

STRENGTHENING ALASKA'S PUBLIC WORKFORCE

House Bill 78 A Shared-Risk Retirement Plan

*Presented by Rep. Chuck Kopp
for the House Finance Committee*

*Senate Labor and Commerce
January 23, 2026*



STATEWIDE HEADLINES - ONGOING

LAWLESS

Alaska's Law Enforcement Crisis Is a Public Emergency. Here's How Experts Want to Fix It.

More than a third of Alaska communities have no local police of any kind. Criminals have been hired as cops in some remote villages. A federal emergency has been declared and millions of dollars are promised, but here's what else experts recommend.

by Kyle Hopkins, Anchorage Daily News, Dec. 21, 2019, 11:20 p.m. AKDT

EDUCATION

Visa program draws foreign teachers to a rural Alaska school district facing a staffing crisis

MAY 24, 2024 · 5:00 AM ET

By Emily Schwing, KYUK

FROM KYUK

Food and cash assistance for needy Alaskans caught up in ongoing backlog amid staffing shortage

Latest News

Kodiak police shift away from 24/7 patrols due to staff shortages

Alaska Public Media | By Davis Hovey, KMXT - Kodiak
Published May 17, 2024 at 3:27 PM AKDT



Alaska schools need teachers. They're hiring them from the Philippines.

June 2, 2025 by Brian Venua, KMXT

Alaska's unprecedented food stamp backlog is taking a harsh toll on rural communities

March 2, 2023 by Annie Berman, Anchorage Daily News

Driver shortage: Dozens of school bus route cancellations hit Mat-Su students

According to the Mat-Su Borough School District, almost 4% of its routes were canceled last week

Juneau's firefighters union warns of delays due to ongoing staffing shortage

April 25, 2025 by Yvonne Krumrey, KTOO

Governor Dunleavy's FY 2027 budget highlights the critical struggle of recruitment and retention in most public service agencies

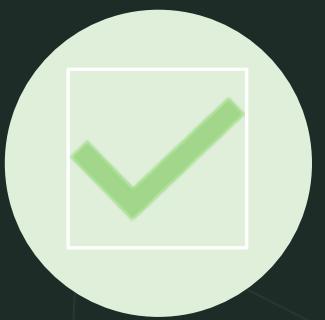


“The State of Alaska has had a really hard time hiring and retaining. The constant churn out of those agencies...It has gotten progressively worse...we used to have around 30-35 findings in a single audit, now we have 80-90 right now.”

—Kris Curtis, State Auditor - LB&A 11/11/25 meeting



How Did We Get Here?



Prior to 2002 the DB system was well funded



2002 to 2004 - Erroneous actuarial advice by Mercer compromised the DB system



2006 - The Defined Contribution plan was implemented



2007 State of Alaska ARM Board filed suit against Mercer for covering up its malpractice, SOA prevailed

Legacy DB System PERS & TRS Funded Ratio

Gallagher Actuarial Valuation Report (June 2025)

- 2025 LEGACY DB FUNDING
 - TRS - funded at 80%
 - PERS - funded at 70%
- Legacy DB Tiers are set to be 100% funded by 2039

^^^^^^^^^^^^^

Dept. of Revenue Treasury Investment Result Summary

Alaska Retirement Management Board Fund Returns (Dec. 2025)

- 11% market return & 9% actuarial return for FY25 exceeded benchmark of 7.25% expected return
- Resulting in \$2b in excess returns over the past ten years.
- Total nominal gains for 2025 were \$1.2b.

“The Cost of Doing Nothing”

THE COST OF DOING NOTHING...PREMIUM PAY

Premium Pay in Alaska, FY 20 - FY 26

Department	FY 20	FY 21	FY 22	FY 23	FY 24	FY 25	FY 26 YTD	FY 26 Budgeted	Total
Administration	\$879,332	\$634,770	\$1,137,586	\$1,610,482	\$1,551,127	\$1,890,252	\$2,059,159	\$1,266,384	\$9,762,708
Commerce, Community and Economic Development	\$579,840	\$580,802	\$583,678	\$629,959	\$641,137	\$694,324	\$937,935	\$683,552	\$4,647,675
Corrections	\$20,517,829	\$21,718,642	\$27,723,014	\$32,213,713	\$44,417,499	\$39,280,387	\$22,916,144	\$11,251,388	\$208,787,228
Education and Early Development	\$132,044	\$150,748	\$183,797	\$368,652	\$241,240	\$254,817	\$427,299	\$24,037	\$1,758,597
Environmental Conservation	\$103,525	\$59,364	\$119,982	\$189,914	\$161,076	\$162,337	\$1,067,880	\$19,704	\$1,864,078
Family and Community Services				\$13,396,443	\$15,773,274	\$14,999,636	\$11,829,236	\$4,320,476	\$55,998,589
Fish and Game	\$2,194,010	\$1,629,849	\$2,037,244	\$2,366,480	\$2,515,213	\$2,503,374	\$3,854,049	\$3,447,120	\$17,100,219
Health				\$3,134,815	\$4,239,268	\$4,214,761	\$4,971,861	\$294,724	\$16,560,705
Health and Social Services	\$12,716,244	\$14,886,318	\$14,638,769	\$1,828,410			\$0	\$0	\$44,069,741
Labor and Workforce Development	\$697,221	\$3,025,899	\$933,937	\$377,262	\$309,252	\$418,963	\$1,101,020	\$139,847	\$6,863,554
Law	\$116,699	\$117,924	\$130,810	\$239,211	\$251,605	\$144,943	\$516,777	\$37,529	\$1,517,969
Military and Veterans Affairs	\$670,658	\$786,080	\$899,282	\$827,781	\$978,037	\$1,114,645	\$1,127,495	\$721,804	\$6,403,978
Natural Resources	\$6,764,107	\$5,441,270	\$6,835,704	\$6,654,136	\$6,785,446	\$10,999,071	\$12,358,645	\$154,688	\$55,838,379
Public Safety	\$10,104,757	\$11,044,088	\$12,623,851	\$15,148,678	\$16,631,023	\$17,392,554	\$11,328,050	\$14,994,106	\$94,273,001
Revenue	\$244,203	\$141,019	\$1,083,003	\$2,084,606	\$2,276,022	\$1,909,945	\$2,222,456	\$0	\$9,961,254
Transportation and Public Facilities	\$28,041,998	\$30,787,997	\$34,116,481	\$39,826,244	\$49,026,073	\$53,713,071	\$50,225,333	\$23,355,743	\$271,735,226
Total	\$83,762,467	\$91,004,770	\$103,047,138	\$120,896,786	\$145,797,292	\$149,693,060	\$112,941,368	\$60,711,102	\$807,142,901

Notes:

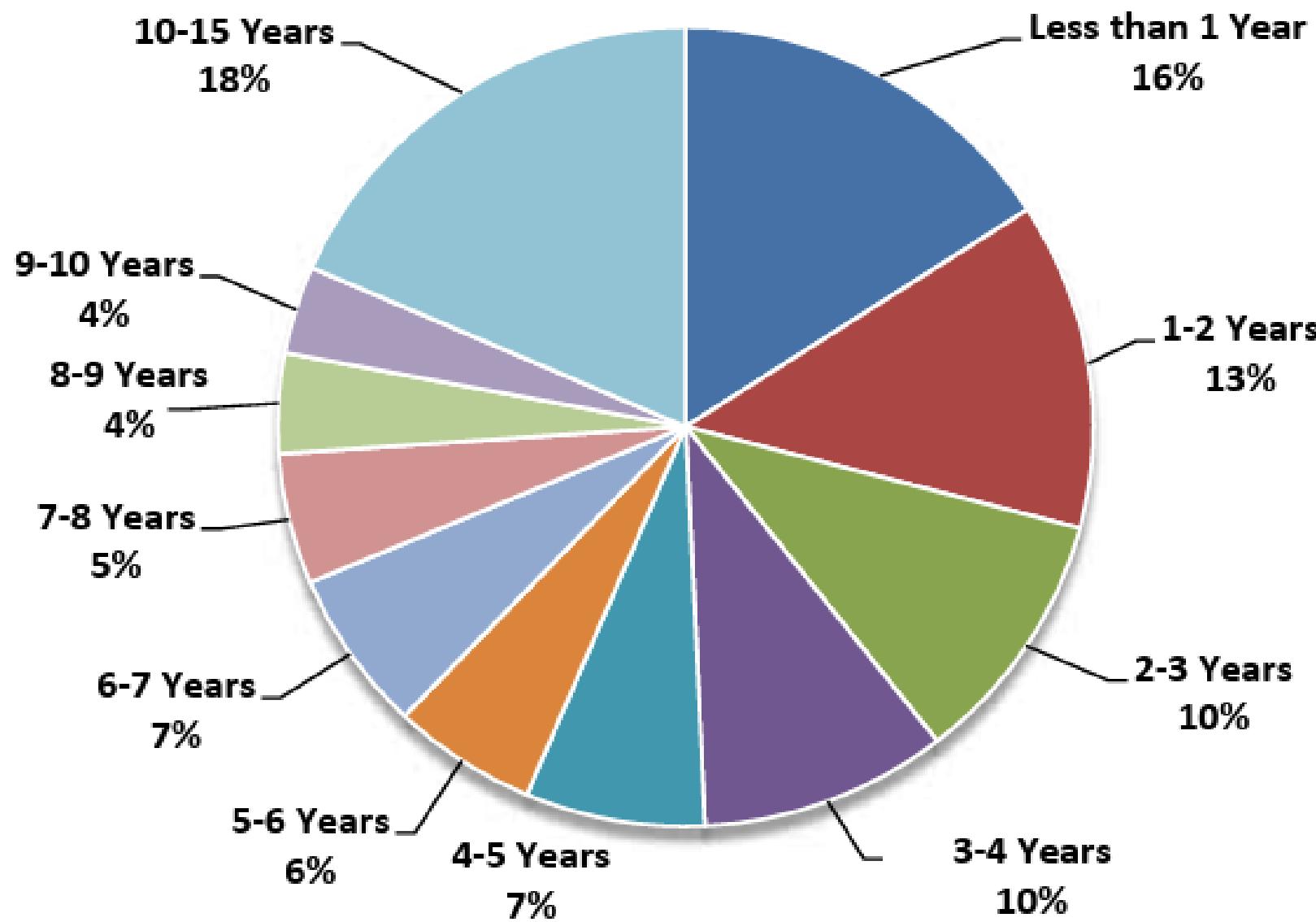
- The Department of Health and Social Services was split into the Department of Health and Department of Family and Community Services in 2022.
- FY 26 YTD reflects actual premium pay expenditures year-to-date.
- FY 26 Budgeted amount (\$60.7M) represents the planned/authorized premium pay for the full fiscal year.
- FY 26 YTD actual spending (\$112.9M) is already 186% of the budgeted amount.

PREMIUM PAY EXAMPLES:

Overtime, Holiday, Hazard, Double-time, Differential, Standby, On-call

ALASKA WORKFORCE PROFILE 2025

PERCENTAGE OF TIER 4 EMPLOYEES BY YEARS OF STATE SERVICE



Executive Branch Employees: Classified (Permanent, Probationary, and Provisional), Partially Exempt, and Exempt

Source: DOA - Div. of Personnel, Nov 14, 2025

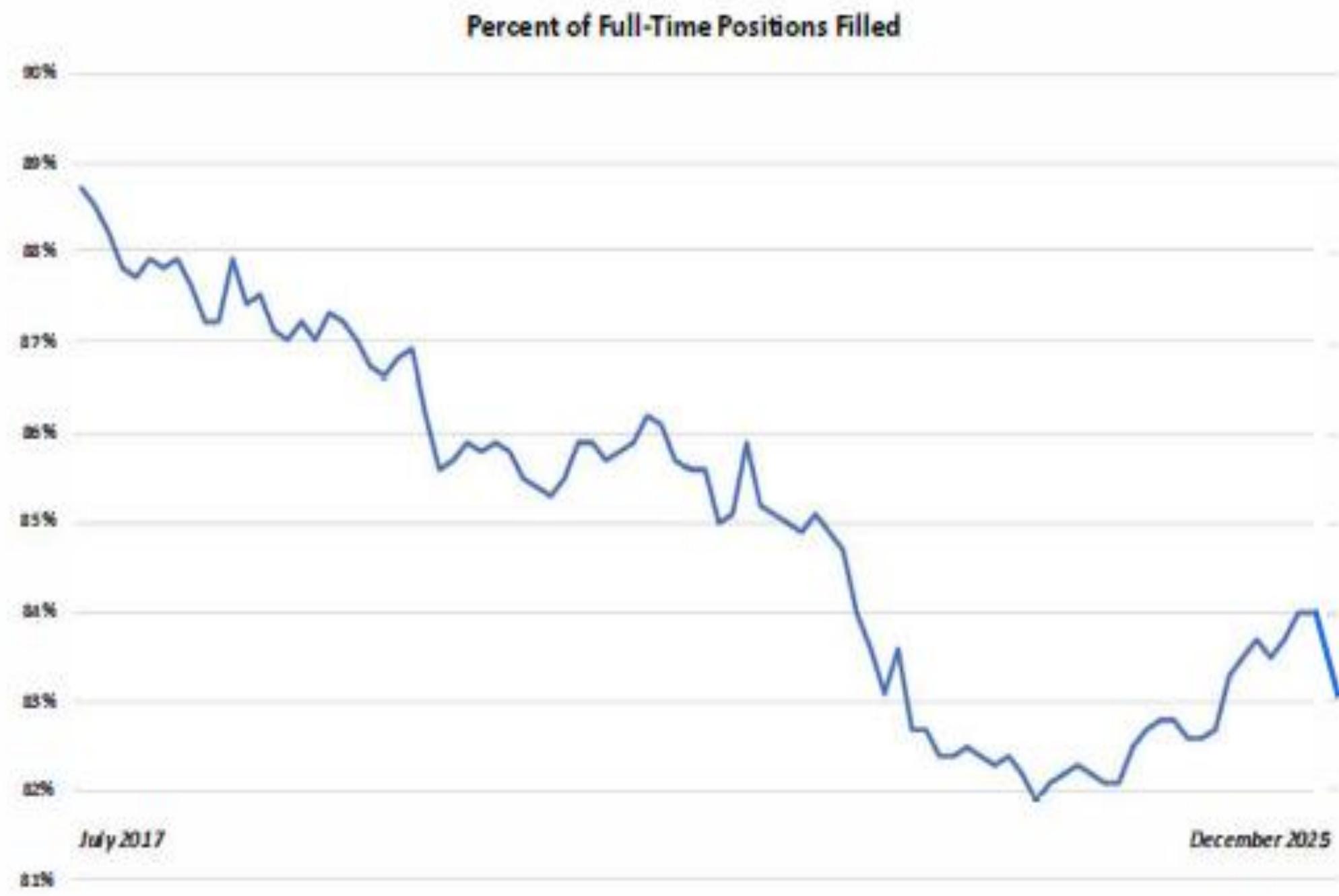
ALASKA RETIREMENT MANAGEMENT BOARD

*PERS & TRS Comprehensive Financial Report for
the twelve months ending June 30, 2025*

- TOTAL DC PERS AND TRS WITHDRAWALS exceeded \$160 million
- TOTAL DC PERS AND TRS WITHDRAWALS including the Supplemental Annuity and the Deferred Compensation Plan was nearly \$500 million
- 90% of these withdrawals came after 5 years of service or 100% vested

DECLINE in full-time State Agency positions filled as of December 2025

% Vacant Positions	December 2025
DOA	11.8%
DCCED	21.6%
DOC	14.7%
DEED	20.1%
DEC	6.1%
DFCS	15.7%
DFG	14.1%
Gov	29.7%
DOH	15.0%
DOL&WD	20.7%
Law	10.3%
DMVA	12.8%
DNR	11.9%
DPS	17.5%
DOR	15.9%
DOT&PF	24.5%
Total	17.0%



Source: Department of Administration 1/16/26



DO WE WANT ALASKA TO BE
COMPETITIVE AGAIN?



A PROPOSED SOLUTION

HOUSE BILL 78

- A NEW Competitive and Responsible Retirement Plan
- Shared Risk with safeguards to prevent underfunding
- A Strategic Investment in Alaska's workforce
- Builds on Best Practices of other states
- Ensures system will Remain Solvent

HB 78 Structure

EMPLOYEE CONTRIBUTION

PERS & TRS

8-12% adjustable by ARM Board based on
90% trust fund valuation

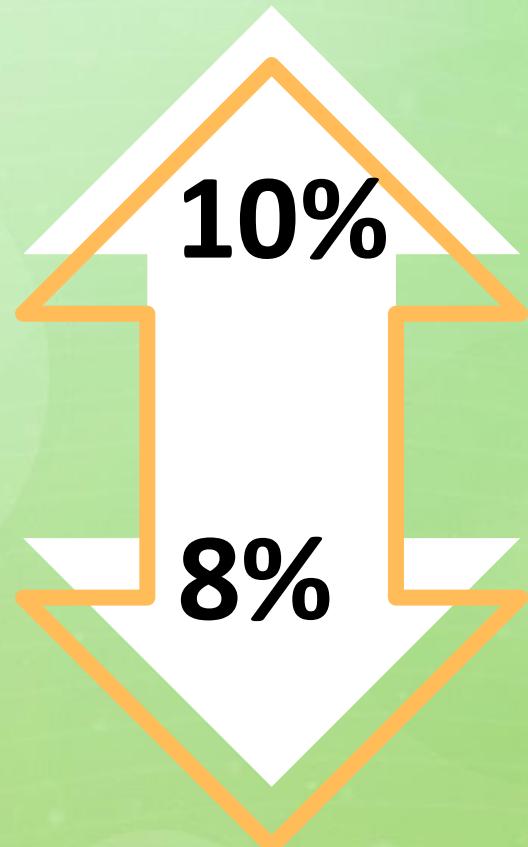
Employees share the risk contributing more
during poor market returns

(SECTIONS 8 & 63)

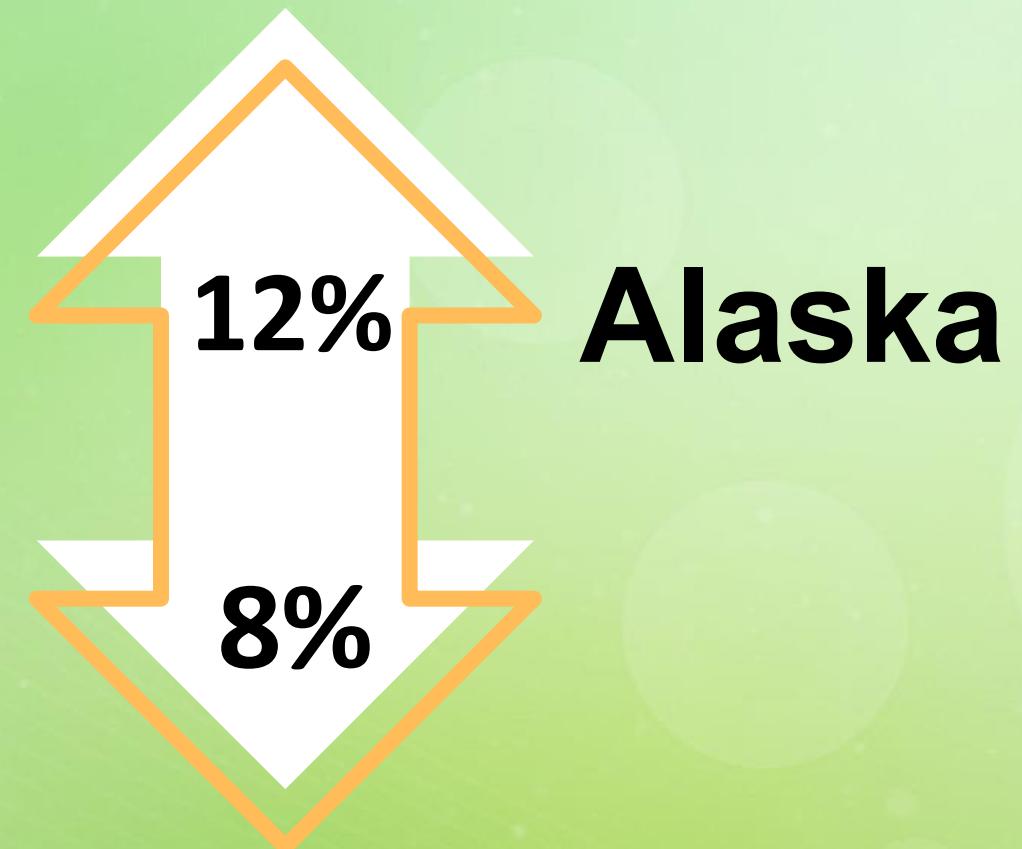
HB 78 Structure

EMPLOYEE CONTRIBUTION

States that use a Variable Employee Contribution Rate



Idaho
Iowa
Maine
Montana
Nevada
Wisconsin
Arizona



HB 78 Structure EMPLOYER CONTRIBUTION

PERS

12-22%

TRS

12-12.56%

PERS & TRS

State maintains existing liability toward past service cost above the 22%

When **Employee contribution** rate rises or is reduced,
Employer contribution is synced by an equivalent total sum

(SECTIONS 8, 10, 63, & 68)

HB 78 Structure

Vesting

5 years for **PERS** and **TRS**

PERS consistent with prior DB Tier 3

Aligns **PERS** and **TRS**

(SECTIONS 17, 28, & 73)

HB 78 Structure

Qualification for Retirement

TRS & PERS (non-public safety)

Age 60 w/5 years of service

or

30 years of service

PERS Public Safety

Age 50 w/25 years of service

or

Age 55 w/20 years of service

(SECTIONS 17 & 74)

HB 78 Structure

Retirees “Skin in the Game”

NO COLA is provided for new
PERS or TRS Defined Benefit (DB) plans

Keeps the **plan solvent**

POST RETIREMENT PENSION ADJUSTMENTS (PRPA)

aka Inflation Protection

- ARM Board may provide or withhold PRPA to retirees if DB Trust Fund valuation drops below 90%
- Adjusts with the market, reduces risk
- Keeps the plan solvent regardless of funding level

(SECTIONS 21-23, 76, & 78)

States with PRPA contingent on fund performance

Nebraska 101% • South Dakota 100% • Wisconsin 102%

RETIREMENT MEDICAL COVERAGE

- Coverage is consistent with DC Plans
- Employees no longer must retire directly from the plan
- Reduced years of service for healthcare eligibility
 - PERS & TRS: 30 years to 25 years*
 - PUBLIC SAFETY: 25 years to 20 years*
- Employer of Public Employees & Teachers contribute 3% to Health Reimbursement Arrangement (HRA)
- Employer of Public Safety Employees contribute 4% to HRA

(SECTIONS 25, 44, 46, 76, & 82)

Current DC Employee Choice

TRS Tier III & PERS IV (hired after June 30, 2006)
Have 180 days to opt-in the DB plan

New Employees

New employees will be enrolled in DB plan but
have a *choice* to opt-in to DC plan until vested

(SECTIONS 4, 61, & 96)

What are the Actuaries Saying?

Source: DOA's Actuary Gallagher's HB 78 Report

Projected State Contributions FY27-FY39

Additional State Contributions (\$ in millions)

Fiscal Year	PERS			TRS			Total		
	Current	HB 78	Incr/(Decr)	Current	HB 78	Incr/(Decr)	Current	HB 78	Incr/(Decr)
2027	\$ 93.0	\$ 109.4	\$ 16.4	\$ 161.0	\$ 160.7	\$ (0.3)	\$ 254.0	\$ 270.1	\$ 16.1
2028	94.2	112.0	17.8	162.9	164.7	1.8	257.1	276.7	19.6
2029	95.8	115.3	19.5	165.1	167.9	2.8	260.9	283.2	22.3
2030	98.9	119.8	20.9	168.7	172.3	3.6	267.6	292.1	24.5
2031	101.7	125.2	23.5	172.5	176.9	4.4	274.2	302.1	27.9
2032	105.1	131.0	25.9	176.6	181.7	5.1	281.7	312.7	31.0
2033	108.6	137.4	28.8	180.8	186.7	5.9	289.4	324.1	34.7
2034	112.4	143.8	31.4	185.4	191.9	6.5	297.8	330.1	37.9
2035	116.4	150.9	34.5	189.9	197.2	7.3	306.2	341.1	41.8
2036	120.2	158.2	38.0	194.9	202.7	7.8	315.9	360.9	45.8
2037	123.9	165.7	41.8	200.0	208.5	8.5	323.9	374.3	50.4
2038	127.5	173.7	46.2	205.2	214.5	9.3	332.7	388.2	55.5
2039	131.8	181.6	49.8	210.7	220.4	9.7	342.5	402.0	59.5
Total	\$ 1,429.5	\$ 1,824.0	\$ 394.5	\$ 2,373.7	\$ 2,446.2	\$ 72.5	\$ 3,803.2	\$ 4,270.2	\$ 467.0

AVERAGE ADDITIONAL STATE COST PER YEAR 35.92m

What are the Actuaries Saying?

Source: DOA's Actuary Gallagher's HB 78 Report

Projected State Contributions FY27-FY39

PERS State-as-an-Employer Contributions (\$ in millions)

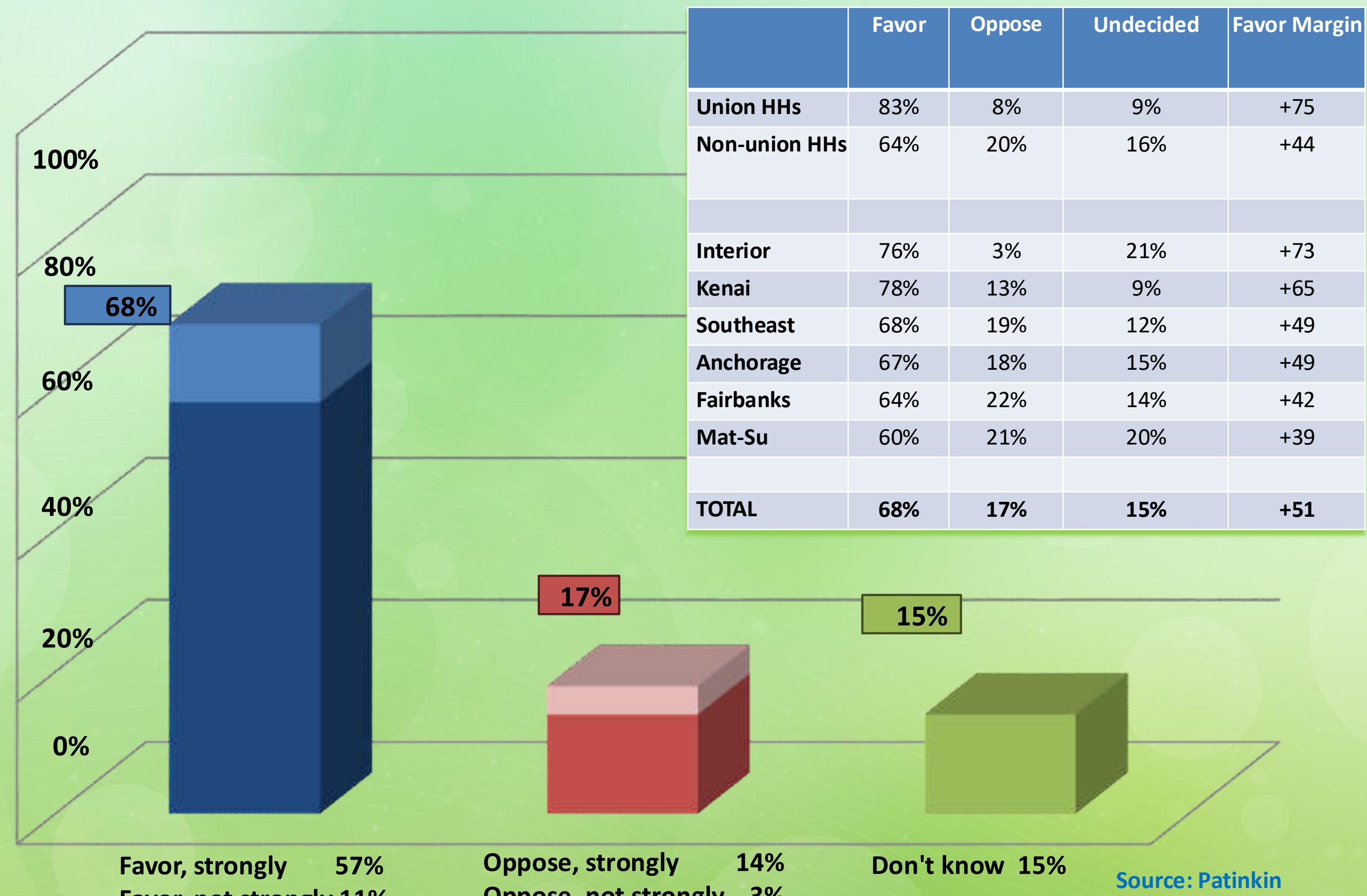
Fiscal Year	DB			DCR			Total		
	Current	HB 78	Incr/(Decr)	Current	HB 78*	Incr/(Decr)	Current	HB 78	Incr/(Decr)
2027	\$ 305.0	\$ 392.2	\$ 87.2	\$ 98.1	\$ 35.4	\$ (62.7)	\$ 403.1	\$ 427.6	\$ 24.5
2028	304.0	397.6	93.6	101.7	37.2	(64.5)	405.7	434.8	29.1
2029	303.8	404.3	100.5	105.4	38.9	(66.5)	409.2	443.2	34.0
2030	305.8	412.6	106.8	109.1	40.6	(68.5)	414.9	453.2	38.3
2031	308.3	422.6	114.3	113.0	42.3	(70.7)	421.3	464.9	43.6
2032	311.8	433.1	121.3	116.9	44.0	(72.9)	428.7	477.1	8.4
2033	316.0	444.6	128.6	120.9	45.8	(75.1)	436.9		53.5
2034	321.0	456.2	135.2	124.8	47.5	(77.3)	445.3		57.9
2035	326.5	468.8	142.3	128.8	49.1	(79.7)	454.8		62.6
2036	332.9	482.2	149.3	133.2	50.8		465.3	533.0	66.9
2037	339.6	496.2	156.6	137.6	52.5		477.2	548.6	71.4
2038	346.5	510.9	164.4	142.0	54.1		488.5	565.0	76.5
2039	354.7	526.0	171.3	146.4	55.6	(90.8)	501.1	581.6	80.5
Total	\$ 4,175.9	\$ 5,847.3	\$ 1,671.4	\$ 1,577.9	\$ 593.7	\$ (984.2)	\$ 5,753.8	\$ 6,441.0	\$ 687.2

AVERAGE ADDITIONAL STATE COST PER YEAR 52.86m

* Actuarially Determined Contribution rate for DCR retirees plus 3% (4% for PERS P/F) HRA contributions for HB 78 members.

When Surveyed....
Alaskans overwhelmingly say...
YES!



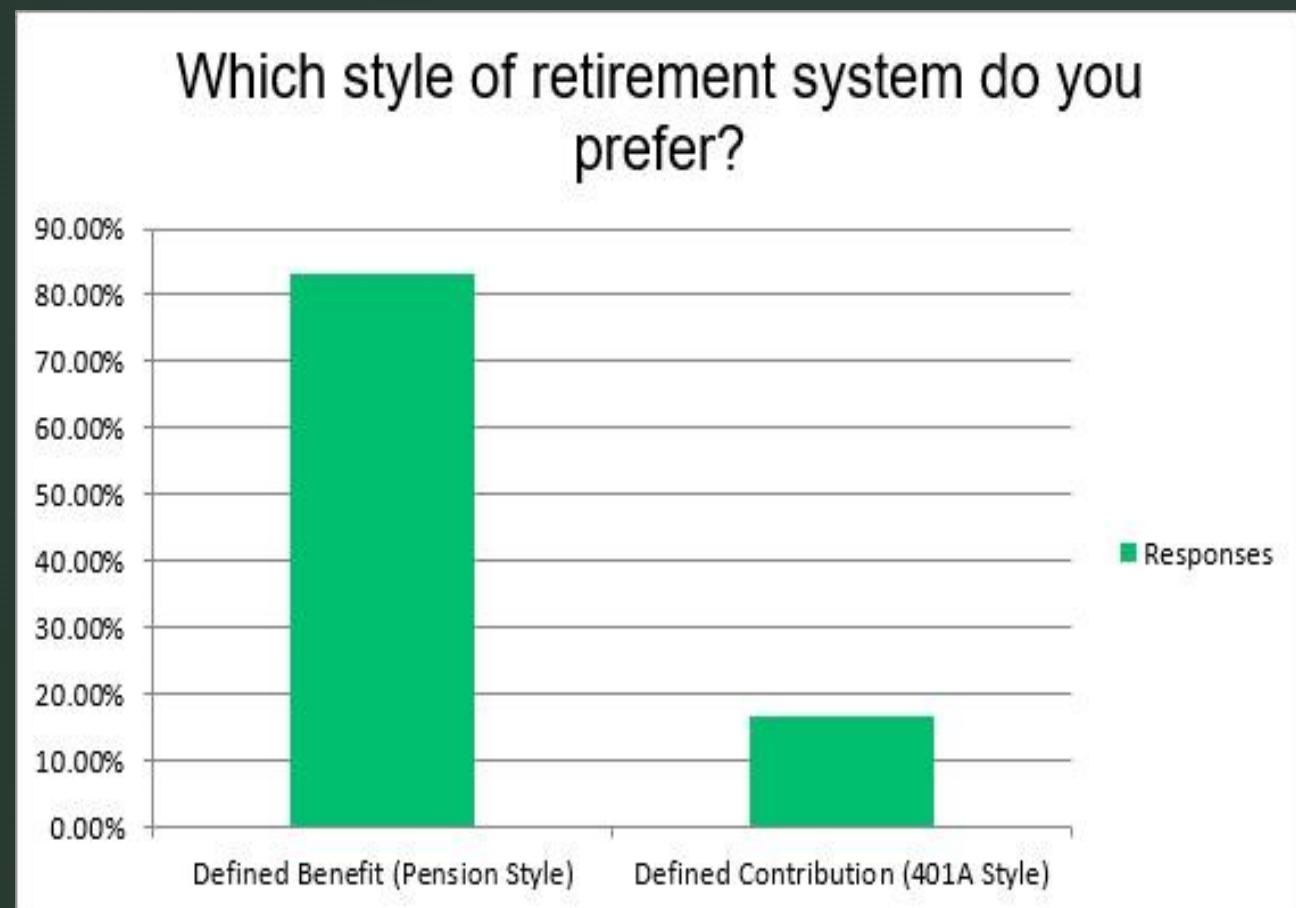


Source: Patinkin
Research Surveys
(Public Survey, Nov 2023)

DPS Internal Retirement Survey – March 2024



458 Public Safety Employees participated
82.61% of respondents said YES to a **Defined Benefits Retirement**



SURVEY PARTICIPANTS



Defined Benefits (Tier I, II, III)

Defined Benefits



96.69%

Defined Contributions



3.31%

No Response



1.29%

Defined Contribution (Tier IV)

75.73%

22.98%



**HB 78 is Investing in
Alaska's Economy**

► The Economic Benefits of HB78

- **\$76 million** per year **savings** reported by Economist, Dr. Teresa Ghilarducci to the Senate Finance Committee
- **Recruitment and Retention** will improve, **saving in training costs and lost workforce hours**
- **Restores** Alaska's ability to provide **critically needed services** to all Alaskans.

Source: <https://bit.ly/AKGhilarduccireport>



A **NEW** Competitive *and* Responsible Retirement Plan

- The current retirement system has contributed to today's **HIGH turnover**, disrupting essential **public services**
- **HB 78** will **lower recruitment and training costs** while preserving service quality
- **HB 78** is a **strategic investment in Alaska's workforce, economy, and future.**

THANK YOU

*Presented by Rep. Chuck Kopp for the
House Finance Committee*

*January 23, 2026
Senate Labor & Commerce Committee*