

118TH CONGRESS  
2D SESSION

# S. 3922

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.

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IN THE SENATE OF THE UNITED STATES

MARCH 12, 2024

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Homeland Security and Governmental Affairs

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## 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,*

1 **SECTION 1. SHORT TITLE.**

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

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

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

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

17 (2) property and land damage from rising sea  
18 levels and extreme weather; and

19 (3) the costs associated with natural disaster  
20 relief and mitigation.

21 **SEC. 3. FEDERAL ADVISORY PANEL ON THE ECONOMICS OF**  
22 **CLIMATE CHANGE.**

23 (a) **ESTABLISHMENT.**—The Federal Retirement  
24 Thrift Investment Board (referred to in this section as the  
25 “Board”) shall establish a panel to be known as the “Fed-

1 eral Advisory Panel on the Economics of Climate Change”  
2 (referred to in this section as the “Advisory Panel”).

3 (b) MEMBERSHIP.—

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

7 (A) 3 members shall be chosen from  
8 among individuals generally recognized for im-  
9 partiality, knowledge, and experience in the  
10 field of labor relations and pay policy.

11 (B) 6 members shall be chosen from  
12 among individuals with expertise in local, na-  
13 tional, or transnational financing that seeks to  
14 insulate financial holdings from climate-related  
15 risks and losses.

16 (2) LIMITATION.—Not more than 3 members of  
17 the Advisory Panel may represent a single employee  
18 organization, council, federation, alliance, associa-  
19 tion, or affiliation of employee organizations.

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

23 (4) COMPENSATION.—

24 (A) IN GENERAL.—A member of the Advi-  
25 sory Panel—

1 (i) may not receive pay by reason of  
2 the service of the member on the Advisory  
3 Panel; and

4 (ii) shall not be considered to be an  
5 employee of the Federal Government solely  
6 because of the service of the member on  
7 the Advisory Panel.

8 (B) EXPENSES.—Notwithstanding sub-  
9 paragraph (A), a member of the Advisory Panel  
10 appointed under paragraph (1)(A) may be paid  
11 expenses in accordance with section 5703 of  
12 title 5, United States Code.

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

14 (1) advise the Board on how, consistent with  
15 the fiduciary duties of the Board, the Board can im-  
16 plement investment strategies in a manner that  
17 aligns with the goal of the United States to achieve  
18 net zero greenhouse gas emissions not later than  
19 2050;

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

23 (3) produce a comparative analysis comparing  
24 the fiduciary efficacy and responsibility of existing

1 investment practices of the Board with the invest-  
2 ment strategies described in paragraph (1); and

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

7 (d) EXAMINATION.—

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

11 (A) Economic and policy challenges facing  
12 the fossil fuel industry over the short, medium,  
13 and long term.

14 (B) Quantitative and qualitative analysis  
15 and modeling of the economic impact of climate  
16 change on Federal employee retirement pro-  
17 grams, including diversification of investments,  
18 risk tolerance, future economic and workforce  
19 trends, new opportunities, expected losses, and  
20 returns.

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

23 (D) The experiences, including perform-  
24 ance analyses, of other pension funds and inves-  
25 tors that have undertaken concerted strategic

1 efforts to divest from fossil fuel holdings in  
2 order to maximize the efficacy and stability of  
3 their assets while minimizing their climate-re-  
4 lated risk exposure.

5 (E) Strategic options to address climate-  
6 related investment risks through further efforts  
7 to divest from fossil fuel holdings, including—

8 (i) transitioning to a low-carbon or  
9 carbon-free benchmark index for all public  
10 equities;

11 (ii) divesting from significant fossil  
12 fuel holdings that are not responsible fidu-  
13 ciary investments for beneficiaries; and

14 (iii) exploring the use of organizations  
15 to de-risk investments in carbon dependent  
16 funds.

17 (2) REPORT.—Not later than 1 year after the  
18 date of enactment of this Act, the Advisory Panel  
19 shall submit to the Board a report containing the  
20 findings of the Advisory Panel, including the results  
21 of the examinations performed under paragraph (1).

22 (e) CONSULTATION WITH FEMA.—The Advisory  
23 Panel shall, in preparing the report required under sub-  
24 section (d)(2), consult with the Administrator of the Fed-  
25 eral Emergency Management Agency on any matters with-

1 in the jurisdiction of the Federal Emergency Management  
2 Agency.

3 (f) REVIEW OF REPORT.—

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

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

21 (g) TERMINATION.—Notwithstanding section 1013 of  
22 title 5, United States Code, the Advisory Panel shall ter-  
23minate upon submitting the report required under sub-  
24 section (d)(2).

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

6 (1) adequate staff and quarters; and

7 (2) funds available to meet the other necessary  
8 expenses of the Advisory Panel.

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

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

12 (1) in subsection (a)—

13 (A) by redesignating paragraphs (4)  
14 through (10) as paragraphs (7) through (13),  
15 respectively;

16 (B) by redesignating paragraphs (1), (2),  
17 and (3) as paragraphs (2), (4), and (5), respec-  
18 tively;

19 (C) by inserting before paragraph (2), as  
20 so redesignated, the following:

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

24 (D) by inserting after paragraph (2), as so  
25 redesignated, the following:



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

10                   (E) by inserting after paragraph (5), as so  
11                   redesignated, the following:

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

14                   “(A) with proven carbon reserves; or

15                   “(B) that explores for, extracts, processes,  
16                   refines, or transmits coal, oil, gas, oil shale, or  
17                   tar sands;” and

18           (2) in subsection (b)—

19                   (A) in paragraph (1)—

20                           (i) in subparagraph (E), by striking

21                           “and” at the end;

22                           (ii) in subparagraph (F), by striking

23                           the period at the end and inserting “;

24                           and”; and

1 (iii) by adding at the end the fol-  
2 lowing:

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

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

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

9 “(B) The historical performance of the index  
10 selected under subparagraph (A) shall be comparable  
11 to that of the other investment funds and options  
12 available under this subsection.

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

15 “(i) to replicate the performance of the  
16 index selected under subparagraph (A);

17 “(ii) such that, to the extent practicable,  
18 the percentage of the Climate Choice Stock  
19 Index Fund that is invested in each stock is the  
20 same as the percentage determined by dividing  
21 the aggregate market value of all shares of that  
22 stock by the aggregate market value of all  
23 shares of all stocks included in the index se-  
24 lected under subparagraph (A); and

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

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

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

12          (2) on the date on which the Board submits the  
13          report described in paragraph (1).

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