

ALASKA STATE LEGISLATURE
SENATE EDUCATION STANDING COMMITTEE

February 10, 2023

3:30 p.m.

MEMBERS PRESENT

Senator Löki Tobin, Chair
Senator Gary Stevens, Vice Chair
Senator Jesse Bjorkman
Senator Jesse Kiehl
Senator Elvi Gray-Jackson

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

SENATE BILL NO. 14

"An Act relating to reemployment of persons who retire under the teachers' retirement system as mentors; relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 52

"An Act relating to education; increasing the base student allocation; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

PREVIOUS COMMITTEE ACTION

BILL: SB 14

SHORT TITLE: RIP FOR PUBLIC EMPLOYEES/TEACHERS

SPONSOR(S): SENATOR(S) KAWASAKI

01/18/23	(S)	PREFILE RELEASED 1/9/23
01/18/23	(S)	READ THE FIRST TIME - REFERRALS
01/18/23	(S)	EDC, L&C, FIN
02/03/23	(S)	EDC AT 3:30 PM BELTZ 105 (TSBldg)
02/03/23	(S)	-- MEETING CANCELED --

02/08/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)
02/08/23 (S) Heard & Held
02/08/23 (S) MINUTE(EDC)
02/10/23 (S) EDC AT 3:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

JOE HAYES, Staff
Senator Scott Kawasaki
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Provided the sponsor statement for SB 14 on behalf of the sponsor.

BERT HOUGHTALING, representing self
Big Lake, Alaska

POSITION STATEMENT: Testified in opposition to SB 14.

ACTION NARRATIVE

[3:30:15 PM](#)

CHAIR LÖKI TOBIN called the Senate Education Standing Committee meeting to order at 3:30 p.m. Present at the call to order were Senators Bjorkman, Gray-Jackson, Stevens, and Chair Tobin. Senator Kiehl arrived soon thereafter.

SB 14-RIP FOR PUBLIC EMPLOYEES/TEACHERS

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CHAIR TOBIN announced the consideration of SENATE BILL NO. 14 "An Act relating to reemployment of persons who retire under the teachers' retirement system as mentors; relating to retirement incentives for members of the defined benefit retirement plan of the teachers' retirement system and the defined benefit retirement plan of the Public Employees' Retirement System of Alaska; and providing for an effective date."

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JOE HAYES, Staff, Senator Scott Kawasaki, Alaska State Legislature, Juneau, Alaska, provided the sponsor statement for SB 14 on behalf of the sponsor:

[Original punctuation provided.]

Senate Bill 14 would implement a temporary, voluntary Retirement Incentive Program to increase state savings by allowing public employees to retire up to there

years early and to set in statute a way for a school district to rehire retired educators through a 12-month contract. Long-serving public employees are among the highest paid in the state. In many cases, pensions paid to retiring employees would cost the state less money than their current salaries. Providing high-salaried employees the option to retire early would save Alaska money through lower personnel costs.

SB 14 could also help prevent layoffs. The bill presents a method of cost-cutting and payroll reduction without forcing anyone out of the workforce before they are ready to retire. This gives the State of Alaska the opportunity to reduce operating costs by opening vacancies that enable the placement of more junior employees. Retirement incentive programs are regularly used in the private sector to efficiently control personnel costs through market incentives rather than heavy-handed layoffs.

Retirement Incentive Programs have been used on a temporary basis three times in Alaska's history and was last proposed in 2004. In 1986, Senator Jim Duncan estimated savings at approximately \$25 million. A Legislative Audit of the 1989 Retirement Incentive Program demonstrated a savings of \$22.9 million with nearly 1,764 individual participants. In 1996, Rep. McGuire calculated the state gained \$41 million in savings through identical legislation.

Senate Bill 14 is an innovative policy option for state agencies, municipalities and school districts to consider as a means to reduce payroll costs without layoffs.

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CHAIR TOBIN asked that the fiscal notes be reviewed.

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MR. HAYES stated that the Office of the Governor's fiscal note, OMB 2144, is \$110,000 in the first year. Eighty-five thousand would go to unrestricted general funds (UGF) and \$25,000 to designated general funds (DGF). The second fiscal note is from [the Department of Administration,] Division of Retirement and Benefits, OMB 64.

He noted that \$793,000 was the amount of the fiscal note from FY 22 when the bill was first introduced.

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CHAIR TOBIN opened public testimony on SB 14.

[3:35:01 PM](#)

BERT HOUGHTALING, representing self, Big Lake, Alaska, testified in opposition to SB 14. He opined that although the incentive program sounds wonderful at first glance, it is problematic when it becomes a defined benefits program midway through the bill. SB 14 resembles HB 22 [Peace Officer/Firefighter Retiree Benefits] that the House is trying to pass. The problem is that Alaska has had a defined benefits program in the past, and it nearly bankrupted the state. Alaska still carries a \$4 billion debt from having offered defined benefits. The state needs to consider how much municipalities and boroughs contribute in matched funds for bills such as SB 14 and SB 52. The Mat-Su area is \$400 million in debt from its defined benefit obligations. He suggested Alaska's schools return to teaching reading, writing, and arithmetic. He urged the committee to stop pushing ideological agendas that indoctrinate children. The way to retain teachers is to avoid making them act like parents. He supports letting older teachers retire and return to teaching but does not support allowing them to opt into a defined benefits program like HB 22.

Senator Kiehl joined the committee at 3:36: p.m.

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CHAIR TOBIN closed public testimony on SB 14

[3:38:39 PM](#)

CHAIR TOBIN held SB 14 in committee.

[3:39:40 PM](#)

There being no further business to come before the committee, Chair Tobin adjourned the Senate Education Standing Committee meeting at 3:39 p.m.