

RESOLUTION NO. 4878

**A RESOLUTION EXPRESSING CONCERN WITH HB 79 WHICH
WOULD REESTABLISH A DEFINED BENEFIT RETIREMENT PLAN
FOR CERTAIN PUBLIC EMPLOYEES**

WHEREAS, House Bill 79, currently under consideration by the Alaska State Legislature, proposes to reestablish a defined benefit retirement plan for certain classes of public employees under the Alaska Public Employees' Retirement System (PERS); and

WHEREAS, in 2006, the Alaska legislature amended PERS to discontinue the defined benefit retirement program, replacing it with a defined contribution retirement program; and

WHEREAS, this change to PERS was absolutely necessary to help mitigate the alarming growth and unsustainability of the PERS unfunded liability; and

WHEREAS, despite the \$3 billion infusion by the State of Alaska in 2014 to reduce the debt, the liability is again increasing; and

WHEREAS, Alaska's unfunded pension liability on a per capita basis is \$46,774 per person, the highest of all 50 states; and

WHEREAS, it would be a major step backwards to return certain classes of employees to a defined benefit plan; and

WHEREAS, there is inherent inequality in selecting only certain classes of public employees for such a change.

NOW, THEREFORE, BE IT RESOLVED that the Fairbanks City Council is deeply concerned over the reestablishment of a defined benefit retirement plan when the PERS unfunded liability remains alarmingly high; and

BE IT FURTHER RESOLVED that the Fairbanks City Council believes that offering benefits to only certain classes of employees should be discouraged as it creates inherent inequity.

PASSED and **APPROVED** this 13th day of May 2019.

Jim Matherly, Mayor

On the motion to ***postpone indefinitely***:

AYES: Kun, Ottersten, Therrien, Rogers
NAYS: Pruhs, Cleworth
ABSENT: None
POSTPONED INDEFINITELY: July 8, 2019

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, CMC, City Clerk

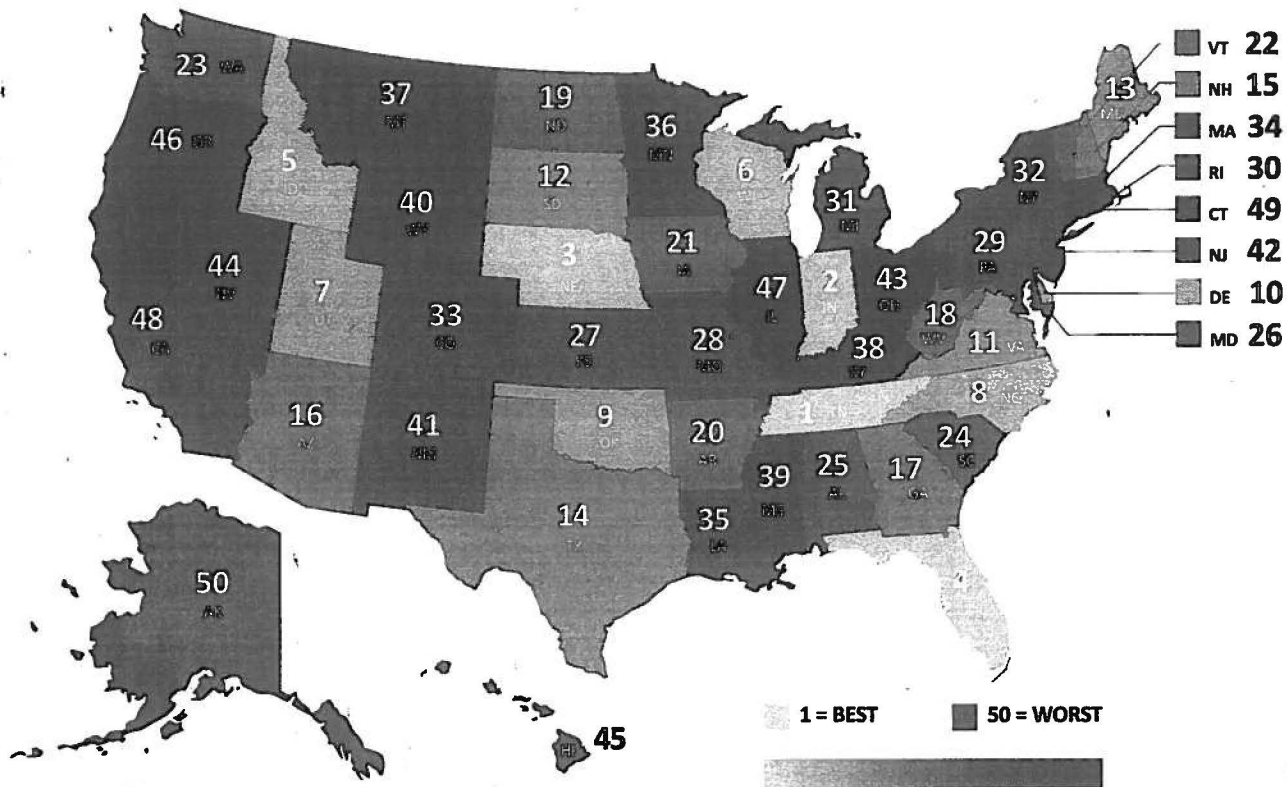
Paul Ewers, City Attorney

POSTPONED INDEFINITELY

SECTION 1: KEY FINDINGS

Figure 1, Table 1

Unfunded Pension Liabilities Per Capita, 2018



Source: Data are based on ALEC Center for State Fiscal Reform's calculations. To read the full report and methodology, see ALEC.org/PensionDebt2018

UNFUNDED PENSION LIABILITIES PER CAPITA

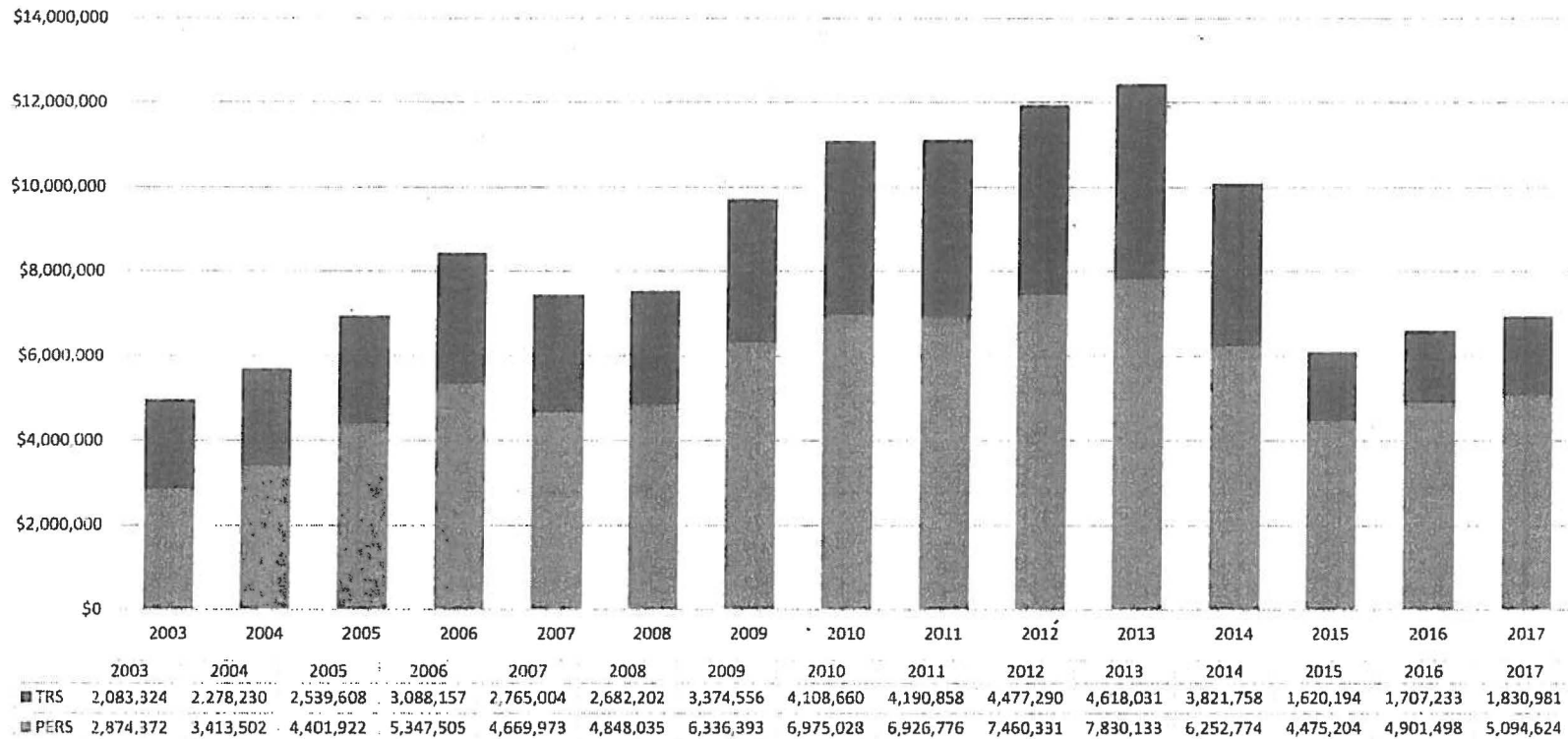
The accumulation of unfunded pension liabilities per capita is the most alarming facet of the pension crisis. This metric reveals the personal share of liability for every resident in each state, an indicator of potential future tax burdens to be borne by residents for pension promises made but not funded. In Alaska, each resident is on the hook for a staggering \$46,774 — the highest amount across the states. Connecticut, California, Illinois, and Oregon have the next four highest unfunded pension liabilities per person. In total, states have accrued \$5.96 trillion, or about \$18,300 per capita. This is a slight decline from our last report, when liabilities totaled more than \$6 trillion, but the improvement is primarily attributable to a rise in interest rates as reflected in the fixed rate analysis of unfunded liabilities, which holds the discount rate constant across time (see appendix).

Rank	State	Unfunded Liabilities Per Capita	Rank	State	Unfunded Liabilities Per Capita
1	Tennessee	\$8,466	26	Maryland	\$15,728
2	Indiana	\$8,690	27	Kansas	\$15,766
3	Nebraska	\$9,043	28	Missouri	\$16,273
4	Florida	\$10,237	29	Pennsylvania	\$16,550
5	Idaho	\$10,263	30	Rhode Island	\$17,205
6	Wisconsin	\$10,770	31	Michigan	\$17,874
7	Utah	\$11,604	32	New York	\$17,932
8	North Carolina	\$11,841	33	Colorado	\$18,615
9	Oklahoma	\$12,480	34	Massachusetts	\$19,569
10	Delaware	\$12,482	35	Louisiana	\$20,097
11	Virginia	\$12,579	36	Minnesota	\$20,149
12	South Dakota	\$13,075	37	Montana	\$20,246
13	Maine	\$13,100	38	Kentucky	\$21,022
14	Texas	\$13,172	39	Mississippi	\$22,237
15	New Hampshire	\$13,405	40	Wyoming	\$25,127
16	Arizona	\$13,882	41	New Mexico	\$25,461
17	Georgia	\$13,947	42	New Jersey	\$26,174
18	West Virginia	\$14,470	43	Ohio	\$26,178
19	North Dakota	\$14,489	44	Nevada	\$26,543
20	Arkansas	\$14,538	45	Hawaii	\$27,281
21	Iowa	\$14,542	46	Oregon	\$28,431
22	Vermont	\$15,431	47	Illinois	\$28,954
23	Washington	\$15,466	48	California	\$29,137
24	South Carolina	\$15,633	49	Connecticut	\$32,805
25	Alabama	\$15,672	50	Alaska	\$46,774

Source: Data are based on ALEC Center for State Fiscal Reform's calculations. To read the full report and methodology, see ALEC.org/PensionDebt2018

Unfunded Liability – PERS / TRS

(in thousands) ← NOTE THE NUMBERS BELOW ARE IN BILLIONS OF DOLLARS



SOURCE: Buck, Actuarial Valuation Reports as of June 30, 2017 for PERS DB and TRS DB