



MACALESTER

Board of Trustees Response to Mac for Palestine Student Divestment Proposal

November 21, 2024

The Board of Trustees of Macalester College vehemently stands against the violence that has and continues to unfold in Israel, Palestine, and the region more broadly. Macalester and its Board firmly believe in the principles of civil dialogue and peaceful conflict resolution. Our values strongly align with those of the United Nations, particularly in its commitment to promoting global peace, security, and stability by championing human rights, upholding social justice and the rule of law, fostering development, providing humanitarian assistance, and encouraging international cooperation by promoting peaceful solutions to disputes. We are committed as a community to uphold these principles.

It is in this spirit that Macalester flies the United Nations flag as a symbol of the college's commitment to global citizenship and respectful dialogue in the de-escalation of conflict. The events that have been taking place in Israel and Palestine are wholly inconsistent with these values. The Board acknowledges that the Israeli-Palestinian conflict is one of numerous conflicts unfolding around the world where this is the case.

Following careful and thoughtful deliberation, the Board has decided not to adopt the divestment proposal brought forward by the Mac for Palestine student group. Instead, the Board will take action through *investment* rather than divestment. Additionally, the Board will take steps to increase transparency in the management of the college endowment.

We appreciate the diversity of the impassioned views shared by members of the Macalester community. The Board commends the thoughtful and considerate input from students, faculty, staff, alumni, and parents, who have expressed their opinions in a respectful and civil fashion. Constructive and respectful debate and engagement are core values of Macalester and our community. We also appreciate the constructive action taken by faculty, staff, and students to raise awareness on campus of the nature of the current conflict and the history of the region. Of note, we recognize efforts by faculty and staff to hold educational events and, in particular, staff of the Center for Religious and Spiritual Life, who have offered support to students experiencing acute grief and worry.

Rationale For The Board's Decision

In the course of the Board's engagement with the college community, a diverse range of passionate views were expressed, both strongly for and against the divestment proposal, by the college's student, faculty, staff, alumni, and parent constituencies. It is among Macalester's most important and cherished

values that all voices and views are able to be expressed and heard within the college community in a civil and respectful exchange. To adopt the divestment proposal would not, in the Board's determination, serve to espouse those values.

The Board of Trustees has a fiduciary responsibility to invest the college endowment in a manner that serves to maximize the resources of the college to support its mission. That mission includes, among other essential college functions, the ability to support the operations of the college, including the salaries of faculty and staff, as well as to provide financial aid to students who otherwise would not be able to attend Macalester. Roughly 30% of the college's operating budget comes from investment earnings generated by the college endowment. *Tuition dollars do not support the endowment; conversely, the endowment augments tuition dollars.*

The Macalester College endowment is not invested directly in any of the 11 companies that are the subject of the divestment proposal. Based on information provided to the Board by the college's professional investment advisor, the college has no investment exposure, even indirectly, to 4 of the 11 companies identified in the proposal. For the 7 companies in which the college has indirect investment exposure, the exposure is negligible (less than 0.2% of the total value of the endowment) and is not held by way of shares in those companies but rather because the college invests in highly diversified market instruments, including broad market index funds (those that track, for instance, the performance of the S&P 500) and pooled equity portfolio investments.

It is the Board's view that the divestment proposal would impair the college's ability to invest responsibly in support of its mission, including through market index funds and large equities portfolios offered and managed by third-party asset managers. The Board does not believe this impairment can be justified by the tenuous connection, if any, between Macalester's investment in such diversified market products and either (i) any of the specific 11 companies that are the subject of the divestment proposal in the first instance, or (ii) the violence and injustice that is unfolding on the ground in Israel and Palestine as an immediate result of the actions of governmental and non-governmental political bodies. The Board notes that the Mac for Palestine proposal stated expressly that it did not wish to cause any impairment to the financial aid needs of the Macalester student body.

Additionally, the Board, at the request of the Social Responsibility Committee (SRC), considered the impact and relevance of Minnesota's anti-boycott law related to the divestment proposal. While the Board, with advice from outside counsel, believes this law, in its present form, may not apply to Macalester, there is no legal precedent to confirm this. If this law were to apply to Macalester, or if future legislative action or amendment was taken in response to divestment, the Board believes that financial support, including student financial aid that the State of Minnesota provides to the Macalester student body, could be put at risk.

Process For Considering The Divestment Proposal

The divestment proposal advanced by the student group Mac for Palestine was referred to the Board for consideration on June 5, 2024. The Board formed an ad hoc committee to consider the proposal to ensure that the full Board of Trustees could deliberate on a well-informed basis. Additionally, the ad hoc committee reviewed and considered the college's [Guidelines for Investor Responsibility](#) for guidance.

The ad hoc committee conducted numerous meetings and held extensive listening sessions - both virtually and in person - with members of the Macalester community (students, faculty, and staff) and created a confidential feedback form through which any stakeholder who wished to be heard would be. The ad hoc committee then reviewed hundreds of comments that were submitted, and met with the SRC, members of Mac for Palestine, and members of the college administration. The comments received by the ad hoc committee from each of these constituencies were thoughtful, respectful, and demonstrated a deep commitment to Macalester's core values and mission. This response is a tribute to the Macalester community, and the Board is deeply grateful for it.

Following the completion of these sessions, the ad hoc committee convened regularly and repeatedly to discuss the proposal before making its recommendation to the Board. The full Board of Trustees then deliberated and met to discuss the proposal and the ad hoc committee's recommendation over multiple sessions prior to making a final decision on the proposal.

Summary of Investment Actions

The Board recognizes the important role that institutions of higher education such as Macalester play in shaping debate about important and complex issues. Macalester, as an institution, embraces both internationalism and multiculturalism as foundational pillars of the educational experience it offers and, to this end, welcomes students from around the world to engage with their peers, professors, and other members of the college community. Macalester strives to provide a forum for thoughtful and critical debate about the challenging issues facing society and our planet, including the many conflict zones around the world, among them the Israel Palestine conflict and the economic, political, and military history of the broader region. The Board applauds efforts already underway around campus to provide precisely this sort of forum. In support of this effort and to expand its impact, the Board:

1. Encourages the enhancement of programs aimed at fostering understanding on campus about the conflict and attempts at peacemaking in the Middle East. These have included lectures, teach-ins, lunch & learn sessions, and other events designed to educate and promote dialogue. In support of these efforts, members of the Board have committed more than \$50,000 in new gifts, and the college President has agreed to match this amount with college resources to create an endowed fund to support initiatives aimed at fostering understanding and peaceful dialogue.
2. Will contribute up to an additional \$50,000 to match student fundraising in support of non-profit organizations providing relief on the ground in areas of violent conflict. The Board

asks the Macalester College Student Government to work with the Executive Director for Student Leadership and Engagement to recommend an organization to the Senior Leadership Team to which such funds could be donated and to work with the college President to support student fundraising efforts.

3. Authorizes \$250,000 to be allocated from the college's unrestricted reserves to create an endowed fund that supports in perpetuity two students to participate in summer internships at peacemaking organizations such as the United Nations.
4. Authorizes \$100,000 to be allocated from the college's unrestricted reserves to endow in perpetuity a Faculty Fellowship in Peace and Conflict Studies, which will be used to support an existing faculty member from any discipline whose work will focus on an aspect of peacemaking in a conflict zone.
5. Authorizes \$100,000 to be allocated from the college's unrestricted reserves to endow in perpetuity an annual "Pathways to Peace" lecture or event to be planned and produced by the Institute for Global Citizenship in collaboration with students, faculty, and staff.
6. Authorizes \$1 million of unrestricted endowment funds to be allocated specifically for scholarship aid for admitted students from violent conflict areas, with an initial focus on Palestinian students from areas of conflict, including the Middle East.

Transparency And The College Endowment

The Mac for Palestine proposal requested that the Board provide greater transparency and understanding within the college community about how Macalester's endowment is invested and managed. The Board is committed to providing a greater level of information to the Macalester community but must, at the same time, recognize that there are contractual, practical, and other limitations on the college's ability to provide the level of detail that some in the community desire. The Board refers the specifics of how best to achieve greater transparency and understanding of the college endowment to the Investment Committee, in consultation with the college's professional investment manager, Investure, to work collaboratively to consider ways to provide greater insight into Macalester's investment practices and holdings.

To this end, the Board directs that the Investment Committee consider adopting an annual practice of updating the college community on the endowment, its function, goals, and how it is administered. Additionally, the board asks the Investment Committee to consider ways to increase student participation in its work. The Board has requested that the Investment Committee conduct its review expediently and with the goal of increasing transparency to the extent possible.