



UNIVERSITY OF WISCONSIN
FOUNDATION

May 4, 2015

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Madison, WI [REDACTED]

Dear [REDACTED]

I do want to thank you for the messages that you sent to the University of Wisconsin Foundation.

The Foundation's Board of Directors has been considering the issue of fossil fuels for some months now. The Foundation has been presented with petitions from the 350 Student Organization here on campus and the campus itself is engaged in a conversation about climate change and the use of fossil fuels.

This is a particularly timely discussion right now as a number of Universities have been approached with requests to divest fossil fuel stocks from endowment portfolios. This request presents a number of issues, not the least of which is what return the Foundation can earn on a portfolio, the costs of investing, and the needs of the University to have good return on investments in an era when funding for education by other sources is falling.

At the bottom of this discussion is a very basic issue. The University of Wisconsin – Madison is an academic institution. It primarily exists to serve an academic mission which consists primarily of education and research. The UW Foundation holds endowment and spendable funds for the purpose of advancing that mission.

The funds the UW Foundation holds in its endowment and spendable accounts have been given to us over many years by generous donors for specific purposes that include scholarships, graduate fellowships, faculty support, program support, etc. But those funds were not given to serve other purposes. The Foundation maintains a strong presumption against managing our funds for reasons unrelated to the endowment's financial performance and its ability to fund our academic and research goals.

Further, the Foundation strongly believes that it should be very cautious in taking any steps that are intended to turn the Foundation's endowment into a force that positions the University as a political actor rather than an academic and research institution. Using the funds we manage as a political tool, no matter how worthy a cause may be, can result in serious risks to the independence of the academic and research missions of the University of Wisconsin – Madison. The endowment should

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be viewed as a resource to help the University achieve its goals, not as an instrument for social or political purposes.

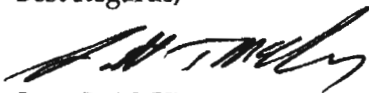
This issue is troubling. Our best scientists have concluded that climate change is real, but in attempting to determine what the University's response should be, we also need to consider the resources that a great research institution like the UW can bring to bear on this problem. When solutions come, they are likely to come from the kinds of research that Universities right here in Madison and all over the world are carrying out. To potentially affect the funding for such research by pursuing a political agenda is not a step that would be lightly taken by our Board of Directors, nor should it be.

In addition, we have donors who love the University and happen to be conservative, or liberal, or Republican, or Democrat, or Independent, or they might be climate change deniers, or they might be climate change activists, and there are many others that would like us to assist them in their own causes by not investing in Darfur, etc. If the Foundation elects to join one of these efforts, where does it stop?

The Board of Directors continues to consider this situation. We know that the issues are important and deserve due consideration.

Again, thank you for taking the time to let us know how you feel about the fossil fuel issue.

Best Regards,



Scott T. McKinney
Chief Administrative Officer and Director of Legal Affairs