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**City of Duluth Communications Office**

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**DATE: 06/30/2015**

**SUBJECT: Duluth Unfunded Retiree Liability Reduced by \$53 million**

**BY: Pakou Ly, Public Information Coordinator**

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## **Duluth Unfunded Retiree Liability Reduced by \$53 million**

[Duluth, MN] - Ten years ago the Minnesota State Auditor predicted Duluth would go bankrupt and the New York Times featured Duluth as a city on the brink because of our massive unfunded liability related to retiree health care.

Duluth’s unfunded liability in 2005 was \$280M and was predicted to grow to \$417M by 2015. Projected 2020 retiree health care costs would have exceeded \$20M - more than annual city property taxes collected.

A new report shows that Duluth’s unfunded liability is down to \$129M (a \$53M drop in just two years, see graph). Over the past ten years, the City has made incredibly difficult and controversial actions to control costs and set money aside for the future. The product today that is offered to employees and retirees is a generous benefit that the City can afford and that retirees can count on. Other cities facing similar problems have gone bankrupt.

“The support of city staff, city unions, city councilors, community leaders and the Minnesota Supreme Court were critical to this success. But the foundation of the effort was a core group of five citizen volunteers serving on a task force (created when I was on the City Council) that provided a 15-point road map to solving what was thought to be an unsolvable problem. That volunteer effort is the basis for the significant \$288M reduction in our liability today”, said Mayor Don Ness.

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