



A POSITION PAPER OF THE TRI-BOROUGH COMMISSION URGING CREATION OF A GUBERNATORIAL TASK FORCE TO RECOMMEND LONG-TERM SOLUTIONS TO THE PERS/TRS CRISIS FACING ALASKA

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 many cities and boroughs have participated in PERS for years.

PERS and TRS are both under-funded by more than \$8 billion, with the PERS plan's assets approximately equal to 70 percent of the plan's expenses, and the TRS plan assets even less. The adoption and implementation of Senate Bill 141 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.

In response to the serious under-funding, the Alaska Retirement Management Board (ARMB) has recommended drastic and unrealistic increases in the employer contribution rates for cities, boroughs and school districts for Fiscal Year 2008. However, information recently brought forward from the Division of Retirement and Benefits suggests that the funds provided by individual employers may have been commingled in such a way as to make it impossible to accurately determine the funding status of individual employers. If there is no relief from the State of Alaska, municipal governments and school districts will be forced to issue layoff notices to hundreds of employees on or before March 15, 2007.

The Tri-Borough Commission calls on Governor Sarah Palin to appoint a Task Force to devise a long-term solution to the PERS/TRS crisis, and that the Task Force be composed of a representative of a large-city or borough financial official, a representative of a rural Alaska village, a member of the Governor's staff, two legislators (one each from the House and Senate) and no more than two additional experts. The Task Force should report its recommendations to the state administration and Legislature in no more than 45 days so the Legislature has adequate time to act on them in the current session.

(Position adopted February 8, 2007 by the Mayors of the Tri-Borough Commission)