



Agenda Item 8

September 12, 2012

ITEM NAME: Revisions to Board Legislative Policy Standards

PROGRAM: Legislation

ITEM TYPE: Action

RECOMMENDATION

Staff recommends that the Board of Administration approve the proposed changes to the Board Legislative Policy Standards.

EXECUTIVE SUMMARY

Over the course of the last legislative session, it became apparent that there is a need to revisit the Legislative Policy Standards to ensure they reflect the views of the current Board and to cover some additional issues. The proposed changes to this policy document reflect the positions and expressions of the Board of Administration (Board) on recent State and federal legislative proposals affecting CalPERS administration, governance, and benefit programs in the current policymaking environment.

BACKGROUND

The Legislative Policy Standards last updated December 19, 2001 provide the framework for CalPERS positions on State and federal legislative proposals. Legislative activity frequently does not mesh with the Board's meeting schedule, so it is important for staff to have a clear notion of the Board's basic views in order to respond timely and appropriately as events unfold. The Legislative Policy Standards also provide guidance to staff in preparing legislative agenda items that are consistent with the views of the Board. While these standards explicitly state that they provide only general policy guidance and do not bind the Board, it is helpful to the process if they closely reflect the Board's views.

ANALYSIS

The recommended revisions streamline the Standards by focusing on proposals the Board should support or oppose while reducing the number of statements that address when it is appropriate for the Board to take a neutral position or no position on legislative proposals. These statements generally fall into two categories: they do not significantly impact the benefits or administration of the System, or have conflicting policy implications. The rationale is that if the Standards do not justify a support or oppose position, then the recommendation should be neutral.

The revisions add a general statement of support that recognizes the value of properly designed and managed defined benefit programs while deleting statements regarding benefit improvements. It also addresses transparency and accountability, retirement and health risk-pooling, and other technical changes.

BENEFITS/RISKS

The Legislative Policy Standards assist the Board to perform its constitutional mandate, fulfill its mission, and achieve consistency in its policies. Periodically reviewing and updating the Standards reduces the risks to meeting these goals.

ATTACHMENTS

Attachment 1 – Revised Board Policy Standards
Attachment 2 – Current Board Policy Standards

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