

RPEA

OCTOBER 2026

CALIFORNIA'S MAGAZINE FOR RETIRED PUBLIC EMPLOYEES

2026 General Assembly



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**No more checks
to mail**

**Automatic
renewal**

**Same dues**



Switch & enter on page 19 →

Contest ends: 11.30.2026
Already on dues deduction? You can still enter!

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The views and opinions in the articles published in the RPEA Magazine are those of the individual authors and do not necessarily reflect the official policy or position of the Retired Public Employees' Association of California.

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Margaret Brown
RPEA State President

OUR COMMITMENT TO YOU:

We are dedicated to being lifelong advocates for retirees, providing information that educates, informs, and empowers retirees to improve their lives.

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PRESIDENT'S MESSAGE

The Heart of RPEA Is Our Volunteers

As we reflect on another successful RPEA General Assembly, I want to extend my heartfelt appreciation to the delegates, alternates, volunteers, spouses, and guests who generously gave their time, energy, and talents to make this gathering a success.

But my gratitude extends far beyond the General Assembly. Throughout the year, hundreds of dedicated individuals work quietly and tirelessly to make RPEA the strong, effective, and caring organization it is today.

Whether you serve as a chapter officer, organize meetings, welcome new members, share important information, advocate for legislation, or simply pick up the phone to help a fellow retiree, **you are the heart of RPEA.**

Our strength has never been measured solely by the number of members we represent. It is measured by the willingness of our members to stand together, support one another, and take action when it matters most.

Protecting retirement security requires more than advocating for sound public policy and holding decision-makers accountable. It also means helping one member at a time, answering a question, navigating a challenge, sharing a resource, or simply being there when someone needs assistance. Those personal connections are just as important as the collective voice we bring to Sacramento and beyond.

I also want to recognize the spouses, families, and friends who support our volunteers, often giving up their own time so that others can serve. Your contributions do not go unnoticed.

RPEA is more than an association. We are a community of people committed to protecting what we have earned and ensuring that future generations of public employees can retire with dignity and security.

Thank you for your dedication, your generosity, and your belief in our mission. Together, we are building a stronger RPEA and a more secure tomorrow.

With sincere appreciation,

Margaret Brown

State President, RPEA

Secure Today – Strong Tomorrow

CALPERS BOARD FAILS ITS FIDUCIARY DUTY WITH OUTRAGEOUS PAY AND BONUS TO CEO MARCIE FROST



by David van der Griff /
Retired CalPERS attorney

As many RPEA members have learned, the CalPERS Board awarded a \$1.15 million bonus in addition to a 6.3% pay increase to Marcie Frost, CalPERS CEO, on September 16, 2026 in its annual review of her performance. With this pay increase, her yearly salary will now be close to \$700,000 a year.

I am stunned but not surprised. This is just another example of the CalPERS Board relinquishing its responsibility as a fiduciary to CalPERS members, which include retirees.

By way of background, my name is David van der Griff. Until July of this year when I retired, I was a Senior Attorney in the CalPERS Legal Office for fifteen years. In the last five years or so of my tenure at CalPERS, I observed dramatic year-over-year Board-approved compensation increases for Ms. Frost. In a word, these increases are demoralizing to CalPERS employees considering not only the results under her leadership – the CalPERS pension fund is not fully funded and has never been fully funded since she has been CEO – but also the fact that state employees have been subject to salary reductions due to chronic state budget deficits. The metrics the Board uses to evaluate her performance are questionable to say the least; she basically gets a raise and bonus for merely meeting expectations.

Moreover, employee recruitment and retention have also been an issue at CalPERS during her tenure. When I retired in July, the CalPERS Legal Office had a 40% vacancy rate among line attorneys. What this means is that CalPERS must hire very expensive outside counsel to help meet its legal needs, and I know this firsthand. Part of

my job as a CalPERS Senior Attorney included reviewing and approving outside counsel billing invoices.

But the most troubling thing about the continuing substantial compensation being given to Ms. Frost is the fact that she allegedly misrepresented her credentials in her employment application for the CalPERS CEO position. The July 16, 2016 CalPERS press release announcing her

hiring stated that she was pursuing a dual bachelor's and master's degree in public administration from Evergreen State College in Washington state. An investigation by an independent party in 2018, however, produced evidence that this was not the case. At the time,

Board Members John Chiang and Betty Yee made a motion at a Board meeting for CalPERS to do its own investigation, but it failed.

Consequently, there has been a question mark about the honesty of the person charged with leading CalPERS for nearly a decade. It may be the case that the independent party's investigation isn't true, but we'll never know because the Board did not investigate the matter. Instead, the message employees have been left with is that it's ok to misrepresent your credentials for a CalPERS job, and in Ms. Frost's case, you'll be richly rewarded for doing so. This makes a mockery of one of CalPERS stated core values – integrity.



David van der Griff

2026 CALIFORNIA PROPOSITIONS

BY RANDALL CHEEK | LEGISLATIVE DIRECTOR

On November 3, Californians will go to the polls to vote not only for president and congressional representatives, but also on the 14 ballot measures on the 2026 general election ballot in California. Four were placed on the ballot by the Legislature, the rest via signature gatherers paid for primarily by groups with an interest in shaping the legal and political landscape.

Some California ballot measures are fairly straight forward and others not so much.

Of the 14 ballot measures, a few are controversial and you will see plenty of ads on both sides.

I've taken the Secretary of State summaries for the most part and included the fiscal impact where provided, as well as those listed as the supporters and opponents of the propositions. Before you vote, take the time to carefully read what these propositions do, so you can decide what action you want to take.

PROP 1 Authorizes Bonds for Housing Affordability Program

Prop. 1 would allow the state to sell \$11.25 billion in bonds to fund various affordable housing programs. Of that total amount, \$1.25 billion would go toward veteran housing, while the rest would fund rental homes, homeownership programs, farmworker housing, affordable student housing, tribal housing and more. The bond is expected to help fund up to 40,000 multifamily rental units, while also helping another 40,000 households buy a home.

Fiscal Impact: Increased state cost of \$500 million to \$600 million annually for about 25 years to repay the housing bond.

Support: California Democratic Party, Gov. Gavin Newsom, The California Apartment Association, AFL/CIO California

Oppose: Some Republican lawmakers

PROP 2 Increases State's Rainy Day Fund **LEGISLATIVE CONSTITUTIONAL AMENDMENT**

Increases California's Rainy Day Fund, approved by voters in 2014, to provide funding for education, health care, public safety, and other essential services during economic downturns.

Fiscal Impact: State budget reserves would be higher

Support: Governor Gavin Newsom, and a number of legislators

Oppose: State Assemblyman Joe Patterson

PROP 3 Provides Permanent Funding For Schools And Health Care By Extending Existing Tax On High Incomes. **INITIATIVE CONSTITUTIONAL AMENDMENT**

Makes permanent existing voter-approved tax rates for individuals earning over \$371,000 (adjusted annually for inflation). Allocates tax revenues to public education

Fiscal Impact: Maintains \$5 billion to \$15 billion of annual state income tax revenue by making a temporary tax increase on high-income earners permanent instead of letting it expire in 2031.

Support: AFSCME California, California Federation of Teachers, California Professional Firefighters, California School Employees Association, California Teachers Association and SEIU California State Council. Also in support Democratic Party of California and California State PTA

Oppose: California Taxpayers Association and Reform California (Carl DeMaio)

PROP 4 Repeals Prohibition Against Public Funding Of Election Campaigns. **LEGISLATIVE STATUTE**

Under current law, voters elect replacement candidates at the same time as the recall election. This measure instead fills recall vacancies by subsequent special election or appointment. Fiscal Impact: Net fiscal effect unknown. In the event of a recall, savings or costs of millions of dollars to administer the election depending on the office recalled.

Fiscal Impact: Ongoing costs to the state of a few hundred thousand dollars each year for the Fair Political Practices Commission to answer questions from state and local governments about public campaign finance programs.

Support: Voters of California, ACLU of California, California Common Cause, Represent.Us, California Clean Money Action Fund, and End Citizens United

Oppose: California Taxpayers Association and Reform California

PROP 5 Changes Recall Election Process for Statewide Officers. **LEGISLATIVE CONSTITUTIONAL**

Repeals prohibition on state and local governments offering public funding of candidate election campaigns. Public funding programs may not use funds earmarked for education, transportation, or public safety.

Fiscal Impact: Net fiscal effect unknown. In the event of a recall, savings or costs of millions of dollars to administer the election depending on the office recalled.

Support: California Democratic Party, League of Women Voters of California, California Common Cause, Lieutenant Governor Eleni Kounalakis, and Secretary of State Shirley Weber

Oppose: Election Integrity Project California, Inc. and Reform California

PROP 37 Creates Loan Program For Middle-Income Buyers of Qualified New Homes. **INITIATIVE STATUTE**

Authorizes \$25 billion in bonds to offer eligible buyers fixed-rate mortgages for up to 17% of purchase price of a newly constructed home priced below about \$1.5 million. Borrowers must be California residents, occupy the home, meet income limits, and pay at least 3% down. Bonds repaid by mortgage payments, not State.

Fiscal Impact: : no direct state or local costs.

Support: Democratic Party of California, Northern California Carpenters Regional Council, United Brotherhood of Carpenters and Joiners of America, Western States Regional Council of Carpenters, California Association of Realtors, and a number of current and former legislators

Oppose: Reform California

PROP 38 Authorizes Bonds for Immunology Medical Research. **INITIATIVE STATUTE**

Authorizes \$8.4 billion in general obligation bonds for immunology and immunotherapy research, half to a single University of California-affiliated nonprofit medical research institute, half to research grants.

Fiscal Impact: Increased state cost of \$500 million to \$600 million annually for about 20 years to repay the research bond, with some or all of the cost offset if the funded research generates revenue.

Support: : Michael J. Fox Foundation; Alzheimer's Los Angeles; Kidney Cancer Assoc; American Nurses Assoc\CA

Oppose: Robert M Kaplan Ph.D.

2026 CALIFORNIA PROPOSITIONS

PROP 39 Prohibits Citizens From Voting Unless They Present Government Issued Identification. INITIATIVE CONSTITUTIONAL AMENDMENT

Invalidates mail ballots that do not have last four digits of designated government-issued identification number written on envelope. Prohibits in-person voting without presenting government-issued identification.

Fiscal Impact: Costs of between tens of millions of dollars and low hundreds of millions of dollars each year to implement new voting requirements.

Support: California Republican Party, Reform California, Richard Uihlein (CEO of Uline Corporation), Former Secretary of State Bill Jones, a number of Republican legislators and Julie Luckey, director of Californians for Voter ID.

Oppose: Democratic Party of California, Courage California, Disability Rights California, Equality California, League of Women Voters of California, Planned Parenthood Affiliates of California, California Nurses Association, California School Employees Association, California Teachers Association, SEIU California State Council, ACLU of Northern California and Southern California, Asian Law Caucus, California Common Cause, California Donor Table and a number of Democratic legislators

PROP 40 Imposes One-Time Tax on Certain Taxpayers. INITIATIVE CONSTITUTIONAL AMENDMENT

Imposes 5% tax on certain taxpayers with assets over \$1 billion; revenue primarily for health care. Exempts revenues from constitutional requirements for school funding and spending limit.

Fiscal Impact: Temporary revenue increase of tens of billions of dollars spread over several years from wealth tax on billionaires. Possible ongoing decrease of less than \$1 billion per year in income tax revenue from billionaires.

Support: U.S. Sen. Bernie Sanders (Independent) U.S. Rep. Ro Khanna (D), Democratic Party of California, AFSCME California, Teamsters California. UNITE HERE Local 11, and California Democratic Socialists of America

Oppose: Gov. Gavin Newsom, both gubernatorial candidates Steve Hilton and Xavier Becerra, San Francisco Democratic Party, California Professional Firefighters, California State Sheriffs' Association, California Teachers Association, State Building and Construction Trades Council of California, CalCPA, California Business Roundtable, California Council for Affordable Housing, California Housing Consortium, California Medical Association, California Primary Care Association, California YIMBY(Yes In My Backyard), Housing Action Coalition, Planned Parenthood Affiliates of California and Reform California

PROP 41 Prohibits New State Taxes That Exclude Revenues from State Spending Limit. Requires Audits for New State Special Taxes. INITIATIVE CONSTITUTIONAL AMENDMENT

AMENDMENT Nullifies state taxes enacted after January 1, 2026 that exempt their revenues from voter-approved state spending limit. Requires pre-election and recurring audits of programs funded by new special taxes.

Fiscal Impact: The net fiscal effect is unknown as it depends on future decisions by voters, the Legislature, and other policymakers.

Support: Reform California, Sergey Brin (Google Co-Founder), Patrick Collison (CEO of Stripe), John Doerr (Chairman of Kleiner Perkins), Max Levchin (CEO of Affirm), Stewart Resnick - President and Chairman of The Wonderful Company(POM wonderful, HALO wonderful. Fiji water and a variety of fruit companies and wineries), Eric Schmidt former CEO of Google and Tony Xu (CEO of DoorDash)

Oppose: Democratic Party of California, and SEIU-UHW West

PROP 42 Prohibits New State Personal Property Taxes and Certain Retroactive State Taxes.
INITIATIVE CONSTITUTIONAL AMENDMENT

Prohibits any new state tax (1) imposed on the ownership of personal property (all things people own other than real estate), or (2) that applies retroactively based on taxpayer's past activities. Nullifies taxes enacted after January 1, 2026 that conflict with this measure.

Fiscal Impact: Possibility that tax revenues will not go up as much in the future

Support: Association, Sergey Brin (Google Co-Founder), Patrick Collison (CEO of Stripe), John Doerr (Chairman of Kleiner Perkins), Max Levchin (CEO of Affirm), Stewart Resnick - President and Chairman of The Wonderful Company (POM wonderful Reform California, Peace Officers Research Association of California, California Professional Firefighters, State Building and Construction Trades Council of California, California Black Chamber of Commerce, California Enlisted Association of the National Guard of the United States, California Multicultural Business Alliance, California Senior Alliance, California Small Business Association, California Taxpayers Association, Contra Costa Taxpayers Association, Disabled American Veterans Department of California, Placer County Taxpayers Association, Ventura County Taxpayers, HALO wonderful. Fiji water and a variety of fruit companies and wineries), Eric Schmidt former CEO of Google and Tony Xu (CEO of DoorDash).

Oppose: Democratic Party of California, and SEIU-UHW West

PROP 43 Limits Voters' Ability to Raise Revenues for Local Government Services.
LEGISLATIVE CONSTITUTIONAL AMENDMENT

Limits voters' ability to pass voter-proposed local special taxes by increasing percentages of votes needed to approve such ballot measures from a majority (over 50%) to two-thirds, beginning January 1, 2017

Fiscal Impact: Possibility that local government tax revenues will not go up as much in the future due to a higher vote threshold for certain taxes

Support: California Republican Party, Howard Jarvis Taxpayers Association and Reform California

Oppose: Democratic Party of California and Evolve California

PROP 44 Requires Community Health Clinics Spend 90% Of Revenue on Program Services.
INITIATIVE STATUTE:

Requires nonprofit federally qualified health centers (FQHCs) and FQHC Look-Alikes to spend at least 90% of their annual total revenue on expenses that advance the FQHC's mission. The initiative defines this as the mission spend ratio, which would be calculated annually by the California Attorney General

Fiscal Impact: Increased state costs in the low tens of millions of dollars per year, covered by fees.

Support: SEIU-United Healthcare Workers West

Oppose: Democratic Party of California, California Teachers Association, Association of California Healthcare Districts, California Chamber of Commerce, California Hospital Association. California Medical Association, Planned Parenthood Affiliates of California, and Reform California

Cont'd on page 18



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**Retired Public Employees' Association of
California**





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JOIN RPEA TODAY

Major decisions affecting pensions, healthcare, Social Security, and Medicare are being made every day.

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RPEA works year-round to protect the retirement security of California's public employees and retirees through advocacy, education, transparency, and independent oversight. Membership gives you access to valuable benefits, expert resources, and the power of a united voice.

Membership is only \$5.00 per month - that's \$60 a year!

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Call RPEA Headquarters at **(800) 443-7732** to Join by Phone

or Mail this application to: **RPEA Membership | 300 T Street | Sacramento, CA 95811**



First Name _____ Middle Initial _____ Last Name _____ Date of Birth ____/____/____

Street Address _____ City _____ State _____ Zip Code _____

Phone _____ Email _____

Agency You Retired From (or your Benefactor's agency) _____ Year Retired _____

I apply for membership in the Retired Public Employees' Association of California (RPEA) and authorize the payment of dues by selecting one option of the following options below:

Select One Membership Type

- ☐ Retiree (CalPERS Annuitant)
- ☐ Beneficiary of a CalPERS Retiree
- ☐ Affiliate (working for a Public Agency)
- ☐ Associate (Supports RPEA)

- ☐ I authorize RPEA to withhold dues in the amount of \$5 per month from my monthly CalPERS retirement allowance. I understand that dues will be withheld from my retirement allowance until revoked by me in writing.

Social Security Number _____ Signature _____ Date _____

- ☐ **CREDIT CARD AUTHORIZATION:** As payment for the first year's dues, I authorize a \$60.00 charge on my credit card for Retiree, Beneficiary, or RPEA Supporter membership. I authorize a \$30.00 charge for Affiliate membership. I agree to be billed annually for subsequent renewals.

Credit Card Number _____ Exp. Date _____ CVV/CVC _____

Signature _____ Date _____ ☐ Do Not Auto Renew

- ☐ Enclosed is my check in the amount of \$60 for membership in RPEA. (Membership is \$30 for Affiliate members.)



BY DEV BERGER | MANAGING EDITOR

From September 29 through October 1, RPEA delegates met at the San Jose Hilton for its General Assembly (GA), where new board members were elected and resolutions were debated and 5 were adopted. In addition, workshops on a variety of issues to help members with issues such as meeting with legislators, addressing fraud, and private equity, were conducted. Thanks to our wonderful GA chair Nelly Van Lommel, our keynote speakers were Dr. Steve Cousins and Dr. Michelle Baldonado from Stanford's robotics department. They discussed their research and how robots can assist older adults and people with disabilities.

SPECIAL THANKS TO NELLY

Nelly Van Lommel served as Planning Chair for the 2026 General Assembly, bringing creativity and special touches throughout the event. From Stanford keynote speakers on robotics for seniors and fitness workshops to Caribbean Night festivities, dancing, and karaoke, Nelly's fresh ideas made the GA both engaging and fun. Sadly, health reasons prevented Nelly from attending, and she was deeply missed.

After years of dedicated leadership, Nelly has retired as RPEA Area 6 Director, where she faithfully supported chapters and members across Riverside, San Bernardino, Inyo, Imperial, and Mono Counties. We extend our heartfelt thanks for her many contributions to RPEA.

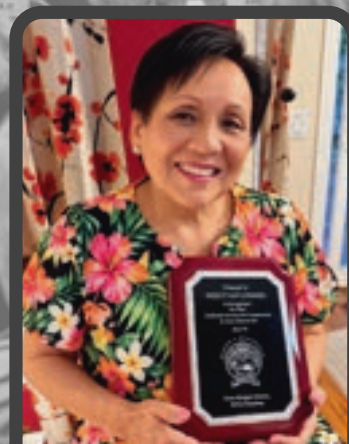
Kathryn Johnson-Sanders has stepped into the role of Area 6 Director, bringing her own enthusiasm and commitment as she follows in Nelly's footsteps. We warmly welcome Kathryn and wish her great success!

2026 RPEA

SAN JOSE HILTON SEPT 29 - OCT 1

Below is the RPEA Board based on the current GA election process:

PRESIDENT	MARGARET BROWN
VICE PRESIDENT	AL DARBY
SECRETARY/TREASURER:	CATHY JEPSON
DIRECTOR HEALTH BENEFITS:	DAVID VAN DER GRIFF
DIRECTOR LEGISLATION:	RANDALL CHEEK
DIRECTOR MEMBERSHIP:	ELENA YUASA
DIRECTOR PUBLIC RELATIONS:	DEV BERGER



Nelly Van Lommel

GENERAL ASSEMBLY

RPEA PASSES FIVE NEW RESOLUTIONS

Six RPEA resolutions were discussed and voted on at the General Assembly (GA). Five were adopted which include Resolution 1, 2, 3, 5, and 6. Resolution 4 was not adopted. It would have changed the occurrence of the GA from two years to three years and the terms of the officers and that RPEA officers (except for Immediate Past President) would serve three years (or until their successors are elected)

RESOLUTION 1:

Delegates need resolutions 60 days prior to the GA so the resolution was amended. Resolutions can be emailed and/or mailed, depending on the needs of the delegates and alternates.

RESOLUTION 2:

The total budget may not be exceeded except by authority of the Board of Directors for emergency expenditures up to \$25,000 per incident. All approved budget amendments and any expenditure exceeding the originally adopted budget shall be reported to GA assembly delegates for review, discussion, and resolution. Emergencies above \$25,000, a vote of the GA delegates shall take place.

RESOLUTION 3:

Effective January 1, 2027, annual dues shall be \$84.00 or \$7.00 per month for CalPERS Warrant Deductions.

RESOLUTION 4:

General Assembly every three (3) years and the elected State Officers terms every three (3) years. **This Resolution failed to pass.**

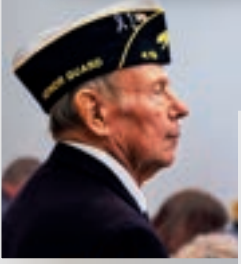
RESOLUTION 5:

Effective January 1, 2027, nominees may run for only one state office and may not serve in two Board positions simultaneously. Active members may serve as a state officer and a chapter officer simultaneously.

RESOLUTION 6:

RPEA will appoint a committee to study the concept of virtual networks.

ARRIVAL / OPENING CEREMONY





BREAKOUT WORKSHOPS



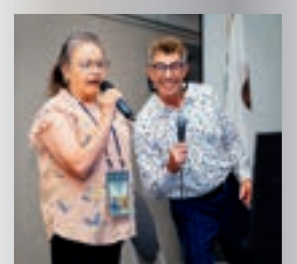
FITNESS SESSIONS



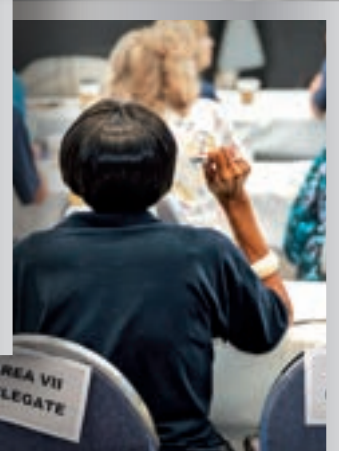
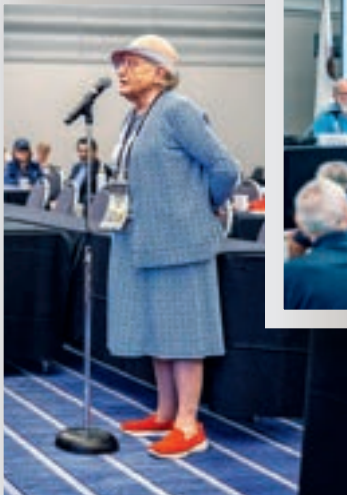
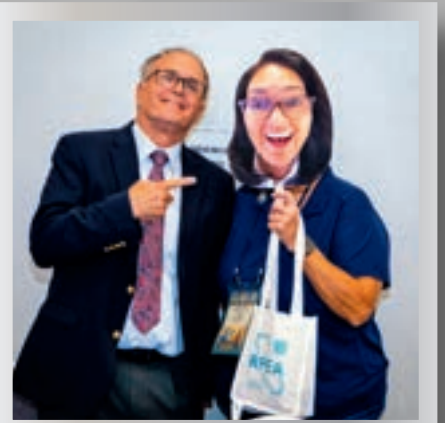
CARIBBEAN NIGHT



KARAOKE NIGHT



GENERAL SESSION / RESOLUTIONS



A photograph of four small potted plants in white ceramic pots, sitting on a windowsill. The plants are green and leafy, with some having long, thin leaves and others being more bushy. The background is a bright, out-of-focus window with greenery outside.

A COLLECTION OF POTTED PLANTS

The CalPERS Board in Crisis

by Michael Flaherman
Executive Director of the
Fiduciary Grown-Ups Initiative

California law regarding our retirement system could hardly be clearer: “The management and control of this system is vested in the board.” That is the entire text of Government Code section 20120. By contrast, the authority of CalPERS staff is limited to only what the board delegates to it, while ultimate responsibility for managing our retirement system remains in its thirteen-member Board of Administration.

This article concerns a key part of that responsibility: investing CalPERS assets. The board has other important duties that are not addressed here. But the investment of assets is a core duty that all Board members participate in, and RPEA attends and monitors the Investment Committee meetings where the board discusses investment matters.

Watching those meetings is a strange experience. More than \$500 billion in investments swirl beneath the board, exposed to markets, interest rates, foreign currencies, governments and private companies. Yet remarkably little of that activity is visible in the boardroom or, judging from their simplistic questions, even to board members privately. Outside investment managers almost never appear on the agenda to explain what they are doing with CalPERS money. Nobody tells the board: if this happens in the world, our upside is this and our downside is that. Although well over \$100 billion is invested abroad, currency-hedging strategy is almost never mentioned. Private equity, one of the portfolio’s largest and least transparent concentrations of risk, generally receives only one scheduled presentation a year.

Instead, the Committee’s formal business largely consists of revising high-level policies and delegation schedules. It also performs a great deal of housekeeping: hiring consultants, responding to legislation and divestment proposals, reviewing corporate-governance policies, and attending to tiny investment programs outside the core retirement fund. Some of these tasks are important, in the same way that Major League Baseball players need agents and contracts. But nobody mistakes administering the league for playing the game. At CalPERS, the board has stopped playing the game and is barely even a spectator. Its members do not participate in deciding how CalPERS actually makes and loses money. Investing happens on another field.

The resulting vacuum in boardroom conversation is palpable. Staff make low-information presentations, compressed into conclusions, and overviews of entire asset classes contain vastly less information than a mutual fund prospectus. Board members typically respond with lavish praise. At first, it sounds like excessive collegiality. After watching enough meetings, the paradox of praising obfuscation resolves itself: depriving members of information leaves nothing else to say. Board members cannot challenge assumptions they have not been shown, compare alternatives that have not been identified, or explore risks reduced to generalities. So they retreat into variations on “I trust you. Great work.”

Occasionally, a member locates a genuinely substantive question. Staff then tend to respond like well-prepared witnesses in a hostile deposition.

They answer the question as narrowly as possible, volunteer nothing, and leave no loose thread that might invite a follow-up. The answer is technically responsive but informationally barren. Unable to find a foothold, the visibly deflated board member almost invariably ends the exchange by meekly saying, "Thank you."

You may think this is only a subjective impression. So let's count the votes.



At calpers-votes.com, RPEA has assembled thirteen years of Investment Committee agendas covering 98 meetings. In 2013, the Committee voted on 35 substantive items. In 2025, it voted on three. The site categorizes all 174 action and potential-action items. Seventy involved investment-program administration; 32 involved service-provider contracting; 23 involved legislation; and 18 involved funds other than the main retirement fund. Only four were direct investment-transaction decisions. The last of these occurred in 2018.

The graph does not depict an organization successfully delegating routine work. It depicts a governing body disappearing from the process it is legally responsible for controlling.

RPEA is not observing from a distance. We attend every Investment Committee meeting, speak during public comment, and try to guide members toward issues requiring their attention. We also approach them directly when independent board oversight is essential.

Earlier this year, RPEA asked State Controller Malia Cohen, one of the thirteen board members, to meet about an investment whose results could affect the incentive compensation of the CalPERS employees deciding whether to make it. We believed this presented a serious conflict. Her office responded, essentially, "You should take this up with CalPERS staff." We explained that staff were the people whose conflict concerned us

and that the Controller was legally in charge. She still declined to meet. Cohen is seeking reelection this year. RPEA represents approximately 25,000 Californians.

That response encapsulates the crisis. The board surrenders authority to CalPERS staff, and when asked to oversee staff, a Board member directs the question back to them.

We owe RPEA members candor. The people legally charged with managing CalPERS investments have largely abdicated that role. Most appear to sense that something is wrong, but they have been unable or unwilling to reclaim their authority. They retreat behind staff and meeting-room rituals.

RPEA will continue showing up, speaking publicly, and documenting the record. But public comment cannot substitute for a functioning governing body. California law vested management and control in the board. It is time for the potted plants to become a Board again.



THE SHADOW OVER CALPERS:

Why CalPERS Needs an Inspector General

by Dev Berger | Managing Editor



Independent forensic investigations and legislative battles show the CalPERS Board suffers from cultural and structural failures threatening long-term fiscal stability. These failures demand immediate action.

Assessments like RPEA's crowd-funded, investigative, CalPERS report, reveal that the board operates with a high degree of defensive secrecy, frequently presenting partial data. A prime example was CalPERS' aggressive lobbying effort to defeat Senate Bill 1319 (The Private Equity Sunshine Act). The bill wanted to mandate public benchmarking and asset disclosure for alternative investments. By killing the bill, CalPERS shielded its portfolio from external scrutiny.

The CalPERS Board heavily defers to its executive staff, routinely rubber-stamping strategies which is a terrible way to make critical policy decisions. To cloak chronic underperformance when compared to simple, low-cost index funds, CalPERS regularly evaluates its private equity portfolio against specialized private indices rather than standard markers like the S&P 500. This practice masks billions in untracked or undisclosed management fees. Compounding the lack of transparency are systemic conflicts of interest, illustrated by a history of compliance failures and close ties to Wall Street firms. That relationship takes precedence over accountability to CalPERS members and be assured that relationship benefits the CEO of CalPERS.

The core structure of the 13-member board prioritizes political and labor constituency representation over professional asset management experience. Board President Theresa Taylor is a long-standing state-

member representative and labor figure, while Vice President David Miller brings decades of public service focused heavily on environmental regulation and union advocacy.

Recent additions mirror this pattern. Appointed by Governor Gavin Newsom, Michael Detoy serves as a representative for local government elected officials, bringing a background in civic leadership rather than high-stakes portfolio management. Another recent addition, All-Member Representative Troy Johnson, also reflects this focus on constituency representation over institutional market expertise.

While these members excel at advocating for worker benefits, they frequently lack the technical background required to independently audit complex private equity fee structures or challenge Wall Street valuations. To be a CalPERS Board member, it is not necessary to have a financial background and this is a terrible mistake in the world of complex investments and health benefits negotiations.

Members and state legislators need to demand legal fixes to resolve these issues. When CalPERS experiences severe underperformance, the resulting unfunded liabilities directly penalize California taxpayers. CalPERS hides this from the public. Because pension benefits are constitutionally protected, local cities, counties, and school districts are forced to divert funds away from essential services—such as education, fire safety, and law enforcement—to cover rising mandatory employer contributions.

Furthermore, CalPERS' internal compliance and audit departments report directly to the

very executive leadership they are tasked with monitoring. Because executive compensation and performance bonuses are tied to meeting internally designed metrics, the system cannot reliably police itself. The CalPERS Board ignored the recent strong stakeholder opposition to the bonus and salary rewarded Marcie Frost, that was based on a performance that absolutely did not merit them. Once again, CalPERS members have been undermined by a rigged process by the Board that ignores valid concerns.

*The 13-Member Board
Prioritizes Political And Labor
Constituency Representation
Over Professional Asset
Management Experience*

RPEA and other pension advocates have consistently called for the creation of an independent Office of the Inspector General (OIG), modeled after successful frameworks used by federal agencies and the New York State Common Retirement Fund. An effective OIG requires specific statutory teeth to overcome administrative resistance. This includes a fixed term of office with appointments requiring Senate confirmation to eliminate political interference; the authority to compel testimony from fund managers and Wall Street firms; and the legal power to demand unredacted private equity partnership agreements, bypassing CalPERS' current transparency exemptions.

Relying on internal oversight leaves the retirement security of millions vulnerable to unchecked institutional risks. Members and the Legislature can't sit back quietly on this. Our legislative representatives should be protecting our pension system and there is no reason for ignoring the absolute need for the OIG.

Cont'd from page 6
2026 CA BALLOT PROPOSITIONS

PROP 45 **Modifies Environmental Review for Certain Projects. Initiative Statute.**

Environmental Quality Act (CEQA) and the Permit Streamlining Act by shortening the review process for a defined set of essential projects — housing, water systems (excluding Delta conveyance), clean energy, medical facilities, public safety infrastructure (excluding jails/prisons), broadband, education, and transportation (excluding high-speed rail).

Fiscal Impact: Initial costs for state and local governments, likely in the high tens of millions of dollars potentially exceeding \$100 million—annually, partly covered by fees. Uncertain, potentially more significant positive or negative longer-term fiscal effects

Support: Agricultural Council of California, American Clean Power California, Associated General Contractors of California, California Building Industry Association, California Business Roundtable, California Chamber of Commerce, California Council for Affordable Housing, California Hospital Association, California Housing Consortium, California Hydrogen Coalition, California Primary Care Association, California Water Association, Housing Action Coalition, NAACP California/Hawaii State Conference and Reform California

Oppose: : Democratic Party of California, State Building and Construction Trades Council of California, American Nurses Association of California, California Public Interest Research Group, Center for Environmental Health, Clean Water Action



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10/26



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