

ALASKA LEGISLATIVE COMMITTEE FILES, 2000-2000 00 / 2

11710 HOUSE STATE AFFAIRS

**Louie Flora**

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**From:** j or ksummers [jks Summers@gci.net]  
**Sent:** Wednesday, April 20, 2005 6:42 AM  
**To:** Rep. Paul Seaton  
**Subject:** Retirement system

Dear Rep. Seaton,

I would like to thank you for extending the testimony time for Tom Harvey last night. I am currently serving as the President of the Mat-Su Education Association with over 1000 members. Mr. Harvey's testimony expressed the concerns that we have the Mat-Su regarding the proposed changes to the TRS. Again, this issue needs more time to assess the real problems. Thank you.

Kathy Summers

4/29/2005

**Louie Flora**

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**From:** Doris Robbins [drobbins@gci.net]

**Sent:** Tuesday, April 19, 2005 11:26 PM

**Subject:** Testimony on SB 141 before House State Affairs, April 19, 2005

Representatives, please accept my written testimony by email. -Doris Robbins
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Testimony on SB 141 before House State Affairs, April 19, 2005

Due to transportation difficulties I was not able to testify in person at the LIO tonight. Please consider my written views:

Anna Rappaport, in the Chicago office of Mercer Human Resource Consulting, is an actuary and futurist with 40 years' experience. In a November, 2004 article she asks the question, "Are pension plans still a good solution? Despite serious challenges, a well-designed and well-communicated DB plan actually creates substantial value for both employer and employee, and can be a source of competitive advantage for the employer."

This statement from a Mercer Consultant in Chicago, implies the opposite of what has been stated by the administratively hired actuary, and those legislators who seem to be in a hurry to pass new PERS/TRS legislation which will create drastic change - for whose benefit I am wondering? She goes on to state: "Most mature pension plans were designed to provide retirement income to long-term employees on a tax-effective basis. They help organizations retain employees, provide workers a graceful transition to retirement, and help keep direct compensation and taxes lower. The retirement plan options available to employers changed dramatically when it became possible for U.S. employees to save pre-tax dollars in 401(k) plans, starting in 1981. Employers quickly added matching to their savings plans and this benefit pattern spread to different countries. During the bull market of the 1990s, many employees began to believe their defined contribution (DC) plans would make them rich and allow early retirement, while financial executives became accustomed to holidays from contributions for traditional pension plans."

Isn't that a major factor that has drawn down the retirement fund investments? That, and outrageous increases in health and insurance costs, which were brought about in part from things like the latest Medicare legislation which wrote the bill to give the medical sector of the economy anything they asked for - no controls.

The above statement from a Mercer Consultant in Chicago, implies the opposite of what has been stated by administratively hired "yes" people, and legislators who seem to be in a hurry to pass new PERS/TRS legislation which will create drastic change - for whose benefit I am wondering? Ms. Rappaport goes on to state: "Most mature pension plans were designed to provide retirement income to long-term employees on a tax effective basis. They help organizations retain employees, provide workers a graceful transition to retirement, and help keep direct compensation and taxes lower. The retirement plan options available to employers changed dramatically when it became possible for U.S. employees to save pre-tax dollars in 401(k) plans, starting in 1981. Employers quickly added matching to their savings plans and this benefit pattern spread to different countries. During the bull market of the 1990s, many employees began to believe their defined contribution (DC) plans would make them rich and allow early

retirement, while financial executives became accustomed to holidays from contributions for traditional pension plans."

The Administration, to whom the legislature is about to turn over the whole management of the board, was only too glad to approve the unfunded mandates above the recommendation of the current PERS/TRS board. In spite of continued implications, it was done through legislated changes. The current board is watching the fund like it is their own wallet! It is their shared wallet with me and several thousand other folks like me. We are scared to death of it being managed by a totally one track executive board, ultimately under the control of Governor(s) down through the years - carte blanche. We don't know from one term to the next what may happen. As retirees, please let us help keep watch over our money!

The state is considering going to an all generic (when generics are available) and a formulary plan for prescriptions. That would be a good thing to do, which retirees will support as long as in those instances where the doctor states there is a need for something different the exceptions are allowed.

I know that it is not an unending pot of gold at the end of the rainbow, and any time I find someone talking about Aetna being our insurance company, I correct them. Yesterday, I corrected a billing clerk in a doctor's office that I suspected had coded a bill for \$20 more than a "routine" exam by putting in a code for a more extensive exam. Perhaps she was poorly trained, but when I was told it was the more extensive exam, I corrected her because I check carefully such things and remember what the doctor ordered. RPEA has a monthly insurance meeting where we further teach our members to be more questioning. In our regular RPEA general membership meetings, we have invited local pharmacists to talk about generic prescriptions and underline that they are the same medicine, but for a cheaper price. (Occasionally, there are instances where the delivery system or inert ingredients do not work for someone and they may require the brand name.) With education, our use of generic prescription drugs has reached about the maximum level until new ones come on the market. I encourage members of the legislature to pursue general decreases in medical costs by joining other states to find ways to get those unreasonable costs down.

I become irritated when a few legislators, who have already had the facts set straight for them, continue to imply that "retirees don't care." We not only care, as a member of RPEA we have been seriously educating retirees (should some be in the dark) that it is our money which was collected as we worked, combined with the State match, which makes up the pot of money which we depend upon for our health care and medicines. We always have some of our retirees at the current PERS/TRS board meetings to learn, and take the information back to the membership!

Our system of government in the United States, provides for an Executive, Legislative, and Judicial Branch. Something similar should be in place with the Boards which oversee the retirement funds. I'm sure as legislators, you would not want there to be only and Executive Branch to oversee all the laws, regulations and funding. That is comparable to having a system with one retirement board, all under one head. I thank you for making some allowances for more oversight by representatives of the beneficiaries through amendments passed by House State Affairs this morning. House State Affairs has shown an interest in finding a fair and workable solution to our retirement problems. Please continue to ask questions and get answers before making a decision which could do more harm than good if it isn't the right one.

Thank you for your time,

Doris Robbins

4/29/2005

3763 Mitchell Ave. #B  
Fairbanks AK 99709-4636  
(907) 374-0597

**Louie Flora**

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**From:** Mary Ann Tipton [alaskamudpuppy@pci.net]  
**Sent:** Tuesday, April 19, 2005 7:41 PM  
**To:** Rep. Paul Seaton  
**Subject:** SB 141

April 19, 2005

Alaska House of Representatives

Dear Sir:

I am writing you as a concerned constituent who lives and works in the Anchorage area. I proudly accepted a position with the Department of Labor with the great State of Alaska in 2001. Since my hire date I continue to be disappointed with my representation by my legislators. I am asking for you to be my voice when casting your vote to defeat SB 141 and any related bills.

This bill not only takes money out of my paycheck, but also reduces the retirement that I was promised at the time of hire. I do not have the luxury of voting my self regular pay increases as do the members of the legislation nor do I think that reducing my pay is the way to fairly reduce the State's expenditures. It will instead serve as a message to possible future candidates as well as current employees to discourage a career in civil service. Further, this bill will take away my representation of those allowed to sit on my retirement board and replace them with Governor appointed members only. This is in direct conflict of a government of, by and for the people and I am asking you to put a stop to those in the top level of government who are not serving the best interest of those who they were elected to represent.

Sincerely,

Mary Ann Tipton

Voting ASEA Union Member and

Eagle River Constituent

18687 Hiland Road • Eagle River, AK • 99577



**Louie Flora**

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**From:** Debby Broneske [dbroneske@yahoo.com]  
**Sent:** Tuesday, April 19, 2005 5:38 PM  
**To:** Rep. Paul Seaton; Rep. Carl Gatto: Representative\_Jim\_Elkins@legis.state.sk.us; Rep. Bob Lynn;  
Representative\_Jay\_Ramaras@legis.state.ak.us;  
Representative\_Berta\_Sardiner@legis.state.ak.us; Rep. Max Gruenberg  
**Subject:** Not support SB141

Subject:Not support SB141

Paul\_Seaton@legis.state.ak.us, Carl\_Gatto@legis.state.ak.us, Jim\_Elkins@legis.state.sk.us,  
**To:** Bob\_Lynn@legis.state.ak.us, Jay\_Ramaras@legis.state.ak.us, Berta\_Sardiner@legis.state.ak.us,  
Max\_Gruenberg@legis.state.ak.us

I am Deborah Broneske, 17750 E. Idle Drive, Palmer Alaska 99645, 907-745-9863. I do not support SB 141 because it does not support all workers and treats new hires differently from older tier employees. I do not support creation of a new board by combining PERS & TERS. I request more professional input before changing the system to the one proposed in SB141.

Thank you for accepting my comments.  
Sincerely,  
Deborah Broneske

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Do you Yahoo!?  
Plan great trips with Yahoo! Travel: Now over 17,000 guides!

**Louie Flora**

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**From:** Trina Richards [trina\_richards@yahoo.com]  
**Sent:** Tuesday, April 19, 2005 5:35 PM  
**To:** Rep. Paul Seaton  
**Cc:** Fate Putman; Jim Duncan; Trina Richards  
**Subject:** Public Opinion Message

Dear Representative Seaton,

I have read a great deal of information about the problems with the public employees retirement system and I strongly disagree with the current legislation to resolve the problem. SB 141 and House Bills 170, 177 and 191 are not the right approach. Employees who contribute to TRS and PERS do so instead of contributing to Social Security. In other words, they contribute to a state-run defined benefit plan instead of contributing to a federally-run defined benefit plan. To eliminate this security would place future employees and retirees at the mercy of the markets.

Also, I don't understand why employees should have to increase their contribution to the retirement system when such entities as the city of Fairbanks' government have the option of not paying their portion. Their unwillingness to pay their share, along with other participating governments around the state, are another the reason the system is not generating the needed revenue for future disbursements.

I suggest stepping back and taking a longer look at the situation. With less than two months in the legislative session, there can't possibly be enough time to really involve everyone who may have reasonable solutions.

Sincerely,  
Trina Richards  
Fairbanks

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This is an email message from "Trina Richards" <trina\_richards@yahoo.com>. Opinions expressed belong to the sender alone.

## Louie Flora

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**From:** Rachel Boyd [rboyd@co.fairbanks.ak.us]  
**Sent:** Tuesday, April 19, 2005 10:33 AM  
**To:** Rep. Paul Seaton  
**Subject:** RE: Autoreply: PERS/TERS Legislation - SB 141

Dear Representative Seaton,

Thank you for your e-mail autoreply. I am not in your district, so in that sense I am not a constituent. I am a constituent in the sense that the legislation you are involved in impacts me regardless of where in the state I live. In this case, I am very concerned about the PERS/TERS fixes being rushed into. I think the solutions being proposed are life-threatening for future retirees. Since you are on the committee, I addressed my concern to you.

Thank you for your service.

Sincerely,

Rachel Boyd  
PO Box 75306  
Fairbanks AK 99707  
rboyd@co.fairbanks.ak.us

-----Original Message-----

**From:** representative\_paul\_seaton@legis.state.ak.us  
[mailto:representative\_paul\_seaton@legis.state.ak.us]  
**Sent:** Tuesday, April 19, 2005 10:18 AM  
**To:** rboyd@co.fairbanks.ak.us  
**Subject:** Autoreply: PERS/TERS Legislation - SB 141

This message was automatically created for representative\_paul\_seaton

Subject: Thanks for contacting me

Hello,

Thank you for contacting me. I receive a high volume of email and try to respond to messages from constituents in a timely matter. If you need immediate assistance, I encourage you to get in touch with my office by calling 1-800-665-2689 or (907) 235-2921, or by emailing one of my staff member at the addresses listed below. If you did not include your contact information in the email you sent to me please do so by replying to this email with your name, address and telephone number so we can respond to your comments. Thank you again for writing to me.

Sincerely,

Representative Paul Seaton  
Alaska State Legislature  
House District 35

Email address for Katie Shows:  
Katie\_Shows@legis.state.ak.us

Email address for Louie Flora:

Louis\_Flora@legis.state.ak.us

Email address for Ian Laing:  
Ian\_Laing@legis.state.ak.us

**Louie Flora**

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**From:** Rachel Boyd [rboyd@co.fairbanks.ak.us]  
**Sent:** Tuesday, April 19, 2005 10:19 AM  
**To:** Rep. Paul Seaton  
**Subject:** PERS/TERS Legislation - SB 141

Dear Legislator,

PLEASE DO NOT be herded into passing bad legislation! The consequences of this bill have not been fully defined, but they will be drastic. Raise the contribution rate in the interim so you do not feel so pressured (although this means a de facto cut in pay for all PERS/TERS employees), but please take time for SERIOUS study of the ramifications of any proposed solution. Employees will live with the results for the remainder of their lives. This is too weighty for knee-jerk reaction.

Employees did not cause this problem, but it looks as though most of the burden for recovery will be placed on them.

Please oppose replacing and combining the boards. As I understand it, these boards are largely policy and appeals boards. Each system needs its own board that is intimately familiar with that plan.

Defined contribution plans place ALL the risk on the employee. Judging from the status of my IRA, I would guess you are going to find a lot of future retirees on welfare after their 401K plans run out of money if you pass this legislation.

Placing retirement money in 401K plans will further impact the present PERS/TERS fund as all these future hires will not be contributing.

The plan does not include any death or disability insurance. Many workers are in hazardous situations. It is irresponsible for the State to pull the rug out from under all future employees.

Please pull your support from all the current PERS/TERS bills unless they are drastically amended. This bill will impact thousands of people. Please take the time to do it right.

I appreciate your consideration.

Sincerely,

Rachel Boyd, Secretary  
FNSB, Dept of Community Planning

4/29/2005

**Louie Flora**

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**From:** Buddy Harrel [blueboy@mosquitonet.com]  
**Sent:** Tuesday, April 19, 2005 9:30 AM  
**To:** Rep. Paul Seaton  
**Cc:** Rep. Jay Ramras; Representative\_Berta\_Gardiner@legis.state.ak.us; Rep. Bob Lynn; Rep. Carl Gatto; Rep. Jim Elkins; Rep. Max Gruenberg  
**Subject:** Senate Bill 141

Dear Legislative Representatives:

Since I moved to Alaska in 1969, the State has been dedicated to all of its citizens with the exception of its public employees. Today, 36 years later, you are still trying to penalize those employees that do so much with so few for so little. Most work for a very basic wage and receive so little that they can barely save for potential health benefits and life insurance.

The only thing that has been good for state employees is the Retirement System as it currently stands. We have had to sue or initiate a law suit to get any funding for long overdue wages and settlements brokered in good faith with you, the Legislature and the Administration. Any unfunded liabilities are not the fault of the state employees but are the responsibility of the "Pork Barrel Policies" of Legislators.

SB 141 wants to eradicate positions not paid for by the state and start a new bureaucracy. If there is, in fact, an unfunded liability, how will creating another monetarily costly program help to get any allocation of funds for retirement and to fund this alleged liability?

I do not see how abolishing a program that dumps PERS/TRS/ASPIB and costs us, the citizens of Alaska, more is nor could be effective. I strongly urge you to stand up for those future, current, and past employees of the state and VOTE against passage of SB 141. You should do what is right and not necessarily politically expedient.

Thank you.

Sincerely yours,

Buddy V. Harrel  
PO Box 80179  
Fairbanks, AK 99708-0179

**Louie Flora**

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**From:** Sue Zimmerman [dszimmer@imt.net]  
**Sent:** Tuesday, April 19, 2005 7:34 AM  
**To:** Rep. Paul Seaton; Rep. Carl Gatto  
**Cc:** Rep. Max Gruenberg; Representative\_Berta\_Gardiner@legis.state.ak.us; Rep. Bob Lynn  
**Subject:** SB141

Dear Representatives,

Please do not support SB141 as it stands. The current boards have done an excellent job of managing my retirement funds for the past 25 years. The State of Alaska has been committed to a sound retirement system since before statehood. Please don't try to fix what isn't broken. I am counting on you to do the right thing for the retirees and employees of the great state of Alaska.

Sincerely,

Sue Zimmerman  
Bozeman, Montana  
(formerly of Juneau but caring for  
family in Mont. now)

**Louie Flora**

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**From:** Judy Stohl [rsrjas@gci.net]  
**Sent:** Thursday, April 14, 2005 2:28 PM  
**To:** Rep. Paul Seaton  
**Cc:** Fate Putman; Jim Juneau; Judy Stohl  
**Subject:** Public Opinion Message

Dear Mr. Seaton,

I am writing to express my strong opposition to HB238. This is the wrong thing to do and the wrong direction to go in regards to the pensions for state employees. I urge you to slow down and give credence to other possible solutions. Such a narrow approach only serves to reveal how out of touch Juneau really is with the people working hard for this state in good faith. And I am a private citizen.  
Sincerely, Judy Stohl  
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This is an email message from "Judy Stohl" <rsrjas@gci.net>.  
Opinions expressed belong to the sender alone.

**Louie Flora**

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**From:** Jaynbarbcr@aol.com  
**Sent:** Thursday, April 14, 2005 12:27 PM  
**To:** Rep. Paul Seaton  
**Subject:** SB 141 and HB 191

Dear Representative Seaton:

As a retired PERS employee, I am writing you to let you know how strongly I oppose SB 141 and HB 191. These bills would convert all members of PERS and TRS (Public Employees Retirement System and Teachers Retirement System) to private accounts very similar to the proposed changes to social security. As President Bush is finding out, converting to private accounts does not solve anything. Private accounts will make retirement very uncertain for most employees. Besides being a fluctuating number, the accounts could lose drastic sums of money in the market or get eaten up in investment fees.

One of the reasons I committed to 25 years of state employment was because of the guaranteed retirement benefits. Sure, when I was working Alaska was building a pipeline, I could have went to work for an oil company and hauled in thousands of dollars during the pipeline construction, but I did not. I chose instead to work for the State of Alaska at a much reduced pay rate because of the guaranteed benefits. I was a single mother raising a child and those guaranteed benefits were a life saver. It isn't fair to new employees looking to devote their life to public service. It also isn't fair to those of us who are current members of PERS. By diverting those monies away from PERS, the legislature may make the problem even worse. I respectfully ask that you do not pass HB 191 or the related bills.

Back when I retired, oil was going for about \$20.00 a barrel and the retirement system was fully lunded. Now oil is up over \$50.00 a barrel, and you are predicting billions in shortfall to fund the retirement system. The employer contributions need to be raised and so does the employee contributions. Just the same way that social security limits need to be raised. The employees are making more because of inflation and the state is earning a lot more because of oil inflation. Simple adjustments to the contribution levels (both employer and employee) could easily solve this problem. Do not change to the retirement system to a "defined benefit" plan.

Thank you.  
Barbara Crombie  
PO Box 92187  
Anchorage Alaska 99509

**Louie Flora**

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**From:** anonymous - [anonymous777@gmail.com]  
**Sent:** Wednesday, April 13, 2005 5:49 PM  
**To:** Rep. Paul Seaton  
**Subject:** HB238 PERS/TRS -- eliminating disability/death benefits

Dear Representative Seaton:

I am concerned that one very important issue has been overlooked in both the Senate and House bills establishing defined contribution retirement plans for PERS and TRS. This issue is the elimination of disability and death benefits for new State Troopers, city police officers and firefighters hired under these new plans.

The article below from the Sacramento Bee describes how Governor Schwarzenegger was forced to drop his defined contribution pension proposal because of this issue.

Yes, under the DC plans, the widow and children of a State Trooper killed in the line of duty would receive the balance of the trooper's DC account, but for a Trooper only on the job a few years this would be completely inadequate. Likewise, a Trooper suffering a permanent disability would only get the balance of his or her DC account.

I cannot imagine that any Alaska legislator would support eliminating the PERS disability and death benefits now provided to State Troopers, city police officers and firefighters for newly hired public safety employees in these dangerous professions.

I hope you can address this issue in your work on HB238.

Unfortunately, my personal situation requires me to send this to you anonymously.

Sincerely,

A concerned citizen  
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Sacramento Bee

Governor retreats on pensions

He drops the ballot plan, a key part of his effort to overhaul government.

By John Hill -- Bee Capitol Bureau

Published 2:15 am PDT Friday, April 8, 2005 Under assault by public employee unions, Gov. Arnold Schwarzenegger retreated from a key component of his proposed government overhaul Thursday, an initiative that would have scrapped the traditional government pension system in favor of 401(k)-style investment accounts.

"Even though our signature drive has been very successful and we have gathered 400,000 signatures, I think it is better to improve the language and put our plan on the June 2006 ballot," the Republican governor said. He had wanted to put the issue on the ballot during a special election this fall.

Public employee unions and others had lambasted the proposal, staging protest after protest at Schwarzenegger fund-raisers and other public appearances. In particular, they zeroed in on what they said was the measure's failure to provide death and disability benefits for public safety workers.

Although the administration said it would never allow such benefits to be cut, it didn't offer a concrete proposal to keep them, and the criticism raged on.

After meeting with survivors of public safety workers killed in the line of duty and local government groups this week, Schwarzenegger decided to pull the plug - at least for now.

"I do not want the pension reform debate to be clouded by worries surrounding this issue," he said.

Democrats and unions were unambiguous in calling it a major defeat for Schwarzenegger.

"He deeply divided the state and poisoned his ability to balance the budget," said Treasurer Phil Angelides, a Democrat who is running for governor in 2006

Dave Low, chairman of California Families Against Privatizing Retirement, called the governor's action an "admission that his initiative was flawed."

"He's been denying that all along and calling us liars for months," he said.

Assembly Speaker Fabian Núñez, D-Los Angeles, said the move, which he characterized as a retreat, would improve the governor's troubled relationship with Democratic lawmakers.

But he called on Schwarzenegger to withdraw his other proposed initiatives, which would change how political districts are drawn, give more budget-cutting power to governors, and institute merit pay for teachers and require them to be on the job five years instead of two before they could qualify for tenure. The governor still hopes to put the initiatives before voters this year.

While public pensions are no longer on Schwarzenegger's agenda for a special election this year, Núñez said, "the gun still has three bullets in it."

If Schwarzenegger hadn't threatened to circumvent the Legislature, he said, "we would probably have already negotiated agreement with the governor on most of these issues."

Schwarzenegger, however, showed no sign of backing down from his other proposals - and vowed to revive the pension proposal if the Legislature and public employee unions fail to agree to changes.

"We're right on target with our reforms," he said. "We will have reform. Come next year, we will have the pension reforms."

In his January State of the State address, Schwarzenegger embraced pension changes as one component of his effort to remake California government. He backed a proposal by Assemblyman Keith Richman, R-Northridge, and the Howard Jarvis Taxpayers Association to end the system that guarantees state and local workers a pension based on years of service and highest salary.

Instead, government workers hired after July 1, 2007, were to get 401(k)-style investment accounts similar to those common in the private sector. Those plans do not guarantee income in retirement, but can be transported from job to job.

The initiative was silent on the issue of death and disability benefits, which guarantee payments to public safety workers or their survivors.

But opponents maintained that the initiative would make it impossible for government employers to offer the benefits in their current form. Their position was bolstered by the ballot summary prepared by Attorney General Bill Lockyer, a Democrat who is considering a run for governor. The ballot summary stated flatly that the initiative would "eliminate" those benefits.

Survivors of fallen public safety workers and others spoke out publicly against the proposal and ran radio ads. Earlier this week, they met privately with the governor.

The governor also met with local government representatives, who had presented their own proposals to reform the existing system rather than scrapping it altogether.

"We talked for hours," Schwarzenegger said. "Group after group after group. We met from morning to night. And those were powerful arguments, and powerful stories, and it was very clear that the main thing that troubled them was that there is a danger that the death benefits and the disability benefits are at risk."

He recalled that his own mother received benefits for 10 years after the death of his

father, who was a police officer. "So of course, I would not want to take any of this away from anyone," he said.

The governor said he was not influenced by protests or polls, some of which show his popularity sagging.

At the surprise news conference announcing the move, Schwarzenegger was flanked by local government officials who had been actively involved in talks on the pension proposal. Some said they were willing to continue to work on changes.

Notably absent from the news conference were public employee unions seen as more militant.

Lou Paulson, a spokesman for a group of public service workers opposed to the changes, said union officials were invited to the news conference but were only given two hours to respond.

"We didn't think that was appropriate," said Paulson, a spokesman for the Alliance for a Better California.

Despite their absence, Paulson said that public safety workers are open to negotiations. He said the unions had already been talking to local governments in December before Schwarzenegger soured the atmosphere by backing the initiative.

"He threw the gauntlet down and said this is the way it has to be," Paulson said.

Schwarzenegger's proposal mobilized public workers even more than Proposition 13, the property tax limitation measure approved by voters in 1978, Paulson said.

"I've never seen more members more upset about any issue," he said.

The pension proposal was seen by some as part of a nationwide effort to scale back public employee pensions.

"It certainly frustrates any momentum that the movement had," said Keith Brainard, research director at the National Association of State Retirement Administrators. "California is often a trend-setter in many issues."

Others didn't see it that way, arguing that the proposal was derailed not on its merits but by the confusion over death and disability benefits.

"It's more of a clarity error," said economist Dan Clifton of Americans for Tax Reform, the Washington think tank headed by conservative crusader Grover Norquist. "I listened to the press conference - I heard him say, 'We still need to do this.'"

## Louie Flora

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**From:** Glen James [jshing@alaska.com]  
**Sent:** Wednesday, April 13, 2005 12:00 PM  
**To:** Rep. Paul Seaton; Rep. Bob Lynn; Rep. Jim Elkins;  
Representative\_Jay\_Namrus@legis.state.ak.us;  
Representative\_Carl\_Gatto@legis.state.ak.us; Rep. Berta Gardner;  
Representative\_Max\_gruenberg@legis.state.ak.us  
**Subject:** PERS/TERS

Dear House State Affairs Members,

Thank you for all your work on the Public Employees retirement issue. I have been living in this great state since 1979, and never plan to leave. I vote in every election, and although I am not a "squeaky wheel", this issue is too important not to squeak about.

I believe that this is the richest state in the nation on many fronts. The richest in beauty, the richest in resources, and the richest in our diverse population. I have been following the PERS/TERS issues from: the erroneous information provided by Mercer that got us into this fix, to the throw the baby out with the bathwater fix.

The fix the Senate has proposed, I believe, will have disasterous effects on the people who have a calling to be firefighters, peace officers, educators, and other public employees. Our state is not bankrupt. Our state is not poor. There is no wolf at the door today.

Please do not make any hasty decisions this session about our Great State's public retirement system. This is a complex issue that deserves careful thought and time. My humble request is that you wait until next session, and revisit this issue at that time.

Respectfully,  
Lynn Kracke, Republican and public school educator since 1992

April 10, 2005

Ron and Mary Woods  
120 Concordia Dr.  
Fairbanks, AK 99709

In re: Retirement System Reforms, SB141, HB177, HR238

Dear Representative Seaton,

We are writing in strong opposition to the legislation noted above as presently drafted, and ask that you seriously consider the arguments presented herein against such legislation without significant amendments.

First, let us say that we are long-term state employees, which enables us to provide meaningful input and insights regarding the affect of the proposed reforms on the state operations we value greatly.

Further, we appreciate the legislature's concern and sense of responsibility to examine the existing PERS/TERS systems, and think the key is to be fair, thoughtful, and prudent in considering what changes are truly in the State of Alaska's best interest. Everyone agrees that there is no financial crisis or emergency involving these systems, and the legislature should not over-react in implementing corrective measures.

We recommend restraint similar to take exercised by the legislature in not implementing a solution to the state's anticipated fiscal gap prematurely. If the legislature wants to move to a private sector approach in providing for the salary and benefits of state employees, it cannot look just at establishing a defined benefit retirement program that minimizes financial risk to the state.

The legislature must also develop a salary structure and employee incentive programs that provide sufficient compensation and incentives to recruit and retain good employees. Taking the defined benefit of a retirement program away from state employees would really leave little or no financial incentives for employees considering employment with the state, thus compounding the recruitment problems that already exist in many communities were the state struggles to compete with other employers.

If the state is to move in the private sector direction and compete like a business for employees, it needs to do much more to develop financial and other incentive programs. Successful private sector corporations control their costs by hiring and retaining the best teams of people to run their organization. Bonuses and stock options are also common in the private sector. Intel Corporation benefits include two months off with pay for a work sabbatical every seven years that an employee works for the company. This is obviously one way the company motivates and retains good, experienced employees.

The state must act in good faith in dealing with its employees. Changing the funding contribution rate for current employees would effectively be no different than changing the Tier terms and conditions that they were hired under. Attempting to do that would surely create significant distrust of the legislature, lower productivity, and would create even more financial hardship on employees struggling to survive and work for the state.

The purchasing power of employees' salaries continues to lose ground every year to costs of living increases and their portion of increasing medical care costs when they make their care selection decisions. Please recognize that changing the funding rate for current employees would be very unfair, problematic to operations, and ill advised.

All need to appreciate that the state's employees are critically important in meeting the service needs of our citizens in the most effective and efficient manner. The costs associated with providing for a good salary and retirement system for these employees should be one of the legislature's highest priorities. The legislature should be looking to invest more, not less, in the state's employees, as they are the state's best assets.

We thank you for your time in reading this letter and seriously considering your actions in this very important decision area for the state.

Sincerely,

Ron and Mary Woods

## Louie Flora

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**From:** Don Logan [dlogan@co.fairbanks.ak.us]  
**Sent:** Saturday, April 09, 2005 1:14 PM  
**Tc:** 'tom\_anderson@legis.state.ak.us'; 'ethan\_berkowitz@legis.state.ak.us';  
'mike\_chenault@legis.state.ak.us'; 'sharon\_cisson@legis.state.ak.us';  
'john\_coghill@legis.state.ak.us'; 'harry\_crawford@legis.state.ak.us';  
'eric\_croft@legis.state.ak.us'; 'nancy\_dahlstrom@legis.state.ak.us';  
'jim\_elkins@legis.state.ak.us'; 'richard\_foster@legis.state.ak.us'; 'les\_gara@legis.state.ak.us';  
'berta\_gardner@legis.state.ak.us'; 'carl\_gatto@legis.state.ak.us';  
'max\_gruenberg@legis.state.ak.us'; 'david\_guttenberg@legis.state.ak.us';  
'john\_harris@legis.state.ak.us'; 'mike\_hawker@legis.state.ak.us';  
'jim\_holm@legis.state.ak.us'; 'reggie\_joule@legis.state.ak.us';  
'mary\_kapsner@legis.state.ak.us'; 'mike\_kelly@legis.state.ak.us';  
'beth\_kertulla@legis.state.ak.us'; 'vic\_kohring@legis.state.ak.us';  
'pete\_kott@legis.state.ak.us'; 'gabrielie\_ledoux@legis.state.ak.us';  
'bob\_lynn@legis.state.ak.us'; 'lesil\_mcguire@legis.state.ak.us';  
'kevin\_meyer@legis.state.ak.us'; 'carl\_moses@legis.state.ak.us';  
'mark\_neuman@legis.state.ak.us'; 'kurt\_olson@legis.state.ak.us';  
'jay\_ramras@legis.state.ak.us'; 'norman\_rokeberg@legis.state.ak.us';  
'woodie\_salmon@legis.state.ak.us'; 'ralph\_ruels@legis.state.ak.us';  
'paul\_seaton@legis.state.ak.us'; 'bill\_sto@legis.state.ak.us';  
'william\_thomas@legis.state.ak.us'; 'bruce\_weyhrauch@legis.state.ak.us';  
'peggy\_wilson@legis.state.ak.us'  
**Subject:** FW: PERS/TRS  
**Importance:** High

> Dear Representative ;  
>  
> I am writing to ask that you not pass any of the following bills: HB  
> 170, 177 and 191 and SB 141, all relating to drastic changes to the  
> Teachers Retirement System and the Public Employees Retirement System.  
> While the PERS/TRS problem has been portrayed as drastic and requiring  
> an immediate fix, none of the proposed bills help. Placing the entire  
> burden for the fix upon public employees shoulders is unfair. Public  
> employees did not create this problem, mismanagement by the state and  
> participating municipalities have played a much larger role.  
>  
> This problem didn't develop overnight and the proposed bills won't  
> correct it overnight (if at all). The urgent move to push legislation  
> through, before the Fall elections, is particularly distasteful and is  
> an obvious Political ploy, that I for one, will not forget when it  
> comes time to cast my ballot .  
> This issue needs a great deal more time and effort to craft an  
> equitable solution. When researching the solutions, please remember  
> that public employees and teachers are valuable, loyal and  
> hard-working individuals who deliver public services every day.  
> Retirement benefits are a critical part of our compensation package  
> we've accepted in lieu of higher salaries paid in the private sectors.  
>  
> Please do not pass HB 170, HB 177 or HB 191 and especially SB 141.  
> Thank you  
>  
>  
>

**Louie Flora**

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**From:** Mary Ostermick [awi@alaska.net]  
**Sent:** Thursday, April 07, 2005 9:36 PM  
**To:** Rep. Paul Seaton  
**Subject:** TRS/PERS system

Mary Ostermick  
P.O. Box 827  
Talkeetna, AK 99676

April 8, 2005

The Honorable Paul K. Seaton  
Alaska House of Representatives  
House of Representatives, Room 102  
Juneau, AK 99801-1182

Dear Representative Seaton:

Please leave the TRS/PERS system alone. It is necessary to attract and keep new teachers and paraprofessionals. Correct abuses to the system if necessary, but leave it strong and intact.

Sincerely,

Mary Ostermick

**Louie Flora**

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**From:** Gretchen Nelson [johngr@tchen@gci.net]  
**Sent:** Sunday, April 03, 2005 4:53 PM  
**To:** Rep. Paul Seaton  
**Subject:** TERS and PERS Retirement Proposed Changes

Gretchen Nelson  
3039 Alder Cir.  
Anchorage, AK 99508-3256

April 3, 2005

The Honorable Paul K. Seaton  
Alaska House of Representatives  
House of Representatives, Room 102  
Juneau, AK 99801-1182

Dear Representative Seaton:

I am writing to ask that you carefully consider the serious impact and long term effects the recent proposed legislative action toward the state retirement system will have on our schools and people's lives. Please do all you can to change the approach being taken on this issue. I don't often take time to contact political decision makers, but the little I've read on this issues has brought me to urge you to consider other angles to make the system more efficient.

No, the Investment board should never be appointed by the governor (no mattter who it is), and before we make changes to district/employee contributions, and create lower Tiers that will effect children's learning; Please work to eliminate and clean up loop holes in the system that do not truly benefit the employee base. I never knew, city councils, school board, assembly members, etc. receive retirement benefits (\$10,000-health)after serving just years in a job that is portrayed by them as their civic contribution! Let me know what I can do to to ensure that wise action is taken so our schools can continue to provide a quality education for the people who will be making future decisions for our state.

Sincerely,

Gretchen Nelson

**Louie Flo: a**

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**From:** john brown [jbrown302@hotmail.com]  
**Sent:** Tuesday, March 29, 2005 9:17 AM  
**To:** Rep. Tom Anderson; Rep. Ethan Berkowitz; Rep. Mike Chenault; Rep. Sharon Cissna; Rep. John Coghill; Rep. Harry Crawford; Rep. Eric Croft; Rep. Nancy Dahlstrom; Rep. Jim Elkins; Rep. Richard Foster; Rep. Les Gara; Rep. Berta Gardner; Rep. Carl Gatto; Rep. Max Gruenberg; Rep. David Guttenberg; Rep. John Harris; Rep. Mike Hawker; Rep. Jim Holm; Rep. Reggie Joule; Rep. Mary Kapsner; kellys1@gci.net; Rep. Beth Kerttula; Rep. Vic Kohring; Rep. Pete Kott; Rep. Gabriella LeDoux; Rep. Bob Lynn; Rep. Lesil McGuire; Rep. Kevin Meyer; Rep. Carl Moses; Rep. Mark Neuman; Rep. Kurt Olson; Rep. Jay Ramras; Rep. Norman Rokeberg; Rep. Woodie Salmon; Rep. Ralph Samuels; Rep. Paul Seaton; Rep. Bill Stoltze; Rep. Bill Thomas; Rep. Bruce Weyhrauch; Rep. Peggy Wilson; Sen. Con Bunde; Sen. John Cowdery; Sen. Bettye Davis; Sen. Fred Dyson; Sen. Johnny Ellis; Sen. Kim Elton; Sen. Hollis French; Sen. Lyda Green; Sen. Gretchen Guess; Sen. Lyman Hoffman; Sen. Charlie Huggins; Sen. Albert Kookesh; Sen. Donny Olson; Sen. Ralph Seekins; Sen. Bert Stedman; Sen. Ben Stevens; Sen. Gary Stevens; Sen. Gene Therriault; Sen. Tom Wagoner; Sen. Gary Wilken  
**Subject:** PERS and TERS

Dear Legislators, The unfunded liability issue needs to be addressed. The best way to do this is a careful process bringing all parties together. Tying education funding to a quick fix has the potential to make matters worse not better. Please reject this attempt to use a long term problem to put in place a bad fix. Sincerely  
John Brown President Fairbanks Central Labor Council

**Louie Flora**

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**From:** Carol Lowery [h-clowery@gci.net]  
**Sent:** Monday, March 28, 2005 7:37 PM  
**To:** Rep. Paul Seaton  
**Subject:** Retirement Board for TRS/PERS

Carol Lowery  
HC31 Box 5205  
Wasilla, AK 99654

March 28, 2005

The Honorable Paul K. Seaton  
Alaska House of Representatives  
House of Representatives, Room 102  
Juneau, AK 99801-1182

Dear Representative Seaton:

I am very concerned about the proposed changes in the retirement system. They won't affect me as a retired teacher, as I retired 6 years ago after 35 years of teaching here in Alaska, but the changes appear to be very detrimental to the future of education in Alaska for all students. I have grandchildren who will be going on through the educational system here, and I would hope they are able to have the good teachers they need.

I am especially concerned about the issue of the Governor appointing all 9 members of the Retirement Investment Boards of TRS and PERS. This has been a basically non-political Board that has had the best interests of the Fund in mind. Putting the entire Board in the hands of whichever political party happens to have the Governor's support seems very risky...for both parties! Whichever party is in power will be able to use this Fund for a political football, and it will swing with the wind when there is a change in political affiliation.

Many of the other provisions seem short-sighted in that they will not attract strong teachers to our State. At a time when teachers are being asked to do more with the NCLB process, be more professional, have more complicated certification processes, and take more training at their own expense, it seems our State should be looking for ways to bring in the best teachers available. The days of Alaska being a teachers' magnet are gone, as many other states are becoming more aggressive as they find it difficult to find teachers with all the qualifications needed. Alaska is already finding it very difficult to attract many Special Education teachers in all areas. These changes will make it harder in all teaching fields.

I ask that you really consider all the ramifications of these changes. Will they make education in Alaska better, or will they cause the quality of education to drop for all students?

Sincerely,

Carol Lowery  
376-5684

**Louie Flora**

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**From:** Patricia Parsch [audi@gci.net]  
**Sent:** Monday, March 28, 2005 5:00 AM  
**To:** Rep. Paul Seaton  
**Subject:** TRS & PERS Retirement

Patricia Parsch  
6551 Cimarron Circle  
Anchorage, AK 99504-3944

March 28, 2005

The Honorable Paul K. Seaton  
Alaska House of Representatives  
House of Representatives, Room 102  
Juneau, AK 99801-1182

Dear Representative Seaton:

Dear Mr. Seaton,

As an Alaskan educator for 23 years, I have grave concerns about the five current bills legislators are considering. I'm opposed to the proposed changes and urge you to stop the abuses. If we can do this and close the loopholes, an excellent system will continue to operate effectively for retirees without mortgaging the future of working Alaskans.

Sincerely,

Patricia Parsch  
907-742-1182

**Louie Flora**

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**From:** Fred Lau [flau@homerseniors.com]  
**Sent:** Tuesday, March 22, 2005 12:01 PM  
**To:** Rep. Paul Seaton  
**Subject:** PERS/TRS  
**Follow Up Flag:** Follow up  
**Flag Status:** Yellow

I appreciate and support your position that we need to take a good look at the retirement system and any reforms before we make changes to the PERS/TRS system. Tying passage of a bill to revamp the system to education funding does not make for sound fiscal policy. Although I am still working, I have been retired under the TRS system for 10 years. I spent 31 years working in education in Alaska and one of the reason I did was because of the retirement system. My wife is also a retired teacher with over 30 years experience. If we make drastic changes to the system without really understanding the long term effects it would be a big mistake. It does not appear that in its present form the system is totally broken and I am not sure it demands that we go from a system based on years of service and salaries to one based on the contributions of educators. When I was working as a superintendent of schools one of the main drawing cards that I used in enticing new teachers to come to Alaska was the retirement system. School systems in Alaska no longer have large numbers of applicants like we did back in the 80's and early 90's. Teacher shortages in other states make Alaska less attractive. Let's not add to that by down grading the retirement system and let's not hold education funding hostage in order to change the retirement system when it may not need major overhaul.

Fred Lau  
Homer

**Louie Flora**

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**From:** Lani Raymond [lani@alaska.net]  
**Sent:** Monday, March 21, 2005 9:26 PM  
**To:** Rep. Paul Seaton  
**Subject:** Education

First, I would like to say that I appreciate your efforts on our behalf. I especially appreciate your concern and understanding of education issues. I believe that rushing through things is never good, but it seems there is an agenda here to tie the good to the potentially not-so-good. To hold up the early funding for education in order to pass a revamping of the retirement system is, in my opinion, criminal. My grandchildren deserve better than this! I accept that the PRS/TRS system needs to be changed but I fear what is going to happen since it will definitely impact attracting and keeping good teachers, especially for the bush. I know how difficult the layoff/rehiring situation for teachers can be. And never knowing how much money a district will have in time to make good plans and use the resources as wisely as possible is such a inept way to do things year after year after year! (I am a retired teacher, by the way.)

We have elected these lawmakers. They are supposed to be working for the good of all of us in our state. Why do children and their education seem to matter so little to most of them? There can be plans for bridges to nowhere, jets, large new convention centers--to say nothing of the new opulent capitol plans--which would lead one to believe that our education system (staff, building maintenance, basic needs, etc.), are way down on their priority list.

Thank you very much for listening!

Again, I appreciate all you do: you have a very difficult job!!

Lynda Raymond

Homer, AK

**Louie Flora**

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**From:** Sharon Parker [alaskasharon@hotmail.com]  
**Sent:** Tuesday, March 15, 2005 8:49 PM  
**To:** Rep. Paul Seaton  
**Subject:** SB141

March 15, 2005

Subject: SB141

This afternoon I was notified by my employee's association representatives that the legislature is to vote tomorrow morning at 9:00 am on SB141 which would, without my consent, take cash from my paycheck, reduce my retirement income and reduce retirement health benefits that I have already paid for with my labor. And, all of this activity was accomplished with only 48 hours public notice. When someone takes something that doesn't belong to them it is called theft. It is a criminal act. Legislators voting to pass SB141 are voting illegal - to take, without my consent, money and goods I have earned with my labor and what I cannot afford to give. They know it and that is why they have acted in this most despicable manner - to restrict any opportunity for the public to voice their opinion. There is no honorable, credible reason why state employees who can ill afford it should be made to pick up the tab for the gross incompetence and fiscal irresponsibility of state government officials..

The group designated as 'Voters', includes a very large number of state employees who will be greatly affected if SB141 passes. I'm one of them. I can't afford another 5% on top of the added costs of benefit reductions already in place and lack of parity between wages and cost of living increases. I will literally be choosing between paying bills and paying for groceries or medicine. Please explain to me who of those in Juneau, collecting generous amounts of public monies as their salaries, are going to be here to share my dinner table on those nights when I had no choice but to pay the bills and not the grocer. This isn't an exaggeration - this is my reality - perhaps the 'public representatives' ought to take a look at the impact that significantly reduced wages will have on the economy, of the personal cost to those individual members of the public they are supposed to be representing, and of how young, talented people are beginning to view what it means to be an employee of the State of Alaska. A state in which the word of the government means less than nothing.

This isn't just outrage or astonishment that I am expressing - this is the first time I've been ashamed to be an Alaskan. Passage of SB141 is not something that any of the state employees or their representative groups are going to take lightly. Please don't misunderstand me - that isn't a threat, it is a simple economic as well as political reality. The economic and political impact that passage of SB141 will have on both the public and private sector will undoubtedly be felt for a very long time and not just by public employees.

Sincerely,

Sharon A. Parker  
Administrative Clerk

**Louie Flora**

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**From:** Ron Rucker [matsucea@mtaonline.net]

**Sent:** Thursday, March 03, 2005 5:05 PM

**To:** Rep. Mike Kelly; Rep. Carl Gatto; Rep. Vic Kohring; Rep. Mark Neuman; Rep. Bill Stoltze; Rep. Lesil McGuire; Rep. Paul Seaton; Rep. John Coghill; Sen. Johnny Ellis; Sen. Lyda Green; Senator\_Charlie\_Hugginss@legis.state.ak.us; Sen. Ralph Seekins; Sen. Fred Dyson; Sen. Gary Wilton

**Subject:** PERS/TRS Deficit

Dear Representatives and Senators: I wanted to comment to concerning the PERS/TRS deficit and some of the proposed changes. First, I want to say that I am not opposed to paying my fair share or even having the employee contribution rate increased. I am opposed to an excessive increase for either employers or employees because of a stock market crash and at least two bad management decisions. The stock market is and will continue to correct itself. The decision to reduce the employer contribution because of a "flush" system was counterproductive. Had that reduction not occurred, then the deficit would be smaller now. Finally, the retire/rehire program puts undue stress on an already stressed program. Scott Burns wrote an article in the October 25, 2004 "Statesman Journal" on the negative effect low paying jobs has on Social Security. No paying jobs are even worse. Allowing people to retire and then come back to work and not pay for their insurance and their retirement benefits increase the strain on the retirement system. The system is designed to have new employees paying in to the system for a long time to maintain solvency. Rehiring a retiree not only means they are paying into the system but there is also not a new young employee paying into the system. This is, in affect, a double wammy. I ask you to careiully consider how you change the system until you change some of the negative impactors. Increase employee contribution by a small amount if you must, but not by 50%. Thanks for all your time and effort. Ron Rucker, President, Classified Employees' Associaton.

**Louie Flora**

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**From:** Glenn and Edna Johns [yippie@ptialaska.net]

**Sent:** Friday, April 22, 2005 2:01 PM

**To:** Rep. Paul Seaton

**Subject:** retirement!!

**We believe that the retirement system set in place is far superior to what we read the suggested changes are. Any person has a need to know what they can expect from their retirement.**

**Those of us who are retired need the board to stay in place ... we have already had to go to it regarding our medical.. we depend on our retirement in order to stay in the state of alaska where we have lived for over 40 years.**

**Please do not change any of the retirement system until more studying has been done on the effect on individuals already working for the state and for those already retired.**

**Thank you for any consideration that you give to this.**

**Sincerely,  
Glenn and Edna Johns**

**Louie Flora**

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**From:** Charles L Kelly [charles\_kelly@labor.state.ak.us]  
**Sent:** Wednesday, April 20, 2005 9:34 AM  
**To:** Rep. Paul Seaton  
**Subject:** SB 141

. ,pril 20<sup>th</sup>, 2005

Alaska House of Representatives

Dear Sir or Madam:

I am writing to you to express my concern over SB 141. Please vote against this bill and any related bills. I have been working with the State of Alaska for 7 and ½ year's and it seems that, every year, our pay and benefits take one step forward and two steps backward. Our pay and benefits seem to have decreased rather than increase. The cost of living does not cover costs in health care premium increases and general living. Now the Governor is trying to make it even worse. The reform of the retirement program is unacceptable. State employment is not as attractive, as it once was, and will continue to decline if this bill passes. I urge you to vote against SB 141 - it must be stopped. If this bill passes, I will not receive the retirement benefits I was promised. State employees will not be able to count on social security or the retirement benefits promised from this employer. Please be accountable to the State of Alaska employees by protecting our benefits- VOTE AGAINST SB 141.

Defeating SB 141 will protect state employees benefits will encourage new employees to accept employment in this great state. I also think that it is wrong for the Governor to appoint members on the retirement board. This bill must be defeated!

Sincerely,

Charles L. Kelly

Anchorage, AK

*Charles Keily  
Employment Security Specialist  
Anchorage UI Call Center  
Phone: 907-269-4805  
Fax: 907-269-4853 or  
888-353-2937*

**Louie Flora**

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**From:** Nancy Osborne [petero@gci.net]  
**Sent:** Wednesday, April 20, 2005 9:31 AM  
**To:** Rep. Paul Seaton  
**Subject:** SB 141

Honorable Senator Seaton,

We urge you to reconsider passing SB 141 without input from the pension boards and more discussion as to the consequences of this legislation. There is more at stake here than just saving money. As a former educator, surely you can understand. We appreciate your many faithful stands to help education. This is a big one as well and we pray you will NOT pass this one. Teachers and public employees are counting on you. Please don't disappoint us!

Thank you for your time and consideration.

Tom and Nancy Osborne  
Box 2375  
Seward, AK

4/29/2005

**Louie Flora**

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**From:** John A. Lund [jalund@gci.net]  
**Sent:** Sunday, January 30, 2005 7:58 PM  
**To:** Rep. Paul Seaton  
**Subject:** Fw: Daily News

A copy of a note I sent to Ben.....good luck.....jl

----- Original Message -----

**From:** John A. Lund  
**To:** Sen. Ben Stevens  
**Sent:** Sunday, January 30, 2005 7:50 PM  
**Subject:** Daily News

Good morning. A couple of follow ups to the Daily News article on the Alaskan Pension Funds.

- 1.) I assume that if Social Security heads towards a later age for retirement, so too will Medi Care. In essence, that would add two more years of TRS and PERS coverage for medical. Is anyone talking about that ?
  - 2.) Since tier two extended the age for retirement, causing less strain on the pensions systems covering medical, how much did the new tiers save the system as opposed to staying in tier one ?
  - 3.) I think the educational system has to make a choice, either high wages or a great retirement system. In my opinion as a past educator, the great retirement system is the answer. It is extremely hard to teach into your late fifties. Some do it very well but others don't, which creates its own set of circumstances, added to the increased use of sick leave and major medical.
- In terms of recruitment, the 10 and vested with medical, was a great recruiting tool for rural Alaska teachers. Unless, someone can convince me that the university system can create enough teachers to meet the need.
- 4.) I still believe the Administration is reacting on their anticipation of future investment returns for the funds. To me that is like the "investment expert" who recommend a decrease in PERS contributions. Bad advice.....
  - 5.) The need to put good people on the pension boards with a broad vision and some business and investment sense.

Good luck on this thorny issue.

John Lund

4/29/2005

**Louie Fiora**

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**From:** John A. Lund [jalund@gci.net]  
**Sent:** Sunday, January 30, 2005 5:17 PM  
**To:** Rep. Paul Seaton  
**Subject:** Teacher Retirement System

Representative Seaton,

Good Morning. This is a new letter I sent to Jim Clark, Chief of Staff to the Governor. I hope this further clarifies my thoughts.

The Daily News article on Sunday was good but missed a few points. Realize that Medi Care kicks in at 65 ( a problem if they extend that to 67) and as I note, I think Mercer's anticipated investment returns are too high.

Thanks for all your efforts.

John Lund

Dear Mr. Clark,

I appreciated your detailed response to my concerns on the PERS and TRS retirement systems.

First of all, I would like to thank you for all the hard work you do on behalf of fellow Alaskans. The countless hours of labor towards solving Alaskan problems is very laudable. I appreciate your efforts and the high standard you set for fellow employees.

And for the record, my recommendations would apply to the PERS system as well as the TRS system. I am just more familiar with the inner workings of the TRS system.

And for the record, I would like to see an audit of the Retirement Incentive Programs and their effects on the fiscal health of the retirement systems. My suspicion is that these programs undermined the actuarial tables set up for these systems therefore causing a greater outflow of funds than was anticipated.

And in a shortsighted manner, the retirement systems were used indirectly to fund public services and in the process weakened the underpinnings of the TRS and PERS systems.

My main concern is twofold. One, use the power of compound interest and arithmetically add funds to these retirement systems and achieve a geometric result. Similar to how much adding \$1,000 to your downpayment on a home loan of \$250,000 would have saved you in interest over thirty years. I am not advocating "not" putting additional state money in education funding or municipal projects. What I am advocating is exploring putting a portion of those funds towards lowering the existing unfunded liability of the pension systems and therefore harness the power of compound interest in our favor.

Secondly, I believe the anticipation of a 8.25% annual return on the investment holdings of the pension funds is unrealistic. Between 1962 and 1982 the Dow Jones Industrial Index returned 0%. It was flat for twenty years as hard assets rose. Our country is coming off one of the greatest bull market runs ever in our history. A return of high single digits for aggressive accounts could be the new standard. For a pension fund that is highly diversified and has a high composition of bond holdings, a 8.25% annual

4/29/2005

return is very high. And the consequences if the 8.25% annual return were not reached could be very troubling.

The 8.25% number is the median forecasted average return for the next ten years by the brokerage houses. Please check their track record on past recommendations. The Mercer Corporation used this figure in their presentation on the possibility of establishing a new tier to the retirement systems. I do not know the number the state anticipates as the annual return on investments for the retirement systems.

I have heard three numbers touted by stock market pundits, 8.25%, 6.25%, and 4.25% for projected stock market returns. I would go with the middle number 6.25%. If I am wrong, the excess funds could go towards paying down the unfunded liabilities in the retirement systems. The problem is what if the pundits are wrong and the system doesn't earn an 8.25% annual return. It would geometrically increase the present unfunded liability causing a huge fiscal problem years out.

The Permanent Fund Board in their recent report noted a 10.1% return for the last 20.5 years and projected a 7.6% return for the next five years.

My own thoughts are that the indexes will have a hard time climbing above the high single digits due to higher interest rates caused by high government and consumer debt. And with no large increases in technology spending forecasted, P/E ratios will contract. Technology is on a replacement cycle not a growth cycle.

I appreciate your efforts on this very complicated situation.

Thank you for your time.

Sincerely

John Lund

**Ian Laing**

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**From:** Sharon Hanna [sharon\_hanna@correct.state.ak.us]  
**Sent:** Friday, April 29, 2005 10:42 AM  
**To:** Sen. Donny Olson; Sen. Lyman Hoffman; Sen. Gary Stevens; Sen. Tom Wagoner; Sen. Con Bunde; Sen. John Cowdery; Sen. Ben Stevens; Sen. Hollis French; Sen. Johnny Ellis; Sen. Bettye Davis; Sen. Gretchen Guess; Sen. Fred Dyson; Sen. Charlie Huggins; Sen. Lyda Green; Sen. Gene Therriault; Sen. Gary Wilken; Sen. Ralph Seekins; Sen. Albert Kookesh; Sen. Kim Elton; Sen. Bert Stedman  
**Cc:** Rep. Woodie Salmon; Rep. Vic Kohring; Rep. Tom Anderson; Rep. Sharon Cissna; Richard B Foster; Rep. Reggie Joule; Rep. Ralph Samuels; Rep. Pete Kott; Rep. Peggy Wilson; Rep. Paul Seaton; Rep. Norman Rokeberg; Rep. Nancy Dahlstrom; Rep. Mike Kelly; Rep. Mike Chenault; Rep. Max Gruenberg; Rep. Mary Kapsner; Rep. Mark Neuman; Rep. Lesil McGuire; Rep. Les Gara; Rep. Kurt Olson; Rep. Kevin Meyer; Rep. John Harris; Rep. John Coghill; Rep. Jim Holm; Rep. Jim Elkins; Rep. Jay Ramras; Rep. Harry Crawford; Rep. Gabrielle LeDoux; Rep. Ethan Berkowitz; Rep. Eric Croft; Rep. David Guttenberg; Rep. Carl Gatto; Rep. Carl Moses; Rep. Bruce Weyhrauch; Rep. Bob Lynn; Rep. Bill Thomas; Rep. Bill Stoltze; Rep. Beth Kerttula; Rep. Berta Gardner; Rep. Mike Hawker  
**Subject:** Article re LEGISLATORS BRISTLE OVER PAY DECREASE

After reading this article on April 27, 2005, Peninsula Clarion, I had to stop and LAUGH OUT LOUD! You are willing to DECREASE MY PAY, my very minute \$ 973.11 two times per month take home pay, after working ten years for the state, BUT YOU CRY ABOUT YOUR PER DIEM BEING REDUCED!!!!!!!!!!!!!! WHAT IS WRONG WITH THIS PICTURE????????????????? I am BARELY making ends meet on a take home pay of 27,000 AND YOU ARE RAKING IN 24,000 JUST FOR FOUR MCNTHS????????????????.....again WHAT IS WRONG WITH THIS PICTURE..... You REALLY DO NOT CARE ABOUT ANYONE BUT YOURSELVES.....I am barely able to buy GROCERIES.....AND YOU WANT TO TAKE MORE MONEY FROM ME TO FUND RETIREMENT AND IT'S THE STATE'S FAULTY ACCOUNTING.....

May I quote one of your own....."Rep. Pete Kott, R-Eagle River, Legislative Council chair, said the decline in per diem pay is a concern for lawmakers WHO BASED THEIR BUDGET FOR LIVING FOUR MONTHS IN JUNEAU ON THE PREVIOUS RATE.

"THERE'S AN EXPECTATION THAT YOU'RE GOING TO HAVE A CERTAIN AMOUNT TO LIVE ON AND TAKE CARE OF FINANCES BACK HOME," KOTT SAID.

Well, duh.....THAT'S WHAT THE EMPLOYEES OF THIS STATE HAVE BEEN TRYING TO TELL YOU FOR THE LAST TWO WEEKS.....PLEASE WAKE UP TO THE PEOPLE'S NEEDS AND STOP THIS MADNESS.

VOTE AGAINST SB 141

Sharon Hanna  
Administrative Clerk III

Jan Conitz  
619 W. 11<sup>th</sup> St.  
Juneau, AK 99801

Representative Paul Seaton  
Chair, House State Affairs Committee  
Alaska Legislature  
re: Public Hearing 4/19/05 on SB 141 and related bills

Dear Representative Seaton:

I attended the committee hearing last evening on SB 141 and heard nearly all the testimony. I attended as a concerned citizen; I am an employee and a supervisor at Alaska Department of Fish and Game. First, I want to thank you for holding this hearing, giving adequate time for testimony, and listening attentively to each speaker, allowing time for questions at the end.

You heard in testimony after testimony public employees and teachers, from across many occupations and regions of the state, speaking with a strong unified voice. I share all of their concerns and would like to reiterate and emphasize the following negative effects of the proposed legislation:

1. Placing an unfair (and possibly unconstitutional) burden on current employees, especially those in the lower pay ranges. Increasing the contribution for the same benefit already promised represents a pay cut, at the same time that wages and salaries in public service are not keeping pace with the economy.
2. Plan is grossly unfair to future employees, including our children and grandchildren. I am especially concerned about the length of time required of employees to earn full benefits, with the distinct possibility they could work many years and then not receive benefits, the fact that contributions may not even cover health insurance, and the fact there is no safety net with increasing likelihood workers will exhaust benefits before the end of their lives.
3. Consequence of poor benefit plan is ever more difficulty in recruiting and retaining qualified workers. This cannot be over-emphasized. As you heard last night, it is already a problem in most departments. People expect to receive stable benefits in exchange for their career service combined with the lower pay they receive in public service.
4. Further erosion of qualified public workforce hurts all citizens of the state and will negatively affect our economy. Despite popular political perception that public employees are unnecessary, many functions of state and local governments are vital and irreplaceable. For example, the fishing industry is still the No. 1 private employer in the state. Without public sector management of our vital public fishery resources, there could be no viable seafood industry.
5. "Portable" benefits are just that. When employees realize their long-term benefits are inadequate, those most able to do so will leave for better opportunities elsewhere. The cost and

burden of continual re-hiring and training of new, and less-qualified, workers will fall to the state and local governments.

6. Shifting responsibility and risk in retirement investment to the employee is justified when the employee is well-compensated, above basic needs for housing and groceries. Most public employees and teachers do not enjoy this margin.

7. Public employees and teachers are important to the whole state and our economy. We need to provide adequate compensation to attract and keep good workers, who are interested in serving the state of Alaska and its people.

I recognize you and your committee for the extensive work you have done on this issue. The hearing last evening was lengthy, fair, and well-attended. But the public at large, and the affected employee groups, have not had nearly enough time to consider the sweeping and radical changes proposed. I urge you to take the following actions:

1. Do more fact-finding to determine why there was such a failure in estimation of the PERS/TRS funds between 2002 and 2003. If errors were made, who is accountable?
2. Slow the bill down, and give the public time to digest the information.
3. Take time to carefully craft amendments, after allowing public input. Present a clean and carefully-considered bill, with lots of input from the stakeholders.
4. Consider other options for change in our retirement systems, such as raising the retirement age, or re-structuring health care benefits.

Thank you for your consideration of public comment given so far. Please allow more time and work with the people who serve this state, to find a just and sustainable solution to this important issue.

Sincerely,



Jan Conitz

4/18/05

To: Rep. Paul Seaton -- fax'd to 465-3472

Re: Retirement bills should receive deliberate consideration -- please hold to '06 for proper study and avoidance of unanticipated problems

Fr: James E. Fisher, 171 Farnsworth Blvd., Soldotna, 99669  
Ph: 262-9601 fax 262-9641

*J. E. Fisher 4/18/05*

Reports have indicated revisions to the state's retirement system needs more consideration, or it could:

- 1) have amendments, or be, initiated without a solid basis of information about its current condition or accurate forecast of future ramifications;
- 2) carry forward poor actuarial forecasts (those responsible should be discharged and better advice sought) or at least a second opinion secured;
- 3) be based on unrealistically low revenue possibilities?
- 4) overlook past unrealistic changes, or shortages, from contributions/payments into the trust fund that have been responsible for its present apparently alarming situation?
- 5) has the Senate's rapid action on the bills (only 1 referral in the Senate) overlooked aspects and needs for reasonable solutions?

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**From:** Angie Hellickson [tinydancer21@yahoo.com]

**Sent:** Tuesday, April 19, 2005 9:17 AM

**To:** Rep. Paul Seaton; Rep. Carl Gatto; Rep. Jim Elkins; Rep. Bob Lynn; Rep. Jay Ramras; Representative\_Berta\_Gardiner@legis.state.ak.us; Rep. Max Gruenberg

Dear Representatives,

Please **DO NOT** support SB 141! This bill is harmful to all current and future PERS/TRS employees.

- The State of Alaska has been committed to a sound retirement system since before statehood
- Public employees - and all workers - deserve to know how much of a monthly income they will get when they retire. SB 141 will not guarantee that for new hires.
- The fault of the unfunded liability is not the fault of current or future employees.
- The legislation doesn't provide for any death or disability insurance. Dozens of classifications of workers find themselves in potentially dangerous work situations including in the corrections system, API, schools, police and fire, fish and wildlife biologists and protection officers, and engineers and equipment operators constructing and maintaining roads. Public employees have died while performing their duties for the public.
- Most public employees make a basic wage with no extra money to save for health benefits and life insurance
- Combining the boards will cost a great deal of money and will not fix the problem. Public employees pay in substantial sums of money into the system and should have a say through elections in who helps makes decisions
- Often, the problems come back to mistakes made from one single actuary. Isn't it time to get more professional input before changing the retirement safety nets Alaskans have depended upon for nearly 50 years?
- Recruitment and retention - especially for more specialized job classes - will become more difficult

Thank you for your consideration on this matter.

Angela Hellickson

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**Louie Flora**

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**From:** Rep. Paul Seaton  
**Sent:** Thursday, April 14, 2005 7:30 AM  
**To:** Katie Shows; Louie Flora  
**Subject:** FW: HB238 PERS/TRS -- eliminating disability/death benefits

-----Original Message-----

From: anonymous - [mailto:anonymous777@gmail.com]  
Sent: Wednesday, April 13, 2005 5:49 PM  
To: Rep. Paul Seaton  
Subject: HB238 PERS/TRS -- eliminating disability/death benefits

Dear Representative Seaton:

I am concerned that one very important issue has been overlooked in both the Senate and House bills establishing defined contribution retirement plans for PERS and TRS. This issue is the elimination of disability and death benefits for new State Troopers, city police officers and firefighters hired under these new plans.

The article below from the Sacramento Bee describes how Governor Schwarzenegger was forced to drop his defined contribution pension proposal because of this issue.

Yes, under the DC plans, the widow and children of a State Trooper killed in the line of duty would receive the balance of the trooper's DC account, but for a Trooper only on the job a few years this would be completely inadequate. Likewise, a Trooper suffering a permanent disability would only get the balance of his or her DC account.

I cannot imagine that any Alaska legislator would support eliminating the PERS disability and death benefits now provided to State Troopers, city police officers and firefighters for newly hired public safety employees in these dangerous professions.

I hope you can address this issue in your work on HB238.

Unfortunately, my personal situation requires me to send this to you anonymously.

Sincerely,

A concerned citizen  
-----

Sacramento Bee

Governor retreats on pensions

He drops the ballot plan, a key part of his effort to overhaul government.

By John Hill -- Bee Capitol Bureau

Published 2:15 am PDT Friday, April 8, 2005 Under assault by public employee unions, Gov. Arnold Schwarzenegger retreated from a key component of his proposed government overhaul Thursday, an initiative that would have scrapped the traditional government pension system in favor of 401(k)-style investment accounts.

"Even though our signature drive has been very successful and we have gathered 400,000 signatures, I think it is better to improve the language and put our plan on the June 2006 ballot," the Republican governor said. He had wanted to put the issue on the ballot during a special election this fall.

Public employee unions and others had lambasted the proposal, staging protest after protest at Schwarzenegger fund-raisers and other public appearances. In particular, they

zeroed in on what they said was the measure's failure to provide death and disability benefits for public safety workers.

Although the administration said it would never allow such benefits to be cut, it didn't offer a concrete proposal to keep them, and the criticism raged on.

After meeting with survivors of public safety workers killed in the line of duty and local government groups this week, Schwarzenegger decided to pull the plug - at least for now.

"I do not want the pension reform debate to be clouded by worries surrounding this issue," he said.

Democrats and unions were unambiguous in calling it a major defeat for Schwarzenegger.

"He deeply divided the state and poisoned his ability to balance the budget," said Treasurer Phil Angelides, a Democrat who is running for governor in 2006.

Dave Low, chairman of California Families Against Privatizing Retirement, called the governor's action an "admission that his initiative was flawed."

"He's been denying that all along and calling us liars for months," he said.

Assembly Speaker Fabian Núñez, D-Los Angeles, said the move, which he characterized as a retreat, would improve the governor's troubled relationship with Democratic lawmakers

But he called on Schwarzenegger to withdraw his other proposed initiatives, which would change how political districts are drawn, give more budget-cutting power to governors, and institute merit pay for teachers and require them to be on the job five years instead of two before they could qualify for tenure. The governor still hopes to put the initiatives before voters this year.

While public pensions are no longer on Schwarzenegger's agenda for a special election this year, Núñez said, "the gun still has three bullets in it."

If Schwarzenegger hadn't threatened to circumvent the Legislature, he said, "we would probably have already negotiated agreement with the governor on most of these issues."

Schwarzenegger, however, showed no sign of backing down from his other proposals - and vowed to revive the pension proposal if the Legislature and public employee unions fail to agree to changes.

"We're right on target with our reforms," he said. "We will have reform. Come next year, we will have the pension reforms."

In his January State of the State address, Schwarzenegger embraced pension changes as one component of his effort to remake California government. He backed a proposal by Assemblyman Keith Richman, R-Northridge, and the Howard Jarvis Taxpayers Association to end the system that guarantees state and local workers a pension based on years of service and highest salary.

Instead, government workers hired after July 1, 2007, were to get 401(k)-style investment accounts similar to those common in the private sector. Those plans do not guarantee income in retirement, but can be transported from job to job.

The initiative was silent on the issue of death and disability benefits, which guarantee payments to public safety workers or their survivors.

But opponents maintained that the initiative would make it impossible for government employers to offer the benefits in their current form.

Their position was bolstered by the ballot summary prepared by Attorney General Bill Lockyer, a Democrat who is considering a run for governor. The ballot summary stated flatly that the initiative would "eliminate" those benefits.

Survivors of fallen public safety workers and others spoke out publicly against the proposal and ran radio ads. Earlier this week, they met privately with the governor.

The governor also met with local government representatives, who had presented their own

proposals to reform the existing system rather than scrapping it altogether.

"We talked for hours," Schwarzenegger said. "Group after group after group. We met from morning to night. And those were powerful arguments, and powerful stories, and it was very clear that the main thing that troubled them was that there is a danger that the death benefits and the disability benefits are a risk."

He recalled that his own mother received benefits for 10 years after the death of his father, who was a police officer. "So of course, I would not want to take any of this away from anyone," he said.

The governor said he was not influenced by protests or polls, some of which show his popularity sagging.

At the surprise news conference announcing the move, Schwarzenegger was flanked by local government officials who had been actively involved in talks on the pension proposal. Some said they were willing to continue to work on changes.

Notably absent from the news conference were public employee unions seen as more militant.

Lou Paulson, a spokesman for a group of public service workers opposed to the changes, said union officials were invited to the news conference but were only given two hours to respond.

"We didn't think that was appropriate," said Paulson, a spokesman for the Alliance for a Better California.

Despite their absence, Paulson said that public safety workers are open to negotiations. He said the unions had already been talking to local governments in December before Schwarzenegger soured the atmosphere by backing the initiative.

"He threw the gauntlet down and said this is the way it has to be," Paulson said.

Schwarzenegger's proposal mobilized public workers even more than Proposition 13, the property tax limitation measure approved by voters in 1978, Paulson said.

"I've never seen more members more upset about any issue," he said.

The pension proposal was seen by some as part of a nationwide effort to scale back public employee pensions.

"It certainly frustrates any momentum that the movement had," said Keith Brainard, research director at the National Association of State Retirement Administrators. "California is often a trend-setter in many issues."

Others didn't see it that way, arguing that the proposal was derailed not on its merits but by the confusion over death and disability benefits.

"It's more of a clarity error," said economist Dan Clifton of Americans for Tax Reform, the Washington think tank headed by conservative crusader Grover Norquist. "I listened to the press conference - I heard him say, 'We still need to do this.' "

Testimony of HB238/SB141  
Gayle Harbo, April 2005

I have heard and read in the press that Alaska's public pension funds are in crisis. I have heard the figure "a 5 billion dollar unfunded liability". The liability is a crisis only if every PERS and TRS active member retires tomorrow and is paid all the money entitled to them for all their retired years. The funds, without health care costs, are in good shape. The earnings on the pension funds for each of the past two years have been 15%, better than the Permanent Fund. The funding ratios for non-medical benefits for TRS and PERS, based on market assets, are 93% and 120%, respectively. With medical benefits, the funding ratios drop to 64% and 74%, respectively. It doesn't take a rocket scientist to see that increasing health care costs are the problem. It is a recognized problem that can be solved without legislation. The Administration, working with employee groups, can make changes to current tier medical plans if the changes are for choice or convenience. They also have the ability to change the plan for future hires.

Have the funds been here before? You bet - in 1980, the funding ratio for TRS was 67%. At that time the contribution rate for the our model 50 year old system was roughly 7% each for employee, employer and the state, or 21% of payroll. When the state started funneling its share through the districts in FY'87, the contribution rate for the employer/state continued to decline to 12% until FY'05. The rate was then increased to 16%. Half the increase in the past few years has been caused by rising health care costs: a problem not unique to Alaska. This legislation seems to forget the state's share and speaks only to employee and employer sharing equally. No longer would 21% of payroll go to retirement.

Can the problem with health care costs be addressed? The Division of Retirement and Benefits and the Joint Boards of TRS and PERS have been working on cost containment, most recently with a generic drug campaign and in the near future with other measures such as preferred providers and closed formularies. The Division is also introducing a Positive Enrollment Program which they predict may save the state \$16 million dollars.

So you ask, why is the problem called a crisis? Some interests, both in and out of Alaska, want to privatize public pension funds. Alaska is only one of several states where some legislators have "bought in" to the need to privatize the billions of dollars of such funds. Most Alaskans know that is not the path to follow - many past legislators like Jay Hammond, Terry Miller, Arlyss Sturglewski and Charlie Parr worked to make Alaska's 50 year old retirement system a model for other systems in the country. Alaska is one of only four states which prefunds health care. Alaskans pride themselves on being independent and not having others tell them what to do.

The Employee Security Act which passed out of the senate as SB141 is a bill which assures *no security* for future retirees. It *takes away* the Defined Benefit plan which provides for a safe and secure income for Alaska's elderly in their golden years. In its

place is a DC plan. We all know DC plans discriminate against women, simply because they live longer. It would leave future retirees with no guaranteed monthly income, no health insurance and no cost of living adjustment. Many of these same legislators who would impose this system on future retirees have experienced what it means to take care of aging parents or loved ones who suffer from terminal illness or dementia, yet those same legislators would condemn future retirees to uncertain futures. It is not right, it is not fair, it is not necessary.

Talk with an employee who has been retired for 20 years or more and ask if they could now live on their base benefit, with no COLA or prpa. Under a DC plan there will be no incentive for retirees to remain in Alaska and contribute their time, expertise and pension dollars to Alaska's communities.

Why would our state, which has received almost 100% more than its budgeted amount for oil revenue, turn its back on seniors who have dedicated their lives serving Alaska's citizens? Only a few legislators would do this. They do not have the courage of those past legislators like Jay, Terry, Arlyss and Charlie. They do not have the courage of Senator Lisa Murkowski who has always been a strong proponent of public education and parent involvement. She had the courage to sign on to the repeal of the Government Pension Offset and the Windfall Elimination Provision, two provisions which reduce or eliminate Social Security retirement for thousands of Alaska's public servants. Senator Murkowski would not want to see legislation which would further discourage qualified teachers and public employees from coming to Alaska to work and from making Alaska their home.

Please "make Alaska proud" ~~\_\_\_\_\_~~

~~\_\_\_\_\_~~ We do not want outsiders telling us how to run our pension funds. Our funds are in great shape if you look at the long term. As Michael O'Leary, the financial advisor for the Alaska State Pension Investment Board, recently said - "How powerful any time period is when looking at investment return". Think long term. Governor Murkowski, in his Dec. 13 2004 letter to seniors, stated "care for our elders and for vulnerable adults in our society is vital to our success as a state." He further states - "*seniors should not have to choose between paying their rent, buying food or being able to fill prescriptions.*" That is exactly what many seniors will have to do if the legislature does away with a *Defined Benefit* retirement system. Please ask your legislators to "make Alaska proud" and retain our current *Defined Benefit* system. We can all work together to address health care costs.

We can work together to make Alaska a place where young people want to come and work. We can be a role model for health care reform if we choose to work together. I do not like the word "impose"; I prefer sitting down and developing a solution which works for all. There are many good things in this legislation which help close some of the loopholes, but doing away with a *Defined Benefit* plan is not one of them. Thanks for your time.

Gayle Harbo, Box 10201, Fairbanks 99710

- See HCU  
 ✓ House State Affairs  
 From: Single Harbo 20410201 Fairbanks 79710

Concerns for Rep Jay Raines to share with House State Affairs

Why does the legislature continue to use Mercer for all the data for these retirement bills when Mercer is part of the problem?

Jt Boards asked for an actuarial audit of Mercer in '02 - '03. The auditor, Millman, found several areas of concern in Mercer's work. The most significant was understating liabilities for health care costs. See page 6, Jt. Bd Mtg, Sept. 21, '04. Health care costs account for 50% of the employer contribution rates these past two years. Another recommendation by the auditor which had a significant, and one time effect, on the funding ratio was the methodology change to recognize deferred losses. The change from a corridor method to a 5 year smoothing impacted the '03 valuation with a 15.03% increase in the employer contribution rate. (pg 8 Mercer's Actuarial Valuation Report, June 30, 2002).

You have also heard that Mercer gave past legislatures poor information when they said Retirement Incentive Programs would be cost neutral to the funding ratio. They changed their minds this past year because they have failed to recognize the rapid rise in the cost of health care. At the Borough Assembly Meeting on April 14, Fairbanks Mayor Steve Thompson mentioned that in his research of the sale of MUS he found the Mercer had given the city very poor advice.

In the assumptions adopted by the Jt. Boards in Dec. of 2000 (they are adopted once every 5 years), Mercer predicted a Health Premium Trend of 5.5%. It has been far greater and they have made adjustments these past years. In the most recent valuation they have finally broken out the costs of health care from the costs of prescription drugs. This is much more helpful to the Boards when they are making decisions.

In a recent letter to House State Affairs the Director of R and B mentions some of the cost containment measures we have been trying to employ. One successful program not mentioned, but in place since 2001, has been to encourage the use of generic drugs. When started the generic use was only 18%. Our goal then was to reach 46% and in March of this year we moved closer to that goal and now have 42% generic drug usage.

In January of 2004 the Health Benefit Subcommittee recommended several cost saving measures, among them the use of Disease Management, used in most health plans in the state. In June of 2004 we were told the \$240,000 start up for a pilot with Diabetes, was too costly. Other plan managers tell me that Disease Mgt is an important cost savings program. The Health Comm. again recommended Disease Mgt. at its meeting March 21 2005, as one of six initiatives we would like the Division to implement. I don't see it mentioned in the memo dated March 30 and forwarded to you April 12. The memo also mentions that Providence is a preferred provider, yet Mike Wiggins stated at our Mar. 21 meeting that they were not. I will check with Mike.

*Ac. Boards  
Competition*

Testimony SB 141  
Gayle Harbo, April 2005

The current system of 3 pension boards may, at first, seem cumbersome, but each has a slightly different role. The Boards work well together and the Jt Boards of TRS and PERS appreciate the time and effort of the Alaska State Pension Boards members to manage and invest the billions of dollars of pension fund assets. ASPIB's role and function was carefully crafted in the early '90's. They have done an excellent job and invested many volunteer hours.

PERS and TRS are advisory to the Administration, except for appeals, and in the case of PERS, setting the employer contribution rate.

It is important to have members of the system on any board which oversees the billions of dollars of pension fund money or listens to appeals. The boards are fiduciaries and should include members who contributed to the funds. It is also important for system members to have appeals heard and resolved by peers.

Elected representation from both TRS and PERS is a must on any board. I see no problem with merging the TRS/PERS Boards and I spoke at length with Rep Kelly's aide, Heath Lillyard, regarding the combination. A seven person board, with equal elected representation (for example 2 each as on the current PERS Board), plus one school district employer and one municipal employer and one other appointed person would be workable.

I ask you to please retain these important boards, keeping ASPIB with its current structure, and assuring there is elected representation of the parties who have contributed to the pension funds.

*Gayle Harbo  
Box 10201  
Fairbanks 99710*



# NEA-ALASKA

*Affiliated with the National Education Association*

## TRS/PERS Issues for Testimony

Rep. Seaton and members of the House State Affairs Committee, for the record my name is Bill Bjork. I am presently serving as the President of NEA-Alaska. As we examine the retirement issues it is important to remember the purpose of the retirement system (Sec. 14.25.012) which "is to encourage qualified teachers to enter and remain in service with participating employers." Although there is some anecdotal evidence that the retirement benefits can be used for recruitment, its main attraction is a tool for retaining educators. Job satisfaction, competitive compensation and retirement benefits are the three major reasons for a person to remain in education.

When a person considers retirement benefits, they want to be able to retire with dignity and to maintain their dignity through their retirement years. What does that mean? For most educators it means to maintain a standard of living that is middle class. Under the present system that means to retire with an income of 50%-60% of their salary with health insurance provided. This takes 27 years of service to earn.

Thus, in order to establish a new and improved system, we should adopt ASSUMPTION #1: An educator with 27 years of service should be able to receive an annual annuity of at least 55% of their salary at retirement. Today the teacher average salary is \$51,062. To have an annual annuity that is a middle class standard of living, the educator would receive approximately \$34,000 or two-thirds of the TAS. Under HB 238 a person needs to work for at least 30 years. If you corrected one of the flaws in the present system and used an average of the employee's salaries over their career instead of the average of the high three years, the person would need to earn 2.25% per year to produce a middle class standard of living in retirement.

How much a retired person receives as an annuity is dependent upon the investment return and the amount of contributions made during each year of active service. ASSUMPTION #2: The investment return must be at least 8.25% per year, compounded annually, net of expenses. *This is the same assumption that is presently in place. It is also consistent with the Permanent Fund assumptions.* ASSUMPTION #3: The combined contribution of the employee and the employer to the pension must be at least 20%. ASSUMPTION #4: Inflation will increase by 3% annually. *The present assumption is 3.5% annually. This is not consistent with the Permanent Fund assumptions.* Given that inflation has been 2.6% over any ten-year period in Alaska, why would we adopt a 3.5% inflation rate? How much does a .5% over twenty-five years add to the Past Service Cost?

Assumptions are critical in determining the necessity of a new and improved retirement plan. Making the wrong assumptions today will only lead to retirees having no dignity and becoming dependent upon the state of Alaska for welfare. **We must take the time to reach an agreement on the actuarial assumptions to be used.**

NEA-Alaska understands the deep concerns surrounding the issue of the Unfunded Liability of the Teachers' Retirement System and the Public Employees' Retirement System. The causes and the amount of the Unfunded Liability or the Past Service Cost are a part of the debate; however, I believe there is agreement that the actuarial assumptions made in the past have brought us to this point. The projected cost of health care, the delayed use of mortality rates and the addition of benefits without an increase in contributions are three of the major factors.

At least two of those factors can be corrected without the adoption of a new tier for TRS and PERS. The use of the most recent mortality tables could be mandated by the legislature. The legislature could also require an actuarial valuation of any proposed benefit increase and require an increased contribution rate to cover Past Service Cost at the time of passage. For example, if the retired, rehired legislation is recommended for passage, the legislation should set a contribution rate for that benefit, which would be paid by the governmental entity that takes advantage of the legislation.

NEA-Alaska also believes that health care costs can be managed to provide a more predictable rate increase. It seems that the Health Cost Trend actuarial assumptions provided to the Administration on June 30, 2002 defied common sense and logic. The projections were: FY 01 – 7.5%, FY 02 – 6.5%, FY 03 – 5.5% FY 04-08 – 5.0%, FY 09-FY 13 – 4.5% FY 14 & later – 4.0%. Anyone using health care services could tell you those rate projections were not based in reality. In fact the next year the assumptions were changed to be FY 04 – 12.0%, FY 05 – 12.0%, FY 06 – 11.5%, FY 07 – 11.0%, FY 08 – 10.5%, FY 09 – 10.0%, FY 10 – 9.5%, FY 11 – 9.0%, FY 12 – 8.5%, FY 13 – 8.0%, FY 14 – 7.5%, FY 15 – 7.0%, FY 16 – 6.0%, FY 17 and later – 5.0%. These numbers make a pretty, downhill slope, but are they based in any reality? How could such a drastic change occur in one year? This kind of dramatic change does not inspire credibility in the actuary. Is this the kind of assumption that the \$5 billion Unfunded Liability is based upon?

NEA-Alaska appreciates the effort in HB 238 do provide important access to health care and payment of premiums for retirees. Once we all agree on the health care inflation assumptions to be used, we can evaluate the proposal and its impact on retirees' standard of living.

For the record, a teacher that begins their career at the age of 22 and works for 30 years without interruption will be 52 when they can retire. That is 3 more years than the present average years of service. Since they must retire directly into the system under HB 238, they would actually have to teach 38 years or pay for their health care for eight years, which could erode their pension annuity significantly. Again, the actual affect can only be determined once the actuarial assumptions are finalized.

NEA-Alaska believes that several things could be done to provide a new and improved retirement system for both teachers and public employees. The key is what assumptions are put in place. NEA-Alaska stands ready to work with the committee to determine the appropriate actuarial assumptions upon which to build a new and improved retirement system that meets the purpose of recruiting and retaining qualified educators and public employees.



# NEA-ALASKA

*Affiliated with the National Education Association*

## DRAFT TESTIMONY ON SB 141

### HOUSE STATE AFFAIRS

APRIL 19, 2005

### TOM HARVEY, EXECUTIVE DIRECTOR, NEA-ALASKA

Good Evening, Chairman Seaton and members of the House State Affairs Committee. My name is Tom Harvey and I serve as the Executive Director for the 12,500 public school employees of NEA-Alaska.

I appreciate this opportunity to speak with the committee about Senate Bill 141. As you might suspect our members cannot support this legislation in its present form. There are several reasons for our lack of support. I will delineate some of those at this time.

#### COMPOSITION OF A NEW BOARD:

We do not believe the current boards have erred. In fact we believe the three Boards have done an excellent job of advising the administration and Commissioners. ASPIB has invested better than the professional Permanent Fund trustees. TRS has advised against reducing the contribution rate contrary to the recommendation of the actuary. PERS has handled a large volume of hearings without much conflict or reversal.

NEA-Alaska understands the rationale of assuring that the revenue (ASPIB) and expense sides (TRS/PERS) of the equation are dealt with simultaneously. All parties get to question the actuary and receive the answers in a consistent manner.

NEA-Alaska strongly suggests that the proposed nine-member board be expanded to eleven and include four members (2 PERS and 2 TRS) that are elected by the employees that are contributing to the system. This would still leave a majority of members as appointees by the Governor and would assure the sought after guarantees that these members be well-versed in the issues. Please consider ATTACHMENT #1.

#### POWERS AND DUTIES OF ARM BOARD:

NEA-Alaska believes that the adjudication of appeals related to decisions of the retirement system should be retained by the ARM Board. The Board could establish a subcommittee for PERS appeals and a subcommittee for TRS appeals. Each subcommittee should have five members. The main purpose of our proposal is to ensure that the appellant is heard by peers. Quoting Dr. Richard Solie, "because the boards act as a jury of peers in essence, I believe the board approach reduces the risk of further litigation and gives the beneficiaries a greater sense that their cases has been truly heard." Just look at the record of the present Boards to find the supporting evidence.

ANCHORAGE REGIONAL OFFICE • 4100 Spenard Road • Anchorage, Alaska 99517 • (907) 274-0536 • FAX: (907) 274-0551

JUNEAU OFFICE • 114 Second Street • Juneau, Alaska 99801 • (907) 586-3090 • FAX: (907) 586-2744

FAIRBANKS REGIONAL OFFICE • 2118 S. Cushman Street • Fairbanks, Alaska 99701 • (907) 456-4435 • FAX: (907) 456-2159

**EMPLOYER/EMPLOYEE CONTRIBUTION TO THE DEFINED BENEFITS PLANS:**

After the initial stopping of hearts all throughout Alaska at the idea of losing 5% of their salary (original SB 141, Page 7), Sen. Stedman made the promised changes to the language and now SB 141 requires only a ½ of 1% increase to meet the "normal cost share of benefits." This proposal sounds fairly benign at first blush. But, when put into a proper context it is not such an easy pill to swallow. In 2020 the actuarially calculated costs for TRS sets the contribution rate at 52%. Thus, the employee and the employer would each contribute 26% of salary and payroll respectively. Can you imagine paying 26% of your salary for retirement benefits you are already promised?

If the cost share component is implemented it is conceivable that a number of veteran educators, who have 20 years of service, will choose to leave public service and probably leave the State of Alaska in lieu of paying increased contributions.

One last remark on increasing employees' contributions without increasing corresponding benefits...this is clearly charting a course to troubled legal waters per Alaska's constitution. Dr. Richard J. Solie, a Governor Murkowski appointee to the TRS Board, has testified that the PERS/TRS Tier Committee did not consider this approach because of the concern "about the response of the judiciary." A request for referral to House Judiciary would be prudent as was your decision with HB 177.

**DEFINED CONTRIBUTION PLAN ELEMENTS:**

SB 141 requires the employee to contribute 8% of compensation for pension purposes while the employer would contribute 4.5%. That is a total of 12.5%. This is not enough for investment purposes to provide for a retirement with dignity. The immediate response from the crafters of SB 141 is the employee can contribute more up to the IRC limits. Since 1989 the Teacher Average Salary has increased by a small 1.36% per annum, while inflation in Alaska averaged about 2.6%. Public school employees have steadily lost ground since 1989. The reality is the employee does not earn sufficient salary to make the added contributions. NEA-Alaska recommends an increase in the employer's contribution rate to 8.25% and the employee's contribution rate to 11%. This would create a total employer's contribution rate of 14% and provide for a 19.25% for pension.

If a teacher starts their career in Sitka this fall, they will have a salary of \$35,571 (SEE ATTACHMENT #2A & B). After a thirty-year career (That is 3 more years than the present average), the teacher will have \$800,129 in their account. That assumes a return on investment of 8.3%, which is 2.3% higher than an individual averages presently and is more the rate of return by ASPIB. They will also have an HRA of \$131,772. Their access to major medical insurance will cost \$96,602 in the first year (given an 8% annual inflation of medical costs). At age 62 the public servant will have no medical coverage or be in debt by \$141,897. *This is not retirement with dignity.*

You might respond that the assumptions NEA-Alaska has made are not appropriate. NEA-Alaska believes that the assumptions made by the actuary are not appropriate or based in reality of Alaska's experience over the past three decades. Before a true plan can be developed, agreement on the assumptions should be reached so we can determine what a public servant's retirement will actually provide.

You might also respond that a thirty-year career is too short. In fact SB 141 actually assumes a person directly out of college would have a forty-two (42) year career. How many teachers do you know that have taught past forty-two years? The answer is very few. The reason is stress. You have recognized that a peace officer or firefighter has served well after twenty-five years. Why would you expect an educator to serve over forty-two years or leave and get another job for twelve years to have medical coverage until age 65?

The medical Program in SB 141 now calls for a 1.75% contribution from the employer instead of the original 3.75%, which is what is minimally needed to sustain a meaningful major medical plan. What happens when the 1.75% cannot cover the major medical plan? Are the benefits reduced? Are the premiums increased? NEA-Alaska recommends that the medical contribution remain at 3.75%. Coupled with the HRA of 2% and the pension rate of 8.25% recommended above, the employer's contribution rate would be 14%, which is the actual amount the state and local government contributed at statehood.

Immediately after statehood, the cost share for public employees was split into about equal thirds; one-third from the State, one-third from the employer and one-third from the employee. When the State dropped their share (about 7% of salary) the promise was the State would increase revenue sharing to offset those costs. The State has deserted that commitment by no longer funding revenue sharing in the budget. Now the State proposes to shift its obligation to the employee. Instead of following the axiom that stuff flows downhill, the State should maintain the 14% original obligation. Remember this obligation was made before we had OIL!

It has been stated to this committee that NEA-Alaska asked for a vesting period of five years. Let me correct the record, in testimony before the Senate Finance Committee we confirmed five years is a standard vesting period and we had no objection. We also pointed out that the five-year period coincided with the "five-year itch" that infects educational employees. The data is clear. We are losing 50% of new employees over the first five years. If an employee can now take their contribution and return home, portability is not a factor that benefits Alaska's schools. However, if you are going to implement a Defined Contribution (DC) Plan, then we suggest that you provide the same benefit that NEA-Alaska provides to its employees, immediate vesting.

The investment method outlined in SB 141 is a standard approach for DC plans. Sen. Stedman has confirmed to NEA-Alaska that most national data demonstrates that an individual making investment decisions is more conservative than a group responsible for investing. In fact the difference is 1 to 3% annually. NEA-Alaska recommends that the investment responsibility be handled by ASPIB or the ARM Board.

**DC PLAN TO REPLACE DB PLAN:**

One of the major reasons that the Defined Contributions (DC) is being considered is its predictability. The State will know what its liabilities are and can fund them. A major reason why the Defined benefits Plan is not as predictable is the political whim of the legislator. When interested parties came to you for a benefit increase, you made the change because the actuary told you it would not add liability. Today we know better. NEA-Alaska recommends that you fix this loophole with an amendment regarding fiscal notes (SEE ATTACHMENT).

There are many valid reasons why a DC program is not the option of choice for large employers, especially public employers. You have received a handout from your staff illustrating that only one state (Michigan) continues with a DC plan. Recently, Governor Schwarzenegger dropped plans in California to implement a DC plan. He suggested more time is needed to understand the complexities. Nebraska and West Virginia have recently decided against their Defined Contribution plans. **A common theme is emerging; a DC plan does not allow an employee to retire with dignity.**

The TRS/PERS committee voted unanimously to OPPOSE a strict DC plan. Dr. Richard Solie also testified that the Tier Committee "voted unanimously to support the hybrid plan." Even the present employers are against a complete shifting of risk to the employee. NEA-Alaska recommends that House State Affairs examine the "blended plan" fashioned by the joint committee of PERS/TRS.

Alaska is NOT a Social Security state for public school employees. That means they lack the floor of retirement benefits that is available to private sector employees and to public sector employees in most other states. Two other non-Social Security states, Texas and California, have explored DC plans and backed-off.

**TIMEFRAME AND WORK ACCOMPLISHED TO DATE:**

Mr. Chairman, I realize my time here is waning and there are so many other issues to touch on. I have addressed only the tip of the iceberg and have not even mentioned the mass of the iceberg which is containing medical costs/health insurance. This piece is estimated to be almost 70% of the unfunded liability problem. I anticipate another time to dive into that quagmire.

However, I must address a frustration with the process to date. About five weeks ago, SB 141 made it out of legislative legal and was introduced on the Senate floor. The legislation began as a 93-page document and was immediately referred to Senate Finance, where the committee spent considerable time hearing presentations by the Bill sponsors and staff, and many presentations by Mercer and the Division of Retirement and Benefits. There was also a sprinkling of actual testimony from TRS, PERS and ASPIB members and from groups such as NEA-Alaska, the Alaska Retired Employees Association, and the Alaska Municipal League. This testimony was limited not only in minutes but in substance. How can anybody give clear testimony on legislation when they do not know what particular components of the legislation are actually being considered? After four weeks, the bill made it to the Senate floor and had mushroomed to a 109 page document!

**Harvey Testimony**  
**House State Affairs (4/19/05)**  
**Page 5**

Today we listened intently to an hour presentation from the bill sponsor and staff. In the second hour of the Committee meeting, many amendments were offered and acted upon without a single bit of public testimony. How can an average citizen be expected to provide thorough testimony on an ever changing 109 page piece of legislation?

I would like to go on record with a word of Thanks for Sen. Stedman, and for you Mr. Chairman. NEA-Alaska representatives have spent several hours with both of you and your staff assigned to the PERS/TRS legislation. However, that time cannot serve as a substitution for meetings of all the stakeholders to provide a complete analysis of the legislation and its affect on public servants.

As we sit here on the 100<sup>th</sup> legislative day, I urge this committee to take the interim to truly study the retirement system and to make competitive changes in the retirement plan that affects over 70,000 Alaskans.

NEA-Alaska is fortunate to have many members that have served on the TRS board and understand retirement issues well. We look forward to working with all of you this summer and fall to design a plan that works for Alaska and Alaskan workers.

I appreciate your time Mr. Chairman, and I would be happy to attempt to answer questions.

1 \*Sec.59. AS 37.10.210 is repealed and reenacted to read:

2           **Sec. 37.10.210. Alaska Retirement Management Board.** (a) The Alaska  
3 Retirement Management Board is established in the Department of Revenue. The  
4 board's primary mission is to serve as the trustee of the assets of the state's retirement  
5 systems, the State of Alaska Supplemental Annuity Plan, and the deferred  
6 compensation program for state employees. Consistent with standards of prudence,  
7 the board has the fiduciary obligation to manage and invest these assets in a manner  
8 that is sufficient to meet the liabilities and pension obligations of the systems, plan,  
9 and program. The board may with the approval of the commissioner of revenue and  
10 upon agreement with the responsible fiduciary, manage and invest other state funds  
11 so long as the activity does not interfere with the board's primary mission. In making  
12 investments, the board shall exercise the powers and duties of a fiduciary of a state  
13 fund under AS 37.10.071.

14           (b) The Alaska Retirement Management Board consists of eleven [nine]  
15 trustees. The commissioner of administration and the commissioner of revenue shall  
16 serve on the board. The governor shall appoint five [SEVEN ADDITIONAL] trustees  
17 [WHO MEET THE ELIGIBILITY REQUIREMENTS FOR AN ALASKA  
18 PERMANENT FUND DIVIDEND AND] who are professionally credentialed or  
19 have recognized competence in investment management, finance, banking,  
20 economics, accounting, pension administration, or actuarial analysis as follows:

21           (1) three trustees shall be appointed from the general public: a trustee  
22 appointed under this paragraph may not hold another state office, position, or  
23 employment and may not be a member or beneficiary of a retirement system managed  
24 by the board;

25           (2) one trustee shall be employed as a finance officer for a political  
26 subdivision participating in the public employees' retirement system; and

27           (3) one trustee shall be employed as a finance officer for a political  
28 subdivision participating in the teachers' retirement system[;].

29           Two trustees shall be members of the Public Employees ' Retirement System elected by  
30 the members of the system. Elections shall be conducted by the board. The two

1 members shall have overlapping terms. At each election, the candidate who receives  
2 the most votes cast in the election is elected to the seat. The governor shall fill a  
3 vacancy in an unexpired elective term by appointment of a member of the system for  
4 the period remaining before the next regularly scheduled election held under this  
5 subsection.

6 Two trustees shall be members of the Teachers' Retirement System elected by the  
7 members of the system. Elections shall be conducted by the board. The two members  
8 shall have overlapping terms. At each election, the candidate who receives the most  
9 votes cast in the election is elected to the seat. The governor shall fill a vacancy in an  
10 unexpired elective term by appointment of a member of the system for the period  
11 remaining before the next regularly scheduled election held under this subsection.

12 [(4) ONE TRUSTEE SHALL BE A MEMBER OF THE PUBLIC  
13 EMPLOYEES' RETIREMENT SYSTEM;

14 (5) ONE TRUSTEE SHALL BE A MEMBER OF THE TEACHERS'  
15 RETIREMENT SYSTEM.]

16 (c) The trustees[, OTHER THAN THE TWO COMMISSIONERS,] shall serve  
17 for staggered terms of three years and may be reappointed or elected to the board for  
18 a total of three consecutive terms. A person who has served three consecutive terms  
19 may not be reappointed to the board for at least one year.

20 (d) The governor may, by written notice to the trustee, remove an appointed [A]  
21 trustee for cause. After a trustee receives written notice of removal, the trustee may  
22 not participate in board business and may not be counted for purposes of establishing  
23 a quorum.

24 (e) A vacancy on the board of trustees shall be promptly filled. A person  
25 filling a vacancy holds office for the balance of the unexpired term of the person's  
26 predecessor, and the balance of the unexpired term served is not included in the three-  
27 term limitation under (c) of this section. A vacancy on the board does not impair the

1 authority of a quorum of the board to exercise all the powers and perform all the  
2 duties of the board.

3 (f) Five trustees constitute a quorum for the transaction of business and the  
4 exercise of the powers and duties of the board.

5 (g) A trustee may not designate another person to serve on the board in the  
6 absence of the trustee.

7 (h) The board shall provide annual training to its members on the duties and  
8 powers of the fiduciary of a state fund and other training as necessary to keep the  
9 members of the board educated about pension management and investment.

10 (i) The board shall elect a trustee to serve as chair and a trustee to serve as vice-  
11 chair for one-year terms. A trustee may be reelected to serve additional terms as chair  
12 or vice-chair.

## Sitka Teacher Employed 8/15/05

Years of service	Sitka Salary Annual 2.6% Raise plus step	8% TRS plus 4.5%	Investment Return 8.3%		1.75% Medical		2% for HRA	
1	\$35,571.00	\$4,446.38	\$48,643.34	2005-06	\$622.49	\$6,810.07	\$711.42	\$7,782.93
2	\$38,685.33	\$4,835.67	\$48,840.23	2006-07	\$676.99	\$6,837.63	\$773.71	\$7,814.44
3	\$40,510.58	\$5,063.82	\$47,194.83	2007-08	\$708.94	\$6,607.28	\$810.21	\$7,551.17
4	\$42,334.81	\$5,291.85	\$45,562.84	2008-09	\$740.86	\$6,378.80	\$846.70	\$7,290.05
5	\$44,160.07	\$5,520.01	\$43,884.07	2009-10	\$772.80	\$6,143.77	\$883.20	\$7,021.45
6	\$45,620.06	\$5,702.51	\$41,856.41	2010-11	\$798.35	\$5,859.90	\$912.40	\$6,697.03
7	\$46,806.19	\$5,850.77	\$39,668.24	2011-12	\$819.11	\$5,553.55	\$936.12	\$6,346.92
8	\$48,023.15	\$6,002.89	\$37,578.11	2012-13	\$840.41	\$5,260.94	\$960.46	\$6,012.50
9	\$49,271.75	\$6,158.97	\$35,598.84	2013-14	\$862.26	\$4,983.84	\$985.43	\$5,695.81
10	\$50,552.81	\$6,319.10	\$33,744.00	2014-15	\$884.67	\$4,724.16	\$1,011.06	\$5,399.04
11	\$51,867.19	\$6,483.40	\$31,963.15	2015-16	\$907.68	\$4,474.84	\$1,037.34	\$5,114.10
12	\$53,215.73	\$6,651.97	\$30,266.45	2016-17	\$931.28	\$4,237.30	\$1,064.31	\$4,842.63
13	\$54,599.34	\$6,824.92	\$28,664.65	2017-18	\$955.49	\$4,013.05	\$1,091.99	\$4,586.34
14	\$56,018.93	\$7,002.37	\$27,169.18	2018-19	\$980.33	\$3,803.69	\$1,120.38	\$4,347.07
15	\$57,475.42	\$7,184.43	\$25,720.25	2019-20	\$1,005.82	\$3,600.83	\$1,149.51	\$4,115.24
16	\$58,969.78	\$7,371.22	\$24,398.75	2020-21	\$1,031.97	\$3,415.82	\$1,179.40	\$3,903.80
17	\$60,502.99	\$7,562.87	\$23,066.77	2021-22	\$1,058.80	\$3,229.35	\$1,210.06	\$3,690.68
18	\$62,076.07	\$7,759.51	\$21,881.81	2022-23	\$1,086.33	\$3,063.45	\$1,241.52	\$3,501.09
19	\$63,690.05	\$7,961.26	\$20,699.27	2023-24	\$1,114.58	\$2,897.90	\$1,273.80	\$3,311.88
20	\$65,345.99	\$8,168.25	\$19,603.80	2024-25	\$1,143.55	\$2,744.53	\$1,306.92	\$3,136.61
21	\$67,044.99	\$8,380.62	\$18,604.98	2025-26	\$1,173.29	\$2,604.70	\$1,340.90	\$2,976.80
22	\$68,788.16	\$8,598.52	\$17,626.96	2026-27	\$1,203.79	\$2,467.78	\$1,375.76	\$2,820.31
23	\$70,576.65	\$8,822.08	\$16,673.73	2027-28	\$1,235.09	\$2,337.32	\$1,411.53	\$2,667.80
24	\$72,411.64	\$9,051.46	\$15,840.05	2028-29	\$1,267.20	\$2,217.61	\$1,448.23	\$2,534.41
25	\$74,294.34	\$9,286.79	\$14,951.74	2029-30	\$1,300.15	\$2,093.24	\$1,485.89	\$2,392.28
26	\$76,226.00	\$9,528.25	\$14,197.09	2030-31	\$1,333.95	\$1,987.59	\$1,524.52	\$2,271.53
27	\$78,207.87	\$9,775.98	\$13,490.86	2031-32	\$1,368.64	\$1,888.72	\$1,564.16	\$2,158.54
28	\$80,241.28	\$10,030.16	\$12,738.30	2032-33	\$1,404.22	\$1,783.36	\$1,604.83	\$2,038.13
29	\$82,327.55	\$10,290.94	\$12,040.40	2033-34	\$1,440.73	\$1,685.66	\$1,646.55	\$1,926.46
30	\$84,468.07	\$10,558.51	\$11,403.19	2034-35	\$1,478.19	\$1,596.45	\$1,689.35	\$1,824.51
Total		\$201,636.02	\$800,128.71		\$31,147.97	\$115,300.12	\$35,597.68	\$131,771.57

## SITKA TEACHER HIRED 8/15/05 RETIREMENT

Sitka  
2.6%  
Annual  
Raise

Age	Investment Total @ 8.3%	Annual Annuity	New Balance	New Investment Return	Health Insurance Payment	HRA
54	\$800,128.71	\$38,121.33	\$762,007.38	\$825,253.99	\$96,602.00	\$131,771.57
55	\$860,423.56	\$38,121.33	\$822,302.23	\$871,640.36	\$104,330.00	
56	\$767,310.36	\$38,121.33	\$729,189.03	\$772,940.37	\$112,676.00	
57	\$660,264.37	\$38,121.33	\$622,143.03	\$659,471.62	\$121,690.00	
58	\$537,781.62	\$38,121.33	\$499,660.28	\$529,639.90	\$131,425.00	
59	\$398,214.90	\$38,121.33	\$360,093.57	\$381,699.18	\$141,939.00	
60	\$239,760.18	\$38,121.33	\$201,638.85	\$213,737.18	\$153,294.00	
61	\$60,443.18	\$38,121.33	\$22,321.84	\$23,661.16	\$165,558.00	
62	-\$141,896.84	\$38,121.33	-\$180,018.18	-\$190,819.27	\$178,802.65	
63	-\$369,621.92	\$38,121.33	-\$407,743.25	-\$432,207.85	\$193,106.86	
64	-\$625,314.71	\$38,121.33	-\$663,436.04	-\$703,242.20	\$208,555.41	
65	-\$911,797.61	\$38,121.33	-\$949,918.95	-\$1,006,914.08	\$225,239.84	
66	-\$1,232,153.92	\$38,121.33	-\$1,270,275.26	-\$1,346,491.77	\$24,325.90	
67	-\$1,370,817.67	\$38,121.33	-\$1,408,939.01	-\$1,493,475.35		
68	-\$1,493,475.35	\$38,121.33	-\$1,531,596.68	-\$1,623,492.48		
69	-\$1,623,492.48	\$38,121.33	-\$1,661,613.81	-\$1,761,310.64		
70	-\$1,761,310.64	\$38,121.33	-\$1,799,431.98	-\$1,907,397.89		
71	-\$1,907,397.89	\$38,121.33	-\$1,945,519.23	-\$2,062,250.38		
72	-\$2,062,250.38	\$38,121.33	-\$2,100,371.71	-\$2,226,394.02		
73	-\$2,226,394.02	\$38,121.33	-\$2,264,515.35	-\$2,400,386.27		

AMENDMENT

## OFFERED IN HOUSE STATE AFFAIRS

TO: SB 141

Insert new sections to read:

\* Sec \_\_. AS 24.08.035(a) is amended to read:

(a) Before a bill or resolution, except an appropriation bill, is reported from the committee of first referral, there shall be attached to the bill a fiscal note containing an estimate of the amount of the appropriation increase or decrease that would result from enactment of the bill for the current fiscal year and five succeeding fiscal years or, if the bill has no fiscal impact, a statement to that effect shall be attached. The fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include the additional analysis required in AS 24.08.036. The fiscal note or statement shall be prepared in conformity with the requirements of this section by the department or departments affected and may be reviewed by the office of management and budget. Except as allowed in AS 24.08.036, [T] the fiscal note or statement shall be delivered to the committee requesting it within five days of the request or within two days if the request is made after the 90th day of a regular session, or during a special session of the legislature. If the bill is presented by the governor for introduction in accordance with AS 24.08.060(b) and the uniform rules of the legislature, the fiscal note or statement shall be attached to the bill before the bill is introduced. An amendment or a substitute bill proposed by a committee of referral that changes the fiscal impact of a bill shall be explained in a revised fiscal note or statement attached to the bill.

\* Sec \_\_. AS 24.08.035(b) is amended to read:

(b) In addition to the fiscal note required by this section and AS 24.08.036, the sponsor of a bill or resolution may prepare a fiscal note in conformity with the requirements of this section, and submit it to the committee of first referral or the finance committee. A committee may prepare an additional fiscal note in conformity with the requirements of this section.

\* Sec \_\_. AS 24.08.036 is repealed and reenacted to read:

**Sec. 24.08.036. Fiscal notes on bills affecting the benefit structure of state retirement systems.** (a) In addition to the requirements of AS 24.08.035, the fiscal note of a bill that makes any change to the benefit structure of the state's retirement system shall include an actuarial analysis of the bill's affect on the assets and liabilities of the retirement systems. This analysis shall be prepared and certified by a member of the American Academy of Actuaries and coordinated through the division of retirement and benefits.

(b) The completed fiscal note shall be reviewed by the Commissioner of Administration and forwarded to the chair of the Alaska Retirement Management Board for comment and recommendations.

(c) The division of retirement and benefits shall be allowed 60 days from the time they receive a fiscal note request to complete the actuarial analysis, obtain the comments of the Alaska Retirement Management Board and deliver the fiscal note to the committee requesting it.

(d) A committee of referral proposing an amendment or a substitute bill that changes the inputs or assumptions used by the actuary in preparing the fiscal note required in this section must obtain a revised actuarial analysis prior to reporting the amended bill or committee substitute from committee. This revised actuarial analysis shall be performed in accordance with this section except that the division of retirement and benefits shall have 30 days to deliver the fiscal note to the committee.

**Louie Flora**

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**From:** Rep. Paul Seaton  
**Sent:** Friday, April 01, 2005 3:45 PM  
**To:** Louie Flora  
**Subject:** FW: Amendment to HB 177

is this too late?

Ian Laing  
Rep. Paul Seaton  
Legislative Staff  
(907) 465-2689

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**From:** Matthew McSorley [mailto:matthew\_mcsorley@hotmail.com]  
**Sent:** Thursday, March 24, 2005 10:38 AM  
**To:** Rep. Paul Seaton  
**Subject:** Amendment to HB 177

Representative Seaton,

I have some concerns about HB 177. I would like to propose an amendment to the bill to give current PERS members some security. I am very worried that the result of Tier 4 will create less cash flow in the the DB system. I feel that this could have the unwanted result of increasing the contribution rate to such a high rate that current members would be forced to abandon the DB plan and enter the DC plan. I would ask that you amend the bill to create a cap on employee contributions.

As an example the normal cost rate for police/fire for 2005 is just under 20%. A fiscally conservative contribution cap of 10% would allow for higher employee contributions but it would eliminate the possibility of existing employees being force to Tier 4 because of skyrocketing contribution rates. I feel that this is a needed security to show good faith that the intent of legislation is not to force people out of the better Tier 2 and 3 systems and into the DC plan.

Matthew McSorley

[matthew\\_mcsorley@hotmail.com](mailto:matthew_mcsorley@hotmail.com)

3/31/05

## Going against the grain, House votes to end personal accounts

By LAWRENCE MESSINA - The Associated Press

CHARLESTON, W.Va. — President Bush and California Gov. Arnold Schwarzenegger may consider them the bee's knees, but the House of Delegates voted Wednesday to shut down West Virginia's only retirement plan based on personal investment accounts.

By 94-5 with one absence, the lawmakers passed a pension bill (HB2984) originally proposed by Gov. Joe Manchin. As amended, it would close the state's defined contribution plan for teachers on June 30.

The bill, which advances to the Senate, would send all new hires into the state's older Teachers Retirement System. It would also allow the 21,286 teachers now with personal accounts to vote in March 2006 on whether to merge their funds into the TRS defined benefit plan.

"This is probably the most significant piece of legislation affecting education professionals that will pass this session," said Perry Bryant, a lobbyist for the West Virginia Education Association.

The Mountain State began offering personal investment accounts for teachers in 1991, after it closed TRS to new enrollees to arrest the program's chronic funding problems.

When measured by the gap between on-hand assets and promised benefits, TRS remains one of the worst-funded public retirement programs in the country. But lawmakers recently passed Manchin's proposal to erase the \$5 billion shortfall through the sale of bonds. The bonds require voter approval, with the special election set for June 25.

TRS offers retirees a specific benefit based on salary and years of service. Under the newer plan, teachers and their school boards each contribute funds which the teachers then invest through individual accounts.

An estimated 40 percent of private sector employees are relying on some version of this defined contribution plan for their retirement. Bush has proposed allowing younger workers to divert some of their Social Security taxes into personal investment accounts. Schwarzenegger, meanwhile, wants such accounts for all new public workers hired in California after 2007.

But the accounts have proved unpopular with a growing number of West Virginia teachers. Complaints racked up against a private firm hired to educate teachers about investing and to help them with their accounts. The recent stock market slump compounded the problem, spurring a push to reopen TRS.

"This doesn't mean that defined-contribution programs are inherently bad," said Bryant, whose group represents 15,000 teachers and administrators. "But a lot of

(defined contribution) members feel they were misled into joining that plan. They've lost millions of dollars."

Lawmakers who voted against the bill differed on which provisions they opposed. The bill also tightens rules for the state's main public employee pension plan as well as retirement programs for troopers and county deputies.

Delegate Patrick Lane cited the proposed TRS merger for his nay vote.

"I'm afraid we're going to end up back in the same hole," said Lane, R-Kanawha.

The pending legislation has been bolstered by a March 2 report from the state's retirement actuary, who concluded that merging the teachers' retirement plans would save the state's school system \$24 million in the first year. Those savings would total an estimated \$1.8 billion by 2034.

TRS relies on a smaller contribution from the employer than the defined contribution plan. New enrollees, meanwhile, would pump extra needed funds into TRS.

"Every actuary who has looked at this has basically said that there are substantial cost savings to the state," Bryant said. "It gives the employees a secure, predictable retirement system."

## TESTIMONY ON HB 238

Sam Trivette

President

Retired Public Employees of Alaska

- I'm retired from the Department of Corrections after 32 yrs. 19 years of that time I served as the Director of the Alaska Parole Board, and in that capacity, worked closely with the Legislature in a complete rewrite of the Parole Administration Act and in rewriting other legislation and regulations. I also worked as the Director & Deputy Director of Probation & Parole, Chief Probation Officer, Parole Officer & Correctional Officer. I have extensive involvement in leadership positions in various non-profit organizations at the local, state and national level spanning 5 decades.
- I am currently the President of the Retired Public Employees of Alaska, having served in various capacities on its Executive Board since 1999. In my capacity as President, I have attended many of the PERS/TRS Board & ASPIB meetings in recent years. I have watched them work and participated extensively in their meetings.
- I have attended or watched almost all of the Senate Finance Committee hearings on their retiree bill since it was introduced and spent countless hours discussing issues surrounding retiree legislation with numerous people. I have attended many of the hearings and work sessions of this Committee in the last few weeks. I don't consider myself an expert on the retirement system, but I do think I have gained much knowledge about the system over the last 5 yrs. that gives me a reasonable perspective.
- Let me first complement the Committee in being willing to respectfully listen to a diverse group of people with an open mind and ask important questions. Folks that I talked to in recent ~~days~~ *weeks* that attended or watched your hearings and work sessions were heartened by your approach.
- In spite of some rhetoric to the contrary, everyone I've talked to thinks the system needs change. But citizens are asking that the problem areas be clearly & accurately identified before we try to design fixes. Mr. Chair, I thought you did an excellent job of your overview of the system in your work session of March 24. I hope all of the members were able to listen to those comments as well as the testimony provided at your April 6 work session when the members of PERS/TRS & ASPIB, and their attorney testified. I think that information is critical to committee members as you develop new legislation.
- Rolling all this together, here are some of my observations.
  1. The State's contracted actuaries made major errors in judgment and in calculations that were responsible for seriously understating the current and future liabilities of the

- retiree systems. [A few—mortality tables, salary schedules, medical benefits, statutory change impacts]
2. Because of the significant errors beginning in the mid-90's, the actuaries advice to the PERS/TRS Board resulted in the adoption of artificially low rates, at a time when full funding would have resulted in a much lower shortfall today.
  3. The many "intended & unintended enhancements" created by the legislature or employers over the years, have resulted in unintended significant additional liabilities for the systems. These "enhancements" refer to any law, regulation or practice that allows an employee to capture a benefit that is not fully actuarially funded. Many are legislative decisions [allowing local governments to provide retirement benefits to elected officials with minimal system contributions; allowing legislative staff to "vest" in the retirement system with full benefits with minimal contributions; allowing some Tier II employees Tier I medical benefits and not requiring full funding of this change]. Some others are the result of local government decisions, such as allowing senior employees significant overtime pay during the 3 high years, or paying bonuses to encourage retirement, significantly increasing the employees retirement pay.
  4. Many of these practices have existed for decades [including the transferring of employees to "bush" high geographical pay differential areas for the last 3-5 yrs. of employment to allow for large increases in retirement pensions]. Let me stress NOT ONE EMPLOYEE IS committing FRAUD on the system or in ANYWAY doing anything improper by following these laws, regulations or rules. THEY ARE NOT. The employees are only using the rules set up by the system. BUT I believe these benefits that are not fully funded, must be altered.

The logical question is if all these laws and rules were changed to disallow the unfunded benefits, how much money would be saved? Would there even be A NEED to consider the drastic move to a defined contribution system? If you review the minutes of the PERS & TRS meetings last fall when they did not recommend a new Defined Contribution plan, they believed there were many other options that they were not allowed to put forth & study that could put the retirement systems on sound footing. Besides removing the "enhancements" already discussed, the other options included increasing the employee contribution, reducing the employer Supplemental Benefits System contributions, raising the number of years of service before vesting, and of course adjusting the health benefits package. These options need to be fully considered BEFORE

~~adopting~~ a defined contribution plan.  
moving to

So, where do we go from here? I agree with you, Mr. Chair, there is no evidence any of the three Boards [PERS, TRS, ASPIB] have made decisions in the recent past that have adversely affected the funding of the retiree systems. Quite the contrary, let me mention a few decisions by these Boards that positively affected the status of the funds. Most are decisions

by the PERS/TRS Boards that deal with the "cost savings" or liability side of the equation. Many more examples exist if you need additional information.

- Most of you have heard about the education program on generic drugs that is now saving \$5-6 Million a year by encouraging retirees to use generic vs. brand name medications, and also having prescriptions filled by mail order, resulting in further savings to the State.
- You probably haven't heard about the savings to the State on payments to the Term Life Insurance Program. Retirees and the State had been overpaying premiums & fees to the firm administering the retiree self funded program for years, resulting in much higher payments than necessary. This problem was identified after continued probing of the PERS/TRS Board members.
- PERS/TRS retirees for years were paying more than necessary into the self funded retiree Dental/Audio/Visual Plan. By pushing for accurate expense information on the plan, the Board recommended the State increase the benefits. The plan continued to make these increased reimbursements for 3 years before the premiums had to be increased. This "bought" a huge amount of good will from the retirees for the system's attempts to hold down retiree expenses.
- Let's take a look at one mistake made without the direct involvement in the details by the PERS/TRS Boards or RPEA volunteers, which caused much grief for Retirement & Benefits when trying to successfully control system expenses. Retirement & Benefits correctly identified some retirees were using personal credit cards to charge medications, without notifying the pharmacies the customer was a retired employee. Therefore, the retirement system was charged a much higher price for the drug. However, letters were mistakenly sent to many retirees that were not a part of the problem, making them angry at the State for falsely accusing these retirees of increasing the costs to the State. Also the letter threatened to make the retirees pay the difference in costs, further alienating the retirees, and making it more difficult to engage them in cost cutting measures in the future.
- Another important decision was made by the PERS/TRS Boards several years ago. After receiving the disturbing news in the early 2000's the funds that had been over 100% funded were now projected to be less than 80% funded, the Boards asked for a second opinion from another actuary. This second actuary report pointed out some of the major problems with the State's actuary assumptions, and these huge errors have been corrected.

Our belief is that some significant potential solutions to cost cutting still have not been identified. Most employees understand the current gap in funding and would be more than willing to offer information and potential solutions to this problem. Publicly solicit their input.

Everyone involved with the systems has identified health care costs as one of the primary culprits in the funding shortfall. Skyrocketing health care costs are a national crisis. There is nothing the employees, the employers,

the retirees, or any of the 3 Boards have done to cause this problem. Until ALL OF US put pressure on Congress and the health care industry to make changes, we will be stuck with this continued pressure on the retirement funds. One clear example is the new Medicare RX drug law. It PROHIBITS the federal government from negotiating drug prices with the pharmaceutical companies. Now if you are trying to contain and reduce costs, how much sense does that make?? Different segments of the federal government, including the Veteran's Administration and the Department of Defense, have been successfully saving huge sums of money annually by negotiating drug prices. We need to make health care cost reductions the Number 1 priority. It affects all publicly funded AND private health care systems. Skyrocketing health care costs are behind the massive increases in Medicare, Medicaid, Worker Compensation costs as well.

Mr. Chair, your committee bill is the only one introduced this session, dealing with retiree issues, that even attempts to deal with the current funding deficit. We applaud you for focusing on this critical issue. And we appreciate your understanding that the employers do need relief this year and the next year in meeting their financial obligations to the pension funds. Hopefully, the upcoming actuary review by the Michigan firm hired by the Legislative Council will shed more light on actuary issues resulting in such a quick downturn of the calculation of the fund projections. As you all have learned, it is these PROJECTIONS that are the largest factor in the employer premium increases today.

As the PERS/TRS/ASPIB contract attorney said, whatever solutions you come up with, must be very carefully crafted to avert additional unintended consequences in the future.

Testimony on SB 141  
House State affairs  
April 19, 2005

James C. Hornaday, Mayor of Homer, AK

Chairman Seaton and Committee members -

~~My~~ <sup>my</sup> testimony is in support  
of the provisions of SB 141 providing  
<sup>to provide - committed</sup> some 69 million over the next two years  
to offset the cost of State required <sup>and other</sup> help  
municipal PERS increases for the next  
two years. If this money is not supported  
and included, Homer will have to pay  
\$245,000 per year <sup>and may result in decreased</sup>  
City services. <sup>the new cost of money to PERS.</sup> Homer just increased the City sales  
tax <sup>to cover the increase in public safety and other services</sup> and the State of Alaska should share in  
these increased PERS costs.

Thank you.

James C. Hornaday  
Mayor of Homer, Alaska

Consider a study a primary bill if you have  
seriously pending to get the bill if a portion is  
found unconstitutional.

Alaska State Legislature

State Capitol, Room 103  
Juneau, AK 99802  
Phone: 465-2689  
Fax: 465-3472  
Toll Free (800) 665-2689  
Representative\_Paul\_Seaton@legis.state.ak.us



345 W. Sterling Highway  
Suite 102B  
Homer, AK 99603  
Phone: 235-2921  
Fax: 235-4008

**REPRESENTATIVE Paul Seaton**  
District 35

**Amendments that need to be considered**

**1. Establishes a floor for employer contributions at 11% for TRS and 10% for PERS**

p.8 line 10. Delete "less than" and insert "the lesser of"  
line 11 after "active members" insert "11 percent for TRS employer and 10 percent for PERS employers"

**2. Clarifies language**

p. 32 line 10, insert "'member contribution account' means the member's contributions to their defined contribution account plus any change in market value."

- 1. <sup>only</sup> Have 6 million - <sup>is not used in sublet ch. 1</sup> vote 3-
- 2. <sup>\$</sup> 245,000 - for next several years -
- 3. Fiscal Note which includes <sup>to</sup> ~~is~~ <sup>proposed</sup> 375 million
- 4. ~~is~~ <sup>is</sup> cost of state required municipal pers for the next two years.
- 5. are not fully explained but understand that is a fiscal note attached which does include the funds.
- 6. <sup>accept</sup> trying to get a handle on ~~last~~ +
- 7. Retiree - abs send as a streamer in 1960 + 61 into <sup>lit to pass</sup> ~~the~~ <sup>the</sup> ~~state~~ <sup>state</sup> took over from the federal <sup>Govt.</sup> as send as a state hearing officer.
- 8. ~~is~~ <sup>is</sup> ~~not~~ <sup>not</sup> ~~clear~~ <sup>clear</sup> ~~that~~ <sup>that</sup> ~~the~~ <sup>the</sup> ~~state~~ <sup>state</sup> ~~will~~ <sup>will</sup> ~~be~~ <sup>be</sup> ~~with~~ <sup>with</sup> ~~own~~ <sup>own</sup> ~~ties~~ <sup>ties</sup> ~~to~~ <sup>to</sup> ~~run~~ <sup>run</sup> ~~the~~ <sup>the</sup> ~~state~~ <sup>state</sup> ~~wide~~ <sup>wide</sup>.

# CORRECTION

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



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

Testimony on SB 141  
House State Affairs  
April 19, 2005

James C. Hornaday, Mayor of Homer, AK

Chairman Seaton and Committee members -

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City services. <sup>the new cost of PERS</sup> Homer just increased the City sales  
tax <sup>to pay for the new PERS tax</sup> and the State of Alaska should share in  
these increased PERS costs.

Thank you.

James C. Hornaday  
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- 1
- 2 Page 105, line 25:
  - 3 Delete "sec. 59"
  - 4 Insert "sec. 60"
  - 5
- 6 Page 108, line 25:
  - 7 Delete "14.25.210"
  - 8
- 9 Page 109, line 19:
  - 10 Delete "SECTIONS 139 AND 140"
  - 11 Insert "SECTIONS 140 AND 141"
  - 12
- 13 Page 109, line 20:
  - 14 Delete "secs. 139 and 140"
  - 15 Insert "secs. 140 and 141"
  - 16
- 17 Page 109, lines 21 - 22:
  - 18 Delete "secs. 139 and 140"
  - 19 Insert "secs. 140 and 141"
  - 20
- 21 Page 109, line 23:
  - 22 Delete "89 - 94, 107, 114, and 131"
  - 23 Insert "90 - 95, 108, 115, and 132"
  - 24
- 25 Page 109, line 25:
  - 26 Delete "Section 141"
  - 27 Insert "Section 142"
  - 28
- 29 Page 109, line 26:
  - 30 Delete "secs. 142 and 143"
  - 31 Insert "secs. 143 and 144"

Alaska State Legislature

State Capitol, Room 103  
Juneau, AK 99802  
Phone: 465-2689  
Fax: 465-3472  
Toll Free (800) 665-2689  
Representative\_Paul\_Seaton@legis.state.ak.us



345 W. Sterling Highway  
Suite 102B  
Homer, AK 99603  
Phone: 235-2921  
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