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STATEMENT BY THE HONORABLE ROGER W. MEHLE
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BEFORE THE
PRESIDENT'S COMMISSION TO STRENGTHEN SOCIAL SECURITY

Senator Moynihan, Co-Chairman Parsons, and Members of the Commission:

My name is Roger Mehle. I am the Executive Director of the Federal Retirement Thrift Investment Board and, as such, am the managing fiduciary of the Thrift Savings Plan, or TSP, for Federal employees. I welcome this opportunity to appear before the Commission on behalf of the Board.

The Commission has invited my testimony as part of its review of historical experience in administering portable personal accounts. Although the Board has no view regarding any proposals to change Social Security, given the possible approaches, our experience with the TSP may provide some useful information for the Commission in its deliberations. The relevant issues include plan structure, governance, record keeping, benefits, communications, and investments. I am pleased to describe how the TSP functions in each of these areas and to discuss how the Congress addressed important TSP issues in the Federal Employees' Retirement System Act of 1986 (FERSA), Pub. L. No. 99-335, 100 Stat. 514 (codified as amended largely at 5 U.S.C. §§ 8351 and 8401-8479).

The TSP is a voluntary savings and investment plan that provides a mechanism for Federal and Postal employees to accumulate capital for their retirement. It was enacted into law with bipartisan Congressional cooperation and support as part of FERSA. It offers employees of the Federal Government the same types of savings and tax benefits that many private corporations offer their employees under Internal Revenue Code section 401(k) retirement plans. The TSP currently has approximately 2.5 million individual accounts, and an additional 2.7 million members of the uniformed services will be eligible to sign up beginning in October 2001. TSP fund balances have grown to nearly $100 billion. Each month, participants add more than $700 million in new contributions which, when coupled with TSP earnings, portends substantial growth in the size of the Thrift Savings Fund for the foreseeable future. Participants may contribute to any or all of five investment funds; transfer their monies among the funds; apply for loans from their accounts; and receive a distribution of their accounts under several available withdrawal options. TSP administrative expenses are borne not by the taxpayer, but by the participants themselves.

By law, eligible employees are provided two opportunities each year to elect to participate in the Plan. The results of the “open season” for participation that ended on January 31, which are the latest available, show the Government-wide Federal Employees’ Retirement System (FERS) employee participation rate at 86.6 percent, with eight major agencies showing participation rates of 90 percent or more. TSP participation by Civil Service Retirement System (CSRS) employees is currently approximately 66 percent.

PLAN STRUCTURE

Employees who are covered by FERS, CSRS, or equivalent Government retirement plans may contribute via payroll allotment to the TSP. The maximum percentages they may contribute are prescribed by law and are scheduled to increase over the next five years. The absolute amount of contributions is subject to Internal Revenue Code ceilings (which are also scheduled to increase over the same period).

TSP benefits are in addition to the FERS and CSRS defined benefit basic annuities. However, for FERS employees, the TSP is an integral part of their retirement package, along with the FERS basic annuity and Social Security. Without participation in the TSP, FERS employees usually would not have retirement benefits comparable to those available under CSRS. This is because the formula used to compute the FERS basic annuity is not as generous as the formula used to compute the CSRS benefit.

FERS employees receive an automatic contribution to their TSP accounts, paid by their employing agency, which is equal to one percent of their basic pay each pay period. Beginning this July they could elect to contribute, on a pre-tax basis, up to eleven percent (previously 10 percent) of basic pay each pay period to the TSP, subject to the Internal Revenue Code elective deferral limit ($10,500 in 2001), and their employing agency matches the first five percent of basic pay contributed -- dollar-for-dollar on the first three percent and fifty cents on the dollar for the next two percent. These agency automatic and matching contributions are subject to a statutory waiting period of six to twelve months.

For CSRS employees, the TSP is a supplement to the CSRS annuity. CSRS employees receive the same tax benefits as FERS employees, but may currently contribute only up to six percent of their basic pay to the TSP each pay period. CSRS employees receive no automatic or matching contributions from their agencies.

Beginning October 9, 2001, uniformed services members will be eligible to enroll in the TSP. They may contribute up to seven percent of their basic pay and up to 100 percent of their incentive or special pay each month. (Their contributions will first begin in January 2002, at which time the maximum FERS and CSRS percentages will increase to twelve and seven percent, respectively.) Their contributions are either tax-deferred (like those of FERS or CSRS employees) or, if made from pay subject to the combat zone tax exclusion, are exempt from taxes. In addition, service secretaries may designate critical specialities for matching contributions based on the same formula as for FERS employees. Uniformed services members do not receive Agency Automatic (1%) Contributions.

GOVERNANCE AND ADMINISTRATION

The TSP is administered by the Federal Retirement Thrift Investment Board, which was established as an independent Federal agency under FERSA. There are approximately 110 employees of the Board. Governance of the Board is carried out by five part-time presidential appointees who serve four-year terms, and by a full-time Executive Director selected by those appointees who serves an indefinite term. Each of these persons is required by FERSA to have “substantial experience, training, and expertise in the management of financial investments and pension benefit plans.” 5 U.S.C. § 8472(d). With input from the Executive Director and his staff, the Board members collectively establish the policies under which the TSP operates and furnish general oversight. The Executive Director carries out the policies established by the Board members and otherwise acts as the full-time chief executive of the agency. The Board and the Executive Director convene monthly in meetings open to the public to review policies, practices, and performance. On October 1, 1986, I was appointed by President Reagan to serve as the first Chairman of the Board. In 1988, I was reappointed as Chairman by President Reagan and confirmed in that position by the Senate. I served as the agency’s Chairman of the Board continuously until January 31, 1994. On that date, I resigned from the Chairmanship to accept the appointment by my fellow Board members to become the agency’s Executive Director.

FERSA provides that all monies in the Thrift Savings Fund are held in trust for the benefit of the participants and beneficiaries. As fiduciaries, the Executive Director and the Board members are required to act prudently and solely in the interest of TSP participants and beneficiaries. This fiduciary responsibility gives the Board a unique status among Government agencies.

Congress wisely established this fiduciary structure because it recognized that all funds held in trust by the Plan belong to the participants, not the Government, and thus must be managed for them independent of political or social considerations.

The Conference Report on FERSA, House Report 99-606, dated May 16, 1986, states in the Joint Explanatory Statement of the Committee of Conference:

> Concerns over the specter of political involvement in the thrift plan management seem to focus on two distinct issues. One, the Board, composed of Presidential appointees, could be susceptible to pressure from an Administration. Two, the Congress might be tempted to use the large pool of thrift money for political purposes. Neither case would be likely to occur given present legal and constitutional restraints.
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> The Board members and employees are subject to strict fiduciary rules. They must invest the money and manage the funds solely for the benefit of the participants. A breach of these responsibilities would make the fiduciaries civilly and criminally liable.
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> The structure of the funds themselves prevents political manipulation. The Government Securities Investment Fund is invested in nonmarketable special issues of the Treasury pegged to a certain average interest rate. The Fixed Income Investment Fund is composed of guaranteed investment contracts, certificates of deposits or other fixed instruments in which the Board contracts with insurance companies, banks and the like to provide it with a fixed rate of return over a specified period of time. The Board would have no knowledge of the specific investments.
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> Finally, the stock index fund is one in which a common stock index such as Standard & Poor's 500 or Wilshire's 5000 is used as the mechanism to allocate investments from the fund to various stocks.
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> . . . .

> The investment approach chosen by the conferees is patterned after corporate, state and local government, and the few existing Federal pension funds. Political manipulation is unlikely and would be unlawful.
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> As to the issue of Congress tampering with the thrift funds, the inherent nature of a thrift plan precludes that possibility. Unlike a defined benefit plan where an employer essentially promises a certain benefit, a thrift plan is an employee savings plan. In other words, the employees own the money. The money, in essence, is held in trust for the employee and managed and invested on the employee's behalf until the employee is eligible to receive it. This arrangement confers upon the employee property and other legal rights to the contributions and their earnings. Whether the money is invested in Government or private securities is immaterial with respect to employee ownership. The employee owns it and it cannot be tampered with by any entity including Congress.

H.R. Conf. Rep. No. 99-606, at 136-37 (1986), reprinted in 1986 U.S.C.C.A.N. 1508, 1519-20.

The original Senate version of the bill that eventually was passed as FERSA, S. 1527, required that the Board's investment policies provide for prudent investments, low administrative costs, and "investments likely to receive broad acceptance by participants and the public, taking into consideration the views of the Employee Advisory Committee." S. 1527, 99th Cong. § 101(a), S. Rep. No. 99-166, at 265-66 (1985). Although this section did not explicitly mention so-called "social investing," at a Senate hearing on S. 1527, held September 11, 1985, it was pointed out to Senator Ted Stevens, then Chairman of the Subcommittee on Post Office, Civil Service and General Services of the Senate Governmental Affairs Committee, that this language could be interpreted as an endorsement of social investing. Senator Stevens stated that "I don't think that [social investment] should be our function" and that the language should be changed "more toward a strict economic investment." Hearing Before the Senate Comm. on Governmental Affairs on S. 1527, S. Hrg. No. 99-754, at 521 (1985). Senator Stevens' comments are entirely consistent with the intent expressed in the Conference Report, and the language in S. 1527 suggesting that social investing would be acceptable was not incorporated in the final version of FERSA.

In keeping with the intent of Congress that the Plan be administered in accordance with fiduciary standards derived from those applicable to private sector employee benefit plans -- as distinct from the usual administration of an executive branch agency -- Congress exempted the Board from the normal budget-appropriations process and the legislative and budget clearance process of the Office of Management and Budget. The Plan's independence is critical to ensure the fiduciary accountability envisioned by FERSA. So long as the Plan is managed by the fiduciaries named in FERSA (the members of the Board and the Executive Director) in accordance with the statute's strict fiduciary standards, Federal employees can be confident that their retirement savings will not be subject to political or other priorities which might otherwise be imposed by the usual budget-appropriations and policy clearance processes.

Although the Board is independent by statute, it is subject to continuing audits and review under FERSA. FERSA protects the Thrift Savings Fund through more than just the independent fiduciary governance by the Board members and the Executive Director.

Additional safeguards to protect TSP participants include the provisions in FERSA relating to (1) the role of the Secretary of Labor in establishing a program of fiduciary compliance audits; (2) the requirement that the Board contract with a private accounting firm to conduct an annual audit of the TSP on the basis of generally accepted accounting principles; and (3) the participation of the 15-member Employee Thrift Advisory Council, which includes representatives of the major Federal and Postal unions, other employee organizations, and now the uniformed services.

The Board has benefitted greatly from more than one hundred audits conducted by the Pension and Welfare Benefits Administration of the Department of Labor over the past thirteen years. These audits, which have covered every aspect of the TSP, are reported to the Congress annually under the Inspector General Act of 1978, as amended, 5 U.S.C. App. 3.

By law, the Advisory Council meets with the Executive Director and advises on investment policy and the administration of the TSP. These meetings are helpful in providing the Board with insights into employee needs, attitudes, and reactions to the various programs undertaken by the Board.

The TSP also benefits from the cooperation of every agency in the Federal establishment. Although the Board is an independent body, successful administration of the TSP is highly dependent upon all Federal agencies, which have direct responsibilities under FERSA for the administration of the TSP.

RECORD KEEPING

When I was first appointed as Board Chairman in 1986, I was at once aware of the enormous challenge to establish and maintain a system of records for what would be, and now is, the largest plan of its kind in the world. The TSP also represented the first Government-wide effort ever attempted to coordinate the more than 600 different Federal payroll systems existing in 1986 with a single record keeping system, which is essential to the operation of the TSP. This global administrative process began operations on April 1, 1987, and continues to operate successfully today.

I must credit the National Finance Center (NFC) of the Department of Agriculture (USDA) for its assistance in helping the Board to deal with this challenge. Since the Plan’s inception, the NFC has served as the Board’s record keeper and has performed its record keeping function and a number of critical ancillary functions in an exemplary manner.

The arrangement with the NFC has been established pursuant to a Memorandum of Understanding and interagency agreements with the USDA to provide systems development, record keeping, and participant support services for the Board. We are pleased that the many independent audits of the TSP system have confirmed its continued production of accurate results. Nevertheless, the current system, and perhaps some TSP procedures as well, might be different in important ways if both a total TSP program design and a total systems design could have been completed before beginning development of the initial system features in the fall of 1986. We have thus undertaken to develop an entirely new record keeping system to support plan operations. We expect to have the new system, the core of which is a commercial-off-the-shelf software product known as OmniPlus, in operation in about a year.

PLAN SERVICES AND BENEFITS

Federal and Postal employees who participate in the TSP are served primarily by the personnel, payroll, and other administrative employees in their own agencies. The agencies are responsible for distributing TSP materials, providing employee counseling, and accurately and timely transmitting participant and employer contributions and necessary records to the NFC. For basic TSP participation, employees need look no further than their own agencies for assistance and service.

I think most observers, as evidenced by the TSP's high participation rate, would agree that this program enjoys the confidence of the vast majority of eligible employees. This confidence results from the professionalism and dedication of thousands of administrative personnel throughout Government who deliver basic "retail" TSP services to their fellow employees.

In addition, the TSP Service Office at the NFC performs a wide variety of services for TSP participants. That office works directly with current employees to provide loan and interfund transfer services, and it functions as a surrogate personnel office -- answering questions and providing withdrawal program assistance -- to those employees who have left Government service and still have TSP accounts. The Service Office operates a call center staffed by approximately 230 Participant Service Representatives, or PSRs. The PSRs, who fundamentally are the "voice of the TSP," handled over 1.5 million telephone inquiries from TSP participants in 2000.

Loans

Actively employed participants may borrow their own contributions and earnings from their accounts according to rules established by the Board and regulations of the Internal Revenue Service.

Participants repay the loans, with interest, through payroll allotment, and the money is reinvested in their TSP accounts. The loan program is designed to facilitate prompt processing of loan applications in a manner that will minimize loan administrative costs, which are borne by all of the Plan's participants.

Withdrawals

The other major benefit program administered by the Board is the TSP withdrawal program. Participants may withdraw funds from their TSP accounts before separation after reaching age 59½ or in cases of financial hardship. Upon separation, a participant may:

- withdraw his or her account balance in a single payment (and have the TSP transfer all or part of the payment to an Individual Retirement Account (IRA) or other eligible retirement plan);
- withdraw his or her account balance in a series of monthly payments (and, in certain cases, have the

TSP transfer all or part of each payment to an IRA or other eligible retirement plan);

- receive a life annuity; or
- keep his or her account in the TSP, subject to certain limits.

Currently, a participant may select only one of these withdrawal modes. When the new TSP record keeping system is implemented, however, participants will be permitted to combine them.

Unlike the annuity payments provided under the defined benefit programs administered by the Office of Personnel Management, TSP annuities are purchased from a commercial annuity vendor. TSP annuities are currently provided through a Master Annuity Contract between the Board and Metropolitan Life Insurance Company, a major national insurance company competitively chosen by the Board.

COMMUNICATIONS

Early in its existence, the Board concluded that the TSP’s success was dependent on three factors: benefits, trust, and communications. The Plan benefits authorized by FERSA provide substantial incentives for employees to save for their retirement. The trust of participants comes from sound administration at the “retail” level by the employing agencies, accurate financial record keeping by the NFC, and the Board’s independent exercise of its fiduciary obligations. Finally, the Board, since its inception, has sustained a continuous effort to communicate on a number of levels within the Federal establishment in order to achieve employee understanding of the investment choices, benefits, and the administration of the program. This is especially important given the voluntary nature of the Plan and the participants' degree of individual control over investments and benefits.

The communication effort is initiated by the Board for eligible individuals through the issuance of a "new account letter" to each new participant after the employing agency establishes his or her account. Employing agencies distribute program information, including the *Summary of the Thrift Savings Plan for Federal Employees*, which provides a comprehensive description of the Plan; booklets describing the loan program, withdrawal program, and annuity options for employees to review at the time they are examining those benefits; and the *Guide to TSP Investments*, a booklet which describes in detail investment considerations and approaches, fund management, and operations. I have made copies of these publications available to the Commission for its review in connection with my statement today.

In addition, we issue materials related to a specific event, such as the *Open Season Update,* produced semiannually to announce each open season. The *TSP Highlights* is a newsletter distributed to each participant along with the semiannual participant statement. Copies of the most recent edition of the newsletter, which addresses topical items and conveys rates of return, have also been provided to the Commission.

A TSP video is available explaining the basics of the TSP in an animated format. TSP Bulletins are issued regularly to inform agency personnel and payroll specialists of current operating procedures. The TSP Web site (www.tsp.gov) contains a vast amount of Plan information, including the most recent rates of return, forms, publications (including those I have provided to you), and a calculator for projecting future account balances. The ThriftLine, the Board's automated voice response system, also provides both general plan and account-specific information.

As part of our effort to invite outside input and dialogue, the Board also conducts quarterly interagency meetings. These have proven to be an effective means of communicating program and systems requirements to Federal agency administrative personnel. These meetings also allow the Board to hear and address agency concerns and to incorporate agency suggestions in the establishment of TSP policies.

INVESTMENT FUNDS

The TSP is a participant-directed plan. This means that each participant must decide how the funds in his or her account are invested.

As initially prescribed by FERSA, participants could invest, indirectly, in three types of securities -- U.S. Treasury obligations, common stocks, and fixed income securities -- which differ considerably from one another in their investment characteristics. In 1996, on the Board's recommendation, Congress authorized two additional investment funds, which allow further diversification and potentially attractive long-term returns. The Small Capitalization Index Investment Fund and the International Stock Index Investment Fund were offered beginning this May.

The Government Securities Investment (G) Fund is invested in short-term nonmarketable U.S. Treasury securities guaranteed by the full faith and credit of the U.S. Government. 5 U.S.C. §§ 8438(b)(1)(A), (e). There is no possibility of loss of principal from default by the U.S. Government and thus no credit risk. These securities are similar to those issued to the Social Security trust funds and to other Federal trust funds. See 42 U.S.C. § 401(d) (Social Security trust funds); 5 U.S.C. § 8348(d) (Civil Service Retirement and Disability Fund).

The Fixed Income Index Investment (F) Fund, which by law must be invested in fixed income securities, is invested in a bond index fund, chosen by the Board to be the Lehman Brothers Aggregate (LBA) index. The LBA index represents a large and diversified group of investment grade securities in the major sectors of the U.S. bond markets: U.S. Government, corporate, and mortgage-related securities.

The Common Stock Index Investment (C) Fund must be invested in a portfolio designed to replicate the performance of an index that includes common stocks the aggregate market value of which is a reasonably complete representation of the U.S. equity markets. The Board chose the Standard & Poor’s 500 (S&P 500) stock index in fulfillment of that requirement. The S&P 500 index consists of 500 stocks representing approximately 77 percent of the market value of the United States stock markets. The objective of the C Fund is to match the performance of that index.

The Small Capitalization Stock Index Investment (S) Fund must be invested in a portfolio designed to replicate the performance of an index that includes common stocks the aggregate market value of which represents the U.S. equity markets, excluding the stocks that are held in the C Fund. The Board chose the Wilshire 4500 index, which tracks the performance of the non-S&P 500 stocks in the U.S. stock market. The objective of the S Fund is to match the performance of the Wilshire 4500 index. The Wilshire 4500 index represents approximately 21 percent of the market capitalization of the U.S. stock market. Thus, the S Fund and the C Fund combined cover virtually the entire U.S. stock market.

The International Stock Index Investment (I) Fund must be invested in a portfolio designed to track the performance of an index that includes common stocks the aggregate market value of which represents the international equity markets, excluding the U.S. equity markets. The Board chose the Morgan Stanley EAFE (Europe, Australasia, Far East) index, which tracks the overall performance of the major companies and industries in the European, Australian, and Asian stock markets. The objective of the I Fund is to match the performance of the EAFE index. The EAFE index was designed by Morgan Stanley Capital International (MSCI) to provide broad coverage of the stock markets in the 21 countries represented in the index. For each country, MSCI selects common stocks of companies which, in the aggregate, represent 60 percent of the market value of that country's stock market.

One likely concern associated with a Federal agency's investing in equities is the potential for the Government to influence corporate governance questions and other issues submitted to stockholder votes. FERSA provides that the voting rights associated with the ownership of securities by the Thrift Savings Fund may not be exercised by the Board, other Government agencies, the Executive Director, a Federal employee, Member of Congress, former Federal employee, or former Member of Congress. 5 U.S.C. § 8438(f). Barclays Global Investors, the manager of the C, S, and I Fund assets, has a fiduciary responsibility to vote company proxies solely in the interest of TSP participants and beneficiaries.

The fund assets held by the F, C, S, and I Funds are passively managed. Passive management is generally defined as the investment in a portfolio in which a "buy-and-hold" strategy is pursued.

Indexing is a common form of passive management in which securities are held in proportion to their representation in the stock or bond markets. The philosophy of indexing is that, over the long term, it is difficult to improve upon the average return of the market. The investment management fees and trading costs incurred from passive management through indexing generally are substantially lower than those associated with active management. Passively managed index funds also preclude the possibility that political or other considerations might influence the selection of securities.

The manager of the assets held by the F, C, S, and I Funds has been selected through competitive bidding processes. Proposals from prospective asset managers were evaluated on objective criteria that included ability to track the relevant index, low trading costs, fiduciary record, experience, and fees.

The Board has contracts with BGI, the largest investment manager of index funds in the United States, which had over $800 billion in total assets under management as of December 31, 2000, to manage the F, C, S, and I Fund assets.

The F Fund assets are invested in the BGI U.S. Debt Index Fund; the C Fund assets are invested in the BGI Equity Index Fund; the S Fund assets are invested in the BGI Extended Market Index Fund; and the I Fund assets are invested in the BGI EAFE Index Fund. The BGI index funds are commingled trust funds in which the assets of public and corporate employee benefit plans are combined and invested together. BGI keeps separate accounting records for each plan in the four funds. As of December 31, 2000, 229 employee benefit plans were invested in these four funds. (The BGI funds are not open to individual investors, but only to employee benefit plans such as the TSP.)

Because the assets of the F, C, S, and I Funds are held in trust by BGI, they cannot be used to meet the financial obligations of BGI, and are protected from any adverse financial developments involving BGI or its affiliates.

The centralized management of TSP investments was carefully considered in FERSA by Congress. According to the Joint Explanatory Statement of the Committee of Conference quoted earlier:

> Because of the many concerns raised, the conferees spent more time on this issue than any other. Proposals were made to decentralize the investment management and to give employees more choice by permitting them to choose their own financial institution in which to invest. While the conferees applaud the use of IRAs, they find such an approach for an employer-sponsored retirement program inappropriate. . . .
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> The conferees concur with the resolution of this issue as discussed in the Senate report (99-166) on this legislation:
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> > As an alternative the committee considered permitting any qualified institution to offer to employee[s] specific investment vehicles. However, the committee rejected that approach for a number of reasons. First, there are literally thousands of qualified institutions who would bombard employees with promotions for their services. The committee concluded that employees would not favor such an approach. Second, few, if any, private employers offer such an arrangement. Third, even qualified institutions go bankrupt occasionally and a substantial portion of an employee’s retirement benefit could be wiped out. This is in contrast to the diversified fund approach which could easily survive a few bankruptcies. Fourth, it would be difficult to administer. Fifth, this “retail” or “voucher” approach would give up the economic advantage of this group’s wholesale purchasing power derived from its large size, so that employees acting individually would get less for their money.

H.R. Rep. No. 99-606, at 137-38, <u>reprinted in</u> 1986 U.S.C.C.A.N. 1508, 1520-21.

INVESTMENT RETURNS

By law, TSP investment policies must provide for both prudent investments and low administrative costs. From the beginning of the G Fund's existence (April 1987) and the beginning of the F and C Funds' existence (January 1988) through July 31, 2001, the G, F, and C Funds have provided compound annual returns net of expenses of 7.2 percent, 8.1 percent, and 14.8 percent, respectively. The related BGI funds closely tracked their respective markets indexes well throughout this period. Because the S and I Funds were introduced in May 2001, the Board has no significant history for them yet. The indexes which they track, however, have produced compound annual returns of 15.9 percent and 8.2 percent, respectively, for the ten-year period ended December 2000.

For calendar year 2000, the net Plan administrative expenses were .05 percent for the G Fund, .07 percent for the F Fund, and .06 percent for the C Fund. This means that the 2000 net investment return to participants was reduced by approximately $.50, $.70, and $.60 for each $1,000 of account balance invested in the G, F, and C Funds, respectively. The expense ratio for the G Fund represents the basic costs of plan administration, which are predominantly record keeping expenses. The expense ratios for the F and C Funds include the basic costs of administration as well as private investment management costs. Expense ratios would be approximately .02 percent higher in the absence of account forfeitures, which offset expenses. These costs compare very favorably with typical private sector 401(k) service provider charges.

In summary, I believe that the Thrift Savings Plan has effectively and efficiently realized the numerous objectives Congress thoughtfully established for it fifteen years ago. To the extent that our experience is useful to the Commission, the Board welcomes the opportunity to provide any additional information you may require. I would be pleased to respond to any questions you or other members of the Commission may have at this time.