

Public pensions improve our schools, communities, and student outcomes

Presented by Tom Klaameyer, President, NEA-Alaska

2/27/25

Alaska has the worst educator retirement system in the country

Overview of Teacher Retirement Offerings - March 2022

State/Plan	Social Security Coverage Level	DB Access	Plan Type Details	Tier Start for Choice Structures	Notes Regarding Plan Choice
Alaska-TRS-DC plan	Few/None	No	DC-Only		
California-STRS	Few/None	Yes	DB		
Colorado-PERA-DB plan	Few/None	Yes	DB with alternate money-purchase calculation		
Connecticut-TRS	Few/None	Yes	DB		
District of Columbia-TRF	Few/None	Yes	DB		
Illinois-Chicago-CTPF	Few/None	Yes	DB		
Illinois-TRS	Few/None	Yes	DB		
Kentucky-TRS	Few/None	Yes	DB with Cash Balance Supplemental		
Massachusetts-Boston-SBRs	Few/None	Yes	DB		
Massachusetts-TRS	Few/None	Yes	DB		
Missouri-PSRS	Few/None	Yes	DB		
Nevada-PERS	Few/None	Yes	DB		
Ohio-STRS	Few/None	Yes	Choice: DB, DB & DC, DC-Only	Choice started in 2001	2nd chance at 5 years
Louisiana-TRS	Some	Yes	DB		
Maine-PERS	Some	Yes	DB		
Rhode Island-ERS	Some	Yes	DB & DC		
Texas-TRS	Some	Yes	DB		
Georgia-TRS	Most	Yes	DB		
Hawaii-ERS	Most	Yes	DB		
Minnesota-St. Paul-SPTRFA	Most	Yes	DB		
Minnesota-TRA	Most	Yes	DB		
Montana-TRS	Most	Yes	DB		
New Hampshire-NHRS	Most	Yes	DB		
North Dakota-TFFR	Most	Yes	DB		
Oklahoma-TRS	Most	Yes	DB		
Wisconsin-WRS	Most	Yes	DB with alternate money-purchase calculation		
Florida-FRS	Nearly all	Yes	Choice: DB, DC-Only	Choice started on 7/1/2011	2nd chance anytime
Alabama-TRS	All	Yes	DB		
Arizona-ASRS	All	Yes	DB		
Arkansas-ATRS	All	Yes	DB		
Delaware-SEPP	All	Yes	DB		
Idaho-PERS	All	Yes	DB		

Alaska is the only state that moved away from a pension that did not restore it.

Full report here:
<https://bit.ly/allstatesteacherretirement>



NATIONAL INSTITUTE ON
Retirement Security
 Reliable Research. Sensible Solutions.

ALASKA HAS AMONG THE WORST EDUCATOR TURNOVER IN THE COUNTRY

Educator Retention and Turnover in Alaska

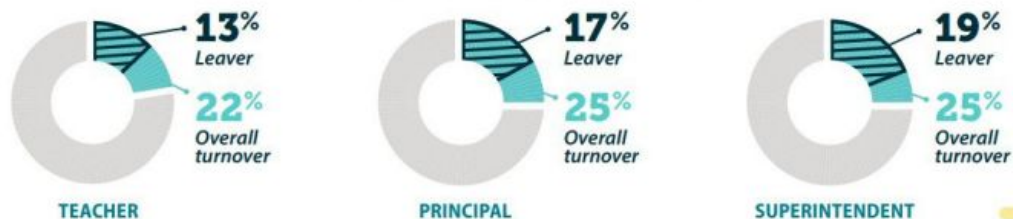


Like many other states, Alaska is finding it difficult to retain educators. Turnover—defined as not returning to a position or school in a given year—among Alaska educators is higher in rural areas and among educators not prepared in the state. Alaska's struggle to retain educators is concerning because educator turnover at the teacher, principal, or superintendent level is associated with negative student outcomes.¹

Most of Alaska's turnover was educators leaving Alaska or the profession

Statewide turnover rates from 2012/13 to 2017/18 remained steady for teachers but varied for principals and superintendents.² Nearly 60 percent of teacher turnover involved "leavers"—individuals who left Alaska or remained in the state but were no longer educators. For example, in 2017/18, 13 percent of teachers left the profession or their position, while 9 percent of teachers went to a new district or school but remained in the Alaska public school system.

Turnover rates in Alaska for 2017/18



According to a recent RAND Corp analysis, national teacher and principal turnover is about 10%.

Full report here:
<https://bit.ly/USteacherturnover>

Full report here: <https://bit.ly/Alaskateacherturnover>



Student success is highly correlated
with educator retention

Does Teaching Experience Increase Teacher Effectiveness?

A Review of the Research

Tara Kini and Anne Podolsky



JUNE 2016

Full report here: <https://bit.ly/4bewjof>

Findings:

Teaching experience is positively associated with student achievement gains throughout a teacher's career.

Gains in teacher effectiveness associated with experience are most steep in teachers' initial years, but continue to be significant as teachers reach the second, and often third, decades of their careers.



Findings continued:

As teachers gain experience, their students not only learn more, as measured by standardized tests, they are also more likely to do better on other measures of success, such as school attendance.



Findings continued:

Teachers' effectiveness increases at a greater rate when they teach ... and when they accumulate experience in the same grade level, subject, or district.

More experienced teachers support greater student learning for their colleagues and the school as a whole, as well as for their own students.



Retention and Turnover of Teachers in Alaska: Why it Matters

Diane Hirshberg

Professor of Education Policy

UAA Center for Alaska Education Policy Research at ISER



UAA Institute of Social
and Economic Research
UNIVERSITY of ALASKA ANCHORAGE



UAA Center for Alaska
Education Policy Research
UNIVERSITY of ALASKA ANCHORAGE

Full deck here: <https://bit.ly/AKturnoverandstudentachievement>

In Alaska high teacher turnover correlated with poor student achievement

	Average Teacher Turnover	Average Percent of students scoring proficient in Reading
5 Lowest Turnover Districts	8.7%	85.8%
5 Highest Turnover Districts	37.9%	46.9%



A pension best is for Alaska

- Improves retention
- Keeps dollars in Alaska
- Saves Alaska money
- Most efficient investment of employee and employer contributions

ALASKA TEACHER RECRUITMENT AND RETENTION STUDY

OPTIONS AND ANALYSIS SUPPORTING
RETIREMENT PLAN DESIGN



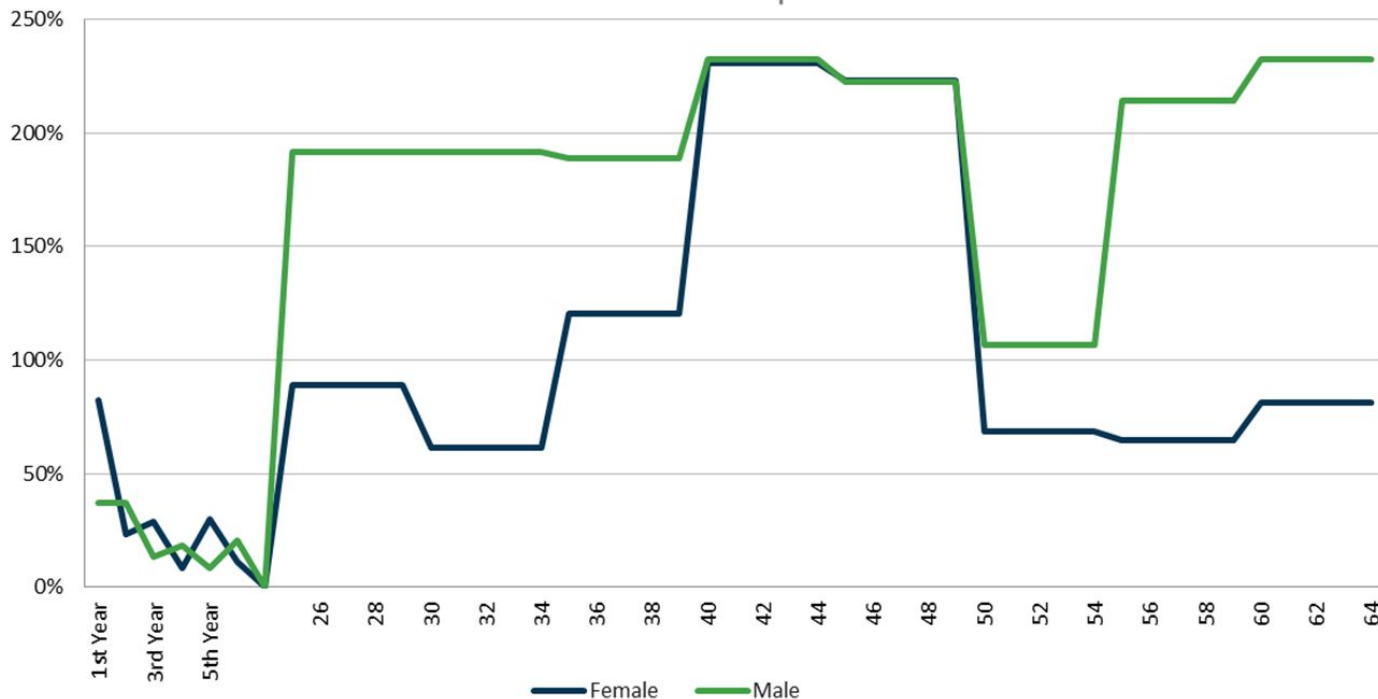
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By Dan Doonan, E

April 2023

Quit Rates Are Much Higher in DC Plans

Percentage TRS DC Quits is expected to Exceed TRS DB-
Based on Actuarial Experience



Full report here:
<https://bit.ly/NIRSAKteacherreport>

Keeps dollars in Alaska

**ALASKA RETIREMENT MANAGEMENT BOARD
SCHEDULE OF NON-INVESTMENT CHANGES BY FUND
(Supplement to the Treasury Division Report)
For the Ten Months Ending April 30, 2024**

PARTICIPANT DIRECTED DISBURSEMENTS BY PLAN AND TYPE

Type	PERS DCR Plan	TRS DCR Plan	Supplemental Annuity Plan	Deferred Compensation	TOTAL	% of Total
Payment to Beneficiary	\$ 184,362	\$ 50,000	\$ 874,435	\$ 244,395	\$ 1,353,192	0.3%
Death Benefit	2,553,426	736,450	16,939,938	4,867,337	25,097,151	4.7%
Disability / Hardship	351,950	-	35,927	194,095	581,972	0.1%
Minimum Required Distribution	171,914	42,682	12,359,345	4,583,994	17,157,935	3.2%
Qualified Domestic Relations Order	1,921,346	131,658	6,159,262	581,983	8,794,249	1.7%
Separation from Service / Retirement	89,481,872	31,381,480	259,845,827	78,567,872	459,277,051	86.6%
Purchase of Service Credit	5,052,047	1,774,571	1,684,994	209,291	8,720,903	1.6%
Transfer to a Qualifying Plan	-	-	-	32,500	32,500	0.0%
59-½ In-service Distribution	-	-	-	4,382,705	4,382,705	0.8%
Qualified Birth / Adoption Expense	-	-	-	58,722	58,722	0.0%
DCR to DB Conversion	3,514,499	1,537,480	-	-	5,051,979	1.0%
TOTAL	\$ 103,231,416	\$ 35,654,321	\$ 297,899,728	\$ 93,728,323	\$ 530,513,788	100.0%

This represents the 10 months before April 30, 2024

* Employer distributions sent to the DB plan are shown as "DCR to DB Conversion". Employee funds sent to the DB plan are included with "Purchase of Service Credit". Excess employee money sent to employee after conversion are included in "Separation from Service".

PERS & TRS PARTICIPANT DIRECTED DISBURSEMENTS BY PLAN AND VESTED PERCENTAGE

Vesting	PERS DCR Plan	TRS DCR Plan	TOTAL	% of Total
100% Vested	\$ 93,778,102	\$ 32,307,526	\$ 126,085,628	90.8%
75% Vested	1,976,952	941,981	2,918,933	2.1%
50% Vested	2,057,918	730,828	2,788,747	2.0%
25% Vested	1,918,444	732,242	2,650,686	1.9%
0% Vested	3,499,999	941,744	4,441,743	3.2%
TOTAL	\$ 103,231,416	\$ 35,654,321	\$ 138,885,737	100.0%

This shows \$35 million in withdrawals from TRS in 10 months

This shows over \$100 million in PERS DC plan withdrawals just in one month.

Alaska Retirement Management Board data shows over \$100 million in withdrawals a year.

<https://bit.ly/June2024ARMBODpacket>

Saves Alaska Money



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Research Summary

What Does Teacher Turnover Cost School Districts?

By Dayna DeFeo, Trang Tran, Diane Hirshberg, Dale Cope, Pamela Cravez

Center for Alaska Education Policy Research, at Institute of Social and Economic Research

Recruiting and retaining teachers is a challenge for Alaska. Between 1999 and 2012, annual teacher turnover in rural districts averaged around 20% and in the state's five largest districts just about 10%.¹ In the 2016-2017 year, individual schools in remote rural locations had over 30% teacher turnover, schools in hub communities 22%, and schools in more populated areas 14%-16%.² (Turnover at the school level includes district turnover, plus turnover among teachers moving between schools within a district.) Some turnover is inevitable, but research has shown that high teacher turnover hurts student achievement—as well as relationships among teachers, school-community relations, the quality of instruction, and teachers' professional development.

And high turnover not only has those harmful effects—it's also costly. When teachers leave, districts face many expenses, including expenses for separation, recruitment, hiring, and training.³ Our study provides the first systematic calculation of the broad range of costs of turnover for Alaska school districts in four big categories. We interviewed administrators in 37 of the state's 54 districts about their turnover expenses when teachers leave a district at the end of the school year.

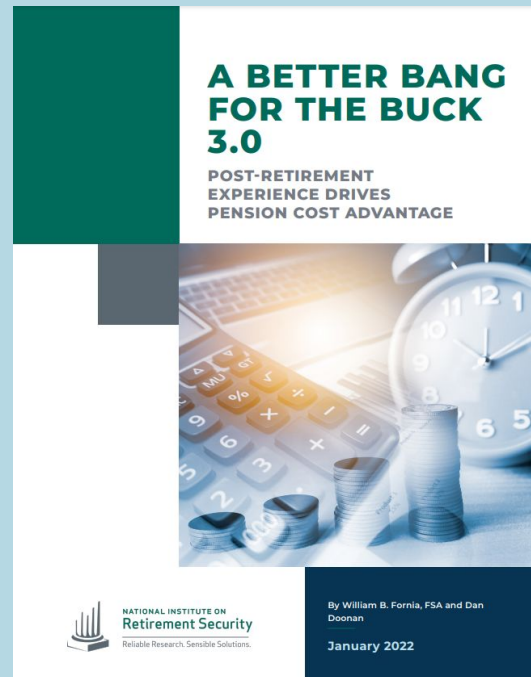
Findings

- *On average, every teacher who leaves costs Alaska school districts nearly \$20,500.* About a third of that is for recruiting and hiring a replacement teacher, and half is for training the new teacher.
- *Overall, teacher turnover costs the state's school districts about \$20 million a year.*

**This turnover
costs Alaska
and our
communities
in very
real ways.**

A Better Bang for Alaska's Buck!

- Longevity risk pooling
- Higher investment returns
- Optimally balanced investment portfolios



Solution: House Bill 78

- Consensus supported by all employee groups.
- Most efficient use of employer and employee contributions.
- Increased employee skin in the game.
- Risk sharing modeled after best practices in other states.
- This is the highest leverage tool we have to keep our best and our brightest educators here in Alaska, thus increasing student outcomes, improving schools, and strengthening our communities.

Thank You.

Any questions?

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