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The University of Michigan Endowment Fund: Divesting from Fossil Fuels

University of Michigan President Mark Schlissel reflected on the climate change strikes in September 2019.¹ These protesters demanded action on climate change and among their concerns was the approximately \$1 billion of fossil fuel investments in the university's endowment fund portfolio. On February 4, 2019, Schlissel had launched the President's Commission on Carbon Neutrality (PCCN), whose task was to develop a set of recommendations on whether U-M should make a commitment to go carbon neutral.² The commission's formation did not satisfy a number of students, and the full divestment of fossil fuels from the endowment fund remained a top demand.³ Further escalating the situation, the University of California system had just announced it would drop fossil fuel investments from its \$13.4 billion endowment fund and \$70 billion pension fund.⁴ Schlissel faced increased pressure to do the same. He also faced competing demands that made this decision more complex than it seemed.

University of Michigan Background

As of 2019, the university had more than 63,000 students and approximately 8,200 faculty members on three campuses in southeast Michigan.⁵ Over 5,500 undergraduate courses were taught each semester in over 200 different programs. U-M had one of the largest healthcare complexes in the world, an extensive library system, and top-tier technology for students and instructors. In 2019, U-M spent \$1.62 billion on research, supporting social, cultural, and medical studies.⁶ Funding for the university came from tuition and fees, government support, self-supporting units, and donations for designated or general purposes.⁷

University of Michigan Endowment

The purpose of the university's endowment fund is to support university programs and operations.⁸ The first iteration of the fund, the Consolidated Endowment Fund, was established in 1928 with just over \$4 million invested.

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