

POLICY FOR APPROVAL OF REIMBURSEMENT TO STATE, SCHOOL AND
PUBLIC AGENCY EMPLOYERS OF ELECTED BOARD MEMBERS

By resolution adopted February 18, 2004, as amended April ~~4/15, 2014~~2015, CalPERS shall reimburse a state, school, or public agency employer of an elected Board Member for the amount equal to the salary and benefits paid to the elected

Board Member based on the Board approved percentage of the time that will be required of the Board Member to fulfill his or her responsibilities to CalPERS in the coming year. The Resolution was adopted to implement the provisions of Government Code Section 20092, which allows CalPERS to reimburse the employers of elected Board Members.

The elected Board Member salary and benefits paid under this policy to the employing agency is based on the percentage of the elected Board Member's regular work schedule during which the elected Board Member is on leave from the employing agency. The percentage is approved annually by the Board. The reimbursed leave is to fulfill the Board Member's responsibilities to CalPERS.

All acts taken in accordance with this policy are subject to the strictest fiduciary standards. The Board must exercise its authority in accordance with its fiduciary duties – in particular, the duties to deliver benefits promptly, to pay only reasonable expenses, to minimize employer contributions, and to act with the care, skill, prudence and diligence appropriate to the task at hand.

PROCEDURE

1. Memorandum of Understanding:

- a. On an annual basis, the CalPERS ~~Fiscal~~Financial Reporting and Accounting Services Division (FRAS) will notify the Board Member's employer, in writing, of the requirements of this policy and the reimbursement process and will forward a copy of the forms to the employer. A copy of the letter will be sent to the Board Member and the Board Services Unit. The letter will notify the employer of the annual full-time equivalent (FTE) number of hours that CalPERS has on record for the Board Member's classification and a request for updated information if there has been a change due to any form of negotiation.
- b. On an annual basis or when a change in Board, committee, or other assignment, the Board Member will propose and obtain the approval of the Finance & Administration Committee at its April next meeting of the percentage of the Board Member's time, up to 100

percent, that will be required of the Board Member to fulfill his or her duties to CalPERS in the coming year.

- c. CalPERS ~~Fiscal~~ Financial Reporting and Accounting Services Division will work with the employer to document an agreement between CalPERS and the employer under this policy by a Memorandum of Understanding (MOU). The MOU will include the percentage of the Board Member's time to be spent on fulfilling his or her duties to CalPERS as approved by Finance & Administration Committee under paragraph 1.b., above ("Percentage"), and an agreement by the employer to be bound by this policy.
2. **Board Member Request.** To initiate the reimbursement process, the Request for Employer Reimbursement Form (attached as Exhibit 1) must be completed by the Board Member on a quarterly basis. Each request shall specify the time period of the request, which is limited to a time period (s) prior to the date of the request and must align with the invoice provided by the employer as required by paragraph 4, below. The Board Member shall submit the completed forms and supporting documentation to the Board Services Unit. The Board Member's signature on the form certifies that the Board Member in fact attended the Board, Committee, subcommittee, offsite, workshops, interviews, and meetings with staff, consultants, beneficiaries, stakeholders or industry experts, as represented on the form. No employer shall be reimbursed for time under this policy unless the Board Member actually attended the activities for which reimbursement is claimed.
 3. **Board Services Unit Review:** The Board Services Unit will review the form and will calculate the full-time equivalent percentage of annual hours, and will submit the form to the CalPERS ~~Fiscal~~ Financial Reporting and Accounting Services Division – Administrative Accounting Section, with a copy to the Board President.
 - a. In the case of a non-routine category or amount of time requested, the Board Services Unit will elevate the report to the Board President and Chief Executive Officer (CEO) or his or her designee for joint approval.
 - b. In no event shall the percentage exceed 100 percent or the percentage agreed to in the MOU between CalPERS and the employer.
 4. **Employer Invoices:** The employer shall apply the percentage per the MOU between CalPERS and the employer to salary and benefits paid to

the employee. The employer (via invoice) and the Board Member (via the Request for Employer Reimbursement Form) shall certify that the amount of reimbursement requested constitutes the correct amount. Under no circumstances shall any employer receive any reimbursement unless the Board Member actually attended the meetings, events, or other activities for which reimbursement is claimed. The employer shall submit invoices to the Board Services Unit for reimbursement on a quarterly basis no later than 30 days after the end of the applicable quarter, or pursuant to the MOU between the employer and CalPERS. If the employer fails to submit timely invoices, the employer may forfeit the right to reimbursement from CalPERS under this policy.

5. **Approval:** CalPERS Financial Reporting and Accounting Fiscal Services Division will review for accuracy the form received from the Board Services Unit and will submit the package to the CEO or his or her designee and to the Board President for joint approval.
6. **Advise Employer of Decision:** After approval of the request for reimbursement by CalPERS in accordance with paragraph 5, above, CalPERS Financial Reporting and Accounting Fiscal Services Division will inform the employer that CalPERS will reimburse the employer for the costs claimed. CalPERS Financial Reporting and Accounting Fiscal Services Division will forward a copy of the finalized documents to the Board Services Unit upon release of payment to the employer.
7. **Transparency and Accountability:** The reporting, which correlates time to specific activities, and the streamlined approval and processing of reports, in combination with the proposed Board oversight role, provide a sound framework for transparency and accountability. The Executive Office, via the CalPERS Financial Reporting and Accounting Fiscal Services Division, will prepare an annual information report to the Board of Administration that summarizes the requests for reimbursement submitted by Board Members.
8. **Dispute Resolution:** In the event that the elected Board Member, employer, CEO (or designee) or Board President disagrees with elements contained in the request for reimbursement or payment, the issues will be brought to the Finance & Administration Committee for resolution.



Board of Administration
California Public Employees' Retirement System

Policy for Approval of Reimbursement to State, School and Public Agency Employers of Board Members

REQUEST FOR EMPLOYER REIMBURSEMENT FORM

To be submitted to CalPERS Executive Office
Board Member Services Unit

Name of Board Member: _____

Name of State, School, or Public Agency Employer: _____

Request Period: _____

I request that CalPERS approve reimbursing my employer for the salary and benefits paid to me while I am fulfilling my responsibilities and duties as an elected CalPERS Board member.

In making this request, I certify that for the period of _____ to _____, I spent _____ hours fulfilling my responsibilities and duties as an elected CalPERS Board member, as follows:

Check Those That Apply	Category	Hours	No. of Months	Total
X	Baseline hours	105	x	
	Serving As Board President	46	x	
	Serving As Chair of a Standing Committee	9	x	
	Serving As Chair of an Ad Hoc Committee or Subcommittee	6	x	
	<u>Serving as Vice President of the Board</u>	<u>5</u>	<u>x</u>	
	<u>Serving as Vice Chair of a Standing Committee</u>	<u>3</u>	<u>x</u>	

	Other activities as documented	See documentation	
	Other activities as documented	See documentation	
	Other activities as documented	See documentation	
	TOTAL		

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	<u>Attached is documentation for those hours spent on fulfilling the following additional Board duties:</u>	
	<u>1.</u>	
	<u>2.</u>	
	<u>3.</u>	
	<u>4.</u>	
	<u>5.</u>	
	<u>Total hours:</u>	

~~Attached is documentation for those hours spent on fulfilling the following additional Board duties:~~

- _____
- _____
- _____

Signature

Date

The employer shall submit an invoice requesting reimbursement, to the Board Services Unit Financial Office (FINO), on a quarterly basis not later than 30 days after the end of the quarter, and apply the annual percentage to salary and benefits paid to this Board member per the MOU. FINO submits the invoice to BSU for review and approval. BSU submits approved invoice, with the Request for Employer Reimbursement form attached, to FINO. The Employer (via invoice) and Board member Member (via

the Request for Employer Reimbursement Form) shall certify that the amount of reimbursement requested constitutes the ~~salary and benefits paid by the employer~~correct amount.

~~The Board Services Unit will forward the request for reimbursement to CalPERS Fiscal Services Division – Administrative Accounting Section along with the Board member's completed monthly reports.~~

~~The Fiscal Services Division shall forward~~FINO submits the invoice and the Request for Employer Reimbursement form to the CalPERS Chief Financial Officer for review and CalPERS Chief Executive Officer or designee ~~and the Board President for joint approval and a copy of the approved request shall be provided to the Board Services Unit~~for approval.

Information contained herein have been reviewed and verified by Board Services Unit.

Reviewed by

Date