



## Finance and Administration Committee

# Agenda Item 5b

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**April 17, 2023**

**Item Name:** Annual Review of Board Member Employer Reimbursements

**Program:** Administration

**Item Type:** Action

### **Recommendation**

Approval of the proposed elected board member percentages of time to be spent on board related duties based on board and committee selections held in January, February, and March 2023.

### **Executive Summary**

The Board of Administration's Policy for the Approval of Reimbursement to State, School and Public Agency Employers of Elected Board Members requires the recommended percentage up to 100 percent of the elected board member's time that will be required of the board member to fulfill his or her duties for approval by the Finance & Administration Committee.

### **Strategic Plan**

Not Applicable

### **Background**

Government Code 20092, as amended January 1, 2014, allows the reimbursement of elected board member's salary and benefits paid based on the board approved percentage.

The costs associated with employer reimbursements are based on the percentage of time the elected board member spends on his or her duties as a member of the CalPERS Board of Administration. The percentage is based on the elected board member's time away from their regular work schedule to fulfill his or her responsibilities to the system. Reimbursement to the elected board member's employer is processed on a quarterly basis. The board member submits the Request for Employer Reimbursement Form (Attachment 1) certifying the actual number of hours spent fulfilling board duties and responsibilities. The total number of board hours is translated into a percentage from the quarterly normal work schedule hours, which is used to calculate the amount of reimbursement to the employer.

To improve transparency and accountability, an annual summary is provided

(Table 1) of employer reimbursed salary and benefits by board member, as requested by the employer, for the fiscal year 2021–22. The annual summary provides a framework that correlates reimbursed costs based on approved percentages to specific activities, with the streamlined approval and processing of reimbursement requests from employers.

Table 1

<b>Board Member</b>	<b>Salary and Benefits Reimbursed FY 2021–2022</b>
Rob Feckner	\$108,976.23
David Miller	\$86,951.06
Theresa Taylor	\$100,053.28

### Analysis

Included in Table 2 are the proposed percentages of time, as requested by the individual board members. The percentages are calculated from the Fiscal Year Baseline Hours Required for CalPERS Board Duties as seen in the Attachment 2 example. Baseline hours are set for the various board activities. The baseline hours represent the “routine” activities of board members, including offsites, workshops, and interviews; preparing for board and committee meetings; meetings with team members, consultants, beneficiaries, stakeholders, or industry experts; responding to individual constituency email, telephone calls, or correspondence; and keeping current on pension fund and health industry issues.

Table 2

<b>Board Member</b>	<b>Additional Role(s) as a CalPERS Board Member</b>	<b>Current Approved Percentage of Time</b>	<b>Proposed Percentage of Time</b>	<b>Effective Date</b>
David Miller	<ul style="list-style-type: none"> <li>- Vice President: Board of Administration</li> <li>- Vice Chair: Board Governance Committee</li> <li>- Vice Chair: Finance &amp; Administration Committee</li> <li>- Chair: Investment Committee</li> <li>- Member: Pension &amp; Health Benefits Committee</li> <li>- Chair: Risk &amp; Audit Committee</li> </ul>	76%	83%	03/14/2023
Jose Luis Pacheco	<ul style="list-style-type: none"> <li>- Member: Finance &amp; Administration Committee</li> <li>- Member: Investment Committee</li> <li>- Vice Chair: Pension &amp; Health Benefits Committee</li> <li>- Chair: Performance, Compensation &amp; Talent Management Committee</li> <li>- Member: Risk and Audit Committee</li> </ul>	68%	80%	03/14/2023
Kevin Palkki	<ul style="list-style-type: none"> <li>- Member: Board Governance Committee</li> <li>- Member: Investment Committee</li> <li>- Member: Pension &amp; Health Benefits Committee</li> <li>- Member: Performance, Compensation &amp; Talent Management Committee</li> </ul>	0%	68%	01/16/2023

Board Member	Additional Role(s) as a CalPERS Board Member	Current Approved Percentage of Time	Proposed Percentage of Time	Effective Date
Theresa Taylor	<ul style="list-style-type: none"> <li>- President: Board of Administration</li> <li>- Chair: Board Governance Committee</li> <li>- Member: Finance &amp; Administration Committee</li> <li>- Vice Chair: Investment Committee</li> <li>- Member: Pension &amp; Health Benefits Committee</li> <li>- Member: Performance, Compensation &amp; Talent Management Committee</li> </ul>	100%	100%	03/14/2023
Mullissa Willette	<ul style="list-style-type: none"> <li>- Member: Investment Committee</li> <li>- Member: Pension &amp; Health Benefits Committee</li> <li>- Vice Chair: Performance, Compensation &amp; Talent Management Committee</li> <li>- Member: Risk &amp; Audit Committee</li> </ul>	61%	62%	03/14/2023

**Budget and Fiscal Impacts**

Not Applicable.

**Benefits and Risks**

If recommendations are not approved, there is a risk that elected board member’s employers may not be reimbursed for the amount equal to the salary and benefits paid to the elected board member in fulfilling his or her responsibilities to CalPERS in accordance with the Policy for Approval of Reimbursement to State, School and Public Agency Employers of Elected Board Members.

**Attachments**

Attachment 1 – Request for Employer Reimbursement Form

Attachment 2 – Fiscal Year Baseline Hours Required for CalPERS Board Duties

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