

Fiscal Note

State of Alaska
2025 Legislative Session

Bill Version: SB 55
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB55-UA-SYSBRA-4-14-2025
Title: TRS CONTR RATE; PERS/TRS SOC SECUR OR
SBS
Sponsor: STEDMAN
Requester: (S) Finance

Department: University of Alaska
Appropriation: University of Alaska
Allocation: Budget Reductions/Additions - Systemwide
OMB Component Number: 1296

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2026 Appropriation Requested	Included in Governor's FY2026 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2026	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031
Personal Services			2,316.0	2,316.0	2,316.0	3,127.0	3,127.0
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	2,316.0	2,316.0	2,316.0	3,127.0	3,127.0

Fund Source (Operating Only)

1004 Gen Fund (UGF)			2,316.0	2,316.0	2,316.0	3,127.0	3,127.0
Total	0.0	0.0	2,316.0	2,316.0	2,316.0	3,127.0	3,127.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2025) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2026) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

This fiscal note was revised to include only University of Alaska employees who participate in PERS or TRS. The original fiscal note assumed UA employees who participate in UA's Optional Retirement Plan would be required to participate in the State's Supplemental Annuity Plan (SBS-AP).

This fiscal note was also revised to assume the Department of Administration would cover the full SBS-AP cost, for the first three years, related to UA for employees who participate in TRS.

Prepared By:	Alesia Kruckenberg, Director	Phone:	(907)450-8426
Division:	University of Alaska System Office of Strategy, Planning and Budget	Date:	04/11/2025 04:00 PM
Approved By:	Michelle Rizk, Vice President	Date:	04/11/25
Agency:	University of Alaska		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2025 LEGISLATIVE SESSION

BILL NO. SB55

Analysis

This bill seeks to expand the State of Alaska Supplemental Annuity Plan (SBS-AP) to include employees in the Teacher Retirement System (TRS) (sec 1) , make contribution to SBS-AP mandatory for participating employers (sec 3), and expand the definition of “employer” to include the University of Alaska (UA) (sec 4). The effective date of the changes is July 1, 2026.

UA Pension Plan

The majority of University of Alaska employees participate in the Public Employee's Retirement System (PERS), Teacher's Retirement System (TRS), or the UA Optional Retirement Plan (ORP). The University of Alaska withdrew from participation in Social Security in 1982. In place of Social Security, UA provides a supplemental 401(a) "pension plan" to eligible employees. UA contributes 7.65% up to \$52,000 wage base (maximum calendar year contribution is \$3,978 per employee). UA employees are not permitted to contribute to this plan. If eligible, this account supplements the PERS, TRS, or ORP. Ineligible employees are those hired between July 1, 2006 – June 30, 2015 who selected PERS or TRS (approx. 182 employees) and some temporary employees who are eligible for participation in social security.

Bill Sec 1 Amends AS 39.30.150(a)

This statute requires a contribution of 6.13% of employee wages up to the Social Security taxable wage base (\$176,100 in 2025) from both the employer and employee. This bill expands the statute to include participating employers of the TRS. Since the definition of “employer” was expanded to include the University of Alaska (see Sec 4), UA and its employees would need to participate.

Bill Sec 2 Adds AS 39.30.150(d-g)

This bill adds a tiered contribution payment plan for TRS. Of the 6.13% contribution required by the participating employer and employee, the employer, employee, and Department of Administration (DOA) contributes the following percent:

FY27-FY29 – 0% employer and employee; 200% DOA (100% of employer and employee shares)

FY30-FY33 – 33.3% employer and employee; 133.4% DOA (66.7% of employer and employee shares)

FY34-FY37 – 66.7% employer and employee; 66.6% DOA (33.3% of employer and employee shares)

Bill Sec 3 Amends AS 39.30.170(a)

This bill changes the statute from “may” to “shall” participate. Employers (which now includes UA) of the Teacher Retirement System (TRS) or the Public Employees Retirement System (PERS), that do not participate in the Federal Social Security System, shall participate in the State of Alaska Supplemental Annuity Plan (SBS-AP).

Bill Sec 4 Amends AS 39.30.180(3)

This bill expands the definition of “employer” to include the University of Alaska per AS 14.25.220.

Possible Financial Impact to UA and Employees

UA’s Pension Plan account is for university contributions only, 7.65% up to \$52,000 wage base, with an annual cost of approximately \$16.6 million. No employee contributions are allowed. If passed, a contribution of 6.13% up to \$176,100 wage base would be required for the employer (UA) and the employee.

The annual employer cost for employees that participate PERS would be approximately \$12.8 million (\$2.3 million increase). UA's PERS employees would also be required to contribute 6.13% of their wages. While the average employee wage base is generally below the \$176,100 cap, a 6.13% contribution on \$100,000 wage base would require an employee contribution of \$6,130 annually.

The annual employer and employee cost for employees that participate TRS would be approximately \$4.8 million; per section 2 this cost would be covered by the Department of Administration in FY2027-FY2029. In FY2030-FY2033 UA and its employees would each be responsible for 33.3% (\$811 thousand) of the cost.

These estimates are subject to change once a complete implementation plan has been developed.