

## Divesting Debate

Activists call on UC to freeze investments in fossil fuel, but the school's industry ties complicate the situation

BY STEVE BEYNON · MAY 11TH, 2016 · NEWS



*Marathon gives UC's engineering college (pictured) financial gifts, employs students and often hires graduates. The company says if UC divests, it will not feel welcome on campus. - Photo: Nick Swartzell*

Amy Marks, a third-year industrial design student at the University of Cincinnati, knows that even if the school pulls out of more than 100 coal, oil and gas companies in which it invests, sea levels will continue to rise. But she believes her tuition should not go toward companies she thinks harm the environment.

"Divestment is definitely a deal with morality," Marks says. "These companies are undoubtedly destroying the planet, and we just don't want our university profiting off of that."

Marks is a member of Fossil Free UC, one of many activist groups under the "Fossil Free" banner — an international network of campaigns asking institutions to freeze investments in the fossil fuel industry. UC is one of the latest targets of the divestment movement. Advocates have called on UC to join 32 schools in the United States that have divested their

endowment funds from the fossil fuel industry.

But divestment is tricky, especially when schools like UC have deep financial relationships with fossil fuel companies. The minefields that could lie before schools looking to divest reveal the influence industries and their funding sources can wield at higher education.

"If UC were to divest from fossil fuels, the message would be clear: We are not welcome on campus," wrote Rodney P. Nichols, senior vice president of human resources and administrative services for Marathon Petroleum Corporation, in a January email to UC President Santa Ono.

"Further, this would amount to a rejection of our industry and the prosperity it generates," Nichols wrote. "If a decision to divest is made, in effort you will have branded our company as unacceptable... our entire industry as undeserving of support."

A representative for Marathon Petroleum Corporation, which is based in Findlay, Ohio, said the company had no further comment on the email or how divestment could change the company's relationship with UC.

Ties between the school and the fossil fuel industry run deep. About \$48 million, or 4 percent, of UC's \$1.2 billion endowment is invested in fossil fuel-related companies like Marathon, though UC also includes steel and auto companies in the category.

The money flow goes both ways. Last year, for example, Marathon gave \$360,000 to UC's Emerging Ethnic Engineers Program, which seeks to boost the number of engineers from ethnic backgrounds UC graduates. That money established the Marathon Petroleum Company Scholars Program. UC's College of Engineering and Applied Science has received more than 50 financial gifts from the company in the past two decades, according to UC.

Eighty-eight students also participated in co-op programs with Marathon between May 2014 and January 2016, according to the school. Houston-based Marathon Oil Corporation, which spun off Marathon Petroleum in 2011, hired 11 UC student for full-time positions between January 2015 and January 2016, according to Jamal Kheiry, the company's communication director.

Jamie Routzong is set to start her second co-op with Marathon Oil in Texas this summer.

The second-year UC student sees the divestment campaign as dangerous to students — with the potential of Marathon ending its co-op program with UC.

"Marathon Oil is very valuable to the university and the community," Routzong says.

UC Chief Investment Officer Karl Scheer said UC has not made a decision on whether or not to divest from fossil fuel companies. But he fears divesting could have a ripple effect and that all of UC's investments could become possible targets.

"We all could come up with lots of things that we don't like," Scheer says. "The fear is a slippery slope that you can't invest in anything."

But Fossil Free UC argues that the University of Cincinnati has a moral obligation to pull its investments from corporations that are largely responsible for climate change, noting that the Pentagon labels climate change as a national security threat.

The aim of most divestment campaigns is not to reduce a company's profitability, activists say. Instead, the initiatives are about companies taking responsibility. Companies associated with pornography, gambling, tobacco and munitions have been targets of past divestment campaigns. A 2013 Oxford study found that divestment campaigns do not have a large impact on the bottom line of industry. Instead, divestment acts as more of a public shaming process.

Many universities in England and Australia already have removed fossil fuel companies from their investment portfolios, and many in the U.S. are the sites of debate over similar measures.

Catholic institutions like the University of Dayton make up the majority of the divestment movement. UD committed to divesting from fossil fuel in 2014 — partly motivated by the school's Catholic teachings.

Where the school is in that process remains unclear. UD, a private university, declined to share records of its divestment progress but has said that it is continuing to research where it will reinvest the millions it formerly invested in fossil fuels. UC Interim Provost Paul Benson told the *Dayton Business Courier* last year that the school has divested \$35 million, or 5 percent of its long-term investment pool, from fossil fuel corporations since 2014.

“It’s a statement by universities who claim to be invested in sustainability and the future of their students,” says Bob Brecht professor of physics at the University of Dayton and director of research at the Hanley Sustainability Institute. “This is in some ways a symbolic act.”

UD President Daniel Curran says eliminating fossil fuels from investment holdings was a Catholic responsibility and that the university is investing more into green energy initiatives.

“As a Catholic university, we take very seriously our responsibility to serve as good stewards of the earth, to use our gifts protect human life and dignity, and to exercise our care for all God’s creation,” Curran wrote in a guest column published in the *Huffington Post* in 2014.

Pope Francis has been a vocal environmentalist, telling Catholics worldwide that battling climate change is a top priority. E the industry has pushed back against that call.

“I believe that advocates of fossil fuel divestment may, in their enthusiasm, inadvertently overlook the damage their policy objectives would cause to some of our most vulnerable brothers and sisters, especially in developing countries,” said Gar Heminger, Marathon CEO, in a letter to Pope Francis in September.

Some secular universities have also divested, including the University of Hawaii and Brevard College in North Carolina. Schools like Stanford and Oxford have made pledges to divest strictly from coal companies — keeping oil and gas companies in their portfolios.

Harvard University eliminated nearly \$58 million of investments in the tobacco industry from its portfolio in 1990. However, Harvard has refused demands to divest any of its \$37.6 billion endowment from coal, oil or gas.

“The endowment is a resource, not an instrument to impel social or political change,” Harvard President Drew Faust said.

One troubling question that looms over the divestment debate: Do companies like Marathon treat schools like UD differently after they divest? UC’s Scheer thinks so.

“I think that any company in the fossil fuel/energy world would view us negatively for divesting,” Scheer told UC Student Government Jan. 20, claiming Marathon stopped hiring UD graduates after the university divested from fossil fuels.

Scheer told student government representatives that, “Starting with hard dollar cost, divestment may cost a value of 80 scholarships on the low end,” according to *The News Record*, the school’s newspaper.

Some faculty at UC say the school should join the fossil fuel divestment movement, albeit selectively and strategically. Am Townsend-Small, an assistant professor of environmental science at UC, supports the call for divestment from coal companies, for example, but says the school should maintain relationships with oil and gas companies.

“Divesting UC’s endowments from coal companies would garner international attention and protect existing relationships between oil and gas companies and the UC College of Engineering and Applied Science,” she says. “This would be a win-win by protecting our valuable endowment funds from decline as coal companies around the world declare bankruptcy.”  
©