



Board of Retirement Regular Meeting Sacramento County Employees' Retirement System

Agenda Item 5

MEETING DATE: May 17, 2023

SUBJECT: State Association of County Retirement Systems
Legislative Update—May 2023

SUBMITTED FOR: Consent Deliberation
 and Action Receive
 and File

RECOMMENDATION

Receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for May 2023.

PURPOSE

This item complies with the Strategic Management Plan goal of stakeholder communication and outreach by participating in the legislative process to monitor changes in state law affecting public pension plans.

DISCUSSION

The attached report highlights recent legislative activity affecting California public pension plans and is produced by SACRS' legislative advocates at Edelstein Gilbert Robson & Smith, LLC.

SACRS is composed of the 20 systems operating under the County Employees' Retirement Law. The association's mission is to provide education and analysis to trustees and staff so that they can be more effective stewards of their systems' pension plans.

ATTACHMENTS

- Board Order
- SACRS Legislative Update—May 2023

Prepared by:

/S/

Eric Stern
Chief Executive Officer



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
May 17, 2023

AGENDA ITEM:

State Association of County Retirement Systems Legislative Update— May 2023

THE BOARD OF RETIREMENT hereby approves Staff's recommendation to receive and file the State Association of County Retirement Systems (SACRS) Legislative Update for May 2023.

I HEREBY CERTIFY that the above order was passed and adopted on May 17, 2023 by the following vote of the Board of Retirement, to wit:

AYES:

NOES:

ABSENT:

ABSTAIN:

ALTERNATES:
(Present but not voting)

Keith DeVore
Board President

Eric Stern
Chief Executive Officer and
Board Secretary



May 5, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – May 2023**

General Update

The Legislature just wrapped up policy committee hearings for fiscal bills in the first house. The weeks immediately preceding the April 28 policy committee deadline are arguably the busiest of the Legislative session, as committees work to analyze and hold hearings for most of the bills introduced thus far while simultaneously conducting hearings on the proposed state budget. As noted in previous reports, more bills were introduced this year than in recent years, leading to several late-night policy committee hearings the week of the deadline.

Non-fiscal bills have until today, May 5, to be heard in policy committee before going to a vote on the Floor of the first house.

The next legislative milestone is the fiscal committee deadline, where fiscal bills must be heard in the Appropriations Committee in the first house. A large proportion of the bills in either house's Appropriations Committee will get placed on the Committee's "suspense file" that will be dispensed with the day before the fiscal committee deadline of May 19. It is at this point in the Legislative process that we typically see the narrowing of bills that continue to move forward. The number of bills held back by this committee may be higher than in recent years given the increasingly dismal budget projections.

The Governor is set to announce his 2023-24 May Revision of the budget in mid-May. Recent estimates anticipate that we will see the projected budget deficit increase further from the \$22.5 billion figure announced in January. Given the delayed tax return deadline, California's budget situation will continue to remain largely unknown.

Legislation of Interest

SB 885 (Committee on Labor, Public Employment and Retirement). This is the annual committee omnibus bill that contains various cleanup provisions for

CalSTRS, CalPERS and CERL systems. The amendments to the CERL make non-substantive, technical changes as well as conform provisions on Required Minimum Distributions to federal law under the SECURE ACT 2.0 by referencing the federal law instead of a specific age.

The bill is in the Senate Appropriations Committee.

AB 1020 (Grayson) – CERL Disability Presumptions. This bill would establish several new disability retirement presumptions for various injuries and illnesses in the CERL, similar to provisions that exist in the Labor Code. The bill is sponsored by the California Professional Firefighters. SACRS has provided a series of technical clarifications to the sponsors for their consideration.

The bill is in the Senate.

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced SB 1173 from last session. Like last year, this bill applies to CalPERS and CalSTRS and prohibits the retirement systems from renewing or making new investments in fossil fuel companies as well as requiring them to liquidate existing investments by July 1, 2030, among other requirements. The bill was introduced as part of a package of climate legislation.

This bill was placed on the Suspense File in the Senate Appropriations Committee.

SB 660 (Alvarado-Gil) - CA Public Retirement System Agency Cost and Liability Panel. This bill would establish the CA Public Retirement System Agency Cost and Liability Panel that would be tasked to determine how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same retirement system or concurrently retires with two or more systems that have entered into a reciprocity agreement. The panel would include a member from the State Association of County Retirement Systems (SACRS).

This bill was placed on the Suspense File in the Senate Appropriations Committee.

Public Meeting Bills

AB 557 (Hart) - Brown Act Emergency Teleconferencing Sunset Extension. This bill would remove the sunset in current law to allow teleconferencing during certain emergencies as well as increase the time period when the Board must renew the findings of an emergency or need for social distancing from 30 days to 45 days. This bill passed out of the Assembly Local Government Committee and is pending a vote on the Assembly Floor.

AB 817 (Pacheco) – Open Meeting Flexibility for Subsidiary Bodies. This bill allows subsidiary bodies to use teleconferencing without regard to a state of emergency if they

meet certain requirements. Subsidiary bodies are bodies that serve in an advisory capacity and do not take final action on specified items.

Due to concerns from the Chair of the Assembly Local Government Committee, this bill was not heard in the committee and will not move further this year.

AB 1379 (Papan) - Teleconference Flexibilities. AB 1379 expands various flexibilities for local agencies under the Brown Act including, but not limited to, relaxing requirements for posting teleconference locations, relaxing certain quorum requirements, removing the existing January 1, 2026 sunset date of flexibilities in current law, removing restrictions that prohibit members from participating remotely for more than two meetings a year, among other changes. The bill also requires that a legislative body have at least two meetings a year where members are in person at a single designated location.

Due to concerns from the Chair of the Assembly Local Government Committee, this bill was not heard in the committee and will not move further this year.

SB 537 (Becker) - Teleconference Flexibilities. This bill would allow expanded teleconference flexibilities for multijurisdictional, cross county legislative bodies if certain requirements are met, along with adding to the list of circumstances where a member is permitted to participate remotely.

This bill passed out of the Senate Governance and Finance Committee in April after being narrowed considerably, including allowing remote participation only if the meeting location is more than 40 miles one way from the member's home, among other requirements that limit the flexibilities in the bill. The new amendments make the bill less useful for many local government entities who previously supported the bill.

We have met with the author's staff and proposed amendments to clarify that local retirement systems are covered by the bill.

The bill will go to a vote of the full Senate next.