

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

March 29, 2023

1:34 p.m.

MEMBERS PRESENT

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

MEMBERS ABSENT

Senator Kelly Merrick

COMMITTEE CALENDAR

SENATE BILL NO. 83

"An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

- HEARD & HELD

SENATE BILL NO. 93

"An Act relating to claims against protection and indemnity insurance policies of vessel owners; and providing for an effective date."

- MOVED CSSB 93 (L&C) OUT OF COMMITTEE

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 83

SHORT TITLE: PROFESSIONAL LICENSING; TEMP PERMITS

SPONSOR(s) : RULES BY REQUEST OF THE GOVERNOR

02/24/23 (S) READ THE FIRST TIME - REFERRALS
02/24/23 (S) L&C, FIN
03/06/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/06/23 (S) Heard & Held
03/06/23 (S) MINUTE(L&C)
03/29/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 93

SHORT TITLE: FISHERMEN'S FUND: VESSEL OWNER CLAIMS

SPONSOR(s) : LABOR & COMMERCE BY REQUEST

03/08/23 (S) READ THE FIRST TIME - REFERRALS
03/08/23 (S) L&C
03/24/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)
03/24/23 (S) Heard & Held
03/24/23 (S) MINUTE(L&C)
03/29/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 88

SHORT TITLE: RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

SPONSOR(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)
03/22/23 (S) Heard & Held
03/22/23 (S) MINUTE(L&C)
03/29/23 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

WITNESS REGISTER

GLENN SAVIERS, Deputy Director
Division of Corporations, Business and Professional Licensing

Department of Commerce, Community and Economic Development
Juneau, Alaska

POSITION STATEMENT: Presented a summary of SB 83 and described a forthcoming committee substitute (CS).

BEN WILTERDINK, Director
Programs at Archbridge Institute
Alaska Policy Forum
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 83.

KAREN MCINTIRE, Senior Director
Human Resources;
Vice President, Workforce
Southcentral Foundation
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 83.

LAURA ACHEE, Staff
Senator Jesse Bjorkman
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Presented the explanation of changes from version A to version S of SB 93.

TODD BURNINGHAM, representing self
Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 88.

BARBARA TYNDALL, representing self
North Pole, Alaska

POSITION STATEMENT: Testified in opposition to SB 88.

WILL CHERVENAK, representing self
Kenai, Alaska

POSITION STATEMENT: Testified in support of SB 88.

JENNA FABIAN, Principal
Nikiski North Star Elementary
Kenai Peninsula Borough School District;
Board Secretary, Alaska Association of Elementary School
Principals
Nikiski, Alaska

POSITION STATEMENT: Testified in support of SB 88.

SAMANTHA WORTHAM, representing self
Manokotak, Alaska

POSITION STATEMENT: Testified in support of SB 88.

DAN POLTA, Superintendent
Denali Borough School District
Healy, Alaska

POSITION STATEMENT: Testified in support of SB 88.

PENNY VADLA, Member
Kenai Peninsula School Board
Soldotna, Alaska

POSITION STATEMENT: Testified in support of SB 88.

CJ KOAN, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 88.

BETH FREAD, representing self
Wasilla, Alaska

POSITION STATEMENT: Testified in opposition to SB 88.

KIM HAYS, representing self
Anchorage, Alaska

POSITION STATEMENT: Testified in support of SB 88.

BRIAN MASON, representing self
Eagle River, Alaska

POSITION STATEMENT: Testified in support of SB 88.

JACOB BERA, representing self
Chugiak, Alaska

POSITION STATEMENT: Testified in support of SB 88.

SENATOR CATHY GIESSEL, District E
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Offered closing remarks as the sponsor of SB 88.

ACTION NARRATIVE

1:34:18 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, Bishop, and Chair Bjorkman.

SB 83-PROFESSIONAL LICENSING; TEMP PERMITS

[1:35:18 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 83 "An Act relating to professional licensing; relating to temporary licenses for some professions; and providing for an effective date."

He stated that this is the second hearing and Glenn Saviers will provide a recap of the bill.

[1:35:48 PM](#)

GLENN SAVIERS, Deputy Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, presented a summary of SB 83. She stated that SB 83 is a universal temporary licensure bill allowing the division to issue temporary licenses to qualified professionals. She described the parameters for qualification.

[1:37:45 PM](#)

GLENN SAVIERS, Deputy Director, Division of Corporations, Business and Professional Licensing, Department of Commerce, Community and Economic Development (DCCED), Juneau, Alaska, stated that SB 83 is a universal temporary licensure bill that allows the division to issue temporary licenses to qualified professionals who hold a license in another US or Canadian jurisdiction that has substantially the same qualifications for licensure. She described the specific parameters for qualification, and advised that temporary licenses would be part of the department's regular permanent licensure process going forward. She said the primary goal of the bill is to get professionals licensed more quickly so they can start working in Alaska.

MS. SAVIERS advised that a forthcoming committee substitute is in response to a new federal law that requires states to treat a military service member's or a spouse's professional license from another jurisdiction as valid if the service member relocates their residency due to military orders. The Department of Law determined this is the best vehicle. The CS will amend AS 08.01.063 relating to military courtesy licenses which will bring Alaska into compliance with the federal law. She clarified that this would not change how the universal temporary licensure provisions work. She said the department is working through the process and wants to be very transparent that this change is coming.

1:40:50 PM

CHAIR BJORKMAN opened public testimony on SB 83.

1:41:17 PM

BEN WILTERDINK, Director, Programs at Archbridge Institute, Alaska Policy Forum, Anchorage, Alaska, testified in support of SB 83. He said many Alaskans are struggling to find qualified workers and filling their roles in the interim. Alaska is experiencing a workforce crisis. In 2022, 2500 more people moved out of Alaska than in, continuing a decade-long trend of net out-migration. Since 2013, the working age population has been in decline; Alaska is among the worst three states.

Despite these challenges, Alaska law currently prohibits licensed professionals from other states to work in Alaska without first completing the process to obtain an Alaska license which they've already done in their home state. These professionals will not be able to make money until this potentially time-consuming process is complete. This is a significant barrier for licensed professionals considering a move to Alaska. Licensing requirements in general are responsible for reducing interstate migration.

BEN WILTERDINK said that passing a universal licensure law would significantly ease Alaska's workforce issues and make it easier for licensed professionals in good standing in other state to move to Alaska and begin working with minimal interruption while obtaining their full Alaska license. Twelve other states have passed a permanent form of universal recognition, while six states have passed a lighter form of universal licensing recognition or licensing recognition for military spouses.

1:44:05 PM

KAREN MCINTIRE, Senior Director of Human Resources and Vice President of Workforce, Southcentral Foundation, Anchorage, Alaska, testified in support of SB 83. She said Southcentral Foundation employs thousands of healthcare workers, the majority of whom are licensed providers in a range of occupations. Southcentral Foundation currently has over 255 employment opportunities posted and over half require an Alaska professional license.

Delays in receiving Alaska licenses means organizations lose out on qualified employees. It's not possible to expect highly trained providers to forego months of practice due to licensure delays. SB 83 will go a long way toward solving that problem.

A temporary license is a way for professionals coming to this state that have similar license requirements to practice healthcare more readily. It won't diminish the safeguards found in Alaska licensing statutes and regulations because these professionals will have to obtain a license by the time the temporary ability to practice runs its course.

[1:46:29 PM](#)

CHAIR BJORKMAN closed public testimony and held SB 83 in committee.

[1:46:36 PM](#)

At ease.

SB 93-FISHERMEN'S FUND: VESSEL OWNER CLAIMS

[1:48:29 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 93 "An Act relating to claims against protection and indemnity insurance policies of vessel owners; and providing for an effective date."

He stated that the committee heard the bill on March 6 and adopted a committee substitute (CS), version B, but it inadvertently left out a portion of the Fisherman's Fund that addresses the allowance for an injury or disablement of a crewmember. The draft CS that's been distributed corrects this oversight.

[1:49:08 PM](#)

SENATOR BISHOP moved to adopt the committee substitute (CS) for SB 93, work order 33-LS0538\S, as the working document.

CHAIR BJORKMAN objected for purposes of discussion.

[1:49:38 PM](#)

LAURA ACHEE, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, presented the explanation of changes from version B to version S of SB 93. A new section 1 has been added to reflect amendments that have been adopted in the companion legislation in the other body. It increases the total allowance for an injury or disablement or heart attack for a crew member on a fishing vessel from \$10,000 to \$15,000.

[1:50:33 PM](#)

CHAIR BJORKMAN removed his objection. Finding no further objection, CSSB 93, work order 33-LS0538\S, was adopted as the working document.

CHAIR BJORKMAN solicited the will of the committee.

[1:51:00 PM](#)

SENATOR BISHOP moved to report CSSB 93, work order 33-LS0538\S, from committee with individual recommendations and attached fiscal note(s).

CHAIR BJORKMAN found no objection and CSSB 93(L&C) was reported from the Senate Labor and Commerce Standing Committee.

[1:51:26 PM](#)

At ease.

SB 88-RETIREMENT SYSTEMS; DEFINED BENEFIT OPT.

[1:53:59 PM](#)

CHAIR BJORKMAN reconvened the meeting and 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."

Chair Bjorkman noted that this is the sixth hearing of this bill. He advised that testifiers may submit written testimony to slac@akleg.gov.

[1:54:50 PM](#)

CHAIR BJORKMAN opened public testimony on SB 88.

[1:55:46 PM](#)

TODD BURNINGHAM, representing self, Eagle River, Alaska, testified in support of SB 88. He described his career in public service, from the US Marine Corps to public education. He said he was unaware that moving to Alaska mid-career would diminish his previous foundation in building safety for retirement. Alaska will not have a competitive offering to recruit teachers without SB 88. The Anchorage School District currently has 17 special education teacher openings, 43 elementary teacher openings, 40 secondary teacher openings, 142 paraprofessional openings, and many openings for administrators. Understaffing

hurts students of all abilities and their ability to succeed faces unneeded barriers.

1:58:05 PM

BARBARA TYNDALL, representing self, North Pole, Alaska, testified in opposition to SB 88. She said that people are weary of past government spending because right now the state of Alaska owes \$7.4 billion due to a previous, unfeasible, defined benefit system. She said it doesn't make sense to drive the state further into debt which is why she opposes SB 88.

2:00:18 PM

WILL CHERVENAK, representing self, Kenai, Alaska, testified in support of SB 88. He said his concern stems from the fact that Alaskan teachers are not eligible for Social Security benefits and do not have a guaranteed pension under the current system. This is the only state in the country where this is true. As a school administrator he has seen the effect of the lack of a defined benefit option for Alaska teachers. He said this practice has resulted in ever shallower hiring pools as well as amazing teachers leaving Alaska for a guaranteed pension. He has had many conversations with colleagues about retirement in Alaska and for his TRS Tier III cohorts, retirement is the biggest driving factor in determining whether they will choose to stay. He implored the committee to support SB 88.

2:02:34 PM

JENNA FABIAN, Principal, Nikiski North Star Elementary, Kenai Peninsula Borough School District, Board Secretary, Alaska Association of Elementary School Principals, Nikiski, Alaska, testified in support of SB 88. She said Alaska currently is one of the few states that educators no longer have a retirement plan and do not pay into Social Security. Right now, there is a roughly 38 percent principal turnover rate. Certified professionals leave Alaska after a few years because there is no incentive to stay. The Kenai Peninsula Borough School District has seen a direct impact regarding difficulties recruiting and retaining staff. The impact of inflation coupled with Alaska's current retirement system for educators has caused drastic changes to hiring pools. Five years ago, vacant positions would have had 10-70 qualified applicants; now it is far less. The outcome is even more concerning if this need is paired with flat funding and the significant disruption to education over the last several years. These factors have compromised the instructional effectiveness of Alaska's certified teaching professionals. She said she worries about teachers leaving the

state for more supportive retirement systems and whether there will be qualified candidates for those vacancies.

2:05:22 PM

SAMANTHA WORTHAM, representing self, Manokotak, Alaska, testified in support of SB 88. She said she is a science teacher in a rural Native community off the road system. Her husband is in the military so they have had to move a lot and she does not qualify for Social Security. At 38 years old she has chosen to live in Alaska, but has to face the reality that she has no real chance of building a decent or workable retirement as long as she works for the state. She is the kind of teacher Alaska needs, but if she stays she'll be punished financially and will have no income in later years. She said she wants the state to make good on its promise to public servants.

2:07:43 PM

DAN POLTA, Superintendent, Denali Borough School District, Healy, Alaska, testified in support of SB 88. He said he is a TRS Tier II employee who believes the current PERS and TRS programs must be redesigned. State municipal employees also participate in the Supplemental Benefit System (SBS) which can ameliorate some of the issues teachers face. Alaska teachers do not participate in Social Security so PERS and TRS employees who move between the state system and Social Security during their working lives can be incredibly disadvantaged. At minimum, teachers deserve the assurance of a secure retirement. He implored open-minded discussion of SB 88 with the goal of providing public servants with immediate guarantees for a financially sound retirement and better working conditions.

2:10:18 PM

PENNY VADLA, Member, Kenai Peninsula School Board, Soldotna, Alaska, testified in support of SB 88. She said her whole life is centered around teaching, education, and children. Children should be a number one priority. Alaska needs to provide positive reimbursement for teachers, educators, and support staff so that they remain in Alaska. One of the Kenai Peninsula School Board's priorities is workforce development. Providing a defined benefit plan will increase retention; currently, there is little incentive for teachers to remain in Alaska long term. In spite of excellent training programs, keeping teachers is difficult because of a lack of a secure retirement program.

2:13:03 PM

CJ KOAN, representing self, Wasilla, Alaska, testified in opposition to SB 88. She said Alaska owes \$6.1 billion in

unfunded liability from a previous defined benefit plan and it's a concern that this new defined benefit plan would also be unsustainable. People will not stay in Alaska if taxes are high. She expressed concern over the possibility of the PFD being pilfered to pay for a defined benefit system. She said there should be some sort of solution for the public system and she recommends a defined contribution retirement system.

[2:15:36 PM](#)

CHAIR BJORKMAN clarified that testifiers are allowed to testify once per bill per committee.

[2:16:05 PM](#)

BETH FREAD, representing self, Wasilla, Alaska, testified in opposition to SB 88. She commented that the state transitioned from a defined benefit plan because it was too expensive, but now it suddenly isn't. She expressed disappointment over the content of SB 88 and the lack of resourcefulness of Alaskans who should reduce expenditures instead of leeching more money from the government through taxes and taking from the PFD. The new defined benefit plan proposed in SB 88 will be so expensive that the government will need to borrow from the people. She said it was just a Band-Aid for retention and implored the committee not to repeat history. She reiterated opposition to SB 88 in its current form.

[2:17:26 PM](#)

KIM HAYS, representing self, Anchorage, Alaska, testified in support of SB 88. She said she works in the private sector and has the good fortune of having a defined benefit retirement. She said her parents, who worked in public service, are enjoying an abundant retirement. Because her parents have pensions, they are able to be highly involved grandparents resulting in freedom for her and her husband to be more involved in their community. She understands what it means to have retirement security. She would like to have good public servants but they're leaving because of a lack retirement security and competitive wages. SB 88 is the first step to retaining and honoring public employees.

[2:19:28 PM](#)

BRIAN MASON, representing self, Eagle River, Alaska, testified in support of SB 88. He said he is a teacher at Chugiak High School with 17 years of experience in the district. During this time the school has hired at least 12 younger, less experienced people in the department and none have stayed beyond three to five years. In most cases they left because they could not make a future in Alaska. He said the department used to have eight to

a dozen applicants per position, now there may only be two. During a teacher's conference, many fellow professionals expressed interest in moving to Alaska but all of them lost interest when they learned that there is no defined benefit plan or access to Social Security. He reiterated support for SB 88.

[2:21:55 PM](#)

JACOB BERA, representing self, Chugiak, Alaska, testified in support of SB 88. He expressed gratitude for Senator Giessel's quality research in preparing SB 88. He said he spoke to a group of Chugiak Elementary staff members and learned he was the only TRS Tier II person in the room; the rest were all TRS Tier III. They said the outcome of SB 88 would steer their decision about whether to stay in Alaska or not. He noted that the defined benefit is calculated on the average five years of consecutive service and this might negatively impact parents who choose to have a child and stay home. He told a story relating to this notion. He suggested amending the language to omit the word "consecutive" to avoid penalizing new parents who may need intermittent years to care for their families.

[2:24:38 PM](#)

CHAIR BJORKMAN closed public testimony on SB 88.

[2:24:59 PM](#)

SENATOR CATHY GIESSEL, District E, Alaska State Legislature, Juneau, Alaska, offered closing remarks as the sponsor of SB 88. She emphasized that the previous defined benefit plan did not fail due to its policy, but because an actuary made an error in its projections and then lied to the state about the error. The error and misrepresentation was not uncovered until a second actuary was hired to audit the first one. The previous defined benefit plan had been fully funded. The new defined benefit system is modest but provides the ability for public employees to have dignified retirements. The new plan shares the risk and shares the cost between employees and employers with the goal of maintaining 90 percent funding of the system.

SENATOR GIESSEL gave a slideshow on SB 88. She began on slide 2, "Alaska Retirement Management Board March 16-17, 2023 Board Meeting Div. Of Retirement & Benefits Supplement to the Treasury Report" and spoke to these points:

- **Over last 7 months, withdrawals of TRS DC and PERS DC are approximately \$62 million dollars**
- **90% of these withdrawals came after 5 years, or 100% vesting**

- On average \$12.4 million/month is being withdrawn from the DC systems
- Hundreds of millions of dollars are leaving the system and potentially the state each year

[2:28:44 PM](#)

SENATOR GIESSEL advanced to slide 3, "Alaska Retirement Management Board (ARMB) Schedule of Non-Investment Changes by Fund." She advised that the spreadsheet shows data from the Alaska Retirement Management (ARM) Board meeting. It shows that 90 percent of the withdrawals came after five years of employment. It begs the question of whether people waited to leave until they could take all of their employer contributions.

SENATOR GIESSEL advanced to slide 4, "Return to Social Security? Legislative Research Report (Jan. 2011)."

- PERS return to Social Security considered
- Alaska must alter its "Section 218" agreement with the Social Security Administration
- All employees must be allowed to vote
- High complexity to replace Supplemental Benefit System (SBS) with equivalent value Social Security

[2:29:51 PM](#)

SENATOR GIESSEL advance to slide 5, "Return to Social Security? In Summary."

- Even with actuarial assessment of equivalency it would likely be left to courts to determine amounts
- The consistent message is extending Social Security to current non-covered employees raises overall cost of retirement plans substantially

[2:30:10 PM](#)

SENATOR GIESSEL advanced to slide 6, "Supplemental Benefit System (SBS), aka Alaska Supplemental Annuity Plan."

- Created by the State to replace Social Security
- Most School Districts and Municipalities did not join SBS
- Therefore, large number of Public Employees are without either SS or SBS

SENATOR GIESSEL advanced to slide 7, "Supplemental Benefit System (SBS) aka Alaska Supplemental Annuity Plan."

- Defined Contribution plan is governed by Section 401(a) of the Internal Revenue Code
- A portion of the employee wages (6.13%) and a matching employer contribution are made pre-tax to this Plan, instead of contributions to Social Security
- Employees of the State of Alaska and 23 municipalities have elected to be in the plan
- Although the SBS is a supplemental plan, all eligible employees are automatically enrolled in the SBS plan on the date of their hiring

[2:31:04 PM](#)

SENATOR GIESSEL advanced to slide 8, "Health Reimbursement Arrangement (HRA)."

- A HRA must be funded solely by an employer per IRS (969)
- Not paid through voluntary salary reduction agreement on the part of employee
- Employee pays no federal taxes or employment taxes on money put in HRA by employer
- Used tax free for qualified medical expenses, not included in employee's income
- Unused amounts can be carried forward for years

[2:32:15 PM](#)

SENATOR GIESSEL advanced to slide 9, "Other Questions."

- Members in both PERS & TRS
- Combine PERS from one state with Alaska's
- Retire before 65 - insurance coverage
- Combine past Pension & Health to level them

[2:37:09 PM](#)

SENATOR GIESSEL advanced to slide 9, "Safeguards in Place."

- Protect against downside risk
- Triggers to increase contributions
- Suspend or decrease benefits if needed
- Conservative rate of return

[2:38:04 PM](#)

SENATOR GIESSEL advanced to slide 10, "Cost Savings." She said that the last 92 foster care workers left public service. It will cost \$5 million to hire and onboard replacement workers. Attorney salaries were raised 20 percent in an attempt to retain the workforce. She urged the need to stop the loss of these critical employees.

- **Retain employees**
- **Save recruitment costs - lost revenue**
- **Save onboarding costs - lost revenue**
- **Retain experience & knowledge**

[2:40:36 PM](#)

SENATOR GIESSEL advanced to slide 12, "SB 88, Summary on Senate Bill 88."

CHALLENGE	CAUSE	SOLUTION
Alaska's Recruitment And Retention Crisis	Alaska withdrew from DB retirement system in 2005	A retirement w/reasonable costs and fair benefits

SUMMARY

**Alaska has a strong interest in ensuring quality
public servants fill the ranks of our public service
agencies**

CHAIR BJORKMAN held SB 88 in committee.

[2:41:44 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:41 p.m.