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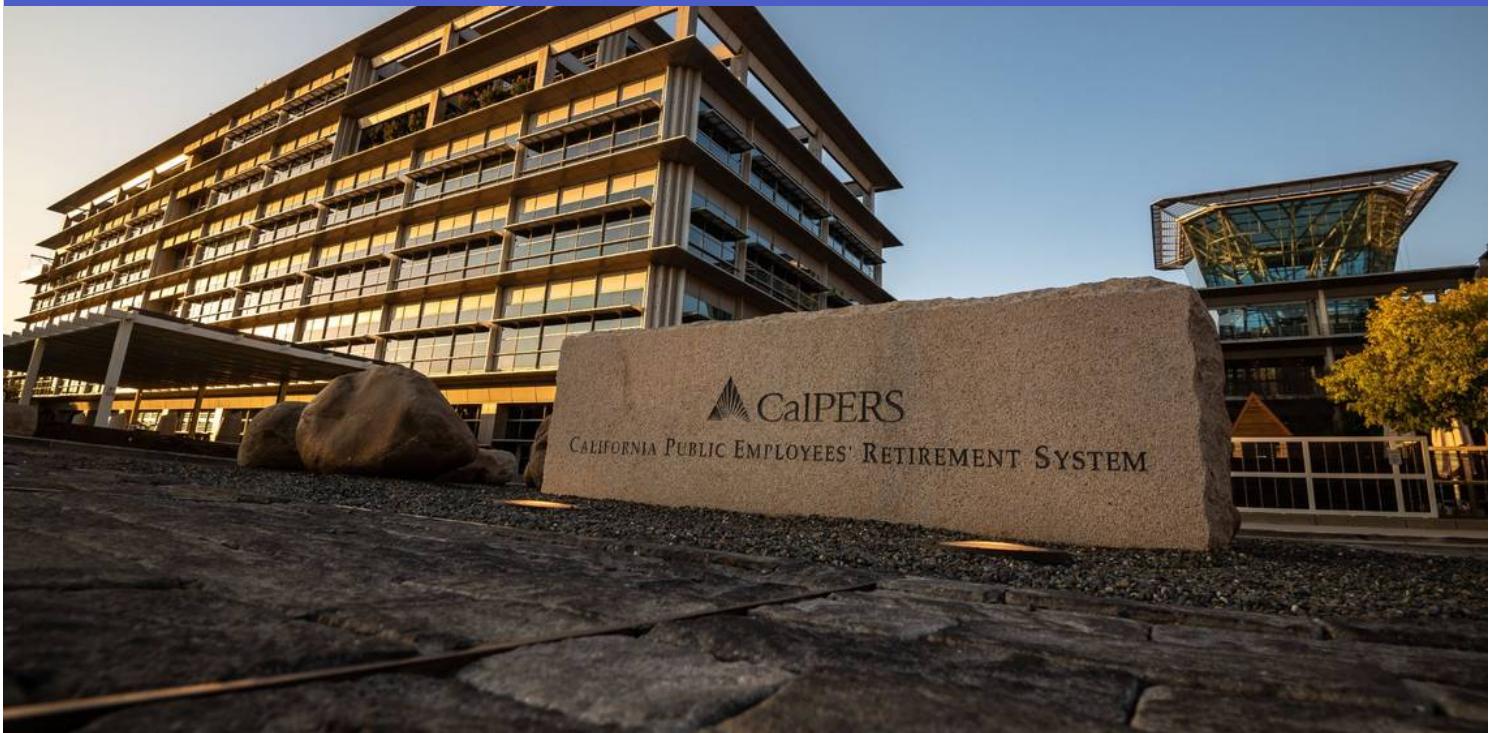
Fossil fuels are a losing bet. Why are CalPERS & CalSTRS still investing in them? / Opinion

BY JAMES STONE SPECIAL TO THE SACRAMENTO BEE

APRIL 09, 2023 6:00 AM



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The California Public Employees' Retirement System, or CalPERS, headquarters buildings are photographed Thursday, Sept. 16, 2021, in downtown Sacramento. XAVIER MASCAREÑAS xmascarenas@sacbee.com



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Over the last decade, Californians have experienced intensifying fires, deadly heat and deepening drought. Record-breaking floods have swept through our communities, taking the lives of [at least 22](#) people, devastating [thousands of homes](#) and costing over \$1 billion in damages. In 2022, climate damages surpassed \$165 billion in the U.S. alone, and the reinsurance firm [Swiss Re](#) predicted that if world temperatures are allowed to rise to 3.2° Celsius, the global economy's gross domestic product [will decline by at least 18%](#).

For all of those reasons and many more, California's legislators must pass Senate Bill 252 this year to ensure that CalPERS and CalSTRS, our state's pension funds, stop financing climate chaos that is destroying the communities, homes and lives of Californians, including pension beneficiaries.

OPINION

Executives at fossil fuel companies like [Exxon knew](#) about the devastating impacts of extracting, transporting and burning coal, oil and gas more than 40 years ago. Now, as [fossil fuel corporations rake in record profits](#), Californians are [bearing the costs of their lies](#). When Californians passed legislation to reign in fossil fuel damages to our communities, fossil fuel companies [spent over \\$20 million](#) to overturn the will of the people.

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CalPERS and CalSTRS collectively represent over 3 million members and their families, including public employees, teachers, firefighters and first responders. Yet the state's pensions are bankrolling over \$14 billion in fossil fuel assets, effectively enabling the very climate catastrophe its membership is responding to on the frontlines.

Fossil fuels are a losing investment. Reports reveal that CalPERS and CalSTRS would have generated an additional \$11.9 billion and \$5.5 billion respectively by 2019 had they divested from fossil fuels in 2009. That's that equivalent of \$6,072 per CalPERS member and \$5,752 per CalSTRS member.

To date, over 1,550 institutions representing more than \$40 trillion in assets have committed to divest. This includes New York State's Common Retirement Fund, the Bank of England and ABP, one of the world's largest pension funds. There's a growing group of pension decision-makers who conducted independent, rigorous climate risk assessments, and even those who previously doubted divestment ultimately chose to divest.

If SB 252 passes, California would become the third state to divest from fossil fuels, alongside Maine and New York. Sponsored by Sen. Lena Gonzalez, the bill ensures that we don't sacrifice investment performance. We have the opportunity to seize the momentum of the worldwide divestment movement and end contradictory policies positioning California as a climate leader while our pensions continue to invest billions in the fossil fuel companies causing the climate crisis.

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This legislation comes as fossil fuel-funded politicians peddle anti-environmental legislation and false, politically-motivated claims, costing taxpayers millions. It's time for legislators to listen to their constituents — the people of California — and not the fossil fuel lobby and their think tanks.

CalPERS and CalSTRS' shareholder sustainability engagement record is abysmal. Pension executives claim they're engaging with fossil fuel corporations, but this is a

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SB 252 is about more than divesting from fossil-fueled chaos. It's about requiring CalPERS and CalSTRS to meet their fiduciary duty to protect the future of not only the funds they manage, but of the lives and livelihoods of Californians and pension beneficiaries everywhere.

James Stone is a professor of political science at Mt. San Antonio College and the author of "Populism, Eco-Populism and the Future of Environmentalism."

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