

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

February 12, 2025

1:35 p.m.

**MEMBERS PRESENT**

Senator Jesse Bjorkman, Chair  
Senator Kelly Merrick, Vice Chair  
Senator Elvi Gray-Jackson  
Senator Forrest Dunbar (via teleconference)  
Senator Robert Yundt

**MEMBERS ABSENT**

All members present

**COMMITTEE CALENDAR**

SENATE BILL NO. 80

"An Act extending the termination date of the Big Game Commercial Services Board; extending the termination date of the Board of Massage Therapists; extending the termination date of the Marijuana Control Board; and providing for an effective date."

- MOVED SB 80 OUT OF COMMITTEE

SENATE BILL NO. 79

"An Act relating to wage payments."

- MOVED SB 79 OUT OF COMMITTEE

SENATE BILL NO. 55

"An Act relating to employer contributions in the teachers' retirement system; relating to supplemental employee benefits; and providing for an effective date."

- HEARD & HELD

**PREVIOUS COMMITTEE ACTION**

BILL: SB 80

SHORT TITLE: EXTEND BOARDS

SPONSOR(S): LABOR & COMMERCE

01/31/25 (S) READ THE FIRST TIME - REFERRALS  
01/31/25 (S) L&C  
02/07/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
02/07/25 (S) Heard & Held  
02/07/25 (S) MINUTE (L&C)  
02/12/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 79

SHORT TITLE: PAYMENT OF WAGES; PAYROLL CARD ACCOUNT

SPONSOR(s): LABOR & COMMERCE

01/31/25 (S) READ THE FIRST TIME - REFERRALS  
01/31/25 (S) L&C  
02/07/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)  
02/07/25 (S) Heard & Held  
02/07/25 (S) MINUTE (L&C)  
02/12/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

BILL: SB 55

SHORT TITLE: TRS CONTR RATE; PERS/TRS SOC SECUR OR SBS

SPONSOR(s): STEDMAN

01/24/25 (S) READ THE FIRST TIME - REFERRALS  
01/24/25 (S) L&C, FIN  
02/12/25 (S) L&C AT 1:30 PM BELTZ 105 (TSBldg)

**WITNESS REGISTER**

SAVAYA BIEBER, Staff  
Senator Jesse Bjorkman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a brief recap of SB 80.

BAILEY STUART, Chair  
Marijuana Control Board  
Wasilla, Alaska

**POSITION STATEMENT:** Answered questions regarding SB 80.

SAVAYA BIEBER, Staff  
Senator Jesse Bjorkman  
Alaska State Legislature  
Juneau, Alaska

**POSITION STATEMENT:** Provided a brief recap of SB 79.

SENATOR BERT STEDMAN, District A  
Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Sponsor of SB 55.

ROSE FOLEY, Staff

Senator Bert Stedman

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Answered a question on SB 55.

#### **ACTION NARRATIVE**

[1:35:55 PM](#)

CHAIR BJORKMAN called the Senate Labor and Commerce Standing Committee meeting to order at 1:35 p.m. Present at the call to order were Senators Gray-Jackson, Dunbar (via teleconference), Yundt and Chair Bjorkman. Senator Merrick arrived soon thereafter.

#### **SB 80-EXTEND BOARDS**

[1:37:36 PM](#)

CHAIR BJORKMAN announced the consideration of SENATE BILL NO. 80 "An Act extending the termination date of the Big Game Commercial Services Board; extending the termination date of the Board of Massage Therapists; extending the termination date of the Marijuana Control Board; and providing for an effective date."

[1:38:08 PM](#)

SAVAYA BIEBER, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, provided a brief recap on SB 80 as follows:

[Original punctuation provided.]

The bill before you today, SB 80 extends the sunset date of three boards, the Marijuana Control Board, Board of Massage Therapy, and Big Game Commercial Services Board.

All three 2023 board audits concluded that the boards have operated in the public's interest by actively amending regulations and enhancing public safety.

[1:39:12 PM](#)

CHAIR BJORKMAN asked for a progress update of the Marijuana Control Board.

[1:40:18 PM](#)

BAILEY STUART, Chair, Marijuana Control Board, Wasilla, Alaska, answered questions regarding SB 80. She stated that at the last meeting, she covered key issues the board is working on and addressed concerns from the audit, including changes made over the past year and a half. She said she became chair on February 6, 2025, and wanted to confirm that documentation procedures on how permits are handled have changed. She stated that the new licensing enforcement system is still in progress and wasn't implemented last year. She said the alcohol related issues are being addressed first, before moving to marijuana issues. As for recommendation three, as she mentioned previously any questionable items should only be voted on if a board majority is present.

[1:42:16 PM](#)

CHAIR BJORKMAN opened public testimony on SB 80; finding none, he closed public testimony.

[1:42:50 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:42:54 PM](#)

SENATOR GRAY-JACKSON moved to report SB 80, work order 34-LS0416\A, from committee with individual recommendations and attached fiscal note(s).

[1:43:12 PM](#)

CHAIR BJORKMAN found no objection and SB 80 was reported from the Senate Labor and Commerce Standing Committee.

[1:43:25 PM](#)

At ease.

#### **SB 79-PAYMENT OF WAGES; PAYROLL CARD ACCOUNT**

[1:45:02 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 79 "An Act relating to wage payments."

[1:45:40 PM](#)

SAVAYA BIEBER, Staff, Senator Jesse Bjorkman, Alaska State Legislature, Juneau, Alaska, provided a brief recap on SB 79 as follows:

[Original punctuation provided.]

SB 79 allows employers to credit employee wages to a payroll card account if an employee has authorized use of a payroll card, or if they have failed to authorize deposit of the wages to a specified account.

SB 79 provides employees without a bank account a solution to accept payment of their wages that avoids a check cashing fee.

[1:46:34 PM](#)

CHAIR BJORKMAN opened public testimony on SB 79; finding none, he closed public testimony.

[1:47:07 PM](#)

CHAIR BJORKMAN solicited the will of the committee.

[1:47:10 PM](#)

SENATOR GRAY-JACKSON moved to report SB 79, work order 34-LS0494\A, from committee with individual recommendations and attached 0 fiscal note(s).

[1:47:27 PM](#)

CHAIR BJORKMAN found no objection and SB 79 was reported from the Senate Labor and Commerce Standing Committee.

[1:47:42 PM](#)

At ease.

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

[1:51:25 PM](#)

CHAIR BJORKMAN reconvened the meeting and announced the consideration of SENATE BILL NO. 55 "An Act relating to employer contributions in the teachers' retirement system; relating to supplemental employee benefits; and providing for an effective date."

[1:51:51 PM](#)

SENATOR BERT STEDMAN, District A, Alaska State Legislature, Juneau, Alaska, as sponsor he provided a presentation on SB 55 and moved to slide 2. He stated that the Teachers Retirement System (TRS) was created in the late 1940s to attract teachers to Alaska, offering higher pay than many other states at the time. He said the competitive salary drew in many teachers, especially from the Midwest. He said Alaska didn't have the

infrastructure to train teachers locally, so the pay helped bring them into Alaska. The pay has changed in Alaska. Today, teachers' salaries are average compared to other states. He stated that in the late 1950s, teachers had the option to join Social Security but chose not to, likely because the teachers' pay and retirement benefits were already strong. He stated that over time, federal penalties have also discouraged participation in both Social Security and state retirement plans.

1:56:11 PM

SENATOR STEDMAN moved to slide 3, and discussed the history of social security in Alaska, since 1935. He stated that when the State of Alaska decided to abandon social security and create a system called the Supplemental Retirement System, teachers were not included until 2024. Due to the structure of the system there was no easy path for the inclusion of teachers.

1:57:12 PM

SENATOR STEDMAN moved to slide 4 and spoke about the PERS v TRS data table. He stated that all state workers contribute to a retirement system, including Public Employees' Retirement System (PERS) and the Supplemental Benefits System (SBS), which replaced Social Security. State Employees, except teachers, each contribute [6.13] percent to SBS, Total retirement contributions for a PERS employee are about 25 percent. Teachers, without SBS or Social Security, only have a 15 percent retirement contribution. He said that overtime the 10 percent gap creates a major retirement shortfall. He said even if pay is the same, teachers can't come close to the retirement benefits state workers get. He stated that when Alaska moved to a defined contribution plan about 20 years ago, teacher employer contributions rose from 5 percent to 7 percent to help make up for the lack of Social Security or SBS, but it's not enough. He said many SBS accounts now exceed \$1 million. It's one of the most successful programs the state has, yet teachers have no access to it. Some school districts offer deferred compensation plans, but those are funded only by the employee. He said SB 55 aims to spotlight that gap and start the conversation on how to fix the gap.

2:03:08 PM

SENATOR STEDMAN moved to slide 6 and stated that Option A proposes raising the state's contribution to teacher retirement from 7 percent to 9 percent. While still less than what regular state employees receive, it's a meaningful increase when compounded over time and a good starting point for discussion. He stated that option B would allow teachers into the

Supplemental Benefits System (SBS). A path for that was developed last session. He said the federal government removed the Social Security penalty for those with other government pensions, so teachers can now join Social Security. He stated his belief that may not be the most beneficial option for them.

[2:05:06 PM](#)

SENATOR STEDMAN moved to slide 7 and stated that one option would be to let teachers choose between Social Security or SBS. The state isn't preventing the teachers from deciding; if teachers vote for it, the teachers can send the legislature the bill. If the teachers join SBS, the state will align their benefits with regular state workers. He stated that the state will combine a 2 percent contribution increase and SBS, the state would cover the 6.12 percent employer share. The 9 percent contribution wouldn't be needed. The employer share will stay at 7 percent and adjust the rest to total 25 percent, just like other state employees. He said whether someone works as a teacher or on a road crew, the cost to the state would be the same.

[2:06:41 PM](#)

SENATOR STEDMAN moved to slide 8 and stated that the foundation of retirement across the U.S. is Social Security and teachers don't have it. He said no matter what the state adds on top, they're still starting from behind. SB 55 also addresses a broader issue beyond teachers. It ensures all employees that are in the state retirement system, such as municipalities, will have their employees in Social Security, SBS, or a negotiated labor contract. Some employee groups were excluded from both SBS and social security, leaving them in the same situation as teachers, which is fundamentally wrong. He said going forward, all new hires must be in either Social Security or SBS. Employers can't offer a retirement plan without that base. SB 55 aims to fix the imbalance and level the playing field.

[2:09:01 PM](#)

SENATOR YUNDT stated that the first employer contribution option increases from 12.56 percent to 14.56 percent which is about a 15 percent bump. The second option goes from 7 percent to 9 percent, a 28 percent increase. He stated that these numbers are a significant boost, intended to help ensure that after a 25-30-year career, employees aren't retiring with a pay cut. He asked if that's the goal of SB 55.

[2:09:37 PM](#)

SENATOR STEDMAN answered that on slide 4, it shows about a 10 percent retirement contribution gap. The intention is for that gap to be closed partially by increased employer contributions and partially by employee contributions. He stated that there's no question on if this increase would cost the employer more, and employees will also have to contribute more. He said to make this work in practice, the state would likely need to tie it to an increase in the Base Student Allocation (BSA) or find another financial mechanism to support the added costs. Once the legislature decides on the final structure, the legislature can figure out the best way to implement the new contribution guidelines.

SENATOR YUNDT asked whether school districts or the state would be paying the increase.

SENATOR STEDMAN answered that the cost would technically fall to school districts but get pushed back up through the BSA, so ultimately, the state pays. He said it's like when the state took on the teachers' unfunded liability 20 years ago to relieve local districts. If teachers chose to join Social Security, the state may not have much say, deciding to join Social Security is likely up to the teachers, and possibly individual districts. SB 55 is a good step toward evaluating the costs and consequences of those potential options.

[2:12:11 PM](#)

CHAIR BJORKMAN referred to slide 7 and asked if the intent to show both options at one time.

SENATOR STEDMAN answered no and that's where the confusion comes from, like last year. The state wouldn't offer both because it would overburden school districts, raising contributions from 25 percent to 27 percent, which is already high nationally. He stated that the numbers would be adjusted so the left column mirrors the right.

CHAIR BJORKMAN asked if the intention of SB 55 was to drop the employer contribution from 7 percent to 5 percent if a teacher joins SBS.

SENATOR STEDMAN answered that is correct, a teacher wouldn't do both options but if a teacher doesn't want to do either, then he opined the employer contribution should be raised by 2 percent.

CHAIR BJORKMAN asked if an employer chooses the SBS option, would the employer's contribution to the defined contribution

(DC) account stay at 7 percent, avoiding the 2 percent increase to 9 percent, or would it decrease to 5 percent.

SENATOR STEDMAN answered that the final bill will include only one option, not both. There won't be a choice between a 2 percent increase or joining SBS. He stated that the intent is to pick one: either enter SBS or raise the contribution by 2 percent.

[2:15:15 PM](#)

ROSE FOLEY, Staff, Senator Bert Stedman, Alaska State Legislature, Juneau, Alaska, answered a question on SB 55 and stated that the current version of SB 55 does not include any reduction to the employer contribution rate for TRS DC plans if those employees were to enroll in SBS or Social Security. She said it's an important question for future discussion, particularly whether the employer rate should be adjusted to align both PERS and TRS DC plans at the same total contribution level of 25.24 percent.

CHAIR BJORKMAN [held SB 55 in committee.]

[2:16:33 PM](#)

There being no further business to come before the committee, Chair Bjorkman adjourned the Senate Labor and Commerce Standing Committee meeting at 2:16 p.m.