussions with TIC members has indicated that the TIC is active with three subordinate committees.

GOVERNOR'S TASK FORCE RECOMMENDED BOARD ELIMINATIONS

1. Medicaid Rate Advisory Commission
2. Telecommunications Information Council
3. Board of Forestry

LEGISLATIVE AUDIT RECOMMENDED BOARD ELIMINATIONS

1. Alaska Manpower Services Council
2. Alaska Resources Corporation
3. Amateur Sports Authority
4. Citizens Review Panel on Permanency Planning
5. Environmental Advisory Board
6. Gas Pipeline Financing Authority
7. Governor's Commission on the Involvement of Young People in Government
8. Governor's Commission on the Administration of Justice
9. Local Citizen Out of Home Care Review Panel
10. Milk Control Advisory Board
11. Rural Affairs Commission
12. Steering Council for Alaska Lands
13. Yukon Taiya Commission

One committee, the Information System Project Review Committee, reviewed system capital projects. This review is required by language adopted in the 1992 capital budget which required certain capital projects funded to be consistent with the short-range and long-range information systems plan developed by the TIC. Since one of the TIC's functions is to prepare short-range and long-range state information system plans, recent legislation implies that the legislature still finds a need for the TIC to exist.

Other GTF public testimony was provided on the Board of Forestry. Although testimony indicated the one meeting held in the last 18 months was productive, other discussion presented by GTF members indicated the board was neither active in marketing nor sales as it should be.

DLA's review results in thirteen inactive boards recommended for elimination

The following chart provides a listing of boards which we recommend for elimination. In order to avoid duplication of effort, we only reviewed statutorily established boards which were not considered in the GTF review. Working with the Governor's Boards and Commissions office, we were able to determine when the latest board members were appointed. We did perform follow-up fieldwork with some agency staff and questioned the need of certain boards and commissions. These boards have neither a budget nor an active board at this time.

BOARD	DUTIES/FUNCTION	REASON FOR BOARD ELIMINATION
1. Alaska Manpower Services Council AS 44.99.010 Original Legislation: Ch. 174, SLA 1975	The purpose of this council is to review and monitor all manpower activities within the state and advise and make recommendations concerning manpower activities to the governor, prime sponsors under the Comprehensive Employment and Training Act (CETA) of 1973, state manpower agencies, and the public.	CETA was replaced by the Job Training Partnership Act in 1983. This council has been inactive since 1983 since it was replaced by the Job Training Council.
2. Alaska Resources Corporation AS 37.12.010 Original Legislation: Ch. 179, SLA 1978	The purpose of the corporation is to effect an orderly wind-up of the corporation's affairs. According to department officials, remaining activities are incidental.	The Board of the Alaska Resources Corporation has not meet recently. The remaining investment portfolio could easily be managed by the Division of Treasury.
3. Amateur Sports Authority AS 05.40.010 Original Legislation: Ch. 115, SLA 1989	The purpose of the Amateur Sports Authority is to promote and develop amateur sports, amateur sports training facilities, amateur sports events, and to provide an equal opportunity by expending an equal amount of money for both sexes in amateur sports in a manner that is commensurate with the interests of both sexes.	This authority is currently inactive and is not planned to be included in the FY 94 budget request.

BOARD	DUTIES/FUNCTION	REASON FOR BOARD ELIMINATION
<p>4. Citizens Review Panel on Permanency Planning</p> <p>AS 47.10.400</p> <p>Original Legislation: Ch. 117, SLA 1990</p>	<p>The purpose of this board is to adopt policies and procedures to carry out its duties, to govern the performance of the duties of the Local Citizen Out of Home Care Review Panel, to oversee training and activities of the local panels, and to make recommendations to the governor on appointments to the local panels. The board is to report to the Legislature by the 10th day of each regular session.</p>	<p>This board is inactive and has not been funded since FY 91. This is a panel to establish procedures for the local panel discussed below.</p>
<p>5. Environmental Advisory Board</p> <p>AS 44.46.030</p> <p>Original Legislation: Ch. 120, SLA 1971</p>	<p>The function of this board is to advise the commissioner of the Department of Environmental Conservation (DEC) in the review and appraisal of programs and activities of state departments. This board is also to recommend to the commissioner persons who, by virtue of outstanding achievement in the field of environmental conservation, merit a certificate of achievement from the commissioner of DEC.</p>	<p>This board was established when DEC statutes were passed in 1971 and has been inactive since 1980. Based on discussions with agency personnel, a nine member board to advise the commissioner in the review and appraisal of other state agencies programs and determine meritorious achievement is not necessary.</p>
<p>6. Gas Pipeline Financing Authority</p> <p>AS 44.82.010</p> <p>Original Legislation: Ch. 90, SLA 1978</p>	<p>The purpose of this authority is to assist in the financing of a gas pipeline through the issuance of revenue bonds. The authority is required to submit to the Legislature a Financial and Alaska Impact Plan which must be approved before any issuance of bonds takes place.</p>	<p>This authority has been inactive since 1980. In January 1980, the authority submitted the required plan which was disapproved by the Legislature.</p>
<p>7. Governor's Commission on the Involvement of Young People In Government</p> <p>AS 44.19.123</p> <p>Original Legislation: Ch. 121, SLA 1971</p>	<p>The purpose of this commission is to establish procedures to enable the commission to annually recommend to the governor promising young men and women from whom the governor may select both governor's interns and youth voting members of state boards and commissions. Two've members are to be appointed by the governor.</p>	<p>Inactive. The Governor's Boards and Commission staff was unable to find any board appointments in their records.</p>
<p>8. Governor's Commission on the Administration of Justice</p> <p>AS 44.19.110</p> <p>Original Legislation: Ch. 88, SLA 1971</p>	<p>The purpose of the commission is to act as the state planning agency under the Federal Crime Control and Safe Streets Act of 1968 and the Juvenile Justice and Delinquency Prevention Act of 1974.</p>	<p>The commission has been inactive since 1983. There is a desire by the Department of Public Safety to revamp the oversight responsibilities envisioned by the enactment of related statutes at AS 12.62. Repeal of this commission should be considered in conjunction with current needs of the department.</p>

BOARD	DUTIES/FUNCTION	REASON FOR BOARD ELIMINATION
<p>9. Local Citizen Out of the Home Care Review Panel</p> <p>AS 47.10.420</p> <p>Original Legislation: Ch. 117, SLA 1990</p>	<p>The purpose of the panel is to review the case plan of each child in the custody of the Department of Health and Social Services (DHSS) who is in a placement other than the child's own home. The goal is to reunite the children with their families by ensuring the services are available and appropriate for reunification and if reunification is not in the best interests of the child, to expeditiously place the child in a secure, permanent home.</p>	<p>A board was appointed yet never met. The Division of Family and Youth Services said that the new legislation was never funded. The division continues to appoint their own local panels to satisfy federal requirements that are separate from local panels defined under this statute.</p>
<p>10. Milk Control Advisory Board</p> <p>AS 03.17.020</p> <p>Original Legislation: Ch. 136, SLA 1962</p>	<p>The purpose of the board is to advise the director of Agriculture in the formulation of policy for the operation of the market program, receive and report complaints and violations of a marketing order, and assist the director in collection of data. The director of Agriculture is to have an accounting made of the funds held by the board at least annually.</p>	<p>This advisory board has only been used a few times in the past 25 years. The last meeting was in the early 1980's.</p>
<p>11. Rural Affairs Commission</p> <p>AS 44.19.101</p> <p>Original Legislation: Ch. 125, SLA 1967</p>	<p>The purpose of the commission is to solicit and receive information, testimony, and documentation regarding rural progress, including land claims. The commission is also to report findings and recommend actions designed to assist the governor in reaching fair and equitable decisions regarding rural affairs. The governor is to appoint not less than 25 nor more than 60 persons to serve on this commission.</p>	<p>Inactive. The Governor's Boards and Commissions records show no appointments since 1976.</p>
<p>12. Steering Council for Alaska Lands</p> <p>AS 38.95.110</p> <p>Original Legislation: Ch. 47, SLA 1977</p>	<p>This steering council is to develop a unified lobbying and informational effort to insure that the land selection rights of the State are fully recognized, that Alaska Natives are provided an economic base in their land, and that Alaska's needs and future requirements are made known to Congress.</p>	<p>The State established this council in response to federal requirements. The federal requirements expired in 1990 and were never reinstated. The state council is inactive.</p>
<p>13. Yukon-Taiya Commission</p> <p>AS 44.19.181</p> <p>Original Legislation: Ch. 85, SLA 1967</p>	<p>This commission was established in 1967 to oversee the initiation of a joint U.S. Canada study of the Yukon-Taiya hydroelectric project and related resource development.</p>	<p>Inactive. This commission was last recorded in the 1976 Governor's Boards and Commissions records.</p>

II - SUNSET

Background

In 1977 the Alaska Legislature created the state sunset law with the intent to establish systematic legislative oversight of specific programs and activities of the State. Alaska's law was patterned after the Colorado sunset legislation. Thirty-five other states also adopted sunset laws between 1976 and 1982.

Twelve states have either suspended or terminated their sunset review procedures. Reasons for the trend away from sunset focus on the following:

1. Inability to measure actual savings resulting from sunset review recommendations.
2. Objections of private interest group to the criticism and possible elimination of certain boards.
3. Lack of resources provided to undertake extensive work required by the law.
4. Repeat reviews of the same program are not felt to be cost effective.

While most other states' sunset laws only addressed boards and commissions, Alaska law includes boards, commissions, and various state programs. Boards and commissions subjected to sunset review are outlined in AS 44.66.010 and 08.03.010. Sunset provides for the automatic termination of a board unless specifically reauthorized by the legislature. The legislature completes performance reviews of selected sunset programs at least every four years.

Since the inception of Alaska's sunset process in 1977, the legislature has performed 106 sunset reviews. The Division of Legislative Audit has recommended termination 15 times. The Legislature has actually terminated boards six times, two of the six involve a recreated board. Terminations through sunset do not necessarily result in cost savings since professional licensees often pay for the cost of regulation through licensing fees.

The main benefit of sunset is government responsiveness and accountability

The Colorado chapter of Common Cause, who designed the first sunset laws, felt such laws represented an effort to hold government accountable. The Alaska process has resulted in improved efficiency in the operation of many boards, commissions, and programs. These entities are also more aware and responsive to public's best interest. Recommendations for improvement made by the auditors are normally partially or fully implemented. These improvements in programs reviewed under sunset legislation have proved to be more beneficial than any cost savings from terminating state programs or boards.

These benefits of sunset can continue to be recognized yet we believe the improvements can be made to the review process.

PROPOSED SUNSET SCHEDULE

June 30, 1994	June 30, 1995	June 30, 1996	June 30, 1997	June 30, 1998
	Board of Governors of the Alaska Bar Association (AS 08.03.010(2))		Council on Domestic Violence and Sexual Assault (AS 44.66.010(11))	
Code Revision Commission (AS 44.66.010(8))	Mechanical Examiners, Board of (AS 08.03.010(15))	Marital and Family Therapy, Board of (AS 08.03.010(14))	Certified Real Estate Appraisers, Board of (AS 08.03.010(7))	Marine Pilots, Board of (AS 08.03.010(13))
Citizen Review Panel on Permanency Planning (AS 44.66.010(17))	Hazardous Spill Technology Review Council (AS 44.66.010(19))	Certified Direct Entry Midwives, Board of (AS 08.03.010(6))	Alaska Women's Commission (AS 44.66.010(12))	Board of Parole (AS 44.66.010(3))
Storage Tank Assistance, Board of (AS 44.66.010(18))	Big Game Commercial Services Board (AS 08.03.010(5))	Dental Examiners, Board of (AS 08.03.010(10))	Barbers and Hairdressers, Board of (AS 08.03.010(4))	Pharmacy, Board of (AS 08.03.010(20))
Business Assistance Division, Alaska Industrial Development and Export Authority (Section 4, Ch. 162, SLA 1988)				
June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003
Older Alaskans Commission (AS 44.66.010(10))		Alcoholic Beverage Control Board (AS 44.66.010(1))		Alaska Public Utilities Commission (AS 44.66.010(4))
Special Education Services Agency (AS 44.66.010(14))	Public Accountancy, Board of (AS 08.03.010(1))	Psychologists and Psychological Associate Examiners, Board of (AS 08.03.010(22))	State Medical Board (AS 08.03.010(15))	Optometry, Board of Examiners in (AS 08.03.010(19))
Real Estate Commission (AS 08.03.010(23))	Clinical Social Work Examiners, Board of (AS 08.03.010(9))	Nursing Home Administrators, Board of (AS 08.03.010(18))	Nursing, Board of (AS 08.03.010(17))	Dispensing Opticians, Board of (AS 08.03.010(11))
	Architects, Engineers and Land Surveyors, Board of Registration for (AS 08.03.010(3))	Veterinary Examiners, Board of (AS 08.03.010(24))	Physical and Occupational Therapy, Board of (AS 08.03.010(21))	Chiropractic Examiners, Board of (AS 08.03.010(8))

Alaska has the most restrictive time period for its sunset review cycle

Alaska Statute 08.03.020 provides that a board may be continued or reestablished by the legislature for a period not to exceed four years unless the board is continued or reestablished for a longer period under AS 08.03.010. AS 44.66.010 says that a commission may be continued for a period not to exceed four years.

Most of the 24 sunset states have made major modifications to their sunset statutes. Agency reestablishment has normally ranged from 4 to 13 years.¹ The average review cycle considering all sunset states is eight years with many states going to review cycles of ten years or longer.

A look at the Alaska sunset cycle shows that of the 37 sunset entities, 17 (or 46%) have 1993 termination dates. Because the State of Alaska's sunset cycle is four years, the remaining 54% are divided over the remaining three years. The terms established by law are not sufficiently staggered to allow efficient completion of the necessary audits.

The cycle for reestablishment after the first sunset should be increased

We recommend that the review cycle for boards, after the first review, be extended from four to 10 years. Determination of public need which is the primary purpose of sunset has typically been established during the first review cycle. After the first review, boards are aware of the review process and are more likely to perform their duties in a more efficient manner.

Increasing the number of years between reviews places less demand on the limited audit resources of the State. Yet, enhanced legislative understanding of agency needs and activities, and effective and independent legislative oversight of executive agencies would continue to be achieved.

The chart on the previous page presents our suggested agency sunset review termination dates. Those boards shown in the latter part of the 10 year cycle are primarily those that have consistently been found to satisfy a public purpose and have demonstrated their ability to conduct their business in a satisfactory manner. Deficiencies noted for these boards have been relatively minor and recommended improvements for the most part are "housekeeping" in nature.

The boards shown in the early part of the sunset cycle are those that have not been subjected to an initial sunset audit, have had deficiencies not considered minor, or have been recommended for sunset by the GTF on Boards and Commissions. The GTF recommended that three boards shown in the sunset statutes not be extended past their sunset termination date. These boards are the Code Revision Commission which sunsets June 30, 1993;

¹*Sunset: A Survey and Analysis of the State Experience.* January/February 1990.

Hazardous Substance Spill Technology Review Council which sunsets June 30, 1994; and the Board of Storage Tank Assistance which sunsets June 30, 1996. We have scheduled them into the earliest portion of the sunset cycle.

Finally, the five largest programs for which sunset audits are required were staggered every other year over the ten year cycle. The boards with the most recent audit were put in the latter part of the cycle. Those without current audits were put in the early part of the cycle. The Alaska Tourism Marketing Council and the Tourism Coordinating Committee are currently under their first sunset review by the Division of Legislative Audit. The audit reports will separately recommend sunset extension dates, if deemed appropriate.

Authority exists under AS 24.20 to request performance reviews or special audits of any program under AS 08.03 or AS 44.66 if the legislature believes evaluation is necessary prior to the regular sunset review cycle. This provides an alternative means to evaluate certain boards and agency functions as necessary.

The legislature may want to consider removing some of these boards from sunset

Certain boards and commissions are required by the Alaska Constitution or by federal mandate. The constitution requires the State to have a parole system and the Parole Board has been determined by Alaska and other states to be the most efficient method of providing that system. Also, the Older Alaskans Act requires the State to have an Older Alaskans Commission or other senior advocacy agency. Finally, the federal Medicaid program requires a Board of Nursing Home Administrators. The legislature should consider removing these boards from the sunset process in recognition of these overriding influences.

Certain sunset review statutes are no longer applicable and should be repealed

We recommend the repeal of AS 44.66.020 - .030. These statutes are no longer applicable. This portion of the sunset statutes sets out provisions for the termination of programs selected by the legislature. However, there were no programs selected for sunset under these provisions. As a result, according to legislative counsel, the statutorily specified time such program could be selected has expired, and this portion of the statute is no longer valid.

III - COMMISSIONER REPRESENTATION ON BOARDS

The commissioners of the Departments of Revenue, Commerce and Economic Development, Health and Social Services, and Community and Regional Affairs are each required by statute or designated by the governor to be members of as many as twelve boards or commissions. This does not include temporary task forces, cabinets, or other bodies not dictated by statute for which they are asked or assigned to be members. The legislature should be aware that it may be impossible to attend all meetings of the bodies on which their membership is required.

Because of the demands of their positions, all commissioners designate others to serve in their place on certain boards. Statutes regarding a commissioner's authority to appoint designees to certain boards are inconsistent, vague in many instances, and non-existent in others. The strictest statutory language can be found in the Alaska State Pension Investment Board established by Chapter 31, SLA 92. Statutory language in AS 37.10.210 (h) states that a trustee may not designate another person to serve on the board in the absence of the trustee. This is the only board with a specific statutory prohibition on designation.

Conversely, AS 37.13.050 requires two commissioners to serve as trustees of the Alaska Permanent Fund Corporation. The statutes are silent regarding authority to designate representation on the board. We note that we are not aware of any instance in the corporation's history that a designation has been exercised.

The Alaska Energy Authority statutes read in part that the board for the Authority is to be comprised of "*three commissioners of principal executive departments appointed by the governor.*" The statutes are silent on the authority of these commissioners to delegate their responsibilities. Yet, a review of Board of Director meeting minutes indicated that at a July 21, 1992 meeting, all three commissioners had delegated their responsibilities to either assistant or deputy commissioners, or to a regional director.

The table on the right lists boards for which statutes are silent regarding designated representatives. We have shown some of the more significant boards in bold type. Special attention should be made of boards with investment or bonding authority.

STATUTES SILENT REGARDING DELEGATION

Amateur Sport Authority
Alaska Energy Authority
Correctional Industries Commission
Environmental Advisory Board (inactive)
State Geographic Board
Governor's Commission on the
Administration of Justice (inactive)
Hazardous Substance Spill Technology
Review Council
Municipal Bond Bank Authority
North Pacific and Bering Sea
Fisheries Advisory Board
Alaska Permanent Fund Corporation
Alaska Railroad Corporation
Alaska Resources Corporation (inactive)
Royalty Oil and Gas Development Advisory Board
Alaska Student Loan Corporation
Tourism Marketing Council
Water and Wastewater Works Advisory Board
Water Resources Board

Other statutes explicitly allow for delegation. Membership statutes (AS 44.88.030(b)) for the Alaska Industrial Development and Export Authority (AIDEA) allow a commissioner who is unable to attend a meeting of the authority to designate a deputy or assistant to act in the member's place at the meeting. Yet, even with specific delegation requirements, our review of AIDEA meeting minutes shows delegation by the commissioner of the Department of Commerce and Economic Development to the interim director of the Alaska Energy Authority who would not be considered an assistant or deputy commissioner. Commissioners should

be aware that an appropriate delegation may be crucial in the event a vote of the board is challenged. The chart above right lists those boards with specific delegation authority.

The most common delegation language for *commissioner or the commissioner's designee*. The table to the right lists those boards with this general language.

The validity of the various types of delegatory authority is uncertain. According to Legislative Counsel, the appointment power of the governor is also a key issue as decided in a case about the Medicaid Rate Commission. In summary, the courts held that the phrase "appointed by the governor" supersedes any specific delegation language as well as any general delegation provisions of statute. That is, as a general rule, if the statutes establishing a board or commission say that the members are all appointed by the governor, then its members may not delegate their positions even if the statutes refer to designees.

We recommend that the legislature take the action necessary to clarify and reaffirm the power of designation for those boards deemed appropriate. Where statutes are currently silent regarding delegation authority, we recommend that specific language be added either allowing or prohibiting designees.

STATUTES ALLOWING A SPECIFIC DELEGATION

Alaska Coastal Policy Council
 Gas Pipeline Financing Authority (inactive)
 Alaska Housing Finance Corporation
 Alaska Industrial Development and Export Authority
 Alaska Medical Facility Authority (inactive)
 Alaska Sentencing Commission
 Alaska Soil and Water Conservation Board
 Telecommunication Information Council

STATUTES ALLOWING DESIGNEE

Aerospace Development Corporation
 Bald Eagle Preserve Advisory Council
 Domestic Violence and Sexual Assault
 Emergency Response Commission
 Fisherman Fund Advisory and Appeals Council
 Board of Marine Pilots
 Mental Health Board
 Older Alaskans Commission
 Permanency Planning Commission
 Police Standards Council
 Storage Tank Assistance
 Tax Commission, Multistate

IV - BOARDS WITH EXECUTIVE DIRECTORS

Executive director positions are responsible for serving as a chief administrative officer for the board. Most executive director positions are responsible for selecting and employing staff to meet the goals and objectives established by law for the specific entity. Our review indicated that although executive director/secretary positions are established in statutes, salaries are not. Selection of executive directors and establishment of their salaries are normally dictated by the Board of Directors.²

On the following page, we have presented an analysis of executive director salaries. This analysis is presented to provide background to legislators during deliberation on personal services budgets. This table indicates a number of inconsistencies exist. For example, there is no correlation between executive directors and staff size. There is also no consistency of the salary ranges at which executive directors are hired. There is sometimes no correlation between pay "step" and longevity.

Examples are shown of an executive director with one staff member paid at a higher range than an executive director with 85 staff members. Administrative management skills are required by the executive director of all entities, yet administrative management skills are only a part of what is required for executive directorship.

Pay does not reflect only administrative management skills

Significant differences in executive director pay results from expertise required for certain positions. As an example, the Alaska Permanent Fund Corporation Executive Director is responsible for investing \$13 billion. Other unique characteristics are reflective in some positions such as with the Aerospace Development Corporation. In order for Alaska to attract the expertise necessary to ensure success of the corporation, the salary must be competitive on the market.

"Step" of executive director may or may not reflect longevity

In most state jobs, the "step" of an individual's pay is indicative of the longevity of the individual's employment with the State (evidenced by the step of the executive director of the Alcoholic Beverage Control Board). Yet, sometimes the step is not reflective of the incumbents longevity in the position. The step was used to increase pay at the range specified for that position. As an example, the Alaska Seafood Marketing Institute executive director was hired in December 1991 and the Aerospace Development executive director started in August 1992. Neither "K" step is indicative of longevity.

² Examples of entities where the executive director is not hired by the board are: (1) the Alcoholic Beverage Control Board whose executive director is hired by the governor; and (2) the Medicaid Rate Advisory Commission.

EXECUTIVE DIRECTORS					
ENTITY	AGENCY	RANGE & STEP	ANNUAL SALARY & BENEFITS	STAFF SIZE	
				FT	PT
Alaska Railroad Corporation	DCED	Not Disclosable	Not Disclosable		
Alaska Housing Finance Corporation	DOR	OTS ¹	\$151,400	138 ²	1
Alaska Permanent Fund Corporation	DOR	OTS	\$149,600	23	0
Alaska Science and Technology Foundation	DOR	28M	\$133,400	4	0
Alaska Aerospace Development Corporation	DCED	29K	\$128,300	2	0
Alaska Industrial Development and Export Authority	DCED	28J	\$116,100	22	0
Alaska Energy Authority	DCED	28J	\$116,100	71	2
Alcoholic Beverage Control Board	DOR	26K	\$111,500	6	0
Alaska Seafood Marketing Institute	DCED	26K	\$111,500	14	0
Municipal Bond Bank Authority	DOR	28E	\$108,000	1	0
Older Alaskans Commission	DOA	26F	\$106,900	11	1
Medicaid Rate Advisory Commission	DHSS	25F	\$102,000	7	0
Alaska Commission on Postsecondary Education	DOE	27D	\$101,800	85	1
Parole Board of	DOC	23L	\$100,200	4	0
Commission on Judicial Conduct	Court	26D	\$ 99,300	1	1
Human Rights Commission	OG	26D	\$ 97,700	14	1
Alaska Police Standards Council	DPS	23J	\$ 95,500	1	1
Alaska Bar Association	Court	OTS	\$ 93,900	15	0
Alaska State Council on the Arts	DOE	23J	\$ 91,900	2	2
Alaska Public Utilities Commission	DCED	26B	\$ 91,800	39	0
Alaska Public Offices Commission	DOA	24D	\$ 90,800	9	1
Alaska Tourism Marketing Council	DCED	24C	\$ 86,400	1	0
Council on Domestic Violence and Sexual Assault	DPS	24A	\$ 83,900	3	0

¹OTS indicates that the pay range is off the salary scale for state workers.

²The staff size shown for the Housing Finance Corporation is pre-merger with the Alaska State Housing Authority.

EXECUTIVE DIRECTORS					
ENTITY	AGENCY	RANGE & STEP	ANNUAL SALARY & BENEFITS	STAFF SIZE	
				FT	PT
Citizen's Advisory Commission on Federal Areas in Alaska	DNR	20E	\$ 83,000	1	0
Alaska Mental Health Board	DHSS	22D	\$ 79,400	2	1
Alaska Public Broadcasting Commission	DOA	22B	\$ 72,500	1	0
Nursing, Board of	DCED	18K	\$ 70,100	1	0
Storage Tank Assistance, Board of	DEC	21B	\$ 69,700	0	0
Citizens' Oversight Council on Oil and Other Hazardous Substances	Leg	21A	\$ 67,400	0	0
Alaska Soil and Water Conservation Board	DNR	21A	\$ 65,400	0	0
Medical Board	DCED	18E	\$ 63,400	0	0
Real Estate Commission	DCED	18E	\$ 63,400	0	0

Other boards statutorily allow an executive director or other similar staff, yet an executive director was not funded for FY 93. These boards are:

- Amateur Sports Authority
- Alaska Commission on Children and Youth in Alaska
- Gas Pipeline Financing Authority
- Governor's Commission on the Administration of Justice
- Historical Commission, Alaska
- Medical Facility Authority
- Mental Health Trust Authority
- Sentencing Commission, Alaska
- Women's Commission, Alaska

Benefit rates in the schedule above were calculated using the Governor's Division of Budget Review Position Authorization and Control System (PACS) listing submitted with the Governor's Budget request for FY 93. Dollar amounts were rounded to the nearest \$100.

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V - BOARD CONSOLIDATION

We reviewed draft recommendations prepared by the Governor's Task Force on Boards and Commissions on page 6 of Appendix B. The consolidations and related statutory citations are presented below. Members of the Governor's Task Force reviewed background information on each board in order to gain an understanding of the function and purpose of each board's existence. The Governor's Boards and Commissions staff initially recommended the consolidation of 77 boards combined into 20. The Task Force's draft report recommends consolidation of 19 boards into 8.

The Governor's Boards and Commissions office stated that they did not have a summary analysis which provides reasons for the recommended consolidation of boards and commissions. Through review of transcripts of task force meetings, we have summarized our understanding of the Task Force's reasoning for consolidation.

We have not performed additional audit work to confirm the appropriateness of these combinations or possible ramifications of the consolidations.

1. Primary Board: **Board of Education**

Combining Boards: Board of Education, AS 14.07.075
Block Grant Advisory Committee, PL 100-297

Reason for Combination: The Board of Education can assume responsibilities of the Block Grant Advisory Committee while maintaining federal funding. Cross members are on both the Board of Education and Block Grant Advisory Committee. The Governor's Task Force transcripts indicated that "*the Board of Education already serves as their members.*"

No legislative action is necessary to effect this consolidation as the Advisory Committee has no statutory standing.

2. Primary Board: **Soil and Water Conservation Board**

Combining Boards: Water Resources Board, AS 46.15.190
Soil and Water Conservation Board, AS 41.10.040

Reason for Consolidation: The Water Resources Board is an advisory board to the governor on all matters relating to the use and appropriation of water in the State. The Soil and Water Conservation Board advises the commissioner, the governor, and/or the soil and water conservation districts concerning soil and water resources of the State. Duties of the Water Resources Board are advisory and can be absorbed by the Soil and Water Conservation Board.

3. Primary Board: **Alaska Historical Commission**

Combining Board: Alaska Historical Commission, AS 41.35.300
Historical Sites Advisory Committee, AS 41.35.110
State Geographic Board, AS 44.19.054

Reason for Consolidation: The Alaska Historical Commission and Historical Sites Advisory Commission are both historically focused. The State Geographic Board is responsible for naming geographical areas and since names often come from a historical perspective, this was considered a feasible combination.

4. Primary Board: **Human Resources Investment Board**

Combining Boards: Governor's Council on Vocational and Career
Education, AS 14.35.010
Employment Security Advisory Council, AS 23.20.025
Job Training Council, PL 97-300

Reason for Consolidation: There has been a trend nationally to set up umbrella councils to oversee human resources issues such as job training and employment. All three boards have educational aspects. Due to similarities of these three councils, this would alleviate some duplication of effort.

5. Primary Board: **Human Relations Commission**

Combining Boards: Alaska's Women Commission, AS 44.19.165
Juvenile Justice and Family Services Advisory Committee,
CFDA 16.540
Alaska Commission on Children and Youth, AS 44.19.521

Reason for Consolidation: These three commissions deal with human relations issues. Initially it was proposed to have a Commission of Women, Men, and Children yet was later renamed the Human Relations Commission. All deal with human relations issues.

6. Primary Board: **Older Alaskans Commission**

Combining Boards: Older Alaskan Commission, AS 44.21.200
Alaska Pioneers' Home Advisory Board, AS 44.21.100

Reason for Consolidation: (We were unable to identify specific reasons offered by the Task Force.) The commissioner of Administration has expressed concern with this proposed consolidation citing dissimilar responsibilities of the boards.

7. Primary Board: **Board of Fisheries**

Combining Board: Board of Fisheries, AS 16.05.221
Pacific Marine Fisheries Commission, AS 16.45.020

Reason for Consolidation: This combination would allow Alaska's representative on the Pacific Marine Fisheries Commission to be appointed from the membership of the Board of Fisheries.

8. Primary Board: **Alaska Science and Technology Foundation**

Combining Boards: Science and Technology Foundation, AS 37.17.040
Science and Engineering Advisory Commission
Foundation, AS 44.19.255

Reason for Consolidation: With this combination, the Alaska Science and Technology Foundation would assume the advisory role of the Science and Engineering Advisory Foundation. The change would require the Foundation to annually provide an advisory report on science and engineering to the governor.

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