



## **Agenda Item 6**

March 17, 2015

**ITEM NAME:** Legislative and Policy Engagement Guidelines for Retirement and Health

**PROGRAM:** Pension and Health Benefits

**ITEM TYPE:** Action

### **RECOMMENDATION**

Approve the General Guidelines, Retirement Guidelines, and Health Guidelines of the proposed CalPERS Legislative and Policy Engagement Guidelines as contained in Attachment 1 and repeal the corresponding legacy legislative guidelines.

### **EXECUTIVE SUMMARY**

This is the second reading in this Committee for the proposed General, Retirement, and Health Legislative and Policy Engagement Guidelines. They have been revised to reflect the Committee's discussion and suggested changes during its February meeting. In addition, the Investment Committee will conduct a second reading of the proposed General and Investment Legislative and Policy Engagement Guidelines at its March meeting.

The proposed CalPERS Legislative and Policy Engagement Guidelines consolidate into one document the various policy standards, priorities, and initiatives for state and federal legislation and regulation (Attachments 2-7) previously adopted by the Board of Administration (Board). It also reflects important elements of Board approved Beliefs, Principles, Policies, Priorities, and Initiatives.

The proposed guidelines have been developed, and are designed to summarize CalPERS' perspectives on various policy issues that impact the long-term sustainability and effectiveness of its programs. They are intended to improve the ability of staff and contracted representatives to identify, monitor, and engage on policy issues of importance to the Board, and help ensure consistent promotion of CalPERS' positions to state and federal policymakers. In no way do these guidelines bind the Board in any way when determining its view on various policy proposals.

Staff seeks approval of the General Guidelines, Retirement Guidelines and Health Guidelines to achieve and facilitate the CalPERS Strategic Plan Goals and Objectives. These Guidelines will be combined with adopted version of the Investment Guidelines to form the final CalPERS Legislative and Policy Engagement Guidelines.

## **STRATEGIC PLAN**

This item supports the CalPERS 2012-17 Strategic Plan Goal C to engage in state and national policy development to enhance the long-term sustainability and effectiveness of our programs. The Guidelines will assist in guiding public policy engagement by the System and communicating its perspective on pension, health, and financial markets.

## **BACKGROUND**

The purpose of the Board's existing Legislative Policy Standards is to provide staff a framework within which they can work on legislation and regulations with a level of comfort that they are acting consistent with the desires of the Board. 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 so that they can respond timely and appropriately as events unfold. The Legislative Policy Standards also provide guidance to staff in preparing legislative agenda items so that they are consistent with the views of the Board.

The existing CalPERS Legislative Policy Standards were originally adopted in 1996. They were slightly modified in 1998 and again in 2001. Comparable Initiative Policy Standards were adopted by the Board in 1997. The Board first adopted Health Policy Priorities for State Legislation in 2007 and Federal Health Care Policy Initiatives in 2013. It adopted Federal Legislative and Regulatory Policy Guidelines for Retirement Security in 2011.

## **ANALYSIS**

### *Purpose of Proposed Guidelines*

The proposed guidelines allow the Legislative Affairs Division and the CalPERS federal representatives responsible for investment, retirement, and health issues to respond to requests to write letters or testify on legislative or regulatory issues in a timely fashion, and without having to bring each request before the Board. They will also assist staff and our federal representatives to determine which legislative and regulatory issues need to be tracked and monitored, along with the necessary direction to engage when necessary.

The proposed engagement guidelines for retirement and health-related legislative and regulatory activities are reflective of the Committee's previous deliberations and approvals of such policy statements as the CalPERS Pension Beliefs, as well as existing Board legislative and investment policy standards, guidelines and initiatives. The proposed guidelines are grouped into subject areas of Retirement Benefits, Retirement Plan Funding and Accountability, Social Security, and the health-related issues of Prescription Drugs, Payment for Quality and Value, Access, Risk Pool Stability, and Long-Term Care.

Their adoption by the Board will also serve to eliminate the current: 1) Legislative Policy Standards; 2) State Ballot Initiative Policy Standards; 3) the 2009-10 Health

Policy Priorities for State Legislation; 4) CalPERS Federal Health Care Policy Initiatives; 5) 2007-08 Federal Legislative and Regulatory Investment Policy Guidelines; and 6) Federal Legislative and Regulatory Policy Guidelines for Retirement Security.

**BUDGET AND FISCAL IMPACTS**

Not Applicable

**BENEFITS/RISKS**

The proposed CalPERS Legislative and Policy Engagement Guidelines will assist the Board to perform its constitutional mandate, fulfill its mission, and achieve consistency in its policies. Periodically reviewing and updating its policy standards and guidelines reduces the risks to meeting these goals.

**ATTACHMENTS**

- Attachment 1 – Proposed CalPERS Legislative and Policy Engagement Guidelines
- Attachment 2 – CalPERS Legislative Policy Standards
- Attachment 3 – CalPERS State Ballot Initiative Policy Standards
- Attachment 4 – 2009-10 Health Policy Priorities for State Legislation
- Attachment 5 – CalPERS Federal Health Care Policy Initiatives
- Attachment 6 – 2007-08 Federal Legislative and Regulatory Investment Policy Guidelines
- Attachment 7 – CalPERS Federal Legislative and Regulatory Policy Guidelines for Retirement Security

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DANNY BROWN, Chief  
Legislative Affairs Division

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ANN BOYNTON  
Deputy Executive Officer  
Benefit Programs Policy and Planning