



# 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 3-21

**A Resolution of the County Supervisors Association of Arizona Urging the PSPRS Board of Trustees to Continue Making Responsible Changes to the Plan and Requesting that the State Government Exercise Restraint in Enacting Policies that Increase Costs in 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 has increased from \$3 billion in FY 2012 to over \$12 billion in FY 2022, 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 ten years ago to over 7% today, and

**WHEREAS**, the Legislature took subsequent action to reform the pension system to remove damaging elements of the existing plans 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**, through a rigorous data driven stakeholder process, the Board of Trustees adopted a plan for addressing underlying issues with the debt repayment plan and revising the System's funding policy, and

**WHEREAS**, starting in FY 2022 for CORP and EORP and FY 2023 for PSPRS, the Board will phase-in 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**, counties have evaluated alternative methods to repay the legacy debt even more rapidly, and

**WHEREAS**, through July 2021, 9 counties have taken action to deposit over \$477 million into their individual PSPRS and CORP plans, and

**WHEREAS**, many of those contributions were made by leveraging historically low interest rates to issue pension obligation bonds, and



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

Resolution Number 3-21

Page Two

**WHEREAS**, the issuance of these bonds drastically reduces the total cost of repayment to the local taxpayer and reduces some of the pressure on county budgets, and

**WHEREAS**, although these bonds refinanced the legacy debt at a lower cost, pension debt payments will continue to substantially impact county budgets for the next 15 years or more, and

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

**WHEREAS**, enacting those policies for the legacy systems may damage the progress made by the System and stakeholders to properly fund the plan and may ultimately increase costs to the taxpayer, and

**WHEREAS**, proposed changes that drive costs or reduce contributions into the plans 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 complete the phase-in of a debt repayment schedule that properly funds the System by balancing short-term costs with long-term benefits, and
- Urges the PSPRS Board of Trustees to continue utilizing 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 clear, measurable benefit to taxpayers.

**APPROVED AND ADOPTED** this 1<sup>st</sup> day of October, 2021.

Steve Gallardo  
President, County Supervisors Association of Arizona  
Maricopa County Supervisor, District 5

**ATTEST:**

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