

**House of Origin Bill Deadlines**

**April 26: Fiscal bills to Appr Committee**

**May 3: Policy bills to House Floor**

**May 17: Fiscal bills to House Floor**

**AB 33** (Bonta) Would prohibit the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new investments or renewing existing investments of public employee retirement funds in a private prison company. This bill would require the boards to liquidate investments in private prison companies on or before July 1, 2020, and would require the boards, in making a determination to liquidate investments, to constructively engage with private prison companies to establish whether the companies are transitioning their business models to another industry. The bill is at the Assembly (Asm) Public Employment and Retirement (PE&R) Committee. **On March 27, the scheduled hearing was canceled at the author's request.**

**AB 181** (Rodriguez) Would require the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board to each provide a report to the Legislature, commencing March 1, 2020, and annually thereafter, until January 1, 2024, on the status of achieving appropriate objectives and initiatives regarding participation of emerging managers responsible for asset management within each system's portfolio of investments. With respect to the duties of the PERS board, the bill also would require the board's report to the Legislature to address the status of achieving appropriate objectives and initiatives regarding participation of transition managers responsible for asset management within its portfolio of investments. The bill is at the Asm PE&R Committee. **The bill was amended on March 25 to change the start date for the reports to March 1, 2021 and to delete the ending date. The bill passed out of the Asm PE&R Committee on April 3 (7-0) and sent to Asm. Appr. Committee, where it was referred to the Suspense File on April 10.**

**AB 249** (Choi) Would prohibit a public employer from deterring or discouraging a public employee or an applicant to be a public employee from opting out of becoming or remaining a member of an employee organization. The bill would prohibit a public employer from taking adverse action against a public employee or applicant to be a public employee who opts out of becoming or remaining a member of an employee organization and would specify that adverse action includes reducing a public employee's pay or benefits. The bill is at the Asm PE&R Committee. **The bill failed to pass from the Asm PE&R Committee on April 3 (2-5).**

**AB 287** (Voepel) Current law requires each state and local public pension or retirement system, on and after the 90th day following the completion of the annual audit of the system, to provide a concise annual report on the investments and earnings of the system, to any member who makes a request and pays a fee, if required, for the costs incurred in preparation and dissemination of that report. This bill would also require each state and local pension or retirement system to post a concise annual audit of the information described above on that system's internet website no later than the 90th day following the audit's completion. The bill is at the Asm PE&R Committee **where it still resides, so it is dead.**

**AB 346** (Cooper) Would add police officers employed by a school district, county office of education, or community college district to the list of public employees entitled to a leave of absence without loss of salary, in lieu of temporary disability payments, while disabled by injury or illness arising out of and in the course of employment. The bill is at the Asm Insurance Committee. **The bill passed out of the Asm Insurance Committee on April 24 (14-0) and sent to the Asm Floor.**

**AB 462** (Rodriguez) would provide that all sick leave acquired by a school member from all employers subject to PERL within 4 months of separation may be credited as service credit. The bill is at the Asm PE&R Committee. **The bill was amended on March 26 to no longer deal with sick leave and to make non-substantive changes to the provisions defining a county peace officer and prescribing the disability allowance for a state miscellaneous member upon industrial disability retirement. The**

**bill passed out of the Asm PE&R Committee on April 3 (7-0) and sent to Asm. Appr. Committee. It was withdrawn from Asm Appr on April 8 and sent to the Asm Floor. It passed out of the Asm on April 22 (75-0) and sent to the Senate (Sen) where it is waiting for assignment.**

**AB 472** (Voepel) is a placeholder for possible amendment to PEPRA. **The bill was never referred to Committee, so it is dead.**

**AB 644** (Asm PE&R Committee) would revise the definition of compensation earnable for the purposes of STRS to be the sum of the average annualized pay rate paid in a school year divided by the service credited for that school year and the remuneration paid in addition to salary or wages. My guess is this bill is a placeholder for a committee bill. It is at the Asm PE&R Committee. **The bill was amended on March 25 to further revise the definition of compensation earnable. The bill passed out of the Asm PE&R Committee on April 24 (7-0) and sent to Asm. Appr. Committee, where it is set to be heard on May 1.**

**AB 664** (Cooper) would require, for purposes of determining permanent incapacity of 1937 Act members employed as peace officers, that those members be evaluated by the retirement system to determine if they can perform all of the usual and customary duties of a peace officer. The bill would apply to members who file applications for disability on or after the effective date of the act, except for cases on appeal at that time. This bill is a re-run of Cooper's AB 283 in 2017, and appears to be intended to overturn an Appellate Decision that held a member must be incapacitated from doing the duties of the job the member is currently filling. It would be a sweetheart deal for high-ranking peace officers who aren't expected or anticipated to perform the duties of an officer in the field. The 2017 bill made it to the Senate but the scheduled hearing was cancelled at the author's request and never heard in committee. This bill is at the Asm PE&R Committee. **It was amended on March 13 to limit its applicability solely to SCERS, where the Retirement Board is required to develop a process to track costs, and to sunset on December 31, 2024. The bill passed out of the Asm PE&R Committee on April 24 (7-0) and sent to the Asm Floor.**

**AB 672** (Cervantes) would prohibit a person who has retired for disability under PERL from being employed by any PERL employer without reinstatement from retirement if the position is the position from which the person retired or if the position includes duties or activities that the person was previously restricted from performing at the time of retirement. If a person retired for disability is employed without reinstatement, the bill would also require the employer to provide to the PERS Board the nature of the employment and the duties and activities the person will perform. The bill is at the Asm PE&R Committee. **The bill passed out of the Asm PE&R Committee on April 24 (7-0) and sent to Asm. Appr. Committee, where it is set to be heard on May 1.**

**AB 979** (Reyes) would authorize a judge who has attained 60 years of age with a minimum of 5 years of service, or who has accrued 20 or more years of service, to retire and to elect to receive a monthly pension that would be deferred until the judge reaches retirement age, but to continue health care benefits upon separation from office if he or she assumes specified payments. Although the author is a Democrat, the bill is a re-run of Republican Senator Moorlach's SB 656 last year, which was vetoed by the Governor. **On April 24, the scheduled hearing was canceled at the author's request.**

**AB 1198** (Stone) is a placeholder for possible amendment to PEPRA. **The bill was never referred to Committee, so it is dead.**

**AB 1212** (Levine) would require a state agency that is responsible for infrastructure projects to produce a list of priority infrastructure projects and provide it to the boards of PERS, STRS, and CERL systems for funding consideration. The bill would require a state agency to also provide further project information to a board upon request. This bill is a minor amendment to PEPRA sec. 7514.2, so is probably a placeholder for possible amendment to PEPRA. **The bill was referred to the Asm PE&R Committee on March 11.**

**It passed out of the Asm PE&R Committee on April 24 (7-0) and sent to Asm. Appr. Committee, where it is set to be heard on May 1.**

**AB 1320** (Nazarian) would prohibit PERS and STRS from making additional or new investments in Turkey if the investment is issued, or owned, controlled, or managed by the Turkish Government. It would also require divestment of these types of investments within 6 months if a federal law is passed imposing sanctions on Turkey. None of this is required unless the Boards determine in good faith that such actions are consistent with their constitutional fiduciary responsibility. This is at least the fourth year that Assemblyman Nazarian has authored a similar bill. Nazarian's AB 1597 was actually passed by both houses last year but was vetoed by the Governor. **The bill was referred to the Asm PE&R Committee on March 19. The bill passed out of the Asm PE&R Committee on April 3 (4-2) and sent to the Asm. Appr. Committee, where it was amended on April 4 and referred to the Suspense File on April 8. The April 4 amendment clarified what is meant by "an investment issued, or owned, controlled, or managed by the Turkish Government".**

**AB 1452** (O'Donnell) This bill would prohibit aggregating creditable service in more than one position for the purpose of determining mandatory membership on a part-time basis for 50% or more of the time the employer requires for a full-time position. **The bill was referred to the Asm PE&R Committee on March 27. It passed out of the Asm PE&R Committee on April 24 (7-0) and sent to Asm. Appr. Committee, where it is set to be heard on May 1.**

**SB 184** (Moorlach) would authorize a judge who has attained 60 years of age with a minimum of 5 years of service, or who has accrued 20 or more years of service, to retire and to elect to receive a monthly pension that would be deferred until the judge reaches retirement age, but to continue health care benefits upon separation from office if he or she assumes specified payments. This is a re-run of Moorlach's SB 656 in 2018 which passed both houses but was vetoed by the Governor. See also AB 979 (Reyes). The bill has been referred to the Senate (Sen.) Labor, Public Employment & Retirement (L, PE,& R) Committee. **It passed out of the Sen. L, PE,& R Committee on March 27 (5-0) and sent to the Sen Appr. Committee, where it was referred to the Suspense File on April 8.**

**SB 266** (Leyva) would establish new procedures under PERL for cases in which PERS determines that the benefits of a member or annuitant are, or would be, based on compensation that conflicts with PEPRA and other specified laws and thus impermissible under PERL. The bill would also apply these procedures retroactively to determinations made on or after January 1, 2017, if an appeal has been filed and the employee member, survivor, or beneficiary has not exhausted their administrative or legal remedies. At the threshold, after determining that compensation for an employee member reported by the state, school employer, or a contracting agency is disallowed, the bill would require the applicable employer to discontinue the reporting of the disallowed compensation. The bill would require that contributions made on the disallowed compensation for active members be credited against future contributions on behalf of the state, school employer, or contracting agency that reported the disallowed compensation and would require that the state school employer, or contracting agency to return to the member any contributions paid by the member or on the member's behalf. The bill is in the Sen. L, PE & R Committee. **It passed out of the Sen. L, PE,& R Committee on March 27 (4-0) and sent to the Sen Appr. Committee, where it was referred to the Suspense File on April 8.**

**SB 341** (Morell) would require the Board of PERS to report a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill

would also require the STRS Board to provide a description of the discount rate the board uses for reporting liabilities, a calculation of liabilities based on a discount rate that is 2% below the long-term rate of return assumed by the Board, and a calculation of liabilities based on a discount rate equal to the yield on a 10-year United States Treasury note in the year prior to the report. The bill is in the Sen. L, PE & R Committee. **The bill failed to pass from the Sen. L, PE,& R Committee on March 27 (1-3).**

## **April 2019**

## **Legislative Report**

**SB 430** (Wieckowski) would specifically exclude from the definition of “new member” a judge, as defined in, elected to office before January 1, 2013. The bill makes minor amendments to existing law, so may be a placeholder for amending PEPRA. **The bill was referred to the Sen. L, PE,& R Committee on March 7. . It passed out of the Sen. L, PE,& R Committee on April 10 (3-0) and sent to the Sen Appr. Committee, where it was referred to the Suspense File on April 22.**

**SB 715** (Galgiani) would state the intent of the Legislature to enact legislation that would regulate the transparency of the contracts between the University of California and the asset managers of the University of California’s defined contribution plan and defined benefit plan. **The bill was amended on March 28 to provide that the University of California shall not enter into a contract for services with an asset manager for a defined contribution plan if that plan is a stand-alone optional plan that is not a complement to a defined benefit pension. The bill was referred to the Sen. Education (Ed) Committee on April 10, where it failed passage on April 24 (2-4).**

**SB 769** (Moorlach) is a placeholder for possible amendments to PERL or PEPRA. **The bill was never referred to Committee, so it is dead.**

**SB 783** (Sen. L, PE & R Committee) would correct several erroneous and obsolete cross-references within CERL. In addition to the corrections, it will probably be the vehicle for other non-controversial amendments to CERL. **The bill was referred to the Sen. L, PE & R Committee on March 20. It passed out of the Sen. L, PE,& R Committee on April 24 (5-0) and sent to the Sen Floor.**