

SB 964

Talking points for district meetings—Please also read Senator Allen’s fact sheet!

The Ask: Please support SB 964 and add your name as co-author. Co-authors will be added in Appropriations on May 25. So far: Skinner and Portantino. If you’re a PERS or STRS member or retiree, please say so when you introduce yourself!

- If there is an opportunity, be prepared with a personal story about why this bill is important to YOU – enough to make this office visit.
- Remember to begin by thanking the Senator for votes in support of climate in the past (see LegInfo)

There are two parts to this bill: The definition of “climate-related financial risk,” in law in the US for the first time; and the reporting requirement for CalPERS and CalSTRS. The funds tend to focus on the reports when they talk about it, but we believe the definition is the heart of the bill.

This is NOT a divestment bill! It’s all about risk to investments.

Some background on the bill: Senator Allen introduced it as SB 560 in 2017, and it was held on suspense in Senate Appropriations. Allen continued to negotiate amendments with the funds until Appropriation decided early in January not to take up any 2-year Senate bills. So, it’s back – with all amendments proposed by CalSTRS – as SB 964.

Differences between SB 560 and SB 964:

- “Financial climate risk” changed to “climate-related financial risk” to conform with the Task Force on Climate-related Financial Disclosures (Bloomberg’s group under the Financial Stability Board)
- The funds only have to report on risk that they identify
- The funds have to report every three years instead of annually (but the first report is due by January 1, 2020). THIS MAKES COMPLIANCE SIGNIFICANTLY LESS EXPENSIVE FOR THE FUNDS.
- The reporting requirement sunsets in 2035

Climate change and fiduciary duty of pension funds and large institutional investors: Climate change is real, and the risk it poses to our environment and our future is also real. (See handout from EPA report). *“I believe it is CalPERS’ and CalSTRS’ fiduciary duty to identify and reduce climate risk to the investments members and beneficiaries rely on for a secure future.”*

CalSTRS has taken a “neutral” position on this bill, in spite of their amendments being accepted. Some board members stated that since they are already concerned with climate risk, the bill is unnecessary. HOWEVER the Chief Investment Officer at CalPERS announced his resignation earlier this week...as staff and board composition changes, we need to be sure that climate risk remains front and center for the funds.

Support: The California Teachers’ Association (CTA) and SEIU California support SB 964. Amendments proposed by CalSTRS have been accepted. The legislature needs to support this bill.

Question: If the Senator sounds supportive, ask this question: Would it help or hurt the bill if the requirement to consider climate-related financial risk applied to all public funds in California? (smaller funds wouldn’t need to report)