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Testimony in Support of SB 681 – The Pause Act

Chair Meek, Vice Chair Boquist, and Members of the Committee,

My name is Amy Gray, and I serve as the Associate Director of Climate Finance at Stand.earth, where we coordinate the Climate Safe Pensions Network—an initiative uniting organizations across North America to align public pension investments with climate-safe, financially responsible principles.

I write today in strong support of **Senate Bill 681 – The Pause Act**, a critical and timely piece of legislation that would place a five-year moratorium on new or renewed investments in private funds where more than 10% of assets are directed toward fossil fuel infrastructure, production, or extraction. This legislation is a necessary safeguard—not only for Oregon's climate future but for the financial security of public employees and retirees.

Why this pause is needed now

As of late 2024, the Oregon State Treasury had invested approximately 54–60% of the Oregon Public Employees Retirement Fund (OPERF) in private market investments—well above the national average for large public pension funds. These funds are illiquid, opaque, and disproportionately exposed to fossil fuels. This misalignment presents long-term systemic and financial risks.

Private equity is no longer delivering outsized returns. The market is oversaturated, returns are declining, and the fund's illiquidity is putting pressure on the Treasury's ability to pay retirees. These underperforming investments are a key reason school districts are facing higher PERS contribution rates. The fossil fuel sector, in particular, is volatile and incompatible with a net-zero trajectory.

The Pause Act builds on Oregon's net-zero plan

SB 681 supports and strengthens Oregon's own Treasury Net Zero Plan, which already acknowledges the risks of fossil fuel investments and calls for tripling investments in climate-positive solutions while excluding new fossil-heavy private funds. Without legislative action, however, these policies remain voluntary and subject to future political change. SB 681 provides a legislative backstop to ensure follow-through.

Moreover, the bill maintains the Treasurer's fiduciary responsibility and allows for the selection of alternative investments with equal or better risk-adjusted returns—returns that are widely available in today's rapidly growing renewable and sustainable markets.

Fiduciary duty and precedent

The notion that climate-responsible investing is incompatible with fiduciary duty has been soundly rejected by legal and financial experts. Over 1,500 institutions representing trillions in assets have committed to some form of fossil fuel divestment. Public pension funds in New York, Washington DC, Maine, and Los Angeles have implemented fossil-free policies based on legal and financial due diligence.

A growing body of research and experience shows that fossil fuel investments are financially risky, and that divestment can be done in a manner that maintains or improves financial performance.

A just transition and responsible governance

The Pause Act also directs the Treasury to report annually on steps taken to reduce climate-related financial risks and uphold just transition principles, ensuring that Oregon's financial strategy aligns with social equity goals and climate science.

This is not a ban. It is a prudent pause—a moment to take stock, re-align, and plan for the future. It gives Oregon's next Treasurer the breathing room to reduce risk and rebalance the portfolio, without locking public dollars into another decade of high-fee, high-risk fossil fuel investments.

We urge you to vote SB 681 out of committee and demonstrate that Oregon will lead with both climate integrity and financial prudence.

Respectfully,
Amy Gray
Associate Director of Climate Finance
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