



County Supervisors A S S O C I A T I O N o f a r i z o n a

1905 W. Washington St., Ste. 100, Phoenix, AZ 85009
(602) 252-5521 fax: (602) 253-3227

Resolution Number 4-19

A Resolution of the County Supervisors Association of Arizona Expressing Grave Concern with the PSPRS Pension Debt Repayment Plan and Urging the State Government to Remove Barriers to Responsible Solutions

WHEREAS, previous decisions by the State Legislature and Public Safety Personnel Retirement System (PSPRS) Board of Trustees regarding the public safety pension plans have led to the systematic underfunding of constitutionally guaranteed pension benefits of public safety officers, corrections officers and elected officials, and

WHEREAS, the PSPRS pension debt has increased from \$3 billion in 2012 to over \$11 billion in FY 2020, and

WHEREAS, as a result, the average share of county operating budgets dedicated to payments to public safety pension increased from less than 3% just eight years ago to almost 7% today, and

WHEREAS, the courts have ruled that the legislative reforms could not diminish current employee benefits that are constitutionally protected, leaving a substantial legacy obligation that will be borne exclusively by the taxpayer, and

WHEREAS, the Legislature took subsequent action to reform the pension system to remove damaging elements of the existing plan and to control costs associated with new employees, creating a more sustainable plan into the future, and

WHEREAS, in May 2019, the new PSPRS actuary informed the Board of Trustees and stakeholders that the annual required contributions set by the Board have been insufficient and will cause debt payments to grow to unmanageable levels, and

WHEREAS, inaction now will result in even more rapidly growing pension payments that will crowd out vital spending on public safety and other essential services for citizens who did nothing to contribute to the existing debt, and

WHEREAS, the potential for increased future tax liabilities and decreased local services caused by even larger future pension debts may dissuade business and residential investment in local economies, and

WHEREAS, moving towards a repayment schedule that puts more money into the system now is the most responsible solution, saves money in the long term, and prevents the next generation of taxpayers from bearing the burden, and

WHEREAS, in the next few years the PSPRS Board of Trustees will have to make changes to the way the debt is repaid, which will drive employer costs up, and



County Supervisors ASSOCIATION of arizona

Resolution Number 4-19
Page Two

WHEREAS, while counties recognize the importance of repaying this debt, state law and the Arizona Constitution severely limit their ability to increase revenues and expenditures, and

WHEREAS, these limits were not structured to deal with an externally-controlled debt that has tripled in just eight years, and

WHEREAS, delaying repayment of these debts harms the taxpayers that the limitations were put in place to protect:

NOW, THEREFORE, BE IT RESOLVED that the County Supervisors Association of Arizona:

- Respectfully requests the Arizona State Legislature and Governor exercise restraint in enacting policies that drive other county costs, and
- Urges the PSPRS Board of Trustees to work with employers in the system to create a plan to phase-in a debt repayment schedule that properly funds the system without accumulating more debt and does not severely harm the county taxpayer, and
- Urges the Arizona State Legislature and Governor to enact legislation to relieve the pressure that current expenditure limits are placing on counties' ability to address this problem, and
- **PENDING COUNTY SUBMITTED PROPOSALS:** Requests the Arizona State Legislature and Governor enact a revenue stream to be used to pay down a county's unfunded liability.

APPROVED AND ADOPTED this __ day of _____, 2019.

Russell McCloud
President, County Supervisors Association of Arizona
Yuma County Supervisor, District 2

ATTEST:

Craig A. Sullivan, Executive Director
County Supervisors Association of Arizona