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On Behalf Of:

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

Measure, Appointment or Topic: HB2200

As a conservative Native American woman and a long time resident of Washington County, Oregon, I strongly urge you not to consider this bill. While the bill's intent to reduce the carbon intensity of the state's investment portfolio and address climate-related investment risks is commendable, it conflicts with the primary goal of ensuring retirees have sufficient resources to live on. The Public Employees Retirement Fund (PERF) exists to provide financial security for retirees, and this bill could undermine that mission in the following ways:

#### 1. Potential for Reduced Returns

Market performance risk: Restricting investments based on carbon intensity could limit the diversity of the portfolio, potentially excluding high-performing industries or sectors that are essential to achieving competitive returns.

Trade-offs with fiduciary responsibility: The Oregon Investment Council and State Treasurer are mandated by ORS 293.721 and 293.726 to prioritize the financial health of the fund. Pursuing net-zero carbon emissions by 2050 may result in prioritizing environmental goals over maximizing financial returns.

Impact on retirees: Reduced investment returns could jeopardize the fund's ability to meet its obligations, leaving retirees vulnerable to cuts in benefits or increased financial insecurity.

#### 2. Vulnerability of Retirees

Housing instability: Lower payouts from the retirement fund could leave retirees struggling to afford housing, especially in Oregon's already high-cost market.

Medical and food needs: Retirees, many of whom rely heavily on their pensions, may face difficulties meeting essential needs like medical care and nutrition if their benefits are reduced.

#### 3. Implementation Costs and Risks

Administrative burden: Tracking and reporting carbon intensity for investments, as required by the bill, will necessitate additional resources and staffing, diverting funds that could otherwise support retirees.

Appropriation impact: The unspecified appropriation from the General Fund in Section 2 adds uncertainty to the fiscal implications. These costs could detract from other critical programs supporting vulnerable populations.

#### 4. Misalignment with Sustainable Investing

Sustainability does not preclude returns: While sustainable investing is important,

there are approaches that balance environmental considerations with strong financial performance. This bill does not adequately address how to maintain the fund's financial health while pursuing climate goals.

Long-term risks to the fund: Focusing exclusively on net-zero emissions without a clear strategy to balance financial returns could undermine the fund's stability, ultimately harming the very retirees the fund is designed to support.

#### Conclusion

This bill, while well-intentioned, risks destabilizing the Public Employees Retirement Fund and undermining the financial security of retirees. Policymakers should prioritize strategies that achieve sustainable investing goals without compromising the fund's primary mission. The focus must remain on ensuring retirees have sufficient resources to maintain stable housing, access to medical care, and food security.