



Commentary

FROM PAGE 2

Citizens are familiar with the “Tobacco Stops With Me” campaign that highlights the dangers of secondhand smoke, but fewer are familiar with the tens of millions spent on medical research and clinical trials at the OU Stephenson Cancer Center and the Oklahoma Center for Adult Stem Cell Research. Of note is that clinical research and treatment are listed as the first spending mandate in the state constitution. Prevention and cessation are listed second.

The last decade, smoking prevalence in Oklahoma decreased from 28.7

percent in 2001 to 23.3 percent in 2012. Oklahoma improves its rank from 47th to 39th among states for the percent of adults who smoke. Certainly, this has increased our citizens’ quality of life and reduced state spending on treating tobacco-related illness. While many would argue smoking prevention efforts have a point of diminishing returns, Oklahoma’s adult smoking rate still remains above the national average. Nonetheless, far fewer would argue that Oklahoma is investing enough in medical research and health care access to have reached such a point.

Few government programs ever deliver to citizens exactly as advertised. But TSET has done just that. The five health-related areas defined in the spending mandate are deserving and sufficiently broad to allow critical investment and board discretion based on evolving needs and outcomes. The recent announcement of a TSET grant to fund up to 118 OSU osteopathic physician residents in rural hospitals across the state is an excellent example that didn’t require a constitutional change. Oklahomans should stay the course with TSET.

Fees

FROM PAGE 1

and, Police negotiated a contract with a new manager for Large Cap Core investments, which cut those fees in half.

While combined fees for the seven plans increased over the year, returns dropped considerably across the board during the calendar year.

Teachers’ returns in 2013 were 24 percent, compared to 8.1 percent in 2014. Public Employees returns fell from 16.6 percent to 7.3 percent during the same time, and Firefighters went from 21.3 percent to 6.9 percent.

Details for fees and investment returns for each of Oklahoma’s public pensions

can be found on the charts on page 4.

National perspective

Nationally, public pensions earned average investment returns of between 3.2 and 3.4 percent during FY-15. Callan Associates, Inc. reports earnings of 3.2 percent for public plans with assets of more than \$1 billion, and The Wilshire Trust Universe Comparison Service reports earnings of 3.4 percent for public plans with more than \$5 billion in assets.

That compares to gross composite returns of 3.6 percent for Oklahoma’s plans with a total value of \$28.8 billion during FY-15.

With a newfound focus on the fees paid to gain those returns, some public pension fund trustees are asking the Securities and Exchange Commission (SEC) to require fund managers provide more transparency and more frequent reporting on fees and expenses. On July 22, a coalition of 13 state and municipal treasurers and comptrollers sent a letter to the SEC asking for increased transparency.

The National Association of State Treasurers (NAST) is currently drafting a statement requesting increased disclosure of fees associated with one particular type of investment –

SEE FEES PAGE 4

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