
SENATE COMMITTEE ON LABOR, PUBLIC EMPLOYMENT AND RETIREMENT
Senator Lola Smallwood-Cuevas, Chair
2025 - 2026 Regular

Bill No: SB 1319 **Hearing Date:** April 22, 2026
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Version: April 15, 2026
Urgency: No **Fiscal:** Yes
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SUBJECT: California Public Records Act: public investment funds

KEY ISSUE

This bill significantly expands the information subject to disclosure under the California Public Records Act (CPRA) related to public pension funds' investments in alternative investment vehicles (e.g., private equity, private credit, hedge funds, etc.) to include detailed information about the corresponding partnerships and limited liability companies; their partners or members; and the vehicles' holdings and investment strategies, as specified.

ANALYSIS

Existing law:

- 1) Affirms that the people have the right of access to information concerning the conduct of the people's business, and, therefore, the meetings of public bodies and the writings of public officials and agencies shall be open to public scrutiny. (Cal. Const., art. I, § 3(b)(1).)
- 2) Requires that any statute, court rule, or any authority that limits the right of public access shall be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Cal. Const., art. I, § 3(b)(2).)
- 3) Provides that nothing in Cal. Const., art. I, § 3 (b) repeals, nullifies, supersedes, or modifies protections for the confidentiality of proceedings and records of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses provided by Section 7 of Article IV, state law, or legislative rules adopted in furtherance of those provisions; nor does it affect the scope of permitted discovery in judicial or administrative proceedings regarding deliberations of the Legislature, the Members of the Legislature, and its employees, committees, and caucuses. (Cal. Const., art. I, § 3(b)(6))
- 4) Establishes the California Public Records Act (CPRA), which provides that the Legislature, mindful of the right of individuals to privacy, finds and declares that access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. (Government Code § 7921 et seq.)
- 5) Lists hundreds of provisions of law that may exempt certain records, or portions thereof, from disclosure under CPRA, including records regarding public investment funds' investments in alternative investments (Government Code § 7930.100 et seq. and specifically, § 7930.185)

- 6) Provides that “*notwithstanding any other provisions of law or this Constitution to the contrary*, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system” and that “the retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or retirement system”. (CA CONST. art. XVI, § 17) (emphasis added)
- 7) Provides that the assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system. (CA CONST. art. XVI, § 17 (a))
- 8) Requires the members of the retirement board of a public pension or retirement system to discharge their duties with respect to the system *solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries*, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. *A retirement board’s duty to its participants and their beneficiaries shall take precedence over any other duty.* (CA CONST. art. XVI, § 17 (b)) (emphasis added)
- 9) Requires the members of the retirement board of a public pension or retirement system to diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. (CA CONST. art. XVI, § 17 (d)) (emphasis added)
- 10) Permits the Legislature by statute to continue to prohibit certain investments by a retirement board where it is in the public interest to do so, and provided that the prohibition satisfies the standards of fiduciary care and loyalty required of a retirement board. (CA CONST. art. XVI, § 17 (g))
- 11) Defines “public investment fund” for purposes of CPRA disclosure requirements to mean any public pension or retirement system, any public endowment or foundation, or a public bank, or the venture capital program, as specified. (Government Code § 7928.710 (a) (4))
- 12) Exempts the following information regarding alternative investments in which public investment funds invest from disclosure under the CPRA unless the information has already been released publicly by the keeper of the information:
 - a) Due diligence materials that are proprietary to the public investment fund or the alternative investment vehicle;
 - b) Quarterly and annual financial statements of alternative investment vehicles;
 - c) Meeting materials of alternative investment vehicles;
 - d) Records containing information regarding the portfolio positions in which alternative investment funds invest;
 - e) Capital call and distribution notices; and,
 - f) Alternative investment agreements and all related documents. (Government Code § 7928.710 (b))
- 13) Provides that specified information regarding alternative investments in which public investment funds invest is subject to disclosure under the CPRA and may not be considered a trade secret exempt from CPRA disclosure, including:

- a) The name, address, and vintage year of each alternative investment vehicle;
- b) The dollar amount of the commitment made to each alternative investment vehicle by the public investment fund since inception;
- c) The dollar amount of cash contributions made by the public investment fund to each alternative investment vehicle since inception;
- d) The dollar amount, on a fiscal year-end basis, of cash distributions received by the public investment fund from each alternative investment vehicle;
- e) The dollar amount, on a fiscal yearend basis, of cash distributions received by the public investment fund plus remaining value of partnership assets attributable to the public investment fund's investment in each alternative investment vehicle;
- f) The net internal rate of return of each alternative investment vehicle since inception;
- g) The investment multiple of each alternative investment vehicle since inception;
- h) The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis, by the public investment fund to each alternative investment vehicle; and,
- i) The dollar amount of cash profit received by public investment funds from each alternative investment vehicle on a fiscal year-end basis. (Government Code § 7928.710 (c))

This bill:

- 1) Requires public investment funds to disclose the following, in addition to existing CPRA disclosure requirements:
 - a) The name of each general partner or manager of the alternative investment vehicle and of each person with a direct or indirect interest in the general partner or manager;
 - b) The total amount of cash contributions made by all investors to the alternative investment vehicle;
 - c) A comparison of the results from the alternative investment vehicle against the performance the public investment fund would have experienced from investing the same amount in a public market index of corresponding assets traded in the public securities markets, after controlling for risk, liquidity, and expense. The index shall be chosen at the time the public investment fund commits to the alternative investment vehicle.
 - d) The basis for continued operation, the current value of assets of the alternative investment vehicle, and the amount of any management fees, carried interest, or other expenses continuing to be charged to the fund on an annual fiscal year-end basis for each alternative investment vehicle that remains active beyond the end of its originally stated term.
 - e) Any continuation fund, asset rollover or transfer, or similar transaction involving assets previously held by the alternative investment vehicle, including the financial terms of any such continuation fund or transaction, management fees, and the valuations of the assets involved in the transaction.
 - f) The identity of the enterprise or activity in which the investment is made, the geographic locations where the enterprise or activity takes place, and the number and classifications of employees at each such location, using the United States Bureau of Labor Statistics' 2018 Standard Occupational Classification system with respect to an alternative investment vehicle which has an objective of creating, acquiring, or developing an enterprise or activity in which natural persons are engaged to perform work;
 - g) The number and aggregate dollar value of loans valued by the alternative investment vehicle at less than 75 percent of face value if originated by the alternative investment vehicle, or less than 75 percent of cost to the alternative investment vehicle if purchased,

and a list of third-party rating agencies hired by the alternative investment vehicle to assign ratings to the loans with respect to alternative investment vehicles with debt investment.

- 2) Makes legislative findings and declarations required under the constitution when amending the CPRA that it is in the public interest, and furthers the purposes of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, to ensure that certain alternative investment vehicle information with respect to the activities of public investment funds is available to the public while balancing the protection of trade secrets.
- 3) Declare that this bill does not require a reimbursement for state mandated costs because the only costs that may be incurred by a local agency or school district under this act would result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.

COMMENTS

1. Background

This bill seeks to obtain significantly more information from public pension funds than is currently subject to CPRA disclosure related to public pension funds' investments in alternative investment vehicles. Previous legislation regarding this issue recognized the careful balancing between the people's right to know what public officials are doing and the need for pension officials to have access to alternative investments. The bill appears to revise those previous understandings in an attempt to pierce the "corporate" veil behind the partnerships and limited liability companies that investors normally create to structure their investments in privately held companies. Unlike publicly held companies whose shares are traded on major stock exchanges, private companies face far fewer disclosure requirements generally. That is one of the key characteristics of being a privately owned business.

The bill's supporters appear to want to leverage public pension funds to force those private companies to get information that is not publicly available. They cite various reasons for this effort including the argument that heightened transparency is on its own an important value to hold government accountable; the need to understand how public pension capital is supporting egregious actions by private employers to reduce or eliminate unionized workforces in privately held companies; and the need to protect public employees and pensioners from the misallocation of capital into opaque and risky investments.

On Transparency

This rationale appeals to our civic instincts but any cursory analysis of the exceptions to the CPRA reveals that we constantly weigh the benefits of transparency with the necessities of creating and implementing public policy. The legislature itself has a constitutional exception to the CPRA. Statutes, including statutes that authorize collective bargaining in the public sector, provide that key activities, such as negotiating collective bargaining agreements, cannot be accomplished in the glare of public light. Indeed, the CPRA lists hundreds of statutes that provide hundreds of examples where transparency impedes the ability to accomplish key policy objectives. This case is no different. Presumably, the bill's advocates

expect CalPERS to solicit from its general partners and co-investors information those investors take great pains to keep to themselves for the simple reason that when you have a good investment idea, you want to execute on it before any of your competitors can. Rather than provide that information to CalPERS, those investors are more likely to disinvite California pension funds from the opportunities to participate in future investment vehicles. That bodes ill for our pension returns, if our top pension fund experts are to be believed. Also, the sponsors overestimate California's influence in the wider world. There are over 100 sovereign wealth funds each with over \$100 billion in assets under management. There is no shortage of suppliers of capital for the best performing alternative investment managers. Like our elite universities, they can and do pick from the best applicants.

On Protecting Union Workforces from Union-Busting Private Companies

Nothing concerns labor policy advocates more than wealthy capitalists suppressing working people's first amendment rights to free association. This bill's supporters appear to believe that conscripting public pension systems into that battle will be effective and viable in preventing private investors from disrupting the economic security of unionized workforces in privately held companies. If nothing else, they may think, this bill can effectively shut off capital flows to those investors. They are wrong. As previously mentioned, there is no shortage of institutional investors ready to take the spot of California funds and receive the out-sized returns associated with high-performing alternative investments. Otherwise, Taft-Hartley union pension funds would be alternative investment fund participants and would already be providing the desired information.

Regardless, this policy goal is impermissible under the state constitution. Pension funds are trust funds, not the public's funds. They are the collected deferred compensation for work already performed by public employees. The constitution and federal tax law require that they be used for the exclusive purpose of ensuring that promised pension benefits will be paid to pension members and their beneficiaries. Alternative objectives are not only impermissible violations of the pension board members' fiduciary duty but also expose the General Fund to significant liabilities to guarantee the pension funds. If pension funds' investment returns are insufficient to fund the promised benefits, the General Fund is on the hook, effectively transferring money from the state's other policy priorities and from future generations who will have to pick up the bill.

On Protecting Public Employees and Retirees from Rapacious Fees and Bad Investments

Some supporters of the bill focus on the high fees and potential risks associated with alternative investments as reason to implement the bill's provisions. However, even assuming they are correct, they have no role in determining public pension fund investment policy. The constitution grants that role exclusively to the pension systems' trustees. The larger funds have expert internal staff to advise them. The smaller funds rely on expert outside advisors. In both cases those advisors are simply that; advisors. The investment decisions must be made by, and only by, the trustees, all of whom sit on public boards with public meetings where this bill's supporters can go and provide their advice and express their concerns, as well.

In sum, although this bill is well-intentioned, it also creates problematic challenges to fulfilling the state's promise to our public employees and retirees.

2. Need for this bill?

According to the author:

“California public employee pension funds invest in alternative investments, such as private equity funds, that offer the promise of high returns. However, these investments often come at a high cost—both to the public investment funds that pay billions in fees to alternative investment managers and to the workers who often face abuse, sexual harassment, and violations of local, state and federal laws at the hands of employers controlled by alternative investment managers.”

“Private equity firms Apollo Management, Capitol Meridian Partners and Sterling Group, which all receive investment from California pension funds, exemplify the high cost of alternative investment for investors and workers. Apollo-owned Cardenas Markets faces allegations of sexual harassment and anti-union activity. In California, Cardenas is a defendant in eight cases alleging sexual harassment and retaliation against workers who report it. Cardenas is also the defendant in three outstanding class action lawsuits alleging violations of California Labor Code, having already settled class action lawsuits – one with similar allegations – at a cost of \$4 million during Apollo’s ownership, without admitting wrongdoing.”

“Hundreds of workers at Phoenix Sky Harbor were fired when GAT/SkyCafe took over inflight catering for American Airlines, and GAT/SkyCafe failed to rehire many of these skilled workers and faces wage theft allegations from six workers. Instead of resolving the dispute, former GAT/SkyCafe owner Atlantic Street sold the company to Capitol Meridian Partners and Sterling Group, which have also failed to commit to rehiring the workers. Meanwhile, California pension funds pay investment fees to Apollo, Capitol Meridian Partners and Sterling Group.”

3. Proponent Arguments

According to UNITE HERE Local 11 and the UFCW Western States Council:

“In the State of California, 80 public investment funds collectively manage over \$1.4 trillion in retirement assets, providing security in retirement for millions of workers. CalPERS, CalSTRS and other public investment funds, allocate an increasing amount of their assets to alternative investments, which are expensive, opaque and illiquid. As of December 31, 2025, CalPERS had allocated \$212 billion, or 35 percent of its total portfolio, to alternative investments, while CalSTRS had allocated \$106 billion or 26 percent.

The American Investment Council estimated in 2022 that the State of California alone was home to 2,601 private equity-backed companies employing 1.5 million workers. However, public sector workers who participate in public pension plans lack clear information about how these companies are performing versus public market investments, and private sector workers are often left in the dark as to their employers’ true owners.

Alternative investments offer the promise of high returns but often come with high cost—both to the public investment funds that pay billions in fees to alternative investment managers, and to the workers who often face abuse, sexual harassment, and violations of local, state and federal laws at the hands of employers controlled by alternative investment managers. Because alternative investments are outside publicly traded markets, they are not

subject to transparent and market pricing, detailed federal reporting requirements, and other regulations that have been enacted to protect investors in publicly traded securities.”

4. Opponent Arguments:

According to the State Association of County Retirement Systems (SACRS), representing 20 county retirement systems that collectively manage more than \$300 billion in assets on behalf of public employees and retirees:

“Disclosure of Proprietary and Confidential Information”

“SB 1319 requires expanded disclosure of alternative investment data, including performance comparisons and information related to underlying portfolio companies and other investors. While the bill maintains existing confidentiality protections, in practice, these requirements risk exposing sensitive information that retirement systems are contractually obligated to protect.”

“Retirement systems do not control underlying portfolio companies, yet the bill requires disclosure of detailed workforce and operational data from those entities. Alternative investment managers restrict the dissemination of fund and portfolio data through confidentiality agreements. Mandated disclosure may place retirement systems in conflict with those agreements, jeopardize relationships with managers, and limit access to high-performing funds—particularly in competitive markets such as private equity.”

“Administrative Burden and Impact on Smaller Systems”

“The bill also creates significant administrative challenges, especially for smaller systems with limited staff and resources. Producing standardized comparisons of private investments to public market benchmarks ‘after controlling for risk, liquidity, and Expense’ requires complex modeling, subjective assumptions, and data that systems often do not control.”

“Our retirement systems invest through pooled vehicles and rely on external managers, making compliance difficult and potentially costly. These added burdens would fall disproportionately on smaller systems and could reduce their ability to participate in certain investment strategies, limiting diversification and increasing risk.”

“Impairment of Fiduciary Duty”

“SB 1319 also risks impairing the fiduciary duty of retirement boards under Article XVI, Section 17 of the California Constitution. By imposing requirements that may restrict investment opportunities, increase costs, or elevate public reporting considerations over investment merit, the bill introduces factors unrelated to maximizing risk-adjusted returns.”

“Conclusion”

“SACRS supports transparency and has long complied with robust disclosure requirements under existing law. However, SB 1319 creates risks to investment access, increases administrative burdens, and interferes with the fiduciary responsibilities of retirement boards.”

5. Prior Legislation:

AB 2833 (Cooley, Chapter 361, Statutes of 2016) required every public investment fund, as defined, to require each alternative investment vehicle in which it invests to make specified disclosures related to management fees and charges and to present the disclosed information in a report at a public meeting at least annually

SB 574 (Pan, 2015) would have required the University of California (UC) to obtain the specified information from each private equity fund, venture fund, hedge fund, or absolute return fund in which the UC provides or has provided funds for investment. The bill was held in Assembly Appropriations.

SB 439 (Simitian, Chapter 258, Statutes of 2005) specified information and records relating to public investment funds invested in alternative investments that are subject to disclosure under the California Public Records Act, and records that are confidential in nature and protected from disclosure under the Act, unless previously published by the keeper of the information.

SUPPORT

Unite Here Local 11 (co-sponsor)
United Food and Commercial Workers Union, Western States Council (co-sponsor)
Alliance of Californians for Community Empowerment (ACCE) Action
Americans for Financial Reform
California Federation of Labor Unions
Retired Public Employees Association
UAW Region 6
Unite Here International Union

OPPOSITION

California State Association of Counties
Rural County Representatives of California
State Association of County Retirement Systems
Urban Counties of California

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