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Governor Sean Parnell
STATE OF ALASKA

April 10, 2014

The Honorable Mike Chenault
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Chenault,

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill that will implement a fixed annual contribution to pay down the past service liability of the Public Employees' Retirement System and Teachers' Retirement System. Enactment of this legislation is contingent upon approval of a \$3 billion transfer from the Constitutional Budget Reserve fund into the Retirement System Trust Fund.

The annual pension contributions represent the single largest cost driver in the State's operating budget. Current projections estimate that the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) have a combined unfunded liability of \$11.9 billion. A \$3 billion deposit into to the retirement trust funds in the FY 2015 budget will enable the annual State pension contribution to drop to \$500 million a year and will increase the funded status of the PERS and TRS systems by 10 percent almost immediately. This deposit will also reflect positively on local government balance sheets.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink that reads "Sean Parnell".

Sean Parnell
Governor

Enclosure