Date of Hearing: January 23, 2020

ASSEMBLY COMMITTEE ON APPROPRIATIONS Lorena Gonzalez, Chair AB 979 (Reyes) – As Amended January 6, 2020

Policy Committee:	Public Employment and Retire	ment Vote:	4 - 1

Urgency: No State Mandated Local Program: No Reimbursable: No

SUMMARY:

This bill requires, each year, beginning on March 1, 2021, the Boards of Administration of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) to each provide an annual report to the Legislature on the use of emerging managers.

FISCAL EFFECT:

Moderate fiscal impact, less than \$150,000 annually, for CalPERS and CalSTRS to produce the report each year. However, because AB 979's primary purpose is to develop a report, this bill is eligible for the committee's Suspense File, per committee rules.

COMMENTS:

- 1) **Background and purpose.** "Emerging managers" are newly formed investment managers with a small asset base. A policy that encourages working with emerging managers is one important part of a strategy to increase diversity of the industry and to expand work with minority and women-owned investment firms. Prior to 2011, both CalPERS and CalSTRS had emerging manager programs. SB 294 (Price), Chapter 701, Statutes of 2011, codified that work by requiring CalPERS and CalSTRS to provide a five-year strategic plan for emerging manager participation across asset classes and to submit an annual report to the Legislature regarding the progress of that plan. While that statutory requirement has expired, both CalPERS and CalSTRS still submit this report voluntarily.
- 2) **Previous legislation.** This bill is nearly identical to AB 181 (Rodriguez), of the 2019-20 Legislative Session, which was gutted and amended in the Senate after passing through the Assembly.

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