

PLAN GOVERNANCE & ADMINISTRATIVE ISSUES COMMITTEE COMMITTEE REPORT 09-01



Date: June 12, 2009
To: Plan Governance & Administrative Issues Committee
From: Staff
Subject: Education/Travel Policy

Committee Members
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Recommendation:

That the Investments Committee receive for consideration/discussion the following information regarding developing an Education/Travel Policy for travel expenditures.

Discussion:

Education Policy - The Board of Deferred Compensation recently referred to the Administrative Issues Committee a review of its practices, policies and funding concerning education and travel. The Board has not previously established a discrete education and travel policy, although it did recently adopt recommendations pursuant to a report related to this topic (Attachment A). This report was heard on April 15, 2008 and at that meeting the Board adopted staff's recommendation to adopt a funding structure for education expenses.

This funding structure set an initial annual funding level for the Plan's Training/Education budget at \$50,000 and then provided that this amount would be adjusted for inflation over time. The methodology also calculated an individual per-person training expenditure of \$2,941 (similarly adjusted for inflation). This amount included both Board members and staff.

To provide the Committee with some reference information, staff contacted the City's three defined benefit plans (the Los Angeles City Employees' Retirement System, Fire/Police Pensions, and DWP Retirement Plan) and two defined contribution plans (the County of Los Angeles and City of New York) to determine if they had established formal education policies and obtain copies of their language, if applicable.

In general, the defined benefit plans appear to offer, as would be expected, more conference and training opportunities. The former make decisions concerning the investment of assets, whereas the latter are only responsible for providing a menu of choices to participants.

Following are highlights of findings for each of these entities:

LACERS - The Los Angeles City Employees Retirement System (LACERS) recently proposed a policy to its Audit and Strategic Planning Committee which outlined the objectives and structure for its educational program (Attachment B). LACERS' proposed policy identifies the various components of a proposed curriculum and resources (in-house and external) for delivering that curriculum.

Fire/Police Pensions – Pensions has adopted an education policy which encourages members to attend three but not more than eight educational meetings, conferences, or seminars per fiscal year (Attachment C). This policy does not identify a recommended curriculum.

DWP Retirement – DWP has travel protocols and indicates they are in the process of drafting a proposed education policy.

New York City – New York City does not have a formal education/travel policy specific to its deferred compensation plan. They indicate that the annual NAGDCA Conference is their primary external educational resource.

County of Los Angeles - The County has developed a formal training program, although they indicate that they have not been able to follow this program over the past year due to more pressing demands on their staff (Attachment D). Their most recent published curriculum which they hope to implement soon provides for the following quarterly educational sessions:

- Governance and Administration – includes fiduciary responsibilities, Brown Act, conflict of interest and Internal Revenue Code rules/regulations;
- Plan Operations & Participant Services – includes Plan features, operational structure and controls, communications and industry trends;
- Outside Conference - typically the NAGDCA Conference, although if a Board member is unable to attend this conference they can apply to attend another conference; and
- Investments – includes investment principles, a focus on its stable value fund, their investment policy and current industry trends.

Staff would support developing a proposed curriculum, in the form of an Education Policy, for the City's Deferred Compensation Plan similar to the model used by the County but consistent with (a) the funding structure previously adopted by the Board and (b) the staffing resources required to support the education program. This draft policy, once refined and adopted by the Committee, could be then submitted to the Board for approval.

Travel Policy – The documents provided by the various entities pursuant to the discussion of an education policy also contain formal policies around travel. These

policies relate primarily to the logistics and requirements surrounding travel rather than funding.

The City Controller's travel guidelines, which are provided to Board/staff members as part of attendance at the NAGDCA Conference (and other conferences Board members may attend), would be the governing authority for all Board member travel. It is not a requirement that the Board adopt a separate travel policy, and in fact in staff's view this would be inadvisable because (a) such a policy could not be inconsistent with Controller guidelines and (b) since Controller guidelines are constantly being updated, any separate policy approved by the Board would need to be constantly updated as well. An Education/Travel policy adopted by the Board could, however, address certain travel-related issues not part of City Controller guidelines and refer to and incorporate by reference the Travel policies maintained by the City Controller.

Submitted by: _____
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Approved by: _____
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