

HOUSE BILL REPORT

HB 2365

As Reported by House Committee On:
Financial Institutions & Insurance

Title: An act relating to increasing the size of the state investment board.

Brief Description: Increasing the size of the state investment board.

Sponsors: Representatives Cooper, Benson, Bush, Anderson, Mulliken, Delvin, Alexander, Talcott, Esser and Pearson; by request of State Treasurer and Superintendent of Public Instruction.

Brief History:

Committee Activity:

Financial Institutions & Insurance: 2/5/02, 2/6/02 [DP].

<p>Brief Summary of Bill</p> <ul style="list-style-type: none">· The State Investment Board is expanded from 14 to 15 members.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass. Signed by 11 members: Representatives Cooper, Chair; McIntire, Vice Chair; Benson, Ranking Minority Member; Barlean, Cairnes, Hatfield, Mielke, Miloscia, Roach, Santos and Simpson.

Staff: Thamas Osborn (786-7129).

Background:

The Legislature created the State Investment Board (SIB) in 1981 to administer public trust and retirement funds. There are 14 members that serve on the board: one active member of the Public Employees Retirement System; one active member of the Law Enforcement Officers and Firefighters Retirement System; one active member of the Teachers Retirement System; the State Treasurer; a member of the state House of Representatives; a member of the state Senate; a representative of retired state employees; the director of the Department of Labor and Industries; the director of the Department of Retirement Systems; and five nonvoting members with investment experience appointed by the SIB.

Washington law requires that the SIB establish investment policies and procedures that are designed to maximize return at a prudent level of risk. The SIB manages 31 funds which total approximately \$54 billion.

Summary of Bill:

One member is added to the SIB, increasing total membership from 14 to 15. The new member must be an active member of the school employees' retirement system and will be appointed by the Superintendent of Public Instruction for a three year term, subject to confirmation by the senate.

The quorum requirement is increased from five to six voting members.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: This is a good bill that makes a necessary addition to the SIB. A member from the school employee's retirement system should be included insofar as this is the third largest segment of the state retirement system. The bill addresses the Governor's concerns that led to his veto last year. Compared to other states, the SIB currently has one of the largest memberships in the country.

Testimony Against: None.

Testified: Michael Murphy, State Treasurer; Ken Kanikeberg, Office of the Superintendent of Public Instruction; Doug Nelson, Public School Employees; and Ellie Menzies, School Employees International Union.

(Comments only) Jim Parker, State Investment Board.