

ALASKA MUNICIPAL LEAGUE

RESOLUTION #2013-02

**A RESOLUTION SUPPORTING REPEAL OF AS 39.35.625, A STATUTE REQUIRING  
TERMINATION STUDIES, AND A 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/TRS 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

26 3)past service cost as determined by the study. These three cost increments may run  
27 to many hundreds of thousands of dollars or more; and

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

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

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

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

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45 **NOW, THEREFORE BE IT RESOLVED** that the Alaska Municipal League, while  
46 supporting a sustainable salary base to pay off the PERS unfunded obligation, believes  
47 that AS 39.35.625 and any other similar statutes or regulations that require termination  
48 studies, should be repealed.

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**BE IT FURTHER RESOLVED** that the Alaska Municipal League urges the Legislature to amend AS 39.35.255(a)(2), with inflation adjustment language, to provide a more efficient, cost-effective and equitable method of ensuring that the required PERS salary base is maintained.

**PASSED AND APPROVED BY THE ALASKA MUNICIPAL LEAGUE ON THE 16<sup>TH</sup> DAY OF NOVEMBER, 2012.**

**Signed:** \_\_\_\_\_

Jennifer Johnston, President, Alaska Municipal League

**Attest:** \_\_\_\_\_

Kathie Wasserman, Executive Director, Alaska Municipal League

Submitted by: AML Board of Director	Date Submitted: October 12, 2012
Contact: Kathie Wasserman	Contact Phone: (907) 586-1325
Implementation Recommendation:	
Agencies to Contact:	
Funding Required:	
Staff/Board/Membership Action:	