March 19, 2025

Chair Meek, Vice Chair McLain and members of the Committee:

Thank you for hearing SB 681.

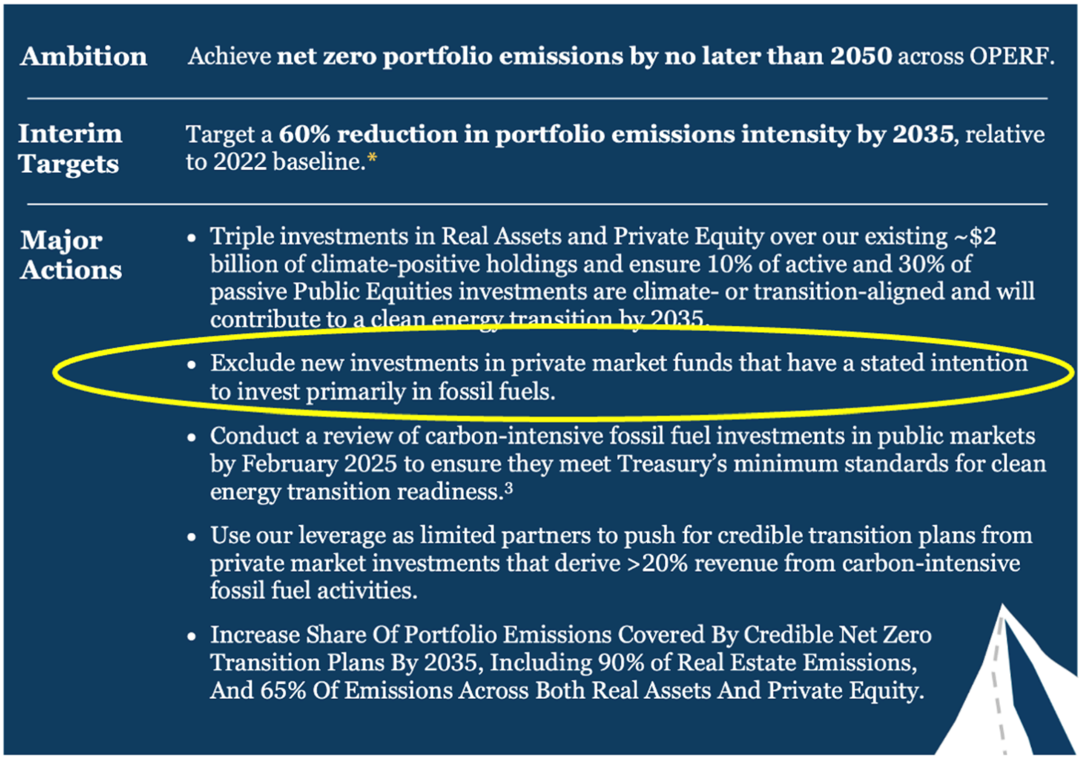
For the record, my name is Sue Palmiter and I am the co-lead of the Divest Oregon Coalition, the chief petitioner of this bill. Divest Oregon is an all volunteer, statewide coalition of over 100 organizations. Our members include labor unions, youth leaders, climate and racial justice groups, and faith communities. You will find over 250 pieces of written testimony in support from ALL over the state – from The Dalles, Yachats, Bend, Medford, Happy Valley, Baker City and everywhere in between.

For the past 50 years, the finance sector has dangerously re-written the rules of the global economy, including in Oregon. We have seen wealth extracted from our communities while our greenhouse emissions have skyrocketed. At the leading edge of this transformation has been the aggressive expansion of the secretive and speculative private investment sector which has over a **trillion** dollars in fossil fuel investments and minimal transparency or oversight.

We need a plan to reduce this long term exposure to volatile fossil fuel investments in the Treasury's private market funds. **Otherwise, the Treasury will not get to their stated net zero goals.**

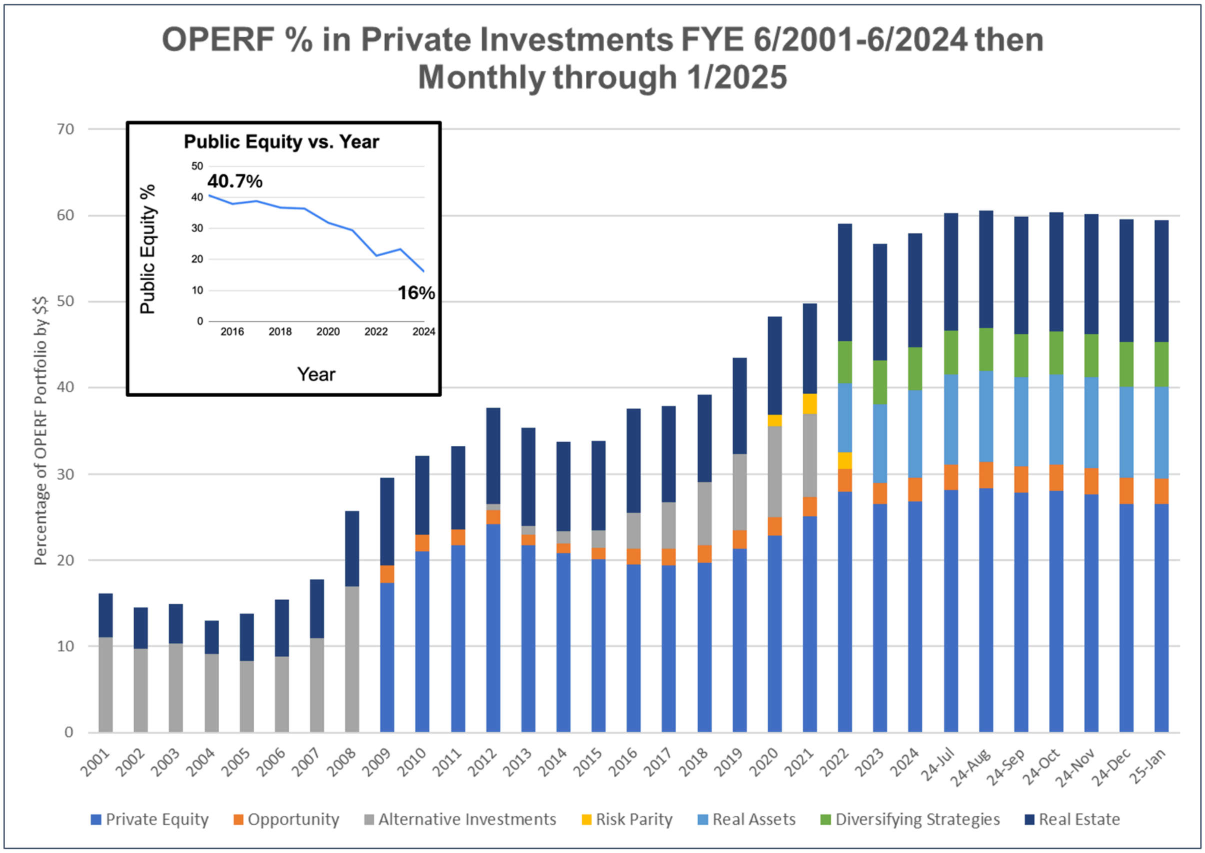
To date, the public has no indication from the Treasury that anything is being done in this area. From the Treasurer's opposition to this bill, it appears the Treasury wants to continue business as usual funding long-term investments in new fossil fuel projects that will be producing locked-in emissions for decades to come. This will increase climate damage to all OPERF assets as well as threaten retirement security for **young** teachers, young firefighters, young police officers and all other **young public servants**. It is also counter to the state's mandates of a clean energy future. Our response to Treasury's statement is in separate testimony as a report.

Let me walk you through 4 slides that illustrate this point. In Slide 1 you will see a key page from the Treasury's net zero plan that lists 5 major actions to achieve their goals. The second **major action** is no new private investments that are invested primarily in fossil fuels.



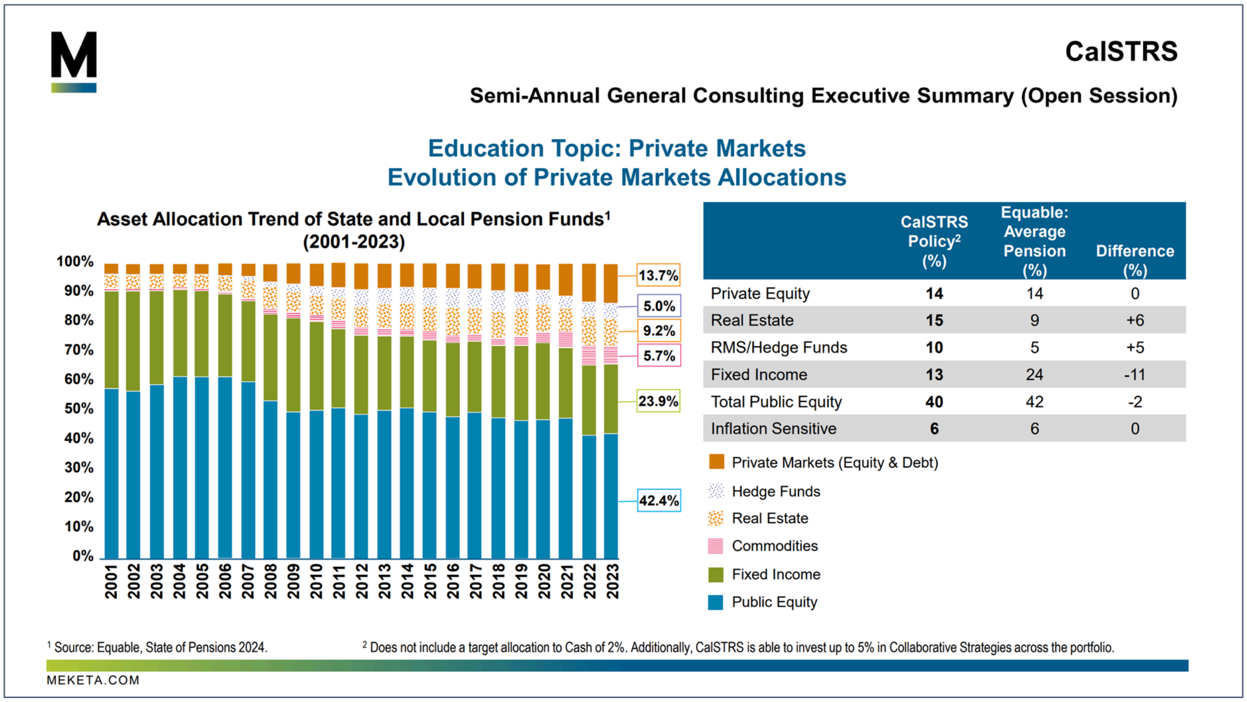
Slide 1: Pathway to Net Zero (Oregon Treasury, 2024), p21

Private market funds have been steadily increasing at Treasury since 2008 as seen in Slide 2. The bars you see are all the private investment funds - private equity, real assets, opportunity, diversifying strategies, and so forth… adding up to almost 60%.



Slide 2 Sources: Fiscal Year End PERS Annual Comprehensive Financial Reports 2001-2023; 2024; Oregon State Treasury monthly OPERF returns and asset allocation

As you can see in Slide 3, this allocation is much higher than what peer pension fund fiduciaries think is prudent. This chart is from a study cited by Meketa Consulting, which is also the Oregon Treasury's consultant. Their research shows the private investment policy for the 225 largest US public pension plans in all 50 states. As you can see, the average **combined** private investments for public pension plans is about 28% compared to the 55-60% in Oregon. Oregon has invested in these riskier private funds at a rate of about DOUBLE what other public pension plans have chosen.



Slide 3: CalSTRS March 2025 Public Meeting – Semi-Annual General Consulting Executive Summary Slide 6

In Slide 4 you can see the emissions reported in the Treasury's 2024 Net Zero Plan. Much of the carbon emissions with their climate financial risk come from these private funds. The Treasury will not get to their stated net zero goals if they continue to add more private fossil fuel investments.

BASELINE EMISSIONS DATA*

ASSET CLASS	SHARE OF OPERF EMISSIONS (%)	EMISSIONS INTENSITY	ABSOLUTE EMISSIONS (TCO_2)
PUBLIC EQUITY			
TOTAL	47%	93	1,819,638
ACTIVE	36%	119	
PASSIVE	11%	56	
REAL ASSETS	30%	128	1,141,429
PRIVATE EQUITY	16%	27	598,157
REAL ESTATE	5%	15	183,062
FIXED INCOME	3%	72	134,646
OPERF	100%	60	3,876,933

Private Investment Emissions 51%

Slide 4: [Pathway to Net Zero] (Oregon Treasury, 2024), p33

So, when the Treasury comes in line with policy and their peers, they should first **stop new** fossil fuel private investments so they can get to net zero.

SB 681 gives them the push to do that with a 5-year moratorium to set things right.

It is a prudent non-political measure to temporarily stop funding new fossil fuel power plants, pipelines and LNG terminals that would lock in climate-damaging, investment-damaging greenhouse gas emissions for decades. It is consistent with fiduciary duty, with climate science, and with economic analyses of the impact of climate change.

We ask that you pass SB 681 out of committee and allow your colleagues to weigh in on this issue. Thank you.