

NYC Public Pension Funds Fossil Fuels Divestment Campaign
By Nancy Romer

New York City Public Worker Pension Funds are on the cusp of selling off or divesting their fossil fuel stocks. How and why are NYC workers and climate activists so intent on achieving this? What will it mean if they win this? First some background.

Pension Funds are the Capital of US Workers

American workers too often feel overwhelmed by the power of capitalism in general and financial corporations in particular. We may feel we have few economic resources with which to exert our opinions and defend our needs in a system based on money--capital. We may want to challenge "fossil fuel capitalism" that threatens the future for our grandchildren but how?

Most American workers *do* own capital in the form of their own homes and, especially, in their pension funds. Often the pension funds are managed with the support and participation of their unions or, more specifically, their union leaders. What if union members were to look closely at our pension funds and see how we could use them to create the kind of world we want: investments in renewable energy, public transportation, affordable housing, public education, renewable agriculture?

As a sector, pension funds are the single largest institutional investor followed by banks, investment firms, and insurance companies (Global Pension Statistics Project, GPS). Approximately \$40 trillion were invested by pension funds in financial markets in 2015 and that gives workers much more financial punch than we realize or use.

Pensions represent deferred compensation to workers and are negotiated through contracts on behalf of union members. The intention is to provide income during retirement years. Workers have the potential financial power through collectively using their pension funds to both protect them through financially insecure times such as these and to have an impact on the world they want to see, the world they want to leave to their children and future generations. Too often the second part of this formula—having an impact on the world they want to see—is totally ignored.

A growing number of American workers are questioning the wisdom of keeping their hard-earned deferred income in fossil fuel holdings. Some unions, particularly public service unions, are joining the other financial entities, like universities, faith organizations, foundations, that have divested their funds from fossil fuel holdings. Pension funds committed

to divestment comprised 12% of all divestment commitments, a full \$5.2 trillion in assets at present pledged to divest from fossil fuels. That's a huge start!

New York City Public Worker Pension Funds Divestment Campaign

After Trump pulled the US out of the Paris Climate Accords, another big climate march in DC in April, and, especially after the three hurricanes in the Caribbean and Gulf Coast and the wildfires in Northern California, union members have a new desire to do what we can to slow down the process of climate change and move toward a renewable energy economy, one based on equity, not just profit.

In New York City, the organizing work of 350.org, Divest NY and NY Communities for Change, and several unions has borne fruit. After five years of pushing for city public pension funds to divest from fossil fuel stocks, providing educational materials, lobbying efforts with politicians and pension board members, meetings with union rank and file and leaders, NYC workers have finally shifted on pension funds and climate change. The "Divest NY" coalition was an integral part of the mass demonstration that commemorated the 5th anniversary of Hurricane Sandy and divestment from fossil fuels in all city and state public pension funds was one of the short list of demands of the march supported by 150 organizations including over a dozen unions.

Initiated by sympathetic NYC Public Advocate Letitia James, we are holding a rally and hearing on divestment on Nov. 29. Expert and community testimony on the effects of fossil fuel holdings on our pension funds and on the future of our planet will be presented at the hearing. NYC workers will be out in large numbers making our voices heard.

Each union pension fund functions a bit differently. NYC public worker funds are tightly regulated ostensibly to protect the funds but it can also be fairly difficult to make changes in investments. The NYC pension funds have already divested from coal, private prisons and gun manufacturers. But those holdings were quite small, especially in comparison with the almost \$4 billion holdings of fossil fuel stocks. That shift will have to be rolled out over a few years to maximize fund stability but announcing the commitment to divestment could happen any day now. The NYC pension fund trustees ordered a series of studies to track the carbon footprint of stock holdings and the feasibility of divestment and now the coast is clear for a vote on divestment—no more excuses!!

The Divest NY coalition, now joined by activists and leaders in AFSCME District Council 37, United Federation of Teachers, Professional Staff

Congress (CUNY-AFT), and supported by Democratic Socialists of America activists has expanded our reach through a petition drive, extensive leafleting, demonstrations outside of pension board meetings and presentations at union meetings. But the most profound shift in worker response to climate change has been the evidence before us with the three major hurricanes and shocking wildfires. We cannot deny that climate change is happening. And we should not deny our power as workers to use what we can—our muscle, our minds, our labor, our influence and our capital in the form of our pensions—to lead the way to a just and sustainable future for Planet Earth.

BOX On WHY DIVEST

Why Divest Fossil Fuel Stocks from Worker Pension Funds?

- *Value of Fossil Fuels are going down*
 1. While stocks are valued according ALL their assets, 80% of fossil fuel stock assets are in the ground. If we access and burn those fossil fuels, we will go way over a 2 degree C rise in temperature, making life on earth extremely treacherous for humans.
 2. Fossil fuel stocks are overvalued and therefore can tank at any time—they are a bubble that can burst.
 3. Fossil fuel stocks are poor performers, lower performance than the overall stock indices. NYC and NYS lost millions of dollars over the last 5 years by maintaining their holdings in fossil fuel stocks.
 4. Renewable energy and technologies will make and are making fossil fuels obsolete. The sharp decline of fossil fuels is inevitable.
- *The fiduciary responsibility of unions and pension fund trustees to protect our pensions requires them to divest from fossil fuels to save workers' pensions the nosedive most investors know will take place—it is a matter of when, not if.*
- *Moral Argument*
 1. Workers' hard earned money should not be going to make the Earth uninhabitable for humans and increasing misery with more frequent and intense hurricanes (Harvey, Irma, Maria), fires, draughts, agricultural disruptions, rising oceans and rivers, increased heat waves, tornadoes and earthquakes.
 2. Urgency to act now. We just passed the 400 parts of Carbon per million in the atmosphere. We know that past 350 parts per million puts us into an increased climate change mode, reaching tipping points without the capacity

to pull back. Minimizing climate change effects and our preparedness to it is still possible but the window of effective opportunity is closing fast—scientists insist we need to act now and over the next 10-12 years to stand a chance.

- Cost of Climate Change to the Public
 1. Municipalities, states, federal governments will have to foot the bill for disasters as we are seeing right now with the present hurricane season. Current estimates project that by 2050 between \$66 B and \$106 B worth of existing coastal property will likely be below sea level nationally and between \$238 B to \$507 B worth of property below sea level by 2100. So far all the projected Climate Change estimates have proven to be overly conservative. And that is just property loss, and does not include hurricane or other disaster relief efforts, extreme heat, fires, agricultural disruptions, etc.
(riskybusiness.org/report/overview/executive-summary)
 2. We will have to spend all our government funds on disasters instead of basic services.
 3. Workers will bear the brunt of these costs, in the present distribution of power.