Opening Statement of Ranking Member Mark DeSaulnier (CA-10)
Subcommittee on Health, Employment, Labor, and Pensions
Investing for the Future: Honoring ERISA's Promise to Participants
Tuesday, April 30, 2025 | 10:15 a.m.

Thank you, Mr. Chairman, and I want to thank the witness before the start of the hearing.

Today's hearing is expected to focus on what's called environmental, social, and governance – or ESG – factors when making investments in retirement plans covered by ERISA.

Let's be clear about what ESG factors are.

If a company is exposed to certain risks – such as sea level rise because of climate change, child labor violations, a record of poor corporate governance or mistreating workers – its stock could suffer over time. Retirement plan professionals must consider a long-term horizon when making investment decisions, as workers often contribute for decades before drawing down on what they save.

It should be considered a best practice for retirement plan professionals to appropriately weigh ESG factors appropriately.

And that premise should not be controversial – or at least Committee Democrats don't think it should be, it's prudent in words of a former republican president. Prudence.

There is no Biden-era mandate for retirement plans to invest in ESG funds. Let me repeat that there is no mandate for retirement plans to invest in ESG Funds. In fact, the Biden-era ESG rule does not change the fiduciary standard to which professionals making investment decisions for retirement plans are bound. The rule has been upheld twice by a federal district court, most recently in February. In his opinion, the judge, who was nominated by President Trump, wrote that the Biden-era rule – quote – "does not violate ERISA's text because it never permits fiduciaries to deviate from exclusively achieving financial benefits for the beneficiaries alone." Close quote.

And – to be clear – consideration of ESG factors is entirely consistent with making a profit. BlackRock, which is the world's largest asset manager, has stated that its – quote – "investment conviction is that incorporating sustainability-related factors – which are often characterized and grouped into ESG categories – into investment decisions can provide better risk-adjusted returns to investors over the long-term." Close quote from BlackRock.

Last Congress, this Committee considered two bills that would codify two rules from the first Trump Administration that would establish needless barriers for the consideration of ESG-related investments and proxy voting. These bills were premised on the Republicans' mistaken view that they know best when it comes to ESG investing.

Committee Democrats opposed these bills because we trust the professionals who are legally bound to make prudent decisions on behalf of retirement plan participants.

Mr. Chairman, we just returned from a two-week district work period – and I held several town hall meetings in the district I represent. A district that is the 5th wealthiest household income in the unite states. When I held serval town halls with these constituents. People are concerned with the harm that the Trump Administration has been causing over the past 100 days including their investment portfolio.

President Trump's reckless tariffs have spurred chaos in the financial markets. *The Wall Street Journal* reported that the Dow Jones is headed for its worst April performance since 1932 – which obviously matters for workers participating in ERISA-covered retirement plans. And JPMorgan Chase's CEO, Jamie Dimon, warned in his annual shareholder letter that the tariffs will likely increase inflation and cause many to consider a greater probability of a recession.

The Trump Administration is also cutting thousands of jobs at the Social Security Administration and reducing access to phone service. This is anticipated to hurt the agency's ability to serve the public and recipient of social security who they paid into – and could amount to a backdoor cut, as benefits delayed are often benefits denied.

Meanwhile, Republicans in Congress still appear intent on cutting Medicaid to help pay for their massive tax cuts for the rich. According to the U.C. Berkley, California could expect to see $10-$20 billion fewer federal dollars per year to Medi-Cal, our state's Medicaid program. The Labor Center estimates that a loss of this magnitude could threaten health care for many of the nearly 15 million Californians currently enrolled in Medi-Cal; and it could lead to as many as 217,000 job losses in the health care sector, among other industries.

The combined effects of these policies will be devastating for retirees and low-income Americans. We can do better.

I believe retirement security is fundamentally aligned with workers' wages. The more people earn, the easier it is for them to plan and save for retirement. It is incredibly hard for workers to do much on their own for retirement when, according to the Federal Reserve, many would struggle to come up with the money to finance an unexpected $400 expense, such as a car repair or medical bill.

At a minimum, we must support policies that increase workers' wages and strengthen their ability to organize and collectively bargain. The data is clear that unionized workers have greater access to retirement plans and higher participation rates than their non-unionized counterparts. But we shouldn't stop there. We must strengthen and protect Social Security. We also must address inequities and discriminatory barriers in the labor market.

I hope we have a productive conversation this morning and focus on meaningful solutions for workers and retirement plan participants.

I yield back.