



New Mexico Legislative Council Service
Report on an Oversight Body for
PERA, ERB, and SIC

January 11, 2010

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INTRODUCTION

This report supplements the three Fiduciary Review reports Ennis, Knupp & Associates, Inc. (EnnisKnupp) recently completed for the New Mexico Public Employees Retirement Association (PERA), New Mexico Education Retirement Board (ERB), and New Mexico State Investment Council (SIC). In those reports we recommended that all three agencies be given budget and staffing autonomy (in accordance with fiduciary standards). With this degree of autonomy, we understand that the Legislature and the executive branch may want more meaningful oversight by an independent body than what has existed in the past. Furthermore, because the New Mexico legislature meets only 30 or 60 days per year, we believe that a permanent oversight body staffed with full time professionals, rather than an ad hoc committee, would be most beneficial to the interests of all stakeholders, including the retirement systems' members, other state agencies, and the general public.

In this memorandum we offer our advice on the ideal structure and role of an independent body that would be responsible for overseeing and monitoring the agencies at a high level and in a regular and systematic way. It would not replace the individual boards of PERA, ERB, and the SIC, but rather serve in an advisory role to them and to the Legislature and Governor. New Mexico would not be the only state if it were to establish an oversight body and thus could look to the practices of others to determine the optimal model.

Our advice is based upon our knowledge of other oversight bodies and our independent judgment of what does and does not work well. In the Appendices we provide useful background information. Appendix A is a comparison of the oversight bodies in Ohio, Virginia, and Texas that are quite different yet effective. Appendix B is a list of 13 states that have independent bodies that oversee the public pension funds that are established as separate entities, rather than as ad hoc part-time committees. Appendix C contains information on oversight committees and bodies in all 50 states.

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FEATURES OF AN OVERSIGHT BODY

In the remainder of this report we set forth certain structural features and examples for your discussion in establishing an oversight body. We are available to meet with you to provide more details upon request. We refer to any future New Mexico oversight body as “OC”, which could stand for Oversight Commission, Council, or Committee.

We believe that the ideal oversight body for New Mexico ought to include the following features:

Composition – The best composition of the OC would be large enough to include a membership with diverse views, yet small enough to be manageable and yield productive meetings. Other oversight bodies range in size from 10 to 23 members. The most appropriate size for the OC is one that will foster a sense of commitment and accountability among the members in attending meetings and collectively addressing assigned responsibilities.

The composition should take into account the preferences of the Legislature as well as the Executive branch of government. While this would be a governmental body it should be as balanced as possible, politically. We have found that citizen representation can be useful on oversight committees and certainly the executive heads of the three agencies should have a presence with the OC, but not necessarily a vote on policy matters. The willingness of OC members to commit the time involved to study issues is of paramount importance.

One possible composition is a 12-member group including these voting members: two legislators appointed by the House, two legislators appointed by the Senate, and two members appointed by the Governor, three citizen members selected in a balanced way, and the two Executive Directors and the State Investment Officer from the agencies serving in a non-voting capacity. The Legislators’ and Governor’s appointments should be balanced between the political parties. Four or five year staggered terms would also make sense.

Responsibilities – The responsibilities to oversee PERA and ERB would be slightly different than those for SIC because the first two are pension funds with actuarial liabilities.¹ Responsibilities for overseeing the governance, investments, management, and legislative issues would be similar for all three.

For example, the OC could have responsibility to:

- Review PERA and ERB’s actuarial valuations and actuarial experience studies.
- Hire an independent actuary to perform actuarial audits for PERA and ERB every five years or more often, if necessary.
- Monitor the processes used by PERA and ERB for selecting their actuaries.
- Review the processes used by the PERA and ERB to adopt methodologies and set actuarial assumptions.
- Review the processes used by the agencies to select investment consultants.
- Review the contractual scope of work for investment consultants and compare it to the services actually provided.
- Review investment advice and recommendations provided to the agencies.
- Review asset allocation decisions in light of risk tolerances and return expectations of the fiduciaries.
- Review quarterly and annual investment performance reports.

¹ It has been suggested that the oversight body could also be responsible for oversight of the Retiree Health Care Authority. In some states where public retirement systems have the responsibility for retirement health care, these programs are also under the purview of the oversight body.

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- Review the compliance mechanism each agency has to ensure compliance with the investment policy statements.
- Serve as a resource of information for the three agencies.
- Perform surveys and research valuable to the Legislature and Executive branch.
- Follow trends in the institutional investment arena and in the public retirement industry.
- Analyze pending legislation, especially benefits legislation, and provide fiscal notes and opinions
- Offer policy recommendations on pension and investment matters.
- Review the operating budgets of the agencies for reasonableness.

Officers of the OC – It would be best to have the OC select its own Chair and Vice Chair and empower them to the extent that the OC members deem reasonable. In our experience this works better than having the officers appointed by others who are not serving on the OC. No other officers are needed since the staff should be responsible for assembling and distributing meeting materials and other tasks usually associated with a secretary position. We have found it useful to have brief written position descriptions for the officers. Officer elections could take place annually or less often. Short term limits for the officer positions are not necessary or even advisable. Those oversight bodies with continuity in the chairmanship seem to accomplish more than those with annually rotating officers.

For example, the OC Chair could be responsible for:

- Reviewing and approving the OC meeting agendas created by the OC Executive Director and ensuring that the timing for each discussion item is appropriate.
- Presiding over OC meetings and running them in an orderly way.
- Keeping meetings on point with the agenda and ensuring the discussions stay focused and within the allotted time.
- Ensuring that all OC members participate in discussions and all different points of view are heard and considered.
- Making sure the OC has the appropriate amount of time for effective study and review of business under consideration.
- Representing the OC to the Legislature, the Executive branch, external groups and the media, unless this is delegated to the Executive Director.
- Establishing ad-hoc committees and appointing OC members to serve on subcommittees, as needed.
- Certifying any actions taken by the OC, when required, and executing documents or contracts on behalf of the OC.
- Performing any additional duties as requested by the OC.

The OC Vice-Chair could be responsible for:

- Educating himself or herself about the major activities of the OC so that he or she is able to take the place of the Chair if necessary.
- Serving as the Chair if the person elected to that position has resigned or cannot serve in that capacity.
- Performing all the duties listed in the Chair's position description if called upon to do so.
- Collaborating with the Chair on a regular basis regarding the meeting agendas and the major issues.

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- Performing any other duties reasonably related to the office of Vice-Chair if requested by the OC.

Staffing – A dedicated staff that focuses exclusively on governance, investments, actuarial, management, and legislative issues of the three entities will best serve the OC. The staff should be led by a director, who in turn hires the remaining staff. It would be best for the director to be hired and annually reviewed by the entire OC. The director could be under contract or an “at will” employee. We do not believe the director should have “terms” as elected officials do. The director should serve at the pleasure of the OC and be an impartial, non-political resource who can operate effectively despite political shifts in state office holders. It is critical that the director have not only deep expertise in the issues of the three agencies but also a keen understanding of the political process.

Each staff position should have a detailed position description that is regularly reviewed for accuracy. All staff should have annual performance evaluations.

For example, a director and researcher (one of whom should have a legal background) and an administrative assistant may be all the staff that is required to effectively serve the OC, if the OC also has the ability and budget to hire outside actuaries, investment consultants, and others on a contract basis.

The director should, at a minimum, be responsible for:

- Recommending policies, procedures, rules, or by-laws for the OC’s own governance.
- Scheduling regular and special meetings as requested by the OC.
- Preparing meeting agendas, supplemental materials, and other pertinent information for the OC Chair to review and approve.
- Maintaining accurate minutes, books and records of the OC.
- Providing educational sessions for the OC members on timely topics facing the agencies.
- Monitoring the key issues of PERA, ERB, and SIC and attending board and committee meetings as necessary to be able to understand, summarize, and communicate the issues to the OC.
- Tracking and analyzing all proposed legislation that would impact the actuarial liabilities, the investment authority, the governance, the management, or scope of responsibilities of PERA, ERB, and IC.
- Meeting with legislative committees and members of the executive branch regarding proposed legislation.
- Meeting with executives and the fiduciaries of PERA, ERB, and SIC, as necessary.
- Preparing fiscal notes for pending legislation through independent analysis or through review of actuarial cost estimates.
- Reviewing investment reports and providing insight on performance.
- Reviewing actuarial valuations and experience studies of PERA and ERB and providing insight on actuarial stability.
- Monitoring federal legislation and regulations that are relevant to PERA, ERB, and SIC.
- Analyzing trends and fiduciary issues of other public funds (state investment boards) and public retirement systems across the country.
- Staying abreast of relevant discussions and issues followed by various industry groups.
- Providing research and recommendations as requested by the OC.
- Organizing and presenting educational seminars for the fiduciaries of PERA, ERB, and SIC.
- Monitoring the activities of other oversight bodies with similar jurisdiction and purpose.
- Communicating with the Chair and OC members on urgent matters.

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- Managing the day-to-day operations handled by the OC staff.
- Preparing a detailed operating budget for the OC to review and approve.

Orientation of OC Members – The initial start up of the OC is the ideal time to develop a comprehensive orientation that can be used as new members and staff come on to the OC. The best orientations explain the law and legislative intent behind the formation of the oversight body, the purpose of the OC, its mandated responsibilities, the breadth and depth of its authority as compared to that of the Legislature and Executive branch, and the tangible outcomes that are expected from the decisions and recommendations the OC is expected to make. Because the composition of the OC may be diverse, with citizen members who are not well versed in the legislative process, the orientation should take this into account.

The best time to hold an orientation is before the OC convenes as an oversight body and begins actual work.

We suggest a general orientation be scheduled for all members and then additional sessions be set for citizen members if there is a need for them to be educated on legislative matters.

Meetings – The meetings of the OC, as a public entity, would be subject to the open meetings laws in New Mexico, with the same provisions and restrictions on the use of executive sessions. In the initial startup of the OC, frequent meetings may be required so that members can become acclimated to this new entity and learn how to work with each other and staff. Going forward, the meeting frequency will depend upon the issues facing the agencies and the requests made of the OC by the Legislature and the Executive branch. Those oversight bodies that have been most effective hold 8 to 12 meetings per year.

Scheduling meetings one year in advance is helpful and preferred by some oversight bodies. What is most important, however, is that meetings be set in a way that enables most members to attend all meetings in their entirety.

We expect that meetings could run from two to four hours on average.

For example, meetings could be set for a certain day every month for three hours subject to cancellation by the Chair. Alternatively, meetings could be less frequent in the summer months and more frequent right before and after legislative sessions.

Reporting Requirements – It would be commonplace for an oversight body to be required by statute to make annual or quarterly reports to the Legislature, or specific committees in the Legislature and to the Governor or another agency within the Executive branch. This frequency of reporting is the least that should be done because in today's environment more frequent reporting is a best practice. Nationwide we see skepticism about how public funds are managed and, therefore, we believe that reporting should be increased and enhanced to demonstrate the commitment to transparency in order to maintain or restore public confidence.

It would be wise for the OC to determine initially, with a fair amount of specificity, the types of reports that it expects to produce and then verify with the legislature and the executive branch if the proposed content and frequency of the reports are satisfactory. One main goal of the reporting would be to have investment performance and governance information of the three agencies presented in a consistent format so comparisons could be made more easily.

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A robust website is a best practice for oversight bodies. The website could explain the role and purpose of the OC. The posting of contact information, as well as the timely posting of detailed agendas and meeting minutes on an OC website is essential. In addition, it would be best to include any pending legislation that the OC is analyzing, the fiscal notes and the positions it has taken and the rationale for each, the research it has conducted with regard to policy issues and trends, reports from actuarial audits, reports of investment performance, verifications of budget compliance, staffing changes, and published articles that are relevant to the issues facing the agencies.

Authority of the OC – The authority of an oversight body should be set forth clearly in statute, especially if such a body has the right to impose sanctions or penalties on the agencies it oversees. The most common authority oversight bodies have is to request information, review and report problems, and recommend legislative changes to remedy the problems. There is no reason that broader authority could not be given to the oversight body but it is important to keep in mind that the oversight body should neither stand in the place of the PERA, ERB, or SIC boards and staffs nor assume fiduciary responsibility.

Generally speaking, the beneficiaries of pension trusts and intended beneficiaries of endowment-like funds, have standing to bring lawsuits for breaches of fiduciary duty by the agencies managing their assets. The same type of standing could also be granted through statute to the oversight body. Furthermore, the oversight body could have the authority to refer matters to the Attorney General, the State Auditor, the appropriate ethics authority, or other appropriate governmental entities for investigation or prosecution.

The OC's authority should not enable it to "second guess" the decisions of the Boards and replace those decisions with their own. Decisions made through a prudent process should not be challenged and set aside. The OC should stay focused at a high level on the agencies compliance with the fiduciary standards of loyalty and prudence.

Budget – For the OC to have a stable existence and be staffed by paid professionals, an adequate operating budget must be established. The directors of the oversight bodies in other states have mixed opinions about the best way to acquire funds to support their operations. Some prefer annual legislative appropriations, and others prefer that budgets be paid from the assets of the entities they oversee. We believe the best approach is the latter and that the agencies each pay a prorata share of the operating budget based upon their asset size. This will provide stability to the OC so that it can engage in long range planning for future needs and costs. The budget should be subject to approval by the OC; however,, as a safeguard against the budget being inappropriately inflated by the OC, the representatives of the agencies should have a voice in the budget setting process.

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Appendix A

Comparison of Oversight Bodies in Ohio, Virginia, and Texas

	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Creation	ORSC was created by statute in 1968 in response to a financial crisis in local police and fire pension funds across the State. Because of this financial crisis, the General Assembly realized there was a need for continuing oversight of the state pension funds to ensure they remained financially solvent.	VJLARC was created by statute in 1973 to administer legislative oversight over state and local retirement systems as well as all other state agencies.	TPRB was created by statute in 1979 to provide oversight of roughly 450 state and local retirement systems in Texas.
Purpose	Its role, purpose, and impact have expanded over the years. Currently the responsibilities of the ORSC, as set forth in statute, are to review all matters relating to the governance, administration, and financing of the 5 state wide pension and retirement funds and recommend any changes to the General Assembly.	Its role is to provide the General Assembly with an objective and vigorous oversight capability. The oversight responsibilities extend beyond state pension funds to include over 400 other state agencies and programs. VJLARC aids in ensuring that the General Assembly is informed about State program operations, agencies' fulfillment of their legislative intent, and the effectiveness, economy, and efficiency of programs.	Its role is to serve the public pension community to ensure their actuarial soundness and compliance with state law. TPRB achieves this statutory duty through continual, and objective, reviews of the public retirement systems, and by providing technical assistance with pension planning, pension trustee and administrator development, actuarial soundness reviews, policy reviews, and recommendations, as well as other tasks that lend toward a more educated, effective, and efficient public retirement system.

	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Authority	ORSC has the authority to hire consultants to assist them in their oversight responsibilities. Currently they use an actuary and investment consultant. They are also authorized to hire outside attorneys and other consultants as they see fit. In the past they have hired consultants to perform fiduciary reviews.	VJLARC has the authority to hire consultants to assist them in their oversight responsibilities and has often called upon outside resources to assist them with the various research projects that they must undertake each year. For example, they have used compensation consultants and other consultants for actuarial analyses. VJLARC often uses Virginia Commonwealth's University's survey research lab for specialized survey work.	TPRB has the authority to hire consultants to assist in their oversight responsibilities. Historically TPRB has budgeted funds to hire an internal actuary to serve the state and local pension community when needed. TPRB can, but has not hired investment consultants, attorneys, or other professionals to help carryout their oversight responsibilities.
Governance Structure	A 14 member Council has 9 voting members made up of 3 senators appointed by the President of the Senate (only 2 can be from the same political party), 3 representatives appointed by the Speaker of the House (only 2 can be from the same political party), 3 individuals appointed by the Governor (one each must represent state employees, local government employees, and educational employees), and 5 non-voting members who are the executive directors of the 5 statewide retirement systems.	A 14 member Commission has 13 voting members made up of 9 members of the House of Delegates appointed by the Speaker, of whom at least 5 are members of the House Appropriations Committee. In addition, the Commission includes 5 members of the Senate appointed by the Privileges and Elections Committee of the Senate, of whom at least 2 are members of the Finance Committee. The Commission also includes the Auditor of Public Accounts, who has no vote.	A 9 member Board has 9 voting members made up of 1 senator appointed by the Lieutenant Governor, 1 representative appointed by the Speaker of the House, and 7 Governor appointed individuals. The Governor appointees include 3 persons with investment, pension law, or pension administration experience, 1 actuary, 1 person experienced in governmental finance, 1 contributing member of a public retirement system, and 1 beneficiary of a public retirement system.

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	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Turnover and term limits	Due to term limits for legislators the representatives and senators on the Council change rather frequently. For example, 3 out of the 6 Legislators have changed in the past 5 years. The 3 Governor's appointees do not have term limits and just 1 out of the 3 has changed in the past 5 years. The turnover among the five retirement system executive directors has been 3 out of 5 in the last 5 years.	Virginia has no term limits for legislators. The turnover of the publicly elected Commission members has been 6 out of 14 in the past 5 years.	Texas has no term limits for legislators. Turnover of the publically elected TPRB members has been 1 out of 2 in the last 5 years. The 7 Governor appointed Board members serve renewable 6 year terms. Turnover among these 7 Governor appointed members has been modest historically, with 4 out of the 7 changing in the past 5 years. Governor appointee terms are staggered to help mitigate drastic changes in Board composition.
Staff Structure	4 employees including an executive director and a senior staff attorney, (both have been with ORSC for over 20 years), a research attorney, and an administrative assistant (with the staff for 17 years).	28 employees including an executive director, 6 management team members, 7 project leaders, 12 project staff, and 2 administrative staff. The Commission appointed executive director and executive staff serve a term of 6 years with no term limit. The current director has been with VJLARC for approximately 11 years.	10 employees including an executive director, a 3 member administrative staff, 1 accountant, and a 5 member data analysis team. Currently the staff has two vacant positions that are looking to be filled. These positions include a policy analyst and actuary. The current executive director has been with TPRB for just over 1 year.

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	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Operating budget	The budget, approximately \$800,000 annually, is not appropriated but rather is funded by the 5 retirement systems. Each system pays a pro rata share of the expenses based upon their asset size. This is considered a strength because it allows the ORSC to operate independently and free from political threats to their funding that could severely hamper their ability to carry out responsibilities.	The budget, approximately \$3,400,000 annually, is appropriated through the General Assembly.	The budget, approximately \$700,000 annually, is fully funded through general appropriations. Previously, the budget was a mix of appropriations and pro rata fees made payable by the public pension community receiving TPRB assistance (similar to the budgeting system currently used by ORSC). Recently however, a motion was passed to restrict TPRB funding to include only generally appropriated money. This is considered a strength because it allows TPRB to operate independently and free of the paying public pension programs.
Outside resources	ORSC retains an actuary to review the valuations and experience studies of the retirement systems. ORSC also retains an investment consultant to review the investment reports and make an independent report to the legislature every six months. From time to time the ORSC will also hire specialty consultants to perform fiduciary reviews of all five retirement systems.	VJLARC retains an actuarial consultant to review the valuations and experience studies of the retirement systems on a quadrennial basis.	TPRB retains no outside help to fulfill its oversight responsibilities.

	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Major activities	ORSC reviews all bills that could impact the retirement systems and takes a position on each one (for, against, neutral). Most of the bills involve benefit improvements but some pertain to investments. They primarily protect the defined benefit plans and the actuarial stability of the retirement systems and also protect the right of the systems to invest assets according to the “prudent expert” rule and without any other restrictions or interference.	VJLARC has broad jurisdiction. Unlike ORSC and TPRB, which are entirely devoted to the public pension plan oversight, VJLARC devotes just a small portion of its time (2300 hours, or 1.6% of its total work plan in 2008), to such activity. Nevertheless, VJLARC’s oversight of the public pension plans is comprehensive. VJLARC is mandated to review the Virginia Retirement System’s (VRS) investment performance, governance, management, actuarial condition on a continual basis. VJLARC holds annual meetings with the VRS Board and staff. A VJLARC staff member also attends all VRS Board meetings and Committee meetings (including any closed or executive sessions). Also, when necessary, VJLARC staff will provide special reports as requested by the Governor and/or General Assembly.	TPRB provides an objective perspective to the public pension community, the Legislature, and general public regarding pension law and other related issues to ensure that the pension system operates effectively and efficiently at both the state and local levels. TPRB acts primarily then as a resource for state and local pension systems by providing technical assistance, annual training seminars, and independent actuarial assessments. TPRB also makes it a priority to review legislation for potential impact on the public retirement system and releases a non-biased actuarial impact statement on each bill or resolution that proposes to change benefit payout, pension participation, or fund liability of public retirement systems.
Reporting	ORSC reports annually to the Governor and General Assembly its evaluation and recommendations with respect to the operations of the state retirement systems. ORSC must also reports twice each year to the Governor and General Assembly about the investments of the state retirement systems.	VJLARC has the statutory requirement to review VRS and report their findings to the Governor and the General Assembly. VJLARC staff produce semi-annual reports on the status of VRS investments, biennial reviews of VRS administrative matters, and a quadrennial actuarial audit. VJLARC also maintains a “Legislative guide to VRS” to promote a more informed Legislature regarding the history of VRS and its current responsibilities.	TPRB has the statutory requirement to produce a quarterly report addressing the actuarial soundness and current financial condition of the public retirement systems. On a biannual basis, the Board must report to the Governor and Legislature regarding Board activities.

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	Ohio Retirement Study Council (ORSC)	The Virginia Joint Legislative Audit and Review Commission (VJLARC)	Texas Pension Review Board (TPRB)
Meeting Frequency	Monthly	Meets the second Monday of each month from May to December (8 times annually).	Quarterly
Publications and studies	ORSC publishes all of its reports on its website. http://www.orsc.org/reports.cfm	VJLARC publishes all of its reports on its website. http://jlarc.state.va.us/pubs_rec.htm	TPRB publishes a selection of its reports on its website. http://www.prb.state.tx.us/publicationsreports.html

Information in this table is based upon our understanding of state statutes and discussions with staff in Ohio, Virginia, and Texas.

Appendix B

Established Oversight Entities with Staff

- Illinois (Commission on Government Forecasting and Accountability (previously the Illinois Pension Laws Commission))
- Indiana (Pension Management Oversight Commission)
- Louisiana (Commission on Public Retirement)
- Massachusetts (Public Employee Retirement Administration Commission)
- Minnesota (Legislative Commission on Pension and Retirement)
- Missouri (Joint Commission on Public Employee Retirement)
- Ohio (Retirement Study Council)
- Oklahoma (State Pension Commission)
- Pennsylvania (Public Employee Retirement Commission)
- Tennessee (Council on Pensions and Insurance)
- Texas (State Pension Review Board)
- Virginia (Joint Legislative Audit and Review Commission)
- Wisconsin (Joint Survey Committee on Retirement)

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Appendix C

National Survey of Oversight Bodies (Primarily for Public Retirement Systems)

State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
Alabama	The State Examiner of Public Accounts	<ul style="list-style-type: none"> Performs an annual audit and reports any expenditures or contracts that violate law to the Governor and Legislative Committee on Public Accounts.
	Legislative House Ways and Means Committee and the Senate Finance and Taxation Committee	<ul style="list-style-type: none"> Oversees public pension related matters.
Alaska	The Governor and the Legislature have oversight responsibility for the Retirement Management Board. The Legislature provides oversight of the Alaska Permanent Fund	<ul style="list-style-type: none"> Submits reports to governor, the Alaska Legislature, the Legislative Budget and Audit Committee by the first day of each legislative session.
Arizona	The Governor The Senate Finance Committee, the Joint Legislative Budget Committee, the Senate and House Appropriations Committees, the Public Institutions and Retirement Committee, and the Joint Legislative Audit Committee	<ul style="list-style-type: none"> Reviews annual reports including actuarial valuation of assets and liabilities, investment information, and statistical and financial data necessary to understand the operation and status of the retirement system.
Arkansas	Legislative Joint Committee on Public Retirement and Social Security and the Legislative Council and its Rules and Regulations Subcommittee	<ul style="list-style-type: none"> Prepares fiscal notes for each retirement bill setting forth the estimated cost or fiscal impact.
	Department of Finance and Administration	<ul style="list-style-type: none"> Contracts, handles procurement, and approves compensation.
California	California State Controller, Department of Administration	<ul style="list-style-type: none"> Reviews the valuations of state public retirement systems and considers the actuarial assumptions used. Reviews budget and staffing.
	California State Assembly Public Employees, Retirement and Social Security Committee	<ul style="list-style-type: none"> Has limited oversight and does not have its own actuaries to analyze legislation, but rather relies upon the actuarial analysis provided by the system's actuary.
Colorado	Legislative Audit Committee	<ul style="list-style-type: none"> Reviews funding status and investment performance.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
	House and Senate Finance Committee	<ul style="list-style-type: none"> Meets with the public employees' retirement association annually.
Florida	The Florida Division of Retirement – Bureau of Local Retirement Systems	<ul style="list-style-type: none"> Monitors the actuarial soundness of local retirement systems and issues an annual report to the Legislature detailing its activities, findings, and recommendations.
	Florida State Board of Administration Investment Advisory Council	<ul style="list-style-type: none"> Provides independent oversight of the state retirement funds and major investment responsibilities. Meets quarterly to discuss general policies such as risk budgets, alternative investments, and investment protection principles, while more broadly covering topics related to the general economic outlook.
Georgia	Governor and General Assembly	<ul style="list-style-type: none"> Receives annual report from retirement system reflecting the condition of the system, the financial transactions conducted during the preceding year a summary of actuarial valuation.
Idaho	Governor and State Legislature	<ul style="list-style-type: none"> Reviews annual report of activities, including financial report.
Indiana	The Indiana Pension Management Oversight Commission	<ul style="list-style-type: none"> Oversees the Study the investment and management practices of the boards of the public retirement funds; Determines benefit levels; Studies the impact of federal law and proposals concerning pensions, annuities, and retirement benefits; Studies methods and levels of funding for public retirement funds.
Illinois	Commission on Government Forecasting and Accountability (previously the Pension Law Commission)	<ul style="list-style-type: none"> Reviews the laws and practices relating to public pensions, retirement and disability. Evaluates existing laws and practices and makes recommendations on proposed changes to the Illinois Pension Code. Issues a Report on the Financial Condition of the Illinois public pension systems annually.
	Illinois State Board of Administration Office of Internal Audit	<ul style="list-style-type: none"> Reviews economy, efficiency, and effectiveness of State Board of Administration business objectives. Develops an annual audit plan using appropriate risk-based methodology.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
	Illinois Division of Insurance	<ul style="list-style-type: none"> Provides an oversight role as the repository for the retirement systems' investment policy statements and investment managers' contracts, which must be filled with the Division.
Iowa	The Legislative Appropriations Committee	<ul style="list-style-type: none"> Reviews the retirement system's budget.
	The Joint State Government Committee	<ul style="list-style-type: none"> Reviews legislation concerning plan design.
	Interim Study Committees	<ul style="list-style-type: none"> Reviews the pension funds, including actuarial reports, proposed benefit changes, research developments in other states and the private sector, and recommendations regarding system reform.
Kansas	Governor and Legislature Legislative Coordinating Council, the Secretary of the Senate, and the Clerk of the House of Representatives.	<ul style="list-style-type: none"> Reviews annual reports regarding the retirement system's operations.
Kentucky	Governor Appropriations and Revenue Committees and the Education Committees of the Legislature State Auditor	<ul style="list-style-type: none"> Receives the retirement systems' annual reports, fiscal transactions of the preceding year, the amount of accumulated cash and securities, a balance sheet showing the financial condition of the system, and a summary of the actuarial report.
Louisiana	Louisiana Commission on Public Retirement (created in 1991 and reconstituted in 2003)	<ul style="list-style-type: none"> Studies and prioritizes retirement issues and proposed legislation prior to the session but the House and Senate retirement committees take the lead in pension policy setting. Reviews the administration, benefits, investments, and funding of the public retirement systems. Makes recommendations and annual reports to the Joint Legislative Retirement Committee. Reviews efficiency and accountability of the various systems, differences in benefits within individual systems, issuance of bonds, and the need for retirement legislation.
Maine	Legislative joint Standing Committee on Labor and the Joint Standing Committee on Appropriations and Financial Affairs	<ul style="list-style-type: none"> Considers legislation affecting the retirement system, whether or not its impact is equitable treatment of the members, the funding of the costs of benefits, consistency of proposed legislation with other

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
		provisions applicable to the retirement system, etc.
Maryland	General Assembly's Special Joint Committee on Pensions (functioning since 1985)	<ul style="list-style-type: none"> • Reviews issues affecting the state pension systems.
Massachusetts	The Massachusetts Public Employee Retirement Administration Commission	<ul style="list-style-type: none"> • Oversees, guides, monitors, and regulates 106 public pension systems within Massachusetts. • Reviews and audits investment activities. • Performs actuarial valuations and costs estimates of legislation, approves funding schedules to maintain actuarial stability. • Establishes annual appropriations owed to the retirement systems by governmental units. • Selects and oversees medical panel appointments as part of the disability review process. • Investigates fraud. • Oversees litigation, issues legal opinions, provides legislative and regulatory analysis; drafts legislative and regulatory proposals; and advises the Commission and retirement boards on legal issues. • Communicates through the internet and with the media. • Organizes education seminars for retirement board members and staff.
Michigan	Governor and Legislature (including the Appropriations, Education, Health Policy, Higher Education Committees of the House and Senate)	<ul style="list-style-type: none"> • Reviews an annual summary of the financial and actuarial condition of the system. • Reviews and approves) have authority to review and approve legislation affecting the retirement systems.
	Michigan Commission on Public Pension and Retiree Health Benefits (2001)	<ul style="list-style-type: none"> • Reviewed the oversight, funding, management, and fiscal integrity of the public pension and retiree health benefit systems within Michigan, including reviewing state laws affecting retirement systems; assessing the adequacy of funding; and making recommendations, where appropriate, for changing state laws affecting retirement systems.
Minnesota	The Minnesota Legislative Commission on Pension and Retirement Commission (MLCPR) (initially created as an interim commission, established as a permanent entity in 1967)	<ul style="list-style-type: none"> • Reviews and makes recommendations on pending proposed public pension legislation, with particular reference to analysis of their cost, actuarial soundness, and adherence to sound pension policy, and reporting its findings to the legislature.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
		<ul style="list-style-type: none"> • Conducts ongoing research on pension policy issues; • Prepares regular actuarial valuations and periodic experience studies of the statewide and major local public pension plans. • Assesses sufficiency of funding and recommends required modifications. • Maintains a library for reference concerning pension and retirement matters, including information about laws and systems in other states.
Mississippi	Senate Finance Committee and the House Appropriations Committee	<ul style="list-style-type: none"> • Reviews an annual report that includes detailed financial information, a summary of all investments, a statement of income and expenditures, and a balance sheet showing the financial condition of the system by means of an actuarial valuation.
Missouri	The Missouri Joint Committee on Public Employee Retirement (created in 1983)	<ul style="list-style-type: none"> • Reviews continually, all state and local government retirement systems. • Devises a standard reporting system to obtain data on each public employee retirement system that provides information on each system's financial and actuarial status at least biennially. • Determines from its study and analysis the need for changes in statutory law. • Makes any other recommendations to the General Assembly necessary to provide adequate retirement benefit to state and local government employees within the ability of taxpayers to support their future costs.
Montana	Governor and Legislature	<ul style="list-style-type: none"> • Reviews annual reports which detail the fiscal transactions for the two preceding fiscal years, the amounts of accumulated cash and securities of the retirement system, and the last fiscal year's balance sheet showing the system's assets and liabilities. • Reviews the Investment Board's investment performance for the past fiscal year, summarize in-state investment activities, and provide public access to audited financial statements.
	Committee on Public Employees Retirement System – interim committee – (1993-1999)	<ul style="list-style-type: none"> • Adopted policy principles and made recommendations to the legislature to provide a framework for fair, consistent, and fiscally sound retirement policy.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
	State Administration, Public Retirement Systems and Veterans' Affairs Interim Committee (2000)	<ul style="list-style-type: none"> • Monitored public retirement issues and proposals.
Nebraska	Governor, State Treasurer, and the Legislature (the Appropriations Committee and the Nebraska Legislative Retirement Committee)	<ul style="list-style-type: none"> • Provides actuarial studies and fiscal notes for proposed legislation. • Reviews monthly detailed reports from the State Investment Officer.
	State Auditor	<ul style="list-style-type: none"> • Prepares financial audits and periodic compliance audits for the legislature.
Nevada	Governor, Legislature, Interim Retirement and Benefits Committee	<ul style="list-style-type: none"> • Reviews annual reports with a description of the plans, the actuarial valuations for each plan, significant legislative changes, the investment policy for each plan, a statement of receipts, disbursements, material lease commitments and contingent liabilities.
New Hampshire	Secretary of State	<ul style="list-style-type: none"> • Reviews a comprehensive annual financial report (which includes the audit and actuarial reports).
	Legislature	<ul style="list-style-type: none"> • Reviews biennial reports on the status of retirement system.
New Jersey	Legislature and the Treasurer	<ul style="list-style-type: none"> • Reviews annual financial reports, annual actuarial reports, triennial experience studies, and annual audits.
	Investment Council	<ul style="list-style-type: none"> • Reviews monthly reports of all investment transactions, including commissions paid. • Reviews annual audit reports.
New Mexico	Legislative Finance Committee, the ad hoc Investments Oversight Committee, and the Board of Finance	<ul style="list-style-type: none"> • Reviews quarterly investment reports, costs, and the overall financial status of the retirement systems. • Commissioned a study of the governance, operations, and investments of PERA, ERB, and SIC.
New York	Legislature	<ul style="list-style-type: none"> • Reviews annual reports of assets, liabilities, litigation, and costs.
	Insurance Department	<ul style="list-style-type: none"> • Reviews and issues a report and makes recommendations regarding the retirement systems operations and has the authority to establish standards with respect to actuarial assumptions, accounting practices, administrative efficiency, investment policy, financial soundness, and fiduciary responsibilities.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
North Carolina	Legislature	<ul style="list-style-type: none"> • Reviews actuarial notes for legislation with potential fiscal impact. • Reviews annual reports of fiscal transactions of the prior year, cash, securities, and the financial condition of the retirement system.
North Dakota	Governor	<ul style="list-style-type: none"> • Reviews annual reports, including the annual audit and the actuarial valuations.
	Legislative Committee on Employee Benefits	<ul style="list-style-type: none"> • Reviews the annual actuarial valuation and issues an actuarial cost report on any legislation that may affect a retirement system.
	The Legislative Audit and Fiscal Review Committee, the Legislative Budget Committee	<ul style="list-style-type: none"> • Maintains some oversight authority.
Oklahoma	The Oklahoma State Pension Commission	<ul style="list-style-type: none"> • Oversees the state's seven pension systems. • Provides guidance to public officials, legislators, and administrators in developing public retirement system objectives and principles, identifying problems and areas of abuse, projecting costs of existing systems and modifications to those systems, and recommending pension reform programs. • Hires one or more pension fund management consultants to assist the Commission in accomplishing its objectives. • Coordinates with the State Auditor and Inspector.
Oregon	Governor and Legislature	<ul style="list-style-type: none"> • Reviews annual reports and independent audits of the retirement fund containing financial statements prepared in accordance with generally accepted accounting principles, a summary of investments of moneys in the fund, investment earnings, significant legislative or administrative changes in the system and other pertinent information on the operation of the system for the preceding year. • The Oregon Investment Council must report on the investment program to the Governor and to the Legislative Assembly. The Treasurer reports monthly to the Oregon Investment Council.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
Pennsylvania	The Pennsylvania Public Employee Retirement Commission (created in 1981)	<ul style="list-style-type: none"> • Issues actuarial notes on proposed pension legislation and for studying public system policy. • Administers the actuarial valuation reporting program for municipal retirement systems, which entails monitoring and enforcing compliance with the statutorily mandated actuarial funding standard. • Certifies annual municipal pension cost data used in allocating the General Municipal Pension System State Aid money of over \$129 million. • Administers the Financial Distressed Municipal Pension Recovery Program.
	Governor and the Legislature	<ul style="list-style-type: none"> • Reviews the Comprehensive Annual Financial Report and fiscal notes for proposed legislation.
Rhode Island	Governor and General Assembly	<ul style="list-style-type: none"> • Reviews the annual report containing a financial balance sheet, a statement of income and expenditures, a valuation balance sheets as prepared by the actuary, a detailed statement of investments acquired and disposed of during the year, and such other statistical data as are deemed necessary for a proper interpretation of the condition of the system and the results of its operations.
South Carolina	Governor and Legislature (House ways and Means and Senate Finance Committees)	<ul style="list-style-type: none"> • Receives annual reports showing the fiscal transactions of the system for the preceding year, the amount of the accumulated cash and securities of the system and the last balance sheet showing the financial condition of the system by means of an actuarial valuation of the contingent assets and liabilities of the system.
South Dakota	Governor and Legislature (Retirement Laws Committee in the House and in the Senate) State Auditor	<ul style="list-style-type: none"> • Studies pension and annuity benefits laws. • Reviews all proposed legislation affecting the retirement system and reports to the Legislature. • Reviews annual financial reports and special reports if investment performance is below average.
Tennessee	The Tennessee Council on Pensions and Insurance	<ul style="list-style-type: none"> • Develops and recommends standards and policy relating to pensions and insurance for the state and local governments with Tennessee. • Conducts surveys and studies. • Recommends changes in state law as deemed necessary.

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
		<ul style="list-style-type: none"> • Reviews and recommends actions on legislation presented to the General Assembly that impacts pension and insurance matters.
Texas	The Texas State Pension Review Board (established in 1979)	<ul style="list-style-type: none"> • Conducts a continuing review of all public retirement systems within the state, compiling and comparing information about benefit structures, financing, and administration of systems. • Conducts intensive studies of existing or potential problems that weaken the actuarial soundness of public retirement systems. • Provides information and technical assistance to public retirement systems, their members, the political entities which sponsor them, and the public. • Recommends policies, practices, and legislation to public retirement systems and their sponsoring governments. • Examines all legislation for potential effect on Texas' public retirement systems, overseeing the actuarial analysis process, and providing actuarial review when required by law. • Reports Board activities to the Governor and Legislature.
Utah	Governor and Legislature (Retirement and Independent Entities Committee)	<ul style="list-style-type: none"> • Reviews reports annually related to the contribution rates, premium rates, and any adjustments necessary to maintain the retirement systems on a financially and actuarially sound basis. • Reviews biennial actuarial investigations into the mortality, service, and other experience of the members, participants, beneficiaries, and covered individuals of each retirement system and actuarially value the assets and liabilities of each retirement system.
Vermont	Governor and Legislature (Government Operations and the Appropriations Committee of both houses of the Legislature)	<ul style="list-style-type: none"> • Reviews annual reports of fiscal transactions conducted during the year and the financial condition of the system. Legislative oversight is subject to The Government Operations and The Appropriations Committee of both houses of the Legislature.
Virginia	The Virginia Joint Legislative Audit and Review Commission (JLARC)	<ul style="list-style-type: none"> • Oversees policies. • Publishes periodic status reports, investment performance reports, and a Legislator's Guide to the

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State	Oversight Entities	Role and Responsibilities of Entities and/or Information Required
		retirement system.
Washington	Joint Select Committee on Pension Policy	<ul style="list-style-type: none"> • Studies pension issues, the retirement systems' funding status, and actuarial assumptions. • Makes findings and recommendations to the Legislature.
West Virginia	Governor and Legislature (House Pensions and Retirement Committee and the Senate Pensions Committee)	<ul style="list-style-type: none"> • Reviews fiscal notes are required for any bill that affects the retirement systems. • Reviews the annual reports showing the condition of the plans and certifying the amount of accumulated cash.
Wisconsin	Wisconsin Joint Survey Committee on Retirement Systems	<ul style="list-style-type: none"> • Makes recommendations on all legislation that affects retirement and pension plans after studying probable costs, actuarial effect, and desirability as a matter of public policy. The staff of the Legislative Council is also now responsible for preparation of the comparative study of major public employee retirement systems in the country.
Wyoming	Governor and Legislature (Legislative Service Office)	<ul style="list-style-type: none"> • Receives and reviews all actuarial reports, annual audit reports showing the financial status of the retirement system, and reports of proposed benefit changes and the projected cost of the changes to the system. • Reviews detailed reports of the fiscal affairs of the retirement system including receipts and expenditures and make recommendations for improving the retirement system's programs. • Reviews annual performance reports that provide a means of evaluation of the outcomes included in the retirement system's strategic plan.