



Pension and Health Benefits Committee Agenda Item 6

November 15, 2016

Item Name: Annual Review of the Legislative and Policy Engagement Guidelines – First Reading

Program: Legislation

Item Type: Information

Executive Summary

The proposed California Public Employees' Retirement System (CalPERS) Legislative and Policy Engagement Guidelines, General, Retirement and Health Care Guidelines provide a policy framework to engage on legislative, regulatory, and policy proposals consistent with the Board of Administration (Board) beliefs, principles and policies. They have been developed from the previously adopted CalPERS Strategic Plan, Investment Beliefs, Pension Beliefs, Total Fund Investment Policy, Global Governance Principles, as well as existing Board legislative and investment policy standards, guidelines and initiatives. They in no way bind the Board when considering and adopting a position on any specific proposal, nor do they supersede or alter any existing policies, beliefs, or principles.

The proposed General, Retirement and Health Care Guidelines are part of the larger CalPERS Legislative and Policy Engagement Guidelines review that includes the investment policy guidelines. A draft of the Investment Guidelines will also be considered this month by the Investment Committee. Any changes to these draft guidelines recommended by the two Committees will be incorporated into the complete set of CalPERS Legislative and Policy Engagement Guidelines which will be presented to the Committees at the December meetings for a second reading and approval. The final, approved document will replace existing policy standards, priorities and initiatives for state and federal legislation and regulation previously adopted by the Board.

Staff is seeking feedback and subsequent approval on the proposed updates to the Legislative and Policy Engagement Guidelines, General, Retirement and Health Care Guidelines as contained in Attachment 1.

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 CalPERS' programs.

Background

The Board approved CalPERS Legislative and Policy Engagement Guidelines which provide staff with a framework to guide legislative and regulatory efforts consistent with the policy direction set forth by the Board. Often, state and federal legislative activity and regulatory processes do not conform to a timeframe consistent with the Board's regularly scheduled meetings. Thus, it is

important to equip staff with an appropriate understanding of the Board's policy framework in order to facilitate a timely legislative or regulatory response on behalf of CalPERS. Additionally, the CalPERS Legislative and Policy Engagement Guidelines provide guidance in the preparation of legislative agenda items consistent with the Board's standards and practices.

The CalPERS Legislative Policy Standards were originally adopted in 1996. They were modified in 1998 and again in 2001. Comparable Initiative Policy Standards were adopted by the Board in 1997. The Board adopted Federal Legislative and Regulatory Investment Guidelines in 2007. The Legislative and Policy Engagement Guidelines were last updated November 2015.

Analysis

The mission of the Legislative Affairs Division serves to lead CalPERS' legislative and policy efforts by collaborating with governmental, member, employer and other stakeholders to advance the financial and health security of all who participate in the System and to ensure the integrity and sustainability of the CalPERS Trust. The Legislative Affairs Division operates as a vital link in the state, federal and regulatory process, working with a myriad of stakeholders on relevant legislative and regulatory interests. The CalPERS Legislative and Policy Engagement Guidelines facilitate appropriate responses to federal and state legislative inquiries, legislative and regulatory analysis, testimony and necessary legislative exchange to present CalPERS' information uniformly and comprehensively. The guidelines also assist in the determination of which legislative and regulatory issues to draft and develop, monitor and engage along with providing recommendations and analysis to the Board.

The proposed changes to the General, Retirement and Health Care Guidelines reflect previous deliberations and approved policy statements such as, the CalPERS Strategic Plan, Investment Beliefs, Pension Beliefs, Total Fund Investment Policy and Global Governance Principles, in addition to existing Board legislative and investment policy standards, guidelines and initiatives.

Budget and Fiscal Impacts

Not applicable.

Benefits and Risks

Periodic, scheduled review of the CalPERS Legislative and Policy Engagement Guidelines mitigates risk by ensuring the legislative policy framework set forth by the Board, meets the Board's legislative and regulatory objectives, creates consistency in policy efforts and assists the Board in performing its constitutional mandate.

Attachments

Attachment 1 – Marked Proposed Changes: Legislative and Policy Engagement Guidelines

Attachment 2 – Clean Proposed Changes: Legislative and Policy Engagement Guidelines

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