

Submitter: Lise Colgan

On Behalf Of: Elders Climate Action Oregon Chapter

Committee: House Committee On Emergency Management, General Government, and Veterans

Measure: HB2601

Thank you for the opportunity to comment on HB 2601. I am retired and live in Cottage Grove, Oregon. I have watched with horror and dismay as climate-driven wildfires in Oregon destroy our beautiful forests, leaving behind wastelands and untold human misery.

I am also a PERS beneficiary and a grandmother who grieves the diminished natural world that my granddaughter will inherit. What could these two things possibly have in common? Answer: the irresponsible way that Oregon's public funds are being managed. Fortunately, there is a way to both protect PERS investments and our natural environment. HB 2601 provides that roadmap. I enthusiastically support it, and I urge you to do the same.

It is not a question of if Oregon should divest from fossil fuels, but when: Treasurer Read and HB 2601 supporters agree that funds must be decarbonized, but they disagree on the timeline. The Treasurer submitted a plan to the Oregon Investment Council (OIC) in 2024 that he says would achieve "net zero" by 2050. This is 20 years too late, according to the IPCC. Furthermore, his plan has no teeth: the Oregon Investment Council may choose not to adopt it, or a future Treasurer may choose to ignore it (Treasurer Read terms out in 2024). In the meantime, according to the State's own Risky Business Report), allowing the State Treasury to continue business-as-usual is costing the state billions of dollars (\$4-10 billion in the past decade alone).

Oregon's is the twelfth largest public pension fund in the US. Yet it is #1 in the percentage of its investment portfolio that is in risky private equity funds that disproportionately fund fossil fuel projects. What's worse, these funds are exempt from the sort of public scrutiny that helps assure fair and honest dealing conforming with the Treasurer's fiduciary duty. While these funds might have been the "secret sauce" that drove high returns for PERS in decades past, they are now the poison pill. Oregon, with 26.4% of its funds in private equity, earns less on its five- and ten-year investment returns than do states that hold anywhere from 0% to just 16.6% in private equity funds.

The truth is that the world is rapidly moving to a renewable fuels future. Continuing to hold—and even to invest further—in fossil fuels is investing in obsolete technology. Such a strategy will inevitably lead to stranded assets that will lose billions of dollars in value for the State and the millions of retirees who depend on PERS to pay their

daily expenses. It would be like investing in blacksmiths' shops at the turn of the 20th century when automobiles first began to appear—but with much more dire environmental consequences.

Globally, \$40 trillion in assets under management have been divested from cities, states, pension funds, religious institutions, universities, foundations, and others. Divestment is the financially sound, environmentally responsible thing to do. Oregon will not be the first, nor the last, to take this step.

In short:

- ? Financial urgency and the climate crisis require no new fossil fuel investments and a phased exit from existing holdings
- ? Legislative statute provides certainty and structure for a permanent, enforceable solution within the evidence-based timeline promulgated by the IPCC
- ? Transparency in the management of public funds is sorely lacking and is needed

HB 2601 is supported by tens of thousands of PERS beneficiaries – including all of Oregon's teachers unions, with 66,000 members – along with 98 statewide organizations that comprise racial justice groups, faith communities, and adult and youth-sponsored climate activists. I urge you to support HB 2601.

Sincerely,

LISE COLGAN, Elders Climate Action Oregon Chapter, PERS beneficiary, and concerned citizen