



Retirement Board Order

Sacramento County Employees' Retirement System

Before the Board of Retirement
February 15, 2023

AGENDA ITEM:

State Association of County Retirement Systems Legislative Update— February 2023

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

I HEREBY CERTIFY that the above order was passed and adopted on February 15, 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



February 3, 2023

TO: State Association of County Retirement Systems

FROM: Edelstein Gilbert Robson & Smith, LLC

RE: **Legislative Update – February 2023**

The Legislature is back in session and is busy introducing new legislation until the bill introduction deadline on February 17. By this date, we will see upwards of thousand bills introduced from each house.

On January 10, Governor Newsom presented his 2023-24 January Budget proposal. His budget presentation emphasized the somber fiscal outlook the state is facing, including the updated deficit figure of \$22.5 billion.

In response to the deficit, the Governor proposed reductions and other cost saving measures in various areas, primarily concentrated in the climate and transportation sectors. Many of the cuts are “trigger reductions” that would be restored if the state’s budget situation improves by January of next year.

His proposed budget includes the statutorily required contributions for CalPERS and CalSTRS. This year, that includes \$8.5 billion for CalPERS and \$3.9 billion for CalSTRS

Since the budget release, the Legislative Analyst’s Office (LAO) released a report on the 2023-24 Budget and an updated revenue outlook that anticipates a good chance that the revenue estimates will come in lower than the Governor’s estimates, forecasting a deeper budget deficit than the Administration’s \$22.5 billion. Given this, the LAO recommends that the Legislature plan for a larger deficit by further reducing one-time and temporary spending.

The Legislature will begin holding Budget committee and Subcommittee hearings in the coming weeks.

Legislation of Interest

SB 252 (Gonzalez) – PERS and STRS Fossil Fuel Divestment. Senator Gonzalez reintroduced her 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 package of climate legislation.