



Agenda Item 7

December 15, 2015

ITEM NAME: CalPERS Strategic Measures – Percentage of Legislative Bills Enacted or Defeated

PROGRAM: Enterprise

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item is an update on the organization's progress toward meeting the goals of the California Public Employees' Retirement System (CalPERS) 2012-17 Strategic Plan as measured through a suite of CalPERS Board of Administration (Board) affirmed Strategic Measures (Attachment 1). Specifically, this item considers the Strategic Measure that evaluates the percentage of legislative bills enacted or defeated consistent with positions taken by the Board excluding neutral positions.

STRATEGIC PLAN

The measure in this agenda item supports the CalPERS Strategic Plan Goal C to engage in State and national policy development to enhance the long-term sustainability and effectiveness of our programs.

BACKGROUND

In August 2012, the Board adopted the CalPERS 2012-17 Strategic Plan. In July 2013, an initial set of Strategic Measures were developed as part of a larger effort to support the use of enterprise-wide measurements to guide the organization. In July 2014, the Board affirmed the suite of Strategic Measures which included the Strategic Measure covered in this item.

ANALYSIS

Strategic Goal C challenged the Legislative Affairs Division (LAD) to assess CalPERS' legislative successes at the State Capitol, and how we can continue to increase our presence in policymaking.

Over the past ten years, LAD has brought fewer bills before the Board for formal positions, but at the same time, CalPERS has increased and diversified its network and presence at the Capitol.

The enactment of the 2013 Public Employee Pension Reform Act (PEPRA) has reduced the amount of new "pension reform" legislation.

Several caucuses have increased interest in and involvement with CalPERS, especially in our investment programs. LAD has worked closely with the Investments Office to respond to legislation impacting the portfolio, has provided testimony and input in many hearings and meetings, as well as information to policy analysts, and has been proactive in promoting opportunities for Legislators and Capitol staff to learn about CalPERS programs.

Under the current Legislative and Policy Engagement Guidelines (Attachment 2), adopted March 18, 2015, it may not be possible or desirable to set actual goals for the number of bills that CalPERS should sponsor or take to the Board for official positions. Often major legislation is not moved forward until later in the legislative session, making it infeasible for the Board to take an official position prior to the bill being voted on. When possible, CalPERS works with bill authors to remove potential bill conflicts or negative impacts that might occur. Legislative work tends to be mostly reactive in nature, although CalPERS sponsors several pieces of legislation, usually technical in nature, each year. Thus, CalPERS has more success opposing bills rather than supporting bills. In the past five years CalPERS has not had more than one opposed bill enacted.

Given these factors, the following options may be considered:

Option 1: Continue to use existing guidelines to determine bills to bring to Board for position

Essentially, CalPERS and LAD would continue to address legislation and the Legislature in the current mode. LAD staff would monitor all new legislation and prioritize it for action, as well as sponsoring its own bills each year. This option does not preclude seeking out new opportunities for interaction and developing new relationships, but does not establish new requirements or goals.

Option 2: Broaden guidelines to increase number of bills brought to Board

This would require LAD to work with other program areas, the Investments Office, and the Legal Office to evaluate the guidelines that were approved earlier this year, and begin to prepare recommendations for changes that would broaden CalPERS' scope of policy issues. This could include a wider scope of interest in health care policy, insurance, labor and employment, and many other areas that could impact the CalPERS portfolio.

Option 3: Narrow guidelines to decrease number of bills brought to Board

This would require LAD to work with other program areas, the Investments Office, and the Legal Office to evaluate the guidelines that were approved earlier this year, and begin to prepare recommendations for changes that would narrow CalPERS' scope of policy issues. This could result in CalPERS focusing time and resources on fewer bills, but providing deeper analysis, and becoming a much more specialized policy research entity.

BUDGET AND FISCAL IMPACTS

Not applicable

BENEFITS/RISK

Option 1: Status Quo

Benefits

- Ensures that CalPERS maintains its current level of presence at the Capitol, and its voice in policymaking
- Does not require any immediate staff growth
- Allows CalPERS to use the Guidelines that were just updated this year, and assess their effectiveness before embarking on major changes

Risks

- None

Option 2: Broaden guidelines to allow for greater amount/type of legislation brought to Board

Benefits

- May give CalPERS more opportunities to interact with policymakers and leaders at the Capitol
- May allow for ability to interact on more issues that might impact the portfolio

Risks

- The 2014-15 guideline update involved at least 6-8 months of staff work, and 3 Board meetings to finalize
- As the guidelines have been so recently updated, it would be difficult to assess what has and has not been effective
- Creates pressures to increase LAD staff

Option 3: Narrow guidelines to decrease number of bills brought to Board

Benefits

- Allows CalPERS to tighten focus, and possibly provide more research and analysis

Risks

- The 2014-15 guideline update involved at least 6-8 months of staff work, and 3 Board meetings to finalize
- As the guidelines have been so recently updated, it would be difficult to assess what has and has not been effective
- Does not enhance CalPERS' voice and presence as a whole

ATTACHMENTS

- Attachment 1 – Strategic Measure Summary
- Attachment 2 – Legislative and Policy Engagement Guidelines
- Attachment 3 – Legislative Affairs Measures Report
- Attachment 4 – List of Bills with Board Positions: 2005-2014

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