



California Assembly Appropriations Committee
State Capitol, Room 2114
Sacramento, California 95814

May 25, 2017

To the Members of the California Assembly Committee on Appropriations:

We the undersigned write in order to urge you to reject Assembly Bill 20, which was introduced as a means to force the divestiture of public employee retirement systems, including the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS) from its investments with the Dakota Access Pipeline (DAPL).

Since its introduction, this bill has been strongly opposed by various respected voices throughout the state. The editorial board of *The Los Angeles Times*, a critic of the DAPL project, panned AB20 calling it "ill-considered," "attention-getting," "flawed," and "dangerous." CalPERS staff issued an equally strong rebuke of AB 20, asserting that "divesting is an ineffective strategy for achieving social or political goals." In April, the CalPERS investment committee formally voted to reject using divestment as a policy for achieving social goals, explaining that "divesting appears to almost invariably harm investment performance."

Hampering investment performance is the last thing that we as California taxpayers should want at this moment. CalPERS is facing a shortfall totaling around \$170 billion, while the CalSTRS shortfall amounts to over \$70 billion. These are burdens that will be borne by the pensioners, taxpayers, and business owners of our state. In fact, we understand your committee stated that an analysis finding of the bill would result in a one-time administrative cost of approximately \$50,000 funded by our taxpayer dollars; California taxpayers should not have to shoulder this additional financial burden.

We believe that pension investments should not be politicized in any way. CalPERS and CalSTRS should be free to make investment decisions based on their fiduciary duty, not political influence. Ultimately, California's public employee retirement systems should answer to the people that they serve, not activists or special interests.

We all agree that we should strive for a cleaner environment and that each of us should work to reduce our footprint. There are many great ideas that should receive the careful consideration of the California Assembly, and many already have. Divestment, however, is not one of those ideas, and would only jeopardize the retirement savings of our state's taxpayers. We urge you and your colleagues to reject AB 20, and to instead focus on policies that will go beyond symbolic action and make a measurable impact on protecting our environment.



Jerry Amante
Former Mayor, City of Tustin

Tim Brown
Mayor Pro Tem, City of San Clemente

Carolyn Cavecche
President & CEO, OC Taxpayers Assn.

Doug Davert
Former Mayor, City of Tustin

Carl DeMaio
Former Councilmember, City of San Diego

Reuben Franco
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Tim Shaw
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Former Assistant City Manager, City of Tustin

Carlos Solorzano
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Beth Swift
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