

SENATE FINANCE COMMITTEE

May 10, 2023

2:05 p.m.

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CALL TO ORDER

Co-Chair Olson called the Senate Finance Committee meeting to order at 2:05 p.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair  
Senator Donny Olson, Co-Chair  
Senator Bert Stedman, Co-Chair  
Senator Click Bishop  
Senator Jesse Kiehl

MEMBERS ABSENT

Senator Kelly Merrick  
Senator David Wilson

ALSO PRESENT

Senator Cathy Giessel, Sponsor; Rorie Watt, City Manager, City and Borough of Juneau; Lon Garrison, Executive Director, Association of Alaska Schoolboards, Juneau; Kimberly Homme, Self, Juneau.

PRESENT VIA TELECONFERENCE

Mark Springer, Mayor of Bethel, Bethel; Scott Macmanus, Superintendent, Alaska Gateway School District, Tok; Erica Kludt-Painter, Principal and Superintendent, Petersburg School District; Sandi Ryan, Fairbanks Education Association, Fairbanks; Denver Perry, Self, North Pole; Dan Polta, Superintendent, Denali Borough School District, Healy; Bert Houghtaling, Self, Big Lake; Stephanie Illichman-Pearson, Fairbanks North Star Borough Employee Association, Fairbanks; Darrell Evans, President, Anchorage Police Department Employees Association, Anchorage; Tracy Balovich, Juneau Education Support Staff, Juneau; Corey Aist, President, Anchorage Education Association, Anchorage.

SUMMARY

SB 88 RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

SB 88 was HEARD and HELD in committee for further consideration.

#sb88

SENATE BILL NO. 88

"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."

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Co-Chair Olson relayed that the bill had been initially heard on May 2, 2023. He explained that public testimony would be taken as technology allowed.

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SENATOR CATHY GIESSEL, SPONSOR, explained that the bill was a shared risk defined benefit program that would provide secure retirement for state employees in Alaska as well as teachers and public municipality employees.

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MARK SPRINGER, MAYOR OF BETHEL, BETHEL (via teleconference), spoke in support of the bill. He stated that the bill would help attract new workers to the state and would encourage people to stay in Alaska.

Mr. Springer relayed that the previous Tier 1 and Tier 2 retirement plans had helped to attract and retain workers in Alaska. He believed that a new defined benefit would attract future employees. He said that Bethel had many tenured employees in Tier 1 and Tier 2 plans. He spoke about the cost of living in rural Alaska and believed that incentives were needed to secure employees. He argued that lack of a defined benefit limited Alaska's ability to

compete on the national stage. He urged committee support for the legislation.

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RORIE WATT, CITY MANAGER, CITY AND BOROUGH OF JUNEAU, spoke in support of the bill. He cited that the current retirement system did not work and was a challenge to securing employees across all departments and organizations. He stated that the city was expending local resources to provide additional human resources staff and had implemented hiring bonuses and other incentives to attract employees. He offered a glimpse into how the current Tier 4 plan appeared unattractive to potential employees. He shared that when he began his career the most important thing to him was his wage but as he had aged insurance and retirement had become the priority. He noted that the private sector could offer additional incentives that the state should consider.

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SCOTT MACMANUS, SUPERINTENDENT, ALASKA GATEWAY SCHOOL DISTRICT, TOK (via teleconference), spoke in support of the bill. He thought the bill was a good start to repairing a system that had been damaged over the previous two decades. He said that there were 46 teaching positions in his district, with a half dozen that had yet to be filled. He felt that the current retirement offerings for teachers were not competitive when compared to the rest of the nation. He said that Alaska teachers stayed in-state because they loved Alaska, but without incentives and a long-term retirement solution the state was losing teachers. He spoke of the emotional cost of losing a teacher in a community. He testified to the various retention programs in his district but lamented that they were not a long-term solution. He hoped that passage of the legislation would attract the best and brightest educators to the state.

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ERICA KLUDT-PAINTER, PRINCIPAL AND SUPERINTENDENT, PETERSBURG SCHOOL DISTRICT (via teleconference), spoke in support of the bill. She relayed that the current teacher retirement system was failing to recruit and retain quality teachers in the state. She asserted that lower wages and

high cost of living had led to a loss of teachers in the state. She lamented that the current system failed to attract teachers, which impacted the quality of education that students received. She urged the committee to support the legislation.

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Co-Chair Olson OPENED public testimony.

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LON GARRISON, EXECUTIVE DIRECTOR, ASSOCIATION OF ALASKA SCHOOLBOARDS, JUNEAU, testified in favor of the bill. He relayed that the board had long supported a return to the defined benefit program as the preferred option for staff retirement. He stressed that school districts faced an unprecedented crisis in retaining teachers and staff, which directly led to the decline of the state's constitutional mandate to provide a quality education to every student every day. He said that school boards across the state were facing some of the most significant challenges ever faced in allocating severely dilapidated resources. He said that the lack of a defined benefit system was another challenge in recruiting quality educators and staff. He believed that investment in quality staff was an investment the state needed.

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KIMBERLY HOMME, SELF, JUNEAU, spoke in support of the bill. She relayed that she was a recently retired teacher and school administrator from the Anchorage, Kenai, and Juneau school districts. She thought that schools and service jobs were struggling to find qualified employees and believed that a true pension system would attract employees. She said that educators wanted to contribute to a retirement system that was not reliant solely on the stock market. She felt that future Alaskans would benefit from a retirement system that allowed them to retire at a reasonable age. She urged the committee to advance the legislation.

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SANDI RYAN, FAIRBANKS EDUCATION ASSOCIATION, FAIRBANKS (via teleconference), testified in support of the legislation. She had been a teacher in Alaska for 36 years. She noted

that Alaska was the only state where teachers had no access to Social Security. She felt that teachers focused on the details of their retirement plan as they advanced in their careers and could look to employment in other states to meet their needs. She stressed that Fairbanks was losing educators as fast as they could be recruited. She implored the committee to support SB 88.

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DENVER PERRY, SELF, NORTH POLE (via teleconference), testified in support of the bill. He was a Tier I retiree and recipient of the defined benefit pension. He detailed his career in and out of Alaska and said that his retirement plan had kept him working in the state. He urged the committee to pass SB 88.

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DAN POLTA, SUPERINTENDENT, DENALI BOROUGH SCHOOL DISTRICT, HEALY (via teleconference), spoke in support of the bill. He believed the current system was critically and dangerously flawed. He shared that teachers did not earn Social Security and the PERS and TRS system did not interact with the Social Security system in a meaningful way. He felt the current system did not provide appropriate disability support to employees.

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RECONVENED

BERT HOUGHTALING, SELF, BIG LAKE (via teleconference), spoke in opposition to SB 88. He cited that over 33 percent of Alaskans were living on welfare in one form or another and believed that the bill would make the rich richer.

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STEPHANIE ILLICHMAN-PEARSON, FAIRBANKS NORTH STAR BOROUGH EMPLOYEE ASSOCIATION, FAIRBANKS (via teleconference), testified in support of the bill. She listed a long list of duties of public employees including providing public transportation, running recreational facilities, managing facilities, providing library services, managing the road

system, solid waste management, and managing the budgets among other duties. She mentioned recruitment and retention problems in the state. She lamented that local governments were struggling with recruitment and retention daily, which burned out employees and limited services available to the public. She urged the committee to pass the bill.

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DARRELL EVANS, PRESIDENT, ANCHORAGE POLICE DEPARTMENT EMPLOYEES ASSOCIATION, ANCHORAGE (via teleconference), spoke in support of the bill. He had been in law enforcement for over 28 years and started in law enforcement at the age of 22. He noted that at that time he was not thinking of retirement or his financial future. He expressed relief that he had a pension in place for his family's future financial security. He cited that law enforcement was facing a recruitment and retention crisis. He shared current vacancies at the Anchorage Police Department, which was high. He believed that the issue was a bipartisan one based solely on recruiting and retaining employees in Alaska.

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TRACY BALOVICH, JUNEAU EDUCATION SUPPORT STAFF, JUNEAU (via teleconference), spoke in support of the bill. She shared that she worked for the Juneau School District and was Tier III. She said that without a defined benefit plans the state could not recruit and retain employees. She said that not having a solid pension in place for employees left the district understaffed and the children of Alaska underserved.

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COREY AIST, PRESIDENT, ANCHORAGE EDUCATION ASSOCIATION, ANCHORAGE (via teleconference), testified in support of the bill. He relayed that he was a teacher with the Anchorage School District. He cited that as of May 1, 2023, approximately 350 teachers had resigned from the district. He noted that most of those were in their first 5 years of service. He said that there were 3,500 educators in the district in 2011, which had dropped to below 3,000 in 2023. He stressed the importance of attracting teachers to the state and keeping them here once they arrived.

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Mr. Polta continued his testimony from earlier in the public comment period. He described the many challenges of the current system. He reiterated the lack of support for employees living with a work-related disability. He expressed concern of the cost to the state, the employer, and the employee. He hoped that the state could provide a program that provided generously and was also cost effective.

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Co-Chair Olson CLOSED public testimony.

Co-Chair Olson relayed that amendments would be due Thursday at 5pm.

SB 88 was HEARD and HELD in committee for further consideration.

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ADJOURNMENT

[2:50:02 PM](#)

The meeting was adjourned at 2:50 p.m.