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Students contest Notre Dame investment in hotel group

Brian Roewe | Jan. 4, 2013

Labor activists and students at the University of Notre Dame have called for the Indiana school to cease investing in a private equity hotelier they say has questionable labor practices.

HEI Hotels & Resorts owns and operates more than 40 properties in 16 states representing 12 major hotel brands, including Hilton, Westin and Marriot. Recent years have seen dozens of claims accusing HEI of denying employees meal and rest breaks. In late November, the company settled a break-related lawsuit by paying $130,000 to 18 employees of the Hilton Long Beach and Executive Meeting Center in Long Beach, Calif. In March, a former housekeeper received $70,000 from the hotel for work-related injuries.

HEI workers and their supporters say the hotel equity firm maximizes profits by cutting staffing, hours and benefits while increasing workloads without additional pay.

HEI did not respond to requests for comment for this story, but it has often cited high scores on independent-run employee satisfaction surveys. A July press release stated HEI scored 89 percent employee satisfaction compared to an average of 82.6 percent among 13 peer hoteliers. The release did not state who conducted the poll.

Luz Olivas, a housekeeping supervisor at the Hilton San Diego Mission Valley, doesn't count among the satisfied since HEI took over the hotel in July 2011. A 15-year employee of the Hilton Mission Valley, she told *NCR* that management's halving of her shift's positions to two has increased her responsibilities and leaves her constantly exhausted. Olivas, 53, predicts she will stop working in three years because of knee damage.

"These people treat us like machines or like animals. And I'm not a machine, I'm a human being, and I have feelings. And that's why we went to look for help," she said.

The group HEI Workers Rising, supported by labor union UNITE HERE, has worked to organize support for an HEI worker union. A petition on HEIworkersrising.org [1] calling for Notre Dame to stop investing in HEI has collected signatures of more than 100 Catholic labor activists, including Bishop Richard Garcia of Monterey, Calif., and more than 30 priests.

"We, the undersigned who are deeply committed to Catholic Social Teaching, request that the University of Notre Dame end its investment in HEI Hotel and Resorts until HEI respects Catholic Social Teaching," the statement says, calling also for greater institutional controls to ensure investments adhere to Catholic social teaching principles.

Among the signatories was labor priest Fr. Larry Dowling. He told *NCR* he signed the petition because he viewed HEI's actions as among a larger effort to force unions out of hotels.

"We're trying to push back against that, to say that every family, every individual deserves a right to a fair wage

and benefits," said Dowling, chair of the board of ARISE Chicago, a labor rights group.

At the campus level, student group Campus Labor Action Project (CLAP) has sought clarity from Notre Dame since 2007 regarding its investment in the decade-old HEI. At $7 billion, Notre Dame's endowment is the largest of all U.S. Catholic universities, and 14th overall in U.S. higher education. CLAP member and third-year law student Michael Gillman, 25, said the group's goal has been for the university to make a public statement on HEI, but that has yet to happen.

"We need to know what the university's plans are regarding this company," he said. "If the answer is they're great, and we're going to continue to do business with them, then we would continue to struggle on that point."

In an email, Notre Dame vice president and chief investment officer Scott C. Malpass told *NCR* that the university has investigated claims raised by students and has found HEI's labor practices fair, citing competitive pay and benefits, respected managers, and employee satisfaction surveys. He said that UNITE HERE is pushing the claims as part of its effort to unionize HEI workers by a card check vote instead of secret ballot.

"I am satisfied that this is a self interest matter by the union and not of substance in terms of any structural problem at HEI," Malpass said. "We will continue to monitor their labor practices and policies as we would any investment we make."

Since the school's HEI investments are through a private limited partnership and not public securities, Malpass said ending any investment could not be done by sale or divesting, but rather, by declining investment in the next fund.

"At this time, we have no plans to add additional capital to any new funds raised by HEI," he said.

Malpass said he has met on numerous occasions with students regarding HEI.

Chris Gluek, a CLAP member, attended a spring 2012 meeting. He said it was "friendly" but declined to comment on what was discussed. He told *NCR* the HEI issue represents larger questions of transparency in university investments.

Gillman said, "This issue is important not only because of the practices of HEI and their incompatibility with Catholic social teaching, but it's also kind of a larger conversation about how our university invests its money."

University representatives declined participation in two events held in 2012 examining Notre Dame and HEI, including a November research presentation by Gerald Beyer, theologian at St. Joseph's University in Philadelphia.

Viewing results from a UNITE HERE survey of 83 HEI workers, Beyer concluded that the workers "repeatedly reported treatment tantamount to violations of the dignity and rights of workers according to Catholic social teaching," and that such allegations "should give any Catholic investor enough reasons to consider not investing in HEI."

He recommended Catholic institutions establish a socially responsible investment advisory board to carefully research and review potential investments, like those at Loyola University Chicago and Georgetown University in Washington. Notre Dame said it has a social responsibility investment policy and follows U.S. bishops' conference guidelines for investing.

Other universities have addressed their HEI investments. HEIworkersrising.org lists nine schools -- including seven Ivy League schools -- that have stated they will no longer invest in HEI or never intend to do so, with most specifically citing portfolio and strategy factors for cutting ties.

In February 2011, Brown University's Advisory Committee on Corporate Responsibility in Investment Policies approved a recommendation for the school to cease future investments in HEI, largely based on concerns with labor practices. "While HEI had not been found guilty of violations of the [National Labor Relations Act], a persistent pattern of allegations involving the company's treatment of workers and interference with their efforts to unionize, combined with repeated settlements ? raised serious questions whether Brown's continued association with HEI would be consistent with the ethical principles governing the university's investments," the committee stated on its website.

Gillman said, "If you look at the issue fairly, you can see that this is a company that Notre Dame shouldn't be involved with, and Notre Dame can do a lot better with the money that they have."

[Brian Roewe is an *NCR* staff writer. His email address is broewe@ncronline.org [2].]

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Links:
[1] http://HEIworkersrising.org
[2] mailto:broewe@ncronline.org