



April 12, 2018

The Honorable Lorena Gonzalez Fletcher
Member, California State Assembly
State Capitol Building, Room 2114
Sacramento, CA 95814

RE: Assembly Bill 2571 (Gonzalez Fletcher). Public employee retirement systems: investments: race and gender pay equity.
Oppose – As amended April 11, 2018
Hearing Date: April 18, 2018 – Assembly PERSS Committee

Dear Assembly Member Gonzalez Fletcher:

On behalf of the California State Association of Counties (CSAC) and the County of Riverside Board of Supervisors, we write to express respectful opposition to your Assembly Bill 2571, related to public employee retirement system investments. While we recognize the intent of the measure, unfortunately, the bill would restrict investments and conflict with the fiduciary responsibility of retirement fund administrators.

Specifically, our opposition is based on the possible financial consequences that would negatively impact the overall health of a public employee retirement fund. This is entirely unrelated to the type of investment but rather is solely focused potential financial outcomes it could create. Public retirement systems have long been a cornerstone to recruiting and retaining public employees for counties. They carry the responsibility to provide retirement benefits to their employees and, therefore, have a significant interest in protecting the long-term sustainability the retirement funds. Divestment policies or restrictions on future investments such as those proposed in AB 2571 pose harm to investment performance which, in turn, may result in either increased employer contributions, increased employee contributions, a reduction of other benefit offerings, or all three.

By limiting the portfolios of public retirement systems the funds could suffer and the local government employees and their employers, who are already bearing the burden of a lowered discount rate, would have to bear the financial consequences of such actions. Again, we recognize the intent of the measure but unfortunately must oppose due to the negative impact it could potentially have on the system's funded status and ultimate ability for employers to maintain their pension system contracts. Please do not hesitate to contact us with any questions regarding our position: Dorothy Johnson (on behalf of CSAC) can be reached at 916-650-8133 and Jean Kinney Hurst (on behalf of Riverside County) can be reached at 916-272-0010.

Sincerely,

Dorothy Johnson
Legislative Representative
California State Association of Counties

Jean Kinney Hurst
Legislative Representative
County of Riverside