

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

January 31, 2022

1:32 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Joshua Revak, Vice Chair
Senator Gary Stevens
Senator Elvi Gray-Jackson

MEMBERS ABSENT

Senator Peter Micciche

COMMITTEE CALENDAR

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 55 (FIN)

"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

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 19 (EDC)

"An Act relating to instruction in a language other than English; and establishing limited language immersion teacher certificates."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: HB 55

SHORT TITLE: PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

SPONSOR(S): REPRESENTATIVE(S) JOSEPHSON

02/18/21	(H)	PREFILE RELEASED 1/15/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	STA, FIN
03/13/21	(H)	STA AT 1:00 PM GRUENBERG 120

03/13/21 (H) Heard & Held
 03/13/21 (H) MINUTE(STA)
 03/27/21 (H) STA AT 1:00 PM GRUENBERG 120
 03/27/21 (H) Heard & Held
 03/27/21 (H) MINUTE(STA)
 04/13/21 (H) STA AT 3:00 PM GRUENBERG 120
 04/13/21 (H) Heard & Held
 04/13/21 (H) MINUTE(STA)
 04/15/21 (H) STA AT 3:00 PM GRUENBERG 120
 04/15/21 (H) Moved HB 55 Out of Committee
 04/15/21 (H) MINUTE(STA)
 04/16/21 (H) STA RPT 3DP 4AM
 04/16/21 (H) DP: CLAMAN, TARR, KREISS-TOMKINS
 04/16/21 (H) AM: STORY, EASTMAN, KAUFMAN, VANCE
 04/21/21 (H) FIN AT 9:00 AM ADAMS 519
 04/21/21 (H) Heard & Held
 04/21/21 (H) MINUTE(FIN)
 04/23/21 (H) FIN AT 9:00 AM ADAMS 519
 04/23/21 (H) Heard & Held
 04/23/21 (H) MINUTE(FIN)
 04/27/21 (H) FIN AT 9:00 AM ADAMS 519
 04/27/21 (H) Heard & Held
 04/27/21 (H) MINUTE(FIN)
 05/05/21 (H) FIN AT 1:30 PM ADAMS 519
 05/05/21 (H) Heard & Held
 05/05/21 (H) MINUTE(FIN)
 05/14/21 (H) FIN AT 1:30 PM ADAMS 519
 05/14/21 (H) Moved CSHB 55(FIN) Out of Committee
 05/14/21 (H) MINUTE(FIN)
 05/17/21 (H) FIN RPT CS(FIN) 5DP 1DNP 3NR
 05/17/21 (H) DP: ORTIZ, WOOL, JOSEPHSON, FOSTER,
 MERRICK
 05/17/21 (H) DNP: CARPENTER
 05/17/21 (H) NR: EDGMON, LEBON, THOMPSON
 05/19/21 (H) LIMIT ALL DEBATE TO 2 MIN EACH Y23 N16
 E1
 05/19/21 (H) MOTION TO REMOVE 2 MIN DEBATE LIMIT
 FAILED Y12 N27 A1
 05/19/21 (H) TRANSMITTED TO (S)
 05/19/21 (H) VERSION: CSHB 55(FIN)
 01/18/22 (S) READ THE FIRST TIME - REFERRALS
 01/18/22 (S) L&C, FIN
 01/28/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
 01/28/22 (S) -- MEETING CANCELED --
 01/31/22 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

REPRESENTATIVE ANDY JOSEPHSON
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Sponsor of HB 55.

ELISE SORUM-BIRK, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska
POSITION STATEMENT: Presented the sectional analysis for HB 55.

PAUL MIRANDA, President
Alaska Professional Firefighters Association
Anchorage, Alaska
POSITION STATEMENT: Delivered a presentation on HB 55 about the costs of maintaining the status quo.

TODD CHAMBERS, Fire Chief
City of Fairbanks Fire Department (FFD)
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of HB 55.

ANGELINA SALVATO, Communications Officer
Anchorage Police Department Employees Association
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 55.

JUSTIN MACK, Vice President
Anchorage Fire Fighters and
Alaska Professional Fire Fighters Association (APFFA)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 55.

RANDY MCLELLAN, President
Alaska Correctional Officers Association
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 55.

JEREMY CONKLIN, President
Anchorage Police Department Employees Association (APDEA)
Anchorage, Alaska
POSITION STATEMENT: Testified in support of HB 55.

RYAN FROST, Policy Analyst
Pension Integrity Project
Reason Foundation

Olympia, Washington

POSITION STATEMENT: Testified on HB 55 to point out potential pitfalls.

CODY CARVER, paramedic representing self

Bellingham Fire Department

City of Bellingham

Bellingham, Washington

POSITION STATEMENT: Testified in support of HB 55.

JEFFERY JONES, fire medic representing self

Ketchikan Fire Department

City of Ketchikan

Ketchikan, Alaska

POSITION STATEMENT: Testified in support of HB 55.

CHARLES KOPP, Public Policy Consultant

Alaska Professional Fire Fighters Association

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 55.

COREY LUCK, fire fighter/EMT representing self

Mukilteo Fire Department

City of Mukilteo

Mukilteo Washington

POSITION STATEMENT: Testified in support of HB 55.

CRAIG WARREN, Fire Chief

Sitka Fire Department

City and Borough of Sitka

Sitka, Alaska

POSITION STATEMENT: Testified in support of HB 55.

ACTION NARRATIVE

[1:32:08 PM](#)

CHAIR MIA COSTELLO called the Senate Labor and Commerce Standing Committee meeting to order at 1:32 p.m. Present at the call to order were Senators Stevens, Gray-Jackson, Revak, and Chair Costello.

HB 55-PEACE OFFICER/FIREFIGHTER RETIRE BENEFITS

[1:32:54 PM](#)

CHAIR COSTELLO announced the consideration of CS FOR HOUSE BILL NO. 55(FIN) "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."

1:33:51 PM

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, Juneau, Alaska, Juneau, Alaska, sponsor of HB 55, introduced the legislation speaking to the sponsor statement that read as follows:

HB 55 aims to create a new hybrid retirement plan option for state and municipal peace officers and firefighters under the Alaska Public Employees' Retirement System (PERS) with new protections for the state against unforeseen future liabilities.

Alaska ended the defined benefit plan in 2006 after we discovered that those accounts were too underfunded to meet anticipated retiree obligations. Since these plans were eliminated, one of Alaska's greatest public safety challenges has become employee retention and recruitment. Alaska is one of the few jurisdictions that does not presently offer a defined benefit type retirement for new public safety employees. Additionally, many municipal public employees do not participate in Social Security or the Supplemental Annuity Plan (SBS-AP). HB 55 is crafted to retain and attract quality peace officers and firefighters while protecting the state from unnecessary financial risks in the future.

The proposed option would allow future peace officers and firefighters under the PERS system and current ones under the PERS Tier IV plan to join the defined benefit plan. The proposal includes several safeguards modeled after the most fiscally responsible plans in the nation. These safeguards provide stability and would provide the state with fiscal certainty about their ability to maintain adequate funding for this plan into the future. These provisions include a minimum retirement age of 55 with 20 years of service, flexibility setting employee contribution rates, minimum 12 percent employer contribution rates, mechanisms to prevent costly "pension spiking," and

the ability to withhold post-pension retirement adjustments should the plan's funding drop below 90 percent.

The new tier will closely mirror Tier III of PERS for public safety employees, with the exception of two cost saving measures: the continued inclusion of the Tier IV defined contribution retirement plan's health reimbursement arrangement (HRA) and the absence of cost-of-living adjustments.

HB 55 will be a step toward making Alaska more attractive to public safety employees. The nature of the jobs that peace officers and firefighters hold are uniquely physically demanding and hazardous compared to other public employees, and all Alaskans pay the cost for understaffed public safety agencies.

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REPRESENTATIVE JOSEPHSON stated that HB 55 affects just five percent of all public employees. It is a group that has always been treated a little differently and HB 55 continues that practice. Public safety employees have by statute lower retirement ages and these employees are classified and tracked separately in the PERS system. They are unique. These employees understand that the job is physical in nature and that they will be exposed to unique and consequential harm. The result is that their bodies wear down more quickly. Another unique aspect is that state and local governments invest up to \$200,000 to train these workers, although after five years their defined contribution is portable and many choose to take their training and money move where they can have a pension in retirement.

REPRESENTATIVE JOSEPHSON said the cost of losing these trained public safety employees is in the millions of dollars per year. He calculated that if two percent of the 3,400 public safety employees leave every year and it costs \$120,000 to train each employee, which translates to a loss of \$8 million per year in training costs. Over the course of 20 years the loss is \$160 million.

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He emphasized that the hybrid plan that HB 55 proposes will be solvent and the state does not bear all the risk. A series of triggers or levers come into play if there is any threat to the solvency of the plan. These include: firefighters and police will have to wait until age 55 to receive a pension; retirement

will be calculated based on the average high five years; the Alaska Retirement Management (ARM) Board can remove the inflation adjustment if it finds the plan is not producing expected returns; and the ARM Board can adjust the worker contribution to 12 percent if it determines that 8 percent is inadequate.

REPRESENTATIVE JOSEPHSON stated that the net result of HB 55 is that these retirees on average will receive 45 percent of their replacement wage rather than the current 31 percent. According to Buck consultants, this will add just half a year to the unfunded liability. He described it as not significant.

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CHAIR COSTELLO asked for the sectional analysis.

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ELISE SORUM-BIRK, Staff, Representative Andy Josephson, Alaska State Legislature, Juneau, Alaska, presented the sectional analysis for HB 55. It read as follows:

[Original punctuation provided.]

Sectional Analysis for CSHB 55(FIN)

Section 1: Amends AS 37.10.220(a) regarding the powers and duties that the Alaska Retirement Management (ARM) board shall carry out including:

- Adding new duties to account for appropriate employer contributions for peace officers and fire fighters and adjustments to these employees' contributions; and
- Determining the amount of the monthly employer contributions under new subsection AS 39.35.255(i) for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 2: Amends AS 37.10.220(b) regarding the powers and duties of the Alaska Retirement Management (ARM) board, adding the ability to adjust the post-retirement pension adjustment (PRPA) amounts and the employee contribution rates for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 3: Adds to the ARM board statute the definitions for "peace officer" and "firefighter" the existing in AS 39.35.680 (the PERS defined benefit definitions section).

Section 4: Amends AS 39.30.090(a) by adding the AS 39.37.537 (the new health reimbursement arrangement (HRA) medical benefit for peace officers and firefighters participating in the defined benefit plan after June 30, 2006 found in section 29) to the list of retiree medical benefit programs that the Department of Administration has the power to procure group insurance for.

Section 5: Amends AS 39.30.097(a) regarding Alaska retiree health care trusts. Adds the new AS 39.35.537 (the peace officer/firefighter HRA found in section 29) to the list of medical benefit programs that the Department of Administration commissioner is authorized to prefund.

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Section 6: Amends AS 39.30.097(b) regarding Alaska retiree health care trusts. Adds the new AS 39.35.537 (the peace officer/firefighter HRA found in section 29) to the list of medical benefit programs that the Department of Administration commissioner is authorized to prefund.

Section 7: Makes a Revisor's type technical change by using the new preferred term for referring to the state retirement system.

Section 8: Amends AS 39.30.380 regarding how the HRA medical benefits are handled for terminated employees who leave prior to retiring. A person who terminates employment prior to meeting the eligibility requirements under the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 29) lose rights to their contribution to the HRA trust fund, in line with other Tier IV HRAs.

Section 9: Amends AS 39.30.390 regarding eligibility for reimbursement under the HRA. Adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 29) as eligible for reimbursements from the HRA.

Section 10: Amends AS 39.30.400(a) regarding benefits payable from individual HRA accounts. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 29) is added as a plan from which the administrator may deduct the cost of monthly premiums.

Section 11: Amends AS 39.30.495 which contains the definitions for the HRA statutes. Adds the new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 29) to the definition of "eligible person" found in AS 39.30.495(5).

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Section 12: Amends AS 39.35.095 which lays out the applicability of the defined benefit retirement plan statutes found in AS 39.35.095-39.35.680 to include peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 13: Conforming amendment to AS 39.35.160(a) which outlines the employee contribution rates for peace officers or firefighters hired before June 30, 2006, excepting the new AS 39.35.160(e) (found in section 14). Deletes material on page 9, lines 18-25 that is reproduced in a new AS 39.35.160(f) (found in section 14).

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MS. SORUM-BIRK advised that Section 14 was one of the substantive parts of HB 55.

Section 14: Creates new subsection AS 39.35.160 (e) setting the employee contribution rate for peace officers and firefighters participating in the defined benefit plan after June 30, 2006, at 8 percent of the employee's compensation. The ARM board may adjust the contribution rate from 8 to 12 percent. Subsection (f) reproduces the deleted material from page 9, lines 18-25 in section 13 of the bill, ensuring that contributions conform with the federal Internal Revenue Code.

Section 15: Amends AS 39.35.255(a) by referring to a new subsection (i) and by doing so makes clear that the total employer contribution remains 22% for peace officer and fire fighter employers.

Section 16: Amends AS 39.35.255(d) and is a technical conforming change to accommodate the new subsection (i) of this statute.

Section 17: Amends AS 39.35.255(e) and is a technical conforming change to accommodate the new subsection (i) of this statute.

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MS. SORUM-BIRK stated that Section 18 was another key section of the bill.

Section 18: Adds new subsections (i) and (j) to AS 39.35.255.

- New subsection (i) establishes one of the new features that aim to make this new tier financially viable. It specifies that the employer contribution to the employee retirement benefit will remain constant at 12%. And, that the difference between the 12% contribution dedicated to employee benefits and the 22% total employer contribution will be available for the past liability of the PERS system.
- New subsection (j) states that the ARM board may increase the employer contribution to the employee retirement benefit based on the board's decision to increase employee contributions. This is also a new feature, or "lever," added to help make the new tier financially viable.

Section 19: Amends AS 39.35.282 regarding employer contributions for medical benefits, conforming that section to changes in the bill affecting peace officers and firefighters first participating in the defined benefit plan after June 30, 2006.

Section 20: Conforming amendment to AS 39.35.370(a) which outlines the years of service requirements to become eligible for retirement benefits under the defined benefit retirement plan. The conforming language specifies that the credit service requirements in subparagraphs 1-3 only apply to persons who became members of the defined benefit retirement plan prior to July 1, 2006.

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MS. SORUM-BIRK identified Section 21 as another key section of HB 55.

Section 21: Amends AS 39.35.370 by adding a new subsection (l) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006. Members are eligible for a normal retirement benefit:

- At age 60 with at least five years of credited service as a peace officer or firefighter, or
- At age 55 with at least 20 years of credited service as a peace officer or firefighter.

Section 22: Amends AS 39.35.381 concerning the alternative benefits for elected public officials. The new AS 39.35.537 (proposed peace officer and firefighter HRA found in section 29) is added to the list of plans that elected public officials are not entitled to under the alternative benefit for elected public officials.

Section 23: Conforming amendment to AS 39.35.475(a) concerning the schedule for making the annual postretirement pension adjustments (PRPA), making those payments subject to the exceptions in the new subsection (g) (found in section 25).

Section 24: Conforming amendment to AS 39.35.475(b) concerning the calculation of the annual postretirement pension adjustments (PRPA), making those payments subject to the new subsection (h) (found in section 25).

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Section 25: This section contains one of the new features, or "levers," added to help keep the new tier financially viable. The section is intended to allow the ARM board to reduce a benefit, the automatic post-retirement pension adjustment, to keep the new tier financially viable. The proposed new subsections:

- Subsection (g) sets up the adjustment feature of the next subsection.
- Subsection (h) allows the ARM board to reduce PRPA payments to peace officers and firefighters participating in the defined benefit plan after June 30, 2006, if the plan has an unfunded liability greater than 10 percent and clarifies

that the feature can be used if the liability to PERS is attributable to the employees of this new tier.

Section 26: Conforming amendment to AS 39.35.535(a) concerning the medical benefits for employees under the defined benefit retirement plan. Adds a new subsection (g) (found in section 28) as an exception to the defined benefit retirement plan medical benefits for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 27: Conforming amendment to AS 39.35.535(c) concerning the major medical insurance coverage for those under the defined benefit retirement plan. It specifies that the section only applies to those members or their surviving spouse who joined prior to July 1, 2006.

Section 28: Amends AS 39.35.535 by adding a new subsection (g) that states peace officers and firefighters participating in the defined benefit plan after June 30, 2006, are to receive benefits under the HRA as allowed under the new AS 39.25.537 (found in section 29).

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MS. SORUM-BIRK described Sections 29 and 30 as additional key parts of HB 55.

Section 29: Adds a new section AS 39.35.537 creating an HRA medical benefit for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006. The section specifies the eligibility, cost of premiums for the major medical insurance, and procedures for participation.

Section 30: Amends AS 39.35.680 (4) which contains the definitions for the defined benefit retirement plan statutes. Adds a new paragraph (F) under the definition of "average monthly compensation" that states the calculation for peace officers and firefighters first participating in the defined benefit plan after June 30, 2006, will be based on the

highest five consecutive payroll years during the employee's career.

Section 31: Conforming amendment to the definition of "employer" under AS 39.35.680(18) to include peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 32: Conforming amendment to the definition of "normal retirement" under AS 39.35.680(26) to include AS 39.35.370(1) detailing the service requirements for peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 33: Conforming amendment to AS 39.35.720 regarding the membership in the defined contribution retirement system, stating that all employees who become members on or after July 1, 2006, except as provided in AS 39.35.095, are part of the defined contribution plan, thus excepting peace officers and firefighters participating in the defined benefit plan after June 30, 2006.

Section 34: Adds a new subsection to AS 39.35.750 regarding employer contributions to the defined contribution retirement plan, stating those contribution requirements do not apply to peace officers and firefighters participating in the defined benefit plan after June 30, 2006, whose employer contribution requirements are found in the new AS 39.35.255(i) (found in section 18).

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MS. SORUM-BIRK identified Section 35 as another important section in HB 55.

Section 35: Adds a new section to the uncodified law of the State of Alaska allowing peace officers and firefighters hired after June 30, 2006 and before the bill's effective date to elect, within 90 days of the effective date of this section, to transfer their contributions to their defined contribution retirement plan to the defined benefit retirement plan. Those transfers will be used to purchase credited service under the defined benefit retirement plan on an actuarially equivalent basis set by the ARM board.

Section 36: Adds a new section to the uncodified law of the State of Alaska creating procedures set out by the Department of Administration for employees to transition their contributions under the defined contribution retirement plan to the defined benefit retirement plan. This section also states that the election to transition from the defined contribution to the defined benefit plan is irrevocable. If there is a difference between the actual years of service and the equivalent years of service calculated by an employee's contributions to the defined benefit retirement plan, then the Department of Administration will allow persons to buy the difference. If the equivalent years of service are in excess of the actual years of service, then the excess remains under the defined contribution retirement plan.

Section 37: Adds a new section to the uncodified law of the State of Alaska instructing the Department of Administration commissioner to make conforming regulations.

Section 38: States that section 37 takes immediate effect under AS 01.10.070(c).

Section 39: Sets effective date of July 1, 2021.

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At ease

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CHAIR COSTELLO reconvened the hearing on HB 55 and asked the sponsor if he had something to add.

REPRESENTATIVE JOSEPHSON said he neglected to mention that these stakeholders will receive no cost of living allowance.

CHAIR COSTELLO clarified for those listening that HB 55 affects only public safety employees.

She stated that when HB 55 was brought to her attention she was told that it does not return public safety employees to a defined benefit system. However, the sponsor statement says this is a defined benefit bill. She asked for clarification because it raises concern that it could return the state to the situation in 2006 when the state coffers were at huge risk.

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REPRESENTATIVE JOSEPHSON explained that it was medical care that generated inflationary costs for the PERS/TRS retirement system and HB 55 does not do that. The bill is a hybrid with defined benefit and defined contribution components. The defined benefit is the pension. That is controlled and the actuaries say it poses virtually no threat to the state. The defined contribution component relates to the HRA that is 3 percent of pay. The retirees will need to fill the gap themselves until they age-qualify for Medicare.

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CHAIR COSTELLO asked if he was saying "on the public record that there is no change to the health benefit situation for the 2,200 individuals that will be affected by this bill.

REPRESENTATIVE JOSEPHSON answered that is correct

CHAIR COSTELLO noted that he also stated that the risk to the state in terms of medical costs is nonexistent. She asked if he stands by that statement.

REPRESENTATIVE JOSEPHSON answered yes. He offered his understanding that the 3 percent employee contribution will be invested and will rise and fall but it creates no threat to the security of the state.

[2:16:09 PM](#)

CHAIR COSTELLO highlighted that the Labor and Commerce Committee focuses on the economy and jobs for Alaskans now and for future generations. She asked the sponsor to share what jobs and training problem HB 55 solves and how he knows this is the answer.

REPRESENTATIVE JOSEPHSON cited page 6 of The Department of Public Safety (DPS) Recruitment and Retention Plan Overview 2018-2023. It states that "the lack of a defined benefit retirement program is the source of attrition and applicant disinterest." He stressed that Alaska is being poached. In Washington and other states DPS equivalents are talking about the incredible quality of employees that Alaska produces and loses after year five. He said the state has to stop the conveyor belt that sends trained employees to Lower 48 states. The overview repeatedly identifies the problem and HB 55 is a cautious and conservative solution.

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SENATOR REVAK stated that HB 55 proposes a solution to the issue of retaining trained first responders and he was pleased to see that the bill has cost containment levers. Nevertheless, he said it is incumbent on the legislature to ensure that this or any solution does not exacerbate the unfunded liability in PERS. He referenced the indeterminate fiscal note and asked what assurance the committee has that the bill will not result in an additional unfunded liability.

REPRESENTATIVE JOSEPHSON deferred the question to Ms. Sorum-Birk.

[2:21:02 PM](#)

MS. SORUM-BIRK stated that HB 55 received a full actuarial analysis last year in the House Finance Committee and that information is on BASIS. She offered to provide the analysis if that was the committee's preference and noted that the sponsor was told that the fiscal note will be updated if the bill moves to the Senate Finance Committee. She also offered to share the analyses William B Forna, FSA presented in the House Finance Committee last year.

SENATOR REVAK said he would like to see both analyses. He mentioned the pro and con communications, and asked how the employer and employee contribution rates were selected.

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MS. SORUM-BIRK explained that HB 55 proposes an 8 percent employee contribution, which matches the current Tier IV contribution rate. However, the Alaska Retirement Management (ARM) Board has the ability to increase the contribution rate incrementally to 12 percent if the new plan becomes less than 90 percent funded. The employer contribution is 22 percent across all tiers and that does not change in HB 55. What is different is the distribution. She skipped to slide 10 to explain the difference. The two pie charts and the commentary are from page 4 of the Buck April 2021 actuarial analysis of HB 55. It reads:

[Original punctuation provided.]

The increase in Additional State Contributions can be explained by the pie charts below. These show the distribution of the 22% of pay employer contribution for FY23 for HB 55 members among the various trusts (similar distributions of employer contributions would apply to other years). Because the percentage being deposited to the DB trust decreases (from 12.2% to

10.0%), the Additional State Contribution increases to make up the shortfall.

MS. SORUM-BIRK summarized that the contribution to the DB trust decreases from 12.2 percent to 10 percent and that 2.2 percent change is reflected in the fiscal note. The perceived cost, even though the employer contribution remains 22 percent, is that less money is allocated to pay down the unfunded liability each year. She also recapped that vesting is still five years, qualifications for retirement are a little more stringent, benefit formulas are the same but based on the high five years of employment rather than three years, and the health reimbursement adjustment (HRA) is 3 percent. She explained that the top pie chart depicted on slide 10 shows the current distribution for Tier IV employees and the bottom pie chart reflects the distribution under HB 55. Nine percent goes directly to the new trust established by HB 55, 3 percent goes to HRA, and 10 percent goes to pay off the unfunded liability.

SENATOR REVAK said he would hold his additional questions until after the presentation.

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SENATOR STEVENS mentioned that he was in the legislature in 2006 when the unfunded liability prompted legislative action. He recalled a discussion along the way that acknowledged that new employees cannot be expected to pay for the sins of the past. However, Section 18 implies that new employees are being asked to do so.

REPRESENTATIVE JOSEPHSON responded and asked Ms. Sorum-Birk if his response was accurate.

[2:28:40 PM](#)

MS. SORUM-BIRK clarified that Section 18 is talking about the employer contribution. It is not Tier IV employees who are paying for the sins of the past but rather the employers.

REPRESENTATIVE JOSEPHSON agreed with Ms. Sorum-Birk and added that under HB 55 the state will contribute the same 22 percent, but two percent less will be allocated to pay down the unfunded liability. The new plan applies to 2,200 public safety employees and testimony from last year indicated that this would add six months to the estimated time to pay off the PERS unfunded liability.

SENATOR STEVENS summarized that new employees will be treated fairly and will not be paying for the sins of the past.

[2:30:37 PM](#)

SENATOR GRAY-JACKSON commented on her experience with the unfunded liability and budget funding to train police and fire employees. She stressed the importance of having incentives in place to not only hire but also retain good employees. She said she likes HB 55 in particular because it takes a fiscally responsible approach.

She recalled that Tier IV PERS employees receive no health benefits when they retire.

REPRESENTATIVE JOSEPHSON replied that the retirees under HB 55 will receive the three percent per annum of salary that has been set aside in the health reimbursement arrangement (HRA). He offered his understanding that those funds can be used to purchase premiums but once the funds are depleted the employee's premium payments would be out of pocket. He deferred to Ms. Sorum-Birk for further explanation.

[2:33:22 PM](#)

MS. SORUM-BIRK added that the HRA has certain requirements such as the employee has to retire directly from state employment to use the money. She deferred further explanation to Mr. Puckett.

SENATOR GRAY-JACKSON commented that it is not a Cadillac plan.

REPRESENTATIVE JOSEPHSON agreed.

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CHAIR COSTELLO moved to invited testimony on SB 55.

[2:34:56 PM](#)

PAUL MIRANDA, President, Alaska Professional Firefighters Association, Anchorage, Alaska, stated that the state is facing a crisis in recruiting and retaining peace officers and firefighters and the purpose of his presentation is to illustrate that there is a real cost to maintaining the status quo.

MR. MIRANDA stated that since 2006 when Tier IV became effective, several unintended consequences have become very apparent for Alaska's public safety employees. He recounted the following:

- Public safety agencies have experienced difficulties in recruiting troopers, correction officers, and municipal fire and police statewide. Alaska is at a clear disadvantage because no public safety retirement plan in the country is comparable to the Tier IV retirement in Alaska.
- Retention costs affect all public safety agencies across the state. He noted that he will illustrate some of these costs in later slides. Dollars are being siphoned off through separations and a recruiting process that is made more difficult because of the benefit package.
- Workers compensation costs can be expected to increase because the workforce in these agencies lack the financial security to retire.
- There are additional unforeseen costs as well.

MR. MIRANDA displayed slides 3 and 4 of testimony from fire and police chiefs across the state that highlights the recruitment and retention difficulties their departments face. He read the following quotes:

[Original punctuation provided.]

- "Alaska cannot compete with agencies offering defined benefit plans. This has left us with vacancies in multiple academies as applicants decide to pursue careers elsewhere." - APD Police Chief Justin Doll (ret.)
- "Currently I serve as the Fire Chief of an organization that trains and educates the future of Alaska fire service. I frequently watch our young folks attain jobs in the lower 48, at a highly successful rate. They are leaving our state with the education and experience we desperately need to keep." - UFD Fire Chief Forrest Kuiper
- "We are also seeing younger officers who are very mobile, very portable, with no pension plan tying them here, leave for other opportunities and other departments." - APD Chief Ken McCoy
- "... the inability to provide a defined benefit retirement system have placed the department at critically low staffing levels." - DPS Recruitment and Retention Plan Overview 2018-2023

- "We are seeing our highly trained, qualified, and experienced officers leave APD to work out of state for other law enforcement agencies offering competitive defined benefit retirement systems." - APD Police Chief Justin Doll (ret.)
- "The turnover of career staff appears to be higher... compared with other clients. Turnover not only has a financial effect on the department, but it also loses valuable experience. " - Fitch & Associates consultant report Capital City Fire and Rescue

[2:39:56 PM](#)

MR. MIRANDA discussed the Workers Compensation Costs. He stated that Tier IV has been in place about 16 years so no Tier IV public safety employees have had a 20-25 year career in public safety and then tried to retire. The average age of a new hire in public safety is 31 years old. He said this means that as agencies become staffed with an older workforce that does not have the financial security to retire, increased workers compensation costs can be expected. The job is physical and there is an increased likelihood that older public safety employees will sustain a higher rate of injury. He cited the following points from a Rand Corporation study on California firefighter's worker compensation injuries.

- Firefighters are particularly prone to musculoskeletal disorders (MSDs).
- "Firefighters age 55 and older have a musculoskeletal injury rate that is more than double that of younger firefighters, and more than ten times greater than that of private-sector workers of same age."
- "It is apparent that older firefighters are associated with much higher rates of reported workplace injuries than both younger firefighters and private sector workers."
- "This is consistent with the notion that the rigorous physical demands of firefighting subject them to trauma throughout their working lives, making them more subject to musculoskeletal disorders in later years."

MR. MIRANDA said it is important to understand that more than just physical injuries must be considered. Employees who are no longer mentally prepared to do the job should have the ability

to leave. In public safety, retirement after 20-25 years is common because the physical and mental toll of the job builds up over time. For the employee's sake and the sake of the community they serve, these employees should be able to leave when it is time.

[2:42:17 PM](#)

MR. MIRANDA directed attention to slide 6 that highlights the unforeseen costs associated with the Tier IV retirement plan. He said departments have seen increased overtime costs due to inadequate staffing; increased training costs; loss of operational capabilities; loss of experience and future leadership; and a rise in organizational stress levels. He said departments statewide are being hollowed out. There are employees who are at the end of their careers and those just starting out, but there are few in the midlevel supervisory ranks. Those employees are leaving, taking their training and experience to other states.

MR. MIRANDA turned to slide 7 that highlights that the current recruitment and retention problems will only increase. He discussed the following points:

- Current recruitment and retention difficulties highlighted by DPS, DOC, and public safety officers from across the state are occurring with 40-50 percent of the workforce in DB systems.
- Tier 4 currently makes up 50-60 percent of the public safety workforce. He noted that the figure today is about 65 percent.
- The problems will be magnified as the Tier 4 workforce population grows.
- A 100 percent portable public safety workforce is a frightening thought for public safety officers around the state.

[2:44:46 PM](#)

MR. MIRANDA explained that the next several slides look at the cost of continuing to lose public safety employees at the current rate. He made the following points:

- There are about 3,400 public safety employees in Alaska.

- A conservative estimate of the average cost to train a public safety employee is \$120,000, although some agencies report much higher training costs.
- The Department of Public Safety (DPS) and the Department of Corrections (DOC) have testified to the legislature about having non-retirement separations of greater than 6 percent.
- Tier 4 comprises about 60 percent of the total public safety workforce

[2:45:40 PM](#)

MR. MIRANDA highlighted the cost to Alaska of losing 1 percent, 2 percent and 3 percent of the Tier IV public safety workforce each year, using training costs of \$120,000 and not adjusting for inflation.

1 PERCENT OF THE WORKFORCE LEAVING

- $3,400 \times 0.01 = 34$ employees
- $34 \times \$120,000 = \$4,080,000$ cost per year
- $5 \times \$4,080,000 = \$20,400,000$ 5-year cost
- $20 \times \$4,080,000 = \$81,600,000$ 20-year cost

2 PERCENT OF THE WORKFORCE LEAVING

- $3,400 \times 0.02 = 68$ employees
- $68 \times \$120,000 = \$8,160,000$ cost per year
- $5 \times \$8,160,000 = \$40,800,000$ 5-year cost
- $20 \times \$8,160,000 = \$160,200,000$ 20-year cost

3 PERCENT OF THE WORKFORCE LEAVING

- $3,400 \times 0.03 = 102$ employees
- $102 \times \$120,000 = \$12,240,000$ cost per year
- $5 \times \$12,240,000 = \$61,200,000$ 5-year cost

- 20 x \$12,240,000 = **\$244,800,000 20-year cost**

[2:47:35 PM](#)

MR. MIRANDA stated that the costs outlined above far outweigh the cost of HB 55 and they are just one aspect of the problems of the non-retirement separation of public safety employees. He highlighted that several states and local jurisdictions nationwide have restored their defined benefit systems after experiencing what Alaska is experiencing currently. He offered to follow up with specific examples.

MR. MIRANDA said he believes the committee will hear testimony that bolsters the idea that both labor and management are united in support of HB 55. They have a shared interest in ensuring that quality public servants fill the ranks of Alaska's public safety agencies. He concluded that adopting an adequate retirement plan that has reasonable costs and fair benefits and shared risk will help in that mission.

[2:49:36 PM](#)

TODD CHAMBERS, Fire Chief, City of Fairbanks Fire Department (FFD), Fairbanks, Alaska, stated support for HB 55. He reported that the lack of a defined benefit retirement has increased FFD employee turnover markedly. Over the last three years the turnover at FFD has been about 17 percent, particularly for the entry-level firefighter positions. About 50 percent of employees have been working in the department for fewer than three years. The combined effect of entry-level turnover and retirement of experienced personnel has created a mid-level gap that makes it difficult to fill supervisory positions for captain and battalion chief. He described this as a very real problem for life, safety, and property protection.

MR. CHAMBERS reported that over 60 percent of the personnel who have left FFD in the last three years have stated that one reason for leaving was the lack of a defined benefit retirement. He urged the committee to pass HB 55.

[2:51:13 PM](#)

ANGELINA SALVATO, Communications Officer, Anchorage Police Department Employees Association, Anchorage, Alaska, testified in support of HB 55. She stated that she has been in law enforcement for 20 years. She is a Tier III defined benefit employee and can retire any time with a 20-year pension. However, the majority of her academy was Tier IV and just 2 of the 21 graduates are still working in law enforcement in Alaska

today. She said new officers who are 21-25 years old are not thinking about retirement so it is the job of leaders, unions, and legislators to set these young employees up for something they are not thinking about.

MS. SALVATO related that in her current position she fields calls from officers across the country who ask about employment opportunities. One of the first questions she receives is about retirement and many are disappointed when she explains it is a 401(k) type retirement.

MS. SALVATO said peace officers vest after five years and they are taking their experience and expensive training to other states that offer retirement benefits. This is leaving a leadership gap and as a life-long Alaskan and community member it is a large concern. She urged the legislature to do something to change this situation by supporting HB 55.

[2:55:52 PM](#)

JUSTIN MACK, Vice President, Anchorage Fire Fighters and Vice President, Alaska Professional Fire Fighters Association (APFFA), Anchorage, Alaska, stated that he has worked with the Anchorage Fire Department for 10 years and currently serves as a captain. He advised that his testimony would focus on the risks of the Tier IV plan, how HB 55 addresses those risks and the cost of doing nothing.

He recounted that Tier IV changed the legacy pension system medical benefit to a 2 percent health reimbursement arrangement (HRA) account. HB 55 takes best practices from well-funded plans in the U.S. and limits the retirement medical benefit, which much like Tier IV severely limits the burden of health care to the state. He stressed that public safety members deserve a retirement that is dignified and includes a medical component. But at the same time, risk to the state must be taken into account. The goal he said is to have a well-funded, sustainable system for public safety workers in Alaska.

MR. MACK highlighted additional provisions in HB 55 that help protect the state from an unfunded liability. If the fund under performs for any reason, the Alaska Retirement Management (ARM) Board has the ability to increase employee and employer contributions. This feature is a direct reflection of the concerns brought forward by the administration and the legislature. Other provisions include a five-year salary average rather than three-year, and a minimum retirement age. He noted that the legislature brought forward both issues.

MR. MACK agreed with previous testimony that the cost of doing nothing is that Tier IV members are not staying in Alaska. They come and receive top-notch training and certification and then they are recruited to a state with a pension. Lower 48 states get experienced public safety members after Alaska has footed the bill for their training. He said increasing wages will attract more people, but it will do nothing to address retention. It simply gives the officer or fire fighter more money when they leave the state to take a job with a defined benefit.

MR. MACK stated that labor and management agree on what the problem is and the solution offered in HB 55. He acknowledged that some members in public safety do not think the bill goes far enough to protect the worker, but the bill has to address risk to the state. It has to show that this system will work in good markets and poor, and police officers, state troopers, correction officers, and firefighters by and large understand this and that safeguards and best practices are implemented to mitigate that risk to an acceptable level. HB 55 takes the same approach to ensure that those who serve are also supported when they no longer can do the job they swore to do. A "zero" risk solution will not accomplish the goals for public safety in Alaska. At the same time, public safety employees cannot be expected to accept all the risk and stay in Alaska.

MR. MACK stated that HB 55 offers a shared risk solution with provisions that significantly reduce risk to the state and ensure departments can recruit, retain, and offer a dignified retirement to public safety members in Alaska. He suggested the committee members reach out to police and fire leadership in their communities to talk about the experience gap that is widening in departments. He concluded his testimony saying that HB 55 is an opportunity to set a new course for public safety in Alaska.

[3:00:26 PM](#)

RANDY MCLELLAN, President, Alaska Correctional Officers Association and Staff Sergeant, Department of Corrections (DOC), Anchorage, Alaska, testified in support of HB 55. He stated that APOA represents the 940 correctional officers throughout Alaska who work in a very dangerous profession. They face frequent assaults, and daily violence. Covid-19 has added to the stress level and made matters worse for officers and their families.

MR. MCLELLAN stated that DOC is having difficulty recruiting new officers and is losing officers at record rates. The Tier IV system is often cited as a primary reason for leaving. He recounted that in 2021, 152 officers separated from DOC employment. This represents 16 percent of the workforce, setting a new record. When they leave, they take their \$10,000 hiring bonus and their training. The state shoulders the cost of hiring and training and another state receives the benefit.

MR. MCLELLAN explained that retention difficulties lead to understaffing and that severely affects safety and security because there are few experienced officers to train new employees. Because of shortages, existing employees are incurring overtime at astronomical rates and this affects families and is mentally and physically taxing for the employee. He noted that the overtime budget last year set a record.

MR. MCLELLAN said one cause of the staffing crisis is the Tier IV retirement. It is not competitive with law enforcement agencies in the Lower 48. Officers who leave after five years of service say they have no incentive to stay and they are leaving to take a job with benefits. He said HB 55 takes a positive step toward addressing the recruitment and retention crisis. He urged the committee's support.

[3:04:57 PM](#)

JEREMY CONKLIN, President, Anchorage Police Department Employees Association (APDEA), Anchorage, Alaska, testified in support of HB 55. He stated he is a sergeant with the Anchorage Police Department. He said the previous testimony has given a thorough description of the bill and the aspects that make it reasonable and good solution to the recruitment and retention crisis facing public safety agencies in Alaska. He highlighted that in Anchorage there is a level of service and professionalism in police officers, firefighters, and correctional officers that has been created by the culture that exists today. He expressed concern that as the next generation of peace officers and firefighters leave, he wonders who will carry that culture forward and ensure that Alaskans get the type of public safety service they deserve. There will be such a gap in experience and community trust and engagement that Anchorage may end up like some cities in the Lower 48 that do not have a level of professionalism and community trust.

MR. CONKLIN said what is unique about HB 55 is that top level peace officers and firefighters have all reached out and identified that the lack of a defined benefit is negatively

affecting their ability to adequately staff their departments. As president of APDEA he represents 550-560 members and over 60 percent are Tier IV and they overwhelmingly believe this bill is a reasonable solution. He urged the committee to pass HB 55.

RYAN FROST, Policy Analyst, Reason Foundation, Olympia, Washington, began his testimony on HB 55.

3:09:00 PM

CHAIR COSTELLO interrupted to open public testimony on HB 55 then asked Mr. Frost to start over.

RYAN FROST, Policy Analyst, Pension Integrity Project, Reason Foundation, Olympia, Washington, restarted his testimony but his call was dropped.

3:10:30 PM

At ease

3:10:41 PM

CHAIR COSTELLO reconvened the meeting and asked Mr. Frost to either call back to finish his testimony or provide it in writing.

3:11:05 PM

CODY CARVER, representing self, Bellingham, Washington, testified in support of HB 55. He stated that he is a paramedic with the Bellingham Fire Department and has been a fire fighter for 12 years. He related his personal story of growing up in Soldotna and dreaming of being a career paramedic/firefighter with the Anchorage Fire Department. However, when he educated himself about Tier IV retirement and medical benefits he decided to explore his options in Washington. He found Tier IV benefits unsatisfactory because of the uncertainty associated with a defined contribution retirement plan and concern about what would happen if he were injured on the job and could not return to work.

He reported that many departments in Washington are hiring firefighters in lateral transfers, which benefits both the department and the firefighter. The departments get experienced firefighters so it saves money in training, and lateral firefighters enjoy higher wages and more sick leave and vacation time than a rookie. This is appealing to experienced firefighters like himself who are starting over with a new department. He concluded his testimony saying that he would

never have left his dream job with the Anchorage Fire Department if Tier IV members had a pension.

CHAIR COSTELLO asked Ryan Frost to state his name and affiliation for the record and continue his testimony.

[3:13:53 PM](#)

RYAN FROST, Policy Analyst, Pension Integrity Project, Reason Foundation, Olympia, Washington, testified on HB 55 to point out what he sees as pitfalls. His testimony was interrupted twice before due to technical difficulties. The following is his testimony in its entirety:

[Original punctuation provided.]

Good afternoon, my name is Ryan Frost and I'm a policy analyst with the Pension Integrity Project at Reason Foundation. I've been with Reason since 2019, but prior to that, I spent 7 years as the Research and Policy Manager for the Law Enforcement Officers and Firefighters Pension System in Washington State, or LEOFF 2 for short. LEOFF 2 has been one of the top-three best funded plans since its inception in the mid 1970's, and that's primarily been accomplished by keeping up to date with best practices in plan and funding design.

Our pension team has been a key pro-bono technical consultant on 55 pension reforms over the past 6 years, the two largest being the public safety plan in Arizona and the Texas employee's retirement system. Those reforms include new defined benefit tiers, new hybrid design tiers, new cash balance tiers, and new defined contribution tiers. Each of those reforms has at its very foundation, a way of paying for the pension system that ensures costs do not eat into state and local budgets, and that these important benefits earned by employees are fully funded for their retirement.

If it's the legislature's desire to open a guaranteed-benefit design to the public safety employees of Alaska, that can most certainly be done, but it must be done in a way that protects the state from financial risk. This bill would attach new public safety employees to a plan that has had trouble with funding spanning back two decades, only sitting at 76%

funded even after the largest one-year market return in recent history. I'd like to lay out a few pension best practices for the committee to consider, and where HB 55 falls short.

A successful plan pays the full actuarially determined rate using a full 50/50 cost sharing method. For a defined benefit plan, this means that when underperformance happens in the market, or any of the other dozens of economic and demographic assumptions aren't met, employees and employers equally share the paydown of that added debt to the pension system.

This bill has been sold as being "risk shared", but neither pays the actual cost of earned benefits, as determined by the plan's actuary, nor equally shares those costs between all stakeholders. Setting rates in statute, and capping those rates for employees, is a funding design from yesteryear that no longer follows the best practices in pension design.

The best funded plans also don't look to past investment experience when setting future assumed rates of return. The median rate of return across the country sits at 7%. This bill would put all employees into a plan assuming 7.38%. Not only does that number fail to track with past investment experience in Alaska, but it also severely overestimates the 10-15-year market assumptions used by other institutional investors.

For example, two of the largest three plans in the country, the California Public Employees Retirement System and the New York State and Local System, have both stated in the past year that they only assume to earn 6% over the next 10 years. Both systems made immediate and prudent changes to their assumed rates of return, with New York dropping all the way down to 5.9%. This bill has been sold as being "cost neutral" due to having the same contribution rate as the DC plan, but if this new tier earns even an optimistic 6.5%, while assuming 7.38%, costs will rapidly begin to spike. Quite quickly, the cap on the employee rate will be hit, and the employer rate will continue to climb higher and higher to pay for those missed returns and the added interest, at 7.38%, that each

year of missed returns adds to the plans unfunded liabilities.

In conclusion, there is way forward that can meet whatever needs this legislative body and stakeholders' desire, but HB55 as currently written would not put this new tier on a successful path. We'd be happy to work with the committee and stakeholders to help draft a design that best meets those needs and follows current best practices in pension design. Thank you for your time today, and I'd be happy to answer any questions.

[3:18:32 PM](#)

SENATOR GRAY-JACKSON asked what he thinks about the current Tier IV plan for public safety employees.

MR. FROST replied it appears to lack adequate benefits, and increasing the contribution rate is one of several options to rectify that issue.

SENATOR GRAY-JACKSON asked what is wrong with the option HB 55 proposes because she believes it is very viable.

MR. FROST replied it is important to ensure that any new plan does not incur debt, and this bill it is missing a few very important risk and cost mitigation factors. He noted that he mentioned the issues in his testimony.

[3:20:05 PM](#)

JEFFERY JONES, representing self, Ketchikan Fire Department, City of Ketchikan, Ketchikan, Alaska, testified in support of HB 55. He stated that he is a fire medic who has been in the PERS system for 14 years. He opined that returning to a defined benefit plan would help mitigate the costs associated with training and turnover that state and municipalities currently face. He listed the multiple certifications he has received during his time with the department, all of which were paid for by the city. He said he realizes that it will be expensive for the city to replace his training and experience, but he is actively searching for career opportunities in states that have a defined benefit plan. He is not eager to uproot his family but he wants to enjoy retirement and that is not realistic with his current retirement plan. He will have worked for 30 years when he's age 58 and will still not have enough to retire. Also, performing the work of a fire fighter at that age would put himself, his coworkers, and the public at greater risk.

MR. JONES stated his belief that the relatively small increase in the cost of the proposed new plan is money well spent considering the value of retaining employees throughout their careers versus training new people but not having benefits in place to keep them. He urged the committee to pass HB 55.

[3:22:36 PM](#)

CHARLES KOPP, Public Policy Consultant, Alaska Professional Fire Fighters Association, Anchorage, Alaska, testified in support of HB 55. He stated that the labor statistics for police and firefighters look at life expectancy, which for a career police officer is 21.9 years shorter than the average population in the U.S. and 15 years shorter for career fire fighters. He said pension actuaries routinely use these numbers. He shared that as a retired police officer he pays a higher than average rate for life insurance. Since retirement, four of the officers he worked with have died and he experienced a heart attack last summer at age 55. It was not a matter of a poor diet and lack of exercise. It was the stress he experienced over the course of his career as a police officer. The men and women who work in these professions know the risks and choose to serve anyway. HB 55 recognizes what peace officers and firefighters are asked to do.

[3:25:59 PM](#)

COREY LUCK, representing self, Mukilteo Fire Department, City of Mukilteo, Mukilteo Washington, testified in support of HB 55. He stated that he is a fire fighter/EMT who was working for Capital City Fire and Rescue in Juneau when COVID-19 became an issue. He began to think about how to bring more certainty into his life and career and decided to relocate to Mukilteo because it offered a defined benefit retirement. The certifications and training he received in Juneau transferred to his work in Washington state. He concluded saying that if it weren't for the lack of a defined benefit retirement he would still be working for Capital City Fire and Rescue.

[3:27:02 PM](#)

CRAIG WARREN, Fire Chief, Sitka Fire Department, City and Borough of Sitka, Sitka, Alaska, testified in support of HB 55. He related that when he hires a new employee he is careful to warn them that the job does not offer much of a retirement unless they have a long, long career. As previous testimony has indicated, it is difficult for someone who is 65 years old to serve as a police officer or firefighter because these jobs are physically taxing. He said we need to be able to offer a retirement to these employees that allows them to retire at an

earlier age. He noted that a number of municipalities throughout the state have opted out of paying into Social Security and several have even opted out of paying SBS so the Tier IV plan is all that is available and it will not cover what somebody needs to retire. He voiced support for HB 55.

3:28:43 PM

CHAIR COSTELLO closed public testimony on HB 55. She recognized the representatives from Capital City Fire and Rescue who were in the audience and thanked them for their service.

CHAIR COSTELLO held HB 55 in committee.

3:29:16 PM

There being no further business to come before the committee, Chair Costello adjourned the Senate Labor and Commerce Standing Committee meeting at 3:29 p.m.