

In Brief

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COMMITTEE UPDATE

Committee on Retirement and Benefits Administration

BY MICHAEL BELARMINO

With great anticipation, after two years of virtual meetings, several members of GFOA's Committee on Retirement and Benefits Administration (CORBA) finally got together (albeit in a mix of in-person and virtually) for the 2022 Washington committee meeting in late January 2022. While the meeting was still far from normal, it was close enough to reenergize CORBA for its work as the committee moves into the latter half of the term year. This update will focus on the two GFOA best practices members revised and what the committee expects to tackle in its near-term work plan.

Best practices and advisories tend to be reviewed for several reasons. The circumstances or conditions

might have changed from when the document was originally developed, for example. Or in some instances, governments learn from responding to the conditions discussed in the best practice or advisory, so GFOA takes that information into account and may decide to take a much stronger stance or to reflect current practices. The two best practices the committee recently updated are discussed below.

Governance of Public Employee Postretirement Benefits Systems.

Approved by the GFOA Board in 2010, this best practice recommends that the state or local government or other designated governing entity establish rules of governance for its postretirement benefits systems. These rules of governance should

define the key elements necessary for trustees and other fiduciaries to fulfill their responsibilities, in accordance with fiduciary standards. The best practice then goes on to make several governance recommendations. No changes were made to the overall recommendations or stance of the best practice. But upon review, committee members felt several points needed to be fleshed out to add more clarity to the document. For example, the discussion on governing expectations and

Above: GFOA's Committee on Capital Planning and Economic Development at its meeting on January 24, 2022, to discuss best practices in environmental considerations for capital planning. The group worked to create a plan to address challenges.



Above: GFOA's Accounting, Auditing, and Financial Reporting Committee meets in Washington, D.C. to discuss best practices and other issues related to strategies local governments can implement and in response to the latest standards in governmental accounting.

Below: Emily Brock, the director of GFOA's Federal Liaison Center, makes a presentation to the GFOA's Committee on Debt Management.

roles was expanded to add several considerations as governance best practices.

Investment Policies for Defined Benefit Plans. Approved by the GFOA Board in 2017, this best practice recommends that defined benefit plans establish and adhere to a formal investment policy to regulate and monitor the system's investment program. Further, this policy should be viewed as a long-term governing document. Similar to the best practice on Governance, no changes were made to the overall recommendation or stance. But after review, the committee made revisions to improve the overall flow of the document, as well as separated a few elements supplementing the recommendation to provide more clarity on the point each intended to convey. Finally, the revisions included an elaboration of

particular points to reflect current considerations for asset allocation strategies.

Work plan focus

CORBA members also used the Washington meeting as an opportunity for roundtable discussion and to hear from guest speakers who might help inform committee plans on

future projects. At the end of the day, there was at least one overarching challenge raised by nearly every committee member for their respective organization: recruiting and retaining staff.

The oft-used phrase to describe the general workforce trend over the last two years is the "Great Resignation," and it did not impact the private



sector alone. The public sector continues to see its fair share of workers changing careers, and the trend will only exacerbate the impact of the retirements expected in the next few years.

Coincidentally, CORBA members also heard from the National Association of State Treasurers, which recently commissioned and released a public finance workforce study. Among the study's key findings were the necessity of growth in the public finance workforce, the aging of the public finance workforce, and that the public sector offers fewer finance job opportunities than the private sector.

Because retirement and health benefits are some of the primary tools public sector employers may use to attract and keep staff, CORBA assembled a work group to review the current best practices on communicating these important benefits to employees. While it remains undetermined at this point all the resources GFOA and CORBA might ultimately develop to tackle this issue head-on, at a minimum, reviewing existing best practices should yield helpful resources that reflect the current workforce environment.

Looking to GFOA's Annual Conference

As part of the 116th Annual Conference in Austin, Texas, CORBA members look forward to meeting in-person once again to discuss the progress of the committee's work plan. And now that virtual meetings are part of our new normal, you can certainly expect committee members to continue engaging each other in the months ahead to carry on the work of developing vital resources on retirement and benefits administration. ■

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Committee on Economic Development & Capital Planning

BY MICHAEL THOMAS

The Committee on Economic Development and Capital Planning [CEDCP] spent GFOA's 2022 winter committee meeting welcoming new members, discussing committee priorities, and planning the group's future work. With most of its major work from the previous year concluded, members were able to focus on looking toward 2022. Much of the time leading up to the January meeting in Washington, D.C. was devoted to brainstorming the committee's next topics and to get in some preliminary work over those issues.

GFOA Winter Meeting 2022

The committee discussed its ongoing work: rewriting the *Environmental Practices in Capital Planning* best practice, developing a best practice on *Alignment of Capital Assets and Revenue Streams*, and creating a draft of a best practice on *Assessing Governments' Ability to Manage Capital Assets*.

Since early fall 2021, the CEDCP has been considering new topics to address. Through a series of virtual meetings and conference calls leading up to the winter meeting, the committee focused on three issue areas for potential action: environmental, social, and governance (ESG) issues; place-making and economic development; and "accountaneering"/strategic asset management. Members from each subgroup further discussed their respective topics and how the committee might develop a best practice, policy statement, or advisory that would add value to the subject area.

In the last two years, several significant pieces of legislation affecting issues under the jurisdiction of the CEDCP were signed into law.

Looking to GFOA's Annual Conference

The CEDCP is fortunate to have a relatively open agenda that will allow it to refocus some of its priorities as it heads into GFOA's annual conference in June. Committee members also expect to make substantial progress on their three ongoing projects.

Finance officers need to focus on capital planning because several significant pieces of legislation related to infrastructure were signed into law in the last two years, bringing attention to GFOA's best practices on the topic.

Also, after considering adjustments to several best practices—based on lessons from the COVID-19 pandemic and an ever-changing environment around ESG factors in capital planning, among other issues—committee members remain well-positioned to provide resources at this critical time for many governments.

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