

SENATE BILL REPORT

SB 5146

As Reported By Senate Committee On:
Government Operations, February 13, 1997

Title: An act relating to state investment board membership.

Brief Description: Adding an additional member to the state investment board, representing a retired member of the teachers' retirement system.

Sponsors: Senators Winsley, Fraser, Roach, Anderson and Patterson.

Brief History:

Committee Activity: Government Operations: 1/28/97, 2/13/97 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: That Substitute Senate Bill No. 5146 be substituted therefor, and the substitute bill do pass.

Signed by Senators McCaslin, Chair; Anderson, Haugen, Horn, Patterson and Swanson.

Staff: Eugene Green (786-7405)

Background: The State Investment Board invests and manages the state's public trust and retirement funds. The board's investment policies and procedures are designed exclusively to maximize return at a prudent level of risk. However, in the case of the Department of Labor and Industries' accident, medical aid, and reserve funds, the board must establish investment policies and procedures designed to attempt to limit fluctuations in industrial insurance premiums and, subject to this purpose, to maximize return at a prudent level of risk. The board must prepare written reports at least quarterly summarizing its investment activities.

The State Investment Board must meet at least quarterly and consists of 14 members: one active member of PERS, one active member of LEOFF, one retired member of any state retirement system (all appointed by the Governor and subject to confirmation by the Senate); one active member of TRS, appointed by the Superintendent of Public Instruction and subject to confirmation by the Senate; one member of the Senate; one member of the House of Representatives; the State Treasurer; the Director of the Department of Labor and Industries; the Director of the Department of Retirement Systems; and five nonvoting members who are considered experienced and qualified in the field of investments. The legislative members shall serve terms of two years. All other members, except ex-officio members, serve terms of three years.

Summary of Substitute Bill: The member of the State Investment Board representing a retired member of any retirement system is rotated as follows: TRS, PERS, and LEOFF.

Substitute Bill Compared to Original Bill: The original bill permanently added a retired member of TRS to the State Investment Board.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: (original bill): The retired teachers should be guaranteed a place on the board.

Testimony Against: This will encourage the other groups to have their own representative, thus significantly increasing the size of the board.

Testified: Patty Van Der Broek, Ester Wilfong, Washington State Retired Teachers Association (pro); James F. Parker, Executive Director, State Investment Board (con).