



NEW YORK STATE SENATOR

Thomas F. O'Mara

Senator O'Mara's weekly column 'From the Capitol' ~ for the week of December 14, 2020 ~ 'Valor Glass vials holding hope for today, and a future warning'

THOMAS F. O'MARA December 14, 2020

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Senator O'Mara offers his weekly perspective on many of the key challenges and issues facing the Legislature, as well as on legislative actions, local initiatives, state programs and

policies, and more. Stop back every Monday for Senator O'Mara's latest column...

This week, "Valor Glass vials holding hope for today, and a future warning"

The headline of the week, the start of COVID-19 vaccinations across America, might at first appear unrelated to the state comptroller's announcement last week of divesting the New York State Pension Fund of investments in fossil fuel companies.

Under the surface, however, there's a connection between the two that's critical to the future of manufacturing in New York.

We have been hoping and praying for a COVID-19 vaccine. The fact that starting this week we're on the doorstep of widespread vaccinations is remarkable, faster than any time in history. The obvious point is that it will save and protect lives, but the arrival also holds even more that is important to our collective sense of hope, relief, and a true belief that we will find solid ground again and someday get back to normal.

Consequently, let's remember and pay tribute to the central role that Corning Incorporated is playing in this vaccine distribution that will dominate our attention and actions in the months ahead. You'll recall that back in June, the U.S. Department of Health and Human Services turned to Corning and awarded the company a contract to ramp up domestic production of Valor Glass vials as the primary vessel for holding these long-awaited vaccines.

Cornell CEO Wendell P. Weeks said at that time, "Corning is ready to do our part in the fight against the pandemic, as well as to help prepare for future public health emergencies."

In other words, without question it is a center stage production in American history. The pharmaceutical industry is entering uncharted territory and Corning's Valor Glass vials play a leading role in the safety, protection, quality, and speed of vaccine deliveries. Amazing.

Corning's manufacturing facility in Big Flats, Chemung County is literally going full blast to produce the vials that will deliver health and hope for Americans everywhere. An article in the latest edition of The New Yorker magazine notes, "A Corning factory in upstate New York is running around the clock to help meet the urgent demand."

It is a fascinating story and an historic effort – one in which all of us here at home can and should take enormous pride and satisfaction.

Furthermore, it showcases the preeminence of American manufacturing like little else in recent memory.

Even so, it's also a reminder how seemingly unrelated actions could have such an impact on the future of manufacturing in America, which leads to the state comptroller's announcement.

Because while workers at Corning's manufacturing facility are all systems go producing vials in Big Flats that will carry COVID-19 vaccines across the nation, state Comptroller Thomas DiNapoli dropped a significant announcement last week. He unveiled that the New York State Common Retirement Fund, the nation's third-largest and most solidly funded pension fund, currently valued at approximately \$226 billion, will move away from making investments in energy-sector companies in the fossil fuel industry, in what will be an ongoing, targeted reassessment of investing in, among others, natural gas exploration and production.

In other words, the comptroller's investment strategies are being driven by politics.

Pension fund divestment as a political weapon has long been eyed by the far-left, extreme-liberal wing of New York's Democrat party. I have long believed that divestment guided in any way whatsoever by political pandering poses a troubling threat to the strength of our state retirement fund, as well as to our state and national economy when companies are politically targeted.

Heading into 2021, however, this wing of the party is clearly entrenched in the highest levels of state government decision making – in the executive branch, in the office of the attorney general, certainly in the Senate and Assembly majorities and, as evidenced by this latest move, in the state comptroller's management of the pension fund.

Keep in mind that the office of comptroller, above all, has an independent, Constitutional responsibility and fiduciary duty as the sole trustee of the pension fund for the benefit of retirees and all member beneficiaries. In other words, it is an office that's supposed to steer clear of politics in administering the fund, with the primary objective of maximizing return on investment.

A comptroller's actions always impact the fund's investment returns and, ultimately, the burden on state and local taxpayers to meet the fund's current and future obligations. The pension fund has a targeted rate of return, which, if not met, the shortfall is made up by all taxpayers (whether you are in the retirement system or not). The state makes up the shortfall from all state taxpayers and local governments make up their portion with your sales and property taxes. Wrong moves by the comptroller risk serious and costly consequences for pension fund members, retirees, and all taxpayers.

There's plenty to unpack here. But at the moment, for me, it serves once again to highlight a central debate surrounding the future of energy in New York State and the nation.

Consider these two observations:

- 1.) Comptroller DiNapoli's divestment strategy will explicitly target (and influence) investment in natural gas exploration, development, and production.**
- 2.) Corning Inc.'s Valor Glass vials – vials that in the end will help see our nation and the world through this pandemic – are being produced at its factory in Big Flats with furnaces powered by natural gas.**

This scenario helps drive home a point I have raised many times in the past. The move toward renewable, sustainable sources of energy is underway, rightly so, and there's no turning back, nor should we. And the state should invest in alternative renewable and clean energy for the good of our environment and because it makes sense. Still, for the foreseeable future, there is simply no source of renewable energy on the horizon that could ever replace fossil fuels, in particular readily available and cheap natural gas, to heat our homes and allow for the high-load manufacturing that produces so many of the goods and services that we depend on.

American manufacturing, including prominent New York State manufacturers, cannot be competitive in a global economy and create good jobs for workers here at home without a supply of relatively inexpensive, plentiful energy that only natural gas currently provides. We have seen a significant increase in American manufacturing in recent years, in large part due to America's leadership position and innovation in natural gas production providing low-cost energy in a portfolio of energy supply which is cleaner than ever before.

There may well be a time to divest from fossil fuels, but the market should drive that move AND IT WILL as clean energy technology and availability meets the high-load demands of manufacturing. It can't be achieved simply as a desire to appease environmental zealots and there's great risk in proceeding that way to both manufacturing in New York and to taxpayers supporting an underperforming pension fund.

Corning's manufacturing of Valor Glass vials would not be possible at this critical moment in time without natural gas powering the factory's furnaces; nor would a plethora of other manufacturing in New York and America.

This timely example of the world we live in must remain a part of the larger debate and discussion moving forward.

There's amazing hope for today in the Valor Glass vials moving across America this week, and it deserves celebration.

There's also a warning for tomorrow.

These vials, and so much more in the foreseeable future, are not possible in the absence of energy policy that recognizes the need for common sense, caution, and a solid dose of realistic thinking.