

**ALASKA STATE LEGISLATURE**  
**HOUSE SPECIAL COMMITTEE ON WAYS & MEANS**

April 30, 2003

7:10 a.m.

**MEMBERS PRESENT**

Representative Mike Hawker, Co-Chair  
Representative Jim Whitaker, Co-Chair  
Representative Norman Rokeberg  
Representative Max Gruenberg  
Representative Carl Moses  
Representative Cheryll Heinze  
Representative Vic Kohring

**MEMBERS ABSENT**

Representative Peggy Wilson  
Representative Bruce Weyhrauch

**OTHER LEGISLATORS PRESENT**

Representative Dan Ogg  
Representative Paul Seaton  
Representative Carl Gatto  
Representative Ralph Samuels

**COMMITTEE CALENDAR**

PUBLIC EMPLOYEES RETIREMENT SYSTEM: ACTUARIAL VALUATION, GUY BELL

**TAPES**

03-18, SIDES(S) A & B

**CO-CHAIR MIKE HAWKER** convened the meeting of the House Special Committee on Ways & Means at 7:10 a.m. Representatives Hawker, Whitaker, Kohring, and Moses were present at the call to order. Representatives Heinze, Rokeberg, and Gruenberg arrived as the meeting was in progress. Also in attendance were Representatives Ogg, Seaton, Gatto, and Samuels.

**SUMMARY OF INFORMATION**

GUY BELL, Director, Division of Retirement and Benefits, Department of Administration, gave an overview of the Public

Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS).

MR. BELL described the two systems and provided information outlining the differences between the retirement plans. He described how the plans were funded. Both the employee and employer (the State of Alaska) pay into the employee's retirement plan. The employee's portion is set in statute at 2 percent of their salary the first 10 years and 1.5 percent the second 10 years (on a 20-year retirement plan). The state's portion is a calculation determined by specific system funding goals adopted by the respective retirement boards. System funding goals are: relatively stable contribution rates over time, actuarial funding of retiree medical benefits, 100 percent funded ratio of assets to accrued liabilities, pay for benefits during working lifetime (of the employee). Actuarial methods are used to allocate system costs over time in an orderly fashion. They do not, however, change the ultimate cost of the system.

MR. BELL gave examples of how the contributions were calculated, and how other factors such as salary increases, medical inflation, employment patterns, were built into the model. He explained the forecasted increase in cost to the retirement plans due largely to the increased cost of medical expenses. Mr. Bell provided various charts and graphs displaying trend and forecast data for the PERS and TRS systems. He also provided the results of the two boards adopted rates for FY 04 and FY 05.

#### **ANNOUNCEMENTS**

There were no announcements.

#### **COMMITTEE ACTION**

The committee took no action.

#### **ADJOURNMENT**

The House Special Committee on Ways & Means took an at-ease at 8:12 a.m. in order to prepare for the regular meeting. [For the regular meeting minutes, see the 8:15 a.m. minutes for this date.]

NOTE: The meeting was recorded and handwritten log notes were taken. A copy of the tape(s) and log notes may be obtained by contacting the House Records Office at State Capitol, Room 3,

Juneau, Alaska 99801 (mailing address), (907) 465-2214, and after adjournment of the second session of the Twenty-Third Alaska State Legislature this information may be obtained by contacting the Legislative Reference Library at (907) 465-3808.