

Report to Executive Committee

Purpose of Subgroup

A strategic planning "subgroup" was formed by the Executive Committee at the June meeting. The subgroup was charged with further defining and clarifying Representative Seaquist's proposal related to strategic planning. Members of the subgroup included Representative Conway, Representative Seaquist, Steve Hill, and Glenn Olson. The State Actuary served as a consultant to the Subgroup.

The group was asked to report back to the Executive Committee at the September meeting.

Recommendation to SCPP

The subgroup recommends that,

1. For the next two interims, the SCPP focus on **managing the future health of the retirement systems**.
 - a. During this interim (2009), the SCPP would focus on analyzing risks and establishing risk measures for the retirement systems.
 - b. During the next interim (2010), the SCPP would use the analysis to develop recommendations to the Legislature for managing those risks.
2. During the 2009 interim, the SCPP appoint a steering committee to provide input to the State Actuary on risk analysis and risk measures. The subgroup recommends that the SCPP invite representatives from House and Senate fiscal committees to participate on the steering committee. The intent of the steering committee is to provide input to the State Actuary and not to replace the SCPP as the venue for policy deliberations and decision-making.

The desired outcomes for this interim include:

- Educating legislators, legislative staff, stakeholders, and the public on the health of the retirement systems.
- Providing the Legislature with a more comprehensive analysis of the health of the retirement systems in light of the unprecedented investment losses of the last fiscal year.

Reasons for Recommendation

1. Managing the health of the retirement systems is the key to ensuring their long-term viability.
2. This issue ties into SCPP's core statutory duty to study the financial condition of the state pension systems, develop funding policies, and make recommendations to the Legislature.
3. This issue provides an opportunity for the SCPP to reach out to fiscal leadership and increase the Committee's credibility in the larger pension community.
4. Now is an opportune time to take up this issue since budget concerns are foremost on the minds of policy makers and fiscal leadership.