

From: Springer, Darren [Darren.Springer@vermont.gov]
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To: Gray, Laura; Coriell, Scott
Subject: This is good, will need more of these

Opinion: On divesting from carbon

K.C. WHITLEY

As a retired state employee, I have been following the conversation about divestment of our pension funds with interest in both my own financial future and the future of our environment.

When Gov. Shumlin called on the Legislature to divest state pension funds from coal and from Exxon Mobil in his 2016 State of the State address, I thought this was an easy win-win. Out of \$4 billion invested in state retirement funds, only \$7 million is invested in coal and another \$32 million in oil and gas companies. We know from an analytical tool called Decarbonizer that our pension funds invested in fossil fuels, and especially in coal, have been losing money over the past three years. The tool estimates the financial impact starting in October 2012 of what would have happened if Vermont moved funds out of the largest oil and coal investments into other, hopefully, fossil free investments. The finding was alarming: Our returns have lost \$77 million.

Coal has been a losing investment for some time, and fund managers are advising investors to move into renewable energy or other non-fossil fuel investments. The Rockefeller Fund made news last year when it divested its \$860 million portfolio from fossil fuel companies. Current estimates, including the Rockefeller Fund, total \$3.4 trillion currently divesting from fossil fuels. These include churches, universities, cities and the entire California state teachers and public employees retirement funds.

Right up the road in Burlington, the Burlington Employee Retirement System, which left the state system managed by the Vermont Pension Investment Committee last year, is exploring divesting and moving into fossil free index funds.

Divesting from fossil fuels is the right thing to do for our personal financial futures and has the added benefit of being the right thing to do for the environment. Scientists and the agreement reached by 195 countries at the Paris climate talks concur that keeping 80 percent of fossil fuel reserves in the ground is essential to limiting the rise in temperatures to 2°C, the level after which temperature and sea level rises become unmanageable.

So where's the disagreement coming from? It's coming from the state treasurer's office and from VPIC who claim that divesting is too complex and expensive, and that the Legislature should not be entrusted to manage state pension funds. All good arguments except that the funds are losing value right now and run the risk of becoming stranded assets, and that the divestment bills currently being considered by the Legislature leave the fund management and the process and pace of divesting up to VPIC. Seems like we should be able to get to the win-win.

For Vermonters, divesting from fossil fuels beginning with coal is a good place to start. I urge the Vermont State Employees Association and the Vermont-NEA to bring their members up to speed on why divestment benefits us all so we can steer the Legislature on this critically important issue.

K.C. Whiteley is a retired state employee and active member of Central Vermont Climate Action, which is affiliated with 350Vermont.

Sent from my iPhone