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COMMITTEE ON
EDUCATION AND WORKFORCE
U.S. HOUSE OF REPRESENTATIVES
2176 RAYBURN HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-6100

February 12, 2026

Theresa Taylor
President and Vice Chair of Investment
California Public Employees Retirement System
400 Q Street
Sacramento, CA 95811

Dear Ms. Taylor:

The Committee on Education and Workforce (Committee) is continuing to investigate whether reforms to the *Employee Retirement Income Security Act of 1974* (ERISA) and Internal Revenue Code (Code) are necessary to protect workers and retirees in light of the California Public Employees Retirement System's (CalPERS) apparent failure to properly safeguard their pension benefits. Under the Code, CalPERS as a public pension is eligible for significant tax subsidies if, among other things, its benefits are provided "for the exclusive benefit of [an employer's] employees or their beneficiaries."¹ The Committee seeks information to determine whether CalPERS is undermining this requirement by prioritizing a radical Environmental, Social, and Governance (ESG) agenda over its obligation to its beneficiaries, which will inform its potential reforms to ERISA and the Code.

On October 28, the Committee learned that CalPERS lost 71 percent of its nearly half-a-billion-dollar investment in the private equity CalPERS Clean Energy and Technology Fund (CETF).² Since committing to CETF in 2007, CalPERS has channeled more than \$468 million into the fund. As of March 31, 2025, the investment's value was less than \$138.1 million.

CalPERS' loss in CETF is just the most recent example of CalPERS prioritizing ESG considerations ahead of its responsibilities to safeguard the pension fund. Both the Code and the California Constitution require public pension assets be managed solely "for the exclusive purposes of providing benefits" to participants and beneficiaries. Specifically, Article XVI, Section 17, of the Constitution provides:

¹ 26 U.S.C. § 401(a).

² Kenneth Schrapp, *CA State Retirement Fund Lost 71% of \$468M Put in Clean Energy, Won't Say How*, CTR. SQUARE (Oct. 28, 2025), https://www.thecentersquare.com/california/article_55faf935-81b3-457e-9cb3-006fd895dbdf.html.

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of the plan.... The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of the system. A retirement board's duty to its participants and beneficiaries shall take precedence of any other duty.³

On July 29, 2024, the Committee began its investigation into CalPERS upon learning that the pension had joined the Biden-Harris administration as an asset owner in committing to the use of “public and pension fund capital” to “promote strong labor commitments among funds, asset managers, and companies.”⁴ Information CalPERS provided in response to the Committee’s July 29, 2024, inquiry demonstrates that CalPERS has not acted “for the exclusive benefit” of its employees, but has instead advanced a political and social agenda.⁵

For example, CalPERS’ Responsible Contractor Policy (RCP) requires certain core managers and contractors to agree not to oppose union organizing.⁶ The purpose of this policy is to promote union organizing, rather than to provide benefits to participants in the pension or retirement system. Indeed, CalPERS appears to have acknowledged and accepted that the social purposes of the RCP conflict with its fiduciary obligations to provide benefits. For example, the RCP itself includes a compliance exception to the RCP “based on reasonable evidence ... requiring [compliance] would materially adversely affect an RCP investment (e.g., that its financial performance would suffer by more than the lesser of \$50,000 or a 10% increase in contract cost.”⁷ Notably, the RCP does not require an analysis determining whether the RCP increases costs.

³ CAL. CONST. art. XVI, § 17, https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=XVI.

⁴ Letter from Chairwoman Virginia Foxx to Theresa Taylor, President & Vice Chair of Inv., CalPERS (July 29, 2024), https://edworkforce.house.gov/uploadedfiles/letter_to_calpers_biden_harris_pdf.pdf; THE WHITE HOUSE, READOUT OF WHITE HOUSE CONVENING WITH OWNERS OF \$1 TRILLION IN WORKERS’ CAPITAL TO PROMOTE STRONG LABOR STANDARDS (Apr. 23, 2024) (on file with Comm.); Letter from Soumya Dayananda, Partner, Willkie, Farr, & Gallagher, LLP, on behalf of the Nat’l Educ. Assn., to Reps. Virginia Foxx & Bob Good (June 14, 2024) (on file with Comm.) (“The five asset owners included CalPERS, National Electrical benefit Fund Investments, Blue Wolf Capital Partners, Hamilton Lane, and Meketa Investment Group.”).

⁵ 26 U.S.C. § 401(a).

⁶ CALPERS INVESTMENT COMMITTEE AGENDA ITEM 6C (June 10, 2024) (“Policy Changes for Responsible Contractor Policy – Second Reading”), <https://www.calpers.ca.gov/documents/202406-invest-item06c-00-a/download?inline>; CALPERS STATEMENT OF INVESTMENT POLICY FOR RESPONSIBLE CONTRACTOR PROGRAM 18 & app. A (July 1, 2025), <https://www.calpers.ca.gov/documents/policy-responsible-contractor/download>.

⁷ CALPERS STATEMENT, *supra* note 6, add. A at 23, app. A at 24.

Similarly, CalPERS' investment policy is tailored around a "Sustainable Investments Program" and a "\$100 Billion Climate Action Plan."⁸ To implement this investment strategy, CalPERS has expended untold and unnecessary amounts of money in violation of the Code and the California Constitution's mandate to "defray reasonable expenses of the system."⁹ Incurring expenses to pursue a social agenda is not a reasonable expense when the social agenda is not permitted by the California Constitution.

One example of unnecessary, and hence unreasonable, expenses are the amounts paid to employ investment managers to integrate social investing into the investment portfolio. This includes consultants, attorneys, and investment managers employed for the purpose of facilitating CalPERS social investment goals. For example, CalPERS employs a full-time Managing Investment Director, Peter Cashion, who earned \$624,024 in 2023—to integrate ESG principles across CalPERS' entire portfolio.¹⁰

CalPERS claims significant tax benefits under Code section 401(a),¹¹ which applies only to plans maintained "for the exclusive benefit of [an employer's] employees or their beneficiaries."¹² However, the instances cited above do not appear to be consistent with this rule. To the extent that CalPERS is using plan assets for the benefit of social or political causes, the plan's qualified tax status is no longer valid.¹³

ERISA also contains a provision very similar to the "exclusive benefit" rule in the Code. Specifically, ERISA provides that fiduciaries of plans subject to ERISA must discharge their duties "solely in the interest of the participants and beneficiaries and ... for the exclusive purpose of providing benefits to participants and their beneficiaries."¹⁴ Presently, ERISA does not apply to governmental plans such as CalPERS.¹⁵

The Committee seeks a better understanding of whether CalPERS is diverting tax-subsidized retirement assets in violation of the Code's "exclusive benefit rule." The Committee also is

⁸ CALPERS, SUSTAINABLE INVESTMENTS PROGRAM, ABOUT THE PROGRAM (Feb. 20, 2024), <https://www.calpers.ca.gov/investments/sustainable-investments-program/about-the-program>; CALPERS, INVESTING IN SOLUTION: \$100 BILLION CLIMATE ACTION PLAN (June 1, 2024), <https://www.calpers.ca.gov/documents/calpers-100-billion-dollar-climate-action-plan/download?inline=>.

⁹ CAL. CONST. art. XVI, § 17.

¹⁰ CALPERS, PETER CASHION (Apr. 18, 2023), <https://www.calpers.ca.gov/investments/about-investment-office/investment-office-senior-team/peter-cashion>; TRANSPARENT CAL., PETER J. CASHION, MANAGING INV. DIR., PUB. EMPS.' RET. SYS. (2023), <https://transparentcalifornia.com/salaries/2023/state-of-california/peter-j-cashion>.

¹¹ CALPERS RETIREMENT BENEFITS—NEARING RETIREMENT (May 2024), https://www.calpers.ca.gov/sources/member/CBEE/learning_guides/CalPERS_Retirement_Benefits-Nearing_Retirement.pdf.

¹² 26 U.S.C. § 401(a).

¹³ Randy Diamond, *CalPERS Decision to Divest from Tobacco is Costly*, CHIEF INV. OFFICER, Dec. 12, 2018 ("Not only do social and political investing policies violate the Code, but they may also result in significant loss of income to the trusts involved. Estimates are that CalPERS lost \$3.581 billion in investment gains by divesting from tobacco stocks as a result of following a social investing policy."), <https://www.ai-cio.com/news/calpers-decision-divest-tobacco-costly/>.

¹⁴ ERISA § 404(a)(1)(A), 29 U.S.C. § 1104(a)(1)(A).

¹⁵ ERISA § 4(b)(1), 29 U.S.C. § 1003.

interested in determining whether amendments to ERISA and the Code are needed to prevent such activity if current enforcement proves inadequate. Please therefore provide the following information not later than February 27, 2026:

1. A description of and all documents material to CalPERS' due diligence leading to the selection of CETF as a sound investment.
2. A description of and all documents sufficient to show the process used by CalPERS to determine its compliance with the exclusive benefit requirements of Code section 401(a) regarding its selection of CETF.
3. All final documents relating to terms of investment in CETF.
4. All financial statements and performance documents of CETF provided to CalPERS or its affiliates, and a description, including any evidence, of CalPERS or its affiliates monitoring the investments in CETF.
5. All documents reflecting CalPERS' CETF investments, including but not limited to investment solicitations, investment materials, records of negotiations, and documents sufficient to show investment decision making.
6. An accounting of all expenses paid by CalPERS and CETF on behalf of CalPERS to attend meetings relating to the promotion of CETF or to exercise existing or potential ownership interests to promote CETF. Please also provide all documents and communications, in whatever format, related to these meetings.
7. An accounting of all expenses paid for the purpose of procuring consultants, legal advice, or any other advisory services in connection with CETF.

The Committee has jurisdiction over labor-related matters and ERISA, and it “shall review and study on a continuing basis the application, administration, execution, and effectiveness of laws and programs under its jurisdiction” as set forth in House Rule X.¹⁶ The Committee’s investigation of this matter is within the Committee’s jurisdiction and is a “subject on which legislation ‘could be had.’”¹⁷ This request and any documents created as a result of this request will be deemed congressional documents and property of the Committee.

Your prompt attention to this request is appreciated. If you have any questions about this request, please contact Committee staff at 202-225-4527.

¹⁶ RULES OF THE HOUSE OF REPRESENTATIVES, RULE X, cl. 1(e)(6), 2(c) (119th Cong.) (2025); RULES OF THE COMMITTEE ON EDUCATION AND WORKFORCE, Rule 3(a) (119th Cong.) (2025) (Subcommittee on Health, Employment, Labor, and Pensions has jurisdiction over ERISA),

<https://docs.house.gov/meetings/ED/ED00/20250115/11778/HMTG-119-ED00-20250115-SD002.pdf>.

¹⁷ See *Trump v. Mazars USA*, 591 U.S. 848, 863 (2020) (internal citations omitted).

Theresa Taylor
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Sincerely,



Tim Walberg
Chairman



Rick W. Allen
Chairman
Subcommittee on Health, Employment,
Labor and Pensions



Kevin Kiley
Chairman
Subcommittee on Early Childhood,
Elementary, and Secondary Education

Enclosure

Responding to Committee Document Requests

1. Responses to questions and request(s) made on behalf of the California Public Employees Retirement System (“CalPERS”) should be answered or provided in a separate document and not included inside a narrative response.
2. In complying with this request, you should produce all responsive documents that are in your entity’s possession, custody, or control, whether held by you or other past or present employees of CalPERS, or a representative acting on your behalf. Your response should also produce documents that you have a legal right to obtain, that CalPERS has a right to copy or to which you have access, or that you have placed in the temporary possession, custody, or control of any third party.
3. Records, documents, data or information that have been requested and/or are related to underlying requests should not be destroyed, modified, removed, transferred or otherwise made inaccessible to the Committee on Education and Workforce (“Committee”).
4. If any entity, organization or individual denoted in this request has been, or is also known by any other name than that herein denoted, the request shall be read also to include that alternative identification.
5. The Committee’s preference is to receive documents in electronic form (i.e., email, CD, memory stick, or thumb drive) in lieu of paper productions. To the extent responses are provided in paper form, any documents that are stapled, clipped, or otherwise fastened together should not be separated. Documents produced in response to a request should be produced together with copies of file labels, dividers, or identifying markers with which they were associated when this request was issued.
6. Regardless of format, documents produced pursuant to this request should be produced in the order in which they appear in your files and should not be rearranged. Indicate the office or division and person from whose files each document was produced.
7. Regardless of format, documents produced to the Committee should include an index describing the contents of the production and a total page count for the entire production. To the extent more than one CD, hard drive, memory stick, thumb drive, box or folder is produced, each CD, hard drive, memory stick, thumb drive, box, or folder should contain an index describing its contents. Documents produced in electronic format should also be identified and indexed electronically.
8. Electronic document productions should be prepared according to the following standards:
 - (a) The production should consist of single page Tagged Image File (“TIF”), files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.

- (b) Document numbers in the load file should match document Bates numbers and TIF file names.
- (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.

9. All documents shall be Bates-stamped sequentially and produced sequentially.
10. When you produce documents, you should individually identify the paragraph, question number or request number in the Committee's request to which the documents respond.
11. It shall not be a basis for refusal to produce documents that any other person or entity also possesses non-identical or identical copies of the same documents.
12. If any of the requested information is only reasonably available in machine-readable form (such as on a computer server, hard drive, or computer backup tape), the agency's staff should consult with the Committee staff to determine the appropriate format in which to produce the information.
13. If compliance with any request cannot be made in full, compliance shall be made to the extent possible and shall include a written explanation of why full compliance is not possible.
14. If CalPERS does not expect to produce all documents responsive to a request by the date requested, its staff shall consult with the Committee as soon as it is known that it cannot meet the deadline, but no later than 24 hours before the due date to explain:
 - (a) what will be provided by the due date;
 - (b) why CalPERS believes certain materials cannot be produced by the due date; and
 - (c) CalPERS' proposed timeline for providing any omitted information.
15. If any document responsive to this request was, but no longer is, in your possession, custody, or control, or has been placed into the possession, custody, or control of any third party and cannot be provided in response to this request, you should:
 - (a) identify the document, including its date, author, subject, and recipients;
 - (b) explain the circumstances under which the document ceased to be in your possession, custody, or control, or was placed in the possession, custody, or control of a third party;
 - (c) state how the document was disposed of;
 - (d) identify the name, current address, and telephone number of the person who currently has possession, custody or control over the document;
 - (e) state the date of disposition; and
 - (f) identify the name, current address, and telephone number of each person who authorized said disposition or who had or has knowledge of said disposition.

16. If any document responsive to this request cannot be located, identify the document and describe with particularity the efforts made to locate the document and the specific reason for its disappearance, destruction or unavailability.
17. In the event that a document or portion of a document is withheld on the basis of privilege, provide a privilege log containing the following information concerning any such document or redaction:
 - (a) Bates number(s);
 - (b) the privilege asserted and the grounds therefor;
 - (c) the type of document;
 - (d) the general subject matter;
 - (e) any other description necessary to identify the document;
 - (f) the date, author, and addressee; and
 - (g) the relationship of the author and addressee to each other.
- If a claimed privilege applies to only a portion of any document, that portion only should be withheld and the remainder of the document should be produced.
18. Any objections or claims of privilege are waived if you fail to provide an explanation of why full compliance is not possible and a log identifying with specificity the ground(s) for withholding each withheld document prior to the request compliance date.
19. In complying with the request, be apprised that (unless otherwise determined by the Committee) the Committee does not recognize: any purported non-disclosure privileges associated with the common law including, but not limited to, the deliberative-process privilege, the attorney-client privilege, and attorney work product protections; any purported privileges; or any purported contractual privileges, such as non-disclosure agreements.
20. Any assertion by a request recipient of any such non-constitutional legal bases for withholding documents or other materials, for refusing to answer any deposition question, or for refusing to provide hearing testimony, shall be of no legal force and effect and shall not provide a justification for such withholding or refusal, unless and only to the extent that the Committee (or the chair of the Committee, if authorized) has consented to recognize the assertion as valid.
21. If a date or other descriptive detail set forth in this request referring to a document, communication, meeting, or other event is inaccurate, but the actual date or other descriptive detail is known to you or other employees or agents of CalPERS, or is otherwise apparent from the context of the request, you should produce all documents that would be responsive as if the date or other descriptive detail were correct.
22. The time period covered by this request is included in the attached request. To the extent a time period is not specified, produce relevant documents from January 1, 2007, to the present.

23. This request is continuing in nature and applies to any newly-discovered information. Any record, document, compilation of data or information, not produced because it has not been located or discovered by the return date, shall be produced immediately upon subsequent location or discovery. Such submission shall include an explanation as to why the information was not produced originally.
24. If physical documents are to be delivered, two sets of documents should be delivered, one set to the Majority Staff in Room 2176 of the Rayburn House Office Building and one set to the Minority Staff in Room 2101 of the Rayburn House Office Building during Committee office hours (9am-5pm, unless other arrangements are made) and signed by members of the respective staffs upon delivery.
25. Upon completion of the document production, CalPERS' written response should include a written certification, signed by Theresa Taylor, President and Vice Chair of Investment, or her designee, stating that:
 - (a) a diligent search has been completed of all documents in your possession, custody, or control that reasonably could contain responsive documents; and
 - (b) all documents located during the search that are responsive have been produced to the Committee.

Definitions

1. The term "document" means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, electronic mail (e-mail), contracts, cables, notations of any type of conversation, telephone call, meeting or other communication, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto), and graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, microfiche, microfilm, videotape, recordings and motion pictures), and electronic, mechanical, and electric records or representations of any kind (including, without limitation, tapes, cassettes, disks, and recordings) and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk, videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.

2. The term “documents in your possession, custody or control” means documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, or representatives acting on your behalf; documents that you have a legal right to obtain, that you have a right to copy, or to which you have access; and/or documents that have been placed in the possession, custody, or control of any third party.
3. The term “communication” means each manner or means of disclosure or exchange of information, regardless of means utilized, whether oral, electronic, by document or otherwise, and whether in a meeting, by telephone, facsimile, email, regular mail, telexes, releases, or otherwise.
4. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of this request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.
5. The terms “person” or “persons” mean natural persons, firms, partnerships, associations, corporations, subsidiaries, divisions, departments, joint ventures, proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, or other units thereof.
6. The term “identify,” when used in a question about individuals, means to provide the following information: (a) the individual’s complete name and title; and (b) the individual’s business address and phone number.
7. The term “referring or relating,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with or is pertinent to that subject in any manner whatsoever.
8. The term “privilege” includes, but is not limited to, any claim that a document either may or must be withheld from production pursuant to any statute, rule, or regulation.
9. The term “employee” means agent, borrowed employee, casual employee, consultant, de facto employee, joint adventurer, loaned employee, part-time employee, permanent employee, provisional employee, contract employee, contractor, or any other type of service provider.
10. “You” or “your” means and refers to you as a natural person and CalPERS and any of its subdivisions, officials, administrators, employees, attorneys, agents, advisors, consultants, staff, contractors, or any other persons acting on your behalf or under your control or direction; and includes any other person(s) defined in the document request letter.