

# **Board of Retirement Regular Meeting**

## **Sacramento County Employees' Retirement System**

Agenda	<b>Item</b>	5
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**MEETING DATE:** February 15, 2023

SUBJECT: State Association of County Retirement Systems

**Legislative Update—February 2023** 

Deliberation Receive SUBMITTED FOR: X Consent and Action and File

#### RECOMMENDATION

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

Prepared by:	
/S/	
Eric Stern Chief Executive Officer	·



# Retirement Board Order

## **Sacramento County Employees' Retirement System**

# Before the Board of Retirement February 15, 2023

AGENDA ITEM:  State Association of County Retirement S February 202	
THE BOARD OF RETIREMENT hereby applied to receive and file the State Association of (SACRS) Legislative Update.	•
I HEREBY CERTIFY that the above order February 15, 2023 by the following vote of the	·
AYES:	
NOES:	
ABSENT:	
ABSTAIN:	
ALTERNATES: (Present but not voting)	
Keith DeVore	Eric Stern Chief Executive Officer and

Board Secretary

Donald B. Gilbert Michael R. Robson Trent E. Smith Jason D. Ikerd Associate Bridget E. McGowan Associate

#### 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.