

SENATE BILL NO. 220

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-EIGHTH LEGISLATURE - SECOND SESSION

BY THE SENATE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

Introduced: 4/11/14

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to additional state contributions to the teachers' defined benefit
2 retirement plan and the public employees' defined benefit retirement plan; and
3 providing for an effective date."

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 * **Section 1.** AS 14.25.085 is amended to read:

6 **Sec. 14.25.085. Additional state contributions.** In addition to the
7 contributions that the state is required to make under AS 14.25.070 as an employer,
8 the state shall, subject to appropriation, contribute to the plan each July 1 or, if funds
9 are not available on July 1, as soon after July 1 as funds become available, an amount
10 calculated on a fixed annual contribution basis up to \$343,000,000 for the ensuing
11 fiscal year that, when combined with the total employer contributions that the
12 administrator estimates will be allocated under AS 14.25.070(c), is sufficient to pay
13 the plan's past service liability by 2037, adjusted for changes in actuarial
14 experience. If the actuarial analysis submitted to the board under AS 37.10.220

1 determines that the fixed annual contribution amount is insufficient to amortize
 2 the past service liability over any period, the state shall, subject to appropriation,
 3 contribute an additional fixed amount in order to fully amortize the past service
 4 liability over a period consistent with actuarial standards [AT THE
 5 CONTRIBUTION RATE ADOPTED BY THE BOARD UNDER AS 37.10.220 FOR
 6 THAT FISCAL YEAR].

7 * **Sec. 2.** AS 39.35.280 is amended to read:

8 **Sec. 39.35.280. Additional state contributions.** In addition to the
 9 contributions that the state is required to make under AS 39.35.255 as an employer,
 10 the state shall, subject to appropriation, contribute to the plan each July 1 or, if funds
 11 are not available on July 1, as soon after July 1 as funds become available, an amount
 12 calculated on a fixed annual contribution basis up to \$157,000,000 for the ensuing
 13 fiscal year that, when combined with the total employer contributions that the
 14 administrator estimates will be allocated under AS 39.35.255(c), is sufficient to pay
 15 the plan's past service liability by 2037, adjusted for changes in actuarial
 16 experience. If the actuarial analysis submitted to the board under AS 37.10.220
 17 determines that the fixed annual contribution amount is insufficient to amortize
 18 the past service liability over any period, the state shall, subject to appropriation,
 19 contribute an additional fixed amount in order to fully amortize the past service
 20 liability over a period consistent with actuarial standards [AT THE
 21 CONTRIBUTION RATE ADOPTED BY THE BOARD UNDER AS 37.10.220 FOR
 22 THAT FISCAL YEAR].

23 * **Sec. 3.** The uncodified law of the State of Alaska is amended by adding a new section to
 24 read:

25 CONTINGENCY. This Act is contingent upon approval of an appropriation from the
 26 budget reserve fund (art. IX, sec.17, Constitution of the State of Alaska) of \$1,118,630,000 to
 27 the teachers' retirement system for the fiscal year ending June 30, 2015, and \$1,881,370,000
 28 to the public employees' retirement system for the fiscal year ending June 30, 2015.

29 * **Sec. 4.** This Act takes effect July 1, 2014.