

Resolution Calling for CalPERS Fossil Fuel Divestment

Date: XXX, 2021

- 1 Whereas: “Global climate change has already had observable effects on the environment. Glaciers
2 have shrunk, ice on rivers and lakes is breaking up earlier, plant and animal ranges have
3 shifted, and trees are flowering sooner. Effects that scientists had predicted in the past
4 would result from global climate change are now occurring: loss of sea ice, accelerated sea-
5 level rise and longer, more intense heat waves¹,” and,
- 6 Whereas: Climate change is an issue of environmental justice, disproportionately impacting Indigenous
7 communities, communities of color, and low wealth communities, including many people
8 within our immediate Cal State LA community, due to historical and ongoing oppression,
9 power inequities, and lack of access to resources for prevention and relief; and,
- 10 Whereas: Climate change will continue to disproportionately harm current and emerging generations
11 of Cal State LA students, a reality which conflicts with our faculty’s dedication to improving
12 their lives and futures; and,
- 13 Whereas: The International Panel on Climate Change concluded in 2018 that we have 12 years to
14 make dramatic cuts in the use of fossil fuels (coal, oil, gas and tar sands) if we are to keep
15 warming to 1.5°C and avoid more catastrophic change; and,
- 16 Whereas: The United Nations Paris climate change conference – which the US government has
17 rejoined – ended with an agreement to work to reduce greenhouse gas emissions to keep
18 global temperature increases “well below 2 degrees C²”. To reach this goal, total carbon
19 emissions must be strictly limited, meaning that approximately 80% of known existing fossil
20 fuel resources must not be extracted, burned, or flared; and,
- 21 Whereas: Due to climate change and the steps that countries around the world are taking to address it,
22 continuing to invest in fossil fuel (coal, gas, and oil, including tar sands) companies
23 represents an increasingly uncertain and risky investment of our California Public Employee
24 Retirement System (CalPERS) retirement funds³; and,
- 25
26 Whereas The Institute for Energy Economics and Financial Analysis reports that fossil fuel stocks
27 have underperformed the S & P 500 for a decade and in 2018, “every other sector
28 outperformed oil and gas”⁴; and,

¹ National Aeronautics and Space Administration (NASA). 2019. The Effects of Climate Change. Retrieved from <https://climate.nasa.gov/effects/> on September 11, 2019.

² United Nations Climate Change. 2018. The Paris Agreement. Retrieved from <https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement> on September 13, 2019.

³ Hong, Shannon; de Hemptinne, Alexandra; Jankoska, Sara; Wu, Lillian; Emerson, Sandy; Cox, Janet; and, Brown, Claire. 2019. *Analyzing the Financial Risk of Holding Fossil Fuel Assets in CalPERS’ Portfolio*. Retrieved from <https://fossilfreeca.org/wp-content/uploads/2019/06/CalPERS-Fossil-Fuel-Risk-new.pdf> on September 11, 2019.

⁴ Sanzillo, Tom and Hipple, Kathy. 2019. Fossil Fuel Investments: Looking Backwards May Prove Costly to Investors in Today’s Market: Money Managers Need to Recognize Poor Performance and Offer Fossil-Free Options. *Institute for Energy Economics and Financial Analysis (IEEFA)*. Retrieved from <http://ieefa.org/wp-content/uploads/2019/02/Divestment-Brief-February-2019.pdf> on September 13, 2019.

29 Whereas: The value of fossil fuel stocks is largely based on their known reserves of oil and gas. To
30 effectively address climate change, most of those reserves must remain in the ground, never
31 to be used. At some point, as the world shifts to renewable energy, these investments will be
32 unable to make a profit, and the value of fossil fuel stocks will tumble. These fossil fuel
33 assets are then considered “stranded assets” in what is known as the “Carbon Bubble,” and
34 it makes fossil fuel stocks risky as a continuing investment⁵; and,

35 Whereas: State Treasurer and ex officio CalPERS Board Member Fiona Ma correctly stated on
36 September 10, 2019, that, “Where we invest our money reflects our values, and we should be
37 valuing a clean energy future for California.”⁶ While she has not taken a position on
38 CalPERS divestment, Ma also sits on the CalSTRS board, and on September 10 called on
39 CalSTRS to divest from fossil fuels⁷; and,

40 Whereas: Divestment in specific segments or business operations by CalPERS is already standard
41 practice and is specifically allowed by the California Constitution⁸; and,

42 Whereas: CalPERS is prohibited by law already from investing public employee retirement funds in
43 thermal coal companies (coal used to generate electricity as opposed to producing steel)⁹;
44 and,

45 Whereas CalPERS has resisted divesting from fossil fuel companies, instead favoring owning fossil
46 fuel stocks and engaging in “shareholder engagement” to change fossil fuel companies. But
47 over two decades of shareholder engagement has completely failed to bring about needed
48 changes, while the fossil fuel industry remains the single most powerful obstacle to
49 addressing climate change; and,

50 Whereas: CalPERS is the nation’s largest public pension fund and the actions it takes in its
51 investments can make a critical difference. A study from Oxford University about previous
52 divestment movements concerning South African apartheid, tobacco, Darfur and more,
53 found that they had all succeeded in weakening the political power of their target, and had
54 won government action¹⁰; and,

⁵ Harvey, Fiona. 2018. What is the Carbon Bubble and What Will Happen If It Bursts? *The Guardian* June 4, 2018. Retrieved from <https://www.theguardian.com/environment/2018/jun/04/what-is-the-carbon-bubble-and-what-will-happen-if-it-bursts> on September 13, 2019.

⁶ California State Treasurer. 2019. State Treasurer Fiona Joins Public School Students and Teachers in Demanding Fossil Fuel Divestment by CalSTRS. September 10, 2019. Retrieved from <https://www.treasurer.ca.gov/news/releases/2019/20190910/79.asp>.

⁷ Jacobius, Arleen. 2019. California Treasurer Calls on CalSTRS to Divest from Fossil Fuels. *Pensions and Investments* Retrieved from <https://www.pionline.com/pension-funds/california-treasurer-calls-calstrs-divest-fossil-fuels> on September 13, 2019.

⁸ California Senate Bill No. 185 (2015). Legislative Counsel’s Digest. Retrieved from https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=201520160SB185 on September 11, 2019.

⁹ Ibid.

¹⁰ Ansar, Atif; Caldecott, Ben; and, Tilbury, James. 2013. *Stranded Assets and the Fossil Fuel Divestment Campaign: What Does Divestment Mean for the Valuation of Fossil Fuel Assets?* Smith School of Enterprise and The Environment, University of Oxford. Retrieved from <https://www.smithschool.ox.ac.uk/publications/reports/SAP-divestment-report-final.pdf> on September 13, 2019.

55 Whereas: Our faculty union, the California Faculty Association, representing nearly 29,000 faculty in
56 the CSU, recently passed a resolution calling for CalPERS to divest from fossil fuels at the
57 Spring 2021 Assembly¹¹; and,

58 Whereas: Globally, over 170 colleges and universities have divested their endowments from fossil fuels
59 including the University of California system, three CSU campuses, Stanford, and USC;
60 therefore, be it resolved

61

62 Resolved: That the California State University, Los Angeles Academic Senate strongly urges the
63 California Public Employee Retirement System (CalPERS), of which we are all members, to
64 fully divest from investments in coal, gas, and oil (including tar sands) companies, selling
65 their current investments and refraining from making new investments or renewing existing
66 investments with public employee retirement funds.

67 Resolved: This resolution will be distributed to all Board Members and Executive Officers of the
68 California Public Employee Retirement System (CalPERS) and the Academic and University
69 Senates of all California State University campuses and all California community colleges.

¹¹The CFA resolution calling for CalPERS fossil fuel divestment (Spring 2021) can be found here:
https://www.calfac.org/sites/main/files/file-attachments/peace_and_justice_cfa_draft_resolution_fossil_fuel_divestment.pdf