

LEGAL COUNSEL, 2007-2008

11633 HOURS

STATE AFFAIRS

He said the state made provisions in its negotiations with the OCRM to modify some of its regulations at the OCRM's request and in some cases adopted their wording verbatim. "But they went beyond that in the January 28 letter to the point where they are dictating how the state is to implement and regulate all of our coastal resources beyond what we feel they are authorized through the Coastal Zone Management Act.

Seaton asked Jeffress to provide the committee with a written response as to whether the state can terminate the ACMP as a matter of law. He asked whether the entire coastal plan would go away or there just wouldn't be standards to enforce. Seaton asked if the Legislature would have to pass legislation to terminate the program: "Does the administration feel it can abrogate or terminate the law or that the law terminates this summer? Does the Legislature have to be involved in that?"

Gatto said it is his understanding that the federal government contributes about \$2.5 million toward this \$4.5 million program. If the state backs out that \$2.5 million disappears. He asked if the state has a contingency plan if this occurs.

Jeffress said the commissioners' letter points out that the state's resources are adequately addressed through state environmental regulations and laws and its cooperation with federal agencies.

FLOOR ACTION

SJR 2, Urging Congress to Open ANWR

Sponsor: Senate Resources

Current Status: (H) RLS

SJR 2 was on the House calendar on February 22, but was returned to Rules. SJR 2 encourages Congress to open the coastal plain of the Arctic National Wildlife Refuge (ANWR) to oil and gas exploration, development and production. It is identical to the resolution lawmakers approved and sent to Congress in 2003.

The resolution calls for any activity on the coastal plain to be conducted in a manner that protects the environment and the naturally occurring population levels of the Porcupine Caribou herd, and in a manner that uses the state's work force to the maximum extent possible. The resolution states the Legislature's opposition to further wilderness or other restrictive designations in the coastal plain of ANWR, and to any unilateral reduction in royalty revenue from exploration and development of the coastal plain of ANWR or any attempt to coerce the state into accepting less than the 90 percent royalties the federal government promised at statehood.

After a lengthy floor at ease, House Speaker John Harris sent the resolution back to the Rules Committee. "I will hold [SJR 2] in Rules for further discussion." Reportedly there were a number of amendments to the resolution ready for introduction.

COMMITTEE SCHEDULE

Mon., Feb. 28	1:00 p.m., (H) RES 3:30 p.m., (S) RES	SJR 5, Reauthorize Methane Hydrate Research Act SB 103, Reg. of Underground Injection Confirmation hearing: Dan Seamount, AOGCC
Tues., March 1	9:00 a.m., (S) FIN 5:00 p.m., (H) O&G	SB 97, SB 98, Supplemental Appropriations Overview: AOGCC. Confirmation hearing: Dan Seamount, AOGCC Bills previously heard/scheduled
Weds., March 2	3:30 p.m., (S) RES	SB 53, AK Penn. Oil & Gas Lease Sale: Tax Credit SR 110, Pollution Discharge & Waste Treatment
Thurs., March 3	9:00 a.m., (S) FIN 5:00 p.m., (H) O&G	SB 97, SB 98, Supplemental Appropriations Overview: BP, Viscous Oil 101 Bills previously heard/scheduled

**OVERVIEW
AK. PUBLIC
OFFICES
COMM.
(APOC),
1/20/05**

History

The Alaska Public Offices Commission started as the Alaska Election Campaign Commission in 1974. The impetus for campaign disclosure resulting from the Watergate scandal, and a successful citizen initiative effort convinced the state legislature to pass **AS 15.13.**, Alaska Campaign Disclosure Law.

That same year, another initiative effort succeeded in placing **AS 39.50.**, **Alaska's Public Official Financial Disclosure Law**, on the ballot. The measure was approved by over 60% of the voters and became law in January 1975. In 1999, the title of AS 39.50 was changed from Conflict of Interest to Public Official Financial Disclosure.

In 1976, the legislature revised state lobbying reporting by passing **AS 24.45.**, **Alaska's Lobbying Law**. Responsibility for its enforcement was assigned to the AECC, which was renamed the APOC to reflect its expanded mission.

In 1990, the legislature responded to an increased demand for ethics regulation and disclosure by expanding its previous reporting requirements under the Conflict of Interest Law in the form of a new act, **AS 24.60.** **(Legislative Financial Disclosure)** Alaska's Legislative Ethics Disclosure Law. As before, legislators report financial disclosure to APOC, ethics violations, however, are adjudicated before the Select Committee on Legislative Ethics.

In 1996, the legislature responded to a new citizen initiative effort and revised Alaska's 20 year-old campaign disclosure law to include stricter limitation and disclosure measures, including the prohibition of corporate and out-of-state group contributions to state and local candidates. The law (1997 Alaska Campaign Disclosure Law) took effect on January 1, 1997, and will be administered by the Commission.

**FREQUENTLY ASKED QUESTIONS ABOUT THE
PUBLIC OFFICIAL FINANCIAL DISCLOSURE LAW 39.50**

What is a Public Official Financial Disclosure Statement?

Public Official Financial Disclosure Statements contain information about income sources, business interests, real property interests, beneficial trust interests, loans and loan guarantees, and contracts or leases with the State of Alaska or an instrumentality of the State.

Why File?

The people of the State of Alaska have declared that a public office is a public trust which should be free from the danger of conflict of interest and that the public has a right to know of the financial and business interests of persons who seek or hold public office. The purpose of the Law, by requiring financial disclosure, is:

to discourage public officials from acting upon a private or business interest in the performance of a public duty;

to assure that public officials in their official acts are free of the influence of undisclosed private or business interests;

to develop public confidence in persons seeking or holding public office; and

to develop accountability in government by permitting public access to information necessary to judge the credentials and performance of those who seek and hold public office.

Who Files?

Executive Branch

the governor or the lieutenant governor
a person hired or appointed in a department in the executive branch as
the head or deputy head of a department the director or deputy director of a division
a special assistant to the head of the department
a person serving as the legislative liaison for the department
an assistant to the governor or the lieutenant governor
the chair or a member of a state commission or board subject to AS 39.50
state investment officers and the state comptroller in the Department of Revenue
the executive director of the Alaska Tourism Marketing Council
the chief procurement officer appointed under AS 36.50 010
the executive director of the Alaska Human Resource Investment Council

Judicial Officers

Justice to the supreme court
Judges to the court of appeals, superior court, district court, or magistrate court.

Other

non-incumbent state candidates
municipal candidates subject to AS 39.50

Municipal Officials

appointed or elected municipal officer listed below:

mayor
assembly or city council members
elected school board members
planning & zoning Commissioners
elected utility board members
city manager

Where are Public Official Financial Disclosure Statements Filed?

Executive branch public officials and judicial officers file their Statement with the Alaska Public Offices Commission.

Municipal Officials and municipal candidates file their Statements with their local clerks.

Non-incumbent state candidates file with the Division of Elections unless they already have a current Public Official Financial Disclosure Statement on file with the Alaska Public Offices Commission. (Call 907/276-4176 before filing for office to verify if you have a current and complete Statement already on file with the Alaska Public Offices Commission.)

When do you file?

Candidates for state and municipal office file at the time they file for candidacy with the Division of Elections or the Municipal Clerk. If elected, they file annually on March 15 thereafter.

Executive branch public officials, judicial and municipal officers file within 30 days after taking their position as a public official and annually on March 15 thereafter.

What if you are required to file more than one Public Official Financial Disclosure Statement

Some examples of having to file more than one Statement:

municipal officer filing for state candidacy
legislator filing for municipal office
municipal officer serving on a state board
serving on a state board and running for municipal office

Those who already have a current financial disclosure Statement on file with the Alaska Public Offices Commission or local municipal clerk and have to file elsewhere may photocopy the original Statement and submit it to the place designated with an original signature

Are Public Official Financial Disclosure Statements Public Records?

All information reported in Public Official Financial Disclosure Statements are public information and copies are provided to the general public upon request.

Members of the public check the reports for potential conflicts of interest a public official may have in relation to his/her state or municipal position.

The public may review the statements at the Alaska Public Offices Commission in Anchorage or at the municipal clerks office. A reasonable copying fee may be charged if you request copies

What Happens if a Statement is Filed Late?

A Public Official Financial Disclosure Statement filed after the due date is subject to a civil penalty that accrues daily until the Statement is filed.

What Happens if an Incomplete Statement is Filed?

If staff of the Commission discover a obvious deficiency on the face of a Statement, the filer is notified and is given 15 days to correct the deficiency without penalty.

If staff finds significant information missing from a Statement, the maximum civil penalty of \$10 per day applies, from the time the information was due until it is received.

A person required to file who refuses or knowingly fails to disclose required information within the time required, or who provides false or misleading information, knowing it to be false or misleading, may be subject to penalties of up to \$10 per day and may be guilty of a misdemeanor. AS 39.50.060.

About Civil Penalties

If a filer receives a penalty for filing a statement or amendment late and disputes the amount of a civil penalty assessed, the filer may submit an affidavit to the Commission stating facts in mitigation within 30 days of the date of the notice.

At its next meeting after the filer submits the affidavit, the commission will consider the affidavit and other evidence relevant to the amount of the civil penalty. The commission will permit the filer to speak at the meeting. After considering the affidavit and other evidence, the commission will

(1) affirm the civil penalty if the commission determines that the statement or amendment was late without good cause; or

(2) reduce or waive the civil penalty if the commission determines that the statement or amendment was late for good cause.

After the Commission meeting, the staff shall send a written notice of the decision by the commission to the filer.

If the commission decides to impose some or all of a civil penalty assessed, the filer shall pay the penalty no later than 30 days after the date of the notice or file a notice of appeal with the superior court.

FREQUENTLY ASKED QUESTIONS ABOUT THE CAMPAIGN DISCLOSURE LAW

1. Who may make contributions in connection with candidates' campaigns?

Only individuals, groups and non-group entities may contribute to candidates and those groups that support or oppose candidates.

2. What is an Exemption Form?

Candidates who do not plan to raise or spend in excess of \$5000 may file an Exemption Form that exempts them from filing the periodic campaign disclosure reports. Campaigns must still identify communications.

If the \$5000 threshold is crossed, you must go back to the beginning of the campaign and report all activity on the next report that is due.

3. What is the difference between an "individual" and a "person" and why do I need to know?

An "individual" is a human being.

A "person" includes individuals, corporations, organizations, and groups.

The distinction is important in understanding how the 1996 campaign reforms ban corporate contributions. Under the old law, the more inclusive term "person" was used in setting out reporting limits and prohibitions. The reforms use the less inclusive categories "individual" and "group" and thus, by not including corporations and organizations, prohibit them from contributing to candidates.

4. What is a "group"?

Under the Alaska Campaign Disclosure law, a "group" is two or more individuals who act jointly to influence the outcome of an election of a state or municipal candidate or ballot measure.

Groups may be sorted into three major categories:

- * Political parties and their subdivisions (e.g., Northern Democratic Precinct Committee, Republican House District 78)
- * Ballot issue groups, including state initiative sponsors (e.g., Citizens Against Cat Licenses)
- * Political action committees
(e.g., ACME Employee PAC, Alaskan Ornithologists PAC)

5. What is a "nongroup entity"?

The Campaign Disclosure Law defines a "nongroup entity" as a person other than an individual that takes action the major purpose of which is to influence the outcome of an election. In addition they may not participate in business activities and cannot have shareholders that have a claim on any corporate earnings. They must also be independent from the influence of business corporations.

A nongroup entity might be the local homeowners association or the local ladies sewing circle.

6. May corporations, labor unions and other organizations make campaign contributions?

Corporations, businesses, labor unions and other business organizations may not contribute to candidate campaigns or make independent expenditures on behalf of a candidate. They, however, may make contributions and independent expenditures in support or opposition to ballot measures.

Please note, the employees or members, as individuals comprising such organizations, may form groups to make contributions and expenditures supporting candidates.

Also, organizations, corporations, and unions may continue to communicate directly with their members or employees on political subjects (via newsletters and the like) if certain conditions are met. The communication is of the same format and nature used by the organization on nonpolitical subjects; it only urges members to vote; and it does not solicit contributions.

7. May non-resident individuals and groups contribute to Alaska candidates and groups?

Non-resident individuals may contribute to Alaska candidates if the contribution is no more than \$1000 and the candidate or group receiving the contribution has not exceeded the aggregate amount they are permitted to accept from non-resident individuals.

This limitation requires that candidates or treasurers keep an up-to-date count of nonresident contributions so they can record and return funds

when they have reached the limit.

Nonresident individuals and groups may contribute an unlimited amount to ballot groups.

8. How have political party contribution rules changed?

Under the law, the "party" is viewed collectively. A contributor may give no more than \$10,000 cumulatively to any and all units of an Alaskan political party in a calendar year. And the party (including all its subdivisions) is limited, in turn, in how much it may give to a candidate, with different limits for different offices.

This places a unique responsibility on the contributor to a party. The contributor must track when he or she has reached the \$10,000 total contribution to all party units combined. Similarly, the candidate must track when he or she has received a party contribution which, when combined with contributions from other party units, puts the candidate at the limit.

9. What are the contribution limits?

From	To Candidate	To Group and Non Group Entity	To Party
Individual (resident)	\$ 1000	\$ 1000	\$10,000
Individual (non-resident)	\$ 1000 if the candidate has not exceeded aggregate limit below: \$20,000 Gov/Lt Gov \$5,000 Senate \$3,000 House&Municipal	\$ 1000 if the group has not exceeded the aggregate limit of 10% of its total contributions	\$10,000 if the party has not exceeded the aggregate limit of 10% of its total contributions
Corporations, Business Organizations, Unions	Prohibited	Prohibited (except for ballot measure campaigns)	Prohibited
Group (based in Alaska)	\$ 2000	\$ 2000	\$ 4000
Group (based outside AK)	Prohibited	A non-resident group may contribute to an Alaska group or party an amount not to exceed \$2000 ONLY IF the non-resident group first registers with the Commission AND receives no contributions prohibited by state law.	
Nongroup Entity (based in Alaska)	\$1000	\$1000	\$4000
Nongroup Entity (based outside AK)	Prohibited	A non-resident non-group entity may contribute to an Alaska non-group entity or party an amount not to exceed \$2000 ONLY IF the non-resident non-group entity first registers with the Commission AND receives no contributions prohibited by state law.	
Political party	Governor \$ 100,000 Lt. Gov. \$ 100,000 Senate \$ 15,000	Unlimited	Unlimited

	Senate \$ 15,000 House \$ 10,000 Municipal \$ 5,000		
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10. When may a candidate for state office begin accepting contributions?

Once a candidate for state office files a Letter of Intent with the APOC or a Declaration of Candidacy with the Division of Elections, he or she may accept contributions beginning 18 months before the general election with one additional caveat. Under legislative ethics law, a legislator running for legislative office may not accept contributions while the legislature is in session with limited exception.

11. How are contributions reported?

Candidates and groups must report the name and address of ALL contributors. Contributors in excess of \$250 must also include their employer and occupation.

Non-group entities must disclose the name and address of all contributors as well as their principal occupation. Contributors who give in excess of \$250 must further disclose their employer.

12. May a candidate or group accept gaming proceeds?

Bingo and pull-tab proceeds may no longer be used to fund political campaigns. The law appears to permit groups to raise money by selling raffle tickets and contribute the proceeds to candidates. Check with the Department of Revenue, Charitable Gaming Unit at (907) 465-2320 if you have questions.

13. Who must file campaign disclosure reports?

Individuals: Any individual who contributes \$500 or an increment of \$500 over the course of a year to a ballot group must file a Statement of Contributions (Form 15-5) within 30 days of making the contribution.

Any individual who independently spends any amount to promote or oppose a candidate or ballot measure must file a Statement of Expenditures (Form 15-6) except in limited circumstances.

Lobbyists: Lobbyists who contribute to legislative candidates are required to file a Statement of Contributions Form 15-5a within 30 days of making the contribution.

Groups: Any combination of two or more individuals acting jointly to influence the outcome of an election must register and file campaign disclosure reports. This includes political parties and their subdivisions.

Non-Group Entity: A person, other than an individual, that takes action the major purpose of which is to influence the outcome of an election, must register and file campaign disclosure reports.

Candidates: Candidates for state or municipal office must register and file campaign disclosure reports. Candidates whose total contributions or expenditures will not exceed \$5000 may file an Exemption Statement instead.

Persons: An entity or individual who independently spends any amount to promote or oppose a ballot measure must file a Statement of Independent Expenditures.

14. When are campaign disclosure reports due?

Statement of Independent Expenditures: Individuals and persons must file within 10 days of making any independent expenditure.

Letter of Intent/Registration: Candidates and groups must register before making an expenditure on a campaign.

Candidate and Group Reports: Candidates and groups must file a series of reports before and at the end of each year. In addition, during the last 9 days just before an election, candidates and groups must immediately report all contributions they receive which exceed \$250.

15. What happens if the required campaign disclosure reports and registration statement are not filed on time?

Commission staff will assess a civil penalty based on the number of days a report is late and how close it is to the election. A filer has 30 days to appeal or pay the penalty.

16. How may a candidate or group use their campaign funds?

Campaign funds may be used for election related purposes only. They may not be taken as personal income; used to pay most civil or criminal

penalties; or used for other non-election or prohibited purposes. In addition, candidate campaign money may not be contributed to another candidate or group.

17. When may candidates make expenditures from their campaign account?

Once a candidate has filed a Letter of Intent with the APOC or a Declaration of Candidacy with the Division of Elections, he or she may make campaign-related expenditures.

18. What happens after the election?

There is no longer a requirement for the 10 day after election report. The last report that is due will be the year-end report, covering all activity from the 7 day pre-election report through February 1. That report is due on February 15 and is considered the year-end report. Candidates must disburse surplus funds by February 1 for a General Election or within 90 days after a special election. All campaign activities are to be disclosed by February 15 the year after the election.

19. May candidates repay themselves when they use their own money in the campaign?

A candidate who makes campaign expenditures with personal funds may be repaid by the campaign within 72 hours after the expenditure. If the repayment does not happen within those three days, the candidate wishing to be repaid for their expenditures or loans to the campaign must file a Candidate Reimbursement Notification within five days of the expenditure. After the election, candidates who have timely filed Notifications may repay themselves up to a set amount which depends on the office they seek.

20. May candidates reimburse campaign workers for purchases made for the campaign?

A campaign may only reimburse registered treasurers/deputy treasurers and the amount cannot exceed \$1000. In order for the reimbursement not to count as a contribution, the worker must be repaid before the end of the report cycle in which the expenditure was made.

21. What may a candidate do with surplus campaign assets after an election?

A candidate may pay for thank you gifts; repay contributors; transfer a limited amount to a future campaign; transfer a limited amount to an office allowance account; give an unlimited amount to a political party, a charity, or the government; and/or retain a limited amount of personal property.

22. What is an office account under the Campaign Disclosure Law?

The Campaign Disclosure Law permits a candidate to transfer a limited amount of surplus campaign assets to a legislative or municipal office account. The money in the account may be used only for expenses associated with the candidate's serving as a legislator or municipal official and all expenditures must be disclosed in the year end report.

23. When must a "paid for by" identifier be placed on campaign related materials?

All political communications must contain a "paid for by" identifier which includes the words "paid for by" followed by the name and address of the candidate, group or individual paying for the advertising. Candidates and groups may also identify the name of their campaign chairman. If the communication results from an independent expenditure, it must also include the following: "This NOTICE TO VOTERS is required by Alaska law. (I/We) certify that this (mailing/literature/advertisement) is not authorized, paid for, or approved by the candidate."

24. Is there a fine for inadequate or missing identifiers?

Yes. A person who fails to place a complete "paid for by" identifier on his or her campaign communications is subject to a civil penalty of up to \$50 per day.

All penalties are subject to appeal.

(Rev 11/03)

FREQUENTLY ASKED QUESTIONS ABOUT MUNICIPALITIES AND PUBLIC FUNDS

1. *May a municipality use money to support or oppose a candidate?*

No. Municipalities, school districts, and regional educational attendance areas (REAA), or another political subdivision of the state as well as an officer or employee of the above entities may not use municipal funds to influence the outcome of the election of a candidate to state or municipal office.

The state, its agencies, its corporations and the University of Alaska and its Board of Regents are also prohibited from spending state funds to influence the outcome of an election of a candidate to state or municipal office.

(AS 15.13.145(a))

2. *May a municipality use money to support or oppose a ballot proposition?*

Yes. A municipality may use public funds to influence the outcome of an election concerning a ballot proposition or question, but only if the funds have been specifically appropriated. (AS 15.13.145(b) & 2 AAC 50.356(a))

3. *How may a municipality spend public funds if no money has been specifically appropriated?*

Money held by a municipality may be used to:

- disseminate information about the date and time and place of an election and to hold an election.
- and to provide the public with nonpartisan information about a ballot proposition or question or about all the candidates seeking election to a particular office. (AS 15.13.145(c))

Information is nonpartisan if it does not advocate a position in an election. Nonpartisan information includes the official language of a ballot question, a neutral ballot summary, or if provided for all candidates seeking a particular office, the candidates' names, contact information, or statements. (2 AAC 50.356 (c))



4. *What are the reporting requirements if a Municipality spends public funds?*

When a municipality spends funds, either appropriated or to produce nonpartisan information, the expenditures must be reported to the Commission in the same manner as an individual is required to report. (AS 15.13.145(d))

The municipality must file a "Statement of Independent Expenditures" (Form 15-6), within 10 days of making the expenditure. (AS 15.13.040(d)(e))



5. *If the municipality limits its activity to publishing notices of the election are there reporting requirements?*

No. Only expenditures intended to influence the outcome of an election (including nonpartisan materials) must be reported to the APOC. (2 AAC 50.360 (b))



6. *What type of Identifier must the communications have?*

All communications intended to influence the outcome of an election must have a "Paid for by" Identifier (Notices of the election do not need an identifier). The

words "Paid for by" must appear followed by the name of the municipality and address. A contact person's name is recommended. (AS 15.13.090)

In addition, by administrative regulation all communications which are paid for by a municipality and which are related to an election are considered to be intended to influence the outcome of an election, unless they are only notices of the election or are required by statute, charter or ordinance.

(2 AAC 50.360(b)).

Rev. (11/C 1)

APOC Update
For State Officials & Employees
Concerning Activity on Ballot Questions

Please be aware that your activities may be subject to AS 15.13—in particular, the prohibition on using state money (AS 15.13.145) and the "paid for by" (AS 15.13.090) and reporting (AS 15.13.040) requirements.

If you plan to engage in an activity related to ballot questions, you should review the questions below to ensure that you do not inadvertently violate the law.

Generally, the campaign disclosure law is not triggered if your activity is part of your usual and customary duties as a state official or employee.

#1. Is the activity something that you would usually or customarily do in the performance of your duties as a state official or employee?

Yes. If your activity is a usual and customary part of your duties, then it is not subject to the campaign disclosure law as long as you do not expressly urge people to vote for or against the measure. You do not need to identify or disclose the expenses associated with the activity.

No. If your activity is not something you usually and customarily do in the performance of your duties, then go to question #2.

Usual and customary duties = include but are not limited to publishing and disseminating an annual newsletter to your constituents; responding to constituent inquiries; answering questions at a press conference.

#2. Will the activity involve the use of state money or resources?

No. If you are not using state money or resources, you are not subject to AS 15.13.145; although you are subject to the disclosure requirements in AS 15.13. Remember to properly identify your communications and disclose your expenditures.

Yes. If you will use state money and resources to pay for the activity, go to question #3.

State money = all state resources including state funds; travel vouchers; reimbursement of lodging, meals, per diem; staff time; accountable office allowance purchased items (e.g. stationery, stamps); cost of mailing; press releases; use of phones, faxes, copiers, computers or state facilities; etc.

#3. Is your activity nonpartisan?

Yes. The statute allows the use of state funds if your activity is nonpartisan. AS 15.13.145(c). Remember, however, you must place a "paid for by" statement on any communications. Also, you must file a Statement of Independent Expenditures (Form 15-6) within 10 days of making the expense.

For example, if a legislator produces a special flyer which provides facts on both sides of the ballot question and the upcoming election in a nonpartisan format to hand out at a local fair for the purpose of providing information about the ballot question, the legislator must put a "paid for by" identifier on the flyer and must file a Statement of Independent Expenditures even though the material is nonpartisan.

The disclosure must show that state resources were used to pay for the activity, i.e. "Paid for by Rep. Sara Smith's Legislative Office Account, 271 Main St., Anchorage, AK 99501".

Nonpartisan = "should not obviously lead one to a specific conclusion as to how to vote on an issue"; "should present enough information on both sides of the issue to assist voters in making an informed choice"; in this context, it does not mean related to political parties.

Other options for funding activities related to the ballot questions

Assuming that your action is outside your usual and customary duties, keep in mind:

- **the prohibition in AS 15.13.145 only applies if you use state money.**
- **regardless of what source of money you use, you must identify your communications and disclose your expenditures.**

Other potential sources of funds:

- **personal funds**—you are always free to use your own resources. Remember to use a "paid for by" identifier and file a Statement of Contributions (15-5) or Independent Expenditures (15-6).
- **group funds**—you are free to participate with and use the resources of groups which have registered to be active on this issue. Just be sure to not do it on state time or inadvertently use any other state resources in the course of your participation.
- **campaign funds**—if you are currently a candidate for office (you have filed a letter of intent with the APOC, declared your candidacy with the Division of Elections or Municipal Clerk), you may use your campaign funds to make independent expenditures in the election. Use of your campaign funds will trigger the requirement that you disclose all activity in your campaign account on regular reports around the election. Contact us if you have questions.
- **POET account funds**—if you placed surplus campaign funds in a POET account, you may use those funds on the election. Communications must have a "paid for

by" statement. In addition to disclosing the expense on a Statement of Contributions or Independent Expenditures, the expense should also appear on your year end report.

For additional information

Copies of the APOC advice which established the guidelines described in this newsletter are available at www.state.ak.us/apoc.

If you are not sure how the guidelines apply to an activity you are planning, please contact us before you act to avoid headaches later on. If you believe you may already have a problem, contact us as well. There may be ways to remedy the problem, i.e. by repaying the state from private funds. 276-4176 (in Anchorage); (800) 478-4176 (outside Anchorage).

FREQUENTLY ASKED QUESTIONS
ABOUT GROUPS
FORMED TO SUPPORT/OPPOSE CANDIDATES



The following are frequently asked questions regarding reporting requirements for groups formed to support or oppose candidates. If you are interested in the reporting requirements for groups formed to support or oppose a ballot question see "[FAQs FOR BALLOT GROUPS](#)." For more detail about the relationship between a group and its affiliated union or corporation, see the "[FAQ ABOUT UNIONS, CORPORATIONS & PACs](#)".

1. What is a Group?

Under the Alaska Campaign Disclosure law, a "group" is two or more individuals who act jointly to influence the outcome of an election of a state or municipal candidate or ballot measure. ([AS 15.13.400\(5\)\(B\)](#)) A PAC or political action committee is another name for a political group.

2. When does a group need to register with the APOC?

A group must register with the Commission "before making an expenditure in support of or in opposition to a candidate." In addition to paid expenses, such as ordering checks or paying for bank charges, an "expenditure" is defined broadly to also include a promise to pay. Reserving ad space or hiring a consultant are promises to pay. Thus, it is best to register as early as possible. ([AS 15.13.050\(a\)](#))

Remember the group must have it's own bank account, separate from any affiliated organization, union, or corporation.

3. Are there any restrictions on naming the group?

In general there are few restrictions on the name of the group. If a group is formed to oppose only one candidate, the group's name must clearly state that it opposes that candidate.

In addition, if a group expends 33 1/3% or more on a candidate, the name of the candidate must be a part of the group's name. ([AS 15.13.050\(b\)](#))

4. What is a controlled group?

A group that makes expenditures or receives contributions with the authorization or consent, express or implied, of a candidate shall be considered controlled. In addition, if a group spends more than 50% of its money on a single candidate, the group shall be considered controlled. ([AS 15.13.400\(5\)\(B\)](#)). If you have further questions about controlled groups, please contact our office at 276-4176 or 800-478-4176.

5. Who may accept contributions?

The group must appoint a treasurer who is responsible for receiving, holding and disbursing all contributions and expenditures, and for filing all reports and statements required by law. The treasurer may appoint deputy treasurers that are authorized to accept contributions on the group's behalf. The deputy treasurers must be registered with the Commission. ([AS 15.13.060](#), [AS 15.13.076\(2\)](#))

6. What are the limits for contributions to groups formed to support/oppose candidates?

Individual contributions: A group may accept voluntary contributions from an individual not to exceed \$1000 per calendar year. ([AS 15.13.076\(1\)](#))

15.13.070(b)(1)

Nonresident contributions: 10% of the group's total contributions per year may come from nonresident individuals. (AS 15.13.072(f))

Cash contributions: A group may not accept a cash contribution that exceeds \$100 per calendar year. (AS 15.13.072(b))

7. What are the limits for groups giving to candidates and other groups?

A group may contribute up to \$2000 per candidate per year. A group may also contribute \$2000 to another group that supports/opposes candidates, \$4000 to a political party, and an unlimited amount to ballot groups per year. (AS 15.13.070(c))

8. What information will I need from the contributor?

You will need to record the name, address, occupation and employer from your contributors along with the date, amount and check number. Contributors who give \$250 or less are identified by name and address. Those who gave more than \$250 are further disclosed by reporting their occupation and employer. (AS 15.13.040(b))

9. When are reports due?

A group must file Pre and Post Election Reports. The required reports must be filed according to the following schedule:

- **30 Day Pre-election report:** Due 30 days prior to the election.
- **7 Day Pre-election report:** Due 7 days prior to the election.
- **24 Hour Report:** Within 24 hours prior to the election, all contributions over \$250 must be disclosed within 24 hours.
- **Year End Report:** Due February 15 of each year until the group disburses its money and closes its account. (AS 15.13.110) NEW !! must cover the period beginning on the last day covered by the most recent previous report or on the day that the campaign started, whichever is later, and ending on February 1

10. What happens if the required campaign disclosure reports and registration statement are not filed on time?

Commission staff will assess a civil penalty based on the number of days a report is late and how close it is to the election. Fines range from \$10 to \$50 per day depending on the report due. A filer has 30 days to pay or appeal the penalty. (AS 15.13.390)

11. Does the APOC provide software for electronic filing?

Yes. The APOC now has electronic software that is provided at no cost to you. The software will allow you to record, track, and report campaign disclosure information in an electronic format. If you have any additional questions, call us at 907/276-4176 or 907/478-4176, or visit our website www.state.ak.us/apoc

12. When must a "paid for by" identifier be placed on campaign related materials?

All political communications must contain a "paid for by" identifier which includes the words "paid for by" followed by the name and address of the group paying for the advertising. A group must also identify the name of its campaign chairperson. (AS 15.13.090)

If the communication is done independently of the candidate it supports or opposes, it must also include the following: "This NOTICE TO VOTERS is required by Alaska law. We certify that this (mailing/literature/advertisement) is not authorized, paid for, or approved by the candidate." (AS 15.13.135(b))

13. Is there a fine for inadequate or missing identifiers?

Yes. A group that fails to place a complete "paid for by" identifier on its campaign communications is subject to a civil penalty of up to \$50 per day. (AS 15.13.390)

14. How does the group disband?

The disbursement of a campaign account must be reported to the Commission within 10 days after final disposition of the balance. Groups may disburse the balance in the following manner:

- give the money to charity;
- repay the contributors;
- leave the money in the account for a future election (the group must update its registration every year and must report as long as there is a balance in the account); or
- contribute the money to a candidate or a group controlled by a candidate, subject to the \$1,000 limitation and other prohibitions under AS 15.13 or 2 AAC 50, or to a political party or group supporting a ballot proposition or question.

**FREQUENTLY ASKED QUESTIONS
ABOUT UNIONS, CORPORATIONS, ETC. & PACs**

BACKGROUND:

Prior to 1997, labor unions and corporations were a major source of contributions for state and municipal candidates. On January 1, 1997, corporations, companies, partnerships, associations, organizations, business trusts or sureties, labor unions, or publicly funded entities that do not satisfy the definition of group in AS 15.13.400 were prohibited from contributing to candidates and groups. However, employees or members of those entities may set up separate political groups to campaign for or against candidates.

GETTING STARTED:

1. What is a PAC?

The term PAC is commonly used when talking about a group of individuals who have an interest in common and want to support or oppose candidates. Under the Alaska Campaign Disclosure law, a political action committee, or PAC, is another name for a group. A "group" is two or more individuals who act jointly to influence the outcome of an election of a state or municipal candidate or ballot measure.

2. How do we get started?

When the members of an entity decide to form a group, they must create a separate account. No funds from the entity's general operating fund may be used. This group must be registered with the APOC (see "FAQ About Groups Formed to Support/Oppose Candidates" for registering and reporting requirements).

3. May the entity announce the formation of the PAC?

Yes. The entity may make an initial announcement of the formation of the PAC to the employees or members as long as the following conditions are satisfied:

- The announcement is of the same nature and format as previous communications on nonpolitical matters.
- The announcement does not solicit contributions to the PAC.
- It may provide contact information for the PAC.

4. From whom may the PAC solicit contributions?

There are no restrictions on whom the PAC may solicit. However, the following conditions must be met by all contributors to the PAC:

- Contributions to the PAC must be from individuals and other PACs and must be voluntary.
- Individuals may not contribute more than \$1000 per year to the PAC (cash contributions are not to exceed \$100 annually). Other PACs may contribute up to \$2000 per year.
- Only 10% of the PAC contributions may come from non-Alaskan residents. (AS 15.13.070)

5. May the entity assist in collecting the contributions to the PAC?

The entity may provide the services necessary to set up a payroll deduction plan. In providing these services, the entity must not exercise any control over the use of the PAC funds, except to reject and return prohibited contributions. (AO97-01-CD, AO97-09-CD, AO97-12-CD)

6. May the entity assist in preparing APOC reports?

The entity may provide administrative assistance necessary to comply with the legal and accounting requirements of the Campaign Disclosure Law. This assistance includes bookkeeping services and legal advice.

(AO97-01-CD, AO97-09-CD, AO97-12-CD)

OPERATING THE PAC:

Under current law, corporations, companies, partnerships, associations, organizations, business trusts or sureties, labor unions, or publicly funded entities that do not satisfy the definition of group in **AS 15.13.400** are prohibited from contributing to candidates and groups (excluding ballot measure groups). Prohibited contributions include both monetary and nonmonetary assistance. Thus, it is important that the PAC operate independently from the entity.

7. May the PAC use the entity's mailing list?

Yes. The Commission has concluded that an entity may make its own membership or mailing list available to its PAC. However, a PAC may not accept another entity's mailing list without reimbursing that entity at a commercially reasonable rate. **(AO97-20-CD)**

8. May the PAC use the entity's facilities and equipment?

Yes. A PAC may use the entity's facilities and equipment, as long as the PAC reimburses the entity for all costs involved at a commercially reasonable rate, in a commercially reasonable period of time. Examples of such items include: rooms, computers and phones. Reimbursable expenses might include a portion of operating and maintenance costs of the computer system, extended janitorial services if the building is kept open after hours, or any other cost that might be associated with using the facilities. **(AO97-20-CD)**

9. What may the entity do independently of the PAC?

An entity may communicate with its members or employees on political subjects and the communication is not a contribution if the following conditions are met:

- The communication is of the same format and nature used by the entity when it has communicated on nonpolitical subjects.
- The communication does not request members or their families to do anything other than exercise the right to vote.
- The communication may not solicit individual contributions to a clearly identified candidate or group.

10. Where can I find additional information about the relationship between an entity and its PAC?

The Commission has issued detailed advisory opinions to various entities. You can find these advisory opinions on our website at www.state.ak.us/apc_advise.htm. If you still have questions, contact us at 276-4176 or 800-478-4176 (outside the Anchorage area).
rev 9/03

Political Activity by Out of State Organizations

frequently asked questions

What is an out of state organization?

For the purposes of this document, the term "organization" refers broadly to corporations, unions, associations and other business entities as well as federal PACs and special interest groups. An organization is considered to be "out of state" or "nonresident" if it is organized under the laws of another state, resident in another state, or has participants who are not residents of this state at the time the contribution is made. AS 15.13.072(a)(3).

May an out of state organization participate in Alaskan elections? The constraints on participation by an out of state organization depend on the type of election the organization is attempting to influence. The Alaska Campaign Disclosure law distinguishes between candidate campaigns and ballot measure campaigns. Although the reporting requirements are similar, the law places greater restrictions on activity related to candidate campaigns than on ballot measure campaigns.

A. Candidate Campaigns

What may out of state organizations do to influence the outcome of a candidate election for state or local office?

1. an out of state organization may publish and distribute **educational materials** about candidates for a particular office. Under AS 15.13.150, out of state organizations are free to engage in educational election-related communications and activities, including "the dissemination of the views of all candidates running for a particular office." This provision would enable an out of state group to survey candidates and publish those results in a manner which did not endorse or promote particular candidates.

When the Commission has addressed the issue in the past, it has concluded that a survey which directed readers to vote for candidates who reflected the values of the group was subject to regulation, (Advisory Opinion to Christian Life Council, July 31, 1990); and flyers which summarized municipal candidates' survey responses was not subject to regulation because the flyers did not exhort readers to vote for or against specific candidates and because the flyers included all candidates' response to range of issues. (Advisory Opinion to Anchorage Citizens for Competent Government, April 9, 1993)

2. an out of state group may send **political communications to its members** regarding particular candidates. Commission regulation, permits organizations which are not organized primarily to influence elections to send political communications to their members or employees or their families, as long as the communications meet the following qualifications: (1) they have the same format and nature as other nonpolitical communications by the organization; (2) they request members to exercise their right to vote; and (3) they do not solicit individual contributions to a clearly identified candidate or group.

3. an out of state group may make a contribution or an independent expenditure supporting or opposing a candidate if it **creates an Alaska entity** which complies with the requirements of the Alaska Campaign Disclosure Law. A "group" is defined in AS 15.13.400(5) as two or more individuals who organize and act with the primary purpose of influencing the outcome of an election.

That entity becomes an Alaska group and may participate as an Alaskan group if it satisfies the following requirements: (1) it does not accept more than \$1000 from any one individual or \$2000 from any other Alaskan group; (2) it does not accept contributions from corporations, unions or other business entities; and (3) it does not accept more than 10% of its total income from individuals who are not residents of Alaska. A "group" which satisfies these filters must register with the Alaska Public Offices Commission before making any expenditures in Alaska; and must file all required group reports.

Why are out of state organizations limited to the three avenues described above?

Several provisions in the Alaska Campaign Disclosure law limit the participation of out of state organizations in Alaskan campaigns. First, AS 15.13.072(a)(3), specifically prohibits a candidate from soliciting or accepting a contribution from an out of state group. Second, AS 15.13.135 states that only "an individual or group may make an independent expenditure supporting or opposing a candidate for election to public office." Thus, unless an out of state organization qualifies as an group under Alaska law, it is prohibited from making independent expenditures.

B. Ballot Propositions and Questions

What may out of state organizations do to influence the outcome of a ballot proposition or question?

There are no limitations on the source or amount of contributions and independent expenditures on ballot measure campaigns. AS 15.13.065(c). Subject to Alaska reporting requirements, out of state groups may make contributions and independent expenditures of any amount supporting or opposing ballot measures. An out of state group must file a Statement of Contributions (Form 15-5) within 30 days of contributing to a ballot measure group an amount equal to or greater than \$500 or an increment of \$500. If an out of state group makes an independent expenditure of any amount on a ballot measure, it must file a Statement of Expenditure (Form 15-6) disclosing the amount spent within 10 days of the expenditure.

Please note that the constitutionality of the provisions limiting out of state organizations was upheld in a April 16, 1999 decision by the Alaska Supreme Court. Please contact this office at (907) 276-4176 if you have questions.

**OVERVIEW
DEPT. OF
ADMIN., DIV.
OF
PERSONNEL**

1/25/05

**Division of Personnel
HR Integration
Year One Accomplishments**

The Division of Personnel has just completed the first full year of providing enterprise HR services. The integration has been a success and has met the objectives outlined by the Governor. The Division of Personnel has completed a comprehensive report outlining the achievements of the first year which is attached. Here are some of the highlights:

Standardize HR Policy and practice within the Executive Branch

- Consistent application of statutory, regulatory and contractual requirements in the areas of classification, employee/labor relations, recruitment, and pay.

Implement enterprise technology systems and tools to improve service delivery

- On-line systems have been developed and implemented for tracking classification actions, employee/labor relations issues and training registration and transcripts. In addition, on-line systems have been developed for new employee orientation (will go live on November 15th) and position description creation, approval, review and storage (will go live in January 2005). Progress continues to be made the Grievance Tracking System and electronic imaging and retrieval of employee records.

Increase operational efficiency

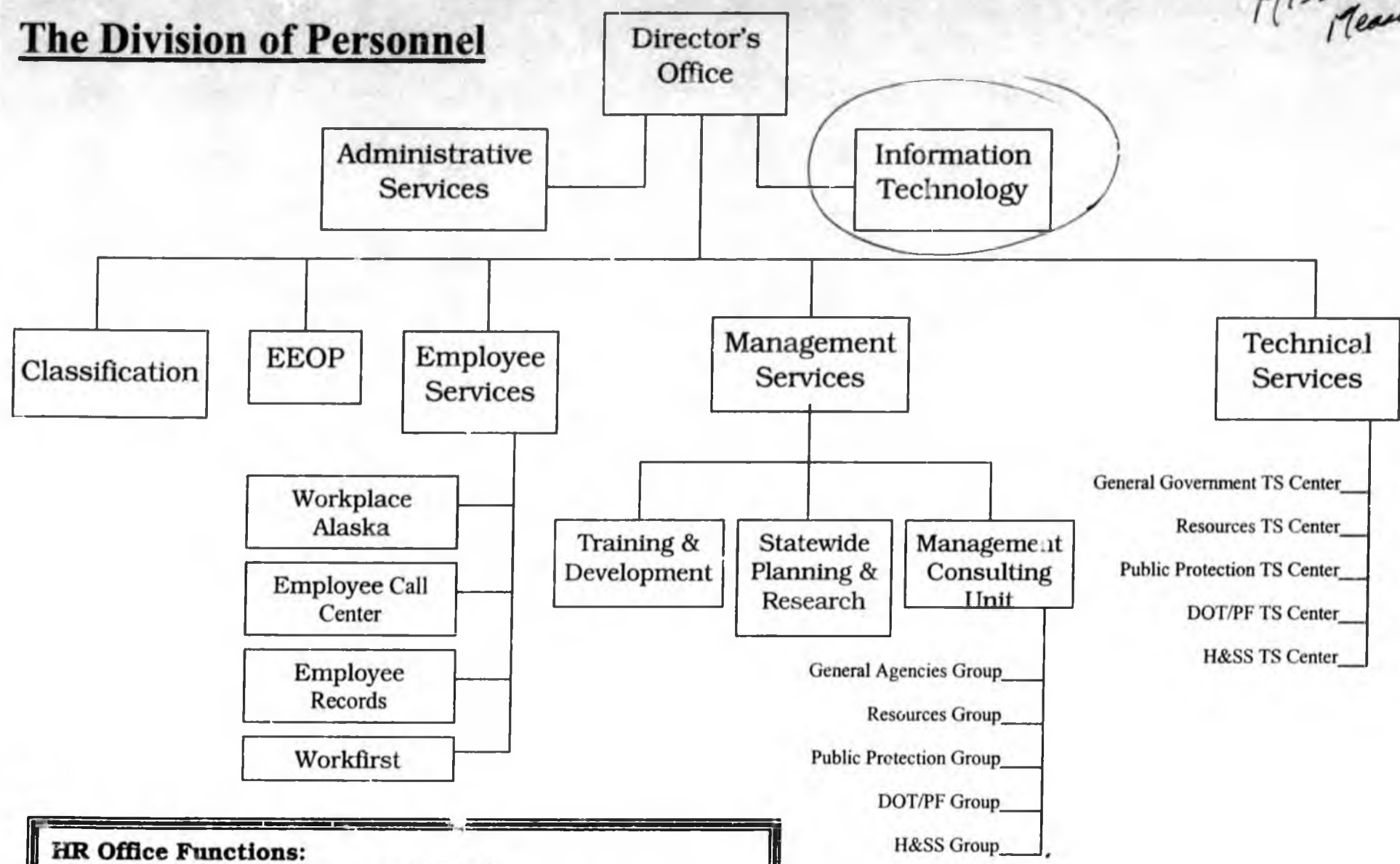
- Developed business processes that minimize handoffs, reduce paper, and take advantage of electronic communication and workflow wherever possible.
- Reviewed, and continue to review, internal processes to assure that they are in compliance with applicable rules, that they do not create unnecessary hurdles for program managers, and that they are flexible and responsive to the business needs of our clients.
- Provided training opportunities to all staff to increase their knowledge base and to make them more effective in providing HR services to all levels of the organization.

Reduce administrative costs

- Integrated and reduced budgeted positions by 7.9% without cutting any program areas, with minimum adverse impact to the classification of existing staff and through attrition (no layoffs). Actual staff today is 12.2% below what actual staffing levels were prior to integration. The ratio of HR staff providing service to state employees went from 1:73.6 to 1:83.3 at the same time the average range per HR employee dropped from 15.3 to 14.7. There were no grievances that resulted from this integration effort.

Mission & Measure

The Division of Personnel



- HR Office Functions:**
- Payroll
 - Personnel Actions
 - Recruitment
 - Non-perms
 - Discipline
 - Performance Evaluations
 - Grievances
 - Classification
- (These are just a few examples)



**The State of Alaska
Department of Administration**

Division of Personnel



**An Academy For New Supervisors
Supervisory Resource Document**

**The Division of Personnel
Your Human Resource Specialists**

To obtain current DOP contact information, access our Web Site at:

<http://dop.state.ak.us/>



Division of Personnel

The Constitution of the State of Alaska includes a provision requiring that "The legislature shall establish a system under which the merit principle will govern the employment of persons by the State." The State Personnel Act (AS 39.25) was enacted to establish the Executive Branch system of personnel administration based upon the merit principle and adapted to the requirements of the state with the result that persons best qualified to perform the functions of the state will be employed, and that an effective career service will be encouraged, developed and maintained. The regulations adopted to implement the Personnel Act, commonly referred to as the Personnel Rules, can be found in the Alaska Administrative Code at 2 AAC 07.005.

Under the Personnel Act, the Director of the Division of Personnel is responsible for the administration of the Personnel Act any and all regulations adopted to implement the Act.

The Personnel Board, also created by the Personnel Act, is an independent agency composed of members appointed by the Governor. The Board hears complaints of Ethics Act violations brought against Executive Branch employees, approves amendments to the Personnel Rules and acts on recommendations for extensions of the partially exempt or classified services within the Executive Branch.

Director's Office

The Division's primary administrative and support functions are located in the Director's Office.

Administrative Services

The Administrative Services Section handles the Division's business and financial affairs – budget development, financial management, accounting, procurement of goods and services, human resources (internal), clerical support, and management of property, space and records.

Information Technology

The Information Technology Section is responsible for providing information systems and services to facilitate the capture, retrieval and utilization of data related to all aspects of workforce development and management. Activities include the design and maintenance of systems such as Workplace Alaska, TrainAlaska and the under-development on-line position classification system.

Division of Personnel: Classification

Program Overview

The Classification and Pay Section is responsible for ensuring that the State's classification and pay plans meet the requirements of the merit principle as set forth in the Personnel Act (AS 39.25): 1) a classification system founded on a grouping of positions based on duties and responsibilities, and 2) an integrated pay plan based on the principle of "like pay for like work." Under the broad authority granted to the Director, the Division of Personnel directs, audits, performs, participates in or contracts for all classification and compensation decisions for positions in the classified and partially exempt services.

The Classification staff provides professional reviews, analyses, recommendations and final actions on behalf of the Division of Personnel regarding substantive classification and compensation matters and assists and advises agency management and operational staff in these areas. These activities concern chiefly individual position allocations and classification studies affecting one or more job classifications. The staff is primarily involved with job analysis and position classification, creation and maintenance of job class specifications, establishing minimum qualifications and assigning pay grades to job classes.

Division of Personnel classifiers conduct studies independently or as a member of a collaborative work team. Studies typically involve the following steps:

- Identification of the issues to be addressed
- Collection and analysis of job information such as duties and responsibilities, reporting relationships, and skill requirements
- Structuring of job classes and job class series
- Collection and analysis data concerning internal alignment
- Preparation of written analyses and recommendations
- Allocation of affected positions

Division of Personnel Equal Employment Program

Program Overview:

Executive Order No. 104 transferred the function of administering the equal employment opportunity program from the Office of the Governor to the Director of the Division of Personnel, Department of Administration, effective March 23, 2003. This Order amended Alaska Statutes Title 39 by adding a new chapter (Sec. 39.28.010-39.28.080). In accordance with state law, the Equal Employment Opportunity Program (EEOP) is responsible for the following programs:

- **Complaint Investigation:** The Anchorage EEOP staff receive, investigate and resolve informal complaints of discrimination in employment from current or former state employees and applicants for state employment. The Anchorage EEOP staff represent executive branch agencies of Alaska state government in front of state and federal enforcement agencies when formal complaints of employment discrimination are filed.
- **Outreach:** The Anchorage EEOP staff contact and present employment opportunities to individuals and organizations representing minorities, women, persons with disabilities and veterans.
- **Equal Employment Opportunity and Affirmative Action:** The Juneau EEOP staff prepare and distribute the state's affirmative action plans as required by state and federal mandates. The Juneau EEOP staff also prepare quarterly underutilization reports for hiring managers and report affirmative action progress to the Legislature on a yearly basis.
- **Training:** EEOP staff delivers scheduled and on-request classes to acquaint supervisors and employees with legal requirements.

Services

- Investigation and resolution of informal and formal employment discrimination complaints within the executive branch.
- Community outreach and workshops to organizations and student groups.
- Federally mandated reporting of workplace demographics.
- Development of affirmative action plans.
- Training of state employees in the areas of state and federal employment anti-discrimination laws.

Quick Links

U.S. Equal Employment Opportunity Commission (<http://www.eeoc.gov/>)

Alaska State Commission for Human Rights

(<http://www.gov.state.ak.us/aschr/aschr.htm>)

State ADA Coordinator's Office (<http://www.labor.state.ak.us/ada/home.htm>)

Division of Personnel, Training and Development

(http://dop.state.ak.us/index.cfm?pPNid=traindev_trainingsched)

Workplace Alaska

(<http://notes4.state.ak.us/wa/mainentry.nsf/WebData/1hp1HomePage/?Open>)

Overview

The Employee Services Section administers the following programs that affect employees of the State of Alaska:

- Recruitment
 - Recruitment processes and hiring approvals
 - Advance step placement approval
 - Workplace Alaska system design and outreach
 - Recruitment and screening for positions subject to the Alaska Police Standards Council regulations
- Re-employment and absence management
 - WorkFirst Program
 - Employment titles of the Americans with Disability Act
 - State and federal medical leave programs
- Applicant call center
- Employee call center
- Maintenance of State employee personnel records

- **General Recruitment and Selection**

The Employee Services Section is responsible for providing guidance and assistance to hiring managers in the recruitment and selection processes ensuring compliance with collective bargaining contracts, personnel rules, statutes and other federal and state requirements.

- **Workplace Alaska System Design and Outreach**

The Employee Services Section is responsible for the operation and maintenance of the State of Alaska's online recruitment system, Workplace Alaska, based on employment policy and procedures established in accordance with the merit principle, collective bargaining and employment law. The Workplace Alaska System Design and Outreach Team staff also coordinates and participates in outreach efforts such as job fairs and the Student Intern Program.

- **Alaska Police Standards Council Recruitment and Selection**

The Special Recruitment Team is responsible for the recruitment and initial screening process for positions subject to the Alaska Police Standards Council regulations: Correctional Officers, Adult Probation Officers, Airport Police and

Fire Officers, Regional Public Safety Officers, Airport Screeners and State Troopers. The Special Recruitment Team conducts and coordinates background investigations and ensures all applicants and new hires meet the requirements of the Alaska Police Standards Council Regulations regarding employability.

- **WorkFirst**

The Employee Services Section is responsible for WorkFirst, a proactive program dedicated to minimizing the impact of injury or disability on employees and on the State of Alaska. WorkFirst coordinates activities and resources associated with returning injured or disabled state employees to employment by working closely with claims specialists, state agency hiring managers, injured or disabled employees, physicians, rehabilitation specialists and others to manage the "return-to-work" aspects of each disability claim to successful conclusion.

- **ADA Reassignment**

Under the Americans with Disabilities Act (ADA) of 1990, the reassignment of a qualified employee with an ADA qualifying disability may be an appropriate form of reasonable accommodation. Employee Services works closely with such employees and their supervisors, along with Management Services and the State of Alaska ADA Coordinator, to find vacant positions the essential functions of which the employees can perform with or without reasonable accommodations.

- **Family and Medical Leave Programs**

The Federal Family Medical Leave Act (FMLA) and the Alaska Family Leave Act (AFLA) are designed to help employees balance the demands of their jobs and the needs of their families. Employee Services is responsible for statewide policy and for resolution of difficult issues arising under the Federal Family Medical Leave Act and the Alaska Family Medical Leave Act.

The Federal Family Medical Leave Act (FMLA) provides the following:

- Up to 12 workweeks off from work to care for the employee or a family member with a serious health condition
- Up to 12 workweeks off from work to bond with a newborn, adopted or foster child
- The State is obligated to maintain the employee's health insurance, basic life insurance and travel accident insurance for the duration of the leave
- FMLA leave is job-protected leave; in most cases, an employee is restored to the same position he or she occupied prior to taking the leave.

The Alaska Family Medical Leave Act (AFLA) provides the following:

- Up to 18 workweeks off from work to care for the employee or a family member with a serious health condition
- Up to 18 workweeks off from work to bond with a newborn or adopted child
- AFLA leave is job-protected leave; in most cases, an employee is restored to the same position he or she occupied prior to taking the leave.

- **Applicant Call Center**

The staff of the Applicant Call Center answer Workplace Alaska questions, reset passwords and maintain the 800 line and the Workplace Alaska e-mail feedback process.

- **Employee Call Center**

The Employee Call Center is a new service provided by the Employee Services Section of the Division of Personnel and is available to all State of Alaska employees. The Employee Call Center is responsible for providing a wide range of information and referral services to new and current employees.

Contact the Employee Call Center when you have questions about employment matters, such as:

- Personnel Information
 - Probationary periods
 - General Family/Medical Leave Information
 - Rehire/transfer rights
 - Worker's Compensation
- Payroll Information
 - Range, step and salary of positions
 - Leave balance information
 - Leave base dates
 - Leave eligibility dates
 - Leave cash-ins
 - Leave without pay
 - Mandatory leave
 - Military leave
 - Holidays
 - Step placement
- Basic information about State of Alaska benefits (PERS/TRS, SBS, health insurance)

- Contacts for Division of Personnel
- How to locate forms such as:
 - Benefit forms
 - Beneficiary changes
 - Address changes
 - Direct deposit
 - W-4

Contact the Employee Call Center:

907.465.3009

employeecallcenter@admin.state.ak.us

Please Note: Due to the specific nature of the Alaska Marine Highways (AMHS) contracts, the Employee Call Center is not currently set up to answer calls from AMHS employees. AMHS employees should continue to call their payroll contact with employment related questions.

- **Maintenance of State Employee Personnel Records**

The Employee Services Section is responsible for maintaining the official personnel records for most state employees. Records for active employees and for employees recently separated are maintained in a secure facility located in Juneau. These records are available for examination and reproduction at that site. Much of the information in these records is confidential under state or federal law and can be viewed or released only in accord with statute, regulation and Division of Personnel policy or at the written direction of the employee.

Division of Personnel Management Services

The Management Services Section provides professional human resources services to managers and supervisors in the areas of management consulting, training and development, and research and reporting.

- **The Training and Development Unit** provides supervisory, management, leadership, EEO compliance, and interpersonal skills training courses. The Training and Development program has a separate web page that can be reached through the Division of Personnel's home page.
- **The Statewide Planning & Research Unit** provides research, analysis and reporting functions to internal and external clients. The unit publishes a semi-annual report entitled "Workforce Profile" that provides basic demographic and trend information regarding the State of Alaska as an employer. The report can be viewed and downloaded from the Division of Personnel's home page.
- **The Management Consulting Unit** is the first point of contact for supervisors and managers who are dealing with or confronting personnel or employee relations issues. Human Resource Consultants coach supervisors and managers through the various personnel and employee relations processes. Additional consultative roles include providing general human resources information, referring issues to other sections (classification, employee services or technical service) when appropriate and providing direct service when necessary.

Management consultants should be contacted for information and assistance concerning the following types of personnel and employee relations issues:

- Employee performance management
 - Development of work rules
 - Development of performance expectations
 - Performance appraisal review
 - Correcting poor performance
 - Investigation of employee misconduct
 - Employee discipline
- Organizational development and reorganization
- Classification and pay
 - Positions description assistance
 - Classification appeals
 - Classification study requests
- Union contract administration
 - Field representation with labor representatives
 - Labor contract modifications

- Labor contract interpretation
- Grievance processing and tracking
- Grievance resolutions
- Investigations and conflict resolution
 - Employee complaints
 - Performance appraisal appeals
 - Harassment and discrimination complaints
 - Human right complaints
 - Ethics Act violations
 - Arbitration or litigation support
- Ad hoc report requests
- Any general human resources question you may have, such as
 - Layoffs
 - Recalls
 - Drug testing issues
 - ADA accommodations requests

Management service consultants may respond to a service request in a number of ways. The first option is coach the supervisor through the issue at hand. When the supervisor is relatively inexperienced or for some other reason is unable to perform the tasks necessary, the second option is to provide direct service. With direct service the consultant may use the issue as an opportunity to teach about the process. When the issue is the responsibility of another section (Classification, Employee Services or Technical Services) a third option is to establish contact between the supervisor and the appropriate unit. When issues are referred to another section the consultant remains a resource to guide the supervisor and help him or her access the service needed. Some issues require direct service from the management consultant, in which case the staff keeps the supervisor or manager informed of progress and outcomes.

To deliver these services cost effectively, management service consultants are organized into teams that serve specific functional groups of the State of Alaska operating agencies. The Management Services Consulting Groups are:

- Resources Group, serving the Departments of Fish and Game, Natural Resources and Environmental Conservation
- Public Protection Group, serving the Departments of Corrections, Public Safety and Military and Veteran's Affairs
- General Agencies Group, serving the Departments of Law, Administration, Community and Economic Development, Education and Early Development, Labor and Workforce Development and Revenue
- Transportation and Public Facilities Group, serving the Department of Transportation and Public Facilities

- Health and Social Services Group, serving the Department of Health and Social Services

In addition to the five service groups, the Management Consulting unit has staff located in Anchorage and Fairbanks offices that provide consultative services to supervisors and managers in those locations. To find the human resources management consultant for your agency, check the contact list provided in the "Quick Links" section.

Program Overview

The Training and Development staff provides professional supervisory, management, leadership, EEO compliance, and interpersonal skills training development and delivery. Courses are offered on an open-enrollment (scheduled), special session (request), and customized basis. T&D staff is also available for training and performance development consultation.

TrainAlaska

TrainAlaska is the T&D online registration, enrollment and records system. To request enrollment in a DOP course, access TrainAlaska at:

<http://dop2.state.ak.us/trainalaska>

- Use the Student Tools page to complete a profile—or, if you have a profile, to log onto the system.
- Use the course schedule to select the course, location, and date that best meets your learning needs.
- Request enrollment in your selected course. Your supervisor receives an email notification and request for approval.
- If your supervisor approves, your enrollment is confirmed by email and you are placed on the class roster.
- If your supervisory does not approve enrollment, you are notified by email.

You may also use TrainAlaska to:

- View your personal transcript for a list of classes you have taken or requested.
- Nominate a substitute for a class in which you are enrolled but cannot attend.
- Cancel your enrollment in a class.

Division of Personnel Technical Services

The staff of the Technical Services Centers provide assistance and advice to the operational and administrative staff of their assigned agencies regarding personnel/payroll processing, ensuring compliance with collective bargaining contracts, personnel rules, statutes and other federal and state requirements.

Below is a brief description of each of the Technical Services Centers along with an overview of the topics concerning which a supervisor or employee should contact the appropriate Technical Services Center for information and guidance. Contact information for each Center is available in Quick Links.

Descriptions

- **General Government Technical Services Center** provides services to the Departments of Revenue, Administration, Law, Commerce and Economic Development, Education and Early Development and Labor and Workforce Development.
- **Resources Technical Services Center** provides services to the Departments of Fish and Game, Natural Resources and Environmental Conservation.
- **Public Protection Technical Services Center** provides services to the Departments of Public Safety, Military and Veterans' Affairs and Corrections.
- **DOT/PF Technical Services Center** provides services to all employees of the Department of Transportation and Public Facilities, both marine and shore-side. The Center's main office is located in Juneau, with regional offices in Anchorage and Fairbanks.
- **Health and Social Services Technical Services Center** provides services to the Department of Health and Social Services from the main office in Juneau and a regional office in Anchorage.

Summary of Topics

- Personnel and payroll information and processing
 - Range, step and salary of positions
 - Probationary periods
 - Merit anniversary dates
 - Evaluation reminders of due dates
 - Leave balance information
 - Leave without pay
 - Seasonal leave without pay
 - Military leave

- Alaska Family Leave Act (AFLA) and the Federal Medical Leave Act (FMLA)
 - Leave base dates
 - Workers Compensation
- Employment actions, including appointments, separations, transfers, demotions, promotions
- Timesheets and leave slips
- Updated telephone and fax numbers for the State of Alaska Employee Directory
- Personnel forms
 - Address corrections
 - Information and forms for State of Alaska Benefits (PERS, SBS, Health Insurance)
 - Required personnel forms for hiring, terminations, change of address, electronic deposit, etc.
- Agency personnel files for current employees
- Special requests and problem resolution
 - Alternate Workweek Agreements
 - Extensions of non-permanent positions
 - Extensions of acting status
 - Notice of Pay Problems
 - Grievances and complaints regarding pay issues

www.state.ak.us/

This Web site provides links to:

- Services
- Departments/Divisions:
 - Office of the Governor
 - Office of the Lieutenant Governor
 - State Legislature
 - Alaska Congressional Delegation
 - Alaska Court System
 - Department of Administration
 - Department of Community & Economic Development
 - Department of Corrections
 - Department of Education and Early Development
 - Department of Environmental Conservation
 - Department of Fish and Game
 - Department of Health and Social Services
 - Department of Labor and Workforce Development
 - Department of Law
 - Department of Military & Veterans Affairs
 - Department of Natural Resources
 - Department of Public Safety
 - Department of Revenue
 - Department of Transportation & Public Facilities
 - University of Alaska
- Jobs
- Notices
- myAlaska
- **State Employee Directory**

OVERVIEW
DEPT. OF
ADMIN., DIV. OF
RETIRE. & BEN.
RISK MGMT.,
GEN. SERVICES,
FINANCE,
1/27/05

Purpose

Division of Risk Management

[Division Home page](#)

[Department
Home page](#)

[State Home Page](#)

The Division of Risk Management's objective is to protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high limit broad form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each State agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to seek supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

Questions or comments about the website or home page? [Mail me!](#) [Admin Webmaster](#)

History

Division of Risk Management

Division Home page

• Department
Home page

State Home Page

The risk management program was first started in 1972, after an independent audit report focused on the state's need for a coordinated and professionally managed insurance program. The Division of Risk Management was established in 1979 as growth created additional and more complicated insurance demands. With a present staff of six - Risk Management operates from the State Office Building in Juneau - serving a statewide constituency that includes all departments of the executive, legislative and judicial branches of state government; all state boards and commissions; their respective employees and members. The risk management program affects those who contract (purchase, professional service and lease agreements) with state agencies and to all Alaskans that claim the state is legally liable for their individual property damage or personal injury.

By effectively managing the state's property and liability exposures through a comprehensive self insurance program Risk Management expends less public funds than would be paid to private insurance companies at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Questions or comments about the website or home page? [Mail me!](#) [Admin Webmaster](#)

Insurance Administration

Division of Risk Management

[Division Home page](#)

[Department Home page](#)

[State Home Page](#)

Property insurance with all risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state owned or leased property; buildings (including contents, incl. museum fine arts), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels), large highway bridges and hydroelectric power dams.

Casualty coverages protect each state agency and their personnel from third party civil (tor.) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport) or marine (crew and passenger injuries).

Additional specialty coverages - blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc.

These insurance programs continually evolve - responding to new activities and special projects undertaken by each State agency.

In FY00 the State completely self-insures all statutory workers' compensation claims, self-insures the first \$5 million per occurrence for general (premises and operations) and professional liability; \$2 million per loss in automobile liability; \$1 million per claim for property and marine risks; and \$250,000 per incident for airport and aviation liability

exposures. Limits of excess insurance vary by risk, reaching up to \$250 million per occurrence for marine and \$500 million for aviation. The following attachment provides a brief overview of the FY00 excess insurance program.

Approximately 50 insurance companies and various Lloyd's of London underwriting syndicates participate in the State of Alaska's excess insurance program. Marketing is provided by independent broker Willis Corroon. The State obtains an annual independent actuarial assessment of the state insurance program as required by Alaska Statute 37.05.287 (b) from Advanced Risk Management Techniques, Inc.

An unconstrained audit of the State of Alaska's overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

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Finance Component

Mission

The mission of the Division of Finance is to provide accounting and payroll services for state government.

Core Services

- General ledger accounting including budgets and vendor payments for all three branches of government.
- Payroll processing and accounting for all three branches of state government.
- Comprehensive Annual Financial Report and other statewide reporting responsibilities.
- Electronic commerce services including electronic vendor payments and the One Card Alaska credit card program.
- User documentation and information technology to support all services.

Performance Measure Detail

A: Result: State payroll processing is accurate and timely.

Target 1: 100% of payroll transactions are processed without penalty pay caused by central processing problems.

Measure 1: Percentage of payroll expenditures processed without penalty pay caused by central processing problems.

Analysis of results and challenges: Period:

7/1/03 – 6/30/04: 100% of payroll transactions processed without penalty pay caused by central payroll processing problems.

7/1 – 12/31/04: 100% of payroll transactions processed without penalty pay caused by central payroll processing problems.

Target 2: Maintain unscheduled downtime of the statewide payroll system (AKPAY) at less than 0.5%.

Measure 2: Unscheduled down time of AKPAY as a percentage of scheduled availability (currently approximately 4,000 hours per year).

Analysis of results and challenges: Period:

7/1 – 12/31/03: Calendar 2003 unscheduled downtime was 1.3%, a large increase over the .1% calculated for the previous calendar year 2002. Two mainframe upgrades were factors in the increased unscheduled downtime in 2003.

1/1 – 3/31/04: Unscheduled downtime was 0.0% of 998 hours.

3/31 – 6/30/04: Unscheduled downtime was 0.3%, or 3 hours of 994.

7/1 – 9/30/04: Unscheduled downtime was 0.5%, or 5 hours of 1,014.

10/1 – 12/31/04: Unscheduled downtime was 0.3% or 3 hours of 1,006.

A1: Strategy: Increase number of direct deposit recipients.

Target 1: 100% of state payroll distributed using direct deposit.

Measure 1: Percentage of employees receiving payroll via direct deposit.

Analysis of results and challenges: Period:

7/1 – 12/31/03: 89% average direct deposit rate during calendar 2003

1/1 – 3/31/04: 90% average direct deposit rate for reporting period.

3/31 – 6/30/04: 89% average direct deposit rate at end of reporting period.

7/1 – 9/30/04: 85% average direct deposit rate at end of reporting period.

10/1 – 12/31/04: 90% average direct deposit rate at end of reporting period.

A2: Strategy: Maintain the statewide payroll system (AKPAY) in accordance with software maintenance agreement.

Target 1: Install software updates by vendor maintenance due date.

Measure 1: Percentage of time within a year that system is within vendor specified maintenance requirements.

Analysis of results and challenges: Period:

7/1 – 12/31/03: 50% of fiscal year to date within vendor specified maintenance requirements. Out of compliance since October 1, 2003; anticipate being back in compliance by June 30, 2004.

1/1 – 3/31/04: Still out of compliance. Anticipate being back within vendor specified requirement by 10/31/04.

3/31 – 9/30/04: Still out of compliance. Anticipate being back within vendor specified requirement by 11/15/04.

10/1 – 12/31/04: Back in compliance with vendor specified maintenance requirements.

B: Result: Vendors and grantees are paid accurately and timely.

Target 1: 100% of payments to vendors and grantees processed within one business day of certification.

Measure 1: Percent of payments processed within one business day of certification.

Analysis of results and challenges: Period:

7/1/03 – 6/30/04: 100% of payments processed within one business day of certification.

7/1 – 12/31/04: 100% of payments processed within one business day of certification.

Target 2: Increase number of EDI payments by 5% per year.

Measure 2: Increase in dollars paid via EDI in current year divided by dollars paid in prior year.

Analysis of results and challenges: Period:

7/1/03–6/30/04: 219% increase over FY 2003. Some large dollar transactions (e.g. foundation payments and transfers to the University of Alaska) have been added in the current year resulting in total of \$1.5 billion in EDI payments.

B1: Strategy: Increase number of EDI (electronic data interchange) vendors.

Target 1: 10% increase in the number of EDI (electronic data interchange) vendors.

Measure 1: % increase in the number of EDI vendors.

Analysis of results and challenges: Period:

7/1 – 12/31/03: 31% increase in first half of FY 2004 over FY 2003 year-end number.

1/1 – 3/31/04: 44% increase as of 3/31/04.

3/31 – 6/30/04: 56% increase as of 6/30/04.

C: Result: Improved efficiency of credit card program for state agencies.

Target 1: Increase rebate on credit card program by 20% per year.

Measure 1: Percent increase over prior year credit card rebate.

Analysis of results and challenges: Period:

1/1 – 12/31/03: Received rebate of \$158,712 from credit card vendor for calendar year 2003.

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Measure 1: Funds and appropriations are established per authorizing legislation.

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 3/31 – 6/30/04: In process as legislation is signed by the Governor. Operating and capital budgets in body of bills complete. Other legislation in progress pending signature of Governor, effective date, etc.
 7/1 – 12/31/04: All funds and appropriations established per authorizing legislation.

D: Result: The state's financial position and results of operations are reported properly to interested parties.

Target 1: 100% of state financial reporting requirements are met.

Measure 1: Reports required under AS 37.05 210.

Analysis of results and challenges: Period:

7/1 – 12/31/03: State Comprehensive Annual Financial report complete by 12/15/03 deadline.
 1/1 – 3/31/04: Compensation and Travel Report of Executive Positions complete by 1/31/04 deadline.
 3/31 – 9/30/04: No reports required for period.
 10/1 – 12/31/04: State Comprehensive Annual Financial report complete by 12/15/04 deadline.

Target 2: 100% of federal and other external financial reporting requirements are met.

Measure 2: Percent of requirements listed under activities and outputs are met.

Analysis of results and challenges: Period:

7/1/03 – 6/30/04: 100% of federal and other external financial reporting requirements have been met
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Target 1: Beginning with FY 2003 CAFR, receive certificate annually.

Measure 1: GFOA certificate

Analysis of results and challenges: Period:

7/1/03–3/31/04: Submitted application for certificate on FY 2003 CAFR by 12/31/03 deadline. Notification of the award is announced in December of the year following CAFR submission.
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HOUSE STATE AFFAIRS COMMITTEE

STATE CAPITOL, ROOM 102

465-4963

Testifier List

COMMITTEE MEMBERS

Rep. Paul Seaton,
Chairman
Room 102
465-2639

Rep. Carl Gatto
Vice-Chair
Room 411
465-3743

Rep. Bob Lynn
Room 415
465-4931

Rep. Jim Elkins
Room 416
465-3424

Rep. Jay Ramras
Room 104
465-3004

Rep. Berta Gardner
Room 422
465-4932

Rep. Max Gruenberg
Room 112
465-4940

Overviews

Division of Retirement and Benefits

1. Melanie Millhorn, Director
2. Bob Reynolds, Senior Actuarial Consultant, Mercer Human Resource Consulting

Division of Risk Management

1. Brad Thompson, Director

Division of Finance

1. Kim Garner, Director

Division of General Services

1. Vern Jones, Chief Procurement Officer

Louie Flora

To: melanie Millhorn

Page 21 of packet: Please run a scenario with a 10% actuarial assumption for investment return through 2028. And please update chart on page 22.

How many states prefund their benefits like Alaska does?

What type of smoothing techniques are used to determine the employers contribution rate, and limit volatility from year to year.

How is the future savings of the Tier 3 employees factored into future rate projections.

1/26/2005

Purpose

Division of Risk Management

[Division Home page](#)

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Home page](#)

[State Home Page](#)

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Target 1: Beginning with FY 2003 CAFR, receive certificate annually.

Measure 1: GFOA certificate

Analysis of results and challenges: Period:

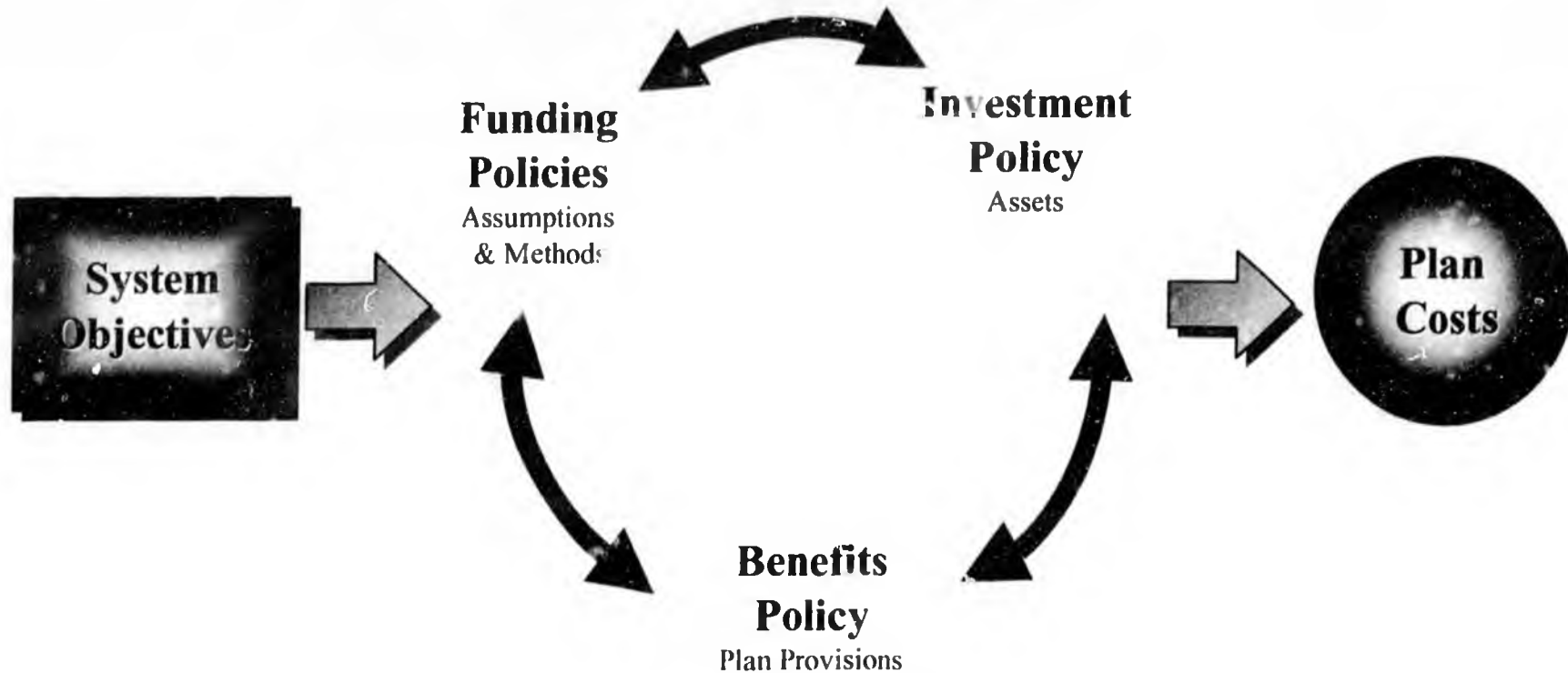
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State
PERSONNEL
Preferential to Women • Legislature

Overview

Retirement Program Financial Management



**Alaska Public Employees' and Teachers' Retirement System
Earnings – Actuarial Rate – Health Cost – Employer Rates – Funding Ratios**

Public Employees' Retirement System

Measurement Year	FY 01	FY 02	FY 03
Employer Rate Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Actual Investment Return	(5.25%)	(5.48%)	3.67%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%
Cumulative Return Shortfall, rounded	(14%)	(28%)	(34%)
Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value)	(\$1.2)	(\$2.4)	(\$2.9)
Health Care Cost Inc. Rate Used	7.5%	12.0%	12.0%
Health Care Percent of Total Accrued Liabilities	30.0%	38.0%	40.0%
Average Calculated Rate	6.77%	24.91%	25.63%
Board Adopted Rate	6.77%	11.77%	16.77%
Contribution Increase (All ER)	n/a	\$ 76 mil.	\$ 79 mil. (added to prior year)
Funding Ratio – Assets \ Liabilities			
Non-Medical Benefits only	143.7%	120.9%	121.4%
Total Benefits	100.9%	75.2%	72.8%

Teachers' Retirement System

Measurement Year	FY 01	FY 02	FY 03
Employer Rate Year	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>
Actual Investment Return	(5.35%)	(5.49%)	3.68%
<u>Actuarial</u> Investment Return	8.25%	8.25%	8.25%
Cumulative Return Shortfall	(14%)	(28%)	(34%)
Cumulative Dollar Shortfall, <u>in billions</u> (in billions, market value)	(\$0.6)	(\$1.1)	(\$2.1)
Health Care Cost Inc. Rate Used	7.5%	12.0%	12.0%
Health Care Percent of Total Accrued Liabilities	21.0%	27.0%	28.0%
Average Calculated Rate	14.44%	35.57%	38.85%
Board Adopted Rate	12.00%	16.00%	21.00%
Contribution Increase (All ER)	\$ 5 Mil.	\$ 24 mil.	\$ 29 mil. (added to prior year)
Funding Ratio – Assets \ Liabilities			
Non-Medical Benefits only	119.7%	93.2%	89.5%
Total Benefits	95.0%	68.2%	64.3%

BENEFIT BULLETIN

INFORMATION AND RESOURCES FOR YOUR BENEFIT NEEDS

GallagherBenefitServices, Inc.

November 2, 2004

NEW GASB RULES FOR PUBLIC SECTOR PLANS FINALIZED

Earlier this year, the Government Accounting Standards Board (GASB) released its final statements on the accounting treatment of what it calls "Other Post Employment Benefits" (OPEB). This Technical Bulletin provides an overview of what GASB Statement 45 will require, along with key considerations for public employers.

Under GASB 45, OPEB refers to retirement benefits other than pensions. While retiree medical benefits are the emphasis, other health benefits such as dental, vision and life insurance are also included.

The release of GASB 45 culminates an extended process of consideration and development by GASB. The Statement mandates that employers subject to GASB's rules account for retiree health benefits in much the same way that they account for defined benefit pension plans. Rather than recognizing the expense associated with the retiree benefits when they are paid, employers will have to recognize the expense over the working lifetimes of their employees.

For many governmental organizations, this will cause a significant increase in the expenses and liabilities that public employers will be required to recognize in their financial statements. Specifically, they will be required to report their retiree health expense on an accrual basis, rather than the current cash, or pay-as-you-go basis. Further, public employers will need to establish liabilities on their balance sheets equal to any of the recognized expense that has not been funded.

While GASB 45 does not require plan sponsors to actually fund the measured liabilities, it will highlight the significant obligations of typical retiree health provisions. For governmental entities with significant liabilities, these requirements could negatively affect the entity's bond-rating.

The most obvious liability that GASB addresses is the direct contributions an agency makes on behalf of retirees toward the cost of retiree health care. However, public employers that combine active and retiree claims experience to arrive at a "blended cost", which becomes the cost basis for the retiree's coverage, will also have to recognize the *implicit* subsidy associated with retiree coverage.

The blended cost technique is widely used, and in many states public employers are prohibited by law from charging more than this blended cost. The following chart illustrates this blending of experience, and the corresponding implicit subsidy it creates.



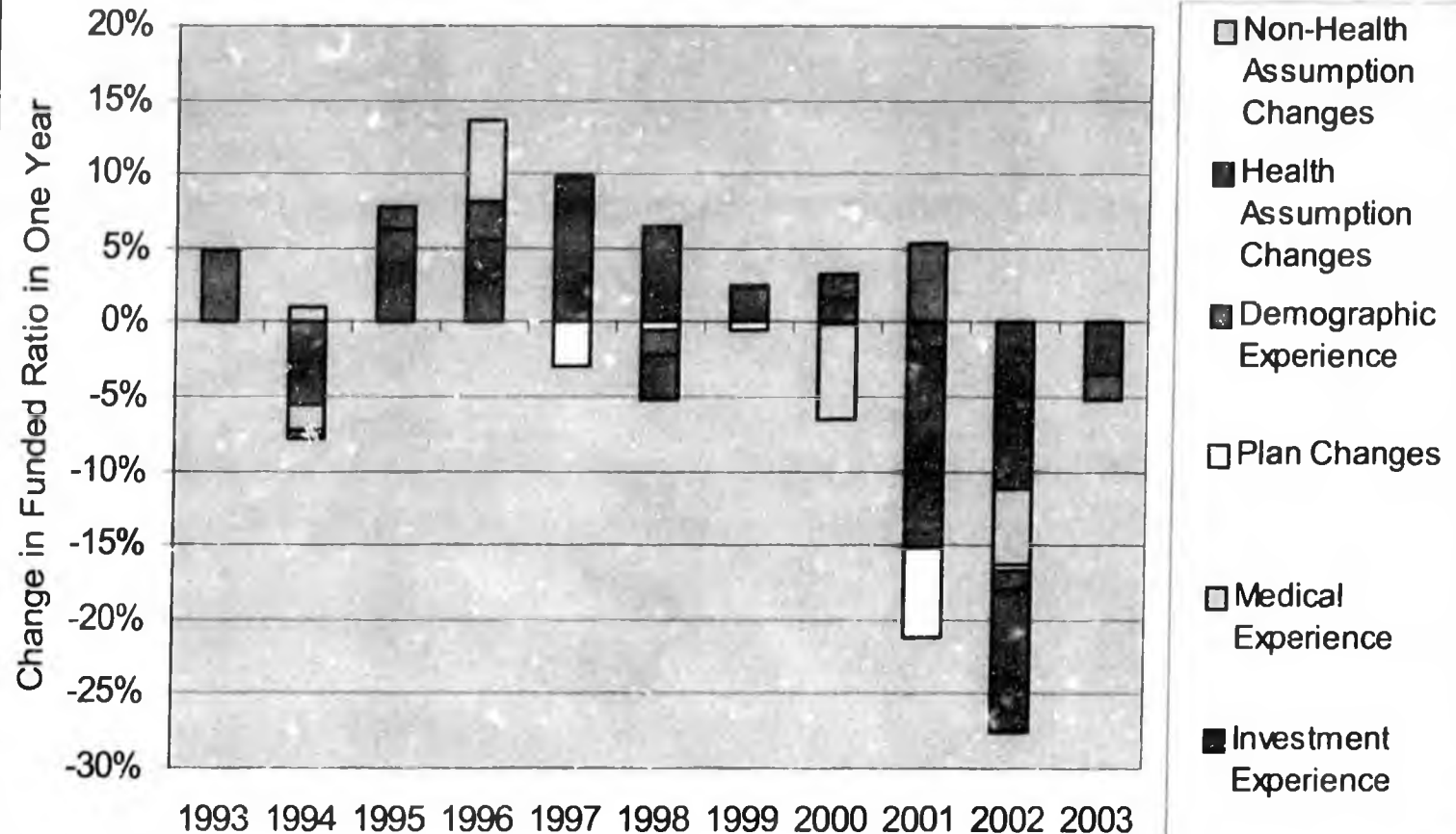
State of Alaska - PERS

Investment Returns and Funded Status

Declines in funding status were caused by (in descending order of magnitude):

1. investment performance,
2. health assumptions
3. plan changes
4. medical experience
5. non-health assumptions
6. demographic experience

PERS: Year-by-Year Change in Funded Status by Source



Year-by-year changes

Mercer Human Resource Consulting

1996 Non-Health Assumption change 25 amortization of unfunded surplus to 5 years	1997 Plan Change lawsuit retro Ad Hoc PRPA	2000 Non-Health assumption change Change mortality table 1984-1994	2001 HB 242 -Medical enhance. 30 years system-paid medical 25 years police/fire	Demographic Exp. Total turnover rates Disability rates, mortality rates Retirement rates
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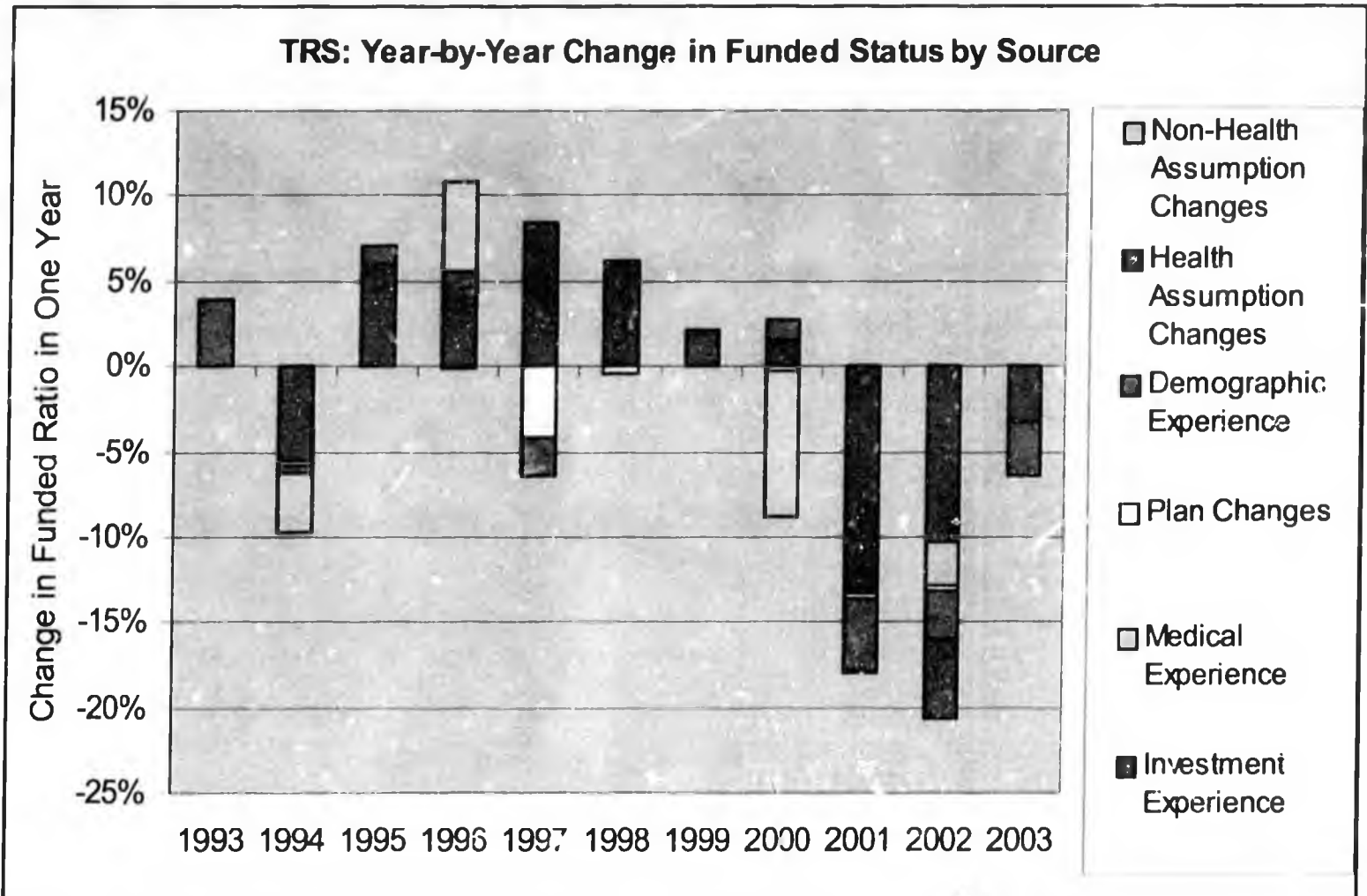


State of Alaska - TRS

Investment Returns and Funded Status

Declines in funding status were caused by (in descending order of magnitude):

1. investment performance,
2. demographic experience
3. non-health assumptions
4. plan changes
5. health assumptions
6. medical experience



Year-by-year changes

Mercer Human Resource Consulting

1997 Plan change lawsuit retro Ad Hoc PRPA	2000 Non-health assumption change Change mortality table 1984-1994	2001 HB 242 Medical enhancements 25 years system-paid medical	Demographic Exp. Total turnover rates Disability rates, Retirement rates Mortality rates
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MERCER

Human Resource Consulting

One Union Square
600 University Street, Suite 3200
Seattle, WA 98101-3137
206 808 8800 Fax 206 382 0627
www.mercerHR.com

January 3, 2005

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

Subject:

Changes in Funded Status - PERS and TRS

Dear Melanie:

Part of our December 1 presentation to the Alaska State Pension Investment Board (ASPIB) focused on changes in the funded percentages for PERS and TRS. From July 1, 1992 to June 30, 2003, the funded percentage for the PERS declined from 92.3% to 70.0%, based on the market value of assets. The funded percentage for TRS declined from 91.0% to 61.7%. The dollar amount increases in the unfunded accrued liabilities (UAL) were \$3.2 billion for PERS and \$2.2 billion for TRS. We found that the total change in funded status for the PERS and TRS from July 1, 1992 to June 30, 2003 was due to asset and liability sources as follows:

	PERS		TRS	
	Change in Funded Status	Increase in UAL (billions)	Change in Funded Status	Increase in UAL (billions)
Change due to assets	(3.8)%	\$1.1	(2.7)%	\$0.6
Change due to liabilities	(18.5)	2.1	(26.6)	1.6
Total	(22.3)%	\$3.2	(29.3)%	\$2.2

This letter provides further breakdown of the changes in funded status attributable to liabilities. The percentages have been revised slightly from those quoted in the ASPIB meeting based on further research on the effect of the various factors.

	PERS		TRS	
	Change in Funded Status	Increase in UAL (billions)	Change in Funded Status	Increase in UAL (billions)
Health experience	(6.9)%	\$0.6	(3.0)%	\$0.2
Health assumption changes	(12.5)	1.1	(4.7)	0.3
Plan changes	(4.7)	0.3	(5.3)	0.2
Demographic experience	5.4	(0.1)	(6.8)	0.5
Non-health assumption changes	0.2	0.2	(6.8)	0.4
Total change due to liabilities	(18.5)%	\$2.1	(26.6)%	\$1.6

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Page 2

January 3, 2005

Ms. Melanie Millhorn

State of Alaska

Health experience and changes in health assumptions were relatively large contributors to the decline in funded status. Benefit improvements also contributed to the decline. For both Systems, plan changes include benefit improvements enacted by the legislature, as well as ad-hoc Post-Retirement Pension Adjustments (PRPAs).

I hope this information is helpful. Please call or email if you have questions or need additional information.

Sincerely,



Robert M. Reynolds, ASA, MAAA

RMR/DK/ws

Copy:

Anselm Staack

Chris Byrnes

Marcia Chapman

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PUBLIC EMPLOYEES' / TEACHERS' RETIREMENT SYSTEM INFORMATION BRIEFING

SUBJECT: PERS / TRS Tier Classification Medical Benefits

DATE: JANUARY 10, 2005

NOTE: AS OF DECEMBER 2004 THERE ARE 27,095 PERS/TRS MEMBERS RECEIVING A RETIREMENT AND MEDICAL BENEFIT. IN ADDITION, THERE ARE 24,947 COVERED DEPENDENTS FOR A TOTAL OF 52,042 MEMBERS AND DEPENDENTS WITH MEDICAL COVERAGE.

PERS	Tier 1	Tier 2	Tier 3	Total
Active	7,916	9,086	16,878	33,880
Deferred Vested	2,864	2,785	393	6,042
Deferred	1,871	3,079	7,188	12,138
Retired	17,352	2,041	101	19,494
Total	30,003	16,991	24,560	71,554
Medical Benefits	<p>System paid medical benefits for all benefit recipients and their eligible dependents.</p> <p>Eligible after vesting and normal retirement age of 55 or early retirement at age 50.</p>	<p>System paid medical benefits for Police / Firefighters after 25 years or "all others" at 30 years of service.</p> <p>Eligible after vesting and age 60. Under 60 must pay premium.</p> <p>Disabilitants, regardless of age receive medical coverage.</p>	<p>System paid medical benefits for Police and Firefighters after 25 years or "all others" at 30 years of service.</p> <p>Eligible at age 60 after vesting; 10 years of credited service to qualify. Under age 60 must pay premium.</p> <p>Disabilitants, regardless of age receive medical coverage.</p>	

TRS	Tier 1	Tier 2	Total
Active	3,204	7,037	10,241
Deferred Vested	404	259	663
Deferred	601	1,947	2,548
Retired	8,462	184	8,646
Total	12,671	9,427	22,098
Medical Benefits	<p>System paid Medical benefits for all benefit recipients and their eligible dependents.</p> <p>Eligible after vesting and normal retirement age of 55 or early retirement at age 50.</p>	<p>System paid medical benefits for teachers after 25 years of service</p> <p>Eligible after vesting and age 60. Under 60 must pay premium.</p> <p>Disabilitants, regardless of age receive medical coverage.</p>	

(Above member counts for both systems are as of October 11, 2004)

Note: Medical benefits account for a significant portion of the Systems liabilities.

PERS: 40% of accrued liability and 28% of accrued liability for TRS.

Retiree Medical Insurance

The following table summarizes the monthly premium per benefit recipient since retiree medical benefits have been provided under PERS and TRS.

Time Period	Monthly Premium Per Retiree For Health Coverage	Annual Percentage Change	Average Compound Annual Increase Since FY78
2/1/76-1/31/77	\$ 34.75	--	--
2/1/77-1/31/78	57.64	66%	--
2/1/78-1/31/79	69.10	20%	20%
2/1/79-1/31/80	64.70	-6%	6%
2/1/80-1/31/81	96.34	49%	19%
2/1/81-1/31/82	96.34	0%	14%
2/1/82-1/31/83	115.61	20%	15%
2/1/83-1/31/84	156.07	35%	18%
2/1/84-1/31/85	191.85	23%	19%
2/1/85-1/31/86	168.25	-12%	14%
2/1/86-1/31/87	165.00	-2%	12%
2/1/87-1/31/88	140.25	-15%	9%
2/1/88-1/31/89	211.22	51%	13%
2/1/89-1/31/90	252.83	20%	13%
2/1/90-1/31/91	243.98	-4%	12%
2/1/91-1/31/92	243.98	0%	11%
2/1/92-1/31/93	226.90	-7%	10%
2/1/93-1/31/94	309.72	37%	11%
2/1/94-1/31/95	336.05	9%	11%
2/1/95-1/31/96	350.50	4%	11%
2/1/96-1/31/97	350.50	0%	10%
2/1/97-1/31/98	368.00	5%	10%
2/1/98-12/31/98	368.00	0%	9%
1/1/99-12/31/99	442.00	20%	10%
1/1/00-12/31/00	530.00	20%	10%
1/1/01-12/31/01	610.00	15%	10%
1/1/02-12/31/02	668.00	10%	10%
1/1/03-12/31/03	720.00	8%	10%
1/1/04-12/31/04	806.00	12%	10%

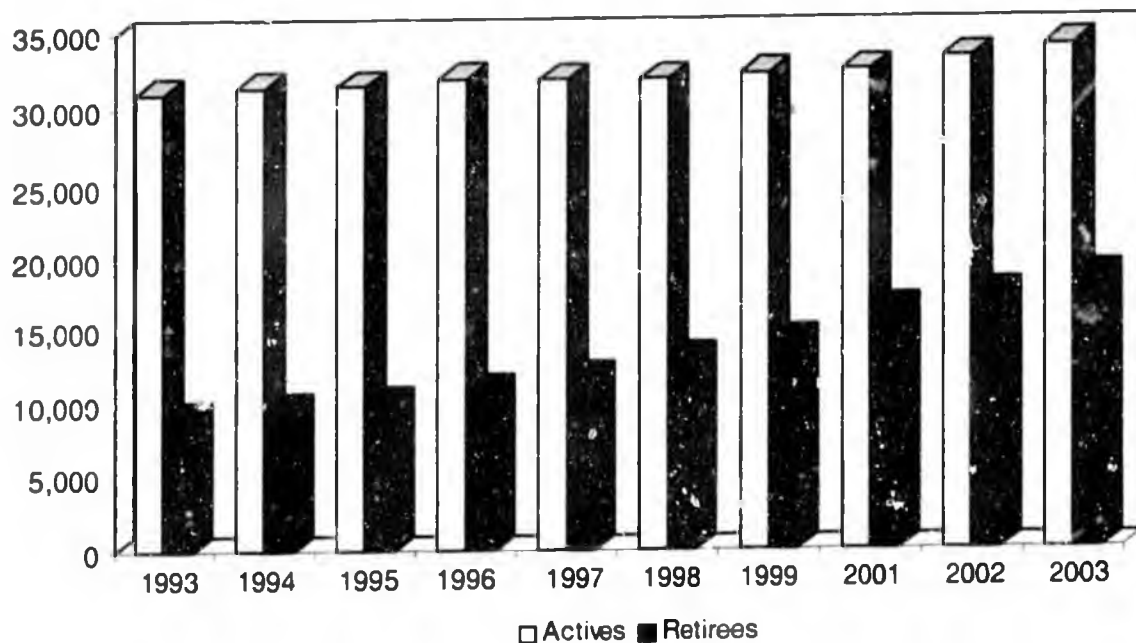
Division of Retirement and Benefits

Mercer Human Resource Consulting--Actuary

Public Employees' Retirement System System Membership by Status					
Year ended June 30	Active	Retirees & Beneficiaries	Vested Terminations	Nonvested Terminations w/Balance	Total
1993	30,972	9,103	3,572	4,721	48,368
1994	31,364	9,643	3,771	4,859	49,637
1995	31,450	10,173	4,144	5,398	51,165
1996	31,960	10,921	4,382	5,847	53,110
1997	31,854	11,802	4,742	6,260	54,658
1998	31,910	13,101	5,143	6,571	56,725
1999	32,214	14,185	5,395	7,500	59,294
2001	32,441	14,274	6,187	11,403	66,305
2002	33,242	17,215	5,702	11,301	67,460
2003	34,065	18,431	5,841	10,798	69,135

Data not available for FY 2000 due to transition to a new computer system.

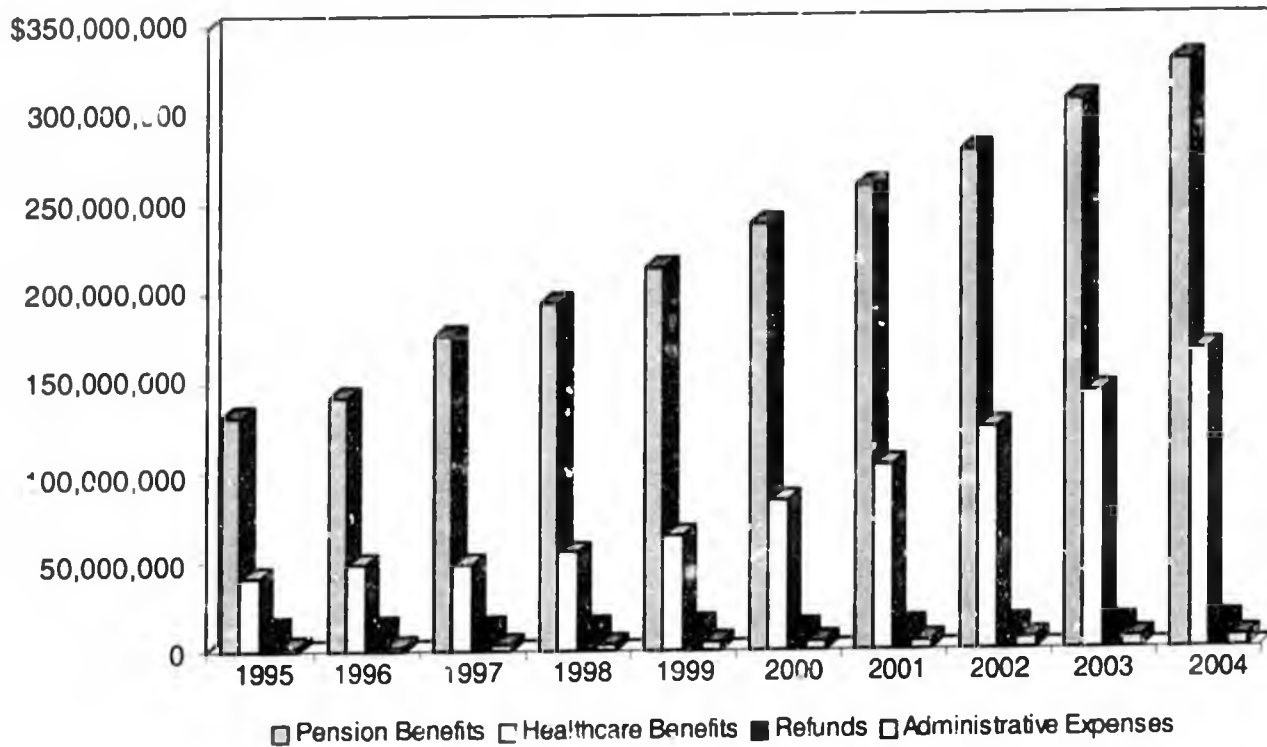
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
10-YEAR COMPARISON OF ACTIVE AND RETIRED MEMBERS**



Data not available for FY 2000 due to transition to a new computer system.

Public Employees' Retirement System Expenses by Type (000's omitted)					
Year ended June 30	Pension Benefits	Healthcare Benefits	Refunds of Contributions	Administrative Expenses	Total
1995	\$131,634	\$ 40,687	\$12,774	\$ 2,253	\$ 187,348
1996	143,039	47,964	13,413	2,522	206,938
1997	177,328	48,361	13,012	2,830	241,531
1998	195,544	55,165	13,557	2,920	267,186
1999	215,170	64,486	14,435	4,148	298,239
2000	239,441	83,794	11,998	4,247	339,480
2001	259,771	103,846	13,134	4,672	381,423
2002	279,731	124,805	12,869	5,283	422,688
2003	307,684	143,331	13,025	5,880	469,920
2004	329,390	167,360	14,723	5,296	516,769

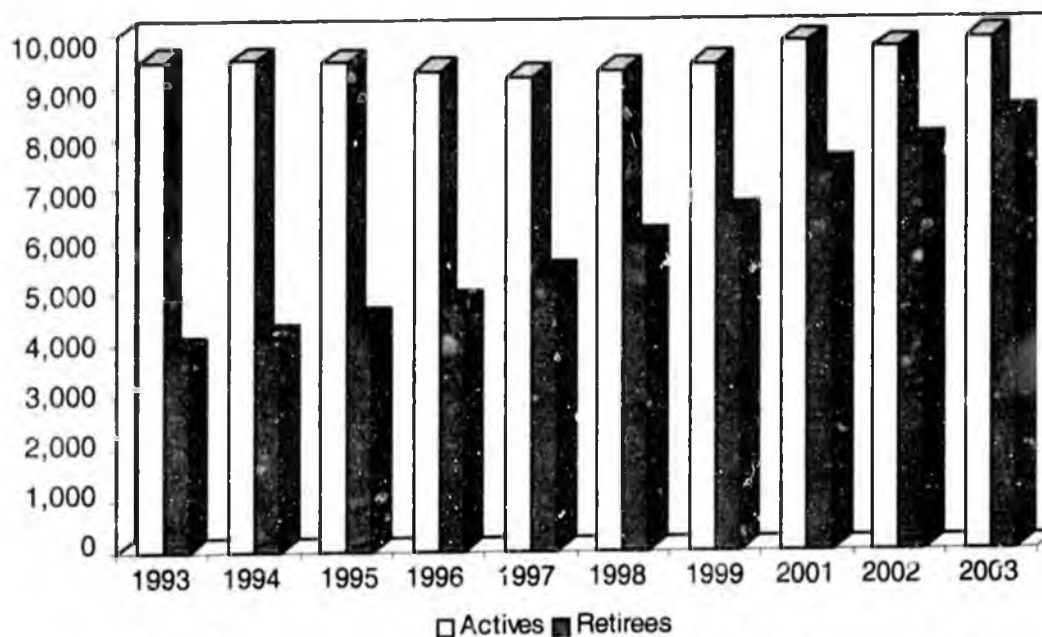
**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
10-YEAR COMPARISON OF EXPENSES BY TYPE**



Teachers' Retirement System System Membership by Status					
Year ended June 30	Active	Retirees & Beneficiaries	Vested Terminations	Nonvested Terminations w/Balance	Total
1993	9,459	3,891	823	1,013	15,186
1994	9,489	4,134	930	1,090	15,643
1995	9,452	4,459	859	1,140	15,910
1996	9,259	4,803	1,116	1,195	16,373
1997	9,164	5,343	1,279	1,310	17,096
1998	9,262	5,979	1,064	1,285	17,590
1999	9,396	6,486	1,150	1,297	18,329
2001	9,815	7,333	767	2,207	20,122
2002	9,690	7,804	783	2,447	20,724
2003	9,873	8,312	708	2,327	21,220

Data not available for FY 2000 due to transition to a new computer system.

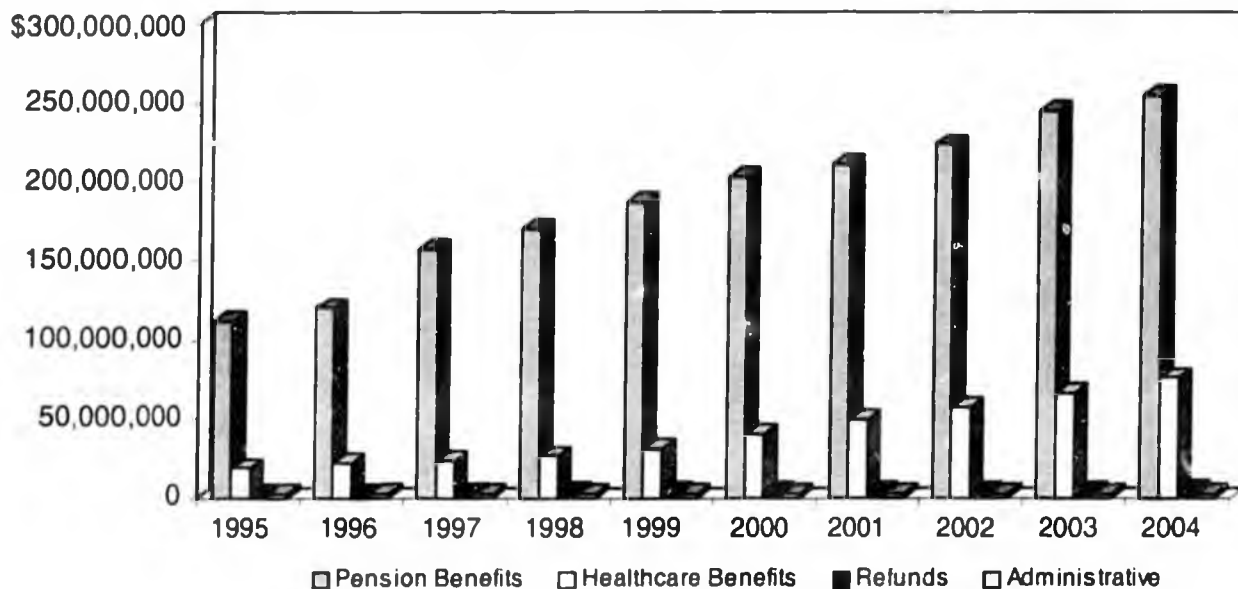
TEACHERS' RETIREMENT SYSTEM 10-YEAR COMPARISON OF ACTIVE AND RETIRED MEMBERS



Data not available for FY 2000 due to transition to a new computer system.

Teachers' Retirement System Expenses by Type (000's omitted)					
Year ended June 30	Pension Benefits	Healthcare Benefits	Refunds of Contributions	Administrative Expenses	Total
1995	\$111,498	\$18,264	\$ 2,819	\$ 1,821	\$134,402
1996	119,949	21,655	2,629	2,055	146,288
1997	157,567	22,653	2,626	2,223	185,069
1998	169,831	26,123	3,489	2,231	201,674
1999	187,085	30,987	3,490	1,722	223,284
2000	202,927	40,183	4,118	1,717	248,945
2001	210,945	48,928	3,742	1,938	265,553
2002	222,897	56,946	3,120	2,095	285,058
2003	244,518	65,898	3,840	2,395	316,651
2004	255,409	75,601	4,189	2,203	337,402

**TEACHERS' RETIREMENT SYSTEM
10-YEAR COMPARISON OF EXPENSES BY TYPE**



Alaska Public Employees' and Teachers' Retirement System
Investment Return / Medical Costs - Assumption v. Actual & Mortality
Employer Actuarial Computed Rates and Board Adopted Rates
Rate Year FY 1990 - FY 2006
Division of Retirement & Benefits

1/21/05

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Data Source: Actuarial Valuation Report prepared by Mercer Human Resources Consulting,
Division prepared audited Comprehensive Annual Financial Report;
Alaska State Pension Investment Board published reports.

Rate Fiscal Year - Rate was determined March / April Prior FY
i.e. 6/30/2003 Financial Year end, used in March 2004 Valuation, determined rate for FY 2006 which begins July 1, 2005

INFO Fiscal Year	RATE Fiscal Year	ACTUAL		Invest Return Assump.	Invest Return PERS	Invest Return TRS	Medical Cost Assump.	Medical Annual Change	Medical Compound Change	Mortality Table	TRS			PERS		
		Actuarial Computed Rate	TRB Adopted Rate								Diff	Actuarial Computed Rate	PERB Adopted Rate	Diff		
1987	1990	9.00%	11.40%	11.40%	9.00%	-15.00%	9.00%	1984, back 1.5 yrs	8.19%	11.64%	3.45%	9.30%	9.30%	0.00%		
1988	1991	9.00%	2.30%	2.10%	9.00%	51.00%	13.00%	1984, back 1.5 yrs	12.27%	10.54%	-1.73%	12.00%	12.00%	0.00%		
1989	1992	9.00%	14.12%	14.19%	9.00%	20.00%	13.00%	1984, back 1.5 yrs	15.16%	11.87%	-3.29%	14.20%	14.20%	0.00%		
1990	1993	8.75%	10.05%	10.15%	12.00%	-4.00%	12.00%	1984, fwd-1yrM, bk-4yrF	19.65%	12.00%	-7.65%	13.58%	13.58%	0.00%		
1991	1994	8.75%	7.21%	7.05%	11.50%	0.00%	11.00%	1984, fwd-1yrM, bk-4yrF	15.59%	12.00%	-3.59%	13.72%	13.72%	0.00%		
1992	1995	8.75%	11.60%	11.17%	10.50%	-7.00%	10.00%	1984, fwd-1yrM, bk-4yrF	13.36%	12.00%	-1.36%	13.70%	13.70%	0.00%		
1993	1996	8.00%	14.25%	14.38%	9.50%	37.00%	11.00%	1984, fwd-1yrM, bk-4yrF	12.48%	12.00%	-0.48%	12.82%	12.82%	0.00%		
1994	1997	8.00%	2.71%	2.65%	8.50%	9.00%	11.00%	1984, fwd-1yrM, bk-4yrF	14.96%	12.00%	-2.96%	12.14%	12.14%	0.00%		
1995	1998	8.25%	15.56%	15.90%	7.50%	4.00%	11.00%	1984, fwd-1yrM, bk-4yrF	14.94%	12.00%	-2.94%	11.90%	8.00%	-3.90%		
1996	1999	8.25%	13.70%	14.35%	6.50%	0.00%	10.00%	1984, fwd-1yrM, bk-4yrF	10.52%	12.00%	1.48%	7.74%	7.74%	0.00%		
1997	2000	8.25%	18.18%	18.12%	5.50%	5.00%	10.00%	1984, fwd-1yrM, bk-4yrF	13.00%	12.00%	-1.00%	7.36%	7.74%	0.38%		
1998	2001	8.25%	14.73%	14.83%	7.50%	0.00%	9.00%	1984, fwd-1yrM, bk-4yrF	10.55%	12.00%	1.45%	7.03%	7.40%	0.37%		
1999	2002	8.25%	10.59%	10.67%	6.50%	20.00%	10.00%	1994, base year	7.09%	11.00%	3.91%	6.56%	6.75%	0.19%		
2000	2003	8.25%	10.07%	10.15%	5.50%	20.00%	10.00%	1994, base year	9.29%	11.00%	2.71%	6.12%	6.75%	0.63%		
2001	2004	8.25%	-5.25%	-5.35%	5.00%	15.00%	10.00%	1994, base year	14.44%	12.00%	-2.44%	6.77%	6.77%	0.00%		
2002	2005	8.25%	-5.48%	-5.49%	12.00%	10.00%	10.00%	1994, base year	35.57%	16.00%	-19.57%	24.91%	11.77%	-13.14%		
2003	2006	8.25%	3.67%	3.68%	12.00%	8.00%	10.00%	1994, base year	38.85%	21.00%	-17.85%	25.63%	16.77%	-8.86%		
2004	2007	8.25%	15.08%	15.09%	11.50%	12.00%	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD		

Mortality Table: The base mortality table can be set forward "fwd" or backward "bk" so that it increases or decreases mortality versus the base table mortality.
That allows the system to more closely match the system's actual mortality experience without creating a separate table.

Alaska Public Employees' Retirement System - Teachers' Retirement System
 Composite Employer Contribution - Increase Amount and Total Contributions
 FY 06 - 07 - 08 - 09
 (in Millions of Dollars)

Fiscal Year	State of Alaska		University of Alaska		School Districts		Municipalities		Total All Categories	
	Increase	Total	Increase	Total	Increase	Total	Increase	Total	Increase	Total
FY 06	40.0	142.1	7.8	26.3	38.6	151.5	21.7	66.6	108.1	386.5
FY 07	41.5	188.9	8.0	35.2	39.7	195.2	22.5	91.6	111.7	510.9
FY 08	43.0	238.9	8.3	44.8	41.0	242.6	23.3	118.4	115.6	644.7
FY 09	8.9	257.1	3.4	49.8	31.4	282.1	4.7	127.6	48.4	716.6

Notes: Conformed to the 2004 Actuarial Valuation (using June 30, 2003 financial statements), by projection year; 5% a year increase in employer composite rate until required computed total rate is reached. Each subsequent year affected by change in rate, increase in salaries -

V02
 14-Oct-04
 11:01 AM
 Division of Retirement & Benefits