ALASKA MUNICIPAL LEAGUE

RESOLUTION #2015-02

A RESOLUTION REQUESTING THAT THE STATE OF ALASKA CONTINUE TO HONOR THEIR COMMITMENT WITH NON-STATE PERS EMPLOYERS WHICH CAPS THEIR PAST AND PRESENT SERVICE COSTS AT 22% OF SALARY; AND THAT THE STATE CONTINUE TO WORK WITH AML TO FIND A SOLUTION TO THE ONEROUS TERMINATION STUDY AND BELOW THE FLOOR COSTS

WHEREAS, through 2008 legislation, SB 125, municipalities were committed to paying a salary rate cap of 22% of salary, to include current service costs and a portion of the unfunded PERS liability; and

WHEREAS, the Alaska Municipal League was a major player in the passage of HB 385, which was the Governor’s proposal to deposit $3 billion into the PERS/TRS fund; and

WHEREAS, municipalities knew full well that acceptance of HB 385 would mean municipalities would pay an additional $2.5 billion due to the change of the amortization period and the extension of nine years; and

WHEREAS, the ARM Board, as of September 2014, voted to approve 2016 contribution rates of 27.19% for PERS, down from 31.90% for 2015; and

WHEREAS, municipalities will be realizing an 86% total cost increase while the state if saving $1.4 billion in “on-behalf” PERS contributions; and

WHEREAS, municipalities additionally must pay termination costs of a department, group or classification of employees that terminates participation under AS 39.35.625 to include the cost of a study and the payment of the past service cost, into the plan each payroll period until the past service liability of the plan is extinguished (approximately 25 years); and

WHEREAS, municipalities are also obligated to pay if their salary floor drops below the 2008 floor (the amount of their salary base when SB 125 was passed); and

WHEREAS, with increasing costs to municipalities, reduced funding from the State and the Federal government, municipalities find themselves in a difficult position of not being able to reduce their workforce, as it will trigger a termination study and/or drop the municipality below the 2008 floor; and
WHEREAS, this hampers small municipalities the most, as they have only one person that may belong to a "department, group or classification;" and

WHEREAS, the State charges 12% interest on unpaid termination costs or below the floor costs, leaving many small communities facing bills that they will never be able to pay.

NOW, THEREFORE BE IT RESOLVED that the Alaska Municipal League requests that the State honor their commitment to non-state PERS employers which caps their past and present service costs at 22% of salary; and that the State continue to work with AML to find a solution to the onerous termination study and below the floor costs.

PASSED AND APPROVED by the Alaska Municipal League on this 21st day of November, 2014.

Signed: [Signature]
Linda Murphy, President, Alaska Municipal League

Attest: [Signature]
Kathie Wasserman, Executive Director, Alaska Municipal League