



Board Governance Committee Agenda Item 5

December 20, 2016

Item Name: Board Education Program – Attendance Reporting and 2017 Program Schedule

Program: Board Governance

Item Type: Information

Executive Summary

The CalPERS Board Member Education Program was implemented in 2015 to assist Board members and their designees in complying with educational requirements imposed by Government Code section 20100, effective January 1, 2015, and the related CalPERS Board Education Policy.

This agenda item presents a draft report to be posted on the CalPERS website, as required by section 20100. It also includes proposed educational topics for the 2017 Program Schedule.

Strategic Plan

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

Background

In July 2014, the Governor signed AB 1163, adding Government Code section 20100 to the Public Employees' Retirement Law, effective January 1, 2015. Section 20100 requires that:

- CalPERS adopt an education policy for Board members
- 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
- CalPERS keep a record of Board members' compliance with the policy and publicly post the policy and an annual report of completed educational hours

In December 2014, the Board amended its existing Board Member Education Policy (Attachment 1) to conform to section 20100 and to include Board designees as impacted by the requirement.

Collectively, in calendar years 2015 and 2016, CalPERS coordinated 12 workshops comprised of 26.5 hours of education to assist Board members and designees in meeting the requirement. In March 2016, the first annual report of completed educational hours attained in calendar year 2015 was posted on the CalPERS website.

Analysis

Draft Website Posting

In March 2017, the second annual report will be posted, including hours attained in both calendar year 2015 and 2016. Attachment 2 contains a draft of the report, which was revised in order to individually report educational hours attained for each Board member and designee, based on their respective two-year period. Reports include hours attended and those submitted as of December 2, 2016, through the Self-Certification Form process.

Board members and designees who would like to report additional hours of education acquired in calendar year 2016, should submit a 2016 Self-Certification Form. These should be submitted through the Board Services Unit no later than January 20, 2017, and hours will be included in the March 2017 second annual report. A final draft report will be presented in a February 2017 Board Governance Committee agenda item.

2017 Program Schedule

The Executive Team and Board members were surveyed to gather input for the 2017 Program Schedule. Based on responses received and competencies outlined in the Board Member Education Policy, the following topics are proposed for 2017:

Scheduled:

- January 2017 – Fiduciary Training (fulfills mandatory annual requirement *and* counts toward Board Education)
- January 2017 – Public Asset Class Roles, Segments and Benchmarks
- January 2017 – Value Based Insurance Design – Lessons Learned
- May 2017 – Proven Ways to Drive Inclusion – Numbers Behind the Methods (CalPERS and CalSTRS Diversity Forum)
- May 2017 – Increasing Diversity in the Real World – How to Move the Needle (CalPERS and CalSTRS Diversity Forum)

To be scheduled:

- Global Macroeconomic Outlook
- Investment Management in a Volatile Environment
- Healthcare – Total Cost of Care and Quality vs. Price *and* The Cost Drivers We Need to Know

For those to be scheduled, the Executive Team is in the process of identifying and finalizing speakers and presentation dates. The 2017 Program Schedule will be presented in a February 2017 Board Governance Committee agenda item.

Budget and Fiscal Impacts

In 2016, CalPERS incurred a cost of \$45,000 for two sessions designed and presented by external experts. Other sessions were delivered by guest speakers and/or CalPERS team members at no direct cost. Costs for 2017 will depend upon the curriculum and the extent to which external experts are used. The fiduciary training provided by the Board's interim fiduciary counsel is partially included in the associated contract, but her fees may exceed the contract cap by a few hours. The remaining costs for presentations, staff, AV services, and administration are being absorbed in the existing budget.



Benefits and 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 delivery of this program.

Attachments

Attachment 1 – CalPERS Board Member Education Policy

Attachment 2 – Educational Activity Report

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