

2016 LEGISLATION AFFECTING CalSTRS

BILL / AUTHOR	SPONSOR	SUMMARY	BOARD POSITION	LOCATION
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Updated: 4/29/16

STATE LEGISLATION

<u>AB 736</u> (Cooley) Introduced: 2/25/15	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.	Sponsor	Senate PE&R Committee
<u>AB 1052</u> (Cooley) Amended: 8/17/15	CalSTRS	Consistent with existing constitutional authority, authorizes the boards of CalSTRS and CalPERS to contract for specified investment-related services under the boards' terms and conditions and, except under specified circumstances, utilizing competitive processes in lieu of state contracting requirements.	Sponsor	Senate Floor
<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.		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.		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.		Not heard in Assembly PER&SS Committee
<u>AB 1875</u> (Chávez) Amended: 4/11/16	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	Assembly Floor

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AB 2155 (Ridley-Thomas) Amended: 3/28/16	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	Pending Referral to Senate Policy Committee
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.		Held in Assembly PER&SS Committee
AB 2348 (Levine) Amended: 4/28/16	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	Assembly Appropriations Committee
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 government of Turkey, 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 these 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 present, former and future board members, officers and employees of and investment managers under contract with those retirement systems for actions related to the bill.	To be presented to the board in June	Assembly Appropriations Committee
AB 2833 (Cooley) Amended: 4/12/16	State Treasurer's Office	Requires every public pension or retirement system 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 contracts entered into or changed on or after January 1, 2017.	To be presented to the board in June	Assembly Appropriations Committee

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AB 2844 (Bloom) Amended: 4/26/16	Author	Prohibits a public entity from entering into a contract on or after January 1, 2017, with a company that is engaging in discriminatory business practices in furtherance of a boycott of any sovereign nation or peoples recognized by the U.S. government, unless certain exceptions are met. Requires the Attorney General to develop, maintain and post on its website a list of companies engaging in discriminatory business practices in furtherance of such a boycott. Also requires a public entity to notify companies that are found to be engaging in such practices that the public entity is prohibited from entering into a contract with the company and request that the company take action to cease its discriminatory business practices, as specified.	To be presented to the board in June	Assembly Appropriations Committee
SB 1297 (Pan) Amended: 4/19/16	Empower	Authorizes a state or local public employer to provide automatic enrollment and automatic escalation in a supplemental retirement savings plan.		Held in Senate PE&R Committee
SB 1352 (PE&R) Introduced: 2/19/16	CalSTRS	Makes various technical, conforming or minor changes to the Teachers' Retirement Law to facilitate efficient administration of the State Teachers' Retirement Plan.	Sponsor	Assembly
SB 1353 (Pan) Amended: 3/28/16	Author	Requires the CalSTRS and CalPERS boards to have a recorded roll call vote of the full board if it determines that an action prohibiting investment in Sudan and in thermal coal companies is inconsistent with its fiduciary responsibilities, following a presentation and discussion of findings during an open session of a board meeting. Also requires that findings be made public 72 hours before the meeting and that these findings and public comments from the meeting be included in the reports to the Legislature.		Senate Appropriations Committee
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.		Not heard in Senate PE&R Committee

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FEDERAL LEGISLATION

H.R. 711 (Brady-TX) Introduced: 2/4/15		<p>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.</p>	Watch	House Subcommittee on Social Security
H.R. 973 (Davis-IL) Introduced: 2/13/15		<p>Repeals the WEP and the GPO.</p>	Support	House Subcommittee on Social Security
H.R. 4822 (Nunes-CA) Introduced: 3/21/16		<p>Requires the state or local government employee pension plan sponsor to file a report to the U.S. Secretary of the Treasury each plan year beginning on or after January 1, 2017, that includes, among other information: a schedule of funding status; alternative projections of the cash flows associated with the current liability for each of the next 60 plan years; the actuarial assumptions used for the plan year; the plan’s investments returns; the manner in which any unfunded liability will be eliminated; and the current cost of the plan for the plan year. Additionally, the U.S. Treasury Obligation Yield Curve is to be used—so as to derive and apply a “risk free” rate of return—to calculate the aforementioned reporting requirements, where applicable. Failure to comply with the reporting requirements will result in the forfeiture of federal tax benefits to bonds issued by the state or political subdivisions for which the plan provides benefits until noncompliance is remedied.</p>	To be presented to the board in June	House Committee on Ways and Means