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Controller Yee Calls on CA Pension Funds to Address Excessive Executive Pay

SACRAMENTO — State Controller Betty T. Yee today sent [letters](#) to the investment committee chairs of CalPERS and CalSTRS calling for continued leadership in addressing loopholes that allow excessive executive pay for inadequate performance.

“Our state pension funds have moved the needle on pay-for-performance reforms through advocacy, engagement, and partnerships with likeminded investors but there is still work to be done,” said Yee, the state’s chief fiscal officer and a board member of CalPERS and CalSTRS. “When gross mismanagement is revealed like we have seen with the recent Equifax hack, consumers and long-term shareholders face significant losses. Meanwhile, corporate executives retain hefty compensation awards tied to the performance that actually jeopardized the company’s success. Pay calculations should absolutely factor in responsibility for excessive litigation and costs of reputational harm.”

Currently, corporate compensation committees and the consultants on which they rely fail to factor in the financial and reputational costs of substantive legal settlements caused by lax oversight and gross mismanagement. Even in egregious [situations](#) like the massive data breach at Equifax affecting an estimated 143 million Americans, legal settlements will be treated as ordinary course-of-business expenses when calculating executive pay even though compensation without these factors is not pay for performance.

As the chief fiscal officer of California, Controller Yee is responsible for accountability and disbursement of the state’s financial resources. The Controller also safeguards many types of property until claimed by the rightful owners, and has independent auditing authority over government agencies that spend state funds. She is a member of numerous financing authorities, and fiscal and financial oversight entities including the Franchise Tax Board. She also serves on the boards for the nation’s two largest public pension funds. Elected in 2014, Controller Yee is the tenth woman elected to a statewide office in California’s history. Follow the Controller on Twitter at [@CAController](#) and on Facebook at [California State Controller’s Office](#).

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