



Agenda Item 7

February 17, 2016

ITEM NAME: Update on Board Education Program

PROGRAM: Board Education Program

ITEM TYPE: Information

EXECUTIVE SUMMARY

This agenda item is a follow-up to the December 2015 agenda item which indicated staff would return this month with a proposed Board Education Program Schedule for 2016. This item also includes the final draft of the Attendance Report for 2015, which will be posted to the CalPERS public website in March 2016, per the Board Member Education Policy (Attachment A).

STRATEGIC PLAN

This item is not part of the Strategic Plan. However, implementation of and compliance with Government Code section 20100 is consistent with Strategic Plan Goal B to cultivate a high performing, risk intelligent, and innovative organization. It is also consistent with sound governance practice.

BACKGROUND

In July 2014, the Governor signed AB 1163, adding Government Code section 20100 to the Public Employees Retirement Law effective January 1, 2015, which requires that CalPERS adopt an education policy imposing continuing education requirements for Board Members. In December 2014, the Board amended its Education Policy to conform to section 20100, which requires:

- All Board Members receive 24 hours of education within the first two years of assuming office and for every subsequent two-year period of board service, and
- CalPERS keep a record of Board Members' compliance with the policy and post the policy and an annual report of completed training to the CalPERS website.

The requirements also apply to Board Member designees.

ANALYSIS

Section 20100 provides that, at a minimum, appropriate topics shall be identified for Board Member education, which may include, but are not limited to:

- Fiduciary responsibility

- Ethics
- Pension fund investments and investment program management
- Actuarial matters
- Pension funding
- Benefits administration
- Disability evaluation
- Fair hearings
- Pension fund governance
- New Board Member orientation

Proposed Board Education Program Schedule 2016

Based on the Board policy and statute, current issues facing CalPERS, and input received from the committee, staff developed a proposed Program Schedule for 2016 (Attachment B). Staff is currently in the process of finalizing topics, dates, and speakers for all of the modules scheduled to occur July 2016, or later, and updated versions of this Program Schedule will be maintained in the Board's resource manual. All sessions will be video-taped.

Draft Report for Website Posting

Although the statute provides that the education requirement is on a two year cycle, the website posting requirement is annual. The Board Education Policy requires that the annual website report be posted in March.

In anticipation of meeting the posting requirement, staff has tracked Board Member and designee in-person attendance at CalPERS-sponsored sessions during 2015 that have been identified as reasonably complying with the statute. A self-certification form was made available for Board Members and designees who viewed the taped sessions or attended other activities that may count toward fulfilling the education requirement. This information was used to populate a draft report for website posting (Attachment C), which has been updated as of December 31, 2015, and will be posted in March 2016.

Staff is in the process of documenting procedures to institutionalize and maintain the program on an ongoing basis.

BUDGET AND FISCAL IMPACTS

Current known costs for 2016 are \$27,500 for the Risk and Compliance Module to be presented by UC Davis Graduate School of Management and CalPERS staff in April 2016. Other costs for 2016 will depend upon the finalized curriculum for each proposed module and the extent to which external resources and experts are used. The cost for fiduciary training provided by the Board's fiduciary counsel is included

within the associated contract. The remaining costs for the presentations, staff resources, AV services, and administration are being absorbed in the existing budget.

BENEFITS/RISKS

This Program supports compliance with Government Code section 20100, which is consistent with fiduciary duty and sound governance. Benefits include the enhancement of Board Member expertise on topics affecting CalPERS and its beneficiaries. We see little, if any, risk associated with the delivery of this program.

ATTACHMENTS

- Attachment A - CalPERS Board Member Education Policy
- Attachment B - Draft Proposed Board Member Education Program Schedule 2016
- Attachment C - Draft Report for Website Posting: Attendance Report – Calendar Year 2015

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