



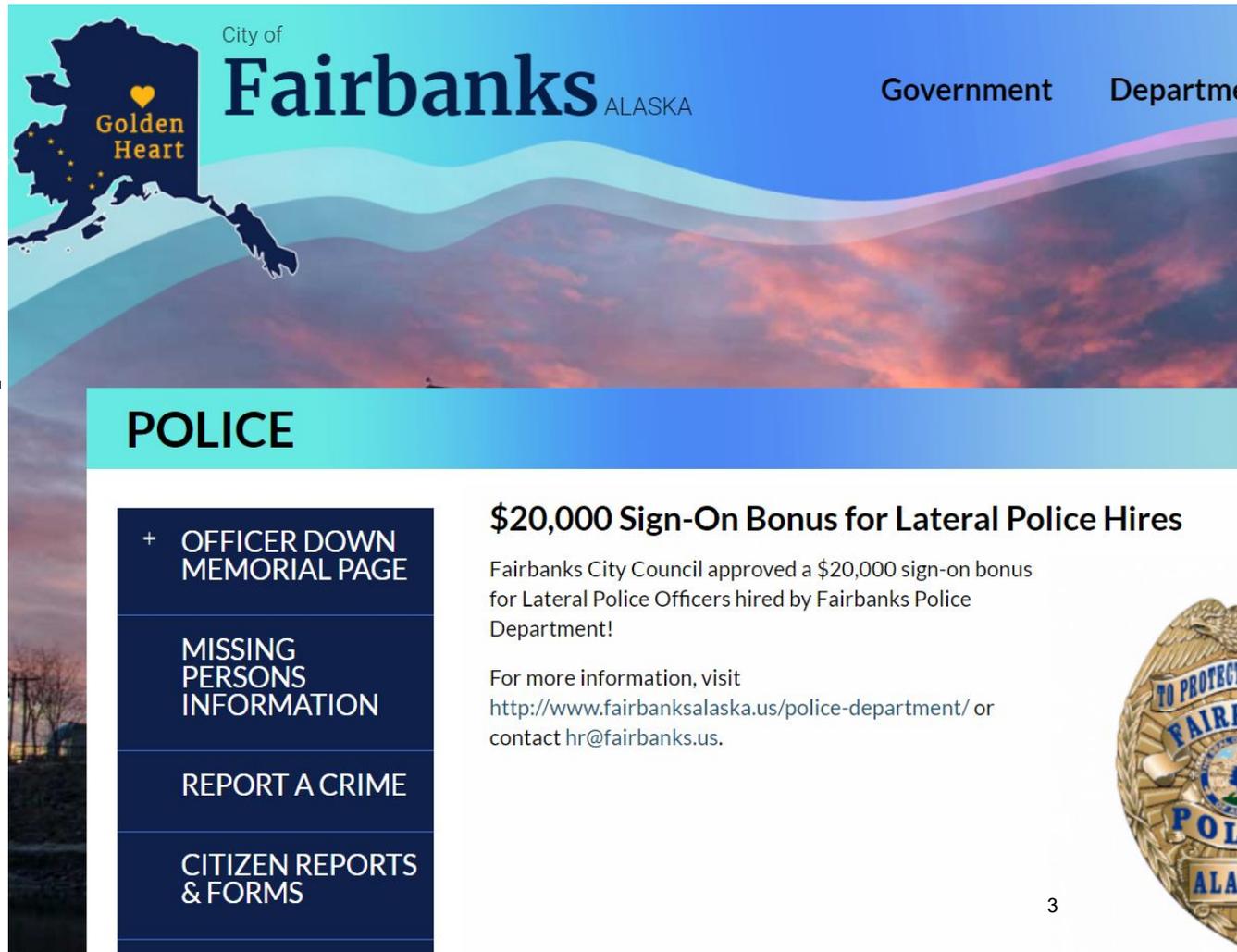
House Bill 220

Representative Grier Hopkins
Representing Goldstream - Ester - Fox - Steese - Farmers Loop



Why HB 220?

Alaska is facing an unprecedented recruitment and retention crisis



The screenshot shows the City of Fairbanks Alaska website. At the top left is the "Golden Heart" logo with a map of Alaska. The main header reads "City of Fairbanks ALASKA". To the right are the words "Government" and "Department". Below the header is a scenic background image of mountains at sunset. A teal banner with the word "POLICE" in white capital letters is positioned below the header. On the left side of the page is a dark blue vertical menu with four white text items: "+ OFFICER DOWN MEMORIAL PAGE", "MISSING PERSONS INFORMATION", "REPORT A CRIME", and "CITIZEN REPORTS & FORMS". To the right of the menu, the text reads: "\$20,000 Sign-On Bonus for Lateral Police Hires", "Fairbanks City Council approved a \$20,000 sign-on bonus for Lateral Police Officers hired by Fairbanks Police Department!", "For more information, visit <http://www.fairbanksalaska.us/police-department/> or contact hr@fairbanks.us." On the far right edge, a portion of a police badge is visible.

City of
Fairbanks ALASKA

Government Department

POLICE

+ OFFICER DOWN MEMORIAL PAGE

MISSING PERSONS INFORMATION

REPORT A CRIME

CITIZEN REPORTS & FORMS

\$20,000 Sign-On Bonus for Lateral Police Hires

Fairbanks City Council approved a \$20,000 sign-on bonus for Lateral Police Officers hired by Fairbanks Police Department!

For more information, visit <http://www.fairbanksalaska.us/police-department/> or contact hr@fairbanks.us.

- “The department has struggled to be an employer of choice due to internal and external perceptions of the department being underfunded and understaffed, combined with the lack of a competitive pay and benefits package.”



Alaska Department of Public Safety

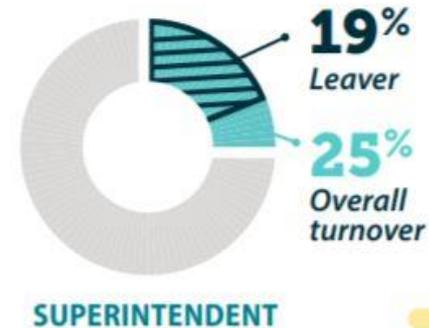
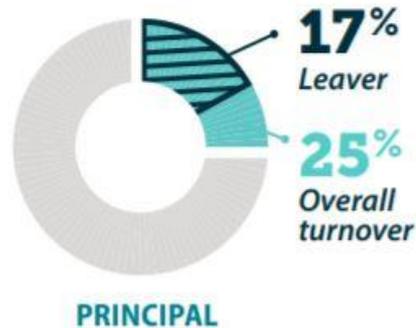
*Recruitment and Retention Plan Overview:*⁴
2018-2023

Turnover among Alaska educators is dismal and at crisis levels

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



Turnover among Alaska educator's is dismal and at crisis levels. It's even worse in rural Alaska.

Rural schools and students are hardest hit by turnover

Rural schools have much higher teacher and principal turnover than urban or urban-fringe schools, with 64 percent of rural-remote teachers who turn over leaving the state or the profession.

Average annual turnover rates for 2012/13 to 2017/18



Rural-remote³

Teachers

36%

Principals

38%



Rural-hub/
fringe⁴

Teachers

25%

Principals

33%



Urban-fringe⁵

Teachers

19%

Principals

21%



Urban⁶

Teachers

19%

Principals

19%

Teacher Retention and Recruitment Survey Results

Prepared for the Alaska Department of Education & Early Development

Prepared by Dr. Barbara L. Adams
Adams Analytic Solutions LLC

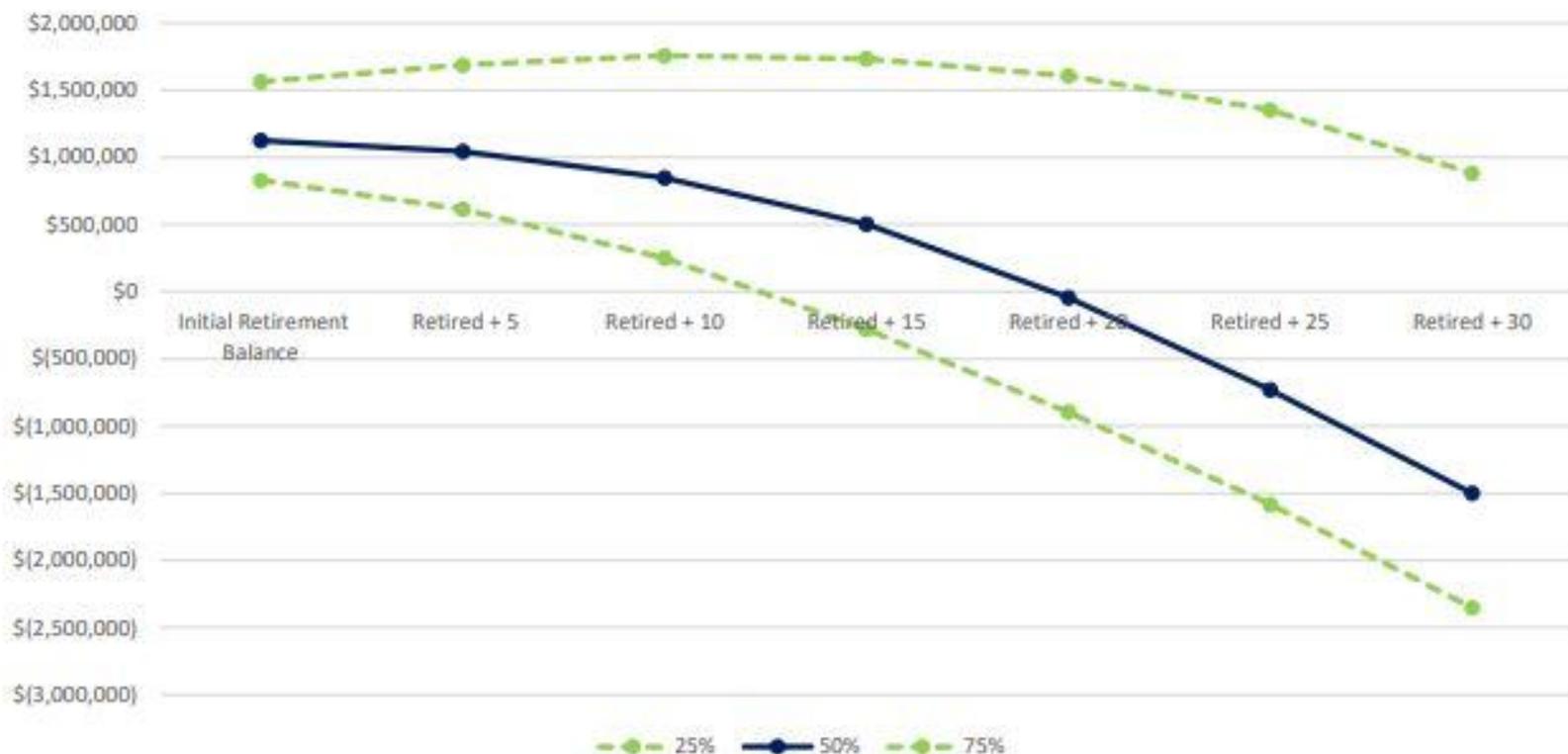


April 2021

Table 2.1: Ranking of all 34 Solution Influence items from most important (1) to least (34)

Ranking	Solution Influence Items (Part 2)
1	competitive salary commensurate with cost of living
2	enhanced salary schedule (scale based on years of experience, etc.)
3	state goes back to a defined benefit retirement system
4	annual retention incentives
5	additional opportunities for salary advancement
6	improved healthcare in the state
7	contributing into social security
8	state moves to a hybrid retirement with personal and state investments

30-Year TRS





Teacher Turnover Costs

- 7,812 teachers employed by Alaska on average between 2017 - 2021.
 - According to Department of Education & Early Development website
- 23% annual teacher turnover rate in Alaska
 - Educator Retention and Turnover Under the Midnight Sun. REL Northwest.
- $7,812 \times 23\% = 1,797$ Alaska teachers a year leave their position
- It costs **\$20,431** in recruitment and training to replace departed teacher
 - Center for Alaska Education Policy Research 2017

- $\$20,431 \times 1,797 = \mathbf{\$36,714,507}$ spent annually on teacher turnover expenses



Public Safety Turnover Costs

- DPS & DOC reported to the Legislature that non-retirement separations are greater than 6%
- Conservative training costs for public safety is \$120,000, not increased for inflation over 20-year period

- $3,400 \times 0.03 = 102$ Employees
- $102 \times \$120,000 = \mathbf{\$12,240,000}$ cost per year to replace departed employees



Total Estimated Annual Turnover Cost for Teachers & Public Safety

$$\$36,714,507 + \$12,240,000 = \text{\$48,954,507}$$

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How does HB 220 work?



HB 220 Establishes Employee Choice

- At time of hire, new PERS and TRS employees make a one time choice between a Defined Contribution and Defined Benefit retirement systems
- Upon passage of HB 220, existing PERS IV and TRS III employees will have 90 days after the effective date to choose between keeping their DC plan or convert to new DB system
- Existing PERS 4 and TRS 3 employees can use their 401k accounts to buy years of service credit in the new system, holding current employees harmless



Variable Employee Contribution Rate

- **Public Safety/Teachers** - ARM Board will set the rate between 8% and 10% for employee contributions to the Pension Fund to share risk when the market takes a downturn
- **All other PERS employees** - 6% to 8% set by the ARM Board based on actuarial analysis and recommendation



Vesting and Retirement Age

- **Vesting for DB** - 5 years of public service to vest in pension option
- **Years of service to retire and collect full DB pension**
 - **Public Safety/Teachers** - Retire at 55 with 20 years of service or at 60 with 5 years
 - **All other PERS Employees** - Retire with 30 years of service at any age or at age 60 with 5 years of service
- **Average Salary** - Five highest consecutive years of average salary for calculation of pension benefit upon retirement



HB 220 Features

- **COLA** - 10% increase in pension amount if recipient is eligible for PFD
- **PRPA** - When DB system is 90% funded, pension amount to be adjusted by increase in CPI for Anchorage
- DB plan includes **Death & Disability Coverage** - eliminates “Occupational” requirement, allowing widows and dependents to receive employee’s accrued benefits
- Provides **constitutional protection** against diminishment of retirement benefits



HB 220 Does Not Change Current Health Plan

- Health Plan under current system would remain in place for employees
 - 0 - 9 years of service - No employer provided health insurance after retirement.
 - 10 - 14 years of service - Employee pays 30% of insurance premium. Employer pays 70% of Insurance premium after 10 years of service.
 - 15 - 19 years of service - Employee pays 25% of insurance premium. Employer pays 75% of insurance premium after 15 years of service.
 - 20 - 24 years of service - Employee pays 20% of insurance premium. Employer pays 80% of insurance premium after 20 years of service.
 - 25 - 29 years of service - Employee pays 15% of insurance premium. Employer pays 85% of insurance premium after 25 years of service.
- HB220 does remove requirement for employees to retire directly from public service to receive health plan upon individual's medicare eligibility