



**SYRACUSE UNIVERSITY**  
CHANCELLOR AND PRESIDENT

September 5, 2018

Professor Janice Dowell  
Department of Philosophy  
Syracuse University  
541 Hall of Languages

Dear Professor Dowell:

I write to follow up on your communication with me and with the Board of Trustees Investment and Endowment Committee concerning the University's policies on investment in companies involved with the private prison industry.

Your extensive and careful work on this issue deserves a thorough response, and so this letter is a long one. To summarize what follows: The endowment of the University is overseen by the Investment and Endowment Committee of the Board in accordance with its fiduciary responsibilities to the University and its donors, and the relevant laws. I and multiple administrators have spent much effort in the past five months educating ourselves and the Committee about issues involving investments related to the private prison industry, and the Committee carefully considered appropriate policies at two meetings since we last communicated. We learned a lot about the relevant issues – including about particular private prison companies – thanks in significant part to your work and the concerns expressed by various members of our community.

It seems appropriate that we should keep abreast of developments in the future, including developments affecting any future investment decisions. The Committee confirmed that, currently (as of today), we have no direct investments or the intention to make direct investments in private prison companies. Given our robust socially-responsible investing policy and practices, the Committee will not make public declarations about any individual prospective investment, including – but not limited to – private prisons. Instead, the Committee intends to continue as it has in the recent past, carefully evaluating each proposed investment based on the information it develops about each opportunity, including evaluation based on the learning the Committee has achieved thanks to your efforts.

I realize that, despite this significant progress, the Committee's decision is not all you have hoped for. My counsel, for what it is worth, is that we should each monitor things closely in the year ahead and meet next summer to discuss how things are working. I have confidence in the Committee as a group of dedicated trustees who care about people and about the University, and who are discharging their fiduciary obligations here well.

### The Role of the Investment and Endowment Committee

The University's managed endowment consists of approximately 2,100 individual endowments, mostly given by donors for specific purposes. Under relevant laws, our Board of Trustees has responsibility for oversight of the endowment, and has appointed a trustee Investment and Endowment Committee to discharge this responsibility. The Committee is responsible for establishing managed endowment policies relating to asset allocation, spending, liquidity, selection and termination of investment managers, rebalancing investment portfolios, and monitoring investment manager performance.

These individuals recognize how critical our endowment is to our missions of teaching, research and student success and they bear this mission in mind in all of their decision-making.

The Investment and Endowment Committee observes the standard of care set forth in New York law, complies with all applicable legal duties, and manages or invests the managed endowment in good faith and with great care.

The Investment and Endowment Committee uses an external investment advisor for the management and investment of the endowment.

The chief financial officer provides day-to-day supervision of the investment advisor, who reports jointly to the Co-Chairs of the Investment and Endowment Committee and the CFO. The investment advisor and Treasurer meet regularly with the CFO and prepare oversight reports for the Committee and CFO's use. Further, the CFO has input into the investment policies and guidelines. The CFO performs an annual appraisal of the investment advisor's investment management for review and approval by the Committee.

The external investment advisor is responsible for managing the managed endowment, with oversight from the Committee and CFO. The advisor implements policies and decisions made by the Committee relating to asset allocation, spending, and investment management, including the University's socially responsible investment policy. All oversight is designed to prudently assure that donor funds are responsibly managed to sustain the University and the purposes of the specific endowments. The investment advisor selects investment managers, who in turn select individual investments in a wide array of assets, including stock.

The University's investment objective for the managed endowment is, within acceptable risk levels, to provide sufficient financial resources to support a prudent spending policy that allows Syracuse University to support scholarships, professorships, teaching and other programs.

In addition to this primary objective, the University is committed to good corporate citizenship. In light of this, the Committee periodically reviews the investment portfolio to ensure that the University's investments meet the requirements for socially responsible investing. In addition, if there are instances of activity which are attributed to an external party and allegations are made by members of the University community that these activities cause substantial social injury to an external party's employees, consumers, or others, the University conducts a review of the allegations. The review will determine what actions, if any, the University should take in response to the concerns. That review was conducted over the past months in connection with your work and the concerns expressed by various student and senate bodies.

#### The Committee Deliberations Regarding Private Prisons

The Investment and Endowment Committee reviewed the private prisons issue at two formal meetings – one in April that focused on the socially responsible investments policy and one in May. In connection with those meetings, the Committee received and considered your own communications as well as the resolution of the University Senate and the Graduate Student Organization and Student Association. The specific requests in those resolutions and communications vary in some respects, but all are focused on the same underlying concern: a serious moral and philosophical concern with the University benefitting, through its endowment returns, from investments in companies that profit from the private operation of prisons in the United States. The Committee was briefed on and concerned about the degree of incarceration in the United States and the role of private prisons in this economic, racial, and social issue for our society. The Committee noted the extensive infrastructure of both private and public agencies involved in working with the prison industry, an infrastructure that includes not just private prison operators, but also a network of health, transportation, food, telecommunications, and financial services entities. The Committee discussed these issues with the CFO, investment advisor, and Treasurer. To a degree some of us had not appreciated until we did the due diligence required by your requests, we learned that private prisons are deeply embedded in many parts of economy and therefore in many business and government entities. Many of those business entities are subject of investment by the public, and in particular are embedded in forms of investment that focus on indexes of all stocks or entities in a particular economy or sector. Many of these business entities are large public companies that provide general services across many sectors of the economy, and have only a tiny portion of their operations related to private prisons.

The Committee's discussion ended up focusing on direct Syracuse investment in private prison facility operators. By "direct" the Committee focused not on index investment, but on investments in which the University holds direct ownership of stock or other equity in the particular entities most significantly involved in facility operation of private prisons. The Committee confirmed that we have not and do not hold such investments, including in CoreCivic (formerly Corrections Corporation of America), The GEO Group, and G4S, among others. In discussions with our investment advisors, it became obvious to all that the Committee and the CFO would have serious questions that would need to be carefully understood before any proposed future investment in such companies.

Because of the lack of such direct investment, Syracuse University's current endowment has minimal involvement with private prisons – and that minimum is by and large through index investments that would be imprudent to unwind.

The Committee therefore decided, pursuant to its review of the requests under its socially responsible investment policy, to continue the course of action it has now been following, namely, to closely monitor any proposed investment in private prisons before authorizing such a change.

My view of the Committee's conclusions and steps forward

I report all of this out of respect for the time and civic concern you have devoted to this important issue. I believe the Committee has discharged its fiduciary obligation here, and intends to attend carefully to that obligation in the coming years. I believe you and many colleagues among faculty, staff, and students have helped educate all of us about the relevant issue, and that this education will inform all future decisions by the Committee, the CFO, the external investment advisor, and me.

So how next should you proceed? I believe that is appropriately up to you, the Senate, and our students and faculty. My own counsel is that we should monitor this carefully in the year ahead, making sure that good intentions are carried out and that we are aware of further developments outside of Syracuse. I am happy to meet with you and others after we have experience this academic year with our investment decisions given the decisions of the Committee.

I thank you for your engagement and attention to this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Kent Syverud". The signature is fluid and cursive, written over the printed name.

Kent Syverud  
Chancellor