

**Assembly Bill No. 736**

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Passed the Assembly August 30, 2016

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*Chief Clerk of the Assembly*

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Passed the Senate August 24, 2016

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*Secretary of the Senate*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2016, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Section 22212.5 of the Education Code, relating to state teachers' retirement.

## LEGISLATIVE COUNSEL'S DIGEST

AB 736, Cooley. State teachers' retirement: executive positions.

The Teachers' Retirement Law creates the State Teachers' Retirement System and State Teachers' Retirement Plan for the purpose of providing teachers and other specified employees with financially sound retirement plans. The law provides for the administration of the system and the plan by the Teachers' Retirement Board and authorizes the board to appoint employees as necessary for those purposes. The law requires the board to fix the compensation of specified executive and managerial positions, including chief executive officer, chief investment officer, and general counsel.

This bill would provide the duty to fix the compensation of specified executive and managerial positions, described above, applies to a single position in the various job categories. The bill would additionally require the board to fix the compensation of a chief operating officer and a chief financial officer. The bill would impose specified limits on the annual percentage increase in salary paid to a person who served in either of those positions on January 1, 2016, and who does not separate from service in that position prior to the date on which the increase is applied.

Existing law prohibits, among others, a chief of staff, deputy chief executive officer, or an equivalent senior management position, for a period of 2 years after leaving that position, from appearing before or communicating with the board for the purpose of influencing actions or proceedings, for compensation, as specified.

This bill would remove that restriction from the positions listed above and instead apply the restriction to the chief operating officer and individuals who held career executive assignment positions that reported directly to either the chief executive officer or the chief operating officer.

*The people of the State of California do enact as follows:*

SECTION 1. Section 22212.5 of the Education Code is amended to read:

22212.5. (a) Except as otherwise provided in subdivision (d), this section shall apply to the following positions in the system: a chief executive officer, a chief operating officer, a chief financial officer, a system actuary, a general counsel, a chief investment officer, and other investment officers and portfolio managers whose positions are designated managerial pursuant to Section 18801.1 of the Government Code.

(b) Notwithstanding Sections 19825, 19826, 19829, and 19832 of the Government Code, the board shall fix the compensation for the positions specified in subdivision (a). In so doing, the board shall be guided by the principles contained in Sections 19826 and 19829 of the Government Code, consistent with its fiduciary responsibility to its members to recruit and retain highly qualified and effective employees for these positions. The annual percentage increase in salary that may be paid pursuant to this section to a person who served as chief financial officer or as chief operating officer on January 1, 2016, and who does not separate from service in that position prior to the date on which the increase is applied, shall not exceed either of the following:

- (1) Ten percent for the 2017–18 fiscal year.
- (2) Five percent for any fiscal year subsequent to 2017–18.

(c) When a position specified in subdivision (a) is filled through a general civil service appointment, it shall be filled from an eligible list based on an examination that was held on an open basis, and tenure in those positions shall be subject to the provisions of Article 2 (commencing with Section 19590) of Chapter 7 of Part 2 of Division 5 of Title 2 of the Government Code. In addition to the causes for action specified in that article, the board may take action under the article for causes related to its fiduciary responsibility to its members, including the employee's failure to meet specified performance objectives.

(d) An individual who held a position designated in subdivision (a), was a member of the board, or was in a career executive assignment position that reported directly to either the chief executive officer or the chief operating officer, shall not, for a period of two years after leaving that position, for compensation,

act as agent or attorney for, or otherwise represent, any other person, except the state, by making any formal or informal appearance before or by making any oral or written communication to the board, or any officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action or any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, contract, or sale or purchase of goods or property.







Approved \_\_\_\_\_, 2016

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*Governor*