

# Public Employee Retirement Plan Changes:

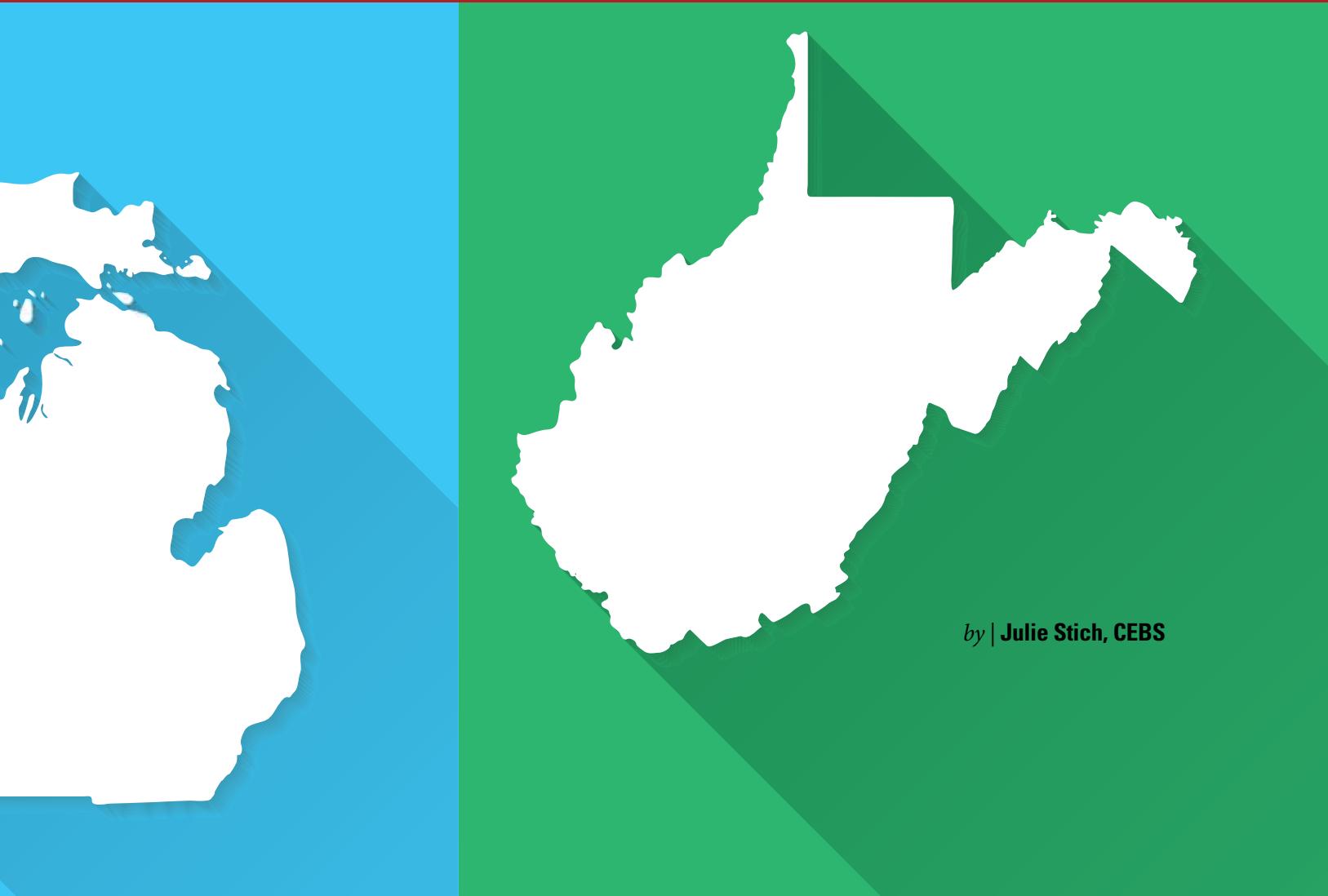


## Did Results Match Expectations?

Faced with growing, unfunded pension liabilities and/or poor plan management, many public retirement systems have made changes. This article about approaches taken by Michigan, Alaska and West Virginia is an excerpt from the International Foundation's forthcoming research on state retirement systems.



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by | Julie Stich, CEBS

Traditionally defined benefit (DB) pension plans have played an important role in the retirement security of public employees. Their wages are lower, on average, than those of private sector workers, with the trade-off being more substantial benefits and pensions. But, over time, demographic and economic changes have created challenges for public employee retirement systems, resulting in strategic discussions and systemic changes.

The International Foundation research team studied retirement systems of three states—Alaska, Michigan and West Virginia—to better understand:

- How plan changes have affected the retirement security of employees
- Why changes were made
- The consequences of these changes, both intended and unintended.



## Michigan State Employees' Retirement System

In December 1996, a new state law created a mandatory defined contribution (DC) plan for state employees hired after March 31, 1997. Michigan was the first U.S. state to switch to a mandatory DC plan for new state employees.

### Background

In the mid-1990s, the investment market was doing well. Michigan's DB plan for state employees was well-funded and, because of the boom, individual investors were confident in investing on their own. It seemed impossible for any investor to make a misstep. DC retirement plans were increasingly being offered in the private sector. Broadly, the American workforce was becoming more mobile, and job-hopping was becoming more the norm than the exception. At the same time, Michigan's executive office was run by a strong, charismatic, conservative Republican governor.

### Reasons for Change and Expectations

While the state was in good shape financially and the stock market was going strong, the governor and state treasurer were looking forward.<sup>1</sup> They shared concern about the state budget overall and, specifically, about the long-term sustainability of the DB pension plan and the rising costs of the pay-as-you-go retiree health care system. Both wanted to cut costs, reduce debt and protect the state from future liabilities. An analysis of the state workforce showed nearly half of state workers didn't stay employed with the system for the ten years required to

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vest in the DB plan; they did not receive any benefits.<sup>2</sup>

Ideologically, the governor and treasurer believed DC plans were the answer. They thought that with this type of plan the state could achieve long-term sustainability, reduce debt and shift liabilities from taxpayers to employees, while maintaining an equivalent retirement benefit. DC plans, seen as less expensive and more predictable, would help the state save money and better plan for the future, they thought. Additionally, the retirement benefit would be portable, alleviating vesting and short-term employment challenges.

In December 1996, a bill passed largely along partisan lines created a mandatory DC plan for state employees hired after March 31, 1997.<sup>3</sup> Existing employees were given a four-month window to choose if they wanted to stay in the DB plan or switch to the new DC plan. The state expected 7,000 to make the switch.

### Results

- Only 3,500 (6%) of 55,000 eligible existing employees switched from the DB to the DC plan (1,400 vested and 2,100 nonvested), half of what was expected.

- Investment volatility during the early 2000s and again during 2008-2009 impacted employees' DC plan accounts and future retirement security.
- Costs and unfunded liabilities rose in the DB plan:
  - With no new employees entering the plan, the plan saw a loss in contributions.
  - The market downturns impacted assets in the DB plan.
  - An early-retirement incentive window, offered in 2002-2003 and taken by 8,000 employees, sharply raised costs.

Anecdotally, state employees:

- Believe they can change jobs and retain some benefits without lengthy vesting periods
- Find the DC plan provides better benefits than DC plans provided by other Michigan employers
- Feel in control of their own investments and finances
- See lower DC account balances due to investment losses
- Have to work longer to make up for investment losses.

### DC Plan

The state reports being committed to a robust DC plan. Design features

include automatic enrollment, participant education, an after-tax Roth option, low fees, the availability of brokerage accounts, a dollar-for-dollar match up to 3% of salary deferred and a 4% employer contribution. The plan has a high participation rate (85.5%), and fewer than 10% of employees opt out after being automatically enrolled.

### **Effects on Recruitment and Retention**

The compensation and benefits (including the DC plan) of state employees are competitive with those being offered in the private sector. However, Michigan suffered its so-called “lost decade” from 2000 to 2010: Wage and salary employment declined annually and the state’s population declined. The state attributes any recruitment or retention challenges to those economic difficulties rather than to the change from a DB to DC plan. The state remained the one Michigan employer still hiring.

The state has not documented any direct correlation between employee retention and the DC plan. Anecdotally, it reports more younger employees working for the state. In the 2000s, the state’s average years of service was 13.4; that number fell slightly to 12.8 in 2013.<sup>4</sup> In the past two decades, the state has seen a gradually increasing turnover rate (6.4% in 1985, 5.1% in 1995, 5.4% in 2005 and 9.0% in 2014).<sup>5</sup>

### **2011 State Law Requires Employee Contribution to the DB Plan**

In December 2011, the state passed a law giving employees in the DB plan a choice: They had to contribute 4% of their compensation into the plan to remain active in it or freeze their DB pension benefit and continue service under the DC plan.<sup>6</sup> Lawmakers believed employee contributions were necessary to meet long-term obligations. Of the 17,800 eligible employees in the DB plan, over 95% (17,200) chose to make the 4% contribution and stay in the plan.<sup>7</sup>

The 2011 law’s constitutionality was challenged. The mandate that workers contribute 4% of their earnings to a fund that pays for benefits reduces the pay of classified civil servants. The plaintiffs argued the legislature cannot regulate civil service employees’ conditions of employment or compensation rates; only the state’s Civil Service Commission has that authority.

On July 29, 2015, the Michigan Supreme Court ruled that the 2011 law is constitutional. According to the majority

opinion, when the state constitution was ratified in 1963, the term *compensation* was not understood to include pensions or other fringe benefits.<sup>8</sup>

Throughout the appellate process, the state continued to collect the 4% employee contributions for the DB plan.

### **Now and the Future**

It appears the DC plan will remain the primary plan for most Michigan state employees for the immediate future. There have been no bills or far-reaching attempts to change the state retirement system back to a DB plan for all. Michigan’s executive branch and legislature currently are in Republican hands.<sup>9</sup> According to those interviewed, a change back to a DB plan seems unlikely. There is always a chance that discussions may arise regarding hybrid plans, but no one sees that happening in the near future. The state retirement system continues to consider enhancements in the DC plan design.<sup>10</sup>

The DB plan funding ratio as of December 31, 2013 was 60.3%.<sup>11</sup>



### **Alaska Public Employees’ Retirement System (PERS)/Teachers’ Retirement System (TRS)**

In 2005, the Alaska state legislature approved a bill creating a new 401(a) DC plan for state employees and teachers hired after July 1, 2006. New employees were automatically enrolled into the DC plan. Existing employees not yet vested in the DB plan were given a 12-month window to opt into the DC plan. Alaska’s teachers and state employees do not participate in the federal Social Security system; some but not all local government employees do participate in Social Security.

### **Background**

While Alaska receives some federal funding, nearly all state revenues—and whether and how the legislature spends

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## takeaways

- To cut costs, shift risks away from the government and try to improve retirement income security, as well as for ideological reasons, states have made changes in their state employee retirement plans.
- Despite a belief that a move away from a DB plan to a DC plan that is mandatory for new hires would improve funding levels of the existing DB plan, those funding levels actually have worsened.
- Unlike in Michigan and Alaska, legislators in West Virginia eventually reverted to a DB plan for all state employees. Because of state funding efforts, the plan is on track to be 90% funded in about 20 years.
- In the three states discussed in this article, challenges other than the retirement plan apparently have impacted recruitment and retention of state employees more than the retirement plan.

money—are highly dependent on oil revenues.<sup>12</sup>

In the early 2000s, the stock market was volatile, impacting investments. Oil prices had dropped, severely impacting Alaska's revenues. The state faced budget constraints. Nationally, there was interest in DC plans, privatization, Social Security private accounts and an "ownership society" under the George W. Bush administration.

During this time, a routine actuarial valuation of the state DB plan uncovered faulty actuarial advice about projected retiree health care costs.<sup>13</sup> The state made contribution changes in 2003 based on new recommendations.

### **Reasons for Change and Expectations**

Because of investment losses and the faulty actuarial advice, 2003 saw a drop in the plan funding level from roughly 100% to 70%. The plan's unfunded liability was \$5 billion. That change caught the state legislature's attention. A \$3.5 billion operating budget and budget constraints due to low oil revenues meant the legislature was limited in how much extra money the state could vote to contribute to the plan.<sup>14</sup>

- Retiree health care costs continue to grow.
- As a result, the state has found it necessary to increase its contributions to the DB plan.
- The recession negatively impacted DC account balances.

### **DC Plan**

The state reports being committed to providing a strong DC plan. The plan has a combined employer/employee contribution rate of 13% of pay. Vesting is short—Employees must work two years to receive partial employer contributions and five years for all employer contributions. The system provides automatic enrollment and participant education, including group and one-on-one sessions at worksites and via WebEx for remote locations.

### **Effect on Recruitment and Retention**

No hard data is available on how the plan change has impacted recruitment. Some individuals involved think the portability of the plan is appealing; others do not. Alaska's small and transitional workforce means constant recruiting from both within and outside the state.<sup>15</sup> As with Michigan, during the recession the state was the only employer hiring.

There is limited retention data available. The state Department of Administration has tracked individuals who hired into the DB and DC plans to see how many continue to be employed and covered in the retirement system. Analysis comparing fiscal year 2007 with fiscal year 2014 shows a retention rate of 30.8% in the DB plan and 29.1% in the DC plan. The small percentage point difference isn't definitive.<sup>17</sup>

### **Results**

- Rather than falling, the DB plan's unfunded liability grew.
  - The plan was closed to new participants.
  - The plan lost about 20% of its asset value in 2009 due to the market downturn.

### **Now and the Future**

Alaska teachers and state employees do not participate in the Social Security system. State employees have a replacement plan, to which the employee and the state each contributes 6.13% of salary, for a total contribution of 12.26%. Teachers, however, are not included in this plan.<sup>18</sup>

As of June 30, 2013, PERS' funding ratio was 54.5%.<sup>19</sup> In 2014, the state legislature approved an additional \$3 billion contribution into the DB plan (\$1 billion into TRS and \$2 billion into PERS) from the state budget reserve fund to partially offset the unfunded liability. The law also changed the plan's assumption rate and amortization period.<sup>20</sup>

As early as 2007, some legislators sought a return to the DB plan by proposing legislation that would open the DB plan to all existing state employees and teachers and would call for new employees to be enrolled in the DB plan. Other bills have called for the creation of a hybrid plan. Often these bills have not even received a hearing, but one bill had three hearings during the 2013-14 legislative session.<sup>21</sup> Two bills have been introduced in the current 2015-16 session.<sup>22</sup> Experts are uncertain whether any legislation will pass. Legislators continue to be concerned about costs, risks and the state's fiscal situation. Getting legislation passed would be challenging with a Republican-controlled legislature and, if a bill were to pass, it would more likely involve creating a new hybrid plan rather than a return to a straight DB plan.



### **West Virginia Teachers' Retirement System (TRS)**

In 2005, the West Virginia legislature passed a law returning TRS to a DB plan, with mandatory enrollment for all employees hired as of July 1, 2005.

### **Background**

In 1941, the TRS started a DC plan for retirement savings. The benefits provided under the plan were shown to be insufficient, and teachers began lobbying for additional benefits. More benefits were added under the plan, including a guaranteed benefit, and it began to resemble a DB plan. In the 1960s, the system formally changed to a DB plan.

From the creation of the DB plan through 1991, the system relied on a pay-as-you-go approach; there was no actuarial funding of the plan. In fact, employer contributions were rarely, if ever, made. The system paid infrequently for

actuarial studies or reports to show the status of the plan. The state itself was poorly managed financially. In 1991, the state was in financial trouble with debts amounting to \$400 million. TRS had approximately \$300 million in assets and \$5 billion to \$7 billion in liabilities. The plan's funding level was 9%. The state admitted it was unlikely to make the contributions needed to put the plan on firmer footing and wanted to cap the ever-increasing liabilities.<sup>23</sup>

In 1991, the state closed the DB plan to new hires. They were placed instead into a new mandatory DC plan. Current employees could switch from the DB plan to the new DC plan. In making the switch, the state expected DB plan liabilities to be capped and then lowered because no new employees would enter the plan. Officials hoped the lower liabilities would allow them to shore up the plan and alleviate the state's fiscal woes. At the same time, they hoped to provide a better retirement for employees, since the DB plan was so poorly funded.

Many current employees switched from the DB to the DC plan, fearing the DB plan would never be able to pay their promised benefits. And, as in Michigan and Alaska, DB plan costs and liabilities did not go down.

The DB plan was changed to actuarial funding after 1991. During its 1994-95 session, the state legislature passed a law requiring the DB plan to be fully funded within 40 years.<sup>24</sup> Since then, the state annually has made the actuarially required contributions (ARCs) as well as "makeup" contributions to fix the shortfalls. The DB plan is also contributory—Participants contribute 6% of salary.

The new DC plan required a 4.5% participant deferral, and the state contributed 7.5%. Even with the employer contribution, the DC plan was not very strong. The plan did not allow employees to increase their deferral rate, even if they wanted to. While the lower rate of 4.5% initially was attractive to employees because they saw more money in their paychecks, the low rate led to low account balances. The problem was exacerbated by poor investment options and decisions. The plan limited the number of investments offered to participants and provided very little investment education. Most participants chose conservative investments. Despite that, the dot-com bust in the early 2000s negatively impacted account balances, especially those of longer tenured and older employees who had switched from the DB plan. By 2005, the average DC account balance was \$39,944. It was even worse for participants aged 60 and over, at \$23,193. In contrast, the annual DB benefit was \$29,777.<sup>25</sup>

### **Reasons for Change and Expectations**

By 2005, lawmakers were very concerned. Would employees be able to retire securely, or would they instead drain public assistance? Would the state be able to recruit and retain skilled teachers?

An actuarial valuation performed for the state showed the DB plan cost the state less than 4% per participant. The valuation concluded it would be cheaper to have participants in the DB plan rather than the DC plan, keeping in mind the 6% employee contributions into the DB plan.<sup>26</sup>

In 2005, the state passed a law making the existing DB plan mandatory for all new hires.<sup>27</sup> The state attempted to transfer all DC plan participants into the DB plan, but some resisted, filed a lawsuit and won their case. In 2008, the legislature passed a law giving DC participants a one-time chance to transfer voluntarily to the DB plan.<sup>28</sup> Those who chose to do so would have to pay additional money into the plan to make up for the employee contribution discrepancy of 1.5% (4.5% DC plan rate versus 6% DB plan rate). The law required that 75% would need to transfer before it could go into effect.

### **Results**

- 78% of DC plan participants chose to transfer into the DB plan.
  - 4,000 participants remain in the DC plan.
  - The state made changes to the plan's investment policy and amortization. These changes, along with steady contributions, have made the DB plan much better funded.
  - Participants will receive a guaranteed adequate retirement in-
- come and can better plan for the future by using the clearly stated DB formula.

### **Effect on Recruitment and Retention**

No firm data is available showing a correlation between the plan and recruitment or retention. The state has recruitment and retention challenges because of low salaries and regional competition for good teachers.<sup>29</sup>

### **Now and the Future**

- For employees who were in the DB plan before July 1, 1991, the state contributes an additional 15% of salary. For those hired after July 1, 2005 or who transferred into the DB plan from the DC plan, the state contributes an additional 7.5%.
- The DB plan is better funded.
  - The state is halfway through its 40-year DB funding plan. The legislature votes annually to make the ARC and pay an additional \$300 million to \$400 million in makeup contributions.
  - When the state received money from the Tobacco Master Settlement Agreement, it contributed over \$800 million of that money to the plan.<sup>30</sup>
  - As of July 1, 2014, the plan is 66% funded.<sup>31</sup>
  - The plan is on track to be about 90% funded at the end of the 40-year period.<sup>32</sup>
- DC plan participants have not been allowed to transfer into the DB plan since the close of the original transfer window. A bill is introduced each legislative session to open a new transfer win-

dow, but the bill always fails, likely due to the costs that would be involved.

- There is no serious talk about changing back to a DC plan; all involved report being committed to a strong DB plan.

### **Lessons Learned**

The International Foundation analysis shows that while retirement system changes for these three states differed, the reasons for the changes are similar:

- Fiscal concerns
- Risk aversion
- Retirement income adequacy
- Politics/ideologies.

According to stakeholders in all three states, employees' retirement security was and is the ultimate goal. They do not all agree on the best type of plan to achieve that security and, in some cases, the debate continues. All agree that plan sponsors should be dedicated to providing the best plan possible in order to help people reach a secure and dignified retirement.

The International Foundation analysis is based on a mix of publicly available reports and documentation as well as personal interviews with stakeholders. Watch for a full report, *Public Employee Retirement Plan Changes: Expectations and Results*, to be published by the International Foundation in 2016. ◀

### **Endnotes**

1. Governor John Engler served three terms as Michigan's governor (1991-2003). Douglas B. Roberts was appointed by Engler to serve two terms as Michigan State Treasurer (January 1991-November 1998 and April 2001-December 2002). The Michigan state treasurer position is appointed, not elected as it is in most states. The state treasurer also serves as sole fiduciary for the state pension plans.

2. Interview with Douglas B. Roberts, April 10, 2014.

3. Michigan Public Act 487 of 1996, available at [www.legislature.mi.gov/\(S\(inatypjns0clsffolng0wk\)\)/mileg.aspx?page=GetObject&objectname=1996-HB-6229](http://www.legislature.mi.gov/(S(inatypjns0clsffolng0wk))/mileg.aspx?page=GetObject&objectname=1996-HB-6229).

4. Interview with Janet McClelland, acting director, Michigan Department of Civil Service, April 24, 2014. McClelland retired from the Department of Civil Service in December 2014 and currently is serving as a governor-appointed commissioner on the Michigan Civil Service Commission.

5. *Thirty-Fifth Annual Workforce Report*, Fiscal Year 2013-2014, State of Michigan Department of Civil Service, Table 3-4, pages 3-26-3-27, available at [www.michigan.gov/mdcs/0,4614,7-147-6879\\_9329\\_48076-319562--,00.html](http://www.michigan.gov/mdcs/0,4614,7-147-6879_9329_48076-319562--,00.html).

6. Michigan Public Act 264 of 2011, available at [www.legislature.mi.gov/\(Skwmaelbb5w3trsjhgcxcrbdz\)/mileg.aspx?page=GetObject&objectname=2011-HB-4701](http://www.legislature.mi.gov/(Skwmaelbb5w3trsjhgcxcrbdz)/mileg.aspx?page=GetObject&objectname=2011-HB-4701).

7. "Court Rejects Changes to State Workers' Pensions," David Eggert, Associated Press, August 14, 2013, available at <http://detroit.cbslocal.com/2013/08/14/court-rejects-changes-to-state-workers-pensions>. Interview with Phil Stoddard, director, Office of Retirement Services, State of Michigan Retirement Systems, who confirmed that 290 employees defaulted to the DC plan because they made no election and 310 employees chose not to make the contribution, so they instead moved from the DB to the DC plan (total 600), April 8, 2014.

8. *Michigan Coalition of State Employee Unions v. State of Michigan*, Michigan Supreme Court, Docket No. 147758, argued January 13, 2015, decided July 29, 2015; available at <http://courts.mi.gov/Courts/MichiganSupremeCourt/Clerks/Recent%20Opinions/14-15-Term-Opinions/147758-Opinion.pdf>.

9. Governor Engler was succeeded in office by two-term Democratic Governor Jennifer Granholm. Governor Rick Snyder, a Republican, has been in office since 2011. The Michigan Senate has had a Republican majority since the mid-1980s. The House has seen both Republican and Democratic majorities and currently is in Republican hands.

10. Stoddard interview, April 8, 2014.

11. Jon M. Braeutigam, Michigan State Employees' Retirement System Retirement Plan Review, presentation, March 19, 2015, page 5; available at [www.michigan.gov/documents/orsstatedb/2015\\_Investment\\_Report\\_484198\\_7.pdf](http://www.michigan.gov/documents/orsstatedb/2015_Investment_Report_484198_7.pdf).

12. Alaska has no state sales or individual income tax.

13. "Mercer's Little Alaska Problem," Gretchen Morgenson, *New York Times*, December 19, 2009, available at [www.nytimes.com/2009/12/20/business/20gret.html?\\_r=0](http://www.nytimes.com/2009/12/20/business/20gret.html?_r=0). "Mercer will pay \$500 million to settle Alaska pension lawsuit," *Pensions & Investments*, June 14, 2010, available at [www.pionline.com/article/20100614/ONLINE/100619959/mercier-will-pay-500-million-to-settle-alaska-pension-lawsuit](http://www.pionline.com/article/20100614/ONLINE/100619959/mercier-will-pay-500-million-to-settle-alaska-pension-lawsuit).

14. Interview with Mike Barnhill, deputy commissioner, Alaska Department of Administration (now policy analyst, Alaska Office of Management and Budget), June 13, 2014. Interview with Jesse Kiehl, legislative aide, June 27, 2014.

15. Alaska Senate Bill 141, available at [www.legis.state.ak.us/PDF/24/Bills/SB0141Z.PDF](http://www.legis.state.ak.us/PDF/24/Bills/SB0141Z.PDF).

16. There are two schools of thought on the DC plan and short vesting periods relating to Alaska's transitional workforce. Some individuals think Alaska is a training state currently seeing a "brain drain," especially among teachers and public safety officers. Having a DC plan with a short vesting period doesn't help. Others think the state has always had a transitional workforce; people come for their Alaskan adventure with little intention to stay permanently in the state. Therefore, a DC plan with a short vesting period is necessary. Interview with Lydia Garcia, executive director, National Education Association-Alaska, June 2, 2014. Barnhill interview, June 13, 2014. Interview with Kathy Lea, chief pension officer, Alaska Department of Administration, Division of Retirement and Benefits, July 24, 2014.

17. Lea interview, July 24, 2014.

18. The replacement plan is called the Alaska Supplemental Annuity Plan, available at <http://doa.alaska.gov/dop/employeeOrientation/retirement>.

19. State of Alaska Public Employees' Retirement System Actuarial Valuation Report as of June 30, 2013, Buck Consultants, August 2014, page 2, available at [http://doa.alaska.gov/drdb/pdf/pers/valuations/rpt063013-PERS\\_Final.pdf](http://doa.alaska.gov/drdb/pdf/pers/valuations/rpt063013-PERS_Final.pdf).

## bio



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20. Alaska House Bill 385 was signed into law in June 2014. The supplemental contribution was made in fiscal year 2015. Increased state contributions to the plan for fiscal year 2016 and beyond are based on a new 25-year amortization schedule, available at [www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20385&session=28](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20385&session=28).

21. Alaska Senate Bill 30, available at [www.legis.state.ak.us/basis/get\\_complete\\_bill.asp?session=28&bill=SB30](http://www.legis.state.ak.us/basis/get_complete_bill.asp?session=28&bill=SB30).

22. Alaska Senate Bill 88, available at [www.legis.state.ak.us/basis/get\\_bill.asp?bill=SB%20%202088&session=29](http://www.legis.state.ak.us/basis/get_bill.asp?bill=SB%20%202088&session=29); Senate Bill 83, available at [www.legis.state.ak.us/basis/get\\_bill.asp?session=29&bill=SB0083](http://www.legis.state.ak.us/basis/get_bill.asp?session=29&bill=SB0083); and its companion House Bill 90, available at [www.legis.state.ak.us/basis/get\\_bill.asp?bill=HB%20%202090&session=29](http://www.legis.state.ak.us/basis/get_bill.asp?bill=HB%20%202090&session=29).

23. Interview with Craig Slaughter, executive director and CEO, West Virginia Investment Management Board, June 13, 2014.

24. West Virginia Senate Bill 1000, available at [www.legis.state.wv.us/Bill\\_Text\\_HTML/1994\\_SESSIONS/RS/Bills/SB1000%20ENR.htm](http://www.legis.state.wv.us/Bill_Text_HTML/1994_SESSIONS/RS/Bills/SB1000%20ENR.htm).

25. Judy Ward, "State Plan Sponsor of the Year: A Lesson in Funding," *PLANSponsor*, March 2009, available at [www.plansponsor.com/ MagazineArticle.aspx?id=4294990027](http://www.plansponsor.com/ MagazineArticle.aspx?id=4294990027).

26. Ward. Interview with Joshua Sword, secretary-treasurer, West Virginia AFL-CIO, June 19, 2014. Interviews with Jeffrey E. Fleck, executive director, and Harry W. Mandel, board actuary, West Virginia Consolidated Public Retirement Board, August 1, 2014.

27. West Virginia House Bill 2984, available at [www.legis.state.wv.us/Bill\\_Text\\_HTML/2005\\_SESSIONS/RS/Bills/hb2984%20enr.htm](http://www.legis.state.wv.us/Bill_Text_HTML/2005_SESSIONS/RS/Bills/hb2984%20enr.htm).

28. West Virginia House Bill 101, available at [www.legis.state.wv.us/Bill\\_Text\\_HTML/2008\\_SESSIONS/1X/Bills/hb101%20enr.htm](http://www.legis.state.wv.us/Bill_Text_HTML/2008_SESSIONS/1X/Bills/hb101%20enr.htm).

29. Sword interview. Interview with David Haney, executive director, West Virginia Education Association, July 18, 2014. Interview with Anne Werum Lambright, managing attorney, Lambright & Knopp, August 26, 2014.

30. Slaughter interview. Chris Dickerson, "State completes \$807 million tobacco bond sale," *West Virginia Record*, June 14, 2007, available at <http://wvrecord.com/stories/510592316-state-completes-807-million-tobacco-bond-sale>.

31. [West Virginia] Consolidated Public Retirement Board (CPRB) Plan Statistics as of July 1, 2014, available at [www.wvretirement.com/Forms/2014Statistics.pdf](http://www.wvretirement.com/Forms/2014Statistics.pdf).

32. Sword and Haney interviews.