



MISSOURI SENATE

JASON G. CROWELL
27TH District

June 24, 2010

TO: State Senators and Representatives
FROM: Jason Crowell

A State Retirement Investment Board – Is it Really Bad Public Policy?

During the last legislative session I sponsored pension reform legislation. While a number of issues were addressed in this legislation, the one that seems to have garnered the most attention was the proposed establishment of a state retirement investment board. The pushback on this proposal came primarily from organizations representing present and former elementary and secondary education personnel who labeled it bad public policy. With that in mind, let's examine the policy implications.

Is it bad public policy to:

- Consolidate functions at the state level with the objective of improving the long term investment return of state employee retirement plans?
- Establish an investment board consisting primarily of investment professionals who would have oversight responsibility for the investment of funds earmarked exclusively for providing retirement security to former state employees?
- Require that gubernatorial appointees to the investment board be subject to confirmation by the state senate before serving as board members?
- Stipulate that legislators and state elected officials could have no direct or indirect business relationships with the investment board while in office or for five years after leaving office?
- Give the state auditor unlimited authority to audit and publicly report on the financial activities and performance of the investment board?
- Subject the investment board to the state's sunshine laws?
- Allow for the investment expertise of such a board to be available, on a mutually agreed to basis, to retirement systems maintained by local units of government?

I would hope that those who are willing to give thoughtful consideration to my proposal would view none of these things to be bad public policy but instead to be reflective of best practices in the establishment of good public policy. I encourage all of you who are interested, and particularly the critics, to carefully read the state retirement investment board provisions in Senate Substitute for Senate Bill 714 as it existed at the end of the legislative session in May.

To the teachers and former teachers who are alarmed about this initiative, let me put your minds at ease. The state has no interest in claiming any financial responsibility for your retirement system. I wish you well in preserving your own future financial security – I think your time would be much better spent dealing with teacher issues rather than trying to keep the state from responsibly addressing its own problems.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Crowell".

Jason G. Crowell