

TPPF: Keep Politics Out of Texas Pensions

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Today, TPPF's Life:Powered released a new research paper analyzing the infiltration of ESG into Texas pension systems through the firms they hire to assist them with voting their shares in corporate elections, also known as proxy voting.

"Keeping Politics Out of Texas Pensions Through Proxy Voting Reform" is a timely analysis showing how lax oversight by Texas pensions has allowed proxy advisors to use Texas shares to support political causes and undermine Texas businesses.

"The use of proxy votes to influence corporate action is rooted in the basic premise of capitalism that the shareholders, that is, the owners of the company, should have a direct say in the company's operations when appropriate. However, in recent years, environmental activists have seized on this process as a way to insert their politics into corporate decision-making," said Life:Powered's policy director, **Brent Bennett**, Ph.D. "The financial stability of Texas pensions and the activities of many Texas businesses are being harmed by the wave of political activism overtaking the finance industry. Texas pensions must stand apart from that wave and send a clear message that Texas will not support these efforts to politicize every aspect of corporate activities."

"The invasion of ESG into our pensions must stop," said Senator **Bryan Hughes**. "Pension Fund managers are messing with money that belongs to Texas retirees, and so are undermining the Texas economy. If you're managing that money, you owe it to the people of Texas to be maximizing shareholder returns. This research shows just how managers are playing politics with money and why it needs to stop."

Key Points:

Texas pensions, while not openly supporting political agendas in their investment activities, have been influenced by the wave of political activism within the finance industry and need to develop tools to ensure they are not supporting such activism.

The infiltration of politics into Texas pensions is derived from the following realities:

- Consolidation in the finance industry has enabled progressive political activists to coopt the industry to advance their agenda on issues ranging from climate change to abortion. This activism undermines the financial performance of American businesses, our democratic institutions, and our market economy.
- Texas pensions, while not active promoters of environmental, social, and governance (ESG) investing, are still being brought into ESG trends through the actions of advisors and consultants that they use.

- The feedback loop between public opinion, government policy, and corporate actions must be broken to prevent the continued takeover of the means of production by government and crony corporatists.

State agencies and pensions should not become counter-activists to the ESG movement but must ensure laser focus on fiduciary duty. The Texas Legislature, in turn, should establish more clarity in statute that any promotion of social or political goals, either through proxy voting or investment choices, violates the pensions' fiduciary standard. Greater transparency and accountability with regard to the investing activities and proxy voting of Texas pensions will ensure that political activism does not harm Texas pensioners, taxpayers, and businesses.

View the full research paper [here](#).