

Testimony to the NY State Legislature on Divestment of Public Pension Funds from Fossil Fuel Holdings
Nancy Romer, PSC-CUNY, AFT local #2334

As members of the Professional Staff Congress of the City University of New York, AFT local #2334, an affiliate of New York State United Teachers (NYSUT), we urge the NY State public pension funds to divest from fossil fuel holdings. NY State must do everything it can, use every strategy available, to expand renewable energy and reject the support and, ultimately, the usage of fossil fuels.

According to the three major reports on climate change that have come out in the last six months—the Intergovernmental Panel on Climate Change, the 4th National Climate Assessment and the World Bank Report on Climate Change-- we have less than 12 years left to cut carbon emissions by over 50% and move toward 100% renewable energy by 2050. All these reports agree that if we do not reach these goals by these deadlines, Planet Earth will reach tipping points from which we will not be able to return. Those tipping points will spell ongoing disasters that will include much more frequent and powerful hurricanes, tornadoes, wildfires, desertification and tsunamis. We can expect more failed crops causing hunger and starvation, increased diseases and public health crises, massive increases in refugees unable to make a living in their home lands, and increased political and social conflicts catalyzed by this potential chaos. We know the facts and must act now. To do less is complete cowardice. This is the moral argument to rid the NY State public pension funds from all fossil fuels, turning our financial backs to the industry most hazardous to the future of our children and grandchildren and beyond.

But immediately and equally compelling is the financial argument that compels us to divest. According to the report by the Institute for Energy Economics and Financial Analysis (1), the health and safety of us all requires that 80% of the fossil fuel's 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. Fossil fuels stock values have been pinned to these very assets that should not be unearthed. Once the full impact of the various "Green New Deal" types of legislations take effect, fossil fuel stocks will clearly plummet. Those foolish enough to be holding on to those stocks will get burned. There is no way for the earth to flourish if these these assets are actually utilized. Those very assets in which NY State public pension funds invest MUST become stranded assets and thus will cause an enormous devaluation of those very fossil fuel stocks. Some in the investment industry believe that a 40-year track record stock performance will predict the future performance of those very stocks; but the political and physical climates have changed, rendering the future of those stocks on untenable ground.

Both the Institute for Energy Economics and Financial Analysis and the Corporate Knights reported that even over the last five years fossil fuel stocks have underperformed as compared to the General Stock Index, causing declining returns for pensioners. And, they both report, that as the economy shifts toward renewable energy, the fossil fuel industry is likely to be holding billions in stranded assets with prices likely to plummet precipitously. That reality requires the "fiduciary responsibility" of pension managers to pay attention to the direction in which the fossil fuel industry must go—and it must go down. Once that

recognition is more wide-spread, we will see a tumbling of fossil fuel stock values that will dramatically decrease the value of NYS public pension funds and thus harm our present and future retirees. In an enormous system that affects the financial lives of millions of New Yorkers, with families and communities dependent upon those pensions, we cannot knowingly continue to invest in such dangerous holdings.

In addition, there are multiple lawsuits against the major fossil fuel corporations—youth, cities, victims of fracking accidents and pipelines leaking or exploding—all seeking damages, charging that the fossil fuel corporations have, for the last 40 years, suppressed public knowledge that their product will cause climate change. These suits will undoubtedly threaten their bottom lines and decreasing the value of their stocks.

The PSC is bringing a resolution to NYSUT, our state-wide affiliate, and the statewide teachers' union for their support requesting that NY State public pension funds divest from fossil fuel stocks, and to begin that process now. We understand that the process to divest might take some time to complete, given the rules protecting public pension funds. But an announcement declaring the intention of the NY State public pension funds to divest can and should happen now.

It is hubris to think that “stockholder engagement” will make Exxon Mobil, et.al., change their basic business model of advancing the development and use of fossil fuels. Since the 1970's ExxonMobil has known that fossil fuels are the main cause of global warming leading to climate change; they have suppressed that information from becoming widely public, spent millions of dollars on lobbyists and political campaign contributions to control the narrative and continue public and popular support for fossil fuels. Now is the time to stop that insanity and face the future. What will you tell your grandchildren? What will be your stance on saving our species and well-being on this planet when you had the chance to have an impact?

We know that divestment of fossil fuel holdings is just one of many strategies to protect us from the worst ravages of climate change. But it is the one we can do right here, right now in NY State. Let's again be leaders and move toward total divestment of fossil fuel holdings for our sacred NY State public pensions. Our public servants have worked hard for our pensions; we want them to be robust for us when we need them. And we want a livable planet for future generations. We can have both. Right now we can act against the fossil fuel industry and for the well-being of our public servants. The time is now.

Footnotes:

1) The Financial Case for Fossil Fuel Divestment, Report of the 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

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