

118TH CONGRESS
2D SESSION

H. R. 7625

To require the Board of Governors of the Federal Reserve System and the Securities and Exchange Commission to issue an annual report to Congress projecting and accounting for the economic costs directly and indirectly caused by the impacts of climate change, to require the Federal Retirement Thrift Investment Board to establish a Federal Advisory Panel on the Economics of Climate Change, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 12, 2024

Mr. CLEAVER (for himself, Ms. TLAIB, Mr. KHANNA, Ms. NORTON, Mrs. WATSON COLEMAN, Mr. GARCÍA of Illinois, Ms. LEE of California, Mr. BLUMENAUER, Ms. SCHAKOWSKY, Mr. CASAR, Mrs. RAMIREZ, Mr. VARGAS, and Ms. JAYAPAL) introduced the following bill; which was referred to the Committee on Oversight and Accountability, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To require the Board of Governors of the Federal Reserve System and the Securities and Exchange Commission to issue an annual report to Congress projecting and accounting for the economic costs directly and indirectly caused by the impacts of climate change, to require the Federal Retirement Thrift Investment Board to establish a Federal Advisory Panel on the Economics of Climate Change, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Restructuring Environ-
5 mentally Sound Pensions in Order to Negate Disaster Act
6 of 2024” or the “RESPOND Act of 2024”.

7 **SEC. 2. CLIMATE CHANGE ECONOMIC COST REPORT.**

8 Not later than 1 year after the date of enactment
9 of this Act, and annually thereafter, the Board of Gov-
10 ernors of the Federal Reserve System and the Securities
11 and Exchange Commission shall jointly submit to Con-
12 gress a report that projects and accounts for the economic
13 costs directly and indirectly caused by the impacts of cli-
14 mate change, which shall include an analysis of—

15 (1) the effects that climate change has on the
16 labor market, economic growth, public health, and
17 other broad areas of the economy of the United
18 States;

19 (2) property and land damage from rising sea
20 levels and extreme weather; and

21 (3) the costs associated with natural disaster
22 relief and mitigation.

1 **SEC. 3. FEDERAL ADVISORY PANEL ON THE ECONOMICS OF**
2 **CLIMATE CHANGE.**

3 (a) ESTABLISHMENT.—The Federal Retirement
4 Thrift Investment Board (referred to in this section as the
5 “Board”) shall establish a panel to be known as the “Fed-
6 eral Advisory Panel on the Economics of Climate Change”
7 (referred to in this section as the “Advisory Panel”).

8 (b) MEMBERSHIP.—

9 (1) IN GENERAL.—The Advisory Panel shall
10 consist of 9 members, appointed by the Board as fol-
11 lows:

12 (A) Three members shall be chosen from
13 among persons generally recognized for their
14 impartiality, knowledge, and experience in the
15 field of labor relations and pay policy.

16 (B) Six members shall be chosen from
17 among persons with expertise in local, national,
18 or transnational financing that seeks to insulate
19 financial holdings from climate-related risks
20 and losses.

21 (2) LIMITATION.—Not more than 3 members of
22 the Advisory Panel may represent a single employee
23 organization, council, federation, alliance, associa-
24 tion, or affiliation of employee organizations.

1 (3) CHAIR.—The Board shall select a member
2 of the Advisory Panel appointed under paragraph
3 (1)(A) to serve as the Chair of the Advisory Panel.

4 (4) COMPENSATION.—

5 (A) IN GENERAL.—A member of the Advi-
6 sory Panel—

7 (i) may not receive pay by reason of
8 the service of the member on the Advisory
9 Panel; and

10 (ii) shall not be considered to be an
11 employee of the Federal Government solely
12 because of the service of the member on
13 the Advisory Panel.

14 (B) EXPENSES.—Notwithstanding sub-
15 paragraph (A), a member of the Advisory Panel
16 appointed under paragraph (1)(A) may be paid
17 expenses in accordance with section 5703 of
18 title 5, United States Code.

19 (c) DUTIES.—The Advisory Panel shall—

20 (1) advise the Board on how, consistent with
21 the fiduciary duties of the Board, the Board can im-
22 plement investment strategies in a manner that
23 aligns with the United States' goal to achieve net
24 zero greenhouse gas emissions not later than 2050;

1 (2) identify possible investment opportunities in
2 clean and renewable energy and other emerging in-
3 dustries that would maximize returns;

4 (3) produce a comparative analysis comparing
5 the fiduciary efficacy and responsibility of existing
6 investment practices of the Board with the invest-
7 ment strategies described in paragraph (1); and

8 (4) advise the Board on how to identify, assess,
9 and manage the investment risks and opportunities
10 of climate change and prepare for a transition to a
11 low-carbon economy.

12 (d) EXAMINATION.—

13 (1) IN GENERAL.—In carrying out the duties of
14 the Advisory Panel under subsection (c), the Advi-
15 sory Panel shall examine the following:

16 (A) Economic and policy challenges facing
17 the fossil fuel industry over the short, medium,
18 and long term.

19 (B) Quantitative and qualitative analysis
20 and modeling of the economic impact of climate
21 change on Federal employee retirement pro-
22 grams, including diversification of investments,
23 risk tolerance, future economic and workforce
24 trends, new opportunities, expected losses, and
25 returns.

1 (C) The current state of, and outlook for,
2 low- and zero-carbon investment opportunities.

3 (D) The experiences, including perform-
4 ance analyses, of other pension funds and inves-
5 tors that have undertaken concerted strategic
6 efforts to divest from fossil fuel holdings in
7 order to maximize the efficacy and stability of
8 their assets while minimizing their climate-re-
9 lated risk exposure.

10 (E) Strategic options to address climate-
11 related investment risks through further efforts
12 to divest from fossil fuel holdings, including—

13 (i) transitioning to a low-carbon or
14 carbon-free benchmark index for all public
15 equities;

16 (ii) divesting from significant fossil
17 fuel holdings that are not responsible fidu-
18 ciary investments for beneficiaries; and

19 (iii) exploring the use of organizations
20 to de-risk investments in carbon dependent
21 funds.

22 (2) REPORT.—Not later than 1 year after the
23 date of enactment of this Act, the Advisory Panel
24 shall submit to the Board a report containing the

1 findings of the Advisory Panel, including the results
2 of the examinations performed under paragraph (1).

3 (e) CONSULTATION WITH FEMA.—The Advisory
4 Panel shall, in preparing the report required under sub-
5 section (d)(2), consult with the Administrator of the Fed-
6 eral Emergency Management Agency on any matters with-
7 in the jurisdiction of that Agency.

8 (f) REVIEW OF REPORT.—

9 (1) IN GENERAL.—If the Board, after reviewing
10 the report submitted by the Advisory Panel under
11 subsection (d)(2), determines that it would be finan-
12 cially profitable, and consistent with the fiduciary
13 duties of the Board, to implement low-carbon invest-
14 ment strategies, the Board shall establish a plan to
15 transition the investment practices of the Board ac-
16 cordingly.

17 (2) REPORT TO CONGRESS.—The Board shall
18 submit to Congress, including to the Office of the
19 Law Revision Counsel of the House of Representa-
20 tives, a report regarding the determination of the
21 Board under paragraph (1), including if the Board
22 is unable to determine that it would be financially
23 profitable, and consistent with the fiduciary duties of
24 the Board, to implement low-carbon investment
25 strategies.

1 (g) TERMINATION.—Notwithstanding section 1013 of
2 title 5, United States Code, the Advisory Panel shall ter-
3minate upon submitting the report required under sub-
4section (d)(2).

5 (h) AUTHORIZATION OF APPROPRIATIONS.—There
6 are authorized to be appropriated not more than \$500,000
7 for the Advisory Panel to comply with the requirements
8 of chapter 10 of title 5, United States Code, including by
9 ensuring that the Advisory Panel will have—

10 (1) adequate staff and quarters; and

11 (2) funds available to meet the other necessary
12 expenses of the Advisory Panel.

13 **SEC. 4. CLIMATE CHOICE STOCK INDEX FUND.**

14 (a) IN GENERAL.—Section 8438 of title 5, United
15 States Code, is amended—

16 (1) in subsection (a)—

17 (A) by redesignating paragraphs (4)
18 through (10) as paragraphs (7) through (13),
19 respectively;

20 (B) by redesignating paragraphs (1), (2),
21 and (3) as paragraphs (2), (4), and (5), respec-
22 tively;

23 (C) by inserting before paragraph (2), as
24 so redesignated, the following:

1 “(1) the term ‘Climate Choice Stock Index
2 Fund’ means the Climate Choice Stock Index Fund
3 established under subsection (b)(1)(G);”;

4 (D) by inserting after paragraph (2), as so
5 redesignated, the following:

6 “(3) the term ‘entity’ means any sole propri-
7 etorship, organization, association, corporation, part-
8 nership, joint venture, limited partnership, limited li-
9 ability partnership, limited liability company, or
10 other business association, including any wholly
11 owned subsidiary, majority-owned subsidiary, par-
12 ent-country national, or affiliate of the business as-
13 sociation, that exists for the purpose of making prof-
14 it;”;

15 (E) by inserting after paragraph (5), as so
16 redesignated, the following:

17 “(6) the term ‘fossil fuel entity’ means any en-
18 tity—

19 “(A) with proven carbon reserves; or

20 “(B) that explores for, extracts, processes,
21 refines, or transmits coal, oil, gas, oil shale, or
22 tar sands;”;

23 (2) in subsection (b)—

24 (A) in paragraph (1)—

1 (i) in subparagraph (E), by striking
2 “and” at the end;

3 (ii) in subparagraph (F), by striking
4 the period at the end and inserting “;
5 and”; and

6 (iii) by adding at the end the fol-
7 lowing:

8 “(G) a Climate Choice Stock Index Fund
9 as provided in paragraph (6).”; and

10 (B) by adding at the end the following:

11 “(6)(A) The Board shall select an index which
12 is a commonly recognized index comprised of com-
13 mon stock.

14 “(B) The historical performance of the index
15 selected under subparagraph (A) shall be comparable
16 to that of the other investment funds and options
17 available under this subsection.

18 “(C) The Climate Choice Stock Index Fund
19 shall be invested in a portfolio that is designed—

20 “(i) to replicate the performance of the
21 index selected under subparagraph (A);

22 “(ii) such that, to the extent practicable,
23 the percentage of the Climate Choice Stock
24 Index Fund that is invested in each stock is the
25 same as the percentage determined by dividing

1 the aggregate market value of all shares of that
2 stock by the aggregate market value of all
3 shares of all stocks included in the index se-
4 lected under subparagraph (A); and

5 “(iii) to ensure that no investment in the
6 portfolio is an investment with respect to a fos-
7 sil fuel entity.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 subsection (a) shall take effect—

10 (1) only if the Federal Retirement Thrift In-
11 vestment Board, in the report submitted under sec-
12 tion 3(f)(2), indicates that the Board is unable to
13 determine that it would be financially profitable, and
14 consistent with the fiduciary duties of the Board, to
15 implement low-carbon investment strategies; and

16 (2) on the date on which the Board submits the
17 report described in paragraph (1).

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