

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year
Legislative Program Update**

Status as of October 1, 2016

A – CalPERS-Sponsored Bills

Bill Number/Author

**AB 2375 (Committee on Public Employees,
Retirement, and Social Security)**

Board Position: Sponsor

Chaptered: 9/21/2016

CalPERS 2016 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Location: 9/21/2016 - Chaptered by Secretary of State - Chapter 415, Statutes of 2016

AB 2404 (Cooley) Chaptered: 8/26/2016

Board Position: Sponsor

CalPERS Retirement Options Simplification. Existing law allows a retiring CalPERS member to receive a lifetime benefit paid to the member alone, or elect one of twelve optional settlements that reduce his or her lifetime benefit in order to provide a lump sum payment or continuing allowance to a designated beneficiary upon their death. This bill eliminates several of the optional retirement benefit settlements available to members of CalPERS that retire on or after January 1, 2018.

Location: 8/26/2016 - Chaptered by Secretary of State - Chapter No. 199, Statutes of 2016

PUBLIC EMPLOYEES' RETIREMENT SYSTEM
2016 Legislative Year

Status as of October 1, 2016

B – Other Bills

Bill Number/Author

AB 72 (Bonta) Chaptered: 9/23/2016

Balance Billing by Noncontracting Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2017, to provide that patients only owe in-network cost-sharing when they receive covered services from a non-contracting health professional at an in-network health facility for non-emergency services and care. It also requires in-network cost-sharing amounts paid to a non-contracting health professional to count toward annual deductibles and out-of-pocket limits and allows a patient to voluntarily consent to use an out-of-network health professional and pay any amounts beyond the in-network rate, as specified. In addition, effective July 1, 2017, the bill sets the reimbursement standard at the greater of the average contracted commercial rate or 125 percent of the amount Medicare reimburses on a fee-for-service basis in the geographical region where services were rendered, with an annual adjustment equal to the consumer price index for medical care services. It also requires the Department of Managed Health Care and the Department of Insurance to establish by September 1, 2017, an independent dispute resolution processes to settle any claim disputes between the parties.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 492, Statutes of 2016

AB 241 (Gordon) Chaptered: 9/9/2016

Municipal Bankruptcy: Retiree Names and Addresses. Requires a local public entity that has either initiated a neutral evaluation process or declared a fiscal emergency as required by state law prior to filing for municipal bankruptcy, or has filed for municipal bankruptcy on or before December 31, 2011, to provide the names and mailing addresses of its retired employees and their beneficiaries to any non-profit organization established for the purpose of representing the retired employees of that local public entity, upon request. It limits an organization's use of that information to the purpose of representing the retired employees and their beneficiaries as a member of the organization as an interested party in these proceedings, includes a \$25,000 civil penalty for a violation of this limitation, and allows retirees to opt-out of having their names and addresses provided to any organization under this bill.

Location: 9/9/2016 - Chaptered by Secretary of State - Chapter No. 252, Statutes of 2016

B – Other Bills
October 1, 2016**Bill Number/Author**

AB 533 (Bonta) Amended: 9/4/2015**Board Position: Support**

Balance Billing by Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2016, to provide that patients only owe in-network cost-sharing when they receive covered services from a non-contracting health professional at an in-network health facility for non-emergency services and care. It also requires in-network cost-sharing amounts paid to a non-contracting health professional to count toward annual deductibles and out-of-pocket limits and allows a patient to voluntarily consent to use an out-of-network health professional and pay any amounts beyond the in-network rate, as specified. In addition, the bill establishes reimbursement standards for health plan and insurer payments to a non-contracting health professional for non-emergency services and care. It also requires the Department of Managed Health Care (DMHC) and the Department of Insurance (CDI) to establish an independent dispute resolution processes (IDRP) to settle any claim disputes between the parties.

Location: 8/31/2016 - Assembly Dead

AB 1052 (Cooley) Amended: 8/19/2016

CalSTRS Investment Contracting Procedures. Permits the California State Teachers' Retirement System (CalSTRS) to enter into investment-related contracts without following the provisions of state contracting law. Specifically, it allows the Teachers' Retirement Board to enter into contracts related to the investment of fund assets, or contract with investment managers, utilizing any process it deems necessary and consistent with its fiduciary duties.

Location: 8/31/2016 - Assembly Dead

AB 1551 (Allen, Travis) Introduced: 1/4/2016

California Israel Commerce Protection Act. Prohibits CalPERS and CalSTRS from investing in business firms and financial institutions that participate in the boycott of Israel, as identified in the most recent federal report on politically motivated acts of boycott, divestment from, and sanctions against Israel.

Location: 4/22/2016 - Assembly Dead

AB 1598 (Ting) Amended: 5/31/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. As a budget bill, it takes effect immediately.

Location: 8/31/2016 - Assembly Dead

B – Other Bills
October 1, 2016**Bill Number/Author**

AB 1627 (Committee on Budget)

Chaptered: 9/13/2016

Post-employment Health Benefits: State Bargaining Unit 7. Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 7 (the California Statewide Law Enforcement Association). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 7 under the CalPERS Annuitant's Health Care Coverage Fund, with the goal of reaching a 50 percent cost sharing of normal costs by July 1, 2019. For employees represented by, or associated with, BU 7 first hired by the state on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Location: 9/13/2016 - Chaptered by Secretary of State - Chapter 321, Statutes of 2016

AB 1630 (Committee on Budget)

Chaptered: 9/13/2016

Post-employment Health Benefits: State Bargaining Unit 2. Among its provisions, this bill ratifies the memorandum of understanding for State Bargaining Unit (BU) 2 (the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 2 under the CalPERS Annuitant's Health Care Coverage Fund, with the goal of reaching a 50 percent cost sharing of normal costs by July 1, 2019. For employees represented by, or associated with, BU 2 first hired by the state on and after January 1, 2017, it eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan. It also increases the member contribution toward pensions for state managers associated with BU 2 from 9 percent to 10 percent for monthly compensation over \$317 for members whose service is not coordinated with Social Security, and 8 percent to 9 percent for monthly compensation over \$513 for members with coordinated service.

Location: 9/13/2016 - Chaptered by Secretary of State - Chapter 323, Statutes of 2016

B – Other Bills
October 1, 2016

Bill Number/Author

AB 1640 (Stone, Mark) Amended: 6/20/2016

PEPRA Exceptions: Transit Employees. Exempts California transit employees protected by federal transit labor laws that were members of a public retirement system prior to December 30, 2014, from all the provisions of the Public Employees' Pension Reform Act of 2013 (PEPRA). It also exempts these transit employees from PEPRA, regardless of membership date, if a federal district court upholds the determination of the United States Secretary of Labor that the application of PEPRA violates their collective bargaining rights under specified provisions of federal law.

Location: 8/31/2016 - Senate Dead

AB 1812 (Wagner) Introduced: 2/8/2016

Public Employees' Retirement Benefit Limits. Prohibits a member of any state or local public retirement system subject to the Public Employees' Pension Reform Act of 2013 (PEPRA), first hired by a public employer on or after January 1, 2017, from receiving a retirement benefit in excess of \$80,000 per year for those whose service is coordinated with Social Security, and \$100,000 per year for those who do not contribute to Social Security for their public service. It specifies the benefit limits would not supersede any memorandum of understanding (MOU) in effect on January 1, 2017, but would apply after the MOU expires, and requires the limits to be adjusted annually to reflect changes in inflation as measured by the Consumer Price Index for All Urban Consumers.

Location: 4/22/2016 - Assembly Dead

AB 1878 (Jones-Sawyer) Vetoed: 9/26/2016

Board Position: Neutral, if Amended

Retired State and School Member Death Benefits. Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired state or school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill authorizes the CalPERS Board of Administration to adjust the death benefit amount based on changes in the All Urban California Consumer Price Index.

Location: 9/26/2016 - Vetoed

AB 1954 (Burke) Chaptered: 9/23/2016

Direct Access to Reproductive Health Care Act. Prohibits health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, from requiring an enrollee to obtain a referral before receiving reproductive and sexual health care services.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 495, Statutes of 2016

B – Other Bills
October 1, 2016**Bill Number/Author**

AB 2028 (Cooper) Chaptered: 9/29/2016**Board Position: Support**

Restoration of Service Credit Following Reinstatement. Requires that members who are involuntarily terminated and subsequently reinstated to employment through specified proceedings, receive all retirement benefits they otherwise would have accrued had they not been terminated, with service credit to be awarded for any period for which salary is awarded and contributions are received. The bill also requires employers of involuntarily terminated members to notify the board of the final decision ordering their reinstatement, as specified.

Location: 9/29/2016 - Chaptered by Secretary of State - Chapter 794, Statutes of 2016

AB 2283 (Calderon) Amended: 3/28/2016

Public Retirement System Investments in Real Estate. Requires the CalPERS Board of Administration and the Teachers' Retirement Board, prior to entering into new investments or renewing existing investments in securitized single-family home rental properties in California, to evaluate and ensure their compliance with fair housing laws and lawful eviction guidelines, the conduct of adequate property maintenance and application of specified controls on future rent increases. It also requires each retirement board to appoint an independent ombudsman to oversee and enforce these requirements.

Location: 4/22/2016 - Assembly Dead

AB 2294 (Gomez) Chaptered: 9/24/2016

Paid Leaves of Absence for Elected Officers of CSU Employee Organizations. Requires California State University trustees to grant any employee who serves as an elected officer of any CSU campus, statewide, or national public employee organization, as specified, a leave of absence without loss of compensation, including retirement fund contributions. It also requires the university or campus to be reimbursed by the employee organization for all compensation paid during the leave of absence.

Location: 9/24/2016 - Chaptered by Secretary of State - Chapter 569, Statutes of 2016

B – Other Bills
October 1, 2016

Bill Number/Author

AB 2348 (Levine) Vetoed: 9/27/2016

Investment Return Guarantees for CalPERS Investments in California Infrastructure Projects. Authorizes the Department of Finance to identify infrastructure projects in California for which the Department will guarantee a rate of return for investments made by CalPERS, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.

Location: 9/27/2016 - Vetoed

AB 2400 (Nazarian) Amended: 4/6/2016

Prescription Drug Coverage: Appeal Processes. Reduces the time a health plan or insurer must resolve an appeal for access to a formulary drug from 30 days to 72 hours in non-urgent cases, or 24 hours in exigent circumstances. It also allows an enrollee's appeal of a health plan or insurer's denial of access to a non-formulary drug to be forwarded for external review, instead of being subject to a plan or insurer's internal grievance process.

Location: 5/27/2016 - Assembly Dead

AB 2424 (Gomez) Amended: 8/2/2016

Community-based Health Improvement and Innovation Fund. Creates in the State Treasury the Community-based Health Improvement and Innovation Fund to be available, as specified, for activities related to the reduction and prevention of chronic health conditions. The bill also establishes an Advisory Committee that will provide guidance to the Department of Public Health on the development, implementation, and evaluation of Fund-related activities.

Location: 8/12/2016 - Senate Dead

AB 2456 (Cooley) Amended: 3/17/2016

Public Employee Retirement Benefits: Prefunding. Requires CalPERS to develop, establish, and administer the California Employers' Pension Prefunding Trust Program in order to encourage state and local employers that provide a defined benefit pension plan to their employees to effectively manage their payments toward their annually required pension contributions.

Location: 4/22/2016 - Assembly Dead

AB 2467 (Gomez) Amended: 5/31/2016

Hospital Executive Compensation Transparency Act of 2016. Requires all hospitals and medical entities, as defined, to annually provide the Office of Statewide Health Planning and Development (OSHPD), a listing of every executive whose annual compensation exceeds \$300,000 in a year, as well as for those entities with 100 or more employees, compensation information for each employee classification by gender, ethnicity, race, sexual orientation, and gender identity, as self-reported by employees.

Location: 6/3/2016 - Assembly Dead

B – Other Bills
October 1, 2016**Bill Number/Author**

AB 2468 (Hadley) Amended: 4/12/2016**CalPERS Contracting Agencies: Optional Two Percent at Age 65 Miscellaneous Retirement Formula.**

Authorizes CalPERS contracting agencies to adopt a two percent at age 65 defined benefit pension formula for all non-safety employees hired after January 1, 2017 and who are new members, if the employer has agreement with a representative employee organization for the benefit formula and has adopted it through a memorandum of understanding (MOU) and a resolution or ordinance. The new benefit formula would provide a member that has earned at least five years of service credit at the time of retirement with an annual benefit equal to one percent of final compensation for each year of credited service at age 55, and increasing to a maximum benefit equal to two and one-half percent of final compensation for each year of credited service at age 70. It also requires non-safety employees who are not classified as new members under the Public Employees' Pension Reform Act of 2013 (PEPRA), to receive the default PEPRA benefit formula if they are employed by an agency that adopts a two percent at age 65 defined benefit pension formula and did not contract with CalPERS on or before December 31, 2012. Finally, the bill contains a specific exemption to the Public Employees' Pension Reform Act of 2013 (PEPRA) to allow the adoption of this benefit formula for new members, as defined in the PEPRA.

Location: 4/22/2016 - Assembly Dead

AB 2628 (Levine) Amended: 4/19/2016

Public Official Employment Restrictions and Economic Disclosures. Prohibits an elected or appointed officer of a state or local agency, while holding office and for one year after leaving office from maintaining employment with, or becoming a compensated consultant of the agency, or assisting an entity for compensation, with a permit, regulatory, or enforcement action pending before the agency. It would also require state and local agencies to post on their websites, the Statement of Economic Interests filed by elected and appointed officials, as well as those who manage public investments.

Location: 8/31/2016 - Assembly Dead

AB 2650 (Nazarian) Amended: 4/26/2016

Public Employees' Retirement: Investments: Turkish Investment Vehicles. Requires CalPERS and CalSTRS to divest from any investment vehicle owned, controlled, managed, or issued by the government of Turkey, as defined, if the federal government imposes sanctions on Turkey. Specifically, it requires the governing Board of each respective System to liquidate any portfolio assets subject to divestment within six months after the passage of federal sanctions on Turkey, after engaging with the Government of Turkey, and to report to the Legislature regarding its actions within one year of the passage of federal sanctions.

Location: 5/27/2016 - Assembly Dead

B – Other Bills
October 1, 2016

Bill Number/Author

AB 2823 (Gatto) Amended: 6/21/2016

Disclosure of Alternative Investment Clawbacks. Requires all public retirement systems to release, under the California Public Records Act, specified provisions of its alternative investment agreements and related documents that address “clawback” terms and specified pages of a fund agreement itself.

Location: 7/1/2016 - Assembly Dead

AB 2833 (Cooley) Chaptered: 9/14/2016

Board Position: Support, if Amended

Public Retirement Alternative Investments Disclosure. Requires all public retirement systems to: 1) require each alternative investment vehicle in which it participates for the first time or makes a new capital commitment, to provide specified information regarding fees, expenses, and carried interest; 2) disclose that information at least once annually at a meeting open to the public; and 3) make reasonable efforts to obtain and publicly disclose that same information for all existing alternative investment vehicles.

Location: 9/14/2016 - Chaptered by Secretary of State - Chapter 361, Statutes of 2016

ACA 3 (Gallagher) Introduced: 2/26/2015

Constitutional Prohibition on Retroactive Benefit Increases. Prohibits retroactive retirement formula increases for public employees in the California Constitution. This amendment is substantively identical to the statutory prohibition in Government Code Section 7522.44, which was enacted as part of the Public Employees' Pension Reform Act of 2013 (PEPRA).

Location: 8/31/2016 - Assembly Dead

SB 24 (Hill) Chaptered: 9/23/2016

PEPRA: Joint Powers Authorities. This bill allows a joint powers authority (JPA) formed by the Belmont Fire Protection District, the Estero Municipal Improvement District, and the City of San Mateo, on or after January 1, 2013, to provide individuals who were employed by one of the cities, prior to the formation of the JPA, and not otherwise considered “new members” under the Public Employees' Pension Reform Act of 2013 (PEPRA), the same defined benefit plan those employees received when employed by one of the cities. Specifically, it would allow individuals employed by one of the JPA's member agencies in a position whose function is transferred to the JPA, and who subsequently become employed by the JPA within 180 days of the transfer, to retain their defined benefit plan or formula.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 531, Statutes of 2016

B – Other Bills
October 1, 2016

Bill Number/Author

SB 95 (Committee on Budget and Fiscal Review)

Chaptered: 5/10/2016

Post-Employment Health Benefits: State Bargaining Unit 6. Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 6 (Correctional Officers). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 6 under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 6 first hired by the State on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Location: 5/10/2016 - Chaptered by Secretary of State - Chapter No. 12, Statutes of 2016

SB 275 (Hernandez) Introduced: 2/19/2015

Board Position: Support

Health Facility Data. Existing law requires hospitals and surgical clinics to file various reports with the Office of Statewide Health Planning and Development (OSHPD), including reports on hospital discharges, emergency care, and surgery. These reports include patient demographic and encounter data, but do not include physician identifiers. This bill would require OSHPD to adopt a regulation adding physician identifiers to these reports.

Location: 7/1/2016 - Assembly Dead

SB 294 (Pan) Chaptered: 9/27/2016

Retirement Service Credit for Active Duty Military Service. Requires CalPERS to create and use a separate form to be used by CalPERS members requesting retirement service credit for active duty military service while on leave from CalPERS-covered employment, rather than the existing form which is used for the multiple types of service credit purchases for military service. Also, the bill requires CalPERS employers to notify their employees, within 30 days of an employee's return to employment, of his or her right to receive CalPERS retirement service credit for active duty military service.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 707, Statutes of 2016

SB 825 (Leno) Amended: 5/26/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS, in conjunction with the Department of Finance, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. As a budget bill, it takes effect immediately.

Location: 8/31/2016 - Senate Dead

B – Other Bills

October 1, 2016

Bill Number/Author

SB 826 (Leno) Chaptered: 6/27/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS to submit a one-time report, on or before October 1, 2016, to the Legislature, the Controller, the Department of Finance (DOF), and the Legislative Analyst, covering the administration of the health care premium risk adjustment procedures for premium years 2014, 2015, 2016, and 2017, as specified. It also requires CalPERS, in conjunction with DOF, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. As a budget bill, it takes effect immediately.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 23, Statutes of 2016

SB 834 (Committee on Budget and Fiscal Review)

Amended: 8/29/2016

Post-employment Health Benefits: State Bargaining Unit 2. Among its provisions, this bill ratifies the memorandum of understanding for State Bargaining Unit (BU) 2 (the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 2 under the CalPERS Annuitant's Health Care Coverage Fund, with the goal of reaching a 50 percent cost sharing of normal costs by July 1, 2019. For employees represented by, or associated with, BU 2 first hired by the state on and after January 1, 2017, it eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan. It also increases the member contribution toward pensions for state managers associated with BU 2 from 9 percent to 10 percent for monthly compensation over \$317 for members whose service is not coordinated with Social Security, and 8 percent to 9 percent for monthly compensation over \$513 for members with coordinated service.

Location: 8/31/2016 - Asembly Dead

SB 836 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

State Government. Makes numerous changes related to state government, in order to facilitate implementation of the Budget Act of 2016. Among its provisions, this bill requires the administrative expenses in the Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF) be approved through the annual Budget Act.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 31, Statutes of 2016

B – Other Bills
October 1, 2016**Bill Number/Author**

SB 848 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

Post-Employment Health Benefits: State Bargaining Unit 12. Among other things, ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 12 (Craft and Maintenance). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 12 and all employees of the state judicial branch under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 12 and employees of state judicial branch, first hired by the state on and after January 1, 2017, the bill: 1) eliminates employer contributions for Medicare Part B premiums; 2) establishes a longer retiree health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution; and 3) reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan. It also raises the normal rates of member contributions toward CalPERS retirement benefits for state judicial branch employees on and after July 1, 2017, to 9 percent of compensation over \$317 per month for state miscellaneous members whose service is not Coordinated with Social Security, 8 percent of compensation over \$513 per month for state miscellaneous members whose service has been included in the federal system, and 11 percent of compensation over \$238 for peace officer/firefighter members employed by the state judicial branch.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 35, Statutes of 2016

SB 857 (Committee on Budget and Fiscal Review)

Amended: 8/8/2016

Post-employment Health Benefits: State Bargaining Unit 7. Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 7 (the California Statewide Law Enforcement Association). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 7 under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 7 first hired by the state on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Location: 8/31/2016 - Assembly Dead

B – Other Bills
October 1, 2016**Bill Number/Author**

SB 932 (Hernandez) Amended: 4/26/2016

Health Care Mergers and Acquisitions. Requires any merger or acquisition involving a health plan to be subject to the approval of the Director of the Department of Managed Health Care following an open hearing to determine whether the transaction meets certain criteria related to adverse impacts on competition, or health care costs, access, and quality of care. It also prohibits, among other things, contract provisions between payors and providers of health care, as defined, that require the payor to include in its network any one or more providers owned or controlled by, or affiliated with, the contracting provider or general acute care hospital that is a contracting provider.

Location: 5/27/2016 - Senate Dead

SB 999 (Pavley) Chaptered: 9/23/2016

Health Care Coverage: Annual Supply of Contraceptives. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover up to a 12-month supply of Food and Drug Administration (FDA) approved, self-administered hormonal contraceptives, when dispensed at one time by a prescriber, pharmacy, or onsite at a location licensed or authorized to dispense drugs or supplies. It also permits a pharmacist to dispense up to a 12-month supply of prescribed hormonal contraceptives at the patient's request, unless the prescriber specifically indicates no change in quantity.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 499, Statutes of 2016

B – Other Bills
October 1, 2016

Bill Number/Author

SB 1010 (Hernandez) Amended: 8/16/2016

Board Position: Support

Prescription Drug Cost Transparency. Among other things, the bill requires health plans and health insurers regulated by the Department of Managed Health Care or the Department of Insurance to annually report by plan, the 25 medications dispensed at a plan pharmacy, network pharmacy, or mail order pharmacy for outpatient use that: 1) are most frequently prescribed; 2) are most costly; and, 3) experienced the highest year over year increase in total plan spending, and requires each department to compile and publish the information on its website. It also requires large group health plans and insurers in its rate filings to also disclose: 1) the proportion of the premium dollar spent on prescription drugs during the prior year; 2) the year-over-year increase in drug costs as a percentage of total spending; 3) the year-over-year increase in drug costs on a per member per month basis compared to other premium components; 4) its specialty tier formulary list, and provide information on its use of a pharmacy benefit managers (PBM), as specified. The bill requires drug manufacturers, effective January 1, 2018, with a wholesale acquisition costs (WAC) per month supply or per a course of treatment that lasts less than a month that comes within the scheduled amounts, as specified, to provide notice to specified state purchasers, health plans, health insurers, and PBMs before increasing the WAC of a prescription drug during any 12-month period by more than 25 percent, or by more than \$10,000. It also requires drug manufacturers to provide notice within three days of commercial availability of a new prescription drug approved by the federal Food and Drug Administration that will be marketed at a WAC of \$10,000 or more annually or per course of treatment. The bill requires drug manufacturers to report the specified data to the Office of Statewide Health Planning and Development (OSHPD) and requires OSHPD to publish the information to their website no less than quarterly. It also allows OSHPD to adopt regulations and enforce the manufacturing reporting requirements and to consult with other entities in issuing such guidance. The bill sunsets the price notification on January 1, 2022.

Location: 8/31/2016 - Assembly Dead

SB 1159 (Hernandez) Chaptered: 9/27/2016

California Health Care Cost, Quality, and Equity Data Atlas. The bill requires the Health and Human Services Agency (Agency) to research the options for developing a cost, quality, and equity transparency database. It requires this research to include identification of key data submitters and a comparative analysis of potential models used in other states. The bill also allows Agency to enter into contracts to conduct the research and requires Agency to make the results of the research available to the public no later than March 1, 2017, by submitting a report to the Assembly and Senate Committees on Health.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 727, Statutes of 2016

SB 1162 (Berryhill) Vetoed: 9/16/2016

Transfer of Employer Assets: Mammoth Lakes Fire District. Requires CalPERS to transfer specified available excess assets in the employer account of the Mammoth Lakes Fire District (MLFD) miscellaneous retirement plan, upon request, to the MLFD safety plan.

Location: 9/16/2016 - Vetoed

B – Other Bills
October 1, 2016**Bill Number/Author**

SB 1203 (Hertzberg) Chaptered: 9/27/2016

PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed on or after January 1, 2013 and where at least one member agency provided benefits on or before December 31, 2012, to provide individuals who were employed by a member agency prior to the effective date of the Public Employees' Pension Reform Act of 2013 (PEPRA) and later become employed by the JPA within 180 days of the exercise of a common power by the JPA, the same defined benefit retirement plan or formula they received while employed by the member agency, provided the individual is not otherwise considered a "new member" under the PEPRA.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 729, Statutes of 2016

SB 1297 (Pan) Amended: 4/19/2016**Supplemental Public Employee Retirement Plans: Automatic Enrollment and Contribution Escalation.**

Allows, but does not require, a public employer participating in specified employee retirement plans to automatically enroll employees in such plans, and establish automatic paycheck deductions on their behalf. The bill allows employees to opt-out of the plan enrollment and change the amount automatically deducted from their paychecks. It also specifies that a participating employer is not liable for any investment decisions made by the employer with regard to default investments if specified employee notification requirements are met.

Location: 4/22/2016 - Senate Dead

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year**

Status as of October 1, 2016

C – Chaptered Bills

Bill Number/Author

AB 72 (Bonta) Chaptered: 9/23/2016

Balance Billing by Noncontracting Individual Health Professionals. Among other things, requires health plan contracts and insurance policies issued, amended, or renewed on or after July 1, 2017, to provide that patients only owe in-network cost-sharing when they receive covered services from a non-contracting health professional at an in-network health facility for non-emergency services and care. It also requires in-network cost-sharing amounts paid to a non-contracting health professional to count toward annual deductibles and out-of-pocket limits and allows a patient to voluntarily consent to use an out-of-network health professional and pay any amounts beyond the in-network rate, as specified. In addition, effective July 1, 2017, the bill sets the reimbursement standard at the greater of the average contracted commercial rate or 125 percent of the amount Medicare reimburses on a fee-for-service basis in the geographical region where services were rendered with an annual adjustment equal to the consumer price index for medical care services. It also requires the Department of Managed Health Care and the Department of Insurance to establish by September 1, 2017 an independent dispute resolution processes to settle any claim disputes between the parties.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 492, Statutes of 2016

AB 241 (Gordon) Chaptered: 9/9/2016

Municipal Bankruptcy: Retiree Names and Addresses. Requires a local public entity that has either initiated a neutral evaluation process or declared a fiscal emergency as required by state law prior to filing for municipal bankruptcy, or has filed for municipal bankruptcy on or before December 31, 2011, to provide the names and mailing addresses of its retired employees and their beneficiaries to any non-profit organization established for the purpose of representing the retired employees of that local public entity, upon request. It limits an organization's use of that information to the purpose of representing the retired employees and their beneficiaries as a member of the organization as an interested party in these proceedings, includes a \$25,000 civil penalty for a violation of this limitation, and allows retirees to opt-out of having their names and addresses provided to any organization under this bill.

Location: 9/9/2016 - Chaptered by Secretary of State - Chapter No. 252, Statutes of 2016

**C – Chaptered Bills
October 1, 2016****Bill Number/Author**

AB 1627 (Committee on Budget)

Chaptered: 9/13/2016

Post-employment Health Benefits: State Bargaining Unit 7. Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 7 (the California Statewide Law Enforcement Association). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 7 under the CalPERS Annuitant's Health Care Coverage Fund, with the goal of reaching a 50 percent cost sharing of normal costs by July 1, 2019. For employees represented by, or associated with, BU 7 first hired by the state on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Location: 9/13/2016 - Chaptered by Secretary of State - Chapter 321, Statutes of 2016

AB 1630 (Committee on Budget)

Chaptered: 9/13/2016

Post-employment Health Benefits: State Bargaining Unit 2. Among its provisions, this bill ratifies the memorandum of understanding for State Bargaining Unit (BU) 2 (the California Attorneys, Administrative Law Judges and Hearing Officers in State Employment). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 2 under the CalPERS Annuitant's Health Care Coverage Fund, with the goal of reaching a 50 percent cost sharing of normal costs by July 1, 2019. For employees represented by, or associated with, BU 2 first hired by the state on and after January 1, 2017, it eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan. It also increases the member contribution toward pensions for state managers associated with BU 2 from 9 percent to 10 percent for monthly compensation over \$317 for members whose service is not coordinated with Social Security, and 8 percent to 9 percent for monthly compensation over \$513 for members with coordinated service.

Location: 9/13/2016 - Chaptered by Secretary of State - Chapter 323, Statutes of 2016

AB 1954 (Burke) Chaptered: 9/23/2016

Direct Access to Reproductive Health Care Act. Prohibits health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, from requiring an enrollee to obtain a referral before receiving reproductive and sexual health care services.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 495, Statutes of 2016

C – Chaptered Bills October 1, 2016

Bill Number/Author

AB 1977 (Wood) Chaptered: 9/12/2016

Opioid Abuse Task Force. Requires health care service plans and insurers, in collaboration with other stakeholders, to establish an Opioid Abuse Task Force that will develop recommendations regarding effective intervention, education and formulary management practices that address the abuse and misuse of opioids, and report its findings and recommendations to the Governor and Legislature on or before December 31, 2017.

Location: 9/12/2016 - Chaptered by Secretary of State - Chapter 296, Statutes of 2016

AB 2028 (Cooper) Chaptered: 9/29/2016

Board Position: Support

Restoration of Service Credit Following Reinstatement. Requires that members who are involuntarily terminated and subsequently reinstated to employment through specified proceedings, receive all retirement benefits they otherwise would have accrued had they not been terminated, with service credit to be awarded for any period for which salary is awarded and contributions are received. The bill also requires employers of involuntarily terminated members to notify the board of the final decision ordering their reinstatement, as specified.

Location: 9/29/2016 - Chaptered by Secretary of State - Chapter 751, Statutes of 2016

AB 2294 (Gomez) Chaptered: 9/24/2016

Paid Leaves of Absence for Elected Officers of CSU Employee Organizations. Requires California State University trustees to grant any employee who serves as an elected officer of any CSU campus, statewide, or national public employee organization, as specified, a leave of absence without loss of compensation, including retirement fund contributions. It also requires the university or campus to be reimbursed by the employee organization for all compensation paid during the leave of absence.

Location: 9/24/2016 - Chaptered by Secretary of State - Chapter 569, Statutes of 2016

**AB 2375 (Committee on Public Employees,
Retirement, and Social Security)**

Board Position: Sponsor

Chaptered: 9/21/2016

CalPERS 2016 Omnibus Bill. Makes minor policy and technical changes to the Public Employees' Retirement Law (PERL).

Location: 9/21/2016 - Chaptered by Secretary of State - Chapter 415, Statutes of 2016

C – Chaptered Bills
October 1, 2016**Bill Number/Author**

AB 2404 (Cooley) Chaptered: 8/26/2016**Board Position: Sponsor**

CalPERS Retirement Options Simplification. Existing law allows a retiring CalPERS member to receive a lifetime benefit paid to the member alone, or elect one of twelve optional settlements that reduce his or her lifetime benefit in order to provide a lump sum payment or continuing allowance to a designated beneficiary upon their death. This bill eliminates several of the optional retirement benefit settlements available to members of CalPERS that retire on or after January 1, 2018.

Location: 8/26/2016 - Chaptered by Secretary of State - Chapter No. 199, Statutes of 2016

AB 2833 (Cooley) Chaptered: 9/14/2016**Board Position: Support, if Amended**

Public Retirement Alternative Investments Disclosure. Requires all public retirement systems to: 1) require each alternative investment vehicle in which it participates for the first time or makes a new capital commitment, to provide specified information regarding fees, expenses, and carried interest; 2) disclose that information at least once annually at a meeting open to the public; and 3) make reasonable efforts to obtain and publicly disclose that same information for all existing alternative investment vehicles.

Location: 9/14/2016 - Chaptered by Secretary of State - Chapter 361, Statutes of 2016

SB 24 (Hill) Chaptered: 9/23/2016

PEPRA: Joint Powers Authorities. This bill allows a joint powers authority (JPA) formed by the Belmont Fire Protection District, the Estero Municipal Improvement District, and the City of San Mateo, on or after January 1, 2013, to provide individuals who were employed by one of the cities, prior to the formation of the JPA, and not otherwise considered “new members” under the Public Employees’ Pension Reform Act of 2013 (PEPRA), the same defined benefit plan those employees received when employed by one of the cities. Specifically, it would allow individuals employed by one of the JPA’s member agencies in a position whose function is transferred to the JPA, and who subsequently become employed by the JPA within 180 days of the transfer, to retain their defined benefit plan or formula.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 531, Statutes of 2016

**C – Chaptered Bills
October 1, 2016****Bill Number/Author**

SB 95 (Committee on Budget and Fiscal Review)

Chaptered: 5/10/2016

Health: Annuitant Health Care Coverage. Among its provisions, this bill ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 6 (Correctional Officers). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 6 under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 6 first hired by the State on and after January 1, 2017, the bill eliminates employer contributions for Medicare Part B premiums, establishes a longer retiree dental and health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution, and reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan.

Location: 5/10/2016 - Chaptered by Secretary of State - Chapter No. 12, Statutes of 2016

SB 294 (Pan) Chaptered: 9/27/2016

Retirement Service Credit for Active Duty Military Service. Requires CalPERS to create and use a separate form to be used by CalPERS members requesting retirement service credit for active duty military service while on leave from CalPERS-covered employment, rather than the existing form which is used for the multiple types of service credit purchases for military service. Also, the bill requires CalPERS employers to notify their employees, within 30 days of an employee's return to employment, of his or her right to receive CalPERS retirement service credit for active duty military service.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 707, Statutes of 2016

SB 826 (Leno) Chaptered: 6/27/2016

2016-17 Budget Act. Makes appropriations for support of state government for the 2016-17 fiscal year. Among other things, it requires CalPERS to submit a one-time report, on or before October 1, 2016, to the Legislature, the Controller, the Department of Finance (DOF), and the Legislative Analyst, covering the administration of the health care premium risk adjustment procedures for premium years 2014, 2015, 2016, and 2017, as specified. It also requires CalPERS, in conjunction with DOF, to conduct a zero-base budgeting exercise of the administrative expenses of the CalPERS Health Benefits Program. As a budget bill, it takes effect immediately.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 23, Statutes of 2016

C – Chaptered Bills October 1, 2016

Bill Number/Author

SB 836 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

State Government. Makes numerous changes related to state government, in order to facilitate implementation of the Budget Act of 2016. Among its provisions, this bill requires the administrative expenses in the Public Employees' Health Care Fund (HCF) and Public Employees' Contingency Reserve Fund (CRF) be approved through the annual Budget Act.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 31, Statutes of 2016

SB 848 (Committee on Budget and Fiscal Review)

Chaptered: 6/27/2016

State employment. Among other things, ratifies the memorandum of understanding (MOU) for State Bargaining Unit (BU) 12 (Craft and Maintenance). It requires prefunding for retiree health care coverage for all employees represented by, or associated with BU 12 and all employees of the state judicial branch under the CalPERS Annuitant's Health Care Coverage Fund. For employees represented by, or associated with, BU 12 and employees of state judicial branch, first hired by the state on and after January 1, 2017, the bill: 1) eliminates employer contributions for Medicare Part B premiums; 2) establishes a longer retiree health care vesting schedule that requires 15 years of service for a 50 percent employer contribution and 25 years for a 100 percent employer contribution; and 3) reduces the maximum employer contribution for annuitants and their family members to either 80 percent of the weighted average of premiums for active state employees enrolled in a basic plan, or 80 percent of the weighted average of premiums for state annuitants enrolled in a Medicare plan. It also raises the normal rates of member contributions toward CalPERS retirement benefits for state judicial branch employees on and after July 1, 2017, to 9 percent of compensation over \$317 per month for state miscellaneous members whose service is not Coordinated with Social Security, 8 percent of compensation over \$513 per month for state miscellaneous members whose service has been included in the federal system, and 11 percent of compensation over \$238 for peace officer/firefighter members employed by the state judicial branch.

Location: 6/27/2016 - Chaptered by Secretary of State - Chapter 35, Statutes of 2016

SB 999 (Pavley) Chaptered: 9/23/2016

Health Care Coverage: Annual Supply of Contraceptives. Requires health plan contracts and health insurance policies issued, amended, or renewed on or after January 1, 2017, to cover up to a 12-month supply of Food and Drug Administration (FDA) approved, self-administered hormonal contraceptives, when dispensed at one time by a prescriber, pharmacy, or onsite at a location licensed or authorized to dispense drugs or supplies. It also permits a pharmacist to dispense up to a 12-month supply of prescribed hormonal contraceptives at the patient's request, unless the prescriber specifically indicates no change in quantity.

Location: 9/23/2016 - Chaptered by Secretary of State - Chapter 499, Statutes of 2016

C – Chaptered Bills
October 1, 2016**Bill Number/Author**

SB 1159 (Hernandez) Chaptered: 9/27/2016

California Health Care Cost, Quality, and Equity Data Atlas. The bill requires the Health and Human Services Agency (Agency) to research the options for developing a cost, quality, and equity transparency database. It requires this research to include identification of key data submitters and a comparative analysis of potential models used in other states. The bill also allows Agency to enter into contracts to conduct the research and requires Agency to make the results of the research available to the public no later than March 1, 2017, by submitting a report to the Assembly and Senate Committees on Health.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 727, Statutes of 2016

SB 1203 (Hertzberg) Chaptered: 9/27/2016

PEPRA: Joint Powers Authorities. Allows a joint powers authority (JPA) formed on or after January 1, 2013 and where at least one member agency provided benefits on or before December 31, 2012, to provide individuals who were employed by a member agency prior to the effective date of the Public Employees' Pension Reform Act of 2013 (PEPRA) and later become employed by the JPA within 180 days of the exercise of a common power by the JPA, the same defined benefit retirement plan or formula they received while employed by the member agency, provided the individual is not otherwise considered a "new member" under the PEPRA.

Location: 9/27/2016 - Chaptered by Secretary of State - Chapter 729, Statutes of 2016

SB 1353 (Pan) Chaptered: 9/14/2016

California State Teachers' Retirement System Funding. Makes a clarifying technical change to the actuarial calculation used to determine adjustments to the state contribution rate pursuant to the 2014 CalSTRS Full Funding Plan.

Location: 9/14/2016 - Chaptered by Secretary of State - Chapter 350, Statutes of 2016

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year**

Status as of October 1, 2016

D – Vetoed Bills

Bill Number/Author

AB 1878 (Jones-Sawyer) Vetoed: 9/26/2016

Board Postion: Neutral, if Amended

Retired State and School Member Death Benefits. Current law requires a \$2,000 death benefit be paid to the designated beneficiary of a retired state or school member, with the additional employer contributions required to fund this benefit to be computed as a level percentage of member compensation. This bill authorizes the CalPERS Board of Administration to adjust the death benefit amount based on changes in the All Urban California Consumer Price Index.

Location: 9/26/2016 - Vetoed

Governor's Veto Message: I am returning Assembly Bill 1878 without my signature. This bill authorizes the California Public Employees' Retirement System Board to increase the lump-sum post-retirement death benefit for state and school members based on inflation. Given the state's huge unfunded pension liabilities, I don't believe it is prudent to add the additional costs that this bill would require.

Sincerely, Edmund G. Brown Jr.

AB 2348 (Levine) Vetoed: 9/27/2016

Investment Return Guarantees for CalPERS Investments in California Infrastructure Projects. Authorizes the Department of Finance to identify infrastructure projects in California for which the Department will guarantee a rate of return for investments made by CalPERS, subject to the availability of special fund moneys deposited into a newly-established Reinvesting in California Special Fund.

Location: 9/27/2016 – Vetoed

Governor's Veto Message: To the Members of the California State Assembly: I am returning Assembly Bill 2348 without my signature. This bill authorizes the Department of Finance to identify infrastructure projects for investment by the Public Employees' Retirement System and then guarantee those investments a certain rate of return. This bill makes the state a guarantor of PERS investments. In the event that any such investment fails to meet the expected return, the state General Fund would be forced to make up the difference. That's not prudent. Sincerely, Governor Edmund G. Brown Jr.

D – Vetoed Bills
October 1, 2016

Bill Number/Author

SB 1162 (Berryhill) Vetoed: 9/16/2016

Transfer of Employer Assets: Mammoth Lakes Fire District. Requires CalPERS to transfer specified available excess assets in the employer account of the Mammoth Lakes Fire District (MLFD) miscellaneous retirement plan, upon request, to the MLFD safety plan.

Location: 9/16/2016 – Vetoed

Governor's Veto Message: I am returning Senate Bill 1162 without my signature. This bill allows the Mammoth Lake Fire District to request that the California Public Employees' Retirement System Board transfer assets from the District's superfunded miscellaneous employee plan to its safety employee plan in order to pay for unfunded liabilities in the safety plan. Inherent in the nature of our pension systems is that each employee plan be funded separately and expend its funds only for the benefit of specific beneficiaries. This bill would upend this longstanding practice and set a harmful precedent by allowing the transfer of assets from one employee group to another.

Sincerely, Edmund G. Brown Jr.

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
2016 Legislative Year**

Status as of November 3, 2016

Please note that the federal bills in the 114th Congress are still outstanding

F – Federal Bills

Bill Number/Author

H.R. 4822 (Nunes, R-Calif.) Introduced 3/21/2016

Public Employee Pension Transparency Act. H.R. 4822 requires plan sponsors of state and local government employee pension benefit plans to report to the U.S. Secretary of the Treasury each plan year beginning on or after January 1, 2017, prescribed plan information that among other things, mandates the use of existing valuation methods and calculation assumptions to discount liabilities, in addition to the use of the U.S. Treasury Obligation Yield Curve, or risk free rate of return to discount plan liabilities. If plan sponsors do not comply with the reporting requirements in the legislation, then federal tax benefits specified in the legislation shall not be allowed or made with respect to bonds issued by a state or political subdivision until compliance is obtained, including the exemption from federal tax on state and local bonds. The legislation also requires the Secretary to develop and maintain a public website that houses the required reports.

Status: 3/21/2016 – Read twice and referred to: House Ways & Means Committee

S. 2381 (Hatch, R-Utah) Introduced: 12/09/2015

Puerto Rico Assistance Act of 2015. S. 2381 provides assistance and support to the Commonwealth of Puerto Rico and among many things establishes a new annuity accumulation retirement plan in federal law for state and local government employees beginning after 2015.

Status: 12/9/2015 – Read twice and referred to: Senate Finance. Following the Supreme Court ruling, Puerto Rico v. Franklin California Tax-Free Trust, that Puerto Rico could not restructure some of its debts under locally enacted law, Congress passed and the President signed Public Law 114-187 the Puerto Rico Oversight, Management, and Economic Stability Act (PROMESA) without the annuity accumulation retirement plan language. As a result S. 2381 is not likely to proceed.

H.R. 5311 (Duffy, R-Wis.) Marked up: 6/15/2016 – 6/16/2016

Corporate Governance Reform and Transparency Act. H.R. 5311 would require the registration of proxy advisory firms and the management of conflicts of interest. The bill would also impose additional rulemaking requirements on the Securities and Exchange Commission (SEC) for proxy advisory firms, including requiring the SEC to issue rules to prohibit the offering of proxy advisory services that the SEC determines are not in the best interests of investors or shareowners. H.R. 5311 would require proxy advisory firms to employ an ombudsman to receive complaints “from the subjects” of voting recommendations and to resolve complaints before a vote occurs.

Status: 9/28/2016 – Reported to the House amended by the House Financial Services Committee and placed on Union Calendar, Calender No. 621.

Bill Number/Author

H.R. 5424 (Hurt, R-Va.) Marked up: 6/15/2016 – 6/16/2016

Investment Advisers Modernization Act. Under current law, the Securities and Exchange Commission (SEC) enforces rules and requirements for advertising, transferring, and selling funds and securities by investment advisers. H.R. 5424 would revise certain requirements related to investment advisers. The bill would tailor regulation for private equity firms that the Dodd-Frank Wall Street Reform and Consumer Protection Act required to be registered with the SEC, including a reduction of the books and records requirements related to investment advisory contracts and advertisements.

Status: 09/12/2016 – Received in the Senate and Read twice and referred to the Committee on Banking, Housing, and Urban Affairs.

H.R. 5429 (Garrett, R-N.J.) Marked up: 6/15/2016 – 6/16/2016

SEC Regulatory Accountability Act. H.R. 5429 would require the Securities and Exchange Commission (SEC) to consider the costs and benefits of its regulations and to review existing regulations to determine whether they are “outmoded, ineffective, insufficient or excessively burdensome.”

Status: 9/28/2016 – Reported to the House by the House Financial Services Committee and placed on the Union Calendar, Calendar No. 622.

H.R. 711 (Brady, R-Texas) Marked up: 7/13/2016

Board Position: Support

Equal Treatment of Public Servants Act. H.R. 711 would repeal the windfall elimination provision (WEP) of the Social Security Act – which arbitrarily reduces the Social Security Benefits of workers who also have pension benefits from employment not covered by Social Security – and replaces it with a new formula that more accurately accounts for each individual’s actual wage history. The legislation also prescribes a second formula to modify the impact of the WEP for current retirees. Although H.R. 711 currently directs the Commissioner of Social Security to implement an enhanced WEP enforcement program, Mr. Brady has indicated his intent to remove the requirement during a Ways & Means markup.

Status: 7/13/2016 – Full committee consideration and markup held by the House Financial Services Committee. Although this bill was scheduled for a full mark up, Ways and Means Chairman Kevin Brady, delayed indefinitely a scheduled markup of his bill to establish a new formula for streamlining Social Security benefits for teachers, policemen, firemen and other public employees that have worked in jobs not covered by Social Security. Introduced 2/04/2015.

H.R. 4718 (Maloney, D-N.Y.) Introduced: 3/07/2016

Board Position: Support

Gender Diversity in Corporate Leadership Act. H.R. 4718 directs the Securities and Exchange Commission (SEC) to establish a Gender Diversity Advisory Group, composed of government, academic, and private sector representatives, to study strategies to increase gender diversity among the members of the boards of directors of issuers. This bill would also amend the Securities Exchange Act of 1934 to direct the SEC, by rule, to require each issuer to disclose, in any proxy or consent solicitation material for an annual shareholders meeting, the gender composition of the issuer's board of directors and nominees for it.

Status: 3/07/2016 – Read twice and referred to: House Financial Services.
