

## **PROPOSITION 100**

### **OFFICIAL TITLE**

#### **SENATE CONCURRENT RESOLUTION 1009**

PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING THE CONSTITUTION OF ARIZONA BY ADDING ARTICLE XXIX; RELATING TO PUBLIC RETIREMENT SYSTEMS.

### **TEXT OF PROPOSED AMENDMENT**

Be it resolved by the Senate of the State of Arizona, the House of Representatives concurring:

1. Article XXIX, Constitution of Arizona, is proposed to be added as follows if approved by the voters and on proclamation of the Governor:

#### **ARTICLE XXIX. PUBLIC RETIREMENT SYSTEMS**

##### **1. PUBLIC RETIREMENT SYSTEMS**

SECTION 1. A. PUBLIC RETIREMENT SYSTEMS SHALL BE FUNDED WITH CONTRIBUTIONS AND INVESTMENT EARNINGS USING ACTUARIAL METHODS AND ASSUMPTIONS THAT ARE CONSISTENT WITH GENERALLY ACCEPTED ACTUARIAL STANDARDS.

B. THE ASSETS OF PUBLIC RETIREMENT SYSTEMS, INCLUDING INVESTMENT EARNINGS AND CONTRIBUTIONS, ARE SEPARATE AND INDEPENDENT TRUST FUNDS AND SHALL BE INVESTED, ADMINISTERED AND DISTRIBUTED AS DETERMINED BY LAW SOLELY IN THE INTERESTS OF THE MEMBERS AND BENEFICIARIES OF THE PUBLIC RETIREMENT SYSTEMS.

C. MEMBERSHIP IN A PUBLIC RETIREMENT SYSTEM IS A CONTRACTUAL RELATIONSHIP THAT IS SUBJECT TO ARTICLE II, SECTION 25, AND PUBLIC RETIREMENT SYSTEM BENEFITS SHALL NOT BE DIMINISHED OR IMPAIRED.

2. The Secretary of State shall submit this proposition to the voters at the next general election as provided by article XXI, Constitution of Arizona.

#### **FINAL VOTE CAST BY THE LEGISLATURE ON SCR 1009**

House -	Ayes, 39	Senate -	Ayes, 21
	Nays, 16		Nays, 9
	Not Voting, 5		Not Voting, 0

### **ANALYSIS BY LEGISLATIVE COUNCIL**

**(In Compliance With A.R.S. Section 19-124)**

Proposition 100 would amend the Arizona Constitution to include specific rules that apply to public retirement systems in this state.

Public retirement systems are retirement systems and retirement plans with public employee members such as teachers, state, county and city workers, police officers,

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fire fighters, correctional officers, university and community college staff and faculty, judges and elected officials.

The rules for public retirement systems contained in Proposition 100 are consistent with current law and practices. This proposition would add the following rules to the Arizona Constitution:

1. Public retirement systems shall be funded with contributions and investment earnings using generally accepted actuarial methods and assumptions.
2. Assets of public retirement systems are independent trust funds.
3. Assets of public retirement systems shall be invested, administered and distributed solely in the interests of members and beneficiaries of the public retirement systems.
4. Membership in a public retirement system is a contractual relationship that shall not be hurt by any law.
5. Public retirement system benefits shall not be decreased or impaired.

### ARGUMENT “FOR” PROPOSITION 100

Statement in Support of S.C.R. 1009

On November 3, 1998 Arizona voters will have the opportunity to protect the rights of Arizona retirees and guarantee in the State Constitution the integrity of the Arizona State Retirement Systems. Your YES vote for Proposition 100 will put into law a constitutional protection for thousands of Arizona retirees as well as the retirement assets of future generations of Arizona workers. Proposition 100 is an idea whose time has come.

The people of this State should be justifiably proud of the Legislature’s management of the four State retirement systems. The participants in the systems include teachers and staff, state workers, police officers, firefighters, corrections officers, university and community college faculty and staff, judges and public officials. The retirees receive competitive pension benefits while current employees enjoy the financial security of pre-tax contributions to vested benefit accounts. The Arizona Retirement Systems are as actuarially sound as any in this country. I am proud to have successfully sponsored legislation to provide a cost of living increase to retirees consistent with both equity and sound accounting principles.

It is critical to this State that both current employees and retirees be guaranteed that their retirement benefits will not be impaired. The funds in these accounts do not belong to the politicians. The money belongs to the people who earned it! The Constitutional guarantee of Prop. 100 will protect those hard-earned assets. Please join me in voting YES on Prop. 100.

Marc Spitzer  
State Senator, District 18  
Phoenix

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ARGUMENT “FOR” PROPOSITION 100

We strongly support this proposed amendment because it provides a higher level of protection of the State’s four retirement systems.

Currently, the retirement systems are protected by statute and case law, which can be changed at any legislative session or at the whim of the courts. A constitutional amendment can only be changed by a vote of the people.

Experiences with retirement systems in other states has convinced us of the necessity for a constitutional amendment such as this.

This amendment will result in no additional cost to the taxpayers of Arizona.

In simplest terms, this amendment says funds in the retirement systems can be used only for what they were intended--to pay benefits to member retirees and beneficiaries and to pay for administering the funds.

This proposal is protection for the future.

This amendment is good public policy. Please vote YES on November 3<sup>rd</sup>.

Robert D. Bloom	Bev Cuthbertson	Barbara Matteson
President	Past President	Legislative Chair
Arizona Education Association-Retired	Arizona Education Association-Retired	Arizona Education Association-Retired
Executive Board	Executive Board	Executive Board
Mesa	Phoenix	Tucson

ARGUMENT “FOR” PROPOSITION 100

The retirees of Arizona State University, Northern Arizona University and The University of Arizona endorse the proposed amendment to the State of Arizona Constitution which will provide constitutional protection for public retirement systems and funds which are presently vulnerable to legislative whims.

The retired faculty, staff and administrators of the three state universities have loyally served the citizens of Arizona and have conscientiously contributed earnings to the state retirement systems. These contributions represent a good faith retirement plan which should be guaranteed through constitutional protection and not be subject to possible legislative appropriation for other purposes.

Other people who serve the public in our communities and state agencies--police officers, corrections personnel, firemen, teachers, appointed and elected public officials--also dedicate their lives to service, often at modest salaries. They, too, pay into state retirement programs during their working years and trust that these funds and programs will be safeguarded. Likewise, since there are also state appropriated monies in the retirement funds, the taxpayers of the state should be interested in protecting these programs from inappropriate uses.

In seventeen states public retirement funds have been used for other purposes. The current proposed amendment (SCR 1009) to the Arizona Constitution would protect the various state retirement systems and the funds of our public service people.

We encourage Arizona citizens to vote for SCR1009 on November 3, 1998.

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Signed on behalf of the State of Arizona University Retirees.

Harold C. White, President Arizona State University Retirees Association Tempe	George H. Williams, President Northern Arizona University Retirees Association Flagstaff	Francis J. Hammer, President University of Arizona Retirees Association Tucson
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### ARGUMENT “FOR” PROPOSITION 100

Statement of support for Proposition 100:

The Arizona Education Association, 30,000 teachers and school employees throughout Arizona, enthusiastically supports this amendment to the Arizona Constitution.

This measure would ensure the stability and safety of the funds in the state’s four retirement systems. The system currently in place must be corrected so it no longer allows bureaucratic malfeasance or oversight or political maneuvers to raid the fund or place the fund at unacceptable risk through inappropriate or foolhardy investment practices.

The money in these four funds represent the life savings of thousands of Arizona teachers, other school employees, as well as firefighters and public safety officers, state, county and municipal employees. These employees invest a given percentage of their salaries and the state matches the contribution of the employee. The interest on this investment, accumulated over a career is what retired employees depend on for their living expenses. For that reason, the fund must not be subject to political or bureaucratic uncertainties or misuse.

This measure clearly defines the fact that these funds must be invested in the interest of the members of the retirement funds, not to advance the political agendas of state officials or to cover for poor decisions on the part of state bureaucrats.

This measure provides some assurance that decisions made on behalf of the members of the retirement funds will be responsible and adequate.

This constitutional change will protect not only those currently contributing to the fund, but also those already retired.

We urge you to vote yes on Proposition 100.

Penny Kotterman, President  
Arizona Education Association  
Phoenix

Paid for by AzPAC; Penny Kotterman, Chair

### ARGUMENT “FOR” PROPOSITION 100

Proposition 100 places the Arizona Public Retirement Systems under the protection of the Arizona Constitution. Why is this important? In 17 states, they have misused retirement funds to balance state budgets. These are the retirement funds of police officers, teachers, fire fighters, college professors and prison guards. I do not want this to happen here. People on fixed incomes should be protected against government taking their pensions and using the money to pay for Government operations.

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Statutes can be changed at any legislative session; only a vote of the people can change our Constitution. Please vote yes on Proposition 100.

Ruth Solomon, State Senator  
Tucson

### ARGUMENT “FOR” PROPOSITION 100

#### PRO STATEMENT FOR S.C.R. 1009

This referendum will protect the Arizona public retirement systems by placing current laws within the Arizona State Constitution. No additional taxes are required by this measure.

At this time, the laws which govern the retirement systems can be changed at any Arizona State Legislative session. In at least 17 other states, public retirement systems have been misused to balance state budgets. We do not want that to happen in Arizona. There are at least eleven states which have added constitutional protection for their public retirement systems.

Arizona has four public retirement systems covered by state law. They are:

- 1. Public Safety Personnel Retirement Systems (PSPRS) which serves police officers and fire fighters.
- 2. Corrections Officers Retirement Plan (CORP) which serves correctional officers.
- 3. Elected Officials’ Retirement Plan (EORP) which serves judges and elected officials.
- 4. Arizona State Retirement System (ASRS) which serves state workers, college and university faculty and staff, and public school teachers and staff.

The additions to the state constitution are the same as the practices of the four state retirement programs and include current case laws about benefits obligations.

The provisions of the referendum are:

1. Requires the retirement systems to be funded with contributions and investments earnings using generally accepted actuarial methods and assumptions.
2. Defines the assets of public retirement systems as independent trust funds.
3. Requires assets be invested, administered and distributed solely in the interest of members and beneficiaries.
4. Establishes membership in a public retirement system as a contractual relationship, the obligation of which (benefits) cannot be impaired.

A yes vote will ensure keeping the Arizona State retirement systems among the best in the nation.

Josephine E. Bates, President  
All Arizona School Retirees  
Association  
Tempe

Dorothy Lisonbee, President-Elect  
All Arizona School Retirees  
Association  
Tempe

Paid for by Josephine E. Bates

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## ARGUMENT “FOR” PROPOSITION 100

### ARGUMENT FOR PROPOSTION 100

Proposition 100 is about two things: 1) protecting the owners of the pension systems (participating members), and 2) protecting the pocketbooks of the taxpayers.

Unfortunately, there are some unscrupulous people in the world who would have no qualms about absconding with pension money that does not belong to them. When these same people are elected to the state legislature, it presents a very real danger that they would spirit away pension fund monies to pay for pet projects and other state costs. This obviously wounds the members of the pension funds. This would also be irresponsible and patently unfair.

And how does this affect the taxpayer? Here’s an example: In the public safety retirement system, both employees and employers contribute to the pension fund. While an employee’s contribution rate is fixed, the employer’s contribution vacillates, depending upon the success (or lack thereof) of the fund. If this pension fund is raided, then the contribution rate for the employer is increased. That cost is passed along to the taxpayer, either directly or indirectly. Again, this is irresponsible and unfair.

Protecting these pension funds is the right thing to do for everyone in this state: Pension members and taxpayers alike. Let’s take care of ourselves by voting “YES” on PROPOSITION 100.

Christopher J. Medrea, President  
Professional Fire Fighters of Arizona  
Wickenburg

Tim Hill, Executive Vice President  
Professional Fire Fighters of Arizona  
Phoenix

## ARGUMENT “AGAINST” PROPOSITION 100

The Secretary of State did not receive arguments against Proposition 100.

**BALLOT FORMAT**

**PROPOSITION 100**

**PROPOSED AMENDMENT TO THE CONSTITUTION  
BY THE LEGISLATURE**

<p><b>OFFICIAL TITLE</b></p> <p>SENATE CONCURRENT RESOLUTION 1009 PROPOSING AN AMENDMENT TO THE CONSTITUTION OF ARIZONA; AMENDING THE CONSTITUTION OF ARIZONA BY ADDING ARTICLE XXIX; RELATING TO PUBLIC RETIREMENT SYSTEMS.</p>
<p><b>DESCRIPTIVE TITLE</b></p> <p>AMENDING ARIZONA CONSTITUTION TO ADD RULES FOR PUBLIC RETIREMENT SYSTEMS, INCLUDING: GENERALLY ACCEPTED ACTU- ARIAL METHODS AND ASSUMPTIONS SHALL BE USED TO FUND SYS- TEM; ASSETS ARE INDEPENDENT TRUST FUNDS; FUNDS ADMINISTERED SOLELY IN INTERESTS OF MEMBERS/BENEFICIA- RIES; CONTRACTUAL RELATIONSHIP CANNOT BE HURT BY LAW; BENEFITS SHALL NOT BE DECREASED OR IMPAIRED.</p>

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<p>A “yes” vote shall have the effect of adding rules to the Arizona Constitution relating to investment and administration of contributions and investment earnings in public retirement systems.</p>	<p>YES <input type="checkbox"/></p>
<p>A “no” vote shall have the effect of retaining the current law and not adding new rules applicable to public retirement systems to the Arizona Constitution.</p>	<p>NO <input type="checkbox"/></p>

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