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New Mexico retirement board takes step toward divesting of private prison companies

ALBUQUERQUE – A panel that oversees a multibillion-dollar pension fund for New Mexico teachers and other educational retirees took a step Friday toward dropping investments in private prison companies. The Educational Retirement Board voted 4-2 with one member abstaining to amend its investment policies to exclude private prisons from its portfolio. The vote came after more than a year in which pressure from teachers' unions and immigration activists fueled a debate about socially responsible investments. The latest round of public comment was comprised of what some board members described as impassioned pleas to stop putting any money into funds that include private prison companies. Some board members reiterated their concerns Friday, saying members should be mindful not to run afoul of constitutional mandates and statutory requirements that guide investment of the retirement fund. Those who voted against the motion to begin revamping the board's policies said activists should be lobbying the state Legislature and municipal officials who contract with private prison companies to effect more change. Board member Adan Delgado argued that fellow members don't have "the luxury of washing their hands of this issue." "I don't think we're just any pension fund," he said. "We're a pension fund that represents educators and I think the message that we received from our members has clearly indicated that they have a very strong distaste for our investment in private prisons." It's uncertain how long it will take staff to prepare new policies. It would then be up to the board to consider the proposed changes at a subsequent meeting. Activists had targeted investments in Florida-based GEO Group and Tennessee-based CoreCivic. The two companies operate county jails and detention facilities for U.S. Immigration and Customs Enforcement in New Mexico and elsewhere. The companies' stocks have been part of the S&P 400, one of the many funds that are part of the retirement board's portfolio. However, the S&P opted to remove CoreCivic from the index, meaning pension funds were no longer tied to that company as of mid-August. As for GEO Group, the pension fund owns a fraction of 1% of the company through its stock holdings. Bob Jacksha, the retirement board's chief investment officer, said there would be minimal costs involved to drop the company from its portfolio and that it would take a little more time for the staff each month to match the fund's holdings with what would otherwise be the S&P 400 minus GEO Group. Board Chairman Steven Gluckstern said that while current policy doesn't allow for the board "pick and choose" individual stocks, revamping that guidance amounts to a much larger decision than simply divesting a single stock. Board Member Donald Duszynski said the board has a responsibility under the state constitution to ensure the fund is invested for the sole benefit of retirees and other beneficiaries, that the trust funds shall never be used or diverted for any other purpose and that investments be prudent and based on the portfolio as a whole and not on individual assets. He warned that making a statement on private prisons could lead to a slippery slope in which the board has take sides on other issues – from fossil fuels to abortion, birth control or tobacco. "Our divestment signals our disapproval of private prisons, absolutely it will signal that but it will not stop their existence or even affect their existence," he said. "By divesting, I think we lose leverage that we might have over the process. Divesting is a passive decision and it'll have no effect on the GEO Group, none whatsoever."