



Agenda Item 7a

April 14, 2014

ITEM NAME: Board Member Employer Reimbursement Policy

PROGRAM: Financial Office

ITEM TYPE: Action

RECOMMENDATION

To amend the Policy for Approval of Reimbursement to State, School and Public Agency Employers of Elected Board Members to reflect amendments, including the Government Code Section 20092.

EXECUTIVE SUMMARY

Government Code 20092, as amended January 1, 2014, allows the reimbursement of elected Board Member's salary and benefits paid based on the Board approved percentage when the Board Member is fulfilling his or her responsibilities to CalPERS.

STRATEGIC PLAN

Not Applicable.

BACKGROUND

Effective January 1, 2014, Government Code 20092 was amended to provide the reimbursement of elected Board Member's salary and benefits paid by the employing agency for the percentage of the elected Board Member's regular work schedule is spent carrying out the duties as follows:

Each employing agency that employs an elected member of the Board shall be reimbursed by the retirement fund in an amount equal to the salary and benefits paid to the elected Board Member by the employing agency for the percentage of the elected Board Member's regular work schedule during which the elected Board Member is on leave from the employing agency to attend meetings or activities of the Board, or meetings of committees or subcommittees of the Board, or when serving as President or Vice President of the Board or Chair or Vice Chair of a committee or subcommittee of the Board, or when carrying out other powers or duties as may be approved by the Board, or to otherwise fulfill his or her responsibilities to the system.

ANALYSIS

The amended policy reflects the change to Government Code 20092 as well as includes the change in the Board Committee responsible for the approval of the elected Board Member's percentage of time spent on the fulfillment of his or her duties to CalPERS, from that of the Benefits and Program Administration Committee ("BPAC") to the Finance & Administration Committee.

These amendments provides the necessary clarity and streamlines the process by authorizing CalPERS to reimburse employers for the time the Board Members spend fulfilling CalPERS Board responsibilities based on the cost of their salaries and benefits.

BUDGET AND FISCAL IMPACTS

The costs associated with reimbursing employers of CalPERS Board Members is cost neutral, with savings experienced from employers that do not replace absent Board Members, offset by costs from employers that engage replacements with higher combined administrative, recordkeeping, salary and benefit costs. In addition, by limiting reimbursement to Board Members' salary and benefit costs, this amendment places a hard cap on the maximum level of employer reimbursement. Costs are included in the annual approved budget.

BENEFITS/RISKS

The approval of the amendments to the policy will ensure the policy accurately reflects the recent approval and implementation of the amended Government Code Section 20092. The risk of not approving this agenda item would create a discrepancy between the new law and CalPERS policy for the employer reimbursement practices for elected board members.

ATTACHMENTS

- Attachment 1: Policy for Approval of Reimbursement to State, School, and Public Agency Employers of Board Members – Redlined Version

- Attachment 2: Policy for Approval of Reimbursement to State, School, and Public Agency Employers of Board Members – Clean Version

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