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Governor Mike Dunleavy
STATE OF ALASKA

January 19, 2021

The Honorable Peter Micciche
Senate President
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Micciche:

Under the authority of Article III, Section 18 of the Alaska Constitution, I am transmitting a bill relating to employer contributions to the Public Employees' Retirement System (PERS).

This bill requires the State of Alaska, as an employer, to pay the actuarially determined normal cost and past service cost at the contribution rate annually adopted by the Alaska Retirement Management Board under AS 37.20.220 for all actively employed defined benefit PERS members. The bill requires the State of Alaska, as an employer, to pay the actuarially determined normal cost and all contributions required under AS 39.30.370 and AS 39.35.750 for all actively employed defined contribution PERS members. This change will allow the State to collect plan benefit costs across its entire payroll base regardless of funding source. Significantly, the bill does not change contribution rates for other PERS employers.

Currently, as an employer, the State of Alaska contributes 22 percent of base salaries for all actively employed PERS members on a payroll-by-payroll basis. In addition, under AS 39.35.280, the State is required to make an additional contribution on behalf of its employees towards the plan's past service liability. The bill eliminates the requirement for the State to make these additional contributions on behalf of its employees, as that amount will now be paid directly to the system by applying the board adopted actuarial contribution rate.

This bill provides increased flexibility to the State of Alaska as an employer, without impacting other employers and while continuing to ensure the soundness and stability of the PERS system.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Dunleavy".

Mike Dunleavy
Governor

Enclosure