

ADDITIONAL WRITTEN COMMENTS

Submitted by Bill Moran

The following statement by Pat Robertson, executive director of PERS is her professional opinion: Director Robertson wrote PERS participants after the members of the Commission were announced saying, "As I have said in the past, we are not as well funded as we should be, however, adjustments have been made and time will right the ship."

Ms. Robertson seemingly is expressing her professional opinion, but it "lacks the facts" which surround this matter. Opinions are always interesting, but need to be considered in the overall measured factual context of the situation.

Let me begin by showing the past 10-year history of the PERS "unfunded actuarial accrued liability". The following table is taken from the June 30, 2010 PERS website and reflects the latest published data available:

SCHEDULE OF FUNDING PROGRESS

(\$ Thousands)	(1)	(2)	(3) Percent Funded	(4)	(5) Annual Covered	(6)
Plan Year Ended	Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	(1)/(2)	Unfunded AAL (2) – (1)	Payroll	AAL as a Percentage of Covered Payroll (4)/(5)
06/30/01*#	\$16,191,631	\$18,494,207	87.5%	\$2,302,576	\$4,112,238	56.0%
06/30/02*	16,823,185	20,180,347	83.4	3,357,162	4,220,539	79.5
06/30/03#	16,979,457	21,485,838	79.0	4,506,381	4,431,600	101.7
06/30/04*	17,103,285	22,847,260	74.9	5,743,975	4,617,273	124.4
06/30/05#	17,180,705	23,727,098	72.4	6,546,393	4,786,280	136.8
06/30/06	18,321,063	24,928,464	73.5	6,607,401	4,971,974	132.9
06/30/07#	19,791,564	26,862,636	73.7	7,071,072	5,196,295	136.1
06/30/08*	20,814,720	28,534,694	72.9	7,719,974	5,544,705	139.2
06/30/09*#	20,597,581	30,594,546	67.3	9,996,965	5,831,864	171.4
06/30/10*	20,143,426	31,399,988	64.2	11,256,562	5,763,556	195.3

Column (4) of the above table shows an unfunded liability (UAAL) of \$11,256,562,000. Annual trending of this amount since 6/30/2001 shows approximately \$1,000,000,000 of increase. (\$2.3 billion in 2001 to \$11.3 billion in 2010). As you know, the market meltdown occurred in 2008. To put this into perspective, this amount (\$11.3 billion) is approximately double the size of the entire state of Mississippi annual operating budget as approved by the Governor and Legislature each year.

With this negative trend for the past ten years, I strongly question the reasonableness of Ms. Robertson's statement that "adjustments have been made and time will right the ship". How does she support this opinion with data? Further, I ask the Study Commission to carefully examine the reasonableness of "Assumptions" used in the actuarial accounting methodology by PERS. Historical data shows several of these assumptions to be significantly over-optimistic

Further, I am concerned about the opinion expressed in the NEMS Daily Journal today, September 13, 2011, which states the following quote from outgoing Speaker Billy McCoy: . My admonition is, "Don't tamper with PERS. Tell future politicians and Wall Street bankers to keep hands off of our retirement funds."

The current system for filling the PERS Board of Trustee positions is primarily election of representatives from member groups of PERS. Some exceptions exist, but certainly a minority of representation. The elected members are primarily accountable to the members who chose them for representation. Of course they have a responsibility to ensure compliance with established regulations for the PERS program. I believe this Board of Trustees should be filled with individuals who have the technical expertise required as a competency and free of the pressures of "being elected" by their peers. Certainly I do not question the honesty and integrity of current members, but encourage the PERS Commission to reevaluate the board composition for strengthening the over-sight of the program.

My impression is that the "can has been kicked down the road" for many years. The can is currently \$11.3 billion in size, and is growing at about \$1 billion per annum. No one wants to see premium increases by employees and employers. Further, no one wants to see benefit cuts. I salute Governor Barbour for formation of this PERS Study Committee. Continuing to "kick the can down the road" is not a long-term sustainable strategy. PERS is a very deep financial hole, and it is time to stop digging. If the digging has stopped, and recovery is happening, then let's see the facts which support that belief by Pat Robertson and Speaker McCoy.

**Submitted by Emily M. McNeil, CPA
Mississippi Office of the State Auditor**

I will be unable to attend the public form tomorrow, so I am emailing my form today.

If I were able to attend tomorrow, I would tell you that I left the private sector and took a pay cut in order to come to work for the state. I was willing to do so because of the state retirement system. I know of other people who have also done the same thing. If the current benefit structure is changed to the detriment of state employees you will see a mass exodus of qualified people. The ones left will be those that cannot find employment elsewhere. I would venture to say that you might have people leave Mississippi entirely if PERS is changed, in order to find higher paying jobs.

I mean this in no disrespect to any state employees, but the majority of new hires (straight out of college) are ones who didn't get job offers from anyone else. It's hard to compete with the private sector in terms what salaries we can offer. One of the benefits of state service that we can currently tout is the retirement system. If you take that away from us, we are left with not

much bargaining room. I speak in terms of my office, who compete with public accounting firms for college graduates. We cannot come anywhere close to what most accounting firms can offer salary wise. What we can do is explain the retirement system and how that is a benefit that will pay for itself in the future, and hope that we are interviewing people who have the foresight to understand that it might be worth sacrificing a higher salary on the front end for a defined benefit plan in retirement.

My main concern is what will happen to the quality of the state workforce if the PERS benefit structure is changed. I know that I, and many of my co-workers would be very reluctant to stay here if PERS is changed. It is important to the state that we have qualified people, especially in the agencies that deal with our state's finances.

**Submitted by Katrina Castilaw
Copiah-Jefferson Regional Library**

Although I realize there are some logistical problems with this option, I personally would like an 'opt out' option on the retirement system with the caveat that all my personal funds that have been invested in the fund be returned to me with appropriate interest AND that my employer be appropriately compensated for their contributions to the system. While listening to a local talk radio station about 6 months ago, I heard a caller express a similar desire for this option.

Continual increases in the contribution rates for either the employee or the employer will only have negative consequences for employees' personal financial situations and the public library's financial situation.

Thank you for your consideration of this situation.

**Submitted by Debbie Kelner
MS Gulf Coast Community College**

As a community college instructor, I will be at work during the public hearing. However, I would strongly urge the commission to leave PERS alone. We, the members, do not want our public retirement system to be handed over to private financial analysts like the ones the governor to hire to "study" PERS. The governor appears to be using the economic situation as an opportunity to turn PERS into another business opportunity for friends. This is NOT in the interest of the public employees of MS.