COMMITTEE ON EDUCATION & WORKFORCE
CHAIRMAN TIM WALBERG

COMMITTEE STATEMENT

Opening Statement of Rep. Rick Allen (R-GA), Chairman
Subcommittee on Health, Employment, Labor, and Pensions
Investing for the Future: Honoring ERISA's Promise to Participants
April 30, 2025

(As prepared for delivery)

Today's hearing is about protecting the retirement savings of American workers from the previous administration's attempt to water down ERISA's cornerstone fiduciary principle that investments are made in the financial interests of workers and retirees. During President Trump's first administration, the Department of Labor (DOL) finalized rules with clear guidelines on investing and proxy voting. But the Biden-Harris administration revoked those protective rules and replaced them with weak rules that threatened the retirement savings of Americans.

As justification for revoking the Trump administration's rules, the Biden-Harris DOL was misleading. Some would say they outright lied. At that time, DOL said its rule was needed to clear up "any uncertainty surrounding whether a fiduciary under ERISA may consider ESG and other factors in making investment and proxy voting decisions" under the Trump rule's standard. The Biden-Harris administration repeatedly cited concerns and "confusion" raised in secret by unnamed stakeholders regarding "whether climate change and other ESG factors may be treated as monetary factors" under the Trump rule.

The misleading justifications the Biden-Harris DOL gave for revoking the Trump rule ranged from cherry picking history to outright misstating the facts. DOL's real aim was to cast doubt on the Trump rules to bolster credibility for its own abrupt break with ERISA's core fiduciary duties. By creating an overly broad tie-breaker rule, the Biden-Harris administration allowed retirees' savings to be used to finance the latest pet policy goals of the left. In fact, the previous administration stated in the preamble to the proposed rule: "For many years, the Department's non-regulatory guidance has recognized that, under the appropriate circumstances, ERISA fiduciaries can make investment decisions that reflect climate change and other ESG considerations, including climate-related risk, and choose economically targeted investments selected, in part for benefits apart from their investment return." This statement is so far from ERISA's duty of loyalty and the Supreme Court's express statement of ERISA's duty of loyalty that it calls for immediate action to protect the retirement savings of American workers. Americans invest to secure their future, not to fund the Green New Deal or Leftist pet projects. Fiduciaries governed by ERISA should not be allowed to make investments they know will not pay off. A fiduciary's most important responsibility is to make investments that are in the financial interests of workers and retirees.

The mission of DOL's Employee Benefits Security Administration is to ensure the retirement, health, and other workplace benefits of America's workers and their families. Instead of upholding this mission, the Biden-Harris administration's DOL deliberately confused investing for the purpose of providing benefits with attempting to invest to advance partisan social and political goals.
Congress reacted swiftly. Within the first three months of 2023, the House and the Senate passed a *Congressional Review Act* resolution to nullify the Biden-Harris administration's ESG and proxy voting rule. However, when the CRA resolution reached President Biden's desk, he vetoed it.

And last week, I introduced the *Protecting Prudent Investment of Retirement Savings Act*, which seeks to codify that those who manage other people's retirement savings under ERISA must prioritize maximizing returns for a secure retirement rather than political or social impact using risky ESG factors.

Americans' hard-earned retirement savings should never be jeopardized by politically-motivated mismanagement. Unfortunately, the Biden-Harris administration made this possible with an overreaching rule that allows fiduciaries to aggressively invest retirees' money in ESG funds—which often charge steeper fees, carry higher risk, and have lower returns. The *Protecting Prudent Investment of Retirement Savings Act* would codify that retirement plan sponsors must make investment decisions solely based on financial returns—ensuring Americans' hard-earned savings are invested sensibly.

I look forward to discussing this legislation and other efforts to protect ERISA plan participants saving for their retirement.