

HOUSE BILL 1212

P6

4lr2806

By: **Delegate J. Lewis**

Introduced and read first time: February 8, 2024

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Director of Diversity, Equity, and**
3 **Inclusion and Governance Program**

4 FOR the purpose of establishing that the Executive Director of the State Retirement
5 Agency shall employ a Director of Diversity, Equity, and Inclusion of the State
6 Retirement and Pension System; requiring the Director of Diversity, Equity, and
7 Inclusion to identify and minimize certain barriers to ensure access and
8 opportunities to underrepresented groups and to perform other related duties;
9 establishing a governance program within the Investment Division of the State
10 Retirement Agency; requiring the Chief Investment Officer to employ a certain
11 individual to assist in the implementation of the governance program; specifying the
12 responsibilities of the individual employed to assist in the implementation of the
13 governance program; and generally relating to the establishment of a Director of
14 Diversity, Equity, and Inclusion of the State Retirement and Pension System and a
15 governance program within the Investment Division of the State Retirement Agency.

16 BY repealing and reenacting, without amendments,
17 Article – State Personnel and Pensions
18 Section 21–118 and 21–122(a)(1)
19 Annotated Code of Maryland
20 (2015 Replacement Volume and 2023 Supplement)

21 BY adding to
22 Article – State Personnel and Pensions
23 Section 21–118.2 and 21–122(h)
24 Annotated Code of Maryland
25 (2015 Replacement Volume and 2023 Supplement)

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
27 That the Laws of Maryland read as follows:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



Article – State Personnel and Pensions

21–118.

(a) (1) The Board of Trustees shall appoint the Executive Director of the State Retirement Agency.

(2) The Executive Director serves at the pleasure of the Board of Trustees.

(b) The Executive Director shall:

(1) be in charge of the State Retirement Agency;

(2) compile annually a comprehensive budget for submission to the Board of Trustees; and

(3) have the duties and functions that the Board of Trustees may delegate.

(c) (1) (i) The Executive Director shall employ a staff to carry out the administrative duties of the several systems.

(ii) Except as provided in § 21–315 of this title, the compensation of the Executive Director and staff shall be as provided in the State budget.

(2) Except for employees described in paragraph (3) of this subsection, the employees are skilled service or professional service employees subject to the provisions of this article that govern skilled service or professional service employees.

(3) An employee is in the executive service, management service, or is a special appointment in the State Personnel Management System if:

(i) the employee holds a position that the Executive Director, with the approval of the Board of Trustees, designates as a professional or technical position that involves specialized skill, education, and knowledge; and

(ii) the employee's labor is predominantly intellectual rather than manual or physical.

(d) The Executive Director and the Chief Investment Officer and staff of the Investment Division of the State Retirement Agency shall comply with the policies that the Board of Trustees prescribes about conflicts of interest and personal investments.

(e) (1) A document that must be executed by or for the Board of Trustees shall be signed:

(i) by the Executive Director of the State Retirement Agency; or

1 (ii) in the absence or disability of the Executive Director, by another
2 employee whom the Executive Director, with the approval of the Chairman of the Board of
3 Trustees, designates in writing.

4 (2) If a countersignature is required, with the approval of the Chairman of
5 the Board of Trustees, the Executive Director shall designate those employees of the State
6 Retirement Agency who may sign.

7 **21-118.2.**

8 (A) THE EXECUTIVE DIRECTOR SHALL EMPLOY A DIRECTOR OF
9 DIVERSITY, EQUITY, AND INCLUSION OF THE STATE RETIREMENT AND PENSION
10 SYSTEM.

11 (B) THE DIRECTOR OF DIVERSITY, EQUITY, AND INCLUSION SHALL:

12 (1) IDENTIFY AND MINIMIZE BARRIERS TO OPEN AND EQUITABLE
13 PROCESSES BY ENSURING THE STATE RETIREMENT AGENCY PROVIDES ACCESS
14 AND OPPORTUNITIES TO UNDERREPRESENTED GROUPS;

15 (2) ENGAGE WITH THE BOARD OF TRUSTEES, STAFF, AND EXTERNAL
16 ENTITIES TO PROMOTE AND SUPPORT DIVERSITY OF PARTICIPATION AND
17 LEADERSHIP;

18 (3) PROVIDE ASSISTANCE AS NECESSARY TO THE INVESTMENT
19 DIVISION ESTABLISHED UNDER § 21-122 OF THIS SUBTITLE;

20 (4) PROVIDE ADVICE AND REPORTS TO THE BOARD OF TRUSTEES ON
21 TOPICS INCLUDING DIVERSITY, EQUITY, AND INCLUSION; AND

22 (5) HAVE THE DUTIES AND FUNCTIONS THAT THE BOARD OF
23 TRUSTEES MAY DELEGATE.

24 **21-122.**

25 (a) (1) There is an Investment Division in the State Retirement Agency.

26 (H) (1) THERE IS A GOVERNANCE PROGRAM WITHIN THE INVESTMENT
27 DIVISION OF THE STATE RETIREMENT AGENCY ESTABLISHED IN ACCORDANCE
28 WITH THE POLICIES OF THE BOARD OF TRUSTEES.

29 (2) SUBJECT TO SUBSECTION (A) OF THIS SECTION, THE CHIEF
30 INVESTMENT OFFICER SHALL EMPLOY AN INDIVIDUAL TO ASSIST IN THE
31 IMPLEMENTATION OF THE GOVERNANCE PROGRAM.

1 **(3) THE RESPONSIBILITIES OF THE INDIVIDUAL EMPLOYED UNDER**
2 **PARAGRAPH (2) OF THIS SUBSECTION SHALL BE CONSISTENT WITH THE FIDUCIARY**
3 **RESPONSIBILITIES AND SHALL INCLUDE:**

4 **(I) DEVELOPING APPROPRIATE STANDARDS, POLICIES, AND**
5 **PROCESSES FOR THE IMPLEMENTATION AND MANAGEMENT OF THE GOVERNANCE**
6 **PROGRAM;**

7 **(II) MONITORING, EVALUATING, AND QUANTIFYING THE RISKS**
8 **AND EFFECTS OF MATERIAL ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS**
9 **ON THE INVESTMENT OF THE ASSETS OF THE SEVERAL SYSTEMS;**

10 **(III) WORKING ACROSS ASSET CLASSES TO INTEGRATE**
11 **CONSIDERATION OF MATERIAL ENVIRONMENTAL, SOCIAL, AND GOVERNANCE**
12 **FACTORS INTO INVESTMENT DUE DILIGENCE AND RECOMMENDATIONS;**

13 **(IV) PROVIDING RECOMMENDATIONS TO THE CHIEF**
14 **INVESTMENT OFFICER BASED ON RESEARCH AND ANALYSIS OF MATERIAL**
15 **ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FACTORS, INCLUDING DIVERSITY,**
16 **EQUITY, AND INCLUSION;**

17 **(V) ASSISTING THE INVESTMENT DIVISION IN IDENTIFYING**
18 **AND RECOMMENDING INVESTMENT OPPORTUNITIES TO THE CHIEF INVESTMENT**
19 **OFFICER;**

20 **(VI) EVALUATING WHETHER INTERNAL AND EXTERNAL**
21 **INVESTMENT MANAGERS REPRESENT A DIVERSE SET OF BACKGROUNDS;**

22 **(VII) WORKING WITH INVESTMENT MANAGERS, DATA**
23 **PROVIDERS, INDEX PROVIDERS, OR CONSULTANTS TO IDENTIFY, ANALYZE, DEFINE,**
24 **AND PRIORITIZE SPECIFIC METRICS TO ALIGN WITH AN INCLUSIVE ENVIRONMENT;**

25 **(VIII) SUPPORTING THE BOARD OF TRUSTEES WITH THE**
26 **IMPLEMENTATION OF THE STATE'S MINORITY BUSINESS ENTERPRISE POLICIES BY**
27 **THE INVESTMENT DIVISION, IN ACCORDANCE WITH TITLE 14, SUBTITLE 3 OF THE**
28 **STATE FINANCE AND PROCUREMENT ARTICLE AND § 21-116(D) OF THIS SUBTITLE;**
29 **AND**

30 **(IX) PROVIDING ADVICE AND REPORTS TO THE BOARD OF**
31 **TRUSTEES ON GOVERNANCE TOPICS.**

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
33 1, 2024.