Developing an Invest/Divest Plan for the Endowment SD 21-31

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Four Points on Stakeholder Instead of Shareholder Investing at Purdue

1)The AAUP document in SD 21-30 “shared governance proposal” seems to indicate explicitly that the “board should husband the endowment”, ie. board and president as its agent and not the Senate.

2) We estimate that on a 2.6 Billion endowment, costs will be raised by a minimum of $1.5 million if 1/5 of funds are in ESG (Environmental, Social and Governance) Indexes with higher .34% “cost loads” to administer these funds due to their complexity.

Higher Costs, Lower Returns and Budget Cuts

- 3) Returns on investments will be lowered if Endowment Managers are forced to a) exit some sectors and are required to enter others and b) have less flexibility to time their investments and divestments. For example, oil and gas sectors were the highest returning sectors in S&P in 2021 and so far in 2022.
- 4) Not even including expected lower returns, our minimum increase in costs of $1.5 million would wipe out a 2.5% raise pool on $60 million in staff salaries. If not these, what other cuts would the Senate propose to offset these lost funds?