DENALI BOROUGH, ALASKA
RESOLUTION 12-21

A RESOLUTION SUPPORTING REPEAL OF AS 39.35.625, A STATUTE REQUIRING TERMINATION STUDIES, AND PROVISION FOR A SUSTAINABLE SALARY BASE TO PAY OFF PERS UNFUNDED OBLIGATIONS

WHEREAS, THE Alaska State Legislature has helped Alaska's municipalities tremendously in adopting a rate of 22% of salary to help fund the current costs and the unfunded liability of the PERS system; and

WHEREAS, Alaska legislators have worked hard to develop a fair and equitable solution to an existing problem and never intended to create inequitable financial damage to any PERS member employer or negatively interfere with the current or future delivery of any member's services or programs; and

WHEREAS, application of AS 39.35.625 requires an employer that terminates participation of a department, group, or other classification of employees in the plan to undergo a termination study that may result in incurring: 1) the cost of the termination study, 2) costs determined by the study to be owed to PERS due to the change, and 3) a perpetual obligation to the State based upon past service cost as determined by the study. These three bills may run to many hundreds of thousands of dollars or more; and

WHEREAS, termination studies nullify the intent of legislation to establish a single uniform statutory contribution rate for PERS employers as they will be required to pay the PERS termination costs in addition to the amounts required under the single uniform contribution rate; and

WHEREAS, municipalities, in the future, may find themselves paying more toward the unfunded obligation every pay period for positions that no longer exist than for existing and/or current positions; and

WHEREAS, AS 39.35.625 creates an inequitable impact on small PERS employers versus larger PERS employers; and

WHEREAS, concerns that employers would purposely act in a manner that jeopardizes payment of the unfunded obligation, and thus shrink the salary base that pays off the unfunded obligations, has not occurred.

THEREFORE, the Denali Borough, while supporting a sustainable salary base to pay off the PERS unfunded obligation, believes that AS 39.35.625 and any other similar statutes or regulations that require termination studies, should be repealed.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY this 10TH day of OCTOBER, 2012.

Mayor David M Talerico

ATTEST:

Gail Pieknik, Borough Clerk

PASSED UNANIMOUSLY
ABSENT: COOPER and EVANS