

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 22, 2019

3:18 p.m.

MEMBERS PRESENT

Representative Gabrielle LeDoux, Co-Chair
Representative Adam Wool, Co-Chair
Representative Sara Hannan
Representative Dave Talerico

MEMBERS ABSENT

Representative Zack Fields
Representative Louise Stutes
Representative Josh Revak

COMMITTEE CALENDAR

HOUSE BILL NO. 48

"An Act removing from the exempt service of the state persons who are employed in a professional capacity to make a temporary or special inquiry, study, or examination as authorized by the governor and including those persons in the partially exempt service of the state."

- MOVED HB 48 OUT OF COMMITTEE

CONFIRMATION HEARING(S):

Alcohol Beverage Control Board

Charles Cross - Nome

- HEARD

HOUSE BILL NO. 79

"An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical, disability, and death benefits; relating to liability of the Public Employees' Retirement System of Alaska; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 44

"An Act relating to fees for using an automated teller machine; and providing for an effective date."

- BILL HEARING CANCELED

PREVIOUS COMMITTEE ACTION

BILL: HB 48

SHORT TITLE: TEMP STATE EMPLOYEES IN PART EXEMPT SVCE

SPONSOR(S): REPRESENTATIVE(S) WILSON

02/20/19	(H)	READ THE FIRST TIME - REFERRALS
02/20/19	(H)	L&C, FIN
03/18/19	(H)	L&C AT 3:15 PM BARNES 124
03/18/19	(H)	Heard & Held
03/18/19	(H)	MINUTE(L&C)
03/20/19	(H)	L&C AT 3:15 PM BARNES 124
03/20/19	(H)	Moved HB 48 Out of Committee
03/20/19	(H)	MINUTE(L&C)
03/22/19	(H)	L&C AT 3:15 PM BARNES 124

BILL: HB 79

SHORT TITLE: PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

SPONSOR(S): REPRESENTATIVE(S) KOPP

03/06/19	(H)	READ THE FIRST TIME - REFERRALS
03/06/19	(H)	L&C, FIN
03/20/19	(H)	L&C AT 3:15 PM BARNES 124
03/20/19	(H)	Heard & Held
03/20/19	(H)	MINUTE(L&C)
03/22/19	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

CHARLES CROSS, Appointee

Alcohol Beverage Control Board (ABC)

Department of Commerce, Community & Economic Development (DCCED)

Nome, Alaska

POSITION STATEMENT: Testified as appointee to the Alcohol Beverage Control Board.

REPRESENTATIVE CHUCK KOPP

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor of HB 79, answered questions from the committee.

KEN TRUITT, Staff
Representative Chuck Kopp
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 79, on behalf of Representative Kopp, prime sponsor.

PAUL MIRANDA, Firefighter
Anchorage Fire Department;
Member, Alaska Professional Firefighters Association
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 79.

SEAN CASE, Captain
Anchorage Police Department
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

JODIE HETRICK, Fire Chief
Anchorage Fire Department
Anchorage, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

PATRICK VAUGHAN, Officer
Juneau Police Department
Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 79.

JIM STYERS, Fire Chief
Fairbanks Fire Department;
Vice President, Alaska Fire Chiefs Association
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 79.

RANDY MCLELLAN, Sergeant
Hiland Mountain Correctional Center
Department of Corrections (DOC);
President, Alaska Correctional Officers Association
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 79.

DAVID SCHNEIDER, Officer
Fairbanks International Airport Police and Fire
Department of Transportation & Public Facilities (DOT&PF)

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 79.

CHRISTOPHER CAIRNS

Juneau Education Support Staff (JESS)

Juneau, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

TRAVIS WOLFE, President

International Association of Firefighters (IAFF) Local 4303

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 79.

DOUGLAS SCHRAGE

Alaska Fire Chiefs Association

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 79.

STEVE NELSON, Executive Director

Law Enforcement Officers' and Fire Fighters (LEOFF) Plan 2

Retirement Board

Olympia, Washington

POSITION STATEMENT: Offered information and answered questions during the hearing on HB 79.

MATTHEW PRESSER, Officer

Ted Stevens Anchorage International Airport Police and Fire Department

Department of Transportation and Public Facilities (DOT&PF)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 79.

JUSTIN MCGINNIS, State Trooper

Alaska Wildlife Troopers

Department of Public Safety (DPS)

Glennallen, Alaska

POSITION STATEMENT: Testified and offered comments on HB 79.

RUSSELL DENNIS, Firefighter/Paramedic

Fairbanks Fire Department

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 79.

MATTHEW DUBOIS, Sergeant

Juneau Police Department;

Member, Public Safety Employee Association (PSEA)

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 79.

ELIAS LAMB, Firefighter/Paramedic
Fairbanks Fire Department;
Member, Alaska Professional Fire Fighters Association
Fairbanks, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

CODY CARVER, Firefighter
Bellingham Fire Department
Bellingham, Washington

POSITION STATEMENT: Testified during the hearing on HB 79.

EDWIN ANDERSON, State Trooper
Alaska State Troopers (AST)
Department of Public Safety (DPS)
Bethel, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

SHEA HALLETT, Officer
Fairbanks International Airport Police and Fire
Department of Transportation & Public Facilities (DOT&PF);
Member, Public Safety Employees Association (PSEA)
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 79.

LANE WRAITH, State Trooper
Alaska State Troopers (AST)
Department of Public Safety (DPS)
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 79.

PETER HAWBAKER, Officer
Fairbanks International Airport Police and Fire
Department of Transportation & Public Facilities (DOT&PF)
Fairbanks, Alaska

POSITION STATEMENT: Testified during the hearing on HB 79.

SAMUEL WEBBER, State Trooper
Alaska State Troopers (AST)
Department of Public Safety (DPS);
Member, Public Safety Employees Association (PSEA)
Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 79.

ROBERT BENTLER, Officer

Ted Stevens Anchorage International Airport Police and Fire Department
Department of Transportation and Public Facilities (DOT&PF);
Member, Public Safety Employees Association (PSEA)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 79.

SHAYNE WESTCOTT, Firefighter/Paramedic
Anchorage Fire Department
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 79.

CODY FENTON, officer
Ted Stevens Anchorage International Airport Police and Fire Department
Department of Transportation and Public Facilities (DOT&PF);
Member, Public Safety Employees Association (PSEA)
Wasilla, Alaska
POSITION STATEMENT: Testified in support of HB 79.

ERNIE BRENT
Seattle, Washington
POSITION STATEMENT: Testified in support of HB 79.

AMANDA WRAITH
Wasilla, Alaska
POSITION STATEMENT: Testified in support of HB 79.

WESLEY MCQUILLIN, Officer
Ted Stevens Anchorage International Airport Police and Fire Department
Department of Transportation and Public Facilities (DOT&PF)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 79.

BEN ENDRES, State Trooper
Alaska State Trooper (AST)
Department of Public Safety (DPS)
Seward, Alaska
POSITION STATEMENT: Testified in support of HB 79.

ACTION NARRATIVE

[3:18:55 PM](#)

CO-CHAIR ADAM WOOL called the House Labor and Commerce Standing Committee meeting to order at [3:18] p.m. Representatives

Hannan, Talerico, LeDoux, and Wool were present at the call to order.

HB 48- TEMP STATE EMPLOYEES IN PART EXEMPT SVCE

[3:20:00 PM](#)

CO-CHAIR WOOL announced that the first order of business would be HOUSE BILL NO. 48, "An Act removing from the exempt service of the state persons who are employed in a professional capacity to make a temporary or special inquiry, study, or examination as authorized by the governor and including those persons in the partially exempt service of the state." [HB 48 was moved from committee on 3/20/19.]

[3:20:30 PM](#)

CO-CHAIR LEDOUX made a motion to rescind the committee's action on 3/20/19 in reporting HB 48 from committee. There being no objection, it was so ordered.

[3:20:55 PM](#)

CO-CHAIR LEDOUX moved to report HB 48 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 48 was reported out of the House Labor and Commerce Standing Committee.

[3:21:19 PM](#)

The committee took an at-ease from 3:21 p.m. to 3:24 p.m.

CONFIRMATION HEARING(S): Alcohol Beverage Control Board

[3:24:57 PM](#)

CO-CHAIR WOOL announced that the next order of business would be the confirmation hearing for Charles Cross, the governor's appointment to the Alcohol Beverage Control (ABC) Board.

[3:25:32 PM](#)

CHARLES CROSS, Appointee, Alcohol Beverage Control Board (ABC), Department of Commerce, Community & Economic Development (DCCED), informed the committee that he was born and raised in Nome, Alaska and gave a short description of his educational background and experience working as a state trooper for 20

years. Mr. Cross noted that he is currently employed by the Norton Sound Economic Development Corporation (NSEDC) as their [Human Resources] director. His desire to serve on the board stems from his life experience and vested interest in the welfare of Western Alaska.

[3:27:24 PM](#)

REPRESENTATIVE HANNAN asked for Mr. Cross's view on what roll the ABC Board serves and if he had an opinion on the governor's proposal to terminate the board.

MR. CROSS answered that he had not given any consideration to the governor's proposal. He offered his belief that it is the board's job to be objective and represent the voices of the industry, [law] enforcement, and the public. He reiterated his experience working in [law] enforcement for the Western Alaska Alcohol and Narcotics Team (WAANT) [Department of Public Safety (DPS)] where his duties included investigating bootlegged alcohol. He emphasized the importance of the ABC Board's existence with regard to licensure and the distribution and manufacture of alcohol.

REPRESENTATIVE HANNAN addressed the ability for communities to control and impose certain limits on the availability of alcohol in their locality. She asked Mr. Cross about his views on "local option" laws [AS 04.11.491: Local option] and restrictions.

MR CROSS reflected on living in a community that exercised their local option, adding that he experienced firsthand the devastation that occurs when alcohol is abused. He opined that small communities should have the same authority as the state has to impose restrictions on substances like marijuana and alcohol.

[3:32:03 PM](#)

CO-CHAIR LEDOUX, referencing Mr. Cross's resume, asked for the definition of a "Financial Coach Master."

MR. CROSS explained that it is an online training program offered by the Ramsey Group that familiarized him with all aspects of personal finance.

CO-CHAIR LEDOUX questioned whether the financial training is something he does as a hobby or if there is remuneration involved.

MR. CROSS replied that his initial intent was to create a side business from it, however he currently only offers his financial coaching on a volunteer basis.

CO-CHAIR LEDOUX, referencing Mr. Cross's resume, asked how he gained proficiency in the French language.

MR. CROSS replied that he learned it while at the University of Alaska Fairbanks in order to get closer to his then-girlfriend and now wife of 22 years.

[3:35:16 PM](#)

CO-CHAIR WOOL noted that the ABC Board has both a rural and a law enforcement seat. He questioned whether Mr. Cross, having both a rural and a law enforcement background, noticed "any redundancy" in his history.

MR. CROSS answered not necessarily. He opined that if a board member has a [law] enforcement background and is from a [rural] region they can "provide knowledge behind the issues."

CO-CHAIR WOOL pointed out that the ABC Board has over 1,000 licensees, many of whom are in urban centers and operating businesses. He asked if Mr. Cross would be able to consider the issues that arise objectively and not just through his experience in Nome.

MR. CROSS answered yes, adding that every community is unique and has its own relationship with alcohol.

CO-CHAIR WOOL asked which issues are important to the ABC Board.

MR. CROSS replied he is not familiar with any "burning" issues.

[3:40:39 PM](#)

CO-CHAIR WOOL opened public testimony. After ascertaining that no one wished to testify, he closed public testimony.

[The confirmation of Charles Cross, appointee to the Alcoholic Beverage Control Board, was treated as advanced to the joint session for consideration. Although not stated on the record,

signing the reports regarding appointments to board and commissions to boards and commissions in no way reflects individual members' approval or disapproval of the appointees, and the nominations are merely forwarded to the full legislature for confirmation or rejection.]

HB 79-PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

[3:41:05 PM](#)

CO-CHAIR WOOL announced that the final order of business would be HOUSE BILL NO. 79, "An Act relating to participation of certain peace officers and firefighters in the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska; relating to eligibility of peace officers and firefighters for medical, disability, and death benefits; relating to liability of the Public Employees' Retirement System of Alaska; and providing for an effective date."

[3:41:14 PM](#)

REPRESENTATIVE CHUCK KOPP, Alaska State Legislature, as prime sponsor of HB 79, summarized key aspects of the bill. He stated that HB 79 is a hybrid piece of legislation and different than any other defined benefits bill that the state has seen before. He highlighted the multiple levers that keep unforeseen risk contained, including the eligibility age requirement of 55 years old, keeping the health retirement account from Tier 4, limiting post retirement pension adjustments if the plan becomes less than 90 percent funded, and the ability to increase the employee contribution. He admitted that there are "less than ideal" aspects of the current bill, however, it is those things that "make the numbers work" and keep the state's unfunded liability to an absolute minimum. He remarked that the current plan assures employees of a future cash benefit payout, a health plan that will bridge them to Medicare, and certainty that their spouses will be covered as well.

[3:44:29 PM](#)

REPRESENTATIVE HANNAN inquired as to what the eligibility age is for spousal coverage.

REPRESENTATIVE KOPP explained that the spouse's eligibility is tied to the actual employee, meaning that once the employee is eligible their partner will be too.

[3:45:26 PM](#)

CO-CHAIR WOOL asked for clarification on what happens if the plan becomes less than 90 percent funded.

REPRESENTATIVE KOPP replied that the plan's percentage of funding is determined by the actuaries who decide whether the amount of contribution coming into the system is enough to generate the projected load going out in the future. The Alaska Retirement and Management (ARM) Board [Division of Retirement and Benefits (DRB)] would perform a reanalysis every year and if the projection comes in under 90 percent that's when the levers come in to play for course corrections.

REPRESENTATIVE KOPP, responding to a follow up question from Co-Chair Wool, said that those levers include increasing employee contribution from 8 percent to 10 percent and withholding the Post-Retirement Pension Adjustment (PRPA).

[3:47:10 PM](#)

KEN TRUITT, Staff, Representative Chuck Kopp, Alaska State Legislature, on behalf of Representative Kopp, prime sponsor of HB 79, added that if the employee contribution is raised, the employer contribution can be too.

CO-CHAIR WOOL sought clarification on whether both the employer and employee will automatically contribute more if the funding falls below 90 percent or if there are variables.

MR. TRUITT explained that the 90 percent threshold is a specific lever to the [PRPA]. Once the ARM Board goes through its annual actuarial reevaluation and finds that there are deficiencies or accruing liabilities, that's when the adjustments would be made to both the employee and employer contributions until the fund increases.

[3:49:00 PM](#)

CO-CHAIR WOOL opened public testimony.

[3:49:30 PM](#)

PAUL MIRANDA, Firefighter, Anchorage Fire Department; Member, Alaska Professional Firefighters Association, noted he is an 8 year firefighter paramedic with the Anchorage Fire Department

[AFD] and a Tier 4 member. He stated there is wide support for HB 79 within the Alaska Professional Firefighters Association which consists of over 500 professional firefighters and EMS [Emergency Professional Services] personnel across the state. He explained that in 2006 Alaska began placing all state and municipal employees into the new Defined Contribution (DC) plan, Tier 4, which he believes has generated many unintended consequences. He described the clearest consequence as the competitive disadvantage Alaska now faces in recruiting and retaining public safety employees. Another unintended consequence from the switch to Tier 4 is the lack of "retirement security" that Tier 4 provides for public safety employees who dedicate a career to serving Alaska in jobs that take a physical and mental toll. He pointed out that, for years, a professional actuary expressed that Tier 4 would be inadequate for public safety in retirement; however, this has now been validated by testimony from the state investment officer at a recent ARM Board meeting as well as additional predictions by the Department of Administration (DOA). Mr. Miranda continued by stating that all the tools and benefit modifications contained in HB 79 help to provide a reasonable and conservative retirement plan for public safety employees, reduce risk for the state, and make Alaska competitive in the recruitment and retention of public safety employees. He said it is a bill that both management and labor strongly agree on. He offered his belief that becoming competitive will help Alaska's public safety agencies retain highly skilled employees and better fulfill their missions and responsibilities to the communities they serve, as well as conserve important dollars that are lost when employees leave the state. The Alaska Professional Firefighters Association, he said, strongly supports HB 79 and recognizes it is a good compromise to address the issues that public safety faces in Alaska today.

[3:55:23 PM](#)

SEAN CASE, Captain, Anchorage Police Department, stated that recruitment is something that a Defined Benefit (DB) plan could help with. Having a retirement package that allows for defined benefits attracts future employees, which is something that the department is struggling with. He noted that the intake for the last two academies was 35 percent lower than usual. He opined that having an increased workforce could impact crime in a positive because more officers could be available on the street to initiate activity. He added that working in law enforcement is a tough job that is both mentally and physically taxing. Over the last 7 years, he said, the use of force rates has

increased by 37 percent within the Anchorage Police Department, indicating that violence on police officers is increasing. He offered his belief that as a community, it is beneficial to provide a retirement system to the employees who dedicate their lives to public service.

[3:58:54 PM](#)

JODIE HETRICK, Fire Chief, Anchorage Fire Department, offered her belief that the current retirement and benefits system has had a negative effect on public safety and recruitment at the AFD. She stated that prior to Tier 4 implementation, the AFD would receive between 800-1,000 firefighter applications each year. Most recently, she said, the number of applicants has decreased to 305, majority of whom are from Alaska. She opined that other states with a DB plan are taking employees away. She further noted that as a parent of two children who are interested in EMS as a career, she discourages them from looking at jobs in Alaska because of the lack of long-term financial healthcare that this state has to offer.

[4:02:03 PM](#)

PATRICK VAUGHAN, Officer, Juneau Police Department, stated that he has worked as a law enforcement officer for the last 8 years; 5 years in Alaska and 3 years in Oregon. He pointed out that when he lived in Oregon his DB plan was completely state and employer funded and significantly more competitive than Alaska's. He referenced statistics that show the average life expectancy of a police officer as less than 60 years, so with the current eligibility age of 65, some officers may not even get to access their retirement. He recalled several incidents during which he was injured at work to highlight the physical demands and difficulty of the job. He concluded by mentioning that although he had higher pay and better benefits in Oregon, Alaska is where he wants to be. He offered his belief that the current bill could get more qualified and motivated public safety employees here in Alaska.

[4:05:12 PM](#)

JIM STYERS, Fire Chief, Fairbanks Fire Department; Vice President, Alaska Fire Chiefs Association, noted that he agreed with all the previous testimony and wanted to further convey what was taking place in the city of Fairbanks. He recalled that there was always a small percentage of firefighters that left the Fairbanks department for the larger and higher-paying

AFD; however, now that same percentage of trained firefighters are abandoning Fairbanks for the Lower-48 after 3 or 4 years on the job. He added that, currently, there is a 6-year gap between Tier 3 and Tier 4 individuals that's increasing every year, which has never been seen before.

CO-CHAIR WOOL asked for clarification on the gap between Tier 3 and Tier 4 employees.

MR. STYERS responded with an example in which a Tier 4 employee has worked for 5 years and a Tier 3 employee has worked for 11 years, leaving a 6-year gap between them.

[4:07:16 PM](#)

RANDY MCLELLAN, Sergeant, Hiland Mountain Correctional Center, Department of Corrections (DOC); President, Alaska Correctional Officers Association, stated that Alaska has nearly 900 officers serving in 12 correctional facilities throughout the state. He noted that he worked as a correctional officer for the past 22 years and was testifying from his personal experience on the job and as the President of the Alaska Correctional Officers Association for the past 8 years. He remarked that the correctional officer profession is one where experience matters, and the turnover rate is "dangerously" high. He expressed the need for a retirement system that "makes sense" and would enable the state to keep experienced corrections officers; a system that incentivizes officers to stay instead of encouraging them to leave after 5 years. He asserted that correctional officers are being lost at record numbers of over 120 officers per year, adding that between FY13 and FY17 over 1600 correctional officers separated, which is over 60 percent of the current workforce. He said data shows that losing one correctional officer who is trained and certified results in the loss of an estimated 130,000 dollars that the state invests to recruit, train, and certify that officer. Consequently, with the annual loss of 120 correctional officers the state is needlessly spending approximately 16 million dollars per year. He further stated that HB 79 is necessary to improve officer moral, increase safety and security of the institution, and combat correctional officer fatigue that leads to poor retention in the Department of Corrections (DOC).

[4:09:39 PM](#)

DAVID SCHNEIDER, Officer, Fairbanks International Airport Police and Fire, Department of Transportation & Public Facilities

(DOT&PF), stated that he has lived in Alaska for nearly 10 years. He lamented that even though he would like to stay in Alaska, he is one of the Tier 4 individuals who is looking outside the state at other opportunities that would offer a defined pension program. He pointed out that public safety officers' work is physically demanding and for that reason, can only be done for so long. He relayed that in Fairbanks, most public safety workers are leaving after 5 years for the Lower-48 or Federal jobs that offer a retirement plan.

CO-CHAIR WOOL asked if the current bill were to pass would it encourage Mr. Schneider to stay in Alaska.

MR. SCHNEIDER answered yes.

[4:12:26 PM](#)

CHRISTOPHER CAIRNS, Juneau Education Support Staff (JESS), opined that in targeting only first responders, HB 79 draws a needless distinction between first responders and other public employees. He noted that he doesn't reject the idea that first responders should be treated with "special consideration," as their job is of "a special and extreme nature." He reflected on his experience working for the National Alliance on Mental Health as a specialist on the matter of suicide prevention and intervention, during which he learned firsthand a small portion of the immense mental and emotional burden first responders must contend with. Nonetheless, if a DB system is to be restored to some public employees there is an opportunity being missed to restore the system to all public employees. He opined that although offering peace officers and firefighters a DB system would alleviate some of the challenges associated with their recruitment and retention, all public institutions in Alaska have difficulty with these matters. He offered his belief that retaining staff in any institution is the key to accomplishing more with less, which is the very challenge that public employees are faced with in the current budgetary environment. He pointed out that in a DC model, an employee's own contributions fund their retirement, whereas in a DB model the contributions of those still working fund the retirement of those that have retired. He further noted that the "fiscally responsible" return to defined benefits should be a model in which the number of employees paying into the system is as broad as possible.

[4:15:31 PM](#)

TRAVIS WOLFE, President, International Association of Firefighters (IAFF) Local 4303, expressed his support for HB 79 on behalf of the International Association of Firefighters (IAFF) Local 4303 to return firefighters and police officers to a DB plan.

[4:16:49 PM](#)

DOUGLAS SCHRAGE, Alaska Fire Chiefs Association, voiced his support for HB 79. He stated that the issue constitutes a "general management problem," which is the reason there is unanimous support for the current bill from fire and police chiefs across the state. He pointed out that retention issues are especially difficult on the smaller communities for whom losing a single firefighter can be a challenge to maintaining their day-to-day coverage. He attributed part of the problem to departments in the Pacific Northwest whose headhunters identify and approach candidates in Alaska.

[4:18:42 PM](#)

STEVE NELSON, Executive Director, Law Enforcement Officers' and Fire Fighters (LEOFF) Plan 2 Retirement Board, explained that the LOEFF plan 2 represents all the fulltime law enforcement officers and firefighters in the state of Washington and is a 12 billion dollar plan that is 109 percent funded, making them one of the most successful DB plans in the country according to the National Association of State Retirement Administrators. He noted that the plan was established in 1977 and has 18,000 active members and 5,000 retirees. He mentioned that he reviewed William Forna's presentation on HB 79 that was before the committee on 3/20/19 and was willing to point out several similarities between the current bill's proposal and the provisions offered in the state of Washington. He highlighted that both plans have a 5-year final average pay period, which in Washington, has been successful in preventing spikes in salary that could impact the projected liabilities. Both plans also have similar retirement ages, conservative actuarial assumptions, and annual actuarial evaluations, all of which rank among the best practices for DB plans. He further noted that in the LOEFF Plan 2's over 40-year existence they have remained fully funded the whole time.

[4:21:53 PM](#)

REPRESENTATIVE HANNAN questioned whether other public employees in Washington state have a DB retirement system.

MR. NELSON answered yes.

REPRESENTATIVE HANNAN inquired as to why in 1977 police officers and firefighters created a separate pension system.

MR. NELSON explained that Washington had a previous statewide police and fire plan that was created in 1971; however, it became quickly apparent that the benefits provided under that plan were not financially sustainable. Thus, the LOEFF Plan 2 was created in 1977 for all law enforcement officers and firefighters hired after that date.

REPRESENTATIVE HANNAN asked how many years an employee must have to retire under Washington's system.

MR. NELSON replied that they have a normal retirement age of 53 with any years of service, or an individual could retire with an actuarial reduction at age 50 if they have 20 years of service.

[4:23:49 PM](#)

MATTHEW PRESSER, Officer, Ted Stevens Anchorage International Airport Police and Fire Department, Department of Transportation and Public Facilities (DOT&PF), noted that he belongs to the Tier 4 retirement system. He said that most of his statement had been covered by other testifiers but wanted to offer his belief that defined benefits work to keep quality people working in Alaska and to provide a sense of long-term financial stability. He pointed out that a large age disparity exists within the department. He explained that the age gap that generally exists between Tier 3 and Tier 4 can be explained by Tier 4 officers leaving employment at the 5-year mark, which also tends to put a strain on those who stay. He concluded by reiterating his support for the current bill.

[4:26:24 PM](#)

JUSTIN MCGINNIS, State Trooper, Alaska Wildlife Troopers, Department of Public Safety (DPS), remarked that he has been a trooper for 9-years with the Tier 4 system. He emphasized the difficulty of his job, both physically and mentally, which is the crux of his concerns with the bill in its current form. He directed attention to the age requirement to retire, adding that some employees will have worked 20 years well before the age of 55 years old. Additionally, he expressed concern with how to implement "a fair and equitable" way to buy in to the proposed

system and urged the committee to revisit these issues before passing the current bill.

[4:28:00 PM](#)

RUSSELL DENNIS, Firefighter/Paramedic, Fairbanks Fire Department, briefly discussed the Fairbanks Fire Department's recruitment and retention problems, adding that if HB 79 passes it might encourage people to stay.

[4:30:18 PM](#)

MATTHEW DUBOIS, Sergeant, Juneau Police Department;, Member, Public Safety Employee Association (PSEA), stated that the average officer at his agency lasts for about 4.4 years of service, adding that in the last 8 years, 18 qualified and exceptional law enforcement officers were lost to the Lower-48. Some, he said, even refer to Alaska as the "farm system" for the Lower-48, as the state of Alaska pays for the training of officers who end up leaving and going to work down south for departments that reap the benefits at Alaska's expense. He mentioned witnessing individuals from out of state agencies coming to Juneau to recruit officers by offering better benefits, better housing markets, and a lower cost of living. He concluded by urging the committee to take care of public safety workers who sacrifice for the state of Alaska by considering HB 79.

[4:32:50 PM](#)

ELIAS LAMB, Firefighter/Paramedic, Fairbanks Fire Department; Member, Alaska Professional Fire Fighters Association, noted that he is a Tier 4 employee and is excited by what HB 79 could potentially offer. He informed the committee that he is a lifelong, multigenerational Alaskan and would find it tragic if he was forced to leave the state in search of a DB retirement system; however, with the current DC system he can't afford to stay here and retire at a "reasonable" age. He opined that the current system creates a lack of incentive to stay in Alaska for Tier 4 employees like himself, adding that he has seen most people leave his department after 2 or 3 years.

[4:35:16 PM](#)

CODY CARVER, Firefighter, Bellingham Fire Department, informed the committee he was born in Soldotna, Alaska and gave a short description of his experience working across the state as a

firefighter, eventually ending up at the AFD for nearly 4 years before he moved to Washington. He said after educating himself on what the Tier 4 retirement system has to offer for a pension and disability, he decided to explore his options in the Washington area for two reasons: one, the uncertainty of a DC retirement plan; and two, the possibility of getting injured on the job and not being able to return to work. He pointed out that many departments in Washington state offer comparable pay, good benefits, and a pension with disability, which is why he moved there. He further noted that if Alaska offered a pension for Tier 4 members he would never have left.

[4:37:35 PM](#)

EDWIN ANDERSON, State Trooper, Alaska State Troopers (AST), Department of Public Safety (DPS), informed the committee he has worked as a state trooper for the last 6 years and is a Tier 4 employee. He encouraged the state to move towards a sustainable and adequate DB retirement [system] for state troopers. He opined that such a system would increase retention and recruitment among his division. Nonetheless, he expressed several reservations about HB 79 in its current form. He offered his belief that with Tier 5, members may end up contributing more money from their salary to retirement. Also, members who switch over would have to wait until at least age 55 with 20 years of service to start receiving a pension while Tier 4 allows for withdrawing from accounts penalty free at age 50. He pointed out that medical benefits are no better in Tier 5 than Tier 4. He said he is currently eligible to withdraw from Tier 4 when he turns 50, whereas Tier 5 would offer a later retirement, no better medical coverage, and possibly increase contributions from his salary. He recommended that at a minimum, HB 79 be amended to include medical coverage on par with Tier 3 and retirement at any age with 20-25 years of service.

[4:39:43 PM](#)

SHEA HALLETT, Officer, Fairbanks International Airport Police and Fire, Department of Transportation & Public Facilities (DOT&PF);, Member, Public Safety Employees Association (PSEA), expressed her support for HB 79, adding that she is a Tier 3 employee which is the only reason she has not left the state to pursue employment elsewhere. She revealed that her division is "operating at 27 percent down," noting that it costs 262,000 dollars the first year to train an officer in her department because of the multiple certifications a trainee must obtain.

She further noted that losing employees after a year or two is common and it's at the cost of the state.

[4:41:48 PM](#)

LANE WRAITH, State Trooper, Alaska State Troopers (AST), Department of Public Safety (DPS), opined that with a DB system it would be possible to both recruit and retain experienced law enforcement officers. He reflected on seeing many fellow troopers leave for different agencies and be recruited by out of state departments because Alaska lacks a DB program. He said that HB 79 is a step in the right direction and would create incentive for troopers to stay in state.

[4:44:40 PM](#)

PETER HAWBAKER, Officer, Fairbanks International Airport Police and Fire, Department of Transportation & Public Facilities (DOT&PF), informed the committee he is a Tier 4 employee who has been part of the Public Employees' Retirement System (PERS) for 12 years. He reflected on a several officers who left the state because of the retirement plan and as a field training officer himself, expressed frustration at watching them leave. He pointed out that it takes about 5 years to become a truly competent police officer, which is problematic because it's also the same time employees become fully vested as Tier 4 and can move on.

[4:47:33 PM](#)

SAMUEL WEBBER, State Trooper, Alaska State Troopers (AST), Department of Public Safety (DPS); Member, Public Safety Employees Association (PSEA), expressed his belief that HB 79 is a great step forward and has a low chance of creating unfunded liabilities for the state. Ultimately, he said, the goal for public safety personnel is increased recruitment and retention and the current bill is a "fantastic" start.

[4:49:18 PM](#)

ROBERT BENTLER, Officer, Ted Stevens Anchorage International Airport Police and Fire Department, Department of Transportation and Public Facilities (DOT&PF); Member, Public Safety Employees Association (PSEA), said he has noticed a reduction in steady employees as people leave the state in search of better benefits. He stated that as a recruitment officer, he has seen many potential applicants walk away when they learn there is no

DB plan. He offered his belief that without solid retirement, benefits it will just keep getting worse.

[4:51:46 PM](#)

SHAYNE WESTCOTT, Firefighter/Paramedic, Anchorage Fire Department (AFD), informed the committee he is a longtime Alaskan and has worked for multiple fire departments across the state. He stated that his lifelong goal was to work for the AFD until retirement, however, due to the current Tier 4 system he is being forced to look for work outside the state. He added that with his 3 years of experience as a trained firefighter/paramedic he has received multiple letters in the mail regarding lateral positions at departments in the Pacific Northwest that offer DB plans and better healthcare with similar pay. He said passing the current bill would help fix the retention issue and make him a happier employee.

[4:53:12 PM](#)

CODY FENTON, officer, Ted Stevens Anchorage International Airport Police and Fire Department, Department of Transportation and Public Facilities (DOT&PF); Member, Public Safety Employees Association (PSEA), expressed his support for HB 79 to further provide defined benefits to his fellow employees. He said he would like to see the state take a proactive approach in assisting officers and recruiting well-qualified people by offering a DB program.

[4:54:20 PM](#)

ERNIE BRENT informed the committee that he was a lifelong Alaskan and a state trooper until two years ago when he accepted a position with the King County Sheriff's Office in Washington state. After working as a police officer elsewhere, he maintained that Alaska's public safety personnel are some of the best trained and most professional men and women that one could find. He reflected on several well-trained troopers that have left or are leaving the state, citing retirement as the largest driving factor.

[4:56:53 PM](#)

AMANDA WRAITH, stated her strong support for HB 79, noting that her husband has served as a trooper since 2009. She expressed increasing concern with the level of crime in the state and what she sees as a lack of adequate support to recruit and retain

well-qualified officers. She said that she and her husband are apprehensive as they plan for their future and for retirement, adding that they have watched many troopers leave Alaska for Lower-48 jobs because those jobs offer a DB plan. She concluded by urging committee members to support HB 79.

[4:59:57 PM](#)

WESLEY MCQUILLIN, Officer, Ted Stevens Anchorage International Airport Police and Fire Department, Department of Transportation and Public Facilities (DOT&PF), noted that he is a lifelong Alaskan and has been a Tier 4 employee since 2007. He said he finds it difficult not to explore private sector and out-of-state options that offer competitive alternatives regarding retirement and benefits. The constant turnover he's experienced in the department resulted in limited experience and compromising situations. He offered his belief that HB 79 is a sustainable option.

[5:01:10 PM](#)

BEN ENDRES, State Trooper, Alaska State Trooper (AST), Department of Public Safety (DPS), noted that he is a Tier 4 employee and wanted to share some of his personal experience working as a trooper. He reflected on troopers who left the state for jobs that offered better health benefits and a DB system. He concluded by urging the committee to support the current piece of legislation.

[5:03:46 PM](#)

CO-CHAIR WOOL closed public testimony and thanked all the testifiers for highlighting the urgency and need for HB 79.

REPRESENTATIVE KOPP offered his understanding from hearing the testimony that Alaska's public safety workers "are getting ground down in the current system that we have." He referenced "finance numbers" that show Alaska turning over "tens of millions of dollars in training on a regular basis that is going out of state." He concluded by thanking the testifiers in the room for coming.

CO-CHAIR WOOL announced that HB 79 was held over.

[5:06:01 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:06 p.m.