

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

January 19, 2022

3:21 p.m.

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder

MEMBERS ABSENT

Representative David Nelson
Representative James Kaufman
Representative Ken McCarty

COMMITTEE CALENDAR

HOUSE BILL NO. 220

"An Act relating to the Public Employees' Retirement System of Alaska and the teachers' retirement system; providing certain employees an opportunity to choose between the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska and the teachers' retirement system; and providing for an effective date."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: HB 220

SHORT TITLE: RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

SPONSOR(S): REPRESENTATIVE(S) HOPKINS

05/19/21	(H)	READ THE FIRST TIME - REFERRALS
05/19/21	(H)	L&C, FIN
11/08/21	(H)	L&C AT 4:00 PM ANCH LIO DENALI Rm
11/08/21	(H)	Heard & Held
11/08/21	(H)	MINUTE(L&C)
01/19/22	(H)	L&C AT 3:15 PM BARNES 124

WITNESS REGISTER

REPRESENTATIVE HOPKINS
Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Introduced HB 220 as prime sponsor.

JOE BERTAGNOLI, representing self

Petersburg, Alaska

POSITION STATEMENT: Testified in support of HB 220.

AMY GALLAWAY, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 220.

SEAN REILLY, representing self

Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 220.

SUSAN RITTER, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 220.

DAVID BRIGHTON, representing self

Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 220.

KATHLEEN YERBICH, representing self

Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 220.

DR. VALERIE BROOKS, representing self

Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 220.

SUSAN DUNHAM, representing self

Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 220.

MIKE EVANS, representing self

Palmer, Alaska

POSITION STATEMENT: Testified in support of HB 220.

LUCY ORTIZ, representing self

Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 220.

JAKE METCALFE, Executive Director

Alaska State Employees Association(ASEA)

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 220.

CHRISTINE VILLANO, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 220.

TIM PARKER, representing self
Fairbanks, Alaska

POSITION STATEMENT: Testified in support of HB 220.

NATHAN ERFURTH, President
Kenai Peninsula Education Association
Kenai, Alaska

POSITION STATEMENT: Testified in support of HB 220.

PAT HIGGINS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 220.

MARY DOOHER, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 220.

RACHEL ETCHER, representing self
Petersburg, Alaska

POSITION STATEMENT: Testified in support of HB 220.

EMILY MOODY, representing self
Cordova, Alaska

POSITION STATEMENT: Testified in support of HB 220.

DANIELLE SPECHT, representing self
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 220.

OLIVIA PITESA, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 220.

HEATHER BAKER, representing self
Soldotna, Alaska

POSITION STATEMENT: Testified in support of HB 220.

SHARON JOHNSON, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in support of HB 220.

JASON FOX, representing self
Kodiak, Alaska
POSITION STATEMENT: Testified in support of HB 220.

MARGARET GILMAN, representing self
Kenai, Alaska
POSITION STATEMENT: Testified in support of HB 220.

WINTER MARSHALL-ALLEN, representing self
Homer, Alaska
POSITION STATEMENT: Testified in support of HB 220.

MIKE MILLER, representing self
Eagle River, Alaska
POSITION STATEMENT: Testified in support of HB 220.

BEN WALKER, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 220.

CHELSIE HARRIS, representing self
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 220.

CORY CROSSETT, representing self
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 220.

CALLIE CONNERTON, representing self
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 220.

JAKE JACOBY, representing self
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 220.

CAROLE BOOKLESS, representing self
Juneau, Alaska
POSITION STATEMENT: Testified in support of HB 220.

JENNA WAGNER, representing self
Kodiak, Alaska
POSITION STATEMENT: Testified in support of HB 220.

ACTION NARRATIVE

[3:21:52 PM](#)

CO-CHAIR IVY SPOHNHOLZ called the House Labor and Commerce Standing Committee meeting to order at 3:21 p.m. Representatives Spohnholz, Fields, Schrage, and Snyder were present at the call to order.

^#hb220

HB 220-RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

[3:22:46 PM](#)

CO-CHAIR SPOHNHOLZ announced that the first order of business would be HOUSE BILL NO. 220, "An Act relating to the Public Employees' Retirement System of Alaska and the teachers' retirement system; providing certain employees an opportunity to choose between the defined benefit and defined contribution plans of the Public Employees' Retirement System of Alaska and the teachers' retirement system; and providing for an effective date."

[3:23:07 PM](#)

REPRESENTATIVE HOPKINS, Alaska State Legislature, introduced HB 220 as prime sponsor. He summarized the sponsor statement [hard copy included in committee packet] which read as follows [original punctuation provided]:

Since 2006, Alaska's new public employees have been denied long term stability for planning their retirement and lifelong financial goals. Today, HB 220 offers all of Alaska's public employees the choice of a career with the portability of a Defined Contribution System or the stability of a Defined Benefit System.

Fifteen years of decreased recruitment and retention of educators, public safety officials and state and municipal employees have shown the shortfalls of a "one-size-fits-all" Defined Contribution System: Reduced educational aptitude, decreased long-term job performance, high employee turnover, increased training/recruitment costs and inefficient spending of limited state dollars. HB 220 proposes a new option that is a) cost neutral to the state budget, b) shares future risk with employees, and c) does not tie the state's hands with increased medical costs.

HB 220 is cost neutral. It does not increase the state's contribution above the existing Defined Contribution plan in place since 2006. It shares the risk between the state and the employee by mandating that employee contribution rates increase to keep the pension fund solvent in years of poor returns. Skyrocketing health care costs were a key driver in Alaska choosing to cut off employee access to a defined benefit retirement system in 2006. However, HB 220 would provide defined benefit plan employees in the same health benefit system currently in place for defined contribution employees. While employees would get to choose their retirement plan, all would still receive the same health care benefits, limiting state exposure to increased health costs.

This plan would maximize taxpayer's return on investment in our public employees. If passed, HB 220 would make it far more likely that 30,000 Alaskans would have the opportunity to keep their families in state for their career, reinvesting their salaries and benefits in the communities they call home. By creating a cost-neutral pension system that shares investment risk between the state and her employees, Alaskans will see improved outcomes and increased efficiency in everything from public safety to education. Pensions are safe, sustainable, and strategic investment accounts that prepare employees and employers alike for long term success. Under HB 220, Alaskans would know how much is being put into the fund and how much will come out. As the old adage says, "Failing to plan is planning to fail." HB 220 will give our state workers - troopers, teachers, technicians and every other public employee who dedicates their career to public service - the chance to earn a retirement with dignity, and the recognition of their years of service to their fellow Alaskans. He said that retirement is one of the drivers for employers leaving their professions. He noted that it is also a difficult issue for morale, and the financial impact. Training, etc. He noted the ways in which the impacts have been seen throughout various professions. He noted the changes caused by the Tier IV system. The retirement systems are unsustainable and hurt Alaska's budget and bottom line. The main goal of the bill is to be cost neutral and share in the risk with the state. Also, no impact to retirees.

Also gives an option to switch 401k. Employee retention is also an important goal of the bill.

[3:28:14 PM](#)

REPRESENTATIVE HOPKINS offered a PowerPoint presentation entitled, "House Bill 220," and proceeded to slide 3, "Alaska is facing an unprecedented recruitment and retention crisis." He explained that many local police departments, including the department in Fairbanks, Alaska, have begun to offer \$20,000 sign-on bonuses in an attempt to recruit more officers or troopers. The department currently has a twenty percent vacancy rate, which has been true for "years," and the department has been unable to fill these positions.

REPRESENTATIVE HOPKINS proceeded to slide 4, which included a quote from the Alaska Department of Public Safety Recruitment and Retention Overview that read as follows [original punctuation provided]:

"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."

REPRESENTATIVE HOPKINS advanced to slide 5, "Turnover among Alaska educators is dismal and at crisis levels," which included data regarding teacher turnover. He explained that many teachers who leave do not simply transfer to another district, but 60 percent of teachers either leave Alaska or the profession. He pointed towards lack of support and lack of retirement benefits as two major reasons for teacher turnover in Alaska. Teachers say that the defined benefit and retirement system would help encourage them to stay

REPRESENTATIVE HOPKINS proceeded to slide 6 which included an article detailing findings of the American Educator panel. He read a quote from the article, which read as follows [original punctuation provided]:

"Nationally, district leaders reported that 6 percent of their teachers and 6 percent of their principals retired or resigned at the end of the 2020-2021 school year - rates they said were on par with their pre-pandemic attrition rates."

REPRESENTATIVE HOPKINS continued to slide 7, "Turnover among Alaska educator's is dismal and at crisis levels. It's even worse in rural Alaska," which depicted data detailing the level at which different types of school districts in Alaska have lost teachers. He relayed that 36 percent of teachers turn over every year in rural districts. Many of these districts have 15 to 20 teachers, or even fewer, and he expressed that that turnover is significant and impacts the ability of children to learn.

REPRESENTATIVE HOPKINS proceeded to slide 8, "Teacher Retention and Recruitment Survey Results," which depicted the results of a survey taken in 2021. He highlighted the reason ranked third most important by teachers who took the survey, which was that the state go back to a defined benefit retirement system. He also mentioned reasons one and two, which are locally handled issues. He noted that the third reason is the only element that is something that can be changed by the legislature.

[3:32:40 PM](#)

REPRESENTATIVE HOPKINS continued on slide 8 and 9, "30-Year TRS." He explained that the current system makes it so that if an educator doesn't have the financial capability to put additional money into a Teachers' Retirement System (TRS) account, that person wouldn't be able to last more than 20 years in retirement as the amount that the state contributes is insufficient. The slide depicted a graph that showed that 50 percent of teachers would fall into this category and would not be able to sustain themselves for more than 20 years in retirement, and would have to return to the workforce.

REPRESENTATIVE HOPKINS advanced to slide 11, "HB 220 restores the option for a modest pension for Alaskans, while protecting the state from potential unfunded liabilities." He stated that the bill was intended to be crafted conservatively and responsibly.

REPRESENTATIVE HOPKINS moved to slide 12, "HB 220 is Designed to be Cost Neutral to Alaska," which read as follows [original punctuation provided]:

HB 220 establishes a pension option using the existing contribution amount to the Defined Contribution plan.

REPRESENTATIVE HOPKINS advanced to slide 13, "HB 220 protects Alaska taxpayers with a variable contribution rates," which read as follows [original punctuation provided]:

HB 220 establishes a variable contribution rate of 6% to 8%.

If the plans funding falls below 90%, employee contribution rates can rise from 6% all the way to 8%.

REPRESENTATIVE HOPKINS continued to slide 13, "HB 220 establishes employee choice," which read as follows [original punctuation provided]:

TRS 3, PERS 4, and all future SOA employees would have a choice between a Defined Contribution or a Defined Benefit.

New hires have 90 days to decide.

Existing PERS 4 and TRS 3 employees can use their DC accounts to buy years of service credit in the new system.

REPRESENTATIVE HOPKINS proceeded to slide 14, "Vesting and retirement age," which read as follows [original punctuation provided]:

Employees are eligible for retirement after 30 years of employment or at age 60.

REPRESENTATIVE HOPKINS explained that individuals in the TRS system and public service employees like police officers and firefighters would either be able to retire after 20 years of service or at the age of 55 due to a slightly higher contribution rate.

[3:37:17 PM](#)

REPRESENTATIVE HOPKINS continued on slide 16, "Health Care," which read as follows [original punctuation provided]:

HB 220 maintains the status quo for health care benefits. It includes the same health care benefits as PERS 4 and TRS 3.

REPRESENTATIVE HOPKINS explained that the bill would makes it so that an individual doesn't have to retire directly out of the state employment system. If an individual discontinued state employment, paying monthly premiums would no longer be a requirement, but the individual would still get access to state healthcare coverage when they turn 65 and are eligible for Medicare.

[3:39:09 PM](#)

CO-CHAIR SPOHNHOLZ asked Representative Hopkin whether, if someone left state service, that person would have to continue to pay a three percent premium to the state in order to be eligible for health care benefits upon retirement.

REPRESENTATIVE HOPKINS responded no. He explained that, currently, the state puts three percent of the average salary into a health reimbursement arrangement (HRA) account for an employee. He said that the intent of the HRA is to offset the healthcare premiums after that person leaves state service. He offered clarification that the HRA intends to help pay monthly premiums until an individual turns 65 [and can qualify for Medicare].

[3:40:21 PM](#)

REPRESENTATIVE HOPKINS continued on slides 18 and 19, "What do Alaskans get from 220?" which read as follows [original punctuation provided]:

- Improved recruitment and retention
- Long term expertise and career
- Efficient use of state dollars
- Improved education and public safety results
- Competitiveness with other states

REPRESENTATIVE HOPKINS added that Alaska is currently the only state in the nation without a pension system, and that 60 percent of teachers are leaving the state or the profession.

[3:42:19 PM](#)

REPRESENTATIVE SCHRAGE shared his understanding that teachers are feeling stuck because there is no guaranteed pension available nor is there the ability to opt in to social security. He asked Representative Hopkins whether the bill would give

teachers the option towards the end of their career to take advantage of a guaranteed retirement system.

REPRESENTATIVE HOPKINS responded yes, the bill would not impact social security, but it would allow for the option to choose the guaranteed pension at the end of one's career. He stated that it would mean a return to a defined benefit pension system that has so often been touted as a missing necessity.

[3:43:53 PM](#)

REPRESENTATIVE FIELDS commented that this is the biggest issue he's heard reported by local teachers and that he supports the bill.

[3:44:14 PM](#)

REPRESENTATIVE SCHRAGE asked Representative Hopkins how competitive HB 220 would make the retirement system for teachers.

REPRESENTATIVE HOPKINS responded by sharing his understanding that this bill would represent the answer and the return that people are looking for, and would act as a motivator for people to remain in Alaska. He commented that teachers are the largest group impacted, but that it would be an option for all state employees.

[3:46:09 PM](#)

CO-CHAIR SPOHNHOLZ opened public testimony on HB 220.

[3:46:32 PM](#)

JOE BERTAGNOLI, representing self, testified in support of HB 220. He shared that he started working as a public employee in 1991 and recently retired, which allowed him to benefit from a guaranteed pension for himself and his spouse. He explained that the benefits associated with being a Tier II hire acted as an incentive to stay in the public sector. He said that when the state moved to a Tier IV system in 2006, many of those incentives were gone for new employees. He noted that he has observed that new employees under Tier IV only stay in the public sector until "something better" comes along, because the incentives that were once in place are no longer present. This causes a loss of longevity and experience in the workforce, he

expressed, and noted that there are many vacancies in the school system and high turnover rates.

[3:49:19 PM](#)

AMY GALLAWAY, representing self, testified in support of HB 220. She noted that she was the 2020 Alaska Teacher of the Year and in the Tier II benefits category. She expressed that Alaska has the worst retirement system in the nation for Tier III and Tier IV educators, with no pension and no social security. She said that the turnover rate among educators is demoralizing, and shared that students started the [2021-2022] school year with over 900 vacancies across the state, which she said was unheard of in her career to this point. Teachers leave Alaska every year to move to states with pensions and stability, she said. She mentioned a recent experience where a student who wants to become a teacher asked her whether teaching is worth it considering the "bleak" state of teaching in Alaska, and she said that the state is failing students like this. She emphasized that a pension is one of the top incentives for teacher retention. She said that the benefits of having a pension have prevented her from quitting when the weight of teaching has felt like "too much to bear," and that she would not still be teaching in Alaska without it.

[3:52:37 PM](#)

SEAN REILLY, representing self, testified in support of HB 220. He has been a teacher in Palmer for many years and expressed that although he will have a pension when he retires, many teachers in the state have neither a pension nor access to social security benefits. He stated that Alaska is ranked forty-seventh in the country in retirement. He said that many teachers can only manage five years of teaching in Alaska due to the lack of benefits, and after that teachers are able to take their contributions to another state that has a pension plan. He reported that a friend of his said that there was no dignity in retirement in Alaska.

[3:56:57 PM](#)

SUSAN RITTER, representing self, testified in support of HB 220. She shared that she currently works in a high school in special education. She expressed her understanding that Alaska used to have the best retirement system in the country for teachers, and now ranks amongst the worst. She reiterated Mr. Reilly's point

that most teachers leave after five years because they can get better benefits in other states.

[4:00:47 PM](#)

DAVID BRIGHTON, representing self, testified in support of HB 220. He voiced that Tier III is colloquially known as the "death tier" for teachers in Alaska. He said that has been told that he needs to invest 25 percent of his teaching salary in order to be able to retire, and although he is currently investing over 10 percent, he said he can't manage more than that. He stated that it is difficult for teachers in the classroom to deal with high turnover rates, and that the second most senior teacher in his department has only worked there for two years.

[4:04:12 PM](#)

KATHLEEN YERBICH, representing self, testified in support of HB 220. She said that she remembers the shock she experienced when she discovered the state of her retirement account as a Tier III employee. She explained that although she has paid into the pension plan, she will only receive a small portion of it. She added that teachers moving away from the state also means families moving out of the state.

[4:07:23 PM](#)

VALERIE BROOKS, PhD, representing self, testified in support of HB 220. She shared that she is a teacher and a Tier II employee. She explained that her retirement benefits are much more substantial than those of her Tier III and Tier IV colleagues. She noted that there are many unfilled teaching positions in the state due to lack of applicants. She emphasized that in order to attract teaching talent to the state, it is essential to provide incentives such as a competitive retirement package. She added that the lack of a stable teacher workforce can negatively impact student learning. She shared that a report from April 2021 entitled, "Teacher Retention and Recruitment Survey," prepared by the Alaska Department of Education, which she noted was mentioned during Representative Hopkins' presentation, showed that retirement benefits consistently noted as essential in lists of issues that are critical to current Alaska educators.

[4:10:03 PM](#)

SUSAN DUNHAM, representing self, testified in support of HB 220. She said she is concerned for the students in Alaska as they are significantly impacted by the high teacher turnover rates. She explained that some teachers have had such overcrowded classrooms that teachers simply don't have enough time or energy to focus on each student. She added that teachers don't have the extra time to dedicate to things like volunteering to coach sports teams. She relayed that there is an employee in her district whose only job is to recruit teachers, and the employee was only able to recruit one teacher over the course of an entire semester.

[4:12:24 PM](#)

MIKE EVANS, representing self, testified in support of HB 220. He expressed that the Tier III retirement system ensures that Alaska is not competitive with other states. He said that he has seen many colleagues leave the state due to the perceived insufficient benefits available for teachers in order to pursue a better quality of life in other states.

[4:13:55 PM](#)

LUCY ORTIZ, representing self, testified in support of HB 220. She said that, due to the state of retirement in Alaska, she almost considered not coming back to Alaska after getting her degree, and every year considers leaving again.

[4:15:20 PM](#)

JAKE METCALFE, Executive Director, Alaska State Employees Association (ASEA), testified in support of HB 220. He shared that he is both a retired public employee and a current employer. He explained that he is "lucky enough" to be Tier 1, and stayed in his position when he entered public service because he knew that there was a pension, which no longer exists. There is now a "revolving door" of employees, he said. He highlighted law enforcement as a particular example of this, and said that most law enforcement employees only work for five years to be able to access the defined contribution money, then move to another state with a defined benefit retirement program. He stated that the state was putting in \$250,000 to \$300,000 in training police officers, and that that money in addition to the defined contribution money leaves the state when the officers move elsewhere. He added that ASEA, his current employer, has supported defined benefits since it was relinquished in 2006. He said that ASEA doesn't have turnover because it provides

pensions, 401k plans, and other benefits to its employees, and this in turn keeps money and expertise in Alaska.

[4:20:28 PM](#)

CHRISTINE VILLANO, representing self, testified in support of HB 220. She stated that she and her husband have a combined 66 years of experience in education. She reiterated that the rate at which teachers are resigning and moving away is detrimental to the state. She shared her understanding that HB 220 would not cost the state anything more, but would provide a stable retirement for educators.

[4:24:01 PM](#)

TIM PARKER, representing self, testified in support of HB 220. He shared that he is a teacher in Fairbanks, Alaska, and served on the Teacher Retention and Recruitment Taskforce with previous testifier Amy Gallaway. He predicted that future employees will be "repulsed" to discover the state of the Tier III TRS system and it will be the "worst PR" that the state could receive. He said that there is no other category of workers in the United States that faces the "extreme risk" that Tier III and many Tier IV employees face in Alaska.

[4:26:30 PM](#)

NATHAN ERFURTH, President, Kenai Peninsula Education Association, testified in support of HB 220. He highlighted the importance of having motivated and capable teachers in the state, and emphasized that teachers help the children of Alaska through "every type of situation imaginable," and that these children are going to become tomorrow's workforce. He noted that many teachers are leaving Alaska to find better benefits in other states.

[4:28:57 PM](#)

PAT HIGGINS, representing self, testified in support of HB 220. He noted that he is on the Anchorage School Board. He explained that Alaska is being "head hunted" by other states for three groups of employees: nurses, bus drivers, and teachers. He said that when there's a shortage nationwide in a particular field, the key to recruitment is retention, and Alaska will not be able to retain its teachers without a defined benefit option. He said that the children of Alaska will be negatively impacted if action is not taken immediately.

[4:31:25 PM](#)

MARY DOOHER, representing self, testified in support of HB 220. She said that she is a speech language pathologist working with the Matanuska-Susitna Borough School District. She emphasized the importance of recruitment and retention of related service providers, such as speech language pathologists and school psychologists, in addition to teachers in Alaska. She stated that she moved to Alaska in 2010, and since she arrived, there has been a "revolving door" of Tier III service providers leaving the state due to lack of benefits. She said that this forces the district to hire expensive, contract, and online providers in order to fill positions. She shared her understanding that Alaska used to be the premiere state for teachers, and the students were the better for it, but that that is no longer the reality.

[4:34:09 PM](#)

RACHEL ETCHER, representing self, testified in support of HB 220. She said that she began working in education in the year that the state transitioned to Tier III, and she heard from the people around her sentiments that she was unlucky to have "just missed" the cutoff. She said that she didn't understand it at the time, but now understands the difficulties of being a Tier III employee. She added that she has often wondered whether she should leave the state due to these issues.

[4:36:01 PM](#)

EMILY MOODY, representing self, testified in support of HB 220. She shared that she is a Tier III employee. She expressed that HB 220 would help recruit and retain teachers in the state. She quoted from an article about financial planning for teachers in a magazine distributed by the National Council of Social Studies, stating, "many teachers were attracted to education in part because of its level of job security and good benefits, mutually including a defined benefit, state-funded pension. Although the financial rewards are not high, the job security and benefits, combined with a love for teaching, bring many into the field." She said this article made her emotional because it reminded her that teachers in Alaska are the only ones who do not enjoy those benefits.

[4:39:08 PM](#)

DANIELLE SPECHT, representing self, testified in support of HB 220. She shared that she is Tier III and just missed the cutoff for Tier II. She said that she doesn't feel as though she has another choice but to consider other options for employment outside of Alaska.

[4:42:19 PM](#)

OLIVIA PITESA, representing self, testified in support of HB 220. She said that she is from Alaska and that this is her first year teaching in Alaska, though she has taught in other states and internationally. She echoed the sentiments of earlier testifiers that she was not aware of the meaning of being a Tier III employee. She expressed that although she is only in her first year of teaching in Alaska, she will be planning to move unless the retirement system is fixed.

[4:44:42 PM](#)

HEATHER BAKER, representing self, testified in support of HB 220. She is a teacher and has a number of accolades and awards, including being the 2019 Teacher of the Year. She shared that her school system in Soldotna, Alaska had an opening from May 2021 through October 2021 without receiving a single applicant. She explained that she is a Tier III teacher and that the lack of defined benefits has presented her family with a "real crisis," and the risk to her future due to the lack of defined benefits means that her family continually looks at moving south.

[4:47:55 PM](#)

SHARON JOHNSON, representing self, testified in support of HB 220. She shared that she found someone to take over her job when she retires as a school counselor, but that the replacement Ms. Johnson found is already reconsidering taking the position because she has already been offered another position with a defined benefit plan. She said that she has a friend who recruits teachers, and that friend has resorted to telling people to come to Alaska for the "five-year Alaskan experience," because that is all the time that many teachers can handle in the current system.

[4:50:10 PM](#)

JASON FOX, representing self, testified in support of HB 220. He said that he has been a school counselor in Alaska for 10

years and is invested in public education and Alaska, but that finding creative ways to save money for retirement outside of the retirement system has been a point of frustration throughout his career. He added that 80 percent of teachers in the Kodiak school system are Tier III employees. He commented that he "doesn't love" the buy-in service time requirement in the language of HB 220, but he is eagerly in support of the bill as a needed improvement.

[4:52:19 PM](#)

CO-CHAIR SPOHNHOLZ asked Mr. Fox to explain which part of the buy-in service time he does not like.

MR. FOX responded that he's not sure how much he would be expected to put forward as a teacher with ten years of experience. He said that he assumes that it would be "a couple thousand dollars of year experience" that he would have to buy into, and understands that that would come out of his personal retirement plan that he already has with the state. He said that he's not sure that he supports taking that money out of individual employees' retirement accounts as funding. He added that he doesn't know what a better option would be, which is why he supports HB 220 in its current state.

[4:53:29 PM](#)

MARGARET GILMAN, representing self, testified in support of HB 220. She expressed that the bill would provide an incentive for teachers at the beginning of their careers who would like to live in Alaska.

[4:55:23 PM](#)

WINTER MARSHALL-ALLEN, representing self, testified in support of HB 220. She explained that she worked in rural villages at the beginning of her career, but due to legislation and finance issues, was not able to stay in the villages. She said that teachers are asking for stability within communities, and that teachers are not just asking for retirement, but for the ability to recruit additional quality teachers to the state.

[4:57:58 PM](#)

MIKE MILLER, representing self, testified in support of HB 220. He explained that he has been a public employee for 20 years in Alaska and has seen a lot of staff turnover. He said that many

employees work for five years and then move on to other positions. He expressed that a pension would provide the security that the state needs in order to retain talent.

[5:00:08 PM](#)

BEN WALKER, representing self, testified in support of HB 220. He said that there's a real teacher shortage crisis and shared that over 30 percent fewer students are selecting education as their chosen field of study.

[5:03:41 PM](#)

CHELSIE HARRIS, representing self, testified in support of HB 220. She shared that she fears that her children will one day be responsible for her well-being because her retirement will run out. She said that for Tier III employees, there's a real possibility of running out of savings and retirement. She noted that the children of Alaska are also affected because many qualified educators are leaving Alaska due to the state of retirement and benefits. She added that the educators that stay are handed unreasonable workloads due to gaps in employment.

[5:06:16 PM](#)

CORY CROSSETT, representing self, testified in support of HB 220. He said that HB 220 could potentially solve a "huge problem." He noted that he originally came to Alaska because not only did he love the state, but the benefits for teachers were enticing. Unfortunately, he said, he didn't start teaching until 2006 when the system was changed to Tier III. He added that his children are in other states going to college and that his children asked him and his wife whether they would still be in Alaska when his children are ready to come back and raise families in the state, and he said that he had to tell his children, "I don't know." He expressed that this bill was a "glimmer of hope" that made him think that he might still be able to stay in Alaska.

[5:08:23 PM](#)

CALLIE CONNERTON, representing self, testified in support of HB 220. She said that she loves teaching in Alaska, but that she needs a future for herself and for her future family. She noted that teachers went through immense struggles with distance learning during the COVID-19 pandemic. She pointed to

continuity and less turnover as a necessity for students to get the best education possible.

[5:11:27 PM](#)

JAKE JACOBY, representing self, testified in support of HB 220. He said that he's been teaching in Alaska for 15 years and is a Tier III employee. He explained that if he were to teach for thirty years with the school district, his retirement would run out before he turns seventy. He said that in order to make his retirement work, he would need to teach from the age of 24 when he began his career until the age of 67, and hope to either "die or go broke at 95." He added that Tier II employees will soon start retiring, and that will mean a significant loss of talent in the school district. He said that it's proven difficult to keep Tier III employees working in the state, and that it's become even harder to find those Tier III employees to hire. He predicted that when Tier II employees start to retire, Tier III employees will not be able to fill all of the holes Tier II employees will leave behind.

[5:13:46 PM](#)

CAROLE BOOKLESS, representing self, testified in support of HB 220. She said that she is a Tier III employee working as a Special Education teacher. She said that there are currently six positions that have been open all year in the Juneau School District, and for this reason she filled two teaching roles herself. She noted that the district doesn't have a speech language pathologists in the school, and that the teachers filling the roles are all distance, which she said, "doesn't work." She noted that she believes the lack of interest is due to the benefits system. She said that this is her second career and that she was fully vested in social security prior to starting teaching, but that as soon as she started teaching, she lost a significant portion of it.

[5:16:27 PM](#)

CO-CHAIR SPOHNHOLZ asked Ms. Bookless to explain why she had to forfeit her social security from her previous employment.

MS. BOOKLESS responded that this has to do with something called a "windfall exclusion" [Windfall Elimination Provision] that says that, if a person is working for a government entity, that person shouldn't be able to receive both social security and a pension. She said that even though she fully invested in her

social security, the rules dictate that up to 50 percent of social security will be withheld if a person has a pension as well.

CO-CHAIR SPOHNHOLZ commented that it's important for people to understand that there is no way for a person to "cobble together" a retirement plan that looks similar to retirement plans that people receive in the private sector. She expressed that one of the challenges the legislature has faced in the past is the "mythology" that public employees should be able to cobble together a substantive retirement plan. She shared her understanding that there is no way to fix this without the legislature taking action.

MS. BOOKLESS responded that another factor that is sometimes missed is that Tier III employees also don't have the type of health plan that Tier I employees have, and so a large chunk of her retirement goes to medical insurance.

[5:18:55 PM](#)

JENNA WAGNER, representing self, testified in support of HB 220. She expressed that Alaska has the "worst retirement system" in the United States. She noted that educators can't afford to stay in Alaska, and Alaska can't afford to lose educators. She said she is also concerned about the buy-back service and what that cost will look like, particularly for new educators, but that any improvement is greatly appreciated.

[5:20:34 PM](#)

CO-CHAIR SPOHNHOLZ, after ascertaining that no one else wished to testify, closed public testimony on HB 220.

CO-CHAIR SPOHNHOLZ thanked everyone for providing passionate and candid testimony. She noted that life spans are longer than they used to be, but that retirement and benefit plans are not set up to accommodate the growth in life expectancy. She expressed that the most important resource in Alaska is the people.

[5:22:16 PM](#)

CO-CHAIR SPOHNHOLZ announced that HB 220 was held over.

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[5:22:56 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 5:23 p.m.