

Full Divestment of Public Pensions from Fossil Fuels
(submitted by the Environmental Justice Committee)

Whereas, scientists agree that the burning of fossil fuels has raised the earth's temperature and, if left unchecked, would flood coastal areas, displacing and destroying lives all across the globe; and

Whereas, the latest UN Intergovernmental Panel on Climate Change reports that the earth has only 12 years to quickly shift from a fossil fuel-based energy economy if it is to avoid disastrous tipping points; and

Whereas, at the UN Summit on climate change in December 2015 nations recognized their common moral obligation and agreed to reduce using fossil fuels in order to limit further temperature increases to 1.5-2 C degrees; and

Whereas, Governor Cuomo and Mayor deBlasio have both pledged to divest the state's and the city's pensions from investments in fossil fuels; and

Whereas, the health and safety of us all requires that 80% of the industry's 2,795 gigatons of coal, oil and gas reserves, five times the amount that would be safe to use, remain in the ground; and

Whereas, the fossil fuel industry spends millions of dollars to lobby, fight and deny the well documented environmental health and safety consequences of extracting and burning fossil fuels at the current rate; and

Whereas, The Institute for Energy Economics reported that fossil fuel stocks have underperformed over the last five years as compared to the General Stock Index and that, as the economy shifts toward renewable energy, the fossil fuel industry is likely to be holding billions in "stranded assets" with stock prices likely to plummet quickly; (1) and

Whereas 1,000 institutions, including 100 colleges and universities, have already removed over \$8 trillion dollars from fossil fuel industries across the globe; and

Whereas, the Corporate Knights Report on New York State Pension Funds shows that fossil fuels have been, and will likely continue to be a poor investment for New York State Teachers Retirement System, the NYC Teachers Retirement System and other public employees pensions; (2) and

Whereas, most NYSUT members' retirement savings are in either the NYS Teachers Retirement System (TRS), NYC TRS, or with the N.Y. S. Common Retirement Fund; and

Whereas, many NYSUT higher education members are in the TIAA defined contribution plan; and

Whereas, divestment will weaken the fossil fuel industry's political power including its ability to borrow to increase its fossil fuel extraction and infra-structure; and

Whereas, pursuing renewable energy in N.Y.S. can produce thousands of decent paying jobs for New Yorkers; therefore be it

Resolved, that NYSUT urge NYS TRS to protect public pensions and divest from all fossil fuel holdings in keeping with their fiduciary responsibility; and be it further

Resolved, that NYSUT urge Comptroller DiNapoli to divest the NYS Common Retirement Fund he oversees from fossil fuels and consider investing in renewable energy, including community owned renewable power; and be it further

Resolved, that NYSUT and PSC urge TIAA to provide higher education members with investment alternatives, including equities, that exclude fossil fuel investments; and be it further

Resolved, that NYSUT publicize its support for divesting N.Y.S. pensions from the fossil fuel industry and its support for investing in renewable, clean energy.

Footnotes

1. The Financial Case for Fossil Fuel Divestment, Report of Institute for Energy Economics and Financial Analysis (IEEFA) by Tom Sanzillo, Director of Finance, IEEFA, Kathy Hipple, Financial Analyst, IEEFA, Clark Williams-Derry, Director of Energy Finance, Sightline Institute. (July 2018), http://ieefa.org/wp-content/uploads/2018/07/Divestment-from-Fossil-Fuels_The-Financial-Case_July-2018.pdf

While a diverse group of stakeholders have divested from fossil fuels for the sake of the planet.....often overlooked in the divestment debate is the financial case for divestment. This paper makes the case for divestment as a proper financial response by investment trustees to current market conditions and to the outlook facing the coal, oil and gas sectors. It is driven principally by the likelihood that future returns from the fossil fuel sector will not replicate past performance.

The financial case for fossil fuel divestment is strong. Over the past three and five years, respectively, global stock indexes without fossil fuel holdings have outperformed otherwise identical indexes that include fossil fuel companies. Fossil fuel companies once led the economy and world stock markets. They now lag.

2. Corporate Knights Report indicates NYS pensions would have been \$22Billion richer had it divested from fossil fuels. <https://www.corporateknights.com/channels/climate-and-carbon/divestment-made-ny-pension-fund-22b-richer-15386364/>

The general outperformance of fossil fuel-free i