

COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
Telephone: (717) 720-4749, Fax: (717) 772-5372
E-mail: jclay@state.pa.us

DATE: August 3, 2009
SUBJECT: Conversion of Chief Financial Officer Position to Investment Professional status
TO: Personnel Committee
FROM: Jeffrey B. Clay, Executive Director *JMC*

At the next Personnel Committee meeting on August 12, 2009, Staff will present a series of amendments to the Board's *Policy Manual for Investment Professional Staff*, (Policy). A redlined and a clean copy of the proposed amendments are attached for the Committee's review, consideration and recommendation to the Board. A resolution to that effect is attached.

These amendments are required given the Office of Administration's (OA) recent approval of PSERS' request that its Chief Financial Officer (CFO) position be re-classified as an Investment Professional. Copies of OA's approval, plus PSERS' justification for the reclassification, are attached for your reference.

As a result of PSERS' request and OA's approval:

- ◆ The Board has both compensation and classification authority over its CFO position under Section 8502(a) of the Public School Employees' Retirement Code, 24 PA.C.S. §8502(a); and
- ◆ This position remains as a non-civil service position.

Therefore, the proposed amendments substantively seek to do the following, effective the first full pay period in July 2009:

1. Add the CFO position to the Policy's job class structure.
2. Slot the CFO at the lowest step on pay group 4 on the Board's approved salary schedule for PSERS' Investment Professionals. This will result in a salary increase roughly equivalent to that granted to the three investment accounting positions when they were converted to

Investment Professionals status last year. This action will also maintain parity between those positions and the CFO.

From Staff's perspective these amendments are the minimum necessary to implement the conversion of this position to the Investment Professional status, effective for fiscal year 2009-2010. Staff recommends that additional changes, including those for the original three investment accounting positions re-classified last year to the Investment Professional status, be postponed pending receipt of updated compensation data as contemplated by Section 1.3 of the Policy. That study has been initiated, with McLagan Partners again being retained to provide the updated compensation data and other advice on the nature and structure of PSERS' entire compensation program for its Investment Professionals. The results of that study hopefully will be available for consideration at the Committee's October meetings. If not, it will be presented at its December 2009 meeting.

If you have any questions concerning the above, please feel free to contact me.