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Pension Funds Mess With Texas.

The country's largest public pension systems and investors are pressuring Texas officials not to approve a so-called bathroom bill introduced in January. The legislation targets transgender individuals by requiring them to use the public restroom that aligns with the gender on their birth certificate.

Pointing to North Carolina, which lost hundreds of millions in business from canceled sporting events, concerts and conventions after its bathroom bill became law last year, the group warned in a letter that Texas could meet the same fate. Already, the National Football League and the NCAA have said that the siting of future events in Texas would be jeopardized if lawmakers move forward.

The more than 30 signatories on the letter include comptrollers, controllers and treasurers of California, Connecticut, New York, Oregon, Rhode Island and Vermont, as well as major firms such as BlackRock and T. Rowe Price. Collectively, the group represents more than \$11 trillion in assets.

The Takeaway: Threats like these aren't new. Called social divesting, stewards of major pensions have increasingly urged corporate boards in recent years to make policy changes, such as pressuring energy companies to move away from fossil fuels.

But wading into another state's politics is unusual. And we're talking significant amounts of money. California's public employees fund (CalPERS) and its teachers fund (CalSTRS), the two largest pension funds in the country, have billions invested in Texas holdings. Of CalPERS' nearly \$303 billion in assets, just under \$15 billion (about 5 percent) is invested in Texas holdings, according to data from the Controller Betty T. Yee's office. CalSTRS has roughly \$5.6 billion of its nearly \$200 billion portfolio, or 3.5 percent, in Texas holdings.

If the other investors in the letter have similar shares related to Texas and ultimately decide to divest, the total cost to Texas could number in the hundreds of billions.

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BY LIZ FARMER | FEBRUARY 24, 2017