

2016 LEGISLATION AFFECTING CalSTRS

BILL / AUTHOR	SPONSOR	SUMMARY	BOARD POSITION	LOCATION
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Updated: 10/11/16

STATE LEGISLATION

<u>AB 736</u> (Cooley) Chapters: 9/24/16	CalSTRS	Adds Chief Operating Officer and Chief Financial Officer to those positions for which the Teachers' Retirement Board has the authority to establish desired competencies, set terms and conditions of employment and fix the compensation levels. Imposes limits on annual salary increases paid to a person who served in either position on January 1, 2016, and who does not separate from service prior to the increase. Limits the number of each of the positions under the board's authority, except for investment officers, to one.	Sponsor	Chapter 553, Statutes of 2016
<u>AB 1052</u> (Cooley) Amended: 8/19/16	CalSTRS	Consistent with existing constitutional authority, authorizes the board of CalSTRS to contract for specified investment-related services under the board's terms and conditions and, except under specified circumstances, utilizing competitive processes in lieu of state contracting requirements.	Sponsor	Assembly Inactive File
<u>AB 1551</u> (Allen) Introduced: 1/4/16	Author	As of January 1, 2017, prohibits state retirement systems, including CalSTRS, from making additional or new investments or renewing existing investments in, and requires divestment from, business firms or financial institutions that engage in discriminatory business practices in furtherance or in compliance with the boycott of Israel.	Bill held in Legislature before board position adopted	Not referred to policy committee
<u>AB 1552</u> (Allen) Introduced: 1/4/16	Author	Prohibits public entities, including CalSTRS, from entering into a contract unless the contract includes a representation that the contractor is not and will not during the duration of the contract engage in the boycott of a person or entity based in or doing business with a country that is a member of the World Trade Organization or unless certain exceptions are met.	Bill held in Legislature before board position adopted	Not referred to policy committee
<u>AB 1812</u> (Wagner) Introduced: 2/8/16	Author	Limits the annual benefit of public retirement system members to either \$80,000 for a pension based on Social Security-covered employment or \$100,000 for a pension based on non-covered employment. Applies to those with a membership date on or after January 1, 2017, and adjusts the limit each year for changes in the Consumer Price Index for All Urban Consumers.	Author dropped bill before board position adopted	Not heard in Assembly PER&SS Committee

Board-sponsored bills in bold.

Bills not being presented to the board shaded gray.

Prepared by CalSTRS Governmental Relations.

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AB 1875 (Chávez) Chaptered: 9/24/16	Author	Allows CalSTRS Defined Benefit Program members and Cash Balance Benefit Program participants to designate a specific type of trust established for a disabled individual (often called a “special needs trust”) to be an option beneficiary or annuity beneficiary and receive a benefit for the duration of the disabled individual’s lifetime.	Neutral	Chapter 559, Statutes of 2016
AB 2155 (Ridley-Thomas) Enrolled: 8/22/16	Los Angeles College Faculty Guild	Requires that collective bargaining agreements or employment agreements that apply to adult education instructors specify the courses for which those members are adult education instructors.	Neutral	Vetoed by Governor
AB 2283 (Calderon) Amended: 3/28/16	Author	Requires the boards of CalSTRS and CalPERS, before investing in securitized home rental properties and consistent with their fiduciary duties, to evaluate and ensure those investments meet certain requirements.	Bill held in committee before board position adopted	Held in Assembly PER&SS Committee
AB 2348 (Levine) Enrolled: 8/29/16	Author	Authorizes the Department of Finance to identify California infrastructure projects for which it will guarantee a rate of return on investment for investments made by CalPERS.	CalSTRS removed from the bill	Vetoed by Governor
AB 2650 (Nazarian) Amended: 4/26/16	Author	Prohibits CalSTRS and CalPERS from making additional or new investments or renewing existing investments in any investment vehicle issued, owned, controlled or managed by the Turkish government, and requires divestment from those investments within six months of the passage of a federal law imposing sanctions on Turkey, subject to the fiduciary duty of these boards. Requires the boards, within one year of the passage of such a federal law, to report to the Legislature any investments in a Turkish investment vehicle and other specified information. Indemnifies board members, officers and employees of and investment managers under contract with CalSTRS and CalPERS for actions related to the bill.	Bill held in committee before board position adopted	Held in Assembly Appropriations Committee
AB 2833 (Cooley) Chaptered: 9/14/16	State Treasurer John Chiang	Requires every public investment fund to require its alternative investment vehicle fund managers and related parties to make specified disclosures regarding fees and expenses for each alternative investment vehicle. Requires this information to be disclosed at least once annually in a report presented at a meeting open to the public. Applies to new contracts entered into, and to existing contracts pursuant to which the fund makes a new capital commitment on or after January 1, 2017.	Support, if amended	Chapter 361, Statutes of 2016

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SB 1297 (Pan) Amended: 4/19/16	Empower Retirement: Great-West Life & Annuity Insurance Company	Authorizes a state or local public employer to provide automatic enrollment and automatic escalation in a supplemental retirement savings plan.	Bill held in committee before board position adopted	Held in Senate PE&R Committee
SB 1352 (PE&R) Chaptered: 8/26/16	CalSTRS	Makes various technical, conforming or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan.	Sponsor	Chapter 218, Statutes of 2016
SB 1353 (Pan) Chaptered: 9/14/16	Author	Makes a technical clarification specifying that state contribution changes that occurred after 1990 are not considered when determining future adjustments to the state contribution rate pursuant to the 2014 Full Funding Plan, except for the state contribution rate increases pursuant to that plan.	Sponsor	Chapter 350, Statutes of 2016
SB 1390 (Block) Amended: 3/28/16	Author	Authorizes a CalSTRS retired member to perform retired member activities for a school district without having to meet the separation-from-service requirement as long as certain conditions are met.	Author dropped bill before board position adopted	Not heard in Senate PE&R Committee

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FEDERAL LEGISLATION

H.R. 711 (Brady-TX) Introduced: 2/4/15		Establishes a new formula for the treatment of non-covered earnings in determining Social Security benefits to replace the WEP for individuals who turn age 62 after 2016 and prescribes a second formula to lessen the effects of the WEP for current beneficiaries. Also directs the Commissioner of Social Security to recover overpayments from certain individuals.	Watch	House Subcommittee on Social Security
H.R. 973 (Davis-IL) Introduced: 2/13/15		Repeals the WEP and the GPO.	Support	House Subcommittee on Social Security
H.R. 4822 (Nunes-CA) Introduced: 3/21/16		Requires the state or local government employee pension plan sponsor to report to the U.S. Treasury Secretary each plan year beginning on or after January 1, 2017, specified information using the U.S. Treasury Obligation Yield Curve—so as to derive and apply a “risk free” rate of return—to calculate the information, where applicable. Failure to comply with the reporting requirements results in the forfeiture of federal tax benefits to bonds issued by the relevant state or political subdivision until noncompliance is remedied.	Oppose	House Committee on Ways and Means