

SCOMM

150:12

FISCAL NOTE

STATE OF ALASKA
2007 LEGISLATIVE SESSION

Fiscal Note Number: 1
 Bill Version: HB 206
 (H) Publish Date: 3/16/07

Revision Date/Time (Note if correction):

Title An Act relating to public employees' and teachers' retirement defined contribution retirement plans.

Dept. Affected: Administration
 RDU Centralized Administrative Services
 Component Retirement and Benefits

Sponsor Rules Committee

Requester Governor

Component No. 64

Expenditures/Revenues

(Thousands of Dollars)

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

OPERATING EXPENDITURES	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	*	*	*	*	*	*

FUND SOURCE

(Thousands of Dollars)

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

Estimate of any current year (FY2007) cost: 0.0

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

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

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

Prepared by: Melanie Millhorn, Director

Division Retirement and Benefits

Phone 465-4817

Date/Time 3/15/07 12:00 PM

Approved by: Annette Kreitzer, Commissioner

Agency Department of Administration

Date 3/15/2007

FISCAL NOTE #1

**STATE OF ALASKA
2007 LEGISLATIVE SESSION**

BILL NO. HB 206

ANALYSIS CONTINUATION

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

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

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

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

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

SARAH PALIN
GOVERNOR

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March 15, 2007

The Honorable John Harris
Speaker of the House
Alaska State Legislature
State Capitol, Room 208
Juneau, AK 99801-1182

Dear Speaker Harris:

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

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

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

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

The Honorable John Harris
March 15, 2007
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of employees from the defined benefit plan. After this period, the covered employee, departments, groups, or other classifications within the defined benefit plan would remain fixed.

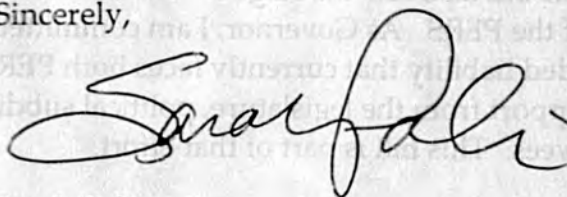
The bill would repeal and reenact AS 39.35.100 to provide for one integrated system of accounting for all employers. The bill would repeal AS 39.35.250, 39.35.270, and 39.35.280, governing contributions by employers, and would add a new employer contribution section, AS 39.35.255, modeled after the employer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

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

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

I urge your support of this bill.

Sincerely,



Sarah Palin
Governor

SECTIONAL ANALYSIS FOR SB 125/ HB 206 PERS COST SHARE PLAN

Sec. 1 AS 39.35.100. Repeals prior language establishing separate accounts for each employer. Eliminates the retirement reserve account. Provides that pension benefits are first paid from the employee's mandatory contribution account and then, when that account is exhausted, the plan will fund the future benefits. Clarifies that voluntary contributions in the employee savings account will be paid upon retirement under AS 39.35.395.

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

Sec. 2 AS 39.35.115. Adds subsection (d) that clarifies that the plan is a joint contributory plan and subsection (e) that allocates any excess assets in the plan at the time of plan termination back to the participating employers in a manner determined by the administrator if the termination is approved by the IRS.

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

Sec. 3 AS 39.35.125(a). Changes references to participation amendment statutes from AS 39.35.550 – 39.35.650, some of which have been repealed, to sections AS 39.35.600 – 39.35.650, some of which have been amended.

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

Sec. 4 AS 39.35.160(c). Changes references to contribution statutes from AS 39.35.250 – 39.35.290, some of which have been repealed, to sections AS 39.35.255 – 39.35.290, some of which are new or amended, for the calculation of the contribution surcharge school district members who elect to have their service accrual calculated under the provisions of the Public Employees' Retirement System.

Reason: Conforming change – see sec. 5, AS 39.35.255; secs. 6 and 7, AS 39.35.260; and sec. 13, repealing AS 39.35.250, 39.35.270, and 39.35.280.

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

Sectional Analysis for SB 125 and HB 206 PERS Cost Share Bills

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

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

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

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

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

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

Reason: Conforming change.

Sec. 9 AS 39.35.610(b). Addition of a new subsection allowing the system to collect the amount of contributions and interest due from an employer if the employer fails to make timely payment of contributions. The administrator may claim an employer's past due contributions and interest from any agency of the state or political subdivision that has funds in its possession that are to be distributed to the employer.

Reason: To provide a method of collecting over due contributions and to prevent one employer in default from adversely affecting the rate shared by all employers in the plan.

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

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

Sectional Analysis for SB 125 and HB 206 PERS Cost Share Bills

Sec. 11 AS 39.35.615(g) Adds new subsection that requires employers voluntarily terminating from the plan to pay the associated termination cost within a set timeframe. Allows for a payment plan as well as a lump sum payment. Allows the administrator to collect funds per AS 39.35.610(b) (sec. 9 of the bill), if the employer fails to pay the termination cost in a timely manner. Provides for a refund of excess assets to the employer's should allocated assets exceed the termination liability, if allowed under the Internal Revenue Code. Allows the employer to join the PERS defined contribution plan at a future date once termination costs are paid in full.

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

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

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

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

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

Sec. 13 AS 39.35.650. Clarifies the circumstances under which an employer may receive an amount from the plan.

Reason: Clarification of statute to codify existing practice and to comply with the Internal Revenue Code.

Sec. 14 Repeals: Repeals all sections and subsections referring to the calculation or payment of individual employer rates; repeals statutes that allow employers to join the defined benefit plan, which was closed by SB 141 (ch 9, FSSIA 2005); and repeals prior statutes that provide for participation and termination of participation of classifications or groups of employees, and of provisions regarding termination that are replaced by secs. 11-13 of the bill.

Sectional Analysis for SB 125 and HB 206 PERS Cost Share Bills

Sec. 15 Transition. Provides that the administrator will notify every employer in the defined benefit plan of the departments, groups, or other classifications of employees the employer currently covers under their participation agreement. Employers will have 90 days from receipt of the notification to request an amendment to their participation to either add or delete covered groups. Once the 90 days has elapsed, employers may not amend their agreement in the future to add or delete groups. States that past service credit cannot be awarded during this transition period.

Sec. 16 Transition. Provides for the Departments of Administration and Revenue to adopt regulations necessary to implement this act.

Sec. 17 Reviser's Instructions: Change headings for AS 39.35.615 to reflect a voluntary termination of participation and AS 39.35.620 to reflect an involuntary termination of participation.

Sec. 18 Immediate effective date for transition sections.

Sec. 19 July 1, 2007, effective date for implementing the cost share program.

Cost Share Exhibits

Exhibit #		Page #
1	Pure Cost Share all (160) PERS Employers pay one uniform rate – 39.76% - Exhibit 1	1-5
2(a)	Cost Share, State @ 65% unfunded liability plus \$1.7B POB – "Winners" - Exhibit 2(a)	6-7
2(b)	Cost Share, State @ 65% unfunded liability plus \$1.7B POB – "Losers" - Exhibit 2(b)	8-10
3	Hold harmless employers FY07 rate below FY08 Cost Share Rate - Exhibit 3	11-14
4	FY08 Governor's Amended Budget – One page Summary - Exhibit 4	15
5(a)	Impact to PERS going to Cost Share @ 65% and \$1.7B POB on GF for FY08 - Exhibit 5(a)	16
5(b)	Impact to TRS with \$500M cash and \$2B on the GF for FY08 - Exhibit 5(b)	17-18
6(a)	PERS overall savings from proposed solution with POB - Exhibit 6(a)	19-20
6(b)	TRS overall savings from proposed solution with POB and \$500M cash - Exhibit 6(b)	21-22
7(a)	FY06 PERS "Heros" – Employers who applied rate relief (SB46) to unfunded liability - Exhibit 7(a)	23
	- Hero List – City of Soldotna in FY05 made a \$1 million deposit their PERS account to pay down unfunded liability	
7(b)	FY07 PERS "Heros" – Employers who applied rate relief (SB231) to unfunded liability - Exhibit 7(b)	24

**EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION -
CHANGE TO COST SHARE - BEFORE 65/35 AND POBs**

Winners and Losers - FY08 Base

		2	5	6 = 2 x 5				
		Gross Salaries						
ER		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution - Orig	Average Rate - 05 val w/ level \$ amort	FY 08 Est. Contribution - Straight Cost Share	Loser FY08 cost share > FY08 original	Winner FY08 cost share < FY08 original
101	STATE OF ALASKA PERS	848,376,355	44.01%	373,370,434	39.76%	337,314,439	-	(36,055,995)
113	UNIVERSITY OF ALASKA PERS	136,296,354	33.75%	46,000,019	39.76%	54,191,430	8,191,411	-
208	AKUTAN, CITY OF	307,967	14.48%	44,594	39.76%	122,448	77,854	-
230	ALEUTIANS EAST BOROUGH	704,070	20.31%	142,997	39.76%	279,938	136,942	-
259	ALLAKAKET, CITY OF	19,758	14.48%	2,861	39.76%	7,856	4,995	-
203	ANCHORAGE PARKING AUTHORITY	1,298,338	29.27%	380,024	39.76%	516,219	136,196	-
173	ANCHORAGE, MUNICIPALITY OF	151,287,070	39.33%	59,501,205	39.76%	60,151,739	650,534	-
283	ANDERSON, CITY OF	43,355	14.48%	6,278	39.76%	17,238	10,960	-
243	ATKA, CITY OF	99,456	34.02%	33,835	39.76%	39,544	5,709	-
171	BARROW, CITY OF	1,248,265	17.70%	220,943	39.76%	496,310	275,367	-
219	BARTLETT REGIONAL HOSPITAL	20,709,107	21.87%	4,529,082	39.76%	8,233,941	3,704,859	-
136	BETHEL, CITY OF	5,809,252	17.40%	1,010,810	39.76%	2,309,759	1,298,949	-
144	BRISTOL BAY BOROUGH	1,749,955	29.90%	523,237	39.76%	695,782	172,546	-
163	CORDOVA COMMUNITY MEDICAL CENTER	2,172,784	29.97%	651,183	39.76%	863,899	212,716	-
186	CRAIG, CITY OF	1,667,345	33.56%	559,561	39.76%	662,936	103,375	-
282	DELTA JUNCTION, CITY OF	293,706	17.27%	50,723	39.76%	116,778	66,055	-
178	DILLINGHAM, CITY OF	2,227,329	28.49%	634,566	39.76%	885,586	251,020	-
271	EGEGIK, CITY OF	45,968	31.40%	14,434	39.76%	18,277	3,843	-
116	FAIRBANKS NORTH STAR BOROUGH	19,314,602	29.98%	5,790,518	39.76%	7,679,486	1,888,968	-
183	FORT YUKON, CITY OF	401,625	14.48%	58,155	39.76%	159,886	101,531	-
192	GALENA, CITY OF	1,822,779	16.88%	307,685	39.76%	724,737	417,052	-
215	HOMER, CITY OF	5,104,318	35.96%	1,835,513	39.76%	2,029,477	193,964	-
199	HOONAH, CITY OF	689,170	27.46%	189,246	39.76%	274,014	84,768	-
285	HOOPER BAY, CITY OF	12,600	14.48%	1,825	39.76%	5,010	3,185	-
275	ILISAGVIK COLLEGE	3,887,085	16.19%	629,319	39.76%	1,545,505	916,186	-
180	KENAI PENINSULA BOROUGH	14,366,322	37.39%	5,371,568	39.76%	5,712,050	340,482	-
122	KETCHIKAN GATEWAY BOROUGH	4,697,575	32.18%	1,511,680	39.76%	1,867,756	356,076	-
151	KING COVE, CITY OF	932,592	26.53%	247,417	39.76%	370,799	123,382	-
227	KLAWOCK, CITY OF	671,063	15.13%	101,532	39.76%	266,815	165,283	-
140	KOTZEBUE, CITY OF	3,632,278	17.13%	622,209	39.76%	1,444,194	821,985	-
287	KOYUK, CITY OF	25,112	14.48%	3,636	39.76%	9,985	6,348	-
109	MATANUSKA-SUSITNA BOROUGH	12,730,979	33.89%	4,314,529	39.76%	5,061,837	747,308	-
254	MEKORYUK, CITY OF	3,189	20.53%	655	39.76%	1,268	613	-
294	MOUNTAIN VILLAGE, CITY OF	34,341	14.48%	4,973	39.76%	13,654	8,681	-
175	NOME JOINT UTILITY SYSTEM	883,109	22.82%	201,526	39.76%	351,124	149,599	-
139	NOME, CITY OF	2,532,588	36.02%	912,238	39.76%	1,006,957	94,719	-
241	NOORVIK, CITY OF	90,423	15.92%	14,395	39.76%	35,952	21,557	-

**EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION -
CHANGE TO COST SHARE - BEFORE 65/35 AND POBs**

Winners and Losers - FY08 Base

ER		Gross Salaries		FY08 Board Requested Rate	FY 08 Est. Contribution - Orig	Average Rate - 05 val w/ level \$ amort	FY 08 Est.	Loser FY08 cost share > FY08 original	Winner FY08 cost share < FY08 original
		Est. FY08 (FY07 * 3%)					Contribution - Straight Cost Share		
191	NORTH POLE, CITY OF	1,667,144	34.59%	576,665	39.76%	662,857	86,191	-	
145	NORTH SLOPE BOROUGH	38,915,994	22.96%	8,935,112	39.76%	15,472,999	6,537,887	-	
220	NORTHWEST ARCTIC BOROUGH	1,043,827	18.24%	190,394	39.76%	415,025	224,631	-	
200	PELICAN, CITY OF	155,103	34.82%	54,007	39.76%	61,669	7,662	-	
187	PETERSBURG MEDICAL CENTER	3,855,146	21.73%	837,723	39.76%	1,532,806	695,083	-	
266	QUINHAGAK, CITY OF	28,529	14.48%	4,131	39.76%	11,343	7,212	-	
172	SAINT PAUL, CITY OF	1,263,904	28.44%	359,454	39.76%	502,528	143,074	-	
176	SAND POINT, CITY OF	925,242	29.98%	277,388	39.76%	367,876	90,489	-	
278	SAXMAN SEAPORT	70,936	28.13%	19,954	39.76%	28,204	8,250	-	
286	SELDOVIA, CITY OF	64,281	21.58%	13,872	39.76%	25,558	11,686	-	
182	SEWARD, CITY OF	4,055,986	31.14%	1,263,034	39.76%	1,612,660	349,626	-	
165	SITKA COMMUNITY HOSPITAL	4,559,308	32.58%	1,485,422	39.76%	1,812,781	327,358	-	
132	SKAGWAY, CITY OF	1,851,825	25.36%	469,623	39.76%	736,286	266,663	-	
123	SOLDOTNA, CITY OF	2,847,540	33.94%	966,455	39.76%	1,132,182	165,727	-	
169	TANANA, CITY OF	96,281	14.48%	13,941	39.76%	38,281	24,340	-	
206	THORNE BAY, CITY OF	276,762	23.11%	68,960	39.76%	110,040	46,081	-	
280	TOKSOOK BAY, CITY OF	28,493	23.16%	8,599	39.76%	11,329	4,730	-	
249	UNALAKLEET, CITY OF	206,072	29.89%	61,595	39.76%	81,934	20,339	-	
179	UNALASKA, CITY OF	9,647,494	23.34%	2,251,725	39.76%	3,835,844	1,584,119	-	
290	UPPER KALSAG, CITY OF	19,615	14.48%	2,840	39.76%	7,799	4,959	-	
131	WASILLA, CITY OF	4,913,053	24.38%	1,197,802	39.76%	1,953,430	755,627	-	
202	WHITTIER, CITY OF	1,031,368	21.40%	220,713	39.76%	410,072	189,359	-	
248	YAKUTAT, CITY AND BOROUGH	744,132	25.22%	187,670	39.76%	295,867	108,197	-	
148	CORDOVA, CITY OF	2,307,407	52.49%	1,211,158	39.76%	917,425	-	-	(293,733)
258	DENALI BOROUGH	155,766	51.83%	80,733	39.76%	61,932	-	-	(18,801)
129	FAIRBANKS, CITY OF	7,175,800	184.95%	13,271,641	39.76%	2,853,098	-	-	(10,418,543)
189	HAINES BOROUGH	1,661,014	43.85%	728,355	39.76%	660,419	-	-	(67,935)
235	HUSLIA, CITY OF	120,616	40.43%	48,765	39.76%	47,957	-	-	(808)
126	JUNEAU, CITY AND BOROUGH	28,997,989	42.56%	12,341,544	39.76%	11,529,600	-	-	(811,944)
260	KACHEMAK, CITY OF	24,942	90.23%	22,505	39.76%	9,917	-	-	(12,588)
115	KENAI, CITY OF	5,678,794	45.71%	2,595,777	39.76%	2,257,888	-	-	(337,888)
181	KETCHIKAN, CITY OF	8,185,616	52.61%	4,306,452	39.76%	3,254,601	-	-	(1,051,852)
174	KODIAK ISLAND BOROUGH	2,359,685	49.23%	1,161,673	39.76%	938,211	-	-	(223,462)
128	KODIAK, CITY OF	6,015,174	48.05%	2,890,291	39.76%	2,391,633	-	-	(498,658)
247	LAKE AND PENINSULA BOROUGH	411,346	41.95%	172,559	39.76%	163,551	-	-	(9,008)
193	NENANA, CITY OF	209,537	41.79%	87,566	39.76%	83,312	-	-	(4,254)
134	PALMER, CITY OF	3,312,705	43.05%	1,426,120	39.76%	1,317,132	-	-	(108,988)
143	PETERSBURG, CITY OF	4,132,593	41.15%	1,700,562	39.76%	1,643,119	-	-	(57,443)
198	SAXMAN, CITY OF	126,122	105.76%	133,887	39.76%	50,146	-	-	(83,241)
120	SITKA, CITY AND BOROUGH	9,012,579	43.31%	3,903,348	39.76%	3,583,402	-	-	(319,947)

**EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION -
CHANGE TO COST SHARE - BEFORE 65/35 AND POBs**

Winners and Losers - FY08 Base

ER		Gross Salaries Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY08 Est. Contribution - Orig	Average Rate - 05 val w/ level \$ amort	FY 08 Est. Contribution - Straight Cost Share	Loser FY08 cost share > FY08 original	Winner FY08 cost share < FY08 original
107	VALDEZ, CITY OF	5,267,186	46.32%	2,439,761	39.76%	2,094,233	-	(345,527)
135	WRANGELL, CITY OF	2,823,476	47.74%	1,347,928	39.76%	1,122,614	-	(225,313)
	PERS Poli Subs	427,761,855		159,755,152		170,078,114	25,212,896	(14,889,934)
152	ALASKA HOUSING FINANCE CORPORATION	18,397,143	26.68%	4,908,358	39.76%	7,314,704	2,406,346	-
267	ALEUTIAN HOUSING AUTHORITY	969,986	18.92%	186,521	39.76%	385,666	202,145	-
245	ALEUTIANS WEST CRSA	52,719	38.35%	20,218	39.76%	20,961	743	-
281	BARANOF ISLAND HA	476,399	15.12%	72,031	39.76%	189,416	117,385	-
270	BERING STRAITS RHA	1,078,781	17.62%	190,081	39.76%	428,923	238,842	-
223	BRISTOL BAY RHA	1,375,226	17.66%	242,865	39.76%	546,790	303,925	-
262	COOK INLET HOUSING AUTHORITY	4,298,799	17.00%	730,796	39.76%	1,709,203	978,407	-
224	COPPER RIVER BASIN RHA	614,337	17.45%	107,202	39.76%	244,260	137,059	-
263	INTERIOR RHA	1,203,929	16.73%	201,417	39.76%	478,682	277,265	-
284	INTER-ISLAND FERRY AUTHORITY	1,019,517	16.00%	163,123	39.76%	405,360	242,237	-
170	NORTH PACIFIC FISHERY MGMT COUNCIL	1,455,558	30.04%	437,250	39.76%	578,730	141,480	-
276	NORTH PACIFIC RIM HA	1,153,137	17.37%	200,300	39.76%	458,487	258,187	-
288	NORTHWEST INUPIAT HOUSING AUTHORITY	1,126,996	17.65%	198,915	39.76%	448,093	249,179	-
167	SOUTHEAST REGIONAL RESOURCE CENTER	1,377,180	34.41%	473,888	39.76%	547,567	73,679	-
218	SPECIAL EDUCATION SERVICE AGENCY	421,365	25.10%	105,763	39.76%	167,535	61,772	-
293	TAGIUGMIULLU NUNAMIULLU HOUSING AUT	1,450,852	14.90%	216,178	39.76%	576,860	360,683	-
279	TLINGIT-HAIDA RHA	2,331,900	20.69%	482,472	39.76%	927,167	444,695	-
106	ALASKA MUNICIPAL LEAGUE	310,281	52.74%	163,642	39.76%	123,368	-	(40,275)
	PERS Other	39,114,115		9,098,018		15,551,772	6,494,029	(40,275)
255	ALASKA GATEWAY SD	1,040,625	24.18%	251,623	39.76%	413,752	162,129	-
162	ALEUTIAN REGION SD	167,231	14.48%	24,215	39.76%	66,491	42,276	-
244	ALEUTIANS EAST BOROUGH SD	662,056	29.88%	197,822	39.76%	263,234	65,411	-
103	ANNETTE ISLAND SD	570,618	14.48%	82,625	39.76%	226,878	144,252	-
104	BERING STRAIT SD	7,076,188	24.49%	1,732,958	39.76%	2,813,492	1,080,534	-
112	COPPER RIVER SD	1,262,805	38.55%	486,811	39.76%	502,091	15,280	-
204	CRAIG CITY SD	855,564	35.26%	301,672	39.76%	340,172	38,500	-
246	DELTA/GREELY SD	1,301,771	35.15%	457,572	39.76%	517,584	60,012	-
205	DILLINGHAM CITY SD	1,393,179	27.30%	380,338	39.76%	553,928	173,590	-
117	FAIRBANKS NORTH STAR BOROUGH SD	28,134,102	36.49%	10,266,134	39.76%	11,186,119	919,985	-
141	GALENA CITY SD	3,209,254	23.72%	761,235	39.76%	1,275,999	514,764	-
240	HAINES BOROUGH SD	558,563	35.16%	196,391	39.76%	222,085	25,694	-
168	HYDABURG CITY SD	129,787	25.87%	33,576	39.76%	51,603	18,027	-
124	IDITAROD AREA SD	963,638	35.80%	344,083	39.76%	383,143	38,160	-
108	JUNEAU BOROUGH SD	9,525,443	39.28%	3,741,594	39.76%	3,787,316	45,722	-
265	KAKE CITY SD	366,919	31.20%	114,479	39.76%	145,887	31,408	-

**EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION -
CHANGE TO COST SHARE - BEFORE 65/35 AND POBs**

Winners and Losers - FY08 Base

ER		Gross Salaries		FY 08 Est. Contribution - Orig	Average Rate - 05 val w/ level \$ amort	FY 08 Est. Contribution - Straight Cost Share	Loser FY08 cost share > FY08 original	Winner FY08 cost share < FY08 original
		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate					
211	KASHUNAMIUT SD	1,118,236	26.87%	300,470	39.76%	444,611	144,141	-
177	KETCHIKAN GATEWAY BOROUGH SD	3,621,711	34.44%	1,247,317	39.76%	1,439,992	192,675	-
251	KLAWOCK CITY SD	429,395	35.15%	150,933	39.76%	170,728	19,795	-
125	KUSPUK SD	1,617,224	32.06%	518,482	39.76%	643,008	124,526	-
164	LAKE AND PENINSULA BOROUGH SD	1,673,423	37.60%	629,207	39.76%	665,373	36,146	-
157	LOWER KUSKOKWIM SD	15,647,268	24.45%	3,825,757	39.76%	6,221,354	2,395,597	-
153	LOWER YUKON SD	4,818,306	35.46%	1,708,571	39.76%	1,915,758	207,187	-
110	MATANUSKA-SUSITNA BOROUGH SD	22,759,596	33.39%	7,713,227	39.76%	9,049,216	1,335,988	-
196	NENANA CITY SD	1,388,620	21.62%	300,220	39.76%	552,115	251,896	-
149	NOME CITY SD	1,734,534	34.58%	599,802	39.76%	689,651	89,849	-
161	NORTH SLOPE BOROUGH SD	8,890,221	29.57%	2,628,838	39.76%	3,534,752	905,914	-
154	NORTHWEST ARCTIC BOROUGH SD	7,887,420	20.70%	1,632,696	39.76%	3,136,038	1,503,342	-
257	PELICAN CITY SD	120,470	14.48%	17,444	39.76%	47,899	30,455	-
228	PETERSBURG CITY SD	804,936	35.92%	289,133	39.76%	320,043	30,910	-
156	PRIBILOF SD	574,219	29.28%	168,131	39.76%	228,309	60,178	-
221	SAINT MARY'S SD	431,096	16.66%	71,821	39.76%	171,404	99,583	-
225	SKAGWAY CITY SD	286,767	16.44%	47,145	39.76%	114,019	66,874	-
102	SOUTHWEST REGION SD	2,197,540	30.08%	661,020	39.76%	873,742	212,722	-
166	TANANA SD	153,340	18.98%	29,104	39.76%	60,968	31,864	-
209	UNALASKA CITY SD	850,870	26.87%	228,629	39.76%	338,306	109,677	-
264	YAKUTAT SD	289,667	18.96%	54,921	39.76%	115,172	60,251	-
160	YUKON / KOYUKUK SD	1,493,899	20.02%	299,079	39.76%	593,974	294,896	-
159	YUKON FLATS SD	947,119	17.17%	162,620	39.76%	376,574	213,954	-
195	YUPIIT SD	1,743,107	18.26%	318,291	39.76%	693,059	374,768	-
111	ANCHORAGE SD	81,197,671	40.89%	33,201,728	39.76%	32,284,194	-	(917,534)
184	BRISTOL BAY BOROUGH SD	480,101	42.77%	205,339	39.76%	190,888	-	(14,451)
105	CHATHAM SD	371,217	69.18%	256,808	39.76%	147,596	-	(109,212)
121	CHUGACH SD	292,626	42.23%	123,576	39.76%	116,348	-	(7,228)
185	CORDOVA CITY SD	653,926	56.88%	371,953	39.76%	260,001	-	(111,952)
118	DENALI BOROUGH SD	1,083,629	42.65%	462,168	39.76%	430,851	-	(31,317)
138	HOONAH CITY SD	695,935	45.14%	314,145	39.76%	276,704	-	(37,441)
190	KENAI PENINSULA BOROUGH SD	13,089,068	45.44%	5,947,672	39.76%	5,204,213	-	(743,459)
158	KODIAK ISLAND BOROUGH SD	4,874,624	41.11%	2,003,958	39.76%	1,938,151	-	(65,807)
133	SITKA BOROUGH SD	2,070,752	50.66%	1,049,043	39.76%	823,331	-	(225,712)
155	SOUTHEAST ISLAND SD	678,719	68.73%	466,483	39.76%	269,859	-	(196,625)
137	VALDEZ CITY SD	1,937,697	46.80%	906,842	39.76%	770,428	-	(136,414)
146	WRANGELL PUBLIC SD	761,395	41.94%	319,329	39.76%	302,731	-	(16,598)
	PERS School Districts	246,884,090		88,605,932		98,161,114	12,168,933	(2,613,751)

**EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION -
CHANGE TO COST SHARE - BEFORE 65/35 AND POBS**

Winners and Losers - FY08 Base

ER		Gross Salaries		FY08 Board Requested Rate	FY 08 Est. Contribution - Orig	Average Rate - 05 val w/ level \$ amort	FY 08 Est.	Loser FY08 cost share > FY08 original	Winner FY08 cost share < FY08 original
		Est. FY08 (FY07 * 3%)					Contribution - Straight Cost Share		
101	TOTAL PERS	1,698,432,768			676,829,555		675,296,869	52,067,268	(53,599,954)
102	POLITICAL SUBDIVISIONS	427,761,855			159,755,152		170,078,114	25,212,896	(14,889,934)
103	SCHOOL DISTRICTS	246,884,090			88,605,932		98,161,114	12,168,933	(2,613,751)
104	STATE OF ALASKA	848,376,355			373,370,434		337,318,439	-	(36,055,995)
105	UNIVERSITY	136,296,354			46,000,019		54,191,830	8,191,811	-
106	OTHER PUBLIC ORGANIZATIONS	39,114,115			9,098,018		15,551,772	6,494,029	(40,275)
107		1,698,432,768			676,829,555		675,296,869	52,067,268	(53,599,954)
If the legislature were to fund the cost increases for political subdivisions and school districts like it has in the past, the change to a cost share program, in and of itself, would cost the State millions in general fund monies.									
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EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners FY08 Base

		2	5	6 = 2 x 5	7	8	9 = 8-6
		Gross Salaries					
ER		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution	Average Rate (05 val)	Cost Share Contributions in FY08	Winners - FY08 cost share < orig FY08
106	ALASKA MUNICIPAL LEAGUE	310,281	52.74%	163,642	31.86%	98,856	(64,787)
245	ALEUTIANS WEST CRSA	52,719	38.35%	20,218	31.86%	16,796	(3,421)
111	ANCHORAGE SD	81,197,671	40.89%	33,201,728	31.86%	25,869,578	(7,332,150)
173	ANCHORAGE, MUNICIPALITY OF	151,287,070	39.33%	59,501,205	31.86%	48,200,060	(11,301,144)
243	ATKA, CITY OF	99,456	34.02%	33,835	31.86%	31,687	(2,148)
184	BRISTOL BAY BOROUGH SD	480,101	42.77%	205,339	31.86%	152,960	(52,379)
105	CHATHAM SD	371,217	69.18%	256,808	31.86%	118,270	(138,538)
121	CHUGACH SD	292,626	42.23%	123,576	31.86%	93,231	(30,345)
112	COPPER RIVER SD	1,262,805	38.55%	486,811	31.86%	402,330	(84,482)
185	CORDOVA CITY SD	653,926	56.88%	371,953	31.86%	208,341	(163,612)
148	CORDOVA, CITY OF	2,307,407	52.49%	1,211,158	31.86%	735,140	(476,018)
204	CRAIG CITY SD	855,564	35.26%	301,672	31.86%	272,583	(29,089)
186	CRAIG, CITY OF	1,667,345	33.56%	559,561	31.86%	531,216	(28,345)
246	DELTA/GREELY SD	1,301,771	35.15%	457,572	31.86%	414,744	(42,828)
258	DENALI BOROUGH	155,766	51.83%	80,733	31.86%	49,627	(31,106)
118	DENALI BOROUGH SD	1,083,629	42.65%	462,168	31.86%	345,244	(116,924)
117	FAIRBANKS NORTH STAR BOROUGH SD	28,134,102	36.49%	10,266,134	31.86%	8,963,525	(1,302,609)
129	FAIRBANKS, CITY OF	7,175,800	184.95%	13,271,641	31.86%	2,286,210	(10,985,432)
189	HAINES BOROUGH	1,661,014	43.85%	728,355	31.86%	529,199	(199,156)
240	HAINES BOROUGH SD	558,563	35.16%	196,391	31.86%	177,958	(18,433)
215	HOMER, CITY OF	5,104,318	35.96%	1,835,513	31.86%	1,626,236	(209,277)
138	HOONAH CITY SD	695,935	45.14%	314,145	31.86%	221,725	(92,420)
235	HUSLIA, CITY OF	120,616	40.43%	48,765	31.86%	38,428	(10,337)
124	IDITAROD AREA SD	963,638	35.80%	344,983	31.86%	307,015	(37,967)
108	JUNEAU BOROUGH SD	9,525,443	39.28%	3,741,594	31.86%	3,034,806	(706,788)
126	JUNEAU, CITY AND BOROUGH	28,997,989	42.56%	12,341,544	31.86%	9,238,759	(3,102,785)
260	KACHEMAK, CITY OF	24,942	90.23%	22,505	31.86%	7,946	(14,559)
180	KENAI PENINSULA BOROUGH	14,366,322	37.39%	5,371,568	31.86%	4,577,110	(794,458)
190	KENAI PENINSULA BOROUGH SD	13,089,068	45.44%	5,947,672	31.86%	4,170,177	(1,777,495)
115	KENAI, CITY OF	5,678,794	45.71%	2,595,777	31.86%	1,809,264	(786,513)
122	KETCHIKAN GATEWAY BOROUGH	4,697,575	32.18%	1,511,680	31.86%	1,496,647	(15,032)
177	KETCHIKAN GATEWAY BOROUGH SD	3,621,711	34.44%	1,247,317	31.86%	1,153,877	(93,440)
181	KETCHIKAN, CITY OF	8,185,616	52.61%	4,306,452	31.86%	2,607,937	(1,698,515)

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners FY08 Base

		2	5	6 = 2 x 5	7	8	9 = 8-6
		Gross Salaries					
ER		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution	Average Rate (05 val)	Cost Share Contributions In FY08	Winners - FY08 cost share < orig FY08
251	KLAWOCK CITY SD	429,395	35.15%	150,933	31.86%	136,805	(14,127)
174	KODIAK ISLAND BOROUGH	2,359,685	49.23%	1,161,673	31.86%	751,796	(409,877)
158	KODIAK ISLAND BOROUGH SD	4,874,624	41.11%	2,003,958	31.86%	1,553,055	(450,903)
128	KODIAK, CITY OF	6,015,174	48.05%	2,890,291	31.86%	1,916,435	(973,857)
125	KUSPUK SD	1,617,224	32.06%	518,482	31.86%	515,248	(3,234)
247	LAKE AND PENINSULA BOROUGH	411,346	41.95%	172,559	31.86%	131,055	(41,505)
164	LAKE AND PENINSULA BOROUGH SD	1,673,423	37.60%	629,207	31.86%	533,153	(96,054)
153	LOWER YUKON SD	4,818,306	35.46%	1,708,571	31.86%	1,535,112	(173,459)
109	MATANUSKA-SUSITNA BOROUGH	12,730,979	33.89%	4,314,529	31.86%	4,056,090	(258,439)
110	MATANUSKA-SUSITNA BOROUGH SD	22,759,596	33.89%	7,713,227	31.86%	7,251,207	(462,020)
193	NENANA, CITY OF	209,537	41.79%	87,566	31.86%	66,759	(20,807)
149	NOME CITY SD	1,734,534	34.58%	599,802	31.86%	552,623	(47,179)
139	NOME, CITY OF	2,532,588	36.02%	912,238	31.86%	806,883	(105,356)
191	NORTH POLE, CITY OF	1,667,144	34.59%	576,665	31.86%	531,152	(45,513)
134	PALMER, CITY OF	3,312,705	43.05%	1,426,120	31.86%	1,055,428	(370,692)
200	PELICAN, CITY OF	155,103	34.82%	54,007	31.86%	49,416	(4,591)
228	PETERSBURG CITY SD	804,936	35.92%	289,133	31.86%	256,453	(32,680)
143	PETERSBURG, CITY OF	4,132,593	41.15%	1,700,562	31.86%	1,316,644	(383,918)
198	SAXMAN, CITY OF	126,122	105.76%	133,387	31.86%	40,183	(93,204)
133	SITKA BOROUGH SD	2,070,752	50.66%	1,049,043	31.86%	659,742	(389,301)
165	SITKA COMMUNITY HOSPITAL	4,559,308	32.58%	1,485,422	31.86%	1,452,595	(32,827)
120	SITKA, CITY AND BOROUGH	9,012,579	43.31%	3,903,348	31.86%	2,871,408	(1,031,940)
123	SOLDOTNA, CITY OF	2,847,540	33.94%	966,455	31.86%	907,226	(59,229)
155	SOUTHEAST ISLAND SD	678,719	68.73%	466,483	31.86%	216,240	(250,244)
167	SOUTHEAST REGIONAL RESOURCE CENTE	1,377,180	34.41%	473,388	31.86%	438,770	(35,118)
113	UNIVERSITY OF ALASKA PERS	136,296,354	33.75%	46,000,019	31.86%	43,424,018	(2,576,001)
137	VALDEZ CITY SD	1,937,697	46.80%	906,842	31.86%	617,350	(289,492)
107	VALDEZ, CITY OF	5,267,186	46.32%	2,439,761	31.86%	1,678,126	(761,635)
146	WRANGELL PUBLIC SD	761,395	41.94%	319,329	31.86%	242,581	(76,749)
135	WRANGELL, CITY OF	2,823,476	47.74%	1,347,928	31.86%	899,560	(448,368)
							(51,680,852)

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Losers FY08 Base

		2	5	6 = 2 x 5	7	8	9 = 8-6
		Gross Salaries					
ER		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution	Average Rate (05 val)	Cost Share Contributions In FY08	Losers - FY08 cost share > orig FY08
208	AKUTAN, CITY OF	307,967	14.48%	44,594	31.86%	98,118	53,525
255	ALASKA GATEWAY SD	1,040,625	24.18%	251,623	31.86%	331,543	79,920
152	ALASKA HOUSING FINANCE CORPORATION	18,397,143	26.68%	4,908,358	31.86%	5,861,330	952,972
267	ALEUTIAN HOUSING AUTHORITY	969,986	18.92%	183,521	31.86%	309,038	125,516
162	ALEUTIAN REGION SD	167,231	14.48%	24,215	31.86%	53,280	29,065
230	ALEUTIANS EAST BOROUGH	704,070	20.31%	142,997	31.86%	224,317	81,320
244	ALEUTIANS EAST BOROUGH SD	662,056	29.88%	197,822	31.86%	210,931	13,109
259	ALLAKAKET, CITY OF	19,758	14.48%	2,861	31.86%	6,295	3,434
203	ANCHORAGE PARKING AUTHORITY	1,298,338	29.27%	380,024	31.86%	413,651	33,627
283	ANDERSON, CITY OF	43,355	14.48%	6,278	31.86%	13,813	7,535
103	ANNETTE ISLAND SD	570,618	14.48%	82,625	31.86%	181,799	99,173
281	BARANOF ISLAND HA	476,399	15.12%	72,031	31.86%	151,781	79,749
171	BARROW, CITY OF	1,248,265	17.70%	220,943	31.86%	397,697	176,754
219	BARTLETT REGIONAL HOSPITAL	20,709,107	21.87%	4,529,082	31.86%	6,597,922	2,068,840
104	BERING STRAIT SD	7,076,188	24.49%	1,732,958	31.86%	2,254,473	521,515
270	BERING STRAITS RHA	1,078,781	17.62%	190,081	31.86%	343,700	153,618
136	BETHEL, CITY OF	5,809,252	17.40%	1,010,810	31.86%	1,850,828	840,018
144	BRISTOL BAY BOROUGH	1,749,955	29.90%	523,237	31.86%	557,536	34,299
223	BRISTOL BAY RHA	1,375,226	17.66%	242,865	31.86%	438,147	195,282
262	COOK INLET HOUSING AUTHORITY	4,298,799	17.00%	730,796	31.86%	1,369,597	638,802
224	COPPER RIVER BASIN RHA	614,337	17.45%	107,202	31.86%	195,728	88,526
163	CORDOVA COMMUNITY MEDICAL CENTER	2,172,784	29.97%	651,183	31.86%	692,249	41,066
282	DELTA JUNCTION, CITY OF	293,706	17.27%	50,723	31.86%	93,575	42,852
205	DILLINGHAM CITY SD	1,393,179	27.30%	380,338	31.86%	443,867	63,529
178	DILLINGHAM, CITY OF	2,227,329	28.49%	634,566	31.86%	709,627	75,061
271	EGEGIK, CITY OF	45,968	31.40%	14,434	31.86%	14,645	211
116	FAIRBANKS NORTH STAR BOROUGH	19,314,602	29.98%	5,790,518	31.86%	6,153,632	363,115
183	FORT YUKON, CITY OF	401,625	14.48%	58,155	31.86%	127,958	69,802
141	GALENA CITY SD	3,209,254	23.72%	761,295	31.86%	1,022,468	261,233
192	GALENA, CITY OF	1,822,779	16.88%	307,685	31.86%	580,737	273,052
199	HOONAH, CITY OF	689,170	27.46%	189,246	31.86%	219,570	30,323
285	HOOPER BAY, CITY OF	12,600	14.48%	1,825	31.86%	4,014	2,190
168	HYDABURG CITY SD	129,787	25.87%	33,576	31.86%	41,350	7,774
275	ILISAGVIK COLLEGE	3,887,085	16.19%	629,319	31.86%	1,238,425	609,106

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Losers

Prepared by Division of Retirement and Benefits

1 of 3
Losers

Exhibit 2b Page 8

3/16/2007

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Losers FY08 Base

		2	5	6 = 2 x 5	7	8	9 = 8-6
		Gross Salaries					
ER		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution	Average Rate (05 val)	Cost Share Contributions in FY08	Losers - FY08 cost share > orig FY08
263	INTERIOR RHA	1,203,929	16.73%	201,417	31.86%	383,572	182,154
284	INTER-ISLAND FERRY AUTHORITY	1,019,517	16.00%	163,123	31.86%	324,818	161,695
265	KAKE CITY SD	366,919	31.20%	114,479	31.86%	116,901	2,422
211	KASHUNAMIUT SD	1,118,236	26.87%	300,470	31.86%	356,270	55,800
151	KING COVE, CITY OF	932,592	26.53%	247,417	31.86%	297,124	49,707
227	KLAWOCK, CITY OF	671,063	15.13%	101,532	31.86%	213,801	112,269
140	KOTZEBUE, CITY OF	3,632,278	17.13%	622,209	31.86%	1,157,244	535,035
287	KOYUK, CITY OF	25,112	14.48%	3,636	31.86%	8,001	4,365
157	LOWER KUSKOKWIM SD	15,647,268	24.45%	3,825,757	31.86%	4,985,220	1,159,463
254	MEKORYUK, CITY OF	3,189	20.53%	655	31.86%	1,016	361
294	MOUNTAIN VILLAGE, CITY OF	34,341	14.48%	4,973	31.86%	10,941	5,968
196	NENANA CITY SD	1,388,620	21.62%	300,220	31.86%	442,414	142,195
175	NOME JOINT UTILITY SYSTEM	883,109	22.82%	201,526	31.86%	281,359	79,833
241	NOORVIK, CITY OF	90,423	15.92%	14,395	31.86%	28,809	14,413
170	NORTH PACIFIC FISHERY MGMT COUNCIL	1,455,558	30.04%	437,250	31.86%	463,741	26,491
276	NORTH PACIFIC RIM HA	1,153,137	17.37%	200,300	31.86%	367,389	167,089
145	NORTH SLOPE BOROUGH	38,915,994	22.96%	8,935,112	31.86%	12,398,636	3,463,523
161	NORTH SLOPE BOROUGH SD	8,890,221	29.57%	2,628,838	31.86%	2,832,424	203,586
220	NORTHWEST ARCTIC BOROUGH	1,043,827	18.24%	190,394	31.86%	332,563	142,169
154	NORTHWEST ARCTIC BOROUGH SD	7,887,420	20.70%	1,632,696	31.86%	2,512,932	880,236
288	NORTHWEST INUPIAT HOUSING AUTHORIT	1,126,996	17.65%	198,915	31.86%	359,061	160,146
257	PELICAN CITY SD	120,470	14.48%	17,444	31.86%	38,382	20,938
187	PETERSBURG MEDICAL CENTER	3,855,146	21.73%	837,723	31.86%	1,228,249	390,526
156	PRIBILOF SD	574,219	29.28%	168,131	31.86%	182,946	14,815
266	QUINHAGAK, CITY OF	28,529	14.48%	4,131	31.86%	9,089	4,958
221	SAINT MARY'S SD	431,096	16.66%	71,821	31.86%	137,347	65,527
172	SAINT PAUL, CITY OF	1,263,904	28.44%	359,454	31.86%	402,680	43,226
176	SAND POINT, CITY OF	925,242	29.98%	277,388	31.86%	294,782	17,395
278	SAXMAN SEAPORT	70,936	28.13%	19,954	31.86%	22,600	2,646
286	SELDOVIA, CITY OF	64,281	21.58%	13,872	31.86%	20,480	6,608
182	SEWARD, CITY OF	4,055,986	31.14%	1,263,034	31.86%	1,292,237	29,203
225	SKAGWAY CITY SD	286,767	16.44%	47,145	31.86%	91,364	44,219
132	SKAGWAY, CITY OF	1,851,825	25.36%	469,623	31.86%	589,991	120,369
102	SOUTHWEST REGION SD	2,197,540	30.08%	661,020	31.86%	700,136	39,116
218	SPECIAL EDUCATION SERVICE AGENCY	421,365	25.10%	105,763	31.86%	134,247	28,484

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Losers FY08 Base

ER		2	5	6 = 2 x 5	7	8	9 = 8-6
		Gross Salaries					
		Est. FY08 (FY07 * 3%)	FY08 Board Requested Rate	FY 08 Est. Contribution	Average Rate (05 val)	Cost Share Contributions in FY08	Losers - FY08 cost share > orig FY08
101	STATE OF ALASKA PERS	848,376,355	44.018%	373,370,234	47.92%	406,541,949	33,171,515
293	TAGIUGMIULLU NUNAMIULLU HOUSING AUT	1,450,856	14.90%	216,178	31.86%	462,243	246,065
166	TANANA SD	153,340	18.98%	29,104	31.86%	48,854	19,750
169	TANANA, CITY OF	96,281	14.48%	13,941	31.86%	30,675	16,734
206	THORNE BAY, CITY OF	276,762	23.11%	63,960	31.86%	88,176	24,217
279	TLINGIT-HAIDA RHA	2,331,908	20.69%	482,472	31.86%	742,946	260,474
280	TOKSOOK BAY, CITY OF	28,493	23.16%	6,599	31.86%	9,078	2,479
249	UNALAKLEET, CITY OF	206,072	29.89%	61,595	31.86%	65,654	4,060
209	UNALASKA CITY SD	850,870	26.87%	228,629	31.86%	271,087	42,458
179	UNALASKA, CITY OF	9,647,494	23.34%	2,251,725	31.86%	3,073,692	821,966
290	UPPER KALSKAG, CITY OF	19,615	14.48%	2,840	31.86%	6,249	3,409
131	WASILLA, CITY OF	4,913,053	24.38%	1,197,802	31.86%	1,565,299	367,496
202	WHITTIER, CITY OF	1,031,368	21.40%	220,713	31.86%	328,594	107,881
264	YAKUTAT SD	289,667	18.96%	54,921	31.86%	92,288	37,367
248	YAKUTAT, CITY AND BOROUGH	744,132	25.22%	187,670	31.86%	237,080	49,410
160	YUKON / KOYUKUK SD	1,493,899	20.02%	299,079	31.86%	475,956	176,878
159	YUKON FLATS SD	947,119	17.17%	162,820	31.86%	301,752	139,132
195	YUPIIT SD	1,743,107	18.26%	318,291	31.86%	555,354	237,063
							52,221,220

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners/Losers FY07 as base

Listing includes political subdivisions and school districts that have received rate relief in the past.

ER		1	2	3	4 = 1 x 3	5	10	11	12 = 11-4	13 = 11-4
		Gross Salaries								
		Est. FY07 (FY06 * 3%)	Est. FY08 (FY07 * 3%)	FY07 Adj Contributio n Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	Average Rate (05 val)	Cost Share Contributions in FY08	Losers cost share > FY07	Winners FY08 cost share < FY07
258	DENALI BOROUGH	151,229	155,766	39.00%	58,970	51.83%	31.86%	49,627	-	(9,352)
129	FAIRBANKS, CITY OF	6,966,796	7,175,800	35.67%	2,485,056	184.95%	31.86%	2,286,210	-	(198,846)
138	HOONAH CITY SD	675,665	695,935	40.36%	272,698	45.14%	31.86%	221,725	-	(50,974)
198	SAXMAN, CITY OF	122,449	126,122	37.84%	46,335	105.76%	31.86%	40,183	-	(6,152)
208	AKUTAN, CITY OF	298,997	307,967	13.32%	39,826	14.48%	31.86%	98,118	58,292	-
230	ALEUTIANS EAST BOROUGH	683,563	704,070	15.23%	104,107	20.31%	31.86%	224,317	120,210	-
259	ALLAKAKET, CITY OF	19,182	19,758	15.00%	2,877	14.48%	31.86%	6,295	3,417	-
203	ANCHORAGE PARKING AUTHORITY	1,260,522	1,298,338	19.18%	241,768	29.27%	31.86%	413,051	171,882	-
173	ANCHORAGE, MUNICIPALITY OF	146,880,650	151,287,070	18.65%	27,303,241	39.33%	31.86%	48,200,060	20,808,819	-
283	ANDERSON, CITY OF	42,092	43,355	13.32%	5,607	14.48%	31.86%	13,813	8,206	-
243	ATKA, CITY OF	96,559	99,456	21.92%	21,166	34.02%	31.86%	31,687	10,521	-
171	BARROW, CITY OF	1,211,908	1,248,265	17.26%	209,175	17.70%	31.86%	397,697	188,522	-
219	BARTLETT REGIONAL HOSPITAL	20,105,929	20,709,107	17.20%	3,458,220	21.87%	31.86%	6,597,922	3,139,702	-
136	BETHEL, CITY OF	5,640,051	5,809,252	15.08%	850,520	17.40%	31.86%	1,850,828	1,000,308	-
144	BRISTOL BAY BOROUGH	1,698,985	1,749,955	17.99%	305,647	29.90%	31.86%	557,536	251,888	-
163	CORDOVA COMMUNITY MEDICAL CENTER	2,109,499	2,172,784	20.14%	424,053	29.97%	31.86%	692,249	267,396	-
148	CORDOVA, CITY OF	2,240,201	2,307,407	19.77%	442,888	52.40%	31.86%	735,140	292,252	-
186	CRAIG, CITY OF	1,618,781	1,667,345	25.33%	410,037	33.56%	31.86%	531,216	121,179	-
282	DELTA JUNCTION, CITY OF	285,152	293,706	14.47%	41,261	17.27%	31.86%	93,575	52,313	-
178	DILLINGHAM, CITY OF	2,162,456	2,227,329	21.18%	458,008	28.49%	31.86%	709,627	251,619	-
271	EGEGIK, CITY OF	44,629	45,968	18.80%	8,390	31.40%	31.86%	14,645	6,255	-
116	FAIRBANKS NORTH STAR BOROUGH	18,752,041	19,314,602	20.93%	3,924,802	29.98%	31.86%	6,153,632	2,228,830	-
183	FORT YUKON, CITY OF	389,928	401,625	13.32%	51,938	14.48%	31.86%	127,958	76,019	-
192	GALENA, CITY OF	1,769,688	1,822,779	13.40%	237,138	16.88%	31.86%	580,737	343,599	-
189	HAINES BOROUGH	1,612,635	1,661,014	27.17%	430,153	43.85%	31.86%	529,199	91,046	-
215	HOMER, CITY OF	4,955,649	5,104,318	17.92%	888,059	35.96%	31.86%	1,626,236	738,184	-
199	HOONAH, CITY OF	669,097	689,170	20.75%	138,833	27.46%	31.86%	219,570	80,732	-
285	HOOPER BAY, CITY OF	12,233	12,600	13.32%	1,529	14.48%	31.86%	4,014	2,385	-
235	HUSLIA, CITY OF	117,103	120,616	23.27%	27,250	40.43%	31.86%	38,428	11,178	-
275	ILISAGVIK COLLEGE	3,773,869	3,887,085	13.90%	524,568	16.19%	31.86%	1,238,425	713,857	-
126	JUNEAU, CITY AND BOROUGH	28,153,387	28,997,989	21.22%	5,974,149	42.56%	31.86%	9,238,759	3,264,610	-
260	KACHEMAK, CITY OF	24,215	24,942	30.37%	7,354	90.23%	31.86%	7,946	592	-
180	KENAI PENINSULA BOROUGH	13,947,886	14,366,322	22.81%	3,181,513	37.39%	31.86%	4,577,110	1,395,598	-
115	KENAI, CITY OF	5,513,392	5,678,794	18.67%	1,029,350	45.71%	31.86%	1,809,264	779,913	-
122	KETCHIKAN GATEWAY BOROUGH	4,560,752	4,697,575	20.49%	934,498	32.18%	31.86%	1,496,647	562,149	-
181	KETCHIKAN, CITY OF	7,947,200	8,185,616	29.92%	2,377,802	52.61%	31.86%	2,607,937	230,135	-
151	KING COVE, CITY OF	905,429	932,592	19.63%	177,736	26.53%	31.86%	297,124	119,388	-
227	KLAWOCK, CITY OF	651,517	671,063	14.35%	93,493	15.13%	31.86%	213,801	120,308	-
174	KODIAK ISLAND BOROUGH	2,290,957	2,359,685	15.00%	343,643	49.23%	31.86%	751,796	408,152	-
128	KODIAK, CITY OF	5,839,975	6,015,174	21.21%	1,238,659	48.05%	31.86%	1,916,435	677,776	-

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners/Losers FY07 as base

Listing includes political subdivisions and school districts that have received rate relief in the past.

ER		1	2	3	4 = 1 x 3	5	10	11	12 = 11-4	13 = 11-4
		Gross Salaries								
		Est. FY07 (FY06 * 3%)	Est. FY08 (FY07 * 3%)	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	Average Rate (05 val)	Cost Share Contributions in FY08	Losers cost share > FY07	Winners FY08 cost share < FY07
140	KOTZEBUE, CITY OF	3,526,483	3,632,278	13.32%	469,728	17.13%	31.86%	1,157,244	687,516	-
287	KOYUK, CITY OF	24,381	25,112	15.39%	3,752	14.48%	31.86%	8,001	4,249	-
247	LAKE AND PENINSULA BOROUGH	399,365	411,346	27.90%	111,423	41.95%	31.86%	131,055	19,632	-
109	MATANUSKA-SUSITNA BOROUGH	12,360,174	12,730,979	20.99%	2,594,401	33.89%	31.86%	4,056,090	1,461,089	-
254	MEKORYUK, CITY OF	3,096	3,189	13.32%	412	20.53%	31.86%	1,016	604	-
294	MOUNTAIN VILLAGE, CITY OF	33,340	34,341	13.32%	4,441	14.48%	31.86%	10,941	6,500	-
193	NENANA, CITY OF	203,434	209,537	24.40%	49,638	41.79%	31.86%	66,759	17,121	-
175	NOME JOINT UTILITY SYSTEM	857,388	883,109	14.11%	120,977	22.82%	31.86%	281,359	160,381	-
139	NOME, CITY OF	2,458,823	2,532,588	15.50%	301,118	36.02%	31.86%	806,883	425,765	-
241	NOORVIK, CITY OF	87,789	90,423	13.45%	11,808	15.92%	31.86%	28,809	17,001	-
191	NORTH POLE, CITY OF	1,618,587	1,667,144	20.00%	323,717	34.59%	31.86%	531,152	207,435	-
145	NORTH SLOPE BOROUGH	37,782,518	38,915,994	17.62%	6,657,280	22.96%	31.86%	12,398,636	5,741,356	-
220	NORTHWEST ARCTIC BOROUGH	1,013,424	1,043,827	14.19%	143,805	18.24%	31.86%	332,563	188,758	-
134	PALMER, CITY OF	3,210,218	3,312,705	23.54%	757,090	43.05%	31.86%	1,055,428	298,330	-
200	PELICAN, CITY OF	150,586	155,103	18.86%	28,400	34.82%	31.86%	49,416	21,015	-
187	PETERSBURG MEDICAL CENTER	3,742,860	3,855,146	15.89%	594,740	21.73%	31.86%	1,228,249	633,509	-
143	PETERSBURG, CITY OF	4,012,226	4,132,593	28.53%	1,144,688	41.15%	31.86%	1,316,644	171,956	-
266	QUINHAGAK, CITY OF	27,699	28,529	13.32%	3,689	14.48%	31.86%	9,089	5,400	-
172	SAINT PAUL, CITY OF	1,227,091	1,263,904	17.35%	212,900	28.44%	31.86%	402,680	189,779	-
176	SAND POINT, CITY OF	898,294	925,242	17.11%	153,696	29.98%	31.86%	294,782	141,084	-
278	SAXMAN SEAPORT	68,870	70,936	19.39%	13,354	28.13%	31.86%	22,600	9,246	-
286	SELDOVIA, CITY OF	62,409	64,281	16.64%	10,385	21.58%	31.86%	20,480	10,095	-
182	SEWARD, CITY OF	3,937,850	4,055,986	18.74%	797,958	31.14%	31.86%	1,292,237	554,284	-
165	SITKA COMMUNITY HOSPITAL	4,426,512	4,559,308	21.96%	972,062	32.58%	31.86%	1,452,595	480,533	-
120	SITKA, CITY AND BOROUGH	8,750,077	9,012,579	24.02%	2,101,768	43.31%	31.86%	2,871,408	769,639	-
132	SKAGWAY, CITY OF	1,797,888	1,851,825	19.94%	358,499	25.36%	31.86%	589,991	231,492	-
123	SOLDOTNA, CITY OF	2,764,602	2,847,540	19.46%	537,992	33.94%	31.86%	907,226	369,235	-
169	TANANA, CITY OF	93,476	96,281	13.32%	12,451	14.48%	31.86%	30,675	18,224	-
206	THORNE BAY, CITY OF	268,701	276,762	17.61%	47,318	23.11%	31.86%	88,176	40,858	-
280	TOKSOOK BAY, CITY OF	27,663	28,493	17.28%	4,780	23.16%	31.86%	9,078	4,298	-
249	UNALAKLEET, CITY OF	200,070	206,072	19.87%	39,754	29.89%	31.86%	65,654	25,901	-
179	UNALASKA, CITY OF	9,366,499	9,647,494	18.50%	1,732,802	23.34%	31.86%	3,073,692	1,340,889	-
290	UPPER KALSKAG, CITY OF	19,044	19,615	16.23%	3,091	14.48%	31.86%	6,249	3,159	-
107	VALDEZ, CITY OF	5,113,773	5,267,186	18.91%	987,014	46.32%	31.86%	1,678,126	711,111	-
131	WASILLA, CITY OF	4,769,954	4,913,053	18.91%	901,998	24.38%	31.86%	1,565,299	663,300	-
202	WHITTIER, CITY OF	1,001,328	1,031,368	15.00%	150,199	21.40%	31.86%	328,594	178,395	-
135	WRANGELL, CITY OF	2,741,239	2,823,476	21.72%	595,397	47.74%	31.86%	899,560	304,162	-
248	YAKUTAT, CITY AND BOROUGH	722,458	744,132	17.97%	129,826	25.22%	31.86%	237,080	107,255	-
255	ALASKA GATEWAY SD	1,010,315	1,040,625	18.67%	188,626	24.18%	31.86%	331,543	142,917	-
162	ALEUTIAN REGION SD	162,360	167,231	13.32%	21,626	14.48%	31.86%	53,280	31,653	-
244	ALEUTIANS EAST BOROUGH SD	642,773	662,056	23.72%	152,466	29.88%	31.86%	210,931	58,465	-

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners/Losers FY07 as base

Listing includes political subdivisions and school districts that have received rate relief in the past.

		1	2	3	4 = 1 x 3	5	10	11	12 = 11-4	13 = 11-4
		Gross Salaries								
ER		Est. FY07 (FY06 * 3%)	Est. FY08 (FY07 * 3%)	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	Average Rate (05 val)	Cost Share Contributions in FY08	Losers cost share > FY07	Winners FY08 cost share < FY07
111	ANCHORAGE SD	78,832,691	81,197,671	24.25%	19,116,928	40.89%	31.86%	25,869,578	6,752,051	-
103	ANNETTE ISLAND SD	553,998	570,618	13.32%	73,793	14.48%	31.86%	181,799	108,006	-
104	BERING STRAIT SD	6,870,085	7,076,188	18.39%	1,263,409	24.49%	31.86%	2,254,473	991,065	-
184	BRISTOL BAY BOROUGH SD	466,118	480,101	22.10%	103,012	42.77%	31.86%	152,960	49,948	-
105	CHATHAM SD	360,405	371,217	20.93%	75,433	69.18%	31.86%	118,270	42,837	-
121	CHUGACH SD	284,103	292,626	20.21%	57,417	42.23%	31.86%	93,231	35,813	-
112	COPPER RIVER SD	1,226,024	1,262,805	23.26%	285,173	38.55%	31.86%	402,330	117,156	-
185	CORDOVA CITY SD	634,879	653,926	20.46%	129,896	56.88%	31.86%	208,341	78,444	-
204	CRAIG CITY SD	830,645	855,564	23.74%	197,195	35.26%	31.86%	272,583	75,388	-
246	DELTA/GREELY SD	1,263,855	1,301,771	20.79%	262,756	35.15%	31.86%	414,744	151,989	-
118	DENALI BOROUGH SD	1,052,067	1,083,629	23.63%	248,603	42.65%	31.86%	345,244	96,641	-
205	DILLINGHAM CITY SD	1,352,601	1,393,179	18.53%	250,637	27.30%	31.86%	443,867	193,230	-
117	FAIRBANKS NORTH STAR BOROUGH SD	27,314,662	28,134,102	20.91%	5,711,496	36.49%	31.86%	8,963,525	3,252,029	-
141	GALENA CITY SD	3,115,781	3,209,254	18.38%	572,681	23.72%	31.86%	1,022,468	449,788	-
240	HAINES BOROUGH SD	542,294	558,563	21.43%	116,214	35.16%	31.86%	177,958	61,745	-
168	HYDABURG CITY SD	126,007	129,787	15.00%	18,901	25.87%	31.86%	41,350	22,449	-
124	IDITAROD AREA SD	935,571	963,638	22.00%	205,826	35.80%	31.86%	307,015	101,190	-
108	JUNEAU BOROUGH SD	9,248,003	9,525,443	22.93%	2,120,567	39.28%	31.86%	3,034,806	914,239	-
205	KAKE CITY SD	356,232	366,919	21.89%	77,979	31.20%	31.86%	116,901	38,921	-
211	KASHUNAMIUT SD	1,085,666	1,118,236	18.71%	203,128	26.87%	31.86%	356,270	153,142	-
190	KENAI PENINSULA BOROUGH SD	12,707,833	13,089,068	21.81%	2,771,578	45.44%	31.86%	4,170,177	1,398,599	-
177	KETCHIKAN GATEWAY BOROUGH SD	3,516,224	3,621,711	20.86%	733,484	34.44%	31.86%	1,153,877	420,393	-
251	KLAUOCK CITY SD	416,889	429,395	24.83%	103,513	35.15%	31.86%	136,805	33,292	-
158	KODIAK ISLAND BOROUGH SD	4,732,645	4,874,624	19.85%	939,430	41.11%	31.86%	1,553,055	613,625	-
125	KUSPUK SD	1,570,121	1,617,224	19.22%	301,777	32.06%	31.86%	515,248	213,470	-
164	LAKE AND PENINSULA BOROUGH SD	1,624,682	1,673,423	21.58%	350,806	37.60%	31.86%	533,153	182,546	-
157	LOWER KUSKOKWIM SD	15,191,522	15,647,268	18.22%	2,767,895	24.45%	31.86%	4,985,220	2,217,324	-
153	LOWER YUKON SD	4,677,967	4,818,306	17.47%	817,241	35.46%	31.86%	1,535,112	717,871	-
110	MATANUSKA-SUSITNA BOROUGH SD	22,096,696	22,759,596	20.99%	4,638,096	33.89%	31.86%	7,251,207	2,613,111	-
196	NENANA CITY SD	1,348,175	1,388,620	17.79%	239,840	21.62%	31.86%	442,414	202,574	-
149	NOME CITY SD	1,684,014	1,734,534	25.54%	430,097	34.58%	31.86%	552,623	122,525	-
161	NORTH SLOPE BOROUGH SD	8,631,283	8,890,221	21.03%	1,815,159	29.57%	31.86%	2,832,424	1,017,266	-
154	NORTHWEST ARCTIC BOROUGH SD	7,657,689	7,887,420	15.00%	1,148,653	20.70%	31.86%	2,512,932	1,364,279	-
257	PELICAN CITY SD	116,961	120,470	13.32%	15,579	14.48%	31.86%	38,382	22,803	-
228	PETERSBURG CITY SD	781,491	804,936	18.28%	142,857	35.92%	31.86%	256,453	113,596	-
156	PRIBILOF SD	557,494	574,219	25.06%	139,708	29.28%	31.86%	182,946	43,238	-
221	SAINT MARY'S SD	418,540	431,096	13.32%	55,749	16.66%	31.86%	137,347	81,598	-
133	SITKA BOROUGH SD	2,010,439	2,070,752	24.04%	483,310	50.66%	31.86%	659,742	176,432	-
225	SKAGWAY CITY SD	278,415	286,767	22.63%	63,066	16.44%	31.86%	91,364	28,359	-
155	SOUTHEAST ISLAND SD	658,950	678,719	25.55%	168,362	68.73%	31.86%	216,240	47,878	-
167	SOUTHEAST REGIONAL RESOURCE CENTE	1,337,068	1,377,180	20.28%	271,157	34.41%	31.86%	438,770	167,612	-
102	SOUTHWEST REGION SD	2,133,534	2,197,540	20.30%	433,107	30.08%	31.86%	700,136	267,029	-
218	SPECIAL EDUCATION SERVICE AGENCY	409,092	421,365	14.42%	58,991	25.10%	31.86%	134,247	75,256	-

EST PERS CONTRIBUTIONS - LEVEL \$ AMORTIZATION - COST SHARE - 65% SOA - \$1.7B in POB Winners/Losers FY07 as base

Listing includes political subdivisions and school districts that have received rate relief in the past.

		1	2	3	4 = 1 x 3	5	10	11	12 = 11-4	13 = 11-4
		Gross Salaries								
ER		Est. FY07 (FY06 * 3%)	Est. FY08 (FY07 * 3%)	FY07 Adj Contribution Rate	FY 07 Est. Contribution	FY08 Board Requested Rate	Average Rate (05 val)	Cost Share Contributions In FY08	Losers cost share > FY07	Winners FY08 cost share < FY07
166	TANANA SD	148,874	153,340	16.59%	24,698	18.98%	31.86%	48,854	24,156	-
209	UNALASKA CITY SD	826,088	850,870	21.47%	177,361	26.87%	31.86%	271,087	93,726	-
137	VALDEZ CITY SD	1,881,259	1,937,697	15.35%	288,773	46.80%	31.86%	617,350	328,577	-
146	WRANGELL PUBLIC SD	739,219	761,395	19.96%	147,548	41.94%	31.86%	242,581	95,032	-
264	YAKUTAT SD	281,230	289,667	15.49%	43,563	18.96%	31.86%	92,288	48,725	-
160	YUKON / KOYUKUK SD	1,450,387	1,493,899	13.70%	198,703	20.02%	31.86%	475,956	277,253	-
159	YUKON FLATS SD	919,533	947,119	13.32%	123,482	17.17%	31.86%	301,752	179,270	-
195	YUPIIT SD	1,692,337	1,743,107	14.52%	245,727	18.26%	31.86%	555,354	309,627	-
					133,547,397			215,515,214	82,233,141	(265,324)

Department of Administration FY07 - FY08



	<u>PERS</u>	<u>TRS</u>
Contributions estimated in FY 07 (all sources)	<u>\$354.8 M</u>	<u>\$164.3 M</u>
FY08 Legislation and operating budget		
SB 52/HB 97 Education Bill		
Rate relief for school districts PERS/TRS contributions	\$37.0 M* GF	\$170.5 M* GF
SB 50/HB 95 Budget Bill		
PERS Municipal and Political Sub Division rate relief	\$77.5 M* GF	
Governor's Budget Amendments		
PERS Payroll Base Correction (line 25)	0.6 M* GF	
PERS Non-School Dist. ER rate increase relief (line 26)	0.2 M* GF	
PERS School Dist. Payroll Base Correction (line 27)	0.1 M* GF	
TRS Non-School Dist ER rate increase relief (line 29)		0.5 M* GF
TRS School Dist. Payroll Base Correction (line 28)		1.7 M* GF
Transfer TRS increase funding from agencies to TRS DB plan:		
Education and Early Development (line 22 and 30)		1.0 M* GF
Labor and Workforce Development (line 23)		0.4 M* GF
University of Alaska (line 24)		13.3 M* GF
SOA and University PERS increase (In operating budget for executive and legislative branches)	\$163.8 M* GF	
Total Increase in FY08 Governor's Budget	<u>\$ 279.1 M* GF</u>	<u>\$187.4 M* GF</u>
Non-GF increases – Governor's budget	62.0 M	
Non-GF increases for other employers	2.1 M	
PERS/TRS Estimated Costs (all sources)	<u>\$ 698.1 M</u>	<u>\$351.7 M</u>
CSHB 97 amend TRS rate to normal cost Not reflected in operating budget		\$78.0 M GF

* Note: Included in DOA's FY08 Operating Budget.

PERS Cost Share
2005 Valuation Rate - Level Dollar Amortization
SOA takes 65% of 6/30/2005 Unfunded and issues \$1.7 billion in POBs

R & B Estimated Contributions				R & B Impact of changes		
	FY07 contribution amounts per ARMB set rates	FY08 contribution amounts per ARMB set rates	Increase	Cost Share - 05 Valuation rate - SOA takes 65% - \$1.7B POB	Cost Share contributions less original FY08 contributions	Relief to Employers whose cost share rate (31.86%) > orig FY07 rate
Political Subdivisions	81,673,165	159,745,815	78,072,650	136,284,927	(23,470,225)	54,816,392
Political Subdivisions	9,720	9,337				
School Districts	51,471,358	88,558,787	37,087,429	78,657,271	(9,948,661)	27,173,881
School Districts	63,005	47,145				
SE Regional Resource Ctr	271,157	473,888	202,731	438,770	(35,118)	167,612
Spec Educ Service Agency	58,991	105,763	46,772	134,247	28,484	75,256
				Impact on SOA From OMB (excluding University)		
				Funding Source	Post vacancy	
				GF	25,095,400	
				Fed	1,901,100	
				Other	8,924,900	
				Total	35,921,400	
						27,416,749
						54,816,392
						82,233,141
				GF increase over orig 08 budget (per OMB)	25,095,400	Rate from 44.01% to 47.92%
				GF savings for University in 08 (per OMB)	(2,542,600)	Rate from 33.75% to 31.86%
				Total GF cost - revised	104,785,941	
				GF in SB52 and SB50 amended	15,409,583	
				GF added cost (savings) from proposal	(10,623,642)	
Legislation	Original	Amend	Amended			
SB50 - Poli subs - Budget Bill	77,474,718	597,931	78,072,649			
SB52 - Education Bill	36,981,562	355,372	37,336,934			
Total	114,456,280	953,303	115,409,583			

Assumptions:
PERS goes to a cost share
State picks up 65% of 6/30/2005 unfunded liability
\$1.7 billion in POBs are issued by 6/30/2007

ESTIMATED THE CONTRIBUTIONS WITH LEVEL DOLLAR AMORTIZATION 2025 billion in cash 25 billion in POBs

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

Original spreadsheet excluded retiree rehire		3	4 = 1 x 3	5	6 = 2 x 5	9 = 7 + 8			
ER		FY07 Contribution Rate	FY 07 Est. Contribution	FY08 Board Adopted Rate	FY 08 Est. Contribution	Total FY08 Increase over FY07	FY08 Rate after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB in excess of original FY08 Contrib.
766	ALASKA GATEWAY SD	26.00%	562,197	54.03%	1,203,337	641,140	47.26%	1,052,558	(150,779)
758	ALEUTIAN REGION SD	26.00%	127,884	54.03%	273,725	145,841	47.26%	239,427	(34,298)
780	ALEUTIANS EAST BOROUGH SD	26.00%	572,108	54.03%	1,224,550	652,443	47.26%	1,071,113	(153,437)
701	ANCHORAGE SD	26.00%	52,710,264	54.03%	112,822,064	60,111,799	47.26%	98,685,373	(14,136,690)
770	ANNETTE ISLAND SD	26.00%	515,025	54.03%	1,102,370	587,345	47.26%	964,242	(138,128)
752	BERING STRAIT SD	26.00%	3,240,987	54.03%	6,947,773	3,706,786	47.26%	6,077,212	(870,561)
742	BRISTOL BAY BOROUGH SD	26.00%	243,067	54.03%	520,264	277,198	47.26%	455,075	(65,190)
768	CHATHAM SD	26.00%	255,067	54.03%	546,951	290,883	47.26%	477,543	(68,408)
771	CHUGACH SD	26.00%	337,862	54.03%	723,166	385,304	47.26%	632,553	(90,613)
767	COPPER RIVER SD	26.00%	722,023	54.03%	1,545,432	823,409	47.26%	1,351,788	(193,644)
704	CORDOVA CITY SD	26.00%	525,920	54.03%	1,125,689	599,769	47.26%	984,639	(141,050)
705	CRAIG CITY SD	26.00%	638,323	54.03%	1,366,278	727,955	47.26%	1,195,082	(171,196)
765	DELTA/GREELY SD	26.00%	1,088,920	54.03%	2,330,745	1,241,825	47.26%	2,038,700	(292,044)
764	DENALI BOROUGH SD	26.00%	573,462	54.03%	1,227,449	653,987	47.26%	1,073,649	(153,800)
744	DILLINGHAM CITY SD	26.00%	794,234	54.03%	1,699,994	905,760	47.26%	1,486,984	(213,011)
706	FAIRBANKS NORTH STAR BOROUGH SD	26.00%	18,216,381	54.03%	34,709,853	18,493,472	47.26%	30,360,682	(4,349,171)
735	GALENA CITY SD	26.00%	1,178,166	54.03%	2,521,769	1,343,603	47.26%	2,205,790	(315,980)
707	HAINES BOROUGH SD	26.00%	389,513	54.03%	833,721	444,208	47.26%	729,255	(104,466)
708	HOONAH CITY SD	26.00%	272,002	54.03%	582,198	310,196	47.26%	509,248	(72,950)
709	HYDABURG CITY SD	26.00%	180,855	54.03%	387,105	206,250	47.26%	338,600	(48,504)
761	IDITAROD AREA SD	26.00%	459,768	54.03%	984,095	524,328	47.26%	860,787	(123,308)
710	JUNEAU BOROUGH SD	26.00%	5,877,721	54.03%	12,580,787	6,703,066	47.26%	11,004,405	(1,576,382)
712	KAKE CITY SD	26.00%	186,548	54.03%	399,290	212,742	47.26%	349,259	(50,031)
777	KASHUNAMIUT SD	26.00%	484,708	54.03%	994,870	509,862	47.26%	870,037	(124,633)
746	KENAI PENINSULA BOROUGH SD	26.00%	10,466,902	54.03%	22,403,559	11,936,657	47.26%	19,596,376	(2,807,183)
714	KETCHIKAN GATEWAY BOROUGH SD	26.00%	2,745,257	54.03%	5,876,001	3,130,744	47.26%	5,139,733	(736,267)
717	KLAWOCK CITY SD	26.00%	268,992	54.03%	575,756	306,764	47.26%	503,613	(72,143)
718	KODIAK ISLAND BOROUGH SD	26.00%	3,712,193	54.03%	7,946,649	4,234,456	47.26%	6,950,053	(995,596)
755	KUSPUK SD	26.00%	700,460	54.03%	1,499,078	798,618	47.26%	1,311,418	(187,861)
757	LAKE AND PENINSULA BOROUGH SD	26.00%	874,562	54.03%	1,871,973	997,390	47.26%	1,637,413	(234,560)
754	LOWER KUSKOKWIM SD	26.00%	6,017,315	54.03%	12,879,576	6,862,261	47.26%	11,265,755	(1,613,821)
753	LOWER YUKON SD	26.00%	2,450,581	54.03%	5,245,271	2,794,690	47.26%	4,588,035	(657,236)
722	MATANUSKA-SUSITNA BOROUGH SD	26.00%	16,842,033	54.03%	36,049,012	19,206,979	47.26%	31,532,044	(4,516,969)
719	NENANA CITY SD	26.00%	487,668	54.03%	1,043,813	556,145	47.26%	913,022	(130,791)
720	NOME CITY SD	26.00%	915,887	54.03%	1,960,383	1,044,496	47.26%	1,714,745	(245,637)
736	NORTH SLOPE BOROUGH SD	26.00%	3,808,770	54.03%	8,152,364	4,343,594	47.26%	7,130,866	(1,021,497)
751	NORTHWEST ARCTIC BOROUGH SD	26.00%	3,476,547	54.03%	7,441,482	3,964,935	47.26%	6,509,059	(932,423)
723	PELICAN CITY SD	26.00%	33,925	54.03%	72,615	38,689	47.26%	63,516	(9,099)
724	PETERSBURG CITY SD	26.00%	699,001	54.03%	1,496,155	797,154	47.26%	1,308,686	(187,469)
759	PRIIBLOF SD	26.00%	190,178	54.03%	407,061	216,883	47.26%	356,056	(51,005)
748	SAINT MARY'S SD	26.00%	210,952	54.03%	451,526	240,574	47.26%	394,949	(56,576)
727	SITKA BOROUGH SD	26.00%	1,994,032	54.03%	4,260,064	2,266,032	47.26%	3,733,272	(534,792)
728	SKAGWAY CITY SD	26.00%	196,917	54.03%	421,486	224,568	47.26%	368,673	(52,813)

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

ER		FY07 Contribution Rate	FY 07 Est. Contribution	FY08 Board Adopted Rate	FY 08 Est. Contribution	Total FY08 Increase over FY07	FY08 Rate after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB	FY08 Contributions after \$0.5B deposit and \$2B POB in excess of original FY08 Contrib.
769	SOUTHEAST ISLAND SD	26.00%	435,931	54.03%	933,075	497,144	47.26%	816,160	(116,915)
756	SOUTHWEST REGION SD	26.00%	1,267,442	54.03%	2,712,857	1,445,415	47.26%	2,372,934	(339,923)
775	TANANA SD	26.00%	66,299	54.03%	141,908	75,609	47.26%	124,127	(17,781)
729	UNALASKA CITY SD	26.00%	623,572	54.03%	1,334,706	711,134	47.26%	1,167,467	(167,240)
730	VALDEZ CITY SD	26.00%	1,097,657	54.03%	2,349,446	1,251,789	47.26%	2,055,059	(294,387)
731	WRANGELL PUBLIC SD	26.00%	439,574	54.03%	940,872	501,298	47.26%	822,980	(117,892)
732	YAKUTAT SD	26.00%	182,390	54.03%	390,391	208,001	47.26%	341,475	(48,916)
762	YUKON / KOYUKUK SD	26.00%	1,278,234	54.03%	2,735,957	1,457,723	47.26%	2,393,139	(342,817)
763	YUKON FLATS SD	26.00%	552,090	54.03%	1,181,704	629,614	47.26%	1,033,635	(148,068)
778	YUPIIT SD	26.00%	776,133	54.03%	1,661,251	885,117	47.26%	1,453,095	(208,156)
	TRS School Districts		150,949,610		323,095,466	172,145,848		282,611,359	(40,484,107)
737	ALASKA DEPARTMENT OF EDUCATION	26.00%	1,244,203	54.03%	2,663,246	1,419,042	47.26%	2,329,539	(333,707)
743	SOUTHEAST REGIONAL RESOURCE CENTER	26.00%	209,458	54.03%	448,329	238,870	47.26%	392,153	(56,176)
779	SPECIAL EDUCATION SERVICE AGENCY	26.00%	259,264	54.03%	554,933	295,669	47.26%	485,399	(69,534)
733	UNIVERSITY OF ALASKA	26.00%	11,633,738	54.03%	24,901,077	13,267,339	47.26%	21,780,953	(3,120,124)
	TRS Other		13,346,724		28,567,584	15,220,860		24,988,044	(3,579,540)
	TOTAL TRS		164,296,342		351,663,050	187,365,708		307,599,403	(44,063,647)

buckconsultants
an ACS company



March 14, 2007

VIA EMAIL

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

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

Dear Charlene:

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

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

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

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

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

Sincerely,

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

/mlp

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Enclosure

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

Tabor Center, 1200 17th Street, Suite 1200 • Denver, CO 80202
720.359.7700 • 720.359.7701 (fax)

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

Public Employees' Retirement System
(\$ in thousands)

Fiscal Year	Projected Contribution Rate		Projected Contribution Amount	
	Current	with POB	Current	with POB
2006	16.77%	16.77%	\$266,122	\$266,122
2007	21.77%	21.77%	356,010	356,010
2008	39.76%	39.74%	615,097	614,788
2009	41.68%	40.91%	616,035	604,654
2010	46.35%	44.67%	654,751	631,019
2011	48.47%	45.72%	654,781	617,631
2012	51.13%	47.93%	657,480	616,331
2013	53.52%	49.91%	655,046	610,862
2014	56.21%	52.20%	657,057	610,183
2015	59.40%	54.97%	656,760	607,779
2016	61.99%	57.12%	647,179	596,336
2017	65.52%	60.12%	637,911	585,336
2018	69.07%	63.09%	614,819	561,589
2019	73.18%	66.45%	609,087	553,073
2020	80.28%	72.55%	621,086	561,283
2021	86.02%	77.29%	612,816	550,622
2022	92.71%	82.79%	584,316	521,794
2023	99.82%	88.50%	556,002	492,949
2024	112.37%	98.92%	579,061	509,751
2025	128.86%	112.74%	603,189	527,731
2026	141.00%	122.44%	591,726	513,837
2027	156.53%	134.95%	554,086	477,697
2028	174.58%	149.30%	532,062	455,017
2029	209.01%	177.44%	565,899	480,422
2030	161.35%	122.39%	390,286	296,047
2031	172.32%	125.51%	362,420	263,970
Total			\$14,851,084	\$13,482,833

Difference: \$1,368,251

Data, Assumptions, Methods and Plan Provisions:

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

buckconsultants
an ACS company



March 14, 2007

VIA EMAIL

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

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

Dear Charlene:

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

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

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

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

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

Sincerely,

David H. Slushinsky

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

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

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

Teachers' Retirement System
(\$ in thousands)

Fiscal Year	Projected Contribution Rate		Projected Contribution Amount	
	Current	with POB and cash	Current	with POB and cash
2006	21.00%	21.00%	\$117,818	\$117,818
2007	26.00%	26.00%	148,886	148,886
2008	54.03%	47.26%	289,826	253,511
2009	53.14%	43.33%	275,138	224,345
2010	60.01%	45.85%	296,199	226,307
2011	62.17%	43.97%	290,951	205,776
2012	66.20%	45.84%	293,955	203,548
2013	70.80%	48.28%	300,369	204,828
2014	75.95%	51.29%	304,028	205,314
2015	80.68%	53.90%	297,698	198,883
2016	86.05%	56.69%	289,435	190,681
2017	93.76%	60.80%	299,844	194,438
2018	105.28%	67.65%	310,515	199,528
2019	112.26%	70.87%	303,087	191,340
2020	123.56%	76.86%	286,941	178,490
2021	135.15%	82.19%	288,449	175,417
2022	160.68%	96.48%	304,787	183,009
2023	177.76%	104.25%	306,657	179,844
2024	205.31%	118.35%	323,530	186,497
2025	231.28%	131.21%	317,122	179,910
2026	258.19%	143.51%	279,220	155,199
2027	299.28%	161.94%	280,003	151,509
2028	389.64%	207.38%	329,784	175,522
2029	467.07%	243.18%	297,883	155,093
2030	328.54%	65.47%	166,281	33,136
2031	379.36%	13.51%	158,755	5,654
Total			\$7,157,160	\$4,524,485

Difference \$2,632,675

Data, Assumptions, Methods and Plan Provisions:

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

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

	Employer Name	Original Amount	Balance used to pay down unfunded liability
230	Aleutians East Borough	50,537	50,537
13	Anchorage, Municipality of	6,615,843	746,094
144	Bristol Bay Borough	70,944	70,944
140	Cordova, City of	98,482	98,482
282	Delta Junction, City of	3,419	3,419
22	Devon Borough	29,484	29,484
129	Fairbanks, City of	305,784	305,784
133	Galena, City of	68,486	68,486
260	Kachemak, City of	3,068	3,068
102	Ketchikan Gateway Borough	206,307	206,307
181	Ketchikan, City of	415,937	415,937
126	Kodiak, City of	293,700	293,700
174	Kodiak Island Borough	113,667	113,667
197	Lake and Peninsula Borough	32,811	32,811
191	North Pole, City of	107,535	107,535
134	Palmer, City of	132,967	132,967
143	Petersburg, City of	198,490	198,490
266	Quinnagak, City of	1,552	1,552
182	Seward, City of	192,943	192,943
135	Soldotna, City of	139,473	139,473
169	Tanana, City of	11,285	11,285
243	Unalakleet, City of	13,698	13,698
107	Valdez, City of	255,619	255,619
248	Yakutat City and Borough of	22,773	22,773
			<u>3,517,055</u>

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

State of Alaska Public Employees Retirement System Employers who used SB231 rate relief to pay down unfunded liability Fiscal Year 2007			
ER No.	Employer Name	Original Amount	Balance used to pay down unfunded liability
230	Aleutians East Borough	33,915	33,915
136	Bethel, City of	282,716	282,716
148	Cordova, City of	112,553	112,553
271	Edna, City of	2,830	2,830
129	Fairbanks, City of	333,653	333,653
235	Huslia, City of	5,216	5,216
180	Kenai Peninsula Borough	702,515	702,515
181	Ketchikan, City of	400,460	400,460
174	Kodiak Island Borough	118,047	118,047
128	Kodiak, City of	314,368	314,368
134	Palmer, City of	154,333	154,333
143	Palmdene, City of	206,671	206,671
198	Saxman, City of	5,637	5,637
187	Seward, City of	186,026	186,026
123	Soldotna, City of	136,756	136,756
			2,988,695

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

268	Atkas, City of	16,941	-
259	Allakaket, City of	3,056	-
243	Atka, City of	34,628	-
171	Barrow, City of	47,355	-
258	Dena, Borough	7,889	-
183	Fort Yukon, City of	24,209	-
192	Galeana, City of	95,984	-
215	Homer, City of	248,456	-
199	Hooper Bay, City of	185,299	-
285	Hooper Bay, City of	1,576	-
280	Kachemak, City of	21,183	-
237	Kaltag, City of	870	-
122	Ketchikan Gateway Borough	214,696	-
151	King Cove, City of	50,001	-
227	Klawock, City of	31,917	-
287	Koyuk, City of	1,664	-
247	Lake and Peninsula Borough	19,656	-
236	Mountain Village, City of	1,786	-
193	Nenana, City of	12,244	-
241	Noorvik, City of	12,352	-
226	Northwest Arctic Borough	42,779	-
200	Pelican, City of	7,657	-
256	Quinhagak, City of	1,926	-
172	Saint Paul, City of	74,829	-
176	Sand Point, City of	38,686	-
286	Seldovia, City of	2,405	-
132	Skagway, City of	89,801	-
169	Tanana, City of	7,302	-
206	Thorne Bay, City of	110,435	-
249	Unalakleet, City of	11,157	-
179	Unalaska, City of	520,772	-
		1,640,725	

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

Public Employees' Retirement System (PERS)

Defined Benefit (DB) Plan

Accounting Issues

House Ways & Means

March 28, 2007

Division of Retirement and Benefits
PO Box 110203
Juneau, AK 99811-0203
(907) 465-4460
(800) 821-2251



Why are we here today?

- Concerns about employer level accounting for the PERS DB plan.
- Contribution rates for PERS DB plan not supported by employer level accounting records.
- Set the stage to discuss the proposed solution.



Division of Retirement and Benefits



Proposed Solution

- Cost share legislation
 - Administer the PERS DB plan like the TRS DB plan
 - State to assume 65% of unfunded liability at 6/30/2006 (estimated \$3.6B of \$5.5B total)
 - All employers share the cost (benefits, administration, and investment)
 - Simplify administration



Proposed Solution (cont.)

- Address the unfunded liability
 - If market conditions warrant, use pension obligation bonds as part of solution to reduce the unfunded liability.

PERS = One System (but Two Plans)

- Defined Benefit Plan (Tiers I, II, and III)
- Defined Contribution Retirement Plan (Tier IV)



PERS DB Accounting Issues

No impact on:

- Teachers' Retirement System (TRS)
- Benefits paid to members
- PERS DB Plan level accounting
(PERS as a whole)
- New PERS Defined Contribution
Retirement Plan (Tier IV)



Agent Multiple Employer Plan

Defined and described as follows:

- A plan that provides benefits to employees of more than one employer
 - Pooled administrative and investment functions
 - Share costs/income of pooled functions
 - Separate accounts for each employer
 - Each employer's contributions are to provide benefits only for that employer's employees



Alaska Statutes

AS 39.35.100 (b)(3)

- A separate account for each employer shall be maintained.
- The account shall be credited with contributions of the employer.
- This account shall be charged with the employer's actuarial charge for pension, death benefits, and other benefits paid under this plan to or on behalf of the employee of the employer.

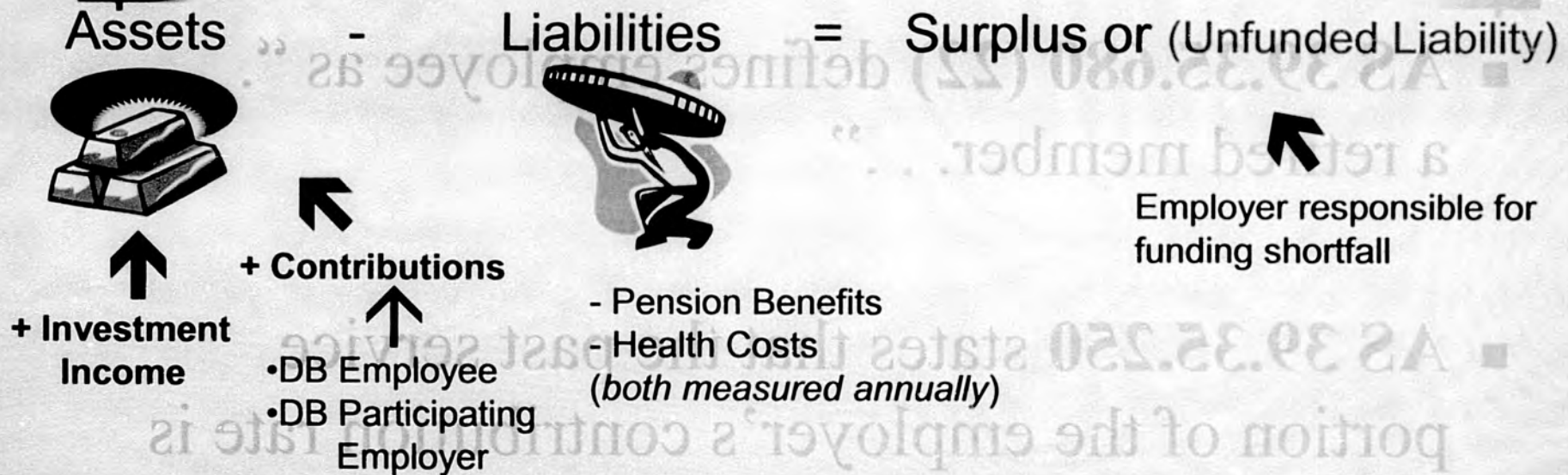


Alaska Statutes (cont'd)

- AS 39.35.680 (22) defines employee as “. . . a retired member. . .”
- AS 39.35.250 states that the past service portion of the employer's contribution rate is that “required to amortize the unfunded obligations of the employer. . .”



PERS DB Plan



- Calculation is performed at the employer level as well as at the plan level
- Concerns regarding employer level accounting and allocation methodologies in use



Assets

Employer contributions are accounted for in two separate buckets:

- Active employer asset accounts
 - One account for each individual employer
- Retiree reserve asset account
 - One consolidated account for all participating employers



Retiree Reserve Account

Funding Sources

- Share of the plan's net investment income
- Transfers from the active employer's asset accounts



Transfers

- In order to calculate an employer's past service contribution rate, we assign retiree reserve assets to employers
- Allocation process is used to assign retiree reserve assets to individual employers



Allocation Process

- Allocate retiree reserve account balance to employers resulting in employer's retiree reserve account balance
 - based on the employer's pro rata share of retiree liabilities at year end
 - The amount allocated to an employer does not represent contributions made by the employer
 - simply represents assets assigned
 - Concerns have been raised about this practice - no accounting by individual employer.



Allocation Example

Participating employer has the following assets and liabilities in the Plan at 6/30/04:

	<u>Assets</u>	<u>Liabilities</u>
Active	\$237,819	350,172
Allocated share of retiree reserve account	-	-
Total	\$237,819	350,172

- Unfunded liability is \$112,353
- Employer has no retirees at 6/30/2004,
so has not contributed to the retiree
reserve account



Next Year – FY05

Employer now has retirees in the plan for the first time, so will get an allocation of the retiree reserve account balance based on their retiree liabilities compared to total retiree liabilities even though they have not contributed to the retiree reserve account in the past.



Allocation

Employer retiree liabilities \$ 453,428

Total retiree liabilities 7,131,974,579

% allocated to employer .006%

Retiree reserve account balance 6,194,055,956

Account balance allocated to employer \$ 393,883

Even though employer has not contributed to this account

Note: This is the impact if the employer's retiree liabilities are growing; however, the reverse is the impact if the employer's retiree liability is declining.



Transfer

AS 39.35.100 states, “Upon retirement, the amount actuarially determined. . .to fully fund benefits. . .shall be transferred. . .from the employer contribution account into the retirement reserve account.”

- Transfer, from the employer’s active asset account, the balance needed to fully fund the employer’s retiree reserve asset account
 - Compare the assigned assets to the allocated liabilities and transfer the difference



Transfer

Per statute, the retiree reserve account is to be fully funded.

Employer retiree liabilities	\$ 453,428
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Account balance allocated to employer	<u>393,883</u>
---------------------------------------	----------------

Amount transferred from employer active account	\$ 59,545
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Effect of Allocation and Transfer

Participating employer has the following assets in the Plan at 6/30/05 after transfer to fully fund the retiree reserve account.

	<u>Assets</u>	<u>Liabilities</u>
Active (237,819+32,261-59,545)	\$ 210,535	18,107
Allocated share of retiree reserve account (393,883+59,545)	<u>453,428</u>	<u>453,428</u>
Total	\$ 663,963	471,535

■ Over funded by \$192,428.



Liabilities

- Annually calculated by employee
 - Allocated to individual employer
 - Based on pro rata service earned with employer
 - Does not take into account salary earned with employer
 - Concerns have been raised about this allocation process as well



Liability Allocation Example

One employee is a covered elected official for the City of X for 5 years earning 5 years of service credit. Is paid \$1,000 for attending meeting during these 5 years.

Same employee worked for City of Z for 5 years prior to serving as elected official. Was paid \$200,000 for the 5 year period.



Example (cont.)

Actuary calculates a \$750,000 liability for the member. This liability is allocated to employers as follows:

	<u>Salary Paid</u>	<u>Service Earned</u>	<u>% by employee</u>	<u>Liability Allocated</u>
City X	\$ 1,000	5 yrs	50%	\$375,000
City Z	\$ 200,000	<u>5 yrs</u>	<u>50%</u>	<u>375,000</u>
Total		10 yrs	100%	\$750,000

Note: Extreme example to clearly reflect the impact of current practice. Approximately 735 or 1.2% of all PERS members have service in both categories shown above.



Impact on Contribution Rates

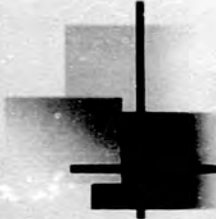
Assets - Liabilities = Surplus or
(Unfunded Liability)



Concerns raised about both the assets and liabilities assigned to employers, individually, and collectively, impact the employer's unfunded liability.

Unfunded liability - basis of the past service cost portion of the employer's contribution rate.





Proposed Solution

- Cost Share Legislation – long range
 - Redesign the PERS DB plan – align with TRS
 - All employers share the cost/income of the Plan (benefits, administration, and investment)
 - One uniform, less volatile, contribution rate
- ARMB supports concept – Resolution 2007-04
- AML supports concept
- Administration of plan simplified
- Introduced by the Governor



Public Employees' Retirement System (PERS)

Defined Benefit (DB) Plan



Accounting Structures

House Ways & Means

April 2, 2007

Division of Retirement and Benefits
PO Box 110203
Juneau, AK 99811-0203
(907) 465-4460
(800) 821-2251



Why are we here today?

- Concerns about employer level accounting for the PERS DB plan.
- Set the stage to discuss the proposed solution.



PERS = One System (but Two Plans)

- Defined Benefit Plan (Tiers I, II, and III)
- Defined Contribution Retirement Plan (Tier IV)



PERS DB

Accounting Issues

No impact on:

- Teachers' Retirement System (TRS)
- Benefits paid to members
- PERS DB Plan level accounting (PERS as a whole)
- New PERS Defined Contribution Retirement Plan (Tier IV)



Agent Multiple Employer Plan

Defined and described as follows:

- A plan that provides benefits to employees of more than one employer
 - Pooled administrative and investment functions
 - Share costs/income of pooled functions
 - Separate accounts for each employer
 - Each employer's contributions are to provide benefits only for that employer's employees



Alaska Statutes

AS 39.35.100 (b)(3)

- A separate account for each employer shall be maintained.
- The account shall be credited with contributions of the employer.
- This account shall be charged with the employer's actuarial charge for pension, death benefits, and other benefits paid under this plan to or on behalf of the employee of the employer.



Alaska Statutes (cont'd)

- **AS 39.35.250** states that the past service portion of the employer's contribution rate is that "required to amortize the unfunded obligations of the employer. . ."



PERS DB Plan

Assets - Liabilities = Surplus or (Unfunded Liability)



**Contributions +
Investment
Income**

- DB Employee
- DB Participating Employer



- Pension Benefits
 - Health Costs
- (both measured annually)*

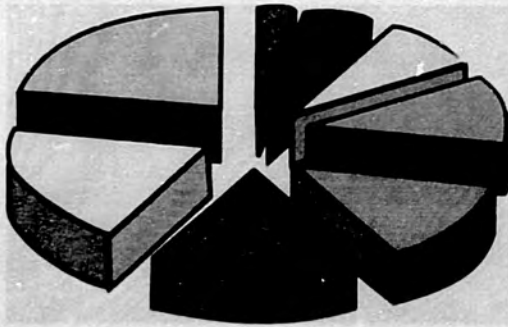


Employer responsible for
funding shortfall

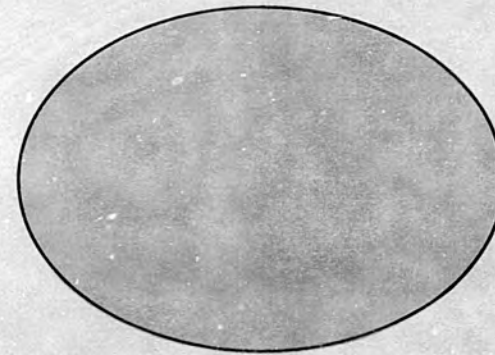


Assets

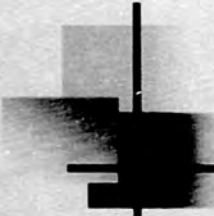
Employer contributions are accounted for in two separate buckets:



Active



Retirement
Reserve



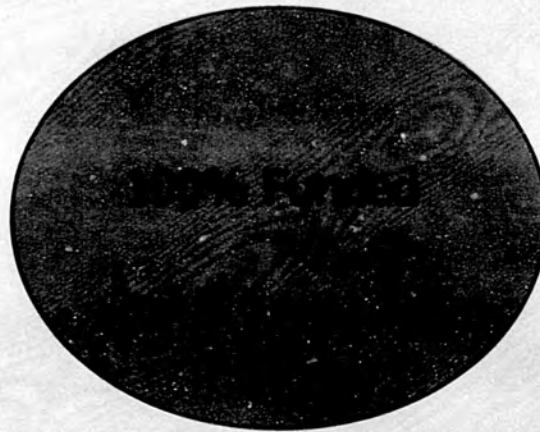
Retiree Reserve Account

Funding Sources

- Share of the plan's net investment income
- Transfers from the active employer's asset accounts

Retiree Reserve Account

Retiree Reserve



Assets = Liabilities



Allocation Process

- Allocate retiree reserve account balance to employers to establish employer's retiree reserve account balance
 - based on the employer's pro rata share of retiree liabilities at year end
 - The amount allocated to an employer does not represent contributions made by the employer
 - simply represents assets assigned
 - Concerns have been raised about this practice - no accounting by individual employer.
 - Cost Share Model addresses these concerns.



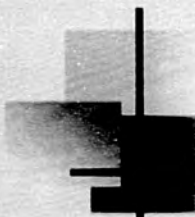
Allocation Example

Participating employer has the following assets and liabilities in the Plan at 6/30/04:

	<u>Assets</u>	<u>Liabilities</u>
Active	\$237,819	350,172
Allocated share of retiree reserve account	<u>-</u>	<u>-</u>
Total	\$237,819	350,172

Unfunded Liability is $\$350,172 - 237,819 = \$112,353$





Next Year – FY05

Sample employer has retired members. The employee contributions have been transferred to retiree reserve to pay benefits. Now the valuation process occurs.



Transfer

AS 39.35.100 states, “Upon retirement, the amount actuarially determined. . .to fully fund benefits. . .shall be transferred. . .from the employer contribution account into the retirement reserve account.”

- Transfer, from the employer’s active asset account, the balance needed to fully fund the employer’s retiree reserve asset account
 - Compare the assigned assets to the allocated liabilities and transfer the difference

Allocation

Employer retiree liabilities	\$ 453,428
Total retiree liabilities	<u>7,131,974,579</u>
% allocated to employer	.006358%
(453,428 / 7,131,974,579)	

Retiree reserve account balance	<u>6,194,055,956</u>
Assets assigned to employer	
(6,194,055,956 x .006358%)	\$ 393,883



Transfer

Per statute, the retiree reserve account is to be fully funded.

Employer retiree liabilities	\$ 453,428
Account balance allocated to employer	<u>393,883</u>
Amount transferred from employer active account	\$ 59,545



Effect of Allocation and Transfer

Participating employer has the following assets in the Plan at 6/30/05 after transfer to fully fund the retiree reserve account.

	<u>Assets</u>	<u>Liabilities</u>
Active (237,819+32,261-59,545)	\$ 210,535	18,107
Allocated share of retiree reserve account (393,883+59,545)	<u>453,428</u>	<u>453,428</u>
Total	\$ 663,963	471,535

■ Over funded by \$192,428.



Liabilities

- Annually calculated by employee
 - Allocated to individual employer
 - Based on pro rata service earned with employer
 - Does not take into account salary earned with employer
 - Concerns have been raised about this allocation process as well
 - Cost Share Model addresses these concerns.

Liability Allocation

Example 1

One employee worked for the City of A for 5 years earning 5 years of service credit. The employee is paid \$150,000 for the 5 year period.

Same employee worked for City of B for an additional 5 years. The employee was paid \$200,000 for the 5 year period.



Example (cont.)

Actuary calculates a \$800,000 liability for the member. This liability is allocated to employers as follows:

	<u>Salary Paid</u>	<u>Service Earned</u>	<u>% by employee</u>	<u>Liability Allocated</u>
City A	\$150,000	5 yrs	50%	\$400,000
City B	\$ 200,000	<u>5 yrs</u>	<u>50%</u>	<u>400,000</u>
Total		10 yrs	100%	\$800,000

The allocation of the liability is based on years of service as opposed to salary earned.



Liability Allocation

Example 2

One employee is a covered elected official for the City of X for 5 years earning 5 years of service credit. Is paid \$1,000 for attending meeting during these 5 years.

Same employee worked for City of Z for 5 years prior to serving as elected official. Was paid \$200,000 for the 5 year period.



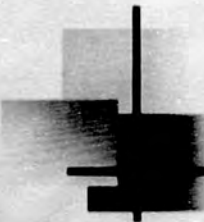
Example (cont.)

Actuary calculates a \$750,000 liability for the member. This liability is allocated to employers as follows:

	<u>Salary Paid</u>	<u>Service Earned</u>	<u>% by employee</u>	<u>Liability Allocated</u>
City X	\$ 1,000	5 yrs	50%	\$375,000
City Z	\$ 200,000	<u>5 yrs</u>	<u>50%</u>	<u>375,000</u>
Total		10 yrs	100%	\$750,000

Note: This extreme example applies to approximately 735 or 1.2% of all PERS members who have service in both categories shown above.



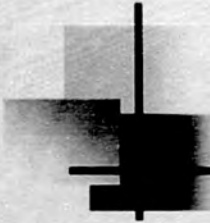


Impact on Contribution Rates

Concerns have been raised about both the assets and liabilities assigned to employers, individually, and collectively, and how they impact the employer's unfunded liability.

The Cost Share Model addresses these concerns.





Proposed Solution

- Cost share legislation
 - Administer the PERS DB plan like the TRS DB plan
 - State to assume 65% of unfunded liability at 6/30/2006 (estimated \$3.6B of \$5.5B total)
 - All employers share the cost (benefits, administration, and investment)
 - Simplify administration



Proposed Solution (cont.)

- Address the unfunded liability
 - If market conditions warrant, use pension obligation bonds as part of solution to reduce the unfunded liability.



Proposed Solution

- Cost Share Legislation – long range
 - Redesign the PERS DB plan – align with TRS
 - All employers share the cost/income of the Plan (benefits, administration, and investment)
 - One uniform, less volatile, contribution rate
- ARMB supports concept – Resolution 2007-04
- AML supports concept
- Administration of plan simplified
- Introduced by the Governor



HOUSE WAYS AND MEANS COMMITTEE QUESTIONS AND RESPONSES
HOUSE BILL 206
April 3, 2007

1. Q: The committee needs to know what does the "Hold Harmless" hold the employer harmless from the consolidated rate or the individual rate?

A: The "Hold Harmless" Covers the difference between the employer's individual 07 estimated contributions and the 08 cost-share estimated contributions. Employers are held harmless from the rate increase between 07 and 08.

2. Q: How long is the employer held harmless?

A: The hold harmless is for only the increase between 07 and 08 contributions

3. Q: Does the cost share exhibits include both DB and DCR contributions in the salaries?

A: The salaries used in the exhibits are all 2006 salaries, both DB and DCR. There was very little data available to split the two types of salaries since the DCR plan became effective mid year in 2006. The exhibits use all estimated salaries as if they were only DB salaries.

4. Q: Of the 160 PERS employers in PERS, what percentage have State funding that can be tapped into if needed?

A: The division does not have this information. OMB might be a better organization to answer this question.

5. Q: What employers moved their SB46 funding into their employer assets and paid at the required rate?

A: This listing is part of the Cost Share Exhibits, exhibit 7A.

State of Alaska
Division of Retirement and Benefits
Late Paying Employers

ER No.	Employer Name	Last Payroll End Date Processed	Months Past Due
171	BARROW, CITY OF	1/13/2007	2.6
232	BERING STRAITS CRSA	7/31/2006	8.1
270	BERING STRAITS RHA	1/27/2007	2.2
242	ELIM, CITY OF	1/21/2005	26.4
183	FORT YUKON, CITY OF	12/1/2006	4.0
192	GALENA, CITY OF	12/24/2006	3.3
237	KALTAG, CITY OF	11/30/2006	4.1
231	KIVALINA, CITY OF	4/30/2003	47.1
287	KOYUK, CITY OF	6/21/2006	9.4
241	NOORVIK, CITY OF	12/29/2006	3.1
256	SAINT GEORGE, CITY OF	9/18/2004	30.5
286	SELDOVIA, CITY OF	7/31/2006	8.1
291	SHAKTOOLIK, CITY OF	4/30/2005	23.1
206	THORNE BAY, CITY OF	10/14/2006	5.6
290	UPPER KALSKAG, CITY OF	6/30/2006	9.1

Non of the above employers have verbally refused to pay their contributions, they simply haven't submitted their payrolls along with the mandatory contributions due. The Division doesn't know the amount due until the employer submits the payroll. The last payroll received is as indicated above in the "Last Payroll End Date Processed" column.

Questions posed by Representative Seaton with answers from the Department of Administration

Distributed April 10, 2007

1. What is the percent of UAAL the State is accountable for when you add up School District, AFHC, University, etc all the liability that the state is morally liable for. Increases from 57% to what?

A: The percentage of UAAL the State is accountable for when adding up the State, University, AHFC, Special Education Service Agency, and all School Districts is in total equal to 78%.

2a. Can we see a chart outlining the present dollar value by community of individual community's UAAL that will not be the responsibility of the community because of cost share legislation.

A: 2a. Schedule 1.(a)** in the PERS Supplement to the Valuation as of June 30, 2005 contains the UAAL as of 6/30/05 and is found in the column titled "Unfunded Liability" The Supplement can be obtained on line at <http://www.state.ak.us/drb/pers/pdf/supplement.pdf>. Or by going to <http://www.state.ak.us/drb/pers/actuarial-valuation.shtml> and selecting June 30, 2005 Supplemental to the Actuarial Valuation Report. If the plan goes to a cost-share there will be no UAAL assigned to anyone employer.

2b. Also can we see the present dollar value by community that individual communities will be paying above and beyond their UAAL with cost share legislation? (without the inclusion of any hold harmless provisions).

A: 2b. There will be no individual UAAL for participating members if cost-share is implemented. However, the cost-share exhibits show those employer whose contributions will be higher in FY 08 when compared to FY07 by going to a cost-share, this is Exhibit 2(b). The exhibits also show those employers whose contributions will be higher in FY08 if cost-share is not implemented, this is Exhibit 2(a).

** This information is found on 1.2(a), which is attached.



State of Alaska Public Employees' Retirement System

Supplement to the Actuarial Valuation Report
As of June 30, 2005

Individual Employer Information for Fiscal Year 2008

buckconsultants 
an ACS company A C S

Submitted By:
Buck Consultants
1200 Seventeenth Street, Suite 1200
Denver, CO 80202

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
101	Alaska, State of	\$ 2,852,635,642	\$ 326,711,415	\$ 2,525,924,227	\$ 779,386,962	14.48%	21.06%	35.54%
102	Southwest Region School District	11,515,715	7,337,458	4,178,257	2,442,792	14.48%	11.13%	25.61%
103	Annette Island School District	2,560,165	2,764,651	-204,486	448,440	14.48%	-2.95%	11.53%
104	Bering Strait School District	24,168,673	16,763,862	7,404,811	6,735,064	14.48%	7.13%	21.61%
105	Chatham School District	3,765,789	1,539,903	2,225,886	370,502	14.48%	38.99%	53.47%
106	Alaska Municipal League	1,075,210	-198,080	1,273,290	306,367	14.48%	27.50%	41.98%
107	Valdez, City of	23,115,349	5,611,964	17,503,385	4,995,703	14.48%	22.66%	37.14%
108	Juneau Borough School District	39,048,701	13,232,608	25,816,093	9,465,485	14.48%	17.66%	32.14%
109	Matanuska-Susitna Borough ²	33,736,727	26,714,078	7,022,649	11,677,309	14.48%	13.80%	28.28%
110	Matanuska-Susitna Borough School District ²	79,877,677	12,628,169	67,249,508	23,050,201	14.48%	13.80%	28.28%
111	Anchorage School District	274,433,164	32,229,692	242,203,472	83,326,034	14.48%	18.79%	33.27%
112	Copper River School District	4,710,599	1,443,455	3,267,144	1,231,047	14.48%	17.10%	31.58%
113	University of Alaska ³	460,312,379	196,696,448	263,615,931	124,699,292	14.48%	13.75%	28.23%
115	Kenai, City of	18,273,644	1,356,347	16,917,297	4,911,844	14.48%	22.19%	36.67%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
116	Fairbanks North Star Borough	\$ 75,658,625	\$ 45,162,235	\$ 30,496,390	\$ 17,972,466	14.48%	11.08%	25.56%
117	Fairbanks North Star Borough School District	99,331,416	32,846,210	66,485,206	27,422,816	14.48%	15.65%	30.13%
118	Denali Borough School District	4,750,215	2,331,259	2,418,956	785,886	14.48%	20.16%	34.64%
120	Sitka, City and Borough	25,910,869	-526,277	26,437,146	8,330,275	14.48%	20.52%	35.00%
121	Chugach School District	1,986,781	976,887	1,009,894	330,373	14.48%	19.73%	34.21%
122	Ketchikan Gateway Borough	12,323,080	4,147,266	8,175,814	4,219,339	14.48%	12.65%	27.13%
123	Soldotna, City of	10,188,340	4,570,719	5,617,621	2,645,255	14.48%	13.93%	28.41%
124	Iditarod Area School District	7,268,503	5,036,354	2,232,149	966,884	14.48%	15.35%	29.83%
125	Kuspuk School District	8,604,918	5,461,646	3,143,272	1,628,402	14.48%	12.53%	27.01%
126	Juneau, City & Borough of	105,163,327	22,241,655	82,921,672	26,910,067	14.48%	20.03%	34.51%
128	Kodiak, City of	20,464,144	-1,390,610	21,854,754	5,904,796	14.48%	23.86%	38.34%
129	Fairbanks, City of ⁴	45,805,207	-75,197,357	121,002,564	6,456,643	14.48%	121.43%	135.91%
131	Wasilla, City of	10,050,911	5,193,625	4,857,286	4,456,043	14.48%	7.04%	21.52%
132	Skagway, City of	4,000,718	1,993,101	2,007,617	1,688,173	14.48%	7.78%	22.26%
133	Sitka, Greater Borough School District	9,005,777	1,343,165	7,662,612	1,922,728	14.48%	25.73%	40.21%
134	Palmer, City of	10,954,084	2,335,324	8,618,760	2,738,204	14.48%	20.31%	34.79%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
135	Wrangell, City of	\$ 9,618,636	\$ 206,557	\$ 9,412,079	\$ 2,569,873	14.48%	23.66%	38.14%
136	Bethel, City of	13,912,576	12,286,775	1,625,801	5,131,978	14.48%	2.10%	16.58%
137	Valdez School District	7,169,245	109,209	7,060,036	1,975,738	14.48%	22.92%	37.40%
138	Hoonah School District	2,995,581	256,084	2,739,497	827,378	14.48%	22.13%	36.61%
139	Nome, City of	8,475,726	2,396,419	6,079,307	2,560,514	14.48%	15.31%	29.79%
140	Kotzebue, City of	9,876,829	8,868,243	1,008,586	3,261,769	14.48%	1.79%	16.27%
141	Galena City School District	6,033,881	3,206,259	2,827,622	2,784,035	14.48%	6.59%	21.07%
143	Petersburg, City of	14,074,524	1,743,501	12,331,023	4,218,933	14.48%	19.05%	33.53%
144	Bristol Bay Borough	5,963,744	3,295,662	2,668,082	1,573,389	14.48%	10.98%	25.46%
145	North Slope Borough	151,354,593	118,589,517	32,765,076	35,314,808	14.48%	6.06%	20.54%
146	Wrangell School District	3,437,586	1,142,675	2,294,911	756,411	14.48%	19.49%	33.97%
148	Cordova, City of	7,877,473	-453,968	8,331,441	1,985,344	14.48%	26.98%	41.46%
149	Nome Public Schools	5,100,955	1,847,760	3,253,195	1,479,232	14.48%	14.37%	28.85%
151	King Cove, City of	2,510,363	1,275,039	1,235,324	932,802	14.48%	8.59%	23.07%
152	Alaska Housing Finance Corp. ⁶	58,011,234	36,015,241	21,995,993	16,479,292	14.48%	8.72%	23.20%
153	Lower Yukon School District	22,799,374	10,825,046	11,974,328	5,169,244	14.48%	14.89%	29.37%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
154	Northwest Arctic School District	\$ 27,090,534	\$ 21,395,404	\$ 5,695,130	\$ 8,254,231	14.48%	4.39%	18.87%
155	Southeast Island School District	3,817,650	-260,113	4,077,763	681,742	14.48%	38.55%	53.03%
156	Pribilof Region School District	2,896,900	1,888,024	1,008,876	625,993	14.48%	10.61%	25.09%
157	Lower Kuskokwim School District	57,492,125	39,925,387	17,566,738	15,997,102	14.48%	7.09%	21.57%
158	Kodiak Island School District	20,954,390	7,597,571	13,356,819	4,552,315	14.48%	18.94%	33.42%
159	Yukon Flats School District	5,014,041	4,731,268	282,773	973,864	14.48%	1.94%	16.42%
160	Yukon Koyukuk School District	7,955,446	7,014,286	941,160	1,537,790	14.48%	3.93%	18.41%
161	North Slope Borough School District	35,525,252	18,777,739	16,747,513	10,132,446	14.48%	10.77%	25.25%
162	Aleutian Region School District ⁶	598,569	3,338,158	-2,739,589	114,895	14.48%	-14.48%	0.00%
163	Cordova Community Hospital	7,603,239	3,536,815	4,066,424	2,382,571	14.48%	11.01%	25.49%
164	Lake & Peninsula School District	7,850,318	3,455,310	4,395,008	1,727,691	14.48%	16.45%	30.93%
165	Sitka Community Hospital	14,509,055	6,052,350	8,456,705	4,252,357	14.48%	12.90%	27.38%
166	Tanana City School District	1,538,906	1,421,977	116,929	249,694	14.48%	3.33%	17.81%
167	Southeast Regional Resource Center	4,673,361	1,595,374	3,077,987	1,396,974	14.48%	14.13%	28.61%
168	Hydaburg City School District	899,379	789,854	109,525	92,981	14.48%	8.49%	22.97%
169	Tanana, City of	973,974	1,358,947	-384,973	162,800	14.48%	-14.48%	0.00%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
170	North Pacific Fisheries Management Council	\$ 3,600,731	\$ 1,192,426	\$ 2,408,305	\$ 1,409,367	14.48%	11.09%	25.57%
171	Barrow, City of	3,685,058	3,232,336	452,722	1,342,839	14.48%	2.38%	16.86%
172	Saint Paul, City of	6,774,651	4,913,960	1,860,691	1,204,591	14.48%	9.89%	24.37%
173	Anchorage, Municipality of ⁷	472,288,627	86,124,982	386,163,645	141,184,017	14.48%	17.68%	32.16%
174	Kodiak Island Borough	12,265,746	4,082,194	8,183,552	2,132,321	14.48%	24.66%	39.14%
175	Nome Joint Utilities	2,349,644	1,588,891	760,753	791,095	14.48%	5.72%	20.20%
176	Sand Point, City of	3,028,875	1,689,507	1,339,368	780,444	14.48%	10.98%	25.46%
177	Ketchikan Gateway Borough School District	12,743,557	5,456,877	7,286,680	3,321,507	14.48%	14.22%	28.70%
178	Dillingham, City of	8,204,394	5,049,368	3,155,026	2,065,357	14.48%	10.04%	24.52%
179	Unalaska, City of	24,624,708	15,499,264	9,125,444	9,402,784	14.48%	6.33%	20.81%
180	Kenai Peninsula Borough	50,178,155	14,773,337	35,404,818	14,102,683	14.48%	16.36%	30.84%
181	Ketchikan, City of	29,175,956	-3,166,673	32,342,629	7,730,655	14.48%	27.20%	41.68%
182	Seward, City of	14,645,976	8,143,705	6,502,271	3,577,617	14.48%	11.93%	26.41%
183	Fort Yukon, City of	777,187	1,010,942	-233,755	304,252	14.48%	-4.90%	9.58%
184	Bristol Bay Borough School District	4,248,048	2,413,542	1,834,506	594,772	14.48%	20.27%	34.75%
185	Cordova Public School District	3,670,586	663,790	3,006,796	647,009	14.48%	30.26%	44.74%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
186	Craig, City of	\$ 6,128,095	\$ 3,226,662	\$ 2,901,433	\$ 1,397,642	14.48%	13.70%	28.18%
187	Petersburg General Hospital	7,368,612	4,503,163	2,865,449	3,538,629	14.48%	5.11%	19.59%
189	Haines Borough *	7,241,464	2,299,577	4,941,887	1,542,978	14.48%	21.04%	35.52%
190	Kenai Peninsula Borough School District	55,517,316	10,205,482	45,311,834	13,270,063	14.48%	22.00%	36.48%
191	North Pole, City of	7,257,275	3,772,518	3,484,757	1,591,173	14.48%	14.42%	28.90%
192	Galena, City of	4,173,005	3,658,444	514,561	1,898,082	14.48%	1.67%	16.15%
193	Nenana, City of	1,301,893	748,921	552,972	186,493	14.48%	19.63%	34.11%
195	Yupit School District	1,830,181	1,038,902	791,279	1,867,098	14.48%	2.65%	17.13%
196	Nenana City Public School District	2,891,396	1,794,087	1,097,309	1,402,023	14.48%	5.09%	19.57%
198	Saxman, City of	1,041,049	252,556	788,493	79,344	14.48%	65.48%	79.96%
199	Hoonah, City of	1,919,499	996,747	922,752	649,616	14.48%	9.27%	23.75%
200	Pelican, City of	918,265	595,118	323,147	143,018	14.48%	14.37%	28.85%
202	Whittier, City of	1,616,780	752,979	863,801	1,110,322	14.48%	4.85%	19.33%
203	Anchorage, Municipal Parking Authority	3,928,142	2,098,011	1,830,131	1,124,200	14.48%	10.52%	25.00%
204	Craig City School District	3,220,332	1,614,022	1,606,310	708,147	14.48%	14.88%	29.36%
205	Dillingham City School District	5,024,449	3,322,520	1,701,929	1,204,503	14.48%	9.11%	23.59%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2003 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
206	Thorne Bay, City of	\$ 848,707	\$ 624,852	\$ 223,855	\$ 247,446	14.48%	6.36%	20.84%
208	Akutan, City of	630,885	1,120,897	-490,012	224,588	14.48%	-13.35%	1.13%
209	Unalaska School District	2,886,518	1,739,778	1,146,740	844,229	14.48%	8.85%	23.33%
211	Kashunamiut School District	4,288,630	2,520,028	1,768,602	1,295,600	14.48%	8.81%	23.29%
215	Homer, City of	17,955,399	7,615,721	10,339,678	4,391,808	14.48%	15.34%	29.82%
218	Special Education Service Agency	1,425,616	1,030,346	395,270	334,387	14.48%	7.49%	21.97%
219	Bartlett Memorial Hospital	42,047,222	26,849,046	15,198,176	18,729,931	14.48%	5.27%	19.75%
220	Northwest Arctic Borough	2,385,248	1,968,813	416,435	990,648	14.48%	2.65%	17.13%
221	Saint Mary's School District	1,830,151	1,729,812	100,339	434,670	14.48%	1.60%	16.08%
222	Selawik, City of	3,597	55,420	-51,823	0	14.48%	0.00%	14.48%
223	Bristol Bay Housing Authority	2,343,650	1,898,267	445,383	1,299,439	14.48%	2.30%	16.78%
224	Copper River Basin Regional Housing Authority	1,174,201	959,994	214,207	646,317	14.48%	2.09%	16.57%
225	Skagway City School District	380,690	331,994	48,696	299,262	14.48%	1.66%	16.14%
227	Klawock, City of	1,716,500	1,676,773	39,727	604,152	14.48%	0.49%	14.97%
228	Petersburg Public School District	3,138,471	1,457,273	1,681,198	710,115	14.48%	15.22%	29.70%
230	Aleutians East Borough	1,837,218	1,366,019	471,199	735,314	14.48%	4.15%	18.63%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
232	Bering Straits CRSA	\$ 18,107	\$ 210,535	\$ -192,428	\$ 35,104	14.48%	-14.48%	0.00%
235	Huslia, City of	543,464	242,430	301,034	105,786	14.48%	18.52%	33.00%
237	Kaltag, City of	249,297	74,828	174,469	0	14.48%	42.68%	57.16%
240	Haines Borough School District	2,300,606	1,019,729	1,280,877	562,248	14.48%	14.71%	29.19%
241	Noorvik, City of	375,087	329,446	45,641	289,501	14.48%	1.03%	15.51%
242	Elim, City of	305,230	45,009	260,221	106	14.48%	85.09%	99.57%
243	Atka, City of	336,877	107,290	229,587	105,620	14.48%	13.79%	28.27%
244	Aleutians East Borough School District	2,763,365	1,605,409	1,157,956	698,980	14.48%	11.15%	25.63%
245	Aleutians West CRSA	380,246	234,389	145,857	56,192	14.48%	17.14%	31.62%
246	Delta/Greely School District	3,136,374	713,021	2,423,353	1,062,846	14.48%	14.69%	29.17%
247	Lake & Peninsula Borough	1,735,518	556,919	1,178,599	391,884	14.48%	19.63%	34.11%
248	Yakutat, City of	1,221,868	422,203	799,665	674,660	14.48%	7.62%	22.10%
249	Unalakleet, City of	613,601	199,633	413,968	242,765	14.48%	10.92%	25.40%
251	Klawock City School District	2,269,354	1,114,317	1,155,037	509,344	14.48%	14.74%	29.22%
254	Mekoryuk, City of	6,910	-18,179	25,089	0	14.48%	4.22%	18.70%
255	Alaska Gateway School District	3,176,222	1,976,440	1,199,782	1,130,322	14.48%	6.93%	21.41%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
256	St. George, City of	\$ 844,263	\$ 1,581,556	\$ -737,293	\$ 0	14.48%	0.00%	14.48%
257	Pelican School District	491,559	571,912	-80,353	136,434	14.48%	-3.39%	11.09%
258	Denali Borough	1,194,960	395,831	799,129	200,171	14.48%	27.16%	41.64%
259	Allakaket, City of	114,571	114,657	-86	0	14.48%	0.00%	14.48%
260	Kachemak, City of	133,226	-82,924	216,150	25,838	14.48%	53.77%	68.25%
262	Cook Inlet Housing Authority	4,708,070	3,656,548	1,051,522	3,823,093	14.48%	1.81%	16.29%
263	Interior Regional Housing Authority	2,356,112	2,063,517	292,595	1,215,583	14.48%	1.64%	16.12%
264	Yakutat City School District	693,999	547,804	146,195	306,216	14.48%	3.27%	17.75%
265	Kake City School District	1,122,202	548,613	573,589	316,753	14.48%	12.04%	26.52%
266	Quinhagak, City of	12,035	43,445	-31,410	17,860	14.48%	-10.99%	3.49%
267	Aleutian Housing Authority	1,135,610	760,394	375,216	775,987	14.48%	3.18%	17.66%
270	Bering Straits Regional Housing Authority	1,441,234	1,144,301	296,933	877,007	14.48%	2.27%	16.75%
271	Egegik, City of	98,285	16,952	81,333	43,388	14.48%	11.98%	26.46%
275	Ilisagvik College	6,865,895	6,109,860	756,035	4,028,414	14.48%	1.22%	15.70%
276	North Pacific Rim Housing Authority	1,568,069	1,223,736	344,333	1,077,528	14.48%	2.05%	16.53%
278	Saxman Seaport	155,861	62,482	93,379	62,200	14.48%	9.72%	24.20%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
279	Tlingit-Haida Regional Housing Authority	\$ 3,587,175	\$ 2,140,824	\$ 1,446,351	\$ 2,156,273	14.48%	4.48%	18.96%
280	Toksook Bay, City of	44,017	16,748	27,269	0	14.48%	6.11%	20.59%
281	Baranof Island Housing Authority	425,223	390,252	34,971	470,340	14.48%	0.43%	14.91%
282	Delta Junction, City of	178,844	110,315	68,529	220,753	14.48%	1.97%	16.45%
283	Anderson, City of	24,762	271,542	-246,780	44,546	14.48%	-14.48%	0.00%
284	Inter-Island Ferry Authority	505,090	386,931	118,159	686,471	14.48%	1.05%	15.53%
285	Hooper Bay, City of	18,390	28,924	-10,534	57,480	14.48%	-0.92%	13.56%
286	Seldovia, City of	79,321	44,950	34,371	44,394	14.48%	5.10%	19.58%
287	Koyuk, City of	13,818	14,032	-214	29,377	14.48%	0.04%	14.52%
288	Northwest Inupiat Housing Authority	1,027,278	608,472	418,806	1,196,977	14.48%	2.26%	16.74%
290	Upper Kalskag, City of	12,524	12,773	-249	0	14.48%	0.00%	14.48%

1.2(a) P.E.R.S. Contribution Rates for Fiscal Year 2008 – Active Employers (continued)

		Accrued Liability	Adjusted Assets ¹	Unfunded Liability	Covered Payroll	Consol. Normal Cost Rate	Past Service Rate	Total Rate
291	Shaktoolik, City of	9,130	7,580	1,550	60,785	14.48%	0.16%	14.64%
293	Tagiugmiullu Nunamiullu Housing Authority	301,206	232,399	68,807	1,440,100	14.48%	0.29%	14.77%
294	City of Mountain Village	<u>4,957</u>	<u>5,553</u>	<u>-596</u>	<u>37,456</u>	14.48%	-0.10%	14.38%
Subtotal		\$ 5,706,433,973	\$ 1,303,942,130	\$ 4,402,491,843	\$ 1,586,890,907			

¹ Adjusted assets shown include adjustment for excess assets in 1.2(b).

² The rates for Employers 109 and 110 have been calculated by aggregating liabilities, assets, and salaries for the two employers.

³ Employer 119 was combined under employer 113.

⁴ Employer 130 was combined under employer 129.

⁵ Employer 127 was combined under employer 152.

⁶ Employers 142 and 188 were combined under employer 162.

⁷ Employer 269 was combined under employer 173.

⁸ Employers 114 and 194 were combined under employer 189.

Rev Grunenburg

Questions for the Department of Administration concerning HB 206

1. Our understanding of the accounting problems is that the State cannot account for each individual employer and that the employer contribution rates being assigned have no real relationship to the costs attributable to the employer. Is that correct? If not, please explain.

DOA RESPONSE: The State can account for employer and employee contributions when moved from the "active employee" account to the "retiree reserve" account. The system has never been set up to continue to separate the funds once in the retiree reserve.

2. While it has been stated that there will be a hold harmless clause inserted into one of the bills that will constitute the comprehensive PERS solution, no specific proposal has been heard. What is the administration's proposal for hold harmless?

DOA RESPONSE: Commissioner Kreitzer has never testified that a hold harmless clause will be inserted into one of the bills. This is a financial exercise which will be incorporated into the Operating Budget (HB 95). She has provided the specific proposal: Due to the accounting issue above, the State would move to a cost-share system for PERS. This would create immediate inequities for some political subdivisions, and to "hold them harmless" to the rate they paid in FY 07, would cost \$82.0 million. That amount is already in the budget in rate relief. The State would also take on 65% of the unfunded liability (that would be \$3.5 billion of the known \$5.5 billion unfunded liability in PERS); the political subdivisions would pick up 35% or \$1.9 billion). The State is contemplating using pension obligation bonds (or some other means) to finance about \$1.7 billion of the debt it is taking on.

3. What system does the administration propose to compensate the heroes list when going to a joint contribution program?

DOA RESPONSE: The Governor's plan does not contemplate compensating those on the "heroes" list. Knowing that the Finance Committees are reviewing all funds going to local governments, we have merely pointed out that the lists exist and, where under the Governor's plan, a \$10.6 million GF savings could be redirected to those communities.

Employer

Percent of Past
Service Liability

Approximate Unfunded

		Liability
State	58%	3,209,144,423
University	6%	336,436,582
Political Subdivisions	23%	1,252,978,917
Other Employers	1%	43,992,105
School Districts	12%	677,081,143
Total	100%	5,500,000,000

4. Based upon the previous chart, the state effectively pays for all of the unfunded liabilities other than the municipalities' 23%. If we are reading Section 7 of HB 206 correctly, it seems as though the local governments would end up picking up more of the unfunded liability (35%) than they currently owe (23%). Can you please explain this apparent discrepancy?

DOA RESPONSE: Commissioner Kreitzer would say that the State is also taking on more of the liability. The proposal originally from the Alaska Municipal League was for the State to take on 85% of the unfunded liability, HB 179 is seeking 80% for the State. Our approach was meant to provide a way to pay down the unfunded liability and still allow for some portion of revenue sharing.

5. What is the municipal rate if the State pays 65% of the unfunded liability and no pension bonds are issued?

DOA RESPONSE: Buck Consultants advises the rate is 31.87%

6. How much can the municipalities afford to pay?

DOA RESPONSE: That is a question for the Alaska Municipal League.

7. A second approach is in the House budget. In that bill the municipalities will pick up a flat rate of 22%. Since the 22% rate is applied to the total employee wage base, which should only rise with inflation, the 22% rate is fairly stable over time. However, the 65:35 split is not stable since it is not based upon employee wages, but on the total dollar amount of the unfunded liability. As a result, under the approach in HB 206, when the unfunded liability increases, so do the municipalities' costs (and visa versa). If the assumption is that the municipalities can only pay a certain amount for the foreseeable future, having to pay increasing costs over the short term will lead to more problems and potential bankruptcies in some communities. Please explain the administration's reaction to the 22% flat rate proposal.

DOA RESPONSE: The 22% plan is also not a stable one for the State. The State is required to pick up all costs greater than 22% in perpetuity or until another Legislature changes the rules. It also doesn't take into account what the Alaska Retirement Management Board might do when the 2006 actuarial evaluation comes out. We are continuing to

meet with Legislative Fiscal Analyst David Teal and OMB to come to some compromise. We anticipate this to be a Finance Committee decision.

8. When dealing with a closed system, accounting rules require the use of a level dollar rate amortization over the 25 year period. According to the exhibits, this results in an average rate of 39% before the cost share system and POBs are included. However, since the defined contribution employees are included in the cost share plan, it is possible to use the actuarial amortization rate instead. Use of the actuarial rate amortization results in a 32% shared rate before the 65:35 (or 22%) share system and POBs are included. This is a savings to the State of \$125 million in FY 08. Since the overall amount of the unfunded liability is not less, this means that more money will have to be paid in the later years. The tipping point is in about 10 years.

With the State short of funds as early as FY 09, starting to pay is important, but many things can change between now and then and spending all of this money now is arguably unnecessary. Will the State use the actuarial amortization rate rather than the level rate in order to reduce the amount paid towards the unfunded liability in the short term?

DOA RESPONSE: Well, you've hit on the crux of the issue. Our point is to pay more now (particularly with a cash infusion to TRS) and save more later. Per Buck Consultants, for accounting purposes, you must use the level dollar amortization. For funding purposes, the Board has discretion on what rate is adopted so they may adopt the rate based on a level percent of pay amortization.

9. Further, the State proposal is to pay 100% of the unfunded liability over the 25 year amortization period. Many states use a lower target to consider themselves on track. The financial institutions recommended 80%. Oregon's goal was to be in the high 80% range and is now at 92%.

DOA RESPONSE: Our goal is not to pay 100% of the unfunded liability. We know that today it's at \$8.6 billion, but estimates from the Division put it around \$10.0 billion. We would be extinguishing 90% of the TRS debt if we were able to do a \$500.0 million cash infusion and use POB's to pay down the rest (\$2.0 billion); and we would be extinguishing 30% of the PERS debt with POB's. We are actually trying for 80% of PERS - but, again knowing that the liability is growing, we believe we are there and not at 100%.

By lowering the goal, the amount of funds needed over the next 25 years can be significantly reduced, though there are no exhibits that

show the amounts. Will the State lower its goal from 100% in order to reduce the amount to be paid over the 25 year period? Can you provide exhibits on the costs to the State and local governments in trying to reach 80%? 90%?

DOA RESPONSE: See above. If we are able to use our plan, it will save PERS & TRS \$4.0 billion (according to our actuary) over 25 years.

10. What is the impact of the TRS unfunded liability on the University of Alaska retirement program? Has it had unintended consequences? Does the administration have a plan to deal with this problem?

The University Optional Retirement Plan (ORP) initially set a matching contribution rate equal to the TRS employer rate. It became apparent that the rate was unsustainable when TRS rates began to rise. Last year, the University closed the ORP to new members and is offering a revised ORP with a set employer contribution rate to its new employees. The ORP is not administered by the Division of Retirement and Benefits. The University is dealing with this problem. More information can be obtained by contacting Mike Humphrey, Benefits Director, University of Alaska.

Mr. Chairman, Committee members: for the record, my name is Michael Lamb, I am the chief financial officer for the Fairbanks North Star Borough and I am a co-chair of the AML Revenue/Finance Subcommittee. Thank you for the opportunity to comment on HB 206. Given the very real press of time for legislative action this session, my comments today are going to be purposely direct, and I am going to be as transparent as I can. With that, my comments are as follows:

1. Credit needs to be given to the Department of Administration for its work on the PERS issues addressed in this bill, and I am happy to endorse that part of HB 206 that recognizes that legislative language needs to move forward such that our statutes reflect the reality that the State operates PERS as a consolidated blended system.
2. Section 5 contains language that essentially says one rate, which is the combined total of the normal and past service cost rates, should be applied to both DB and DC salaries. I concur with this provision, to do otherwise would at some point lead to discriminatory hiring practices.
3. Section 7, the 65/35 percent allocation of the unfunded liability is a significant disappointment. It is a disastrous proposition that sets future rates at levels that cannot be paid by school districts, the university system, cities, or by boroughs. I am particularly disappointed that the exhibits behind this proposition used labels such as winners, losers, and heroes! The Borough's position and the AML's position, and my position has been, and continues to be, that given how the system has been administered, and how one employer's actions affect another's liabilities and how assets have every year for decades been blended and then reallocated it is impossible to say what assets or liabilities any member entity has, and therefore, what their piece of the unfunded liability is, which drives their past service cost rates. Those who have been advantaged and disadvantaged, is not determinable, period. Quoting from a recent AML letter: Any legislation which leaves communities having to pay unaffordable rates for an unfunded liability which was not of our making, and which risks bankrupting communities, is not a concept we can accept. This 65/35 proposal is just that kind of legislation and instead of providing for future predictability, stability, or affordability, it is a call to fiscally incapacitate member employers in the future and can't be supported.
4. After rates get set at levels that can't be paid by member employers in this bill, we get to section 9, a poison pill provision that essentially says that even if a member employer has a legitimate reason not to make a payment, or maybe simply can not because they just don't have the money, the Administrator of the plan will simply go and take funds from any agency of the state or political subdivision that has in its possession funds of the employer that couldn't pay its bill. So, this bill sets rates that will cripple employers and then any life blood funding available can be summarily taken with no due process? I understand the Administration needs a tool to collect from employers that will not pay a legitimate bill. This is the wrong tool. This is instead a heavy handed tool that will only accelerate the bankrupting of employers, then who will be left to pick up their piece of the bar tab that they can no longer pay, in the end it'll be the State.
5. Sections 10 through 15 deals with terminations, scrutiny needs to be given to this language. First off it allows for unlimited termination cost charges, that can then be extracted from an employer using the section 9 language. Scrutiny also needs to be given to the section 15 language that says you only have 90 days after receipt of notice to decide if you want to add or terminate coverage of a department, group, or other classification of employees. First off, 90 days in a public process environment isn't even enough time to deal with an issue as significant as what is contemplated in this section. Secondly, who can predict what makes sense in the future? Why would we want to preclude future changes that may help the system? Though there will be an attrition factor, is it the intent of this language that all existing school board members, council members, or assembly members would have to stay in the system because they couldn't elect out because a 90 day period

was missed? This makes no sense. If the administration is trying to fix an abuse, then prevent the abuse, but don't preclude all changes, both good and bad.

If the consolidation and the DB/DC language from HB 206 could be used in conjunction with components of other PERS language in other bills, I think we would be getting very close to a shared solution that municipalities could live with and support. It is clear, and AML has consistently communicated, that its members firmly believe that an 85/15 splitting of the unfunded liability is about as fair as it is going to get. What is critical in this split is that they ended up, using the most current complete set of numbers available, with a rate that was affordable. Let me be clear, I am not saying it isn't a rate that hurts, but at least no member employer would go broke, and though different communities felt the State was responsible for an even higher percentage, the AML member employers agreed as a group to the rate that an 85/15 splitting of the unfunded liability generated, which was an 18.27% rate. It was always known and understood that the unfunded obligation would be going up, and accordingly, the 18.27% rate for FY '08 would likely go up in future years to 19 point something or 20 point something percentage, and then level off. It is I believe a number that everyone is equally unhappy about, but not so unhappy about that they'd seek relief from it. For the Borough, who had a 22 year average rate of 4.17%, this is a huge 400 to 500% increase, but one the Mayor and Assembly were willing to accept to avoid a confrontation with the State.

Mr. Chairman, members of the committee, I sought to be direct and transparent, and to offend no one today, and I most graciously apologize if I did. Many have worked hard on the legislation before this body today, and on the other PERS legislation not specifically discussed today, and I most respectfully acknowledge those efforts, and that work, and I say thank you. But at the end of the day, all of that work will have been for naught if even one member employer ends up fiscally incapacitated because we, and I mean collectively we, failed to get the final legislation right. For my part, I will have failed to have spoken the words necessary to convey not only the Borough's message, but other municipality's message to this body, and put simply, in the end: it's about the rate, it's about the rate, and it is about the rate. No one, and I mean no one, is better off if 28 terminated or inactive employers turns into 30, 35, 40, who knows what 28 could grow to. I therefore, respectfully, request that HB 206 be moved forward such that the components of 206 that are good, and supportable, can be made to work in conjunction with the good components of HB 179, the House Committee Substitute for HB 95/96, and HB 13.

Mr. Chair, committee members, thank you for the opportunity to speak today. If I can do anything to assist this body in bringing forth, and adopting, legislation wherein everyone is a little unhappy, but wherein all employers will stay fiscally viable and be able to continue to provide their programs and services, I stand ready to assist in any way I can. Thank you kindly for your time today, this concludes my comments.

Note: Shaded areas read during public testimony.

STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

DIVISION OF RETIREMENT AND BENEFITS

March 12, 2007

The Honorable Mike Chenault
Co-Chairman, Finance Sub-Committee
House of Representatives
State Capitol, Room 505
Juneau, Alaska 99801

Re: City of Fairbanks Unfunded Liability and
PERS Employers who made Additional Contributions

Dear Representative Chenault:

This letter is written in response to a request for background information on the unfunded liability for the City of Fairbanks (COF); and the PERS employers who made additional contributions to pay down their unfunded liabilities in FY06 and FY07 to date (see attached lists). In addition to the attached listings, the City of Soldotna (employer no. 123) made an additional contribution to the PERS of \$1 million on March 10, 2005 (FY05).

The City of Fairbanks joined PERS as employer No. 129 by execution of a participation agreement effective January 1, 1971. The COF has amended its participation agreement with PERS on multiple occasions for purposes of removing members. It is important to note that the actions taken by the COF to remove members does not reduce the accrued PERS liability that the COF is responsible for. However, it does cause the contribution rate to increase as the amount the COF is responsible for is being spread over a smaller payroll base.

As of the most recent actuarial valuation report (June 30, 2005), the COF has an unfunded liability of \$121,002,564. Identified below are several of the factors that have contributed to this unfunded liability:

- As noted above, the COF has amended its participation agreement multiple times between 1992 - 2001 and removed approximately 70 employees from PERS membership. Many of the employees were moved to pension systems with Local 302; International Brotherhood of Electrical Workers (IBEW 1547); and Teamsters Union Local No. 959 (IBEW).
- Employees of the Fairbanks Municipal Utility System (FMUS) were removed from the COF's participation agreement in FY 1999/2000.
- Currently 481 retirees who have earned service with the COF are drawing benefits and 171 of these retirees have earned service as an employee of the FMUS (COF owned utility).

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- There are currently only 98 active PERS members with COF, 106 members are deferred and/or deferred vested and 4 are receiving occupational disability benefits. Deferred vested means there will be future benefits paid to the member. Deferred (non-vested) indicates that the member has a right to the contributions they have made and may qualify for benefits if they return to employment and satisfy vesting or other criteria.
- The Division informed COF about the resultant impacts associated with decisions to remove employees from the PERS as COF remains responsible for the liability associated with members who have been removed.
- In 2003 the Division's actuary provided an updated report on the COF's unfunded liability (cost of obtaining the report paid by COF).
- In October of 2004, City of Fairbanks had 10 employees that returned under HB 242 retiree return provisions. Consequently, the COF was not contributing to the past service costs for this employee group from 10/2004 to 6/30/2005. As of the most recent report produced by the Division of Retirement and Benefits, the City of Fairbanks does not have any employees participating in HB 161, the retiree return program that replaced the program created by HB 242.
- In 2004 the COF requested the actuary conduct an additional study regarding the liability amount provided by the Division. In November 2004, the Division met with Mayor Thompson and City of Fairbanks staff along with the Division's actuary to review the unfunded liability report prepared by the actuary. This meeting took place in Fairbanks.
- City of Fairbanks granted prior service to their employees, which added unfunded liabilities and immediately increased the COF's contribution rate from the rate that would have resulted from joining the PERS and allowing employees to earn service prospectively.
- COF was impacted like all other participating employers when actuarial assumptions were significantly changed increasing FY05 contribution rates. For the most part, these changes were the result of increased health care costs, loss of investment income in the bear markets from FY01-03, and past assumptions that drifted from actual experience. COF continues to be impacted like all other participating employers due to contributions rates being lower than those recommended by the actuary.

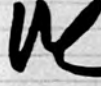
Noted below are the employer contribution rates from FY2004 through FY2008 for City of Fairbanks.

FY2004 - 20.67% capped rate adopted; 20.86% actuarially determined rate
FY2005 - 25.67% capped rate adopted; 74.30% actuarially determined rate
FY2006 - 30.67% capped rate adopted; 110.21% actuarially determined rate
FY2007 - 35.67% capped rate adopted; 124.66% actuarially determined rate
FY2008 - 184.95% Note: the capped rate is no longer applicable due to repeal of 2 AAC 35.900 so this rate is the actuarially determined rate adopted by the Alaska Retirement Management Board.

Co- Chairman Representative Chenault
House Finance Committee
March 12, 2007
Page 3

In closing, we appreciate the opportunity to provide this information, please let us know if you have any questions about this correspondence.

Sincerely,



Melanie Millhorn
Director

Enclosure(s)

cc: Annette Kreitzer, Commissioner, Department of Administration
Rachael Petro, Deputy Commissioner, Department of Administration
Charlene Morrison, Chief Financial Officer, Division of Retirement and Benefits

119	Unalakleet City of	220,115
120	Unalakleet City of	11,152
121	Unalakleet City of	70,412
122	Unalakleet City of	1,012
123	Unalakleet City of	1,012
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170	Unalakleet City of	1,012
171	Unalakleet City of	1,012
172	Unalakleet City of	1,012
173	Unalakleet City of	1,012
174	Unalakleet City of	1,012
175	Unalakleet City of	1,012
176	Unalakleet City of	1,012
177	Unalakleet City of	1,012
178	Unalakleet City of	1,012
179	Unalakleet City of	1,012
180	Unalakleet City of	1,012
181	Unalakleet City of	1,012
182	Unalakleet City of	1,012
183	Unalakleet City of	1,012
184	Unalakleet City of	1,012
185	Unalakleet City of	1,012
186	Unalakleet City of	1,012
187	Unalakleet City of	1,012
188	Unalakleet City of	1,012
189	Unalakleet City of	1,012
190	Unalakleet City of	1,012
191	Unalakleet City of	1,012
192	Unalakleet City of	1,012
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197	Unalakleet City of	1,012
198	Unalakleet City of	1,012
199	Unalakleet City of	1,012
200	Unalakleet City of	1,012

**State of Alaska
Public Employees' Retirement System**

**SB231 Employer Rate Relief Summary
for Fiscal Year 2007**

ER No.	Employer Name	Original Amount	Balance used to pay down unfunded liability
230	Aleutians East Borough	33,915	33,915
136	Bethel, City of	282,716	275,716
148	Cordova, City of	112,553	112,553
271	Egegik, City of	2,830	2,830
129	Fairbanks, City of	333,653	333,653
235	Huslia, City of	5,215	5,215
180	Kenai Peninsula Borough	702,515	702,515
181	Ketchikan, City of	400,460	400,460
174	Kodiak Island Borough	118,047	118,047
128	Kodiak, City of	314,368	314,368
134	Palmer, City of	154,333	154,333
143	Petersburg, City of	206,671	206,671
198	Saxman, City of	5,637	5,637
182	Seward, City of	166,026	166,026
123	Soldotna, City of	136,756	136,756

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

208	Akutan, City of	16,941	-
259	Allakaket, City of	3,056	-
243	Atka, City of	4,628	-
171	Barrow, City of	47,355	-
258	Denali Borough	7,889	-
183	Fort Yukon, City of	24,209	-
192	Galena, City of	95,984	-
215	Homer, City of	248,456	-
199	Hoonah, City of	35,299	-
285	Hooper Bay, City of	1,576	-
260	Kachemak, City of	1,193	-
237	Kaitag, City of	870	-
122	Ketchikan Gateway Borough	214,696	-
151	King Cove, City of	50,001	-
227	Klawock, City of	31,917	-
287	Koyuk, City of	1,664	-
247	Lake and Peninsula Borough	19,656	-
236	Mountain Village, City of	1,786	-
193	Nenana, City of	12,244	-
241	Noorvik, City of	12,352	-
220	Northwest Arctic Borough	44,779	-
200	Pelican, City of	7,657	-
266	Quinhagak, City of	1,920	-
172	Saint Paul, City of	74,829	-
176	Sand Point, City of	38,396	-
286	Seidovia, City of	2,405	-
132	Skagway, City of	89,301	-
169	Tanana, City of	7,302	-
206	Thorne Bay, City of	10,435	-
249	Unalakleet, City of	11,157	-
179	Unalaska, City of	520,772	-

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

1 by sec. 1, ch. 4, FSSLA 2005, page 40, line 7, and allocated on page 40, line 10 (Legislative
2 Budget and Audit Committee, legislative finance - \$4,609,700) remaining after the
3 appropriations made in sec. 57(d) of this Act, that was directed by the Legislative Budget and
4 Audit Committee to the account in the legislative finance division for house finance is
5 reappropriated to the Legislative Budget and Audit Committee for house finance for the fiscal
6 year ending June 30, 2007.

7 (f) The unexpended and unobligated balance of the appropriation made in sec. 1, ch.
8 4, FSSLA 2005, page 40, line 7, and allocated on page 40, line 10 (Legislative Budget and
9 Audit Committee, legislative finance - \$4,609,700) remaining after the appropriations made in
10 sec. 57(d) of this Act and (d) and (e) of this section, is reappropriated to the Legislative
11 Budget and Audit Committee for the legislative finance division for the fiscal year ending
12 June 30, 2007.

13 * **Sec. 59. LEGISLATIVE OPERATING BUDGET.** (a) The unexpended and unobligated
14 balance of that portion of the appropriation made in sec. 1, ch. 4, FSSLA 2005, page 40, line
15 22 (legislative operating budget - \$7,468,500) remaining after the appropriations made in sec.
16 57(d) of this Act, that was directed to house operating expenses is reappropriated to the
17 legislative operating budget for house operating expenses for the fiscal year ending June 30,
18 2007.

19 (b) The unexpended and unobligated balance of that portion of the appropriation
20 made in sec. 1, ch. 4, FSSLA 2005, page 40, line 22 (legislative operating budget -
21 \$7,468,500) remaining after the appropriations made in sec. 57(d) of this Act, that was
22 directed to senate operating expenses is reappropriated to the legislative operating budget for
23 senate operating expenses for the fiscal year ending June 30, 2007.

24 * **Sec. 60. MUNICIPAL ENERGY ASSISTANCE AND RETIREMENT SYSTEM**
25 **FUNDING FOR INCREASED EMPLOYER COSTS FOR POLITICAL SUBDIVISIONS.**

26 (a) It is the intent of the legislature that, because of high oil prices, a portion of increased
27 state revenue be used to assist municipalities. That assistance will be made first by paying the
28 fiscal year 2007 estimated increase of municipal employer costs caused by increased
29 employer contribution rates to reduce the liability to the public employees' retirement system
30 of municipalities that are members of that system, and second, by grants to municipalities to
31 defray increased energy and other costs. The appropriations under (b) of this section reflect

1 estimates by the Department of Administration as of March 31, 2006, for the increased
 2 employer cost for the political subdivisions resulting from fiscal year 2007 employer
 3 contribution rate increases. The appropriations made by (b) of this section are intended to
 4 reduce those increased employer costs, based on current estimates, but might not fully
 5 eliminate the increased employer costs because of changes in political subdivision payroll
 6 amounts and other factors. The total amount to be appropriated under this section to a
 7 municipality is based on the population of the municipality, with a minimum amount of
 8 \$40,000 for each municipality. From the total amount for each municipality is deducted the
 9 appropriation under (b) of this section to the Department of Administration for deposit in that
 10 municipality's public employees' retirement system account to cover the estimated increased
 11 employer costs of that municipality, with the remaining amount, if any, being appropriated as
 12 a grant in (c) of this section. The appropriations made by this section are one-time
 13 appropriations and are not intended to recur for fiscal year 2008.

14 (b) The following amounts are appropriated from the general fund to the Department
 15 of Administration for deposit in the public employees' retirement system account of each of
 16 the following municipalities:

MUNICIPALITY	APPROPRIATION
18 Akutan, City of	\$ 16,941
19 Aleutians East Borough	33,915
20 Allakaket, City of	3,056
21 Anchorage, Municipality of	6,913,262
22 Anderson, City of	2,149
23 Atka, City of	4,628
24 Barrow, City of	47,355
25 Bethel, City of	282,716
26 Bristol Bay Borough	81,472
27 Cordova, City of	112,553
28 Craig, City of	74,603
29 Delta Junction, City of	13,507
30 Denali Borough	7,889
31 Dillingham, City of	110,426

1	Egegik, City of	2,830	1
2	Fairbanks North Star Borough	929,023	2
3	Fairbanks, City of	333,653	3
4	Fort Yukon, City of	24,209	4
5	Galena, City of	95,984	5
6	Haines Borough	85,814	6
7	Homer, City of	248,456	7
8	Hoonah, City of	35,299	8
9	Hooper Bay, City of	1,576	9
10	Huslia, City of	5,215	10
11	Juneau, City and Borough of	1,397,093	11
12	Kachemak, City of	1,193	12
13	Kaltag, City of	870	13
14	Kenai Peninsula Borough	702,515	14
15	Kenai, City of	235,223	15
16	Ketchikan Gateway Borough	214,696	16
17	Ketchikan, City of	400,460	17
18	King Cove, City of	50,001	18
19	Klawock, City of	31,917	19
20	Kodiak Island Borough	118,047	20
21	Kodiak, City of	314,368	21
22	Kotzebue, City of	169,920	22
23	Koyuk, City of	1,664	23
24	Lake and Peninsula Borough	19,656	24
25	Matanuska-Susitna Borough	583,491	25
26	Mekoryuk, City of	611	26
27	Mountain Village, City of	1,786	27
28	Nenana, City of	12,244	28
29	Nome, City of	123,946	29
30	Noorvik, City of	12,352	30
31	North Pole, City of	80,525	31

1	North Slope Borough	2,006,956	1
2	Northwest Arctic Borough	44,779	2
3	Palmer, City of	154,333	3
4	Pelican, City of	7,657	4
5	Petersburg, City of	206,671	5
6	Quinhagak, City of	1,920	6
7	Saint Paul, City of	74,829	7
8	Sand Point, City of	38,396	8
9	Saxman, City of	5,637	9
10	Seldovia, City of	2,405	10
11	Seward, City of	186,026	11
12	Sitka, City and Borough of	439,010	12
13	Skagway, City of	89,301	13
14	Soldotna, City of	136,756	14
15	Tanana, City of	7,302	15
16	Thorne Bay, City of	10,435	16
17	Toksook Bay, City of	583	17
18	Unalakleet, City of	11,157	18
19	Unalaska, City of	520,772	19
20	Valdez, City of	250,819	20
21	Wasilla, City of	228,380	21
22	Whittier, City of	49,904	22
23	Wrangell, City of	132,606	23
24	Yakutat, City and Borough of	36,178	24
25	(c) The following amounts are appropriated from the general fund to the Department		
26	of Commerce, Community, and Economic Development for payments as grants to the		
27	following municipalities for the purpose of defraying increased energy and other costs:		
28	MUNICIPALITY	APPROPRIATION	
29	Adak	\$ 40,000	
30	Akhiok	40,000	
31	Akiak	40,000	

State of Alaska Public Employees Retirement System Funding Schedule - FY 2005 Contributions				Balance used to pay down unfunded liability	
230	Aleutians East Borough	50,537		50,537	
144	Bristol Bay Borough	70,944		70,944	
282	Delta Junction, City of	3,419		3,419	
129	Fairbanks, City of	305,784		305,784	
260	Kachemak, City of	3,068		3,068	
181	Ketchikan, City of	415,937		415,937	
174	Kodiak Island Borough	113,667		113,667	
191	North Pole, City of	107,535		107,535	
143	Petersburg, City of	198,490		198,490	
182	Seward, City of	192,943		192,943	
169	Tanana, City of	11,285		11,285	
107	Valdez, City of	255,619		255,619	
				3,517,055	

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

1 Richardson Highway, highway passing lanes, 5,000,000
 2 Milepost 265 - 341
 3 Richardson Highway, Shaw Creek Bridge 2,500,000
 4 (d) Subject to sec. 62 of this Act and contingent on the signing of an agreement
 5 between the Municipality of Anchorage and the state for the Municipality of Anchorage to
 6 assume ownership and maintenance of the roads* specified in this subsection, the sum of
 7 \$16,500,000 is appropriated from the Alaska capital income fund to the Department of
 8 Commerce, Community, and Economic Development for payment as grants under
 9 AS 37.05.315 to the Municipality of Anchorage for the following projects in the following
 10 amounts:

11 PROJECT	11 AMOUNT
12 72nd Avenue, Spruce Street, Lore Road upgrade,	12 \$8,000,000
13 Lake Otis Parkway to Abbott Loop Road	
14 80th Avenue upgrade, Lake Otis Parkway to	14 4,000,000
15 Spruce Street	
16 100th Avenue reconstruction - Pointe Resolution	16 4,500,000
17 Drive to Victor Road	

18 * Sec. 59. RETIREMENT SYSTEM FUNDING FOR INCREASED EMPLOYER COSTS
 19 FOR POLITICAL SUBDIVISIONS. (a) The sum of \$18,426,923 is appropriated from the
 20 general fund to the Department of Administration to reduce the liability to the public
 21 employees' retirement system of political subdivisions that are members of that system, in
 22 order to reduce the increased employer costs resulting from fiscal year 2006 employer
 23 contribution rate increases. The Department of Administration shall allocate the
 24 appropriation to the public employees' retirement system account of each political subdivision
 25 based on the increased employer cost for that political subdivision resulting from fiscal year
 26 2006 employer contribution rate increases, as estimated by the Department of Administration
 27 as of September 29, 2004, and as set out in (b) of this section. The appropriation made by this
 28 subsection is intended to reduce these increased employer costs, based on current estimates,
 29 but may not fully eliminate the increased employer costs because of changes in political
 30 subdivision payroll amounts and other factors. The appropriation made by this subsection is a
 31 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:

POLITICAL SUBDIVISION	AMOUNT
Akutan, City of	\$ 14,932
Aleutians East Borough	50,537
Allakaket, City of	2,564
Anchorage, Municipality of	6,615,843
Anderson, City of	2,009
Angoon, City of	15,955
Atka, City of	3,708
Barrow, City of	53,772
Bethel, City of	235,324
Bristol Bay Borough	70,944
Cordova, City of	98,482
Craig, City of	94,438
Delta Junction, City of	3,419
Denali Borough	29,484
Dillingham, City of	122,152
Egegik, City of	5,075
Elim, City of	9,077
Fairbanks North Star Borough	867,894
Fairbanks, City of	305,784
Fort Yukon, City of	15,338
Galena, City of	68,486
Haines Borough	105,665
Homer, City of	245,743
Hoonah, City of	33,095
Hooper Bay, City of	30,735
Huslia, City of	4,785
Juneau, City and Borough of	1,351,743

1	Kachemak, City of	3,068
2	Kake, City of	15,138
3	Kaltag, City of	1,479
4	Kenai Peninsula Borough	625,569
5	Kenai, City of	278,462
6	Ketchikan Gateway Borough	206,307
7	Ketchikan, City of	415,937
8	King Cove, City of	53,681
9	Klawock, City of	42,542
10	Kodiak Island Borough	113,667
11	Kodiak, City of	293,700
12	Kotzebue, City of	162,767
13	Koyuk, City of	1,113
14	Lake and Peninsula Borough	32,811
15	Matanuska-Susitna Borough	496,101
16	Nenana, City of	19,388
17	Nome, City of	129,462
18	Noorvik, City of	18,250
19	North Pole, City of	107,535
20	North Slope Borough	2,458,409
21	Northwest Arctic Borough	36,340
22	Palmer, City of	132,967
23	Pelican, City of	6,559
24	Petersburg, City of	198,490
25	Quinhagak, City of	1,552
26	Ruby, City of	6,153
27	Saint George, City of	18,988
28	Saint Mary's, City of	15,895
29	Saint Paul, City of	70,881
30	Sand Point, City of	39,312
31	Saxman, City of	21,534

1	Selawik, City of	4,016
2	Seldovia, City of	4,997
3	Seward, City of	192,943
4	Sitka, City and Borough of	371,607
5	Skagway, City of	72,524
6	Soldotna, City of	139,473
7	Tanana, City of	11,285
8	Thorne Bay, City of	14,513
9	Toksook Bay, City of	881
10	Unalakleet, City of	13,698
11	Unalaska, City of	493,130
12	Valdez, City of	255,619
13	Wasilla, City of	173,593
14	Whittier, City of	48,977
15	Wrangell, City of	125,854
16	Yakutat, City and Borough of	22,773
17	Total	\$18,426,923

18 * Sec. 60. DEPARTMENT OF EDUCATION AND EARLY DEVELOPMENT MAJOR
19 MAINTENANCE GRANTS. The sum of \$25,088,607 is appropriated from the general fund
20 to the major maintenance grant fund (AS 14.11.007) for payment by the Department of
21 Education and Early Development as grants to the following school districts for the following
22 school projects in the following amounts:

23	PROJECT	AMOUNT
24	Alaska Gateway - Dot Lake	\$1,087,118
25	School Mechanical Upgrade	
26	(HD 6)	
27	Alaska Gateway - Mentasta	1,750,189
28	School Building Upgrades	
29	(HD 6)	
30	Aleutians East -	181,885
31	Districtwide Playground	

1	Selawik, City of	4,016
2	Seldovia, City of	4,997
3	Seward, City of	192,943
4	Sitka, City and Borough of	371,607
5	Skagway, City of	72,524
6	Soldotna, City of	139,473
7	Tanana, City of	11,285
8	Thorne Bay, City of	14,513
9	Toksook Bay, City of	881
10	Unalakleet, City of	13,698
11	Unalaska, City of	493,130
12	Valdez, City of	255,619
13	Wasilla, City of	173,593
14	Whittier, City of	48,977
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16	Yakutat, City and Borough of	22,773
17	Total	\$18,426,923

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28	School Building Upgrades	
29	(HD 6)	
30	Aleutians East -	181,885
31	Districtwide Playground	



CITY OF FAIRBANKS

Steve M. Thompson, Mayor

800 CUSHMAN STREET
FAIRBANKS, ALASKA 99701-4615

OFFICE: 907-459-6793

FAX: 907-459-6787

smthompson@ci.fairbanks.ak.us

April 3, 2007

Dear Rep. Kelly:

The City of Fairbanks has recently been singled out for criticism because of the impact the sale of the city utility had on the solvency of the PERS system.

Before the utility was sold, the city contacted the PERS system to identify the amount of the payment to ensure that Fairbanks Municipal Utility System (FMUS) was holding the system harmless from a negative impact. When the administrator responded, we were told that the impact of the FMUS sale would actually be a positive for Fairbanks by some \$16 million dollars. Our auditor confirmed that this estimate was correct.

The City has never missed a payment on the required employer contribution rate and has paid more than required for recent years. It wasn't until 2001 that we learned the City of Fairbanks didn't receive a \$16 million credit from the sale and in fact our account slid into underfunded status for reasons that are unrelated to the utility sale.

There have been some comments that the city placed some money in a permanent fund from the sale which should have gone to the PERS system. This is not true; after the City sold the utilities, the proceeds were placed in an endowment to provide earnings that replaces utility earnings. City permanent fund earnings are used to provide essential municipal services.

In addition to paying the required employer rates for all years, the City voluntarily increased its rate by 5% in both FYs '06 - '07; we are now paying 10% beyond what would have been mandated.

Sincerely,


Mayor Steve Thompson



25th Alaska State Legislature

House Special Committee on Ways & Means

Chair:

Rep. Mike Hawker
Capitol Room 502
465-4949

Vice-Chair:

Rep. Anna Fairclough
Capitol Room 411
465-3777

Members:

Rep. Bob Roses
Capitol Room 416
465-4939

Rep. Paul Seaton
Capitol Room 102
465-2689

Rep. Peggy Wilson
Capitol Room 403
465-3824

Rep. Sharon Cissna
Capitol Room 420
465-3875

Rep. Max Gruenberg
Capitol Room 110
465-4940

Committee Aide:

Juli Lucky
465-6587 direct

Letter of Intent for House Bill 206

Adopted April 11, 2007

The House Special Committee on Ways and Means moved House Bill 206 (HB 206) out of committee in order to allow the House Finance Committee to consider the cost-share provisions contained therein concurrently with other legislation regarding pension financing and payment of the unfunded accrued actuarial liability (UAAL).

HB 206 changes the defined benefit plan of the Public Employees' Retirement System of Alaska (PERS) to an employer cost-sharing program similar to the teachers' retirement system (TRS). The bill does not contain provisions to equalize allocation of the UAAL or recognize excess contributions already made in good faith by employers in order to reduce their UAAL and, consequently, their contribution rates. For some employers, passage of HB 206 could increase their required contribution rates and will provide a disincentive to remain in the PERS plan.

The proposal offered in HB 206 also does not provide long-term assurance of a fixed maximum annual contribution rate for employers.

While these issues and possible alternatives were discussed, the House Special Committee on Ways and Means decided to move the plan offered by the administration in HB 206 along with this expression of concern regarding that approach. Representative Paul Seaton presented one approach to address these concerns which has been forwarded to the House Finance Committee.

It is the recommendation of the committee that the House Finance Committee seek a solution that provides parity and assurance of contribution rates for employers.

A handwritten signature in black ink, appearing to read "Mike Hawker", written over a horizontal line.

Representative Mike Hawker
Chair, House Special Committee on Ways and Means

Hold Harmless

Possible amendment to HB 206

Employer and State Share of UAAL* with consolidated rate of 22%

System Wide Averages

Past service cost rate	18.03%
Normal Cost	14.48%
Difference between 22% & Normal cost (14.48%) Employer contribution towards PSC	7.52%
Difference between past service cost & 7.52 State contribution towards PSC	10.51%
Consolidated Rate	22%

- Employers share of the UAAL =
 $7.52/18.03 = .417$
41.7%
- States share of UAAL (additional to State's contribution as an employer)
 $10.51/18.03 = .583$
58.3%

*Unfunded Actuarial Accrued Liability

- UAAL* = 4.4b
- Under 22% consolidated rate cost share
 - Employers are responsible for 1.83b (.417 * 4.4)
 - State is responsible for outside of their responsibility as an employer 2.56b (.582 * 4.4)

*Unfunded Actuarial Accrued Liability

(All calculations are based on the Supplement to the Actuarial Valuation Report as of June 30, 2005, Individual Employer Information for FY08)

Winners and Losers (FY2008)

- 63 employers are below 22%
- 92 are above 22%
 - (based on FY08 actuarially calculated rate on entire wage base)

How do we equalize this situation?

Losers – employers under 22%

- Employer's UAAL under 22% cost share minus employer's FY2008 actuarially calculated UAAL* (net present value) = \$
- Credit \$ to individual employers for future payments under cost share legislation
 - This equalizes each employers liability to the cost share rate (22%).

*based on the actuarially calculated value with no statutory floor

Winners – Employers over 22%

- Employer's FY2008 actuarially calculated UAAL minus employer's UAAL under 22% cost share (net present value) = \$
- \$ is transferred to the PERS Fund from the community. This equalizes each employers liability to the cost share rate (22%).
 - The State may transfer \$ to the PERS Fund from revenue sharing/dividend payments appropriated to a community by the State in an amount not to exceed 50% of the payment for that year.

Snapshot

- Calculations applied to all subsequent fiscal years will be made in FY2008 within the parameters set out in this presentation. The credit will be applied during the number of years necessary to equalize the rates in the shortest time possible.

If we do no “hold harmless”...

- It could be more advantageous for the 63 employers under 22% to terminate from the system, which would be detrimental to the system as a whole.

If all employers are at 22%...

- This equals a split of approximately 82.5/17.5 of the UAAL
 - The State is already responsible, with the University, State employees and school districts for 78% of the PERS UAAL

Appendix

FY2008 Actuarially calculated
employer contribution rates (no
statutory floor, calculated on entire
wage base)

Data obtained from PERS Supplement to the Actuarial Valuation Report as of June 30, 2005, Schedule 1.3

ER		FY08 Actuarially Calculated Rate (ARC before level dollar amortization)		FY08 Board Adopted Rate after level dollar amortization (i.e. no payroll growth)
162	ALEUTIAN REGION SD	0.00%	A	14.48%
283	ANDERSON, CITY OF	0.00%	A	14.48%
232	BERING STRAITS CRSA	0.00%	A	14.48%
169	TANANA, CITY OF	0.00%	A	14.48%
208	AKUTAN, CITY OF	1.13%	A	14.48%
266	QUINHAGAK, CITY OF	3.49%	A	14.48%
183	FORT YUKON, CITY OF	9.58%	A	14.48%
257	PELICAN CITY SD	11.09%	A	14.48%
103	ANNETTE ISLAND SD	11.53%	A	14.48%
285	HOOPER BAY, CITY OF	13.56%	A	14.48%
294	MOUNTAIN VILLAGE, CITY OF	14.38%	A	14.48%
259	ALLAKAKET, CITY OF	14.48%		14.48%
256	SAINT GEORGE, CITY OF	14.48%		14.48%
222	SELAWIK, CITY OF	14.48%		14.48%
290	UPPER KALSKAG, CITY OF	14.48%		14.48%
287	KOYUK, CITY OF	14.52%		14.48%
291	SHAKTOOLIK, CITY OF	14.64%		14.71%
293	TAGIUGMIULLU NUNAMIULLU HOUSING AUTHORIT	14.77%		14.90%
281	BARANOF ISLAND HA	14.91%		15.12%
227	KLAWOCK, CITY OF	14.97%		15.13%
241	NOORVIK, CITY OF	15.51%		15.92%
284	INTER-ISLAND FERRY AUTHORITY	15.53%		16.00%
275	ILISAGVIK COLLEGE	15.70%		16.19%
221	SAINT MARY'S SD	16.08%		16.66%
263	INTERIOR RHA	16.12%		16.73%
225	SKAGWAY CITY SD	16.14%		16.44%
192	GALENA, CITY OF	16.15%		16.88%
140	KOTZEBUE, CITY OF	16.27%		17.13%
262	COOK INLET HOUSING AUTHORITY	16.29%		17.00%
159	YUKON FLATS SD	16.42%		17.17%
282	DELTA JUNCTION, CITY OF	16.45%		17.27%
276	NORTH PACIFIC RIM HA	16.53%		17.37%
224	COPPER RIVER BASIN RHA	16.57%		17.45%
136	BETHEL, CITY OF	16.58%		17.40%
288	NORTHWEST INUPIAT HOUSING AUTHORITY	16.74%		17.65%
270	BERING STRAITS RHA	16.75%		17.62%
223	BRISTOL BAY RHA	16.78%		17.66%
171	BARROW, CITY OF	16.86%		17.70%
220	NORTHWEST ARCTIC BOROUGH	17.13%		18.24%
195	YUPIIT SD	17.13%		18.26%
267	ALEUTIAN HOUSING AUTHORITY	17.66%		18.92%
264	YAKUTAT SD	17.75%		18.96%
166	TANANA SD	17.81%		18.98%
160	YUKON / KOYUKUK SD	18.41%		20.02%

ER		FY08 Actuarially Calculated Rate (ARC before level dollar amortization)	FY08 Board Adopted Rate after level dollar amortization (i.e. no payroll growth)
230	ALEUTIANS EAST BOROUGH	18.63%	20.31%
254	MEKORYUK, CITY OF	18.70%	20.53%
154	NORTHWEST ARCTIC BOROUGH SD	18.87%	20.70%
279	TLINGIT-HAIDA RHA	18.96%	20.69%
202	WHITTIER, CITY OF	19.33%	21.40%
196	NENANA CITY SD	19.57%	21.62%
286	SELDOVIA, CITY OF	19.58%	21.58%
187	PETERSBURG MEDICAL CENTER	19.59%	21.73%
219	BARTLETT REGIONAL HOSPITAL	19.75%	21.87%
175	NOME JOINT UTILITY SYSTEM	20.20%	22.82%
145	NORTH SLOPE BOROUGH	20.54%	22.96%
280	TOKSOOK BAY, CITY OF	20.59%	23.16%
179	UNALASKA, CITY OF	20.81%	23.34%
206	THORNE BAY, CITY OF	20.84%	23.11%
141	GALENA CITY SD	21.07%	23.72%
255	ALASKA GATEWAY SD	21.41%	24.18%
131	WASILLA, CITY OF	21.52%	24.38%
157	LOWER KUSKOKWIM SD	21.57%	24.45%
104	BERING STRAIT SD	21.61%	24.49%
218	SPECIAL EDUCATION SERVICE AGENCY	21.97%	25.10%
248	YAKUTAT, CITY AND BOROUGH	22.10%	25.22%
132	SKAGWAY, CITY OF	22.26%	25.36%
168	HYDABURG CITY SD	22.97%	25.87%
151	KING COVE, CITY OF	23.07%	26.53%
152	ALASKA HOUSING FINANCE CORPORATION	23.20%	26.68%
211	KASHUNAMIUT SD	23.29%	26.87%
209	UNALASKA CITY SD	23.33%	26.87%
205	DILLINGHAM CITY SD	23.59%	27.30%
199	HOONAH, CITY OF	23.75%	27.46%
278	SAXMAN SEAPORT	24.20%	28.13%
172	SAINT PAUL, CITY OF	24.37%	28.44%
178	DILLINGHAM, CITY OF	24.52%	28.49%
203	ANCHORAGE PARKING AUTHORITY	25.00%	29.27%
156	PRIBILOF SD	25.09%	29.28%
161	NORTH SLOPE BOROUGH SD	25.25%	29.57%
249	UNALAKLEET, CITY OF	25.40%	29.89%
144	BRISTOL BAY BOROUGH	25.46%	29.90%
176	SAND POINT, CITY OF	25.46%	29.98%
163	CORDOVA COMMUNITY MEDICAL CENTER	25.49%	29.97%
116	FAIRBANKS NORTH STAR BOROUGH	25.56%	29.98%
170	NORTH PACIFIC FISHERY MGMT COUNCIL	25.57%	30.04%
102	SOUTHWEST REGION SD	25.61%	30.08%
244	ALEUTIANS EAST BOROUGH SD	25.63%	29.88%
182	SEWARD, CITY OF	26.41%	31.14%
271	EGEGIK, CITY OF	26.46%	31.40%

ER		FY08 Actuarially Calculated Rate (ARC before level dollar amortization)	FY08 Board Adopted Rate after level dollar amortization (i.e. no payroll growth)
265	KAKE CITY SD	26.52%	31.20%
125	KUSPUK SD	27.01%	32.06%
122	KETCHIKAN GATEWAY BOROUGH	27.13%	32.18%
165	SITKA COMMUNITY HOSPITAL	27.38%	32.58%
186	CRAIG, CITY OF	28.18%	33.56%
113	UNIVERSITY OF ALASKA PERS	28.23%	33.75%
243	ATKA, CITY OF	28.27%	34.02%
109	MATANUSKA-SUSITNA BOROUGH	28.28%	33.89%
110	MATANUSKA-SUSITNA BOROUGH SD	28.28%	33.89%
123	SOLDOTNA, CITY OF	28.41%	33.94%
167	SOUTHEAST REGIONAL RESOURCE CENTER	28.61%	34.41%
177	KETCHIKAN GATEWAY BOROUGH SD	28.70%	34.44%
149	NOME CITY SD	28.85%	34.58%
200	PELICAN, CITY OF	28.85%	34.82%
191	NORTH POLE, CITY OF	28.90%	34.59%
246	DELTA/GREELY SD	29.17%	35.15%
240	HAINES BOROUGH SD	29.19%	35.16%
251	KLAWOCK CITY SD	29.22%	35.15%
204	CRAIG CITY SD	29.36%	35.26%
153	LOWER YUKON SD	29.37%	35.46%
228	PETERSBURG CITY SD	29.70%	35.92%
139	NOME, CITY OF	29.79%	36.02%
215	HOMER, CITY OF	29.82%	35.96%
124	IDITAROD AREA SD	29.83%	35.80%
117	FAIRBANKS NORTH STAR BOROUGH SD	30.13%	36.49%
180	KENAI PENINSULA BOROUGH	30.84%	37.39%
164	LAKE AND PENINSULA BOROUGH SD	30.93%	37.60%
112	COPPER RIVER SD	31.58%	38.55%
245	ALEUTIANS WEST CRSA	31.62%	38.35%
108	JUNEAU BOROUGH SD	32.14%	39.28%
173	ANCHORAGE, MUNICIPALITY OF	32.16%	39.33%
235	HUSLIA, CITY OF	33.00%	40.43%
111	ANCHORAGE SD	33.27%	40.89%
158	KODIAK ISLAND BOROUGH SD	33.42%	41.11%
143	PETERSBURG, CITY OF	33.53%	41.15%
146	WRANGELL PUBLIC SD	33.97%	41.94%
247	LAKE AND PENINSULA BOROUGH	34.11%	41.95%
193	NENANA, CITY OF	34.11%	41.79%
121	CHUGACH SD	34.21%	42.23%
126	JUNEAU, CITY AND BOROUGH	34.51%	42.56%
118	DENALI BOROUGH SD	34.64%	42.65%
184	BRISTOL BAY BOROUGH SD	34.75%	42.77%
134	PALMER, CITY OF	34.79%	43.05%
120	SITKA, CITY AND BOROUGH	35.00%	43.31%
189	HAINES BOROUGH	35.52%	43.85%

ER		FY08 Actuarially Calculated Rate (ARC before level dollar amortization)	FY08 Board Adopted Rate after level dollar amortization (i.e. no payroll growth)
101	STATE OF ALASKA PERS	35.54%	44.01%
190	KENAI PENINSULA BOROUGH SD	36.48%	45.44%
138	HOONAH CITY SD	36.61%	45.14%
115	KENAI, CITY OF	36.67%	45.71%
107	VALDEZ, CITY OF	37.14%	46.32%
137	VALDEZ CITY SD	37.40%	46.80%
135	WRANGELL, CITY OF	38.14%	47.74%
128	KODIAK, CITY OF	38.34%	48.05%
174	KODIAK ISLAND BOROUGH	39.14%	49.23%
133	SITKA BOROUGH SD	40.21%	50.66%
148	CORDOVA, CITY OF	41.46%	52.49%
258	DENALI BOROUGH	41.64%	51.83%
181	KETCHIKAN, CITY OF	41.68%	52.61%
106	ALASKA MUNICIPAL LEAGUE	41.98%	52.74%
185	CORDOVA CITY SD	44.74%	56.88%
155	SOUTHEAST ISLAND SD	53.03%	68.73%
105	CHATHAM SD	53.47%	69.18%
237	KALTAG, CITY OF	57.16%	74.74%
260	KACHEMAK, CITY OF	68.25%	90.23%
198	SAXMAN, CITY OF	79.96%	105.76%
242	ELIM, CITY OF	99.57%	134.60%
129	FAIRBANKS, CITY OF	135.91%	184.95%

A. The actuarially calculated rate is below the statutory floor of 14.48%. AS 39.35.270(B) states, "The employer contribution rate may not be less than the rate required, after subtracting the member contributions rate, to fully fund the actuarially calculated benefits expected to earned by active members during a fiscal year."

AMENDMENT

OFFERED IN THE HOUSE

BY REPRESENTATIVE GRUENBERG

TO: HB 206

1 Page 7, following line 31:

2 Insert a new bill section to read:

3 ** Sec. 15. AS 39.35.260(b), enacted in sec. 7 of this Act, is repealed July 1, 2008."

4

5 Renumber the following bill sections accordingly.

6

7 Page 8, line 28:

8 Delete "Sections 15 and 16"

9 Insert "Sections 16 and 17"

10

11 Page 8, line 29:

12 Delete "sec. 18"

13 Insert "sec. 19"

AMENDMENT

2

OFFERED IN THE HOUSE

BY REPRESENTATIVE SEATON

TO: HB 206

1 Page 8, following line 14:

2 Insert a new subsection to read:

3 "(c) Notwithstanding AS 39.35.255, added by sec. 5 of this Act, an employer that
4 made employer contributions under former AS 39.35.270 for the period beginning July 1,
5 2002, and ending June 30, 2006, that, when combined, exceed the minimum required of the
6 employer for that period by former AS 39.35.270 shall receive a credit equal to the excess and
7 may apply the credit toward payment of employer contributions under AS 39.35.255 for
8 subsequent years."