

off the record

a weekly way to stay in touch

a legislative
update from

Senator Kim Elton

Room 115, State Capitol, Juneau, AK 99801 * 465-4947 * 465-2108 FAX * March 7, 2003

Longevity bonus cut stuns Alaska's seniors

Friday, I sent a letter to nearly 1,000 Juneau residents outlining my opposition to the governor's suggested elimination of the longevity bonus.

I oppose the governor's proposed cut for two reasons: it violates the moral commitment made by a previous legislature and administration to 'phase out' instead of 'pull the rug out'; and elimination of the bonus ultimately hurts communities.

More than a decade ago, the legislature promised senior Alaskans (most of whom live on fixed incomes) that the program would be phased out. No new Alaskans are added to the program so the cost drops significantly each year. That phase out commitment made sense then and makes sense now. It is fundamentally unfair to change the rules.

But the governor's decision also has profound effects on Alaska communities—not just senior Alaskans. The longevity bonus has made it possible for many Alaskans to continue to live in Alaska where they spend not just the longevity bonus dollars but Social Security income, PERS and TERS and other retirement checks, investment earnings, and health insurance dollars.

Those senior dollars ricochet through local hair salons, restaurants, grocery stores, dentist's offices, and hardware stores. I'm very concerned that senior Alaskans will be forced into making an economic decision to move to cheaper locales like Sun City or Sequim. Lower 48 merchants certainly will appreciate the retirement incomes now being spent up here and I suspect, as the song goes, "we won't know what we had 'til its gone."

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That was then, this is now

Oil was going to fill the sails of the Ship of State. But that was before the governor unveiled his budget plan.

This is now. The Ship of State has become a skiff. Working Alaskans are handed the oars. Seniors and students are being asked to swim.

The governor's rhetoric did not match his budget request. In his state of the state address at the beginning of the session the governor said he had only one word for the fiscal challenges ahead—"oil". In the budget address delivered Wednesday, 40 days after the state of the state, oil wasn't mentioned but taxes were. So were cuts.



"I support full and equitable funding for all of Alaska's public schools." Frank Murkowski, August, 2002. That was then. This is now. The governor's budget presented Wednesday not only doesn't cover the erosion of inflation, it cuts \$10 million from learning opportunity grants which support K-12 classrooms; eliminates the community school program; forces local school districts to shift \$10.7 million from classes to pupil transportation services previously funded by the state; and eliminates the state's only accredited correspondence program.

"Safe schools also mean schools that are kept in good repair." Frank Murkowski, August, 2002. That was then. This is now. In his budget address to the legislature Wednesday, the governor failed to mention that the state is cutting general funds from the school debt reimbursement program that bonds for school repairs.

"There is no need now to take money away from hard working Alaskans." Frank Murkowski, October, 2002. That was then. This is now. In his budget address the governor asked the legislature to: hike the gas tax by 150 percent (to 20 cents a gallon) on Alaskans who drive to work; add a \$10 surcharge on studded snow tires; and cut municipal assistance forcing mayors and city councils to boost local taxes.

"Increasing taxes on the people, which is to me a negative on the economic potential of the state attracting investment or if you want to concentrate on growing the economy." Frank Murkowski, August, 2002.

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this is now...

That was then. This is now. In his budget address the governor asked the legislature to increase business license fees by a factor of eight (a hair salon will still pay the same amount as BP).

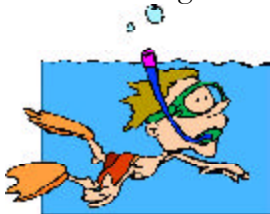
"But I'm firmly committed to the belief that the wrong way is the tax way." Frank Murkowski, August, 2002. That was then. This is now. In his budget address, the governor asked the legislature to choose between a seasonal sales tax or an annual paycheck tax of \$100.

"I can tell you right now, very clearly, my commitment is not to have broad based increases of taxes as a solution to Alaska's fiscal problem—period." Frank Murkowski, August, 2002. That was then. This is now. In his budget address to the legislature the governor listed the previously enumerated sales tax, payroll tax, motor fuel tax, business fees, and \$10 per studded snow tire tax.

"I will evaluate an oil price protection program that locks in state oil revenues while prices are high." Frank Murkowski, October, 2002. That was then. This is now. In his budget address the governor recovers dollars from older Alaskans by eliminating the longevity bonus but does not recover dollars from oil companies whose profit margins are enormous when oil is at \$35 to \$40 per barrel.

"I will fundamentally change our oil and gas policies by . . . demanding development of known commercial oil reserves currently held under state leases." Frank Murkowski, October, 2002. That was then. This is now. In his budget address to the legislature, the only financial sacrifices are imposed on working Alaskans, school children, and pioneers.

"I will review and improve management of our financial assets and investment agencies such as AHFC, AIDEA, and the Alaska Science and Technology Fund (ASTF). These organizations are important economic engines for Alaska and should not be overlooked in any plan to increase revenues." Frank Murkowski, October, 2002. That was then. This is now. In his budget address to the legislature, the governor calls ASTF a failure and says he is transferring the ASTF endowment "to the general fund" and eliminating its business incubator programs.



This list of promises made and budget moves suggested is from just a cursory reading of the governor's previous comments and the governor's FY 2004 budget. The bad news is the dichotomy between the rhetoric and the reality will only grow as we begin to wade through the budget documents.

I think most of us were hoping that the new governor was right when he suggested we could grow our way out of the gap between income and spending without taxes. I think most of us are disappointed that his reality has shifted and, as Gov. Steve Cowper said soon after his happy face campaign ended, "all bets are off."

(This newsletter recaps remarks I made on the floor of the Senate Thursday, the day after Gov. Murkowski delivered his state of the budget address.)

Longevity bonus...

I also believe the governor fundamentally misunderstands the longevity bonus program when he says, as he did in his state of the budget speech Wednesday, that there is a safety net for seniors who lose the longevity bonus, including "Adult Public Assistance". First, we don't consider the bonus to be a substitute for welfare. In fact, the Adult Public Assistance program doesn't even count the bonus toward eligibility.

Capitol Undercurrents

'Nuff said—The Senate Labor and Commerce Committee has considered and forwarded to the full Senate the name of Timothy Bowser, a Soldotna veterinarian, as a candidate for the state's veterinary board.

Librarians know it all—I was a luncheon guest Friday at a convention of librarians from around the state. My tablemates spent part of the time over Cobb salads telling librarian stories. One college librarian told of a student with a confused look on his face standing in front of a card catalog (that kind of dates the story—I haven't seen a card catalog for well over a decade). When asked if he needed assistance, the college student said: "I can't remember if 'M' comes before 'S'." After rueful laughs, another librarian, ready to tell one of her stories, said: "I know about S&M but . . ."



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