



Mayor Dan Sullivan

February 26, 2014

The Honorable Steve Thompson  
State Capitol, Room 500  
Juneau, Alaska 99801

Dear Representative Thompson,

The Municipality Of Anchorage appreciates and supports your efforts in the introduction of HB 152, *PERS Termination Costs*.

HB 152 amends existing statute to repeal the requirement for certain PERS termination payments from municipalities. This repeal allows municipalities the operational flexibility to adjust staffing levels as changes in funding occur from year to year. For example, grant funding may be reduced or eliminated due to changes beyond municipal control (i.e. reduced Federal or State funding). This may result in our need to reduce staff or change staff classifications.

Municipalities are working toward modernizing and standardizing job classifications. This may result in fewer classifications, but not necessarily fewer employees. Current statutes will trigger a termination study and termination costs unnecessarily, simply due to a reduction in classifications. Having staff and classification flexibility is incredibly important, especially during these fiscally challenging times.

The fiscal impact of termination costs is significant to municipalities, yet immaterial in regard to the total unfunded PERS liability of \$12 billion. The Municipality of Anchorage understands the challenges associated with the \$12 billion unfunded liability and is committed to partnering with the State of Alaska to reduce that burden by assuming a greater financial portion of the unfunded liability by approximately \$254 million. The extra municipal contribution is achieved by lengthening the amortization payoff from 2031 to 2036.

The passage of HB 152 is incredibly important to communities across Alaska. The Municipality of Anchorage urges the support of your colleagues in the House and Senate to pass HB 152 along with the approval of the \$3 billion transfer to the PERS trust fund.

Thank you very much for your time and efforts in tackling this issue on behalf of communities statewide.

Sincerely,

A handwritten signature in blue ink that reads "Dan Sullivan".

Dan Sullivan  
Mayor