County Supervisors
ASSOCIATION
of arizona
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Resolution Number 5-20

A Resolution of the County Supervisors Association of Arizona Urging the PSPRS Board of Trustees to Continue Making Responsible Changes to the Pension Debt Repayment Plan and Requesting that the State Government Remove Barriers to Responsible Solutions.

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 has increased from $3 billion in 2012 to almost $12 billion in 2021, and

WHEREAS, as a result, the average share of county operating budgets dedicated to payments for public safety pensions increased from less than 3% just nine years ago to over 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, counties have consistently demonstrated a commitment to changes that would make annual payments more predictable and reduce the overall cost to the county taxpayer, and

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WHEREAS, starting in FY 2022 for CORP and EORP and FY 2023 in PSPRS, the PSPRS Board of Trustees will begin implementing a more responsible debt repayment structure for the legacy debt in each of the systems, and

WHEREAS, those changes will increase employer costs in the near-term but will ultimately curb the anticipated increases in annual contributions and save taxpayer resources, and

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 less than 10 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:

- Urges the PSPRS Board of Trustees to continue to work with employers in the system to finish phasing-in a debt repayment schedule that properly funds the system by balancing short-term costs with long-term benefits, and
- Respectfully requests the Arizona State Legislature and Governor exercise restraint in enacting policies that drive other county costs, and

APPROVED AND ADOPTED this 23rd day of October, 2020.

Rudy Molera
President, County Supervisors Association of Arizona
Santa Cruz County Supervisor, District 2

ATTEST:

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