

State of Alaska

Office of Management and Budget

SB55 – Employer Contributions to PERS

February 22, 2021

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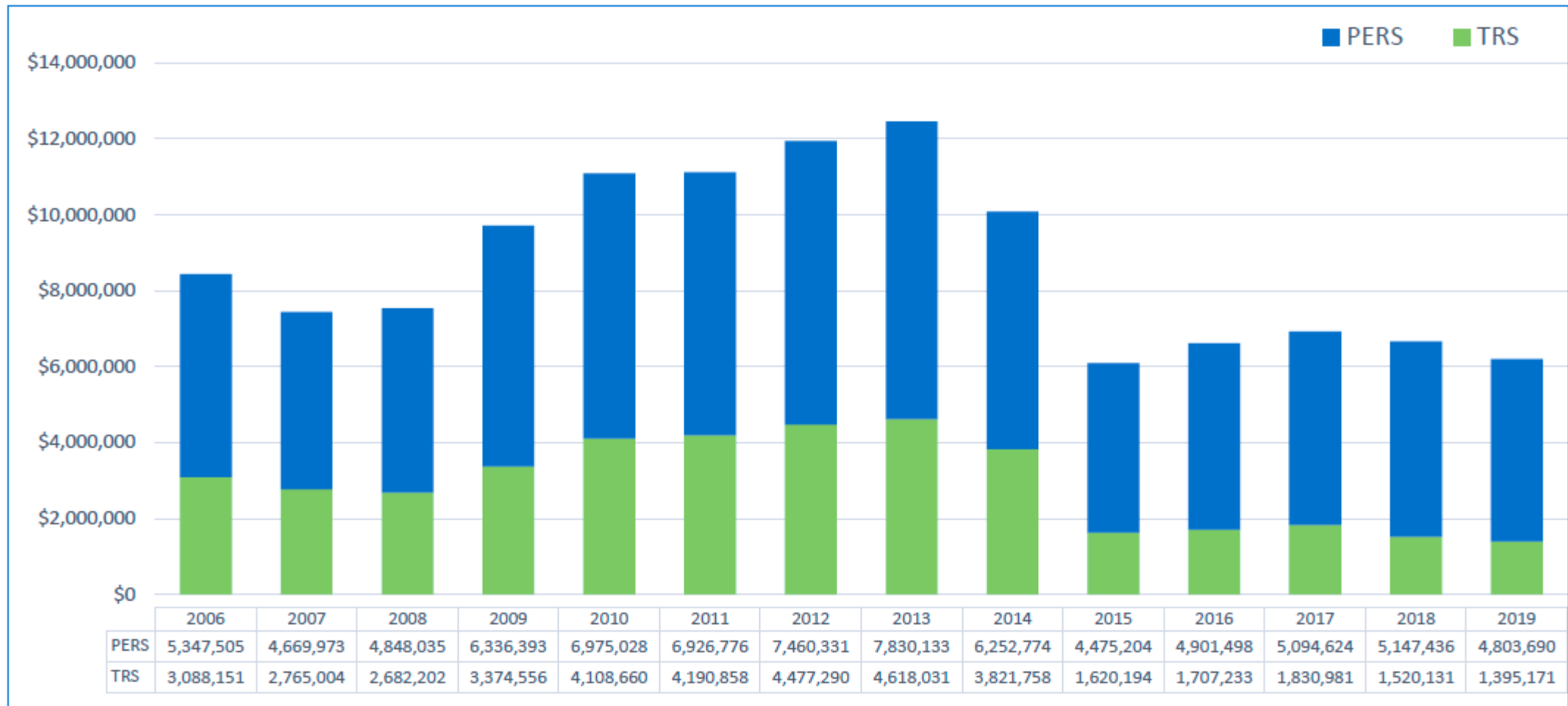


Office of Governor
MIKE DUNLEAVY

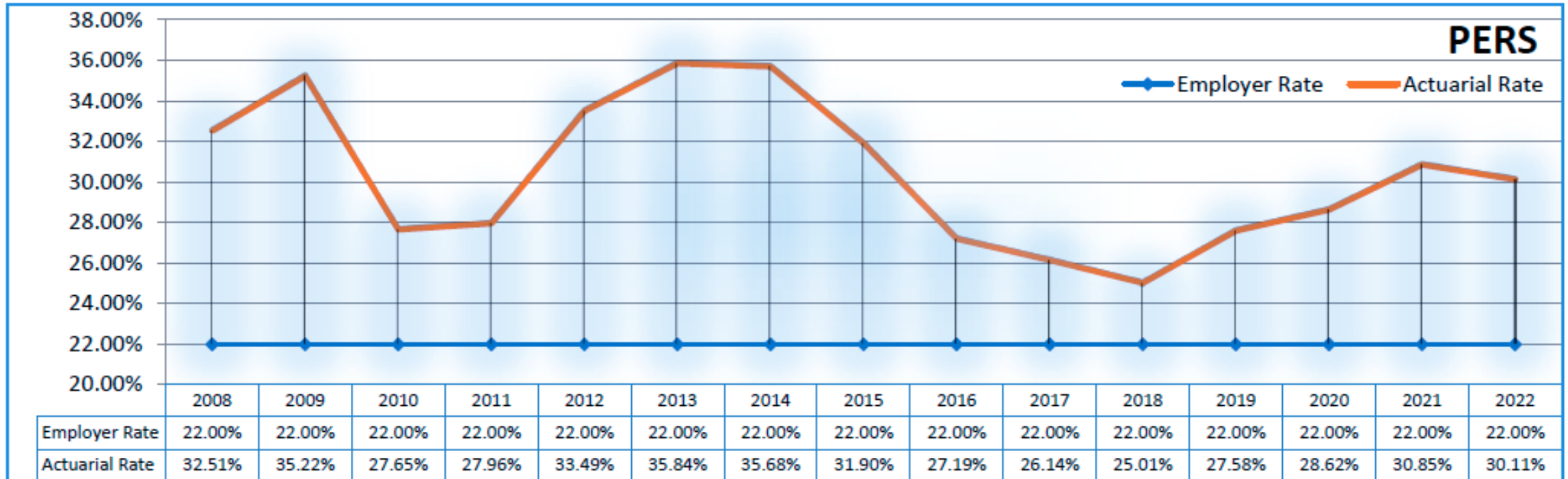
SB55 – Employer Contributions to PERS

- Removes cap on Public Employee Retirement System (PERS) payroll contributions made by the State of Alaska as an employer
- Continues to fully fund state's obligation to the PERS system
- Applies only to the State of Alaska, does not impact other PERS employers
- Does not impact Teachers Retirement System (TRS)
- Does not change retiree benefits
- Does not reduce contributions to PERS
- Allows for full cost share with federal programs and other sources used to fund state programs, thereby reducing general fund expenditures

PERS/TRS Historical Unfunded Liability



PERS Contribution Rates



Department of Administration, Division of Retirement and Benefits 2/5/2021

SB55 – Alaska’s Retirement Obligations

- Alaska has four public employee retirement tiers
- Total annual obligation based on a blended contribution rate
- Cost of obligation split between “Employer Obligation” and “On-Behalf Payment”
 - Employer contributions (22%) on employee salaries – mixed fund sources
 - On-behalf payments for Municipalities and other PERS employers – 100% UGF
 - On-behalf payment for State of Alaska as an employer – 100% UGF
- This bill addresses the on-behalf payment for State of Alaska as an employer

SB55 – State of Alaska as an Employer Retirement Obligation – Current Law

**Employer Contribution - 22% of Payroll
\$1,882.9 million**

**On-Behalf
\$95.8 million**

UGF

DGF

Other

Fed

UGF

\$812.4 m

\$230.6 m

\$559.0 m

\$281.0 m

\$95.8 m

	Employer Contribution	On-Behalf	Total	%
UGF	812.4	95.8	908.2	46%
DGF	230.6	0.0	230.6	12%
Other	559.0	0.0	559.0	28%
Fed	281.0	0.0	281.0	14%
Total	1,882.9	95.8	1,978.7	

SB55 – State of Alaska as an Employer Retirement Obligation – Proposed Law

**Employer Contribution – 30.11% of Payroll
\$1,986.3 million**

UGF	DGF	Other	Fed
\$876.9 m	\$234.8 m	\$580.1 m	\$294.5 m

	Current Law	Proposed Law Year 1	%	Change
UGF	908.2	876.9	44%	(31.3)
DGF	230.6	234.8	12%	4.2
Other	559.0	580.1	29%	21.1
Fed	281.0	294.5	15%	13.6
Total	1,978.7	1,986.3		7.6

Savings will grow over time:

- Some programs show savings in year one
- Some cost allocations require 1 to 3 years to adjust - dependent on negotiation of federal cost allocation plans