



March 7, 2023

The Honorable Lena Gonzalez
California State Senate, 33rd District
1021 O Street, Suite 7720
Sacramento, CA 95814

RE: OPPOSE SB 252 (Gonzalez) – Public retirement systems: fossil fuels: divestment

Dear Senator Gonzalez,

The Association of California Cities – Orange County (ACC-OC) represents the regional policy needs of Orange County cities and special districts. Collectively, our members provide services to up to 3.2 million people and work across county borders on a multitude of public policy issues.

On behalf of public employees and teachers, as well as state taxpayers, the ACC-OC Board of Directors voted to oppose SB 252. As introduced, this bill would prohibit the California Public Employees' Retirement System (CalPERS) and the State Teachers' Retirement System (STRS) from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company. SB 252 would further require the boards to liquidate investments in a fossil fuel company on or before July 1, 2030. Lastly, the bill would require a report to the Legislature and the Governor beginning in 2025 to provide information on fossil fuel companies where the board has liquidated their investments.

It is important that CalPERS and STERS have the flexibility needed to exercise their fiduciary duties on behalf of public agencies and public employees in California. By limiting their ability to invest in specific industries to achieve other policy goals, the resulting lower returns for these retirement systems destabilizes those systems and requires a further infusion of tax dollars to make up the difference.

Rather than destabilize state retirement systems serving public employees, the State Legislature should work with industries of concern to achieve meaningful changes that benefit all Californians. This is especially significant as CalPERS has recently dropped from 80% funded to 71% funded.

Should you have any questions about ACC-OC's position on SB 252, please contact Wendy Strack, ACC-OC Director of Legislative Affairs, at (951) 712-3173 or at wstrack@accoc.org.

Sincerely,

Kris Murray
Executive Director
Association of California Cities – Orange County

CC: ACC-OC Board of Directors