

Date of Hearing: May 12, 2021

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Lorena Gonzalez, Chair

AB 890 (Cervantes) – As Amended March 11, 2021

Policy Committee: Public Employment and Retirement Vote: 5 - 1

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

**SUMMARY:**

This bill requires, commencing March 1, 2022, the California Public Employees' Retirement System (CalPERS) board and the California State Teachers' Retirement System (CalSTRS) board to each provide an annual report to the Legislature on the use of emerging managers or diverse managers. The bill requires CalPERS and CalSTRS to define "emerging manager" and "diverse manager" for purposes of these reports.

**FISCAL EFFECT:**

Moderate fiscal impact, less than \$150,000 annually, for CalPERS and CalSTRS to produce the reports each year.

**COMMENTS:**

1) **Purpose.** According to the author:

Access to investment capital for women and minority-owned businesses is vital to underserved communities throughout California...With almost seven hundred billion in assets, CalPERS and CalSTRS represent one of the most important yet underutilized tools in California's toolbox to confront societal inequalities. By requiring CalPERS and CalSTRS to disclose gender and diversity data, AB 890 will bring transparency and accountability to the asset management industry.

2) **Background.** "Emerging managers" are newly formed investment managers with a small asset base. CalPERS has an emerging manager program which uses emerging managers for some of its investment needs.

3) **Prior Legislation.** AB 462 (Rodriguez), of the 2019-20 Legislative Session, was similar to this bill. The bill was held by the Senate Rules Committee.

AB 181 (Rodriguez), of the 2019-20 Legislative Session, was similar to this bill. The bill's authorship was subsequently transferred to Assemblyman Maienschein and amended to address a different subject matter.

SB 294 (Price), Chapter 701, Statutes of 2011, required CalPERS and CalSTRS to provide a five-year strategic plan for emerging manager participation across all asset classes, and to submit an annual report to the Legislature regarding the progress of the strategic plan. This law was repealed on January 1, 2018, due to a sunset provision.

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