

Resolution Number 3-24

A Resolution of the County Supervisors Association of Arizona Urging the PSPRS Board of Trustees to Protect Historic Investments in Public Safety Pensions and Requesting that State Lawmakers Exercise Restraint in Enacting Policies that Increase Costs or Modify Contributions to the System.

WHEREAS, previous decisions by the State Legislature and Public Safety Personnel Retirement System (PSPRS) Board of Trustees regarding 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 increased from \$3 billion in FY 2012 to over \$12 billion in FY 2022, rapidly increasing pressure on county budgets and crowding out other investments in public safety employees, and

WHEREAS, the Legislature took subsequent action to reform the pension system to remove damaging elements of the existing plans and to control costs for new employee benefits, creating a more sustainable plan into the future, and

WHEREAS, a key part to pension reform was to align financial incentives across employees and employers by creating a 50/50 contribution share for new members to ensure the long-term viability of the new system, and

WHEREAS, through a rigorous data driven stakeholder process, the Board of Trustees adopted a plan to address lingering issues with debt repayment and revise the System's funding policy, resulting in less contribution volatility and lower overall taxpayer costs, and

WHEREAS, to further reduce the cost to the taxpayer and the pressure on local budgets, counties utilized historically low interest rates or prioritized debt repayment to deposit over \$1.0 billion into their individual PSPRS and CORP plans as of July 2024, and

WHEREAS, although pension bonds refinanced the legacy debt at a lower cost, counties still carry over \$700 million in pension debt outside of PSPRS and CORP, and

WHEREAS, in total since FY 2021 almost \$5.4 billion has been deposited by employers into PSPRS and CORP accounts, including \$2.1 billion by the State, and

WHEREAS, lawmakers have previously enacted payment holidays or expanded benefits when pensions have appeared well funded, and

WHEREAS, although many employers have addressed their individual debt, EORP and the pooled Administrative Office of the Courts CORP plans remain drastically underfunded, and require coordinated action from the state and counties to reduce to total repayment costs for Arizona taxpayers, and

WHEREAS, in recent years proposed changes to pension reform have been put forward as solutions to address workforce challenges some agencies have experienced, and

WHEREAS, state leaders should be extremely judicious in evaluating such proposals as there are many compensation and non-compensation strategies that local governments can deploy to address challenges in the public safety workforce, and

WHEREAS, pension benefits are a statewide policy, while workforce challenges and appropriate solutions can vary significantly across agencies and personnel groups, and



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WHEREAS, sweeping pension changes can be inefficient at addressing retention and recruitment, and have historically crowded out more targeted investments that employers could implement, and

WHEREAS, any expansion of pension benefits are protected by Article 29, Section 1 of Arizona's Constitution and are extremely challenging to revise once enacted, and

WHEREAS, proposed changes that drive costs or reduce contributions into the plans should be crafted to address clearly defined workforce problems and must be critically evaluated to protect the historic investment that state and local taxpayers have made in the System:

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

- Urges the PSPRS Board of Trustees to:
 - Continue to work with stakeholders on changes that may allow for reduced repayment costs of the System's pooled plans, and
 - Utilize the Advisory Committee to perform data driven analysis of proposed changes with all system stakeholders, and
- Respectfully requests the Arizona State Legislature and Governor:
 - Exercise restraint in enacting policies that increase costs or reduce contributions into the system without a clearly defined problem and demonstrable benefit to taxpayers, and
 - Protect the structure created through pension reform to control costs, specifically the 50/50 contribution sharing and the requirement to fully fund any new benefits when enacted.

APPROVED AND ADOPTED this 9th day of October, 2024.

Stephen Q. Miller
President, County Supervisors Association of Arizona
Pinal County Supervisor

ATTEST:

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