

Endnotes

Introduction

¹In May 2000, the Southern Office of The Council of State Governments, the Southern Legislative Conference (SLC), released a *Regional Resource* entitled “Recent Developments in State Retirement Systems in the Southern Legislative Conference (SLC) States.” This *Regional Resource* focused on emerging trends in the state retirement systems of the 16 Southern states belonging to the SLC by comparing retirement system data for 1992, 1997 and 1998. While noting that the performance of the U.S. economy had been most impressive in the years leading to the publication of this review, the *Regional Resource* also noted that state and local government retirement system portfolios had flowered at an unprecedented rate, too. The report then concluded that “[Y]et, it is important that policymakers continue to monitor the performance of these portfolios in the context of possible negative economic times in the future.” By March 2000, the stock market had reached its peak and had begun a downward trajectory that was to continue for the next three years. Furthermore, the economy began grinding to a halt and March 2001 signified the beginning of a recession, albeit short-lived, that continues to persist in the form of very sluggish job and government growth.

In an effort to revisit the issue of public retirement system trends, this October 2004 report draws heavily on the background section of the aforementioned May 2000 *Regional Resource*.

²*Baby Boomers’ Retirement Prospects*, page 3.

³*Ibid.*, page 4.

⁴The Congress of the United States, Congressional Budget Office (CBO), *Baby Boomers’ Retirement Prospects: An Overview*, November 2003, page 4.

⁵“Medicare and Social Security Challenges,” *The New York Times*, March 2, 2004.

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¹¹National Association of State Retirement Administrators, *Public Fund Survey: Summary of Findings*, August 2003.

¹²Wilshire Associates, Inc., *2003 Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation*, March 12, 2003 and *2004 Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation*, March 12, 2004.

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¹⁹“Budget Use of Pensions Sow Trouble in San Diego,” *The New York Times*, September 17, 2004.

²⁰There has been a spate of articles in media outlets across the country probing the financial status

of the nation's public retirement systems. This reporting has been particularly pronounced in the aftermath of the 2000-2002 stock market declines when the shriveling asset base of these retirement funds prompted all sorts of inquiries and analysis by a range of different investigative bodies and interested parties.

²¹U.S. Department of Commerce, State and Local Government Employee Retirement Systems, www.census.gov/govs/www/retire.html.

Chapter 1: History and Origins of Public Sector Retirement Systems

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²Raymond, Jeannine Markoe, Director of Federal Relations, National Association of State Retirement Administrators, presentation before the National Association of State Budget Officials (NASBO) fall meeting, October 8, 2004.

³"As Pensions Fade, Some Firms Try Hybrid Plans," *The Christian Science Monitor*, October 25, 2004.

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⁵Petersen, John, E., "Retirement Rage," *Governing Magazine*, July 2004.

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⁹"Some Cities Struggling to Keep Pension Promises," *The New York Times*, May 4, 2004 and Petersen, John, E., "Retirement Rage," *Governing Magazine*, July 2004. Unless specified, information on DROPs is based on these two articles.

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¹¹Kelleher, Walter, Senior Benefits Analyst, Florida Retirement System, "Board of Trustees or Retirement Boards of State Retirement Systems," 1997.

¹²Kentucky Retirement System, www.kyret.com.

Chapter 2: Sources of Retirement Income: Social Security, Private Savings and Corporate Pension Plans

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³For an extended discussion of the federal-state unemployment insurance program, see Sujit M. CanagaRetna, *Unemployment Insurance in a Diminishing Economy: Recent Trends in the Southern Legislative Conference States*, July 2002.

⁴Unless otherwise specified, details on the key elements of the Social Security program are drawn from the *2004 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*, Social Security Administration, March 2004.

⁵*Facts and Figures About Social Security*, Social Security Administration, www.ssa.gov.

⁶*Ibid.*

⁷*2004 Annual Report*, The Boards of Trustees of the Federal Hospital Insurance and Federal Supplementary Medical Insurance Trust Funds, March 2004 and "Medicare to Go Broke by 2019, Trustees Predict," *The New York Times*, March 23, 2004.

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¹⁰ *Ibid.*

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Chapter 3: Economic and Fiscal Variables Influencing Public Sector Retirement Systems

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Chapter 4: Analysis of Federal Government Data on Public Sector Retirement Systems

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⁶The federal data on state and local government retirement systems also includes information on the District of Columbia. In fact, the District of Columbia had the lowest number of participants, 11,604 members, in its retirement system in 2002.

⁷The following table provides the population in the 50 states and the District of Columbia on July 1, 2002.

Geographic Area	Population (July 1, 2002)	Geographic Area	Population (July 1, 2002)
United States	287,973,924	Missouri	5,669,544
Alabama	4,478,896	Montana	910,372
Alaska	641,482	Nebraska	1,727,564
Arizona	5,441,125	Nevada	2,167,455
Arkansas	2,706,268	New Hampshire	1,274,405
California	35,001,986	New Jersey	8,575,252
Colorado	4,501,051	New Mexico	1,852,044
Connecticut	3,458,587	New York	19,134,293
Delaware	805,945	North Carolina	8,305,820
DC	569,157	North Dakota	633,911
Florida	16,691,701	Ohio	11,408,699
Georgia	8,544,005	Oklahoma	3,489,700
Hawaii	1,240,663	Oregon	3,520,355
Idaho	1,343,124	Pennsylvania	12,328,827
Illinois	12,586,447	Rhode Island	1,068,326
Indiana	6,156,913	South Carolina	4,103,770
Iowa	2,935,840	South Dakota	760,437
Kansas	2,711,769	Tennessee	5,789,796
Kentucky	4,089,822	Texas	21,736,925
Louisiana	4,476,192	Utah	2,318,789
Maine	1,294,894	Vermont	616,408
Maryland	5,450,525	Virginia	7,287,829
Massachusetts	6,421,800	Washington	6,067,060
Michigan	10,043,221	West Virginia	1,804,884
Minnesota	5,024,791	Wisconsin	5,439,692
Mississippi	2,866,733	Wyoming	498,830

Source: U.S. Department of Commerce, Bureau of the Census, *Annual Estimates of the Population of the United States and States, April 1, 2000 to July 1, 2003*

⁸Once again, the percentage for the District of Columbia should be mentioned here (9 percent).

⁹The definition of revenues is extracted from U.S. Department of Commerce, Bureau of the Census, *State and Local Government Employee-Retirement Systems: Technical Documentation*, <http://www.census.gov/govs/www/retiretechdoc.html#special>.

Chapter 5: Analysis of Information in The Council of State Governments' Southern Office Survey

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Conclusion

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¹¹There has been a spate of articles in media outlets across the country probing the financial status of the nation’s public retirement system. This reporting has been particularly pronounced in the aftermath of the 2000-2002 stock market declines when the shriveling asset base of these retirement funds prompted all sorts of inquiries and analysis by a range of different investigative bodies and interested parties.

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