



A new study by Prof. Daniel Fischel of the University of Chicago Law School, along with co-authors Christopher Fiore and Todd Kendall of Compass Lexecon, finds that divestment could mean shortfalls of billions of dollars for Colorado's pension funds. The study examined both a narrow approach in which the Colorado Public Employees' Retirement Association (PERA) divested from oil, natural gas, and coal, as well as a broader approach that also included utilities.

### FISCHEL'S FINDINGS

#### KEY FACTS:

- In 2016, PERA was **among the 5 worst performing state pensions in the country** regarding unfunded liabilities (*Bloomberg*)
- Fossil fuel divestment would hurt recent improvements, leading to **0.15% to 0.22% lower returns annually**.
- This translates to losses of \$36 million annually in the narrow divestment approach, and **\$50 million annually in the broader divestment approach**.
- Over the long term, these costs mean losses of **\$470 to \$646 billion over 50 years**.

### ABOUT PROF. FISCHEL



**Professor of Law and Business**  
Emeritus, Univ. of Chicago Law School

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**Fmr. Dean**, Univ. of Chicago Law School

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**Chairman and President**,  
Compass Lexecon, a top-rated economic consulting firm

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**Fmr. Professor**, Northwestern Univ. Law School

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**Supreme Court clerk** for Justice Potter Stewart

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**Author of two books** on economics and corporate law

### What Colorado has to lose by divesting

Annual:

\$36-50 million

Over 50-year timeframe:

\$470-\$646 billion



To make up for funding shortfalls, pensions need to either:



Cut payments to pensioners



Seek taxpayer bailouts



These losses are equivalent to eliminating annual benefits for **over 1,200** pensioners.

OR



Decreasing every Colorado pensioners' annual benefit by **\$300-\$400**



**UNIVERSITY of DENVER**



**COLORADO**

Gov. John Hickenlooper



"Divestment in fossil fuel companies, or any other industry, would not be an effective means of mitigating global warming nor would it be consistent with the endowment's long-term purpose to provide enduring benefit to present and future students, faculty, staff and other stakeholders."

– **Doug Scrivner, Chair, Board of Trustees and Rebecca Chopp, University of Denver Chancellor**

"We're a long way from saying we can walk away from hydrocarbons and not do significant damage to our economy."

– **Gov. John Hickenlooper (D)**

"Protecting the environment is crucial, but it's been proven divesting is not an effective way to do that. If we don't include energy in our investments at CU, it hurts families and students across Colorado."

– **Heidi Ganahl, University of Colorado Board of Regents**



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"Many of our board members are concerned that by limiting the options of investment or screening our managers will lead to a less diversified portfolio or one that does not generate as much return as others."

– **President Tiefenthaler, Colorado College**

"Here in Colorado, fossil-fuel development plays an important role as a corporate citizen that provides good jobs for many workers while also providing the important bridge fuel that is natural gas... Further, it's also not even clear that such a divestment would have any impact whatsoever on climate change."

– **Denver Post Editorial Board**

"Fossil-fuel divestment is a purely political campaign that carries zero environmental benefits. For example, divestment targets companies that produce natural gas, even though the increased production of this clean-burning fuel has cut U.S. carbon emissions to their lowest level in 20 years."

– **Joint Industry Trade Letter signed by the Colorado Oil and Gas Association, Colorado Petroleum Association, Colorado Petroleum Council and Western Energy Alliance**