



SOLDOTNA
City of Soldotna, Alaska

177 North Birch Street
Soldotna, AK 99669
907.262.9107
www.soldotna.org

April 4, 2025

Senate Finance Committee

State Capitol
Juneau, AK

RE: Opposition to SB 55 – Mandatory Social Security Contributions for PERS Employees

Dear Chair and Members of the Senate Finance Committee,

Thank you for the opportunity to provide testimony on Senate Bill 55.

While we understand and support the intent behind SB 55—to improve financial security for Alaska's public employees—the City of Soldotna opposes the bill as currently written due to the significant financial burden it would place on both the City and our employees.

If enacted, SB 55 would mandate participation in Social Security for PERS employees, requiring an employer contribution of 6.13% and an equivalent employee contribution. For the City of Soldotna, this would result in an annual cost of approximately \$712,397.71—split equally between the City and our employees. This means each employee would see a 6.13% reduction in take-home pay. Alternatively, if the City were to cover the employee portion to maintain compensation levels, the total cost would rise to over \$1 million per year (\$1,068,596.55). Unfortunately, this cost is not sustainable within our current budget structure.

Recognizing the importance of long-term financial security for our workforce, and in lieu of Social Security or SBS participation, the City has developed and implemented a robust retirement incentive through our *Employer Contribution to Employee Deferred Compensation Account Policy*. This policy offers a structured employer match of up to 8% into a voluntary 401(a) account, based on an employee contribution of up to 4%, for a combined potential contribution of 12%. This benefit is provided in addition to our employees' 457 deferred compensation plans and reflects our commitment to helping employees build secure retirement savings in a flexible and cost-effective way.

We understand that SB 55 may have been amended to apply only to TRS employers, and no longer impacts PERS. However, should that change or future iterations of the bill consider mandatory Social Security enrollment for PERS employers, we respectfully ask that the legislature recognize and account for those employers, like the City of Soldotna, who have already implemented alternative programs to provide comparable retirement benefits.

Thank you for your consideration of our comments, and for your ongoing work on behalf of Alaska's communities and workforce.

Sincerely,

Janette Bower
City Manager