Introduced by Assembly Member Rodriguez

February 11, 2019


The California Constitution grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system.

The Public Employees’ Retirement Law creates the Public Employees’ Retirement Fund for the benefit of the members and retired members of this retirement system and their survivors and beneficiaries. The Board of Administration of the Public Employees’ Retirement System (PERS) has the exclusive control of the administration and investment of the retirement fund.

The Teachers’ Retirement Law establishes the State Teachers’ Retirement System (STRS) for the benefit of teachers and other persons
employed in connection with the schools of this state. STRS is administered by the Teachers’ Retirement Board.

This bill 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, 2021, and annually thereafter, on the status of achieving appropriate objectives and initiatives, to be defined by the boards, regarding participation of emerging managers responsible for asset management within each system’s portfolio of investments. The bill would require that the report be based on contracts that the system enters into on and after January 1, 2020, and be based on information from the prior fiscal year. The bill would require each report to include certain elements and would require the boards to define emerging manager for purposes of these provisions.

The Public Employees’ Retirement Law (PERL) creates the Public Employees’ Retirement System (PERS), which provides defined benefits to members of the system based on final compensation, credited service, and age at retirement, subject to certain variations. PERL defines terms for its purposes, including a county peace officer. PERL prescribes, among other things, the disability allowance for a state miscellaneous member upon industrial disability retirement as 50% of the member’s final compensation, unless otherwise provided. PERL also defines a county police officer for PERS purposes.

This bill would make nonsubstantive changes to the provisions defining a county peace officer and prescribing the disability allowance for a state miscellaneous member upon industrial disability retirement.

The Teachers’ Retirement Law establishes the State Teachers’ Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers’ Retirement Plan, which provides a defined benefit to members of the program, based on final compensation, credited service, and age at retirement, subject to certain variations. STRS authorizes a member to designate specified entities as a beneficiary, subject to specified conditions.

This bill would make a nonsubstantive change to the provision authorizing a member to designate an entity as a beneficiary.

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

SECTION 1. Section 22228 is added to the Education Code, to read:
22228. (a) Commencing March 1, 2021, and annually thereafter, notwithstanding Section 10231.5 of the Government Code, the board shall submit a report to the Legislature on the status of achieving appropriate objectives and initiatives, as defined by the board, regarding participation of emerging managers responsible for asset management within its portfolio of investments. The report shall be based on contracts the system enters into on and after January 1, 2020.

(b) The report shall also identify and include all of the following:

(1) The name of each emerging manager providing investment portfolio or asset management services at the end of the prior fiscal year, including, but not limited to, fund of funds contracts, for all asset classes, as applicable.

(2) The amount managed by each emerging manager by asset class at the end of the prior fiscal year.

(c) The board shall define the term “emerging manager” for purposes of this section.

(d) The report required by this section shall be submitted in compliance with Section 9795 of the Government Code.

(e) Nothing in this section shall require the board to take action unless the board determines in good faith that the action described in this section is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution.

(f) This section shall not require the board to disclose information that is excepted from disclosure under Section 6254.26 of the Government Code.

SEC. 2. Section 20136 is added to the Government Code, to read:
20136. (a) Commencing March 1, 2021, and annually thereafter, notwithstanding Section 10231.5, the board shall submit a report to the Legislature on the status of achieving appropriate objectives and initiatives, as defined by the board, regarding participation of emerging managers responsible for asset management within its portfolio of investments. The report shall
be based on contracts the system enters into on and after January 1, 2020.

(b) The report shall also identify and include all of the following:
(1) The name of each emerging manager providing investment portfolio or asset management services at the end of the prior fiscal year, including, but not limited to, fund of funds contracts, for all asset classes, as applicable.
(2) The amount managed by each emerging manager by asset class at the end of the prior fiscal year.
(c) The board shall define the term “emerging manager” for purposes of this section.
(d) The report required by this section shall be submitted in compliance with Section 9795.
(e) Nothing in this section shall require the board to take action unless the board determines in good faith that the action described in this section is consistent with the fiduciary responsibilities of the board as described in Section 17 of Article XVI of the California Constitution.
(f) This section shall not require the board to disclose information that is excepted from disclosure under Section 6254.26.

SECTION 1. Section 23301 of the Education Code is amended to read:
23301. A corporation, trust, charitable organization, parochial institution, or public entity may be designated as a beneficiary under this part, but they shall not be designated as option beneficiaries, except a trust as defined in Section 22149.

SEC. 2. Section 20437 of the Government Code is amended to read:
20437. (a) “County peace officer” shall also include the constable and each regularly employed deputy constable and the marshal and each regularly employed deputy marshal who serves the superior court. A county peace officer shall receive credit for service as a peace officer for any time served as constable or deputy constable of a township or justice court or marshal or deputy marshal of a municipal court in the same county.
(b) The provisions of this section do not apply to the employees of a contracting agency nor to the agency, unless and until the contracting agency elects to be subject to this section by amendment to its contract with the board, made as provided in
Section 20474, or by express provision in its contract with the board.

(c) "County peace officer" does not include any officer or employee who is a local sheriff, as defined in Section 20432.5.

SEC. 3. Section 21408 of the Government Code is amended to read:

21408. Upon the industrial disability retirement of a state miscellaneous member subject to Section 21151, the disability allowance shall be 50 percent of the member’s final compensation plus an annuity purchased with the member’s accumulated additional contributions, if any, or, if qualified for service retirement, the member shall receive service retirement allowance, if the allowance, after deducting the annuity, is greater.