Should Minnesota Divest From Climate-Changing Fossil Fuels?

You may have read about St. Paul’s recent (February 2016) [unanimous resolution on divestment](http://www.twincities.com/2016/02/24/st-paul-to-bar-itself-from-investing-in-fossil-fuel-companies/) from fossil fuel companies. Fossil fuel companies will no longer be a part of St Paul pension or other public funds investments.

Divestment is an alternative to traditional investment – it means getting rid of stocks, bonds or investment funds that are unethical or morally ambiguous. The fossil fuel divestment movement began in 2012. Since then, six states have divested as well as more than 20 U.S. colleges and universities and 30 cities (Pew Charitable Trust).

**Divest Invest Minnesota** is a group of Minnesota public employees and retirees, students, union members, and others who care about the future. They are asking institutions to divest from the 200 companies that have the most reserves in coal, oil, and gas. This group, along with Mn350.org, Climate Generation (Will Steger), GoFossilFree, and others are working on a bill with three Minnesota legislators, which calls for a study by the state to learn what impact (negative, neutral, or positive) divesting would have on state employees’ portfolios. This bill will be considered during the first legislative session.

It’s not just a moral and ethical thing to do, it may be financially irresponsible not to. **Stocks in fossil fuel companies have been decreasing, while stocks in renewables have been increasing, according to a study by DeLoitte, a financial consulting and auditing firm. According to that study, 175 oil and gas companies (1/3 of oil and gas market) are at high risk of bankruptcy in 2016.**

Some key points:

* The state currently invests about $2 billion in the top 200 worst fossil fuel companies.
* Because of the decline in profitability of energy stocks, public employee pensions are vulnerable to significant financial risk.
* If it’s right to educate students about sustainability and how to decrease their daily impact on the environment, then it’s wrong to invest in companies that are the most responsible for the wreckage.
* In 2016, report published exposing documentation from the 1970’s/1980’s that Exxon Mobil scientists warned executives that continuing to burn fossil fuels would lead to changes in the climate.
* Institutions managing over $3.4 trillion in assets have committed to divestment.
* The New York State Common Retirement Fund (NYS-CRF) lost at least $5.3 billion from their investments in the top 200 coal, oil, and gas companies, according to a new report from Corporate Knights. New York State’s $189.4 billion pension fund is the third largest in the nation, just following California’s CalPERS and CalSTRS, which are now required by law to divest from coal.
* Coal stocks (KOL) have plummeted 85% over the last 5 years.
* Oil and gas stocks (FENY) have declined 29% over the last 5 years.
* Rockefeller Brothers Fund and World Council of Churches have divested.
* Studies by the Aperio Group, MSCI, and Impax Asset Management have all shown that divestment has a negligible if not positive impact on portfolio performance.

This information is given as part of a request for support of Century College’s local MSCF chapter to support divestment. Other teachers and public employees are presenting this same information to their local union leaders, and the hope is that each union will publicly support the passing of the bill to do the study, including MSCF, TRA, EdMN, AFSCME, and MnSCU.

Resources:

divestinvestmn.org

gofossilfree.org

mn350.org

climategen.org