

ALASKA STATE LEGISLATURE

SESSION

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Sponsor Statement

Senate Bill 55 version N

Alaska is facing an acute labor shortage, with roughly two open positions for every job seeker. Vacancies persist across all sectors of the government, with departmental openings ranging from 8.0 to 29.7 percent as of December 2024. Many factors contribute to the recruitment and retention difficulties. This legislation will bolster the existing state-backed retirement systems by requiring that employees enrolled in a state retirement plan also be enrolled in a supplemental annuity plan.

Senate Bill 55 would require employers who participate in a state retirement plan to offer a supplemental annuity plan to employees. This aspect of a retirement system is essentially a defined contribution savings account to augment the retirement savings provided by the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS).

Two supplemental annuity plans are available to PERS employees, depending on their employer: traditional Social Security or the Alaska Supplemental Annuity Plan (SBS). When PERS was instituted in 1961, all employees participated in Social Security. In 1980, the State of Alaska withdrew from Social Security, established the SBS system, and migrated all state employees to SBS. Some PERS employers moved to SBS as well, some remained in Social Security, and some withdrew from Social Security but did not replace that safety net with any other savings. TRS plan members have never participated in either Social Security or SBS.

Currently, over 5,000 Alaskans are enrolled in the PERS/TRS defined contribution plans and are employed by 52 local governments, school districts, and housing authorities, but not covered by either Social Security or SBS. This can result in disparate retirement incomes. Failure to participate in Social Security or SBS removes the foundation of the retirement structure. Senate Bill 55 would allow workplaces currently contributing to Social Security to remain in that program. Employers that are in neither Social Security nor SBS will be required to join the SBS system.

Senate Bill 55 recognizes the recruitment and retention difficulties hindering Alaska and offers a measured approach to address these issues.

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