

Commonwealth of Pennsylvania
Public School Employees' Retirement System
Phone: (717) 720-4749
jowasiak@pa.gov

To: Bylaws/Policy Committee

From: Joseph E. Wasiak Jr., Assistant Executive Director

RE: PSERB Ethics Policy and Education Policy Changes

Date: August 28, 2017

1. At the September 2017 Bylaws/Policy Committee meeting the Committee will be present with two issues. The first of these involves changes to the Ethics Policy and the second involves changes to the Education Policy.

a. Ethics. The Auditor General's report contained a number of recommendations regarding the training and acknowledgement of ethics related matters. Two of these were:

Recommendation 4.3.a. **Put in place a minimum amount of ethics training each Board member/designee must receive, with emphasis placed on identifying and disclosing in writing any conflicts of interest, and ensuring that it is obtained.**

Recommendation 4.3.b. **Require each Board member/designee to sign the Ethics policy acknowledgement statement annually and when the policy substantially changes.**

b. Staff proposes that Recommendation 4.3.a be addressed within the Board's Education Policy which will be discussed at the committee meeting along with other potential changes to that policy. Staff further proposes that recommendation 4.3.b be addressed with a change to paragraph 4.g of the Ethics Policy. See below; changes are highlighted in red.

“g. Acknowledgement of Policy

All Trustees shall agree in writing to comply with this Policy at the commencement of their service with PSERS as a Trustee **and annually thereafter. This acknowledgement will be kept on file with the Board Liaison.** A copy of the required acknowledgement is attached as Exhibit A.”

c. Education. The Auditor General's report also made a number of recommendations with regards to Board education. Three of these included the following.

Recommendation 1.3.a. Establish and implement provisions within the Board's Education Policy to require: **Each Board member/designee complete a self-evaluation, on a Board-provided form, of their educational needs at least annually to assist in identifying topics for training.**

Recommendation 1.3.b. Establish and implement provisions within the Board's Education Policy to require: **The Board to determine the subject matters addressed at education sessions and to what extent each topic needs to be discussed.**

Recommendation 1.3.c. Establish and implement provisions within the Board's Education Policy to require: **A minimum amount of mandatory education or training each Board member/designee must obtain each year, specifying the minimum amount of hours of training and the core subject matters the trainings must encompass.**

d. In addition to the Auditor General's recommendations, the recently enacted pension legislation, Act 5, dated 12 June 2017, contains the following:

Section 8501 (f). Board training. Each member of the board will be required to obtain eight hours of mandatory training in investment strategies, actuarial cost analysis and retirement portfolio management on an annual basis.

2. These four recommendations within the Auditor General's report (one ethics and three education) and the directive within the new law will require some changes to the Education Policy. At the September 14, 2017 meeting the committee members will be able to discuss the potential changes and provide guidance to staff for their implementation.