



REPRESENTATIVE CINDY GOLDING  
IOWA HOUSE DISTRICT 83

## UNDER THE GOLDEN DOME:

### *This Week at the Capitol:*

The Iowa House released their first 13 bills of the 2023 Legislative Session, getting straight to work on top priorities for the caucus. Our caucus now represents part or all of all 99 of Iowa's 99 counties and are in a better position than ever to listen to Iowans all across the state and legislate accordingly. This week, we introduced our first bills of the legislative session, based directly on the conversations our members had with their constituents leading up to session. We'll continue to keep you updated and explain more about these proposals as they make their way through the legislative process.

### *State Government*

#### **What are ESG Policies?**

You may have noticed an increased amount of coverage in the news and headlines for something called ESG investing. What exactly is ESG and what does it mean for the state of Iowa?

ESG is a set of criteria for evaluation and scoring a company based on metrics beyond the traditional financial performance metrics. Each letter stands for a set of factors; **environmental**, **social**, and, **governance**. Under the Biden administration, the prevalence of such scores and policies in the private sector have risen giving larger influence to companies based on how “green” the company wants to be or how committed to “Diversity, Equity and Inclusion” the company is and not solely their financial performance.

When the environmental aspect of these scores are being compiled, they consider a company’s environmental impact. Things such as carbon emissions, carbon offset policies, and *pledges* to

climate action agendas such as reaching net zero emissions. Several high-profile asset management firms are divesting from fossil fuels in a form of economic boycotts to push green policies that couldn't pass through legislative measures in Congress. Companies who are not committing to decarbonization policies are having a harder time getting investments.

When considering social scores of a company these ESG ratings demand more adherence to diversity quotas, social justice messaging, and critical race training for employees.

Governance is the last aspect of the ESG score and sounds the most reasonable when a financial firm looks at investing in a company. However, governance has blended more with social issues than purely whether a company has sound governance principles that ensure a company's success. The compilation of a company's board of directors is scored based on its *diversity* of its members and not the *qualification* of its members. One of the more egregious examples, ESG rating company Truvalue Labs gave recently collapsed cryptocurrency company FTX a higher governance rating than Exxon/Mobil. If you aren't familiar with FTX, they are the cryptocurrency platform charged by the Securities and Exchange Commission of defrauding its investors of \$1.8 billion dollars and its collapse has been described as worse than the Enron collapse.

The prevalence of these ESG scores and policies could pose a potential negative effect to the bottom line of Iowa's public funds. The public employee pension systems are the largest collection of public funds. **IPERS** (\$40.13 billion), **Municipal Fire and Police Retirement System** (\$2.59 billion), **Iowa Peace Officers Retirement System** (\$700 million), **Judicial Retirement System** (\$254.2 million). These pension systems are allowed to hire external investment managers to act on behalf of the pension funds. Each system has set investment policies for the fund, required evaluations of the performance of the investment managers, and if necessary to perform corrective measures.

Iowa Code could be amended to set strict guidelines for public funds that only financially material concerns are factored into decision making for public fund action. Additional annual reports requiring explanation of proxy votes could increase transparency.

## *Veterans Affairs*

### **Iowa Veterans Trust Fund Annual Report Released**

The Iowa Veterans Commission released its annual report on the status of the Iowa Veterans Trust Fund.

Currently the Trust Fund has \$38.5 million. Annually the Iowa Lottery transfers \$2.5 million to the Trust Fund based on proceeds. Additionally, the Trust Fund accumulates interest that

increases the balance.

Recently, the Iowa Commission of Veterans Affairs has revised the eligibility requirements for veterans seeking assistance through the Iowa Veterans Trust Fund. These changes can be found Last session, the Iowa House unanimously passed legislation to increase the allotment the Iowa Veterans Commission can provide to veterans. The bill did not proceed in the Senate. The House will again pursue this bill this session.

Our Iowa veterans stepped up to serve our country and they deserve our support when they return back home.



Representative Cindy Golding signs her Oath of Office on opening day of Session and was blessed to have her family in attendance!



Several events to go to this week.



Serving as Vice Chair in Local Government Committee for the 1st time, with Representative Shannon Latham as Chair.



It was an honor to meet the Chief Justice Susan Christensen on Wednesday.



So glad for Tish Young who received the Outstanding Anti-Trafficking Services Award from Governor Reynolds.

