



Alaska Council of School Administrators

Leadership, Unity and Advocacy for Public Education

234 Gold Street • Juneau, AK 99801
Phone: (907) 586-9702 • Fax: (907) 364-3805
www.alaskaacsa.org

April 9, 2026

Dear Members of the Senate Finance Committee,

On behalf of the Alaska Council of School Administrators (ACSA), I write to express opposition to the proposed amendment to House Bill 78 that would increase the PERS employer contribution cap from 22% to 24%.

We appreciate the Legislature's efforts to address Alaska's retirement system and to support the recruitment and retention of public employees, this amendment represents a significant and harmful cost shift from the State to local school districts, one that is neither sustainable nor in the best interests of Alaska's students.

Raising the PERS employer cap to 24% is, in effect, a new tax on Alaska's schools. A 2% increase in employer contributions translates to more than **\$7 million in additional costs to school districts alone**, with **\$28 million in new costs statewide** for local governments and public employers. For example, our largest school districts would face the following estimated increases:

- Anchorage School District: **\$2.6 million** in unbudgeted expenses
- Mat-Su Borough School District: **\$700,000**
- Fairbanks North Star Borough School District: **\$600,000**
- Kenai Peninsula Borough School District: **\$380,000**
- Juneau School District: **\$278,000**

These are not minor adjustments. These are significant, unplanned financial burdens that districts simply cannot absorb without consequences.

School districts operate within fixed budgets. When mandated costs increase, districts are forced to make difficult trade-offs. This amendment will inevitably lead to:

- Reductions in student services
- Increased class sizes
- Delayed maintenance of already aging facilities
- Potential local revenue increases in communities already facing affordability challenges

In short, districts will have to choose between meeting pension obligations and maintaining the quality of education for Alaska's children.

The 22% employer cap was not arbitrary—it was a deliberate and necessary agreement acknowledging the State's role in the underfunding of PERS. Due to past State decisions and oversight deficiencies, including the inability to allocate debt by employer, the cap was established as part of a negotiated solution to avoid litigation and ensure stability.

Raising the cap now breaks that commitment and shifts responsibility for past State decisions onto local employers who had no role in creating the unfunded liability.

School districts and local governments have no statutory authority over PERS plan design, investment strategies, or actuarial decisions. Yet, they are being asked to absorb increased costs resulting from those very decisions.

Local employers are already managing the impacts of the Legislature's prior reamortization of pension debt to 2039, shifting approximately **\$2.5 billion in additional costs** onto them. This amendment adds further strain to already stretched budgets and undermines financial stability across communities.

At a time when the Legislature is considering restoring a pension to strengthen Alaska's workforce, this amendment risks making that effort unaffordable for school districts and local governments. By increasing employer costs to an unsustainable level, it effectively jeopardizes the viability of the broader policy goal.

ACSA respectfully urges the Senate Finance Committee to reject any proposal to raise the PERS employer contribution rate above the current 22% cap. Doing so would destabilize school district budgets, reduce educational opportunities for students, and shift responsibility for past State decisions onto those least able to absorb the cost.

Alaska's children should not bear the consequences of this cost shift.

Thank you for your consideration and continued commitment to Alaska's public education system.

Sincerely,

A handwritten signature in cursive script that reads "Lisa S. Parady". The signature is written in black ink and is positioned to the left of the typed name.

Dr. Lisa S. Parady
Executive Director
Alaska Council of School Administrators