



Regular Meeting

Item Number 11 – Open Session

Subject: State and Federal Legislative Report

Presenter(s): Joycelyn Martinez-Wade / John Stanton, Hogan Lovells

Item Type: Information

Date & Time: November 5, 2021 – 20 minutes

Attachment(s): Attachment 1 – Legislative Matrix

PowerPoint(s): Federal Legislative Review

PURPOSE

The purpose of this item is to provide the board with an update on current state and federal legislation. In addition, John Stanton of Hogan Lovells will present to the board an outline of federal activities that affect CalSTRS and its members.

12021 LEGISLATIVE MATRIX

STATE LEGISLATION

Updated: 10/8/21

BILL/ AUTHOR	SPONSOR	SUMMARY	BOARD POSITION	LOCATION
AB 539 (Cooley) Introduced: 2/10/21	CalSTRS	Grants the Teachers' Retirement Board prudent flexibility to contract with investment managers and advisers under policies it adopts, and seeks to expand the CalSTRS Collaborative Model, an investment strategy to reduce costs, control risks and increase expected returns by managing more assets internally and leveraging external partnerships.	Sponsor	Chapter 619, Statutes of 2021
AB 551 (Rodriguez) Introduced: 2/10/21	CalSTRS	Authorizes CalSTRS to offer a traditional (tax-deferred) Individual Retirement Account (IRA) in addition to a Roth IRA and accept rollovers from any eligible retirement plan to those IRAs. Also enables CalSTRS to receive contributions from IRA participants and allows spouses of those participants to contribute to a CalSTRS IRA plan.	Sponsor	Assembly Floor (Inactive File)
AB 845 (Rodriguez) Chaptered: 7/23/21	SEIU	Creates a rebuttable presumption for disability retirements due to a COVID-19-related illness that the disability arose out of the member's employment and sunsets on January 1, 2023.	Neutral, if amended	Chapter 122, Statutes of 2021
AB 890 (Cervantes) Amended: 5/24/21	The New America Alliance	Requires the boards of CalSTRS and CalPERS, commencing March 1, 2023, to submit an annual report to the Legislature on the status of achieving appropriate objectives and initiatives, as defined by the system's board, regarding participation of emerging or diverse asset managers in the systems' investment portfolios. Requires the report to be based on contracts entered into on and after January 1, 2022, and to include specified information regarding each emerging or diverse manager. Sunsets on January 1, 2028.	Neutral	Chapter 472, Statutes of 2021

BILL/ AUTHOR	SPONSOR	SUMMARY	BOARD POSITION	LOCATION
AB 1019 (Holden) Introduced: 2/18/21	Author	Prohibits state trust money from being used to make additional or new investments or renew existing investments in investment vehicles issued or owned by the government of Turkey, its instrumentalities or political subdivisions. Also indemnifies present, former and future board members, officers and employees of and investment managers under contract with those state trust funds for actions related to the bill, and no longer applies if the government of Turkey adopts a policy to acknowledge the Armenian Genocide and embark on a path of affording justice to its victims.	Oppose	Assembly PE&R Committee
AJR 9 (Cooper) Chaptered: 7/15/21	CalRTA	Requests the U.S. President and Congress to enact legislation that would repeal the Government Pension Offset (GPO) and the Windfall Elimination Provision (WEP) from the Social Security Act.	Support	Resolution Chapter 78, Statutes of 2021
SB 294 (Leyva) Amended: 6/14/21	California Labor Federation; CFT; CTA	Removes the 12-year limitation for service credit earned by a member while on a compensated leave of absence for elected officer service under the Teachers' Retirement Law and the Public Employees' Retirement Law.	Neutral	Chapter 539, Statutes of 2021
SB 457 (Portantino) Introduced: 2/16/21	Author	Requires CalSTRS to provide a school district an option to elect an investment portfolio that does not contain investment vehicles that are issued or owned by the government of the Republic of Turkey and extends the same provision to school districts and cities participating in CalPERS.	Oppose	Assembly PE&R Committee
SB 634 (L,PE&R) Amended: 6/14/21	CalSTRS	Makes various technical, conforming or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan. Also makes various technical and conforming changes in the Public Employees' Retirement Law and the County Employees Retirement Law.	Sponsor	Chapter 186, Statutes of 2021

FEDERAL LEGISLATION

Updated: 10/1/21

BILL/ AUTHOR	SPONSOR	SUMMARY	BOARD POSITION	LOCATION
H.R. 82 (Davis-IL) Introduced: 1/4/21	Author	Eliminates the GPO and the WEP from the Social Security Act.	Support	House Committee on Ways and Means
S. 588 (Feinstein-CA) Introduced: 3/4/21 H.R. 1549 (Casten-IL) Introduced: 3/3/21	Author	Establish a permanent Climate Risk Advisory Committee on the Financial Stability Oversight Council (FSOC), require specified regulatory agencies to include climate risk in their supervisory guidance, require FSOC to incorporate climate risk into specified decisions, require the Federal Insurance Office to report on modernizing and improving climate risk insurance regulation, and encourage financial regulators to join international networks on climate financial risk.	Support	Senate Committee on Banking, Housing, and Urban Affairs House Committee on Financial Services