

SENATE FINANCE COMMITTEE
April 8, 2025
9:01 a.m.

[9:01:10 AM](#)

CALL TO ORDER

Co-Chair Hoffman called the Senate Finance Committee meeting to order at 9:01 a.m.

MEMBERS PRESENT

Senator Lyman Hoffman, Co-Chair
Senator Donny Olson, Co-Chair
Senator Bert Stedman, Co-Chair
Senator Mike Cronk
Senator James Kaufman
Senator Jesse Kiehl
Senator Kelly Merrick

MEMBERS ABSENT

None

ALSO PRESENT

Senator Cathy Giessel.

PRESENT VIA TELECONFERENCE

Eric DeMoulin, Acting Director, Administrative Services Division, Department of Administration, Juneau.

SUMMARY

SB 55 TRS CONTR RATE; PERS/TRS SOC SECUR OR SBS

SB 55 was HEARD and HELD in committee for further consideration.

[9:02:11 AM](#)

AT EASE

[9:02:30 AM](#)

RECONVENED

9:02:42 AM

SENATOR BERT STEDMAN, SPONSOR, introduced the legislation. He highlighted some pertinent points of the bill.

9:08:59 AM

Co-Chair Stedman discussed the presentation titled, "SB 55 Supplemental Employee Benefits" (copy on file). She pointed to slide 2, "Teachers' Retirement System (TRS) Basics":

The Teachers' Retirement System (TRS) was the first Alaska retirement system, developed by the Territory of Alaska in the 1940s to encourage teachers to live and work in Alaska

Tiers I and II are defined benefit plans that closed to new employees 6/30/2006

Tier III is a defined contribution plan, and is the plan offered to employees hired after 6/30/2006

TRS employees participate in neither SBS nor Social Security

Co-Chair Stedman addressed slide 3, "History of Social Security in Alaska":

1935

Social Security established by the federal government, available to federal employees only

1940s

Teachers' Retirement System (TRS) created in the Territory of Alaska

1950s

A series of amendments to the Social Security Act allowed states and local governments to enroll employees in Social Security by enacting "Section 218 agreements"

1961

The Public Employees' Retirement System (PERS) established for State of Alaska employees, all of whom were also enrolled in Social Security

1980

The State of Alaska created the SBS system and terminated its Section 218 agreement, moving all state (PERS) employees from Social Security into the SBS program

[9:09:54 AM](#)

Co-Chair Stedman recalled efforts of the state in the territorial days through the 1980s to attract employees by offering competitive salaries and benefits.

[9:12:52 AM](#)

AT EASE

[9:13:32 AM](#)

RECONVENED

[9:13:36 AM](#)

Co-Chair Hoffman wondered how the Bureau of Indian Education (BIE) teachers were involved in the system.

Co-Chair Stedman agreed to provide that information.

Co-Chair Stedman continued to address slide 3.

Co-Chair Stedman addressed slide 4, "Employee DC Retirement Savings Comparison: PERS v. TRS":

PERS TIER IV (WITH SBS)

Employee Contribution: 8 percent

Employer Contribution: 5 percent

SBS Employee Contribution: 6.13 percent

SBS Employer Contribution: 6.13 percent

Total Retirement Savings: 25.26 percent

TRS TIER III

Employee Contribution: 8 percent

Employer Contribution: 7 percent

SBS Employee Contribution: --

SBS Employer Contribution:--

Total Retirement Savings: 15.0 percent

PERS employees who participate in the SBS system are automatically saving over 10 percent more of their salary than TRS and non-SBS PERS employees.

[9:18:18 AM](#)

Co-Chair Stedman highlighted slide 5:

How can we improve retirement for Alaska's teachers and other non-state PERS employees?

Co-Chair Stedman displayed slide 6, "SB 55 Key Provisions":

GOAL: Equalize retirement savings between State employees and non-state PERS and TRS employees

Require PERS and TRS Employers Provide a Supplemental Annuity Plan

Requires participation in SBS if the employer is not currently a member of Social Security

Opens the SBS statute to allow TRS employers to participate in the program alongside PERS employers
Amendment in Senate Labor and Commerce Committee

Establishes a phased in approach to implementing SBS participation for members of TRS, with the Department of Administration providing employee and employer contributions as follows:

- * FY27 -FY29: 100 percent
- * FY30 -FY33: 66.6 percent
- * FY34 -FY37: 33.3 percent

Co-Chair Stedman pointed to slide 7, "SB 55 provides an option to improve retirement savings equity-without implementing an entirely new system":

Participation in SBS

Could provide additional retirement savings of 12.26 percent

Contributions are made equally by employer and employee, following the phase in when the department covers a portion of the costs

Does not expose the state to increases in unfunded liability

[9:28:31 AM](#)

Co-Chair Hoffman stated that the committee would forego the Sectional Analysis.

Senator Kiehl wondered whether there was a forthcoming fiscal note for the most recent version of the bill.

[9:29:31 AM](#)

ERIC DEMOULIN, ACTING DIRECTOR, ADMINISTRATIVE SERVICES DIVISION, DEPARTMENT OF ADMINISTRATION, JUNEAU (via teleconference), agreed to provide that information.

Senator Kiehl wondered how many Alaska school districts had 403 accounts with and employer match available for their employees.

Co-Chair Stedman agreed to provide that information, but gave a high level answer.

Senator Kiehl recalled that there were some school districts with mandatory participation in 403Bs, but he did not know whether there were matching funds available. He wanted to know the next most valuable step in addressing the retention problem.

[9:34:02 AM](#)

Co-Chair Stedman replied that it was unfortunate that there was a timing issue with regards to the discussion about defined benefits versus defined contributions.

Senator Kiehl reviewed the fiscal notes.

SB 55 was HEARD and HELD in committee for further consideration.

#

ADJOURNMENT

[9:38:37 AM](#)

The meeting was adjourned at 9:38 a.m.