

SD 21-31

***INVESTMENT PLAN FOR PURDUE
ENDOWMENT***

FOR VOTE – 4/18/22

University Policy Resources Committee and Faculty Sustainability
Committee

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Proposal - no edits from March

To represent the voice of the faculty

- Acknowledges a broader movement amongst universities (and companies) globally to divest their endowments from fossil fuels, invest in renewable energy and technologies
 - Illinois, Michigan, Rutgers, Harvard, University of California System, many more...
- Calls for the development of a Renewable Resource Investment Plan (based on Michigan BOT plan):
 - Timeline to transition to net-zero GHG
 - Concentrate energy-related investments in renewable energy
 - Discontinue direct investments in companies that are largest contributors to GHG
 - Discontinue investing in funds focused on oil reserves, oil extraction, thermal coal extraction
- Requests the plan by June 30 2023 (end of next fiscal year).

Concerns from some constituents

- Some faculty are conducting research in fossil fuel areas. Students are hired by oil/gas companies. Companies donate to Purdue.
 - This would not threaten those relationships, just as our current investments in fossil fuel companies do not threaten the relationships faculty and students have with companies based on renewable technologies.
- Oil/gas companies are critical to our economy right now.
 - The International Institute for Sustainable Development reports that the United States provides high levels of direct budgetary transfers and forgo(es) tax revenue for domestic coal - almost \$1B on average between 2017-2019. [1]
- If one participates in the fossil fuel economy, such as by driving a car/flying, then such a proposal is hypocritical
 - The fossil fuel industry has advocated a rhetoric of individual responsibility for climate change to distract attention from their outsized corporate responsibility. [2]
 - We need large changes at scale to produce infrastructure that makes individual responsibility more possible.

[1] <https://www.iisd.org/system/files/2020-11/g20-scorecard-report.pdf>

[2] Lamb et al (2020) "Discourses of climate delay" in *Global Sustainability*, 3(17), DOI: <https://doi.org/10.1017/sus.2020.13>
Supran and Oreskes, (2021) "Rhetoric and frame analysis of ExxonMobile's climate change communications" in *OneEarth* 4(5) 696-719, <https://doi.org/10.1016/j.oneear.2021.04.014>

Concerns from some constituents

- We should increase investments in renewable technologies without decreasing investments in fossil fuels
 - The latest IPCC report (Monday, April 4, 2022) concludes that deep cuts in CO2 emissions are needed. We can no longer ignore CO2 emissions from fossil fuels.
- The four specific points are too specific and run roughshod over important nuances, like biofuels are renewable but don't decrease GHG emissions.
 - The legislation does not compel PRF to do this. It instead represents the voice of the faculty.

Concerns from some constituents

- Concerns about the specificity of the 4 points in the proposal (paraphrased):
 - We should prioritize reducing the environmental footprint of energy without pricing low-income consumers out of the market, while protecting the integrity of the Endowment.
 - Net-zero GHG is important, but so is curbing water pollution. Some renewable energy sources can help both at moderate cost. But doing so would push solar into farmland and reignite a food/energy tradeoff that affects low-income people disproportionately. So replacing coal partly with natural gas could ease the food vs energy tradeoff while reducing GHGs.
 - Not all renewables are created equal. Biofuels are renewable but with a likely negative environmental footprint. We need solutions that reduce GHG, reduce energy cost, have limited impact on water, doesn't displace agricultural production
 - While a change of investment strategy might not have national or even regional effects, it could have local effects. Given this is a statement of principles more than an actionable plan, why not declare the principle to balance the environment, more broadly defined, with other desirable goals?

Letter distributed to the University Senate on 4/15/22

From Senators Brush, McConnell, Campion, and Koltick

I sent a longer response on Friday night, 4/15/22.

1. Is this document at odds with SD 21-30?
 - No. The Statement on Government acknowledges that the Board of Trustees are the stewards of the endowment. This is the Board's area of primary responsibility. The Endowment is not an area of primary responsibility for the Faculty. Therefore the document represents the voice of the Faculty. It provides information to the Board. It does not compel the Board to do anything, even to request a plan from PRF.
 - The Statement on Government does recommend faculty be involved in short- and long-range budgetary planning.
2. Have the endowment managers been asked whether proposal SD 21-31 will raise their costs?
 - We asked them a number of questions. They declined to reply.
3. Have the endowment managers been asked whether they expect to have lower returns on the funds they invest when implementing this proposal?
 - See answer above.

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4. What cuts would the Senate propose in the budget of Purdue University to offset these lost funds?
 - It is presumptive to assume that a divestment/investment strategy would lose funds.
 - It is not the Senate's place to dictate how either a deficit or indeed a surplus should be managed. However, faculty could give input on this matter should it arise (as provided for in the Statement on Government).

Final thoughts

- This is a statement of principle.
- It represents the voice of the faculty.
- It does not compel anyone to do anything, given our area of primary responsibility
- It asks for a plan. The Board can decide to ask for a plan or not, and can decide to enact the plan, or not.
- We are in good company.
- We are running out of time and need all hands on deck. This is one such effort.