

ALASKA STATE LEGISLATURE

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SENATOR BERT K. STEDMAN

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Senator Stedman Questions House Commitment to Retirement Reform

Pension Reform Advocate Dubious of House Delay Tactics

(Juneau) – Today the Senate referred HB 475 to the Senate Community and Regional Affairs Committee for review. Committee Chair, Senator Bert Stedman (R-Sitka) expressed dissatisfaction with an added provision in the bill that delays the implementation of the new 401(k)–style defined contribution retirement plan.

“Tuesday’s action by the House is fiscally irresponsible and totally unnecessary. The same parties tried unsuccessfully to stop pension reform last year and are back at it again,” said Stedman.

HB 475 was introduced to address minor technical problems with retirement reform implemented last year in SB 141. The House Tuesday passed a last minute floor amendment to HB 475 that delays the implementation of last year’s legislation until July 1st, 2007. A one-year delay would add 4,400 new members and their dependents to a defined benefit plan that is already \$7.0 billion under water.

Last year, the Legislature passed SB 141 to fix the systemic problems in the Public Employees’ and Teachers’ Retirement Systems and to begin addressing the state’s massive \$6.9 bill unfunded pension liability. In the final days of session, the House made a number of amendments to the plan, the impacts of which hadn’t been properly researched or evaluated. Ultimately, both bodies agreed to delay the implementation of the new plan by one year until July 1, 2006. This delay provided the administration the time to work out the legal, administrative and technical aspects of the legislation.

“Obtaining an IRS ruling is a standard part of the approval process that any new pension plan – public or private – must follow” Stedman said. “It certainly isn’t a valid reason to delay pension reform in Alaska. It’s unfortunate that some would let election year grandstanding and political scare tactics trump good public policy and prudent management of the state’s finances.”

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