



Pennsylvania's Commission Continues to Probe the Value of Active Management

Pennsylvania's Commission was told at the September hearing regarding the PSERS and SERS probe that \$3.8 billion in investment fees have gone unreported.

The Commission in Pennsylvania that has been focusing on the management fees being paid by Pennsylvania's two largest public pension plans held the second of its three substantive hearings on September 20, 2018. The Commission plans to release a report containing its findings and recommendations later this fall.

We have previously discussed this subject in our Alerts "[PA Commission Scrutinizes Active Management of Public Pension Assets](#)," "[PSERS Takes Action to Reduce Fees Paid to External Investment Managers](#)," and "[Pennsylvania's Imminent Report on Investment Fees: What's Coming Next](#)."

At the Commission's [recent meeting](#), a University of Oxford professor told the Commission that \$3.8 billion in investment fees have gone unreported. Pennsylvania Treasurer Joe Torsella, the vice chairman of the Commission, called this a "staggering number." And Pennsylvania Auditor General [Eugene DePasquale said](#) that every "Pennsylvania taxpayer should be outraged that Wall Street money managers have been hiding billions of dollars—billions—in fees they've been charging us for a decade."

Frustration also arose regarding a perceived lack of cooperation from PSERS and SERS. One [witness commented](#) that PSERS and SERS have "significantly withheld" data, citing trade secret and confidentiality concerns. Treasurer [Torsella called](#) the lack of cooperation "deeply disturbing." Rep. Mike Tobash, the chairman of the Commission, [stated](#): "Openness and transparency are the key ingredients to develop the best public policies to improve people's lives." Pennsylvania Auditor General [Eugene DePasquale has previously testified](#) to a Senate committee that "we should know exactly why [the investment managers] got what they got."

But at least PSERS has pushed back against this criticism, [stating](#) through a spokeswoman that it has "cooperated with the Commission and Treasurer requests for information."

We will continue to monitor the proceedings and provide updates as warranted.



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