



HB 78 – A Sustainable Retirement Plan That Works for Alaska

Alaska is facing a workforce crisis. From empty classrooms to unstaffed patrols, the state is struggling to attract and keep the public servants who keep our communities safe, educated, and functioning. House Bill 78 offers a proven solution: a modern, fiscally responsible defined benefit (DB) retirement plan that protects both workers and the State budget.

What HB 78 Will Deliver for Alaska

1. Keep Skilled Workers in Alaska

- Alaska's troopers, teachers, and transportation workforce are leaving at an alarming rate due to poor retirement security.
- DB pensions reduce turnover by rewarding long-term service, saving the state tens of millions annually.
- When mid-career professionals stay, our schools improve, streets are safer, and projects are completed on time.

2. Control Costs and Prevent Budget Surprises

- HB 78 follows national best practices from South Dakota and Wisconsin—plans that are over 98% funded.
- The plan includes built-in risk sharing to protect against future liabilities.
- Predictable contributions make budgeting easier for the long term.
- HB 78 allows better delivery services, reducing the risk of lawsuits and large fines.

3. Maximize Every Retirement Dollar

- DB plans are up to 50% more cost-efficient than 401(k)-style plans.
- They pool risks, earn higher returns, and ensure workers don't outlive their retirement income.
- Alaska will save more and get better results, without increasing costs.

4. Strengthen Local Economies

- A strong retirement system means stronger communities
- Retirement security allows retirees to age in place, support local businesses and reduces reliance on social safety nets.
- Each \$1 in taxpayer contributions to Alaska's state and local pension plans supports \$3.31 in total economic output in the state.

5. Stabilize Premium Pay Spiral

- From FY20 to FY25, Alaska's premium pay costs ballooned from \$80M to \$147M—a 90% increase to cover vacancies. New figures show \$112m ytd for fy 2026 as of December 31, 2025. A record high!
- A stable workforce reduces overtime, burnout, and emergency staffing costs.
- HB 78 will help break the cycle and bring long-term stability.

6. Reduce Turnover and its Associated Costs

- HB 78 will increase retention rates saving the state millions in recruitment and replacement costs along with maintaining quality staff and their expertise
- In 2017, the cost of teacher turnover was \$20,000 per teacher and \$20 million statewide in 2017. It has only increased since then
- Department of Public Safety (DPS) estimates replacing a State Trooper or Fire Marshall costs anywhere between 1-5x the position's annual salary
- Outside of monetary costs, high attrition means retraining different employees for the same position and losing valuable institutional knowledge and expertise

Backed by Experts, Built for Alaska

- Dr. Teresa Ghilarducci, a national pension economist, says HB 78 will save Alaska over \$76 million annually.
- State Actuary David Kershner confirms that the plan is sound and does not add future liabilities.
- HB 78 is the smart, proven choice for Alaska's future.

Summary of Benefits: What Alaska Gains with HB 78

Category	Impact for Alaska
Workforce Retention	Keeps experienced public employees in service, reducing costly turnover.
Long-Term Fiscal Stability	Risk-sharing design avoids unfunded liabilities and budget spikes.
Cost Efficiency	30–50% cheaper per dollar of retirement income than 401(k)-style plans.
Community Economic Support	Pensions stay in Alaska, helping small businesses and local economies.
Competitive Hiring	Levels the playing field to recruit top talent in education and public safety.
Cost Savings	Conservatively estimated \$74 million saved annually according to expert analysis.