



City of Homer

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Office of the City Manager

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March 3, 2014

Representative Thompson
State Capitol
Juneau, AK 99801

RE: Support for CSHB152

Representative Thompson,

The City of Homer would like to express support for CSHB152, legislation transferring \$3 billion to the Retirement Trust Funds and eliminating the termination study/cost requirement for PERS employers.

Transferring \$3 billion into the Retirement Trust Funds honors the State's constitutional obligation to retirees to cover their accrued benefits and the commitment to employers to pay employer contribution rates in excess of 22%. Transferring these funds now, while there are reserves available, solves the problem of staggering unfunded liability costs rather than passing it off to future generations. State assistance on behalf of municipalities provides significant relief to local taxpayers, budget predictability and stability to local government and school districts that is crucial to the financial health of Alaska's communities.

Under the current system if an employer terminates a class of employees that participate in the defined benefit retirement system the employer is obligated to pay termination costs and the cost of a termination study for that group. These costs can be significant, especially for a small organization, deterring necessary layoffs and cuts during times of financial constraints. CSHB152 eliminates the requirements associated with eliminating a class of employees allowing employers to manage their workforce and adapt to changing fiscal and employment environments.

The City of Homer appreciates your leadership in bringing this legislation forward and encourages the passage of CSHB152.

Sincerely,

Walt Wrede, City Manager

Cc:

Co-Chair Austerman

Co-Chair Stoltze

Representative Neuman

Representative Costello

Representative Edgmon

Representative Holmes

Representative Munoz

Representative T. Wilson

Representative Gara

Representative Guttenberg

Representative Hawker