



**To:** Sen. Jesse Bjorkman, Chair of Senate Labor & Commerce

**From:** Joelle Hall, President of the Alaska AFL-CIO

**CC:** Members of the Senate Labor and Commerce Committee

**Date:** March 20, 2023

**Subject:** SB 88 - RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

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**The Alaska AFL-CIO supports SB 88 on the following grounds:**

**A dignified retirement for Alaska's public workforce:** Most Alaska public employees do not receive social security, and a lack of a defined benefit pension puts their retirement security in serious jeopardy. The Alaska AFL-CIO believes that after a career of service to the state of Alaska, workers should have the ability to retire right here in our state. We want our retirees to have the means to stay in Alaska, patronize our local businesses, and put that money into our local economy. It is increasingly evident that the current defined contribution plans offered by the state are not sufficient for Alaska's public employees.

**Directly addresses the recruitment and retention crisis:** Defined benefit pensions are a valuable tool in combating recruitment and retention issues. Some state agencies have over 20 percent or more of their positions vacant and are offering sign-on bonuses of tens of thousands of dollars. Localities around the state, including the City and Borough of Juneau, have similar vacancy rates and have also resorted to inflated sign-on bonuses as a desperate attempt to lure workers. And the state spends millions each year to train teachers, troopers, and other public employees. Some last only a few years before leaving for greener pastures, either in the private sector or the lower 48. One way the public sector has competed with the private sector in the past is through the guarantee of a secure retirement through a defined benefit pension. Offering a defined benefit pension is a proven way to keep firefighters, teachers, troopers, and other public employees here in Alaska and moving our state forward.

**Fiscally responsible and will save the state money:** It is worth stressing that this is a fiscally responsible bill. SB 88 is a shared-risk plan offering a modest pension which aims to save the state money in the long-term and provide public employees with much-needed retirement security. As the bill sponsor Sen. Giessel has said, this is a modernized plan which accounts for our state's current fiscal situation. Currently some state agencies and localities are offering tens of thousands in sign-on bonuses. These bonuses are an expensive band-aid. These bonuses are not fiscally responsible, and their efficacy is questionable as covered in a recent [Juneau Empire article](#).

## Konrad Jackson

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**From:** Andrew Scambler <a.scambler@gmail.com>  
**Sent:** Monday, March 20, 2023 2:37 PM  
**To:** Senate Labor and Commerce  
**Subject:** SB 88

My name is Andrew Scambler. I am a municipal water and wastewater utility operator in Wrangell, Alaska. I am writing in support of SB 88 because a defined benefit pension will do a lot to give me piece of mind that I can continue to live and work in Alaska. The uncertainty of having only a defined contribution pension given my worries about increased cost of living and what the future holds for myself and my family.

We want to make our home in Alaska, and access to a defined benefit pension would do a lot to give me piece of mind and contribute a feeling of security for the future.

I work in an industry that is both essential, and also currently facing a huge amount of turnover due to retirement of older workers. Investing in the future of essential workers will do a lot to encourage recruitment and retention of skilled workers in my field.

Thank you for your time in listening to my testimony in support of this bill.

## Konrad Jackson

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**From:** Axl LeVan <axllevan@gmail.com>  
**Sent:** Monday, March 20, 2023 2:48 PM  
**To:** Senate Labor and Commerce  
**Subject:** Comment in support of SB88

Good afternoon,

I made the comment copied below this afternoon at the Senate Labor and Commerce Committee. It was indicated that provided a written copy (if available) would be helpful for the record.

Thanks,  
Axl

Comment given during meeting:

My name is Axl LeVan from Kodiak and currently living in Fairbanks.. I am representing myself as an individual. I am testifying in support of SB88. In working for the state department of environmental conservation for two years I have quickly come to learn that the state is currently not competitive with the private sector and federal jobs for retaining its best employees. As someone whose parents were Tier II teachers, and someone who has watched the remaining Tier II employees in their department begin to retire, it is clear that the defined benefit system worked in retaining qualified employees who thought that service to the state was important. Without a defined retirement benefit like this, or separate additional benefits, the state has minimal retention tools once employees vest their retirement investments at year five. At which point private companies or federal counterparts do their best to scoop employees that have gone through "the best training program in the state". This is not an exaggeration. I have talked to private contractors who indicate grabbing state trained employees is part of their recruitment model and I have seen federal counterparts to our regulators highlight their benefits compared to the state in poaching trained employees. Many of my coworkers have indicated that a defined benefit would be an adequate counter to these offers.

I would like to see State employment be more than a training program for our best and brightest choosing to stay in the State and serve their communities. I do not want our best employees to have to choose between working for their state and supporting themselves. I think that bills like SB88 are a step in the correct direction for correcting our brain drain and retaining these employees. I still think that other carrots such as pay parity with private and federal interests may be needed, but a return to a defined benefit option would be a great first step. Please support SB88 and pass it out of committee.

## Konrad Jackson

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**From:** Callie Conerton <callieconerton@gmail.com>  
**Sent:** Tuesday, March 21, 2023 2:39 PM  
**To:** Senate Labor and Commerce  
**Subject:** Support SB 88

Dear Senators,

My name is Callie Conerton, I'm a lifelong Alaskan and I am a teacher for the J.S.D. working without a pension. Please show your support for Alaskan educators by supporting SB 88.

Thanks, Callie Conerton

## Konrad Jackson

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**From:** Dustin Madden <maddend\_2003@hotmail.com>  
**Sent:** Monday, March 20, 2023 5:04 PM  
**To:** Sen. Jesse Bjorkman  
**Subject:** SB 88 support

Dear Senator Bjorkman,

My name is Dustin Madden I have been a State of Alaska worker for the last two and a half years proudly working at Ted Stevens Anchorage International Airport under tier four retirement.

Its no secret that economic times are tough across the global especially after the recent pandemic drastically changed the way everyone conducts day to day business. Everywhere you look there's a sign on the door saying help wanted. -

Everyone is aware that that attracting and just an importantly retaining quality employees is a challenge. As a state worker, I see the effects of not being able to keep quality employees in the workforce. Employees are walking away from state jobs as a result of no guarantee of retirement and low pay. I have seen comments on social media making a mockery of starting wages for state jobs.

Why is the state of Alaska facing criticism on social media about the pay and having to offer emergency pay incentives to keep the airport running when we should be seeing people flocking to work for the state? The answer is simple, there is no incentive to stay with the state. People are ditching a "dream opportunity" to work for the state because they can not survive on a paycheck alone. They need to be able to save for retirement. This is why Senate Bill 88 needs to be passed and show Alaskans that being a state employee is not a joke. Being a state employee is a worthy job and the state cares about them as a employee and citizen to keep Alaska moving towards a bright future.

I personally believe SB 88 and returning to a defined benefit for public employees is necessary to not only attract but to keep quality employees working for our great state! SB88 will keep employees working for the state instead of getting trained and heading out of a revolving door a few years after they get experience as they look for more sustainable work elsewhere.

Thank you to Senator's Giessel, Bishop, Stevens, Kiehl, Kawasaki, Tobin, Wielechowski, Gray-Jackson, Dunbar, and Senator Claman for sponsoring SB 88.

Best regards,

Dustin Madden

Anchorage, AK

## Konrad Jackson

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**From:** Eileen Wagner <eileenwwagner@gmail.com>  
**Sent:** Monday, March 20, 2023 7:50 PM  
**To:** Senate Labor and Commerce  
**Subject:** Supporting SB 88

To the Labor and Commerce Committee:

I attended this afternoon's hearing, and will not repeat all the reasons for support of this bill, except to say this: you have many controversial decisions to make as a legislator, but this is not one of them. This is simply a matter of doing the right thing, correcting a mistake made some years ago.

Thank you for moving this bill along.

Eileen Wagner  
(Mother of a firefighter)

## Konrad Jackson

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**From:** Currey, Jeff L (DOT) <jeff.currey@alaska.gov>  
**Sent:** Tuesday, March 21, 2023 5:05 PM  
**To:** Sen. Cathy Giessel; Senate Labor and Commerce  
**Subject:** Support for SB 88

To the Honorable Senator Giessel and SLAC:

For the record, my name is Jeff Currey. I am employed by the State of Alaska's Department of Transportation and Public Facilities (DOT&PF) as an engineer, but I am writing on behalf of myself, after working hours. I strongly support SB 88. Please feel free to share any portion of the following testimony.

I came to work for DOT&PF in 2000, from the mining and mineral exploration private sector. I accepted a substantial salary cut switching to State employment, but the benefits, including the PERS III Defined Benefit pension plan, made that decision the correct one for me and my family. When the State switched to the PERS Tier IV Defined Contribution plan in 2006, I did not recognize what a bad decision that was, but since then it has become patently obvious.

Those of us with Defined Benefit pensions joke that they are "the golden handcuffs"-Every year of service increases one's pension. I could make a larger salary in the private sector, and while am proud to be a DOT&PF employee and (mostly) enjoy my job, I have had attractive offers elsewhere. The guaranteed increase in my pension for each year of service has been a strong incentive for completing my career with the State. I know this is true for other Defined Benefit-Tier employees as well-we talk.

On the other hand, the portable, 401K-style Defined Contribution does nothing to incentivize employee retention. On the contrary, as you heard in committee testimony Monday, the Alaska's defined contribution plan provides uncertainty, and its portability incentivizes trained and skilled worker outmigration to states offering a real pension, or to better paying private sector employment. I have seen this happen over and over with less senior, Tier IV DOT&PF employees. I know it is a routine occurrence in other agencies as well.

I supervise a very effective, high performing section in Northern Region DOT&PF. Many of the staff I supervise are PERS Tier IV, and I constantly worry about losing my best employees. Providing them the opportunity to buy their way back into a defined contribution might not shackle them with the "platinum handcuffs" of Tiers I and II, but "silver handcuffs" would still make leaving look less attractive. Without a doubt, creating a Defined Benefits Tier V plan option will improve State of Alaska recruitment and retention. Please pass SB 88.

Sincerely,

Jeff L. Currey, P.E.  
NR Materials Engineer, DOT&PF  
907-451-2040  
Cell 907-750-5989



## Konrad Jackson

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**From:** Jennifer EF <jennifer.ce@gmail.com>  
**Sent:** Thursday, March 16, 2023 4:55 PM  
**To:** Senate Labor and Commerce  
**Cc:** Sen. Cathy Giessel; Julia OConnor; Rep. Craig Johnson  
**Subject:** Letter of Support for SB 88

Good afternoon,

Thank you for your consideration of SB 88. I would also like to thank my Alaska senator, Cathy Giessel, for introducing this Bill. I support SB 88 as an Alaskan educator for over 10 years and as a parent of an Alaskan elementary school student. I completed my M.A. in Teaching from UAA in May 2006 and was hired in September 2006. I am currently working on my M.Ed. in Educational Leadership at UAS. If SB 88 were to pass, it would be a great reason to stay and end my career here in Alaska and raise our son here. I appreciate your consideration. I hope you will support this Bill.

Thank you again,

Jennifer Edwards-Fahl  
Jennifer.ce@gmail.com  
(907) 310-5523

## Konrad Jackson

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**From:** Katie Aspen Gavenus <katie.aspen@gmail.com>  
**Sent:** Tuesday, March 21, 2023 7:53 PM  
**To:** Senate Labor and Commerce  
**Subject:** Please support SB 88

Hello,

I urge you to support SB 88. Alaskans deserve the very best teachers, firefighters, policy officers, and other public employees.

I recently was talking with a school district administrator who described a hiring fair where there were significantly more school district representatives than potential applicants coming in the door! Many factors have led to low recruitment and lack of retention, but the current defined contribution plan makes public service in Alaska less appealing than the private sector or public service in other states.

I have heard many teachers talk about putting in their '5 years' for the defined contribution, and then leaving. This seems especially common in rural and remote school districts, which can increase already high rates of teacher turnover. And these high rates of teacher turnover are really difficult for student learning and confidence, development of innovative education programs, and development of positive relationships between teachers/schools and communities.

Thank you for considering this measure.

Katie Gavenus

P.O. Box 1752  
Homer, AK 99603  
(907) 299-0983

## Konrad Jackson

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**From:** Lisa Alexia <lisa.alexia@gmail.com>  
**Sent:** Monday, March 20, 2023 8:02 AM  
**To:** Senate Labor and Commerce  
**Subject:** Pensions!

I've watched over the last ten years as former Tier 1 employees returned to state jobs to finish out careers, and thought often about how this return to public service was just forestalling a civil service cliff. The combination of aging out Tier 1 employees with the demographic shift as the last of the baby boomers reach retirement age, means that cliff is here.

At API, among teachers, and among all the other day to day administrators of services we all value—from plowing roads to firefighting to law enforcement and so much more, we are starting to see the impact of lack of experienced workers.

Civil society as we know it doesn't work without civil servants. You cannot recruit nor retain them without adequate benefits. The loss of institutional knowledge as the last of the baby boomers retire is already creating problems at all levels of civil service.

Please consider the type of civil society you'd like for your children and grandchildren as you make decisions about a pension plan. One in which the first responders have answered thousands of calls, or only a few, when you need them after a car accident, house fire, or heart attack? One in which the teachers come from other countries because AK compensates so poorly that we can't recruit or retain our own, or teachers who deeply understand Alaska's history and are connected to the communities they serve over the course of a lifetime? One in which kids get bussed to school, and the roads get plowed after a snowstorm, and kids go to school on a reliable schedule, or one in which single parents can't keep their job because there's no backup plan for when school transportation or teacher staffing problems happen so often that an employer can't accommodate even their hardest working single parents?

Pensions provide a safety net of continuity in civil society. Our civil servants deserve them and we will all benefit.

Thank you,  
Lisa Alexia

## Konrad Jackson

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**From:** Lynnette McNutt <lynnette.mcnutt@juneauschools.org>  
**Sent:** Tuesday, March 21, 2023 2:30 PM  
**To:** Senate Labor and Commerce  
**Subject:** SB 88

**Follow Up Flag:** Follow up  
**Flag Status:** Completed

Dear Senators,

My name is Lynnette McNutt and I am a teacher for the J.S.D. working without a pension. Please show your support for Alaskan educators by supporting SB 88.

Thank you,  
Lynnette McNutt

Sent from my iPhone

Sent from my iPhone

## Konrad Jackson

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**From:** Mel LeVan <mlevan907@gmail.com>  
**Sent:** Monday, March 20, 2023 12:31 PM  
**To:** Senate Labor and Commerce  
**Subject:** Senate Bill 88

My name is Mel Edward LeVan and I am writing this email in strong support of Senate Bill 88. I believe that Senate Bill 88 will benefit current and future public employees in Alaska. I also believe that Senate Bill 88 will benefit the State of Alaska by helping in the recruiting and retention of quality employees.

My late father, Duane K. LeVan, worked as a heavy equipment operator for the state from 1965 until his retirement in 1985. He took the state highway maintenance job after the 1964 earthquake destroyed the Seward waterfront and along with it his job as a longshoreman. His defined retirement plan allowed him and my mother, Sanna G. LeVan, to live comfortably in their home in Seward after his retirement until his death in 2013. My mother, Sanna G. LeVan, has continued to live in that home since his death supported by her portion of his retirement benefits.

I am a retired educator and I spent my entire career from January 1992 until my retirement in July 2020 working at Kodiak High School as a mathematics and science teacher and then as Principal. During my last three years before retirement as Principal of Kodiak High School I spent every summer working to fill vacancies created by high quality educators who decided quit their jobs and leave Alaska. While many factors were involved in their decisions, I know from their comments to me that a lack of a defined benefit retirement was a major factor in most of their decisions to leave the state.

Thank you for considering my comments.

Sent from my iPhone

## Konrad Jackson

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**From:** Melissa Meade <mjmeade213@gmail.com>  
**Sent:** Monday, March 20, 2023 2:28 PM  
**To:** Senate Labor and Commerce  
**Subject:** Testimony for SB 88

As I was cut off, here is my testimony in support of SB 88.

My name is Melissa Meade, I was born and raised here in Alaska and I am a state of Alaska employee. I am here to speak on my own behalf in support of SB 88. My father served the state of Alaska for 30 years before retiring with Tier I benefits. Seeing how this benefitted him and my family growing up, I wanted the same. After graduating from UAA with a bachelors degree in Biology, I began my employment with the state of Alaska. I have worked hard, sacrificed and dedicated myself to the service for the citizens of Alaska for nearly 17 years with the department of health, specifically serving the most vulnerable Alaskans. The state of Alaska has had a reputation of having “terrible employees” and it is becoming more and more difficult for departments and divisions to hire dependable, reliable, dedicated and hard-working employees. Part of the reasoning being due to inadequate retirement and benefits available to state employees.

I began my State service in November 2006, just a few months after the transition to Tier IV retirement. My current retirement plan under Tier IV is no longer adequate nor suitable for state of Alaska employees such as myself. In the last few years alone my retirement under this current plan has suffered a loss of over \$100,000 and no, that is not an exaggeration. How am I to continue working knowing that my now feeble retirement is slowly disappearing, at no fault of my own. Under this current retirement, I also cannot touch it or receive payments until I am 67 years old - nearly another 30 years from right now. With this plan, I will have to put nearly 45 years of service to have access to an inadequate amount that is called a “retirement”.

I deserve better.  
I demand better.

Last Monday, I attended the Sand Lake Community Counsel, at which several representatives appeared via phone to give updates and to take questions, One of whom was Representative McKay. I asked him directly about this bill and how he felt it would do in this session. I was basically told that since there was no money to fund such a transition to a pension plan, that it “doesn’t look good”. Not two days later was there an article published in the Alaska Daily News stating that the “New Alaska salary commission unanimously recommends 67% pay raise for lawmakers”. So my understanding is that There’s no money to fund SB 88 and to give hard working State Employees like me what we deserve but there is money to give you, lawmakers a 67% pay raise? Please explain this to me because it appears that adding to your wallets is more important than assuring my retirement benefits.

I demand that lawmakers approve and pass this bill and finally give SOA employees like me what we deserve: peace of mind that our decades of service to the State of Alaska isn’t in vein or wasted.

Thank you.  
Melissa Meade

Sent from my iPhone

## Konrad Jackson

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**From:** Mike Coons <mcoons@mtaonline.net>  
**Sent:** Monday, March 20, 2023 10:11 AM  
**To:** Senate Labor and Commerce  
**Subject:** Oppose SB 88

As a prelude to my opposition to SB 88, let me state. I'M BACK! As many may know, I have been through the wringer with the hospitalization of my wife, then finding out she had terminal cancer and then her passing on, all within a 20 day time frame. I do want to thank the House and Senate for the lovely Citation for my wife Sandy Coons. You have no idea how much that means to me. That was Alaskans reaching out to Alaskans. I do want to thank all for that. Since Sandy passed away on 29 January, as you can expect, my life has been a roller-coaster of emotions. I am surrounded by my personal Angels who have prayed for me and helped me in so many ways since Sandy's passing. I have been busy with fulfilling my promises to my wife and those first promises, remodeling our home has kept me very busy and focused, thus my focus has not been on legislation. The positives of this ordeal has been my returning to church and my 100 plus fold increase in my faith as a Christian. Thus, I have learned that we are in a spiritual war against evil and that we must fight against that evil. That equates to what is going on in our World, Nation and our State, with the WOKE Socialists/Marxists that we see every day in our local, State and Federal Governments. WOKE, Socialism, Marxism, Communism are all evil and thus I am called on to take that fight to this legislature, specifically. Thus, rest assured, I will be fighting the good fight against any and all legislation that comes from the Democrat/Socialist body that erodes or attacks our very freedoms or has any impact on WOKENess!

As a person who has worked for 42 years of my life and now retired, I have set aside my paychecks into a 401k and a Roth account since 1987. I have viewed this as my individual responsibility to have a retirement plan that I could use to our benefit be that travel, upgrading our home, purchasing replacement vehicles, etc. From 1987 to 1991 we had one job, the USAF and drawing TSgt pay. We saved \$50 a month for each of us. That was a lot of money in the day, along with the needless debt that we had and eventually rid ourselves of. From 1991 to 2012 I worked as a Paramedic and then Security, again, I set aside as much as I could do to add to our retirement. When my wife went back to work, she added to that as well.

The State of Alaska has played this game of defined benefits and still owes over 6 Billion, and now the sponsor and co-sponsors want to go back to a known failed program that the State is still paying for? This bill goes beyond the House version to all State and I understand even Municipality workers! The House version was to get the Camel's nose under the tent for the Senate to really go crazy!

If I and my wife on the pay that we got, could afford through sound budgeting, save for our retirement and now in the position, even with the passing of my wife, those goals we had, then why can't a State Employee do the same, on their own? The company I worked for that matched our savings, did so voluntarily! I saved, voluntarily, yet this bill mandates the employee to save, Section 6 (e), page 3, line 11!

This bill is directly tied to big government spending! This bill is supported by RINO's whom refuse to follow basic Republican values, the Republican Platform much less basic conservative values of small government and personal responsibilities!

I am sure the Senate will pass this, Be assured that the House Majority will oppose this and the bill there!

Mike Coons  
President, Concerned Conservatives of Alaska mcoons@mtaonline.net  
907 355-2364

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Using Opera's mail client: [https://urldefense.com/v3/\\_\\_http://www.opera.com/mail/\\_\\_;!!LdQKC6s!OEBd6fJ1ZTUH-EiP2Rj7xCVGV-CbXsLCI8TzOvZUKZBz5nU2dqG2uvfwkCJ7w\\_yeF6cgnm2Hewy-jlMxJgmYZBVOyF-NUQ\\$](https://urldefense.com/v3/__http://www.opera.com/mail/__;!!LdQKC6s!OEBd6fJ1ZTUH-EiP2Rj7xCVGV-CbXsLCI8TzOvZUKZBz5nU2dqG2uvfwkCJ7w_yeF6cgnm2Hewy-jlMxJgmYZBVOyF-NUQ$)



## Konrad Jackson

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**From:** Sen. Jesse Bjorkman  
**Sent:** Monday, March 20, 2023 9:27 AM  
**To:** Rebecca Bezdecny  
**Cc:** Konrad Jackson  
**Subject:** RE: SB 88

Rebecca,

Thank you for your letter of testimony. I appreciate Alaskans like you who speak up and participate in the public process.

Senator Jesse Bjorkman  
District D  
907-465-2828

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**From:** Rebecca Bezdecny <rebecca.bezdecny@gmail.com>  
**Sent:** Sunday, March 19, 2023 11:50 PM  
**To:** Sen. Jesse Bjorkman <Sen.Jesse.Bjorkman@akleg.gov>  
**Cc:** Rep. Justin Ruffridge <Rep.Justin.Ruffridge@akleg.gov>  
**Subject:** SB 88

Good Evening,

I am writing you as a public employee and the spouse of a public teacher--however the contents of this email reflect my own personal opinion only.

I am writing to let you know I am in support of SB 88 that would allow public employees to return to a defined benefit pension program.

I am but a lowly administrative worker and I have seen many coworkers come and go after only a few years of working with the State. I worked over 20 years in the private sector prior to working for the State of Alaska, and anecdotally turnover is much higher with the State.

Currently my husband and I joke about dying at our desk (me) or he in his classroom because we don't believe we'll be able to retire completely.

I was born and raised in Alaska and my husband came up here as an infant with his family. After we graduated high school, we both did what we could to escape Alaska to the Lower 48. But after 15 years out of state, we came back.

Perhaps we were naive to do so since Alaska doesn't seem to care about it's public employees. But supporting SB 88 will help reverse that feeling that we may have made a mistake returning.

Thank you both for your time. (I am ccing Rep. Ruffridge even though this bill is not in his chamber. He should also know how one of his constituents feels about this matter on a whole).

Sincerely,  
Rebecca Bezdecny  
204 Susieana Ln.  
Kenai, AK 99611

Good afternoon Senate Labor and Commerce Committee,

I come before you today to speak in support of SB 88 An Act relating to the Public Employees' Retirement System of Alaska and the teachers' retirement system. I consider this provision as an investment in Alaska's economy.

Alaska's working age population (ages 18 to 64) is declining and Alaska's senior population is growing at the fastest rate in the country by percentage of the population. Juneau's seniors will be 40% of the resident population soon, many of whom can afford to stay because they are receiving a pension.

Alaska's low birth rate and the aging population have added to the dependency ratio (non-working age people for 100 working age people) has reached 64:100, a burden of support not seen since the mid-'70s according to the Alaska DOL&WD.

I am suggesting that retirees with a Defined Benefit Pension lessen the post-work financial and agency support needed from the State of Alaska to sustain this demographic.

A Defined Benefit Pension system provides a known monthly pension upon which recipients can formulate personal or household budgets during their retirement years.

These known monthly payments give the Defined Benefit Pension recipients the choice to age in place in their pre-retirement homes in their communities or to downsize and remain in Alaska. For those of us who remain in our pre-retirement homes, we continue to pay property taxes, sales tax, and shop locally. And, we vote.

Retirees including Defined Benefit Pension recipients provide hundreds of volunteer hours in our schools and libraries and all other community activities which require additional personnel support. We can do this because we have personal economic and benefit security which lead to stable personal lives.

I believe that the Defined Benefit Pension system should not be considered a financial burden to the State of Alaska, but a reinvestment in Alaska's workforce and economy. Reinstatement of a Defined Benefit Pension will give the State an essential tool to recruit and retain essential personnel who provide constitutionally mandated services: first responders, teachers, and public employees, and will support retirees who can afford to remain in state.

Nadine Lefebvre  
Juneau, Alaska 99801  
907-209-8750

## RESOLUTION #2023-05

**A resolution opposing any changes to PERS/TRS that increase the unfunded liability and supporting additional State contributions that reduce the non-state employer share in order to increase the efficacy of recruitment and retention in Alaska.**

WHEREAS, the State-managed pension system PERS/TRS is a critical tool for recruitment and retention in Alaska; and

WHEREAS, not only do PERS payments represent a significant portion of a local government's or school district's personnel budget but it places constraints on local governments and other employers that lessen their ability to successfully recruit and retain staff; and

WHEREAS, the State does not currently pay for termination studies or costs, and reductions in its workforce shift costs to the additional state contribution (future costs) and onto the balance sheets of all employers; and

WHEREAS, the current unfunded liability is more than \$5 billion, and the pension plan itself is less than 70% funded, even as gains have been made in more recent years; and

WHEREAS, while currently there exists only a defined contribution pension option, there are increasingly calls for a defined benefit option presented as a solution to hiring and retention by school districts and public safety professionals; and

WHEREAS, there is merit to an argument that defined benefit is a preferred employee retirement plan; and

WHEREAS, it is also true that this is not the only option, and that for employers required to fund the net pension liability of the plan when assumptions fail, it is a risk-filled proposition; and

WHEREAS, the majority of what employers contribute to PERS/TRS (of the 22%) is for past cost, essentially trying to pay down the unfunded liability that was created in past years; and

WHEREAS, if the 22% were reduced, either based on higher levels of fundedness or by the State taking on an increased share as costs are reduced, then employers would have greater flexibility to fund beyond Tier IV requirements and/or to contribute to a deferred compensation plan; and

WHEREAS, the current law reduces the additional state contribution as the fundedness of the plan improves, without adjusting the non-state employer cap (unless the total cost falls below that cap); and

WHEREAS, a system of adjusting accordingly would ensure the State is always contributing an appropriate level while non-state employers have the opportunity to see benefits that could accrue to employees; and

WHEREAS, a change to current law could include a sliding scale for the non-state employer share such that it represents the actual cost and then an amount distant from the total cost that is otherwise contributed to by the State through its additional contribution; and

WHEREAS, this can be thought of in terms of a floor for non-State employers of the actual cost, for which their contribution could not be adjusted below, but the floor for the State to not be limited by the non-State employer cap of 22%; and

WHEREAS, the State's additional contribution would be maintained and increased relative to or expressed as a larger percentage of the past service cost; and

WHEREAS, under this formation, employers would have greater flexibility, and be in a better position to consider new pension plans or retirement benefits; and

WHEREAS, to the extent that new plans are proposed by the State then they should be optional at the employer level, segregated in their liability, and come with an additional state contribution to past costs that meaningfully reduces the overall net pension liability of all employers.

NOW THEREFORE BE IT RESOLVED that the Alaska Municipal League supports all tools possible for recruitment and retention and expresses concern about the introduction of a defined benefit plan to PERS/TRS, without the State addressing current net pension liability; and

BE IT FURTHER RESOLVED that the Legislature should amend statute to accommodate a reduction to the non-state employer cap, such that it reduces in relation to the total cost while the additional state contribution is maintained at levels that advance the reduction of the unfunded liability.



Alaska PERS & TRS

# Senate Bill 88 Exposes Alaska to Potential Costs

*Alaska Senate Bill 88 would re-open the defined benefit (DB) pension for new hires and allow all teachers and public workers currently in the defined contribution (DC) plan to use their DC account balances to purchase past service in the DB plan. This “past service” purchase mechanism puts an enormous amount of risk on the state in year 1. Despite adjustments to retirement eligibility, this move could realistically add \$8.6 billion in additional costs to future state budgets and reintroduce the state to significant pension risk—the same risk that generated over \$6 billion in state pension debt and spurred the 2005 reform that closed the defined-benefit pension plan to new hires in the first place.*

**SB 88 costs are dependent on a flawed discount rate (DR):** The claim that the proposed changes will not require any additional funding relies on the pensions’ current investment return assumption. Alaska plans would need to achieve overly-optimistic 7.25% annual returns on investments for decades to avoid additional costs to the state.

- Overly-optimistic investment return assumptions were a major contributor to Alaska’s \$6.7 billion debt still owed on the legacy pension plans (PERS and TRS).
- The average assumed return used by public pension systems around the country is now below 7%, so the current assumption used by Alaska pensions is rosier than peers.
- Capital market forecasts suggest returns closer to 5-6% for the next 10-15 years.
- The DR is used when pricing the amount needed from employees to purchase their “past service”. If the plan earns under 7.25%, or drops that assumed rate in the near future, tens if not hundreds of millions of dollars in unfunded liabilities will have been added.

**SB 88 could cost the state an additional \$8.6 billion:** Actuarial analysis of Alaska PERS and TRS that anticipates realistic market stress and multiple recessions over the next 30 years shows SB 88 likely exposes the state to significant potential costs.

|   | Status Quo     | SB 88          |
|---|----------------|----------------|
| Total Employer Contribution:<br>Alaska PERS (2023-52) | \$28.5 billion | \$33.1 billion |
| Unfunded Liability:<br>Alaska PERS (2052)             | \$2.7 billion  | \$6.7 billion  |
| All-in Cost to Employers                              | \$31.2 billion | \$39.8 billion |

*Source: Pension Integrity Project 30-year actuarial forecast of Alaska PERS and TRS. Scenario applies recession returns in 2023-26 and 2038-41 and 6% returns in all other years. Values are adjusted for inflation.*

**Bottom-Line:** SB 88 could cost Alaska upwards of \$8 billion in the coming decades. Since most public employees leave before being able to take advantage of a pension, this could be a very costly move that only benefits a relatively small group.

## PENSION INTEGRITY PROJECT CONTACTS

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# 2024 ACTUAL EMPLOYER CONTRIBUTION RATES



|                                     | PERS                      |              |         |               | TRS                    |              |         |              |
|-------------------------------------|---------------------------|--------------|---------|---------------|------------------------|--------------|---------|--------------|
|                                     | FY24 PERS Total Payroll * |              | \$      | 2,437,619,000 | FY24 TRS Total Payroll |              | \$      | 762,084,000  |
|                                     | Preliminary               | Contribution | Adopted | Contribution  | Preliminary            | Contribution | Adopted | Contribution |
| DB Pension Plan - Normal Cost       | 2.14%                     | 52,165,000   | 2.14%   | 52,165,000    | 2.05%                  | 15,623,000   | 2.05%   | 15,623,000   |
| DB Pension Plan - Past Service Cost | 16.33%                    | 398,063,000  | 16.33%  | 398,063,000   | 16.44%                 | 125,287,000  | 16.44%  | 125,287,000  |
| DB Health Plan - Normal Cost        | 2.50%                     | 60,940,000   | 0.00%   | -             | 2.41%                  | 18,366,000   | 0.00%   | -            |
| DCR Plan                            | 6.63%                     | 161,614,000  | 6.63%   | 161,614,000   | 7.03%                  | 53,575,000   | 7.03%   | 53,575,000   |
|                                     | 27.60%                    | 672,782,000  | 25.10%  | 611,842,000   | 27.93%                 | 212,851,000  | 25.52%  | 194,484,000  |
| State Of Alaska Contributions       | 27.60%                    | 334,978,000  | 25.10%  | 304,636,000   |                        |              |         |              |
| Non-State Employer Contributions    | 22.00%                    | 269,264,000  | 22.00%  | 269,264,000   | 12.56%                 | 95,718,000   | 12.56%  | 95,718,000   |
| Additional State Contributions      | 5.60%                     | 68,540,000   | 3.10%   | 37,942,000    | 15.37%                 | 117,132,000  | 12.96%  | 98,766,000   |

\* PERS Non-State Employers Total Payroll: \$ 1,223,929,000  
 PERS State as an Employer Total Payroll: 1,213,690,000  
 FY24 PERS Total Payroll: \$ 2,437,619,000

Total Savings: **\$60,940,000 (PERS) + \$18,366,000 (TRS) = \$ 79,306,000**

(NOTE: some totals may not add due to rounding)



Source: ARM Board packet, September 2022 (information consolidated for presentation and some amounts may be off due to rounding)

Source - Senate Finance Committee February 14, 2023