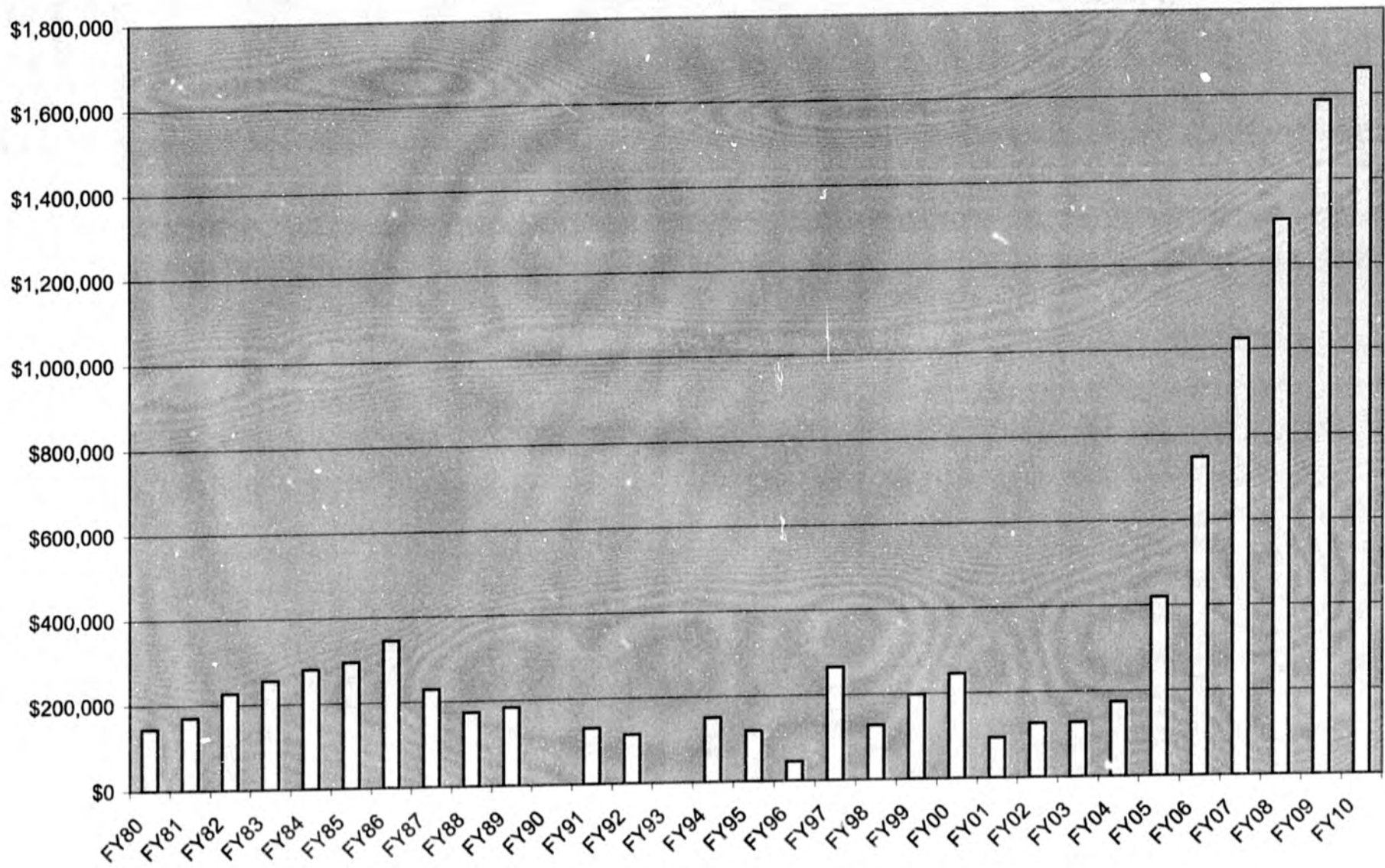


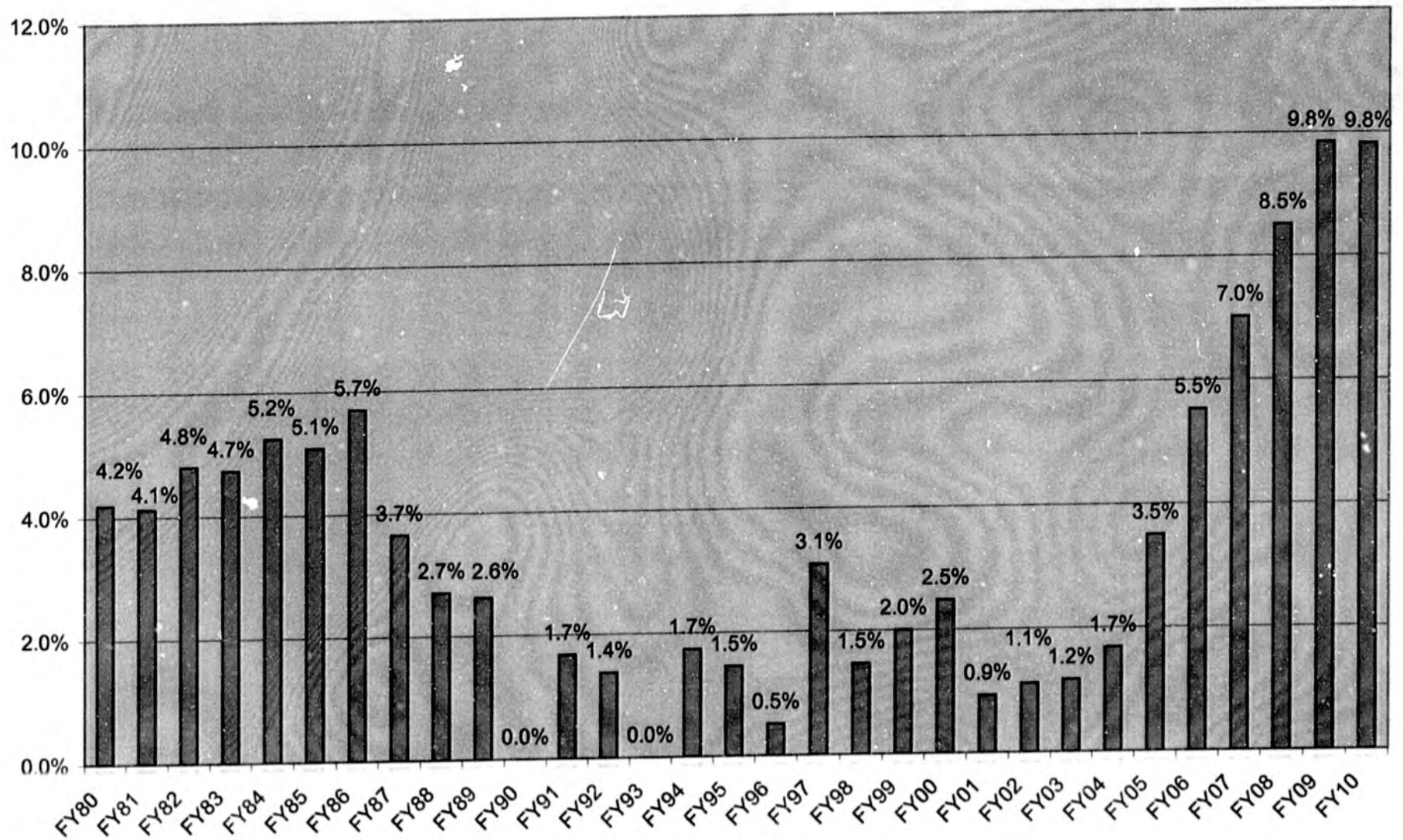
ALASKA LEGISLATURE SPECIAL COMMITTEE/SUBJECT FILES 8672

3085 SCOMM 142: HOUSE SPECIAL COMMITTEE ON WAYS & MEANS 2005-2006

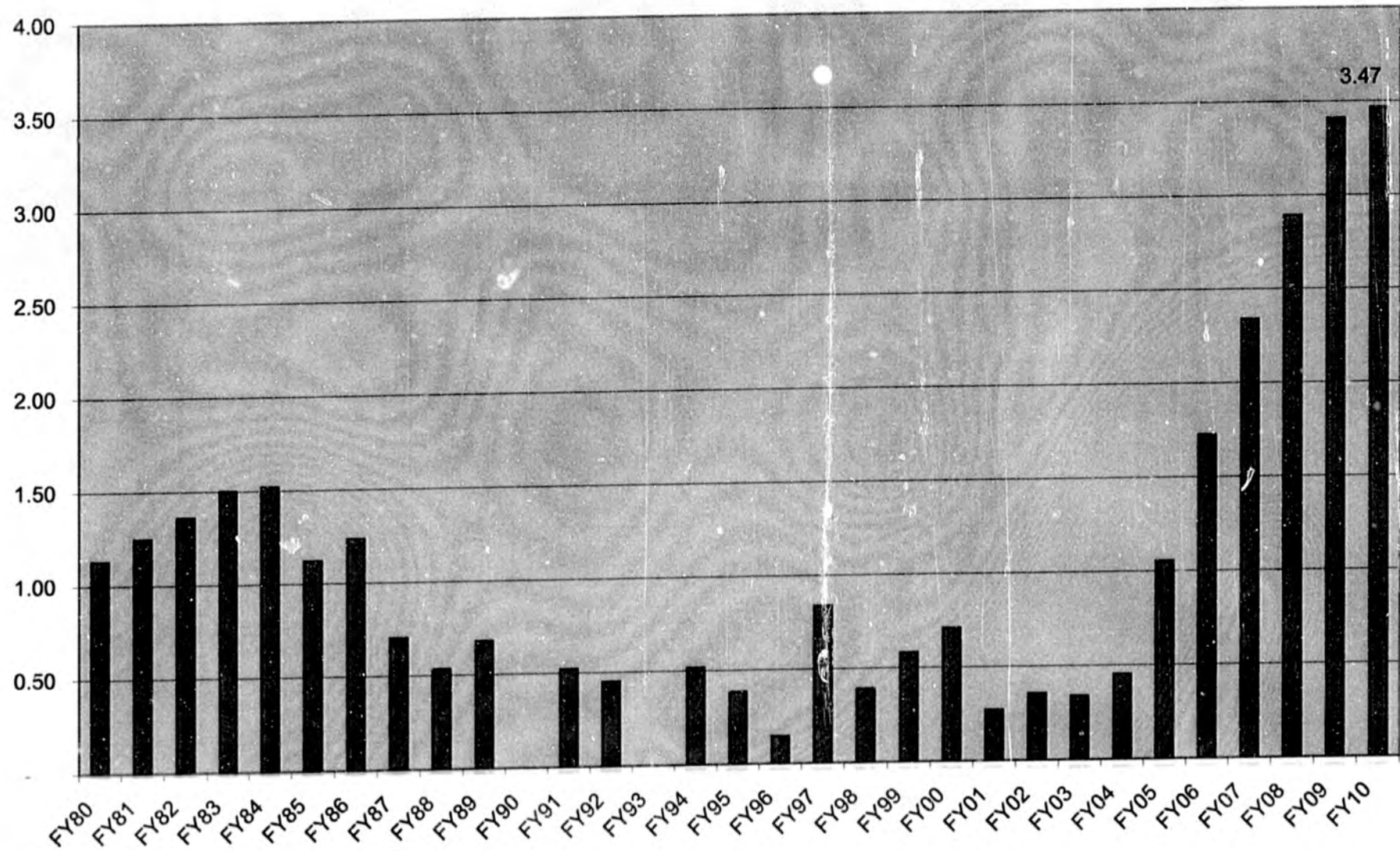
City of Kenai Contribution Amount



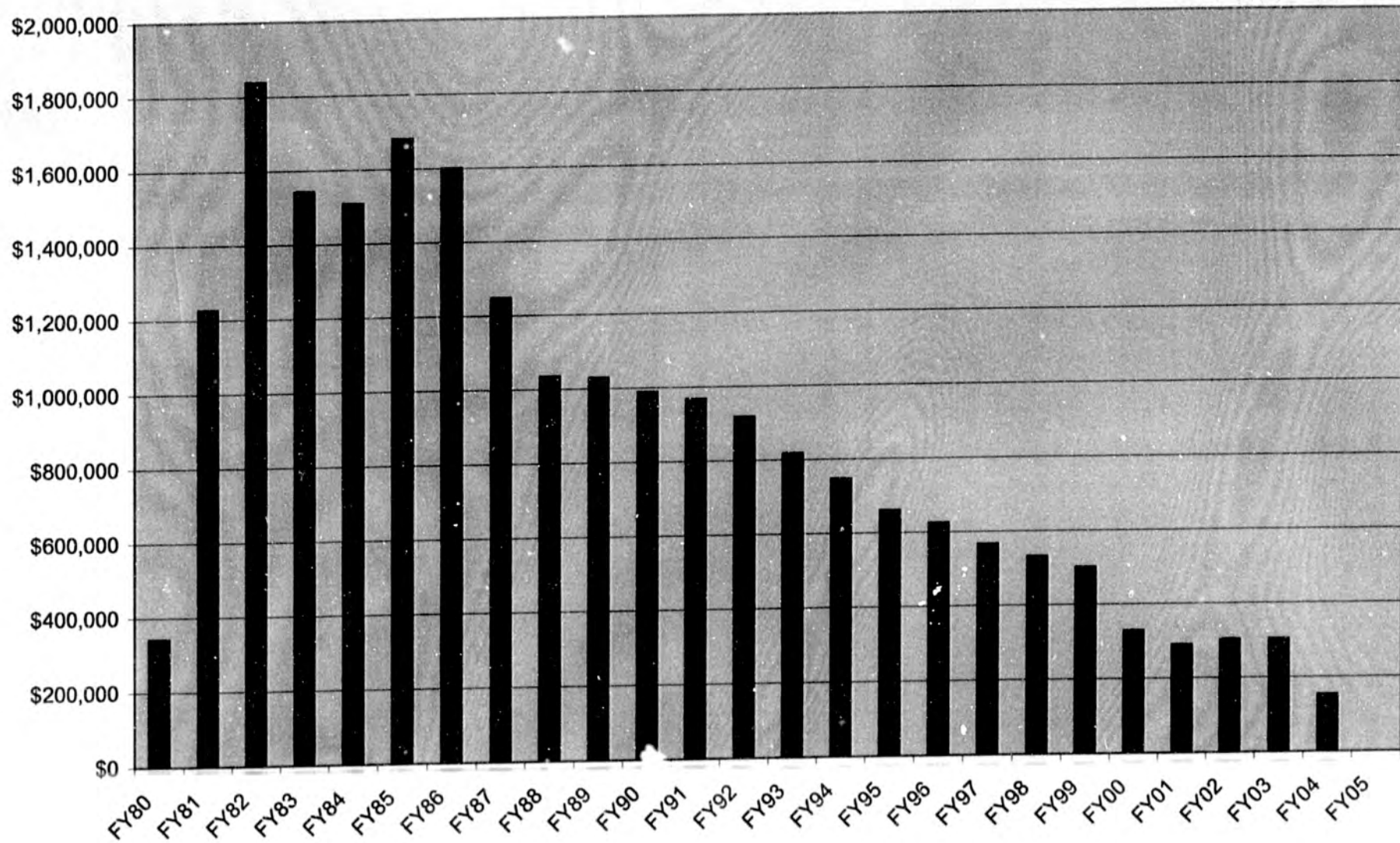
**City of Kenai
Percentage of General & Special Revenue Expenditures**



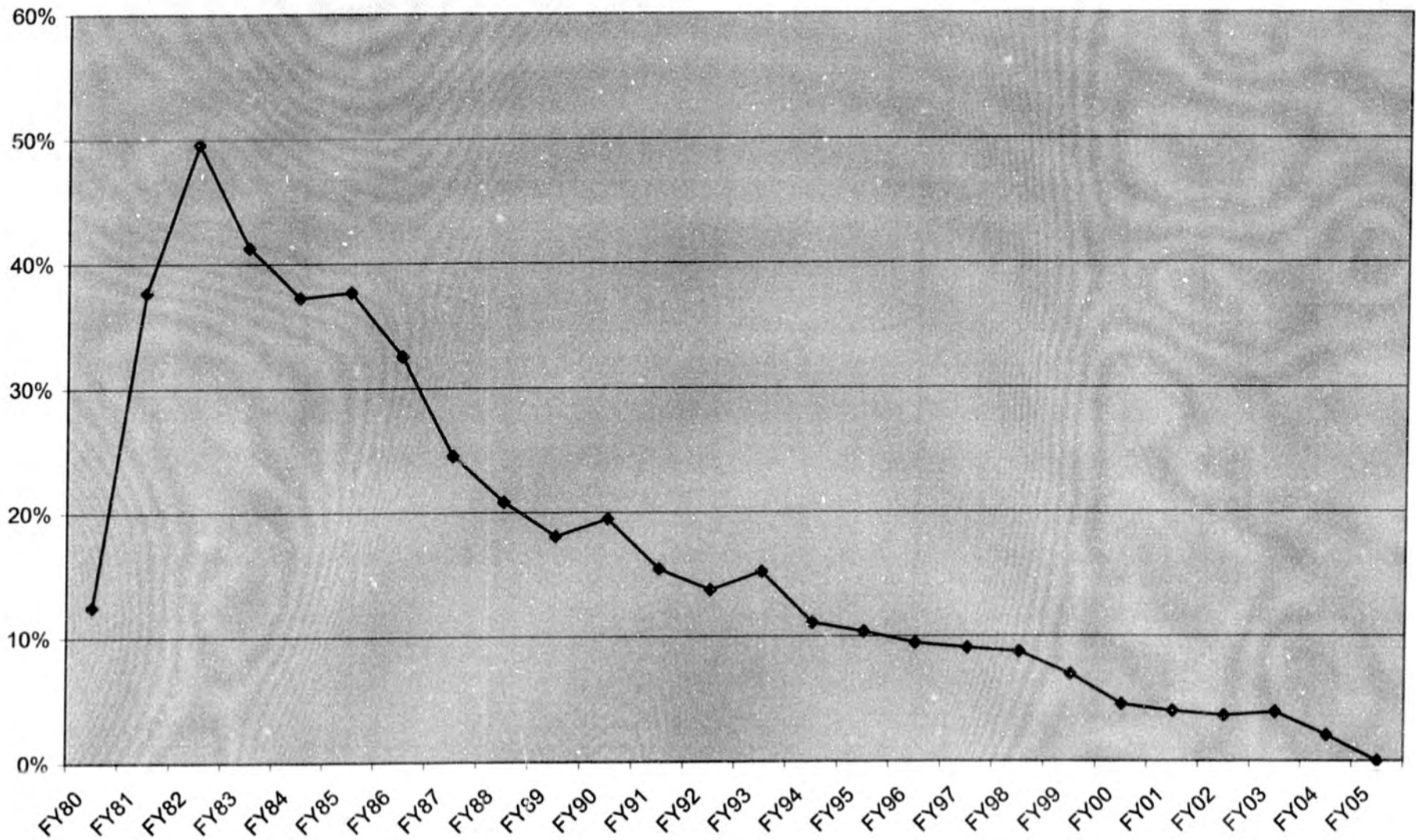
**City of Kenai
Mill Rate Equivalent**



**City of Kenai
Revenue Sharing & Municipal Assistance**



City of Kenai
Revenue Sharing as a Percent of General Fund Expenditure



City of St. Mary's
P.O. Box 209
St. Mary's, AK 99658
(907) 438-2515, Fax (907) 438-2719

12 July, 2005

Director Melanie Millhorn
Alaska Department of Administration
Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska, 99811-0203

**Re: City of Saint Mary's Termination from the Alaska Public Employees'
Retirement System ("PERS")**

Dear Ms. Millhorn:

The City of Saint Mary's (the "City") in accordance with attached City Council Resolution #2005-10, dated 5 July, 2005, rescinds its termination from PERS, which termination previously was deemed effective 30 June, 2004, pursuant to City Council Resolution #2004-02 that was adopted on 04/15/04. Please take immediate steps to return the City's status and participation under PERS to the status quo that was in effect immediately prior to any notice of termination by the City.

Let me explain why the City has been forced to take this step. As you are aware, the City of Saint Mary's, similar to other small Municipalities in Rural Alaska, has faced severe financial crises in recent years. As part of the City's continuing efforts toward sustaining financial stability, the City took steps to terminate its participation from PERS, effective 30 June, 2004, thinking such action would provide some fiscal relief.

Prior to the City taking these steps, the City researched the amount of its termination liability from PERS. In particular, the City based its decision to terminate participation in PERS on the amounts published by PERS as representing the unfunded liability attributable to the City. For example, the City reviewed the Supplement to PERS Actuarial Valuation report, dated 30 June, 2002, which computed the City's unfunded liability to be \$144,435. Also the Supplement, dated 30 June, 2003, reported this amount to be \$163,890, a relatively small \$19,455 difference from the June, 2002 figure. Former City Manager Walton Smith likewise spoke to PERS Staff concerning the liability amount. This was confirmed in the telephone conference on 20 May, 2005, between City representatives and PERS Staff, including yourself and Defined Benefits Accounting Supervisor, Kevin Worley. During this conference, Mr. Worley clearly stated he had told former City Manager Smith, prior to the City's termination becoming effective, that the City's unfunded liability would be \$163,890.

On 19 April, 2005, the City was presented with a notification of final billing (termination liability). Lo and behold, the City was astonished to learn that the amount of termination

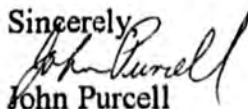
liability had ballooned to a whopping \$541,624 sum, nearly *four times* the amount previously reported by PERS as the unfunded liability amount. No one ever had informed the City that the termination liability could be so astronomically higher than the unfunded liability amount previously reported by PERS and stated by Mr. Worley. Indeed, if the City had any inkling or had been informed by Division Staff in the spring of 2004 that the final liability would have been of such a magnitude, the City never would have decided to terminate from the PERS system in the first place.

To make matters even worse, PERS intends to charge interest of 8.25% until the entire unfunded termination liability amount is completely paid. Simply stated, the City is unable to incur such a massive liability without devastating the City's resources and its ability to provide essential services, particularly public safety services, to the Saint Mary's Community.

The City, therefore, is left with no other choice but to rescind its termination from PERS and return its participation to the status quo that was in place immediately prior to the City's 2004 notice of termination. Please contact me as soon as possible in order that we may make arrangements to remit the payments that would have been made in the normal course of the past year, had the City never served notice of termination -- which notice hereby is rescinded and withdrawn, in accordance with Resolution #2005-10.

Thank you for your prompt attention to this matter.

Sincerely,


John Purcell
City Manager

cc. Sven Pauken, Mayor
& City Council Members (6)
City of Saint Mary's

Ray Matiashowski, Commissioner
Department of Administration

James Clark, Chief of Staff
Office of the Governor

Representative Richard Foster, HD-39

Senator Donald Olson, SD-T

Walton Smith, Former City Manager

Kevin Ritchie, Executive Director
Alaska Municipal League

· 4 Representative Woodie Salmon

..

Senator Lyman Hoffman

Senator Albert Kookish

Senator Gary Wilken

Senator Bert Stedman

Representative Mary Kapsner ✓

Representative Carl Moses

Representative Bill Thomas

Former Representative Andrew Halcro

Alaska Conference of Mayors

· 4

.. Alaska Municipal Managers Association

· 4

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City of St. Mary's
P.O. Box 209
St. Mary's, AK 99658
(907) 438-2515, Fax (907) 438-2719

CITY OF SAINT MARY'S, ALASKA

RESOLUTION 2005-10

RESCINDING THE CITY OF SAINT MARY'S 2004 TERMINATION FROM THE PUBLIC EMPLOYEES' RETIREMENT SYSTEM; AND AUTHORIZING THE ALASKA DIVISION OF RETIREMENT AND BENEFITS TO RETURN THE CITY'S STATUS AND PARTICIPATION IN THE PERS SYSTEM TO THE STATUS QUO THAT WAS IN PLACE IMMEDIATELY PRIOR TO THE CITY'S 06/30/04 EFFECTIVE DATE OF TERMINATION FROM THE SYSTEM.

WHEREAS, in the fourth quarter of FY-04, the City of Saint Mary's, classified as a First Class City within the State of Alaska, solely because of its budgetary inability to continue making payments into the Public Employees' Retirement System (PERS) and with the understanding, based on information provided by the Alaska Department of Administration-Division of Retirement and Benefits (hereafter Division) that its unfunded PERS liability at the time of termination would be in a bearable \$144,435 to \$163,890 range, passed and submitted Resolution 2004-02, on 04/15/04, requesting to be terminated as an employer member within the PERS system effective 06/30/04; and,

WHEREAS, both the City Manager in 2004 and the City Council were not given any explicit higher computation amount by Division Staff during the period 04-15-06/30/04, different than the \$163,890 unfunded liability figure that Department Staff explicitly had provided during that period -- a fact that recently was confirmed during a telephone conference on 05/20/05 between City Staff and PERS Staff that included the Division Director; and,

WHEREAS, understandably, this City Council was shocked to learn from a 19 April, 2005 Notification Letter from Division Staff (one year subsequent to the Council having passed Resolution 04-02) that its final PERS termination liability had been determined to be a whopping sum of \$541,624 -- some \$377,734 more than the maximum figure that the City had received from the Division prior to 06/30/04; and,

WHEREAS, the City Council never would have submitted the 04/15/04 PERS termination Resolution 02-04, if it should have had any indication that its final termination liability, apparently determined some eight and one half months after the City's effective date of termination, would finally have been computed at an unfathomable sum of \$541,624; plus interest payments set at 8.25% if the entire principal amount was not paid by 06/01/05 -- a Division determination that this Council has appealed in its entirety; and,

WHEREAS, this City Council, having already been forced to cut municipal services to the Saint Mary's Community to the bone -- particularly Public Safety services which, to a large extent, will have to be covered by the Alaska State Troopers -- has no other choice but to rescind its termination from PERS and return its PERS participation to that which existed prior to the City's rendered 2004 notice of PERS termination;

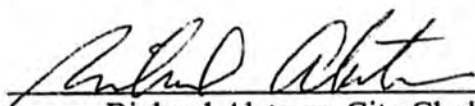
NOW, THEREFORE, BE IT RESOLVED, that the Saint Mary's City Council hereby rescinds its 2004 termination from the Public Employees' Retirement System and authorizes the Director, Division of Retirement and Benefits, to return the City's status and participation under PERS to the status quo that was in place immediately prior to any notice of termination by the City.

BE IT FURTHER RESOLVED, that this City Council asks that the Division Director contact the Saint Mary's City Manager as soon as possible, in order that arrangements may be made for the City to remit payments that would have been made over the past year had the City never served notice of termination.

PASSED AND APPROVED BY A DULY CONSTITUTED QUORUM OF THE SAINT MARY'S CITY COUNCIL, THIS 5TH DAY OF JULY, 2005.

Signed: 
Sven Paukan, Mayor

Attest:


Richard Alstrom, City Clerk



STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS
August 5, 2005

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
TDD: (907) 465-2805
FAX: (907) 465-3088
PHONE: (907) 465-4460
TOLL-FREE 1-800-821-2251

John Purcell
City Manager
City of St. Mary's
P.O. Box 209
St. Mary's, Alaska 99658

Re: City of St. Mary's Termination of Participation Agreement with
Public Employees' Retirement System

Dear Mr. Purcell:

This letter is written in response to your letter received on July 18, 2005, and the concerns raised regarding the information the City of St. Mary's received about its termination costs from PERS. Your letter indicates that the Division did not make the City of St. Mary's aware of the termination costs and that had the City been aware of the costs to terminate its PERS participation agreement the City would not have taken this action. Additionally, the City of St. Mary's wants to rescind its termination of participation in PERS.

I have noted below the relevant correspondence sent by the Division regarding the termination by the City of St. Mary's. This correspondence is enclosed for your review.

- On July 1, 2004, the Division sent a letter to Mayor Paukan citing the statutory provisions AS 39.35.615, 39.35.630, 39.35.640, and 39.35.650 that govern an employer's termination process from PERS. The letter stated in part, "each employee whose coverage is so terminated, regardless of the employee's employment status at the date of termination, shall be considered fully vested in actuarially adjusted accrued retirement benefits as of the date of termination, unless the employee's contributions have been refunded." Section (d) states, "For each employee who elects to obtain a vested benefit, the amount actuarially determined as necessary to fully fund the benefits to be received shall be transferred first from the employee contribution account and, after the employee contribution account has been exhausted, then from the employer contribution account into the retirement reserve account." Item number 6 states, an actuary will prepare the "final" liability. AS 39.35.640 states, "in making a distribution, the determinations, divisions, appraisals, apportionment, and allotments made are final and conclusive and not subject to question."

- On January 13, 2005, a letter was sent to Mayor Paukan providing a listing of the employees and former employees and their elections i.e., to vest or refund out of the retirement system. The letter indicated that the Division was working with the actuary to determine the City's final termination liability. The letter stated a second time, *"You should be aware that for every employee who elects to obtain a vested benefit, our actuary will calculate the amount needed to fully fund the benefits."* (Emphasis added).
- On April 19, 2005, the Division sent Mayor Paukan the termination billing that had been prepared by the actuary.

Regarding the amount of the City's PERS termination liability, you indicate that the City based its decision to terminate participation in PERS on Supplement report to actuarial valuation report dated June 30, 2002, and June 30, 2003, which set out the City's unfunded liability to PERS. You also note that former City Manager Walton Smith spoke with Division staff concerning the liability amount owed by the City of St. Mary's.

However, the Supplement report did not provide a basis for determination of the City's liability upon termination of its participation agreement. Division staff do not advise an employer to use the Supplement report for this purpose. The primary reason employer termination liabilities are larger than the Supplement liabilities is attributable to the valuation of the medical benefits. In determining the medical liabilities as an ongoing concern for the Supplement, the accrued liability is based on each member's medical liability allocated based on accrued service to date divided by total expected service. When valuing medical liabilities on a termination basis, the medical benefits are fully accrued and there is no allocation of the liability to future years of service.

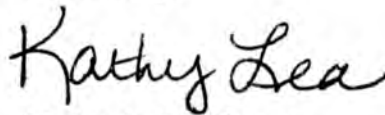
The staff member responsible for working with employers that terminate their participation agreements is well versed in this process. He would not, and did not, represent that the City's termination liability would be the same as its unfunded liability. He stated when talking with Mr. Walton Smith, former City Manager, that he did not know what amount would be due, but that it would be a large amount, and would be required at time of termination. Additionally, during the teleconference that I participated in with you and Kevin Worley, Supervisor Defined Benefit Plan, he did not indicate that a termination cost amount had been provided to the City of St. Mary's before the actuary had completed its termination report, which was sent to the employer on April 19, 2005.

Regarding your request for rescission of the City of St. Mary's termination of its participation agreement, under AS 39.35.620, the City's request for termination gave rights to its employees to either refund their PERS contributions or to elect to be vested regardless of the number of years of service they had. The employees were contacted by the Division and have made their elections. Seven of the active employees have elected to be vested, and the remainder have elected to have their PERS contributions refunded. By filing the election, the employees now have rights that cannot be easily reversed.

There is no precedent for rescission of termination of a PERS participation agreement. If the City has a proposal for rescission that would adequately handle the statutory and constitutional rights of its employees without resulting litigation, I will certainly consider the proposal. Absent an acceptable proposal, we will not be able to reverse this action.

Please let me know if you have any questions about this correspondence.

Sincerely,



Melanie Millhorn
Director

Enclosure(s)

cc: Ray Matiashowski, Commissioner
Department of Administration

Kevin Brooks, Deputy Commissioner
Department of Administration

James Clark, Chief of Staff
Office of the Governor

Virginia Ragle, Assistant Attorney General
Department of Law

Sven Pauken, Mayor
City of Council Members for City of St. Mary's

Representative Richard Foster

Senator Donald Olson

Walton Smith, former City Manager

Kevin Ritchie, Executive Director
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Representative Woodie Salmon

Senator Lyman Hoffman

Senator Albert Kookish

Senator Gary Wilken

Senator Bert Stedman

Representative Mary Kapsner

Representative Carl Moses

Representative Bill Thomas

Former Representative Andrew Halcro

Alaska Conference of Mayors

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

CERTIFIED MAIL: 7002-3150-0000-1969-7637

Return Receipt Requested

July 1, 2004

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
TDD: (907) 465-2805
FAX: (907) 465-3086
PHONE: (907) 465-4460
TOLL-FREE 1-800-821-2251

The Honorable Sven Paukan
Mayor
City of Saint Mary's
P.O. Box 209
Saint Mary's, AK 99658-0209

Dear Mayor Paukan:

The Division of Retirement and Benefits has received the City of Saint Mary's (City) Resolution #2004-02 "A Resolution by the City of St. Mary's to Unilaterally Terminate the Participation Agreement between the Public Employees' Retirement System (PERS) and the City of St. Mary's, as required by AS 39.35.615. 'Effect of Termination by Amendment of Agreement'". Thank you for submitting your resolution so that the Division can act on it timely.

The resolution states that it was passed, approved, and adopted on April 15, 2004. Per the participation agreement signed by the City, at least 90 days notice must be given to the Division. Based on my email to Walton Smith, City Administrator, on Tuesday, May 18, 2004, we have reached an agreement regarding the City's termination date. The termination date established is June 30, 2004. The Division will process all payrolls submitted by the City through that date.

Since the City is terminating participation in the PERS by amending your participation agreement via resolution, Alaska Statute (AS) 39.35.615 governs the termination process. I have presented the statute for your information:

Sec. 39.35.615. Effect of termination by amendment of agreement.

(a) A political subdivision or public organization may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the administrator. If a political subdivision or public organization amends its participation agreement so as to terminate coverage of a department, group, or other classification of employees, each employee whose coverage is so terminated, regardless of the employee's employment status at the date of termination, shall be considered fully vested in actuarially adjusted accrued retirement benefits as of the date of termination, unless

(1) the employee's contributions have been refunded; or

(2) the political subdivision or public organization amended its participation agreement to exclude coverage for the affected department, group, or other classification of employees at the written request of a majority of the employees employed in that department, group, or other classification at the time the request was made.

(b) Each employee whose coverage is terminated must, within 60 days after the date of termination, inform the administrator, in writing, whether the employee wishes to obtain a refund or a vested benefit.

(c) Each employee who elects to obtain a refund shall receive a refund of the balance of the employee contribution account. The vesting in accrued benefits for each employee who elects to obtain a refund is voided upon receipt of the refund, and the corresponding credited service may not be reinstated under this chapter. A partial refund may not be allowed under this section.

(d) For each employee who elects to obtain a vested benefit, the amount actuarially determined as necessary to fully fund the benefits to be received shall be transferred first from the employee contribution account and, after the employee contribution account has been exhausted, then from the employer contribution account into the retirement reserve account.

(e) After all of the employees whose coverage is terminated have either received refunds or have been vested in their accrued benefits, the remaining funds in the employer contribution account attributable to those employees shall be refunded to the employer.

(f) Termination of coverage of a department, group, or other classification of employees does not bar future coverage of that department, group, or classification. If coverage of a department, group, or classification is terminated under (a) of this section and the employer later amends its participation agreement to provide renewed coverage of that department, group, or classification, an affected employee may be credited only with future service.

The following Alaska Statutes also apply during the termination process:

Sec. 39.35.630. Distribution.

A distribution made as a result of termination of participation by an employer may, to the extent that no discrimination in value results, be paid in cash or in annuity contracts, in the discretion of the board.

Sec. 39.35.640. Conclusiveness of action taken upon termination.

In making a distribution, the determinations, divisions, appraisals, apportionments, and allotments made are final and conclusive and not subject to question.

Sec. 39.35.650. Refunds to employers.

An employer may not receive an amount from the system, except as provided under AS 39.35.615 (e) and 39.35.620(g).

July 1, 2004

TERMINATION PROCESS – SUMMARIZED:

To summarize the termination process, the Division will work with the City and follow the listed steps:

1. Receive notification of termination via resolution from the City (**COMPLETE**).
2. Identify termination date (**COMPLETE** – termination date is June 30, 2004).
3. Notify City of statutes, termination process, and time frame (**COMPLETE** – this letter).
4. Notify all current and former employees of the City regarding termination from PERS. A listing of all employees who worked for the City of Saint Mary's will be sent for your review.
5. Receive "Termination Election" form from current members. Active employees of the City must choose between a refund of their PERS account, or can choose to vest.
6. Have actuary prepare "final" liability listing. Provide to City.
7. If liability is less than City assets with PERS, PERS will refund difference. If liability is greater than City assets with PERS, PERS will bill the City for difference.
8. Notify City that termination process is complete.

You should be aware that for every employee who elects to obtain a vested benefit, our actuary will calculate the amount needed to fully fund the benefits and we will transfer that amount, first from the employee's account, then from the City's account, to the retirement reserve. After all employees have either selected a vested benefit, or a refund of their contribution account, any remaining amount in the City's account will be refunded to the City. **Any liability still owed will be billed to the City at that time.**

A final review of your participation in the PERS and your reporting process will be undertaken to determine if unusual circumstances exist which require adjustment. We would appreciate your continued cooperation in researching any questions that come up. The entire process should be completed in approximately 90 – 120 days. This termination does not bar future participation in the PERS by the City.

Thank you for your time and cooperation to this very important matter.

Sincerely,



Kevin Worley
Defined Benefits Accounting Supervisor

cc: Ray Matiashowski, Commissioner
Department of Administration

Kevin Brooks, Deputy Commissioner
Department of Administration

The Honorable Sven Paul
City of Saint Mary's

-4-

July 1, 2004

Melanie Millhorn, Director
Division of Retirement & Benefits

Anselm Staack, CFO
Division of Retirement & Benefits

Kathy Lea, Retirement Supervisor
Division of Retirement & Benefits

Walton Smith, City Administrator
City of Saint Mary's
P.O. Box 209
Saint Mary's, AK 99658-0209

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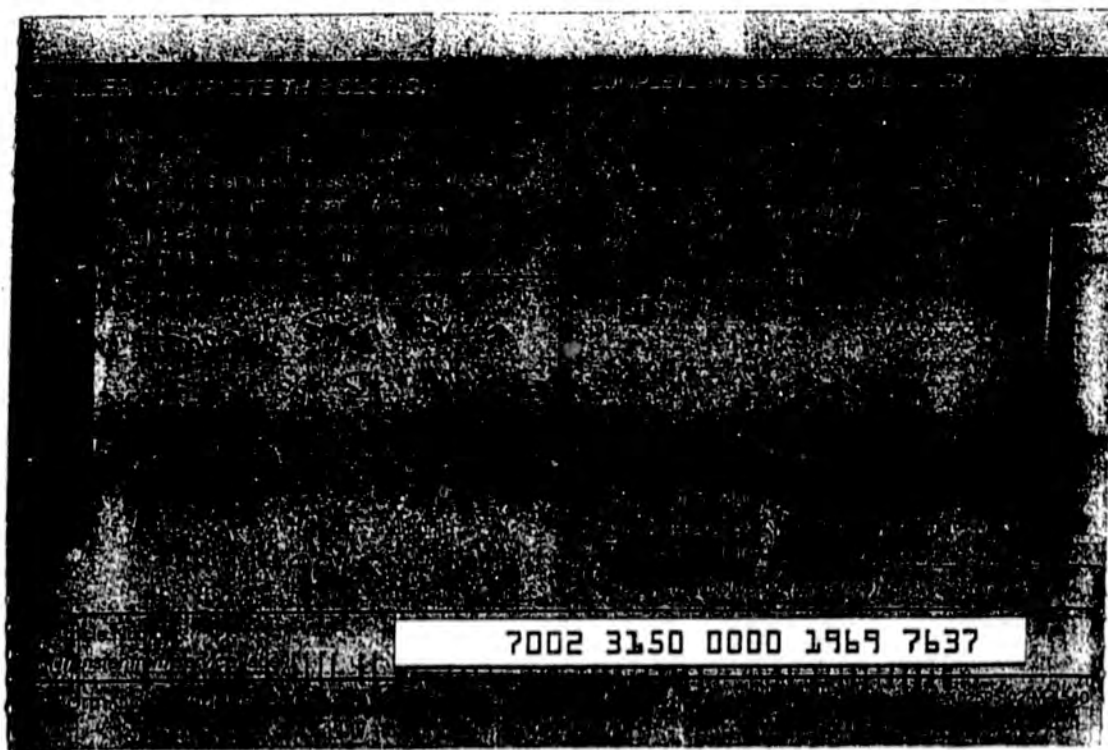
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City, State, ZIP+4	

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

CERTIFIED MAIL: 7002-3150-0000-2025-0258

Return Receipt Requested

January 13, 2005

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
TDD: (907) 465-2805
FAX: (907) 465-3086
PHONE: (907) 465-4460
TOLL-FREE 1-800-821-2251

The Honorable Sven Paukan
Mayor
City of Saint Mary's
P.O. Box 209
Saint Mary's, AK 99658-0209

Dear Mayor Paukan:

As you are aware, the City of Saint Mary's (City) adopted Resolution #2004-02 "A Resolution by the City of St. Mary's to Unilaterally Terminate the Participation Agreement between the Public Employees' Retirement System (PERS) and the City of St. Mary's, as required by AS 39.35.615. 'Effect of Termination by Amendment of Agreement'". The Division was working with Mr. Walton Smith prior to his retirement during this termination process.

As identified by item #4 on page 3 of our letter to you dated July 1, 2004 (Attachment 1), here is the listing of all employees and former employees of the City. The breakdown is noted on the listing for your review. As you recall, employees who are active at the time of termination are allowed to vest (if not already vested in PERS) or choose a refund and lose all associated credited service with the City. Four employees were already vested and three additional active employees chose to vest.

We have completed item #5 on page 3 of Attachment 1, and are currently working with our actuary to determine the City's final termination liability.

Two active employees chose to refund their contributions and lose all credited service with the City. The City no longer has a PERS liability for those two former members. Also, one former employee chose to refund his account balance and loses his credited service also.

Besides the seven (7) active employees who are vested or chose to vest via the termination process, the City also is responsible for an additional twenty-five (25) members who have credited service with the City. There are nine (9) vested, terminated members and 16 non-vested, terminated members. The City is responsible for all or a portion of these members pension and post-employment healthcare liability. You should be aware that for every employee who elects to obtain a vested benefit, our actuary will calculate the amount needed to fully fund the benefits and we will transfer that amount, first from the employee's account, then from the City's account, to the retirement reserve. After all employees have either selected a vested benefit, or a refund of their contribution account, any remaining amount in the City's account will be refunded to the City. Any liability still owed will be billed to the City at that time.

January 13, 2004

The City also has a liability to four (4) currently retired members. These members are already included in your liability, but we wanted to point out that the City is still responsible to the PERS for making benefit payments to those already retired at the time of termination.

A final review of your participation in the PERS and your reporting process will be undertaken to determine if unusual circumstances exist which require adjustment. We would appreciate your continued cooperation in researching any questions that come up. The entire process should be completed in approximately 60 days. This termination does not bar future participation in the PERS by the City.

Thank you for your time and cooperation to this very important matter.

Sincerely,



Kevin Worley
Defined Benefits Accounting Supervisor

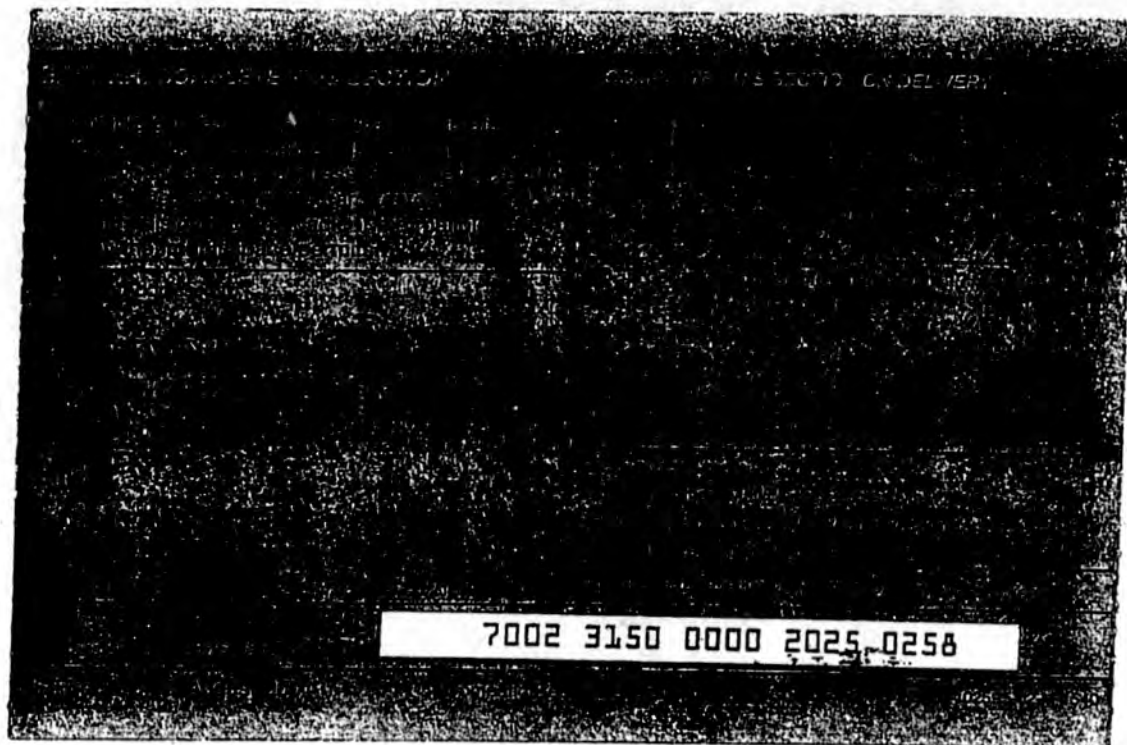
cc: Ray Matiashowski, Commissioner
Department of Administration

Kevin Brooks, Deputy Commissioner
Department of Administration

Melanie Millhorn, Director
Division of Retirement & Benefits

Anselm Staack, CFO
Division of Retirement & Benefits

Kathy Lea, Retirement Supervisor
Division of Retirement & Benefits



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City, State, ZIP+4	

PS Form 3800, June 2002 See Reverse for Instructions

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

FRANK H. MURKOWSKI, GOVERNOR

PO BOX 110203
JUNEAU, AK 99811-0203
TDD: (907) 465-2805
FAX: (907) 465-3086
PHONE: (907) 465-4460
TOLL-FREE 1-800-821-2251

CERTIFIED MAIL: 7002-3150-0000-2026-4200

April 19, 2005

The Honorable Sven Paukan
City of Saint Mary's
P.O. Box 209
Saint Mary's, AK 99658-0209

RE: City of Saint Mary's Termination from the Alaska Public Employees' Retirement System (PERS)

Dear Mayor Paukan:

This letter is your notification of the final billing (termination liability) with respect to employer # 214 - City of Saint Mary's (City). The City terminated from the PERS effective June 30, 2004 based on Resolution #2004-02 by the City.

Since the City and its employees are terminated from PERS via an amendment of the participation agreement, Alaska Statute 39.35.615 was followed in terminating the City from PERS. Alaska Statute 39.35.615 is shown below:

Sec. 39.35.615. Effect of termination by amendment of agreement.

(a) A political subdivision or public organization may request that its participation agreement be amended. The request may be made only after adoption of a resolution by the legislative body of the political subdivision and approval of the resolution by the person required by law to approve the resolution, or, in the case of a public organization, after adoption of a resolution by the governing body of that public organization. A certified copy of the resolution shall be filed with the administrator. If a political subdivision or public organization amends its participation agreement so as to terminate coverage of a department, group, or other classification of employees, each employee whose coverage is so terminated, regardless of the employee's employment status at the date of termination, shall be considered fully vested in actuarially adjusted accrued retirement benefits as of the date of termination, unless

(1) the employee's contributions have been refunded; or

(2) the political subdivision or public organization amended its participation agreement to exclude coverage for the affected department, group, or other classification of employees at the written request of a majority of the employees employed in that department, group, or other classification at the time the request was made.

(b) Each employee whose coverage is terminated must, within 60 days after the date of termination, inform the administrator, in writing, whether the employee wishes to obtain a refund or a vested benefit.

(c) Each employee who elects to obtain a refund shall receive a refund of the balance of the employee contribution account. The vesting in accrued benefits for each employee who elects to obtain a refund is voided upon receipt of the refund, and the corresponding credited service may not be reinstated under this chapter. A partial refund may not be allowed under this section.

(d) For each employee who elects to obtain a vested benefit, the amount actuarially determined as necessary to fully fund the benefits to be received shall be transferred first from the employee contribution account and, after the employee contribution account has been exhausted, then from the employer contribution account into the retirement reserve account.

(e) After all of the employees whose coverage is terminated have either received refunds or have been vested in their accrued benefits, the remaining funds in the employer contribution account attributable to those employees shall be refunded to the employer.

(f) Termination of coverage of a department, group, or other classification of employees does not bar future coverage of that department, group, or classification. If coverage of a department, group, or classification is terminated under (a) of this section and the employer later amends its participation agreement to provide renewed coverage of that department, group, or classification, an affected employee may be credited only with future service.

Alaska Statute 39.35.640 also applies when completing the employer termination process from PERS.

Sec. 39.35.640. Conclusiveness of action taken upon termination.

In making a distribution, the determinations, divisions, appraisals, apportionments, and allotments made are final and conclusive and not subject to question.

TOTAL LIABILITY AS OF JUNE 30, 2004

The total termination liability for the City as of June 30, 2004 is \$1,392,366. The market value of assets as of June 30, 2004 is \$850,742. The total unfunded termination liability as of June 30, 2004, therefore, is \$541,624 (\$1,392,366 - \$850,742). This is shown on page 17 of the "April 2005 - City of St. Mary's - Termination Study as of June 30, 2004".

The above figures have been calculated under the same methods and assumptions as presented in the June 30, 2003 Actuarial Valuation Report to the PERS with the addition of a 10% load to the Total Accrued Liability to account for the additional financial risk the PERS is assuming on behalf of this terminating employer. Employee data used in the calculations was the same data provided by the State for the June 30, 2004 actuarial valuation report for PERS.

AMOUNT DUE TO PERS

The total amount due to the PERS for the termination of the City from the PERS effective June 30, 2004 is \$541,624. The amount due is for the total unfunded termination liability as of the June 30, 2004 termination study enclosed for your files.

PAYMENT OF UNFUNDED LIABILITY TO THE PERS

Please contact me so that we can make arrangements for payment. If we do not have payment by June 1, 2005, we will begin to charge the City interest of 8.25% (effective June 1, 2005) until the unfunded termination liability of \$541,624 is completely paid.

To ensure proper credit, please make check payable to:

Alaska Public Employees' Retirement System.
ATTN: Kevin Worley
Division of Retirement & Benefits
P.O. Box 110203
Juneau, AK 99811-0203

APPEAL OF UNFUNDED TERMINATION LIABILITY

You may appeal this decision to the Public Employees' Retirement Board. Enclosed are the current regulations outlining appeal procedures. If you wish to appeal, please review the regulations and complete and return the enclosed Notice of Appeal form within 30 days of receipt of this letter. If you do not respond within the prescribed 30 days, you waive your right to appeal to the Board (see 02 AAC 35.100).

Please note that the 30-day filing period applies to receipt of the form only; your appeal will be scheduled at a future date and you will have sufficient time to submit evidence before your hearing (see 02 AAC 35.140 and 02 AAC 35.150).

The Honorable Sven P. Pukan
City of Saint Mary's

-4-

April 19, 2005

Thank you for your time and consideration to this very important matter.

Sincerely,



Kevin Worley
Defined Benefits Accounting Supervisor

Enclosure

cc: Ray Matiashowski, Commissioner
Department of Administration

Kevin Brooks, Deputy Commissioner
Department of Administration

Melanie Millhorn, Director
Anselm Staack, CFO
Kathy Lea, Retirement Supervisor
Larry Davis
Division of Retirement & Benefits

Mr. Walton Smith
City Manager
City of Saint Mary's
3619 Checkmate Dr., Apt B
Anchorage, AK 99503-4905

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The Honorable Sven Parkan
City of Saint Mary's
PO Box 209
Saint Mary's, AK
99658-0209

2. Article Number
(Transfer from service label)

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102-02-M-1540

My name is **Jeffrey Sinz**

Currently employed as the **Chief Fiscal Officer for the Municipality of Anchorage**

I have over 25 years of experience in local government and school system financial management, 21 of which has been in Alaska.

I have also served about 7 years on the Alaska State Pension Investment Board with my term on the Board ending this past October when the new ARM Board was appointed.

My testimony is representative of the views held by the administration of Mayor Begich.

It has not been heard or endorsed by the Municipal Assembly

Early on, I would like to thank this committee for providing local government representatives with an opportunity to be heard on this important matter. Rapidly increasing employer contribution rates associated with PERS participation is clearly one of the most significant financial challenges facing local governments during the foreseeable future. Unfortunately, there are no painless or readily available solutions.

My testimony today will address the following PERS related topics:

- Valuation Status – Statewide
- Valuation Status – Anchorage (All)
- Financial Impact on Municipality
- Impact and Municipal Treatment of Temporary Funding Provided Under SB46
- Possible Solutions
- Pension Obligation Bonds and their potential Impact on Anchorage Contribution Rates

Most of the numbers I will use today are based on the 2003 Valuation Report and Supplement.

Valuation Status – Statewide

- Problem Surfaced with PERS Valuation Report Dated June 30, 2002.
 - Funding Decreased from 101% to 75% in one year
 - Unfunded Pension Liability = \$2,874,000,000 (System Wide)
 - Average Employer Contribution Increased from 6.8% to 24.9% (+266%)
- Drop in Funding Status Based Primarily on Changes in Assumptions and Actuarial Methodologies that changed the actuaries forecast of future costs.
- Lessons Learned... Two points often overlooked:
 - Same Actuaries looking at the same situation reached radically different Valuation Conclusions one year to the next – significance of actuarial assumptions and methodologies in defining and addressing problem.
 - What Constitutes Fully Funded?
 - Accounting Perspective - GAAP
 - Plan Administration Perspective – Drives Contribution Rates

Valuation Status – Anchorage (All) (2003 Valuation)

- Three Employer ID's
 - Municipality of Anchorage (76% of employees participate in PERS)
 - Unfunded Liability = \$229 million
 - Funded Ratio = 74%
 - Employer Contribution Rate FY04 = 3.7%
 - Actuarial Determined Rate FY06 = 24.9%
 - Actuarial Determined Increase = 21.2%
 - Adjusted Rate FY06 = 13.7%
 - Anchorage School District
 - Unfunded Liability = \$145 million
 - Funded Ratio = 70%
 - Employer Contribution Rate FY04 = 9.3%
 - Actuarial Determined Rate FY06 = 26.1%
 - Actuarial Determined Increase = 16.8%
 - Adjusted Rate FY06 = 19.3%
 - Anchorage Parking Authority
 - Unfunded Liability = \$1.1 million
 - Funded Ratio = 73%
 - Employer Contribution Rate FY04 = 4.2%
 - Actuarial Determined Rate FY06 = 20.5%
 - Actuarial Determined Increase = 16.3%
 - Adjusted Rate FY06 = 14.2%

Financial Impact Municipality of Anchorage (Only)

- Annual Contribution Rate Full Impact in Dollars = \$28 million
- Annual Tax Supported Impact = \$21.3 million
- Local Areawide Property Tax Rate Equivalent = 1 mill
- Impact on Average Owner Occupied Residence = \$222 per year

- Annual Contribution Rate 5% Impact in Dollars = \$ 6.6 million
- Annual Tax Supported Impact = \$ 5.0 million
- Local Areawide Property Tax Equivalent = 0.25 mills
- Impact on Average Owner Occupied Residence = \$ 55 per year

Anchorage Tax Limitation: The Anchorage Charter contains a voter approved tax limitation that limits the annual increase in revenue from all taxes to corresponding increases in CPI and population. It also provides for new taxes associated with new construction, voter approved debt service and certain other voter approved taxes. The property tax related impacts identified above would not be an allowable increase under the tax limitation. The Municipality therefore has no ability to increase taxes to pay for the PERS cost increases. As a result, increases in PERS contribution rates will require offsetting reductions in other expenditures or the generation of new non-tax revenues.

Note: The above impacts are calculated based on 2003 valuation Report and Supplement. Dollar impacts and assessed valuation used for calculating tax impacts are based on the Municipality of Anchorage approved 2005 budget. Actual impacts are likely to be higher as indicated by the preliminary 2004 Valuation Report.

Impact and Municipal Treatment of Temporary Funding Provided Under SB46

In March of 2005, the Anchorage Assembly passed Resolution 2005-76, stating their intent to use any new operating assistance received from the State of Alaska for local tax relief. Of the \$6.6 million received under SB46, \$5 million was applicable to tax supported activities. Consistent with the stated intent of Resolution 2005-76, \$5 million was isolated and will be used to fund a one-time reduction in property taxes in 2006.

Possible Solutions

- Statewide
 - Direct
 - SOA Unfunded Liability Buy Down
 - Maximum Annual Employer Contribution (20%)
 - Indirect
 - Facilitate Pension Obligation Debt (HB 278 type legislation)
 - Define Fully Funded – Target for rate setting might not be 100%
 - Protection for those who act prior to SOA (Hold Harmless)
 - Limitations on Changes to Actuary Assumptions/Methodologies
- Local
 - Pension Obligation Bonds (more to follow)
 - Increased Contribution Rates
 - Limited Ability to Raise Additional Revenue (tax limit)
 - Effective Budget Cut

Pension Obligation Bonds (POB's)

- Currently no clear statutory authority to issue POB's
- Few local governments have the financial resources to plan and execute a POB sale without assistance
- Potential benefit of POB's extends to almost all PERS participant employers
- State of Alaska facilitated mechanism (HB278) would create a clear legal and structural vehicle that PERS employers could access to evaluate and pursue potential benefits of POB's

Magnitude of Potential Savings with POB's
Anchorage as an Example (25 Year Period)

	<u>Current Unfunded Liability</u>	<u>POB Future Dollar Savings</u>	<u>Annual Dollar Savings</u>	<u>POB Rate Reduction</u>
Municipality of Anchorage	\$229 million	\$166 million	\$6.6 million	3.14%
Anchorage School District	\$145 million	\$104 million	\$4.1 million	3.44%

These numbers assume that the entire past service rate component of the employer contribution which is in effect a liability with an interest rate of 8.25%, the PERS earnings assumption, is replaced with a 25 year taxable POB at a rate of 5.908%. The nominal savings that occurs over 25 years due to the lower rate of interest produces the POB Future Dollar savings listed above. The Annual Dollar Savings is the total divided by 25 years, the amortization period of the past service liability and the term of the POB's. The POB Rate Reduction is the anticipated reduction in the employer contribution rate resulting from the annual savings. These estimates were calculated by Merrill Lynch. They assume the actuarial earnings assumption is achieved along with other growth assumptions included in Mercer's actuarial forecast. The numbers are intended to be representative of potential savings only.

Payment to Unfunded Liability per Tier - Actual Dollar Value

based on 2003 valuation data

	2005	2010	2015	2020	2025	2028	Total
Alaska, State of (Tiers 1, 2 & 3)	27,984,459	85,959,795	65,432,375	43,334,096	23,976,007	2,469,795	1,259,038,718
Alaska, State of (Tier 4)	2,619,186	54,238,157	105,226,178	166,821,723	239,200,826	44,218,011	2,638,242,355
Total	30,603,645	140,197,952	170,658,553	210,155,819	263,176,833	46,687,805	3,897,281,073
Aleutian Housing Authority (Tiers 1, 2 & 3)	15,744	12,735	9,694	6,420	3,552	1,584	208,921
Aleutian Housing Authority (Tier 4)	1,474	8,036	15,590	24,716	35,439	28,005	456,525
Total	17,218	20,771	25,284	31,136	38,991	29,569	665,446
Aleutians East Borough (Tiers 1, 2 & 3)	18,005	14,584	11,086	7,342	4,062	2,209	239,345
Aleutians East Borough (Tier 4)	1,685	9,190	17,829	28,265	40,529	39,543	529,606
Total	19,691	23,754	28,915	35,607	44,591	41,751	768,951
Aleutians E Borough School District (Tiers 1, 2 & 3)	30,697	80,381	61,171	40,512	22,414	2,709	1,198,872
Aleutians E Borough School District (Tier 4)	2,873	50,706	98,373	155,957	223,622	48,504	2,516,401
Total	33,570	131,067	159,544	196,468	246,036	51,213	3,715,273
Aleutians West CRSA (Tiers 1, 2 & 3)	2,015	6,618	5,037	3,336	1,846	178	95,913
Aleutians West CRSA (Tier 4)	189	4,176	8,101	12,843	18,415	3,184	201,476
Total	2,204	10,793	13,138	16,179	20,261	3,362	297,389
Anchorage Parking Authority (Tiers 1, 2 & 3)	36,836	55,956	42,594	28,209	15,607	3,251	879,892
Anchorage Parking Authority (Tier 4)	3,448	35,307	68,498	108,594	155,709	58,205	1,907,304
Total	40,284	91,263	111,091	136,802	171,316	61,456	2,787,196
Anchorage School District (Tiers 1, 2 & 3)	2,702,043	7,323,406	5,574,558	3,691,879	2,042,653	238,471	108,876,344
Anchorage School District (Tier 4)	252,896	4,620,859	8,964,820	14,212,496	20,378,886	4,269,476	228,293,890
Total	2,954,939	11,944,265	14,539,378	17,904,376	22,421,539	4,507,948	337,170,234
Anchorage, Municipality of (Tier's 1, 2 & 3)	4,745,824	11,586,408	8,819,544	5,840,946	3,231,695	418,847	174,120,449
Anchorage, Municipality of (Tier 4)	444,182	7,310,690	14,183,299	22,485,682	32,241,566	7,498,837	366,261,047
Total	5,190,006	18,897,098	23,002,843	28,326,628	35,473,261	7,917,684	540,381,496
Fairbanks North Star Borough (Tiers 1, 2 & 3)	608,400	1,062,237	808,572	535,496	296,281	53,695	16,558,048
Fairbanks North Star Borough (Tier 4)	56,943	670,241	1,300,319	2,061,479	2,955,894	961,328	35,429,486
Total	665,343	1,732,479	2,108,892	2,596,974	3,252,175	1,015,023	51,987,534

Prepared by the office of Rep. Paul Seaton

Payment to Unfunded Liability per Tier - Actual Dolar Value

based on 2003 valuation data

	2005	2010	2015	2020	2025	2028	Total
Fairbanks N S School District (Tiers 1, 2 & 3)	887,718	1,878,174	1,429,661	946,826	523,862	78,346	28,694,529
Fairbanks N S School District (Tier 4)	83,085	1,185,074	2,299,134	3,644,962	5,226,406	1,402,677	60,647,824
Total	970,804	3,063,248	3,728,795	4,591,788	5,750,268	1,481,023	89,342,354
Fairbanks, City of (Tiers 1, 2 & 3)	208,345	710,453	570,832	391,989	220,699	18,388	10,621,260
Fairbanks, City of (Tier 4)	19,500	448,276	917,993	1,509,025	2,201,842	329,204	23,077,136
Total	227,845	1,158,729	1,488,825	1,901,014	2,422,541	347,592	33,698,396
Homer, City of (Tiers 1, 2 & 3)	160,072	315,464	240,130	159,032	87,990	14,127	4,863,093
Homer, City of (Tier 4)	14,982	199,049	386,169	612,219	877,843	252,929	10,304,816
Total	175,054	514,512	626,300	771,251	965,832	267,056	15,167,909
Juneau Borough School District (Tiers 1, 2 & 3)	323,413	830,347	632,058	418,595	231,801	28,543	12,412,254
Juneau Borough School District (Tier 4)	30,270	523,925	1,016,454	1,611,450	2,310,611	511,022	26,068,311
Total	353,682	1,354,272	1,648,512	2,030,044	2,542,212	539,565	38,480,564
Juneau, City & Borough of (Tiers 1, 2 & 3)	950,284	2,843,115	2,164,172	1,433,272	793,005	83,868	41,822,786
Juneau, City & Borough of (Tier 4)	88,941	1,793,923	3,480,349	5,517,618	7,911,552	1,501,535	87,549,430
Total	1,039,225	4,637,038	5,644,520	6,950,890	8,704,557	1,585,404	129,372,217
Kenai Peninsula Borough (Tiers 1, 2 & 3)	454,935	1,217,728	926,931	613,882	339,650	40,151	18,126,201
Kenai Peninsula Borough (Tier 4)	42,579	768,351	1,490,660	2,363,238	3,388,578	718,840	38,021,273
Total	497,515	1,986,079	2,417,591	2,977,119	3,728,228	758,990	56,147,474
Kenai Peninsula School District (Tiers 1, 2 & 3)	400,698	1,260,288	959,328	635,337	351,521	35,364	18,389,261
Kenai Peninsula School District (Tier 4)	37,503	795,206	1,542,760	2,445,835	3,507,012	633,139	38,567,719
Total	438,201	2,055,494	2,502,088	3,081,172	3,858,533	668,503	56,956,980
Lake & Peninsula Borough (Tiers 1, 2 & 3)	12,507	37,129	28,262	18,717	10,356	1,104	546,875
Lake & Peninsula Borough (Tier 4)	1,171	23,427	45,450	72,055	103,318	19,761	1,144,455
Total	13,677	60,556	73,713	90,773	113,674	20,865	1,691,329
Lake & Peninsula Borough School District (Tiers 1, 2 & 3)	58,408	123,330	93,878	62,173	34,399	5,155	1,884,678
Lake & Peninsula Borough School District (Tier 4)	5,467	77,818	150,972	239,345	343,190	92,290	3,983,672
Total	63,874	201,147	244,850	301,518	377,590	97,444	5,868,349
Unalaska City School District (Tiers 1, 2 & 3)	30,378	35,104	26,721	17,697	9,791	2,681	561,217
Unalaska City School District (Tier 4)	2,843	22,150	42,972	68,126	97,684	48,000	1,227,950
Total	33,221	57,253	69,693	85,822	107,475	50,681	1,789,168

Payment to Unfunded Liability per Tier - Actual Dolar Value

based on 2003 valuation data

	2005	2010	2015	2020	2025	2028	Total
Unalaska, City of (Tiers 1, 2 & 3)	341,871	276,378	210,377	139,327	77,087	30,233	4,530,139
Unalaska, City of (Tier 4)	31,978	174,385	338,321	536,361	769,072	541,277	9,840,719
Total	373,649	450,761	548,697	675,688	846,159	571,510	14,370,858
Wrangell Public School District (Tiers 1, 2 & 3)	25,007	51,017	38,834	25,719	14,230	2,207	782,970
Wrangell Public School District (Tier 4)	2,341	32,190	62,451	99,008	141,964	39,513	1,657,006
Total	27,348	83,207	101,285	124,726	156,194	41,720	2,439,976
Wrangell, City of	92,458	281,865	214,555	142,094	78,618	8,160	4,133,502
Wrangell, City of	8,654	177,849	345,040	547,014	784,347	146,091	8,659,041
Total	92,458	281,865	214,555	142,094	78,618	8,160	4,133,502
SYSTEM PERS TOTAL							-
Total PERS (Tiers 1, 2 & 3)	54,173,087	141,050,838	107,477,292	71,225,784	39,419,761	4,837,602	2,094,609,781
Total PERS (Tier 4)	5,070,292	88,999,019	172,841,421	274,195,360	393,278,131	86,610,086	4,408,064,674
Total	59,243,379	230,049,857	280,318,713	345,421,143	432,697,892	91,447,688	6,502,674,455

LEGEND

Past Service Cost Associated with Tiers 1, 2 & 3
 Past Service Cost Associated with Tier 4
 Total Past Service Costs Payment Amount

***Note:** The past service cost payments are calculated for each individual employer only up to the system wide average. Therefore, the total of payments will be less than the actual unfunded liability for 2003. For example, the total unfunded liability for communities such as Fairbanks that have a higher past service cost payment than the average are not reflected in this chart.

Payment to Unfunded Liability per Tier - Actual Dolar Value

based on 2003 valuation data

2005	2010	2015	2020	2025	2028	Total
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December 8, 2005

Representative Weyhrauch, Chair
House Ways and Means Committee

Dear Representative Weyhrauch and members of the Ways and Means Committee:

Thank you for holding the committee meeting in Kenai on December 7. I thought the testimony helped get valuable information out and will serve to increase understanding and facilitate a solution.

However, I am concerned about the reaction that I saw regarding municipalities that were not among the twenty that were listed in Attachment #4 of Melanie Millhorn's report as 'Employers who chose to stay at their previously reported (FY06) rate'. The reality is that employers do not have the option to pay less than the rate established by the PERS Board. All of the employers are paying at least the rate that they were told to pay, which is the FY06 rate. Twenty employers have chosen to pay an additional 5% above the required rate.

SB 46 says: **Sec. 59. RETIREMENT SYSTEM FUNDING FOR INCREASED EMPLOYER COSTS FOR POLITICAL SUBDIVISIONS.** (a) The sum of \$18,426,923 is appropriated from the general fund to the Department of Administration to reduce the liability to the public employees' retirement system of political subdivisions that are members of that system, **in order to reduce the increased employer costs resulting from fiscal year 2006 employer contribution rate increases.** The Department of Administration shall allocate the appropriation to the public employees' retirement system account of each political subdivision based on the increased employer cost for that political subdivision resulting from fiscal year 2006 employer contribution rate increases, as estimated by the Department of Administration as of September 29, 2004, and as set out in (b) of this section. **The appropriation made by this subsection is intended to reduce these increased employer costs, based on current estimates, but may not fully eliminate the increased employer costs because of changes in political subdivision payroll amounts and other factors.** The appropriation made by this subsection is a one-time appropriation and is not intended to recur for fiscal year 2007.

(b) For purposes of allocating the appropriation made by (a) of this section to the public employees' retirement system account of each member political subdivision, the increased employer costs of the political subdivisions are as follows:

(emphasis added)

Clearly the intent of this legislation was to reduce the impact of the 5% increase in PERS rates on municipalities by contributing State money equal to the 5% increase directly to the PERS. Municipalities never touched this money, it went directly to the PERS. They had no ability to spend the money at all, let alone spend it for some purpose other than what it was intended for.

Most municipalities (other than the 20) are simply paying the remaining portion of their PERS rate through the regular system of deposits to the PERS. In my opinion, this is exactly what was expected to happen. Rates were going up 5%, but municipalities would not be impacted because the State was paying the 5%. So municipalities were expected to subtract the 5% from the required rate because the State already paid it on their behalf.

The twenty that chose to pay the full 5% increase from their own resources have actually paid more than the PERS required. Everyone should have that prerogative, but those that were not able to make that extra commitment (or that simply had other priorities) should not be viewed unfavorably. The legislation was intended to reduce the impact of the 5% rate increase and for most municipalities that is exactly what happened.

Personally, I do not have any problem if future legislation providing similar PERS aid contains a requirement for municipalities to contribute some of their own resources. But SB 46 did not contain any such requirement and to my knowledge there was no expectation that municipalities would pay more than the rate the PERS told them to pay.

I hope that this clarifies this issue.

If you have any questions please contact me.

Sincerely,



Lawrence A. Semmens
Finance Director

Cc: Senator Tom Wagoner
Representative Mike Chenault
Melanie Millhorn
Kevin Richie

3763 Mitchell Avenue B
Fairbanks AK 99709-4636

(907) 374-0597
drobbins@gci.net

December 7, 2005

Representative Bruce Weyhrauch
House Ways and Means
State Capitol, Room 421
Juneau, AK 99801-1182

RE: Funding of Public Employees Retirement System Shortfall

Chair Weyhrauch and Committee,

I retired from the Alaska Department of Labor, Employment Security Division in December 1999. I am a member of the Retired Public Employees of Alaska (RPEA) and serve as their new Director of Legislative Affairs. However, today I speak for myself and not for RPEA.

Below I have outlined a few of the reasons that I ask you to act quickly to restore solvency to the pension fund. The majority of state employees who worked many years were never paid the high salaries that are so often referred to when talking about the great retirement benefits that state employees receive. Most of us worked at average and lower pay rates, often forgoing cost of living increases or getting increases less than the actual cost of living. That took its toll over time and resulted in lesser pension payments now. Employees remained in positions longer than they might have because they believed their job contract would be honored and, speaking for myself, felt that in that position they were providing an important public service. Those who worked in the managerial and supervisory positions earned every penny they received as well, having the responsibility of oversight to assure that state operations were carried out according to statute.

I ask you to act quickly to restore security to Alaska's Public Employee Retirees by using some of the surplus oil earnings to restore the funding short fall, or at least a large portion of it. If necessary, pay off the remainder over time. I appreciate your efforts to take a hard look at the funding problem and hope you will follow through with a plan to get it back to appropriate levels. The retirees are even more anxious than you are that the under funding is fixed.

The previous cooperative efforts of Retirement & Benefits, former PERS and TRS Boards, Retiree Organizations and the Health Care Administrator produced millions of dollars in savings annually. For this reason I ask the legislature to find a way to give the ARM Board oversight of retirement system expenditures. The former board was the one, which first questioned the practices that got our retirement fund into the condition that brought us here today. The retirees want to continue to work with you to conserve the fund. It is in our best interest to make every effort to keep it solvent through wise practices and finding ways to reduce health care costs. We have voluntarily, through our own efforts, saved much money by encouraging our members to request generic prescription drugs whenever possible.

Another troubling matter has come to mind in recent weeks. Recently, I observed what seemed to be an attempt to make villains out of public employees because of their concern. I have a real fear of further loss. The majority of retired public employees that I have spoken

with, as well as myself, are feeling the pinch of reduced benefits. We are greatly concerned as we grow older, and the pension benefits do not keep up with other cost of living increases. We have already had health care benefits diminish, and now when reaching age 65 get a new insurance bill that seems to go up every year, a Medicare premium.

This happens at the same time that Medicare pays doctors so little that they are, in growing numbers, beginning to refuse to take Medicare patients. On top of that, unless Medicare is billed first, the state retiree insurance plan will pay nothing at all. Looking at the possibility of finding no doctor to accept you, while becoming more in need of care with increasing age, is an unsettling situation. Working with such frustrating problems becomes even more difficult with the onset of illness and increasing age.

Is it any wonder that many retirees fear the current situation of under funding? The loss of pension benefits is occurring all across the country. Now there has been talk, of amending the Alaska Constitution in order to reduce our pension benefits. I know that in the past the fund has fluctuated without such an outcry and always rebalanced with the use of good investment practices. Now, with no new employees contributing into the fund there is another realistic fear that the fund could run out of money and leave us in the same situation that many are experiencing in other states. In the current climate of devaluing retirees, contractual obligations do not seem to be taken seriously anymore. Why wouldn't we worry?

I was never allowed to be involved in the decision making process for setting an employee or employer contribution rate, or any issue related to how much would be set aside from me or my employer for my retirement benefit. My share was simply removed from my paycheck before I ever saw it. I believe the state is responsible to make good on the missing dollars and use greater care to see that such matters are done by the book and not according to some political agenda in the future.

Thank you for your efforts outside of the regular session to look for a solution to this serious problem.

Sincerely,

Doris Robbins

cc: Representative Rokeberg
Representative Samuels
Representative Seaton
Representative Wilson
Representative Gruenberg
Representative Moses

Ginny Austerman

From: Darwin Walter [darwal@gci.net]
Sent: Wednesday, November 30, 2005 10:18 PM
To: Ginny Austerman
Subject: PERS/TRS Trust Fund Comments

The PERS and TRS trust fund "crisis" needs to be put into perspective: the fund has often been funded at less than 100% but over time, it has recovered to 100% funding. This is typical of most public pension trust funds.

The "crisis" was generated in part by the original actuary, hired by the state, who made significant errors which contributed to the underfunding, including inaccurate information about health care costs, salaries, costs of legislation, mortality tables, etc. Also a system not commonly used to determine the "unfunded liability" was used. The Legislature should follow the advice of its own actuary to recalculate the numbers using more commonly used systems, since even minor changes in calculation methods can have a major impact upon the calculated funding ratio.

A good retirement plan and an employer that honors its commitment to its employees is essential to the current and future recruitment and retention of quality employees. The State is already having problems by not providing an adequate level of compensation to compete for well qualified employees in many critical occupations. Failure by the State to maintain the proper funding for the retirement programs will compound the recruitment and retention problems as well as put the future economy of the state in jeopardy. Economically strapped senior citizens are a drag on the economy. A good retirement program encourages retired State workers to remain in Alaska and spend that money largely in the Alaskan economy. If the State cries "poor mouth" it will indeed be poor.

Since they are not on-going recurring costs, the Legislature should fund the additional 5% employer contribution to the PERS/TRS funds and pay down the "unfunded liability" from the anticipated budget surplus.

PERS/TRS trust funds were also impacted by the high cost of health care.

The previous cooperative efforts of Retirement & Benefits, former PERS and TRS Boards, Retiree Organizations, and the health care administrator produced millions of dollars in savings annually. The Legislature needs to amend SB141 to give the ARM Board oversight of retirement system expenditures.

Ginny Austerman

From: Heath Hilyard
Sent: Tuesday, September 20, 2005 3:36 PM
To: Phelan Straube; Miles Baker; Katie Shows
Cc: Ginny Austerman
Subject: FW: CAPITOL REVIEW: PERA's Problems Are Real But Not Unique

From: Heath Hilyard [mailto:heathedward@hotmail.com]
Sent: Tuesday, September 20, 2005 3:35 PM
Cc: Heath Hilyard
Subject: FW: CAPITOL REVIEW: PERA's Problems Are Real But Not Unique

"Do your damndest in an ostentatious manner all the time."
- General George Patton Jr

From: "Treasurer Hillman" <treasurer.hillman@state.co.us>
To: "Mark Hillman" <treasurer.hillman@state.co.us>
Subject: *CAPITOL REVIEW: PERA's Problems Are Real But Not Unique*
Date: Tue, 20 Sep 2005 15:29:29 -0600
>CAPITOL REVIEW: PERA's Problems Are Real But Not Unique
>By State Treasurer Mark Hillman
>
>State employees - and taxpayers, in general - are rightly concerned
>about the long-term health of the Colorado Public Employees
>Retirement Association (PERA). Unfortunately, PERA's predicament
>isn't unique. In fact, it's entirely too typical among public
>pension plans nationwide.
>
>A Wilshire and Associates survey of state retirement systems found
>that a stunning 93 percent don't have enough assets to meet existing
>liabilities and that 16 states have pension deficits that exceed
>their entire state budget.
>
>West Virginia's state pension system can cover only 40 percent of
>its existing liabilities. Meanwhile, Illinois holds the dubious
>distinction of the nation's largest public pension deficit, \$43
>billion, equal to 197 percent the state's annual budget.
>
>In Colorado, PERA's assets currently cover just 71 percent of its
>liabilities, leaving a deficit of \$11.3 billion. For perspective,
>the state's general fund budget - that portion of spending supported
>by income and sales taxes - is \$6.3 billion. The spending increase

- >proposed by Referendum C is estimated at \$3.6 billion over five
- >years.
- >
- >By contrast, some state pension plans remain strong. Both Florida
- >and North Carolina have more than enough assets to meet existing
- >liabilities. Right here in Colorado, municipal pension plans in
- >Aurora and Denver are funded at 99 and 98 percent, respectively. All
- >of these plans offer "defined benefits."
- >
- >Like many public plans, PERA seemed to be on solid footing when the
- >stock market was booming. In 2000, PERA's assets represented 105
- >percent of its liabilities.
- >
- >Most state plans experienced similar declines, but Lance Weiss of
- >Deloitte Consulting recently told a gathering of state treasurers
- >not to expect the stock market to rescue pension systems.
- >
- >"No market recovery will be enough to fix it," Weiss said of the
- >nationwide pension crisis.
- >
- >In fact, the booming conditions in the late 1990s masked existing
- >problems in pensions systems across the country.
- >
- >Private sector pension plans are required to meet minimum funding
- >standards set by the federal Employee Retirement and Income Security
- >Act (ERISA), but no federal law establishes similar standards for
- >government pension systems.
- >
- >That's a big problem because governments are notoriously
- >short-sighted and for perfectly understandable reasons, not the
- >least of which is the "moral hazard" which affects elected lawmakers
- >and especially those subject to term limits.
- >
- >Lawmakers who vote to increase benefits are lauded by state workers
- >and their unions. Lawmakers who vote against increases or for
- >changes that improve the plan's long-term stability are vilified.
- >Thus, the political incentive becomes to increase benefits and pass
- >the problem along to someone else.
- >
- >"The fact that policymakers are able to make decisions for which
- >they do not have to bear the consequences actually encourages risky
- >behavior," write George Passantino and Adam Summers of Reason
- >Foundation. Worse still, some interpretations of court decisions
- >conclude that once a pension benefit has been raised it cannot be
- >lowered, except for future employees. Certainly, workers and
- >retirees are entitled to the benefits they have already earned.
- >
- >However, this "ratchet-up" interpretation suggests that a first-year
- >worker who was on the job when a benefit increase was adopted has a
- >contractual right to continue to rack up those same benefits for the
- >next 20 or 30 years - no matter how much that endangers the plan's
- >ability to pay benefits to everyone else.
- >
- >By contrast, it is a widely accepted constitutional standard that
- >this year's legislature cannot obligate next year's legislature to
- >spend money in a certain way, so the one-way ratchet-up doctrine is
- >ripe for further examination.
- >
- >A final, unavoidable problem for state pension plans is the changing
- >demographics of the work force. As baby boomers age, 40 percent of
- >government workers may retire in the next 10 years. Early retirement
- >incentives complicate the problem by taking experienced workers off
- >the job and enabling them to draw benefits even longer, which
- >creates yet another costly burden.
- >
- >State workers deserve a pension plan they can count on, and
- >taxpayers deserve a plan they can afford. To meet those objectives
- >will require bold, decisive action and a spirit of cooperation from

>state officials, PERA, and its members.

>

>Mark Hillman is Colorado's acting State Treasurer. His e-mail

>address is mail@markhillman.com.

>

>

Ginny Austerman

From: Larry Semmens [lsemmens@ci.kenai.ak.us]
Sent: Thursday, November 10, 2005 8:06 AM
To: Ginny Austerman
Subject: FW: Arthur Levitt on pension accounting - WSJ today

Ginny:
This is a good article
Larry

Subject: Arthur Levitt on pension accounting - WSJ today

COMMENTARY**Pensions Unplugged**

By ARTHUR LEVITT, JR.
November 10, 2005; Page A16

As the wave of pension defaults that began with the steel companies and the airlines now threatens to engulf auto-parts makers and even car companies themselves, the pension crisis has grabbed headlines. Proposals to shore up the Pension Benefit Guaranty Corporation (PBGC) are making their way through Congress. Meanwhile, the problem -- in the private and the public sector -- will only get worse unless immediate action is taken to bring accuracy, transparency and accountability to pension accounting.

Over the past three decades, we have allowed a system of pension accounting to develop that is a shell game, misleading taxpayers and investors about the true fiscal health of their cities and companies -- and allowing management to make promises to workers that saddle future generations with huge costs. The result: According to a recent estimate by Credit Suisse First Boston, unfunded pension liabilities of companies in the S&P 500 could hit \$218 billion by the end of this year. Others estimate that public pensions -- the benefits promised by state and local governments -- could be in the red upwards of \$700 billion.

Claims on the PBGC have skyrocketed. If serious reform is not undertaken, the non-partisan Center on Federal Financial Institutions estimates that the PBGC could easily face a \$100 billion hole, delivering to our overburdened treasury a crisis exceeding the massive savings-and-loan bailout of the late 1980s. It's imperative that we reform the regulatory incentives and accounting rules that encourage employers to make, and employees to accept, promises that can't be kept.

- First, we need to bring transparency and honesty back to

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pension accounting. Currently, there is far too much subjectivity and outright guesswork. The real economic liability for a company's pension plan and the actual value of assets that will be used to meet that obligation are often not reflected on the balance sheet. Instead, the rules allow companies to hide the obligations in footnotes that sometimes not even the most skilled analysts can understand, and to rely on projected numbers, too often unrealistic, of what they anticipate their pension plans' earnings and liabilities will be.

In all my years in and around Wall Street, I have never met anyone who could accurately forecast the market for a 30- or 40-year period. Yet that is precisely what we allow companies to do. The "smoothing" of assets and obligations masks underlying volatility and is producing financial statements that are deceptive. These projected numbers not only hide the true financial health of a company and can be used to artificially boost earnings (and in many cases executive compensation); they also save companies from making additional contributions to the PBGC that they might otherwise be obligated to make if their real financial status were revealed. The financial community recently rejected this sort of Potemkin accounting with regards to the expensing of stock options, and we should reject it as well with regards to pensions.

The Financial Accounting Standards Board (FASB) will reportedly soon address this issue -- and it cannot do so quickly enough. Pension plan assets and obligations are real assets and liabilities and should be reflected as such on the balance sheet. They should be valued accurately to give a realistic and transparent picture of what pension obligations are; what assets have been accumulated to meet them; and what the overall financial situation of a pension plan's sponsor is.

- Second, investors and pensioners deserve relevant and understandable information from pension plans about their fiscal health and operations, not impenetrable financial statement footnotes. It's time that we got away from jargon and addressed the average individual in a language that he can understand.

This should start with lifting the shroud of mystery around discount rates used to compute the present value of pension obligations (and thus the size of the liability or asset reported). For too long, companies have played with various variables to devise a rate that helps them to recalibrate employee retirement plan assets and liabilities in order to manage earnings. At the same time, many unions have been the willing victims, trading current wage increases for pension promises -- and ultimately getting neither. And instead of exercising sound professional judgment, too many accountants and actuaries, the ultimate

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gatekeepers, have been all too willing to go along for the ride, giving these estimates and assumptions their seal of approval while arguing that everyone else is "doing the same."

As a result, according to a Glass, Lewis and Co. study of the largest U.S. companies, the average company in this group could be understating future health care costs by 4% annually, adding billions to their bottom line that they don't actually have. The SEC and the Public Company Accounting Oversight Board should use their enforcement capabilities to stop the misleading of investors by companies who have fudged or abused accounting and disclosure rules -- and by the accountants and actuaries facilitating it. Actuaries must be held accountable to regulators in the same way as are accountants.

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The FASB has recently required companies to give investors a projection of the benefit payments the plan is expected to make to pension plan participants in each of the next five years. It should build on this by requiring companies to disclose in their footnotes projected income from changes in asset values in the plan. To hold companies accountable for these projections, the FASB should require them to tell the public how those projections held up against reality. Such disclosure will help to create a system where off-base projections will be transparent and the gaming of the numbers will not have any real upside.

- Third, while the most recent headlines have focused on the impending crisis in corporate pension plans, there is perhaps an even larger problem with the public pensions of state and local governments. Not only are unfunded liabilities moving toward \$1 trillion, but the accounting standards in this arena lag behind that of corporate America. Weakened disclosure rules fail to reflect accurately the assets and liabilities of public pension plans; alternative actuarial procedures are allowed that can be abused to lower reported costs; and the current rules fail to provide citizens and elected officials with a clear picture of what claims these programs will be making on future tax revenues. Contributing to these loose standards is a constituency of public pension officials and government finance officers who resist any moves to greater transparency.

Unrealistic pension assumptions already have gotten a number of public entities -- such as the city of San Diego and the states of Colorado and Illinois -- into economic difficulty, trouble that will spread if these impractical assumptions are not reined in. This past year, I have served as a member of the audit committee charged with investigating and remediating allegations of problems surrounding San Diego's pension funds and finances. I have seen firsthand how devastating apparent examples of bad pension accounting and mismanagement can be, and how vital correcting both are to the overall health of the capital markets and the retirements of tens of millions of workers and retirees.

Untangling the web of problems plaguing the automotive and airline industries, as well as those of municipalities and states, has not been easy. Putting their pension plan and finances on sound footing will require great sacrifice for all affected: investors, employees, management and citizens. To avoid the pain that Delphi and San Diego are undergoing, we must now place defined-benefit pension plans on solid ground. Doing so may be difficult for many cities and companies. But it will be very good for America.

Mr. Levitt is former chairman of the SEC.

Alaska State Legislature
House Ways and Means Committee, December 7, 2005
PERS/TRS Funding Shortfall Issue

Testimony of Melody Douglas, CFO

Good afternoon. My name is Melody Douglas and I am the Chief Financial Officer for Kenai Peninsula Borough School District (District). Thank you for the opportunity to speak on this important matter. The District is the 4th largest school district in the State. It is also the largest employer on the Kenai Peninsula, employing approximately 1200 people.

First of all, thank you for the additional funding approved for education in recent years that has included funds to address increased retirement rates and other operating costs. Thank you also for the additional funds to municipalities to address their rising PERS rates – this legislation allowed the Kenai Peninsula Borough Assembly to abandon discussions to reduce local education funding for FY06. However, I am extremely concerned that the Kenai Peninsula Borough might not be able to continue supporting the District to the funding formula cap, which they have done since its inception, due to their increased costs and revenue sharing and other losses.

KPBSD has used the increased education funds received in recent years to pay the 5% retirement rate increases and to directly affect the classroom. Most recently, pupil teacher ratios were decreased for FY06. Unfortunately, it appears the District will have to increase pupil teacher ratios to address rising fuel, insurance and other operating costs. The District is also slated to negotiate the collective bargaining agreements with all employee groups early in 2006.

Preliminary work has begun on our FY07 budget....we are unable to maintain current operations even if we use the Governor's proposed base student allocation of \$5,347. The TRS 5% increase equates to about \$2 million for the District which equates to 29 teaching positions. The estimated retirement benefits (both TRS and PERS) for the District are 13.5% of the total general fund budget; health care costs will be in that same percentage ballpark.

With this District snapshot, unprioritized recommendations to address the PERS and TRS unfunded liability are:

1. Re-evaluate all actuarial assumptions and estimates
2. Establish a maximum employer contribution rate for PERS and TRS - ongoing increases will eventually crush budgets in many Alaska public entities
3. Continue to control guaranteed health care costs
4. Pass legislation to allow municipalities and boroughs to issue pension bonds if they choose
5. Change State Statutes so that what happened when the City of St. Mary's exited PERS doesn't occur – perhaps apply, wait two years (or however long it takes for accurate data to be available) and then reconfirm intent to withdraw from PERS. Entities need accurate information to make such decisions.
6. Continue to offset 5% increases until a solution is determined
7. Use some of the State's favorable oil revenue this year to pay down the retirement system unfunded debt

Thank you, Mr. Chairman and committee members, for your time today.

Ginny Austerman

From: N. Rick Meyer [raom50@msn.com]
Sent: Monday, November 28, 2005 5:07 PM
To: Ginny Austerman
Cc: Lyda_green@legis.state.ak.us; Rep. Carl Gatto; Rep. Vic Kohring
Subject: Underfunding of PERS/TRS retirement fund

Dear Committee members:

I respectfully ask that you take steps necessary to fully fund the PERS/TRS trust funds. The Legislature could use part of the anticipated budget surplus to pay down the unfunded liability and correct the problem. I say problem because it appears that the original actuary for the State made several significant errors which contributed to the underfunding. Please help Alaska's retirees. Thank you. Norman R. Meyer

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

FRANK H. MURKOWSKI, GOVERNOR

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JUNEAU, AK 99811-0203
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December 2, 2005

The Honorable Bruce Weyhrauch
Chair, Special Committee on Ways and Means
House of Representatives
State Capitol, Room 421
Juneau, Alaska 99801

Re: Response to Questions for December 7, 2005 Meeting

Dear Representative Weyhrauch:

This letter is written in response to the questions received from you on October 7, 2005. I have re-stated your questions below in italics with my responses immediately following.

1. *What was the impact on the state budget beginning in 1997 (ending 7 years later) due to the decrease in the employers and employees (if any) share for PERS?*

Attachment #1 contains the estimated savings to PERS employers over the period FY 1998 through FY 2004. These savings are calculated using FY 1997 as the base year. Employee contributions are set by statute and did not change during this period of time.

2. *Regarding the repeal of the 5% cap-Was the cap in place only for PERS? TRS? UofA? What is the effect on the budget-are we obligated to pay 100% of the unfunded liability?*

The 5% cap was set by regulation (2 AAC 35.900) and applies only to PERS employers, which includes the University of Alaska and school districts. The cap applies to both increases and decreases; however, SB 141 has since set in statute that the employer contribution cannot be less than the normal cost rate. There is no cap for TRS.

There is no legal (i.e., statutory) requirement for the State to pay the accrued liability of other employers that participate in the Public Employees' and Teachers' Retirement Systems. Of course, the State of Alaska is itself an employer and represents approximately 50% of the Public Employees' Retirement System.

3. *Please break down the sectors (SOA, TRS, Univ., local) by dollar amounts for several years out (say 5 years) and the amount of the state GF required in each sector (e.g. effect of Federal funds).*

Attachment #2 details by employer the estimated annual increases and total contributions over the period FY 2007 through FY 2012. The spreadsheet also summarizes the contributions by the following five employer groups: State of Alaska; University of Alaska; Political Subdivisions; School Districts; and other Public Organizations.

Attachment #3 estimates the amount of State general funds contributed to the PERS and TRS, by employer group, over this same period. These are very rough estimates based on information from Legislative Finance and FY 04 audited statements for the school districts.

4. *Did the communities and school districts use the funds from the Legislature to pay down their PERS/TRS debt?*

The FY 06 appropriation to municipalities (sec. 59, Ch. 3, FSSLA 2005) was deposited to each employer's asset account as directed. The wording of the appropriation, however, allowed the local governments to have their contribution rates remain at FY 05 levels and the State general funds covered the 5% difference that is the required contribution. Twenty municipalities chose to pay the FY 06 contribution rate, effectively contributing an additional 5% to their unfunded liability. See attachment #4.

The appropriation for TRS was included as part of the K-12 Foundation Formula funding through the increase to the base student allocation. For FY 06, \$38.5 million of the increased education funding was identified as needed to pay the 5% increase in the TRS employer contribution rate. There is no way to track those specific funds; however, all TRS employers are paying the FY 06 Board adopted rate of 21% which is a 5% increase over the FY 05 rate.

5. *Why are medical costs rising for the State of Alaska health plans?*

See attached report.

6. *What initiatives are being done nationally to control health care costs by employers without changing benefits?*

See attached report.

Chair Weyhrauch
Special Subcommittee on Ways and Means
December 2, 2005
Page 3

Please let me know if you have any questions about this correspondence.

Sincerely,

A handwritten signature in black ink, appearing to be 'M' followed by a long, sweeping horizontal line that curves slightly upwards at the end.

Melanie Millhorn
Director

Enclosure(s)

cc: Members of Special Committee on Ways and Means

Scott J. Nordstrand, Commissioner
Department of Administration

Kevin Brooks, Deputy Commissioner
Department of Administration

Michael Tibbles, Deputy Commissioner
Department of Administration

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
AVERAGE EMPLOYER CONTRIBUTION RATE & TOTAL PAYROLL
SAVINGS DUE TO LOWER EMPLOYER CONTRIBUTIONS - FY 98 - FY 04

Fiscal Year	Payroll State of AK Only (actual data)	Percent Change from PY	Payroll All Others (actual data)	Percent Change from PY	Payroll Total	Payroll Total PERS Board Adopted Avg ER Cont. Rate	Chg from FY 97 Base	Calculated State of AK Change	Calculated All Other PERS Employer Change	Calculated Total Employer Cont. Less Due to Base Change	Actual Total Employer Cont.	Actual Change in Total Net ER Cont. (includes all changes)
1996	619,402,911		602,373,652		1,221,776,563	12.82%						
1997	617,556,456	-0.30%	611,578,056	1.53%	1,229,134,512	12.14%					154,599,000	
1998	622,044,248	0.73%	613,394,989	0.30%	1,235,439,237	8.00%	A -4.14%	(25,752,632)	(25,394,553)	(51,147,184)	112,384,000	(42,215,000)
1999	640,906,256	3.03%	642,642,366	4.77%	1,283,548,622	7.74%	-4.40%	(28,199,875)	(28,276,264)	(56,476,139)	109,938,000	(44,661,000)
2000	661,362,372	3.19%	660,548,849	2.79%	1,321,911,221	B 7.74%	-4.40%	(29,099,944)	(29,064,149)	(58,164,094)	107,596,000	(47,003,000)
2001	681,818,488	3.09%	678,455,331	2.71%	1,360,273,819	7.40%	-4.74%	(32,318,196)	(32,158,783)	(64,476,979)	96,484,000	(58,115,000)
2002	701,531,848	2.89%	700,820,331	3.30%	1,402,352,179	6.75%	-5.39%	(37,812,567)	(37,774,216)	(75,586,782)	94,769,000	(59,830,000)
2003	732,429,517	4.40%	728,041,012	3.88%	1,460,470,529	6.75%	-5.39%	(39,477,951)	(39,241,411)	(78,719,362)	99,198,000	(55,401,000)
2004	741,793,900	1.28%	749,924,181	3.01%	1,491,718,081	6.77%	-5.37%	(39,834,332)	(40,270,928)	(80,105,261)	105,585,000	(49,014,000)
2005	743,110,399	0.18%	764,148,859	1.90%	1,507,259,257	11.77%	-0.37%					
								(232,495,498)	(232,180,304)	(464,675,801)		(356,239,000)
										C - 1		C - 2

A - Revised August 29, 1997 to 8.00% from a prior rate of 11.90%

B - Because of Y2K Transition of Computer System, used 50/50 of preceding and succeeding FY

C - 1 Savings based on lower average rate applied to all employers

C - 2 Actual drop in employer contributions compared to the high; AFTER individual past service cost increases, other hiring, and all other factors, unrelated to lowering base rat

Public Employees' Retirement System (PERS) & Teachers' Retirement System (TRS)
Composite Employer Contribution Rate - Active Employers
ESTIMATED FY 07 - 08 - 09 - 10 - 11 - 12 Annual Change in Employer Contribution

			PERS Composite Rate		New		Diff		New		Diff		New		Diff	
			TRs Rate		21.77%		10.00%		26.77%		5.00%		31.47%		4.70%	
					26.00%		10.00%		31.00%		5.00%		36.00%		5.00%	
			Fiscal Year 2007				Fiscal Year 2008				Fiscal Year 2009					
Fund	ER Num	Employer	Avg Increase		\$	Total Cont. \$	Avg Increase		\$	Total Cont. \$	Avg Increase		\$	Total Cont. \$		
			C				C				C					
PERS	208	AKUTAN, CITY OF			33,800	63,274			17,407	82,580			16,854	101,910		
PERS	230	ALEUTIANS EAST BOROUGH			68,028	142,927			35,034	182,249			33,920	221,636		
PERS	259	ALLAKAKET, CITY OF			792	1,188			408	1,631			395	2,075		
PERS	173	ANCHORAGE, MUNICIPALITY OF			13,843,869	25,818,815			7,129,592	33,722,972			6,902,871	41,637,533		
PERS	283	ANDERSON, CITY OF			4,365	2,182			2,248	4,496			2,176	6,807		
PERS	243	ATKA, CITY OF			9,869	24,673			5,083	30,495			4,921	36,331		
PERS	171	BARROW, CITY OF			94,659	216,390			48,749	271,631			47,199	326,979		
PERS	136	BETHEL, CITY OF			565,432	1,057,358			291,198	1,380,276			281,937	1,703,622		
PERS	144	BRISTOL BAY BOROUGH			163,869	294,800			84,392	388,037			81,709	481,387		
PERS	148	CORDOVA, CITY OF			216,609	428,237			111,554	552,638			108,006	677,223		
PERS	186	CRAIG, CITY OF			149,283	378,133			76,881	466,358			74,436	554,784		
PERS	282	DELTA JUNCTION, CITY OF			26,823	50,321			13,814	65,644			13,375	80,988		
PERS	258	DENALI BOROUGH			18,171	70,865			9,358	82,349			9,060	93,880		
PERS	178	DILLINGHAM, CITY OF			220,853	467,766			113,739	595,539			110,122	723,527		
PERS	271	EGEGIK, CITY OF			5,491	10,323			2,828	13,460			2,738	16,602		
PERS	116	FAIRBANKS NORTH STAR BOROUGH			1,861,790	3,896,726			958,822	4,972,450			928,331	6,049,955		
PERS	129	FAIRBANKS, CITY OF			667,522	2,381,050			343,774	2,796,255			332,842	3,212,985		
PERS	183	FORT YUKON, CITY OF			47,402	71,103			24,412	97,648			23,636	124,213		
PERS	192	GALENA, CITY OF			185,798	278,696			95,686	382,743			92,643	486,868		
PERS	189	HAINES BOROUGH			162,350	441,105			83,610	537,949			80,952	635,039		
PERS	215	HOMER, CITY OF			476,588	854,046			245,443	1,125,111			237,638	1,396,502		
PERS	199	HOONAH, CITY OF			70,461	146,206			36,287	186,880			35,133	227,620		
PERS	285	HOOPEE BAY, CITY OF			2,487	4,886			1,281	6,313			1,240	7,742		
PERS	235	HUSLIA, CITY OF			10,634	24,746			5,477	30,965			5,302	37,196		
PERS	126	JUNEAU, CITY AND BOROUGH OF			2,793,446	5,927,693			1,438,625	7,544,149			1,392,877	9,163,350		
PERS	260	KACHEMAK, CITY OF			2,397	7,279			1,234	8,732			1,195	10,189		
PERS	237	KALTAG, CITY OF			1,227	2,882			632	3,600			612	4,320		
PERS	180	KENAI PENINSULA BOROUGH			1,412,258	3,221,361			727,313	4,045,315			704,184	4,870,859		
PERS	115	KENAI, CITY OF			512,897	957,579			264,142	1,250,448			255,742	1,543,704		
PERS	122	KETCHIKAN GATEWAY BOROUGH			430,725	882,556			221,824	1,130,857			214,770	1,379,552		
PERS	181	KETCHIKAN, CITY OF			800,918	2,396,348			412,473	2,880,712			399,356	3,366,489		

ATTACHMENT #2

Fund	ER Num	Employer	Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
			Avg Increase C	Total Cont. \$	Avg Increase C	Total Cont. \$	Avg Increase C	Total Cont. \$
PERS	151	KING COVE, CITY OF	99,408	195,139	51,195	252,188	49,567	309,321
PERS	227	KLAWOOCK, CITY OF	66,198	107,174	34,092	144,481	33,008	181,823
PERS	174	KODIAK ISLAND BOROUGH	211,467	317,201	108,906	435,622	105,442	554,133
PERS	128	KODIAK, CITY OF	602,310	1,277,499	310,190	1,626,014	300,326	1,975,120
PERS	140	KOTZEBUE, CITY OF	340,073	510,110	175,138	700,551	169,568	891,136
PERS	287	KOYUK, CITY OF	3,034	5,859	1,563	7,598	1,513	9,339
PERS	247	LAKE AND PENINSULA BOROUGH	39,279	109,588	20,229	133,105	19,585	156,683
PERS	109	MATANUSKA-SUSITNA BOROUGH	1,131,756	2,375,556	582,854	3,029,677	564,320	3,684,887
PERS	254	MEKORYUK, CITY OF	1,026	2,100	528	2,692	512	3,284
PERS	294	MOUNTAIN VILLAGE, CITY OF	3,573	6,517	1,840	8,552	1,781	10,590
PERS	193	NENANA, CITY OF	23,763	58,123	12,238	72,105	11,849	86,116
PERS	139	NOME, CITY OF	247,689	383,918	127,560	522,996	123,504	662,189
PERS	241	NOORVIK, CITY OF	30,627	57,640	15,773	75,142	15,271	92,667
PERS	191	NORTH POLE, CITY OF	167,000	334,000	86,005	430,025	83,270	526,196
PERS	145	NORTH SLOPE BOROUGH	3,909,528	6,896,408	2,013,407	9,116,707	1,949,381	11,339,589
PERS	220	NORTHWEST ARCTIC BOROUGH	90,180	174,317	46,443	225,989	44,966	277,735
PERS	134	PALMER, CITY OF	297,225	699,667	153,071	873,728	148,203	1,048,143
PERS	200	PELICAN, CITY OF	15,257	28,774	7,857	37,494	7,607	46,226
PERS	143	PETERSBURG, CITY OF	414,669	1,183,050	213,554	1,432,096	206,763	1,681,823
PERS	266	QUINHAGAK, CITY OF	3,321	4,443	1,710	6,287	1,656	8,131
PERS	172	SAINT PAUL, CITY OF	138,741	240,716	71,452	319,389	69,180	398,150
PERS	176	SAND POINT, CITY OF	76,935	131,636	39,621	175,206	38,362	218,824
PERS	198	SAXMAN, CITY OF	10,887	41,196	5,607	48,038	5,428	54,908
PERS	286	SELDOVIA, CITY OF	4,485	8,737	2,310	11,309	2,236	13,885
PERS	182	SEWARD, CITY OF	371,334	695,880	191,237	907,993	185,156	1,120,389
PERS	120	SITKA, CITY AND BOROUGH OF	877,039	2,106,648	451,675	2,621,523	437,312	3,137,481
PERS	132	SKAGWAY, CITY OF	178,372	439,329	91,861	544,371	88,940	649,642
PERS	123	SOLDOTNA, CITY OF	273,512	532,254	140,859	689,081	136,379	846,133
PERS	169	TANANA, CITY OF	14,509	24,331	7,472	32,533	7,234	40,743
PERS	206	THORNE BAY, CITY OF	22,866	45,961	11,776	59,116	11,402	72,291
PERS	280	TOKSOOK BAY, CITY OF	927	1,824	477	2,356	462	2,889
PERS	249	UNALAKLEET, CITY OF	23,028	45,756	11,859	58,988	11,482	72,239
PERS	179	UNALASKA, CITY OF	1,001,508	2,211,330	515,777	2,793,447	499,375	3,376,625
PERS	107	VALDEZ, CITY OF	519,843	983,024	267,719	1,280,234	259,206	1,577,847
PERS	131	WASILLA, CITY OF	444,050	952,043	228,686	1,209,290	221,414	1,466,982
PERS	202	WHITTIER, CITY OF	89,818	134,726	46,256	185,024	44,785	235,360
PERS	135	WRANGELL, CITY OF	264,260	573,973	136,094	727,286	131,766	880,871
PERS	248	YAKUTAT, CITY AND BOROUGH OF	67,632	160,829	34,831	200,484	33,723	240,222
Subtotal: Political Subs PERS			36,937,940	74,578,795	19,023,039	95,839,198	18,418,107	117,132,481

ATTACHMENT #2

Fund	ER Num	Employer	Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
			Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	152	ALASKA HOUSING FINANCE CORPORATION	1,694,803	3,582,813	872,823	4,563,120	845,068	5,545,081
PERS	106	ALASKA MUNICIPAL LEAGUE	30,509	138,786	15,712	158,661	15,213	178,634
PERS	267	ALEUTIAN HOUSING AUTHORITY	78,441	169,904	40,397	215,398	39,113	260,972
PERS	245	ALEUTIANS WEST CRSA	5,814	15,443	2,994	18,900	2,899	22,366
PERS	203	ANCHORAGE PARKING AUTHORITY	111,175	213,234	57,255	276,887	55,435	340,628
PERS	281	BARANOF ISLAND HA	46,169	82,458	23,777	108,709	23,021	134,991
PERS	219	BARTLETT REGIONAL HOSPITAL	2,020,322	4,268,941	1,040,466	5,437,475	1,007,379	6,607,978
PERS	232	BERING STRAITS CRSA	5,399	15,410	2,781	18,653	2,692	21,905
PERS	270	BERING STRAITS RHA	104,931	217,417	54,039	277,979	52,321	338,639
PERS	223	BRISTOL BAY RHA	134,027	288,829	69,024	366,517	66,829	444,342
PERS	262	COOK INLET HOUSING AUTHORITY	373,469	734,988	192,337	949,374	186,220	1,164,076
PERS	224	COPPER RIVER BASIN RHA	60,904	113,769	31,366	148,548	30,368	183,372
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER	226,309	455,787	116,549	586,009	112,843	716,433
PERS	275	ILISAGVIK COLLEGE	412,848	762,530	212,617	998,022	205,855	1,233,819
PERS	263	INTERIOR RHA	140,929	282,139	72,573	363,182	70,270	444,348
PERS	284	INTER-ISLAND FERRY AUTHORITY	84,612	152,471	43,575	200,620	42,190	248,828
PERS	175	NOME JOINT UTILITY SYSTEM	80,149	120,224	41,277	165,107	39,964	210,024
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	139,454	321,302	71,819	402,760	69,535	484,378
PERS	276	NORTH PACIFIC RIM HA	104,644	198,405	53,892	258,248	52,178	318,173
PERS	288	NORTHWEST INUPIAT HOUSING AUTHORITY	113,273	226,206	58,336	291,328	56,481	356,549
PERS	187	PETERSBURG MEDICAL CENTER	364,937	583,899	187,943	789,359	181,966	995,006
PERS	278	SAXMAN SEAPORT	6,572	15,864	3,384	19,724	3,277	23,593
PERS	165	SITKA COMMUNITY HOSPITAL	397,127	872,091	204,520	1,102,774	198,017	1,333,874
PERS	167	SOUTHEAST REGIONAL RESOURCE CENTER	139,117	282,130	71,645	362,239	69,367	442,473
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	47,385	97,045	24,403	124,359	23,627	151,718
PERS	293	TAGIUGMIULLU NUNAMIULLU HOUSING AUTHI	137,328	250,486	70,724	328,725	68,475	407,061
PERS	279	TLINGIT-HAIDA RHA	213,568	503,807	109,987	628,908	106,490	754,265
Subtotal: Other PERS			7,274,216	14,966,374	3,746,221	19,161,587	3,627,092	23,363,526
PERS	101	ALASKA, STATE OF	78,836,582	179,353,224	40,600,840	225,334,661	39,309,733	271,404,434
PERS	113	UNIVERSITY OF ALASKA	12,950,735	26,652,613	6,669,629	34,121,820	6,457,534	41,603,009
Subtotal: State & Univ PERS			91,787,318	206,005,838	47,270,469	259,456,481	45,767,268	313,007,443
PERS	255	ALASKA GATEWAY SD	110,411	223,361	56,862	286,923	55,053	350,584
PERS	162	ALEUTIAN REGION SD	13,576	0	6,992	6,992	6,769	13,971
PERS	244	ALEUTIANS EAST BOROUGH SD	66,279	172,658	34,134	211,971	33,048	251,379

ATTACHMENT #2

			Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	111	ANCHORAGE SD	7,866,314	19,075,812	4,051,152	23,699,238	3,922,325	28,332,540
PERS	103	ANNETTE ISLAND SD	59,133	66,229	30,454	98,669	29,485	131,115
PERS	104	BERING STRAIT SD	665,450	1,252,376	342,707	1,632,654	331,808	2,013,442
PERS	184	BRISTOL BAY BOROUGH SD	48,875	108,014	25,171	136,425	24,370	164,887
PERS	105	CHATHAM SD	35,747	74,818	18,410	95,472	17,824	116,161
PERS	121	CHUGACH SD	32,510	65,703	16,743	84,417	16,210	103,159
PERS	112	COPPER RIVER SD	119,416	277,761	61,499	347,593	59,543	417,564
PERS	185	CORDOVA CITY SD	60,449	123,678	31,131	158,519	30,141	193,416
PERS	204	CRAIG CITY SD	89,338	212,089	46,009	264,461	44,546	316,941
PERS	246	DELTA/GREELY SD	108,148	224,839	55,696	287,280	53,925	349,823
PERS	118	DENALI BOROUGH SD	92,074	217,571	47,418	271,517	45,910	325,573
PERS	205	DILLINGHAM CITY SD	101,185	187,496	52,110	245,231	50,453	303,042
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD	2,636,121	5,512,129	1,357,602	7,035,095	1,314,430	8,560,578
PERS	141	GALENA CITY SD	322,954	702,748	166,321	890,152	161,032	1,077,889
PERS	240	HAINES BOROUGH SD	54,041	122,348	27,831	153,850	26,946	185,411
PERS	138	HOONAH CITY SD	76,684	309,496	39,492	358,273	38,236	407,257
PERS	168	HYDABURG CITY SD	13,028	19,542	6,709	26,837	6,496	34,138
PERS	124	IDITAROD AREA SD	95,290	228,220	49,074	284,141	47,514	340,179
PERS	108	JUNEAU BOROUGH SD	897,184	2,057,242	462,050	2,581,009	447,356	3,105,796
PERS	265	KAKE CITY SD	31,623	76,275	16,286	94,849	15,768	113,462
PERS	211	KASHUNAMIUT SD	115,394	268,407	59,428	335,887	57,538	403,502
PERS	190	KENAI PENINSULA BOROUGH SD	1,224,015	2,669,576	630,367	3,380,030	610,322	4,091,753
PERS	177	KETCHIKAN GATEWAY BOROUGH SD	333,480	695,638	171,742	888,249	166,281	1,081,177
PERS	251	KLAWOCK CITY SD	42,289	107,541	21,779	132,546	21,086	157,608
PERS	158	KODIAK ISLAND BOROUGH SD	476,278	945,411	245,283	1,219,056	237,483	1,493,111
PERS	125	KUSPUK SD	156,579	311,905	80,638	401,900	78,074	492,031
PERS	164	LAKE AND PENINSULA BOROUGH SD	156,105	336,875	80,394	427,376	77,838	518,034
PERS	157	LOWER KUSKOKWIM SD	1,535,674	2,885,532	790,872	3,762,970	765,723	4,641,582
PERS	153	LOWER YUKON SD	463,236	809,273	238,566	1,072,117	230,980	1,335,260
PERS	110	MATANUSKA-SUSITNA BOROUGH SD	2,179,967	4,575,750	1,122,683	5,835,706	1,086,982	7,097,759
PERS	196	NENANA CITY SD	141,776	310,773	73,015	393,111	70,693	475,598
PERS	149	NOME CITY SD	168,398	434,298	86,725	534,052	83,967	634,041
PERS	161	NORTH SLOPE BOROUGH SD	1,028,595	2,163,135	529,726	2,757,755	512,881	3,353,369
PERS	154	NORTHWEST ARCTIC BOROUGH SD	758,215	1,137,323	390,481	1,561,923	378,064	1,986,845
PERS	257	PELICAN CITY SD	12,423	22,721	6,398	29,800	6,194	36,888
PERS	228	PETERSBURG CITY SD	84,117	153,766	43,320	201,699	41,943	249,693
PERS	156	PRIBILOF SD	49,852	127,273	25,674	156,765	24,857	186,325
PERS	221	SAINT MARY'S SD	38,242	57,363	19,695	78,779	19,068	100,210
PERS	133	SITKA BOROUGH SD	187,931	451,786	96,785	562,124	93,707	672,695

ATTACHMENT #2

			Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	225	SKAGWAY CITY SD	25,399	57,477	13,080	72,282	12,664	87,114
PERS	155	SOUTHEAST ISLAND SD	61,886	158,118	31,871	194,733	30,858	231,433
PERS	102	SOUTHWEST REGION SD	223,007	452,704	114,849	581,134	111,196	709,765
PERS	166	TANANA SD	27,958	74,341	14,399	90,970	13,941	107,640
PERS	209	UNALASKA CITY SD	87,505	198,986	45,065	250,020	43,632	301,152
PERS	137	VALDEZ CITY SD	184,556	283,293	95,046	386,838	92,024	490,467
PERS	146	WRANGELL PUBLIC SD	74,508	148,717	38,371	191,550	37,151	234,448
PERS	264	YAKUTAT SD	30,307	69,586	15,608	87,282	15,112	105,012
PERS	160	YUKON / KOYUKUK SD	153,391	230,086	78,996	315,985	76,484	401,949
PERS	159	YUKON FLATS SD	111,299	166,948	57,319	229,275	55,496	291,649
PERS	195	YUPIIT SD	166,063	308,380	85,523	403,154	82,803	498,051
Subtotal: School District PERS			23,894,272	51,923,387	12,305,550	65,786,639	11,914,234	79,674,472
TOTAL PERS			159,893,746	347,474,395	82,345,279	440,243,906	79,726,699	533,177,922
TRS	766	ALASKA GATEWAY SD	253,813	659,915	129,952	805,705	133,071	958,113
TRS	758	ALEUTIAN REGION SD	34,889	90,711	17,863	110,751	18,292	131,701
TRS	780	ALEUTIANS EAST BOROUGH SD	225,852	587,214	115,636	716,944	118,411	852,561
TRS	701	ANCHORAGE SD	19,687,802	51,188,286	10,080,155	62,496,959	10,322,078	74,318,965
TRS	770	ANNETTE ISLAND SD	207,997	540,792	106,494	660,265	109,050	785,161
TRS	752	BERING STRAIT SD	1,092,149	2,839,588	559,180	3,466,918	572,601	4,122,725
TRS	742	BRISTOL BAY BOROUGH SD	79,218	205,968	40,560	251,471	41,533	299,039
TRS	768	CHATHAM SD	107,844	280,395	55,216	342,341	56,541	407,098
TRS	771	CHUGACH SD	122,068	317,376	62,499	387,492	63,999	460,791
TRS	767	COPPER RIVER SD	254,852	662,615	130,484	809,002	133,616	962,034
TRS	704	CORDOVA CITY SD	197,409	513,263	101,073	626,655	103,499	745,193
TRS	705	CRAIG CITY SD	236,022	613,657	120,843	749,227	123,743	890,952
TRS	765	DELTA/GREELY SD	389,476	1,012,637	199,412	1,236,352	204,198	1,470,222
TRS	764	DENALI BOROUGH SD	205,425	534,106	105,178	652,102	107,702	775,454
TRS	744	DILLINGHAM CITY SD	290,452	755,176	148,712	922,012	152,281	1,096,421
TRS	706	FAIRBANKS NORTH STAR BOROUGH SD	6,116,617	15,903,205	3,131,708	19,416,590	3,206,869	23,089,457
TRS	735	GALENA CITY SD	443,953	1,154,278	227,304	1,409,285	232,759	1,675,867
TRS	707	HAINES BOROUGH SD	151,926	395,006	77,786	482,273	79,653	573,500
TRS	708	HOONAH CITY SD	106,708	277,442	54,635	338,735	55,946	402,810
TRS	709	HYDABURG CITY SD	74,560	193,856	38,175	236,684	39,091	281,455
TRS	761	IDITAROD AREA SD	174,834	454,567	89,515	554,992	91,663	659,974
TRS	710	JUNEAU BOROUGH SD	2,203,846	5,730,000	1,128,369	6,995,890	1,155,450	8,319,241
TRS	712	KAKE CITY SD	71,761	186,580	36,742	227,799	37,624	270,890

ATTACHMENT #2

Fund	ER Num	Employer	Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
			Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
TRS	777	KASHUNAMIUT SD	180,367	468,955	92,348	572,558	94,564	680,863
TRS	746	KENAI PENINSULA BOROUGH SD	3,910,434	10,167,128	2,002,142	12,413,281	2,050,194	14,761,393
TRS	714	KETCHIKAN GATEWAY BOROUGH SD	1,042,828	2,711,352	533,928	3,310,352	546,742	3,936,542
TRS	717	KLAWOCK CITY SD	109,229	283,995	55,925	346,736	57,267	412,325
TRS	718	KODIAK ISLAND BOROUGH SD	1,394,021	3,624,455	713,739	4,425,180	730,868	5,262,253
TRS	755	KUSPUK SD	270,574	703,492	138,534	858,910	141,859	1,021,382
TRS	757	LAKE AND PENINSULA BOROUGH SD	348,153	905,199	178,255	1,105,178	182,533	1,314,235
TRS	754	LOWER KUSKOKWIM SD	1,966,062	5,111,761	1,006,624	6,241,067	1,030,783	7,421,636
TRS	753	LOWER YUKON SD	1,004,324	2,611,242	514,214	3,188,125	526,555	3,791,195
TRS	722	MATANUSKA-SUSITNA BOROUGH SD	6,154,979	16,002,945	3,151,349	19,538,365	3,226,982	23,234,268
TRS	719	NENANA CITY SD	162,427	422,310	83,163	515,608	85,158	613,141
TRS	720	NOME CITY SD	331,710	862,446	169,836	1,052,981	173,912	1,252,164
TRS	736	NORTH SLOPE BOROUGH SD	1,477,722	3,842,076	756,594	4,690,800	774,752	5,578,213
TRS	751	NORTHWEST ARCTIC BOROUGH SD	1,280,498	3,329,295	655,615	4,064,813	671,350	4,833,719
TRS	723	PELICAN CITY SD	12,621	32,815	6,462	40,065	6,617	47,644
TRS	724	PETERSBURG CITY SD	285,625	742,624	146,240	906,687	149,750	1,078,197
TRS	759	PRIBILOF SD	88,327	229,649	45,223	280,384	46,309	333,422
TRS	748	SAINT MARY'S SD	86,051	223,732	44,058	273,159	45,115	324,830
TRS	727	SITKA BOROUGH SD	742,503	1,930,509	380,162	2,357,003	389,286	2,802,856
TRS	728	SKAGWAY CITY SD	74,566	193,872	38,178	236,703	39,094	281,478
TRS	769	SOUTHEAST ISLAND SD	143,926	374,208	73,690	456,879	75,459	543,303
TRS	756	SOUTHWEST REGION SD	543,634	1,413,449	278,341	1,725,712	285,021	2,052,150
TRS	775	TANANA SD	29,999	77,997	15,359	95,229	15,728	113,242
TRS	729	UNALASKA CITY SD	229,073	595,591	117,286	727,171	120,100	864,723
TRS	730	VALDEZ CITY SD	446,815	1,161,720	228,769	1,418,371	234,260	1,686,671
TRS	731	WRANGELL PUBLIC SD	178,492	464,078	91,388	566,603	93,581	673,783
TRS	732	YAKUTAT SD	76,205	198,134	39,017	241,906	39,954	287,666
TRS	762	YUKON / KOYUKUK SD	510,999	1,328,598	261,632	1,622,116	267,911	1,928,958
TRS	763	YUKON FLATS SD	209,491	544,676	107,259	665,008	109,834	790,802
TRS	778	YUPIIT SD	289,846	753,598	148,401	920,086	151,963	1,094,130
Subtotal: School District TRS			56,310,975	146,408,534	28,831,219	178,753,558	29,523,168	212,566,811
TRS	737	ALASKA DEPARTMENT OF EDUCATION	473,867	1,232,055	242,620	1,504,245	248,443	1,788,790
TRS	743	SOUTHEAST REGIONAL RESOURCE CENTER	86,487	224,866	44,281	274,544	45,344	326,477
TRS	779	SPECIAL EDUCATION SERVICE AGENCY	97,210	252,745	49,771	308,583	50,966	366,954
TRS	733	UNIVERSITY OF ALASKA	4,408,095	11,461,047	2,256,945	13,993,057	2,311,111	16,640,002
Subtotal: Other TRS			5,065,659	13,170,714	2,593,617	16,080,428	2,655,864	19,122,223

			Fiscal Year 2007		Fiscal Year 2008		Fiscal Year 2009	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
		TOTAL TRS	61,376,634	159,579,248	31,424,836	194,833,986	32,179,033	231,689,034
		TOTAL BOTH PERS AND TRS	221,270,380	507,053,642	113,770,116	635,077,892	111,905,732	764,866,957
TOTAL PERS AND TRS FOR STATE, POLITICAL SUBDIVISIONS, AND SCHOOL DISTRICTS								
		POLITICAL SUBDIVISIONS	36,937,940	74,578,795	19,023,039	95,839,198	18,418,107	117,132,481
		SCHOOL DISTRICTS	80,205,247	198,331,921	41,136,769	244,540,197	41,437,402	292,241,283
		STATE OF ALASKA	78,923,069	179,578,090	40,645,121	225,609,205	39,355,077	271,730,910
		UNIVERSITY	13,424,603	27,884,669	6,912,249	35,626,065	6,705,978	43,391,799
		OTHER PUBLIC ORGANIZATIONS	11,779,521	26,680,167	6,052,937	33,463,227	5,989,169	40,370,483
			221,270,380	507,053,642	113,770,116	635,077,892	111,905,732	764,866,957

Note A - Represents estimated total payroll base for the fiscal year.

Based on FY05 payroll from Combined Retirement System (data pulled 11/18/05)

Rounded Avg. of FY 01-05 increase: 3.0% annually PERS; and 2.4% annually TRS; applied annually beginning with FY06.

Accounts for both salary increase and growth based on actual experience.

Note B - The AVERAGE employer rate increase applied to all employers; by Board action.

Note C - The "estimated" increase in dollars due to average employer rate increase.

Note D - FY07 change is shown from the FY 05 rate due to FY 06 appropriation that held employers "harmless" from the FY 06 rate increase.

**Public Employees' Retirement System (PERS) & Teachers
Composite Employer Contribution Rate - Active Employee
ESTIMATED FY 07 - 08 - 09 - 10 - 11 - 12 Annual Change in**

PERS Composite Rate TRS Rate			New 31.97%	Diff 0.50% 5.00%	New 31.98%	Diff 0.01% 5.00%	New 32.04%	Diff 0.06% 5.00%
			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	208	AKUTAN, CITY OF	1,847	106,815	38	110,057	235	113,594
PERS	230	ALEUTIANS EAST BOROUGH	3,717	232,002	77	239,039	473	246,683
PERS	259	ALLAKAKET, CITY OF	43	2,180	1	2,246	6	2,319
PERS	173	ANCHORAGE, MUNICIPALITY OF	756,378	43,643,037	15,581	44,967,910	96,293	46,413,240
PERS	283	ANDERSON, CITY OF	238	7,250	5	7,472	30	7,726
PERS	243	ATKA, CITY OF	539	37,960	11	39,110	69	40,352
PERS	171	BARROW, CITY OF	5,172	341,960	107	352,326	658	363,554
PERS	136	BETHEL, CITY OF	30,893	1,785,624	636	1,839,829	3,933	1,898,957
PERS	144	BRISTOL BAY BOROUGH	8,953	504,781	184	520,109	1,140	536,852
PERS	148	CORDOVA, CITY OF	11,835	709,375	244	730,900	1,507	754,333
PERS	186	CRAIG, CITY OF	8,156	579,584	168	597,140	1,038	616,092
PERS	282	DELTA JUNCTION, CITY OF	1,466	84,884	30	87,460	187	90,271
PERS	258	DENALI BOROUGH	993	97,689	20	100,640	126	103,786
PERS	178	DILLINGHAM, CITY OF	12,067	757,300	249	780,267	1,536	805,211
PERS	271	EGEGIK, CITY OF	300	17,400	6	17,928	38	18,504
PERS	116	FAIRBANKS NORTH STAR BOROUGH	101,721	6,333,175	2,095	6,525,266	12,950	6,733,974
PERS	129	FAIRBANKS, CITY OF	36,471	3,345,845	751	3,446,972	4,643	3,555,024
PERS	183	FORT YUKON, CITY OF	2,590	130,530	53	134,499	330	138,864
PERS	192	GALENA, CITY OF	10,151	511,625	209	527,183	1,292	544,291
PERS	189	HAINES BOROUGH	8,870	662,960	183	683,032	1,129	704,652
PERS	215	HOMER, CITY OF	26,039	1,464,436	536	1,508,906	3,315	1,557,488
PERS	199	HOONAH, CITY OF	3,850	238,298	79	245,526	490	253,382
PERS	285	HOOPER BAY, CITY OF	136	8,111	3	8,357	17	8,625
PERS	235	HUSLIA, CITY OF	581	38,893	12	40,072	74	41,348
PERS	126	JUNEAU, CITY AND BOROUGH OF	152,624	9,590,875	3,144	9,881,745	19,430	10,197,627
PERS	260	KACHEMAK, CITY OF	131	10,626	3	10,947	17	11,292
PERS	237	KALTAG, CITY OF	67	4,516	1	4,653	9	4,801
PERS	180	KENAI PENINSULA BOROUGH	77,161	5,094,145	1,590	5,248,559	9,823	5,415,839
PERS	115	KENAI, CITY OF	28,023	1,618,037	577	1,667,156	3,568	1,720,738
PERS	122	KETCHIKAN GATEWAY BOROUGH	23,533	1,444,472	485	1,488,291	2,996	1,535,935
PERS	181	KETCHIKAN, CITY OF	43,759	3,511,243	901	3,617,482	5,571	3,731,577

ATTACHMENT #2

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	151	KING COVE, CITY OF	5,431	324,032	112	333,865	691	344,573
PERS	227	KLAUOCK, CITY OF	3,617	190,895	75	196,696	460	203,058
PERS	174	KODIAK ISLAND BOROUGH	11,554	582,311	238	600,018	1,471	619,490
PERS	128	KODIAK, CITY OF	32,908	2,067,282	678	2,129,978	4,189	2,198,067
PERS	140	KOTZEBUE, CITY OF	18,580	936,450	383	964,927	2,365	996,240
PERS	287	KOYUK, CITY OF	166	9,785	3	10,082	21	10,405
PERS	247	LAKE AND PENINSULA BOROUGH	2,146	163,530	44	168,480	273	173,808
PERS	109	MATANUSKA-SUSITNA BOROUGH	61,835	3,857,269	1,274	3,974,260	7,872	4,101,360
PERS	254	MEKORYUK, CITY OF	56	3,439	1	3,543	7	3,657
PERS	294	MOUNTAIN VILLAGE, CITY OF	195	11,103	4	11,440	25	11,808
PERS	193	NENANA, CITY OF	1,298	89,998	27	92,725	165	95,672
PERS	139	NOME, CITY OF	13,533	695,588	279	716,734	1,723	739,959
PERS	241	NOORVIK, CITY OF	1,673	97,121	34	100,069	213	103,284
PERS	191	NORTH POLE, CITY OF	9,124	551,106	188	567,827	1,162	586,023
PERS	145	NORTH SLOPE BOROUGH	213,602	11,893,379	4,400	12,254,581	27,193	12,649,412
PERS	220	NORTHWEST ARCTIC BOROUGH	4,927	290,994	101	299,825	627	309,447
PERS	134	PALMER, CITY OF	16,239	1,095,827	335	1,129,036	2,067	1,164,975
PERS	200	PELICAN, CITY OF	834	48,447	17	49,917	106	51,521
PERS	143	PETERSBURG, CITY OF	22,656	1,754,933	467	1,808,048	2,884	1,865,174
PERS	266	QUINHAGAK, CITY OF	181	8,556	4	8,817	23	9,104
PERS	172	SAINT PAUL, CITY OF	7,580	417,675	156	430,362	965	444,238
PERS	176	SAND POINT, CITY OF	4,203	229,592	87	236,567	535	244,199
PERS	198	SAXMAN, CITY OF	595	57,150	12	58,877	76	60,719
PERS	286	SELDOVIA, CITY OF	245	14,547	5	14,988	31	15,469
PERS	182	SEWARD, CITY OF	20,288	1,174,289	418	1,209,935	2,583	1,248,816
PERS	120	SITKA, CITY AND BOROUGH OF	47,918	3,279,523	987	3,378,896	6,100	3,486,363
PERS	132	SKAGWAY, CITY OF	9,746	678,877	201	699,444	1,241	721,668
PERS	123	SOLDOTNA, CITY OF	14,944	886,460	308	913,362	1,902	942,665
PERS	169	TANANA, CITY OF	793	42,758	16	44,057	101	45,480
PERS	206	THORNE BAY, CITY OF	1,249	75,709	26	78,006	159	80,505
PERS	280	TOKSOOK BAY, CITY OF	51	3,026	1	3,118	6	3,218
PERS	249	UNALAKLEET, CITY OF	1,258	75,665	26	77,960	160	80,459
PERS	179	UNALASKA, CITY OF	54,719	3,532,643	1,127	3,639,749	6,966	3,755,908
PERS	107	VALDEZ, CITY OF	28,402	1,653,585	585	1,703,777	3,616	1,758,506
PERS	131	WASILLA, CITY OF	24,261	1,535,253	500	1,581,810	3,089	1,632,353
PERS	202	WHITTIER, CITY OF	4,907	247,328	101	254,849	625	263,119
PERS	135	WRANGELL, CITY OF	14,438	921,736	297	949,685	1,838	980,014
PERS	248	YAKUTAT, CITY AND BOROUGH OF	3,695	251,124	76	258,734	470	266,966
Subtotal: Political Subs PERS			2,018,154	122,664,610	41,574	126,386,122	256,927	130,434,633

ATTACHMENT #2

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	152	ALASKA HOUSING FINANCE CORPORATION	92,598	5,804,032	1,908	5,980,060	11,788	6,171,250
PERS	106	ALASKA MUNICIPAL LEAGUE	1,667	185,660	34	191,264	212	197,214
PERS	267	ALEUTIAN HOUSING AUTHORITY	4,286	273,087	88	281,368	546	290,355
PERS	245	ALEUTIANS WEST CRSA	318	23,355	7	24,062	40	24,825
PERS	203	ANCHORAGE PARKING AUTHORITY	6,074	356,921	125	367,754	773	379,560
PERS	281	BARANOF ISLAND HA	2,523	141,563	52	145,862	321	150,559
PERS	219	BARTLETT REGIONAL HOSPITAL	110,383	6,916,600	2,274	7,126,372	14,053	7,354,216
PERS	232	BERING STRAITS CRSA	295	22,857	6	23,548	38	24,292
PERS	270	BERING STRAITS RHA	5,733	354,531	118	365,285	730	376,974
PERS	223	BRISTOL BAY RHA	7,323	464,995	151	479,096	932	494,401
PERS	232	COOK INLET HOUSING AUTHORITY	20,405	1,219,403	420	1,256,406	2,598	1,296,695
PERS	224	COPPER RIVER BASIN RHA	3,328	192,201	69	198,036	424	204,400
PERS	163	CORDOVA COMMUNITY MEDICAL CENTER	12,365	750,290	255	773,054	1,574	797,819
PERS	275	ILISAGVIK COLLEGE	22,556	1,293,390	465	1,332,656	2,872	1,375,507
PERS	263	INTERIOR RHA	7,700	465,378	159	479,498	980	494,863
PERS	284	INTER-ISLAND FERRY AUTHORITY	4,623	260,916	95	268,839	589	277,493
PERS	175	NOME JOINT UTILITY SYSTEM	4,379	220,704	90	227,415	557	234,795
PERS	170	NORTH PACIFIC FISHERY MGMT COUNCIL	7,619	506,529	157	521,882	970	538,508
PERS	276	NORTH PACIFIC RIM HA	5,717	333,436	118	343,557	728	354,591
PERS	288	NORTHWEST INUPIAT HOUSING AUTHORITY	6,189	373,434	127	384,765	788	397,095
PERS	187	PETERSBURG MEDICAL CENTER	19,939	1,044,795	411	1,076,549	2,538	1,111,384
PERS	278	SAXMAN SEAPORT	359	24,660	7	25,407	46	26,215
PERS	165	SITKA COMMUNITY HOSPITAL	21,698	1,395,587	447	1,437,902	2,762	1,483,801
PERS	167	SOUTHEAST REGIONAL RESOURCE CENTER	7,601	463,348	157	477,405	968	492,695
PERS	218	SPECIAL EDUCATION SERVICE AGENCY	2,589	158,858	53	163,677	330	168,917
PERS	293	TAGIUGMIULLU NUNAMIULLU HOUSING AUTH	7,503	426,776	155	439,734	955	453,881
PERS	279	TLINGIT-HAIDA RHA	11,669	788,562	240	812,459	1,486	838,318
Subtotal: Other PERS			397,437	24,461,869	8,187	25,203,912	50,597	26,010,626
PERS	101	ALASKA, STATE OF	4,307,343	283,853,910	88,731	292,458,259	548,359	301,780,366
PERS	113	UNIVERSITY OF ALASKA	707,581	43,558,681	14,576	44,880,017	90,081	46,316,499
Subtotal: State & Univ PERS			5,014,924	327,412,591	103,307	337,338,276	638,440	348,096,864
PERS	255	ALASKA GATEWAY SD	6,032	367,134	124	378,272	768	390,389
PERS	162	ALEUTIAN REGION SD	742	15,132	15	15,601	94	16,163
PERS	244	ALEUTIANS EAST BOROUGH SD	3,621	262,541	75	270,492	461	279,068

ATTACHMENT #2

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	111	ANCHORAGE SD		429,787 29,612,303		8,854 30,509,526		54,715 31,479,527
PERS	103	ANNETTE ISLAND SD		3,231 138,279		67 142,494		411 147,180
PERS	104	BERING STRAIT SD		36,358 2,110,203		749 2,174,258		4,629 2,244,114
PERS	184	BRISTOL BAY BOROUGH SD		2,670 172,504		55 177,735		340 183,407
PERS	105	CHATHAM SD		1,953 121,598		40 125,287		249 129,294
PERS	121	CHUGACH SD		1,776 108,030		37 111,308		226 114,873
PERS	112	COPPER RIVER SD		6,524 436,616		134 449,849		831 464,175
PERS	185	CORDOVA CITY SD		3,303 202,521		68 208,665		420 215,345
PERS	204	CRAIG CITY SD		4,881 331,331		101 341,371		621 352,234
PERS	246	DELTA/GREELY SD		5,909 366,227		122 377,335		752 389,408
PERS	118	DENALI BOROUGH SD		5,031 340,371		104 350,685		640 361,846
PERS	205	DILLINGHAM CITY SD		5,528 317,661		114 327,305		704 337,828
PERS	117	FAIRBANKS NORTH STAR BOROUGH SD		144,028 8,961,423		2,967 9,233,233		18,336 9,528,566
PERS	141	GALENA CITY SD		17,645 1,127,871		363 1,162,070		2,246 1,199,179
PERS	240	HAINES BOROUGH SD		2,953 193,926		61 199,804		376 206,174
PERS	138	HOONAH CITY SD		4,190 423,665		86 436,461		533 450,088
PERS	168	HYDABURG CITY SD		712 35,874		15 36,965		91 38,165
PERS	124	IDITAROD AREA SD		5,206 355,591		107 366,366		663 378,020
PERS	108	JUNEAU BOROUGH SD		49,019 3,247,989		1,010 3,346,438		6,240 3,453,072
PERS	265	KAKE CITY SD		1,728 118,594		36 122,187		220 126,073
PERS	211	KASHUNAMIUT SD		6,305 421,912		130 434,699		803 448,543
PERS	190	KENAI PENINSULA BOROUGH SD		66,876 4,281,381		1,378 4,411,200		8,514 4,552,050
PERS	177	KETCHIKAN GATEWAY BOROUGH SD		18,220 1,131,833		375 1,166,163		2,320 1,203,468
PERS	251	KLAWOCK CITY SD		2,311 164,647		48 169,634		294 175,017
PERS	158	KODIAK ISLAND BOROUGH SD		26,022 1,563,927		536 1,611,380		3,313 1,663,035
PERS	125	KUSPUK SD		8,555 515,347		176 530,983		1,089 548,002
PERS	164	LAKE AND PENINSULA BOROUGH SD		8,529 542,104		176 558,543		1,086 576,385
PERS	157	LOWER KUSKOKWIM SD		83,904 4,864,733		1,728 5,012,404		10,682 5,173,457
PERS	153	LOWER YUKON SD		25,309 1,400,628		521 1,443,168		3,222 1,489,685
PERS	110	MATANUSKA-SUSITNA BOROUGH SD		119,105 7,429,797		2,454 7,655,144		15,163 7,899,962
PERS	196	NENANA CITY SD		7,746 497,612		160 512,700		986 529,067
PERS	149	NOME CITY SD		9,201 662,263		190 682,320		1,171 703,961
PERS	161	NORTH SLOPE BOROUGH SD		56,199 3,510,168		1,158 3,616,631		7,155 3,732,285
PERS	154	NORTHWEST ARCTIC BOROUGH SD		41,426 2,087,876		853 2,151,366		5,274 2,221,181
PERS	257	PELICAN CITY SD		679 38,674		14 39,848		86 41,130
PERS	228	PETERSBURG CITY SD		4,596 261,779		95 269,727		585 278,404
PERS	156	PRIBILOF SD		2,724 194,638		56 200,534		347 206,896
PERS	221	SAINT MARY'S SD		2,089 105,306		43 108,508		266 112,029
PERS	133	SITKA BOROUGH SD		10,268 703,144		212 724,449		1,307 747,490

ATTACHMENT #2

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
PERS	225	SKAGWAY CITY SD	1,388	91,116	29	93,878	177	96,871
PERS	155	SOUTHEAST ISLAND SD	3,381	241,757	70	249,079	430	256,982
PERS	102	SOUTHWEST REGION SD	12,184	743,242	251	765,790	1,551	790,315
PERS	166	TANANA SD	1,528	112,397	31	115,800	194	119,469
PERS	209	UNALASKA CITY SD	4,781	314,968	98	324,515	609	334,860
PERS	137	VALDEZ CITY SD	10,083	515,265	208	530,931	1,284	548,142
PERS	146	WRANGELL PUBLIC SD	4,071	245,552	84	253,003	518	261,111
PERS	264	YAKUTAT SD	1,656	109,819	34	113,147	211	116,753
PERS	160	YUKON / KOYUKUK SD	8,381	422,388	173	435,233	1,067	449,357
PERS	159	YUKON FLATS SD	6,081	306,480	125	315,800	774	326,048
PERS	195	YUPIIT SD	9,073	522,066	187	537,915	1,155	555,207
Subtotal: School District PERS			1,305,496	83,370,202	26,893	85,898,201	166,200	88,641,347
TOTAL PERS			8,736,011	557,909,271	179,962	574,826,511	1,112,164	593,183,470
TRs	766	ALASKA GATEWAY SD	136,265	1,117,373	139,535	1,283,725	142,884	1,457,419
TRs	758	ALEUTIAN REGION SD	18,731	153,592	19,180	176,459	19,641	200,335
TRs	780	ALEUTIANS EAST BOROUGH SD	121,253	994,276	124,163	1,142,302	127,143	1,296,860
TRs	701	ANCHORAGE SD	10,569,808	86,672,428	10,823,484	99,576,051	11,083,247	113,049,123
TRs	770	ANNETTE ISLAND SD	111,667	915,673	114,347	1,051,996	117,092	1,194,336
TRs	752	BERING STRAIT SD	586,343	4,808,014	600,415	5,523,821	614,825	6,271,218
TRs	742	BRISTOL BAY BOROUGH SD	42,530	348,746	43,551	400,667	44,596	454,879
TRs	768	CHATHAM SD	57,898	474,767	59,288	545,449	60,711	619,251
TRs	771	CHUGACH SD	65,535	537,384	67,108	617,389	68,718	700,924
TRs	767	COPPER RIVER SD	136,823	1,121,945	140,106	1,288,978	143,469	1,463,383
TRs	704	CORDOVA CITY SD	105,983	869,061	108,527	998,445	111,131	1,133,539
TRs	705	CRAIG CITY SD	126,713	1,039,048	129,754	1,193,740	132,868	1,355,258
TRs	765	DELTA/GREELY SD	209,098	1,714,606	214,117	1,969,873	219,255	2,236,405
TRs	764	DENALI BOROUGH SD	110,287	904,352	112,934	1,038,990	115,644	1,179,570
TRs	744	DILLINGHAM CITY SD	155,935	1,278,671	159,678	1,469,037	163,510	1,667,804
TRs	706	FAIRBANKS NORTH STAR BOROUGH SD	3,283,834	26,927,438	3,362,646	30,936,343	3,443,349	35,122,165
TRs	735	GALENA CITY SD	238,346	1,954,434	244,066	2,245,406	249,923	2,549,219
TRs	707	HAINES BOROUGH SD	81,564	668,828	83,522	768,402	85,526	872,370
TRs	708	HOONAH CITY SD	57,289	469,766	58,664	539,704	60,071	612,729
TRs	709	HYDABURG CITY SD	40,029	328,239	40,990	377,107	41,974	428,131
TRs	761	IDITAROD AREA SD	93,863	769,677	96,116	884,265	98,423	1,003,910
TRs	710	JUNEAU BOROUGH SD	1,183,181	9,702,084	1,211,577	11,146,511	1,240,655	12,654,682
TRs	712	KAKE CITY SD	38,527	315,918	39,451	362,952	40,398	412,060

ATTACHMENT #2

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$	Avg Increase C	\$ Total Cont. \$
TRS	777	KASHUNAMIUT SD	96,834	794,038	99,158	912,253	101,538	1,035,685
TRS	746	KENAI PENINSULA BOROUGH SD	2,099,398	17,215,065	2,149,784	19,778,010	2,201,379	22,454,061
TRS	714	KETCHIKAN GATEWAY BOROUGH SD	559,864	4,590,883	573,301	5,274,365	587,060	5,988,009
TRS	717	KLAWOCK CITY SD	58,642	480,862	60,049	552,452	61,490	627,201
TRS	718	KODIAK ISLAND BOROUGH SD	748,409	6,136,957	766,371	7,050,615	784,764	8,004,594
TRS	755	KUSPUK SD	145,263	1,191,159	148,750	1,368,496	152,320	1,553,660
TRS	757	LAKE AND PENINSULA BOROUGH SD	186,913	1,532,690	191,399	1,760,874	195,993	1,999,128
TRS	754	LOWER KUSKOKWIM SD	1,055,522	8,655,276	1,080,854	9,943,857	1,106,795	11,289,304
TRS	753	LOWER YUKON SD	539,192	4,421,376	552,133	5,079,622	565,384	5,766,916
TRS	722	MATANUSKA-SUSITNA BOROUGH SD	3,304,429	27,096,319	3,383,735	31,130,366	3,464,945	35,342,440
TRS	713	NENANA CITY SD	87,202	715,058	89,295	821,515	91,438	932,669
TRS	720	NOME CITY SD	178,086	1,460,301	182,360	1,677,708	186,736	1,904,709
TRS	736	NORTH SLOPE BOROUGH SD	793,346	6,505,435	812,386	7,473,952	831,883	8,485,210
TRS	751	NORTHWEST ARCTIC BOROUGH SD	687,462	5,637,190	703,961	6,476,444	720,856	7,352,735
TRS	723	PELICAN CITY SD	6,776	55,563	6,939	63,835	7,105	72,473
TRS	724	PETERSBURG CITY SD	153,344	1,257,417	157,024	1,444,619	160,792	1,640,082
TRS	759	PRIBILOF SD	47,420	388,844	48,558	446,735	49,724	507,180
TRS	748	SAINT MARY'S SD	46,198	378,824	47,307	435,223	48,442	494,110
TRS	727	SITKA BOROUGH SD	398,628	3,268,753	408,196	3,755,399	417,992	4,263,521
TRS	728	SKAGWAY CITY SD	40,032	328,266	40,993	377,137	41,977	428,165
TRS	769	SOUTHEAST ISLAND SD	77,270	633,612	79,124	727,943	81,023	826,437
TRS	756	SOUTHWEST REGION SD	291,861	2,393,263	298,866	2,749,568	306,039	3,121,506
TRS	775	TANANA SD	16,106	132,065	16,492	151,727	16,888	172,250
TRS	729	UNALASKA CITY SD	122,983	1,008,459	125,934	1,158,597	128,957	1,315,360
TRS	730	VALDEZ CITY SD	239,882	1,967,034	245,639	2,259,882	251,535	2,565,654
TRS	731	WRANGELL PUBLIC SD	95,827	785,781	98,127	902,766	100,482	1,024,914
TRS	732	YAKUTAT SD	40,912	335,482	41,894	385,428	42,900	437,578
TRS	762	YUKON / KOYUKUK SD	274,341	2,249,594	280,925	2,584,509	287,667	2,934,204
TRS	763	YUKON FLATS SD	112,470	922,250	115,169	1,059,553	117,933	1,202,915
TRS	778	YUPIIT SD	155,610	1,275,999	159,344	1,465,967	163,169	1,664,319
Subtotal: School District TRS			30,231,724	247,900,139	30,957,286	284,807,028	31,700,261	323,342,658
TRS	737	ALASKA DEPARTMENT OF EDUCATION	254,406	2,086,126	260,511	2,396,705	266,764	2,720,989
TRS	743	SOUTHEAST REGIONAL RESOURCE CENTER	46,432	380,744	47,547	437,429	48,688	496,615
TRS	779	SPECIAL EDUCATION SERVICE AGENCY	52,189	427,950	53,442	491,663	54,724	558,187
TRS	733	UNIVERSITY OF ALASKA	2,366,578	19,405,940	2,423,376	22,295,059	2,481,537	25,311,677
Subtotal: Other TRS			2,719,605	22,300,761	2,784,876	25,620,855	2,851,713	29,087,468

			Fiscal Year 2010		Fiscal Year 2011		Fiscal Year 2012	
Fund	ER Num	Employer	Avg Increase		Avg Increase		Avg Increase	
			C	\$ Total Cont. \$	C	\$ Total Cont. \$	C	\$ Total Cont. \$
		TOTAL TRS		32,951,329 270,200,900		33,742,161 310,427,883		34,551,973 352,430,125
		TOTAL BOTH PERS AND TRS		41,687,340 828,110,171		33,922,123 885,254,394		35,664,137 945,613,595
		TOTAL PERS AND TRS FOR STATE, POLITICAL SUBDI						
		POLITICAL SUBDIVISIONS		2,018,154 122,664,610		41,574 126,386,122		256,927 130,434,633
		SCHOOL DISTRICTS		31,537,220 331,270,341		30,984,179 370,705,229		31,866,461 411,984,005
		STATE OF ALASKA		4,353,775 284,234,654		136,278 292,895,687		597,047 302,276,980
		UNIVERSITY		961,987 45,644,807		275,088 47,276,722		356,844 49,037,488
		OTHER PUBLIC ORGANIZATIONS		2,816,204 44,295,759		2,485,005 47,990,633		2,586,858 51,880,490
				41,687,340 828,110,171		33,922,123 885,254,394		35,664,137 945,613,595

Note A - Represents estimated total payroll base for the fiscal year.
Based on FY05 payroll from Combined Retirement
Rounded Avg. of FY 01-05 increase: 3.0% annually
Accounts for both salary increase and growth base

Note B - The AVERAGE employer rate increase applied to all emplo

Note C - The "estimated" increase in dollars due to average employe

Note D - FY07 change is shown from the FY 05 rate due to FY 06 ap

**Estimate of State General Funds Contributed
Public Employees' and Teachers' Retirement Systems**

ATTACHMENT #3

Fiscal Year 2007					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	36,937,940	74,578,795	unk	unk	unk
SCHOOL DISTRICTS	80,205,247	198,331,921	53%	42,508,781	105,115,918
STATE OF ALASKA	78,923,069	179,578,090	50%	39,461,534	89,789,045
UNIVERSITY	13,424,603	27,884,669	58%	7,786,270	16,173,108
OTHER PUBLIC ORGANIZATIONS	11,779,521	26,680,167	unk	unk	unk

Fiscal Year 2008					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	19,023,039	95,839,198	unk	unk	unk
SCHOOL DISTRICTS	41,136,769	244,540,197	53%	21,802,488	129,606,304
STATE OF ALASKA	40,645,121	225,609,205	50%	20,322,561	112,804,602
UNIVERSITY	6,912,249	35,626,065	58%	4,009,104	20,663,118
OTHER PUBLIC ORGANIZATIONS	6,052,937	33,463,227	unk	unk	unk

Fiscal Year 2009					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	18,418,107	117,132,481	unk	unk	unk
SCHOOL DISTRICTS	41,437,402	292,241,283	53%	21,961,823	154,887,880
STATE OF ALASKA	39,355,077	271,730,910	50%	19,677,539	135,865,455
UNIVERSITY	6,705,978	43,391,799	58%	3,889,467	25,167,244
OTHER PUBLIC ORGANIZATIONS	5,989,169	40,370,483	unk	unk	unk

Fiscal Year 2010					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	2,018,154	122,664,610	unk	unk	unk
SCHOOL DISTRICTS	31,537,220	331,270,341	53%	16,714,727	175,573,281
STATE OF ALASKA	4,353,775	284,234,654	50%	2,176,888	142,117,327
UNIVERSITY	961,987	45,644,807	58%	557,952	26,473,988
OTHER PUBLIC ORGANIZATIONS	2,816,204	44,295,759	unk	unk	unk

Fiscal Year 2011					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	41,574	126,386,122	unk	unk	unk
SCHOOL DISTRICTS	30,984,179	370,705,229	53%	16,421,615	196,473,771
STATE OF ALASKA	136,278	292,895,687	50%	68,139	146,447,844
UNIVERSITY	275,088	47,276,722	58%	159,551	27,420,499
OTHER PUBLIC ORGANIZATIONS	2,485,005	47,930,633	unk	unk	unk

Fiscal Year 2012					
Employer Group	Avg Increase \$	Total Cont. \$	Estimated % GF	GF Dollars Toward Avg Increase	GF Dollars Toward Total Contr.
POLITICAL SUBDIVISIONS	256,927	130,434,633	unk	unk	unk
SCHOOL DISTRICTS	31,866,461	411,984,005	53%	16,889,224	218,351,522
STATE OF ALASKA	597,047	302,276,980	50%	298,523	151,138,490
UNIVERSITY	356,844	49,037,488	58%	206,970	28,441,743
OTHER PUBLIC ORGANIZATIONS	2,586,858	51,880,490	unk	unk	unk

State of Alaska
Public Employees Retirement System
Employer Rates
for Fiscal Year 2006

ER No.	ER Name	FY 2005 Employer Rate	FY 2006 Employer Rate	Change Due to SB 46
EMPLOYERS WHO CHOSE TO STAY AT THEIR PREVIOUSLY REPORTED (FY 06) RATE				
144	Bristol Bay Borough	7.99	12.99	0.00
148	Cordova, City of	9.77	14.77	0.00
282	Delta Junction, City of	14.10	13.76	0.00
129	Fairbanks, City of	25.67	30.67	0.00
192	Galena, City of	5.00	10.00	0.00
260	Kachemak, City of	20.37	25.37	0.00
122	Ketchikan Gateway Borough	10.49	15.49	0.00
181	Ketchikan, City of	19.92	24.92	0.00
128	Kodiak, City of	11.21	16.21	0.00
247	Lake and Peninsula Borough	17.90	22.90	0.00
191	North Pole, City of	10.00	15.00	0.00
134	Palmer, City of	13.54	18.54	0.00
143	Petersburg, City of	18.53	23.53	0.00
266	Quinhagak, City of	12.33	8.38	0.00
182	Seward, City of	8.74	13.74	0.00
123	Soldotna, City of	9.46	14.46	0.00
169	Tanana, City of	15.65	11.77	0.00
249	Unalakleet, City of	9.87	14.87	0.00
107	Valdez, City of	8.91	13.91	0.00
248	Yakutat, City and Borough of	13.78	18.78	0.00
EMPLOYERS WHO CHOSE TO USE THE REDUCED (FY 05) RATE				
208	Akutan, City of	9.09	13.72	-4.63
230	Aleutians East Borough	14.83	16.01	-1.18
259	Allakaket, City of	5.00	10.00	-5.00
173	Anchorage, Municipality of	8.65	13.37	-4.72
173a	Anchorage, Municipality of -- Police and Fire members	9.90	14.90	-5.00
283	Anderson, City of	0.00	0.00	0.00
243	Atka, City of	15.00	20.00	-5.00
171	Barrow, City of	12.86	17.86	-5.00
136	Bethel, City of	8.70	13.70	-5.00
186	Craig, City of	15.33	20.33	-5.00
258	Denali Borough	29.00	34.00	-5.00
178	Dillingham, City of	11.18	16.18	-5.00
271	Egegik, City of	8.80	13.80	-5.00
242	Elim, City of	9.31	14.31	-5.00
116	Fairbanks North Star Borough	10.93	15.93	-5.00
183	Fort Yukon, City of	5.00	10.00	-5.00
189	Haines Borough	17.17	22.17	-5.00
215	Homer, City of	7.92	12.92	-5.00
199	Hoonah, City of	10.75	15.75	-5.00
285	Hooper Bay, City of	10.42	14.65	-4.23
235	Huslia, City of	13.27	18.27	-5.00

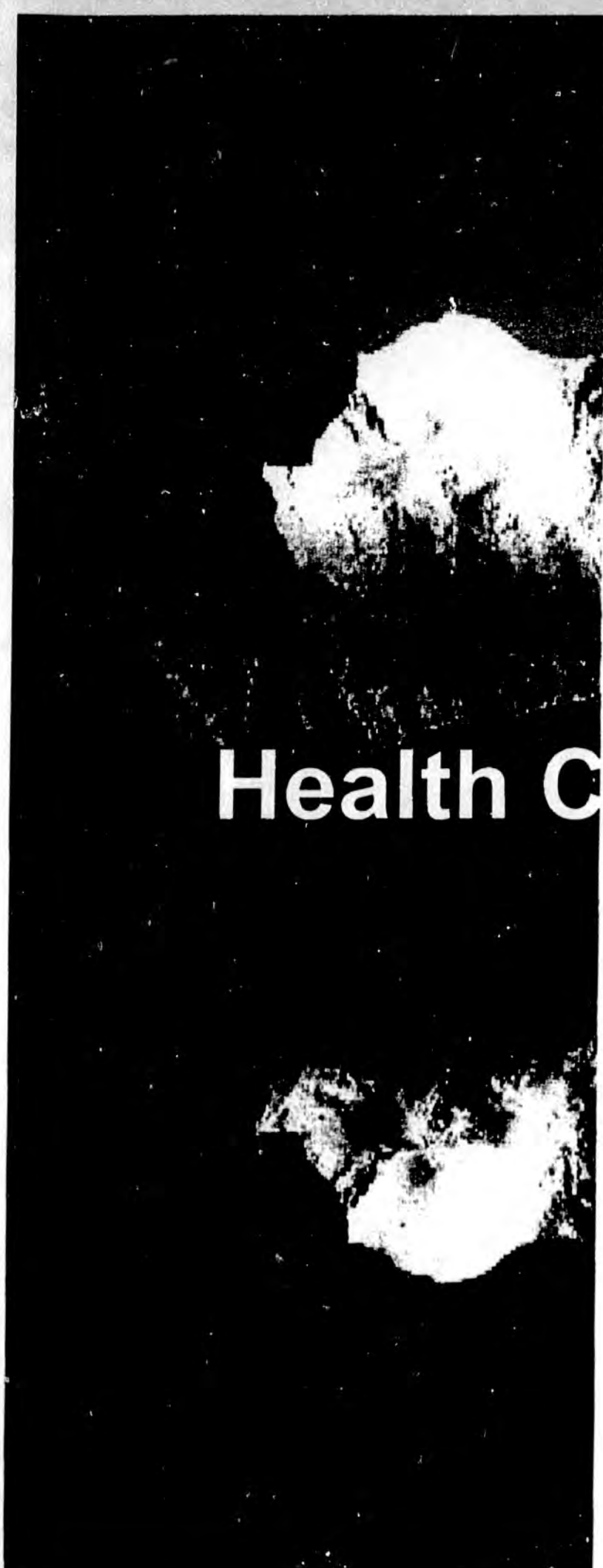
State of Alaska
Public Employees Retirement System
Employee Rates
for Fiscal Year 2006

ER No.	ER Name	FY 2005 Employer Rate	FY 2006 Employer Rate	Change Due to SB 46
126	Juneau, City and Borough of	11.22	16.22	-5.00
237	Kaltag, City of	13.49	18.49	-5.00
180	Kenai Peninsula Borough	12.81	17.81	-5.00
115	Kenai, City of	8.67	13.67	-5.00
151	King Cove, City of	9.63	14.63	-5.00
227	Klawock, City of	6.19	11.19	-5.00
174	Kodiak Island Borough	5.00	10.00	-5.00
140	Kotzebue, City of	5.00	10.00	-5.00
287	Koyuk, City of	10.42	14.31	-3.89
109	Matanuska-Susitna Borough	10.99	15.99	-5.00
193	Nenana, City of	14.46	19.46	-5.00
139	Nome, City of	5.50	10.50	-5.00
241	Noorvik, City of	9.40	13.82	-4.42
145	North Slope Borough	7.64	12.64	-5.00
220	Northwest Arctic Borough	9.33	14.33	-5.00
200	Pelican, City of	8.86	13.86	-5.00
256	Saint George, City of	8.78	13.78	-5.00
172	Saint Paul, City of	7.35	12.35	-5.00
176	Sand Point, City of	7.11	12.11	-5.00
198	Saxman, City of	27.84	32.84	-5.00
222	Selawik, City of	11.01	7.88	3.13
286	Seldovia, City of	10.42	14.48	-4.06
120	Sitka, City and Borough of	14.02	19.02	-5.00
132	Skagway, City of	14.63	19.63	-5.00
206	Thorne Bay, City of	10.10	15.10	-5.00
280	Toksook Bay, City of	10.00	14.69	-4.69
179	Unalaska, City of	12.09	17.08	-4.99
131	Wasilla, City of	11.44	16.44	-5.00
202	Whittier, City of	5.00	10.00	-5.00
135	Wrangell, City of	11.72	16.72	-5.00

inactive in FY 06 →

TERMINATED EMPLOYERS THAT DRB WILL USE THE APPROPRIATION TO OFFSET A TERMINATION LIABILITY

214	Saint Mary's, City of (TERMINATED)
216	Ruby, City of (TERMINATED)
277	Kake, City of (TERMINATED)
289	Angoon, City of (TERMINATED)



Department of Administration
Division of Retirement and Benefits

AlaskaCare Health Plans
Health Cost Analysis

Special Committee
Ways and Means
Report

December 7, 2005

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Bargaining Unit Descriptions

Alaska Vocational Technical Center Teachers (TA)

Exempt, nonsupervisory teachers in the Department of Labor and Workforce Development employed by the Alaska Vocational Technical Center. Employees in this bargaining unit are represented by Alaska Vocational Technical Teachers Association, which is affiliated with National Education Association-Alaska (NEA).

Health eligible members: 33

Confidential Unit (KK)

Classified employees of the Executive Branch who assist or act in a confidential capacity to a person who formulates, determines, and effectuates management policies in the area of collective bargaining. Employees in this bargaining unit are represented by Confidential Employees Association, which is affiliated with Alaska Public Employees Association-AFT/AFL-CIO.

Health eligible members: 191

Correctional Officers Unit (GC)

Classified, nonsupervisory employees of the Department of Corrections who perform duties in adult correctional institutions. Alaska Correctional Officers Association represents employees in this bargaining unit.

Health eligible members: 689

Licensed Engine Room Employees (BB)

Exempt, licensed engineers responsible for mechanical and electrical functions of the vessels of the Alaska Marine Highway System. Employees in this bargaining unit are represented by Marine Engineers Beneficial Association, District No. 1-Pacific Coastal, which is affiliated with AFL-CIO.

Health eligible members: 72

Supervisory Unit (SS)

A statewide unit of classified, supervisory employees of the Executive Branch. A supervisory employee is an individual, regardless of job description or title, who has authority to act or to effectively recommend action in the interest of the public employer. Employees in this union are represented by Alaska Public Employees Association, which is affiliated with American Federation of Teachers, AFL-CIO.

Health eligible members: 1,763

Unlicensed Deck Employees (MM)

Exempt, unlicensed employees aboard the vessels of the Alaska Marine Highway System. Unit includes personnel in deck, engineer, steward, and purser departments. Employees in this bargaining unit are represented by Inland Boatmen's Union of the Pacific, Alaska Region, which is affiliated with AFL-CIO.

Health eligible members: 413

Noncovered and Exempt Employees (EE, XE, PX, XJ, SL)

Health eligible members: 2,239

General Government Unit (GG, GP, GY, GZ)

Classified, nonsupervisory employees of the Executive Branch not included in another bargaining unit. This statewide unit includes technical, professional, and clerical personnel. Employees in this bargaining unit are represented by Alaska State Employees Association, Local 52, which is affiliated with American Federation of State, County, and Municipal Employees, AFL-CIO.

Health coverage through ASEA Health Trust. (Previous health coverage was provided by the AlaskaCare health plan through 6/30/01.)

Health eligible members: 7,545

Labor Trades and Crafts (LL)

A statewide unit of classified, nonsupervisory, labor, trade, and craft employees of the Executive Branch. Employees in this bargaining unit are represented by Public Employees Local 71, which is affiliated with Laborers International Union of North America, AFL-CIO.

Health coverage through Public Employees Local 71 Trust Fund.

Health eligible members: 1,500

Licensed Deck Employees (CC)

Exempt, licensed deck officers responsible for the navigation of the vessels of the Alaska Marine Highway System. Employees in this bargaining unit are represented by International Organization of Masters, Mates and Pilots, which is affiliated with AFL-CIO.

Health coverage through MM&P Health and Benefit Plan.

Health eligible members: 85