



**What is PERS:** It's the Public Employee Retirement System. All non-certificated, or non-teacher, ASD employees are part of this system.

**What is TRS:** It's the Teacher Retirement System. All certificated statewide school district employees are part of this system.

All school districts, the University of Alaska, municipal, borough and state governments must contribute an annual percentage of each employee's salary into PERS/TRS.

For members who reach retirement eligibility, PERS/TRS provides a lifetime pension benefit with options to provide continuing benefits to a surviving spouse. Along with pension benefits, PERS/TRS also offers a retiree medical plan, dental-vision-hearing coverage, and long-term care coverage. Once they retire, eligible members can receive a cost-of-living increase to their PERS/TRS benefits annually.

TRS members cannot receive duplicate credit in PERS except as an elected official.

## Mandatory contributions by ASD to PERS/TRS divert \$73 million from educational services

*District calls on Legislature to take immediate action*

In early projections for the 2007-08 budget, the Anchorage School District set aside \$13 million for the PERS/TRS retirement systems, representing a 5 percent increase, the maximum allowed at the time. Then in October 2006, the Alaska Retirement Management Board surprised districts across the state by approving massive increases in employer contributions that were required to be paid to PERS/TRS. The board eliminated the 5 percent maximum increase limit and increased the mandatory employer rate to 40 percent for PERS and 54 percent for TRS.

The ARMB's action added approximately \$73 million in unanticipated retirement expenditures for the Anchorage School District for the 2007-08. The district is counting on the Legislature to appropriate funds to all districts to relieve this extreme and unexpected burden on expenditures.

"These increases are unacceptable and impact our ability to deliver the quality of education our community and our staff demands," said Superintendent Carol Comeau. "We urge Gov. Palin and the Legislature to require the state to pay the mandated contributions directly into the retirement systems."

### PERS Contribution Rate:

*Current* (FY07) . . . . . 24.25%  
*ASD initial FY08 estimate* 29.25%  
*Required* (FY08) . . . . . 40.89%

### TRS Contribution Rate:

*Current* (FY07) . . . . . 26%  
*ASD initial FY08 estimate* . . . 31%  
*Required* (FY08) . . . . . 54.03%

**PERS/TRS increase to FY 2007-2008 General Fund: \$67 million**  
**Additional increases for employees reflected in other funds: \$6 million**

### Comparison of ASD's cost for a PERS employee's salary/benefits:

FY 2003-2004	FY 2006-2007	FY 2007-2008
Salary . . . . . \$50,000	Salary . . . . . \$50,000	Salary . . . . . \$50,000
Benefits* . . . \$15,373	Benefits* . . . \$26,122	Benefits* . . . \$35,643
Total cost . . . \$65,373	Total cost . . . \$76,122	Total cost . . . \$85,643

\* figure includes ASD's portion of Social Security; teachers do not pay into the Social Security system

### Comparison of ASD's costs for a TRS employee's salary/benefits:

FY 2003-2004	FY 2006-2007**	FY 2007-2008**
Salary . . . . . \$50,000	Salary . . . . . \$50,000	Salary . . . . . \$50,000
Benefits . . . . \$14,245	Benefits . . . . \$24,512	Benefits . . . . \$39,727
Total cost . . . \$64,245	Total cost . . . \$74,512	Total cost . . . \$89,727

\*\* figure based on most recent tentative agreement between ASD and AEA