

AK LEGISLATURE FINANCE COMMITTEES FILES 2007-2008 3350

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ESTIMATED TRS CONTRIBUTIONS WITH LEVEL DOLLAR AMORTIZATION, \$0.5 billion in cash, \$2 billion in POBs

ER		FY07 Contribution Rate	FY 07 Est. Contribution	FY08 Board Adopted Rate	FY 08 Est. Contribution	Total FY08 Increase over FY07	FY08 Rate after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB in excess of original FY08 Contrib.
			435,931	54.03%	933,075	497,144	47.26%	816,160	(116,915)
769	SOUTHEAST ISLAND SD	26.00%		54.03%	2,712,857	1,445,415	47.26%	2,372,934	(339,923)
756	SOUTHWEST REGION SD	26.00%	1,267,442	54.03%	141,908	75,609	47.26%	124,127	(17,781)
775	TANANA SD	26.00%	66,299	54.03%	1,334,706	711,134	47.26%	1,167,467	(167,240)
729	UNALASKA CITY SD	26.00%	623,572	54.03%	2,349,446	1,251,789	47.26%	2,055,059	(294,387)
730	VALDEZ CITY SD	26.00%	1,097,657	54.03%	940,872	501,298	47.26%	822,980	(117,892)
731	WRANGELL PUBLIC SD	26.00%	439,574	54.03%	390,391	208,001	47.26%	341,475	(48,916)
732	YAKUTAT SD	26.00%	182,390	54.03%	2,735,957	1,457,723	47.26%	2,393,139	(342,817)
762	YUKON / KOYUKUK SD	26.00%	1,278,234	54.03%	1,181,704	629,614	47.26%	1,033,635	(148,068)
763	YUKON FLATS SD	26.00%	552,090	54.03%	1,661,251	885,117	47.26%	1,453,095	(208,156)
778	YUPIIT SD	26.00%	776,133	54.03%					
	TRS School Districts		150,949,618		323,095,466	172,145,848		282,611,359	(40,484,107)
737	ALASKA DEPARTMENT OF EDUCATION	26.00%	1,244,263	54.03%	2,663,245	1,418,982	47.26%	2,329,539	(333,707)
743	SOUTHEAST REGIONAL RESOURCE CENTE	26.00%	209,458	54.03%	448,329	238,870	47.26%	392,153	(56,176)
779	SPECIAL EDUCATION SERVICE AGENCY	26.00%	259,264	54.03%	554,933	295,669	47.26%	485,399	(69,534)
733	UNIVERSITY OF ALASKA	26.00%	11,633,738	54.03%	24,901,077	13,267,339	47.26%	21,780,953	(3,120,124)
	TRS Other		13,346,724		28,567,584	15,220,860		24,988,044	(3,579,540)
	TOTAL TRS		164,296,342		351,663,050	187,366,708		307,599,403	(44,063,647)

March 14, 2007

VIA EMAIL

Ms. Charlene Morrison  
Chief Financial Officer  
State of Alaska  
Department of Administration  
Division of Retirement and Benefits  
333 Willoughby Avenue  
6<sup>th</sup> Floor State Office Building  
Juneau, AK 99811-0208

Re: PERS Projected Employer Contribution Rates with a Pension Obligation Bond

Dear Charlene:

As requested, we have calculated the projected employer contribution rate after a Pension Obligation Bond is used to pay off a portion of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability used in these calculations is based on the June 30, 2005 valuation results for the State of Alaska Public Employees' Retirement System (PERS).

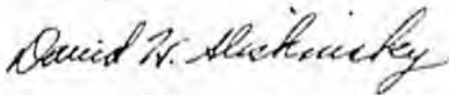
A \$1.7 billion Pension Obligation Bond (POB) is assumed to be issued. The bond is assumed to be deposited June 30, 2007 and the interest rate on the POB is assumed to be 5.6%. The Pension Obligation Bond payment is assumed to be paid at the end of the year as a level dollar amount over 25 years and will need to be paid regardless of the employer contribution amount or rate.

We have treated these deposits as an offset to the actuarial liability discounted back two years to the valuation date (June 30, 2005) for the FY08 rate and one year to the valuation date (June 30, 2006) for the FY09 rate. The results are based on the data, assumptions, methods and plan provisions as described in the June 30, 2005 valuation report, a level dollar amortization, and DB only payroll.

These results show less of a savings on the employer contribution rate than the letter dated February 28, 2007 since these results are based on June 30, 2005 results instead of June 30, 2006 results. These results incorporate the delay between the valuation date and the date the contributions and POB are made. The February 28, 2007 letter only had a one-year delay.

If you have any questions regarding these calculations, please call

Sincerely,



David H. Shishinsky, A.S.A.  
Principal and Consulting Actuary

/mlp

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Enclosure

c: Ms. Melanie Millhorn, State of Alaska  
Ms. Michelle DeLange, Buck Consultants

**Projected Impact of Pension Obligation Bond**  
**Projections of Employer Contribution Rates and Amounts**  
**Based on June 30, 2005 Actuarial Valuation**

**Public Employees' Retirement System**  
(\$ in thousands)

Fiscal Year	Projected Contribution Rate		Projected Contribution Amount	
	Current	with POB	Current	with POB
2006	16.77%	16.77%	\$266,122	\$266,122
2007	21.77%	21.77%	356,010	356,010
2008	39.76%	39.74%	615,097	614,788
2009	41.68%	40.91%	616,035	604,654
2010	46.35%	44.67%	654,751	631,019
2011	48.47%	45.72%	654,781	617,631
2012	51.13%	47.93%	657,480	616,331
2013	53.52%	49.91%	655,046	610,862
2014	56.21%	52.20%	657,057	610,183
2015	59.40%	54.97%	656,760	607,779
2016	61.99%	57.12%	647,179	596,336
2017	65.52%	60.12%	637,911	585,336
2018	69.07%	63.09%	614,819	561,589
2019	73.18%	66.45%	609,087	553,073
2020	80.28%	72.55%	621,086	561,283
2021	86.02%	77.29%	612,816	550,622
2022	92.71%	82.79%	584,316	521,794
2023	99.82%	88.50%	556,002	492,949
2024	112.37%	96.92%	579,061	509,751
2025	128.86%	112.74%	603,189	527,731
2026	141.00%	122.44%	591,726	513,837
2027	156.53%	134.95%	554,086	477,697
2028	174.58%	149.30%	532,062	455,017
2029	209.01%	177.44%	565,899	480,422
2030	161.35%	122.39%	390,286	296,047
2031	172.32%	125.51%	362,420	263,970
		Total	\$14,951,084	\$13,482,833
			Difference:	\$1,368,251

**Data, Assumptions, Methods and Plan Provisions:**

- \* Assets are assumed to earn 8.25%.
- \* The POB contribution of \$1.7 billion is assumed to be made on June 30, 2007.
- \* The interest rate on the POB is 5.6%.
- \* Contributions include POB payments and rates based on DB payroll only.
- \* No payroll growth is used for FY08 rates and later.
- \* No new members after July 1, 2006.
- \* All other data, assumptions, methods and plan provisions are the same as those described in the June 30, 2005 valuation report.

March 14, 2007

**VIA EMAIL**

Ms. Charlene Morrison  
Chief Financial Officer  
State of Alaska  
Department of Administration  
Division of Retirement and Benefits  
333 Willoughby Avenue  
6<sup>th</sup> Floor State Office Building  
Juneau, AK 99811-0208

**Re: TRS Projected Employer Contribution Rates with a Cash Contribution and Pension Obligation Bond**

Dear Charlene:

As requested, we have calculated the projected employer contribution rate after a cash contribution and a Pension Obligation Bond are used to pay off a portion of the unfunded actuarial accrued liability. The unfunded actuarial accrued liability used in these calculations is based on the June 30, 2005 valuation results for the State of Alaska Teachers' Retirement System (TRS).

A \$2 billion Pension Obligation Bond is assumed to be issued along with making a \$500 million cash contribution. The contribution and bond are assumed to be deposited June 30, 2007 and the interest rate on the POB is assumed to be 5.6%. The Pension Obligation Bond payment is assumed to be paid at the end of the year as a level dollar amount over 25 years and will need to be paid regardless of the employer contribution amount or rate.

We have treated these deposits as an offset to the unfunded actuarial liability discounted back two years to the valuation date (June 30, 2005) for the FY08 rate and one year to the valuation date (June 30, 2006) for the FY09 rate. The results are based on the data, assumptions, methods and plan provisions as described in the June 30, 2005 valuation report, a level dollar amortization, and DB only payroll.

These results show less of a savings on the employer contribution rate than the letter dated February 28, 2007 since these results are based on June 30, 2005 results instead of June 30, 2006 results. These results incorporate the two-year delay between the valuation date and the date the contribution and POB are made. The February 28, 2007 letter only had a one-year delay.

If you have any questions regarding these calculations, please call.

Sincerely,



David H. Slishinsky, A.S.A.  
Principal and Consulting Actuary

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c: Ms. Melanie Millhorn, State of Alaska  
Ms. Michelle DeLange, Buck Consultants

**Projected Impact of Pension Obligation Bond and Cash Contribution**  
**Projections of Employer Contribution Rates and Amounts**  
 Based on June 30, 2005 Actuarial Valuation

**Teachers' Retirement System**  
 (\$ in thousands)

Fiscal Year	Projected Contribution Rate		Projected Contribution Amount	
	Current	with POB and cash	Current	with POB and cash
2006	21.00%	21.00%	\$117,818	\$117,818
2007	26.00%	26.00%	148,886	148,886
2008	54.03%	47.26%	289,826	253,511
2009	53.14%	43.33%	275,138	224,345
2010	60.01%	45.85%	296,199	226,307
2011	62.17%	43.97%	290,951	205,776
2012	66.20%	45.84%	293,955	203,548
2013	70.80%	48.28%	300,369	204,828
2014	75.95%	51.29%	304,028	205,314
2015	80.68%	53.90%	297,698	198,883
2016	86.05%	56.69%	289,435	190,681
2017	93.76%	60.80%	299,844	194,438
2018	105.28%	67.65%	310,515	199,528
2019	112.26%	70.87%	303,087	191,340
2020	123.56%	76.86%	286,941	178,490
2021	135.15%	82.19%	288,449	175,417
2022	160.68%	96.48%	304,787	183,009
2023	177.76%	104.25%	306,657	179,844
2024	205.31%	118.35%	323,530	186,497
2025	231.28%	131.21%	317,122	179,910
2026	258.19%	143.51%	279,220	155,199
2027	299.28%	161.94%	280,003	151,509
2028	389.64%	207.38%	329,784	175,522
2029	467.07%	243.13%	297,883	155,093
2030	328.54%	65.47%	166,281	33,136
2031	379.36%	13.51%	158,755	5,654
		Total	\$7,157,160	\$4,524,485
			Difference	\$2,632,675

**Data, Assumptions, Methods and Plan Provisions:**

- Assets are assumed to earn 8.25%.
- The POB contribution of \$2 billion and cash contribution of \$500 million are assumed to be made on June 30, 2007.
- The interest rate on the POB is 5.6%.
- Contributions include POB payments and rates based on DB payroll only.
- No payroll growth is used for FY08 rates and later.
- No new members after July 1, 2006.
- All other data, assumptions, methods and plan provisions are the same as those described in the June 30, 2005 valuation report.

**State of Alaska**  
**Public Employees' Retirement System**  
**Employers who used SB46 Rate Relief to pay down unfunded liability**  
**Fiscal Year 2006**

ER No.	Employer Name	Original Amount	Balance used to pay down unfunded liability
230	Aleutians East Borough	50,537	50,537
173	Anchorage, Municipality of	6,615,843	748,094
144	Bristol Bay Borough	70,944	70,944
148	Cordova, City of	98,482	98,482
282	Delta Junction, City of	3,419	3,419
258	Denali Borough	29,484	29,484
129	Fairbanks, City of	305,784	305,784
192	Galena, City of	68,486	68,486
260	Kachemak, City of	3,068	3,068
122	Ketchikan Gateway Borough	206,307	206,307
181	Ketchikan, City of	415,937	415,937
128	Kodiak, City of	293,700	293,700
174	Kodiak Island Borough	113,667	113,667
247	Lake and Peninsula Borough	32,811	32,811
191	North Pole, City of	107,535	107,535
134	Palmer, City of	132,967	132,967
143	Petersburg, City of	198,490	198,490
266	Quinhagak, City of	1,552	1,552
182	Seward, City of	192,943	192,943
123	Soldotna, City of	139,473	139,473
169	Tanana, City of	11,285	11,285
249	Unalakleet, City of	13,698	13,698
107	Valdez, City of	255,619	255,619
248	Yakutat, City and Borough of	22,773	22,773
			3,517,055

In FY05, the City of Soldotna paid an additional contribution of \$1 million to PERS to pay down their unfunded liability. Payment was made on March 10, 2005.

**State of Alaska  
Public Employees' Retirement System  
Employers who used SB231 rate relief to pay down unfunded liability  
Fiscal Year 2007**

ER No.	Employer Name	Original Amount	Balance used to pay down unfunded liability
230	Aleutians East Borough	33,915	33,915
136	Bethel, City of	282,716	275,716
148	Cordova, City of	112,553	112,553
271	Egegik, City of	2,830	2,830
129	Fairbanks, City of	333,653	333,653
235	Huslia, City of	5,215	5,215
180	Kenai Peninsula Borough	702,515	702,515
181	Ketchikan, City of	400,460	400,460
174	Kodiak Island Borough	118,047	118,047
128	Kodiak, City of	314,368	314,368
134	Palmer, City of	154,333	154,333
143	Petersburg, City of	206,671	206,671
198	Saxman, City of	5,637	5,637
182	Seward, City of	186,026	186,026
123	Soldotna, City of	136,756	136,756
			2,988,695

The following employers have not used their relief balances or requested it be used to pay down their unfunded liability. Any balance remaining at 6/30/07 will be used to pay down their unfunded liability. The Division last reminded employers of these balances and their options on 2/20/07.

208	Akulak, City of	16,941	-
259	Allakaket, City of	3,056	-
243	Atka, City of	4,628	-
171	Barrow, City of	47,355	-
258	Denali Borough	7,889	-
183	Fort Yukon, City of	24,209	-
192	Galena, City of	95,984	-
215	Homer, City of	248,456	-
199	Hoonah, City of	35,299	-
285	Hooper Bay, City of	1,576	-
260	Kachemak, City of	1,193	-
237	Kaltag, City of	870	-
122	Ketchikan Gateway Borough	214,686	-
151	King Cove, City of	50,001	-
227	Klawock, City of	31,917	-
287	Koyuk, City of	1,664	-
247	Lake and Peninsula Borough	19,656	-
236	Mountain Village, City of	1,786	-
193	Nanana, City of	12,244	-
241	Noorvik, City of	12,352	-
220	Northwest Arctic Borough	44,779	-
200	Pelican, City of	7,657	-
266	Quinhagak, City of	1,920	-
172	Saint Paul, City of	74,829	-
176	Sand Point, City of	38,396	-
286	Seldovia, City of	2,405	-
132	Skagway, City of	89,301	-
169	Tanana, City of	7,302	-
206	Thorne Bay, City of	10,435	-
249	Unalakleet, City of	11,157	-
179	Unalaska, City of	520,772	-
			1,640,725

All other employers who received rate relief are using that relief to offset required contributions.

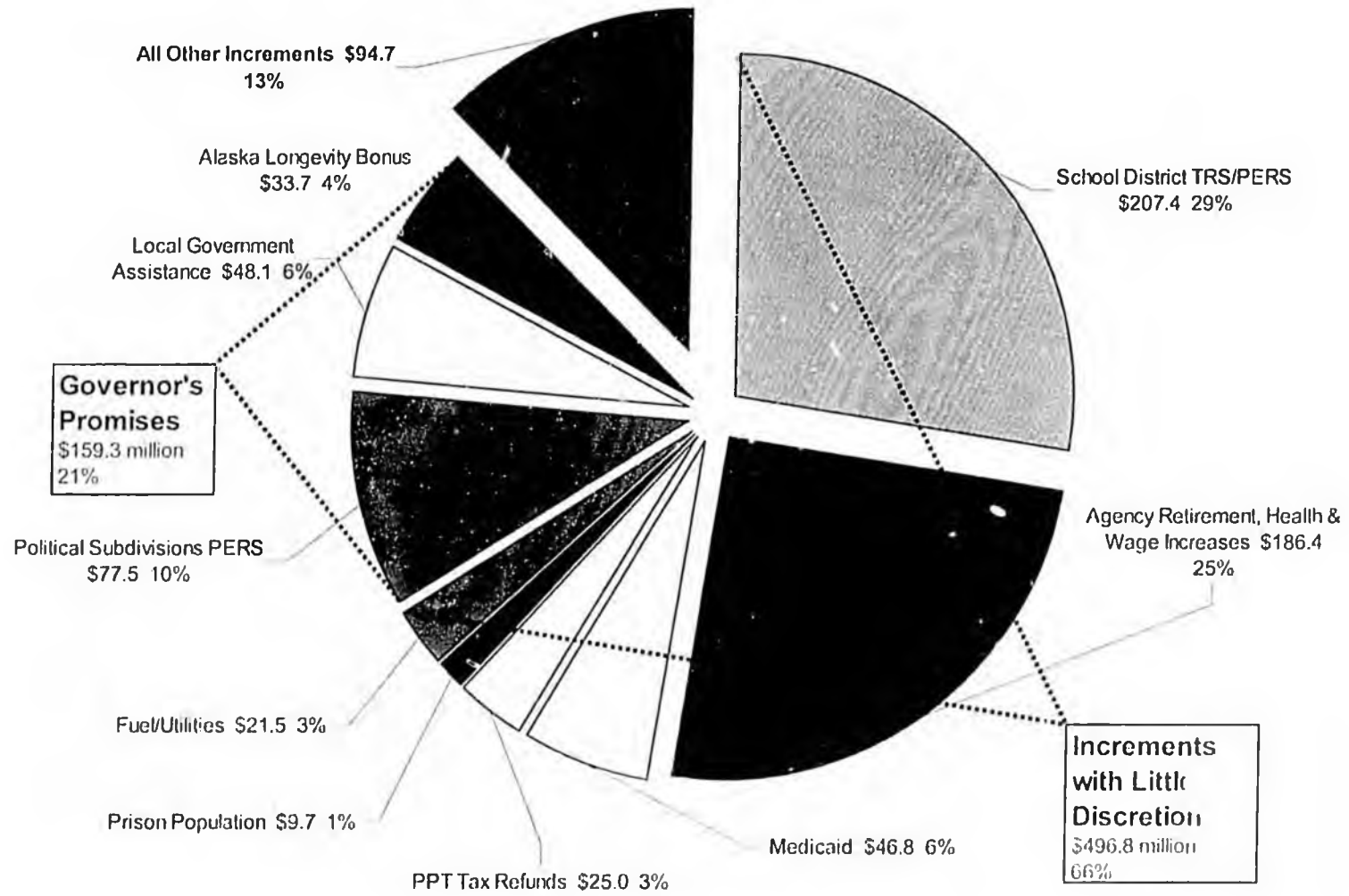
# SB 125

## Setting Employer Contribution Rates in Statute

Senate Finance Committee  
April 23, 2007

Legislative Finance Division

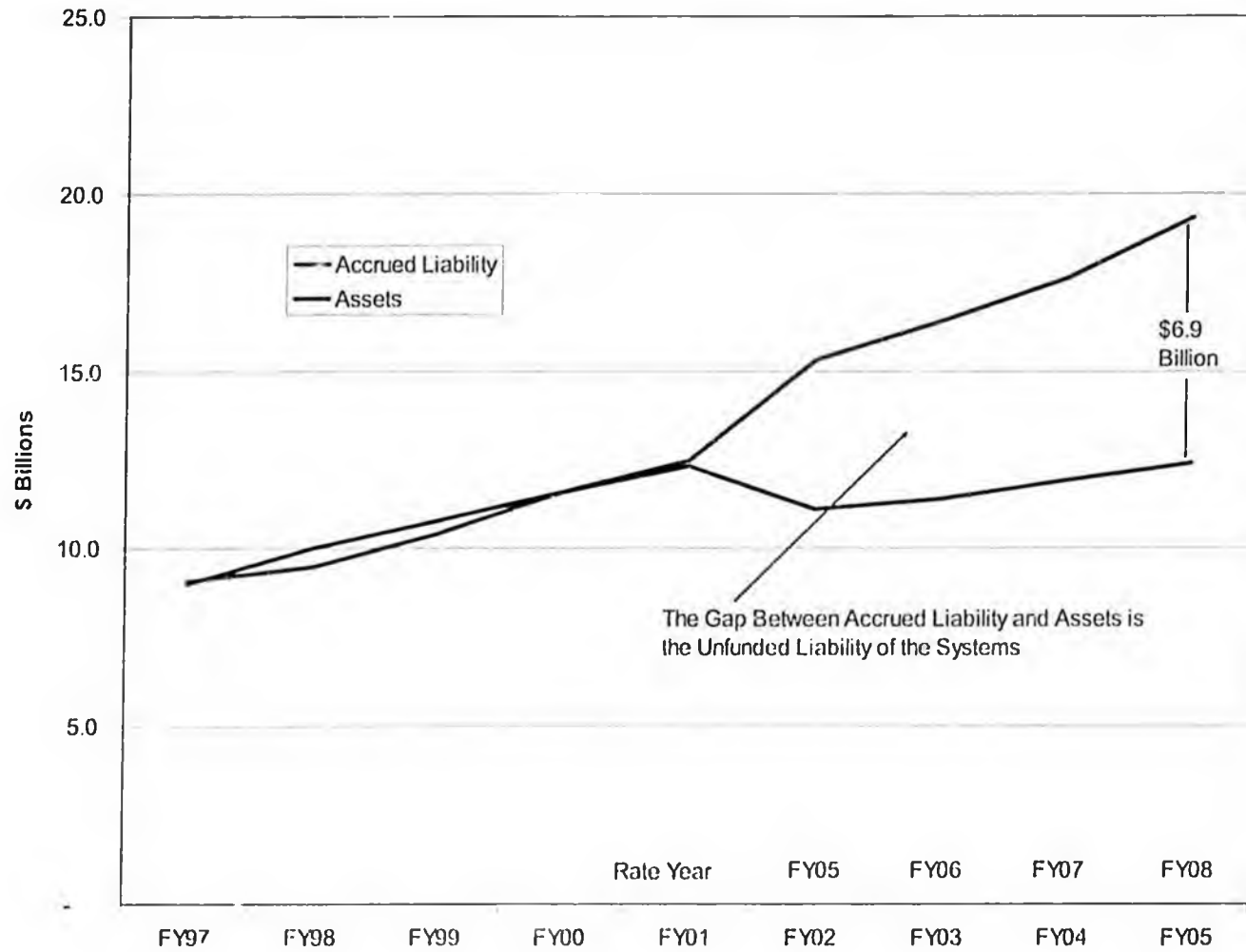
**Categorization of the Governor's FY08 GF Increments  
(\$750.8 Million Total from FY07 Base)**



- The pie chart is based on June 2005 actuarial valuation (and a PERS contribution rate just under 40%).
- Preliminary June 2006 actuarial valuation put the PERS rate near 47%.
- Each point means a \$17 million cost increase, so the amount of PERS contributions could increase another \$120 million in FY09.

# Liability/Asset Gap

PERS/TRS Funding Ratio



# Recap of Major Points

1. The gap will grow before it begins to fill.
  - 5 point cap on annual rate increases
  - lag between action and response
2. Unfunded liability is not going away by itself—it is a bill that must be paid.
3. The State will pay most of the bill, either by appropriating money to agencies and school districts (so they can pay their bills) or by appropriating money directly to DOA.
4. The cost of the direct and indirect methods is identical in most cases.
5. Paying the bill is not the same as fixing the system.

# Moving Forward

**Goal: Find a permanent fix that is affordable to both the state and its political subdivisions.**

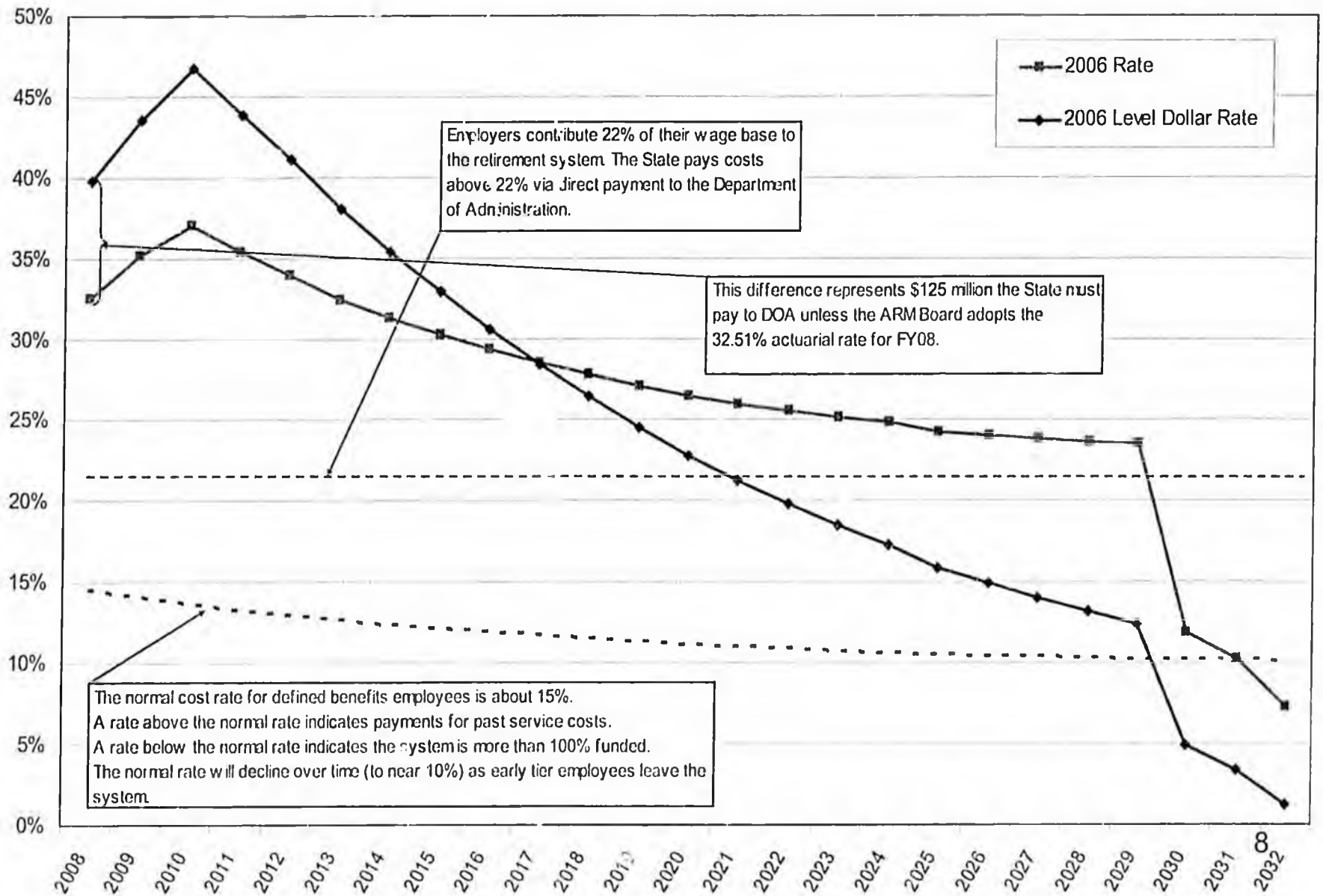
1. Paying TRS costs directly to DOA in order to reduce the employer contribution rate will save \$11 million annually in the University's Optional Retirement Plan. (In the operating budget; SB 125 makes the fix permanent)
2. Cap the employer contribution rate to PERS.
3. Revise actuarial methods.

# Impact of SB 125's Fixed PERS Rate

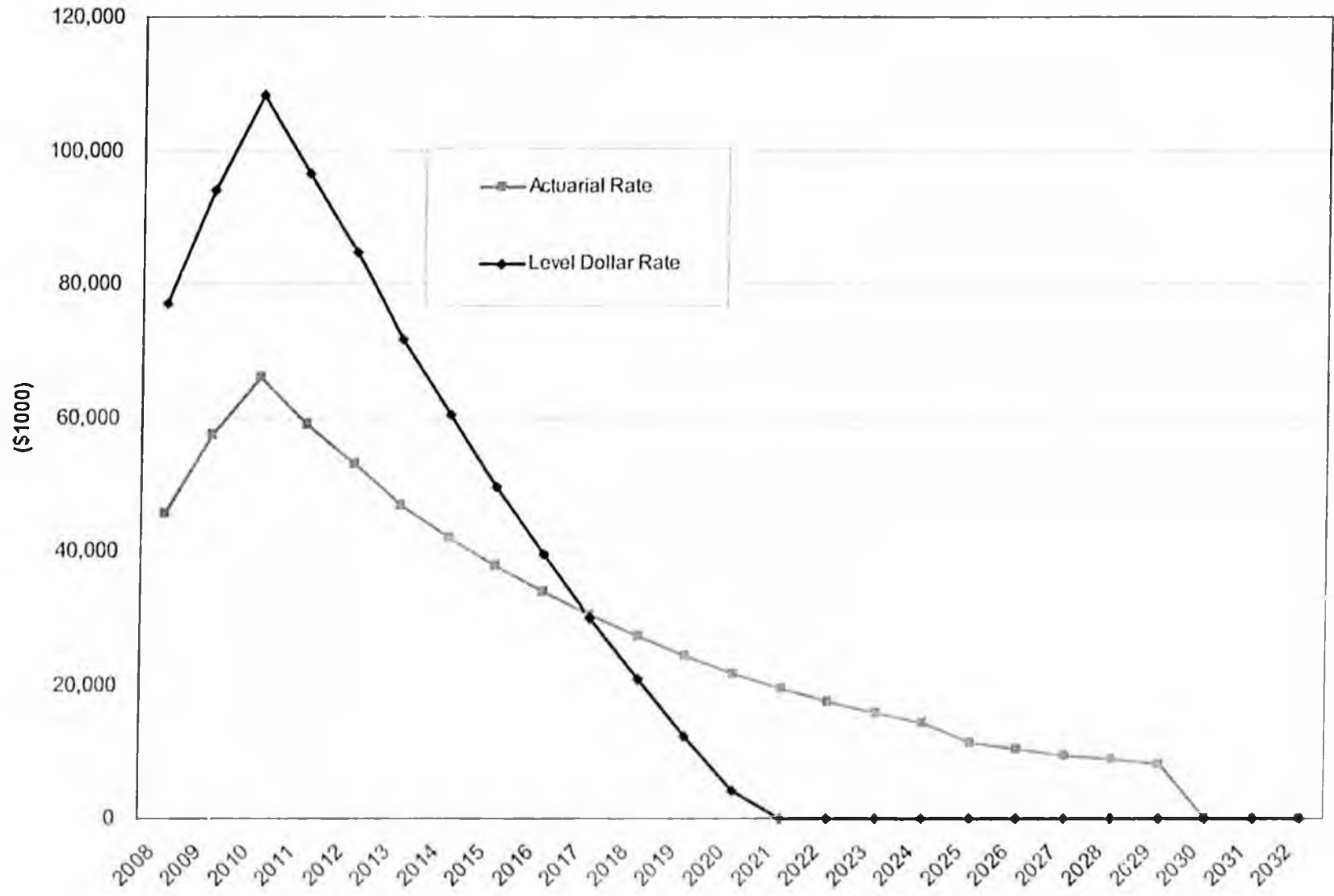
1. The impact is primarily on political subdivisions—the state pays the full bill for agencies. A fixed rate can make retirement costs more affordable to political subdivisions by shifting costs to the state; a fixed rate for employers does not reduce the total amount that must be paid.
2. Implements two of AML's three pillars—a fixed rate is as **stable** and **predictable** as possible.
3. The third pillar—**affordability**—is more complex. The bill must be paid; the question is “Who pays it?”

**Resolution:** SB 125 sets employer rates in statute at 22% of payroll, with the state picking up the remainder.

## Contribution Rates on Total Alaska PERS Payroll Based on Buck's 2006 Actuarial Valuation



**State Spending for Municipal PERS Assistance**  
 Based on Buck's 2006 Valuation  
 (Real 2008 Dollars)



# Reading the Charts

- The cost of municipal PERS assistance is expected to decline over time.
- Both payment schedules eliminate the unfunded liability in 25 years or less, but the Level Dollar method costs more, especially in the near-term.
- The amortization methods used by the actuaries produce rates that are too low in the distant future, implying that near-term rates are too high.
- Risk Sharing is not likely to be needed—it is likely that municipalities will push for a rate reduction in a few years.

# What is not in the Charts

- Money to fund the “blue line” amortization schedule is in the operating budget; the \$125 million required to follow the “black line” schedule has not been appropriated.
- The revised revenue forecast essentially eliminates the FY08 surplus projected earlier, and a deficit is projected for FY09. This raises questions about the wisdom of paying as much as possible as soon as possible.
- We are no longer required to follow the black line because the full wage base is subject to contributions, meaning that PERS no longer operates as a closed system for funding purposes.

# Where Do We Go From Here?

## **Work with the ARM Board to Revise Actuarial Methods and Reset FY08 Rates**

### **Objectives:**

1. A permanent, affordable fix for the burden that contribution rates above 22% would place on political subdivisions.
2. A smooth curve that pays off the unfunded liability in 25 years.

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF RETIREMENT AND BENEFITS

SARAH PALIN, GOVERNOR

P.O. BOX 110203  
JUNEAU, ALASKA 99811-0203  
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March 15, 2007

The Honorable Kim Elton  
Alaska State Senate  
State Capitol, Room 506  
Juneau, Alaska 99801

Re: Request for Information regarding PERS and TRS

Dear Senator Elton:

This letter is written in response to questions received from you on February 15 and 16, 2007, and in follow-up to our meeting on February 23, 2007. I have re-stated the questions received below in italics with responses immediately following.

1. *Request to have unfunded liabilities broken out by Tier. The Division of Retirement and Benefits has done a fairly recent experience study on the retirement systems. As a result, I believe the division has detailed data on every PERS and TRS participant. It should be a relatively simple matter to sort the data and apply the formulas.*

Assets are not maintained or recorded by Tier, therefore we cannot calculate an unfunded liability necessary to determine the past service rate portion of the employer contribution rate by Tier. We will provide you with the normal cost rate and accrued liability by Tier since this information is available from the actuarial valuation summaries.

2. *Provide the employer contribution rates from page seven of this briefing document from February 2, 2007, broken out by normal cost and past service rate (see attached page from presentation).*

	PERS FY08 Actuarial Valuation <u>June 30, 2005</u>	TRS FY08 Actuarial Valuation <u>June 30, 2005</u>
Employer Normal Cost	14.48%	12.56%
Past Service Cost Rate	<u>18.03%</u>	<u>29.70%</u>
Average PERS Consolidated Rate	32.51%	42.26%

	PERS FY08 Level Dollar <u>June 30, 2005</u>	TRS FY08 Level Dollar <u>June 30, 2005</u>
Employer Normal Cost	14.48%	12.56%
Past Service Cost Rate	<u>25.28%</u>	<u>41.47%</u>
Average PERS Consolidated Rate	39.76%	54.03%

3. *When did you ask the systems' actuaries for a level-dollar amortization schedule, and when do you expect to receive it? If, as you stated at the 2/2 briefing, you do not yet have a level-dollar amortization schedule, on what basis did the ARMB adopt the level-dollar method for setting the employer contributions? On what basis did you prepare charts describing its impacts for your 2/15 presentation?*

The Alaska Retirement Management Board (ARMB) requested that Buck Consultants perform an actuarial study of the impact on the FY2008 employer contribution rates if the amortization schedule removed the 4.25% payroll growth rate assumption. On September 6, 2006, Buck provided this information to the Division, which was provided to the ARMB, on September 11, 2006. Additionally, Gabriel Roeder Smith and Company (GRS) reviewed the results of Buck Consultants 25-year amortized schedule for PERS and TRS without a payroll growth rate assumption and agreed that Buck Consultants had correctly applied the level dollar assumption. On September 11, 2006, the ARMB reviewed both reports from Buck Consultants and GRS and adopted the level dollar amortization schedule.

When I responded to this question on February 2, 2007, I had not realized that the Division had a projection schedule in the actuarial valuation report that did not use the payroll growth factor beyond FY08. This projection is found on page 29 of the PERS actuarial valuation report, and page 23 of the TRS actuarial valuation report. In order to develop the charts found on slides 7, 8, and 9 of the presentation, the Division used a letter dated October 9, 2006, from Buck Consultants that was developed to determine what the impact would be to the PERS and TRS if an additional \$500 million state contribution was made to the retirement systems under 3 different scenarios. This projection had used a level dollar amortization schedule since the ARMB had adopted this assumption on September 11, 2006. A copy of this letter from Buck Consultants was provided to Jesse Kiehl, your staff member, during our meeting on February 23, 2006.

4. *When Buck sets its investment return expectations, what historical time period is used to analyze asset class performance?*

Buck uses a long-term time horizon when setting economic assumptions, including the investment return assumption. A long-term time horizon is most appropriate since the actuarial valuation projects expected benefit payments 40 to 50 years in the future for the average active member. The expected nominal return is composed of two assumptions: inflation and the real rate of return expected given the funds asset allocation and investment policy. Each asset class is analyzed and a real rate of return expectation is set based on historical experience and future expectations. A total real return rate for the portfolio is determined based on the asset allocation of each asset class, and expected long-term inflation is added to this to arrive at the nominal rate.

5. *What are the valuation year FY01 ratios of assets to liabilities for the PERS and TRS trust funds, with assets and liabilities appropriately restated?*

In response to your question, the audit findings from 2002 did not result in a restatement of assets and liabilities for the 2001 actuarial valuation reports. These types of changes are normally incorporated prospectively. As we had discussed during our meeting on February 23, 2007, Milliman USA conducted an audit of the PERS and TRS systems in 2002. The recommendations from this audit were incorporated into the 2002 actuarial valuation reports for PERS and TRS. As a result of the audit findings, the liabilities increased with a corresponding decrease in the funding ratios for PERS and TRS (see attached pages from the 2002 actuarial valuations) this result increased employer contribution rates for PERS and TRS for FY05. Please refer to the attached pages from the PERS and TRS actuarial valuation reports for 2002. Also, I wanted to let you know that the current and historical valuation reports can be found on the division's webpage by going to: <http://www.state.ak.us/local/akpages/ADMIN/drb/home.htm>

6. *You told the committee the level-dollar amortization schedule would result in removing the unfunded liability over a "shorter period." The charts accompanying your presentation showed both the level dollar and the level percent of pay methods clearing the unfunded liability at 2029. Please reconcile the statement with the charts.*

Please refer to slides 12 and 13 regarding the level dollar amortized schedule, which were prepared by Buck Consultants for illustration purposes. I stated that the level dollar amortized schedule acts to liquidate the unfunded liability in a faster manner when compared to the percent of pay amortized schedule over the 25-year schedule. On slide number 13, Buck Consultants notes, "Level dollar amortized method reduces the unfunded balance more quickly." If you review slide 13, you can see that the red line which depicts the level dollar amortized schedule does liquidate the unfunded liability faster when you compare with the blue line representing the percent of pay method. It is the delta between the two lines that you want to take note of. I indicated that the plans are closed and that it is appropriate to use a level dollar amortized schedule for a closed plan. I further stated that adopting the level dollar amortized schedule is expected to save

\$140 million for PERS and \$74 million for TRS over the 25-year amortized schedule FY08 through FY2031.

7. *Closing the DB trust funds to new entrants deprived the trusts of the employer contributions forfeited by employees who refund out of the PERS and TRS systems. Please provide the value of these forfeitures by year for each of the past five years, both in dollars and as a percentage of total contributions to the trust funds.*

PERS and TRS are defined benefit plans, not individual account plans. Employer contributions are not accounted for by individual, only records of member contribution balances are maintained. The amount of employer contributions forfeited each year by terminating members who receive a refund of member contributions is not available. It is important to note that the actuarial valuations include the forfeitures by members who terminate from the system and refund out their contributions and interest earnings. These forfeitures are used to pay for the benefits of members that remain in the system and later receive benefits. If this was not factored into the actuarial valuations then the normal cost would be higher.

8. *You said "former members" of PERS and TRS – those who refunded their contributions – are not booked as liabilities unless and until they re-establish themselves as members with indebtedness. Do the actuaries include the historical 800-900 members per year who do so in their assumptions for the plans? Did the division include this practice as an element of the recent experience study for the systems?*

If a former member who received a refund of contributions is re-employed, the member's prior service is included in the projection of future benefits, and is offset by the value of repayment necessary to reinstate the prior service. This assumes all re-employed members will repay their refunded contributions and re-establish their prior service. We do not include any members in the valuation who have terminated and received a refund of contributions. We assume none of these members will be re-employed.

We realize not all re-employed members will repay their refund, and some of the terminated members who received a refund will be re-employed. Given these offsetting assumptions, we don't expect actual experience will be materially different, although this was not analyzed in the recent experience analysis.

9. *The normal cost rate set by the ARMB must be adequate to cover benefits as they accrue. You stated that any additional entrants to the DB systems would result in growth of the unfunded liability. If this is so, how can the normal cost rate be adequate?*

If the normal cost for new entrants is paid into the fund, and all the actuarial assumptions are exactly met, there would be no new unfunded liabilities created by new employees. If actuarial losses are experienced on new employees, further growth in the unfunded liability would result. However, although this is possible, actuarial assumptions are set with the expectation no actuarial gains or losses would result in the long-term.

Senator Kim Elton  
Senate Finance Subcommittee  
March 15, 2007  
Page 5

In closing, I apologize for the delay in my response and appreciate the opportunity to provide you and the members of Senate Finance with this information. Please let us know if you have any questions about this correspondence.

Sincerely

A handwritten signature in black ink, appearing to read 'Melanie Millhorn', with a long horizontal flourish extending to the right.

Melanie Millhorn  
Director

Enclosure(s)

cc: Members of Senate Finance

Annette Kreitzer, Commissioner  
Department of Administration

Rachael Petro, Deputy Commissioner  
Department of Administration

Charlene Morrison, Chief Financial Officer, Division of Retirement and Benefits  
Department of Administration

# Alaska Public Employees' and Teachers' Retirement Systems Earnings – Actuarial Rate – Employer Rates – Funding Ratios

## Public Employees' Retirement System

Valuation Year	FY 01	FY 02	FY 03	FY 04	FY 05
Employer Contribution Fiscal Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Actual Investment Return	(5.25%)	(5.48%)	3.67%	15.08%	8.95%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%	8.25%	8.25%
Unfunded Liability, <u>in billions</u>	\$0.73	(\$2.4)	(\$2.9)	(\$3.4)	(\$4.4)
Average Calculated Rate	6.77%	24.91%	25.63%	28.19%	32.51%
Board Adopted Rate	6.77%	11.77%	16.77%	21.77%	*39.76%
Funding Ratio – Assets \ Liabilities					
Total Benefits	100.9%	75.2%	72.8%	70.2%	65.7%
Total Employer Contribution Amount In Millions	\$105.6	\$178.2	\$272.3	\$354.8	\$676.8

## Teachers' Retirement System

Valuation Year	FY 01	FY 02	FY 03	FY 04	FY 05
Employer Contribution Fiscal Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>
Actual Investment Return	(5.35%)	(5.49%)	3.68%	15.09%	9.01%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%	8.25%	8.25%
Unfunded Liability, <u>in billions</u>	(\$0.2)	(\$1.7)	(\$2.1)	(\$2.3)	(\$2.5)
Average Calculated Rate	14.44%	35.57%	38.85%	41.78%	42.26%
Board Adopted Rate	12.00%	16.00%	21.00%	26.00%	*54.03%
Funding Ratio – Assets \ Liabilities					
Total Benefits	95.0%	68.2%	64.3%	62.8%	60.9%
Total Employer Contribution Amount In Millions	\$68.7	\$93.5	\$128.0	\$164.3	\$351.7

**Total PERS/TRS Unfunded Liability**    \$0.053    | (\$4.4)    | (\$5.0)    | (\$5.7)    | (\$6.9)

On Oct 4, 2006, the ARMB was presented with the results of the Actuarial Experience Analysis by Buck Consultants that recommended adjustments to the assumptions for PERS and TRS. The ARMB adopted Buck's recommendations. The recommended adjustments will be incorporated into the FY06 valuations that will set the FY09 employer rates for PERS and TRS. Using the FY05 valuations, Buck Consultants has estimated the adjustments to the assumptions will increase the unfunded liability to approximately \$8.6 billion (\$5.5 PERS and \$3.1 TRS).

\* Level dollar amortization schedule adopted by the ARMB.

October, 2006  
Division of  
Retirement and  
Benefits

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## Report Highlights

This report has been prepared by Mercer Human Resource Consulting for the State of Alaska Public Employees' Retirement System to:

- (1) Present the results of a valuation of the Alaska Public Employees' Retirement System as of June 30, 2002;
- (2) Review experience under the plan for the year ended June 30, 2002;
- (3) Determine the appropriate contribution rate for each employer in the System; and
- (4) Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

This report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the plan during the 2002 Fiscal Year, the current annual costs, and reporting and disclosure information.

Section 2 describes the basis of the valuation. It summarizes the plan provisions, provides information relating to the plan participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

Section 3 contains additional exhibits showing historical information on system experience and unfunded liabilities.

The principal results are as follows:

Funding Status as of June 30	2001	2002
(a) Valuation assets*	\$ 7,941,756	\$ 7,412,833
(b) Accrued liability*		
i) Non-medical benefits	5,528,026	6,133,182
ii) Total benefits (including medical)	7,868,574	9,859,591
(c) Funding Ratio, (a) + (b)		
i) Non-medical benefits	143.7%	120.9%
ii) Total benefits (including medical)	100.9%	75.2%

\* In thousands.

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## Analysis of the Valuation (continued)

### Summary

The following table summarizes the sources of change in the average employer contribution rate:

1. Last year's average employer contribution rate	6.77%
2. Change due to:	
a. Resetting FY03 assumed total blended medical premium	3.68%
b. Health Cost trend assumption change	6.98%
c. Asset methodology change - immediate recognition of deferred losses	7.24%
d. Asset methodology change - elimination of corridor adjustments	4.11%
e. System benefit changes	0.04%
f. Ad hoc PRPA	0.14%
g. Salary increases	(0.20%)
h. Demographic experience	1.21%
i. Past service amortization change	(5.06%)
3. Average employer contribution rate this year	24.91%

---

## Report Highlights

This report has been prepared by Mercer Human Resource Consulting for the State of Alaska Teachers' Retirement System to:

- (1) Present the results of a valuation of the Alaska Teachers' Retirement System as of June 30, 2002;
- (2) Review experience under the plan for the year ended June 30, 2002;
- (3) Determine the appropriate contribution rate for each employer in the System; and
- (4) Provide reporting and disclosure information for financial statements, governmental agencies, and other interested parties.

The report is divided into three sections. Section 1 contains the results of the valuation. It includes the experience of the plan during the 2002 Fiscal Year, the current annual costs, and reporting and disclosure information.

Section 2 describes the basis of the valuation. It summarizes the plan provisions, provides information relating to the plan participants, and describes the funding methods and actuarial assumptions used in determining liabilities and costs.

Section 3 contains additional exhibits showing historical information on system experience and unfunded liabilities.

The principal results are as follows:

Funding Status as of June 30	2001	2002
(a) Valuation assets*	\$ 4,372,229	\$ 3,689,036
(b) Accrued liability*		
i) Non-medical benefits	3,651,438	3,959,958
ii) Total benefits (including medical)	4,603,147	5,411,642
(c) Funding Ratio, (a) ÷ (b)		
i) Non-medical benefits	119.7%	93.2%
ii) Total benefits (including medical)	95.0%	68.2%

\* In thousands.

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## Analysis of the Valuation *(continued)*

### Summary

The following table summarizes the sources of change in the total employer contribution rate:

1. Last year's total employer contribution rate	14.44%
2. Change due to:	
a. Resetting FY03 assumed total blended medical premium	3.85%
b. Health cost trend assumption change	6.84%
c. Asset methodology change – immediate recognition of deferred losses	15.03%
d. Asset methodology change – elimination of corridor adjustment	0.03%
e. Salary increases	(0.11%)
f. Demographic experience	4.21%
g. Ad hoc PRPA	0.36%
h. Past service amortization change	(9.08%)
3. Total employer contribution rate this year	35.57%



March 19, 2007

VIA E-MAIL

Ms. Charlene Morrison  
Chief Financial Officer  
State of Alaska  
Department of Administration  
Division of Retirement and Benefits  
333 Willoughby Avenue  
6<sup>th</sup> Floor State Office Building  
Juneau, AK 99811-0208

Re: PERS and TRS Accrued Liability and Normal Cost Rate by Tier

Dear Charlene:

As requested, we have attached the Actuarial Accrued Liability and Employer Normal Cost Rate split by tier for the State of Alaska Public Employees' Retirement System and Teachers' Retirement System.

The portion of accrued liability attributable to healthcare benefits has grown significantly over the last nine years. For PERS, the portion of accrued liability attributable to healthcare benefits has grown from 28% in 1996 to 45% in 2005. For TRS, healthcare benefits have grown from 18% of the accrued liability in 1996 to 33% in 2005.

For comparison purposes, we have also shown the employer rates for the Defined Contribution Retirement (DCR) plan. These rates can be compared to the employer normal cost rates of the defined benefit plans to determine the relative difference in ongoing benefit costs. There is no unfunded liability in the DCR plan, and therefore no past service rate exists to pay unfunded liabilities.

The results are based on the data, assumptions, methods and plan provisions as described in the June 30, 2005 valuation reports. The Past Service Rate is based on a level percentage of payroll.

If you have any questions regarding these calculations, please call.

Sincerely,

David H. Sliskinsky, A.S.A.  
Principal and Consulting Actuary

/mlp

c: Ms. Melanie Millhorn, State of Alaska  
Ms. Michelle DeLange, Buck Consultants

3/21/07

## PERS and TRS Accrued Liability and Normal Cost Rate by Tier

	Liabilities and Normal Cost Rate by Tier (\$ in thousands)					
	PERS			TRS		
	Pension	Medical	Total	Pension	Medical	Total
<b>DB Employer Normal Cost Rate</b>						
Tier 1	9.15%	10.46%	19.61%	7.18%	8.02%	15.20%
Tier 2	5.33%	10.41%	15.74%	2.16%	8.96%	11.12%
Tier 3	1.55%	9.28%	10.83%	N/A	N/A	N/A
<b>Combined Employer Normal Cost Past Service Rate*</b>	4.57%	9.91%	14.48%	3.96%	8.60%	12.56%
			18.03%			29.70%
<b>Total DB Rate</b>			32.51%			42.26%
<b>Employer DCR Rate</b>	5.67%	3.99%	9.66%	7.56%	3.99%	11.55%
<b>DB Accrued Liability</b>						
Tier 1	\$ 5,628,778	\$ 4,036,751	\$ 9,665,530	\$ 3,925,023	\$ 1,816,223	\$ 5,741,247
Tier 2	1,123,559	1,334,674	2,458,233	409,562	347,748	757,309
Tier 3	334,854	386,224	721,078	N/A	N/A	N/A
<b>Total</b>	\$ 7,087,191	\$ 5,757,650	\$12,844,841	\$ 4,334,585	\$ 2,163,971	\$ 6,498,556
<b>Actuarial Value of Assets</b>			8,442,919			3,958,939
<b>Unfunded Actuarial Accrued Liability</b>			\$ 4,401,922			\$ 2,539,617

\*Represents amortization of the unfunded actuarial accrued liability for current defined benefit members.

# STATE OF ALASKA

## DEPARTMENT OF ADMINISTRATION

### DIVISION OF RETIREMENT AND BENEFITS

SARAH PALIN, GOVERNOR

P.O. BOX 110203  
JUNEAU, ALASKA 99811-0203  
TDD: (907) 465-2805  
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TOLL-FREE 1-800-821-2251

March 21, 2007

The Honorable Senator Stedman  
Chairman, Senate Finance  
Alaska State Senate  
State Capitol, Room 516  
Juneau, Alaska 99801

Re: Request for Information Senate Finance Meeting March 19, 2007

Dear Senator Stedman:

This letter provides a written response to information requests from you and other members of Senate Finance on March 19, 2007. I have noted below the requests received during the Senate Finance hearing and have attached the documents that respond to those requests.

1. Request for a comparison of the elements of PERS and TRS.
2. Listing of members by employer, category and Tier i.e., State of Alaska, University, and other participating employers.
3. PERS employers whose FY08 calculated rate is less than the FY08 normal cost rate.
4. Response to request for information on normal cost by individual Tier and accrued liability by individual by Tier (earlier request from Senator Elton).

Please let us know if you have any questions about this information.

Sincerely



Melanie Millhorn  
Director

Enclosure(s)

cc: Members of Senate Finance

Annette Kreitzer, Commissioner  
Department of Administration

Rachael Petro, Deputy Commissioner  
Department of Administration

Charlene Morrison, Chief Financial Officer, Division of Retirement and Benefits

3/21/07

## Comparison of the Public Employees' and Teachers' Defined Benefit Retirement Systems

Plan Provision	PERS DB	TRS DB
Funding Design	Agent multiple employer plan. Each employer has it's own rate.	Cost share plan.
Vesting	5 years of membership service.	8 years of membership service.
Service Types	Full-time, part-time, seasonal	Full-time, part-time, sabbatical
Service Accrual	Full-time: Day for day basis, including weekends and holidays. Part-time: hours worked.	All service accrues based on days worked. 172 full time days worked equals one year of service accrual. Part-time service must be a minimum of 50% of full-time and is credited on a proportionate basis.
Service Purchases	Military, Worker's Compensation, Temporary Service, Bureau of Indian Affairs (non-teaching), Village Public Safety Officer, prior peace officer.	Teaching time outside of Alaska, military service, leave without pay.
Unused Sick Leave	Cannot use.	Can use total USL at time of retirement for additional service credit in the calculation of a retirement benefit.
Medical Eligibility Requirement	System-paid medical premiums at early or normal retirement for Tier I. Tier II and III receive system-paid medical premiums at age 60. Tier II, III Peace officer/firefighters have system-paid medical premiums with 25 years of membership service regardless of age. Tier III must have 10 years of credited service and be age 60 to receive system-paid medical premiums. Tier III with less than 10 years have access to medical and pay full premium.	System-paid medical premiums at early or normal retirement for Tier I. Tier II receives system-paid medical premiums at age 60 or with 25 years of membership service, regardless of age.
Medical Benefits	\$150 deductible per person/\$300 per family. Pays 80% of the first \$4,000 in covered claims in a benefit year, 100% of covered claims for the remainder of the benefit year. \$2 million maximum lifetime coverage.	Same as PERS.
Retirement Eligibility Requirement	Minimum vested (5 years) and age eligible. Tier I age 50 for early retirement, age 55 for normal retirement. Tier II and III age 55 for early retirement, age 60 for normal retirement, or any age with 20 years of membership service for peace officer/firefighters or 30 years for all other PERS members.	Minimum vested (8 years) and age eligible. Tier I age 50 for early retirement, age 55 for normal retirement. Tier II age 55 for early retirement, age 60 for normal retirement; or any age with 20 years of membership service.
Compensation for benefit calculation	Tiers I, II use the monthly average of the 3 highest consecutive years. Tier III uses the monthly average of the 5 highest consecutive years.	Average of any three high contract years.

Plan Provision	PERS DB	TRS DB
Benefit calculation	2% x avg sal. x 10 yrs; plus 2.25% x avg sal. for next 10 yrs; plus 2.5% x avg. sal for all years over 20.	2% x avg base sal. x 20 yrs; plus 2.5% x avg base sal for all years over 20.
Alaska Cost of Living Allowance	Tier I, at retirement if principally domiciled in Alaska. Tier II and III at age 65 if principally domiciled in Alaska.	Tier I, at retirement if principally domiciled in Alaska. Tier II at age 65 if principally domiciled in Alaska
Post-Retirement Pension Adjustment	50% of change in CPI in Anchorage at age 60 or when retirement benefit has been received for 5 years. 75% of change in CPI in Anchorage for disabilitants and retirees age 65.	50% of change in CPI in Anchorage at age 60 or when retirement benefit has been received for 8 years. 75% of change in CPI in Anchorage for disabilitants and retirees age 65.
Other Retirement Savings Plans available	<b>State employees and 14 other political subdivisions:</b> Supplemental Benefit-Annuity (SBS-AP) replacement for Social Security. State employees also participate in the State's deferred compensation plan. <b>Other PERS employers:</b> Employer sponsored deferred compensation plans, IRAs, Social Security.	403(b) Plans, employer sponsored or deferred compensation plans. Alaska teachers do not participate in Social Security.

DATA AS OF 3/19/07

State of Alaska

PERS 101	Active	Deferred	Retired
Tier 1	3,323	1,748	10,748
Tier 2	3,720	2,179	1,345
Tier 3	7,975	3,183	108
Tier 4	873	98	-

University

PERS 113	Active	Deferred	Retired
Tier 1	484	425	1,201
Tier 2	595	603	182
Tier 3	1,654	1,180	22
Tier 4	50	3	-

All other participating Employers

PERS (the rest)	Active	Deferred	Retired
Tier 1	2,897	1,843	7,610
Tier 2	3,871	3,059	1,286
Tier 3	8,823	6,052	137
Tier 4	1,291	142	-

Department of Education

TRS 737	Active	Deferred	Retired
Tier 1	22	5	178
Tier 2	55	23	4
Tier 3	4	-	-

University

TRS 733	Active	Deferred	Retired
Tier 1	238	84	1,052
Tier 2	301	110	18
Tier 3	16	2	-

All other participating Employers

TRS (the rest)	Active	Deferred	Retired
Tier 1	2,439	718	7,943
Tier 2	6,979	2,433	278
Tier 3	734	30	-

**PERS EMPLOYERS WHOSE FY08 RATE WAS LESS THAN THE NORMAL COST RATE**

ER		FY08 Actuarial calculated rate before adjustment to statutory floor	FY08 Board Adopted Rate	FY08 Cost Share rate under Administration's Plan
208	AKUTAN, CITY OF	1.13%	14.48%	31.86%
283	ANDERSON, CITY OF	0.00%	14.48%	31.86%
183	FORT YUKON, CITY OF	9.58%	14.48%	31.86%
285	HOOPER BAY, CITY OF	13.56%	14.48%	31.86%
294	MOUNTAIN VILLAGE, CITY OF	14.38%	14.48%	31.86%
266	QUINHAGAK, CITY OF	3.49%	14.48%	31.86%
169	TANANA, CITY OF	0.00%	14.48%	31.86%
	<b>PERS Poli Subs</b>			
	<b>PERS Other</b>			
162	ALEUTIAN REGION SD	0.00%	14.48%	31.86%
103	ANNETTE ISLAND SD	11.53%	14.48%	31.86%
257	PELICAN CITY SD	11.09%	14.48%	31.86%
	<b>PERS School Districts</b>			



March 19, 2007

VIA E-MAIL

Ms. Charlene Morrison  
Chief Financial Officer  
State of Alaska  
Department of Administration  
Division of Retirement and Benefits  
333 Willoughby Avenue  
6<sup>th</sup> Floor State Office Building  
Juneau, AK 99811-0208

Re: PERS and TRS Accrued Liability and Normal Cost Rate by Tier

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If you have any questions regarding these calculations, please call.

Sincerely,

David H. Slisinsky, A.S.A.  
Principal and Consulting Actuary

/mlp

c: Ms. Melanie Millhorn, State of Alaska  
Ms. Michelle DeLange, Buck Consultants

## PERS and TRS Accrued Liability and Normal Cost Rate by Tier

### Liabilities and Normal Cost Rate by Tier (\$ in thousands)

	PERS			TRS		
	Pension	Medical	Total	Pension	Medical	Total
<b>DB Employer Normal Cost Rate</b>						
Tier 1	9.15%	10.46%	19.61%	7.18%	8.02%	15.20%
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Tier 3	1.55%	9.28%	10.83%	N/A	N/A	N/A
<b>Combined Employer Normal Cost Past Service Rate*</b>	4.57%	9.91%	14.48%	3.96%	8.60%	12.56%
			18.03%			29.70%
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<b>Total</b>	<b>\$ 7,087,191</b>	<b>\$ 5,757,650</b>	<b>\$ 12,844,841</b>	<b>\$ 4,334,585</b>	<b>\$ 2,163,971</b>	<b>\$ 6,498,556</b>
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<b>Unfunded Actuarial Accrued Liability</b>			\$ 4,401,922			\$ 2,539,617

\*Represents amortization of the unfunded actuarial accrued liability for current defined benefit members.

**PUBLIC EMPLOYEES' / TEACHERS' RETIREMENT SYSTEM  
INFORMATION BRIEFING**

Subject: PERS / TRS Tier Classification Medical Benefits  
Date: October 12, 2006

PERS	Tier 1	Tier 2	Tier 3	Total
Active	6,745	8,280	19,313	34,338
Deferred Vested	2,387	2,968	776	6,131
Deferred	1,776	2,929	9,302	14,007
Retired	18,871	2,625	225	21,721
<b>Total</b>	<b>29,779</b>	<b>16,802</b>	<b>29,616</b>	<b>76,197</b>
Medical Benefits	<p>System paid medical benefits for all benefit recipients and their eligible dependents.</p> <p>Eligible after vesting and normal retirement age of 55 or early retirement at age 50.</p> <p>Disabilitants, regardless of age, receive medical coverage.</p>	<p>System paid medical benefits for Peace Officer/Firefighters after 25 years or "all others" at 30 years of service.</p> <p>Eligible after vesting and normal retirement age of 60 or early retirement at age 55.</p> <p>Disabilitants, regardless of age, receive medical coverage.</p>	<p>System paid medical benefits for Peace Officer/Firefighters after 25 years or "all others" at 30 years of service.</p> <p>Eligible at age 60 after vesting with 10 years of credited service. Under age 60 must pay premium.</p> <p>Disabilitants, regardless of age, receive medical coverage.</p>	

TRS	Tier 1	Tier 2	Total
Active	2,647	7,366	10,013
Deferred Vested	309	357	666
Deferred	537	2,278	2,815
Retired	8,987	283	9,270
<b>Total</b>	<b>12,480</b>	<b>10,284</b>	<b>22,764</b>
Medical Benefits	<p>System paid medical benefits for all benefit recipients and their eligible dependents.</p> <p>Eligible after vesting and normal retirement age of 55 or early retirement at age 50.</p> <p>Disabilitants, regardless of age, receive medical coverage.</p>	<p>System paid medical benefits after 25 years of service</p> <p>Eligible after vesting and normal retirement age of 60 or early retirement at age 55.</p> <p>Disabilitants, regardless of age, receive medical coverage.</p>	



March 29, 2007

VIA EMAIL

Ms. Kathy Lea  
Retirement Benefits Manager  
State of Alaska  
Department of Administration  
Division of Retirement and Benefits  
PO Box 110203  
Juneau, AK 99811-0203

**Re: PERS Analysis Request**

Dear Kathy:

As requested, we have analyzed two scenarios regarding contributions to pay down the unfunded actuarial accrued liability for the State of Alaska Public Employees' Retirement System (PERS). Scenario 1 uses the annual required contribution rate in the 2005 valuation of 32.51% and level percent of pay amortization going forward. Scenario 2 uses the funding rate adopted by the Alaska Retirement Management Board (ARMB) of 39.76% and level dollar amortization going forward.

The unfunded actuarial accrued liability used in these calculations is based on the June 30, 2005 valuation results for PERS. The 2005 valuation results are the most recent projections that are available. We will present the projections based on the 2006 valuation, including new assumptions and methods at the June 2007 ARMB meeting.

We are using the assumption that PERS goes to a cost sharing plan and the employer contribution rate for the DB and DCR plans is set in statute to be 22% of the total DB and DCR payroll. The difference between the 22% of total payroll and the DCR contribution rate of 9.77% will go into the DB plan. The State of Alaska will pay the difference between contributions paid by employers and the contributions needed to meet the annual required contribution in the DB Plan.

Please see page 47 of our June 30, 2005 Experience Analysis report for our recommendation on the use of the level dollar amortization method. If state statutes are changed to base the employer contribution rates on total payroll (DB and DCR payroll combined), then the level percentage of payroll method could be used to determine the funding rate. However, since GASB allows amortizing the unfunded liability as a level percentage of payroll for *active members* only if the payroll is expected to increase, you could not use this approach for GASB disclosure since the closed group will result in a decline of payroll of *active members*. This would cause a difference between the funding rate and the GASB ARC for disclosure, resulting in an employer contribution that is less than 100% of the GASB Annual Required Contribution (ARC) for several years.

Ms. Kathy Lea  
March 29, 2007  
Page 2

We prefer not to release our projection software. We would be happy to run additional projections or sensitivity analyses for you. If you have any questions regarding these calculations, please call.

Sincerely,



David H. Sliskinsky, A.S.A.  
Principal and Consulting Actuary

/kr

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Enclosures

c: Ms. Christina Maiquis, State of Alaska  
Ms. Michelle DeLange, Buck Consultants

**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 <sup>1</sup>	Amount of DCR Contributions to Pay DB	Amount Paid by State of Alaska	Funded Ratio
						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	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	300,635	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	224,324	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	330,780	723,495	491,597	-	105%
Total				\$ 16,796,570	\$ 15,041,121	\$ 5,786,852	\$ 6,378,674	

<sup>1</sup> 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.

**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)

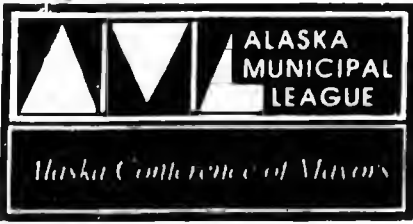
**Scenario 2**

Fiscal Year	Projected Employer Contribution Rate	Salary		Annual Required Contribution	Employer Contributions <sup>1</sup>	Amount of DCR Contributions to Pay DB Plan Unfunded	Amount Paid by State of Alaska	Funded Ratio
		DB Salary	DCR Salary					
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	39.76%	1,547,025	169,165	682,357	377,562	20,689	321,322	65%
2009	41.30%	1,478,011	306,826	737,138	392,664	37,525	374,451	68%
2010	41.76%	1,412,624	443,607	775,162	408,371	54,253	410,131	70%
2011	39.78%	1,350,899	579,581	767,945	424,706	70,883	399,864	72%
2012	37.93%	1,285,898	721,801	761,520	441,694	88,276	390,346	74%
2013	35.85%	1,223,927	864,080	748,551	459,362	105,677	373,610	76%
2014	33.78%	1,168,933	1,002,595	733,542	477,736	122,617	353,760	78%
2015	32.02%	1,105,656	1,152,733	723,136	496,846	140,979	338,912	80%
2016	30.03%	1,044,006	1,304,718	705,322	516,719	159,567	316,074	82%
2017	28.24%	973,612	1,469,061	689,811	537,388	179,666	295,950	83%
2018	26.41%	890,139	1,650,241	670,914	558,884	201,824	273,259	85%
2019	24.42%	832,314	1,809,681	645,175	581,239	221,324	240,742	86%
2020	22.95%	773,650	1,974,025	630,591	604,489	241,423	218,964	88%
2021	21.45%	712,411	2,145,171	612,951	628,668	262,354	193,866	89%
2022	20.02%	630,262	2,341,624	594,972	653,815	286,381	169,934	91%
2023	18.45%	557,005	2,533,756	570,245	679,967	309,878	137,826	93%
2024	16.30%	515,316	2,699,075	523,946	707,166	330,097	80,480	94%
2025	15.55%	468,096	2,874,871	519,831	735,453	351,597	65,253	96%
2026	14.51%	419,664	3,057,022	504,467	764,871	373,874	38,267	97%
2027	13.59%	353,981	3,261,772	491,381	795,466	398,915	14,590	99%
2028	12.50%	304,767	3,455,616	470,048	807,652	422,622	-	101%
2029	12.20%	270,752	3,640,047	477,117	832,750	445,178	-	103%
2030	4.52%	241,888	3,825,343	183,839	557,575	467,839	-	105%
2031	3.06%	210,318	4,019,602	129,436	522,151	491,597	-	107%
Total		\$ 14,974,764	\$ 14,590,387	\$ 5,786,852	\$ 5,007,601			

<sup>1</sup> 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 no payroll growth for FY08 rates and later
- \* 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



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March 19, 2007

RECEIVED  
MAR 22 2007

Senate Finance  
Juneau, Alaska 99811

Dear Senate Finance Members,

This note is to reiterate the position of AML with regards to PERS, and especially to clarify the AML's position with regards to the proposal brought forth by the Governor's office (SB125). This morning, during the presentation by the Department of Administration, reference was made that AML supports the concept presented. Please allow me to reiterate the AML's position: In addition to legislation that consolidates the PERS system, the AML only supports a final legislative solution that incorporates the three necessary pillars of i) stability, 2) predictability, and 3) affordability, the last being a deal-breaker.

The flat 22% PERS rate being discussed in the House Finance Committee Substitute, though slightly higher than the 85/15%, is very close to meeting the goals of the three pillars. The AML supports consolidation language recently introduced. However, the 65/35% split that was likewise introduced provides not one of the three pillars AML seeks. The Alaska Municipal League, while wanting to work with the Administration and the Legislature on the PERS issue, is only supporting legislation that contains language that truly and substantively addresses affordability.

I have included, for your review, a copy of the AML Board of Directors Resolution #2007-01 which gives a clear, concise picture of our position with regards to PERS/TRS. While the general concept the Administration has outlined may be quite close to that supported by AML, the devil is in the details. Any legislation which leaves communities having to pay unaffordable rates for an unfunded liability which was not of our making, and which risks bankrupting communities, is not a concept we can accept. We look forward to working with you on finding a solution that works for the State of Alaska, Alaska's political subdivisions, Alaska's school districts, Alaska's universities, and the taxpayers of Alaska.

Sincerely,

*[Handwritten signature]*  
Kathie Wasserman  
Executive Director,  
cc: AML member communities  
House Finance Committee members



**ALASKA MUNICIPAL LEAGUE  
BOARD OF DIRECTORS**

**RESOLUTION  
#2007-01**

**A RESOLUTION SUMMARIZING THE ALASKA MUNICIPAL  
LEAGUE POSITION ON PERS**

**WHEREAS**, AML supports amending State statutes to reflect an actual consolidated PERS plan; and

**WHEREAS**, AML supports having one uniform consolidated normal cost rate that all member employers pay; and

**WHEREAS**, AML believes that 85% of the unfunded obligation should go on the State's books and be accounted for and paid by the State as a separate stand alone obligation; and

**WHEREAS**, AML believes the other 15% of the unfunded obligation belongs to all PERS member employers; this 85/15 split is based on extensive research and analysis of PERS history over the past 46 years; and

**WHEREAS**, AML believes that in order to pay the 15% of the unfunded obligation, there should be a separate uniform consolidated past service cost rate that all member employers pay, that is a separate rate from the normal cost rate; and

**WHEREAS**, AML believes that the TRS obligation should likewise be broken into an 85/15% split, with 85% being accounted for as a separate obligation on the State's books. As with PERS, there should be two separate rates; a uniform normal cost rate and a uniform past service cost rate that amortizes the 15% unfunded obligation; and

**WHEREAS**, AML supports seeking out and using available methods to reduce the future carrying costs of the unfunded obligations.

## SECTIONAL ANALYSIS FOR SB 125/ HB 204 PERS COST SHARE PLAN

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**Sec. 1** AS 39.35.100. Repeals prior language establishing separate accounts for each 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.

Reason: The change to a cost share 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. 2** 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. 3** AS 39.35.125(a). Changes references to participation amendment statutes from AS 39.35.550 – 39.35.650, some of which have been repealed, to sections AS 39.35.600 – 39.35.650, some of which have been amended.

Reason: Conforming change – see sec. 9, AS 39.35.610; sec. 10, AS 39.35.615(a); sec. 11, AS 39.35.615(g); sec. 12, AS 39.35.620.

**Sec. 4** AS 39.35.160(c). Changes references to contribution statutes from AS 39.35.250 – 39.35.290, some of which have been repealed, to sections AS 39.35.255 – 39.35.290, some of which are new or amended, 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 – see sec. 5, AS 39.35.255; secs. 6 and 7, AS 39.35.260; and sec. 13, repealing AS 39.35.250, 39.35.270, and 39.35.280.

**Sec. 5.** AS 39.35.255. Requires employers to contribute to the plan an amount representing the employer rate (normal cost rate + past service rate) as approved by the Alaska Retirement Management Board. The rate is to be a single rate for all employers. Each employer will apply the rate to the total of all PERS salaries for that employer, regardless of tier or plan. Requires the employer rate be no less than the normal cost rate. Requires contributions be remitted within 15 days of the close of the employer's pay period. Requires past service contributions for retirees rehired under the Retiree Return Program be remitted at the same level the employer is paying for its active members. Defines employer normal cost rate and past service rate.

Sectional Analysis for SB 125 and HB 204 PERS Cost Share

Reason: Sets out the definition and calculation of the employer normal cost rate and past service rate that all employers will contribute under the new cost-share plan and specifies the minimum rate allowed. Normal cost rate and past service rates are based on all members in the system rather than only those members in the plan employed by a participating employer. Also prescribes the timing of transmittal of contributions to the plan and requires past service contributions be made for returned retirees.

**Sec. 6** AS 39.35.260. Changes the annual calculation of the employer rate from separate employer rates to one uniform employer rate.

Reason: To establish a cost share plan that uses a uniform employer contribution rate.

**Sec. 7** AS 39.35.260. Adds subsection (b) to allocate 65% of the unfunded liability of the plan as of June 30, 2006, to the State of Alaska, regardless of the rate calculated in AS 39.35.255 or (a) of the section. The remaining 35 percent of that unfunded liability is allocated to the other participating employers. Once the rate for the State of Alaska, as calculated in this subsection, is within one percentage point of the rate for all other employers, a separate rate for the State of Alaska will not be calculated.

Reason: To assign 65% of the unfunded liability to the State of Alaska and assign the remaining 35% of that unfunded liability to political subdivisions and public organizations.

**Sec. 8** AS 39.35.520. Changes the reference from AS 39.35.270 (repealed by sec. 13 of the bill) referring to individual employer rates to new AS 39.35.255 (sec. 5 of the bill) providing for a single employer contribution rate.

Reason: Conforming change.

**Sec. 9** AS 39.35.610(b). Addition of 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 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.

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 plan.

**Sec. 10** AS 39.35.615. Removes the ability of an employer to amend its participation agreement and allows only for termination from the plan.

Reason: Currently employers may designate groups or classifications of their employees for coverage under the PERS defined benefit plan and individually bear any related costs or savings from those choices. With a cost share plan, amendments of this type by one employer could create liability to all employers in the plan.

Sectional Analysis for SB 125 and HB 204 PERS Cost Share

**Sec. 11** AS 39.35.615(g) Adds new subsection that requires employers voluntarily terminating from the plan to pay the associated termination cost within a set timeframe. Allows for a payment plan as well as a lump sum payment. Allows

the administrator to collect funds per AS 39.35.610(b) (sec. 9 of the bill), if the employer fails to pay the termination cost in a timely manner. Provides for a refund of excess assets to the employer's should allocated assets exceed the termination liability, if allowed under the Internal Revenue Code. Allows the employer to join the PERS defined contribution plan at a future date once termination costs are paid in full.

AS 39.35.615(h). Adds a new subsection that requires employers who are voluntarily terminating participation in the plan to pay the cost associated with the termination cost study.

Reason: To establish a process for voluntarily termination of an employer's participation and collection of termination costs from the employer under the cost share plan.

**Sec. 12** AS 39.35.620(i). Adds a new subsection that requires employers involuntarily terminated from the plan to pay the associated termination cost within a set timeframe. Allows for a payment plan as well as a lump sum payment. Allows the administrator to collect funds per AS 39.35.610(b) (sec. 9 of the bill), if the employer fails to pay the termination cost in a timely manner. Provides for a refund of excess assets to the employer should allocated assets exceed the termination liability, if allowed under the Internal Revenue Code. Allows the employer to join the PERS defined contribution plan at a future date once termination costs are paid in full.

AS 39.35.620(j). Adds a new subsection that requires employers who are involuntarily terminated from participation in the plan to pay the cost associated with the termination cost study.

Reason: To establish a process for collecting the termination cost of an employer that is involuntarily terminated from participation under the cost share plan.

**Sec. 13** 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. 14** **Repeals:** Repeals all sections and subsections referring to the calculation of 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); and repeals prior statutes that provide for participation and termination of participation of classifications or groups of employees, and of provisions regarding termination that are replaced by secs. 11-13 of the bill.

Sectional Analysis for SB 125 and HB 204 PERS Cost Share

- Sec. 15**      **Transition.** Provides that the administrator will notify every employer in the defined benefit plan of the departments, groups, or other classifications of employees the employer currently covers under their participation agreement. Employers will have 90 days from receipt of the notification to request an amendment to their participation to either add or delete covered groups. Once the 90 days has elapsed, employers may not amend their agreement in the future to add or delete groups. States that past service credit cannot be awarded during this transition period.
- Sec. 16**      **Transition.** Provides for the Departments of Administration and Revenue to adopt regulations necessary to implement this act.
- Sec. 17**      **Reviser's Instructions:** Change headings for AS 39.35.615 to reflect a voluntary termination of participation and AS 39.35.620 to reflect an involuntary termination of participation.
- Sec. 18**      **Immediate effective date for transition sections.**
- Sec. 19**      **July 1, 2007, effective date for implementing the cost share program.**



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March 28, 2007

Honorable Governor Sarah Palin  
P.O.B. 110001  
Juneau, Alaska 99811

RECEIVED

MAR 30 2007

Dear Governor Palin,

On behalf of the Alaska Municipal League (AML), I want to commend you for your demonstrated commitment to addressing important local government policy issues.

Specifically, AML was pleased and heartened by your operating budget proposal that included \$48.1 million for Revenue Sharing and \$78.5 million for municipal PERS relief. We are also encouraged by your provisions for paying down the unfunded PERS/TRS liability.

The House has removed Revenue Sharing entirely and much of the PERS relief that was in your budget. We urge you to join us in helping to restore these critical components of your budget.

While AML is encouraged by progress being made on finding a solution to PERS, we are concerned about treating a PERS solution as a substitute for an adequately funded Revenue Sharing program.

Revenue Sharing can be used as communities see fit; either funding basic services (maintenance; personnel; insurance or fuel costs) and/or to offset property taxes. A PERS fix does not address these critical issues.

We applaud the Administration and the Legislature's efforts to find a long-term PERS solution. Enclosed is a list of PERS issues AML has identified with the help of Larry Semmens, ARM Board member and CFO of the City of Kenai. We understand that a long-term PERS fix may require some adjustments to the financial package you submitted to the Legislature, but strongly support your \$48.1 million Revenue Sharing program.

AML's official position includes support for a consolidated PERS system, an 85/15% split of past service costs and a uniform normal cost rate. I have enclosed the AML Board of Directors Resolution #2007-01.

The House has suggested a uniform normal cost rate of 22% of salary. That percentage would represent a 54% increase from FY07 contributions. However,

our main concern is whether or not this 22% of salary rate would be a long-term commitment. We cannot afford to pay 22% of salary this year, 23% next year and unquantified salary rates into the future. AML supports your plan for FY08 which requires employers to contribute 5% more than the FY07 contributions. Then the full increase of the 22% contribution rate would become effective for FY09, which would require municipalities to contribute \$12 million more than in FY08. Again, our major concerns are predictability, stability and affordability.

We believe that the State of Alaska is only as strong and healthy as its political subdivisions. To that end, we commend you for your strong support for local government.

AML believes that your vocal and active support for your Revenue Sharing program is critical to its eventual funding by the Legislature this session.

Please feel free to contact the AML office if you have any questions or if we can help provide you with any information.

We look forward to working with you and the Legislature to arrive at a fair resolution of these issues for all Alaskans.

Sincerely,



Tim Bourcy  
President  
Alaska Municipal League

cc: Mike Tibbles  
John Bitney  
Commissioner Kreitzer  
Senate Leadership  
House Leadership  
Senate Finance  
House Finance

# ALASKA MUNICIPAL LEAGUE

## PERS POINTS

- PERS and Revenue Sharing are separate issues. The PERS issue involves efforts to address a problem created from a long-term underfunding of this state administered program. While municipalities have followed the directions of the state in participating in this program, municipalities have only recently had a direct input role in the administration of this State run program. Although municipalities did not create the problem, they are willing to be a part of the solution. Revenue sharing, on the other hand, affects all municipalities and is a method used by state to provide some of the funding needed to provide basic local government services.
- AML supports a plan which recognizes the reality that PERS is a shared system.
- The strength of AML's support is contingent on the State accepting a large share of unfunded liability. AML supports allocation of 15% of the PERS unfunded liability to municipalities and 85% to the State.
- AML supports a significant pay down of the unfunded liability in the FY08 budget.
- AML supports a solution that results in an employer rate that is affordable, stable and predicable.
- Municipal employers support a fixed rate of 22% or less for municipal employers because this is the maximum affordable rate. Such a rate would represent an average increase in municipal expenditures for PERS of over \$33 million; a 54% increase. The proposal in SB125 would mean an increase for FY07 to FY08 of \$21 million; even with the one-year hold harmless. The burden in future years would be even greater both from the reduction in the hold harmless amount and from any actuarially determined cost increases. This increase can only be paid for from increased local taxes or a corresponding reduction in municipal services.
- A viable solution must take into account the potential of future changes in actuarially determined underfunded liabilities.
- The solution should protect members from sudden reductions in contribution due to salary reductions. Salaries could be reduced by sale or contracting out part of the operation, or by opting out a class of employees. Consideration should be given to establishment of a baseline salary amount and/or a provision that requires contributions based on salaries of opted out classes of employees.
- The new shared plan could be effective for FY09, allowing time for municipalities to adjust to the shared employer rate, which at 22%, would still require municipalities to contribute at least \$12 million more than the FY08 contribution.
- The solution must recognize the contributions that some communities made in excess of the amount billed by the State.
- The solution should discourage "gaming the system" and should not create an economic incentive to manipulate the workforce or discriminate between defined benefit and defined contribution employees.



**ALASKA MUNICIPAL LEAGUE - BOARD OF DIRECTORS  
Resolution #2007-01**

**A RESOLUTION SUMMARIZING THE ALASKA MUNICIPAL LEAGUE POSITION ON PERS**

**WHEREAS**, AML supports amending State statutes to reflect an actual consolidated PERS plan; and

**WHEREAS**, AML supports having one uniform consolidated normal cost rate that all member employers pay; and

**WHEREAS**, AML believes that 85% of the unfunded obligation should go on the State's books and be accounted for and paid by the State as a separate stand alone obligation; and

**WHEREAS**, AML believes the other 15% of the unfunded obligation belongs to all PERS member employers; this 85/15 split is based on extensive research and analysis of PERS history over the past 46 years; and

**WHEREAS**, AML believes that in order to pay the 15% of the unfunded obligation, there should be a separate uniform consolidated past service cost rate that all member employers pay, that is a separate rate from the normal cost rate; and

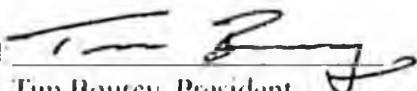
**WHEREAS**, AML believes that the TRS obligation should likewise be broken into an 85/15% split, with 85% being accounted for as a separate obligation on the State's books. As with PERS, there should be two separate rates, a uniform normal cost rate and a uniform past service cost rate that amortizes the 15% unfunded obligation; and

**WHEREAS**, AML supports seeking out and using available methods to reduce the future carrying costs of the unfunded obligations

**NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League Board of Directors wishes to summarize and make clear its position on PERS, as based on AML's membership wide Resolution #2007-05A and on presentations sponsored by AML throughout the State

**PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS** on the 14th day of March, 2007.

Signed

  
Tim Bourey, President  
Alaska Municipal League

Attest:

# CORRECTION

THE FOLLOWING DOCUMENT(S)  
HAVE BEEN REFILMED TO  
ASSURE LEGIBILITY OR PAGINATION



Rev. 6/98

Central Microfilm Services  
Department of Education & Early Development  
State of Alaska



**ALASKA MUNICIPAL LEAGUE - BOARD OF DIRECTORS  
Resolution #2007-01**

**A RESOLUTION SUMMARIZING THE ALASKA MUNICIPAL LEAGUE POSITION ON PERS**

**WHEREAS**, AML supports amending State statutes to reflect an actual consolidated PERS plan; and

**WHEREAS**, AML supports having one uniform consolidated normal cost rate that all member employers pay; and

**WHEREAS**, AML believes that 85% of the unfunded obligation should go on the State's books and be accounted for and paid by the State as a separate stand alone obligation; and

**WHEREAS**, AML believes the other 15% of the unfunded obligation belongs to all PERS member employers; this 85/15 split is based on extensive research and analysis of PERS history over the past 46 years; and

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**NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League Board of Directors wishes to summarize and make clear its position on PERS, as based on AML's membership wide Resolution #2007-05A and on presentations sponsored by AML throughout the State

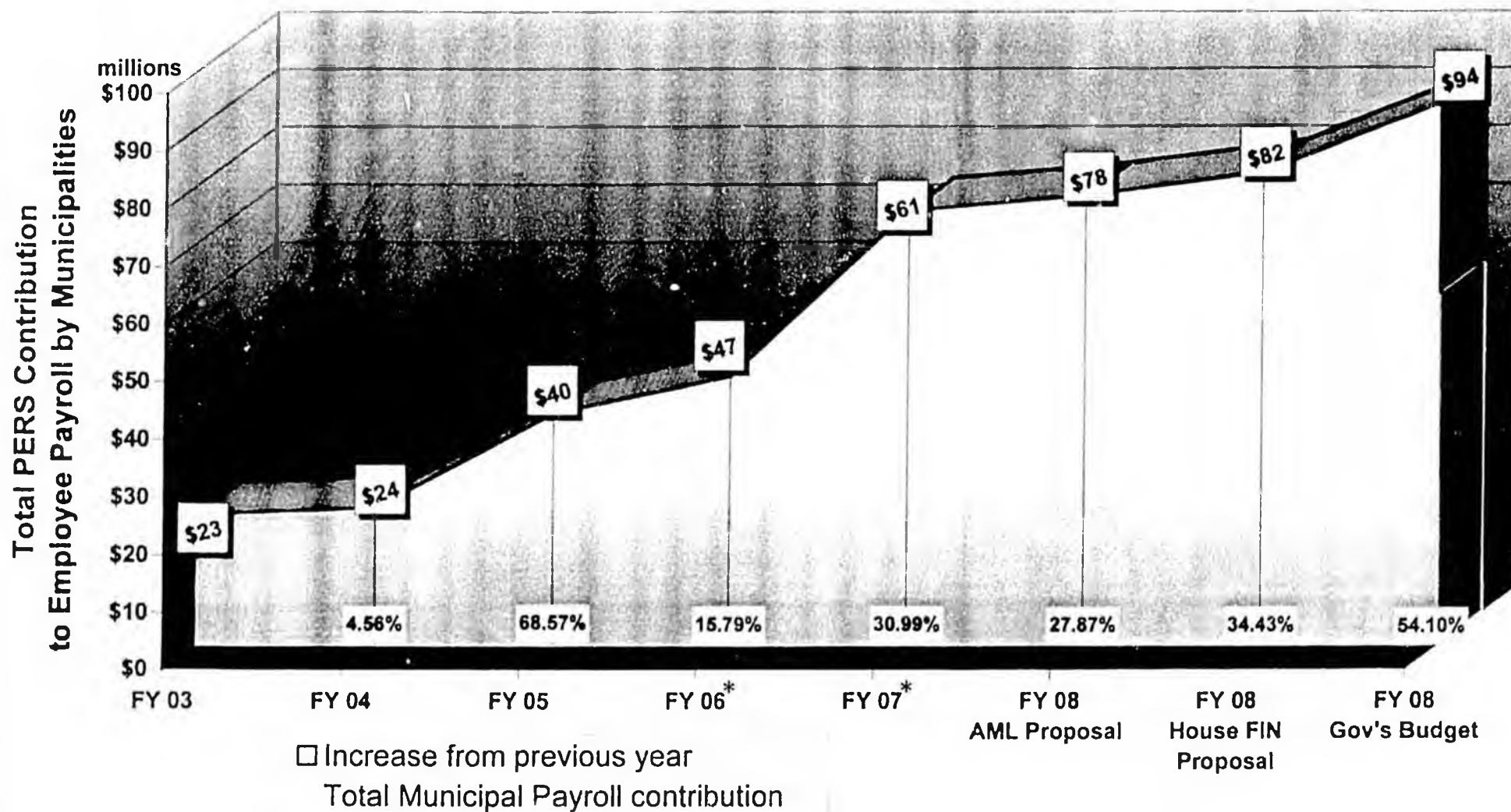
**PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE BOARD OF DIRECTORS** on the 14th day of March, 2007.

Signed

Tim Bourcy, President  
Alaska Municipal League

Attest

# Increase in Municipal Contributions to PERS



\*Note: Figures reflect the total out-of-pocket expenses to municipalities for FY 06 and FY 07. These figures do not include the PERS assistance/relief appropriated by legislature for the respective fiscal years.



Alaska Municipal League  
 217 Second Street, Suite 200  
 Juneau, Alaska 99801  
 (907) 586-1325  
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**Analysis of Changes**  
*CS SB 125 vs. SB 125*

April 22, 2007

CS SB 125 (Ver E 4/20/07)		SB 125
Bill Section	Change	Corresponding Bill Section
<b>Title</b>	Expanded to include "Alaska Retirement Management Board" and "Teachers' Retirement System"	<b>Title - Modified</b>
<b>Sec. 1</b>	<p><b>AS 14.25.070</b></p> <ul style="list-style-type: none"> <li>• Repeals &amp; Reenacts the employer contribution section of the Teachers' Retirement System (TRS) Define Benefit (DB) statutes.</li> <li>• Sets the annual employer contribution rate to 12.56%, or the DB plan employer normal cost – whichever is greater.</li> <li>• Rate applies to entire payroll base – regardless of Tier.</li> <li>• Contributions are used to pay DB and Defined Contribution Retirement (DCR) normal costs</li> <li>• Money in excess of what is needed to pay system's normal costs is applied to the accrued unfunded liability</li> <li>• Employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base</li> <li>• Defines "accrued unfunded liability", "employer normal cost rate" and "normal cost"</li> </ul>	N/A - New
<b>Sec. 2</b>	<p><b>AS 14.25.085</b></p> <ul style="list-style-type: none"> <li>• Adds new section to statute establishing the state's contribution requirements within TRS</li> <li>• As an employer, the state must make contributions on behalf of its own TRS members</li> <li>• State also makes one annual direct payment to TRS, in an amount sufficient to pay the system's full unfunded liability payment as determined by the board for the coming fiscal year</li> </ul>	N/A - New
<b>Sec. 3</b>	<p><b>AS 14.25.220</b></p> <ul style="list-style-type: none"> <li>• Adds definition of "system" to the TRS DB section of statute</li> <li>• "System" means all TRS plans</li> </ul>	N/A - New

Analysis of Changes  
CS SB 125 vs. SB 125

April 22, 2007

CS SB 125 (Ver E 4-20-07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 4	<p>AS 37.10.220(a)(8)</p> <ul style="list-style-type: none"> <li>Amends Alaska Retirement Management Board's (ARMB) powers and duties (<i>Page 4, Lines 17-19</i>)</li> <li>Board can't set an amortization period for liquidating the accrued unfunded liability of less than 25 years</li> </ul>	N/A - New
Sec. 5	<p>AS 39.35.100</p> <ul style="list-style-type: none"> <li>No change</li> </ul>	Sec. 1
Sec. 6	<p>AS 39.35.115</p> <ul style="list-style-type: none"> <li>Slightly reworded to match language already passed in SB 123 – Technical Clarification Bill</li> </ul>	Sec. 2 - Modified
Sec. 7	<p>AS 39.35.125(a)</p> <ul style="list-style-type: none"> <li>No change</li> </ul>	Sec. 3
Sec. 8	<p>AS 39.35.160(c)</p> <ul style="list-style-type: none"> <li>No change</li> </ul>	Sec. 4
Sec. 9	<p>AS 39.35.255</p> <ul style="list-style-type: none"> <li>Adds a new section that rewrites the employer contribution section of the Public Employee's Retirement System (PERS) DB statutes.</li> <li>Sets the annual employer contribution rate to 22%, or the DB plan employer normal cost – whichever is greater.</li> <li>Rate applies to entire payroll base – regardless of Tier.</li> <li>Contributions are used to pay DB and DCR normal costs</li> <li>Money in excess of what is needed to pay system's normal costs – are applied to the accrued unfunded liability</li> <li>22% employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base</li> <li>Defines "accrued unfunded liability", "employer normal cost rate" and "normal cost"</li> </ul>	Sec. 5 - Modified

**Analysis of Changes**  
*CS SB 125 vs. SB 125*

April 22, 2007

CS SB 125 (Ver F: 4 20 07)		SB 125
Bill Section	Change	Corresponding Bill Section
N/A	<b>AS 39.35.260</b> <ul style="list-style-type: none"> <li>• No longer necessary. Incorporated into AS 39.35.255</li> </ul>	Sec. 6 - Deleted
N/A	<b>AS 39.35.260</b> <ul style="list-style-type: none"> <li>• No longer necessary. Incorporated into AS 39.35.255</li> </ul>	Sec. 7 - Deleted
Sec. 10	<b>AS 39.35.280</b> <ul style="list-style-type: none"> <li>• Repeals and reenacts the section of statute dealing with the state's contribution requirements within PERS</li> <li>• As an employer, state must make the 22% contribution on behalf of its own PERS members</li> <li>• State also makes one annual direct payment to PERS, in an amount sufficient to pay the system's full unfunded liability payment as determined by the board for the coming fiscal year</li> </ul>	N/A - New
Sec. 11	<b>AS 39.35.520(a)</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 8
Sec. 12	<b>AS 39.35.610</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 9
Sec. 13	<b>AS 39.35.615(a)</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 10
Sec. 14	<b>AS 39.35.615</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 11
Sec. 15	<b>AS 39.35.620</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 12
Sec. 16	<b>AS 39.35.625</b> <ul style="list-style-type: none"> <li>• Addition requested by the Administration</li> <li>• Adds a new section of statute indicating how PERS termination costs will be determined under a cost share system</li> </ul>	N/A - New

Analysis of Changes  
CS SB 125 vs. SB 125

April 22, 2007

CS SB 125 (Ver E 4/20/07)		SB 125
Bill Section	Change	Corresponding Bill Section
Sec. 17	<b>AS 39.35.650</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 13
Sec. 18	<b>Repeals</b> <ul style="list-style-type: none"> <li>• Adds AS 39.35.260 to the list of repeals (<i>see SB 125 Sec. 6 &amp; Sec. 7 comments above</i>)</li> <li>• Removes AS 39.35.280 (<i>see CSSB 125 Sec. 10 comments above</i>)</li> </ul>	Sec. 14
Sec. 19	<b>Transition Language</b> <ul style="list-style-type: none"> <li>• Subsection (a) – No Change</li> <li>• Subsection (b) – Adds new sentence (<i>Page 12, Lines 5-8</i>) <ul style="list-style-type: none"> <li>○ Sentence added at the request of the Administration to conform to House amendments to SB 123 – Technical Clarification Bill</li> <li>○ Elected officials cannot be amended into participation agreements unless they make at least the same monthly salary as Legislators (\$2001)</li> </ul> </li> <li>• Subsection (c) – New subsection <ul style="list-style-type: none"> <li>○ Sets FY 08 contribution rates below 22% for certain political subdivisions that made PERS contributions in excess of what was required between FY05 – 07</li> <li>○ Rates are for 1 year only and will allow these employers to recoup their excess contributions in FY 08</li> </ul> </li> </ul>	Sec. 15 - Modified
Sec. 20	<b>Transition Language</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 16
Sec. 21	<b>Revisor's Instructions</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 17
Sec. 22 & Sec. 23	<b>Effect Date Clauses</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 18 & Sec. 19

FY 08 Rate Adjustments Required to Recoup Excess Muni PERS Contributions from Prior 3 Years

ER Employer	1		2	3	4 = 1x3	5	6 = 2x5	7	8	9	10 = 7+8+9	11 = 6-10	12 = 11/2	13 = 12-5
	Est. FY07 (FY06 * 3%)	Est. FY08 (FY07 * 3%)	FY07 Adj Contrib Rate	FY 07 Est. Contrib	FY08 Cost Share Rate	FY 08 Est. Contrib	Extra Payments			Total Excess Contrib	FY08 Contrib. less Previous Excess Contrib	CSSB 125 Rate Required to Recoup in FY08	Change in Rate from 22%	
230 ALEUTIANS EAST BOROUGH	683,563	704,070	15.23%	104,107	22.00%	154,895	\$ 50,537	\$ 33,915	\$ -	\$ 84,452	70,443	10.01%	-11.99%	
173 ANCHORAGE, MUNICIPALITY OF	146,880,650	151,287,070	18.65%	27,303,241	22.00%	33,283,155	\$ 748,094	\$ -	\$ -	\$ 748,094	32,535,061	21.51%	-0.49%	
136 BETHEL, CITY OF	5,640,051	5,809,252	15.08%	850,520	22.00%	1,278,035	\$ -	\$ 275,716	\$ -	\$ 275,716	1,002,319	17.25%	-4.75%	
144 BRISTOL BAY BOROUGH	1,698,985	1,749,955	17.99%	305,647	22.00%	384,990	\$ 70,944	\$ -	\$ -	\$ 70,944	314,046	17.95%	-4.05%	
148 CORDOVA, CITY OF	2,240,201	2,307,407	19.77%	442,888	22.00%	507,630	\$ 98,482	\$ 112,553	\$ -	\$ 211,035	296,595	12.85%	-9.15%	
282 DELTA JUNCTION, CITY OF	285,152	293,706	14.47%	41,261	22.00%	64,615	\$ 3,419	\$ -	\$ -	\$ 3,419	61,196	20.64%	-1.16%	
258 DENALI BOROUGH	151,229	155,766	39.00%	58,979	22.00%	34,268	\$ 29,484	\$ -	\$ -	\$ 29,484	4,784	3.07%	-18.93%	
271 EGEKIK, CITY OF	44,629	45,968	18.80%	8,390	22.00%	10,113	\$ -	\$ 2,830	\$ -	\$ 2,830	7,283	15.84%	-6.16%	
192 GALENA, CITY OF	1,769,688	1,822,779	13.40%	237,138	22.00%	401,011	\$ 68,486	\$ -	\$ -	\$ 68,486	332,525	18.24%	-3.76%	
235 HUSLIA, CITY OF	117,103	120,616	23.27%	27,250	22.00%	26,535	\$ -	\$ 5,215	\$ -	\$ 5,215	21,320	17.68%	-4.32%	
260 KACHEMAK, CITY OF	24,215	24,942	30.37%	7,354	22.00%	5,487	\$ 3,068	\$ -	\$ -	\$ 3,068	2,419	9.70%	-12.30%	
180 KENAI PENINSULA BOROUGH	13,947,886	14,366,322	22.81%	3,181,513	22.00%	3,160,591	\$ -	\$ 702,515	\$ -	\$ 702,515	2,458,076	17.11%	-4.89%	
122 KETCHIKAN GATEWAY BOROUGH	4,560,752	4,697,575	20.49%	934,498	22.00%	1,033,466	\$ 206,307	\$ -	\$ -	\$ 206,307	827,159	17.61%	-4.39%	
181 KETCHIKAN, CITY OF	7,947,200	8,185,616	29.92%	2,377,802	22.00%	1,800,835	\$ 415,937	\$ 400,460	\$ -	\$ 816,397	984,438	12.03%	-9.97%	
174 KODIAK ISLAND BOROUGH	2,290,957	2,359,685	15.00%	343,643	22.00%	519,131	\$ 293,700	\$ 118,047	\$ -	\$ 411,747	107,384	4.55%	-17.45%	
128 KODIAK, CITY OF	5,839,975	6,015,174	21.21%	1,238,659	22.00%	1,323,338	\$ 113,667	\$ 314,308	\$ -	\$ 428,035	895,303	14.88%	-7.12%	
247 LAKE AND PENINSULA BOROUGH	399,365	411,346	27.90%	111,423	22.00%	90,496	\$ 32,811	\$ -	\$ -	\$ 32,811	57,685	14.02%	-7.98%	
191 NORTH POLE, CITY OF	1,618,587	1,667,144	20.00%	323,717	22.00%	366,772	\$ 107,535	\$ -	\$ -	\$ 107,535	259,237	15.55%	-6.45%	
134 PALMER, CITY OF	3,216,218	3,312,705	23.54%	757,098	22.00%	728,795	\$ 132,967	\$ 154,333	\$ -	\$ 287,300	441,495	13.33%	-8.67%	
143 PETERSBURG, CITY OF	4,012,226	4,132,593	28.53%	1,144,688	22.00%	909,170	\$ 198,490	\$ 206,671	\$ -	\$ 405,161	504,009	12.20%	-9.80%	
266 QUINHAGAK, CITY OF	27,699	28,529	13.32%	3,689	22.00%	6,276	\$ 1,552	\$ -	\$ -	\$ 1,552	4,724	16.56%	-5.44%	
198 SAXMAN, CITY OF	122,449	126,122	37.84%	46,335	22.00%	27,747	\$ -	\$ 5,637	\$ -	\$ 5,637	22,110	17.53%	-4.47%	
182 SEWARD, CITY OF	3,937,850	4,055,986	18.74%	737,953	22.00%	892,317	\$ 192,943	\$ 186,026	\$ -	\$ 378,969	513,348	12.66%	-9.34%	
123 SOLDOTNA, CITY OF	2,764,602	2,847,540	19.46%	537,992	22.00%	626,459	\$ 1,000,000	\$ 136,756	\$ -	\$ 1,276,229	(649,770)	0.00%	-22.00%	
169 TANANA, CITY OF	93,476	96,281	13.32%	12,451	22.00%	21,182	\$ 11,285	\$ -	\$ -	\$ 11,285	9,897	10.28%	-11.72%	
249 UNALAKLEET, CITY OF	200,070	206,072	19.87%	39,754	22.00%	45,336	\$ 13,698	\$ -	\$ -	\$ 13,698	31,638	15.35%	-6.65%	
107 VALDEZ, CITY OF	5,113,773	5,267,186	18.91%	567,014	22.00%	1,158,781	\$ 255,619	\$ -	\$ -	\$ 255,619	903,162	17.15%	-4.85%	
248 YAKUTAT, CITY AND BOROUGH	722,458	744,132	17.97%	129,826	22.00%	163,709	\$ 22,773	\$ -	\$ -	\$ 22,773	140,936	18.94%	-3.06%	

TOTALS 216,351,007 222,841,537 42,364,831 22.00% 49,025,138 \$1,000,000 \$3,211,271 \$2,655,042 \$ 6,856,313 42,158,825

FY08 Contribution Amount Required From These Employers assuming 22% Rate	\$ 49,025,138
Total amount they will pay at the reduced FY08 rates proposed in CSSB 125	\$ 42,808,595
Amount State must pay on their behaves to allow them to recoup previous excess:	\$ 6,216,543
Potential Extra Payment to Soldotna	\$ 649,770
<b>Total FY08 State Appropriation Needed</b>	<b>\$ 6,866,313</b>

Reverses the negative \$649,770 for Soldotna

To totally recoup, Soldotna would have to receive an additional \$649,770 through another appropriation vehicle

4/23/07 10:17:57 AM

FY 08 Rate Adjustments Required to Recoup Excess Muni PERS Contributions from Prior 3 Years (Revised 4/28/07)  
 Prior to application of Hold Harmless Provision

REVISED

		1	2	3	4=1+3	5	6=2x5	7	8	9	10=7+8+9	11=6-10	12=11/2	13=12-6
		Gross Salaries				Extra Payments				FY08 Adjustments				
ER	Employer	Est. FY07 (FY06 + 3%)	Est. FY08 (FY07 + 3%)	FY07 Adj Contrib Rate	FY 07 Est. Contrib	FY08 Cost Share Rate	FY 08 Est. Contrib	2005	2006 SB46	2007 SB231	Total Excess Contrib	FY08 Contrib less Previous Excess Contrib	CSSB 125 Rate Required to Recoup in FY08	Change in Rate from 22%
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171	BARROW, CITY OF	1,211,908	1,248,265	17.26%	209,175	22.00%	274,618	\$ -	\$ 47,355	\$ -	\$ 47,355	227,263	18.21%	-3.79%
136	BETHEL, CITY OF	5,640,051	5,809,252	15.08%	850,520	22.00%	1,278,035	\$ -	\$ 275,716	\$ -	\$ 275,716	1,002,319	17.25%	-4.75%
144	BRISTOL BAY BOROUGH	1,698,985	1,749,955	17.99%	305,647	22.00%	384,990	\$ 70,944	\$ -	\$ -	\$ 70,944	314,046	17.95%	-4.05%
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260	KACHEMAK, CITY OF	24,215	24,942	33.37%	7,354	22.00%	5,487	\$ 3,068	\$ 1,193	\$ -	\$ 4,261	1,226	4.92%	-17.08%
180	KENAI PENINSULA BOROUGH	13,947,886	14,366,322	22.81%	3,161,513	22.00%	3,160,591	\$ -	\$ 702,515	\$ -	\$ 702,515	2,458,076	17.11%	-4.89%
122	KETCHIKAN GATEWAY BOROUGH	4,560,752	4,697,575	20.49%	934,498	22.00%	1,033,466	\$ 206,307	\$ 214,696	\$ -	\$ 421,003	612,463	13.04%	-8.96%
181	KETCHIKAN, CITY OF	7,947,200	8,185,616	29.92%	2,377,802	22.00%	1,800,835	\$ 415,937	\$ 400,460	\$ -	\$ 816,397	984,458	12.03%	-9.97%
227	KLAWOCK, CITY OF	651,517	671,063	14.35%	93,453	22.00%	147,634	\$ -	\$ 31,917	\$ -	\$ 31,917	115,717	17.24%	-4.76%
174	KODIAK ISLAND BOROUGH	2,290,957	2,359,685	15.00%	343,643	22.00%	519,131	\$ 293,700	\$ 118,047	\$ -	\$ 411,747	107,384	4.55%	-17.45%
128	KODIAK, CITY OF	5,839,975	6,015,174	21.21%	1,238,659	22.00%	1,323,338	\$ 113,667	\$ 314,368	\$ -	\$ 428,035	895,303	14.88%	-7.12%
247	LAKE AND PENINSULA BOROUGH	399,365	411,346	27.90%	111,423	22.00%	90,496	\$ 32,811	\$ 19,656	\$ -	\$ 52,467	38,029	9.25%	-12.75%
191	NORTH POLE, CITY OF	1,618,587	1,667,144	20.00%	323,717	22.00%	368,772	\$ 107,535	\$ -	\$ -	\$ 107,535	259,237	15.55%	-6.45%
134	PALMER, CITY OF	3,216,218	3,312,705	23.54%	757,098	22.00%	728,795	\$ 132,967	\$ 154,333	\$ -	\$ 287,300	441,495	13.33%	-8.67%
143	PETERSBURG, CITY OF	4,012,226	4,132,593	28.53%	1,144,688	22.00%	909,170	\$ 198,490	\$ 206,671	\$ -	\$ 405,161	504,009	12.20%	-9.80%
266	QUINHAGAK, CITY OF	27,699	28,529	13.32%	3,689	22.00%	6,276	\$ 1,552	\$ 1,920	\$ -	\$ 3,472	2,804	9.83%	-12.17%
198	SAXMAN, CITY OF	122,449	126,122	37.84%	46,335	22.00%	27,747	\$ -	\$ 5,637	\$ -	\$ 5,637	22,110	17.53%	-4.47%
182	SEWARD, CITY OF	3,937,850	4,055,986	18.74%	737,953	22.00%	892,317	\$ 192,943	\$ 186,026	\$ -	\$ 378,969	513,348	12.66%	-9.34%
123	SOLDOTNA, CITY OF	2,764,602	2,847,540	19.46%	537,992	22.00%	626,459	\$ 1,000,000	\$ 139,473	\$ 136,756	\$ 1,276,229	(649,770)	0.00%	-22.00%
169	TANANA, CITY OF	93,476	96,281	13.32%	12,451	22.00%	21,182	\$ 11,285	\$ -	\$ -	\$ 11,285	9,897	10.28%	-11.72%
249	UNALAKLEET, CITY OF	200,070	206,072	19.87%	39,754	22.00%	45,338	\$ 13,698	\$ 11,157	\$ -	\$ 24,855	20,481	9.94%	-12.06%
107	VALDEZ, CITY OF	5,113,773	5,267,186	18.91%	967,014	22.00%	1,158,781	\$ 255,619	\$ -	\$ -	\$ 255,619	903,162	17.15%	-4.85%
248	YAKUTAT, CITY AND BOROUGH	722,458	744,132	17.97%	129,826	22.00%	163,709	\$ 22,773	\$ -	\$ -	\$ 22,773	140,936	18.94%	-3.08%
<b>TOTALS</b>		<b>218,214,432</b>	<b>224,760,865</b>		<b>42,667,499</b>	<b>22.00%</b>	<b>49,447,390</b>	<b>\$ 1,000,000</b>	<b>\$ 3,211,271</b>	<b>\$ 2,982,936</b>	<b>\$ 7,194,207</b>	<b>42,253,183</b>		

Changes from previous version of spreadsheet indicated in by

Reverses the negative \$619,770 for Soldotna

To totally recoup, Soldotna would have to receive an additional \$649,770 through another appropriation vehicle

FY08 Contribution Amount Required From These Employers assuming 22% Rate:	\$ 49,447,390
Total amount they will pay at the reduced FY08 rates proposed in CSSB 125:	\$ 42,902,954
Amount State must pay on their behavos to allow them to recoup previous excess:	\$ 6,544,437
Extra Payment Possibly due Soldotna	\$ 649,770
<b>Total FY08 State Appropriation Needed</b>	<b>\$ 7,194,207</b>

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## Impact of a 22% Employer PERS Rate on Municipalities, with CSSB 125 Hold Harmless Provision

PAYROLL	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Est. FY08 Payroll (FY07 * 3%)	FY07 Adj Contribution Rate	FY08 Board Requested Rate	FY 08 Estimated Contribution at the Board Rate	FY08 Estimated Contribution at CSSB 125 22%	Municipal Gain (Loss) at a 22% Rate	Municipal Gain (Loss) at a 22% Rate	Hold at Lower of FY07 or FY08 ARM Board Rate if FY08 Rate < 22%	Municipal Gain (Loss) with a 22% Rate and Hold Harmless	Municipal Gain (Loss) with a 22% Rate and Hold Harmless	
FAIRBANKS, CITY OF	7,175,800	35.67%	184.95%	13,271,641	1,578,676	11,692,965	88%	-	11,692,965	88%
SAXMAN, CITY OF	126,122	37.84%	105.76%	133,387	27,747	105,640	79%	-	105,640	79%
KACHEMAK, CITY OF	24,942	30.37%	90.23%	22,505	5,487	17,018	76%	-	17,018	76%
KETCHIKAN, CITY OF	8,185,618	29.92%	52.61%	4,306,452	1,800,835	2,505,617	58%	-	2,505,617	58%
CORDOVA, CITY OF	2,307,407	19.77%	52.49%	1,211,158	507,030	703,528	58%	-	703,528	58%
DENALI BOROUGH	155,766	39.00%	51.83%	80,733	34,268	46,465	58%	-	46,465	58%
KODIAK ISLAND BOROUGH	2,359,685	15.00%	49.23%	1,161,673	519,131	642,542	55%	-	642,542	55%
KODIAK, CITY OF	6,015,174	21.21%	48.05%	2,890,291	1,323,338	1,566,953	54%	-	1,566,953	54%
WRANGELL, CITY OF	2,823,476	21.72%	47.74%	1,347,928	621,165	726,763	54%	-	726,763	54%
VALDEZ, CITY OF	5,267,186	18.91%	46.32%	2,439,761	1,158,781	1,280,980	53%	-	1,280,980	53%
KENAI, CITY OF	5,678,794	18.67%	45.71%	2,595,777	1,249,335	1,346,442	52%	-	1,346,442	52%
HAINES BOROUGH	1,661,014	27.17%	43.85%	728,355	365,423	362,932	50%	-	362,932	50%
SITKA, CITY AND BOROUGH	9,012,579	24.02%	43.31%	3,903,348	1,982,707	1,920,581	49%	-	1,920,581	49%
PALMER, CITY OF	3,312,705	23.54%	43.05%	1,426,120	728,795	697,324	49%	-	697,324	49%
JUNEAU, CITY AND BOROUGH	28,997,989	21.22%	42.56%	12,341,544	6,379,558	5,961,987	48%	-	5,961,987	48%
LAKE AND PENINSULA BOROUGH	411,346	27.90%	41.95%	172,559	90,496	82,063	48%	-	82,063	48%
NENANA, CITY OF	209,537	24.40%	41.79%	87,566	46,098	41,467	47%	-	41,467	47%
PETERSBURG, CITY OF	4,132,593	28.53%	41.15%	1,700,562	909,170	791,391	47%	-	791,391	47%
HUSLIA, CITY OF	120,616	23.27%	40.43%	48,765	26,535	22,230	46%	-	22,230	46%
ANCHORAGE, MUNICIPALITY OF	151,287,070	18.65%	39.33%	59,501,205	33,283,155	26,218,049	44%	-	26,218,049	44%
KENAI PENINSULA BOROUGH	14,366,322	22.81%	37.39%	5,371,568	3,160,591	2,210,977	41%	-	2,210,977	41%
NOME, CITY OF	2,532,588	15.50%	36.02%	912,238	557,169	355,069	39%	-	355,069	39%
HOMER, CITY OF	5,104,318	17.92%	35.96%	1,835,513	1,122,950	712,563	39%	-	712,563	39%
PELICAN, CITY OF	155,103	18.86%	34.82%	54,007	34,123	19,884	37%	-	19,884	37%
NORTH POLE, CITY OF	1,667,144	20.00%	34.59%	576,665	360,772	209,893	36%	-	209,893	36%
ATKA, CITY OF	99,456	21.92%	34.02%	33,835	21,880	11,955	35%	-	11,955	35%
SOLDOTNA, CITY OF	2,847,540	19.46%	33.94%	966,455	626,459	339,996	35%	-	339,996	35%
MATANUSKA-SUSITNA BOROUGH	12,730,979	20.99%	33.89%	4,314,529	2,800,815	1,513,713	35%	-	1,513,713	35%
CRAIG, CITY OF	1,667,345	25.33%	33.56%	559,561	366,816	192,745	34%	-	192,745	34%
KETCHIKAN GATEWAY BOROUGH	4,697,575	20.49%	32.18%	1,511,680	1,033,466	478,213	32%	-	478,213	32%
EGEGIK, CITY OF	45,968	18.80%	31.40%	14,434	10,113	4,321	30%	-	4,321	30%
SEWARD, CITY OF	4,055,986	18.74%	31.14%	1,263,034	892,317	370,717	29%	-	370,717	29%
FAIRBANKS NORTH STAR BOROUGH	19,314,802	20.93%	29.98%	5,790,518	4,249,212	1,541,305	27%	-	1,541,305	27%
SAND POINT, CITY OF	925,242	17.11%	29.98%	277,388	203,553	73,834	27%	-	73,834	27%
BRISTOL BAY BOROUGH	1,749,955	17.99%	29.90%	523,237	384,990	138,246	26%	-	138,246	26%
UNALASKEE, CITY OF	206,072	19.87%	29.89%	61,595	45,336	16,259	26%	-	16,259	26%
DILLINGHAM, CITY OF	2,227,329	21.18%	28.49%	634,560	490,012	144,554	23%	-	144,554	23%
SAINT PAUL, CITY OF	1,263,904	17.35%	28.44%	359,454	278,059	81,395	23%	-	81,395	23%
HOONAH, CITY OF	689,170	20.75%	27.46%	189,240	151,617	37,629	20%	-	37,629	20%
KING COVE, CITY OF	522,592	19.63%	26.53%	247,417	205,170	42,246	17%	-	42,246	17%
SKAGWAY, CITY OF	1,851,825	19.04%	25.36%	469,623	407,401	62,221	13%	-	62,221	13%
YAKUTAT, CITY AND BOROUGH	744,132	17.97%	25.22%	187,670	163,709	23,961	13%	-	23,961	13%
WASILLA, CITY OF	4,913,053	18.91%	24.38%	1,197,802	1,080,872	116,931	10%	-	116,931	10%
UNALASKA, CITY OF	8,647,494	18.50%	23.34%	2,251,725	2,122,449	129,276	6%	-	129,276	6%
TOKSOOK BAY, CITY OF	28,493	17.28%	23.16%	6,599	6,268	331	5%	-	331	5%
THORNE BAY, CITY OF	276,782	17.61%	23.11%	63,960	60,888	3,072	5%	-	3,072	5%
NORTH SLOPE BOROUGH	38,915,994	17.62%	22.06%	8,935,112	8,581,519	373,594	4%	-	373,594	4%
SELDOVIA, CITY OF	64,201	10.64%	21.58%	13,872	14,142	(270)	-2%	3,445	3,175	23%
WHITTIER, CITY OF	1,031,368	15.00%	21.40%	220,713	226,901	(6,188)	-3%	72,198	68,008	30%
MEKORYUK, CITY OF	3,199	13.32%	20.51%	655	702	(47)	-7%	277	230	35%
ALEUTIANS EAST BOROUGH	704,070	15.23%	20.31%	142,997	154,895	(11,898)	-8%	47,660	35,767	25%
NORTHWEST ARCTIC BOROUGH	1,043,827	14.19%	18.24%	190,394	229,642	(39,248)	-21%	91,523	42,275	22%
BARROW, CITY OF	1,248,265	17.20%	17.70%	220,943	274,018	(53,675)	-24%	59,168	5,492	2%
BETHEL, CITY OF	5,809,252	15.08%	17.40%	1,010,810	1,278,035	(267,226)	-26%	402,600	134,775	13%
DELTA JUNCTION, CITY OF	293,706	14.47%	17.27%	50,723	64,615	(13,892)	-27%	22,116	8,224	16%
KOTZEBUE, CITY OF	3,632,278	13.32%	17.13%	622,209	799,101	(176,892)	-28%	315,282	138,390	22%
GALENA, CITY OF	1,822,770	13.40%	16.88%	307,685	401,011	(93,326)	-30%	156,759	63,433	21%
NOORVIK, CITY OF	60,423	13.45%	15.92%	14,395	19,803	(5,408)	-38%	7,731	2,233	16%
KLAWOCK, CITY OF	671,663	14.35%	15.15%	101,532	147,634	(46,102)	-45%	51,310	5,234	5%
AKUTAN, CITY OF	307,967	13.32%	14.40%	44,504	67,753	(23,250)	-52%	26,732	3,572	8%
ANDERSON, CITY OF	41,355	13.32%	14.48%	6,278	9,538	(3,260)	-52%	3,763	503	8%
TANANA, CITY OF	401,025	13.32%	14.48%	53,155	88,258	(30,202)	-52%	34,801	4,050	8%
FORT YUKON, CITY OF	25,112	13.32%	14.48%	3,638	5,529	(1,891)	-52%	2,180	291	8%
HOOPER BAY, CITY OF	34,341	13.32%	14.48%	4,973	7,555	(2,582)	-52%	2,981	398	8%
MOUNTAIN VILLAGE, CITY OF	12,000	13.32%	14.48%	1,825	2,772	(948)	-52%	1,094	146	8%
QUINHAGAK, CITY OF	28,520	13.32%	14.48%	4,131	6,270	(2,145)	-52%	2,476	331	8%
KOYUK, CITY OF	98,281	15.39%	14.48%	13,941	21,182	(7,240)	-52%	7,240	-	0%
UPPER KALSKAG, CITY OF	19,615	16.23%	14.40%	2,840	4,315	(1,475)	-52%	1,475	-	0%
ALLAKAKET, CITY OF	19,758	15.00%	14.48%	2,861	4,347	(1,486)	-52%	1,486	-	0%
<b>TOTAL</b>	<b>390,328,042</b>			<b>151,020,919</b>	<b>85,871,729</b>	<b>65,149,189</b>		<b>1,303,788</b>	<b>88,452,978</b>	

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CSSB 125 Sec (19) Rate Adjustments

Muni	Recoup Rate	Rate w/Hold Harmless
AKUTAN, CITY OF		13.32%
ALEUTIANS EAST BOROUGH	10.01%	3.24%
ALLAKAKET, CITY OF		14.48%
ANCHORAGE, MUNICIPALITY OF	21.51%	21.51%
ANDERSON, CITY OF		13.32%
BARROW, CITY OF	18.21%	13.47%
BETHEL, CITY OF	17.25%	10.33%
BRISTOL BAY BOROUGH	17.95%	17.95%
CORDOVA, CITY OF	12.85%	12.85%
DELTA JUNCTION, CITY OF	20.84%	13.31%
CENALI BOROUGH	3.07%	3.07%
EGEGIK, CITY OF	15.84%	15.84%
FORT YUKON, CITY OF		13.32%
GALENA, CITY OF	18.24%	9.64%
HOOPER BAY, CITY OF		13.32%
HUSLIA, CITY OF	17.68%	17.68%
KACHEMAK, CITY OF	4.92%	4.92%
KENAI PENINSULA BOROUGH	17.11%	17.11%
KETCHIKAN GATEWAY BOROUGH	13.04%	13.04%
KETCHIKAN, CITY OF	12.03%	12.03%
KLAWOCK, CITY OF	17.24%	9.59%
KODIAK ISLAND BOROUGH	4.55%	4.55%
KODIAK, CITY OF	14.88%	14.88%
KOTZEBUE, CITY OF		13.32%
KOYUK, CITY OF		14.48%
LAKE AND PENINSULA BOROUGH	9.25%	9.25%
MEKORYUK, CITY OF		13.32%
MOUNTAIN VILLAGE, CITY OF		13.32%
NOORVIK, CITY OF		13.45%
NORTH POLE, CITY OF	15.55%	15.55%
NORTHWEST ARCTIC BOROUGH		14.19%
PALMER, CITY OF	13.33%	13.33%
PETERSBURG, CITY OF	12.20%	12.20%
QUINHAGAK, CITY OF	9.83%	1.15%
SAXMAN, CITY OF	17.53%	17.53%
SELDOVIA, CITY OF		16.64%
SEWARD, CITY OF	12.66%	12.66%
SOLDOTNA, CITY OF	0.00%	13.04%
TANANA, CITY OF	10.28%	1.60%
UNALAKLEET, CITY OF	9.94%	9.94%
UPPER KALSAG, CITY OF		14.48%
VALDEZ, CITY OF	17.15%	17.15%
WHITTIER, CITY OF		15.00%
YAKUTAT, CITY AND BOROUGH	18.94%	18.94%

Soldotna's excess has been spread across the 5 year period FY08-FY12

FY 09 - FY 12

Muni	Rate
AKUTAN, CITY OF	13.32%
ALEUTIANS EAST BOROUGH	15.23%
ALLAKAKET, CITY OF	14.48%
ANDERSON, CITY OF	13.32%
BARROW, CITY OF	17.26%
BETHEL, CITY OF	15.08%
DELTA JUNCTION, CITY OF	14.47%
FORT YUKON, CITY OF	13.32%
GALENA, CITY OF	13.40%
HOOPER BAY, CITY OF	13.32%
KLAWOCK, CITY OF	14.35%
KOTZEBUE, CITY OF	13.32%
KOYUK, CITY OF	14.48%
MEKORYUK, CITY OF	13.32%
MOUNTAIN VILLAGE, CITY OF	13.32%
NOORVIK, CITY OF	13.45%
NORTHWEST ARCTIC BOROUGH	14.19%
QUINHAGAK, CITY OF	13.32%
SELDOVIA, CITY OF	16.64%
SOLDOTNA, CITY OF	13.04%
TANANA, CITY OF	13.32%
UPPER KALSAG, CITY OF	14.48%
WHITTIER, CITY OF	15.00%

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><b>AS 14.25.070</b></p> <ul style="list-style-type: none"> <li>• Repeals &amp; Reenacts the employer contribution section of the Teachers' Retirement System (TRS) Define Benefit (DB) statutes.</li> <li>• Sets the annual employer contribution rate to 12.56%, or the DB plan employer normal cost – whichever is greater.</li> <li>• Rate applies to entire payroll base – regardless of Tier.</li> <li>• Contributions are used to pay DB and Defined Contribution Retirement (DCR) normal costs</li> <li>• Money in excess of what is needed to pay system's normal costs is applied to the accrued unfunded liability</li> <li>• Employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base</li> <li>• Defines "normal cost"</li> </ul>	N/A - New
Sec. 2	<p><b>AS 14.25.085</b></p> <ul style="list-style-type: none"> <li>• Adds new section to statute establishing the state's contribution requirements within TRS</li> <li>• As an employer, the state must make contributions on behalf of its own TRS members</li> <li>• 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</li> </ul>	N/A - New
Sec. 3	<p><b>AS 14.25.220</b></p> <ul style="list-style-type: none"> <li>• Adds definition of "past service liability" and "system" to the TRS DB section of statute</li> <li>• "System" means all TRS plans</li> </ul>	N/A - New

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. 4	<b>AS 14.25.350(d)</b> <ul style="list-style-type: none"> <li>• Clarifies that health reimbursement arrangement plan contributions are established in AS 39.30.370, not AS 39.30.300</li> </ul>	N/A - New
Sec. 5	<b>AS 39.35.100</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 1
Sec. 6	<b>AS 39.35.115</b> <ul style="list-style-type: none"> <li>• Slightly reworded to match language already passed in SB 123 – Technical Clarification Bill</li> </ul>	Sec. 2 - Modified
Sec. 7	<b>AS 39.35.125(a)</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 3
Sec. 8	<b>AS 39.35.160(e)</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 4
Sec. 9	<b>AS 39.35.255</b> <ul style="list-style-type: none"> <li>• Adds a new section that rewrites the employer contribution section of the Public Employee's Retirement System (PERS) DB statutes.</li> <li>• Sets the annual employer contribution rate to 22%, or the DB plan employer normal cost – whichever is greater.</li> <li>• Rate applies to entire payroll base – regardless of Tier.</li> <li>• Payroll base used in calculation is the current year or the FY07 fiscal year, which ever is greater</li> <li>• Contributions are used to pay DB and DCR normal costs</li> <li>• Money in excess of what is needed to pay system's normal costs – are applied to the accrued unfunded liability</li> <li>• 22% employer contribution rate applies to retiree/rehires and their salary must be included in the payroll base</li> <li>• Defines "normal cost"</li> </ul>	Sec. 5 - 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
N/A	<p><b>AS 39.35.260</b></p> <ul style="list-style-type: none"> <li>No longer necessary. Incorporated into AS 39.35.255</li> </ul>	Sec. 6 - Deleted
N/A	<p><b>AS 39.35.260</b></p> <ul style="list-style-type: none"> <li>No longer necessary. Incorporated into AS 39.35.255</li> </ul>	Sec. 7 - Deleted
Sec. 10	<p><b>AS 39.35.280</b></p> <ul style="list-style-type: none"> <li>Repeals and reenacts the section of statute dealing with the state's contribution requirements within PERS</li> <li>As an employer, state must make the 22% contribution on behalf of its own PERS members</li> <li>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</li> </ul>	N/A - New
Sec. 11	<p><b>AS 39.35.520(a)</b></p> <ul style="list-style-type: none"> <li>No change</li> </ul>	Sec. 8
Sec. 12	<p><b>AS 39.35.610</b></p> <ul style="list-style-type: none"> <li>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</li> <li>If the employer disputes the claim, they may appeal to the office of administrative hearings (AS 44.64)</li> <li>Disputed money will be held in an escrow account until the dispute is resolved</li> </ul>	Sec. 9 - Modified
Sec. 13	<p><b>AS 39.35.615(a)</b></p> <ul style="list-style-type: none"> <li>Language has been added to prevent an employer from awarding past service to employees added to the plan by amendment to the participation agreement</li> <li>Elected officials cannot be added to the plan unless they make a minimum of \$2,001 a month—the same wage as Legislators.</li> </ul>	Sec. 10 - 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
Sec. 14	<p><b>AS 39.35.615 (f)</b></p> <ul style="list-style-type: none"> <li>• 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</li> </ul>	N/A - New
N/A	<p><b>AS 39.35.615 (g) &amp; (h)</b></p> <ul style="list-style-type: none"> <li>• Sections have been worked into AS 39.35.625 in Sec. 15 of the CS</li> </ul>	Sec. 11 - Deleted
Sec. 15	<p><b>AS 39.35.620 (h)</b></p> <ul style="list-style-type: none"> <li>• Subsection (h) has been amended                             <ul style="list-style-type: none"> <li>○ to clarify that a previously terminated employer can rejoin the system only if the cost associated with the previous termination has been paid; and</li> <li>○ to clarify that previously terminated employers who rejoin the system may only participate in the DCR plan</li> </ul> </li> </ul>	Sec. 12 - Modified
Sec. 16	<p><b>AS 39.35.625</b></p> <ul style="list-style-type: none"> <li>• New section is being added in statute laying out how PERS termination costs will be determined under the new cost share system</li> <li>• 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</li> <li>• The administrator may enter into a payment plan for payment of an employer's termination costs</li> <li>• An employer requesting termination action, must pay for a termination cost study to be performed</li> </ul>	N/A - New
Sec. 17	<p><b>AS 39.35.650</b></p> <ul style="list-style-type: none"> <li>• Slightly modified to conform to other sectional changes in the CS</li> </ul>	Sec. 13 - Modified

CS SB 125 (Ver. O 5/02/07) Bill Section	Change	SB 125 Corresponding Bill Section
Sec. 18	<b>AS 39.35.680</b> <ul style="list-style-type: none"> <li>• Adds definition of "past service liability" to the definitions section of the PERS DB statutes</li> </ul>	N/A – New
Sec. 19	<b>AS 39.35.750(d)</b> <ul style="list-style-type: none"> <li>• Clarifies that health reimbursement arrangement plan contributions are established in AS 39.30.370, not AS 39.30.300</li> </ul>	N/A - New
Sec. 20	<b>Repeals</b> <ul style="list-style-type: none"> <li>• 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 &amp; Sec. 12 comments above</i>)</li> <li>• Removes AS 39.35.280 (<i>see CSSB 125 Sec. 10 comments above</i>)</li> </ul>	Sec. 14 - Modified
Sec. 21	<b>Transition Language</b> <ul style="list-style-type: none"> <li>• 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</li> <li>• New subsection (a)               <ul style="list-style-type: none"> <li>○ 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%</li> </ul> </li> <li>• New subsection (b)               <ul style="list-style-type: none"> <li>○ Sets FY 09 – FY 12 contribution rates below 22% to hold harmless PERS employers whose FY07 or FY08 board adopted rates are below 22%</li> </ul> </li> </ul>	Sec. 15 - Modified
Sec. 22	<b>Transition Language</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	Sec. 16
N/A	<b>Revisor's Instructions</b> <ul style="list-style-type: none"> <li>• No change</li> </ul>	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"><li>• No change</li></ul>	Sec. 18 & Sec. 19

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) Rate and Hold Harmless	Gain (Loss) 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 Contrib with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY2012	
							(2)/(4)	22% of (2)	(5)/(6)	(7)/(5)	Min((3)/(4)) (2)	(7)/(9)	(10)/(5)				(12)+(13)+(14)	(6)/(15)	(16)/(2)	(16)/(9)	(19)/(2)	(22% ((9)/(2))	(22% ((9)/(2))	
PERS Poll Subs											22%													
ELIM CITY OF				19.31%		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%	2,485,050	184.95%	13,271,641	1,578,676	11,692,965	88%		11,092,965	88%											
SAXMAN CITY OF	17.53%		126,122	37.84%	40,335	105.76%	133,387	27,747	105,640	79%		105,640	79%											
KACHEMAK CITY OF	4.92%		24,942	30.37%	7,354	90.23%	22,505	5,497	17,018	76%		17,018	76%	3,068	1,193	4,261	1,226	4.92%	1,226	4.92%				
KETCHIKAN CITY OF	12.03%		8,185,616	29.92%	2,377,802	52.61%	4,308,452	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	12.05%		2,307,407	19.77%	442,888	52.45%	1,211,158	507,630	703,528	58%		703,528	58%	98,482	112,553	211,035	296,555	12.85%	296,555	12.85%				
DEHALI BOROUGH	3.07%		155,769	39.00%	58,979	51.83%	80,733	34,268	46,465	58%		46,465	58%		29,484		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	118,017	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%	113,667	314,368	428,035	895,303	14.88%	895,303	14.88%				
WRANGELL CITY OF			2,823,476	21.72%	595,397	47.74%	1,347,928	621,165	726,763	54%		726,763	54%											
VAI DEZ CITY OF	17.15%		5,267,186	18.91%	967,014	40.32%	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%	2,101,768	43.31%	3,903,348	1,982,767	1,920,581	49%		1,920,581	49%											
PALMER CITY OF	3.33%		3,312,705	23.54%	757,058	43.05%	1,426,120	726,795	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%	5,174,140	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	90,490	82,063	48%		82,063	48%	32,811	19,656	52,467	38,029	9.25%	38,029	9.25%				
NENANA 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	205,671	405,161	504,009	12.20%	504,009	12.20%				
MUSKIEA 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%		151,287,070	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			5,104,318	17.92%	888,052	35.56%	1,835,513	1,122,950	712,563	39%		712,563	39%											
PELICAN 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%	576,665	366,772	209,893	30%		209,893	36%	107,535		107,535	259,237	15.55%	259,237	15.55%				
ATKA CITY OF			99,456	21.92%	21,165	34.02%	33,835	21,880	11,955	35%		11,955	35%											
SOLDOTNA CITY OF	13.04%	13.04%	2,847,540	19.46%	537,992	33.94%	969,455	478,459	339,996	35%		339,996	35%	1,000,000	139,473	136,756	1,276,229	(649,770)					13.04%	
MATANUSKA-SUSITNA BOROUGH			12,730,979	20.99%	2,594,401	33.69%	4,314,529	2,800,815	1,513,713	35%		1,513,713	35%											
CRAIG CITY OF			1,667,345	25.33%	410,037	33.56%	559,561	366,816	192,745	34%		192,745	34%											
SITKA COMMUNITY HOSPITAL			4,559,308	21.96%	972,052	32.58%	1,465,422	1,003,041	482,375	32%		482,375	32%											
KETCHIKAN GATEWAY BOROUGH	13.04%		4,697,575	20.49%	934,498	32.18%	1,511,680	1,033,436	478,213	32%		478,213	32%	205,307	214,696	421,003	612,463	13.04%	612,463	13.04%				
EGEGIK CITY OF	15.84%		45,968	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%		4,055,986	18.74%	737,953	31.14%	1,263,034	892,317	370,717	29%		370,717	29%	152,943	188,026	378,969	513,348	12.66%	513,348	12.66%				
FAIRBANKS NORTH STAR BOROUGH			19,314,602	20.83%	3,924,802	29.98%	5,790,518	4,249,212	1,541,305	27%		1,541,305	27%											
SAND POINT CITY OF			625,242	17.11%	103,698	29.88%	277,388	203,553	73,834	27%		73,834	27%											
CORDOVA COMMUNITY MEDICAL CENTER			2,112,784	20.14%	424,853	29.97%	651,183	478,013	173,171	27%		173,171	27%											
BRISTOL BAY BOROUGH	17.95%		1,749,955	17.95%	305,647	29.60%	523,237	384,990	138,246	26%		138,246	26%	70,944		70,944	314,048	17.95%	314,048	17.95%				
UNALASKET CITY OF	9.94%		706,072	19.07%	139,754	29.89%	61,595	45,336	16,259	26%		16,259	26%	13,658	11,157	24,855	20,461	9.94%	20,461	9.94%				
ANCHORAGE PARKING AUTHORITY			1,298,338	19.18%	241,769	29.27%	380,024	285,634	94,389	25%		94,389	25%											
DILLINGHAM CITY OF			2,227,329	21.18%	458,008	28.49%	634,566	490,012	144,554	23%		144,554	23%											
SAINT PAUL CITY OF			1,263,904	17.35%	212,000	28.44%	359,454	271,059	81,395	23%		81,395	23%											
SAXMAN SEAPORT			70,936	19.39%	13,354	28.13%	19,954	15,605	4,348	22%		4,348	22%											
HOBENAH CITY OF			609,170	20.75%	124,838	27.46%	189,240	151,617	37,629	20%		37,629	20%											

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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 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 Contrib with Hold Harmless	Final Rate for FY08 Only	Rate for FY09 - FY2012	Rate for FY08 - FY2012		
KING COVE, CITY OF			932,592	19.65%	177,736	26.53%	247,417	205,170	42,246	17%	-	42,246	17%												
SKAGWAY, CITY OF			1,851,825	19.94%	358,499	25.38%	469,623	407,401	62,221	13%	-	62,221	13%												
YAKUTAT, CITY AND BOROUGH	18.94%		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	18.64%			
WASILLA, CITY OF			4,913,053	18.91%	901,998	24.38%	1,197,802	1,000,872	116,931	10%	-	116,931	10%												
UNALASKA, CITY OF			9,647,494	10.50%	1,732,802	23.34%	2,251,725	2,122,449	129,276	6%	-	129,276	6%												
TOKSOOK BAY, CITY OF			28,493	17.28%	4,780	23.16%	6,559	6,260	331	5%	-	331	5%												
THORNE BAY, CITY OF			276,762	17.61%	47,318	23.11%	63,960	60,888	3,072	5%	-	3,072	5%												
NORTH SLOPE BOROUGH			38,915,994	17.62%	6,657,289	22.95%	8,935,112	8,561,519	373,594	4%	-	373,594	4%												
NORTH SLOPE BOROUGH			883,109	14.11%	120,977	22.82%	201,526	194,284	7,241	4%	-	7,241	4%											17.20%	
HOME JOINT UTILITY SYSTEM			20,709,107	17.20%	3,458,220	21.87%	4,529,082	4,556,004	(26,922)	-1%	994,037	967,115	21%											15.89%	
BARTLETT REGIONAL HOSPITAL	17.20%	17.20%	3,855,146	15.89%	594,740	21.73%	837,723	848,132	(10,409)	-1%	235,549	225,141	27%											16.64%	
PETERSBURG MEDICAL CENTER	15.89%	15.89%	64,281	16.64%	10,385	21.58%	13,872	14,142	(270)	-2%	3,445	3,175	23%											15.00%	
SELDOVIA, CITY OF	16.64%	16.64%	1,031,368	15.00%	150,199	21.40%	220,713	226,901	(6,188)	-3%	72,196	66,008	30%											13.32%	
WHITTIER, CITY OF	15.00%	15.00%	3,189	13.32%	412	20.53%	655	702	(47)	-7%	277	230	35%												
MEKORYUK, CITY OF	13.32%	13.32%	704,070	15.23%	104,107	20.31%	142,997	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%	14.19%	
ALEUTIANS EAST BOROUGH	3.24%	15.23%	1,043,827	14.19%	143,805	18.24%	190,394	229,642	(39,248)	-21%	81,523	42,275	22%												
NORTHWEST ARCTIC BOROUGH	14.19%	14.19%	1,248,265	17.26%	209,175	17.70%	220,943	274,616	(53,675)	-24%	59,168	5,492	2%			47,355	47,355	227,263	18.21%		168,096	13.47%	17.26%		
BARROW, CITY OF	13.47%	17.26%	5,809,252	15.08%	850,520	17.40%	1,010,810	1,270,035	(267,226)	-26%	402,000	134,775	13%			275,716	275,716	1,002,319	17.25%		600,319	10.33%	15.08%		
BETHEL, CITY OF	10.33%	15.08%	293,706	14.47%	41,261	17.27%	50,723	64,615	(13,892)	-27%	22,116	8,224	16%	3,419			3,419	61,196	20.84%		39,080	13.31%	14.47%		
DELTA JUNCTION, CITY OF	13.31%	14.47%	469,728	17.13%	622,209	17.13%	799,101	(176,892)	-28%	315,282	139,390	22%												1.12%	
KOTZEBUE, CITY OF	13.32%	13.32%	277,138	16.88%	307,685	16.88%	401,011	(93,326)	-30%	156,759	63,433	21%	68,486				68,486	332,525	18.74%		175,765	9.64%	13.40%		
GALENA, CITY OF	9.64%	13.40%	1,822,779	13.40%	237,138	16.19%	629,319	855,159	(225,840)	-36%	314,854	89,014	14%												13.45%
ILISAGVIK COLLEGE	13.90%	13.90%	3,887,085	13.90%	524,568	15.92%	14,395	19,893	(5,498)	-38%	7,731	2,233	16%												
NOORVIK, CITY OF	13.45%	13.45%	90,423	13.45%	11,808	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%		
KLAWOCK, CITY OF	9.59%	14.35%	671,053	14.35%	93,473	14.48%	58,155	88,358	(30,202)	-52%	34,861	4,659	8%												
FORT YUKON, CITY OF	13.32%	13.32%	401,625	13.32%	51,938	14.48%	44,594	67,753	(23,159)	-52%	26,732	3,572	8%												
AKUTAN, CITY OF	13.32%	13.32%	307,967	13.32%	39,826	14.48%	13,941	21,182	(7,240)	-52%	8,357	1,117	8%	11,285											
TANANA, CITY OF	1.60%	13.32%	96,281	13.32%	12,451	14.48%	6,278	9,539	(3,260)	-52%	3,763	503	8%												
ANDERSON, CITY OF	13.32%	13.32%	43,355	13.32%	5,607	14.48%	4,973	7,555	(2,582)	-52%	2,981	368	8%												
MOUNTAIN VILLAGE, CITY OF	13.32%	13.32%	34,341	13.32%	4,441	14.48%	4,131	6,276	(2,145)	-52%	2,476	331	8%	1,552	1,920	3,472	2,804	9.83%		328	1.15%	13.32%			
QUINHAGAK, CITY OF	1.15%	13.32%	28,529	13.32%	3,689	14.48%	1,825	2,772	(948)	-52%	1,094	140	8%												
HOCOPER BAY, CITY OF	13.32%	13.32%	12,600	13.32%	1,629	14.48%	3,636	5,525	(1,888)	-52%	1,888	-	0%												
KOYUK, CITY OF	14.48%	14.48%	25,112	15.00%	3,752	14.48%	2,851	4,347	(1,495)	-52%	1,488	-	0%												
ALLAKAKET, CITY OF	14.48%	14.48%	19,758	15.00%	2,877	14.48%	2,840	4,315	(1,475)	-52%	1,475	-	0%												
UPPER KALSAG, CITY OF	14.48%	14.48%	19,615	16.23%	3,091																				
<b>PERS Poll Subs</b>			<b>427,761,855</b>		<b>81,682,885</b>		<b>159,765,152</b>	<b>94,107,608</b>	<b>65,647,544</b>	<b>41%</b>	<b>2,849,052</b>	<b>68,496,636</b>	<b>43%</b>	<b>1,000,000</b>	<b>3,211,271</b>	<b>2,982,936</b>	<b>7,194,207</b>	<b>42,253,183</b>			<b>42,163,075</b>				

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

(1)	(2)	(3)	(4)	(4)	(5)	(6)	(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 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
<b>PERS Other</b>																							
BERING STRAITS CRSA			-	25.59%	-	14.40%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ALASKA MUNICIPAL LEAGUE			310,281	45.37%	136,074	52.74%	163,642	68,262	65,380	58%	-	95,380	58%	-	-	-	-	-	-	-	-	-	-
ALEUTIANS WEST CRSA			52,719	26.56%	13,594	38.35%	20,218	11,598	8,620	43%	-	8,620	43%	-	-	-	-	-	-	-	-	-	-
SOUTHEAST REGIONAL RESOURCE CENTER			1,377,100	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%	3,859,781	26.68%	4,909,359	4,047,371	860,986	18%	-	860,986	18%	-	-	-	-	-	-	-	-	-	-
SPECIAL EDUCATION SERVICE AGENCY			421,365	14.42%	58,991	25.10%	105,763	92,700	13,062	12%	-	13,062	12%	-	-	-	-	-	-	-	-	-	-
TLINGIT-HAIDA RHA	18.39%	18.39%	2,331,908	18.39%	416,347	20.69%	482,472	513,070	(30,548)	-6%	84,182	53,634	11%	-	-	-	-	-	-	-	-	-	18.39%
ALEUTIAN HOUSING AUTHORITY	14.95%	14.95%	969,986	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	302,550	(59,685)	-25%	95,441	35,756	15%	-	-	-	-	-	-	-	-	-	15.06%
NORTHWEST INUPIAT HOUSING AUTHORITY	15.17%	15.17%	1,126,996	15.17%	165,986	17.65%	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	17.62%	190,081	237,332	(47,251)	-25%	77,996	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%	4,298,799	15.06%	628,543	17.00%	730,796	945,736	(214,940)	-29%	298,337	83,397	11%	-	-	-	-	-	-	-	-	-	15.06%
INTERIOR RHA	14.23%	14.23%	1,203,929	14.23%	166,329	16.73%	201,417	264,864	(63,447)	-32%	93,545	30,099	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%	476,359	13.32%	61,608	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	14.50%	216,178	319,188	(103,011)	-48%	125,934	22,924	11%	-	-	-	-	-	-	-	-	-	13.32%
<b>PERS Other</b>			<b>39,114,115</b>		<b>6,973,640</b>		<b>9,098,018</b>	<b>8,605,105</b>	<b>492,913</b>	<b>5%</b>	<b>1,178,887</b>	<b>1,671,800</b>	<b>18%</b>										<b>18.99%</b>

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 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) Rate and Hold Harmless	Gain (Loss) Rate and Hold Harmless	Extra Payments 2006	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 FY08 - FY2012	Rate for FY08 - FY2012
CHIATHAM SD			371,217	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			653,926	20.46%	129,896	56.88%	371,953	143,864	228,089	61%	-	228,089	61%										
SITKA BOROUGH SD			2,070,752	24.04%	483,310	50.66%	1,049,043	455,565	593,478	57%	-	593,478	57%										
VAL DEZ CITY SD			937,697	15.35%	280,773	48.80%	906,842	420,293	480,549	53%	-	480,549	53%										
KENAI PENINSULA BOROUGH SD			13,089,068	21.01%	2,771,578	45.44%	5,947,672	2,879,595	3,068,077	52%	-	3,068,077	52%										
HOONAH CITY SD			695,935	40.36%	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%										
DEVALI BOROUGH SD			1,083,620	23.63%	248,603	42.65%	462,168	238,398	223,769	48%	-	223,769	48%										
CHUGACH SD			292,626	20.21%	57,417	42.23%	123,576	64,378	59,198	48%	-	59,198	48%										
WHANGELL PUBLIC SD			761,395	19.86%	147,540	41.94%	319,329	167,507	151,822	48%	-	151,822	48%										
KODIAK ISLAND BOROUGH SD			4,874,624	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	17,863,488	15,338,240	46%	-	15,338,240	46%										
JUNEAU BOROUGH SD			9,525,443	22.93%	2,120,537	39.28%	3,741,534	2,095,597	1,645,937	44%	-	1,645,937	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%	350,606	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	177,095	112,047	39%	-	112,047	39%										
IDITAROD AREA SD			963,638	22.00%	205,826	35.80%	344,983	212,000	132,982	39%	-	132,982	39%										
LOWER YUKON SD			4,818,306	17.47%	817,241	35.46%	1,703,571	1,060,027	648,544	38%	-	648,544	38%										
CRAIG CITY SD			855,564	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%	196,391	122,884	73,507	37%	-	73,507	37%										
DELTA/GREELY SD			1,301,771	20.78%	262,756	35.15%	457,572	285,390	171,183	37%	-	171,183	37%										
KLA WOCK CITY SD			429,395	24.83%	103,513	35.15%	150,933	94,467	56,466	37%	-	56,466	37%										
NOME CITY SD			1,734,534	25.54%	430,097	34.58%	599,802	381,597	218,204	36%	-	218,204	36%										
KETCHIKAN GATEWAY BOROUGH SD			3,621,711	20.86%	733,484	34.44%	1,247,317	796,776	450,541	36%	-	450,541	36%										
MATANUSKA-SUSITNA BOROUGH SD			22,759,596	20.99%	4,638,096	33.89%	7,713,227	5,007,111	2,706,116	35%	-	2,706,116	35%										
KUSPUK SD			1,617,224	15.22%	301,777	32.06%	518,482	355,789	162,693	31%	-	162,693	31%										
KAKE CITY SD			366,919	21.89%	77,979	31.20%	114,479	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%	152,466	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	672,989	26%	-	672,989	26%										
PRIBILOF SD			574,219	25.06%	139,709	29.28%	168,131	126,328	41,803	25%	-	41,803	25%										
BILLINGHAM CITY SD			1,393,179	18.53%	250,637	27.30%	380,338	306,499	73,838	19%	-	73,838	19%										
KASHUNAMIUT SD			1,118,236	18.71%	203,128	26.87%	300,470	246,012	54,458	18%	-	54,458	18%										
UNALASKA CITY SD			850,870	21.47%	177,361	26.57%	228,629	187,191	41,437	18%	-	41,437	18%										
HYDABURG CITY SD			129,787	15.00%	18,901	25.67%	33,576	20,553	5,023	15%	-	5,023	15%										
BERING STRAIT SD			707,188	18.39%	126,409	24.49%	173,958	155,761	17,197	10%	-	17,197	10%										
LOWER KUSKOKWIM SD			15,647,268	18.22%	2,767,895	24.45%	3,825,757	3,442,399	383,358	10%	-	383,358	10%										
ALASKA GATEWAY SD			1,040,625	18.67%	189,626	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	706,336	55,199	7%	-	55,199	7%										
NENANA CITY SD	17.79%	17.79%	1,398,620	17.79%	239,840	21.62%	300,220	305,499	(5,277)	-2%	58,461	53,184	18%										17.79%
NORTHWEST ARCTIC BOROUGH SD	15.00%	15.00%	7,887,423	15.00%	1,149,653	20.70%	1,632,696	1,735,232	(102,536)	-6%	552,119	449,583	28%										15.00%
YUKON / KOYUKUK SD	13.70%	13.70%	1,493,899	13.70%	198,703	20.02%	299,079	328,658	(29,579)	-10%	123,994	94,414	32%										13.70%
TANANA SD	16.59%	16.59%	151,340	16.59%	24,698	18.98%	29,104	33,735	(4,631)	-16%	8,296	3,665	13%										16.59%
NAKUTAT SD	15.49%	15.49%	289,667	15.49%	43,563	18.96%	54,921	63,727	(8,806)	-16%	18,857	10,051	18%										15.49%
YUPIIT SD	14.52%	14.52%	1,743,107	14.52%	245,727	18.26%	318,291	383,403	(65,192)	-20%	130,384	65,102	20%										14.52%
YUKON FLATS SD	13.32%	13.32%	947,119	13.32%	122,482	17.17%	162,620	208,368	(45,748)	-28%	82,210	35,464	27%										13.32%
SAINT MARYS SD	13.32%	13.32%	431,098	13.32%	55,749	16.65%	71,821	94,841	(23,021)	-32%	37,419	14,399	20%										13.32%
SKAGWAY CITY SD	16.44%	16.44%	206,767	22.63%	63,005	18.44%	47,145	63,089	(15,944)	-34%	15,944	-	0%										16.44%
ANNETTE ISLAND SD	13.32%	13.32%	570,616	13.32%	73,793	14.48%	87,625	125,536	(42,910)	-52%	49,530	6,619	8%										13.32%
ALEUTIAN REGION SD	13.32%	13.32%	167,231	13.32%	21,626	14.48%	24,215	26,791	(2,576)	-52%	14,516	1,940	8%										13.32%
FELICIAN 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 Districts			246,884,080	21.60%	51,534,363	35.78%	88,605,932	64,314,500	34,291,432	38%	1,102,187	31,393,619	40%										





State of Alaska  
ALASKA RETIREMENT MANAGEMENT BOARD  
Relating to SB 125 and the FY 08 Public Employees' Retirement Systems  
Employer and State Contribution Rate

Resolution 2007-19

WHEREAS, Governor Palin has introduced Senate Bill 125, which, among other things, converts the Public Employees Retirement System to a cost share plan; and

WHEREAS, the first session of the 25<sup>th</sup> Legislature has considered the bill and amended it to set the employer contribution rate at 22% for all PERS employers including the State of Alaska; and

WHEREAS, under the amended bill:

1) the State of Alaska will be responsible for the difference between the Board adopted employer contribution rate and the 22% contribution rate established for all PERS employers; and

2) Municipalities which would be required to pay a contribution rate above 22% will have a savings each year their rate would have been above 22%; and

3) Municipalities which would have been required to pay a contribution rate below 22% will be held harmless for five years under the provisions of the amended bill; and

4) Municipalities that in recent years paid into the system more than they were contractually required to pay will be rebated a portion of those payments; and

WHEREAS, SB 123, a bill that will likely pass the legislature, will upon signature by the Governor provide for assessing employer contributions across all tiers of an employer payroll; and

WHEREAS, in its FY 05 valuation of the PERS system, Buck Consultants determined the FY 08 PERS consolidated employer contribution rate should be 32.51%, assuming the system was an open system where the rate would apply to all members; and