

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 20, 2023

1:34 p.m.

MEMBERS PRESENT

Senator Jesse Bjorkman, Chair
Senator Click Bishop, Vice Chair
Senator Elvi Gray-Jackson
Senator Kelly Merrick
Senator Forrest Dunbar

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

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."

- HEARD & HELD

PREVIOUS COMMITTEE ACTION

BILL: SB 88

SHORT TITLE: RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

SPONSOR(s): SENATOR(s) GIESSEL

03/01/23	(S)	READ THE FIRST TIME - REFERRALS
03/01/23	(S)	L&C, FIN
03/13/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/13/23	(S)	Heard & Held
03/13/23	(S)	MINUTE(L&C)
03/15/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/15/23	(S)	Heard & Held
03/15/23	(S)	MINUTE(L&C)
03/17/23	(S)	L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/17/23	(S)	Heard & Held
03/17/23	(S)	MINUTE(L&C)

03/20/23

(S)

L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

CORRINE MARKS, representing self
Douglas, Alaska

POSITION STATEMENT: Testified in support of SB 88.

PATRICK FITZGERALD, Political Coordinator
Teamsters Local 959
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

RYAN FROST, Policy Analyst
Pension Integrity Project
Reason Foundation
Salem, Oregon

POSITION STATEMENT: Testified with concerns on SB 88.

ZACHARY CHRISTENSEN, Policy Analyst
Pension Integrity Project
Reason Foundation
Spanish Fork, Utah

POSITION STATEMENT: Testified with concerns on SB 88.

PAUL KELLY, representing self; President
American Federation of State, County and Municipal Employees
(AFSCME) Juneau Chapter
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 88.

MELISSA MEADE, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

EMILY MOODY, representing self
Cordova, Alaska

POSITION STATEMENT: Testified in support of SB 88.

IRENE BOLL, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

NADINE LEFEBVRE, representing self
Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 88.

CHERYL LOVEGREEN, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 88.

BRONSON FRYE, President
Building and Construction Trade council
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 88.

SHANE KILGORE, representing self
Kasilof, Alaska
POSITION STATEMENT: Testified in support of SB 88.

LAURA BONNER, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 88.

MIKE COONS, representing self; President
Concerned Conservatives of Alaska (CCAK)
Palmer, Alaska
POSITION STATEMENT: Testified in opposition to SB 88.

PAULA GONZALEZ ROHRBACHER, representing self
Douglas, Alaska
POSITION STATEMENT: Testified in support of SB 88.

KEVIN JOHNSON, representing self
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 88.

CRYSTAL BERWICK, representing self
Anchorage, Alaska
POSITION STATEMENT: Testified in support of SB 88.

LUKE KREUZENSTEIN, representing self
Eagle River, Alaska
POSITION STATEMENT: Testified in support of SB 88.

MARIAN CHARLES, representing self
Willow, Alaska
POSITION STATEMENT: Testified in support of SB 88.

AXL LEVAN, representing self
Fairbanks, Alaska
POSITION STATEMENT: Testified in support of SB 88.

TIMOTHY WHITESELL, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 88.

BEN SIMON, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

TED EISCHEID, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

KELLY MCBRIDE, representing self

Palmer, Alaska

POSITION STATEMENT: Testified in support of SB 88.

ANDREW FOWLER, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 88.

TYLER BELK, representing self; Executive Board Member

International Association of Fire Fighters (IAFF) Local 1262

Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 88.

MICHAEL BUCY, representing self

Juneau, Alaska

POSITION STATEMENT: Testified in support of SB 88.

COREY LUCK, representing self

Mukilteo, Washington

POSITION STATEMENT: Testified in support of SB 88.

VERNON CARLSON, representing self

Cantwell, Alaska

POSITION STATEMENT: Testified in support of SB 88.

SARAH NUGENT, representing self

Kodiak, Alaska

POSITION STATEMENT: Testified in support of SB 88.

DUSTIN MADDEN, representing self

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

PENITUSI NAU, representing self; Shop Seward

People Mover Maintenance

Municipality of Anchorage

Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

JOHN WAGNER, representing self

Fairbanks, Alaska

POSITION STATEMENT: Testified in support of SB 88.

ACTION NARRATIVE

[1:34:01 PM](#)

CHAIR JESSE BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:34 p.m. Present at the call to order were Senators Dunbar, Gray-Jackson, Merrick, Bishop, and Chair Bjorkman.

SB 88-RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

[1:34:47 PM](#)

CHAIR BJORKMAN announced the consideration of 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."

He stated that this is the fourth hearing of SB 88 and the intention is to continue with public testimony. He reminded the public that written testimony can be submitted to slac@akleg.gov.

[1:36:09 PM](#)

CHAIR BJORKMAN opened public testimony on SB 88.

[1:36:21 PM](#)

CORRINE MARKS, representing self, Douglas, Alaska, testified in support of SB 88, paraphrasing from the following prepared statement:

Imagine this:

Wake up at 5:00.

Grade essays for an hour, finish 6, 123 more to go.

Walk the dog, drink coffee - eat breakfast - make lunch - pull out dinner.

7:45 - leave the house.

Write learning targets on the board.

Post work to Canvas.
Try to grade another essay.
Get interrupted - a student was threatened on
instagram.
Report the threats.
Another arrives - they need the next two weeks' work
in 1 hour - vacation coming.
AND
30 students walk in.
One student refuses to read - an advocate needs to be
emailed. Observe the spark in students' eyes while
listening to a rap in the play and discussing social
statements about indigenous people, mental note -
switch tomorrow's plan. Student work time - please put
your phone away - insightful word choice - get off the
video game, no it is not educational - what is the "so
what" of your theme?
AND
The bell rings.
5 minutes - gather work - check Canvas - get slides up
- answer 10 questions.
AND
28 students
AND
30 minute lunch
AND
25 students
AND
27 students
At some point:
A counselor shares one of our students attempted
suicide.
A student asks if I want to purchase a raffle ticket.
I answer 17 emails from parents.
A student demands their overdue assignment be graded
immediately.

Plan for tomorrow and still 123 essays.

After 25 years of teaching - I'm working without a
contract because the state funding of public education
has not kept up with the costs - but I do receive a
cute meme stating, "I appreciate you."

We are educators,
Mediators,
Assessors,

Counselors,
Mentors,
Snack providers,
Planners and,
Unappreciated professionals.

These are some reasons teachers are leaving to be in states with pensions.

We need positive change demonstrating the respect legislators say they have for educators.

We need to look at future educators and tell them they will love the job AND be compensated fairly.

I have seen too many teachers leave.

We need new teachers to seek out jobs in the state of Alaska AND want to stay here - like I did after teaching overseas because of the pension I will receive.

We need the best possible future for our communities, schools and most importantly our STUDENTS - the future of this state.

But for now I will return to my 123 essays and hope you have the wisdom to invest in our state's future by supporting SB 88.

Thank you.

[1:38:51 PM](#)

PATRICK FITZGERALD, Political Coordinator, Teamsters Local 959, Anchorage, Alaska, offered invited testimony in support of SB 88 paraphrasing from the following prepared statement:

Hello,

My name is Patrick FitzGerald I am here representing Teamsters Local 959 and am testifying in support of SB 88 the Return to define benefits.

Teamsters Local 959 represents approximately 5,000 Alaskans working in a variety of industry's which include construction drivers, freight trucking, nurses, UPS workers and roughly 800 public employees with school bus workers, solid waste services and people mover.

SB 88 return to define benefits will help the entire spectrum of public sector workers by allowing them to plan for an adequate retirement which provides the

fiscal security for them to stay in state. Public sector workers who are recruited and trained in Alaska and been leaving the state to pursue similar skilled careers in other states, with the retirement benefits being a leading factor in their decisions to leave.

Take for instance school bus drivers and equipment operators. They can go work for the public sector, earn a CDL paid for by the public, and then take that training and go earn more competitive wages in the private sector. A pension would help balance that equation.

SB 88 creates a much more stable and affordable retirement system that will greatly improve recruitment and retention of public sector workers. Please support SB 88 and pass it from Committee.

Thank you,

[1:40:23 PM](#)

RYAN FROST, Senior Policy Analyst, Pension Integrity Project, Reason Foundation, Salem, Oregon, testified with concerns on SB 88. He has been employed by the Reason Foundation for four years and before that spent seven years as the senior research and policy manager for the police and fire pension system in Washington state. He looked at a decade of teacher retention data before and after the advent of the 2006 defined contribution plan and found that there was no change. Regarding ongoing costs, the Reason Foundation's concern last year with pension bill proposals was why the new tier started at such a high discount rate. If House Bill 20 had passed last year, the new liabilities would have been too high.

[1:42:45 PM](#)

SENATOR BISHOP asked if he supports or opposes SB 88.

MR. FROST replied that the Reason Foundation is typically neutral on all pension bills, though they feel that SB 88 has far too much risk.

[1:43:13 PM](#)

SENATOR DUNBAR asked if he was calculating that SB 88 would force people with a defined contribution to a defined benefit.

MR. FROST said that is correct.

SENATOR DUNBAR asked what brought him to Alaska.

MR. FROST replied that he offers solutions and knowledge on pension bills countrywide.

[1:44:29 PM](#)

ZACHARY CHRISTENSEN, Policy Analyst, Pension Integrity Project, Reason Foundation, Spanish Fork, Utah, testified with concerns on SB 88. The Reason Foundation researches data and gives good information to help guide legislators on pension plans. Any evaluation of a pension plan in Alaska currently relies on a discount rate of 7.25, which is too high. The current unfunded liability for Alaska is over \$6 billion which is likely an undervaluation. SB 88 includes some cost-reducing measures that reduce long-term costs by about \$600,000,000 - but would add more costs outweighing the savings. SB 88 could add \$6.8 billion in costs to Alaska's budget. After all additional costs are paid, it could create issues for paying down pension debt in the future. In 30 years the state could have the same amount of pension that it does today.

[1:46:54 PM](#)

SENATOR DUNBAR asked whether there are any defined benefit plans around the country that he would support.

MR. CHRISTENSEN answered yes, the Reason Foundation assisted with the Arizona Public Safety Plan and the Colorado pension reform. The reform model showed reduced costs, which they didn't see with SB 88.

SENATOR DUNBAR asked whether either case was one where the state or organization replaced a defined contribution plan with a defined benefit plan.

MR CHRISTENSEN answered no.

SENATOR DUNBAR asked if he ever supported transitioning from a defined contribution to a defined benefit.

MR. CHRISTENSEN answered that there has been only one instance that he knows of.

[1:48:24 PM](#)

SENATOR MERRICK asked who funds Reason Foundation.

MR. CHRISTENSEN replied that Reason Foundation is a nonprofit organization. The foundation has a variety of donors that change over time. The list of donors is available on its website.

SENATOR MERRICK asked who the top donors are.

MR. CHRISTENSEN answered that he was not as familiar with that aspect of the organization, but the list is available online. He said there are many donors interested in solving the pension fiscal issue around the country that has created more than \$1.2 trillion dollars in pension debt.

[1:49:14 PM](#)

SENATOR BISHOP asked if he works pro bono or fee for service.

MR. CHRISTENSEN answered pro bono.

SENATOR BISHOP asked whether the state hypothetically could engage Reason Foundation's services.

MR. CHRISTENSEN answered that Reason Foundation is willing to answer questions that any legislator has and talk about any of its modeling and analysis for Alaska.

[1:50:01 PM](#)

PAUL KELLY, representing self; President, American Federation of State, County and Municipal Employees (AFSCME) Juneau Chapter, representing self and Union Employer, AFSCME Local 52 Juneau Chapter, Juneau, Alaska, testified in support of SB 88. He clarified that he was offering his own views on behalf of his union chapter. He paralleled public service workers like educators and legislators with the notion that neither group typically takes these roles for higher pay, and that both groups would prioritize the well-being of their families when considering career moves. He emphasized that most public jobs do not compete with their equivalents in the private sector in terms of pay or benefits but are needed positions and worthy of investment.

[1:52:31 PM](#)

MELISSA MEADE, representing self, Anchorage, Alaska, testified in support of SB 88. Her father retired with a Tier I retirement. She graduated from UAA with a bachelor's degree in biology and started to work for the State of Alaska. Inadequate retirement benefits hinder recruitment and retention. Her retirement has suffered a loss of \$100,000 and will not be accessible to her for 30 more years.

[1:55:34 PM](#)

EMILY MOODY, representing self, Cordova, Alaska, testified in support of SB 88. She gave testimony from her school classroom. She has been teaching for 12 years and is on a Tier III retirement plan. Teachers are generally attracted to teaching jobs because of good benefits; Alaska is the only state in which teachers do not have a defined benefit plan and are denied access to Social Security. Alaska has among the worst teacher turnover rate in the country. She stressed that it is important for the state to retain the teachers it has.

[1:58:51 PM](#)

IRENE BOLL, representing self, Anchorage, Alaska, testified in support of SB 88. Alaska has neglected the retirement needs of public employees. Prioritizing the needs of oil companies over Alaskan citizens is unacceptable. SB 88 is a good start in the right direction towards providing public employees with security and dignity in their retirement years.

[2:00:52 PM](#)

NADINE LEFEBVRE, representing self, Juneau, Alaska, testified in support of SB 88. Alaska's working age population is declining and the senior population is growing at the fastest rate in the country by percentage of the population. She spoke to Alaska's low birth rate and aging population adding to the dependency ratio. She suggested that retirees with a defined pension need less support from the state to sustain them. The defined benefit pension system provides a known monthly pension upon which recipients can formulate personal or household budgets during their retirement years. Retirees with financial security have better opportunities to age in place in their current homes, pay taxes, vote in elections, and put in volunteer hours in positions that would otherwise require paid personnel. SB 88 should not be considered a financial burden, but a reinvestment in Alaska's economy.

[2:04:03 PM](#)

CHERYL LOVEGREEN, representing self, Anchorage, Alaska, testified in support of SB 88. She was dismayed by Alaskans leaving the state and with delays in services. SB 88 is a cost-effective way to recruit and retain teachers and public safety officers.

[2:05:01 PM](#)

BRONSON FRYE, President, Building and Construction Trade Council, Anchorage, Alaska, testified in support of SB 88. The

legislature must make an investment in public employees, some of whom help run the crucial Alaskan construction industry.

[2:07:49 PM](#)

SHANE KILGORE, representing self, Kasilof, Alaska, testified in support of SB 88. He works for the Kenai Peninsula Borough as a maintenance electrician. Lower wages in the public sector means he is unable to save for his own retirement; without a pension plan he may be forced to leave the state for better retirement options.

[2:08:39 PM](#)

LAURA BONNER, representing self, Anchorage, Alaska, testified in support of SB 88. She receives a pension from the public sector defined benefit plan; though not wealthy, she can afford to maintain residency in Alaska and continue spending in the local economy. Restoring a defined benefit is long overdue and will help the Alaskan economy in the long-term. She related a story of a friend who worked for the Department of Corrections as a registered nurse, and had a defined contribution plan, and decided to leave the state immediately upon retiring. The decision in 2006 to switch to a defined contribution plan was a mistake and should be fixed with SB 88.

[2:10:48 PM](#)

MIKE COONS, representing self; President, Concerned Conservatives of Alaska (CCAK), Palmer, Alaska, testified in opposition to SB 88. He worked 42 years and is now retired, having set aside his paychecks into a 401(k) and Roth account. From 1987-1991 the US Airforce saved \$50 a year for officers. He posited that public employees should be able to set aside funds for retirement on their own, stating that teachers make an average of \$75,000 or more annually. He said that the company that he worked for that matched his savings did so voluntarily, but SB 88 mandates employees to save. He expressed his belief that SB 88 does not follow republican values.

[2:13:19 PM](#)

PAULA GONZALEZ ROHRBACHER, representing self, Douglas, Alaska, testified in support of SB 88. She is a former state employee, having retired in 2008 after 26 years of service. She feels lucky to have retired as a Tier I employee with a state pension. Her husband was employed by a non-profit organization under a defined contribution plan that suffered losses. He had to wait until he was eligible for Social Security to retire. SB 88 creates strong incentives for new and continuing high caliber employees to work for the state.

[2:15:03 PM](#)

KEVIN JOHNSON, representing self, Fairbanks, Alaska, testified in support of SB 88. He is a life-long Alaskan and has been a firefighter with the Fairbanks Fire Department Local IAFF 1324 for about five years. The current PERS system has a 96.8 percent chance of failure, so firefighters have a 4 percent chance of getting a sustainable, dignified retirement. Many Alaskan firefighters are likely to relocate to Oregon or Washington for secure retirement, while Alaska public sector suffers from employee retention challenges.

[2:17:46 PM](#)

CRYSTAL BERWICK, representing self, Anchorage, Alaska, testified in support of SB 88. She is a state employee who was giving testimony on her lunch break. There is an employment crisis and a 20 percent vacancy in state jobs. People work in public service for the benefits. Providing benefits seems like a simple solution to the problem. She wants to live in Alaska forever but as a 32-year-old planning for a family, she is not sure staying is a good idea. The defined benefit option would keep her here and attract others like her. It is known that there is a brain drain. In France, they riot over a two year change in pension; meanwhile her coworkers don't know what a pension is. She emphasized that it is not the case that she wants to give the committee an ultimatum, but she and other state workers simply can't stay in Alaska if lawmakers don't compensate them appropriately for working in public service.

[2:19:21 PM](#)

LUKE KREUZENSTEIN, representing self, Eagle River, Alaska, testified in support of SB 88. He is a Tier I employee who recently returned and the difference for new employees who don't have a pension is stark and devastating. Pensions cannot necessarily be measured on spreadsheets and are not meant to be self-funded through investments like 401(k) plans. Pensions are meant to be supported by the public as a part of the foundation of the economy. SB 88 is the best chance to recover from the current crisis.

[2:20:53 PM](#)

MARIAN CHARLES, representing self, Willow, Alaska, testified in support of SB 88. She is a retired teacher and has lived in Alaska for about 50 years. She expressed her wish to be a part of an educated society and considers it her duty as an Alaskan citizen to help pay for it. Teaching has become difficult, so

providing adequate retirement will aid in retention and create an education system valued by all.

[2:22:28 PM](#)

AXL LEVAN, representing self, Fairbanks, Alaska, testified in support of SB 88. Working for the Department of Environmental Conservation, he has learned that the state is not currently competitive with the private sector or federal jobs in regard to retaining employees. His parents were Tier II teachers. The defined benefit system clearly works to retain quality employees; without it, the state will have minimal retention. His coworkers indicated that a defined benefit would be an adequate counter to offers from out of state. SB 88 will help correct the current "brain drain" that is occurring in Alaska.

[2:24:45 PM](#)

TIMOTHY WHITESELL, representing self, Fairbanks, Alaska, testified in support of SB 88. He is a Northern Region Airtanker Coordinator for the Division of Forestry and Fire Protection. He has over 30 years of public service as a wildlands firefighter and is a Tier III employee. During his tenure he has noticed the loss of trained personnel to agencies with better pay and benefits.

[2:27:34 PM](#)

BEN SIMON, representing self, Anchorage, Alaska, testified in support of SB 88. He is a Senior Captain with the Anchorage Fire Department, has been in public safety for eight years, and is a Tier III employee. He feels secure in his retirement but is tired of training a significant number of employees just to see them relocate to Oregon or Washington. Almost every state has a defined benefit retirement plan except Alaska. He wants to remain in Alaska, and he wants good public safety officers and teachers.

[2:29:39 PM](#)

TED EISCHEID, representing self, Anchorage, Alaska, testified in support of SB 88. He has a pension from Wisconsin and is now living in Anchorage. In 2012, his wife accepted a private sector position in Anchorage. He spent three years away from his wife continuing to work in Wisconsin in order to secure his pension. Pensions retain the best and brightest. He does not want to teach here because there is no pension plan.

[2:32:19 PM](#)

KELLY MCBRIDE, representing self, Palmer, Alaska, testified in support of SB 88. She is a Tier II employee who is unaffected by

SB 88, but it does affect the ability to recruit and retain quality professionals who impact her work in special education and also the education of her daughter. The cost of this reform is tempered with the cost of losing educators when they are needed most.

[2:33:47 PM](#)

ANDREW FOWLER, representing self, Fairbanks, Alaska, testified in support of SB 88. He is a firefighter and was the last person hired under Tier III, in 2005. Currently, 25 out of 47 members have worked at the Fairbanks Fire Department for less than two years; 33 out of 47 have worked there for less than five years. The Fairbanks Fire Department has had to lower their promotion standards twice in the last year because of the less experienced personnel.

[2:35:41 PM](#)

TYLER BELK, representing self; Executive Board Member, International Association of Fire Fighters (IAFF) Local 1262, Eagle River, Alaska, testified in support of SB 88. He works for the Anchorage Fire Department. His respected coworkers are leaving for Washington and he can't blame them because one's family must come first after a certain point. SB 88 is exceptionally important.

[2:37:38 PM](#)

MICHAEL BUCY, representing self, Juneau, Alaska, testified in support of SB 88. He is a teacher in Juneau. He just reached his 20th year as a Tier II employee for the Juneau School District. He quoted a bumper sticker that said, "If you think education is expensive, try ignorance." The current situation is scaring away good teachers. In 2008, he and his wife went to Montreal to further his education in music; experience matters in the business of education. He and his wife considered relocating to Montreal but returned to Alaska, one of the factors being his Tier II retirement plan. He was a staffer for Representative Max Gruenberg in 2006 when the defined benefit was repealed because it was a fiscal burden due to poor actuarial advice. He expressed that the plan should be better managed but defined benefit should return.

[2:40:23 PM](#)

COREY LUCK, representing self, Mukilteo, Washington, testified in support of SB 88. He is a firefighter and EMT in Washington where he enjoys a defined benefit retirement plan. He is associated with the Alaska Professional Firefighters and the International Association of Firefighters Local 40303 Juneau

Career Firefighters. Prior to his current position, he worked in Juneau. As a third generation Alaska public servant, he wanted to continue working in Alaska for the rest of his career, but he realized that he would not have a retirement. The Alaska Professional Firefighters conducted a study that revealed that less than 6 percent of firefighters and police officers in Alaska can retire successfully. When he left Juneau in 2021, 50 percent of the department had less than five years of experience. The percentage has increased since his departure.

[2:42:12 PM](#)

VERNON CARLSON, representing self, Cantwell, Alaska, testified in support of SB 88. He supports returning to a defined benefit plan that resembles the state retirement system prior to 2006. He is a lifelong Alaskan and public servant, having started in the United States Navy followed by 30 years with the Alaska Department of Transportation. As a small business owner, his brother can increase his wealth on both large and small scales, along with receiving bonuses, whereas Mr. Carlson could only depend on a fixed income and good pension. He pointed out that public servants are first responders who face life-threatening conditions. He listed about ten public service employees who were killed in the line of duty. He believes defined benefit plans should include all state employees and educators.

[2:44:51 PM](#)

SARAH NUGENT, representing self, Kodiak, Alaska, testified in support of SB 88. She taught with the Kodiak Island Borough School District for 16 years. Her resolve to stay in Alaska waivers because of the retirement plan. Statistics show that teacher turnover is hurting students. Without any access to a secure income such as Social Security and a good retirement plan, she is losing hope.

[2:47:14 PM](#)

DUSTIN MADDEN, representing self, Anchorage, Alaska, testified in support of SB 88. For the last two years he has worked for the State of Alaska at the Anchorage International Airport. Post-pandemic, there have been drastic changes in conducting day-to-day business; "help wanted" signs are everywhere. He spoke about recruitment and retention challenges. There is no incentive to stay in Alaska, as a paycheck alone is not sufficient for survival.

[2:49:27 PM](#)

PENITUSI NAU, representing self; Shop Seward, People Mover Maintenance, Municipality of Anchorage, Anchorage, Alaska,

testified in support of SB 88. He has been with People Mover since 2001. He expressed his belief that every person in his shop would like to have a defined benefit.

[2:51:38 PM](#)

JOHN WAGNER, representing self, Fairbanks, Alaska, testified in support of SB 88. He is a captain with the Fairbanks Fire Department. He and his wife have deep roots in Alaska, and they don't want to leave. He is the most senior member of the department in the Tier IV system. As a leader, he tells young recruits that their best bet is to leave Alaska and go somewhere that respects their time and talent.

[2:54:05 PM](#)

CHAIR BJORKMAN held SB 88 in committee and held public testimony open. He reiterated that the public may submit written testimony via email to slac@akleg.gov.

[2:54:27 PM](#)

SENATOR GRAY-JACKSON thanked those who testified. She recognized that last Tuesday Senate President Gary Stevens held a press conference and she expressed gratitude to Senator Cathy Giessel for highlighting the role that the state's former actuary Mercer played in undermining the defined benefit system. As a result of her remarks, her staff reviewed the state's complaint against Mercer that the Alaska Attorney General filed in December of 2007. In order that the public would understand the magnitude and impact of what happened before 2007, she shared a couple of brief excerpts from the report including the following quotes:

 Mercer's negligence and breaches of duty frustrated the Plans' ability to achieve these funding objectives and injured the Plans. Fully aware of the billions of dollars at stake, Mercer nevertheless made fundamental errors in methodology and even in basic calculations, and failed to assign competent, experienced personnel to work for the Plans. Because of this misconduct, Mercer miscalculated - by over \$1.8 billion - the contributions necessary to fund the Plans.

 Mercer's failure to meet its obligations to the Plans is one of the most significant factors contributing to the financial crisis in Alaska's pension and health system.

One of the most important of Mercer's responsibilities was to calculate the future health care liabilities, a major and growing obligation of the Plans. Mercer failed at this task, employing methods and assumptions that fell far short of professional standards. In fact, it appears that none of the actuaries who led Mercer's work for the Plans and signed valuation reports were health care actuaries, even though Mercer employed many health care actuaries among its thousands of consultants and actuaries around the world.

SENATOR GRAY-JACKSON continued to say that the state eventually settled out of court with Mercer for \$500 Million. The real victims of Mercer's maleficence are the State of Alaska workers, Senator Gray-Jackson being one, who lost the opportunity to participate in a defined benefit retirement plan.

SB 88 was held in committee with public testimony open.

[2:58:24 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:52 p.m.