



# City of Chicago



Or2018-469

Office of the City Clerk

## Document Tracking Sheet

**Meeting Date:** 9/20/2018

**Sponsor(s):** Burke (14)  
Solis (25)

**Type:** Order

**Title:** Call for Municipal Employees, Laborers and Retirement Board Employees, Policemen and Firemen Annuity & Benefit Funds of Chicago to identify whether respective funds are invested in companies owning or operating private prisons and what action is needed to update investment policies to include restriction on private prison company investments

**Committee(s) Assignment:** Committee on Finance

## O R D E R

WHEREAS, the City of Chicago is committed to ensuring that its investments and resources are aligned with the public health, safety, moral, and welfare principles that it is charged with protecting and upholding; and

WHEREAS, with measures such as its adoption of the MacBride Principles to protect religious minorities in Northern Ireland, requiring Slavery Era insurance policy disclosures from contractors, encouraging sweatshop free procurement, and requiring sexual harassment prohibition policies from its contractors, the City has demonstrated that its considerable financial leverage can advance social justice while espousing fiscal responsibility; and

WHEREAS, the time has come yet again to cast attention upon another humanitarian crisis, this time involving the federal administration's treatment of those who come to our borders and shores seeking not just prosperity and economic opportunity but, increasingly, basic refuge and survival; and

WHEREAS, earlier this year, Chicago and the world's attention was drawn to another installment of the current presidential administration's increasingly punishing immigration policies—the “family separation” policy in which families lawfully at the border seeking asylum and those attempting an illegal border crossing were forcibly separated from their children; and

WHEREAS, this separation occurred as the adults were subjected to criminal prosecution instead of the administrative immigration court process that the misdemeanor infraction of unlawful entry typically garners; and

WHEREAS, the family separation policy resulted in at least 2,000 immigrant children being separated from their families within a six week period between April and May of 2018, and many await reunification months later; and

WHEREAS, on June 27, 2018, the City Council of the City of Chicago officially denounced this so-called “zero tolerance” separation policy via resolution, joining a resounding chorus of condemnation; and

WHEREAS, in its fiscal year 2019 budget overview, the U.S. Immigration and Customs Enforcement (ICE) agency notes that the “[i]mplementation of the new policies has led to increases in arrests...,” that “[i]nterior enforcement activity has continued to be significantly higher than recent years,” and that it therefore expects to end fiscal year 2018 with an arrest rate increase of twenty-three percent (23%) over 2017 with no indication of abatement; and

WHEREAS, the relationship between these arrest numbers and the profitability of private detention centers has been widely reported and anticipated considering that the prison companies own and operate approximately two-thirds of ICE's detention capacity; and

WHEREAS, the two largest companies, CoreCivic, Inc. and GEO Group, Inc. are said to manage more than half of the private prison contracts and to have earned over \$4 billion in revenue in 2017; and

WHEREAS, as described in a September 2018 *The Atlantic* article, immigration “[d]etention is a boom industry, backed by such megafunds as Vanguard and BlackRock,” with stock prices in CoreCivic and Geo Group rising by more than 100% in the months following Donald Trump’s election; and

WHEREAS, the private prison industry has been widely and historically criticized for allegedly increasing profits by lessening security, staff, food quality, and mental and physical healthcare to unsafe and at times allegedly abusive levels; and

WHEREAS, in August 2018, the Chicago Teachers’ Pension Fund voted to divest its holdings in private prison companies that operate immigration detention centers; and

WHEREAS, the decision followed an American Federation of Teachers report that cited humanitarian concerns and financial risks involved in what that organization’s president described as “morally abhorrent detention centers that are both a stain on our nation and a risky financial bet;” and

WHEREAS, as reported in the *Chicago Tribune*, the Chicago Teachers’ Pension Fund’s action mirrors those of other entities—the New York City Pension Fund was the first to divest from the prison industry in June 2017 citing “alleged human rights abuses...and ‘draconian’ immigration policies,” and the New York State Common Retirement Fund has done likewise; and

WHEREAS, additionally, the Philadelphia Board of Pensions and Retirements and the Cincinnati City Council voted to divest from private prison holdings and the California State Teachers’ Retirement System is contemplating a similar measure; and

WHEREAS, in explaining the Chicago Teachers’ Pension Fund’s decision, its president stated, “[t]o make money on human misery, that’s not really what Chicago teachers are all about;” and

WHEREAS, this City Council posits that the same sentiment applies to its first responders, laborers, and others comprising the City of Chicago’s workforce; and

WHEREAS, the City and its employees contribute to the Municipal Employees’ Annuity & Benefit Fund of Chicago (MEABF), the Laborers’ & Retirement Board Employees’ Annuity and Benefit Fund of Chicago (LABF), the Policemen’s Annuity & Benefit Fund of Chicago (PABF), and the Firemen’s Annuity & Benefit Fund of Chicago (FABF) (collectively, “the Funds”); and

WHEREAS, the Funds have already adopted some investment restrictions involving matters of social concern such as MEABF, LABF, and PABF’s investment policies reflecting restrictions on assault weapon manufacturer investments; and

WHEREAS, divestment policies can apply prospectively, precluding future investment even if current funds are not implicated; and

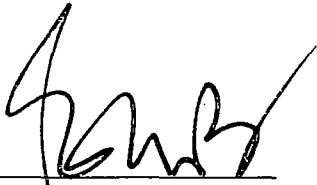
WHEREAS, City of Chicago officials including the treasurer, comptroller, clerk, and chief financial officer each hold board positions on one or more of the Funds; and

WHEREAS, this City Council urges its officials to undertake an examination of the Funds' investments for potential privately run immigration detention center involvement and to seek to adopt restrictions on future investments; and

WHEREAS, such action befits a City that has declared itself a friend to immigrants and foe to human rights abuses generally; now, therefore,

BE IT ORDERED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

That the Municipal Employees' Annuity & Benefit Fund of Chicago, the Laborers' & Retirement Board Employees' Annuity and Benefit Fund of Chicago, the Policemen's Annuity & Benefit Fund of Chicago, and the Firemen's Annuity & Benefit Fund of Chicago appear before the Committee on Finance and identify whether their respective funds have invested in companies that own or operate private prisons, plans for divestiture if so, and what action will be taken to update their investment policies to include a restriction on private prison company investments.



Edward M. Burke  
Alderman, 14<sup>th</sup> Ward

