

A Resolution of the Haines Borough Assembly supporting efforts to modify the PERS Termination Studies law to provide municipalities with the operational flexibility to effectively manage the delivery of programs and services.

WHEREAS, in 2008, state legislation was adopted to address the PERS unfunded liability; and

WHEREAS, this new law established that PERS is a consolidated system, combining the defined benefit and defined contribution salary bases to pay down the unfunded obligation; and

WHEREAS, paying off the unfunded obligation is predicated upon a stable, reasonably growing, system-wide salary base; and

WHEREAS, a concern at the time the 2008 legislation was adopted was that employers might en-masse elect to convert PERS-salaried employees to contracted positions to reduce or avoid PERS costs, thus shrinking the PERS salary base needed to pay off the unfunded obligation; and

WHEREAS, to address this concern, a contribution minimum was set whereby employers would pay the greater of 22 percent on either their current combined defined benefit and defined contribution salary bases, or their total payroll for the period ending June 30, 2008; and

WHEREAS, language providing for termination studies was also added requiring an employer who terminates participation of a department, group, or other classification of employee to pay the following:

- the cost associated with obtaining a termination study from the PERS actuary,
- the actuarial cost to the employer for future benefits due employees whose coverage is terminated; and
- the past service cost, annually, on each position terminated until the unfunded obligation is paid off decades from now; and

WHEREAS, the termination studies law is making it difficult for employers to manage the delivery of services, discriminates against small municipalities even though their impact on the system is minimal, and is costly and nearly impossible to implement in an equitable manner; and

WHEREAS, the existing law also fails to recognize that organizational and personnel structures differ between municipalities and, as such, has placed an undue burden on small municipalities; and

WHEREAS, system-wide salaries have increased by \$325 million or 18.6%, over the salary base minimum established in 2008 and, as a result, contributions toward the unfunded liability have not been compromised but rather have increased at a rate greater than the actuarial-assumed growth rate of 4%; and

WHEREAS, changes in the law are needed to provide municipalities with the operational flexibility to effectively manage the delivery of programs and services while maintaining the minimum 22% contribution requirement,

NOW, THEREFORE, BE IT RESOLVED that the Haines Borough Assembly supports efforts to modify the PERS Termination Studies law to provide municipalities with the operational flexibility to effectively manage the delivery of programs and services; and


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BE IT FURTHER RESOLVED that this resolution shall be provided to members of the House Labor and Commerce Committee.

Adopted by a duly-constituted quorum of the Haines Borough Assembly on this 9th day of April, 2013.


Stephanie Scott, Mayor

Attest:


Julie Cozzi, MMC, Borough Clerk

