

BILL NUMBER: Senate Bill 1007 (Hancock) as amended June 24, 2010

SUMMARY

This bill requires candidates for the elected positions on the boards of CalSTRS and CalPERS to be subject to the provisions of the Political Reform Act of 1974 (PRA) governing campaign finance as all other candidates for state office.

BOARD POSITION

Support. This bill supports good governance practices by increasing transparency and reducing potential conflicts.

PURPOSE OF THE BILL

This bill creates greater oversight for the campaign finance of candidates for elected positions on the boards of CalSTRS and CalPERS.

LEGISLATIVE HISTORY

Chapter 241, Statutes of 2001 (SB 34 – Burton) required candidates and ballot measure committees to file reports electronically within 48 hours of receipt of contributions of \$5000 or more made outside the 90-day election cycle.

Chapter 102, Statutes of 2000 (SB 1223 – Burton) enacted revisions to the PRA providing for campaign contribution limits and voluntary expenditure limits; requiring certain disclosures in slate mailers, paid political advertisements and certain issue advocacy communications; authorizing intra-candidate transfers of campaign funds and restricting inter-candidate contributions; requiring the aggregation of certain contributions made by affiliated entities; expanding online or electronic filing requirements with respect to the receipt of certain contributions and the making of certain independent expenditures; and prescribing the authorized use of surplus campaign funds.

Chapter 923, Statutes of 1998 (SB 1753 – Schiff) required CalSTRS and CalPERS to take roll call votes on investment proposals considered during closed sessions and to disclose the results of the vote within 12 months. Required disclosure of campaign contributions aggregating in excess of \$250 and gifts aggregating in excess of \$50 by a vendor or contractor who had an investment proposal being considered by CalSTRS or CalPERS in closed session. Required the six elected CalPERS Board members to file a semiannual campaign statement with the Secretary of State on forms prescribed by the FPPC. Prohibited certain communications with members of CalSTRS and CalPERS Boards by any vendor or contractor of investment products under active consideration. Required elected members and candidates for the CalPERS Board of Administration to file campaign statements on forms prescribed by the FPPC, rather than forms prescribed by the Board.

Proposition 208 – Limits on Contributions to A Single Candidate (approved November 5, 1996) established limits on the amount of political campaign contributions that an individual, group or political party may make to a candidate for statewide office, the Legislature or local elected office.

Proposition 9 – Political Reform Act of 1974 (approved June 4, 1974) created the Fair Political Practices Commission and required reports of receipts and expenditures in campaigns for state and local offices and ballot measures. Limited expenditures for statewide candidates and measures. Prohibited public officials from participating in governmental decisions affecting their "financial interests." Required disclosure of certain assets and income by certain public officials. Required "lobbyists" to register and file reports showing receipts and expenditures in lobbying activities.

PROGRAM BACKGROUND

Chapter 923, Statutes of 1998 (SB 1753 – Schiff) placed certain disclosure requirements on individuals seeking an elected position on the CalPERS Board of Administration. By defining these elected positions as "elective office" and "elective state office," Chapter 923 also placed candidates under other provisions of the PRA, including the statewide contribution limits. As a result of their special disclosure requirements, CalPERS Board candidates are currently required to file one pre-election statement and one post-election statement disclosing contributions and expenditures.

The Teachers' Retirement Board (Board) was not included in Chapter 923 because CalSTRS did not have member-elected representatives at the time the bill was passed. Chapter 1049, Statutes of 2002 (SB 1580 – Burton) revised the composition of the Board to include three member-elected positions. AB 1862 (Eng), introduced in 2010, proposes to expand this number to four by making the retired Board member an elected position. CalSTRS has conducted two elections thus far and is not aware of any contributions being made to or expenditures being made by or on behalf of any of the candidates, although staff is aware of letters of endorsement being sent by constituent groups.

ANALYSIS:

Existing Law:

Current CalSTRS regulations prohibit certain parties who engage in or are seeking to engage in an investment relationship from making contributions to candidates for or members of the Board in excess of certain limits. There are additional requirements that prohibit current Board members from making, participating in the making of or influencing a decision that involves certain parties in which there is a financial interest that may or may not involve campaign contributions or the directing of campaign contributions. Because the regulations reference the PRA definition of campaign contributions and candidates for the Board are not subject to the PRA, it could be interpreted that candidates for the CalSTRS Board who do not hold another position with reporting requirements might not be subject to these rules.

This bill:

This bill requires Board candidates to disclose contributions and expenditures on applicable forms to be filed with the Secretary of State and the Board's office and limits the amount that could be received and spent in accordance with the PRA.

OTHER STATES' INFORMATION

N/A

FISCAL IMPACT

Benefit Program Cost – None.

Administrative Costs/Savings – Minor and absorbable administrative costs for retaining copies of newly required campaign disclosure statements at CalSTRS. This would be a minor clerical process that would be in addition to the candidate statements already required to be filed pursuant to current CalSTRS regulations and should not have any material impact on CalSTRS current practice.

SUPPORT

State Controller's Office (sponsor)
Secretary of State Debra Bowen
State Treasurer Bill Lockyer
American Federation of State, County and Municipal Employees
California State Employees Association
California Taxpayers' Association
California Teachers Association
CalPERS
CALPIRG
Fair Political Practices Commission
Service Employees International Union

OPPOSITION

None known.

SUPPORTING ARGUMENTS

Strengthens the effectiveness of CalSTRS regulations and policies.

LEGISLATIVE STAFF CONTACT

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