

**DENALI BOROUGH, ALASKA  
RESOLUTION 07-02**

A RESOLUTION URGING THE ALASKA STATE LEGISLATURE TO MAKE AS ONE OF ITS TOP PRIORITIES, THE ESTABLISHMENT OF PAST SERVICE LIABILITY ACCOUNTS FOR PERS/TRS WITH FUNDING THAT WILL PAY FOR 85% OF THE EMPLOYERS' PAST SERVICE COST LIABILITY; URGING AND SUPPORTING THE FULL FUNDING OF PERS/TRS EMPLOYER RATE INCREASES; AND ENCOURAGING THE ESTABLISHMENT OF A PROGRAM TO INSURE A SUSTAINABLE RETIREMENT SYSTEM.

**WHEREAS**, the State of Alaska created the Public Employees Retirement System (PERS) and a Teachers Retirement System (TRS) in 1961 to provide a retirement system for state employees, participating municipal employees and school district employees; and

**WHEREAS**, many cities and boroughs have participated in PERS for many years; and

**WHEREAS**, the basic premise of a defined benefit pension plan is that employer and/or employee contributions are invested by the plan administrator in accord with sound actuarial principles so that adequate funds are available for retiree pensions and health care benefits; and

**WHEREAS**, the Public Employee Retirement System (PERS) and the Teacher Retirement System (TRS) are both under-funded by over \$8 billion dollars on a statewide basis;; the PERS plan's assets are roughly equal to only 70% of the projected plan expenses, and the TRS plan assets even less; and

**WHEREAS**, the adoption and implementation of SB141 takes new employees out of the system and does not provide a mechanism for bringing in new resources to deal with the under-funded liability; and

**WHEREAS**, in response to the serious under funding, the Alaska Retirement Management Board (ARMB) has recommended drastic and unrealistic increases in the employer retirement contribution rates for cities, boroughs, and school districts for FY08; and

**WHEREAS**, the increases exist throughout Alaska, affecting every government entity from state offices in Juneau, to the university system, to the smallest village; and

**WHEREAS**, if there is no adopted relief from the State of Alaska, school districts and municipal governments may be required to issue layoff notices to hundreds of tenured certified employees on or before March 15, 2007, forcing teachers and

other public employees to move out of state if they wish to remain in their chosen profession, thereby causing a loss of experienced public employees and a long-lasting negative impact on the entire state; and

**WHEREAS**, in 2005 the Senate Finance Committee of the Alaska Legislature found that factors leading to the under funding of PERS/TRS included inaccurate assumptions, historical understatement of system liabilities, rising health costs, artificially low contribution rates in previous years, as well as numerous issues related to the investments and the stock market; and

**WHEREAS**, local governments and school districts had no control over any of these factors that contributed to the under funding of the retirement system; and

**WHEREAS**, the State was the responsible entity for overseeing these factors; and

**WHEREAS**, the State government has vastly superior resources to deal with this problem compared to municipal governments and school districts.

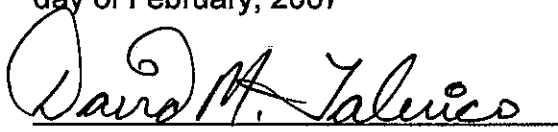
**NOW, THEREFORE BE IT RESOLVED:** that the Alaska Legislature adopt a solution to this crisis during this legislative session; and


**BE IT FURTHER RESOLVED:** that the Denali Borough urges the Alaska State Legislature to work with municipalities, school districts, and the university to develop improved means of communication and feedback that can facilitate local participation in the PERS/TRS system in a manner that is both affordable and fair; and

**BE IT FURTHER RESOLVED:** that the Denali Borough urges the Legislature to establish past service liability accounts for PERS and TRS with funding that will pay for 85% of the employers' past service cost liability; and

**BE IT FURTHER RESOLVED:** that the fiscal solution for the PERS and TRS liability cannot be used as a reason not to address the other significant financial needs faced by municipalities and school districts.

PASSED and APPROVED by the DENALI BOROUGH ASSEMBLY on this 14<sup>th</sup> day of February, 2007

  
Denali Borough Mayor

ATTEST:   
Borough Clerk

