

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3348

230



Member Participation

- Adds Governor, Lieutenant Governor, and Legislators as members of the DCR Plan.
- Clarifies that a DB member hiring with a new DCR Plan-only employer participates in the DCR Plan.

Member Participation

- Clarifies that a former DB member who does not reinstate service before July 1, 2010, will be a DCR Plan member if re-employed after that date.
- Specifies how the IRC § 415(c) limits affect payment of the employer conversion match for DB to DC conversions.

IRC Compliance

- Disabled member 100% vested in employer contributions
- Survivor retirement benefit funded from Occupational D&D fund
- USERRA Compliance
- § 415(c)—Contribution Limits
 - contributions on behalf of survivors
 - voluntary employee contributions



Defined Benefit Plans

Division of Retirement and Benefits March 19, 2007

Pension Protection Act

- Updates rollover provisions and includes a Roth IRA as of January 1, 2008
- Allows an alternate payee to rollover contributions
- Requires a rollover of pre/post-tax contributions to be accounted for separately by receiving plan

Employer Participation

- Normal cost and past service rate applied to total payroll dollars
- Establishes a deadline for terminated employers to pay termination costs



Employer Participation

- Allows the plan to intercept other state funds for payment of delinquent contributions.
- Codifies use of forfeitures to be applied to future employer contributions.

Member Participation

- Repeals the ability to reinstate service for Conditional or Public Service benefits as of July 1, 2010
- DB members who hire with a DCR Plan-only employer participate in the DCR Plan
- Former DB members who do not reinstate by July 1, 2010, are DCR Plan members upon rehire



Administrative

Division of Retirement and Benefits March 19, 2007

New Trust

- Alaska Retiree Health Trusts
 - ARMB Trustees
 - Receive employer health contributions
 - Pay retiree medical premiums

Administrative

- Removes NEA as an eligible employer
- Removes Social Security tax wage base cap from employee/employer contributions
- Conforms Administrator's duties across plans

Administrative

- Returns authority to the Commissioner of Administration to adopt regulations for the SBS, DCP and HRA plans.
- Provides OAH authority to hear appeals for the SBS, DCP and HRA plans.
- Provides OAH authority to hear PERS/TRS requests for waivers of timeliness and adjustment.



Technical Clarification Bill Overview

- Allows State to administer benefits intended by the legislature
- Provides funding mechanisms for all benefits
- Addresses IRC requirements
- Removes administrative ambiguities

SB

124

SFIN

FILE

SENATE FINANCE COMMITTEE REPORT

REPORTED OUT
MAY 07 2007
SENATE FINANCE COMMITTEE

DATE: 4/25/07

FURTHER:

DATE TURNED
IN TO OFFICE: 5/08/2007

Finance Committee considered

SENATE BILL NO. 124

SB 124 ALASKA WORKFORCE INVESTMENT BD ALLOCATION

"An Act relating to the allocation of money appropriated to the Alaska Workforce Investment Board; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 124 (FIN)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s)
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:
 Same Title
 New Title

HOUSE BILL:
 Same Title
 Technical Title Change
 New Title w/ SCR # _____

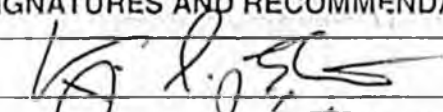
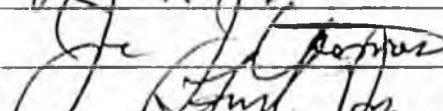
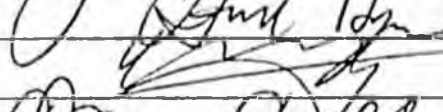
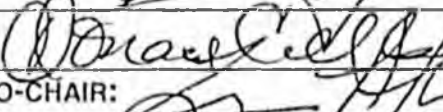
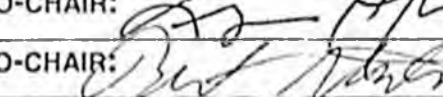


NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
Univ. of Alaska	5/7/07	41,300			
Labor	5/7/07	2912,200			

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	Elton	<input checked="" type="checkbox"/>			
	Thomas	<input checked="" type="checkbox"/>			
	Dyson			<input checked="" type="checkbox"/>	
	Huggins	<input checked="" type="checkbox"/>			
	Olson	<input checked="" type="checkbox"/>			
CO-CHAIR: 	Hoffman	<input checked="" type="checkbox"/>			
CO-CHAIR: 	Stedman	<input checked="" type="checkbox"/>			

FISCAL NOTE

STATE OF ALASKA
 2007 LEGISLATIVE SESSION

Fiscal Note Number: CSSB124-UA-Sysbra-5-07-07
 Bill Version: CSSB 124 Ver V
 () Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: University of Alaska
 Title Alaska Workforce Investment Board Allocation RDU University of Alaska
 Component Sysbra
 Sponsor Senator Olson
 Requester Senate L&C Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	41.3	41.3	41.3	41.3	41.3	41.3
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	41.3	41.3	41.3	41.3	41.3	41.3

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1151 Technical Voc Ed Program Rcpts	41.3	41.3	41.3	41.3	41.3	41.3
TOTAL	41.3	41.3	41.3	41.3	41.3	41.3

Estimate of any current year (FY2007) cost: 00

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

TVEP funding has been instrumental in UA's ability to meet Alaska's workforce training and educational needs and continues to be the primary source of funds for UA to continue to meet those needs. This bill reduces the allocation of TVEP funds the University receives from 55% to 36.0%, however due to the increase in the overall amount allocated to the TVEP account from .10% to .15%, there will be minimal change to the total amount allocated to the University of Alaska to invest in the workforce development priorities of the State.

Prepared by: Michelle Rizk
 Division: University of Alaska
 Approved by: Pat Pitney
 Agency: University of Alaska

Phone: 450-8187
 Date/Time: 5/7/07 3:00 PM
 Date: 5/7/2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note: SB124CS-DOLWD-CO-05-07-07

Bill Version: CSSB 124(FIN)

() Publish Date: _____

Revision Date/Time (Note if correction): _____

Title: Alaska Workforce Investment Board Allocation

Department: Labor and Workforce Development

RDU: Office of the Commissioner

Component: Commissioner's Office

Sponsor: Senator Olson

Requester: Senate Rules

Component Number: 340

Expenditures/Revenues

(Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2
Miscellaneous						
TOTAL OPERATING	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES (TVEP 1151)	2,887.5	2,887.5	2,887.5	2,887.5	2,887.5	2,887.5
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1151 Technical Voc Ed Program Rcpts	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2
TOTAL	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2	2,912.2

Estimate of any current year (FY2007) cost: None

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

See attached.

Prepared by: Guy Bell, Assistant Commissioner

Division: Office of the Commissioner

Approved by: Click Bishop, Commissioner

Agency: Department of Labor and Workforce Development

Phone: 465-2700

Date/Time: 5/7/07 3:42 PM

Date: 5/7/2007

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL VERSION: CSSB 124(FIN)

ANALYSIS: (continued)

This bill increases the amount allocated to the Alaska Training and Vocational Education Program (TVEP) account from the current 0.10 percent (\$5.8 million) to 0.15 percent of (\$8.7 million) of taxable wages that are subject to employee contributions under AS 23.20.290(d). This equates to an additional investment of approximately \$2.9 million per year into TVEP which would be used for grants to training entities. The bill also makes changes to the statutory distribution of the receipts.

There will be no cost to the Employment Security Division, Unemployment Insurance Component to implement these changes.

The department cannot quantify the impact of this change on unemployment insurance rates. On the one hand, employer tax rates may be higher with an additional \$2.9 million per year allocation to TVEP than they would be without such an allocation. On the other hand, the workers trained by virtue of TVEP funded programs are contributing to the UI program and reducing their call on unemployment benefits, thereby contributing to the solvency of the UI program and keeping employer rates lower than they would otherwise be.

This is a consolidated Fiscal Note for the Department of Labor and Workforce Development as the bill would affect the funding levels for a number of existing department budget components and it would also establish four new ones. In addition to this department, the bill also affects the funding received by the University of Alaska and the Department of Education and Early Development. See the following page for specifics on funding level changes.

There has been an update to the estimated revenues for the TVEP account. The department now has three quarters of receipt data for FY07 and as a result the revenue estimate for FY08 has been increased by \$235.0 from \$5,540.0 to \$5,775.0. This bill would increase the estimated revenue from \$5,775.0 to \$8,662.5, an increase of \$2,887.5.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL VERSION: CSSB 124(FIN)

ANALYSIS: (continued)

TVEP Receipt Distribution

		<u>Current Distribution</u>		<u>Proposed Distribution</u>	<u>Change</u>
FY07 Est Ending Bal:		753.6		753.6	
FY08 Est Revenue:	(0.1%)	5,540.0	(0.15%)	8,662.5	3,122.5
Less Reserve:		(250.0)		(250.0)	
Net Available		<u>6,043.6</u>		<u>9,166.1</u>	<u>3,122.5</u>

Entity	Current		Proposed		Change
	Percent	FY08 Est	Percent	FY08 Est	
Revenue Collection					
Costs (DOLWD)		344.8		344.8	0.0
Administration		0.0		0.0	0.0
University of Alaska	55%	3,134.3	36.0%	3,175.7	41.4
Galena (DEED)	4%	228.0	3.0%	264.6	36.6
Kotzebue (DOLWD)	11%	626.9	8.0%	705.7	78.8
AVTEC (DOLWD)	22%	1,253.7	15.5%	1,367.3	113.6
SAVEC (DOLWD)	4%	228.0	3.0%	264.6	36.7
Yuut (DOLWD)	4%	228.0	8.0%	705.7	477.8
Delta (DOLWD)			3.0%	264.6	264.6
NACTEC (DOLWD)			3.0%	264.6	264.6
AWP (DOLWD)			15.5%	1,313.9	1,313.9
Ketchikan (DOLWD)			5.0%	441.1	441.1
Total	100%	6,043.6	100.0%	9,112.7	3,069.1

Note 1: Due to the use of revenue projections to determine the annual appropriation amount, actual receipts may be higher or lower than budgeted authorization. To accommodate revenue shortfalls a reserve of 250.0 is maintained.

Note 2: The FY08 Estimated Revenue of \$5,540.0 in the Current Distribution column shown above was the revenue estimate at the time the FY08 Governor's Budget was prepared and the distributions based on this estimate are those that are included in the budget request. The department now has receipt data for the first three quarters of FY07 and based on those figures has increased the estimate of revenue to be received in FY08 to \$5,775.0. The FY08 Estimated Revenue shown in the Proposed Distribution column above includes both the increased estimated revenue and the effect of increasing the contribution rate from 0.10% to 0.15%.

Note 3: The \$3,122.5 in the above Change column is made up of \$235.0 from increasing the revenue estimate and \$2,887.5 from increasing the rate.

ADOPTED

WORK DRAFT

WORK DRAFT

WORK DRAFT

25-LS0751VV
Kane
5/7/07

CS FOR SENATE BILL NO. 124()
IN THE LEGISLATURE OF THE STATE OF ALASKA
TWENTY-FIFTH LEGISLATURE - FIRST SESSION

BY

Offered:
Referred:

Sponsor(s): SENATOR OLSON

A BILL

FOR AN ACT ENTITLED

1 "An Act relating to unemployment contributions for the Alaska technical and vocational
2 education program and to the allocation of money appropriated to the Alaska
3 Workforce Investment Board; and providing for an effective date."

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

5 * Section 1. AS 23.15.835(a) is amended to read:

6 (a) In the manner provided in AS 23.20, the department shall collect from
7 each employee an amount equal to .15 [ONE-TENTH OF ONE] percent of the wages,
8 as set out in AS 23.20.175, on which the employee is required to make contributions
9 under AS 23.20.290(d). The department shall remit to the Department of Revenue, in
10 accordance with AS 37.10.050, money collected under this subsection.

11 * Sec. 2. The uncodified law of the State of Alaska enacted in sec. 1, ch. 102, SLA 2001, as
12 amended by sec. 48, ch. 86, SLA 2002, and sec. 1, ch. 133, SLA 2004, is amended to read:

13 Section 1. ALLOCATION OF APPROPRIATIONS FOR FISCAL YEARS
14 ENDING JUNE 30, 2008 [2005], THROUGH JUNE 30, 2013 [2010].

1 Notwithstanding AS 23.15.840(a), for the fiscal years ending June 30, 2008 [2005],
2 through June 30, 2013 [2010], the money collected under AS 23.15.835 or otherwise
3 appropriated to the Alaska Workforce Investment Board (formerly known as the
4 Alaska Human Resource Investment Council) shall be allocated directly in the
5 following percentages to the following institutions for programs consistent with
6 AS 23.15.820 - 23.15.850 and capital improvements:

7	University of Alaska	<u>36</u> [55] percent
8	Galena Project Education Vocational Training Center	<u>3</u> [4] percent
9	Kotzebue Technical Center	<u>8</u> [11] percent
10	Alaska Vocational Technical Center	<u>15.5</u> [22] percent
11	<u>Northwestern Alaska Career and Technical Center</u>	<u>3</u> percent
12	Southwest Alaska Vocational and Education Center	<u>3</u> [4] percent
13	Yuut Elitnaurviat, Inc. People's Learning Center	<u>8</u> [4] percent
14	<u>Delta Career Advancement Center</u>	<u>3</u> percent
15	<u>Alaska Works Partnership</u>	<u>15.5</u> percent
16	<u>Ketchikan Job Center</u>	<u>5</u> percent.

17 * Sec. 3. This Act takes effect July 1, 2007.

SB 124: Allocation Changes to Alaska Workforce Investment

State FY	Total Dollars	Less DOLWD Costs	Available	UA	Kotz	AVTEC	Galena	SAVEC	Yuut	Delta	NACTEC	AWP	Totals
CURRENT PROGRAM													
2007	5,584.8	344.8	5,240.0	2,882.0 55%	576.4 11%	1,152.5 22%	209.6 4%	209.6 4%	209.6 4%	0.0	0.0	0.0	5,239.7 100%
2008	6,043.6	344.8	5,698.8	3,134.3 55%	626.9 11%	1,253.7 22%	228.0 4%	228.0 4%	228.0 4%	0.0	0.0	0.0	5,698.8 100%
Under SB 124 (L&C)													
2008	9,166.1	344.8	8,821.3	3,263.9 37%	749.8 8.5%	1,411.4 16%	308.7 3.5%	308.7 3.5%	749.8 8.5%	308.7 3.5%	308.7 3.5%	1,411.4 16%	8,821.3 100%
SB 124 (L&C) vs FY 08			3,122.5	129.5	122.9	157.7	30.8	30.8	521.9	308.7	308.7	1,411.4	3,122.5

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: SB124-UA-Sysbra-4-30-07
Bill Version: CSSB 124 (L&C)
() Publish Date: _____

Revision Date/Time (Note if correction): _____ Dept. Affected: University of Alaska
Title Alaska Workforce Investment Board Allocation RDU University of Alaska
Component Sysbra
Sponsor Senator Olson
Requester Senate L&C Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	129.6	129.6	129.6	129.6	129.6	129.6
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	129.6	129.6	129.6	129.6	129.6	129.6

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
1151 Technical Voc Ed Program Rcpts	129.6	129.6	129.6	129.6	129.6	129.6
TOTAL	129.6	129.6	129.6	129.6	129.6	129.6

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

TVEP funding has been instrumental in UA's ability to meet Alaska's workforce training and educational needs and continues to be the primary source of funds for UA to continue to meet those needs. This bill reduces the allocation of TVEP funds the University receives from 55% to 37%, however due to the increase in the overall amount allocated to the TVEP account from 10% to 15%, the University of Alaska would receive an additional \$129.6 thousand to invest in the workforce development priorities of the State.

Prepared by: Michelle Rizk
Division: University of Alaska
Approved by: Pat Pitney
Agency: University of Alaska

Phone: 450-8187
Date/Time: 4/30/07 5:00 PM
Date: 4/30/2007

Alaska State Legislature

Out of Session:
Legislative Information Office
P.O. Box 1630
Nome, AK 99762-1630
(907) 443-5555
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State Capitol
Juneau, AK 99801-1182
(800) 597-3707
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SENATOR DONALD C. OLSON

DISTRICT T

Alakanuk
Ambler
Anaktuvuk Pass
Atkasuk
Barrow
Brovig Mission
Browerville
Buckland
Chevak
Deering
Diomede
Elim
Emmonak
Gambell
Golovin
Hooper Bay
Kaktovik
Kiana
Kivalina
Kobuk
Kotlik
Kotzebue
Koyak
Mountain Village
Noatak
Nome
Noorvik
Nuiqsut
Nunam Iqua
Pilot Station
Pitka's Point
Point Hope
Point Lay
Savoonga
Scammon Bay
Selawik
Shaktolik
Shishmaref
Shungnak
St. Mary's
St. Michael
Stebbins
Teller
Unalakleet
Wainwright
Wales
White Mountain

SPONSOR STATEMENT

SB 124, Alaska Workforce Investment

I introduced SB 124 to initially increase support for the adult voc/tech training programs by the Northwestern Alaska Career and Technical Center (NACTEC) in Nome. But this bill should be expanded to address the training needs throughout Alaska in anticipation of the forthcoming pipeline construction. Acting to increase Alaska's construction trades workforce before a gas line construction start ensures that the greatest number of Alaskans will participate in building the gas line.

A key component in any effort to train Alaskans for gas line construction jobs or any public construction jobs for that matter is the state's trade union apprenticeship programs. In this regard, the Alaska Works Partnership, Inc. (AWP) has put together a program that offers the training expertise for all the trades operating under one umbrella organization. Moreover, AWP has effectively reached out to bring residents from all areas of Alaska both urban and rural into their program. Equally important, AWP has extended their training programs and expertise to other voc/tech programs in Alaska through cooperative arrangements. These efforts have proven to be very effective in providing skilled workers for local construction projects from residents of the community or region.

I urge your favorable consideration of an expanded SB 124. It is timely and essential for Alaskan jobs on the gas line.



ASSOCIATED GENERAL CONTRACTORS of ALASKA

8005 SCHOON STREET, SUITE 100 • ANCHORAGE, ALASKA 99518
TELEPHONE (907) 561-5354 • FAX (907) 562-6118

April 26, 2007

Senator Donny Olson
Alaska State Legislature
State Capitol (MS 3100)
Juneau, Alaska 99801-1182

Re: CS for SB 124

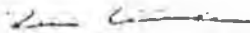
Dear Senator Olson:

As Alaska looks to the future, one of the challenging issues confronting the State concerns providing training today for the workforce of tomorrow. Alaska needs training providers that can furnish that training so Alaskans can enjoy the economic benefits that accrue from well paying jobs available to trained workers. If Alaskans aren't trained and available when the opportunities present themselves, many of the best jobs will go to non-residents because they have the required skills.

CS for SB124 will provide money to selected training providers to assure that Alaskans can receive the required training in Alaska for the jobs that exist in Alaska. AGC of Alaska supports CS for 124 and encourages passage.

AGC would hope that the training institutions are required to report periodically to assure everyone that the money is actually being used for training, and not for overhead.

Sincerely


Richard Cattanach, Executive Director

FAIRBANKS
P.O. BOX 6005 • FAIRBANKS, AK 99706
TELEPHONE (907) 452-1809



Northwestern Alaska Career and Technical Center

P.O. Box 131

Nome, AK 99762

Telephone: 907-443-3507 or 907-443-7682

Fax: 907-443-7076

Email: jselvey@nomeschools.com or jselvey@bssd.org

Web Page: <http://nactec.bssd.org/>

March 23, 2007

Senator Donny Olson
Room 514
State Capitol
Juneau, AK 999801-1182

Dear Senator Olson,

The students and community members of northwestern Alaska appreciate all of your support of NACTEC. We also appreciate and support the introduction of Senate Bill 124.

NACTEC provides Career and Technical Education programs for high school students of Nome Public Schools and the Bering Strait School District. Through our various partnerships with Kawerak, the University of Alaska Northwest, Bering Strait School District, and the Nome Public Schools, NACTEC also provides or lends support for educational services for adults throughout the region.

NACTEC currently receives funding through legislative appropriation and the Alaska Native Education Grant (Washington D.C., Department of Education). The SB 124 funds will allow NACTEC to make great strides toward our goal of financial sustainability.

Thank you for your efforts and please contact me if you have questions or concerns.

Sincerely,

Jeff Selvey, NACTEC Director

Cc: Representative Richard Foster
Dr. John Davis, Superintendent BSSD
Stan Lujan, Superintendent NPS
Jim Hickerson, Director of Administration, BSSD
Mayor Denise Michels, City of Nome
Randy Romenesko, City Manager, Nome



**DELTA
INDUSTRIAL
SERVICES INC.**

dba Delta Equipment Rentals

P.O. Box 1109 • Delta Junction, Alaska 99737 • 907-895-5053 • Fax 907-895-6205

April 12, 2007

Senator Donny Olson
State Capitol, Room 432
Juneau, AK 99801-1182

Dear Senator Olson:

My company, Delta Industrial Services, fully supports the inclusion of the Delta Career Advancement Center in your revised version of SB124. We operate a welding shop, equipment rental yard and industrial retail store; it is extremely difficult to find capable, well-trained workers, even for the work we have in progress right now. Delta Industrial Services depends on the Construction Trades Program to provide skilled workers, making a difference in our ability to deliver on the contracts we perform in the area, including major contracts at Fort Greely.

As you are aware, Delta Junction, Alaska, is at the center of major transportation and energy-related projects. Recognizing this, the Partners for Progress in Delta (an educational consortium comprising the Alaska Works Partnership, Tanana Valley Campus and Cooperative Extension Service of the University of Alaska Fairbanks, the Delta/Greely School District and the Delta Mine Training Center) offer technical and vocational training and education to help develop the region's workforce.

The Construction Trades program at the high school has produced high school graduates who are "job ready" when they leave school. Last summer Delta Industrial worked with Alaska Works Partnership and the Construction Trades program to produce the first summer Interior Heavy Equipment Civil Construction Academy for ages 17-24. Three of the 10 participants were selected by the Trades for apprenticeships and are now working. Others secured jobs in the industry. We are committed to continuing this program, helping produce a second academy this summer for the same age group.

This funding ensures that the Partners for Progress in Delta can develop the adult academy area residents need. It will provide stability to hire the instructors and address other important career advancement pathways as more of these big projects unfold in the region. We look forward to the Center offering an expanded adult program in the Construction Trades.

With so many skilled workers needed for the upcoming Pipeline Construction project, the Delta Career Advancement Center is well positioned to serve the entire region well, producing well-trained workers to help meet Alaska's workforce demand.

Thank you for the opportunity to let you know how important we believe stable funding is for the Delta Career Advancement Center. Please include this program in SB124.

Sincerely,

Curtis Dufendach, Rental Manager
Delta Industrial Services, Inc.

Mike Crouch, Vice President
Delta Industrial Services, Inc.

cc Senator Johnny Ellis, Chair, Committee on Labor and Commerce



UNITED ASSOCIATION
of Journeymen and Apprentices of the
Plumbing and Pipe Fitting Industry of
the United States and Canada

William P. Tite
General President

Patrick R. Perno
General Secretary-Treasurer

Stephen F. Kelly
Assistant General President

Founded 1889

Letters should
be confined to
one subject

UA Local Union: 375
3568 Geraghty Street, Fairbanks, Alaska 99709
Subject: Vocational Education

April 24, 2007

Senator Donald Olson
Alaska State Capital, Room 514
Juneau, Alaska 99801

Dear Senator Olson,

I represent Plumbers & Pipefitters UA Local 375, I'm writing in support of Committee Substitute for Senate Bill 124, regarding unemployment contributions for Alaska Technical and Vocational Education Program.

We currently work closely with Alaska Works to bring rural workers into our pipeline training program in Fairbanks and train them for work on oil industry projects. We would like to build a permanent pipeline training facility and expand our training capacity to prepare more Alaskans to work on current North Slope jobs and prepare for an Alaska Natural Gas Pipeline. Senate Bill 124 would go a long way to put more Alaskans on this work.

Thank you for your consideration.

Sincerely,

James Laiti, Business Manager
Financial Secretary-Treasurer

JL/mls



**ALASKA
Works**
Partnership, Inc.
Working Together for Jobs™
Affiliated with American Community Partnerships, Inc.

March 16, 2007

Senator Donald Olson
Chair, Community & Regional Affairs
Alaska State Capitol Room 514
Juneau, Alaska 99801

Dear Senator Olson,

I write requesting you to introduce legislation that will reauthorize the Technical Vocational Education Program (TVEP) and raise the rate of contribution to TVEP for the purpose of creating a Pipeline Training Initiative, and continue the TVEP through PY 2013. This act would increase TVEP contributions diverted from the UI Trust Fund by .005% (a new contribution rate of .015), raising approximately \$3,000,000 annually for construction and pipeline construction training.

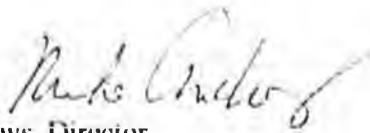
Legislation reauthorizing TVEP would be for the purposes of creating a *Pipeline Training Initiative* to help workers across the state, particularly rural workers, get the vocational education and training they need to work in Alaska's construction industry and prepare Alaska's workforce for building the Natural Gas Pipeline.

Our proposed TVEP Pipeline Training Initiative would provide new non-general fund resources to increase vocational education and training for rural youth and adults and connect regional training activities directly with a new pipeline training center to be built in Fairbanks. The new TVEP Pipeline Training Initiative would increase the amount of funding for TVEP and provide funds for three additional regional training centers: the Northwest Arctic Career and Technical Center in Nome, the Delta Career Advancement Center, and the Fairbanks Pipeline Training Center. This new initiative also means more resources for the current designated grantees under TVEP for construction training.

The TVEP Pipeline Training Initiative would create a cost-effective and non-duplicative program linking rural Alaskans with our highly effective and advanced pipeline training offered in Fairbanks and courses at the new Pipeline Training Center in Fairbanks.

I appreciate the time Ginny Austerman, your Committee Aide, spent with me to learn more about our construction training programs for youth and adults and our on-going pipeline crafts and trades training. I hope you will introduce this new TVEP initiative which will be extremely beneficial for rural students and adults, regional economies, and the future of Alaska.

Sincerely,



Mike Andrews, Director
Alaska Works Partnership, Inc.

1413 Hyder St.
Anchorage, AK 99501
(907) 569-4711 tel
(907) 569-4716 fax (admin)
(907) 569-4720 fax (programs)
1 (866) 297-9566 toll-free

P.O. Box 74313
Fairbanks, AK 99707
(907) 457-2597 tel
(907) 457-2591 fax
1 (866) 457-2597 toll-free

FY 08 Legislative Act An act relating to the allocation of money appropriated to the Alaska Workforce Investment Board; and providing for an effective date.”

The purpose of the act is to create the *TVEP Pipeline Construction Training Initiative*, increase TVEP funding specifically for this initiative, and authorize funding through Fiscal Year 2013.

Legislative Objectives: Expand the current list of technical and vocational schools under the Alaska Technical and Vocational Education Program (TVEP) for the *Pipeline Construction Training Initiative* and provide a coordinated and non-duplicating training program aimed at increasing the supply of construction and pipeline construction workers, including trades, crafts, project management and engineers to meet the current and projected industry demand for resident workers.

TVEP Pipeline Construction Training Initiative strategies are:

- (1) include the Northwest Arctic Career and Technical Center (Nome), the Delta Career Advancement Center, and the Fairbanks Pipeline Training Center in the list of TVEP grant recipients,
- (2) increase the Unemployment Insurance contribution rate diverted to TVEP by one-half of one-tenth of one percent (.01% to .015%),
- (3) re-authorize TVEP funding to 2013,
- (4) designate new TVEP funds to regional training centers through a formula, and,
- (5) direct the Commissioner of the ADOLWD to develop agreements by and between the Fairbanks Pipeline Training Center and the designated TVEP grantees for this initiative.

The effect of this legislation will:

- increase TVEP funding by 50% annually for five years adding an estimated \$3,000,000, or more each year for post-secondary level training,
- ensure that regional training centers have connecting training activities with the new Pipeline Training Center to be constructed in Fairbanks,
- ensure Fairbanks Pipeline Training Center has funds to provide training and housing for rural residents,
- include new regional training centers in TVEP as designated grantees
- create strong education and training pathways for rural trainees through established regional / rural training centers to Fairbanks Pipeline training,
- prepare Alaska’s workforce for the good jobs and careers in Alaska’s construction and pipeline construction industry,
- increase annual funding for current designated TVEP grantees, and
- ensure to the greatest extent possible that Alaska residents from all regions of the state have access to basic pipeline construction skills training and advanced training at the new Pipeline Training Center in Fairbanks.

An example of the proposed new and increased TVEP funding formula is provided as an attachment

TVEP Funding

State FY	Legislative Bill	Total Dollars	UA	Kotz	AVTEC	Galena	SAVEC	Yuut	Delta	NACTEC	AWP
2007	HB 123 - Est	5,240.0	2,882.0	576.4	1,152.5	209.6	229.6	229.6	-0-	-0-	
			55%	11%	22%	4%	4%	4%			
2008	HB 123 - Est	6,043.6	3,323.9	664.8	1,329.6	241.7	241.7	241.7	-0-	-0-	
			55%	11%	22%	4%	4%	4%			
2008	HB 123 - Revised	9,065.4	3,443	725	1360	363	363	363	363	363	1722
			38%	8%	15%	4%	4%	4%	4%	4%	19%
			34					8			

Proposal

.010 → .015

- 1.) Inc. TVEP by 1/2 of 1/10 of 1% + 3,021.8 (est)
- 2.) Add 3 new TVEP Partners - AWP, Delta, NACTEC
- 3.) Fund Delta and NACTEC at same funding level as other rural schools - 241.7 (2 x 241.7 = 483.4)
- 4.) Inc. all TVEP Partners by 108.3 (8 x 108.3 = 866.4)
- 5.) Fund AWP with balance of funding - 1,672.0

**SENATE COMMITTEE REPORT
First Committee of Referral**

DATE: 3/16/07

FURTHER: Finance

Date of 5-Day Notice: 3/29/07
(in accordance with Uniform Rule 23)

DATE TURNED
IN TO OFFICE: 4/24/07

Labor and Commerce Committee considered SENATE BILL NO. 124

SB 124 ALASKA WORKFORCE INVESTMENT BD ALLOCATION

"An Act relating to the allocation of money appropriated to the Alaska Workforce Investment Board; and providing for an effective date."

and recommends:

- be replaced with SCS or CS SB 124 (L+C)
- adopt previous SCS or CS _____ (_____)
- attached amendment(s) .
- adopt _____ Letter of Intent
- further referral to _____ Committee

SENATE BILL:	
<input type="checkbox"/>	Same Title
<input checked="" type="checkbox"/>	New Title
<hr/>	
HOUSE BILL:	
<input type="checkbox"/>	Same Title
<input type="checkbox"/>	Technical Title Change
<input type="checkbox"/>	New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
<u>LABOR</u>	<u>4/2/07</u>	<input checked="" type="checkbox"/>			<u>1</u>
<u>UNIVERSITY</u>	<u>4/2/07</u>	<input checked="" type="checkbox"/>			<u>2</u>

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
<u>[Signature]</u>	<u>Bunde</u>		<input checked="" type="checkbox"/>		
<u>[Signature]</u>	<u>B. DAVIS</u>			<input checked="" type="checkbox"/>	
<u>[Signature]</u>	<u>STUEY</u>	<input checked="" type="checkbox"/>			
CHAIR: <u>[Signature]</u>	<u>ELLIS</u>	<input checked="" type="checkbox"/>			

SB

125

HFIN

FILE

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
Bill Version: SB 125
(S) Publish Date: 3/16/07

Revision Date/Time (Note if correction): _____
Tillo An Act relating to public employees' and teachers' retirement defined contribution retirement plans.
Sponsor Rules Committee
Requester Governor
Dept. Affected: Administration
RDU Centralized Administrative Services
Component Retirement and Benefits
Component No. 64

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()	*	*	*	*	*	*
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type--Do not abbreviate)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2007) cost: 0.0
Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

* Transforming the Public Employees' Retirement System's defined benefit plan to a cost share plan, in and of itself, results in the State of Alaska saving in excess of \$36 million as the State's current rate is higher (44.01%) than the average rate (cost share rate) for the Plan (39.76%). Other participating employers whose rate would decrease under this plan would save an estimated \$17 million. However, this change results in other participating employers collectively paying more than \$52 million. If the legislature were to fund the cost increases for political subdivisions and school districts like it has in the past, the change to a cost share program, in and of itself, would cost the State millions in general funds. Because this appears inequitable, the administration proposes a solution to the unfunded liability. This cost share legislation is a component of that solution.

Prepared by: Melanie Millhorn, Director Phone 465-4817
Division: Retirement and Benefits Date/Time 3/15/07 12:00 PM
Approved by: Annetta Kroilzer, Commissioner Date 3/15/2007
Agency: Department of Administration

ANALYSIS CONTINUATION

This cost share legislation will assign 65% of the 6/30/2006 unfunded liability of the Public Employees' Retirement System's defined benefit plan to the State of Alaska. The amount of the additional unfunded liability assumed by the State is estimated to be \$1.050 billion.

Based on the 65% assignment of the unfunded liability to the State, the Public Employees' Retirement System's defined benefit plan's cost share rate would decrease from 39.76% to 31.86%. The State's rate would increase from 39.76% to 47.92%.

Although not a part of the legislation, the administration is analyzing, in addition to the assumption of additional unfunded liabilities, the impact pension obligation bonds could have on the unfunded liability if such bonds were issued to cover 30% (\$1.7 billion) of the unfunded liability.

The administration's initial analysis of this proposed solution indicates that the State of Alaska would achieve general fund savings of approximately \$10.6 million in FY08. This savings takes into account the increased funding for the State of \$35.9 million as well as the decreased rate relief funding of \$33 million for those political subdivisions and school districts whose cost share rate in FY08 is higher than that being paid in FY07. The savings are achieved through the application of the vacancy factor for the State of Alaska's payroll base as well as through increased funding from sources other than the general fund.

This proposed solution is estimated to save the Public Employees' Retirement System's defined benefit plan's participating employer's approximately \$1.4 billion dollars over the next 25 years (amortization period for the 6/30/2006 unfunded liability). These savings represent savings for all funding sources.

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 2
Bill Version: CSSB 125(FIN)
(S) Publish Date: 5/3/07

Revision Date/Time (Note if correction) _____ Dept. Affected: Direct Appropriation to Retirement
Title An Act relating to accounting and payment of RDU _____
contributions in the PERS and TRS defined benefit plans. Component _____
Sponsor Senate Rules Committee _____
Requester Governor Component No. _____

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services	0.0	0.0	0.0	0.0	0.0	0.0
Travel	0.0	0.0	0.0	0.0	0.0	0.0
Contractual	193,113.2	218,287.0	236,058.0	227,873.0	221,067.0	204,207.0
Supplies	0.0	0.0	0.0	0.0	0.0	0.0
Equipment	0.0	0.0	0.0	0.0	0.0	0.0
Land & Structures	0.0	0.0	0.0	0.0	0.0	0.0
Grants & Claims	0.0	0.0	0.0	0.0	0.0	0.0
Miscellaneous	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL OPERATING	193,113.2	218,287.0	236,058.0	227,873.0	221,067.0	204,207.0

CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
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CHANGE IN REVENUES ()						
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1003 GF Match	0.0	0.0	0.0	0.0	0.0	0.0
1004 GF	193,113.2	218,287.0	236,058.0	227,873.0	221,067.0	204,207.0
1005 GF/Program Receipts	0.0	0.0	0.0	0.0	0.0	0.0
1037 GF/Mental Health	0.0	0.0	0.0	0.0	0.0	0.0
Other (Specify Type--Do not abbreviate)	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	193,113.2	218,287.0	236,058.0	227,873.0	221,067.0	204,207.0

Estimate of any current year (FY2007) cost: 0.0

Mark this box (X) if funding for this bill is included in the Governor's FY 2008 budget proposal:

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

AS 24.08.036. Fiscal notes on bills affecting State retirement systems. Before a bill which would have an effect on the retirement systems of the State is reported to the Rules committee, there shall be attached to the bill an analysis of the long-term and short-term costs to the State if the bill is adopted, as well as the impact of the bill on the actuarial soundness of the fund. The analysis is in addition to the fiscal note requirements of AS 24.08.035.

Transforming the Public Employees' Retirement System's (PERS) defined benefit plan to a cost share plan, in and of itself, results in the State of Alaska as an employer saving in excess of \$186,727,636 as the State's current employer rate is higher (44.01%) than the proposed average rate (cost share rate) for the plan (22%). The amount will be made up by a direct appropriation by the State to the retirement system.

Prepared by: Patrick Shier, Director
Division: Retirement and Benefits
Approved by: Annette Kreitzer, Commissioner
Agency: Department of Administration

Phone: 465-4817
Date/Time: 4/30/07 1:00 PM
Date: 4/30/07

FISCAL NOTE # 2

STATE OF ALASKA
2007 LEGISLATIVE SESSION

BILL NO. CSSB 125(FIN)

ANALYSIS CONTINUATION

The bill also sets the cost share rate for the Teachers' Retirement System (TRS), already a cost share system, at 12.56%. This represents a savings of \$269,914,245 to TRS employers which includes the University of Alaska, school districts and regional education attendance areas. The amount will be made up by a direct appropriation by the State to the retirement system.

The bill provides a "hold harmless" provision for PERS employers currently paying below the 22% level. The state will pay \$5,385,372 to the retirement system to cover this differential. These employers are listed in the bill.

The bill also provides a "rebate" provision for PERS employers who have previously made additional payments to pay down their share of the unfunded liability. The State will pay \$7,194,207 to the retirement system on behalf of these employers to recognize these previous payments. These employers are listed in the bill.

On July 1 of each year the State of Alaska will make a payment to the PERS and TRS that, when combined with the total employer contributions is sufficient to pay the system's past service liability at the contribution rate adopted by the Alaska Retirement Management Board.

A summary of the required appropriations for FY08 is listed below.

State of Alaska (as an employer)	22% rate included in agency budgets
TRS employers	12.56% rate included in formula funding
PERS employers additional approp. @32.5%	\$180.5 million
*PERS employers below 22% "hold harmless"	\$5.4 million
*PERS employers "rebate" provision	\$7.2 million
TOTAL	\$193.1 million

The amount shown on the contractual line (\$193,113.2) is mostly funded by the \$180 million included in HB95. An additional \$12.6 million* will be necessary to fund the hold harmless and rebate provisions of the bill.

If the FY08 ARMB board-adopted rate for PERS remains at 39.76%, an additional appropriation of \$123.2 million will also be required.

There is a separate appropriation for \$270 million for TRS included in HB95.

LEGAL SERVICES

DIVISION OF LEGAL AND RESEARCH SERVICES
LEGISLATIVE AFFAIRS AGENCY
STATE OF ALASKA

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FAX (907) 465-3129
Mail Stop 3101

State Capitol
Juneau, Alaska 99801-1182
Deliveries to: 129 6th St., Rm. 329

MEMORANDUM

May 12, 2007

SUBJECT: HCS CSSB 125(FIN): notes to accompany the draft; notice of addition of material that makes a title change in the second house (Work Order No. 25-GS1074VT)

TO: Representative Kevin Meyer
Co-chair of the House Finance Committee

FROM: Jack Chenoweth
Assistant Revisor

This memo explains changes and variations that we made to amendments offered by Assistant Attorney General Virginia Ragle and agreed to by the Committee.

Material proposed to be added as AS 14.25.070(f) is, in the accompanying "T" version, partially set out as a separate section, bill section 3. That section is proposed to be amended by the additional material bolded and underlined appearing in bill section 4. Material proposed to be added as AS 39.35.255(f) is, also, here partially set out as a separate section, bill section 13. That section is proposed to be amended by the additional material bolded and underlined appearing in bill section 14. Bill sections 3 and 13 have a July 1, 2007, effective date. Bill sections 4 and 14 are made conditionally effective -- the condition is that the bill enacting AS 39.30.097, HCS CSSB 123(FIN) becomes law. See bill section 31 setting out the condition. If bill sections 4 and 14 become law, they take effect on the later of July 1, 2007, or the effective date of the companion bill, HCS CSSB 123(FIN).

In one of the amendments submitted by the Department of Law and approved by the Finance Committee, material identified as AS 39.35.615(g) and (h) and as AS 39.35.620(i) and (j) were proposed to be "superseded by" specific provisions of this bill. Frankly, we were baffled by "superseded by." Were these provisions to be placed into the body of statutes with a note that they be ignored? Was there another way to approach that directive without introducing an ambiguity? Following discussion with Ms. Ragle, we're suggesting that the provisions simply be repealed. See bill section 25. The repeal of the provisions is also subject to the condition that HCS CSSB 123(FIN), becomes law. See bill section 31 setting out that condition. As with the bill sections 4 and 14 discussed above, if the repeal of these provisions by bill section 25 become law, the repeal takes effect on the later of July 1, 2007, or the effective date of the companion bill, HCS CSSB 123(FIN).

Representative Kevin Meyer

May 12, 2007

Page 2

The "deduction" provision, set out in the accompanying bill as bill section 28, referred to the concluding date as "the effective date of this Act." "This Act" contains multiple effective dates for various provisions, so the text of bill section 28 substitutes "the effective date of *this section*" as the provision's concluding date. Note that this section is also conditional on the enactment of HCS CSSB 123(FIN).

HCS CSSB 123(FIN) also has multiple effective dates, one of which is immediate and one of which refers to July 1, 2010. In bill section 32 of the accompanying measure, reference to "the effective date as set out in sec. 120, HCS CSSB 123(FIN)" is intended to refer to the "immediate effective date" provision of that companion bill and not to the 2010 effective date section.

Since the House Finance Committee Substitute is being prepared on a Friday night for report to the full House at the Saturday session, responding to her request, I have taken the liberty of faxing a copy of the completed work product to Assistant Attorney General Ragle for her review and to give her the opportunity to prepare the relevant sectional analysis for the House Finance Committee Substitute.

*

In addition to the preceding, be advised that this is a measure that modifies the Senate-passed bill to add new material that necessitates a change in the bill title. This is a bill title change in the measure's second ("other") house. The limitation of Uniform Rule 41(b) applies:

(b) An amendment to a bill introduced in the other house is not in order if the amendment requires a change of the bill title other than a clerical or technical change.

In submitting the committee report for SB 125, the House Finance Committee should also introduce a companion concurrent resolution waiving the application of the appropriate uniform rules in order to accommodate the amendments and the related bill title addition.

JBC:lmb
07-125.lmb

Enclosure

SECTIONAL ANALYSIS FOR CSSB 125(FIN) PERS/TRS COST SHARE

Sec. 1 **14.25.070.** Requires Teachers' Retirement System (TRS) defined benefit (DB) plan employers to contribute to the plan 12.56 percent applied to all base salaries paid to TRS members, of both the DB and defined contribution (DC) plans, or the rate sufficient to pay the DB plan normal cost rate as approved by the Alaska Retirement Management Board (ARMB) and the required DC plan contributions, whichever is larger. Contributions paid will be allocated by the administrator first to pay the normal cost rate of the DB plan and the required contributions to the DC plan with the remaining contributions allocated to the TRS past service liability. Employers who participate in the Retiree Rehire Program will include salaries paid to all rehired retirees in the base salaries. Defines normal cost.

Reason: Establishes a contribution rate floor for all TRS employers and provides that excess contributions made above the DB plan normal cost rate and the contributions required for DC plan members are allocated to pay down the unfunded liability.

Sec. 2 **AS 14.25.085.** Adds a new section establishing that, in addition to the 12.56 percent (this year's normal cost rate) contribution the State of Alaska must make for its TRS employees the state will also make one direct payment to the TRS on July 1 of each year for the contributions necessary to pay the plan's remaining past service liability for the ensuing fiscal year at the contribution rate established by the ARMB. The payment is calculated after employer contributions towards the past service liability are allocated.

Reason: Under this section, the State of Alaska provides rate relief for school districts by assuming an annual payment towards the TRS DB plan unfunded liability by direct appropriation to the TRS.

Sec. 3 **AS 14.25.220.** Adds a definition of "past service liability" and "system" to the TRS definitions.

Sec. 4 **AS 14.25.350(d).** Corrects citation to the health reimbursement arrangement statute.

Sec. 5 **AS 39.35.100.** Repeals prior language establishing separate accounts for each Public Employees' Retirement System (PERS) DB plan employer. Eliminates the retirement reserve account. Provides that pension benefits are first paid from the employee's mandatory contribution account and then, when that account is exhausted, the plan will fund the future benefits. Clarifies that voluntary contributions in the employee savings account will be paid upon retirement under AS 39.35.395.

Sectional Analysis for CSSB 125(FIN) -- PERS/TRS Cost Share

Reason: The change to employer cost share funding of the PERS DB plan removes the requirements to have a separate account for each employer and to make transfers to a retirement reserve account. Clarifies that the whole plan, rather than an individual employer, is responsible for funding future retirement benefits once the employee's mandatory contribution account is exhausted.

Sec. 6 AS 39.35.115. Adds subsection (d) that clarifies that the plan is a joint contributory plan and subsection (e) that allocates any excess assets in the plan at the time of plan termination back to the participating employers in a manner determined by the administrator if the termination is approved by the IRS.

Reason: Clarifies that both employees and employers contribute to the plan. Section (e) is required by the IRS for a qualified plan.

Sec. 7 AS 39.35.125(a). Changes the references to participation amendment provisions from AS 39.35.550 – 39.35.650, some of which are repealed by this bill, to sections AS 39.35.600 – 39.35.650, some of which are new in, or amended by this bill.

Reason: Conforming change.

Sec. 8 AS 39.35.160(e). Changes references to contribution statutes from AS 39.35.250 – 39.35.290, some of which are repealed by this bill, to sections AS 39.35.255 – 39.35.290, some of which are new in, or amended by this bill, for the calculation of the contribution surcharge school district members who elect to have their service accrual calculated under the provisions of the Public Employees' Retirement System.

Reason: Conforming change.

Sec. 9. AS 39.35.255. Requires PERS DB plan employers to contribute to the plan 22 percent applied to all base salaries paid to PERS members, of both the DB and DC plans, or the rate sufficient to pay the DB plan normal cost rate as approved by the ARMB and the required DC plan contributions, whichever is larger. Contributions paid will be allocated by the administrator first to pay the normal cost rate of the DB plan and the required contributions to the DC plan, with remaining contributions allocated to the PERS past service liability. Employers who participate in the Retiree Rehire Program will include salaries paid to rehired retirees in the base salaries. Defines normal cost.

Reason: Changes the PERS from an agent multiple employer plan to a cost share plan and establishes the contribution rate floor for all employers. Establishes that the contribution rate will be applied to both DB and DC base salaries. Provides that excess

Deleted:

Sectional Analysis for CSSB 125(FIN) – PERS/TRS Cost Share

contributions made above the DB plan normal cost rate and the contributions required for DC plan members will be allocated to pay down the unfunded liability.

Sec. 10 **AS 39.35.280.** Adds a new section establishing that, in addition to the the 22 percent contribution the state must make for its PERS employees, the state will also make one direct payment to the PERS on July 1 of each year for the contributions necessary to pay the plan's remaining past service liability for the ensuing fiscal year at the contribution rate established by the ARMB. The payment is calculated after employer contributions towards the past service liability are allocated.

Reason: Under this section, the state provides rate relief to PERS employers by assuming an annual payment towards the PERS DB plan unfunded liability by direct appropriation to PERS.

Sec. 11 **AS 39.35.520.** Changes the reference from AS 39.35.270 (repealed by sec. 20 of the bill) referring to individual employer rates to new AS 39.35.255 (sec. 9 of the bill) providing for a single employer contribution rate.

Reason: Conforming change.

Sec. 12 **AS 39.35.610(b).** Adds a new subsection allowing the system to collect the amount of contributions and interest due from an employer if the employer fails to make timely payment of DB plan contributions. The administrator may claim an employer's past due contributions and interest from any agency of the state or political subdivision that has funds in its possession that are to be distributed to the employer. If the employer disputes the claim, it may appeal to the office of administrative hearings. Disputed money will be held in an escrow account until the dispute is resolved.

Reason: To provide a method of collecting over due contributions and to prevent one employer in default from adversely affecting the rate shared by all employers in the DB plan. Also provides an administrative appeal process for employers who may dispute the claim.

Sec. 13 **AS 39.35.615(a).** Removes the ability of an employer to amend its participation agreement to include employee past service with the employer before the employer's entry into PERS. Limits the addition of elected officials to the PERS DB plan to elected officials who earn a minimum of \$2,001 per month.

Reason: With a cost share plan, amendments by one employer to cover elected officials who earn token salaries or stipends upon which the employer makes only very small

Sectional Analysis for CSSB 125(FIN) – PERS/TRS Cost Share

contributions for retiree health benefits and occupational disability/death benefits could spread liability for those benefits to all employers in the plan.

- Sec. 14.** AS 39.35.615(f). Allows future coverage of a previously terminated department, group, or classification of employees if the employer is current in its payments on the amount due for costs associated with the previous termination.
- Sec. 15** AS 39.35.620(h). Clarifies that a previously terminated employer can rejoin the system only if the employer is current in its payments of the cost associated with the previous termination. Also clarifies that a previously terminated employer who rejoins the PERS may only participate in the DC plan.
- Sec. 16** AS 39.35.625. Adds a new section regarding employer termination from the cost share plan. Employers terminating a group, department, classification or who terminate entirely from the plan will continue to make past service contributions to the PERS based on the greater of total wages paid to employees in terminated positions during the payroll period, at the time of termination, or during the corresponding payroll period for FY 2007, until the PERS unfunded liability has been paid in full. Allows for a payment plan to be established for the amount due and clarifies that employer requesting a termination action must pay for a termination cost study performed.
- Sec. 17** AS 39.35.650. Clarifies the circumstances under which an employer may receive an amount from the plan.
- Reason: Clarification of statute to codify existing practice and to comply with the Internal Revenue Code.
- Sec. 18** AS 39.35.680. Adds a definition of “past service liability” to the definitions section of the PERS DB plan.
- Sec. 19** AS 39.35.750(d). Corrects statutory citation of to the health reimbursement arrangement statute.
- Sec. 20** **Repeals:** Repeals all sections and subsections referring to the calculation or payment of individual employer rates; repeals statutes that allow employers to join the defined benefit plan, which was closed by SB 141 (ch 9, FSSLA 2005);
- Sec. 21** **Transition.** Sets the FY 08 contribution rates below 22% for PERS employers that made contributions in excess of what was required between

Sectional Analysis for CSSB 125(FIN) – PERS/TRS Cost Share

FY05-FY07. Also sets the FY09-FY12 rates to hold harmless those employers whose rate was below 22%.

Sec. 22 **Transition.** Provides for the Departments of Administration and Revenue to adopt regulations necessary to implement this act.

Sec. 23 **Immediate effective date for transition sections.**

Sec. 24 **July 1, 2007, effective date for implementing the cost share program.**

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. 0 5/02/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Title	Expanded to include "Teachers' Retirement System"	Title - Modified
Sec. 1	<p>AS 14.25.070</p> <ul style="list-style-type: none"> • Repeals & Reenacts the employer contribution section of the Teachers' Retirement System (TRS) Define Benefit (DB) statutes. • Sets the annual employer contribution rate to 12.56%, or the DB plan employer normal cost – whichever is greater. • Rate applies to entire payroll base – regardless of Tier. • Contributions are used to pay DB and Defined Contribution Retirement (DCR) normal costs • Money in excess of what is needed to pay system's normal costs is applied to the accrued unfunded liability • Employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base • Defines "normal cost" 	N/A - New
Sec. 2	<p>AS 14.25.085</p> <ul style="list-style-type: none"> • Adds new section to statute establishing the state's contribution requirements within TRS • As an employer, the state must make contributions on behalf of its own TRS members • State also makes one direct payment to TRS on July 1 each year, in an amount sufficient to pay the system's full unfunded liability payment as determined by the board for the coming fiscal year 	N/A - New
Sec. 3	<p>AS 14.25.220</p> <ul style="list-style-type: none"> • Adds definition of "past service liability" and "system" to the TRS DB section of statute • "System" means all TRS plans 	N/A - New

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. 0 5/02/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 4	AS 14.25.350(d) <ul style="list-style-type: none"> Clarifies that health reimbursement arrangement plan contributions are established in AS 39.30.370, not AS 39.30.300 	N/A - New
Sec. 5	AS 39.35.100 <ul style="list-style-type: none"> No change 	Sec. 1
Sec. 6	AS 39.35.115 <ul style="list-style-type: none"> Slightly reworded to match language already passed in SB 123 – Technical Clarification Bill 	Sec. 2 - Modified
Sec. 7	AS 39.35.125(a) <ul style="list-style-type: none"> No change 	Sec. 3
Sec. 8	AS 39.35.160(c) <ul style="list-style-type: none"> No change 	Sec. 4
Sec. 9	AS 39.35.255 <ul style="list-style-type: none"> Adds a new section that rewrites the employer contribution section of the Public Employee's Retirement System (PERS) DB statutes. Sets the annual employer contribution rate to 22%, or the DB plan employer normal cost – whichever is greater. Rate applies to entire payroll base – regardless of Tier. Payroll base used in calculation is the current year or the FY07 fiscal year, which ever is greater Contributions are used to pay DB and DCR normal costs Money in excess of what is needed to pay system's normal costs – are applied to the accrued unfunded liability 22% employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base Defines "normal cost" 	Sec. 5 - Modified

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. O 5/02/07) Bill Section	Change	SB 125 Corresponding Bill Section
N/A	AS 39.35.260 <ul style="list-style-type: none"> No longer necessary. Incorporated into AS 39.35.255 	Sec. 6 - Deleted
N/A	AS 39.35.260 <ul style="list-style-type: none"> No longer necessary. Incorporated into AS 39.35.255 	Sec. 7 - Deleted
Sec. 10	AS 39.35.280 <ul style="list-style-type: none"> Repeals and reenacts the section of statute dealing with the state's contribution requirements within PERS As an employer, state must make the 22% contribution on behalf of its own PERS members State also makes one direct payment to PERS on July 1 each year, in an amount sufficient to pay the system's full unfunded liability payment as determined by the board for the coming fiscal year 	N/A - New
Sec. 11	AS 39.35.520(a) <ul style="list-style-type: none"> No change 	Sec. 8
Sec. 12	AS 39.35.610 <ul style="list-style-type: none"> The administrator may claim from other agencies of the state funds an employer if they are behind in their retirement contributions and/or interest owed If the employer disputes the claim, they may appeal to the office of administrative hearings (AS 44.64) Disputed money will be held in an escrow account until the dispute is resolved 	Sec. 9 - Modified
Sec. 13	AS 39.35.615(a) <ul style="list-style-type: none"> Language has been added to prevent an employer from awarding past service to employees added to the plan by amendment to the participation agreement Elected officials cannot be added to the plan unless they make a minimum of \$2,001 a month -- the same wage as Legislators. 	Sec. 10 - Modified

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. O 5/02/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 14	<p>AS 39.35.615 (f)</p> <ul style="list-style-type: none"> Language has been added to prevent future coverage of a previously terminated department, group, or classification of employee if the costs associated with the previous termination have not been paid 	N/A - New
N/A	<p>AS 39.35.615 (g) & (h)</p> <ul style="list-style-type: none"> Sections have been worked into AS 39.35.625 in Sec. 15 of the CS 	Sec. 11 - Deleted
Sec. 15	<p>AS 39.35.620 (h)</p> <ul style="list-style-type: none"> Subsection (h) has been amended <ul style="list-style-type: none"> to clarify that a previously terminated employer can rejoin the system only if the cost associated with the previous termination has been paid; and to clarify that previously terminated employers who rejoin the system may only participate in the DCR plan 	Sec. 12 - Modified
Sec. 16	<p>AS 39.35.625</p> <ul style="list-style-type: none"> New section is being added in statute laying out how PERS termination costs will be determined under the new cost share system If a employer terminates completely from the system or terminates a department, group, or classification of employee, they will be required to pay the past service cost on the terminated wage base until the system's unfunded liability has been paid off The administrator may enter into a payment plan for payment of an employer's termination costs An employer requesting termination action, must pay for a termination cost study to be performed 	N/A - New
Sec. 17	<p>AS 39.35.650</p> <ul style="list-style-type: none"> Slightly modified to conform to other sectional changes in the CS 	Sec. 13 - Modified

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. O 5/02/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 18	AS 39.35.680 <ul style="list-style-type: none"> Adds definition of "past service liability" to the definitions section of the PERS DB statutes 	N/A - New
Sec. 19	AS 39.35.750(d) <ul style="list-style-type: none"> Clarifies that health reimbursement arrangement plan contributions are established in AS 39.30.370, not AS 39.30.300 	N/A - New
Sec. 20	Repeals <ul style="list-style-type: none"> Adds AS 39.35.260, AS 39.35.615 (f) and AS 39.35.620 (h) to the list of repeals (<i>see SB 125 Sec. 6, Sec. 7, Sec. 11 & Sec. 12 comments above</i>) Removes AS 39.35.280 (<i>see CSSB 125 Sec. 10 comments above</i>) 	Sec. 14 - Modified
Sec. 21	Transition Language <ul style="list-style-type: none"> Removes previous subsections (a) and (b) which established a notification requirement and set a 90 day window after bill passage for making amendments to an employers participation agreement New subsection (a) <ul style="list-style-type: none"> Sets FY 08 contribution rates below 22% for PERS employers that made contributions in excess of what was required between FY05 - 07 and/or to hold them harmless if their FY07 or FY08 board adopted rates where below 22% New subsection (b) <ul style="list-style-type: none"> Sets FY 09 - FY 12 contribution rates below 22% to hold harmless PERS employers whose FY07 or FY08 board adopted rates are below 22% 	Sec. 15 - Modified
Sec. 22	Transition Language <ul style="list-style-type: none"> No change 	Sec. 16
N/A	Revisor's Instructions <ul style="list-style-type: none"> No change 	Sec. 17 - Deleted

Analysis of Changes
CS SB 125 vs. SB 125

May 2, 2007

CS SB 125 (Ver. O 5/02/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 23 & Sec. 24	Effect Date Clauses <ul style="list-style-type: none">• No change	Sec. 18 & Sec. 19

Projected Impact of PERS Cost Sharing Plan
Projections of Contribution Amounts on Total Payroll and by State of Alaska
Based on June 30, 2005 Actuarial Valuation

Public Employees' Retirement System
(\$ in thousands)

Scenario 1

Fiscal Year	Projected Employer Contribution Rate	DB Salary	DCR Salary	Annual Required Contribution	Employer Contributions ¹	Amount of DCR Contributions to Pay DB		Amount Paid by State of Alaska	Funded Ratio
						Plan Unfunded	of Alaska		
2006	16.77%	\$ 1,586,891	\$ -	\$ 266,122	\$ 266,122	\$ -	\$ N/A	66%	
2007	21.77%	1,635,324	14,859	359,245	361,062	1,817	N/A	65%	
2008	32.51%	1,547,025	169,165	557,933	377,562	20,689	196,898	65%	
2009	33.91%	1,478,011	306,826	605,238	392,664	37,525	242,551	67%	
2010	34.40%	1,412,624	443,607	638,543	408,371	54,253	273,512	68%	
2011	33.49%	1,350,899	579,581	646,518	424,706	70,883	278,437	70%	
2012	32.70%	1,285,898	721,801	656,518	441,694	88,276	285,344	71%	
2013	31.78%	1,223,927	864,080	663,569	459,362	105,677	288,628	72%	
2014	30.83%	1,168,933	1,002,595	669,482	477,736	122,617	289,700	73%	
2015	30.17%	1,105,656	1,152,733	681,356	496,846	140,979	297,132	74%	
2016	29.22%	1,044,006	1,304,718	686,297	516,719	159,567	297,049	76%	
2017	28.44%	973,612	1,469,061	694,696	537,388	179,666	300,835	77%	
2018	27.56%	890,139	1,650,241	700,129	558,884	201,824	302,474	78%	
2019	26.50%	832,314	1,809,681	700,129	581,239	221,324	295,696	79%	
2020	25.92%	773,650	1,974,025	712,197	604,489	241,423	300,570	81%	
2021	25.26%	712,411	2,145,171	721,825	628,668	262,354	302,740	82%	
2022	24.63%	630,262	2,341,624	731,976	653,815	286,381	306,938	84%	
2023	23.83%	557,005	2,533,756	736,528	679,967	309,878	304,109	85%	
2024	22.41%	515,316	2,699,075	720,345	707,166	330,097	276,879	87%	
2025	22.37%	468,096	2,874,871	747,822	735,453	351,597	293,244	89%	
2026	21.99%	419,664	3,057,022	764,523	764,871	373,874	298,323	91%	
2027	21.68%	353,981	3,261,772	783,895	795,466	398,915	307,104	94%	
2028	21.18%	304,767	3,455,616	796,449	827,284	422,622	306,779	96%	
2029	21.44%	270,752	3,640,047	838,475	860,376	445,178	333,732	100%	
2030	9.49%	241,888	3,825,343	885,980	759,716	467,839	-	103%	
2031	7.82%	210,318	4,019,602	930,780	723,495	491,597	-	105%	
Total:		\$	\$	\$	\$	\$	\$		
		16,796,570	15,041,121	5,786,852	6,378,674				

¹ Includes DCR Contribution

Data Assumptions, Methods and Plan Provisions:

- PERS is a cost sharing plan.
- Assets are assumed to earn 8.25% in all years.
- No new DB plan members after July 1, 2006.
- The unfunded liability amortization payment uses a payroll growth of 4.25% for all years.
- The employer rate for the DCR plan is 9.77% of DCR payroll.
- Employers pay 22% of the total payroll for all DB and DCR plan costs. State of Alaska pays for the rest of the DB plan contributions.
- All other data, assumptions, methods and plan provisions are the same as those described in the June 30, 2005 valuation report.

COMMITTEE COPY

SENATE BILL NO. 125

Projected Impact of PERS Cost Sharing Plan
 Projections of Contribution Amounts on Total Payroll and by State of Alaska
 Based on June 30, 2005 Actuarial Valuation

Public Employees' Retirement System

(\$ in thousands)

Scenario 1

Fiscal Year	Projected Employer Contribution Rate	DB Salary	DCR Salary	Annual Required Contribution	Employer Contributions ¹	Amount of DCR Contributions		Amount Paid by State of Alaska	Funded Ratio	
						to Pay DB	Plan Unfunded			
2006	16.77%	\$ 1,586,891	\$ -	\$ 266,122	\$ 266,122	\$ -	\$ -	N/A	66%	
2007	21.77%	1,635,324	14,859	359,245	361,062	1,817	-	N/A	65%	
2008	32.51%	1,547,025	169,165	557,933	377,562	20,689	196,898	242,551	65%	
2009	35.91%	1,478,011	306,826	605,238	392,664	408,371	54,253	273,512	67%	
2010	34.40%	1,412,624	443,607	638,543	408,371	408,371	54,253	273,512	68%	
2011	33.40%	1,350,859	579,581	646,518	424,706	70,883	278,437	278,437	70%	
2012	32.70%	1,285,898	721,801	656,518	441,694	88,276	285,344	285,344	71%	
2013	31.78%	1,223,927	864,080	663,569	459,362	105,677	288,628	288,628	72%	
2014	30.83%	1,168,933	1,002,595	669,482	477,736	122,617	289,700	289,700	73%	
2015	30.17%	1,105,656	1,152,733	681,356	496,846	140,979	297,132	297,132	74%	
2016	29.22%	1,044,006	1,304,718	686,297	516,719	159,567	297,049	297,049	76%	
2017	28.44%	973,612	1,469,061	694,696	537,398	179,666	300,835	300,835	77%	
2018	27.56%	890,139	1,650,241	700,129	558,884	201,824	302,474	302,474	78%	
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2020	25.92%	773,650	1,974,025	712,197	604,489	241,423	300,570	300,570	81%	
2021	25.26%	712,411	2,145,171	721,825	628,668	262,354	302,740	302,740	82%	
2022	24.63%	630,262	2,341,624	731,976	653,815	286,381	306,938	306,938	84%	
2023	23.63%	557,005	2,533,756	736,528	679,967	309,878	304,109	304,109	85%	
2024	22.41%	515,316	2,699,075	720,345	707,166	330,097	276,879	276,879	87%	
2025	22.37%	468,096	2,874,871	747,822	735,453	351,597	293,244	293,244	89%	
2026	21.99%	419,664	3,057,022	764,523	764,871	373,874	298,323	298,323	91%	
2027	21.68%	353,981	3,261,772	783,895	795,466	398,915	307,104	307,104	94%	
2028	21.18%	304,767	3,455,616	798,449	827,284	422,622	306,779	306,779	96%	
2029	21.44%	270,752	3,640,047	838,475	860,376	445,178	333,732	333,732	100%	
2030	9.49%	241,688	3,825,343	365,980	759,716	467,839	-	-	103%	
2031	7.82%	210,318	4,019,602	330,780	723,495	491,597	-	-	105%	
Total:						\$ 16,796,570	\$ 15,041,121	\$ 5,786,852	\$ 6,378,674	

¹ Includes DCR Contribution

Data, Assumptions, Methods and Plan Provisions:

- PERS is a cost sharing plan.
- Assets are assumed to earn 8.25% in all years.
- No new DB plan members after July 1, 2006.
- The unfunded liability amortization payment uses a payroll growth of 4.25% for all years.
- The employer rate for the DCR plan is 9.77% of DCR payroll.
- Employers pay 22% of the total payroll for all DB and DCR plan costs. State of Alaska pays for the rest of the DB plan contributions.
- All other data, assumptions, methods and plan provisions are the same as those described in the June 30, 2005 valuation report.

COMMITTEE COPY

SENATE BILL NO. 125

SARAH PALIN
GOVERNOR

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STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 15, 2007

The Honorable Lyda Green
President of the Senate
Alaska State Legislature
State Capitol, Room 111
Juneau, AK 99801-1182

Dear President Green:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the accounting and payment of contributions collected under the defined benefit plan of the Public Employees' Retirement System of Alaska (PERS), to calculations of contributions under that defined benefit plan, and to termination of and amendments to participation in that defined benefit plan.

The bill would change the defined benefit plan of the PERS established under AS 39.35.095 - 39.35.680 into an employer cost-sharing program similar to the teachers' retirement system (TRS) defined benefit plan established under AS 14.25.009 - 14.25.220, in which all employers make contributions at one uniform rate.

The Alaska Retirement Management Board supports the changes made by this bill. The bill also sets the stage to address the unfunded liability of the defined benefit plan of the PERS. As Governor, I am committed to working toward resolving the large unfunded liability that currently faces both PERS and TRS. This effort will require help and support from the legislature, political subdivisions, public employers and public employees. This bill is part of that effort.

Under the existing defined benefit plan of the PERS, participating employers make contributions at rates that vary depending on such factors as the number and experience of employees that the employer chooses to cover and whether the employer recognizes employees' past service. Under the proposed new cost-sharing plan, employers would pay a uniform contribution rate. The bill would provide for a transitional 90-day period for participating employers to amend their participation agreements to add or terminate coverage of a department, group, or other classification

COMMITTEE COPY

SENATE BILL NO. 125

The Honorable Lyda Green
March 15, 2007
Page 2

of employees from the defined benefit plan. After this period, the covered employee, departments, groups, or other classifications within the defined benefit plan would remain fixed.

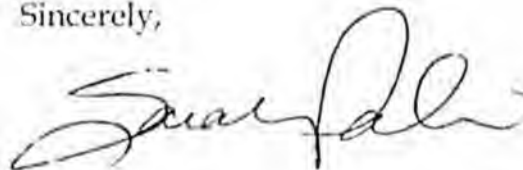
The bill would repeal and reenact AS 39.35.100 to provide for one integrated system of accounting for all employers. The bill would repeal AS 39.35.250, 39.35.270, and 39.35.280, governing contributions by employers, and would add a new employer contribution section, AS 39.35.255, modeled after the employer contribution statute in the TRS.

The bill also would set the stage to address the problem of unfunded liability for the defined benefit plan of the PERS by amending AS 39.35.260 to add a new provision that would require the state to pay a contribution rate calculated to include 65 percent of the plan's unfunded liability as of June 30, 2006, and would require the political subdivision and public organization employers to pay the remaining 35 percent of that unfunded liability. The bill also would amend AS 39.35.610 to provide that if an employer's contributions are not submitted within the time limit prescribed by statute, the plan administrator could collect funds in the possession of any agency and due to be disbursed to that employer if the funds due for disbursement are not restricted by statute or appropriation to a specific purpose.

The transition sections of the bill would take effect immediately. The remainder of the bill would go into effect on July 1, 2007.

I urge your support of this bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Sarah Palin", written in a cursive style.

Sarah Palin
Governor

adopted 5/10/07

25G-1
5/10/2007
(10:16 AM)

AMENDMENT 2

BY Meyer By Request

OFFERED IN THE HOUSE FINANCE
COMMITTEE
TO: CSSB 125(FIN)

- 1 Page 1, line 5, following "systems;":
- 2 Insert "relating to the award of damages or other recovery by those systems;"
- 3
- 4 Page 14, following line 6:
- 5 Insert a new bill section to read:
- 6 "* Sec. 23. The uncodified law of the State of Alaska is amended by adding a new section to
- 7 read:
- 8 AWARD OF DAMAGES OR OTHER RECOVERY. Notwithstanding any contrary
- 9 provision of AS 09.17.070, if the teachers' retirement system (AS 14.25) or the public
- 10 employees' retirement system (AS 39.35) obtains an award of damages or other recovery in
- 11 compensation for harms caused by the wrongful or negligent conduct of third parties, the award
- 12 of damages or other recovery is not subject to reduction under AS 09.17.070 on account of
- 13 additional state contributions under AS 14.25.085, enacted by sec. 2 of this Act, and
- 14 AS 39.35.280, enacted by sec. 10 of this Act."
- 15
- 16 Renumber the following bill sections accordingly.
- 17
- 18 Page 14, line 8, following "sec.":
- 19 Delete "23"
- 20 Insert "24"

Back-Up to Amendment 3
Provided by DLAW

SB 123 / SB 125 Conformity Issues

SB 123

SB 125

Sec. 2 – AS 14.25.070 amended
Sec. 3 – new subsections added
to AS 14.25.070, including
subsec. (d) requiring separate
comp. of er. contrib. rate for retiree
medical & deposit in retiree health
care trust fund

Sec. 1 – AS 14.25.070 repealed and
reenacted; includes all
needed provisions, except
for er. contrib. rate for retiree
health and deposit in health
care trust

SB 125 later-enacted repeal and reenact will supersede SB 123 amendments.
Unless separate comp. of employer retiree health contrib. and deposit in health
care trust can be required by SOP or regulation, amendment to SB 125 is
needed.

Sec. 58 – AS 39.35.115 amended, new
subsecs. (d) and (e)

Sec. 6 – Nearly identical language
added to AS 39.35.115

SB 125 will supersede – no conforming amendment needed.

Sec. 65 – AS 39.35.250 amended
(calc. of er. contrib. rate)
Sec. 66 – AS 39.35.250 amended; new
subsec. (d) requires separate comp.
of er. contrib. rate for retiree
medical & deposit in retiree health
care trust fund

Sec. 20 – AS 39.35.250 repealed;
Sec. 9 – AS 39.35.255 enacted
(PERS cost share provisions)
Sec. 10 – AS 39.35.280 repealed &
reenacted (additional
state contributions); include
all needed provisions except
for er. contrib. rate for retiree
health and deposit in health
care trust

SB 125 repeal will supersede SB 123 amendments. Unless separate comp. of
employer retiree health contrib. and deposit in health care trust can be required by
SOP or regulation, amendment to SB 125 is needed.

SB 123

SB 125

Sec. 67 – AS 39.35.270(a) amended
re: employer contributions

Sec. 20 – AS 39.35.270 repealed
Secs. 9 & 10 provide for employer
contributions (AS 39.35.255)
and additional contributions
by state (AS 39.34.280)

SB 125 repeal of AS 39.35.270 should supersede – no conforming amendment
needed.

Sec. 72 – AS 39.35.610(b) amended
re: payment of employer contrib.
and administrator’s claim for
unpaid contribs.

Sec. 12 – AS 39.35.610(b) amended
similar to SB 123, but
includes employer appeal to
OAH

SB 125 amendment to AS 39.35.610 should supersede – no conforming
amendment needed.

Sec. 73 – AS 39.35.615 amended; new
subsecs. (g) & (h) provide for
termination, term. costs, future
participation, pmt. for cost study

Sec. 14 – AS 39.35.615(f) and
Sec. 16 – AS 39.35.625 include
conflicting provisions for
these termination issues

SB 125 provisions should supersede SB 123 provisions. Confusing if new (g) and
(h) from SB 123 stay on the books. A revisor’s instruction explains this.

Sec. 74 – AS 39.35.620 amended; new
Subsecs. (i) & (j) provide for
termination, term. costs, future
participation, pmt. for cost study

Sec. 15 – AS 39.35.620(h) and
Sec. 16 – AS 39.35.625 include
conflicting provisions for
these termination issues

SB 125 provisions should supersede SB 123 provisions. Confusing if new (i) and
(j) from SB 123 stay on the books. A revisor’s instruction explains this.

SB 123

SB 125

Sec. 75 – AS 39.35.650 amended
re: refunds to employers

Sec. 17 – AS 39.35.650 amended
removes reference to statutes
repealed by sec. 20

SB 125 removal of reference to statutes repealed by SB 125 supersedes – no
conforming amendment needed.

Sec. 115 – AS 39.35.615(f) and
AS 39.35.620(h) repealed

Sec. 14 – AS 39.35.615(f) amended
Sec. 15 – AS 39.35.620(h) amended

According to revisor, SB 123 repeal of these subsections make SB 125
amendments of the subsections inoperative. These are needed amendments.
Revisor's instructions should establish SB 125 secs. 14 and 15 as operative.

adopted New amendment #3

AMENDMENT

OFFERED IN THE HOUSE FINANCE
COMMITTEE
TO: CSSB 125(FIN)

BY Meyer by request

Page 2, following line 16:

Insert:

"(f) Employer contributions under this section and AS 14.25.085 shall be separately computed for benefits provided by AS 14.25.168, and shall be deposited in the Alaska retiree health care trust established under AS 39.30.097(a)."

Page 2, line 17:

Delete "(f) "

Insert "(g)"

Page 5, following line 23:

Insert

"(f) Employer contributions under this section and AS 39.35.280 shall be separately computed for benefits provided by AS 39.35.535, and shall be deposited in the Alaska retiree health care trust established under AS 39.30.097(a)."

Page 5, line 24:

Delete "(f)"

Insert "(g)"

Page 14, following line 6

Insert a new bill section to read:

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

REVISOR'S INSTRUCTIONS. If SB 123, passed by the first session of the Twenty-Fifth Alaska State Legislature, is enacted into law, the revisor of statutes is instructed as follows:

(1) AS 39.35.615(g) and (h), enacted by sec. 73 of SB 123, are superseded by AS 39.35.615(l), as amended by sec. 14 of this Act, and AS 39.35.625, as enacted by sec. 16 of this Act;

(2) AS 39.35.620(i) and (j), as enacted by sec. 74 of SB 123, are superseded by AS 39.35.620(h), as amended by sec. 15 of this Act, and AS 39.35.625, as enacted by sec. 16 of this Act;

(3) the repeal of AS 39.35.615(f) by sec. 115 of SB 123 is superseded by, and AS 39.35.615(l) is revived and continues in effect with the amendment enacted in, sec. 14 of this Act;

(4) the repeal of AS 39.35.620(h) by sec. 115 of SB 123 is superseded by, and AS 39.35.620(h) is revived and continues in effect with the amendment enacted in, sec. 15 of this Act;

(5) the provisions of this Act supersede any conflicting provisions of SB 123."

Renumber the following bill sections accordingly.

Page 14, line 7, following "21"

Delete "and 22"

Insert "- 23"

Page 14, line 8, following "sec.":

Delete "23"

Insert "24"

Adopted No

AMENDMENT

3

BY Meyer By Request

OFFERED IN THE HOUSE FINANCE
COMMITTEE
TO: CSSB 125(FIN)

Page 2, following line 16:

Insert

"(f) Employer contributions under this section and AS 14.25.085 shall be separately computed for benefits provided by AS 14.25.168, and shall be deposited in the Alaska retiree health care trust established under AS 39.30.097(a)."

Page 2, line 17:

Delete "(f) "

Insert "(g) "

Page 5, following line 23:

Insert

"(f) Employer contributions under this section and AS 39.35.280 shall be separately computed for benefits provided by AS 39.35.535, and shall be deposited in the Alaska retiree health care trust established under AS 39.30.097(a)."

Page 5, line 24:

Delete "(f) "

Insert "(g) "

Page 14, following line 6

Insert a new bill section to read:

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

REVISOR'S INSTRUCTIONS. If SB 123, passed by the first session of the Alaska State Legislature, is enacted into law

(1) AS 39.35.615(g) and (h), enacted by sec. 73 of SB 123, are superseded by AS 39.35.615(f), as amended by sec. 14 of this Act, and AS 39.35.625, as enacted by sec. 16 of this Act;

(2) AS 39.35.620(i) and (j), as enacted by sec. 74 of SB 123, are superseded by AS 39.35.620(h), as amended by sec. 15 of this Act, and AS 39.35.625, as enacted by sec. 16 of this Act;

(3) the repeal of AS 39.35.615(f) by sec. 115 of SB 123 is superseded by, and AS 39.35.615(f) continues in effect with the amendment enacted in, sec. 14 of this Act.

(4) the repeal of AS 39.35.620(h) by sec. 115 of SB 123 is superseded by, and AS 39.35.620(h) continues in effect with the amendment enacted in, sec. 15 of this Act;

(5) the provisions of this Act supersede any conflicting provisions of SB 123."

Renumber the following bill sections accordingly.

Page 14, line 8, following "sec.":

Delete "23"

Insert "24"

adopted
5-10-07

AMENDMENT

OFFERED IN THE HOUSE FINANCE
COMMITTEE
TO: CSSB 125(FIN)

BY Meyer
by Request

Page 1, line 6, following "plan;"

Insert "relating to participation in the public employees' defined contribution retirement plan by certain elected officials;"

Page 14, following line 1:

Insert a new bill section to read:

"* Sec. 22. The uncodified law of the State of Alaska is amended by adding a new section to read:

PARTICIPATION IN THE DEFINED CONTRIBUTION PLAN OF THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM BY CERTAIN ELECTED OFFICIALS. (a) If HCS CSSB 123(FIN), passed by the first session of the Twenty-Fifth Alaska State Legislature, is enacted into law, contributions must be deducted under AS 39.35.730 and contributions must be made under AS 39.35.750 by the

(1) state on behalf of an Alaska State Legislator who becomes a member of the Public Employees' Retirement System defined contribution plan established by AS 39.35.700 - 39.35.990 as a result of the enactment of the amendment to AS 39.35.990(16) by sec. 111 of HCS CSSB 123(FIN); contributions must be based on the compensation paid by the state to the member from the date that the member was sworn into office as an elected official until the effective date of this Act;

(2) political subdivision on behalf of the political subdivision's elected official who becomes eligible for membership in the Public Employees' Retirement System defined contribution plan established by AS 39.35.700 - 39.35.990 as a result of the enactment of AS 39.35.725 made by sec. 83 of HCS CSSB 123(FIN), and who has not filed a waiver of participation in that plan or a waiver of participation under AS 39.35.125(a) for service as an elected official of the political subdivision; contributions must be based on the compensation paid by the political subdivision to the

elected official for service as an elected official from the date that the elected official was sworn into office until the effective date of this Act.

(b) The period of time covered by contributions made under (a) of this section constitutes membership service for the purposes of determining eligibility for medical benefits under AS 39.35.300 – 39.30.495 and AS 39.36.700 – 39.35.990.

(c) In this section, "compensation" has the meaning given in AS 39.35.990. "

CSSB 125 Rate Backup: Impact on 22% Employer Rates of Hold Harmless and Recoup provisions

(1)	(2)	(3)	(4)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
Employer	Bill Rate FY08	Bill Rate FY09-FY2012	Estimated FY08 Wage Base	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	FY08 Estimated Contribution at 22%	Gain (Loss) at a 22% Rate	Gain (Loss) at a 22% Rate	Lower of FY07 or FY08 ARM Board Rate if FY08 Rate < 22%	Gain (Loss) with a 22% Rate and Hold Harmless	Gain (Loss) with a 22% Rate and Hold Harmless	Extra Payments 2005	Extra Payments 2006 SB46	Extra Payments 2007 SB 231	Total Extra Payments	Revised FY08 Contribution	Revised FY08 Rate	Revised Contribut with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY08 - FY2012
							(2)/(4)	22% of (2)	(5)/(6)	Min((3)or(4))^(2)	(7)-(9)	(10)/(5)				(12)+(13)+(14)	(6)/(15)	(16)/(2)	(18)/(9)	(19)/(2)	(22% ((9)/(2))	(22% ((9)/(2))
22%																						
PEHS Poll Subs																						
ELIM CITY OF				10.31%		134.60%																
KALTAG CITY OF				23.49%		74.74%																
SAINT GEORGE CITY OF				13.32%		14.48%																
SELAWIK CITY OF				13.32%		14.48%																
SHAKTOOLIK CITY OF				13.32%		14.71%																
FAIRBANKS CITY OF			7,175,800	35.67%	2,485,058	184.95%	13,271,641	1,578,676	11,692,965	88%	11,692,965	88%										
SAXMAN CITY OF	17.53%		126,122	37.84%	46,335	105.76%	133,397	27,747	105,640	70%	105,640	70%			5,637	5,637	22,110	17.53%	22,110	17.53%		
KACHEMAK CITY OF	4.92%		24,942	30.37%	7,354	90.23%	22,505	5,487	17,018	76%	17,018	76%		3,008	1,103	4,281	1,226	4.92%	1,226	4.92%		
KETCHIKAN CITY OF	12.03%		8,185,610	29.92%	2,377,802	52.61%	4,306,452	1,800,835	2,505,617	58%	2,505,617	58%	415,937	400,460	816,397	984,438	12.03%	984,438	12.03%			
CORDOVA CITY OF	12.85%		2,307,407	19.77%	442,888	52.49%	1,211,158	507,630	703,528	58%	703,528	58%	99,482	112,553	211,035	296,505	12.85%	296,505	12.85%			
DENALI BOROUGH	3.07%		155,766	39.00%	58,979	51.83%	80,733	34,268	46,465	58%	46,465	58%				29,484	4,784	3.07%	4,784	3.07%		
KODIAK ISLAND BOROUGH	4.55%		2,359,685	15.00%	343,643	49.23%	1,161,673	519,131	642,542	55%	642,542	55%	293,700	118,047	411,747	107,384	4.55%	107,384	4.55%			
KODIAK CITY OF	14.88%		6,015,174	21.21%	1,238,659	48.05%	2,890,291	1,323,338	1,566,953	54%	1,566,953	54%	113,657	314,368	428,025	895,303	14.88%	895,303	14.88%			
WRANGELL CITY OF			2,823,478	21.72%	595,397	47.74%	1,347,928	621,165	726,763	54%	726,763	54%										
VALDEZ CITY OF	17.15%		5,287,186	18.91%	967,014	46.32%	2,439,761	1,158,781	1,280,980	53%	1,280,980	53%	255,619			255,619	903,162	17.15%	903,162	17.15%		
KENAI CITY OF			5,678,794	18.67%	1,029,350	45.71%	2,595,777	1,249,335	1,346,442	52%	1,346,442	52%										
HAINES BOROUGH			1,661,014	27.17%	438,153	43.85%	728,355	365,423	362,932	50%	362,932	50%										
SITKA CITY AND BOROUGH			9,012,579	24.02%	2,101,769	43.31%	3,903,348	1,982,767	1,920,581	49%	1,920,581	49%										
PALMER CITY OF	13.33%		3,312,705	23.54%	757,098	43.05%	1,426,170	728,295	697,324	49%	697,324	49%	132,967	154,333	287,300	441,495	13.33%	441,495	13.33%			
JUNEAU CITY AND BOROUGH			28,997,989	21.22%	5,974,149	42.56%	12,341,544	6,379,558	5,961,987	48%	5,961,987	48%										
LAKE AND PENINSULA BOROUGH	9.25%		411,346	27.90%	111,423	41.95%	172,559	90,496	82,063	48%	82,063	48%	32,811	19,656	52,467	38,029	9.25%	38,029	9.25%			
HEENAH CITY OF			209,537	24.40%	49,638	41.79%	87,566	46,098	41,467	47%	41,467	47%										
PETERSBURG CITY OF	12.20%		4,132,593	28.53%	1,144,688	41.15%	1,700,562	909,170	791,391	47%	791,391	47%	198,450	206,671	405,161	504,009	12.20%	504,009	12.20%			
MUSLIA CITY OF	17.68%		120,616	23.27%	27,250	40.43%	48,765	26,535	22,230	46%	22,230	46%		5,215	5,215	21,320	17.68%	21,320	17.68%			
ANCHORAGE MUNICIPALITY OF	21.51%		15,128,070	18.65%	27,393,241	39.33%	59,501,205	33,283,155	26,218,049	44%	26,218,049	44%	748,094			748,094	32,535,061	21.51%	32,535,061	21.51%		
KENAI PENINSULA BOROUGH	17.11%		14,366,322	22.81%	3,181,513	37.39%	5,371,568	3,160,591	2,210,977	41%	2,210,977	41%			702,515	702,515	2,458,076	17.11%	2,458,076	17.11%		
NOME CITY OF			2,532,588	15.50%	381,118	36.02%	912,238	557,169	355,069	39%	355,069	39%										
HOMER CITY OF			5,104,316	17.92%	889,052	35.96%	1,835,513	1,122,650	712,563	39%	712,563	39%										
PELLICAN CITY OF			155,103	18.86%	28,400	34.82%	54,007	34,123	19,884	37%	19,884	37%										
NORTH POLE CITY OF	15.55%		1,667,144	20.00%	323,717	34.59%	578,695	366,772	209,893	36%	209,893	36%	107,535			107,535	259,237	15.55%	259,237	15.55%		
ATKA CITY OF			99,446	21.92%	21,166	34.02%	33,835	21,880	11,955	35%	11,955	35%										
SOLDOTNA CITY OF	13.04%	13.04%	2,847,500	19.49%	537,992	33.94%	966,455	620,459	339,996	35%	339,996	35%	1,000,000	139,473	1,240,000	1,276,229	(640,770)					13.04%
MATANUSKA SUSITNA BOROUGH			12,730,000	20.99%	2,594,401	33.89%	4,314,529	2,800,815	1,513,713	35%	1,513,713	35%										
CRAIG CITY OF			1,467,345	25.33%	410,037	33.56%	559,561	366,816	192,745	34%	192,745	34%										
SITKA COMMUNITY HOSPITAL			4,559,308	21.96%	972,062	32.58%	1,485,422	1,003,048	482,375	32%	482,375	32%										
KETCHIKAN GATEWAY BOROUGH	11.04%		4,697,575	20.49%	934,498	32.18%	1,511,680	1,033,450	478,213	32%	478,213	32%	206,307	214,690	421,003	612,463	11.04%	612,463	11.04%			
ELEGIK CITY OF	15.84%		45,960	18.80%	8,390	31.40%	14,434	10,113	4,321	30%	4,321	30%			2,830	2,830	7,283	15.84%	7,283	15.84%		
SEWARD CITY OF	12.66%		4,055,990	18.74%	737,953	31.14%	1,263,034	892,317	370,717	29%	370,717	29%	192,943	186,026	378,969	513,348	12.66%	513,348	12.66%			
FAIRBANKS NORTH STAR BOROUGH			19,314,602	20.93%	3,924,802	29.98%	5,790,518	4,249,212	1,541,305	27%	1,541,305	27%										
SAND POINT CITY OF			925,242	17.11%	153,698	29.99%	277,398	203,553	73,844	27%	73,844	27%										
CORDOVA COMMUNITY MEDICAL CENTER			2,172,784	20.14%	424,853	20.97%	651,183	478,013	173,171	27%	173,171	27%										
BRISTOL BAY BOROUGH	17.95%		1,749,955	17.99%	355,647	29.90%	523,237	384,960	138,246	26%	138,246	26%	70,944			70,944	314,046	17.95%	314,046	17.95%		
UNALASKET CITY OF	9.94%		206,072	19.87%	39,754	29.89%	61,595	45,336	16,259	26%	16,259	26%	13,053	11,157	24,855	20,481	9.94%	20,481	9.94%			
ANCHORAGE PARKING AUTHORITY			1,298,330	19.18%	241,768	28.27%	380,024	285,034	94,989	25%	94,989	25%										
DILLINGHAM CITY OF			2,227,370	21.18%	458,008	28.45%	634,566	490,012	144,554	23%	144,554	23%										
SAINT PAUL CITY OF			1,263,904	17.35%	212,900	28.44%	399,454	278,079	81,395	23%	81,395	23%										
SAXMAN SLAUGHT			70,930	10.39%	13,754	28.13%	19,954	15,606	4,348	22%	4,348	22%										
HEENAH CITY OF			889,170	20.75%	138,830	27.46%	189,246	151,617	37,629	20%	37,629	20%										

CSSB 125 Rate Backup: Impact on 22% Employer Rates of Hold Harmless and Recoup provisions

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)				
Employer	Bill Rate FY08	Bill Rate FY09-FY2012	Estimate J FY08 Wage Base	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	FY08 Estimated Contribution at the Board Rate	FY08 Estimated Contribution at 22%	Gain (Loss) at a 22% Rate	Gain (Loss) at a 22% Rate	Lower of FY07 or FY08 ARM Board Rate < 22%	Gain (Loss) with a 22% Rate and Hold Harmless	Gain (Loss) with a 22% Rate and Hold Harmless	Extra Payments 2005	Extra Payments 2006 SB46	Extra Payments 2007 SD 231	Total Extra Payments	Revised FY08 Contribution	Revised FY08 Rate	Revised Contribut with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY08 - FY2012	
KING COVE. CITY OF			932,592	19.63%	177,735	26.53%	247,417	205,170	42,246	17%	-	42,246	17%											
SKAGWAY, CITY OF			1,851,825	19.04%	358,499	25.36%	469,623	407,401	62,221	13%	-	62,221	13%											
YAKUTAT, CITY AND BOROUGH	18.04%		744,132	17.97%	129,826	25.22%	187,670	163,709	23,961	13%	-	23,961	13%	22,773			22,773	140,936	18.94%	140,936	18.94%			
WASILLA, CITY OF			4,913,053	18.91%	901,998	24.38%	1,197,802	1,090,872	116,931	10%	-	116,931	10%											
UNALASKA, CITY OF			9,647,494	18.50%	1,732,802	23.34%	2,251,725	2,122,449	129,276	6%	-	129,276	6%											
TOOSOOK BAY, CITY OF			28,493	17.28%	4,780	23.16%	6,599	6,268	331	5%	-	331	5%											
THORNE BAY, CITY OF			276,762	17.01%	47,318	23.11%	63,960	60,888	3,072	5%	-	3,072	5%											
NORTH SLOPE BOROUGH			38,915,994	17.62%	6,657,280	22.90%	8,935,112	8,561,510	373,594	4%	-	373,594	4%											
NOME JOINT UTILITY SYSTEM			883,109	14.11%	120,977	22.82%	201,526	194,234	7,241	4%	-	7,241	4%											
BARTLETT REGIONAL HOSPITAL	17.20%	17.20%	28,709,107	17.20%	3,458,220	21.87%	4,529,082	4,556,004	(26,922)	-1%	994,037	987,115	21%											17.20%
PETERSBURG MEDICAL CENTER	15.89%	15.89%	3,855,146	15.89%	594,740	21.73%	837,723	848,132	(10,409)	-1%	235,549	225,141	27%											15.89%
SELDOVIA, CITY OF	16.64%	16.64%	64,281	16.64%	10,385	21.58%	13,872	14,142	(270)	-2%	3,445	3,175	23%											16.64%
WHITTIER, CITY OF	15.00%	15.00%	1,031,368	15.00%	150,199	21.40%	220,713	226,901	(6,189)	-3%	72,196	68,008	30%											15.00%
MEKORYUK, CITY OF	13.32%	13.32%	3,189	13.32%	412	20.53%	655	702	(47)	-7%	277	230	35%											13.32%
ALEUTIANS EAST BOROUGH	3.24%	15.23%	704,070	15.23%	104,107	20.31%	142,897	154,895	(11,899)	-8%	47,666	35,767	25%	50,537	33,915		84,452	70,443	10.01%	22,778	3.24%	15.23%		
NORTHWEST ARCTIC BOROUGH	14.18%	14.18%	1,043,827	14.18%	143,805	10.24%	190,304	229,642	(39,248)	-21%	81,523	42,275	22%											14.18%
BARROW, CITY OF	13.47%	17.26%	1,248,265	17.26%	209,175	17.70%	220,943	274,618	(53,675)	-24%	59,168	5,492	2%		47,355		47,355	227,263	18.21%	168,096	13.47%	17.26%		
BETHEL, CITY OF	10.33%	15.08%	5,809,252	15.08%	850,520	17.40%	1,010,810	1,278,035	(267,226)	-26%	402,000	134,775	13%		275,716		275,716	1,002,319	17.25%	600,319	10.33%	15.08%		
DELTA JUNCTION, CITY OF	13.31%	14.47%	293,705	14.47%	41,261	17.27%	50,723	64,615	(13,892)	-27%	22,116	8,224	16%	3,419			3,419	61,196	20.64%	39,080	13.31%	14.47%		
KOTZEBUE, CITY OF	13.32%	13.32%	3,632,278	13.32%	469,728	17.13%	622,209	799,101	(176,892)	-28%	315,282	138,390	22%											13.32%
GALENA, CITY OF	9.64%	13.40%	1,822,779	13.40%	237,138	16.88%	307,685	401,011	(93,326)	-30%	156,759	63,433	21%	69,486			69,486	332,525	18.24%	175,769	9.64%	13.40%		
ILISAGVIK COLLEGE	13.90%	13.90%	3,887,085	13.90%	524,568	16.19%	629,319	855,159	(225,840)	-36%	314,854	89,014	14%											13.90%
NOORVIK, CITY OF	13.45%	13.45%	90,423	13.45%	11,808	15.92%	14,395	19,893	(5,498)	-38%	7,731	2,233	16%											13.45%
KLAWOCK, CITY OF	9.59%	14.35%	671,063	14.35%	93,493	15.13%	101,532	147,634	(46,102)	-45%	51,336	5,234	5%		31,917		31,917	115,717	17.24%	64,381	9.59%	14.35%		
FORT YUKON, CITY OF	13.32%	13.32%	401,625	13.32%	51,938	14.48%	58,155	88,358	(30,202)	-52%	34,861	4,659	8%											13.32%
AKUTAN, CITY OF	13.32%	13.32%	307,967	13.32%	39,826	14.48%	44,594	67,753	(23,159)	-52%	26,732	3,572	8%											13.32%
TANANA, CITY OF	1.60%	13.32%	96,281	13.32%	12,451	14.48%	13,941	21,182	(7,240)	-52%	8,357	1,117	8%	11,285			11,285	9,897	10.28%	1,540	1.60%	13.32%		
ANDERSON, CITY OF	13.32%	13.32%	43,355	13.32%	5,607	14.48%	6,278	9,538	(3,260)	-52%	3,763	503	8%											13.32%
MOUNTAIN VILLAGE, CITY OF	13.32%	13.32%	34,341	13.32%	4,441	14.48%	4,973	7,555	(2,582)	-52%	2,981	398	8%											13.32%
QUINHAGAK, CITY OF	1.15%	13.32%	28,529	13.32%	3,689	14.48%	4,131	6,278	(2,145)	-52%	2,476	331	8%	1,552	1,920		3,472	2,804	9.83%	328	1.15%	13.32%		
HOOPER BAY, CITY OF	13.32%	13.32%	12,600	13.32%	1,629	14.48%	1,825	2,772	(948)	-52%	1,094	146	8%											13.32%
KOYUK, CITY OF	14.48%	14.48%	25,112	15.39%	3,752	14.48%	3,636	5,525	(1,888)	-52%	1,888	-	0%											14.48%
ALLAKAKET, CITY OF	14.48%	14.48%	19,758	15.00%	2,877	14.48%	2,851	4,347	(1,486)	-52%	1,486	-	0%											14.48%
UPPER KALSAG, CITY OF	14.48%	14.48%	19,615	16.23%	3,091	14.48%	2,840	4,315	(1,475)	-52%	1,475	-	0%											14.48%
PERS Poll Subs			427,761,856		81,682,886		169,755,152	94,107,608	65,647,544	41%	2,849,052	68,496,596	43%	1,000,000	3,211,271	2,982,936	7,194,207	42,253,183		42,163,075				

CSSB 125 Rate Backup: Impact on 22% Employer Rates of Hold Harmless and Recoup provisions

(1)	(2)	(3)	(4)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(16)	(16)	(17)	(18)	(19)	(20)	(21)		
Employer	Bill Rate FY08	Bill Rate FY09-FY2012	Estimated FY08 Wage Base	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	FY08 Estimated Contribution at the Board Rate	FY08 Estimated Contribution at 22%	Gain (Loss) at a 22% Rate	Gain (Loss) at a 22% Rate	Lower of FY07 or FY08 ARM Board Rate If FY08 Rate < 22%	Gain (Loss) with a 22% Rate and Hold Harmless	Gain (Loss) with a 22% Rate and Hold Harmless	Extra Payments 2005	Extra Payments 2006 SB46	Extra Payments 2007 SB 231	Total Extra Payments	Revised FY03 Contribution	Revised FY08 Rate	Revised Contribut with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY08 - FY2012
PERS Other																							
BERING STRAITS CRSA			-	25.59%		14.48%	-	-	-	-	-	-	-										
ALASKA MUNICIPAL LEAGUE			310,281	45.37%	130,074	52.74%	163,042	68,282	95,300	58%	-	95,380	58%										
ALEUTIANS WEST CRSA			52,719	26.56%	13,594	38.35%	20,218	11,568	8,620	43%	-	8,620	43%										
SOUTHEAST REGIONAL RESOURCE CENTER			1,377,180	20.28%	271,157	34.41%	473,888	302,980	170,908	36%	-	170,908	36%										
NORTH PACIFIC FISHERY MGMT COUNCIL			1,455,558	23.04%	325,593	30.04%	437,250	320,223	117,027	27%	-	117,027	27%										
ALASKA HOUSING FINANCE CORPORATION			18,397,143	20.49%	3,659,781	26.68%	4,608,358	4,047,371	860,986	18%	-	860,986	18%										
SPECIAL EDUCATION SERVICE AGENCY			421,365	14.42%	58,891	25.10%	105,763	92,700	13,062	12%	-	13,062	12%										
TLINGIT-HAIDA RHA	18.39%	18.35%	2,331,908	18.39%	416,347	20.69%	482,472	513,020	(30,548)	-6%	84,182	53,634	11%										18.39%
ALEUTIAN HOUSING AUTHORITY	14.95%	14.95%	969,886	14.95%	140,789	18.92%	183,521	213,397	(29,876)	-16%	68,384	38,508	21%										14.95%
BRISTOL BAY RHA	15.06%	15.06%	1,375,226	15.06%	201,077	17.66%	242,865	302,510	(59,685)	-25%	95,441	35,756	15%										15.06%
NORTHWEST INUPIAT HOUSING AUTHORITY	15.17%	15.17%	1,126,990	15.17%	165,886	17.85%	198,915	247,939	(49,024)	-25%	76,974	27,949	14%										15.17%
BERING STRAITS RHA	14.77%	14.77%	1,078,781	14.77%	154,695	17.52%	190,081	237,332	(47,251)	-25%	77,886	30,745	16%										14.77%
COPPER RIVER BASIN RHA	14.76%	14.76%	614,337	14.76%	88,035	17.45%	107,202	135,154	(27,952)	-26%	44,478	16,526	15%										14.76%
NORTH PACIFIC RIM HA	14.70%	14.70%	1,153,137	14.70%	164,574	17.37%	200,300	253,690	(53,390)	-27%	84,179	30,789	15%										14.70%
COOK INLET HOUSING AUTHORITY	15.06%	15.06%	4,298,789	15.06%	628,543	17.00%	730,799	945,736	(214,940)	-29%	298,337	83,397	11%										15.06%
INTERIOR RHA	14.23%	14.23%	1,203,929	14.23%	168,329	16.73%	201,417	264,864	(63,447)	-32%	93,545	30,098	15%										14.23%
INTER-ISLAND FERRY AUTHORITY	13.36%	13.36%	1,019,517	13.36%	132,240	16.00%	163,123	224,294	(61,171)	-38%	88,086	26,915	17%										13.36%
BARANOF ISLAND HA	13.32%	13.32%	476,399	13.32%	61,008	15.12%	72,031	104,808	(32,776)	-46%	41,351	8,575	12%										13.32%
TAGIUGMIULLU NUNAMIULLU HOUSING AUTH	13.32%	13.32%	1,450,856	13.32%	187,625	14.90%	216,178	319,188	(103,011)	-48%	125,934	22,924	11%										13.32%
PERS Other			39,114,115		6,973,640		9,098,018	8,605,105	492,913	5%	1,178,887	1,671,800	18%										18.95%

CSSB 125 Rate Backup: Impact on 22% Employer Rates of Hold Harmless and Recoup provisions

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)				
Employer	Bill Rate FY08	Bill Rate FY2012	Estimated FY08 Wage Base	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	FY08 Estimated Contribution at the Board Rate	FY08 Estimated Contribution at 22%	Gain (Loss) at a 22% Rate	Gain (Loss) at a 22% Rate	Lower of FY07 or FY08 ARM Board Rate if FY08 Rate < 22%	Gain (Loss) with a 22% Rate and Hold Harmless	Gain (Loss) with a 22% Rate and Hold Harmless	Extra Payments 2005	Extra Payments 2006 SB46	Extra Payments 2007 SB 231	Total Extra Payments	Revised FY08 Contribution	Revised FY08 Rate	Revised Contribution with Hold Harmless	Final Rate for FY08 Only	Rate for FY08 - FY2012	Rate for FY2012	
CHATHAM SD			371,717	20.93%	75,433	69.18%	256,808	81,668	175,140	68%	-	175,140	68%											
SOUTHEAST ISLAND SD			678,719	25.55%	168,362	68.73%	466,483	149,318	317,165	68%	-	317,165	68%											
CORDOVA CITY SD			653,920	20.46%	129,896	58.88%	371,953	143,864	228,089	61%	-	228,089	61%											
SITKA BOROUGH SD			2,070,752	24.04%	483,310	50.60%	1,049,043	455,565	593,478	57%	-	593,478	57%											
VALDEZ CITY SD			1,937,697	15.35%	288,773	46.80%	908,842	426,203	480,549	53%	-	480,549	53%											
KENAI PENINSULA BOROUGH SD			13,089,058	21.81%	2,771,578	45.44%	5,947,672	2,879,595	3,068,077	52%	-	3,068,077	52%											
HOONAH CITY SD			695,935	40.38%	272,698	45.14%	314,145	153,106	161,039	51%	-	161,039	51%											
BRISTOL BAY BOROUGH SD			480,101	22.10%	103,012	42.77%	205,339	105,622	99,717	49%	-	99,717	49%											
DENALI BOROUGH SD			1,083,629	23.63%	248,603	42.65%	462,168	238,398	223,769	48%	-	223,769	48%											
CHUGACH SD			292,676	20.21%	57,417	42.23%	123,578	64,378	59,198	48%	-	59,198	48%											
WAININGELL PUBLIC SD			761,395	19.96%	147,548	41.04%	319,329	167,507	151,822	48%	-	151,822	48%											
KODIAK ISLAND BOROUGH SD			4,874,674	19.85%	939,430	41.11%	2,003,958	1,072,417	931,541	46%	-	931,541	46%											
ANCHORAGE SD			81,197,671	24.25%	19,116,928	40.89%	33,201,728	17,803,488	15,338,240	46%	-	15,338,240	46%											
JUHEAU BOROUGH SD			9,525,443	22.93%	2,120,507	39.28%	3,741,594	2,095,597	1,645,997	44%	-	1,645,997	44%											
COPPER RIVER SD			1,262,805	23.26%	285,173	38.55%	486,811	277,817	208,994	43%	-	208,994	43%											
LAKE AND PENINSULA BOROUGH SD			1,673,423	21.58%	350,698	37.60%	629,207	368,153	261,054	41%	-	261,054	41%											
FAIRBANKS NORTH STAR BOROUGH SD			28,134,102	20.91%	5,711,496	36.49%	10,266,134	6,189,502	4,076,631	40%	-	4,076,631	40%											
PETERSBURG CITY SD			804,936	18.28%	142,857	35.92%	289,133	177,086	112,047	39%	-	112,047	39%											
EDITAROD AREA SD			963,638	22.00%	205,826	35.80%	344,983	212,000	132,982	39%	-	132,982	39%											
LOWER YUKON SD			4,818,309	17.47%	817,241	35.46%	1,708,571	1,060,027	648,544	38%	-	648,544	38%											
CRAIG CITY SD			855,554	23.74%	197,195	35.26%	301,672	188,224	113,448	38%	-	113,448	38%											
HAINES BOROUGH SD			558,563	21.43%	116,214	35.16%	195,391	122,884	73,507	37%	-	73,507	37%											
DELTA/GREELY SD			1,301,771	20.79%	262,756	35.15%	475,572	286,390	171,183	37%	-	171,183	37%											
KLAWOCK CITY SD			429,395	24.83%	103,513	35.15%	150,933	94,467	56,466	37%	-	56,466	37%											
NOME CITY SD			1,724,534	25.54%	430,097	34.58%	599,802	381,597	218,204	36%	-	218,204	36%											
KECHIKAN GATEWAY BOROUGH SD			3,621,711	20.85%	733,484	34.44%	1,247,317	756,776	450,541	36%	-	450,541	36%											
MATANUSKA-SUSITNA BOROUGH SD			22,759,596	20.99%	4,678,096	33.89%	7,713,227	5,007,111	2,706,116	35%	-	2,706,116	35%											
KUSPUK SD			1,617,224	19.22%	301,777	32.06%	518,482	355,789	162,693	31%	-	162,693	31%											
KAKE CITY SD			366,919	21.89%	77,979	31.26%	114,478	80,722	33,757	29%	-	33,757	29%											
SOUTHWEST REGION SD			2,197,540	20.30%	433,107	30.08%	661,020	483,459	177,561	27%	-	177,561	27%											
ALEUTIANS EAST BOROUGH SD			662,056	23.72%	152,498	29.88%	197,822	145,652	52,170	26%	-	52,170	26%											
NORTH SLOPE BOROUGH SD			8,890,221	21.03%	1,815,159	29.57%	2,628,838	1,955,849	672,990	26%	-	672,990	26%											
PRIBILOF SD			574,219	25.06%	139,708	29.28%	168,131	128,328	41,803	25%	-	41,803	25%											
DILLINGHAM CITY SD			1,393,170	18.53%	250,637	27.30%	380,338	306,499	73,838	19%	-	73,838	19%											
KASHUNAMIUT SD			1,118,236	18.71%	203,129	26.87%	300,470	246,012	54,458	18%	-	54,458	18%											
UNALASKA CITY SD			850,870	21.47%	177,361	26.87%	228,029	187,191	41,437	18%	-	41,437	18%											
HYDABURG CITY SD			129,787	15.00%	18,901	25.87%	33,576	28,553	5,023	15%	-	5,023	15%											
BERING STRAIT SD			7,076,188	18.38%	1,263,409	24.49%	1,732,958	1,556,761	178,197	10%	-	178,197	10%											
LOWER KUSKOKWIM SD			15,647,268	18.72%	2,787,865	24.45%	3,825,757	3,442,499	383,358	10%	-	383,358	10%											
ALASKA GATEWAY SD			1,040,645	18.67%	188,626	24.18%	251,623	228,937	22,686	9%	-	22,686	9%											
GALENA CITY SD			3,209,254	18.38%	572,681	23.72%	761,235	706,036	55,199	7%	-	55,199	7%											
NENANA CITY SD	17.79%	17.79%	1,389,620	17.79%	239,840	21.62%	300,220	305,495	(5,277)	2%	58,481	53,184	18%										17.79%	
NORTHWEST ARCTIC BOROUGH SD	15.00%	15.00%	7,887,420	15.00%	1,148,653	20.70%	1,632,690	1,735,232	(102,536)	-6%	552,119	449,583	28%										15.00%	
YUKON/KOYUKUK SD	13.70%	13.70%	1,493,869	13.70%	198,703	20.02%	299,070	328,658	(29,579)	-10%	123,994	94,414	32%										13.70%	
TANANA SD	16.59%	16.59%	153,340	16.59%	24,658	18.98%	29,104	33,735	(4,631)	-16%	8,296	3,665	13%										16.59%	
YAKUTAT SD	15.49%	15.49%	289,667	15.49%	43,563	18.96%	54,921	63,727	(8,805)	-16%	18,857	10,651	18%										15.49%	
YUPIK SD	14.52%	14.52%	1,743,107	14.52%	245,727	18.26%	318,291	383,483	(65,192)	20%	130,384	65,107	20%										14.52%	
YUKON FLATS SD	13.32%	13.32%	947,119	13.32%	122,482	17.17%	162,620	208,366	(45,746)	-28%	82,210	36,464	22%										13.32%	
SANIT MARY'S SD	13.32%	13.32%	431,090	13.32%	55,749	16.66%	71,821	84,841	(13,021)	32%	37,419	14,399	20%										13.32%	
SKAGWAY CITY SD	16.44%	16.44%	266,767	22.83%	63,005	16.44%	47,145	63,009	(15,864)	-34%	15,844	-	0%										16.44%	
WHEAT ISLAND SD	13.32%	13.32%	570,618	13.32%	73,703	14.48%	82,625	125,536	(42,910)	52%	49,530	6,010	8%										13.32%	
ALEUTIAN REGION SD	13.32%	13.32%	167,231	13.32%	21,820	14.48%	24,115	36,781	(12,578)	52%	14,518	1,040	8%										13.32%	
PELLICAN CITY SD	13.32%	13.32%	120,470	13.32%	15,579	14.48%	17,444	26,503	(9,059)	52%	10,457	1,397	8%										13.32%	
PERS School District			248,884,090	21.60%	51,634,363	35.78%	88,605,932	64,314,600	34,291,432	39%	1,102,187	38,393,619	40%											

CSSB 125 Rate Backup: Impact on 22% Employer Rates of Hold Harmless and Recoup provisions

(1)	(2)	(3)	(4)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)		
Employer	Bill Rate FY08	Bill Rate FY09-FY2012	Estimated FY08 Wage Base	FY07 Adj Contribution Rate	FY07 Est. Contribution	FY08 Board Requested Rate	FY08 Estimated Contribution at the Board Rate	FY08 Estimated Contribution at 22%	Gain (Loss) at a 22% Rate	Gain (Loss) at a 22% Rate	Lower of FY07 or FY08 ARM Board Rate If FY08 Rate < 22%	Gain (Loss) with a 22% Rate and Hold Harmless	Gain (Loss) with a 22% Rate and Hold Harmless	Extra Payments 2005	Extra Payments 2006 SB46	Extra Payments 2007 SB 231	Total Extra Payments	Revised FY08 Contribution	Revised FY08 Rate	Revised Contribut with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY08 - FY2012
Soldotna converts from rebato to hold harmless	new rate	base	new pmt	old pmt	rebate	Total Estimated (no wage base growth assumed) Annual Cost of Hold Harmless Provisions--extend 5 years				5,130,126													
	13.04%	22.00%	2,847,540	371,213	626,459	255,246																	
											Soldotna Rebate Converted to Hold Harmless												
											255,246												
											Total FY08 Cost of Hold Harmless												
											5,385,372												
											FY08 Rebate Cost												
										7,194,207													
										FY08 FN Cost													
										12,579,579													
										FY09 and later FN Cost													
										5,385,372													



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Tel (907) 586-1325 • Fax (907) 463-5480 • www.akml.org

May 8, 2007

Representative Kevin Meyer
Representative Mike Chenault
House Finance
State Capitol
Juneau, Alaska 99811

Dear Rep. Meyer and Chenault,

The Alaska Municipal League would like to offer its full support of SB125. We are happy to see a solution that does as much as possible for all involved in this issue. While the PERS/TRS process has been long and, at times, difficult, we at AML believe the outcome before you exemplifies what positive things can happen when we all work together towards one goal.

A few key people in our organization have been instrumental in helping develop a solution, working with Sen. Stedman, Rep. Chenault and Annette Kreitzer. We have put much of the organization's resources into this work and feel that all the time, effort and funds are well worth it. We especially want to thank all of you that continued to address this subject, slog through much material, attempt to make sense of parts of the complicated twists and turns and then move towards a solution.

Again, the Alaska Municipal League whole-heartedly supports SB125. We believe that this bill allows us all to put the "where and why" behind us and move on to solve this problem in a way that is positive for all Alaskans. I stand ready to answer any questions.

Sincerely,


Kathie Wasserman
Alaska Municipal League

SB

125

SFIN

FILE

REPORTED OUT
MAY 02 2007
SENATE FINANCE COMMITTEE

SENATE FINANCE COMMITTEE REPORT

DATE: 3/16/07

FURTHER: Rules

DATE TURNED IN TO OFFICE: 5/2/2007

Finance Committee considered SENATE BILL NO. 125

SB 125 PERS /TRS CONTRIBUT'NS; UNFUNDED LIABILITY

"An Act relating to the accounting and payment of contributions under the defined benefit plan of the Public Employees' Retirement System of Alaska, to calculations of contributions under that defined benefit plan, and to participation in, and termination of and amendments to participation in, that defined benefit plan; making conforming amendments; and providing for an effective date."

and recommends:

be replaced with SCS or CS SB 125 (FIN)

adopt previous SCS or CS _____ (_____)

attached PERS ANALYSIS

adopt _____ Letter of Intent

further referral to _____ Committee

SENATE BILL:

Same Title
 New Title

HOUSE BILL:

Same Title
 Technical Title Change
 New Title w/ SCR # _____

NEW FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#
DCA	4/30/07	193,113,200			12

PREVIOUS FISCAL NOTE(S):

Department	Date	Fiscal	Indet.	Zero	FN#

APPROPRIATION - no fiscal note

SIGNATURES AND RECOMMENDATIONS:	PRINTED LAST NAME	DO PASS	DO NOT PASS	NO REC	AMEND
	ELTON	<input checked="" type="checkbox"/>			
	THOMAS	<input checked="" type="checkbox"/>			
	DYSON			<input checked="" type="checkbox"/>	
	OLSON	<input checked="" type="checkbox"/>			
CO-CHAIR:	HOFFMAN	<input checked="" type="checkbox"/>			
CO-CHAIR:	STEDMAN	<input checked="" type="checkbox"/>			