

**MINUTES OF THE
HOUSE RETIREMENT AND INDEPENDENT
ENTITIES APPROPRIATIONS SUBCOMMITTEE Room
W030, House Building, State Capitol Complex February 5,
2009**

Members Present: Sen. Dan Lijenquist, Co-Chair
Rep. Mel Brown,
Co-Chair Sen. Jon J.
Greiner Rep. Brad M.
Daw Rep. Susan
Duckworth Rep. Neil A.
Hansen Rep. Wayne A,
Harper Rep. Brad G. Last
Rep. Merlynn T.
Newbold Rep. Stephen E.
Sandstrom Rep. Christine
F. Watkins

Members Absent Sen. Curtis S. Bramble
Sen. D. Chris Butters
Sen. Gene Davis Sen.
Brent H. Goodfellow

Staff Present: Mr. Benjamin N. Christensen, Policy Analyst
Mr. Danny Schoenfeld, Fiscal Analyst
Mr. Eric Weeks, Associate General Counsel
Ms. Cherri White, Committee Secretary

Note: A list of visitors and a copy of handouts are filed with the committee minutes.

Co-Chair, Representative Brown called the meeting to order at 7:10 a.m. and indicated that staff would present information to the committee regarding Utah State Retirement Systems.

Eric Weeks, Associate General Counsel, presented an overview of the contributory and non-contributory systems. (See handout on file) Mr. Weeks outlined the six participants in the system, Public Employees Non-contributory, Public Employees Contributory, Public Safety, Judges, Firefighters, and Governors and Legislators.

Ben Christensen, Policy Analyst, presented to the committee information regarding the non-contributory plan.

Danny Schoenfeld, Fiscal Analyst, presented information regarding the contribution rate.

Dan Andersen, Legal Counsel, Utah Retirement Systems, presented information regarding pension reform as it relates to the Utah Retirement Systems. (See handout on file) Issues discussed were the problems in continuing benefits as they have been, and issues related to cost, portability, choice, budgeting, and liability within the system. Mr. Andersen also indicated that

human resources individuals would need to be brought into the discussion while addressing these issues. A part of the goal of human resource management is the ability to attract and retain

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efficient and productive employees. Any changes made to the system would need to be evaluated with this idea in mind.

The next issue Mr. Andersen presented to the committee was regarding risk. The investment of contributions made to the system inherently has some risk. These risks include who is going to manage the fund, investment choices, and risk related to longevity of the members of the group.

Mr. Anderson went on to discuss hybrid retirement plans and how they would be perceived by future/perspective employees, retirees, current employees. Mr. Anderson went on to explain part of the problem regarded the interpretation of Utah law in regards to changes made to pension funds. One problem was the determination of the definition of "reasonably" as the law states "*Under the contractual view, state legislatures may reasonable alter the terms or modify the retirement system to improve it....Ellis v. Utah State Retirement Board 757P.2d 882, 886 [Utah App. 1988]*", additionally the issue of "improve" has similar problems as what improves for one group may or may not transfer to another group.

Mr. Andersen indicated that USRS isn't making any recommendations regarding changes, they are only bringing forth information as a place to begin discussions for making adjustments to the system, if desired by the committee. Some of the adjustments that could be considered include lowering or suspending the DC Contribution, extend the final average salary period, making COLAs discretionary, increasing the vesting period, put a minimum age condition on the 30 year benefit, among others.

At the conclusion of the presentation Co-Chair Brown indicated to the committee that Public Employees Health Plan representatives also had the same kind of presentation that they would to bring to the committee. He asked if the committee would be interested in hearing their presentation. The committee indicated that they would be interested, and the committee was informed they would then have a meeting the week of February 9-13, 2009, at 7 a.m. and an agenda would be forthcoming.

MOTION: Representative Daw moved to adjourn. The motion passed unanimously, and Co-Chair Brown adjourned the meeting at 8:07 a.m.

_ Senator Dan Lijenquist, Co-Chair

_ Rep. Mel Brown, Co-Chair