

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

SB 1319 (Durazo)
Version: March 25, 2026
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Fiscal: Yes
Urgency: No
AM

SUBJECT

California Public Records Act: public investment funds

DIGEST

This bill expands what types of information are disclosable by a public investment fund under the California Public Records Act (CPRA).

EXECUTIVE SUMMARY

Existing law specifies which documents a public investment fund is required to disclose to the public and what information is not disclosable under the CPRA. The existing provision of law is a result of a lawsuit settlement and negotiations among stakeholders. (*See Comment 2, below.*) This bill seeks to require the disclosure of additional information by a public investment fund. The author and sponsor of the bill argue that gaps exist under current law and that more transparency is needed into the investments of public investment funds in alternative investment vehicles. The bill is sponsored by Unite Here Local 11 and the UFCW Western States Council and supported by several labor organizations and the Retired Public Employees Association. No timely opposition was received by the Committee. Should the bill pass out of this Committee, it will next be referred to the Labor, Public Employment and Retirement Committee.

PROPOSED CHANGES TO THE LAW

Existing law:

- 1) Provides, pursuant to the California Constitution, 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 are required to be open to public scrutiny. (Cal. const. art. I, § 3(b)(1).)

- a) Requires a statute to be broadly construed if it furthers the people's right of access, and narrowly construed if it limits the right of access. (Cal. const. art. I, § 3(b)(1).)
 - b) Requires a statute that limits the public's right of access to be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest. (Cal. const. art. I, § 3(b)(1).)
- 2) Governs the disclosure of information collected and maintained by public agencies pursuant to the CPRA. (Gov. Code §§ 7920.000 et seq.)
 - a) States that the Legislature, mindful of the individual right 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. (Gov. Code § 7921.000.)
- 3) Defines "public records" as any writing containing information relating to the conduct of the public's business prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. (Gov. Code § 7920.530.)
- 4) Provides that all public records are accessible to the public upon request, unless the record requested is exempt from public disclosure. (Gov. Code § 7922.530.)
- 5) Provides that certain records regarding alternative investments in which public investment funds invest are not subject to disclosure unless the information has already been publicly released 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. (Gov. Code § 7928.710(b).)
- 6) Provides that, notwithstanding 5), above, the following information contained in records described in 5), above, regarding alternative investments in which public investment funds invest is subject to disclosure pursuant to this division and shall not be considered a trade secret exempt from disclosure:
 - 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 year-end basis, of cash distributions received by the public investment fund plus the 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. (Gov. Code § 7928.710(c).)
- 7) Defines the following terms for purposes of 5) and 6), above.
- a) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, or absolute return fund.
 - b) "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure through which the public investment fund invests in portfolio companies.
 - c) "Portfolio positions" means individual portfolio investments made by the alternative investment vehicles.
 - d) "Public investment fund" means any public pension or retirement system, any public endowment or foundation, or a public bank, as defined in Section 57600, or the venture capital program pursuant to Article 12 (commencing with Section 63089.99) of Chapter 6 of Division 1 of Title 6.7 of the Government Code. (Gov. Code § 7928.710(a).)
- 8) Requires every public investment fund to require each alternative investment vehicle in which it invests to make the following disclosures at least annually:
- a) the fees and expenses that the public investment fund pays directly to the alternative investment vehicle, the fund manager, or related parties;
 - b) the public investment fund's pro rata share of fees and expenses not included in paragraph (a) that are paid from the alternative investment vehicle to the fund manager or related parties, which may be independently calculated based on information contractually required to be provided by the alternative investment vehicle to the public investment fund;
 - c) the public investment fund's pro rata share of carried interest distributed to the fund manager or related parties;

- d) the public investment fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties; and
 - e) any additional information described in subdivision (c) of Section 7298.710 of the Government Code.
- 9) Requires every public investment fund to disclose the information provided under 8) at least once annually in a report presented at a meeting open to the public, as provided.
- 10) Defines, for the purposes of 8) and 9), the terms described below.
- a) "Alternative investment" means an investment in a private equity fund, venture fund, hedge fund, or absolute return fund.
 - b) "Alternative investment vehicle" means the limited partnership, limited liability company, or similar legal structure through which a public investment fund invests in an alternative investment.
 - c) "Public investment fund" means any fund of any public pension or retirement system, including that of the University of California.
- 11) Grants the retirement board of a public employee retirement system plenary authority and fiduciary responsibility for investment of moneys and administration of the retirement fund and system. (Cal. Const., art. XVI, § 17.)

This bill:

- 1) Provides that 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 is subject to disclosure under the CPRA.
- 2) Provides that, 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, 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 is subject to disclosure under the CPRA.

COMMENTS

1. Stated need for the bill

The author writes:

Public pension funds invest the retirement savings of workers. Those funds should be subject to clear, comparable reporting. SB 1319 increases transparency for public pension investments in private equity and similar funds.

Today, key information about these investments is missing. Decision-makers, including pension boards, state officials, and the public, cannot easily determine whether these investments outperform public markets or how they affect workers. This matters because these decisions determine the security of retirement benefits and the use of large amounts of public capital.

SB 1319 ensures policymakers, workers, and the public can evaluate how these investments perform, what they cost, and where they are invested.

In 2016, AB 2833 required disclosure of fees, expenses, and carried interest for alternative investments made by California public pension funds. That law addressed hidden costs paid by public pension funds.

In California, 80 public investment funds collectively manage over \$1.4 trillion in retirement assets. These public investment funds allocate an increasing amount of their assets to alternative investments comprised of private equity, real assets, private debt and hedge funds. For example, as of December 31, 2025, CalPERS, the largest, had allocated \$212 billion, or 35 percent of its total portfolio, in alternative investments.

Unlike public companies, these investments are not subject to standardized federal disclosure requirements. As a result, information is limited, inconsistent, and difficult to compare.

Current law provides some transparency, but key gaps remain. There is no required comparison showing whether private equity investments outperform public market alternatives after accounting for significant fees charged by private equity firms. Without that comparison, it is difficult to determine whether higher costs and risks are justified.

There is also limited visibility into the companies owned through these investments. Private equity firms can control or influence company operations through ownership stakes, including decisions about management, staffing, and business practices. Workers are often in the dark about who ultimately owns or controls the company they work for, or how those decisions are made.

Public pension funds are making long-term investment decisions using worker-earned funds without complete, comparable information on performance, cost, and workforce impact.

The Private Equity Sunshine Act builds on existing law to provide meaningful, comparable transparency.

- Requires a direct comparison of after-fee private equity returns with public market benchmarks.
- Requires disclosure of the companies controlled through these investments.
- Requires disclosure of where those companies operate.
- Requires disclosure of the number and types of workers at those companies.
- Maintains existing protections for proprietary and confidential business information except the foregoing.

This bill provides standardized, decision-useful information on investment performance, ownership, and workforce impact.

2. The CPRA, public records, public investment funds, and alternative investment vehicles

Access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state. (Gov. Code § 7921.000.) In 2004, the right of public access was enshrined in the California Constitution with the passage of Proposition 59 (Nov. 3, 2004, statewide general election),¹ which amended the California Constitution to specifically protect the right of the public to access and obtain government records: "The people have the right of access to information concerning the conduct of the people's business, and therefore . . . the writings of public officials and agencies shall be open to public scrutiny." (Cal. Const., art. I, sec. 3 (b)(1).) In 2014, voters approved Proposition 42 (Jun. 3, 2014, statewide direct primary election)² to further increase public access to government records by requiring local agencies to comply with the CPRA and the Ralph M. Brown Act³, and with any subsequent statutory enactment amending either act, as provided. (Cal. Const., art. I, sec. 3 (b)(7).)

Under the CPRA, public records are open to inspection by the public at all times during the office hours of the agency, unless they are exempt from disclosure. (Gov. Code § 7922.525.) A public record is defined as any writing containing information relating to the conduct of the public's business that is prepared, owned, used, or retained by any

¹ Prop. 59 was placed on the ballot by a unanimous vote of both houses of the Legislature. (SCA 1 (Burton, Ch. 1, Stats. 2004).)

² Prop. 42 was placed on the ballot by a unanimous vote of both houses of the Legislature. (SCA 3 (Leno, Ch. 123, Stats. 2013).)

³ The Ralph M. Brown Act is the open meetings laws that applies to local agencies. (Gov. Code §§ 59450 et. seq.)

public agency regardless of physical form or characteristics. (Gov. Code § 7920.530.) There are several general categories of documents or information that are permissively exempt from disclosure under the CPRA essentially due to the character of the information. The exempt information can be withheld by the public agency with custody of the information, but it also may be disclosed if it is shown that the public's interest in disclosure outweighs the public's interest in non-disclosure of the information. (*CBS, Inc. v. Block* (1986) 42 Cal.3d 646, at 652.). Additionally, some records are prohibited from disclosure or are specifically stated to not be public records. (*see* Gov. Code § 7924.110(a).) Under the CPRA, a public agency is only required to disclose records that it prepared, owned, used, or retained, but has no duty to create records to fulfill a request.⁴ To the extent that the information requested is not contained in a public record, a public agency has no duty to create a record.

In 2005, the Legislature added Government Code Section 6254.26⁵ to the CPRA via SB 439 (Simitian, Ch. 258, Stats. 2005) in response to lawsuits against various public pension funds seeking information about their investments in alternative investment vehicles under the CPRA, which led to the state's public pension funds being excluded from participation by some historically high performing investment funds who feared sensitive confidential and financial information would be disclosed under the CPRA.⁶

According to this Committee's analysis of SB 439:

SB 439 incorporates the settlement terms of those CPRA lawsuits, and is the product of collaborative efforts between the California Newspaper Publishers Association and the California First Amendment Coalition on the one hand, and the public pension funds on the other. To these parties, this bill represents a balanced approach that provides as much information to the public about the companies in which their pension funds are invested and also protects the confidentiality of proprietary information so assiduously guarded by these private equity investment funds but are shared with the public pension funds in the course of doing business.⁷

These provisions have been amended since their enactment to expand them to also apply to public banks (AB 857 (Chiu, Ch. 442, Stats. 2019) and a venture capital program within the I-Bank under the Small Business Act (SB 193 (Comm. on Budget and Fiscal Review, Ch. 68, Stats. 2022.)).

The documents that are not subject to disclosure by a public investment fund are:

⁴ Gov. Code, § 7920.530(a); *Haynie v. Superior Court* (2001) 26 Cal.4th 1061; 71 Ops.Cal.Atty.Gen. 235 (1988).

⁵ In 2021, the CPRA was recodified and this section became current Section 7928.710 of the Government Code. (AB 473 (Chau, Ch. 614, Stats. 2021.))

⁶ Sen. Jud. Comm. analysis of SB 439 (2005-06 reg. sess. As amended Apr. 4, 2005).

⁷ *Id.* at p.3.

- due diligence materials that are proprietary to the public investment fund or the alternative investment vehicle;
- quarterly and annual financial statements of alternative investment vehicles;
- meeting materials of alternative investment vehicles;
- records containing information regarding the portfolio positions in which alternative investment funds invest;
- capital call and distribution notices; and
- alternative investment agreements and all related documents.

Information that is subject to disclosure by a public investment fund if it is contained in any of the documents described above are:

- the name, address, and vintage year of each alternative investment vehicle;
- the dollar amount of the commitment made to each alternative investment vehicle by the public investment fund since inception;
- the dollar amount of cash contributions made by the public investment fund to each alternative investment vehicle since inception;
- the dollar amount, on a fiscal year-end basis, of cash distributions received by the public investment fund from each alternative investment vehicle;
- the dollar amount, on a fiscal year-end 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;
- the net internal rate of return of each alternative investment vehicle since inception;
- the investment multiple of each alternative investment vehicle since inception.
- 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
- the dollar amount of cash profit received by public investment funds from each alternative investment vehicle on a fiscal year-end basis.

This bill seeks to expand the information that is disclosable by public investment funds under the CPRA to also include:

- 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; and
- 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, 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.

3. AB 2833 (Cooley, Ch. 361, Stats. 2016) required specific disclosures by alternative investment vehicles in which public pension funds are investing

In 2016, the Legislature enacted AB 2833 to add Section 7514.7 to the Government Code. Section 7514.7 requires every public investment fund to require each alternative investment vehicle in which it invests to make specified disclosures at least annually. For purposes of Section 7514.7, "public investment fund" means any fund of any public pension or retirement system, including that of the University of California (UC). This definition is different than the one under Section 7928.710 because it does not include public banks or the venture capital program within the I-Bank under the Small Business Act. "Alternative investment" and "alternative investment vehicle" have the same definition under both sections.

AB 2833 required the information listed below to be disclosed by an alternative investment vehicle if a public pension fund invests in an alternative investment vehicle.

- The fees and expenses that the public investment fund pays directly to the alternative investment vehicle, the fund manager, or related parties;
- The public investment fund's pro rata share of fees and expenses not included above that are paid from the alternative investment vehicle to the fund manager or related parties. The public investment fund may independently calculate this information based on information contractually required to be provided by the alternative investment vehicle to the public investment fund. If the public investment fund independently calculates this information, then the alternative investment vehicle shall not be required to provide the information identified in this paragraph.
- The public investment fund's pro rata share of carried interest distributed to the fund manager or related parties.
- The public investment fund's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.
- Any additional information described in subdivision (b) of Section 7928.710 (formerly 6254.26).

Under Section 7514.7, a public pension fund is required to disclose the above information at least once annually in a report presented at a meeting open to the public, and include in the report the gross and net rate of return of each alternative investment vehicle, since inception, in which the public investment fund participates. The gross net rate of return and information above may be reported based on the public pension fund's own calculations or based on calculations provided by the alternative investment vehicle.

As Section 2514.7(a)(5) cross-references Section 7928.10(c), which this bill is amending, the bill appears to be requiring a public pension fund to require an alternative investment vehicle to disclose annually both of the following information and have this information disclosed in an annual report by a public pension fund, as well as be disclosable under a public records act request:

- 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; and
- 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, 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.

The bill could run afoul of the amendment by reference rule (also referred to as the re-enactment rule) under the California State Constitution, which provides that a statute may not be amended by reference to its title. (Cal. Const. art IV, § 9.) Courts have held that the rule applies to acts that are amendatory of some former act and that the “underlying purpose of the re-enactment rule is to make sure legislators are not operating in the blind when they amend legislation, and to make sure the public can become apprised of changes in the law.” (*American Lung Assn. v. Wilson* (1996) 51 Cal.App.4th 743, 748-750.) In order to avoid this issue, the author may wish to consider amending Section 2514.7 in addition to the CPRA.

4. Stakeholder statements

The sponsors of the bill argue this bill is needed to provide more transparency into what public pension funds are investing in with regards to alternative investment vehicles as there is limited visibility into the investments of these alternative vehicles compared to publicly traded companies. They note that there is currently no requirement for public pension funds to analyze if private equity investments outperform public market alternatives after accounting for the often times large fees charged by private equity firms. They point to a working paper by Ludovic Phalippou from the University of Oxford Saïd Business School titled *An Inconvenient Fact: Private Equity Returns & The Billionaire Factory* that found private equity funds generated roughly the same level of returns as the stock market during a 2006 to 2015 investment period; however, managers of those funds received \$230 billion of Carry⁸ on top of

⁸ Carry refers to carried interest, which is the share of profits paid to private equity fund managers as performance-based compensation and is usually 20 percent of the profits.

other fees.⁹ They also point to several examples of issues related to labor violations and worker's rights by companies that are owned by private equity funds in which public pension funds invest. One example is Appollo Global Management (Appollo), in which the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) has investments in.¹⁰ An Apollo fund owns Heritage Grocers, which is the holding company for Cardena Markets based in this state.¹¹ Cardenas Markest has been facing several allegations of committing labor violation and harassment against employees.¹² In 2023, a settlement was entered into by Cardenas Markets for several million dollars, though they did not admit to wrongdoing.¹³

The sponsors of the bill, Unite Here Local 11 and the UFCW Western States Council, write in support stating:

[...] 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. 1 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,² while CalSTRS had allocated \$106 billion or 26 percent. ³

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.⁴ 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. ⁵ Because alternative investments are outside publicly traded markets, they are not subject to transparent and market pricing,

⁹ Ludovic Phalippou, *An Inconvenient Fact: Private Equity Returns & The Billionaire Factory*, at p. 3, (June 10, 2020), University of Oxford, Said Business School, Working Paper, available at SSRN: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3623820.

¹⁰ *Divest From Apollo Now – Before Markets, Courts, or Congress Force It*, Common Sense 401K Project, (Mar. 23, 2026), available at <https://commonsense401kproject.com/2026/03/23/divest-from-apollo-now-before-markets-courts-or-congress-force-it/>.

¹¹ *Apollo fundraising while labor disputes persist*, (May 6, 2025), available at <https://pestakeholder.org/news/apollo-fundraising-while-labor-disputes-persist/>.

¹² *Ibid.*

¹³ *Ibid.*

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

SB 1319 expands on AB 2833 enacted in 2016 to improve transparency around alternative investments[...]

SUPPORT

UFCW Western States Council (sponsor)

UNITE Here Local 11 (sponsor)

Alliance of Californians for Community Empowerment (ACCE)

California Federation of Labor Unions, AFL-CIO

Retired Public Employees Association

UAW Region 6

OPPOSITION

None known

RELATED LEGISLATION

Pending Legislation:

AB 1383 (McKinnor, 2025) would, among other things, establish new retirement formulas for employees who are safety members and first hired on or after January 1, 2027. AB 1383 is pending in the Senate Rules Committee.

AB 569 (Stefani, 2025) would have authorized a public employer to bargain over contributions for supplemental retirement benefits administered by, or on behalf of, an exclusive bargaining representative of one or more of the employer's bargaining units. AB 569 died in the Assembly Appropriations Committee.

Prior Legislation:

SB 193 (Comm. on Budget and Fiscal Review, Ch. 68, Stats. 2022) expanded the provisions of SB 439 to apply to a venture capital program within the I-Bank under the Small Business Act.

AB 857 (Chiu, Ch. 442, Stats. 2019) expanded the provisions of SB 439 to apply to public banks.

AB 2833 (Cooley, Ch. 361, Stats. 2016) required a public investment fund, as defined, to require alternative investment vehicles, as defined, to make specified disclosures

regarding fees, expenses, and carried interest in connection with these vehicles and the underlying investments, as well as other specified information. (*See Comment 3*)

SB 574 (Pan, 2015) would have required the UC to obtain the information required in former Government Code Section 6254.26(b) (now Section 7928.710(b)) from each private equity fund, venture fund, hedge fund, or absolute return fund in which the UC provides or has provided funds for investment. SB 574 died in the Assembly Appropriations Committee.

SB 439 (Simitian, Ch. 258, Stats. 2005) enacted the provisions of the CPRA that prescribe what information is and is not disclosable by a public investment fund. (*See Comment 2, above.*)
