



Agenda Item 6b

April 17, 2013

ITEM NAME: Board Member Employer Reimbursements

PROGRAM: Administration

ITEM TYPE: Action

RECOMMENDATION

Approval by the Board of the proposed elected Board member percentages of time to be spent on Board related duties for Fiscal Year (FY) 2013-14.

EXECUTIVE SUMMARY

The Board's *Policy for Approval of Reimbursement to State, School and Public Agency Employers of Board Members* indicates that on an annual basis, the Board member will propose and obtain the approval of the Finance & Administration Committee¹ at its April meeting of the percentage of the Board member's time, up to 100%, that will be required of the Board member to fulfill his or her duties to CalPERS in the coming year.

STRATEGIC PLAN

This item supports Goal B of the CalPERS 2012-2017 Strategic Plan to deliver superior end-to-end customer service that is adaptive to customer needs.

BACKGROUND

By resolution adopted February 18, 2004, as amended effective August 19, 2010, CalPERS shall reimburse a State, school, or public agency employer of an elected Board member for the direct and reasonable costs that are incurred by employing a replacement while the Board member is fulfilling his or her responsibilities to CalPERS (Attachment 1). The resolution was adopted to implement the provisions of Government Code section 20092, which allows CalPERS to reimburse the employers of elected Board members.

Current CalPERS-sponsored legislation, SB 215 (Beall) would, among other things, clarify and simplify the process in which the employer for an elected CalPERS Board member identifies replacement costs that CalPERS will reimburse. This amendment will authorize CalPERS to reimburse employers for the time a Board member spends fulfilling CalPERS Board responsibilities based on the cost of their salaries and benefits, as opposed to the cost of engaging a replacement. SB 215 is awaiting its first policy committee hearing in the State Senate. If the bill is signed into law, its changes will become effective January 1, 2014.

ANALYSIS

In March 2013, elected Board members were requested to provide their proposed percentage of time necessary to fulfill his or her duties to CalPERS in the coming fiscal year. Although the proposed percentage of time is for the entire fiscal year, the reimbursement to the Board member employers is processed on a quarterly basis.

¹ Changed from the Benefits & Program Administration Committee as a result of the authority delegated to the Finance & Administration Committee by the Board of Administration.

The costs associated with employer reimbursements are based on the percentage of time the elected Board member spends on his or her duties as a member of the CalPERS Board of Administration. The percentage of time is then applied to the employer's direct and reasonable costs associated with Board members. Costs for employer reimbursements will vary for each employer due to differences in Board member percentage of time and salary.

Included in Table 1, are the proposed percentages of time, as requested by the individual Board members, for FY 2013-14.

Table 1

Board Member	Additional Role(s) as a CalPERS Board Member	Proposed Percentage of Time
Michael Bilbrey	- Member of the Board of Administration - Chair: Performance, Compensation & Talent Management Committee	50%
George Diehr	- Vice President: Board of Administration - Chair: Finance & Administration Committee - Vice Chair: Board Governance Committee - Vice Chair: Investment Committee - Vice Chair: Pension & Health Benefits Committee	98.84%
Rob Feckner	- President: Board of Administration - Chair: Board Governance Committee	95%
JJ Jelincic	- Member of the Board of Administration - Chair: Risk & Audit Committee	100%
Priya Mathur	- Member of the Board of Administration - Chair: Pension & Health Benefits Committee - Vice Chair: Risk & Audit Committee	70%

BENEFITS/RISKS

If recommendations are not approved, Board member employers may not be reimbursed or may cause delays in the reimbursement of direct and reasonable costs they incur while the Board member fulfills his or her responsibilities to CalPERS.

ATTACHMENTS

Attachment 1: Policy for Approval of Board Employer Reimbursements

CHERYL EASON
 Chief Financial Officer