

# ISSUES & OPTIONS FOR REQUESTING INFORMATION FROM OUTSIDE EXPERTS ON PENSIONS

## PURPOSE

At its September 14, 2017, meeting, SAVA discussed its work plan on the topic of public employee pension plans. During the discussion, SAVA members expressed interest in inviting outside experts to present information to the committee about what they recommend and what other states comparable to Montana are doing to address policy and funding issues related to their statewide public employee pension plans. This paper is offered to facilitate the committee's further discussion and action on what specific pension issues SAVA should examine at the March meeting and which organizations and outside experts should be tapped to provide the requested information.

## TOPICS

Pension issues fall into a range of topics. Before asking outside experts to present information to SAVA, it would be beneficial for the committee to determine which particular topics and issues speakers should address. Below is a list of potential topics for SAVA's "deep dive" with outside experts. This list offers a starting point only. In addition to identifying the main topics for speakers to address, it would be helpful for committee members to articulate what specific questions committee members have with respect to the selected topic.

- Actuarial practices and assumptions
- Benefit provisions
- Funding and contributions
  - Governance and operations, including reporting requirements and sensitivity or stress testing
  - Investments and asset allocation strategies
  - Plan design and pension reform, such as converting to a defined contribution plan or hybrid plan

## EXPERTS & ORGANIZATIONS

Several organizations offer research and information regarding public employee pension plans. Some of these organizations may have a particular perspective. Additionally, public pension plans are regulated differently than private sector pension plans, though some private sector concepts and practices offer perspective with regard to public plan design and reform options. The committee may wish to consider these factors when deciding which organizations and experts to invite to SAVA's March meeting.

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The following sections identify some of the outside organizations that the committee could consider. Attachment A lists some potential speakers. Again, these are offered as a starting point only.

## Professional Organizations

- **Society of Actuaries**

The organization's website states that this organization is the "world's largest actuarial professional organization." In 2014, the Society of Actuaries (SOA) issued a report entitled "Report of the Blue Ribbon Panel on Public Pension Plan Funding," which contains recommendations about "what changes in plan funding practices, governance, and other matters help ensure that public plans can deliver on the benefit promises plan sponsors have made to public employees." See <https://www.soa.org> for more information.

- **Actuarial Standards Board**

According to the board's website : "The Actuarial Standards Board (ASB) establishes and improves standards of actuarial practice. These Actuarial Standards of Practice (ASOPs) identify what the actuary should consider, document, and disclose when performing an actuarial assignment. The ASB's goal is to set standards for appropriate practice for the U.S." See <http://www.actuarialstandardsboard.org/> for more information and copies of the ASOPs related to pension plans.

- **Government Finance Officers Association**

This association's website states: "The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada. The association's more than 19,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. To meet the many needs of its members, the organization provides best practice guidance, consulting, networking opportunities, publications including books, e-books, and periodicals, recognition programs, research, and training opportunities for those in the profession." The GFOA has published several best practices advisories about public pension policy, governance, and funding. See <http://www.gfoa.org/best-practices> for more information.

- **National Association of State Retirement Administrators**

According to this association's website: "NASRA is a non-profit association whose members are the directors of the nation's state, territorial, and largest statewide public retirement systems." The website further states that NASRA's mission is to "serve the members of the National Association of State Retirement Administrators in managing sustainable public employee retirement systems through research, education, and collaboration." NASRA has published issue briefs on a range of public pension plan topics and has collected extensive data on state and local public employee retirement plans in all 50 states. NASRA is also one of the partners of the <http://publicplansdata.org> project summarized later in this paper. See <http://www.nasra.org> for more information about NASRA and for copies of their issue briefs.

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- **National Conference on Public Employee Retirement Systems**

According to the group's website: "NCPERS is the most respected provider of education and training to public pension professionals. We host five major conferences/educational seminars each year, at which attendees have the opportunity to learn about important advances in public pension funding, financial services, legislation and regulation, and other significant issues related to public sector pension plans. NCPERS is recognized as a learning provider in the public pension industry and is an accredited sponsor of continuing education in several states." See <http://www.ncpers.org> for more information.

## Nonprofit Research Organizations, Trusts, and Foundations

- **The Center for Retirement Research at Boston College**

The organization's website states: "Recognized by the New York Times as '...the nation's leading center on retirement studies,' our research covers any issue affecting individuals' income in retirement. Our main areas are:

- Social Security
- State and local pensions
- Health/long-term care
- Financing retirement; and
- Older workers."

The CRR is a key partner in the <http://publicplansdata.org> project and has produced numerous issue briefs related to public employee pension plans. See <http://crr.bc.edu/> for more information.

- **Center for State and Local Government Excellence**

According to the organizations' website: "The Center's mission is to promote excellence in local and state governments so they can attract and retain talented public servants." The SLGE is a partner in the <http://publicplansdata.org> project and has produced various issue briefs and publications related to state and local public pension plan policy and funding. See <https://slge.org> and click on the "Research" tab then select "Retirement" for a list of their latest publications and presentations related to pension plans.

- **National Institute on Retirement Security**

According to the organization's website: "NIRS seeks to encourage the development of public policies that enhance retirement security in America. Our vision is one of a retirement system that simultaneously meets the needs of employers, employees, and the public interest." The NIRS has published various issue briefs related to its research and education projects. See <http://www.nirsonline.org/> for more information.

- **The PEW Charitable Trusts**

The organization's website states: "We are an independent nonprofit organization – the sole beneficiary of seven individual trusts established between 1948 and 1979 by two sons and two daughters of Sun Oil Company founder Joseph N. Pew and his wife, Mary Anderson Pew. From its first day in 1948, Pew's founders steeped the new institution with the entrepreneurial and optimistic spirit that characterized their lives. As the country and the world have evolved, we have remained dedicated to our founders' emphasis on innovation. Today, Pew is a global research and public policy organization, still operated as a non-partisan, non-governmental organization dedicated to serving the public." Pew has published numerous papers and offered technical assistance (i.e., performed special studies or provided guest speakers) to several states on various topics related to public pension reform. See <http://www.pewtrusts.org/en/projects/public-sector-retirement-systems> for more information about its work in the following areas: designing public retirement systems, investments, retiree health benefits, state pension funding, technical assistance, and state research.

- **The Mercatus Center at George Mason University**

This organization's website states: "The Mercatus Center at George Mason University is the world's premier university source for market-oriented ideas—bridging the gap between academic ideas and real-world problems. A university-based research center, Mercatus advances knowledge about how markets work to improve people's lives by training graduate students, conducting research, and applying economics to offer solutions to society's most pressing problems." Among the issues researched at the center is public pension plan reform. See <https://www.mercatus.org/publications/path-public-pension-reform> for more information.

- **Reason Foundation**

According to its website, Reason Foundation it is a nonpartisan public policy research organization. The website further states: "Reason Foundation advances a free society by developing, applying, and promoting libertarian principles, including individual liberty, free markets, and the rule of law. Reason Foundation produces respected public policy research on a variety of issues and publishes the critically-acclaimed Reason magazine. Together, our top-tier think tank and political and cultural magazine reach a diverse, influential audience, advancing the values of choice, individual freedom and limited government." Reason Foundation has a Pension Integrity Project and has published numerous issue briefs on public pension reform, investment alternatives, and pension funding. See <http://reason.org/areas/topic/pension-reform> for more information.

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## Resources for State Legislatures

- **Council of State Governments**

The CSG website states: “Founded in 1933, The Council of State Governments is our nation’s only organization serving all three branches of state government. CSG is a region-based forum that fosters the exchange of insights and ideas to help state officials shape public policy. This offers unparalleled regional, national and international opportunities to network, develop leaders, collaborate and create problem-solving partnerships.” CSG has sponsored forums and published issue briefs in the area of state retirement systems and pensions, but primarily relies on outside experts from many of the above listed organizations. See <http://knowledgecenter.csg.org/kc/category/policy-area/economics-and-finance/labor-and-employment/state-retirement-systems-and-pension> for more information.

- **National Conference for State Legislatures**

The NCSL website states: “NCSL is committed to the success of all legislators and staff. Our mission is to

- Improve the quality and effectiveness of state legislatures.
- Promote policy innovation and communication among state legislatures.
- Ensure state legislatures a strong, cohesive voice in the federal system.”

NCSL has organized webinars and conference sections on various public employee pension plan issues, inviting on outside experts to provide a range of perspectives. See <http://www.ncsl.org/research/fiscal-policy/pensions.aspx> for more information about its resources on public pensions.

## Partnerships & Coalitions

- **PublicPlansData.org**

This is a project supported by The Center for Retirement Research at Boston College (CRR), the Center for State and Local Government Excellence (SLGE), and the National Association of State Retirement Administrators. According to the publicplansdata.org website: “The SLGE established its partnership in 2007 to 1) produce research on state and local pension plans and the retirement prospects of state and local workers; 2) disseminate research findings broadly; and 3) develop and make available comprehensive data on state and local pensions and retiree health benefits. These data, covering both defined benefit and defined contribution plans, are updated regularly and have been expanded over time. NASRA, which has been collecting and sharing public plan data since 2001, supports the partnership by providing review and assistance on the development of data models, validation of data, and development and administration of surveys.” See <http://publicplansdata.org/> for data on state and local public pension plans in all 50 states. The website offers access to interactive data on all of the plans and downloadable spreadsheets from which custom charts and graphs may be developed.

## CONCLUSION

In providing guidance to staff for the March agenda items on pension plan issues, the committee may wish to consider the following questions:

- What specific pension topics are of most interest to the committee? And, with respect to the topic, what particular questions or issues does the committee wish the invited speakers to address?
- Do committee members have specific speakers in mind with respect to these topics? See Attachment A for a list of the some of the speakers that have presented to policy makers and other stakeholders about pension issues at CSG, NCSL, or other conferences or webinars. This is a partial list and is offered only as a starting point for further discussion.
- What about costs? The committee's budget is limited and would likely not be able to support paying for several speakers to travel to Montana. If organizations are unable to make speakers available at the organization's expense, is the committee interested in hearing from them via audio/video conference call?
  - The committee's specific budget is as follows:
    - REMAINING BUDGET: \$23,000
    - Six meeting days = \$19,200
    - Remainder for any speakers to travel = \$3,800
    - Estimated cost of travel and per diem for one person = \$1,000 to \$1,500 depending on airline ticket costs from departure city

To the extent outside experts cannot be secured within budget constraints, the committee also has the option of asking its own staff (while still considering staff workload related to SAVA's other topics) to compile and summarize for the committee in March the research and recommendations available from issue briefs already published by these organizations. For example, staff could summarize the recommendations of the Society of Actuaries, the ASB's Actuarial Standards of Practice, and the GFOA's Best Practice Advisories. Staff could also create custom charts and graphs on pension plans in selected other states using the data available at <http://www.publicplansdata.org>. However, it would still be beneficial if the committee could identify the specific topics and questions on which the staff summaries should focus.

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## **ATTACHMENT A**

Partial list of potential presenters – does not include actuaries or government finance officers, or some of the other organizations listed in this paper

### **Douglas Offerman (spoke at a CSG webinar) Senior director, U.S. Public Finance, Fitch Ratings**

As a senior member of the states group at Fitch Ratings, Offerman covers a portfolio of U.S. state general obligation and special tax credits. He is Fitch's team leader on public pensions and OPEB issues, authoring research reports and coordinating internal training on issues related to retirement obligations. He speaks frequently with investors, the media and at conferences on pension-related topics. Offerman was previously a financial consultant for several large, healthcare-related nonprofit organizations in New York City, and a research analyst for New York budget and operational issues at the Citizens Budget Commission of New York. Prior to that, he spent five years in the federal government at the U.S. Information Agency and the U.S. Trade Representative's Office.

### **Jean-Pierre Aubry (spoke at a CSG webinar)**

#### **Associate Director of State & Local Research, Center for Retirement Research at Boston College.**

He oversees and conducts research and data collection, develops new analytic techniques for evaluating retirement benefits, and secures funding support. Aubry, who is recognized as a leading expert on public pensions, has co-authored numerous studies that have received broad attention. He has also presented to professional and academic groups such as the Municipal Analysts Group of New York, Moody's, Standard & Poor's, and the National Bureau of Economic Research.

### **David Draine (spoke at various webinars, also previously presented in Montana)**

#### **Senior Researcher, The PEW Charitable Trusts**

Serves as a principal investigator and methodologist for Pew's research on public sector retirement systems. The project's work has showcased the funding challenges that face many state and local pension systems and retiree health care plans, as well as possible solutions. Draine's research has looked at pension plan design, risk and uncertainty, and disclosure and transparency.

### **Leonard Gilroy**

#### **Senior Managing Director of the Pension Integrity Project at Reason Foundation**

Gilroy is also the Director of Government Reform at Reason Foundation, researching privatization, public-private partnerships, infrastructure and urban policy issues. Gilroy has a diversified background in policy research and implementation, with particular emphases on competition, government efficiency, transparency, accountability, and government performance. Gilroy has worked closely with legislators and elected officials in Texas, Arizona, Louisiana, New Jersey, Utah, Virginia, California and several other states and local governments in efforts to design and implement market-based policy approaches, improve government performance, enhance accountability in government programs, and reduce government spending.

## JANUARY 2018

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### **Keith Brainard (spoke at NCSL and CSG conferences)**

#### **Research Director, NASRA**

As research director for the National Association of State Retirement Administrators, Mr. Brainard collects, prepares and distributes to NASRA members news, studies and reports pertinent to public retirement system administration and policy. Mr. Brainard is co-author of *The Governmental Plans Answer Book, Third Edition*, and he created the Public Fund Survey, predecessor to the Public Plans Database, an online compendium of public pension data developed and maintained through a collaboration of the Center for Retirement Research at Boston College, the Center for State and Local Government Excellence, and NASRA. He also created the State & Local Pension Exchange, predecessor to the Public Fund Survey and recipient of the Award for Excellence in Government Finance from the Government Finance Officers Association. He has discussed public pension issues before Congress, state legislative committees, public pension boards of trustees, and on multiple media outlets.

### **Elizabeth K. Kellar (spoke at CSG webinar)**

#### **Senior Fellow, SLGE**

Elizabeth Kellar is Senior Fellow with the Center for State and Local Government Excellence, having served as President/CEO from its inception in 2006 through 2016. She conducts research, speaks, and writes about workforce, retirement, ethics, and intergovernmental issues for a variety of audiences. Ms. Kellar is a Fellow in the National Academy of Public Administration and has served as chair for NAPA's Standing Panel on the Federal System. She also served on the American University School of Public Affairs Advisory Council from 2001-2014.

### **Eileen Norcross (spoke at NCSL webinar)**

#### **Senior Research Fellow at the Mercatus Center at George Mason University**

As director for the Mercatus Center's State and Local Policy Project, she focuses on questions of public finance and how economic institutions support or hamper economic resiliency and civil society. She specializes in fiscal federalism and institutions, state and local government finance, public sector pensions, public administration, and economic development. She is the lead author of *Ranking the States Fiscal Condition*.

### **NCSL Staff**

SAVA staff is seeking more information about potential NCSL staff resources and will brief SAVA at the meeting about options for inviting NCSL staff.

### **CSG Staff**

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