

Response  
To  
Faculty Senate Resolution:  
Cornell Investment and Divestment Strategies  
for a Sustainable Future  
by  
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The Faculty Senate Resolution on Cornell Investment and Divestment Strategies for a Sustainable Future, passed in December 2013, as well as the Student Assembly Resolution 32, “Toward a Responsible Endowment” to which I responded last spring, have generated considerable discussion on our campus and a broad spectrum of opinion on the issues raised. In this response to the Faculty Senate’s resolution, I offer some general comments on the role of the university in environmental sustainability, address the specifics of the Faculty Senate’s resolution, and offer a way forward.

As I said at the President’s Sustainable Campus Committee Summit last November, I believe the two biggest challenges facing our world are inequality and environmental sustainability. Therefore, I welcome the

faculty's passion on this issue and agree with the Faculty Senate resolution on the need to accelerate the pace of our efforts to achieve carbon neutrality. I accept and endorse the Faculty Senate's recommendation that we seek a more aggressive reduction in the use of fossil fuels that could bring us to carbon neutrality by 2035. I say "could" because it will require a set of decisions and changes in behavior and priorities throughout the campus to achieve this more aggressive goal.

Accelerating our progress toward carbon neutrality may require further investment in capital projects. Among investments already made are \$82 million (in 2008 dollars) for the combined heat and power plant, \$58.5 million (in 1999 dollars) for our Lake Source Cooling project, and \$43 million of a \$46 million commitment toward upgrades to existing buildings. Whether we will be able to invest more will depend upon finding meaningful opportunities and the resources to invest, but I believe we should move in that direction.

Becoming carbon neutral within the next 20 years will also require new technological developments; no amount of capital expenditure will get us there solely based on current technology. For that reason I see a need to focus more of our teaching, applied research and demonstration projects in areas such as enhanced geothermal energy, carbon sequestration,

bioenergy, climate literacy, wind and solar energy, climate adaptation, green building and other areas that can move us toward environmental sustainability.

I share and support the traditional understanding that faculty members should appropriately enjoy considerable autonomy in what we teach and in the areas we choose for our research and public engagement. Nonetheless, I believe I need to use my bully pulpit as president to exhort my faculty colleagues, where appropriate, to accelerate our progress toward carbon neutrality by expending more effort to address these critical issues.

As one example, our Atkinson Center for a Sustainable Future (ACSF) is doing this with remarkable success by focusing on three critical and interrelated areas of sustainability: energy, environment and economic development. At last count, more than 360 faculty members from 11 Cornell schools and colleges and 66 departments were contributing to the efforts of ACSF as faculty fellows. ACSF offers a successful model for convening and connecting faculty, seeding projects and assisting in the development of connections with external partner organizations.

In addition to such organizational approaches, each of us will have to adjust our personal behavior, from our expectations around the lighting and temperature of our offices, laboratories, studios, and buildings to our equipment and transportation choices, in order to use less energy.

With respect to the second part of the Faculty Senate resolution, concerning the divestment of our endowment funds from fossil fuel companies, I do not think divestment will accelerate our progress toward carbon neutrality. I understand, however, that there are many different opinions on the effects that divestment might have on our society's carbon emissions and on the earnings of our endowment, and I do not believe that we can precisely predict what the effects of divestment would be on either. Given the delicate status of our university's budget, which is balanced, but by a very fine margin, I am unwilling to recommend divestment from fossil fuel companies to our chief investment officer or to the Investment Committee of the Board of Trustees.

Our endowment has been built up over generations to advance the academic mission of the university, and we must resist, in almost all cases, the temptation to manage these precious funds to further social or political causes, no matter how worthy. I believe divestment in this case will be predominantly a symbolic gesture. Symbolism and thought leadership

certainly have an important place in all universities. However, the potential financial risks to our campus do not support divestment at this time. The endowment's central purpose must continue to be to provide resources essential to furthering our academic goals as well as the affordability and accessibility of our university.

Within the risk and return parameters for the endowment established by the Investment Committee of the Board of Trustees, however, and with my strong encouragement, our Investment Office continues to seek out investments in alternative energy strategies. While this has been a challenging area for investments, given the large number of bankruptcies across a variety of alternative energy-related industries, we currently have \$71 million invested in alternative energy/sustainable investments, up from approximately \$60 million last spring, and we have another \$5 million of additional capital available for future investment within existing relationships. We consider portfolio managers for the endowment that participate in investments related to renewable energy, technological advances in the area of climate change and remediation, and appropriate stewardship of natural resources.

The Investment Office is also weighing the potential for direct investment in both solar and wind projects (and possibly hydroelectric

power), some in conjunction with Cornell Facilities Services. While the existence of government subsidies presents challenges for tax exempt investors considering an investment in these renewable energies, we are constantly evaluating all of the options available to us. In addition, we are currently in discussion with our timber portfolio manager about a possible transition for a portion of the acreage in our portfolio from a managed forest to a managed forest that would be set aside as a permanent natural habitat. Upwards of 200,000 acres could be set aside in this way, contributing to the carbon sequestration aspect of our timber investments. These are just two examples of directions we will continue to pursue vigorously.

To help us move forward toward our shared goal of environmental sustainability, I have asked Dean of University Faculty Joseph Burns and Vice President for Facilities Services KyuJung Whang to establish a faculty/administrative working group to develop specific strategies to accelerate our progress toward carbon neutrality. I have asked for this working group to report to the campus by June 1. In addition, as requested in the resolution, I will submit a report to the Faculty Senate on an annual basis describing the progress that the university has made toward becoming carbon neutral.

Going forward, this effort will need to engage all of us—faculty, students, staff, and my administration. By embracing the challenges we face and by tapping into Cornell's vast potential for research, education, and public engagement, we can not only strive to achieve neutrality in the university's carbon emissions by 2035, but also position the university as a global knowledge resource for this generation and generations to come. By working together to find effective solutions, we can and will succeed.