

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

March 22, 2023

1:54 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)  
03/20/23 (S) Heard & Held  
03/20/23 (S) MINUTE(L&C)  
03/22/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

GARRET ODOM, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

JASON TAURIAINEN, representing self  
Nikiski, Alaska

**POSITION STATEMENT:** Testified in support of SB 88

PATTY WISEL, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

GAYLE HARBO, representing self  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

ERIC GODDEN, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

SANDI RYAN, President  
Fairbanks Education Association  
Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

SALLY DUNCAN, representing self  
Two Rivers, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

JOE BERTAGNOLI, representing self  
Petersburg, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

BARBARA TYNDALL, representing self  
North Pole, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

BERT HOUGHTALING, representing self  
Big Lake, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

ALEXANDER RENO, representing self  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to SB 88.

JANET JOHNSON, representing self  
Palmer, Alaska  
**POSITION STATEMENT:** Testified in opposition to SB 88.

MARTA MUELLER, representing self  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

LIAM CARNAHAN, President  
Statewide Supervisory Unit Local 499  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

JERRY CLEWORTH, representing self  
Fairbanks, Alaska  
**POSITION STATEMENT:** Gave testimony on SB 88.

CORY CROSSETT, representing self  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

MATTHEW EPP, representing self  
Anchorage, Alaska  
**POSITION STATEMENT:** Testified in opposition to SB 88.

PETER FLYNN, representing self  
Juneau, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

EDWARD SMYERS, representing self  
Eagle River, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

DANIELLE LOGAN, representing self  
Fairbanks, Alaska  
**POSITION STATEMENT:** Testified in support of SB 88.

PAUL SEATON, representing self  
Homer, Alaska  
**POSITION STATEMENT:** Gave testimony on SB 88.

RON JOHNSON, representing self

Matanuska-Susitna, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

BRITTANY STILLIE, representing self

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

VICKI HEWITT, representing self

Mat-Su, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

JUSTIN MACK, Secretary Treasurer

Alaska Professional Fire Fighter's Association

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

GRETA WADE, representing self

Sand Lake, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

LAURA LUND, representing self

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

BERNADETTE WILSON, State Director

Americans for Prosperity - Alaska

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

ELIZABETH REEVES-RAMOS, representing self

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

MARIAN NELSON, representing self

Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

BRIAN LASHINSKI, representing self

Fairbanks, Alaska

**POSITION STATEMENT:** Did not take a position on SB 88.

DOUG TANSY, Business Manager

International Brotherhood of Electrical Workers (IBEW)

Local 1547

Fairbanks, Alaska

**POSITION STATEMENT:** Testified in support SB 88 on behalf of IBEW.

ROXANNE ABAJIAN, representing self  
Ketchikan, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

MATT CRUICKSHANK, representing self and  
President  
Public Employees Local 71  
Wasilla, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

DAVID JONES, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

KATIE HODAPP, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

LEAH MAGID, representing self  
Waterford, Michigan

**POSITION STATEMENT:** Testified in support of SB 88.

ZACH YOUNG, President  
Anchorage Young Republicans  
Chair, Alaska Association  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

CRYSTAL HOFFMAN, representing self  
Anchorage, Alaska

**POSITION STATEMENT:** Testified in opposition to SB 88.

JOHN KING, representing self  
Juneau, Alaska

**POSITION STATEMENT:** Testified in support of SB 88.

#### **ACTION NARRATIVE**

[1:54:48 PM](#)

**CHAIR JESSE BJORKMAN** called the Senate Labor and Commerce Standing Committee meeting to order at 1:54 p.m. Present at the call to order were Senators Dunbar, Merrick, Bishop, Gray-Jackson, and Chair Bjorkman.

**SB 88-RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.**

[1:55:01 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 expressed the intention to continue with public testimony, adding that written testimony could be submitted to [slac@akleg.gov](mailto:slac@akleg.gov).

[1:57:02 PM](#)

GARRET ODOM, representing self, Juneau, Alaska, testified in support of SB 88. He is a firefighter EMT with Capital City Fire and Rescue and worked six years in human resources for the Department of Environmental Conservation. While there, he did exit interviews and an overwhelming majority of the people that he spoke to had left their jobs for better retirement benefits in the private sector or other places down south. Capital City Fire and Rescue answers about 5000 calls a year and each person that calls expects perfection. The fire department is losing people with experience, so the remaining firefighters have to work a lot more. SB 88 would help retain experienced, skilled employees and provide Alaskans with the best public servants.

[1:58:57 PM](#)

JASON TAURIAINEN, representing self, Nikiski, Alaska, testified in support of SB 88. He works for the Nikiski Fire Department and is on the school board for Kenai Peninsula Borough School District. He feels blessed to earn a defined benefit. He said it would take an act of God to get him to quit his job before he earns that retirement. People with portable retirements are leaving. Previously, the appeal of working in Alaska's public sector was its longevity, effecting a great education system, and quality public services in which workers stayed and honed their professional skills over time. He said the public sector is in crisis mode - recruiting, training, losing, and starting the cycle over again. Implementing a defined benefit retirement program is one essential way to attract and retain the best and the brightest.

[2:01:22 PM](#)

PATTY WISEL, representing self, Fairbanks, Alaska, testified in opposition to SB 88. She is a lifetime Alaskan and has raised

five children in the state. Her husband is retired after 30 years of employment at the same company. She is a nurse and was an EMT for many years. The state still owes over \$7 billion for the defined benefit plan that was rescinded in 2005, and that debt continues to increase. She questioned how the new defined benefit plan would be financed, and wondered if it would be by adding a sales tax or an income tax, or taking from the PFD. She cited a study that found retention rates were unaffected when the state switched from a defined benefit to a defined contribution plan. She reiterated that Alaskan citizens cannot afford to return to a defined benefit plan.

2:03:05 PM

GAYLE HARBO, representing self, Fairbanks, Alaska, testified in support of SB 88. She has been a resident of Alaska since 1957. She declared Senate Bill 141 that established the defined contribution plan a disaster to the stability of school systems and communities. The state is losing \$100 million annually as people with defined contribution plans leave after five years. Alternatively, under a defined benefit plan the employer contributions will stay in the plan when the employer terminates. Defined contribution plans provide zero stability for school programs and communities. In a time of economic and environmental vulnerability, the reasons to stay are not sufficient for defined contribution members facing an uncertain retirement. She claimed that the current defined contribution plan costs as much or more in TRS Tier II and PERS Tier III. She said those that stay until retirement will need to apply for Medicaid when their HRA is depleted. Meanwhile, retirees in the defined benefits program are conduits for economic vitality. Over \$3 billion a year in pension benefits, health care dollars, and other retirement income flow into Alaska each year from these benefit payments. This is equivalent to dollars paid to Alaska fishermen or the mineral production in the state and comparable to the amount spent annually by tourists. More than 60 percent of retirees receiving defined benefits stay in Alaska. The pension dollars and the health care benefits paid out to these residents amount to more than \$300 million a year. When retirees reach age 65 and qualify for Medicare, additional federal dollars come to the state. Since 2007, as of February 2023 there are only 247 people from the defined contribution plan and combined PERS insurance who have retired.

2:05:51 PM

ERIC GODDEN, representing self, Anchorage, Alaska, testified in opposition to SB 88. He is a small business owner who has lived in Anchorage since 1987. For the last six years, there has not

been a statutory PFD, which is a regressive tax against Alaskans who can least afford it. He expressed concern over affordability in adding an unknown liability when both the last program and the 2023 budget still need reconciling. He remarked that California cities are going bankrupt under the weight of their pension plans. Most Alaskans will miss the opportunity of a defined benefits package. For Alaskans to all share in the sorrows of the state, he thinks it is fair to keep the defined contribution plan. Though it is not as stable as some would like, it is fair and affordable. He posited that the main reason firefighters are leaving is not retirement, but burnout from repetitive calls for mental health and substance abuse issues.

[2:08:11 PM](#)

SANDI RYAN, President, Fairbanks Education Association, Fairbanks, Alaska, testified in support of SB 88. She has been a high school mathematics and computer science teacher for 36 years. She currently serves as the Fairbanks Education Association president. In 1993, she applied for a position in Fairbanks. She had to transport herself to Alaska, pay for the trip, visit schools, interview, and do well on the written exam. She was amazed to learn there were no openings. Alaska was one of the most attractive places for education, in regard to salary, benefits, and a secure retirement system. Unfortunately, policies have changed and emphasis on education has died away. In 2006, the rug was pulled out from under new public employees and teachers when the defined benefit was eliminated. To complicate the issue teachers do not pay into Social Security so there is no safety net. She said the result is salaries and benefits shrinking and evidence of the inability for districts to attract and retain. There are now over 1,000 openings statewide for teachers. The vast pool of applicants has virtually dried up. She affirmed that it is time to support and honor Alaska's public servants, and a defined benefit retirement is a critical first step. She urged support for SB 88.

[2:10:25 PM](#)

SALLY DUNCAN, representing self, Two Rivers, Alaska, testified in opposition to SB 88. She said SB 88 is more expensive than her people can afford. District 34 is already paying for a bill that has not been paid off. She said it seems to her that debts should be paid off before incurring new ones.

[2:11:30 PM](#)

JOE BERTAGNOLI, representing self, Petersburg, Alaska, testified in support of SB 88. He started working for the City of Petersburg as a public employee in 1991. He opted to leave the

private sector in construction, primarily for the pension and insurance. He recently retired after 30 years and is grateful to have this pension for himself and his spouse as they continue their life's journey. Being a defined benefit employee, he felt confident in his future throughout his career; it was always an incentive to stay with the city to serve the citizens of Petersburg. In 2006, when the state moved to Tier IV defined contribution, that incentive to stick around for the long haul was gone for new employees. Over the last 15 years, he has seen the carousel of new employees coming to work for the borough. With diminished retirement options, they only stay long enough for something better to come along. Then those new employees move to a different employer within the borough, or out of town completely taking all that training with them. This creates more expense for the borough having to retrain new employees. This trend can also be seen in school systems as teachers experience similar turnover. It is a statewide story. The current system just isn't working. It's important to recruit the best employees possible and keep them once they're hired. SB 88 may not be the fix-all but it's another tool in the toolbox to help employers hire and keep good employees.

[2:14:04 PM](#)

BARBARA TYNDALL, representing self, North Pole, Alaska, testified in opposition to SB 88. She is of the conviction that the state does not need to go into debt. She affirmed that she doesn't want to go into debt as an individual, nor does she want her city or state to go into debt. She has been in Alaska since 1958. She loves the state, but it grieves her to see people leaving. She posited that retention is not just an Alaska problem, it is a national problem that has nothing to do with the benefits. She would love to give everybody the best retirement, but there are things she can't afford. The state already sank \$7.4 billion into debt with the last defined benefit plan. She suggested that Alaska steward the funds that it has and think outside of the box. For 20 years she taught in a private school that was able to manage what little resources it had, while still providing an excellent education. She urged the committee to find better ways and turn down SB 88.

[2:16:29 PM](#)

BERT HOUGHTALING, representing self, Big Lake, Alaska, testified in opposition to SB 88. He said he can't understand how the state can be planning to spend money via a plan that has a proven track record of putting Alaska billions of dollars in the hole. The state still has to pay off the current deficit. Nowhere has it been explained where this mythical unicorn tree

of money is to appear to pay for all of this. Nowhere is there a breakdown of what the municipality or the borough level will have to contribute to be able to match their share. The Mat-Su Valley district borough alone already owes \$400 million to its PERS and TRS defined benefits program. He does not see anything in this plan that defines how Alaska's children will pay for it.

[2:18:08 PM](#)

ALEXANDER RENO, representing self, Anchorage, Alaska, testified in opposition to SB 88. He was born and raised in Anchorage. He has a background in finance and marketing. There is currently a liability of about \$6.1 billion. He expressed concern over finding actuarial support for SB 88. He said the best financial way forward is restructuring by paying off debts and then perhaps implementing a system like SB 88. No other state is currently regressing to a defined benefits program. California currently has a pension plan that's nearly insolvent. People must take responsibility, be financially literate, and not rely on the system as much as they might want to.

[2:20:41 PM](#)

JANET JOHNSON, representing self, Palmer, Alaska, testified in opposition to SB 88. She said she knows that the state cannot afford this plan because she is a product of a defined benefit retirement system. She worked and paid into the system for 28 years. Two and one half years after retiring, she had received as much as she had paid in. She questioned who would pay for debt incurred, as she continues to receive pension payments from the defined benefit system is not affordable for the state. Alaska cannot afford unfunded retirement systems.

[2:22:08 PM](#)

MARTA MUELLER, representing self, Anchorage, Alaska, testified in support of SB 88. Recruitment and retention issues cost the state time for training, lost productivity, and loss of innovation. When people are coming and going, they don't learn where to make improvements. If one wants good government, one must keep good employees. To keep good employees, one must have good leadership and pension benefits. She is a 19 year Tier III state employee. She is a supervisor who has had to recruit one range 12 position four times in the past three years. The system is not working anymore.

[2:23:34 PM](#)

LIAM CARNAHAN, President, Statewide Supervisory Unit Local 4900 (SU), Juneau, Alaska, testified in support of SB 88. He said that many members of the SU have dedicated years of service to

the state and have watched the decline in the state's ability to find people willing to take jobs in public service. Many long term members in defined benefit tiers can attest to the incentive that a defined benefit pension creates for members to stay in their positions. Younger members in other bargaining units start work, stay for two to five years, and leave, taking their employee contributions and employer match with them. To deliver the vital services Alaska residents expect, the state needs to attract and keep trained staff. Recruiting managers today routinely encounter smaller pools of applicants and even fewer applicants willing to accept job offers. The inability of the state to successfully hire and retain employees has resulted in many members taking on additional duties which is hard on morale and has lowered the efficiency of state government overall. Restoring a defined benefit option is a sound financial decision for the state. He related a story about his son leaving state service.

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At ease.

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CHAIR DUNBAR reconvened the meeting and resumed public testimony.

[2:26:23 PM](#)

JERRY CLEWORTH, representing self, Fairbanks, Alaska, gave testimony on SB 88. He said the original defined benefit plan was a financial disaster for the State of Alaska, and SB 88 has three major flaws that he hopes will be fixed. The discount rate is set at 7.38 percent. The rate under the old plan was 8.25 percent, which was too optimistic, because it went into deficit. By comparison, Kentucky is using a 5.25 percent discount rate and that seems to work. Most of the discounts that work are between 5 and 6 percent. SB 88 is based on the high five years including overtime which is a major oversight because overtime for some city firemen exceeds the base salary. He said that it was almost impossible for the actuary or the Alaska Retirement Management board to take that oversight into consideration by looking at the solvency of the fund. The discount rate should be based on the base salaries for those in five years. A fatal flaw of the defined benefit plan is the legal promise to pay regardless of the ability to earn. When the state goes into deficit, the Constitution kicks in and that deficit needs to be covered. He said that the previous day the Fairbanks City Council heard from the fire chief that there were 40 applicants for one position in the fire department, so there is not a

shortage of applicants. He asked legislators to address those two problems: the discount rate including overtime, and to at least indemnify the municipalities at the 22 cents that currently has to be paid into the system so that would not be increased.

[2:28:54 PM](#)

CORY CROSSETT, representing self, Juneau, Alaska, testified in support of SB 88. He works for the Juneau school district as a teacher and has been living in Alaska for 17 years. He expressed his hope that implementing a defined benefit program would allow him to continue his career in Alaska. As he ages, he is thinking about retirement, but is questioning if retirement in Alaska is viable. He originally intended to move here because the defined benefit package was attractive, but life got in the way and he didn't start teaching until 2006, a couple of months after the system had changed. He doesn't pay into Social Security, and he doesn't have a defined benefit retirement plan. He expressed his desire to stay here where he raised his family, as well as his desire to do right by them. He related a personal story about a discussion he had with his daughter about staying in Alaska. He reiterated that the attraction/retention side of SB 88 is key and said that he has been on both sides of it. He expressed his hope that SB 88 passes, with whatever changes that are needed to make it viable.

[2:30:36 PM](#)

MATTHEW EPP, representing self, Anchorage, Alaska, testified in opposition to SB 88. Today he learned about the previous unfunded liability and that added to why he is opposed to it in the future. He said that one of two things would happen in any kind of a Ponzi scheme, which is what this would be. There would not be enough money coming in to cover future expenditures, so those expenditures would need to be reduced or the system that is supposed to fund the plan would be bankrupt. He said this is the same problem approaching with the Social Security system in the next 15-20 years. He moved to Alaska a few years ago and has 30 years of experience in consulting engineering as an oilfield worker. He has retirement that he brought with him, and he is thrilled with the retirement plan that he has now because he is already putting more away than ever before. He didn't realize when he got here that he would not be paying Social Security anymore. He already qualified for Social Security because of his previous work, so he gets the best of both worlds, but he is very much in favor of the current plan. If the state moves forward with this defined benefit plan as opposed to the defined contribution plan, he suggested making it available to all new

employees so they can choose whichever program they feel is better for them. He reiterated his support for the current defined contribution plan.

[2:32:44 PM](#)

PETER FLYNN, representing self, Juneau, Alaska, testified in support of SB 88. He has been a firefighter for seven years, has lived in Juneau since 2004, attended UAS, and served the community in one capacity or another continuously for 19 years. He feels that he is one of the model citizens that the state's retirement program is targeting and would want to keep in the state, have retire here, and spend dollars here. Despite all that, his family is looking at Washington retirement and pay or a total career switch to have a safe, healthy, secure retirement. Many of his peers have left, leaving an enormous institutional knowledge gap. The least experienced are training those with no experience. This is costing the state an enormous amount of training dollars and time optimizing firefighter safety and it is affecting the quality of public service. Without SB 88, his family will likely be following their peers in the near future seeking greener pastures. With this bill his family is likely to stay and spend their retirement serving and spending their dollars in this state.

[2:34:18 PM](#)

EDWARD SMYERS, representing self, Eagle River, Alaska, testified in support of SB 88. He is a small business owner, a state employee, and a proud member of AFA Local 52. Alaska can't retain people because of the current retirement system. It offers little retirement security. In the Department of Health, recruitment is difficult and has 22.8 percent of public health nurse positions that are not filled, partially because of the current retirement system. The department still has to provide the same services to the public, but this cannot be achieved without recruiting and retaining true professionals. He also raised the concern of how to pay for a new defined benefit plan and also pay off unfunded liability from the previous defined benefit plan.

[2:36:10 PM](#)

DANIELLE LOGAN, representing self, Fairbanks, Alaska, testified in support of SB 88. She said that there are groups making the case that switching to a defined contribution system was a smart decision, but as a Fairbanks educator, she has seen that change has been overwhelmingly negative. Working in the school district used to be a career, people stayed because they were also earning a pension. Now many leave for better wages in the

private sector and have no incentive to stay and help students succeed. Over the past three years, support staff has had more turnover than ever before. There have been many vacant positions like tutors, special education aides, and classroom aides. The custodial staff is shorthanded or nonexistent. This results in less student learning and fewer ready-to-learn spaces with untrained staff doing jobs outside of their duties. SB 88 is a shared risk proposal that will save the State of Alaska and school districts in the long run and provide public servants with much needed retirement security. Senator Giessel has said, "This is not your grandma's pension." It is a modest proposal that has robust risk-sharing measures to protect the state from fiscal impacts. Educators support SB 88; it will make a difference in the lives of education support staff, professionals, and students will benefit from the reduced turnover.

[2:38:17 PM](#)

PAUL SEATON, representing self, Homer, Alaska, testified that he was chair of the House State Affairs Committee in 2005 when the committee addressed three retirement issues under Tier II and Tier III defined benefits: recruitment, retention, and \$300-\$500 million per year in unfunded liability. Recruitment was lagging under that system; the state had gone from paying among the highest salaries to less than average by 2005. Secondly, retirement wasn't a concern for most entering employees in terms of pay. Third, the retirement system gave no state contribution until TRS employees had vested with eight years of service and PERS employees had vested with 10 years of service. For retention, the average in TRS was 9.5 years and the average in PERS was 11 years. For vesting purposes, approximately half of the workers received none of the money that the state had paid into the system on their behalf. The employees who vested received \$25 per month per year of service. This amounts to \$250 per month for 10 years of service, which is equivalent to the benefit for the neediest seniors. The unfunded liability added \$300-\$500 million to all future budgets, which was problematic. Acknowledging that there was a difference, he said the state currently is paying an actuarially calculated 31.1 percent rate and that's nothing near what is being discussed in SB 88. He suggested the committee compare the 2005 documents for recruitment and retention under PERS to the documents for this bill to ensure that returning to a defined benefit system provides a solution to the problem. He opined that everybody knows that the real problem is pay.

[2:41:02 PM](#)

RON JOHNSON, representing self, Butte, Alaska, testified in opposition to SB 88. He said he couldn't believe that some candidates in the last election supported switching to a defined benefit. In 2005-2006, the legislature saw that the state was heading for a trainwreck and discontinued the defined benefit program. He retired from the building industry and he never saw a defined benefit plan. The building industry had the foresight to switch to a defined contribution plan when they saw that defined benefit was not sustainable. He mentioned his wife's testimony that she received more from her defined benefit pension in 2.5 years than she had paid into the system. She's going to be retired for 25-30 years and Alaskans will be paying the bill. That defined benefit plan is over \$6 billion in deficit. It aggravates him to leave his grandchildren with the bill. If the state returns to the defined benefit plan, it is projected to incur an additional \$9 billion in deficit in the next 30 years. He reiterated his opposition to SB 88.

[2:43:13 PM](#)

BRITTANY STILLIE, representing self, Fairbanks, Alaska, testified in support of SB 88 which would provide a choice between defined contributions and a defined benefit pension retirement plan. She has worked for the Division of Forestry and Fire Protection as a wildland firefighter since 2012. As someone who has dedicated their life to this profession, she can attest to the fact that this change would greatly benefit recruitment and retention efforts and improve public safety and protection from wildland fires. She has witnessed the loss of a considerable amount of highly trained and experienced firefighters because their pay and benefits that are not competitive with other agencies or the private sector. This has resulted in significant loss of skills and knowledge that are critical for combating wildland fires and protecting the public. SB 88 would address the benefit side of the issue, creating more stability and security for firefighters. This would be an excellent investment for the State of Alaska, making the firefighting profession more attractive to potential recruits and encouraging experienced firefighters to stay in the program. About 70 percent of money spent on Alaska wildfires last year went to outside resources, which are much more expensive and the firefighters are unfamiliar with unique Alaska firefighting tactics. Having a more experienced and stable wildland firefighting staff would save the state money in the long run and help protect the people of Alaska.

[2:45:09 PM](#)

VICKI HEWITT, representing self, Mat-Su, Alaska, testified in support of SB 88. She was born and raised in Alaska, and this is her 24th year in education. She has recently heard many educators talk about leaving the profession and the state because when they learn about the details of TRS Tier III, they are shocked, stunned and worried about their future and that of their families. Independent projections have shown that public employees are highly likely to run out of money during their retirement years after working a 30-year career. SB 88 also restores the modest death and disability benefits that Americans usually get from Social Security. She relayed a story about a school counselor from Delta to illustrate how important this benefit can be. That counselor is paralyzed and destitute, in part due to her choice to become a teacher in Alaska, where teachers are not covered by Social Security. Another unintended consequence of our current system is the vulnerability of children who unexpectedly lose their parents. When a child loses a parent in this way, they lose a lifetime of income that would have supported them as they grew into adulthood. Social Security built in a safety net by providing a modest monthly support that keeps them out of poverty, but this is not available to Alaska public employees who were hired after 2006. Fortunately, SB 88 restores this benefit.

[2:47:12 PM](#)

JUSTIN MACK, Secretary Treasurer, Alaska Professional Fire Fighter's Association, Anchorage, Alaska, testified in support of SB 88. He has been a captain with the Anchorage Fire Department for 12 years. There is widespread support for SB 88 among professional firefighters and EMS personnel across the state. They have advocated for a shared-risk solution where employees, employers, retirees and the state share responsibility in addressing recruitment and retention and giving Alaska workers dignified retirement. The legislature is right to be concerned about entering a defined benefit system but it can be done right. This is not the old system. It pays for itself and saves local communities millions through recruitment and retention. He believes that retirement is the cornerstone of Alaska's future. There is a need throughout the state to attract and keep skilled workers.

[2:49:55 PM](#)

GRETA WADE, representing self, Sand Lake, Alaska, testified in support of SB 88. She is a registered nurse and a fourth generation Alaskan. She was a public health nurse at a time when a lot of time and energy was invested in nurse training. She loved being a public health nurse, but knew she could earn more

in the private sector. She was okay with less pay, but she couldn't earn less and have no promise of retirement with dignity. She urged the committee to consider the big picture. She said Alaskans can't afford not to support SB 88. Alaska needs a strong middle class.

[2:51:32 PM](#)

LAURA LUND, representing self, Fairbanks, Alaska, testified in support of SB 88. She has been a wildland firefighter with the Division of Forestry and Fire Protection for eight years. During her tenure she has seen the majority of her colleagues - into whom the state invested years of training - resign to work for other agencies or in other professions. Within the last year, 14 of 22 firefighters have resigned and decades of cumulative experience and qualifications were lost. This isn't just turnover; the majority of these positions have not been filled. Qualified professionals are finding jobs with other agencies with more appealing benefits and wages. The state's inability to recruit and retain qualified people for critical jobs has massive and dire consequences for the remaining employees and the community they serve. She said the real problem is that wages and benefits are not competitive with other agencies in this profession. She said giving state employees a choice between a defined contribution and a defined benefit pension retirement plan would be a keystone measure towards improving recruitment and retention in this and other public service professions.

[2:53:37 PM](#)

BERNADETTE WILSON, State Director, Americans for Prosperity - Alaska (AFP AK), Anchorage, Alaska, stated that AFP AK represents thousands of grassroots advocates across the state. She pointed out that the State of Alaska still owes \$6.1 billion on its previous defined benefit plan, and the plan SB 88 proposes is estimated to cost \$9 billion moving forward. Alaskans have been told the state can't afford a full permanent fund dividend and some in the legislature are talking about an income tax, so the question is who will pay for this new plan. She mentioned the heartbreaking stories from teachers and offered to provide data to show that they would bear the burden. She reported that 86 percent of police departments with defined benefit plans still have problems with retention. It's a nationwide problem across all professions. She said AFP Alaska isn't saying that nothing should be done, but legislators should not be given false choices between not supporting a defined benefit or not supporting police and fire. Other things can be

done and AFP AK would like to see a survey that shows that SB 88 will help retention.

[2:56:13 PM](#)

ELIZABETH REEVES-RAMOS, representing self, Fairbanks, Alaska, testified in support of SB 88. She has been a state employee for 8.5 years and has started to think about retirement. This includes looking at options outside of state employment because of the lack of a secure monthly retirement. She described the revolving door of new and leaving employees at the Division of Public Assistance, the backlog this has created in processing Medicaid and food stamp re-certifications and applications, and the costly overtime the department is paying to try to resolve the problem. She opined that the people who are staying in state employment are PERS Tier II and Tier III employees who will receive a defined retirement. The people who are leaving are all Tier IV and they aren't staying because they won't get that retirement.

[2:58:52 PM](#)

MARIAN NELSON, representing self, Anchorage, Alaska, testified in opposition to SB 88 as a concerned citizen, mother and small business owner. She said the state cannot afford this plan; it still owes on a previous defined benefit plan. As a small business owner, she has to take personal responsibility to plan, prepare and save for herself and her family's future. She lives within her means, sets aside money in an IRA or a 401(k), and makes cutbacks. It is a fair approach. Her small business also deals with employee retention problems, so they offer better quality of life opportunities such as more leave time. She said expecting others to pay for her future is unrealistic and unethical. It seems highly discriminatory to offer this extensive retirement plan to only a select field. She asked, "What about all the others? What about all the small private sector business owners? What about the mom and pop shops? They won't see a dime of this but they're going to contribute." She reminded the committee that they work for all Alaskans. The only other reasonable and fair option is for both parties to pay into this. There are times when one has to say no and live within one's means. She urged opposition to SB 88.

[3:01:28 PM](#)

BRIAN LASHINSKI, representing self, Fairbanks, Alaska, expressed uncertainty about SB 88. He was born and raised in the North Pole. He is a mechanic working for the Department of Transportation and Public Facilities in Fairbanks (DOTPF). The department has had five openings for nearly a year and some for

much longer. Recruitment has been challenging. One applicant may have been under the influence of alcohol and another seemed unaware of standard prerequisites such as having a current driver's license. He opined that DOTPF can't get qualified applicants for the wages and benefits that are being offered. The State of Alaska is not competitive in attracting or retaining employees. Employees are leaving for the private sector for higher wages and similar if not better benefits. He is unsure if he is for or against SB 88. At least one can control their own 401(k). A pension would possibly be underfunded. At least a 401(k) can be willed to one's children, whereas one must take a reduction in a pension to will it to one's spouse. If SB 88 passes, the problem potentially will not be fixed until there are competitive wages.

[3:04:12 PM](#)

DOUG TANSY, International Brotherhood of Electrical Workers (IBEW) Local 1547, Fairbanks, Alaska, IBEW stated support for SB 88 on behalf of their 4500 members. He is a co-chair trustee of the \$2 billion pension plan, nearly 100 percent funded. It is a huge anchor that keeps members with the program. It also allows members to retire on time. What the membership expects from the state is a quality education for their kids in classes that are not oversized and expect the police and fire/emergency services that respond in a timely manner. The IBEW membership expects the state to fund these things adequately. These are stabilizers for the IBEW organization, and this is a huge stabilizer for the State of Alaska. He reiterated that he and IBEW support SB 88, even though IBEW has their own private pension plan.

[3:06:34 PM](#)

ROXANNE ABAJIAN, representing self, Ketchikan, Alaska, testified in support of SB 88. She moved to Alaska in 1979 and is a retired teacher with a Tier I pension plan. She was told that dignified pensions for public employees were a traditional tradeoff for the lower pay in service jobs like firefighters, police officers, and teachers. She knew that despite the lower income, she would have a reliable stable pension. Because of this, she is able to contribute to Alaska's economy and the economy of the community of Ketchikan. Pension plans support economic activity, jobs, and incomes. She said her son is a teacher who cannot return to Alaska because there is no pension. She has watched many younger teachers remain in their districts for approximately five years and then leave. She said Alaska has a severe recruitment and retention problem. Defined benefit pensions provide incentives to attract and retain employees. She

promoted the research findings of the National Institute on Retirement Security.

[3:09:13 PM](#)

MATT CRUICKSHANK, representing self, Wasilla, Alaska, testified in support of SB 88. He was also speaking as President of Public Employees Local 71 which represents operators and mechanics across the state. He is in an elected position and does not work for the state. He has over 16 years of experience in Alaska and has worked side-by-side with talented journeymen. These workers are there for retirement and benefits. The state is not competitive with the private industry. As a Republican, he can stand by the importance of being fiscally conservative at times of need, but now the state needs to be able to recruit because this is a state benefit. He reiterated support for SB 88.

[3:11:42 PM](#)

DAVID JONES, representing self, Juneau, Alaska, testified in support of SB 88. He is an engineer working for the state of Alaska. His wife is a teacher in the Juneau school district. They are in their 30s. They have been working for almost eight years and have a strong desire to serve the public, but don't know if it is realistic to stay in public service because of the current retirement system. Neither he nor his wife pays into Social Security, so they are relying on a retirement system that if left unchanged will be woefully inadequate to have any sort of meaningful retirement. Teaching is a hard profession, and he sees his wife come home many days completely exasperated with the lack of staff and resources available to them. He grew up with a teacher as a stepmom and saw how a pension gave her the incentive to push through the hard days and complete a full career teaching in Alaska. These days there's no such incentive and school districts across the state are struggling to hire and retain teachers, as they're burning out at a seemingly ever faster rate. He heard a few testifiers today, mostly from the older generations, talking about not being able to afford this change to a pension system. He would counter that he doesn't know if the state can afford not to make this change as folks from his generation are not going to choose to stick around and raise their kids in Alaska. He expressed his hope that legislators will act to bring back a pension system for first responders, teachers, as well as other public employees to help secure their financial future and make public service a viable option for work in the state which in the end will help all Alaskans thrive.

[3:13:33 PM](#)

KATIE HODAPP, representing self, Juneau, Alaska, testified in support of SB 88. She is a physical therapist who used to work full time employee at Bartlett Regional Hospital. She left because she could get a pension and higher pay down south. People do leave and they'll continue to leave because benefits in Alaska just don't stack up and neither does the pay.

[3:14:41 PM](#)

LEAH MAGID, representing self, Waterford, Michigan, testified in support of SB 88. She worked as a teacher in the Anchorage School District for eight years. She left the beautiful state of Alaska in part and primarily because of the lack of a sustainable retirement and she misses Alaska every single day. The students that she had were incredible, resilient, and loving children and she misses her teaching partners. What she doesn't miss is having an unsure future through the combination of no viable retirement system and no Social Security. She had to leave to be able to support her family. It is the same for firefighters and other state employees who don't have a defined contribution plan and no Social Security.

[3:17:26 PM](#)

ZACH YOUNG, President, Anchorage Young Republicans, Chair, Alaska Association, Anchorage, Alaska, testified in opposition to SB 88. He said the problem is that Alaska simply can't afford SB 88 and doesn't have a plan on how to fund it. Every private citizen and taxpayer knows that if they spend more than they take in over a long period of time, they're eventually going to bankrupt themselves. This is the same situation with defined benefit packages as they are written now. The estimates that he has seen have been near \$8.6 billion dollars over 30 years, which comes to nearly \$300 million a year in additional costs for the state of Alaska. He questioned where that money would come from. That's nearly \$1,000 per household and that money is going to have to come from residents. He thinks the country is in a retirement crisis but it's not worth going into financial crisis over a situation that is unfortunate but not necessary in order to actually have employees and state workers.

[3:19:59 PM](#)

CRYSTAL HOFFMAN, representing self, Anchorage, Alaska, testified in opposition to SB 88. She said SB 88 will end up being funded by people like her. And if people like her cannot continue to afford all of the extras, then they will leave this state and then it is unknown who will fund the plan. It concerns her to hear that the reason for SB 88 is retention because there are more issues to be concerned about. If she doesn't feel safe and

her children aren't being educated, she doesn't want to stay. If her family cannot afford their taxes or their mortgage, then they're not going to stay. She said those testifying in support of SB 88 want their occupation to be funded, but no one is funding her occupation or her retirement. That kind of security is a personal responsibility. She said all citizens should be considered, not just the people who are asking for this defined benefit.

[3:21:53 PM](#)

JOHN KING, representing self, Juneau, Alaska, testified in support of SB 88. He has been a state employee since 2015 and is a PERS Tier IV member. Alaska is in a recruitment and retention crisis for public employees. The private sector pays more and offers bonuses that aren't available to public employees, but supporting a defined benefit retirement system is one thing legislators can do for them. PERS Tier IV members are leaving state service for employment with the federal government and private sector. Most public employees in Alaska do not receive Social Security benefits. Without a defined benefit pension, state workers don't have any retirement security. A defined benefit pension plan will help with recruitment and retention of a strong public workforce for Alaska. He reiterated support for SB 88.

[3:23:00 PM](#)

CHAIR BJORKMAN said this concludes the public testimony time for today. He thanked those who testified. He said the committee will notice additional opportunities to testify and written testimony may be sent to [slac@akleg.gov](mailto:slac@akleg.gov).

[SB 88 was held in committee.]

[3:23:44 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 3:23 p.m.