

SB

207

<TARGET><BILL>SB 207</BILL><SUBJECT>SB
207</SUBJECT><COMM>SFIN29</COMM></TARGET>

ALASKA STATE LEGISLATURE
SENATE FINANCE COMMITTEE

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Sponsor Statement Senate Bill 207

Senate Bill 207 proposes a gradual, multi-year increase in the employer contribution rate for the Teachers Retirement System (TRS) from the current level of 12.56% to 19% for FY 2017, 20% in FY 2018, 21% in FY 2019, and a final increase to 22% in FY 2020.

The TRS was established as a cost sharing plan in which all employers pay one uniform rate and share in the liabilities and the assets of the plan. In 2008, with the passage of Senate Bill 125, the uniform rate was established at 12.56%, with the State of Alaska paying the difference in costs between the uniform rate and the actuarial cost, which was determined by the Alaska Retirement Management Board and the actuary consultants to the State of Alaska. This allowed the state to share in the payment of the unfunded liability of the system with the employers.

The establishment of the 12.56% and the commitment of the state to assist in costs over 12.56% was made at a time when oil value was setting not only record price, but generating record state revenue.

From FY2008 through FY2016, TRS appropriations ranged from \$130 million to \$317 million annually. During those nine years, a cumulative total of \$1.824 billion was appropriated to the TRS unfunded liability. In addition to the state assistance payments, in FY 2015, an appropriation was made to the TRS Fund in the amount of \$2,000,000,000 in order to improve the health of the system and reduce the unfunded liability. In total, state unrestricted general fund assistance has exceeded \$3.8 billion over the past nine years.

SB 207 is a conservative approach to balancing the state's current fiscal reality and its commitment to assisting TRS employers with the cost and the unfunded liability of the system.

To clarify the intent of the Alaska State Legislature, language has been included stating that the legislature intends to appropriate additional funds to TRS employers to mitigate the impact of the rate increase. This provision, coupled with the gradual increase in the rate over multiple fiscal years, provides a level of stability that will assist the State of Alaska and TRS employers in fulfilling the obligation to a healthy retirement system for its members.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN DOE K-12 Aid 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: Department of Education and Early Development
Appropriation: K-12 Aid to School Districts
Allocation: Additional Foundation Funding
OMB Component Number:

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	33,700.0		33,700.0	33,700.0	33,700.0	33,700.0	33,700.0	
Miscellaneous								
Total Operating	33,700.0	0.0	33,700.0	33,700.0	33,700.0	33,700.0	33,700.0	0.0

Fund Source (Operating Only)

1226 High Ed	33,700.0		33,700.0	33,700.0	33,700.0	33,700.0	33,700.0	
Total	33,700.0	0.0	33,700.0	33,700.0	33,700.0	33,700.0	33,700.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Additional formula funding will be distributed for five years. The sum of \$33,700.0 is appropriated from the higher education investment fund to the Department of Education and Early Development for the fiscal year ending June 30, 2017, for payment as grants to school districts based on the school district's adjusted average daily membership.

Prepared By: Senator Kelly Phone: (907)465-3709
Senate Finance Committee Date: 04/07/2016
Senator MacKinnon
Senate Finance Committee

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN University 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate 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)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	2,276.2		2,629.6	2,983.1	3,336.5	3,336.5	3,336.5	3,336.5
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	2,276.2	0.0	2,629.6	2,983.1	3,336.5	3,336.5	3,336.5	3,336.5

Fund Source (Operating Only)

1002 Fed Rcpts	66.2		76.4	86.8	97.0	97.0	97.0
1226 High Ed	2,210.0		2,553.2	2,896.3	3,239.5	3,239.5	3,239.5
Total	2,276.2	0.0	2,629.6	2,983.1	3,336.5	3,336.5	3,336.5

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This revised fiscal note appropriates funding to the University of Alaska to cover the costs of TRS rate increases.

Prepared By: Senator Kelly Phone: (907)465-3709
Senate Finance Committee Date: 04/07/2016
Senator MacKinnon
Senate Finance Committee

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:

- 12.56 percent before July 1, 2016;
- 19.00 percent after June 30, 2016, and before July 1, 2017;
- 20.00 percent after June 30, 2017, and before July 1, 2018;
- 21.00 percent after June 30, 2018, and before July 1, 2019;
- 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN DEED Unallocated 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: Department of Education and Early Development
Appropriation: Agency Unallocated Appropriation
Allocation: Agency Unallocated Appropriation
OMB Component Number: 0

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	356.8		412.2	467.6	523.0	523.0	523.0	523.0
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	356.8	0.0	412.2	467.6	523.0	523.0	523.0	523.0

Fund Source (Operating Only)

1002 Fed Rcpts	88.7		102.5	116.2	130.0	130.0	130.0
1226 High Ed	268.1		309.7	351.4	393.0	393.0	393.0
Total	356.8	0.0	412.2	467.6	523.0	523.0	523.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This revised fiscal note appropriates funding to the Department of Education and Early Development to cover the costs of TRS rate increases.

Prepared By: Senator Kelly Phone: (907)465-3709
Senate Finance Committee Date: 04/07/2016
Senator MacKinnon
Senate Finance Committee

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:

- 12.56 percent before July 1, 2016;
- 19.00 percent after June 30, 2016, and before July 1, 2017;
- 20.00 percent after June 30, 2017, and before July 1, 2018;
- 21.00 percent after June 30, 2018, and before July 1, 2019;
- 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN SERRC 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: Department of Education and Early Development
Appropriation: Teaching and Learning Support
Allocation: Student and School Achievement
OMB Component Number: 2796

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	41.7		48.2	54.6	61.1	61.1	61.1	61.1
Miscellaneous								
Total Operating	41.7	0.0	48.2	54.6	61.1	61.1	61.1	61.1

Fund Source (Operating Only)

1226 High Ed	41.7		48.2	54.6	61.1	61.1	61.1
Total	41.7	0.0	48.2	54.6	61.1	61.1	61.1

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This revised fiscal note increases the grant to SERRC to cover the costs of TRS rate increases.

Prepared By: Senator Kelly Phone: (907)465-3709
Senate Finance Committee Date: 04/07/2016
Senator MacKinnon
Senate Finance Committee

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:

- 12.56 percent before July 1, 2016;
- 19.00 percent after June 30, 2016, and before July 1, 2017;
- 20.00 percent after June 30, 2017, and before July 1, 2018;
- 21.00 percent after June 30, 2018, and before July 1, 2019;
- 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN SESA 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: Department of Education and Early Development
Appropriation: K-12 Support
Allocation: Special Schools
OMB Component Number: 2735

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits	58.1		67.1	76.2	85.2	85.2	85.2	85.2
Miscellaneous								
Total Operating	58.1	0.0	67.1	76.2	85.2	85.2	85.2	85.2

Fund Source (Operating Only)

1226 High Ed	58.1		67.1	76.2	85.2	85.2	85.2
Total	58.1	0.0	67.1	76.2	85.2	85.2	85.2

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This revised fiscal note increases the grant to the Special Education Service Agency to cover the costs of TRS rate increases.

Prepared By: Senator Kelly
Senate Finance Committee
Senator MacKinnon
Senate Finance Committee

Phone: (907)465-3709
Date: 04/07/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:

- 12.56 percent before July 1, 2016;
- 19.00 percent after June 30, 2016, and before July 1, 2017;
- 20.00 percent after June 30, 2017, and before July 1, 2018;
- 21.00 percent after June 30, 2018, and before July 1, 2019;
- 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207 SFIN DLWD 4-7-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: Department of Labor and Workforce Development
Appropriation: Alaska Vocational Technical Center
Allocation: Alaska Vocational Technical Center
OMB Component Number: 2686

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	33.0		38.1	43.2	48.4	48.4	48.4	48.4
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	33.0	0.0	38.1	43.2	48.4	48.4	48.4	48.4

Fund Source (Operating Only)

1226 High Ed	33.0		38.1	43.2	48.4	48.4	48.4	48.4
Total	33.0	0.0	38.1	43.2	48.4	48.4	48.4	48.4

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues								
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

This revised fiscal note appropriates funding to the Department of Labor and Workforce Development (AVTEC) to cover the costs of TRS rate increases.

Prepared By: Senator Kelly
Senate Finance Committee
Senator MacKinnon
Senate Finance Committee

Phone: (907)465-3709
Date: 04/07/2016

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:

- 12.56 percent before July 1, 2016;
- 19.00 percent after June 30, 2016, and before July 1, 2017;
- 20.00 percent after June 30, 2017, and before July 1, 2018;
- 21.00 percent after June 30, 2018, and before July 1, 2019;
- 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207-DOA-TRS-04-03-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance

Department: State Retirement Payments
Appropriation: TRS State Assistance
Allocation: School District TRS
OMB Component Number: 2863

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous	(49,388.0)	116,699.9	(58,472.0)	(68,048.0)	(78,125.0)	(80,208.0)	(82,345.0)	
Total Operating	(49,388.0)	116,699.9	(58,472.0)	(68,048.0)	(78,125.0)	(80,208.0)	(82,345.0)	

Fund Source (Operating Only)

1004 Gen Fund	(49,388.0)	116,699.9	(58,472.0)	(68,048.0)	(78,125.0)	(80,208.0)	(82,345.0)
Total	(49,388.0)	116,699.9	(58,472.0)	(68,048.0)	(78,125.0)	(80,208.0)	(82,345.0)

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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:

Not applicable; initial version.

Prepared By: John Boucher, Deputy Commissioner	Phone: (907)465-5671
Division: Commissioner's Office	Date: 04/03/2016 01:20 PM
Approved By: Sheldon Fisher, Commissioner	Date: 04/03/16
Agency: Department of Administration	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers, which results in a decrease in the TRS state assistance contribution. The change in funding policy maintains the total contributions to TRS, so the year-to-year funded ratio remains unchanged.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:
12.56 percent before July 1, 2016;
19.00 percent after June 30, 2016, and before July 1, 2017;
20.00 percent after June 30, 2017, and before July 1, 2018;
21.00 percent after June 30, 2018, and before July 1, 2019;
22.00 percent after June 30, 2019.

All other things equal, the effect of SB207 is to decrease the TRS state assistance contribution required under AS 14.25.085 and increase the TRS contributions required of employers.

Change in State Assistance (\$ in thousands)

FY	Current	Under SB207	Change
2017	\$116,700	\$67,312	(\$49,388)
2018	\$91,323	\$32,851	(\$58,472)
2019	\$101,346	\$33,298	(\$68,048)
2020	\$111,394	\$33,269	(\$78,125)
2021	\$116,743	\$36,535	(\$80,208)
2022	\$122,383	\$40,038	(\$82,345)

Assuming all other actuarial assumptions are realized, projections through FY2022 show the following changes to the state assistance payment and the employer contributions: For projections beyond FY2022, see page 4 of the enclosed letter from Buck Consultants.

Increase/(Decrease) in Projected Contributions by State & non-state employers (\$ thousands)

FY	Employer Contributions			State
	Non-State	State	Total	Assistance
2017	\$46,706	\$2,666	\$49,372	(\$49,388)
2018	\$55,314	\$3,158	\$58,472	(\$58,472)
2019	\$64,373	\$3,675	\$68,048	(\$68,048)
2020	\$73,906	\$4,219	\$78,125	(\$78,125)
2021	\$75,877	\$4,331	\$80,208	(\$80,208)
2022	\$77,898	\$4,447	\$82,345	(\$82,345)

The basis for this analysis was provided by Buck Consultants. Assumptions and methods used in this analysis are the same as those described in the TRS draft actuarial valuation report as of June 30, 2015 dated January 12, 2016.

The projections implicitly assume that employers will pay the increased contributions without repercussions to other portions of their budgets. Some employers may resort to reducing payroll and/or headcounts to accommodate fixed budgets. This could have the effect of partially reversing the impact of this proposal.

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version: SB 207
Fiscal Note Number: _____
() Publish Date: _____

Identifier: SB207-OOG-OMB-04-03-16
Title: TEACHERS RETIRE. EMPLOYER
CONTRIBUTIONS
Sponsor: FINANCE
Requester: Senate Finance Committee

Department: Various (for Fiscal Notes only)
Appropriation: Various
Allocation: Executive Branch
OMB Component Number: 0

Expenditures/Revenues

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

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services	2,666.0		3,158.0	3,675.0	4,219.0	4,331.0	4,447.0	
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	2,666.0	0.0	3,158.0	3,675.0	4,219.0	4,331.0	4,447.0	

Fund Source (Operating Only)

1002 Fed Rcpts	155.0		183.6	213.7	245.3	251.8	258.5
1003 G/F Match	5.8		6.9	8.0	9.2	9.4	9.7
1004 Gen Fund	1,738.2		2,058.9	2,396.0	2,750.7	2,823.7	2,899.3
1005 GF/Prgm	7.4		8.8	10.2	11.7	12.0	12.3
1048 Univ Rcpt	460.6		545.6	634.9	728.9	748.3	768.3
1178 temp code	299.0		354.2	412.2	473.3	485.8	498.8
Total	2,666.0	0.0	3,158.0	3,675.0	4,219.1	4,331.0	4,446.9

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues							
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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 *(separate supplemental appropriation required)*
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 *(separate capital appropriation required)*
(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?
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Prepared By: <u>Colleen O'Sullivan, Office of Management and Budget</u>	Phone: <u>(907)465-4681</u>
Division: <u>Office of Management and Budget</u>	Date: <u>04/03/2016 08:00 PM</u>
Approved By: <u>Pat Pitney, Director</u>	Date: <u>04/03/16</u>
Agency: <u>Office of Management and Budget</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

BILL NO. SB 207

Analysis

Pursuant to AS 14.25.070, each TRS employer pays a uniform contribution rate of 12.56% of total payroll. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the plan's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

SB 207 increases the 12.56% uniform contribution rate paid by employers and correspondingly decreases the TRS state assistance contribution.

The provisions of SB 207 provide for increases in the uniform contribution rate from 12.56% of total payroll to:
 12.56 percent before July 1, 2016;
 19.00 percent after June 30, 2016, and before July 1, 2017;
 20.00 percent after June 30, 2017, and before July 1, 2018;
 21.00 percent after June 30, 2018, and before July 1, 2019;
 22.00 percent after June 30, 2019.

The effect of SB207 is to increase the TRS contributions required of employers.

Assuming all other actuarial assumptions are realized, projections through FY2022 show the following changes to the employer contributions.

Increase/(Decrease) in Projected Contributions by State & non-state employers (\$ thousands)

FY	Employer Contributions			State
	Non-State	State	Total	Assistance
2017	\$46,706	\$2,666	\$49,372	(\$49,388)
2018	\$55,314	\$3,158	\$58,472	(\$58,472)
2019	\$64,373	\$3,675	\$68,048	(\$68,048)
2020	\$73,906	\$4,219	\$78,125	(\$78,125)
2021	\$75,877	\$4,331	\$80,208	(\$80,208)
2022	\$77,898	\$4,447	\$82,345	(\$82,345)

The basis for this analysis was provided by Buck Consultants. Assumptions and methods used in this analysis are the same as those described in the TRS draft actuarial valuation report as of June 30, 2015 dated January 12, 2016.

The State Employer Contribution increase above includes the Department of Education and Early Childhood Development, Department of Labor (AVTEC), and the University of Alaska. The fund source distribution is 65% unrestricted general fund, and 35% from federal, designated general funds and other funds. It is important to note that is there is insufficient additional revenue available from the fund sources unrestricted general fund may be required.



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April 3, 2016

VIA EMAIL

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Mr. John Boucher
Deputy Commissioner
Department of Administration
State of Alaska
333 Willoughby Avenue
6th Floor State Office Building
Juneau, AK 99811-0208

**RE: Actuarial Analysis for Fiscal Note for Proposed Increase in the TRS
Uniform Contribution Rate under SB 207**

Dear John:

As requested, we are providing the following information for the fiscal note for SB 207. SB 207 provides for an increase in the TRS uniform contribution rate.

Summary of Provisions

TRS is funded by Employer, State, and Member Contributions in accordance with the funding policy adopted by the Alaska Retirement Management Board (Board) and as required by Alaska state statutes. The funding objective for TRS is to pay required contributions that remain level as a percent of total compensation. The established funding policy objective is that the required contributions be sufficient to pay the Normal Costs of active plan members, System expenses, and amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll over a closed 25-year period and as required by Alaska state statutes. The closed 25-year period was established effective June 30, 2014. Members of TRS contribute 8.65% of pay. Pursuant to AS 14.25.070 effective July 1, 2008, each TRS employer pays a uniform contribution rate of up to 12.56% of total payroll. This amount is inclusive of DCR plan costs. Pursuant to AS 14.25.085, the State contributes an additional amount, which, when combined with member and employer contributions, is sufficient to pay the Plan's past service liability at the contribution rate adopted by the Board. SB 207 increases the 12.56% uniform contribution rates paid by employers, which results in a decrease in the State Assistance contributions. The change in funding policy maintains the total contributions to TRS, so the year-to-year funded ratio remains unchanged.

The provisions of SB 207 provide for increases in the uniform contribution rate limit from 12.56% of total payroll to:

- i) 12.56 percent before July 1, 2016;
- ii) 19 percent after June 30, 2016, and before July 1, 2017;
- iii) 20 percent after June 30, 2017, and before July 1, 2018;
- iv) 21 percent after June 30, 2018, and before July 1, 2019;
- v) 22 percent after June 30, 2019.

For purposes of this analysis, we have assumed that if the funding policy calculation, net of member contributions, is less than the uniform contribution rate limit amount, the employer contribution rate is equal to the calculated contribution rate. That is, the employers could pay less than the uniform contribution limited rates shown above.

Summary of Analysis

The attached exhibits demonstrate the estimated impact of SB 207 on the financial projections of TRS. The highlights include:

- The proposed increase in the employer uniform contribution rates have reduced, but not eliminated the State Assistance contributions if all the actuarial assumptions are met. The Employer contributions are projected to be more than the ultimate rate of 22% of pay for almost all years of the projection.
- As seen on the exhibit on page four, the State and Employers are projected to pay \$6.9 billion between FY 2017 and FY 2039. Currently, the State is projected to pay 2.4% of that amount as an employer, and 55.8% of that amount through the State Assistance contributions. Under SB 207, the State is projected to pay 4.1% of the \$6.9 billion as an employer and 23.3% through the State Assistance contributions. Overall, the State's total contributions for FY 2017 through FY 2039 (as an employer and through State Assistance contributions) are expected to decrease by \$2.1 billion.
- The amount of the State Assistance contribution will vary from year to year due to variability in the markets and other factors.

Other Observations

The projections in the exhibit implicitly assume that employers will pay the increased contributions without repercussions to other portions of their budgets. Some employers may resort to reducing payroll and/or headcounts to accommodate fixed budgets. This could have the effect of partially reversing the impact of this proposal.

Our analysis does not reflect the impact on projected contribution rates due to the different timing of Employer and State Assistance contributions. However, this effect would be minimal and is not expected to materially change the outcome of our analysis.

Basis for Analysis

The assumptions and methods used in this analysis are the same as those described in the TRS draft actuarial valuation report as of June 30, 2015 dated January 12, 2016.

For purposes of determining the split between State and non-state employers, we made use of the projected FY 2017 payroll figures based on the June 30, 2015 valuation. We have assumed that 5.4% of total payroll is State payroll. We assumed these percentages would remain constant in future years.

This study includes only costs due to the shifting of contributions from the State to employers. It does not include other costs that may be incurred by employers outside of TRS.

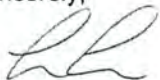
Projected DCR contributions are not directly impacted by SB 207, but they are included in the exhibit on page four. The exhibits on page five and six do not include the DCR contributions.

Future actuarial measurements and projections may differ from the current measurements presented in this letter due to such factors as: plan experience different from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law.

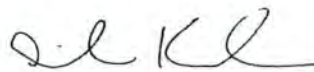
Larry Langer is an Associate of the Society of Actuaries and David Kershner is a Fellow of the Society of Actuaries. Both are Enrolled Actuaries and Members of the American Academy of Actuaries, and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained in this letter. This letter has been prepared in accordance with all applicable Actuarial Standards of Practice.

Please let us know if you need any further information.

Sincerely,



Larry Langer, ASA, EA, MAAA, FCA
Principal and Consulting Actuary



David J. Kershner, FSA, EA, MAAA, FCA
Principal and Consulting Actuary

/mlp

cc: Ms. Kathy Lea, State of Alaska
Mr. Kevin Worley, State of Alaska
Ms. Melissa Bissett, Buck Consultants
Mr. Todd Kanaster, Buck Consultants



State of Alaska - TRS
Financial Projections (\$ in Thousands)
 Based on Draft June 30, 2015 Actuarial Valuation*
 Impact of SB 207 to Increase Employer Contribution Rates

Fiscal Year	DB & DCR Payroll	Current Projected DB and DCR Employer Contributions - Current						Proposed Projected DB and DCR Employer Contributions - SB 207						Increase/(Decrease) in Projected Employer Contributions			
		Employer Contributions				State Assistance		Employer Contributions				State Assistance		Employer Contributions			State Assistance
		Cap	Non-State	State	Total		Total	Cap	Non-State	State	Total		Total		Non-State	State	Total
2017	\$766,651	12.56%	\$91,092	\$5,200	\$96,292	\$116,700	\$212,992	19.00%	\$137,798	\$7,866	\$145,664	\$67,312	\$212,976	\$46,706	\$2,666	\$49,372	(\$49,388)
2018	\$785,912	12.56%	\$93,381	\$5,330	\$98,711	\$91,323	\$190,034	20.00%	\$148,695	\$8,488	\$157,183	\$32,851	\$190,034	\$55,314	\$3,158	\$58,472	(\$58,472)
2019	\$806,252	12.56%	\$95,797	\$5,468	\$101,265	\$101,346	\$202,611	21.00%	\$160,170	\$9,143	\$169,313	\$33,298	\$202,611	\$64,373	\$3,675	\$68,048	(\$68,048)
2020	\$827,595	12.56%	\$98,333	\$5,613	\$103,946	\$111,394	\$215,340	22.00%	\$172,239	\$9,832	\$182,071	\$33,269	\$215,340	\$73,906	\$4,219	\$78,125	(\$78,125)
2021	\$849,657	12.56%	\$100,954	\$5,763	\$106,717	\$116,743	\$223,460	22.00%	\$176,831	\$10,094	\$186,925	\$36,535	\$223,460	\$75,877	\$4,331	\$80,208	(\$80,208)
2022	\$872,298	12.56%	\$103,644	\$5,916	\$109,560	\$122,383	\$231,943	22.00%	\$181,542	\$10,363	\$191,905	\$40,038	\$231,943	\$77,898	\$4,447	\$82,345	(\$82,345)
2023	\$895,774	12.56%	\$106,433	\$6,076	\$112,509	\$128,275	\$240,784	22.00%	\$186,428	\$10,642	\$197,070	\$43,714	\$240,784	\$79,995	\$4,566	\$84,561	(\$84,561)
2024	\$920,082	12.56%	\$109,322	\$6,240	\$115,562	\$134,424	\$249,986	22.00%	\$191,488	\$10,930	\$202,418	\$47,568	\$249,986	\$82,166	\$4,690	\$86,856	(\$86,856)
2025	\$945,355	12.56%	\$112,325	\$6,412	\$118,737	\$140,858	\$259,595	22.00%	\$196,747	\$11,231	\$207,978	\$51,616	\$259,594	\$84,422	\$4,819	\$89,241	(\$89,242)
2026	\$971,728	12.56%	\$115,459	\$6,590	\$122,049	\$148,091	\$270,140	22.00%	\$202,236	\$11,544	\$213,780	\$56,360	\$270,140	\$86,777	\$4,954	\$91,731	(\$91,731)
2027	\$999,484	12.56%	\$118,757	\$6,779	\$125,536	\$155,020	\$280,556	22.00%	\$208,013	\$11,874	\$219,887	\$60,669	\$280,556	\$89,256	\$5,095	\$94,351	(\$94,351)
2028	\$1,028,624	12.56%	\$122,219	\$6,976	\$129,195	\$162,111	\$291,306	22.00%	\$214,077	\$12,220	\$226,297	\$65,009	\$291,306	\$91,858	\$5,244	\$97,102	(\$97,102)
2029	\$1,059,277	12.56%	\$125,861	\$7,184	\$133,045	\$169,590	\$302,635	22.00%	\$220,457	\$12,584	\$233,041	\$69,594	\$302,635	\$94,596	\$5,400	\$99,996	(\$99,996)
2030	\$1,091,279	12.56%	\$129,663	\$7,401	\$137,064	\$177,224	\$314,288	22.00%	\$227,117	\$12,964	\$240,081	\$74,207	\$314,288	\$97,454	\$5,563	\$103,017	(\$103,017)
2031	\$1,124,965	12.56%	\$133,665	\$7,630	\$141,295	\$184,944	\$326,239	22.00%	\$234,127	\$13,365	\$247,492	\$78,748	\$326,240	\$100,462	\$5,735	\$106,197	(\$106,196)
2032	\$1,160,319	12.56%	\$137,866	\$7,870	\$145,736	\$192,961	\$338,697	22.00%	\$241,486	\$13,784	\$255,270	\$83,427	\$338,697	\$103,620	\$5,914	\$109,534	(\$109,534)
2033	\$1,197,206	12.56%	\$142,249	\$8,120	\$150,369	\$201,250	\$351,619	22.00%	\$249,162	\$14,223	\$263,385	\$88,234	\$351,619	\$106,913	\$6,103	\$113,016	(\$113,016)
2034	\$1,235,964	12.56%	\$146,854	\$8,383	\$155,237	\$209,867	\$365,104	22.00%	\$257,229	\$14,683	\$271,912	\$93,192	\$365,104	\$110,375	\$6,300	\$116,675	(\$116,675)
2035	\$1,276,602	12.56%	\$151,683	\$8,658	\$160,341	\$218,810	\$379,151	22.00%	\$265,686	\$15,166	\$280,852	\$98,298	\$379,150	\$114,003	\$6,508	\$120,511	(\$120,512)
2036	\$1,319,177	12.56%	\$156,741	\$8,947	\$165,688	\$227,822	\$393,510	22.00%	\$274,547	\$15,671	\$290,218	\$103,292	\$393,510	\$117,806	\$6,724	\$124,530	(\$124,530)
2037	\$1,363,505	12.56%	\$162,009	\$9,248	\$171,257	\$237,386	\$408,643	22.00%	\$283,773	\$16,199	\$299,972	\$108,671	\$408,643	\$121,764	\$6,951	\$128,715	(\$128,715)
2038	\$1,409,369	12.56%	\$167,458	\$9,559	\$177,017	\$247,344	\$424,361	22.00%	\$293,318	\$16,743	\$310,061	\$114,300	\$424,361	\$125,860	\$7,184	\$133,044	(\$133,044)
2039	\$1,456,857	12.56%	\$173,100	\$9,881	\$182,981	\$267,333	\$450,314	22.00%	\$303,200	\$17,308	\$320,508	\$119,806	\$450,314	\$130,100	\$7,427	\$137,527	(\$137,527)
Total			\$2,894,865	\$165,244	\$3,060,109	\$3,863,199	\$6,923,308		\$5,026,366	\$286,917	\$5,313,283	\$1,610,008	\$6,923,291	\$2,131,501	\$121,673	\$2,253,174	(\$2,253,191)

* FY 2017 amounts are based on June 30, 2014 actuarial valuation
 Plan totals differ due to rounding
 State assumed to be 5.4% of total employer contributions



**State of Alaska TRS
Financial Projections (\$ in Thousands)
Based on 2015 Actuarial Valuation Results, 0% Population Growth for Payroll
Baseline**

Fiscal Year End	FY 16 Investment Return 8.00% Investment Return of 8.00% for FY 17 and beyond.				Flow Amounts During Following 12 Months										Deferred Asset Gain/(Loss)	Ending Actuarial Assets					
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				Flow Amounts During Following 12 Months																
	Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Er* Ctb Rate	State Assistance* Ctb Rate	DCR Ctb Rate	Total Ctb Rate	DB Contributions (does not include DCR contributions)			Benefit Payments	Net Contribs			Investment Earnings				
									Employer	State Assistance	Employee	Total									
2016	\$8,108,923	\$9,729,365	83.3%	(\$1,620,442)	\$748,626	7.77%	17.38%	4.79%	12.56%	\$58,168	\$130,109	\$45,084	\$233,361	\$588,213	(\$354,852)	\$613,616	(\$204,751)	\$8,299,436			
2017	8,299,436	9,978,438	83.2%	(1,679,002)	766,651	7.94%	15.22%	4.82%	12.56%	60,672	116,700	43,111	220,683	617,975	(397,292)	634,684	(136,501)	8,468,578			
2018	8,468,578	10,211,044	82.9%	(1,742,466)	785,912	7.47%	11.62%	5.09%	12.56%	58,708	91,323	41,057	191,088	646,288	(455,200)	650,274	(68,250)	8,595,401			
2019	8,595,401	10,437,144	82.4%	(1,841,743)	806,252	6.96%	12.57%	5.60%	12.56%	56,115	101,346	39,059	196,520	674,776	(478,256)	665,289	0	8,714,165			
2020	8,714,165	10,640,670	81.9%	(1,926,485)	827,595	6.49%	13.46%	6.07%	12.56%	53,711	111,394	37,117	202,222	702,922	(500,700)	679,687	0	8,893,172			
2021	8,893,172	10,826,430	82.1%	(1,933,258)	849,657	6.03%	13.74%	6.53%	12.56%	51,234	116,743	35,137	203,114	731,426	(526,312)	693,046	0	9,057,906			
2022	9,057,906	10,992,773	82.4%	(1,934,867)	872,298	5.59%	14.03%	6.97%	12.56%	48,761	122,384	33,200	204,345	760,382	(556,037)	705,270	0	9,207,139			
2023	9,207,139	11,137,595	82.7%	(1,930,456)	895,774	5.18%	14.32%	7.38%	12.56%	46,401	128,275	31,233	205,909	788,122	(582,213)	716,330	0	9,341,256			
2024	9,341,256	11,260,559	83.0%	(1,919,303)	920,082	4.78%	14.61%	7.78%	12.56%	43,980	134,424	29,326	207,730	816,300	(608,570)	726,182	0	9,458,868			
2025	9,458,868	11,360,063	83.3%	(1,901,195)	945,355	4.40%	14.90%	8.16%	12.56%	41,596	140,858	21,460	203,914	845,457	(641,543)	734,462	0	9,551,787			
2026	9,551,787	11,433,499	83.5%	(1,881,712)	971,726	4.05%	15.24%	8.51%	12.56%	39,355	148,091	19,337	206,783	866,785	(660,002)	741,395	0	9,633,180			
2027	9,633,180	11,480,289	83.9%	(1,847,109)	999,484	3.71%	15.51%	8.85%	12.56%	37,081	155,019	17,291	209,391	893,544	(684,153)	747,152	0	9,696,179			
2028	9,696,179	11,498,303	84.3%	(1,802,124)	1,028,824	3.41%	15.76%	9.15%	12.56%	35,076	162,111	15,326	212,513	920,955	(708,442)	751,437	0	9,739,174			
2029	9,739,174	11,485,636	84.8%	(1,746,462)	1,059,277	3.13%	16.01%	9.43%	12.56%	33,155	169,591	13,453	216,199	947,569	(731,370)	754,193	0	9,761,998			
2030	9,761,998	11,440,484	85.3%	(1,678,486)	1,091,279	2.88%	16.24%	9.68%	12.56%	31,429	177,224	11,677	220,330	972,441	(752,111)	755,434	0	9,765,320			
2031	9,765,320	11,362,486	85.9%	(1,597,166)	1,124,965	2.66%	16.44%	9.90%	12.56%	29,924	184,944	10,125	224,993	994,613	(769,620)	755,253	0	9,750,953			
2032	9,750,953	11,252,900	86.7%	(1,501,947)	1,160,319	2.47%	16.63%	10.09%	12.56%	28,660	192,961	8,702	230,323	1,013,789	(783,466)	753,824	0	9,721,311			
2033	9,721,311	11,112,155	87.5%	(1,390,844)	1,197,206	2.30%	16.81%	10.26%	12.56%	27,536	201,250	7,423	236,209	1,031,707	(795,498)	751,258	0	9,677,071			
2034	9,677,071	10,939,126	88.5%	(1,262,055)	1,235,964	2.16%	16.98%	10.40%	12.56%	26,697	209,866	6,303	242,866	1,043,869	(801,003)	747,814	0	9,623,882			
2035	9,623,882	10,737,503	89.6%	(1,113,621)	1,276,602	2.03%	17.14%	10.53%	12.56%	25,915	218,810	5,234	249,959	1,051,378	(801,419)	743,882	0	9,566,345			
2036	9,566,345	10,510,003	91.0%	(943,658)	1,319,177	1.93%	17.27%	10.63%	12.56%	25,460	227,822	4,353	257,635	1,056,351	(798,716)	739,736	0	9,507,365			
2037	9,507,365	10,257,502	92.7%	(750,137)	1,363,505	1.85%	17.41%	10.71%	12.56%	25,225	237,386	3,545	266,156	1,057,603	(791,447)	735,688	0	9,451,606			
2038	9,451,606	9,982,098	94.7%	(530,492)	1,409,369	1.78%	17.55%	10.78%	12.56%	25,087	247,344	2,960	275,391	1,054,509	(779,118)	732,128	0	9,404,616			
2039	9,404,616	9,886,683	97.1%	(282,067)	1,456,857	1.72%	18.35%	10.84%	12.56%	25,058	267,333	2,331	294,722	1,049,321	(754,599)	730,163	0	9,380,179			
2040	9,380,179	9,372,009	100.1%	8,170	1,505,788	0.07%	0.00%	10.89%	10.96%	1,054	0	1,958	3,012	1,040,362	(1,037,350)	706,246	0	9,049,075			
2041	9,049,075	9,040,645	100.1%	8,430	1,556,462	0.05%	0.00%	10.92%	10.97%	778	0	1,556	2,334	1,026,301	(1,023,967)	680,330	0	8,705,438			
2042	8,705,438	8,696,685	100.1%	8,753	1,608,668	0.04%	0.00%	10.95%	10.99%	644	0	1,287	1,931	1,008,439	(1,006,508)	653,583	0	8,352,513			
2043	8,352,513	8,343,216	100.1%	9,295	1,662,148	0.03%	0.00%	10.98%	11.01%	498	0	997	1,495	985,450	(983,955)	626,311	0	7,994,869			
2044	7,994,869	7,984,908	100.1%	9,961	1,717,504	0.03%	0.00%	10.99%	11.02%	516	0	687	1,203	958,888	(957,685)	598,818	0	7,636,003			
2045	7,636,003	7,625,190	100.1%	10,813	1,774,509	0.02%	0.00%	11.01%	11.03%	354	0	532	886	929,806	(928,920)	571,335	0	7,278,417			
Totals:													\$939,047	\$3,993,308	\$490,861	\$5,423,216					

The FY16 and FY17 Employer/State contribution rates don't match the September 26, 2014 and October 7, 2015 Allocation of Additional Contribution letters due to updated projected Total Salaries

The FY17 State assistance contribution was allocated 100% to pension

Prior service contribution rates set to be greater than or equal to 0% for both pension and medical

The employer contribution rate for Occupational Death & Disability and Retiree Medical is 1.05%, determined as of June 30, 2014

The contributions amounts above reflect the impact of the DCR rates above, but the DCR dollar amounts are not shown.

* Note that the rates shown here are for employers and for the State Assistance contributions. To determine the amount of contribution for the State as an employer, the Employer rate shown should be applied to State payroll.



**State of Alaska TRS
Financial Projections (\$ in Thousands)
Based on 2015 Actuarial Valuation Results, 0% Population Growth for Payroll**

Impact of SB 207 to Increase Employer Contribution Rates

Fiscal Year End	FY 16 Investment Return 8.00% Investment Return of 8.00% for FY 17 and beyond.				Flow Amounts During Following 12 Months										Deferred Asset Gain/(Loss)	Ending Actuarial Assets					
	Valuation Amounts on July 1 (Beginning of Fiscal Year)				DB Contributions (does not include DCR contributions)																
Actuarial Assets	Accrued Liability	Funding Ratio	Surplus (Deficit)	Total Salaries	Er* Ctb Rate	State Assistance* Ctb Rate	DCR Ctb Rate	Total Ctb Rate	Employer	State Assistance	Employee	Total	Benefit Payments	Net Contrbs	Investment Earnings						
2016	\$8,108,923	\$9,729,365	83.3%	(\$1,620,442)	\$748,626	7.77%	17.38%	4.79%	12.56%	\$58,168	\$130,109	\$45,084	\$233,361	\$588,213	(\$354,852)	\$613,616	(\$204,751)	\$8,299,438			
2017	8,299,436	9,978,438	83.2%	(1,679,002)	766,651	14.38%	8.78%	4.62%	19.00%	110,244	67,312	43,111	220,667	617,975	(397,308)	634,684	(136,501)	8,468,578			
2018	8,468,578	10,211,044	82.9%	(1,742,466)	785,912	14.91%	4.18%	5.09%	20.00%	117,180	32,851	41,057	191,088	646,288	(455,200)	650,274	(68,250)	8,595,401			
2019	8,595,401	10,437,144	82.4%	(1,841,743)	806,252	15.40%	4.13%	5.60%	21.00%	124,163	33,298	39,059	196,520	674,776	(478,256)	665,289	0	8,714,185			
2020	8,714,185	10,640,670	81.9%	(1,926,485)	827,595	15.93%	4.02%	6.07%	22.00%	131,836	33,269	37,117	202,222	702,922	(500,700)	679,687	0	8,893,172			
2021	8,893,172	10,826,430	82.1%	(1,933,258)	849,657	15.47%	4.30%	6.53%	22.00%	131,442	36,535	35,137	203,114	731,426	(528,312)	693,046	0	9,057,906			
2022	9,057,906	10,992,773	82.4%	(1,934,867)	872,298	15.03%	4.59%	6.97%	22.00%	131,106	40,038	33,200	204,344	760,382	(556,038)	705,270	0	9,207,139			
2023	9,207,139	11,137,595	82.7%	(1,930,456)	895,774	14.62%	4.88%	7.38%	22.00%	130,962	43,714	31,233	205,909	788,122	(582,213)	716,330	0	9,341,256			
2024	9,341,256	11,260,559	83.0%	(1,919,303)	920,082	14.22%	5.17%	7.78%	22.00%	130,836	47,568	29,326	207,730	816,300	(608,570)	726,182	0	9,458,868			
2025	9,458,868	11,360,063	83.3%	(1,901,195)	945,355	13.84%	5.46%	8.16%	22.00%	130,837	51,616	21,460	203,913	845,457	(641,544)	734,462	0	9,551,787			
2026	9,551,787	11,433,499	83.5%	(1,881,712)	971,728	13.49%	5.80%	8.51%	22.00%	131,086	56,360	19,337	206,783	866,785	(660,002)	741,395	0	9,633,180			
2027	9,633,180	11,480,289	83.9%	(1,847,109)	999,484	13.15%	6.07%	8.85%	22.00%	131,432	60,669	17,291	209,392	893,544	(684,152)	747,152	0	9,696,179			
2028	9,696,179	11,498,303	84.3%	(1,802,124)	1,028,624	12.85%	6.32%	9.15%	22.00%	132,178	65,009	15,326	212,513	920,955	(708,442)	751,437	0	9,739,174			
2029	9,739,174	11,485,636	84.8%	(1,746,462)	1,059,277	12.57%	6.57%	9.43%	22.00%	133,151	69,594	13,453	216,198	947,569	(731,371)	754,193	0	9,761,998			
2030	9,761,998	11,440,484	85.3%	(1,678,486)	1,091,279	12.32%	6.80%	9.88%	22.00%	134,446	74,207	11,677	220,330	972,441	(752,111)	755,434	0	9,765,320			
2031	9,765,320	11,362,486	85.9%	(1,597,166)	1,124,965	12.10%	7.00%	9.90%	22.00%	136,121	78,748	10,125	224,994	994,613	(769,619)	755,253	0	9,750,953			
2032	9,750,953	11,252,900	86.7%	(1,501,947)	1,160,319	11.91%	7.19%	10.09%	22.00%	138,194	83,427	8,702	230,323	1,013,789	(783,466)	753,824	0	9,721,311			
2033	9,721,311	11,112,155	87.5%	(1,390,844)	1,197,206	11.74%	7.37%	10.26%	22.00%	140,552	88,234	7,423	236,209	1,031,707	(795,488)	751,258	0	9,677,071			
2034	9,677,071	10,939,126	88.5%	(1,262,055)	1,235,964	11.60%	7.54%	10.40%	22.00%	143,372	93,192	6,303	242,867	1,043,869	(801,002)	747,814	0	9,623,882			
2035	9,623,882	10,737,503	89.6%	(1,113,621)	1,276,602	11.47%	7.70%	10.53%	22.00%	146,428	98,298	5,234	249,958	1,051,378	(801,420)	743,882	0	9,566,345			
2036	9,566,345	10,510,003	91.0%	(943,658)	1,319,177	11.37%	7.83%	10.63%	22.00%	149,990	103,292	4,353	257,635	1,056,351	(798,716)	739,736	0	9,507,365			
2037	9,507,365	10,257,502	92.7%	(750,137)	1,363,505	11.29%	7.97%	10.71%	22.00%	153,940	108,671	3,545	266,156	1,057,603	(791,447)	735,688	0	9,451,606			
2038	9,451,606	9,982,098	94.7%	(530,492)	1,409,369	11.22%	8.11%	10.78%	22.00%	158,131	114,300	2,960	275,391	1,054,509	(779,118)	732,128	0	9,404,616			
2039	9,404,616	9,686,683	97.1%	(282,067)	1,456,857	11.16%	8.91%	10.84%	22.00%	162,585	129,806	2,331	294,722	1,049,321	(754,599)	730,163	0	9,380,179			
2040	9,380,179	9,372,009	100.1%	8,170	1,505,788	0.07%	0.00%	10.89%	10.96%	1,054	0	1,958	3,012	1,040,362	(1,037,350)	708,246	0	9,049,075			
2041	9,049,075	9,040,645	100.1%	8,430	1,558,462	0.05%	0.00%	10.92%	10.97%	778	0	1,556	2,334	1,026,301	(1,023,967)	680,330	0	8,705,438			
2042	8,705,438	8,696,685	100.1%	8,753	1,608,668	0.04%	0.00%	10.95%	10.99%	643	0	1,287	1,930	1,008,439	(1,006,509)	653,583	0	8,352,513			
2043	8,352,513	8,343,218	100.1%	9,295	1,662,146	0.03%	0.00%	10.98%	11.01%	499	0	997	1,496	985,450	(983,954)	626,311	0	7,994,869			
2044	7,994,869	7,984,908	100.1%	9,961	1,717,504	0.03%	0.00%	10.99%	11.02%	515	0	687	1,202	958,888	(957,686)	598,818	0	7,636,003			
2045	7,636,003	7,625,190	100.1%	10,813	1,774,509	0.02%	0.00%	11.01%	11.03%	355	0	532	887	929,806	(928,919)	571,335	0	7,278,417			
Totals:													\$3,192,222	\$1,740,117	\$490,861	\$5,423,200					

The FY16 and FY17 Employer/State contribution rates don't match the September 26, 2014 and October 7, 2015 Allocation of Additional Contribution letters due to updated projected Total Salaries

The FY17 State assistance contribution was allocated 100% to pension

Prior service contribution rates set to be greater than or equal to 0% for both pension and medical

The employer contribution rate for Occupational Death & Disability and Retiree Medical is 1.05%, determined as of June 30, 2014

The contributions amounts above reflect the impact of the DCR rates above, but the DCR dollar amounts are not shown.

* Note that the rates shown here are for employers and for the State Assistance contributions. To determine the amount of contribution for the State as an employer, the Employer rate shown should be applied to State payroll.

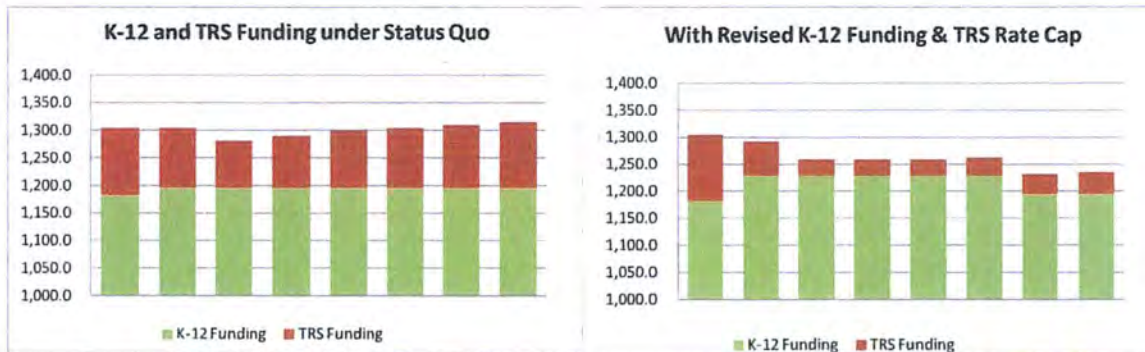
Impact of Increasing the Cap on TRS Employer Contribution Rates and of Additional K-12 Formula Funding under SB 207

(\$millions except BSA in actual \$)

1	TRS Rate	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
2	FY17 Rate Cap	12.56%	12.56%						
3	Increase in Rate Cap		6.44%	1.00%	1.00%	1.00%	0.00%	0.00%	0.00%
4	New Rate Cap	12.56%	19.00%	20.00%	21.00%	22.00%	22.00%	22.00%	22.00%

5	State TRS Assistance	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
6	Baseline Projections (Buck 4/16)	122.8	110.2	86.2	95.7	105.2	110.2	115.5	121.1
7	Under SB 207 (Buck 4/16)	122.8	63.5	31.0	31.4	31.4	34.5	37.8	41.3
8	Change in State Assistance	-	(46.6)	(55.2)	(64.2)	(73.7)	(75.7)	(77.7)	(79.8)

9	Impact on Schools	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23
10	TRS Costs to Absorb		(46.6)	(55.2)	(64.2)	(73.7)	(75.7)	(77.7)	(79.8)
11	Additional Formula Funding (Fiscal Note)		33.7	33.7	33.7	33.7	33.7	-	-
12	Net Impact		(12.9)	(21.5)	(30.5)	(40.0)	(42.0)	(77.7)	(79.8)
13	Net Funding Level	1,181.1	1,181.1	1,172.5	1,163.5	1,154.0	1,152.0	1,116.3	1,114.2
14	Equivalent BSA Reduction (from FY17)		\$ (50)	\$ (83)	\$ (117)	\$ (154)	\$ (162)	\$ (299)	\$ (307)
15	Percent Reduction from FY17		-1.1%	-1.8%	-2.6%	-3.4%	-3.5%	-6.5%	-6.7%
16	Funding Difference from FY16		-	(9)	(18)	(27)	(29)	(65)	(67)
17	Percent Reduction from FY16		0.0%	-0.7%	-1.5%	-2.3%	-2.5%	-5.5%	-5.7%



Note: A \$33.7 million increase in Basic Need will increase allowable local contributions by about \$7.8 million.

Note: Fiscal notes appropriate about \$2.8 million to the University, SESA, SERCC, AVTEC and DEED to offset the cost of TRS rate increases.

Neither the costs absorbed by those agencies nor the appropriations to them are shown above.

Note: Formula increases and TRS rate increases are not allocated to school districts identically.

Summary of Cost Increases

(In millions)

	PERS Rate Increase	TRS Rate Increase	Learning Opportunity Grants	Property Tax Exemption	Community Assistance	Total Increased Cost	Effective Change in Formula Funding
FY17	Rate Increase 2.50%	Rate Increase 6.44%	BSA Equivalent \$ 141	Reduce Exemption 50%	\$38m vs. \$38m		
Entity							
School Districts	\$ 8.1	\$ 45.6	\$ (36.6)	\$ -	\$ -	\$ 17.1	-1.4%
Municipalities	\$ 13.8	\$ -	\$ -	\$ (17.2)	\$ -	\$ (3.4)	
Other Employers	\$ 2.2	\$ 0.1	\$ -	\$ -	\$ -	\$ 2.3	
Net Cost to State	\$ (24.2)	\$ (45.7)	\$ 36.6	\$ (13.0)	\$ -	\$ (46.3)	
FY18	Rate Increase 1.00%	Rate Increase 1.00%	BSA Equivalent \$ -	Reduce Exemption 50%	\$30m vs. \$25.5m		
Entity							
School Districts	\$ 11.7	\$ 53.9	\$ (36.6)	\$ -	\$ -	\$ 29.0	-2.5%
Municipalities	\$ 20.0	\$ -	\$ -	\$ (17.2)	\$ (4.5)	\$ (1.8)	
Other Employers	\$ 3.2	\$ 0.0	\$ -	\$ -	\$ -	\$ 3.2	
Net Cost to State	\$ (34.9)	\$ (53.9)	\$ 36.6	\$ (13.0)	\$ 4.5	\$ (60.7)	
FY19	Rate Increase 1.00%	Rate Increase 1.00%	BSA Equivalent \$ -	Reduce Exemption 50%	\$30m vs. \$0		
Entity							
School Districts	\$ 15.5	\$ 62.7	\$ (36.6)	\$ -	\$ -	\$ 41.6	-3.5%
Municipalities	\$ 26.4	\$ -	\$ -	\$ (17.2)	\$ (30.0)	\$ (20.8)	
Other Employers	\$ 4.2	\$ 0.0	\$ -	\$ -	\$ -	\$ 4.3	
Net Cost to State	\$ (46.2)	\$ (62.7)	\$ 36.6	\$ (13.0)	\$ 30.0	\$ (55.3)	
FY20	Rate Increase 0.00%	Rate Increase 1.00%	BSA Equivalent \$ -	Reduce Exemption 50%	\$30m vs. \$0		
Entity							
School Districts	\$ 16.0	\$ 72.0	\$ (36.6)	\$ -	\$ -	\$ 51.3	-4.3%
Municipalities	\$ 27.2	\$ -	\$ -	\$ (17.2)	\$ (30.0)	\$ (20.0)	
Other Employers	\$ 4.4	\$ 0.1	\$ -	\$ -	\$ -	\$ 4.5	
Net Cost to State	\$ (47.6)	\$ (72.1)	\$ 36.6	\$ (13.0)	\$ 30.0	\$ (35.8)	
FY17 -- FY20	Rate Increase 4.50%	Rate Increase 9.44%	BSA Equivalent \$ -	Reduce Exemption 50%	\$30m vs. \$0		
Entity							
School Districts	\$ 51.4	\$ 234.1	\$ (146.5)	\$ -	\$ -	\$ 139.0	
Municipalities	\$ 87.5	\$ -	\$ -	\$ (69.0)	\$ (64.5)	\$ (46.0)	
Other Employers	\$ 14.0	\$ 0.3	\$ -	\$ -	\$ -	\$ 14.3	
Net Cost to State	\$ (152.9)	\$ (234.4)	\$ 146.5	\$ (52.0)	\$ 64.5	\$ (107.3)	

Notes:

Net savings from PERS and TRS rate increases assume that appropriations to state agencies cover the impact of increased rates.

A portion of the impact of PERS and TRS on state subdivisions is non-UGF fund sources.

Property Tax Exemption figure assumes that municipalities maintain current levels of local support, but they could choose to increase school funding.

P.O. Box 1330
675 Second Street
Cordova, AK 99574



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www.cordovasd.org

**Cordova School District
PERS - Senate Bill 209**

FY17 Estimated Salaries Subject to PERS: \$ 881,921
Currently Paying 22% Employer Contribution: \$ 194,023
Current Employer Contribution Rate for PERS: 22%

FY	Increase	Total Contribution %	Additional Amount	Total TRS Contribution
FY17	2.50%	24.50%	\$ 22,048	\$ 216,071
FY18	3.50%	25.50%	\$ 31,485	\$ 225,507
FY19	4.50%	26.50%	\$ 40,480	\$ 234,503
Total Additional Amount			\$ 94,013	\$ 676,081

I understand and appreciate that the legislature is considering a number of ways to address Alaska's current economic situation; of equal importance is having the foresight to plan for a healthy future, as well. As part of your considerations, the following legislative actions would provide a sense of hope to local districts as we look toward the future:

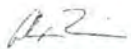
- Developing a sound state fiscal plan that addresses costs and cultivates new revenue streams
- Implementing meaningful retirement frameworks that will maintain or reduce the unsustainable required contributions from local school districts
- Providing relief from burdensome state mandates that add to school district costs
- Adjusting the basic education foundation formulas to account for growing costs outside school districts' control
- Opposing efforts that will further erode a district's authority to maintain local control of programs and operations
- Investing in the one resource we know that does not ebb and flow with the times: Alaska's children

In closing, please consider that shifting or redirecting the State's basic education funding and associated employer costs will likely cause school districts to significantly reduce programs or increase the burden on local communities. I understand that it is important for the community to do its part by focusing on essential programs and looking for other revenue sources, which CSD is actively engaging.

Cordova School District has done our part historically by meeting high levels of academic performance and achievement, including graduation rates, both locally and at a state level. Please show your commitment to education by working diligently to see that the State meets its obligations to public education.

Thank you for your continued service and support of Alaska's children and communities.

Sincerely,


Alex Russin, Superintendent

MT. ECCLES ELEMENTARY SCHOOL
(T) 907-424-3236
(F) 907-424-3117

EXCELLENCE FOR ALL

CORDOVA JR.-SR. HIGH SCHOOL
(T) 907-424-3266
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Cordova, AK 99574



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March 30, 2016

Senate Finance Committee
State Senate
Alaska State Capitol
Juneau, AK 99801-1182

Honorable Senate Finance Committee Co-Chairs MacKinnon and Kelly,

I need your help. There are many matters under consideration in the legislature that will have a significant impact on educational programs in our state. Considering these matters in combination with the current economic climate, I urge you to use your influence and your vote in continuing to invest in Alaska's future, namely our children and the public education system, by opposing Senate Bills 207 and 209, respectively.

The Cordova School District (CSD) is well into our budget development process for the FY17 School Year. Like many districts, we have implemented strategies to balance the school budget while maintaining the essential elements of a quality education. Further, in response to the economic environment of the last few years, CSD has done its due diligence in forecasting both expenses and anticipated revenues in order to meet the changing needs of our students. While even deeper statewide cuts appear imminent in the coming years absent a solid state fiscal plan, the options being discussed at the legislative level for expense reduction will have a significant impact on our students and the delivery of our educational program. The current situation is worsened by the fact that school districts are limited in their ability to generate revenue to compensate for funding reductions, assumptions of redirected costs, and expense increases outside our control.

In particular, I am concerned that the proposed legislation (SB 207 and 209) will have significant impact on our future budgets as represented in the tables below.

**Cordova School District
TRS - Senate Bill 207**

FY17 Estimated Salaries Subject to TRS:	\$ 1,963,727
Currently Paying 12.56% Employer Contribution:	\$ 246,644
Current Employer Contribution Rate for TRS:	12.56%

FY	Increase	Total Contribution %	Additional Amount	Total TRS Contribution
FY17	7.56%	20.12%	\$ 148,458	\$ 395,102
FY18	8.56%	21.12%	\$ 171,457	\$ 418,101
FY19	9.56%	22.12%	\$ 195,242	\$ 441,886
FY20	10.56%	23.12%	\$ 219,812	\$ 466,456
Total Additional Amount			\$ 734,968	\$ 1,721,545

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EXCELLENCE FOR ALL

CORDOVA JR.-SR. HIGH SCHOOL
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(F) 907-424-5215

Doniece Gott

From: Jennie Hafele
Sent: Wednesday, March 30, 2016 2:08 PM
To: Senate Finance Committee; Rep. Adam Wool; Rep. David Guttenberg; Rep. David Talerico; Rep. Scott Kawasaki; Rep. Steve Thompson; Rep. Tammie Wilson; Sen. Click Bishop; Sen. John Coghill; Sen. Pete Kelly
Subject: Comments/Pierce

Public Opinion Message from Fairbanks area resident.
Comments submitted to Fairbanks LIO via telephone on 3/30/2016
Mr. Pierce has requested return correspondence from his legislators.

To:
Senate Finance Committee
Interior Delegation Members

From:
John Pierce
House District 2
455-8120

Subject: SB 210 and other pieces of new legislation

I am a senior citizen. I am 66 yrs old. I am on a limited income. The senior property tax exemption is vitally important to me. Keeping the taxes down is essential in allowing me to avoid losing my house!

I don't see how the state can give money to the University, a land grant university by the way, while the people are taking on a tax burden. Then university should develop their resources and be self-sufficient. The same goes for mental health trust. They are a land grant trust and resource rich. The state has already provided the university and mental health trust with an opportunity to earn revenue. Neither organization should be receiving \$1.

I have been here since statehood, since 1959 and I don't want to lose my home because of new tax burdens and the state looking to raise funds from citizens instead of its resources.

John Pierce
District 2
455-8120

Jennie Hafele
Fairbanks Legislative Information Office
1292 Sadler Way Suite 308
Fairbanks, Alaska 99701
Phone: 907-452-4448

Phone: 907-456-3346
Click [HERE](#) to visit the Alaska State Legislature Website
Click [HERE](#) to watch live streaming of the Alaska State Legislature

Doniece Gott

From: Clinton R Hodges II <crh911s@hotmail.com>
Sent: Wednesday, March 30, 2016 2:12 PM
To: Senate Finance Committee
Subject: SB 207 and SB 209

Dear Co-Chairs and members of the Senate Finance Committee,

Please accept this email as my testimony on SB 207 and SB 209 of which I am in support of. Additionally, I would like to rebut the letter sent to your committee by Superintendent Graff of the Anchorage School District.

Superintendent Graff is yelling the sky is falling but he's not being very forthright with the truth. The Anchorage School District and the Municipality of Anchorage is not taking our revenue situation seriously; teachers and muni employee continue to receive salary and benefit increases and teachers were giving a 1k bonus even though the ASD is 11.5 million in the red. Then on top of this the school board is requesting a huge increase in BSA.

As Rep. Reibold so eloquently pointed out today, government can not maintain the status quo and in my opinion we need to cut overall spending to 2008 levels or 6.5 billion. Everybody supports cuts but this remedy has fallen on deaf ears. No cuts no new revenue and definitely no restructuring of the Permanent Fund.

The ASD costs continue to skyrocket in the face of declining enrollment, their budget is out of control and he can not accept that our state is in a serious financial situation. Our student population is declining, important business are laying off people-with good paying jobs and several of our schools are at 80% capacity. And yet there is no real immediate serious discussion concerning closing these schools, laying off the excess staffing or even combining to save money. What explanation does Graff give that it's ok to lay off private sector employees and not government employees; especially employees hired after 2007?

I support these bills and tell Superintendent Graff to worry about doing his job instead of yours. There's enough work that needs to be done to go around.

Respectfully submitted,

Clinton and Geri Hodges

6930 East 11th Ave

Anchorage, AK 99504

907 240 3535

Sent from Mail for Windows 10

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Thursday, March 31, 2016 9:35 AM
To: Senate Finance Committee
Subject: FW: SB 207, 208, 209, 210

From: Bruth George [mailto:bruthg5@gmail.com]
Sent: Thursday, March 31, 2016 9:33 AM
To: Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; sen.pete.micciche@akleg.gov; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; sen.donny.olson@akleg.gov
Subject: SB 207, 208, 209, 210

Senators,

I am opposed to Senate Bills 207, 208, 209, 210 all of which will have a damaging effect on everyday life in Alaska. I've said it before and I repeat, I'm willing to pay an income tax and to use the Permanent Fund Reserve in order to avoid this damage.

Betty Ruth George
Fairbanks

Doniece Gott

From: Sen. Pete Kelly
Sent: Wednesday, March 30, 2016 12:52 PM
To: Doniece Gott
Subject: FW: Please vote against SB 207 and SB 208

*SB
207-
208
Opposition*

From: Anne Wilkas [mailto:annewilkas@yahoo.com]

Sent: Wednesday, March 30, 2016 12:40 PM

To: Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; sen.pete.micciche@akleg.gov; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; sen.click.bishop@akleg.gov; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>

Cc: governor@alaska.gov

Subject: Please vote against SB 207 and SB 208

Dear Senate Finance Committee and Governor Walker,

I am writing to express my opposition to SB 207 and SB 208. As a former teacher in the Anchorage School District, a parent and an active PTA officer in elementary and secondary school, I have experienced first hand how important adequate funding is to the success of our students. Having teachers in the classroom and having an optimal teacher to student ratio is essential. SB 207 undercuts student success - or more bluntly, assures student failure - by shifting the state burden to the school districts.

Having volunteered in Title 1 elementary schools and worked with high school students who have fallen through the cracks, I cannot emphasize how important keeping the Performance Scholarship Fund is. I had many students who achieved this scholarship, used it to go to UAA and became successful working members of our community. Had they not had the opportunity the PSF provides, many of those students would not be where they are today.

Please oppose both of these bills for the sake of our students and our state. We need to invest adequately in the future leaders of Alaska.

Most sincerely,
Anne M Wilkas
1813 Rogers Park Court
Anchorage, AK 99508
(907)278.4214

Doniece Gott

From: Sen. Pete Kelly
Sent: Wednesday, March 30, 2016 1:05 PM
To: Doniece Gott
Subject: FW: Please don't pass SB 207 or 208

From: Kari Gardey [mailto:kari@ak.net]
Sent: Wednesday, March 30, 2016 11:22 AM
To: Kari Gardey <kari@ak.net>
Subject: Please don't pass SB 207 or 208

Dear Senate Finance Committee,

I wanted to express my complete frustration at the actions you have been taking. It feels like you have not been listening to the overwhelming voice of the Alaskan public who over and over again have said that they would like reasonable cuts to the state budget AND a look to increasing revenues so that we do not need to cut to the point of making this wonderful state a miserable place to be. By cutting into the University and the passing the costs of education to the Municipalities you are depriving our state of the ability to move forward into a better future.

Please do not pass SB207 or SB208. Cutting into education is not the way to close our budget gap. Sensible cuts and revenue options are a stronger and forward looking way to take care of our budget shortfall. Passing SB208 will send more of our young scholars outside this state and deprive us of their abilities as well as preventing those who could not afford it otherwise to attend university.

Please start listening to the people.

Thank you,

Kari Gardey

7240 Stamps Cir

Anchorage, AK 99507

907-336-0255

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Tuesday, March 29, 2016 3:10 PM
To: Senate Finance Committee
Subject: FW: SB 208

-----Original Message-----

From: Dorrie Dean [mailto:dorriedean@yahoo.com]
Sent: Tuesday, March 29, 2016 1:06 PM
To: Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Peter Micciche <Sen.Peter.Micciche@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>
Subject: SB 208

Dear senators,

As the parent of a high school junior and a voter in the Mat-Su Borough I urge you to not eliminate the Alaska Performance Scholarship program (SB 208).

My daughter is currently a freshman at UAF. She graduated from Colony High School in Palmer with a 3.87 gpa and is currently studying marine biology and chemical oceanography. She is a Level 1 APS recipient, receiving \$4,755 per year for a total of four years. As the 2015 winner of the Alaska Science and Engineering Fair, along with numerous other awards for her four-year independent study research project on ocean acidification in Prince William Sound, she could have attended numerous universities outside of Alaska for her college education. There are many reasons why she chose UAF, but as a life-long Alaskan who plans to make her home in Alaska after graduation, the APS scholarship certainly influenced her decision to stay here.

My son is currently a high school junior (class of 2017), and eliminating the Alaska Performance Scholarship will directly impact his college plans. His current goal is to receive the APS funding and study engineering/physics at UAF. Without that funding he will be considering attendance at outside universities that can offer him similar amounts of financial aid. He is also a life-long Alaskan.

My husband and I are both proud graduates of the University of Alaska Fairbanks, and we hope that our children will continue with that tradition. Along with the money that we have put aside for her education and her APS awards, my daughter should graduate from UAF with no student loan debt. We are hoping for the same for our son. The APS program is definitely a deciding factor in my children's college educations. Although not a "full-ride" by any means (over four years of level 1 awards my daughter will receive \$19,020.00. Her tuition and fees are currently between \$8000-\$9000 per semester), it definitely makes a difference that allows many young people to further their education and become productive members of the Alaskan workforce.

Thanks you for your time. I sincerely hope that you will allow this wonderful program to continue. It has helped over 5,200 Alaskan students continue their education here in Alaska and it is definitely worthy of the State of Alaska's continued support.

Sincerely,

Dorrie Dean
Sent from my iPad

Doniece Gott

From: Stacy LeNorman <slenorman@alaskaadjusters.com>
Sent: Tuesday, March 29, 2016 3:45 PM
To: Senate Finance Committee
Subject: Scholarship program

Hello,

We were among the families that received the scholarship for our daughter when it first came out. When she was a junior in High School we read that it was about to be offered. We found the program the exact incentive to keep her motivated as well as for us to be able to afford her to attend UAA. Once she successfully qualified, there was no question she was planning on going onto college.

She is a first generation graduate – specifically because of the program allowing our family to afford it. Not only did we find the program easy to re-qualify for each year, but the payments went smoothly & directly to UAA.

Erika, after 9 semesters, earned her degree in Art with a minor in History. As the program justifiably only covered 8 semesters, the 9th semester out-of-pocket costs were shockingly high. We were able to afford that one semester by making drastic cuts in other areas of our budget. Because she has a college degree, she is more qualified than other job applicants, and is now employed as a preschool teacher. Without the funding, none of this would be possible – and her future job opportunities bleak.

It's sad to think future participants won't be able to take advantage of this valuable program. Our 'vote' is to keep the program in place. If any cuts would be required to the program, perhaps the monetary amount could be reduced – not completely erased to zero.

If there is a list being compiled of public opinion, we would be happy to be added to the "keep it" side.

Thank you for considering our voice.

David & Stacy LeNorman

410 Kayak Drive

Anchorage, Alaska 99515

Good evening Senators,

I know in the coming weeks you will be receiving a lot of testimony on sb208, much (if not most) of it laced with sharp criticism. I wanted to take a moment and pass on some encouragement, hopefully ahead of the flood.

I am a student at UAA, the first in my family to go to college. I am also a recipient of the Alaska Performance Scholarship. I chair both College Republicans and Young Americans for Liberty at UAA. Each semester, I have received a credit to my UAA account balance of \$2,378.00, as I am in the level one bracket for APS and take 15 credit hours each semester. I also work full time in order to support myself. I live completely independent from my parents, and have been since two weeks after my 18th birthday (when I moved out to attend my first semester at UAA).

I know you will receive many emails and phone calls asking you to please spare the APS. Everyone in the state has that one service they wish to see perpetuated by the state. I am not one of those students. The APS comes from a time of record high oil prices, and with that, record high revenue. Obviously that is not the case today. And even though I directly benefit from my APS, I recognize that the program needs to go.

My first year of college, I supported myself making \$10/hr at the McDonalds on Tudor road in Anchorage, right next to campus. I was a department manager, and frankly, I made a crappy wage. I did not apply for state assistance, though I surely would have qualified. Instead, I tightened my belt, and lived within my means (and then some, as my scholarship didn't cover everything, I still had to save to pay the remainder). I won't lie, it completely sucked. I left the relative comfort of home, giving up luxuries like Internet, tv, a house heated above 60 degrees (paying for utilities is expensive), and many others. I worked every day of the week, even if just for two hours, so that I could take advantage of the \$8 of free food my employer provided me. I lived in rough housing with rough roommates in order to save money. I didn't eat out or have fun. I worked, I went to class, I studied, and then I worked some more. I couponed and found every possible way to save money. After all, what else should you do when you are living paycheck to paycheck or headed into the red?

The state's situation is not dissimilar to my own. Today I have a better job, but I still work full time. I pay my bills and save the rest so that I can pay for school.

The loss of the Alaska performance scholarship will undoubtedly make my life harder, but just like I had to sacrifice to scrape by and maintain my independence, so too should the state. We need to cut, and cut deep. We must tighten our belts and live within our means. That means cuts to education, to healthcare, to state services. Our budget is bloated and we must become fiscally solvent.

And besides, I would much rather lose my APS, or my dividend for that matter, than be subject to a state sales or income tax. I budget to my last dime so that I can survive the high cost of living here and put money away for school and emergencies. I see no reason why the state shouldn't do the same.

I appreciate the position you are left in, as it is not easy to make cuts, but in order for me and the rest of millennials to even have a future in this state, we need to clean up our act.

I fully support sb208. It is a step in the right direction.

For prosperity,
Kelsi Pulczinski

(P.S. I apologize for the length! I felt it prudent to be very vocal in my support and I know you will be facing criticism for this bill)

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Wednesday, March 30, 2016 9:32 AM
To: Senate Finance Committee
Subject: FW: SB207

-----Original Message-----

From: Mary Spalding [mailto:mspalding@gci.net]
Sent: Tuesday, March 29, 2016 10:16 PM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>
Subject: SB207

Dear Senator,

If SB207 passes, it would be the same of further cuts to Alaska's public schools. This is unfair. Please stop this in its tracks. If you want to balance the budget, I once again ask that you look at instituting an income tax in addition to using some of the PF earnings. Do your job and look at all options!

Thank you.

Mary Spalding
5406 W Dimond Blvd. No 3
Anchorage, AK 99502

Doniece Gott

From: Sen. Anna MacKinnon
Sent: Wednesday, March 30, 2016 9:30 AM
To: Senate Finance Committee
Subject: FW: SB 207 and beyond

From: The Homzas [mailto:wiljon@gci.net]
Sent: Wednesday, March 30, 2016 12:23 AM
To: Sen. Anna MacKinnon <Sen.Anna.MacKinnon@akleg.gov>; Sen. Pete Kelly <Sen.Pete.Kelly@akleg.gov>; Sen. Lyman Hoffman <Sen.Lyman.Hoffman@akleg.gov>; sen.pete.micciche@akleg.gov; Sen. Mike Dunleavy <Sen.Mike.Dunleavy@akleg.gov>; Sen. Click Bishop <Sen.Click.Bishop@akleg.gov>; Sen. Donny Olson <Sen.Donny.Olson@akleg.gov>
Cc: governor@alaska.gov
Subject: SB 207 and beyond

Dear Representatives of me -

Between listening to Juneau and the US Presidential campaign, I become less and less conservative every day. EVERY DAY.

To me SB 207 is a seed in a shell game. Please stop putting off the inevitable, we are not stupid. Alaskans are willing to pay their fair share to sustain vital imperatives like education. ***Cuts alone will not solve our financial problems.*** Among other sources of revenue, like utilizing the PF, taxes are necessary. This is plain to see (its the most unifying call Alaska has had in decades) - nothing is free and the oil prices are in our faces, we all know this. ***Please tax Alaskans in a fair and progressive way*** so that we may have hope for a future with adequate infrastructure - including undiminished schools at every level.

The true conservative's goal is not "to pay as little as possible", but rather, "to spend wisely". Sound capitalism.

I have a growing disrespect for those of you who say that ALL government is bad. Plain foolishness.

Thomas Homza, Anchorage

ps - no doubt you trudge ahead with no heed to my opinion; but you won't get another vote from me any time soon.

Doniece Gott

From: Mike Bronson <bronsonconsulting@gci.net>
Sent: Tuesday, March 29, 2016 8:27 PM
To: Senate Finance Committee
Cc: Sen. Mia Costello; Rep. Matt Claman; Rep. Gabrielle LeDoux; Rep. Lynn Gattis; Rep. Bob Lynn; Rep. Liz Vazquez; governor@alaska.gov
Subject: SB 207 Do not pass

Dear Senators,

Do not pass SB 207. Instead arrange to pay teacher retirement obligations on behalf of school districts out of the general fund. They'll need hundreds of highly-trained teachers next year to help pull Alaska students out of its their academic performance pit.

You have plenty of low-hanging options to meet that expense: Killing the zombie projects like Watana dam, Knik Crossing, Ambler Road and get back millions. Reducing the Legislature's own budget from \$68 million to less than \$30 million like other states our size. Cashing out AIDEA's assets. Eliminating the oil production tax credit.

Thanks,

Mike Bronson

2428 Tulik Drive

Anchorage, Alaska