The top half of the page features a dark blue background with several thin, wavy orange lines that cross and overlap, creating a sense of movement and energy.

RAISING STUDENT VOICES

Student Action for
University Community Investment



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Joe Guinan, Sarah McKinley and Benzamin Yi





A Responsible Endowments Coalition Paper

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While communities across the United States continue to suffer in the wake of the financial crisis and the Great Recession, huge pools of investment capital are often to be found sitting right next door.

EXECUTIVE SUMMARY

This paper seeks to identify ways to better connect two disparate realities that can be found side by side in America today: the growing needs of struggling communities and the vast but detached institutional wealth to which they are home. While communities across the United States continue to suffer in the wake of the financial crisis and the Great Recession, huge pools of investment capital are often to be found sitting right next door. America's colleges and universities collectively own over \$400 billion in assets via their endowments. As permanent place-based "anchor" institutions, many of these universities are well positioned to serve as critical drivers of community development. Looking at their current investment behavior, however, it is clear that America's universities—supported as they are by public funds and beneficial tax treatment—could be doing much more to directly support low-income people, small businesses,

and sustainable community economic development. At the same time, new socially conscious and economically focused student movements are increasingly active on campuses across the country. The potential for a far greater level of community investment by universities, spurred on by students and others, is obvious.

In June 2012, the Responsible Endowments Coalition and The Democracy Collaborative began research to explore student involvement in university-led community investment, and to understand where community need and institutional wealth could be made to intersect. This paper is the result of that research. In conducting the interviews upon which it is based, we found that if students, faculty, community members and organizations, and college administrations can be brought together, it is far more likely that long-term investment by universities in a manner that prioritizes real community needs and interests will occur.

“Community investment” takes many different forms, but for the purposes of this paper it is defined as directing financial resources into the local community in a way that empowers low-income residents, small businesses, and sustainable economic development. Often—although not always—investments are made via community development financial institutions (CDFIs) with defined missions to provide financial services to underserved populations in a fair manner. Such an approach seeks to ensure bottom-up sustainable community development by placing greater power and control in the hands of community actors.

Over three months our research team interviewed fifteen students, administrators, and university community members. We narrowed our profiled case studies to three administration-led initiatives and three student-led initiatives on university community investment to examine what worked and what did not. The paper also analyzes five case studies that demonstrate potential for future university community investments. Ultimately, we found great potential in increased partnerships and collaboration with the people and communities who are most directly impacted by the lack of community capital. The key findings are laid out below.


KEY RECOMMENDATIONS

To maximize the influence of student campaigns and other activities in increasing the impact of university community investing and moving it to scale, this paper recommends:

- Increasing the participation of alumni in student campaigns, dialogues, and related activities, given the leverage they can exert on their universities
- Adopting more partnerships with community-based organizations, professional associations and organizations focused on university community engagement
- Building student involvement in the activities of higher education networks such as the Anchor Institution Task Force, the Coalition of Urban Serving Universities/Association of Public and Land-Grant Universities (USU/APLU), and Campus Compact to provide greater student input into national-level conversations and identify champions for “win-win” opportunities
- Developing a model financial design for scaling-up sustainable community investing by university *endowments*, drawing on best practices for community investing
- Establishing better links with service learning and engagement curricula to raise the profile of community investing and give it a human face
- Identifying “game-changing” institutions whose decisions will have the most impact on the endowment field and on peer institutions.
- Testing out a more community-oriented strategy involving sustained on-the-ground organizing by student organizations in the community, as well as on campus, and working as part of a broader community coalition through “pilot” campaigns in select cities nationwide.

This paper is intended to help elaborate an approach to community investing by universities that prioritizes the voices of students and community members. Research was conducted between June and November 2012, utilizing case studies selected by the Responsible Endowments Coalition (REC) and The Democracy Collaborative. The case studies were chosen in accordance with a range of criteria, including REC's reach and existing networks of student contacts, geographical considerations, the interests of partner institutions, and a desire to avoid duplicating existing studies.

The research team collected information through interviews with students, faculty, administrators, community groups and outside experts from eleven universities and their surrounding communities. A list of interviewees and contributors can be found in the Appendix at the end of the paper. Collectively, the balance of interviews ended up being skewed towards students due, in part, to a lack of response by some administrators to interview requests. It is our hope that the paper will prove useful to those working with colleges and universities to build healthy and more resilient communities across the country.

An abstract graphic consisting of multiple thin, parallel orange lines. Some lines are horizontal, while others are diagonal, creating a grid-like pattern in the upper left corner. The lines extend across the top of the page and then angle downwards towards the left side.

America's colleges and universities could be doing a lot more to support their surrounding communities.

INTRODUCTION

Community investing by U.S. universities—redirecting financial resources into the local community in a way that empowers community residents, small businesses, and sustainable economic development—is slowly on the rise. Over the past few years, a number of colleges and universities across the United States have begun to invest endowment and operating dollars in this manner, often using community development financial institutions (CDFIs) as intermediaries. However, such community investments still represent only a tiny portion of the hundreds of billions of dollars available to higher education institutions through their endowments and operating accounts. Overall, given their sizeable economic footprint, America’s colleges and universities could be doing a lot more to support their surrounding communities.

This paper uses a number of case studies to examine the trend towards increased university

community investing in the United States and to explore potential opportunities and strategies for future expansion. After introducing the issues, the paper offers six profiles of instances where community investing by universities has occurred as a result of either administration-led or student-led initiatives. The former have generally occurred because of a recognition on the part of administrators and faculty that the overall success of their institution is impacted by the state of the community in which they reside. The latter have generally occurred through deliberate campaigns by student activists—usually with support from REC—to hold their schools accountable for their investment practices and push them in a more community-sustaining direction.

The paper then turns to five examples where community investing campaigns at universities have either not yet succeeded or not been attempted in order to examine the feasibility of

successful future campaigns at these institutions and extrapolate more general lessons. Based on these case studies, the paper suggests ways that advocates of community investing at universities might achieve greater impact and scale. These include establishing partnerships with community groups and developing an increased role for alumni; creating campaigns capable of sustained action over time; building relationships with pro-

fessional organizations and networks in higher education to access national platforms; establishing better links with service learning and curricula; and organizing on-the-ground campaigns based on partnerships with community-based organizations and broad community coalitions in selected cities.

One percent of the population owns as much wealth as the bottom 90 percent taken together.



BACKGROUND

Four years after the most severe financial crisis since the Great Depression, the United States continues to face deep economic problems. The economy is stagnating. Communities are struggling. The lives of millions are compromised by economic and social pain. Income and wealth disparities have become corrosive of democratic possibilities. One percent of the population owns as much wealth as the bottom 90 percent taken together.¹

Confronted with these difficult realities (which were building long before the current economic

downturn) a growing number of local activists, socially minded business leaders and engaged citizens have been charting a different course in some of America's poorest communities. As traditional policy responses have increasingly fallen short, literally thousands of on-the-ground community wealth building efforts have sprung up across the country.² Built up over time, the sector has reached the point today where more than 1,000 Community Development Financial Institutions (CDFIs), operating in every state and the District of Columbia, invest in jobs, housing, and services for low-income communities. The sheer range of activity and growing trend in community investing is rarely appreciated. From \$4 billion a

1 For net worth, see Edward N. Wolff, "Table 2. The Size Distribution of Wealth and Income, 1983-2007," in *Recent Trends in Household Wealth in the United States: Rising Debt and the Middle-Class Squeeze—an Update to 2007* (Annandale-on-Hudson, NY: Levy Economics Institute of Bard College, March 2010), p. 44, http://www.levyinstitute.org/pubs/wp_589.pdf. (Annandale-on-Hudson, NY: Levy Economics Institute of Bard College, March 2010), p. 44, http://www.levyinstitute.org/pubs/wp_589.pdf.

2 For information on various community-building efforts, see www.community-wealth.org. See also The Democracy Collaborative, *Building Wealth: The New Asset-Based Approach to Solving Social and Economic Problems* (Washington, DC: Aspen Institute, 2005).

decade ago, community investment has grown to over \$60 billion today, according to the latest data.³ But the level of need is such that capital continues to be scarce. For impact to grow, new sources of capital must be directed into community investing.

In this context, student activists and community organizers have called attention to the existence of a large source of investment capital in the form of the endowments of higher education institutions. Collectively, U.S. college endow-

ments are worth around \$400 billion, and their total annual operating budgets—used to purchase goods and services—represent a similar amount.⁴ To date, only a miniscule portion of this very sizable pool of capital is devoted to community investment in a manner supportive of low-income people, small businesses, and sustainable community economic development.



3 The Forum for Sustainable and Responsible Investment, 2012 Report on Sustainable and Responsible Investing Trends in the United States (Washington, DC: US SIF, 2012), http://ussif.org/resources/pubs/trends/fast_facts.cfm.

4 National Association of College and University Business Officers and Commonfund Institute, *U.S. and Canadian Institutions Listed by Fiscal Year 2011 Endowment Market Value and Percentage Change in Endowment Market Value from FY 2010 to FY 2011* (Washington, DC: NACUBO and Commonfund Institute, March 19, 2012).

University Engagement and Community Development

University engagement has become something of a buzzword in higher education circles. While many of America's colleges and universities persist in viewing themselves as academic enclaves detached from their surrounding communities, recent decades have witnessed considerable movement in a different direction. Technology transfer, engaged scholarship, service learning and a growing array of partnerships—although a mixed bag in terms of their beneficial impact—have all connected faculty, students, and administrators to the needs of the local community and the region in new ways. This evolution in thinking is increasingly opening the door to conversations at a number of universities about greater community investing.

In recognizing their dual role, today's engaged universities stand in a long tradition of civic and community engagement that goes back to the founding of the land grant college system in the mid-nineteenth century and continues through the educational theories of John Dewey to the present day work of organizations like Campus Compact. Such is the widening acceptance of community engagement by universities that, beginning in 2006, the Carnegie Community Engagement Classification has provided the higher education sector with a voluntary classification by which to recognize an institution's commitment to community engagement.⁵

Engagement in this context goes beyond extended academic missions to encompass an awareness of the university as an economic engine in its own right, providing employment and support for economic activity through its hiring, real estate, purchasing, and investment activities. Many universities have begun to use their purchasing power to redirect a portion of procurement dollars in support of local vendors—particularly minority- and women-owned businesses. In the area of community investment, however, universities have been slow to get on board with the broader trend noted above in which the sector has grown to \$60 billion of activity.

"Community investment" can be defined in a number of different ways. Although many in the wider responsible investment sector are interested in international responsible investing (see, for example, TIAA-CREF's investment in global microfinance and the Omidyar-Tufts Microfinance Fund⁶), for the purposes of this paper we define "community investing" to mean investments made into domestic U.S. local low-income communities. Along those lines, the preferred model for such investments is via community development financial institutions (CDFIs) such as community development credit unions, community banks, community loan funds, and community venture capital funds. The defining feature of CDFIs is their mission to make capital available to tra-

⁵ For a broader discussion of this history, see Steve Dubb and Ted Howard, *Linking Colleges to Communities: Engaging the University for Community Development* (College Park, MD: The Democracy Collaborative at The University of Maryland, August 2007).

⁶ Joshua Humphreys, *Environmental, Social and Governance Investing by Colleges and University Endowments in the United States: Social Responsibility, Sustainability, and Stakeholder Relations* (Boston, MA: IRRC Institute and Tellus Institute, July 2012), <http://tellus.org/publications/files/esgendorments.pdf>.

ditionally underserved populations on beneficial terms and with greater accountability, responsiveness, and community participation.

Low-income communities are often starved of capital due to the unwillingness or inability of traditional banks and government to provide sufficient resources. CDFIs have missions to provide credit, financial services, and technical assistance on a fairer basis than mainstream banks. They help low-income individuals and community-

community *engagement* through academic programs and service learning, only a handful of schools have begun to direct their financial resources into community *investment*, although the practice is on the rise. There are also a number of proclaimed “community investments” by universities that, upon closer inspection, fall short of even a minimal standard of beneficial community impact or are simply masquerading as such.⁷

A number of factors have contributed to the

When universities engage in community investing, they can mobilize significant financial resources to create positive change in their local communities while empowering community residents.

based institutions seeking to improve their communities pursue and implement sustainable and effective community development strategies. Affordable housing development, small business creation, development of community facilities, and empowerment of women and minorities are all cornerstones of CDFI investments. Simply put, community investing helps build wealth and promote economic wellbeing in poor or underdeveloped communities. Investors can engage in community investing in a variety of ways, including by purchasing financial instruments such as certificates of deposit (CDs) from CDFIs, through direct investments, or through participation in community development loan funds and venture funds. When universities engage in community investing, they can mobilize significant financial resources to create positive change in their local communities while empowering community residents.

To date, despite increased university com-

slow growth of university community investing. Universities frequently seem to stop short of anything they perceive as impacting their immediate return on investment, due in some degree to the embrace of a conservative investment model by university trustees and administrators. Furthermore, the impact of the financial crisis on endowments has produced a sense of constrained resources, making institutions even more wary of anything other than maximizing returns. And, until recently, there has not been much pressure on universities to invest in their communities using endowment resources. Having been pioneers in the 1970s in the area of investment responsibility, university endowments have ceased to be innovators and are now “locked in the past,” according to Josh Humphreys of the Tellus Institute.⁸

7 Ibid.

8 Joshua Humphreys, “The State of Endowment Investing” (Lecture, REC-IRI conference at Harvard University, Cambridge, MA, November 9, 2012).

That said, investments in communities—broadly defined—by universities have slowly been occurring, with relevant activity at the University of Pennsylvania, Duke University, the University of Cincinnati, Fordham University, Harvard University, Seattle University, Tufts University, Emory University, the University of Minnesota, Syracuse University, Macalester College, Wesleyan University, Mount Holyoke College, and LeMoyne Owen

College, among others. A category specifically tracking deposits with CDFIs was included in the grading system for the College Sustainability Report Card (the “Green Report Card”) and is incorporated in the Association for Advancement of Sustainability in Higher Education (AASHE) Sustainability Tracking, Assessment & Rating System (STARS).⁹



⁹ The Green Report Card was launched in 2007 by the Sustainable Endowments Institute. According to the 2011 report card, “Sixteen percent of schools currently have endowment investments in community development loan funds or similar investment opportunities, while an additional 16 percent are exploring endowment investments in this area.” See <http://www.greenreportcard.org/>. Information on STARS can be found at: <https://stars.aashe.org>.

org. As with many of these rating systems, there are concerns about independent verification of self-reported data in the STARS ratings. See Joshua Humphreys, *Environmental, Social and Governance Investing by Colleges and University Endowments in the United States: Social Responsibility, Sustainability, and Stakeholder Relations* (Boston, MA: IRRC Institute and Tellus Institute, July 2012).

INSTITUTION	ENDOWMENT	COMMUNITY INVESTMENTS VIA CDFI INTERMEDIARIES
Carleton College	\$645.6 Million	Partnered with St. Olaf College to create Northfield Community Investment Fund. Has contributed \$1.5 million to the fund.
Duke University	\$5.55 Billion	Invested \$4 million in the Latino Community Credit Union and \$8 million in the Self-Help Credit Union.
Fordham University	\$491 Million	Made \$250,000 deposits each into both the BethEx Federal Credit Union and the Amalgamated Bank from a student-led campaign.
Harvard University	\$30.4 Billion	Invested \$20 million in low-interest loans through the Harvard 20/20/2000 Initiative.
Macalester College	\$634.5 Million	Macalester student coalition worked with REC to move \$600,000 into University Bank, a community bank in St. Paul, MN.
Mt. Holyoke College	\$582.6 Million	Mount Holyoke's Socially Responsible Investment committee raised \$25,000 for a pilot Responsible Investment Fund. Money from that fund has been invested in CDFI's in Western MA.
Oberlin College	\$674.6 Million	Student Activity Fund invested about \$150,000 into the Ohio Educational Credit Union (OHECU).
Seattle University	\$178.8 Million	Student led campaign brought \$600,000 of investments into two funds: a CDC in Seattle and a microfinance fund in Latin America.
Southern New Hampshire University	\$16.76 Million	Invested \$560,000 cumulatively into eleven separate community development loan funds, banks, and credit unions through the School of Community Economic Development.
Tufts University	\$1.35 Billion	Student-led campaign led to an investment of \$500,000 into community banks in Medford, MA.
University of Cincinnati	\$976 Million	Has dedicated nearly \$150 million from its endowment to finance low-interest loans, as well as an additional \$8 million in operating grants for community redevelopment efforts.
University of Chicago	\$6.57 Billion	Accepted a proposal from a student committee and invested \$1 million into four community banks in Chicago, at \$250,000 each.
Wesleyan University	\$600 Million	Established two investments in the form of six-month \$250,000 certificates of deposit into two local community banks as a result of a student-led campaign.

INSTITUTION	ENDOWMENT	OTHER COMMUNITY INVESTMENTS
Case Western Reserve University	\$1.6 Billion	Allocates a portion of institutional procurement to Evergreen worker co-ops in support of a larger community-building agenda.
Emory University	\$5.46 Billion	Forgave \$20 million in debt to help maintain the viability of Grady Hospital, Atlanta's leading charity hospital.
LeMoyne Owen College	\$12 Million	Established the LeMoyne-Owen College Community Development Corporation which has an annual budget of nearly \$5 million.
Syracuse University	\$940 Million	Gave \$13.8 million to begin a comprehensive neighborhood revitalization effort.
University of Minnesota	\$1.4 Billion	Invested \$4.05 million to build the Urban Research and Outreach Center.
University of Pennsylvania	\$6.75 Billion	Long-term investments in community have totaled close to \$500 million.

Source: National Association of College and University Business Officers and Commonfund Institute

University Community Investing To Date

Universities have engaged in local community investing—defined more broadly than community investing via CDFIs to include direct community investments, community purchasing and procurement programs, and real estate activity—via two distinct paths. The first dates back more than a decade and essentially consists of decisions by university administrations that worsening local conditions necessitated a different kind of effort to tackle the problems of urban decay and stimulate economic development in adjoining communities.

These top-down, administration-led decisions were often prompted by dramatic changes in local economies and surrounding neighborhoods, including in some instances a rise in violent crime. These developments touched on both the self-interest of the university in maintaining an attractive and livable campus and the long-

range vision of key administrators concerning the need to play a different kind of economic role in their local community. Steve Dubb and Rita Axelroth Hodges offer a typology for these initiatives by which the university is either reactive, an agenda-setter, or a co-partner with the local community.¹⁰ Commitment at the highest level of administration at these universities has tended to produce a sustained and large-scale effort. The result has been the mobilization of very substantial resources (sometimes at the level of hundreds of millions of dollars) across investment, real estate, procurement, and hiring practices (although only a portion of this has been directed through community development intermediaries).

The second type of community investment

¹⁰ Rita Axelroth Hodges and Steve Dubb, *The Road Half Traveled: University Engagement at a Crossroads* (East Lansing, MI: Michigan State University Press, 2012).

by universities has unfolded in the last several years. This wave has been characterized by campaigns led by students and faculty (with the help of outside organizations) to push universities into directing their resources into community investments via local CDFIs in the manner favored by much of the responsible investment industry. These bottom-up student-led campaigns have occurred in the context of the financial crisis and economic downturn, and recent efforts have been able to draw upon the political energy gen-

erated by Occupy, *Move Our Money* and Bank Transfer Day.¹¹ When successful, they have tended to result in modest investments by universities in certified CDFIs. Many consider these bottom-up approaches to be more empowering and impactful to communities themselves. However, the modest level of resources involved raises the question of the need for follow-up action to take these successes to scale.

Students and Community Development

Student power has long been a potent force for political and social action. Since the 1960s, students have been strongly identified with and made contributions to political movements and campaigns seeking social, economic, and environmental justice. In the United States today, student activism is on the rise. Examples include the Occupy wave of protests (most visible in 2011, but with continued impact into the present), the food movement, and more recently the burgeoning fossil fuel divestment movement, now active at some 250 campuses and growing.

Historically, a number of student economic justice initiatives have focused on ethical and responsible investment. One of the most famous of these was the divestment movement targeting the apartheid regime of South Africa in the late 1970s and 1980s, initially gaining traction on campuses at Hampshire, Michigan State University, Columbia, Stanford and the University of Wisconsin-Madison. By April 1985 the movement had pressured some 53 educational institutions to

divest from South Africa, increasing to 155 institutions by August 1988. In the period between 1985 and 1990, some 200 American companies divested from South Africa in whole or in part, showing the power student campaigns can exercise when properly focused and sustained.¹²

In the past decade, student divestment campaigns have targeted Sudan over genocide in Darfur and there have been calls for a boycott of and divestment from Israel and the imposition of sanctions over the occupation of Palestine.¹³ Campaigns on labor rights and working conditions by organizations such as the United Students Against Sweatshops (USAS) have also seen victories, including successful pressure on Russell Athletic and Nike to re-hire employees sacked for unionizing and to provide severance checks and benefits to laid off workers in Honduras.¹⁴

¹¹ For more information about these efforts see <http://www.endowmentethics.org/communityinvestment/>.

¹² Richard Knight, "Sanctions, Disinvestment, and U.S. Corporations in South Africa," in *Sanctioning Apartheid*, ed. Robert E. Edgar (Trenton, NJ: Africa World Press, 1990).


¹³ BDS National Committee, "Palestinian BDS National Committee," *BDS Movement*, no date, <http://www.bdsmovement.net/BNC>.

¹⁴ Steven Greenhouse, "Pressured, Nike to Help Workers in Honduras," *New York Times*, July 26, 2010; Steven Greenhouse, "Labor Fight Ends in Win for Students," *New York Times*, November 17, 2009.

Last year, students pressured their universities to divest from HEI hotels and resorts, a private equity fund, due to accusations of labor law violations in the hotels they purchase and operate. HEI had been seeking university endowment dollars, securing investments including an estimated \$119 million from Yale University. After pressure from student activists, Brown University announced the severance of all future investments in HEI. Yale University recently followed suit. During the campaign, students held “clean-ins” in which they brought cleaning supplies to “clean up” university investments. By mid-2012, Princeton, Harvard, Penn and Dartmouth had also agreed to withdraw their investments or not to reinvest in HEI. REC collaborated with USAS and UNITE HERE! on the HEI campaign.

To date, however, students have yet to play a significant role in community economic development through their institution’s investment decisions, though this may be about to change. Engaging students in the economic activities of their universities in local communities is an important start. The rapidly growing fossil fuel divestment campaign, taking hold on campuses all around the country, has raised the accompanying question of *reinvestment* and where those resources might be directed instead, opening up the potential for a great deal more emphasis on community investment by universities. In the next section, we present instances that show where and how this might be achieved.

In the period between 1985 and 1990, some 200 American companies divested from South Africa in whole or in part, showing the power student campaigns can exercise when properly focused and sustained.



There are many opportunities to leverage student action on university campuses to promote community investment.

CASE STUDIES

This paper seeks to identify lessons learned and best practices from a few select case studies of university-based local community investing that have occurred to date, with the aim of identifying how students can play a role in deepening the impact at the community level. The report is based on interviews with students, faculty, administrators, community groups, and outside experts regarding both recent successes and future opportunities.

All case studies were selected by REC and the Democracy Collaborative, based on experiences with university community investment campaigns and contacts within the field. The majority are private nonprofit universities. A few are also religious institutions. Two public state

universities were included among the case studies as potential future opportunities. Clearly, future studies will have to be broader in scope to encompass more public universities, where there may be different levers for influence. A different set of strategies and approaches will be necessary depending on the type of institutions involved, be they large public institutions, small liberal arts colleges, or private nonprofits with sizeable endowments. The case studies in this paper are meant to be illustrative and by no means comprehensive. They are merely a few examples among many of the opportunities to leverage student action on university campuses to promote community investment.

ADMINISTRATION-LED INITIATIVES

Administration-led community investing has been the product of a confluence of circumstances, interests, personalities and opportunities. There are a number of problems with the models of community investment that have been deployed—especially regarding real estate purchasing—that lead many to question whether some of these activities meet the basic tests of community benefit, community empowerment, and sustainability. Concerns have been growing that university-driven development has been a

cause of gentrification and of rapid increases in cost of living and displacement. However, the scale of what has been achieved over time in administration-led community investing is important and provides a measure of what is possible—and where to set the bar for peer institutions. Three instances of administration-led investments in communities by universities—at the University of Pennsylvania, Duke University, and Case Western Reserve University—are discussed in the following pages.

UNIVERSITY OF PENNSYLVANIA

The University of Pennsylvania (“Penn”) is an Ivy League private nonprofit research university in the West Philadelphia neighborhood of Philadelphia with over 10,000 undergraduate students and over 11,000 graduate students. As of 2011, the university had an endowment of \$6.75 billion and an annual operating budget of \$4.01 billion. West Philadelphia is a neighborhood with a checkered history, including its contribution to Philadelphia’s infamous crime statistics of 1.38 murders a day in 1990.¹⁵ In 1996, the murder of Penn research associate Vladimir Sled and the resulting uproar caused the university to commit to work to improve the neighborhoods of West Philadelphia with a renewed urgency. (Penn typifies the “crime response path” to community investment and development that has been observed in several administration-led instances).¹⁶

Beginning in the 1980s, Penn initiated community development efforts that remained modest due to limited support from the administration and trustees. The “Penn” program procured just \$800,000 in goods and services in 1986. However, once senior leadership became engaged, the

scale of such efforts increased dramatically. By 2011, Penn was purchasing more than \$85.7 million of goods and services from local businesses, including more than \$69.9 million from minority- and women-owned suppliers.¹⁷ Former Penn President Sheldon Hackney (1981-1993) had initiated trust-building efforts with the local community through university programs to improve local public schools. Penn Professor Ira Harkavy and a small group of faculty members helped build on these efforts to institute an array of university-community partnerships, leading to the creation of Penn’s Netter Center for Community Partnerships, which celebrated its 20th anniversary in November 2012.

Community Investing at Penn

- Currently purchases more than \$85.7 million goods and services from local businesses, including \$69.9 million from minority- and women-owned suppliers.
- Created the Netter Center for Community Partnerships.
- Purchased and rehabilitated over 200 rental buildings and invested \$150 million in developing retail space.
- Long-term investments in community have totaled close to \$500 million.

15 Martha T. Moore, “Murders on rise in Philadelphia,” *USA Today*, December 4, 2005.

16 For a fuller discussion of the University of Pennsylvania’s efforts on community engagement, see Rita Axelroth Hodges and Steve Dubb, *The Road Half Traveled: University Engagement at a Crossroads* (East Lansing, MI: Michigan State University Press, 2012); see also: Steve Dubb and Ted Howard, *Linking Colleges to Communities: Engaging the University for Community Development* (College Park, MD: The Democracy Collaborative at The University of Maryland, August 2007).

17 Rita Axelroth Hodges and Steve Dubb, *The Road Half Traveled: University Engagement at a Crossroads* (East Lansing, MI: Michigan State University Press, 2012).

Under President Judith Rodin (1994-2004), Penn began shifting institutional resources in attempts to improve the quality of life in the community. These efforts encompassed issues of public safety, housing, retail development, business development through local purchasing, and public school partnerships. During Rodin's presidency, Penn purchased and rehabilitated over 200 rental buildings for community residents, doubling housing values in the neighborhood. A \$150 million in-

current efforts and serving as a legitimating force within the field.¹⁹

Penn's purchasing from local businesses has continued to expand. Under the re-named "Economic Inclusion" program, Penn's Purchasing Services office now handles over \$1 billion in annual purchases. In 2011, local purchasing accounted for 12 percent and minority business purchasing accounted for 10 percent of Penn's purchasing dollars. Penn also awards minority- and women-

By 2011, Penn was purchasing more than \$85.7 million of goods and services from local businesses, including more than \$69.9 million from minority- and women-owned suppliers.

vestment in the development of a 300,000 square foot retail space helped leverage an additional \$370 million from private investors, which provided construction jobs for local residents. By 2004, crime rates in the area had fallen by 40 percent.¹⁸

In 2004, Amy Gutmann succeeded Rodin and brought with her a new focus on curriculum. She helped secure an endowment for the Netter Center and its community development efforts, which helped to double the center's budget to \$5.33 million by 2010. Through the Netter Center's efforts to engage students and faculty, Penn now has some 60 academically-based community service courses designed to build community problem-solving capacity while at the same time educating students through direct exposure to real-world community problems. The Netter Center is a leading force behind the Anchor Institution Task Force (AITF), created to advance anchor institution-community partnerships by reinforcing

owned businesses at least 20 percent of the large construction contracts available, resulting in an estimated 35 percent of all of Penn's construction contracts going to these firms.²⁰

Through the commitment of high-level administrative leadership and faculty, Penn has built an extensive financial and economic relationship with its neighboring community and fostered a culture of engagement within the campus. The university's long-term investments in the community have totaled close to \$500 million. Increases in real estate values, however, have given rise to some concern that the university has been a driver of gentrification in West Philadelphia.²¹

19 The AITF is chaired by Ira Harkavy and is housed at Marga Incorporated, a New York-based consulting firm focused on growing and nurturing partnerships for societal improvement. See <http://www.margainc.com/>.

20 Penn Purchasing Services, "Economic Inclusion at Penn," *University of Pennsylvania*, 2012.

21 The catchment area for the Penn Alexander School—a high-performing public K-8 neighborhood school created through Penn's public school partnerships program—is often identified as a particular factor in the gentrification of West Philadelphia.

18 Ibid.

To the extent that this is the case, Penn should explore possible solutions to the problem, which include affordable housing zoning or the creation of community land trusts.²² Greater student and community participation in discussions at Penn might serve to maintain a focus on addressing such unintended consequences of the university's community investment model. Working through CDFIs with defined community-benefiting missions could also help prevent gentrification and related problems of displacement, spiking rents, and increased costs of living for residents.



Representatives of Duke, Self-Help and community partners celebrated Self-Help's 100th home in Durham in 2010. Credit: Self-Help

22 A community land trust is a community-based nonprofit organization that buys land and holds it in trust on behalf of the community. By taking the land out of the market and capturing the equity gain for the community, the land trust shields the community from both land speculation and gentrification. Most community land trusts use models that enable residents to gain a minority share of the equity gain, but keep most of the gain in the trust, thereby ensuring affordability for future residents. See <http://community-wealth.org/strategies/panel/clts/index.html>.

DUKE UNIVERSITY

Duke University is a private nonprofit research university based in Durham, North Carolina with around 6,500 undergraduate students and over 8,000 graduate students. In 2011, Duke's endowment stood at \$5.55 billion and its operating budget at \$4.69 billion. As with Penn, Duke began to make community investments out of concern about the impact deteriorating neighborhoods would have on the university.

Durham had been a tobacco town before the Civil War. Tobacco had been the center of economic growth for the city, spurred by Washington Duke's monopolization of the tobacco industry through the American Tobacco Company in the 1890s. As late as 1986, there were more than 3,000 highly paid cigarette-manufacturing jobs in Durham. However, both American Tobacco and Liggett & Myers Tobacco Co., the last two remaining tobacco companies, had shut down by 1999, and half the employees laid off did not have a high school diploma. The city's population began to fall and the neighborhoods began to deteriorate.

Duke University's leadership, motivated by concern that the city's decline would impact the university's ability to offer an attractive, livable campus and remain competitive in attracting top students, began to look to its own resources as a means of stabilizing the twelve neighborhoods surrounding the campus. Using endowment funds, Duke began to fund affordable housing initiatives and other efforts aimed at re-populating

the surrounding neighborhoods and providing an economically stable community. In 2006 Duke's Board of Trustees adopted a new strategic plan focused on university engagement in Durham and the region. The university hired Phail Wynn, Jr.—recently retired from Durham Technical Institute and with longstanding ties to the local community built up over many years—for the newly created position of Vice President for the Office of Durham and Regional Affairs.

Community Investing at Duke

- Directed endowment funds toward affordable housing and adopted a strategic plan focused on local university engagement.
- Made direct investments of \$100 million in downtown Durham.
- Purchased \$63 million in goods and services from minority- and women-owned firms, and \$229 million from local vendors.
- Invested \$4 million in the Latino Community Credit Union and \$8 million in the Self-Help Credit Union.

With the onset of the 2008 economic downturn, Duke has come to see itself, according to Wynn, as serving as Durham's "economic stimulus package to help the city avoid recession."²³ In

²³ Phail Wynn, Jr., Interview by Democracy Collaborative staff, October 3, 2012.

2009, Duke made direct investments of \$100 million in the renovation of downtown Durham. Instead of building new structures, the abandoned warehouses left by the tobacco companies became a focal point for the renovations, with a \$50 million investment in the Smith warehouse alone to create downtown space for businesses and students. Duke also agreed to become the anchor

nonprofit development partners to build affordable housing and revitalize neighborhoods in a sustainable fashion.²⁴

Linkages between the community, the surrounding neighborhoods, the city, and the region have deepened. Some 48 percent of Duke's employees now live in Durham. Local purchasing continues to increase. Last year, Duke purchased

Duke has invested with the Latino Community Credit Union and Self-Help Credit Union, providing loans of \$4 million and \$8 million, respectively—the maximum allowable as a share of an overall financial institution under university investment rules.

tenant in the American Tobacco complex, renting 250,000 square feet and investing \$4 million towards the development of the world-class Durham Performing Arts Center.

Duke's approach to community investment includes elements and mechanisms that leave many in the responsible investment industry uncomfortable. However, there are overlaps. The university has supported local community credit unions. Duke has invested with the Latino Community Credit Union and Self-Help Credit Union, providing loans of \$4 million and \$8 million, respectively—the maximum allowable as a share of an overall financial institution under university investment rules. This recent doubling of loan commitments has allowed the Self-Help Credit Union to purchase local properties at no holding cost due to the reduction of the interest rate from 1 percent to 0 percent for 5 years, as set by Wynn. In this way, the Self-Help Credit Union is able to sell properties at a discounted price to Duke's

\$63 million in goods and services from minority- and women-owned firms, and \$229 million from 8,713 local vendors. Students are increasingly involved in the community through service learning and volunteerism, with more than 400 Duke student-volunteers tutoring Durham's grade school students. A new center ("Publics and Scholars") is also in the works that would seek to encourage faculty to direct their research to developing community solutions. This year, a new \$3.25 billion "Duke Forward" fundraising campaign by the university includes a focus on "Durham and the Region," with the goal being to raise funds to create a permanent new endowment for Duke's community initiatives that would sustain them well into the future.

²⁴ This fits the model of financial investment in community development as a sustainable means of building community wealth that avoids gentrification problems.

CASE WESTERN RESERVE UNIVERSITY

Case Western Reserve University is a private nonprofit research university in the University Circle neighborhood of Cleveland, Ohio, with around 4,000 undergraduate students and over 5,000 graduate students. In 2011, Case Western had a total endowment of \$1.6 billion and an operating budget of \$919 million.

Like Duke and Penn, Case Western has been engaged in a variety of ways in the local community, from service learning to staff housing subsidies and a high-profile dental program operating in local schools. Case Western's increased community engagement has largely been a product of the past ten years. "One of the reasons is we've seen the examples in different cities and a realization of our board, faculty, and leadership that, being an institution in an urban community, we're not going anywhere,"

said John Wheeler, Senior Vice President for Administration at the university. "We're going to be here for the long haul, and the institution can only be as strong as the community."²⁵

Case Western has not yet made investments in local CDFIs but has been involved in an innovative approach to anchor institution-based community economic development through its financial and institutional participation in the Evergreen

Cooperative Initiative, an award-winning strategy to create green jobs and community wealth for poor families in six of the city's most underserved neighborhoods.²⁶ Evergreen is a linked group of worker-owned business cooperatives supported in part by the massive purchasing power of the large local anchor institutions—including two hospitals (the Cleveland Clinic and University Hospitals) and the university. Collectively, these institutions spend some \$3 billion a year on goods and services—none, until recently, purchased from the immediate surrounding neighborhood. The "Cleveland Model" depends on the decisions of these substantially publicly financed institutions to allocate part of their procurement to the worker-co-ops in support of a larger community-

and wealth-building agenda.

Evergreen—which includes a solar instal-

lation and weatherization company, an industrial scale ecologically advanced laundry, and a greenhouse—is modeled (in theoretical terms, at least) on the 85,000-person Mondragón cooperative network in the Basque region of Spain. Its goal is community wealth building in general in the low-income Greater University Circle area of the city. Linked by a community-serving nonprofit corpo-

"We're going to be here for the long haul, and the institution can only be as strong as the community."

²⁵ John Wheeler, Interview by Democracy Collaborative staff, October 11, 2012.

²⁶ The Democracy Collaborative has been a partner in this effort, which began in 2007, and in similar efforts in Atlanta, Pittsburgh, Washington, DC, and Amarillo.

ration and a revolving loan fund, the companies cannot easily be sold outside the network; they also return ten percent of their profits to help develop additional worker-owned firms and thereby grow the network in the area.

A critical ingredient in the strategy was the role of the Cleveland Foundation in providing start-up funding and the convening power nec-

essary to build the coalition of organizations. "The Cleveland Foundation has a lot of leverage," said John Wheeler, "they give grants to the University, and ask for very little back. They also bring other institutions to the table." While students have not thus far been involved directly in the Evergreen initiative, they have been supportive of it. A few have been doing academic work focused on exploring the model. Law students at Case Western also provided the Cleveland Foundation with legal assistance in setting up the cooperatives. Case Western has received significant positive public relations coverage for its participation. Wheeler thinks there is potential for additional community investing by Case Western, especially if it can be tied to curriculum along the lines of a program-related investment (PRI): "that would have a lot of appeal, and would be consistent with the mission," he said.

Community Investing at Case Western

- Offers financial and institutional support to the Evergreen Cooperative Initiative that creates green jobs and control of wealth for poor families in underserved neighborhoods.
- Allocates a portion of institutional procurement to Evergreen worker co-ops in support of a larger community-building agenda.



Evergreen is a linked group of worker-owned business cooperatives supported in part by the massive purchasing power of the large local anchor institutions—including two hospitals (the Cleveland Clinic and University Hospitals) and the university.

Credit: The Cleveland Foundation

STUDENT-LED INITIATIVES

The student-led community investing case studies presented in this section have been brought about to a large degree by the efforts of REC's Community Investment Initiative (see Appendix B for more information). They are presented here as individual case studies to help de-

velop models for future efforts. Three instances of successful student-led campaigns that REC has supported—at the University of Chicago, Fordham University, and Wesleyan University—are examined below to identify key lessons and explore the strengths and weaknesses of this model.



THE UNIVERSITY OF CHICAGO

The University of Chicago is a private non-profit research university in the Hyde Park neighborhood of Chicago with over 5,000 undergraduate students and nearly 10,000 graduate and professional students. In 2011, the university had an endowment of \$6.57 billion and an operating budget of \$3.05 billion. The REC-supported 2011-2012 student campaign for community investing at the university unfolded against the backdrop of a wider responsible investment campaign that had been ongoing since the Darfur crisis in Sudan in the previous decade. In spring 2011, a proposal calling for the creation of a Socially Responsible

referendum, but was rejected immediately by the university.

The ensuing stand-off with the university over the SRIC forced students back to the drawing board. In the resulting conversations, the idea of pushing for an interim step on community investing struck a chord. Many of the students had not thought about community investing, but were concerned about the historically troubled relationship between their university and the surrounding community and the degree of suspicion in which the university was held. Some of this suspicion dated back to a period of “urban renewal” in the 1960s during which the university was seen to be driving gentrification for its own purposes.

Working with REC, supportive faculty and interested alumni, students drafted two new proposals, one of which provided for community investments through local CDFIs using funds from the university’s operating account rather than the endowment. The university’s President and Chief Investment Officer were impressed by the technical competence of the research supporting the proposals and invited students to schedule a meeting with the university’s new Vice President of Civic Engagement, Derek Douglas (who had previously served in the White House as senior adviser on urban policy to President Barack Obama). The university’s finance office researched the lending practices of local CDFIs and it was agreed that the university would deposit \$250,000 in each of four

Community Investing at the University of Chicago

- Administrators agreed to student proposal to deposit \$250,000 in each of four local CDFIs, making a total of \$1 million available for loans and other products and services for businesses and homeowners in neighborhoods on Chicago’s South Side.
- Campaign was student-led, and student-driven with community investment as interim goal in a wider responsible investment movement.

Investment Committee (SRIC) comprised of students, faculty, and administrators was passed by a large majority (over 80 percent) in a student

local CDFIs: the Hyde Park Bank, the Urban Partnership Bank, the Seaway Bank and Trust Company, and the Illinois Service Federal Bank. A total of \$1 million would thus be available for loans and other products and services for businesses and homeowners in neighborhoods on Chicago's South Side.

This success came about because of the sustained political pressure on the university from a strong student campaign combined with a politically and technically skillful strategy that provided administrators with a low-cost and low-risk way to say "yes." The campaign on responsible investment was growing more controversial and aggressive, garnering media attention and targeting the senior class gift through a boycott. By contrast, a strategy that presented community investment in uncontroversial terms was able to succeed at least in part because of the university's stated commitment to community engagement

and prior history of investing with at least one of these institutions.

For the students involved in the campaign, the community investment proposal was intended as an interim measure to keep the overall campaign on responsible investment moving forward. However, next steps for the broader campaign are unclear, and plans are not yet in place for evaluating the impact of the CDFI deposits. It may be that a time lag is necessary before any push on community investing can resume—not least because of a desire on the part of the students to give recognition to the university for what it has already done. "We formed positive relationships with members of the administration," said Caitlin Kearney, one of the student leaders, "and don't want to seem unappreciative."²⁷ On the other hand, momentum built up by the campaign may be in danger of dissipating if the campaign does not resume soon.

²⁷ Caitlin Kearney, Interview by Democracy Collaborative staff, August 6, 2012.

FORDHAM UNIVERSITY

Fordham University is a private nonprofit Jesuit research university in the Bronx borough of New York City with over 8,000 undergraduate students and nearly 7,000 graduate students. In 2011, Fordham had a total endowment of \$491 million. The campaign for community investment at Fordham University was born out of the remnants of anti-war activism in New York. When the financial crisis hit, it quickly became clear that economic justice would be the next big issue for Fordham student campaigners.

Fordham is a Jesuit university with a professed social mission, but a historically mixed record of engagement in the local community—"an ivory tower in the Bronx," according to students.²⁸ However, a strong community service department at the university, the Dorothy Day Center for Service and Justice, helped create a deep sense of responsibility toward the surrounding neighborhoods for many students who subsequently became involved in the community investment campaign. Broader political debates about the role of Wall Street and the major commercial banks in creating the economic crisis also fed into discussions among activist students at Ford-

ham, as did national initiatives such as Move Our Money (which preceded the birth of the Occupy movement). It was in this context that conversations among student activists grew to encompass the university's endowment, and issues of transparency and responsible investment.

When the financial crisis hit, it quickly became clear that economic justice would be the next big issue for Fordham student campaigners.

At this point, a group of student activists developed a proposal to move cash assets from Fordham's operating account into a local CDFI or com-

munity-based lender. The proposal suggested two possible recipients: the BethEx Federal Credit Union and the Amalgamated Bank ("America's Labor Bank," established in 1923 by the Amalgamated Clothing Workers of America, and the only

Community Investing at Fordham University

In response to a student campaign, administrators agreed to deposit a total of \$500,000 from their operating account into two local CDFI and community-based lenders: BethEX Federal Credit Union and the Amalgamated Bank.

union-owned bank in the United States). A two-pronged campaign was launched, consisting of what the students thought of as "inside" and "out-

²⁸ Brett Vetterlein, Interview by Democracy Collaborative staff, August 8, 2012.

side” tracks. The “outside” track sought to build support among the student body for the proposal, and involved articles in the student newspaper, meetings with student clubs, a student government resolution in favor of the proposal, and a petition with 400 signatures. The “inside” track targeted university administrators through meetings to persuade them of the merits of the proposal and its alignment with Jesuit social teaching.

The Fordham student campaigners who eventually sat down with the university’s finance department were surprised to quickly find themselves pushing against an open door. It was evident that the senior finance staff was not used

to dealing with students directly: “it seemed like a student had never been in their office,” Fordham alumnus and paid student organizer Brett Vetterlein recalled. But once Fordham’s Treasurer, Robert Steves, understood the proposal and saw that it was technically sound, he immediately appeared open-minded and sympathetic. Following due diligence by the university, in May 2011, Fordham made \$250,000 deposits in both the BethEx Federal Credit Union and the Amalgamated Bank.



Joy Cousminer (far left), President & CEO of Bethex Federal Credit Union, at 2012 Induction to the Cooperative Hall of Fame. Credit: Joe Rinehart

WESLEYAN UNIVERSITY

Wesleyan University is a private nonprofit liberal arts college located in the center of Middletown, Connecticut with nearly 3,000 undergraduate students and 200 graduate students. In 2011, Wesleyan's total endowment stood at \$600 million and the school's operating budget was \$195 million. As with Fordham, the origins of Wesleyan's community investment campaign can be traced back to anti-war organizing on the campus. A group of Wesleyan students called "Students for Ending the War in Iraq" staged

a protest outside the university's investment office in 2007 in an effort to get the administration to divest from weapons contractors such as General Dynamic and Raytheon. Although the ad-

In April 2012, upon the recommendation of the CIR, the university invested a total of \$500,000 in two local community banks in Middletown and Bridgeport.

ministration stood its ground on these investments, an Endowment Advisory Committee (EAC) was formed by the Wesleyan Student Assembly to attempt

to influence investment decisions regarding the endowment. The EAC was soon replaced by the Wesleyan Committee for Investor Responsibility (CIR), a committee formed to look at Wesleyan's investments and comprised of a multi-stakeholder group of five students, two faculty members, two university staff members, and two alumni.

In April 2012, upon the recommendation of the CIR, the university invested a total of \$500,000 in two local community banks in Middletown and Bridgeport. The students on the CIR had researched the community practices of several local community banks using a set of metrics that included proximity, support for long-term community investments, and philanthropic activities. Their recommendations led to investments by Wesleyan in the Community Bank and Liberty Bank. Once the decision was made, the student chair of the CIR worked with Wesleyan's finance

Community Investing at Wesleyan University

- Upon the recommendation of a student group, university administrators established two investments in the form of a six-month \$250,000 certificate of deposit into two local community banks, taken from the university's operating account.
- Community investment was an interim step in a campaign for broader changes to Wesleyan's endowment.
- Plans include metrics to measure the impact of investments on the community.

officer to establish the two investments in the form of a six-month \$250,000 certificate of deposit in each bank, taken from the university's operating account. The CIR plans to review Wesleyan's community investments and evaluate their impact within each of those communities.

The current student chair of the CIR as of No-

terested in working with the endowment."²⁹

In pushing for community investment of endowment dollars, students are anticipating a number of difficulties. Wesleyan's CIR is a young committee without a lot of credibility with the Investments Office (which has the final say when it comes to endowment matters). The CIR is

The perennial problem of student turnover makes it difficult to build momentum around community investment issues both on the committee and within the wider student body.

ember 2012, Corey Guilmette, sees Wesleyan's initial community investments as a good starting point for future efforts. He is hoping to expand upon this decision in the future and to move from the use of operating account funds to the endowment, which would allow for longer-term investments and more patient capital. "The general operating account is used for day-to-day expenses, so it's limited in what we can do with it," he said. "It has to be very liquid. Personally, I'm more in-

also constrained by the lack of interested faculty members with the requisite business and financial background. Another impediment is the lack of transparency concerning the endowment. In a recent student poll, 80 percent voted in favor of more transparency concerning the university's investments, but despite this poll, support for the CIR among the students is not seen to be very deep due to lack of awareness about its activities. Finally, the perennial problem of student turnover

makes it difficult to build momentum around community investment issues both on the committee and within the wider student body.



Liberty Bank Foundation in Middletown, CT.
Credit: Corey Guilmette

²⁹ Corey Guilmette, Interview by Democracy Collaborative staff, October 17, 2012.

FUTURE OPPORTUNITIES

In this section, we examine a few select places to build or expand student-led community investment campaigns. Identifying five potential universities—Loyola University New Orleans, the University of San Francisco, American Univer-

sity, the University of Texas at Brownsville, and the University of Texas-Pan American—we seek to evaluate the specific opportunities and more general challenges they present.

LOYOLA UNIVERSITY NEW ORLEANS

Loyola University is a private nonprofit Jesuit university in the Audubon Park District of New Orleans with around 3,000 undergraduates and almost 2,000 graduates. In 2011, Loyola's endowment stood at \$266 million. Based on conversations with faculty, students, and administrators, it is clear that Loyola University presents both challenges and opportunities for those seeking to persuade the university to adopt community investing.

of Katrina, Loyola sought to attract students by styling itself a "social justice university." The immediate presence of the Central City neighborhood, a disinvested community with a median household income of \$18,000 a year and a high murder rate, underscores the need for urgent action. Indeed, there already exist a number of centers and institutes at the university engaged in the community in a variety of ways, including community-based

Now that Loyola has a different provost there may be an opportunity to bring forward a stand-alone proposal on community investing.

On the positive side, the university broadcasts its stated commitment to community engagement, citing both Jesuit values ("commitment to service," "special concern for the poor and oppressed"),³⁰ and existing community efforts through service learning (which is included as part of "core studies" at Loyola) and partnerships. The particular setting of New Orleans, where Hurricane Katrina briefly shone a national light on the problems of poverty and urban decay, is also an asset in making the case for community investment—as is the spirit of what one administrator described as "New Orleans patriotism," the deep bond both residents and visiting students seem to feel for the city.³¹ In the wake

learning and others focused on issues like literacy, peace, and justice that have strong ties to community organizing efforts.

More challenging, however, is the predominant mood at senior levels of Loyola's administration. The university leadership has set out an ambitious academic and institutional agenda for the university and apparently feels "cash-strapped" for the resources to pull it off. Prior attempts to float the possibility of community investments have been unsuccessful. Loyola's Sustainability Committee previously sent a proposal to the provost and the university cabinet (with support from a number of faculty members) that was dismissed as not being a priority. However, now that Loyola has a different provost there may be an opportunity to bring forward a stand-alone proposal on community investing. Community investing by

³⁰ See the walkway at Loyola outside the J. Edgar and Louise S. Monroe Library which is inscribed with these and other Jesuit values: <http://www.loyno.edu/jump/about/loyola-at-a-glance/jesuit-tradition.php>.

³¹ Kelly Brotzman and Heather Mack, Interview by Democracy Collaborative staff, September 27, 2012.

Loyola could well come about via the administration on the basis of a technical argument rather than requiring a broad-based student campaign.

Another challenge is that community investing has not gained traction among Loyola students. One suggested reason for this is that it is viewed as “too abstract” and hasn’t yet been connected to social justice in a meaningful way. According to Josh Daly, Interim Director of the Center for Community Engagement and a strong advocate of community investing, links between Loyola students and community groups are not particularly strong, even for student activists. “A big part for me is not concretizing it, what the endowment means, what hundreds of millions of dollars of investment capital means, what even a tiny portion of that could mean [for New Orleans communities].”³²

Administrators who appear sympathetic recommend finding a way to make a “self-interest” case to Loyola’s leadership. “Any conversation that has to do with resources has to begin with the recognition of very limited resources,” said one administrator, who cautioned that anything that would potentially cost the university money quickly becomes “an uphill conversation.” There are, however, some useful precedents. Loyola already screens some of its investments according to Catholic values (no “sin stocks” such as armaments, tobacco, gambling, etc.) and is engaged in a joint project to develop metrics for shareholder activism of the Jesuit Province of New Orleans—in particular an effort to get the two largest prison companies in the region to adopt and verify human rights policies. Although there is no system-

atic commitment to local procurement, individual offices and programs have developed their own practices. A general sensitiveness to mission in this regard could work in favor of “buy local, invest local” arguments.

The door remains open for a community investing effort at Loyola—perhaps even one that would target several local universities for lever-

Community Investing at Loyola

Opportunities: Commitment to community engagement, existing community efforts through service learning, New Orleans as a focus for social justice, centers and institutes engaged in the community, university screening some investment according to Catholic values, general sensitivity to mission.

Challenges: Sense by administration of being cash-strapped, community investment not considered a priority, and is too “abstract” to garner broad-based student support.

age. The need is great, and is recognized as such. There is a very lively and vibrant nonprofit sector in New Orleans. The Sustainability Committee at Loyola is still pushing the issue, and there are a number of allies in the university administration. There are also student and alumni groups—Alumni for a Sustainable Loyola, the Loyola Association of Students for Sustainability—that might be supportive. Josh Daly also sees an important role for education and outreach to the finance office. “You have to see someone else doing it, doing what you do to break the status quo in finance. And they can say, it’s good, and it’s not hurting us, in fact it’s doing a lot of good things.”

³² Josh Daly, Interview by Democracy Collaborative staff, September 6, 2012.



Loyola University New Orleans; Credit: Loyola University Community Action Program



LUCAP students gut a home in LaPlace, Louisiana after Hurricane Isaac (Fall 2012); Credit: Loyola University Community Action Program



Josh Daly, pictured here, led an alternative spring break trip where Loyola students studied the loss of the Louisiana coast, and participated in coastal restoration projects; Credit: Loyola University Community Action Program

(right) LUCAP students participate in climate rally outside The White House as part of Power Shift 2009, a national youth environmental summit; Credit: Loyola University Community Action Program



LUCAP students travel to the School of the Americas Peace Vigil in Ft. Benning, GA; Credit: Loyola University Community Action Program



UNIVERSITY OF SAN FRANCISCO

The University of San Francisco is a private nonprofit Jesuit university located near the Panhandle section of Golden Gate Park in San Francisco with around 6,000 undergraduate students and 3,000 graduate students. In 2011, USF had an endowment of \$213 million and an operating budget of \$366 million. The school's mission includes the commitment to create "a more just and humane world," which represents an immediate opening on community investment issues.

To date, a REC-supported campaign to promote community investing at USF has fallen short of its original objectives. Student activists organized protests, wrote articles, drafted proposals,

Community Investing at USF

Opportunities: School's mission includes commitment to creating a more humane world, existence of an active student movement with faculty and Jesuit Ministry supporters, established service learning curriculum, ties with local community based organizations.

Challenges: Unresponsive financial office, loss of momentum, student turnover.

cultivated faculty and administration supporters, secured the involvement of community-based organizations, and began to establish links to the curriculum. REC-trained student activist Caitlin Dally organized a campaign to shift the univer-

sity's banking from commercial banks to community development credit unions by building a network of supporters on and off campus, including outreach to the PICO National Network (formerly the Pacific Institute for Community Organizations), a Bay Area coalition of faith-based community organizations, to put outside pressure on the university. Within the student body, those involved in the campaign staged actions to raise awareness about investment issues, including covering the on-campus Bank of America ATMs with flyers providing information on local credit unions.

A core group of committed students emerged, and they were able to raise awareness of the need for community banking by making connections to the Occupy movement and the *Move Our Money* Day campaign. The Jesuit Ministry on campus was also supportive. In 2011, Dally wrote an op-ed for the *Huffington Post* laying out the connections between Occupy Wall Street, income inequality, and community investing. This got the attention of USF's administration, and a meeting was set up for the students with the Chief Financial Officer and Treasurer. Upon entering the meeting with the CFO, Dally recalled that she "knew the minute he started talking that he was not interested in doing anything."³³ The finance department at USF had blocked a previous campaign even though it

³³ Caitlin Dally, Interview by Democracy Collaborative staff, September 21, 2012.

had the backing of the Dean of the Law School and the president was willing to move ahead. "After that, we felt like we hit a wall," Dally said.

This abrupt loss of momentum, combined with circumstantial factors like the absence from campus

of key student activists during periods of study abroad, meant that the campaign entered a brief hiatus.

In addition to the campaigning, students have established links to USF's curriculum. Service learning is a requirement at USF, and Dally began

working with supportive faculty to develop a service learning class on community development.

"In a lot of the service learning classes, you volun-

teer at a soup kitchen an hour a week. People don't get as much as they could out of

it or don't take it seriously. Partnering with SFCU [San Francisco Federal Credit Union] would put a face on community investing." Dally thinks the class might be part of USF's curriculum next year.

Partnering with San Francisco Federal Credit Union would put a face on community investing.



The USF group working on their "Move our Money" campaign after a presentation. Caitlin Dally pictured third from left. Credit: USF University Ministry

AMERICAN UNIVERSITY

American University is a private nonprofit research university in the Cathedral Heights neighborhood of Washington, DC with around 6,700 undergraduate students and 3,400 graduate students. In 2011, the university had an endowment of \$421 million and an operating budget of \$478 million. Located in a suburban neighborhood in the wealthiest quadrant of the District of Columbia, American University has developed a strong community service office and encourages students and faculty to be involved in poor neighborhoods and communities in the district through community service engagement. AU student activists have observed a tendency, however, for the university to see itself as a member of one version of Washington, DC—the elite community of “the nation’s capital,” where students conduct internships on Capitol Hill and in think tanks—and less so of the version of the city characterized by neighborhoods blighted by high rates of poverty.³⁴

There have been two student campaigns on investment issues at AU in recent years, neither of which has yet succeeded. The goal of the first campaign in 2010 was a straightforward adoption of community investing by AU, with students pushing for 3-5 percent of the university’s cash assets to be moved into a local community bank. Despite some support and encouragement from sympathetic faculty and administrators, the pro-

posal ran into opposition and was rejected by trustees and the university’s finance committee. A second campaign saw the return of the issue in 2011-12 as part of a broader push for responsible investing. In this case, students secured a hearing in front of a board committee before running into stonewalling and dismissal.

A number of factors appear to have played a role in the lack of success to date. First, the uni-

Community Investing at American University

Opportunities: Strong community service office, history of student campaigns, sympathetic faculty, politically active campus, existing “sustainable purchasing policy.”

Challenges: Opposition from trustees, history of resisting student activism, lack of interest in local issues, community investment seen as “obscure,” lack of outside pressure.

versity administration at AU can be a difficult nut to crack, given their long experience handling student activism dating back to the 1960s. A second issue relates to the difficulties in mobilizing student support. While the university has a fairly politically active campus, the focus is often on national and international issues rather than the local community level. Even when AU students have focused on the local, it has been difficult to

³⁴ Federal Bureau of Investigation, “Table 6: by Metropolitan Statistical Area” in *Crime in the United States 2010* (Washington, DC: US Department of Justice, 2011).

get them excited about community investment issues that are sometimes seen as overly abstract. Related to this is a third issue: a lack of outside pressure brought to bear that left the administration and trustees comfortably insulated in their decision-making. A greater understanding of what peer institutions are already doing on community investment or a better sense of the stakes for the local community through the establishment of deeper ties with community groups would likely have helped these campaigns.

While there seems to have been a loss of momentum at AU, this is not unrecoverable. The

University is not entirely unsympathetic toward responsible investing per se. In 2010, the university adopted a Sustainable Purchasing Policy that encourages the socially and environmentally responsible use of procurement conducted by all AU departments and offices. In the same year, AU also updated their policy on small, local, and disadvantaged businesses by requiring that at least 35 percent of contracts both above and below \$500,000 be made with Certified Business Enterprises designated by the District of Columbia Department of Small and Local Business Development.³⁵



Students at American University protesting for community investment, spring 2010. Credit: Mary Schellentrager

³⁵ See Jorge Abud, "Update to AU Facilities policy on small, local, and disadvantaged businesses," *American University*, November 11, 2010, <http://www.american.edu/loader.cfm?csModule=security/getfile&pageid=2566691>.

THE RIO GRANDE VALLEY IN SOUTH TEXAS: University of Texas at Brownsville and University of Texas-Pan American

The University of Texas at Brownsville (UTB) is a public state university in the southern part of Brownsville, Texas with over 6,000 full-time students and 6,800 part-time students. As of 2011, UTB had an endowment of \$14.3 million and an annual operating budget of \$89 million. The University of Texas-Pan-American (UTPA) is a public state university in the western part of Edinburg, Texas with 16,600 undergraduate students and 2,400 graduate students. In 2011, UTPA's endowment totaled \$58.8 million and its annual operating budget was \$124 million. As the only public schools considered in this paper, they are

(50 percent). The local CDFIs operating in the Rio Grande Valley (e.g. Affordable Homes of South Texas, the Community Development Corporation of Brownsville) have successful lending programs, but they are constrained by limited capital availability. In this context, if UTPA and UTB were open to using endowment and operating dollars for this type of community investing it would have an immediate and visible impact on local communities. Moreover, developments at both universities seem to have at least opened the door to this possibility.

Under new president Dr. Robert Nelson, UTPA

If UTPA and UTB were open to using endowment and operating dollars for this type of community investing, it would have an immediate and visible impact on local communities.

representatives of a significant area of potential expansion for community investing efforts in general beyond the target institutions typical of such campaigns.

UTB and UTPA are located only 66 miles apart in the Rio Grande Valley, a four-county area in the southernmost part of Texas that is one of the poorest regions in the United States. The statistics speak volumes. Some 35 percent of families live below the poverty line and 40 percent of the population lacks a high school diploma. Rates of childhood obesity and type 2 diabetes are high, while health insurance coverage is low

has developed a ten-year strategic plan based on engagement.³⁶ According to George Bennack, UTPA's Associate Director for Rural and Business Development, this new direction is transforming the university from one with moderate involvement in the community "to one that is really, really engaged in the community."³⁷ In the words of the plan, "UT Pan American must do more than serve the Rio Grande Valley; it must transform the

36 The University of Texas-Pan American, *Strategic Plan 2012-2022: Bronc Country—The Engaged University*, Draft (Edinburg, TX: UTPA, August 2012).

37 George Bennack, Interview by Democracy Collaborative staff, September 21, 2012.

Rio Grande Valley.” “Building Community Prosperity” is the first strategic initiative listed under the plan. Changes in tenure requirements will be used to motivate faculty to engage in the community, and UTPA has announced its intention to seek the Carnegie Foundation Community Engagement Classification in 2015 (the next opportunity to receive the classification).

Currently, UTPA is involved in various community engagement activities. UTPA already utilizes its purchasing power by doing business with local HUD-certified vendors, and small businesses in the region are using the Procurement Technical Assistance Cooperative (PTAC) program of the Department of Defense to help develop their capacity to participate in bid processes. UTPA’s strategic plan contains a commitment to increasing local procurement whenever possible. The university’s Department of Community Engagement makes a point of hiring students to help with its community development activities and projects, which not only allows students to learn about community development through real-life situations and opportunities, it also helps low-income students pay their way through college.

UTB entered the University of Texas system in 1991, but was founded in 1973 as Pan-American University at Brownsville. About three-quarters of the student body at UTB come from the historically impoverished Brownsville area, with a small percentage coming from just across the border in Mexico. There is some emphasis on community engagement at UTB (though not, perhaps, as much as at UTPA). UTB’s small endowment is not invested in community development organizations, and there does not appear to be any significant local procurement activity. Accord-

ing to Nick Mitchell-Bennett, Executive Director of the Community Development Corporation of Brownsville (CDCB), UTB’s investment in the community has “not been cash, as of yet. It’s been time and talent.”³⁸

A particularly noteworthy development at UTB has occurred in the area of curriculum. The Architecture Program at UTB and Texas Southmost College has forged a link with CDCB on

Community Investing at UTPA

Opportunities: New President, new transformative strategic plan calling for engagement, committed to increasing local procurement, active Department of Community Engagement.

Challenges: Mainly commuter campus making it difficult to organize students.

Community Investing at UTB

Opportunities: Invest talent and time in community, links curriculum to community, potential for local campus in impoverished downtown.

Challenges: Small endowment, commuter campus makes it difficult to organize, lack of “activism” culture on campus.

community development. “Instead of designing the Taj Mahal,” as Mitchell-Bennett put it, the program has pushed architecture students to take the local community as their client and design better low-income housing. As a result, first-year students designed the first LEED-certified house in the region, which was then built in partnership with CDCB—a rare distinction for first-year architecture students, who don’t nor-

³⁸ Nick Mitchell-Bennett, Interview by Democracy Collaborative staff, September 7, 2012.

mally get to see their designs built until later in their career.

An additional factor is that UTB may be open to looking at new ways of doing things given that the university is going through a significant transition, including a physical relocation of the campus. Conversations with community leaders have raised the issue of building the new campus downtown, which would help spur local economic development. Such discussions have opened up the door to community development conversations and have in turn spurred the Mayor of Brownsville to review municipal procurement in an effort to increase local purchasing.

The Ford Foundation may be able to play a helpful role in South Texas around regional planning and community investment issues. Both UTPA and UTB have been engaged in Ford-sponsored conversations, and they jointly orga-

nized the first regional planning session of the Rio Grande Valley coalition in early 2012. Taken together with new university leadership and forward-looking actors in the community, the presence of the Ford Foundation could help engage UTPA and UTB in direct community investment. The link between planning and community investment is insufficiently developed in general in the field, and this would be a good opportunity to catalyze explorations. Success could mean immediate results and potentially high returns for the local communities. Down the road, it could also open up conversations about leveraging the University of Texas Investment Management Company, UTIMCO, which was the first external investment corporation formed by a public university system in March 1996 and oversees investments for the Texas public universities.

LESSONS LEARNED

The REC-supported model for student-led community investment campaigns presented in this paper shows considerable promise. Student activists have already achieved successes in campaigns at a number of universities and colleges around the country, with the potential to replicate these results at many more institutions. There are obvious lessons from the case studies examined in this paper.

At Wesleyan, Fordham, and even the University of Chicago, students rapidly reached the point where their modest 'ask' was one that administrators found easy to meet.

At Wesleyan, Fordham, and even the University of Chicago, students rapidly reached the point where their modest “ask” was one that administrators found easy to meet. The experience at Wesleyan also suggests that “political” student campaigns to generate pressure may not even be necessary in instances where the university

is sympathetic and open-minded about the issue: there is a “technical” route to success, at least concerning modest investments, that simply involves engagement with the right administrators.

The scale of what has been achieved in administration-led instances of community investing, however, suggests the possibility that matching student activism to already sympathetic administrations could deliver greater returns. In

short, it is possible to envision a “blending” of the two types of community investing that have occurred to date, whereby students initiate the conversations and university administrations take them up earnestly. Add in community alliances to maintain pressure over time and there is a good recipe for success.

COMMUNITY INVESTMENT LESSONS LEARNED

Challenge	Solution
STUDENT TURNOVER/NEED TO BUILD INSTITUTIONAL MEMORY	<ul style="list-style-type: none"> • Use technological means such as the development of databases and related tools to track campaigns and the individuals involved. • Form partnerships with community groups that create the conditions for sustained campaign activity over time. • Encourage greater engagement of alumni, keeping some of the same people active over successive waves of campaigning.
THE PERCEIVED “ABSTRACT” AND COMPLEX NATURE OF COMMUNITY INVESTMENT	<ul style="list-style-type: none"> • Build stronger ties with community groups, particularly those who would be most directly impacted by the increased availability of capital and would help “concretize” the stakes. • Raise awareness of the issue (and of the growing trend) on more campuses around the country. • Deepen real world connections to students and faculty through service learning and curricula.
COMMUNICATING IMPORTANCE OF COMMUNITY INVESTMENT TO INSTITUTIONS	<ul style="list-style-type: none"> • Ensure that students have the materials they require in an easy-to-use fashion for rebuttals remains critical for continued myth busting. • Play to the self interest of the institution, working to promote awareness of universities that have “done the right thing” and helping them secure positive public relations benefits. • Connect mission-related investments to curricula, making it more palatable to administrators.
TAKING COMMUNITY INVESTMENT TO SCALE	<ul style="list-style-type: none"> • Establish student organizing groups and committees on investor responsibility at institutions already practicing Community Investment, as a means of providing student support and to exert oversight. • Involve national organizations that can exert a different kind of influence on university leadership with organizations like Campus Compact, or the Association of Public and Land-grant Universities. • Build reciprocal relationships with local community based organizations to increase outside pressure on campaigns and contribute to positive community impacts of investments.

In order to achieve this, awareness of the importance of community investing by universities must be raised at many more campuses around the country. To that end, partnerships could be forged with organizations like Campus Compact and the Office of Urban Initiatives at the Coalition of Urban Serving Universities/Association of Public and Land-grant Universities (USU/APLU). These partnerships provide an avenue for students to join higher-level conversations and exert influence through those channels. Another key element to success will be working to promote awareness of universities that have actually moved to change their practices, helping them secure positive public relations benefits. The perception of strong self-interest on the part of the institution, variously defined, has been a feature of all the more expansive instances of administration-led university community investing, purchasing, and procurement. Case Western Reserve University, for example, has received significant positive publicity for its role in the Evergreen initiative.

Because campaigns often have to be fought over a number of years, another critical element will be building greater institutional memory. Some of this can be done by technological means, e.g. further development of databases and related tools to track campaigns and the individuals involved. American University alumna Mary Schellentrager pointed to instances of campaigns in other areas where students have begun to prepare paper trails and archives that can be

bequeathed to future generations: names, contact information, and the history of campaigns including tactics, strategy, administration reactions, etc.—all of which would be useful. Equally important in addressing the perennial problems of student turnover, though, will be partnerships with community groups, alumni, and national organizations that can exert a different kind of influence on university leadership from the outside.

To date, only a few of the student-led campaigns have had strong community involvement. Community involvement, like that of faculty, represents another way to build and preserve institutional memory and help create the conditions for sustained campaign activity over time. Unlike students, the community will not graduate and move on. Perhaps even more importantly, the involvement of community organizations—whether intermediaries like credit unions or CDCs, or groups representing the ultimate beneficiaries of community investing—will help tell the story of why community investing is important and put a human face on the issue.

A recurring theme of student campaigns has been the challenge of attracting a significant student following. While community investing initiatives have generally secured large majorities when put to the vote and have attracted hundreds of signatures on petitions, for the most part they have not generated the same level of passion as campaigns on environmental or other economic justice issues. One reason for this may

The perception of strong self-interest on the part of the institution, variously defined, has been a feature of all the more expansive instances of administration-led university community investing, purchasing, and procurement.

be the perceived “abstract” nature of community investment and the sense that finance is complex (“almost another language,” as Caitlin Dally put it) and inaccessible. Students who practice economics all the time in their everyday lives and are surrounded by the issues do not always recognize

alumni. In becoming alumni, graduating students instantly join a category of critical importance to their universities. As time goes on, the base of alumni with community investment campaign experience will grow. The South Africa apartheid divestment campaign spanned decades, suggest-

Stronger ties with community groups and organizations, particularly those who would be most directly impacted by the increased availability of community capital, would help concretize the stakes.

them as such. Making the connections between endowments, CDFIs, and the needs of the surrounding community is not always intuitive.

Stronger ties with community groups and organizations, particularly those who would be most directly impacted by the increased availability of community capital, would help concretize the stakes. This might be especially effective if linkages were made to organizations with connections to students and faculty through service learning and curricula. Building metrics and the importance of measuring impact into student campaigns from the beginning would also be useful and would help in making the case for subsequent investments. (With the exception of Wesleyan, student-led campaigns have not generally made organized attempts to assess impact on the ground).³⁹ While building partnerships with the local community can be challenging, it would probably be well worth the effort.

Another underutilized source of support for student-led community investing campaigns is

ing the need to dig in for the long haul. Keeping some of the same people active over successive waves of campaigning could be a boon to longer-term success, especially when students are engaging in more ambitious and challenging campaigns.

An additional group of potential interlocutors that has not yet been engaged, but could prove useful in community investing efforts, are national professional associations. In the case of Jesuit colleges, for example, the experiences at Loyola, Fordham, and USF all underscore the potential significance of obtaining support for community investing—and responsible investment more widely—from Jesuit bodies like the American Association of Jesuit Colleges and Universities or even (given the pro-poor language of Pope Francis) the Jesuit Order itself.

At a more technical level, among administrators, finance officers in particular have often been major obstacles to the success of student campaigns. Continued “myth busting” regarding community investment with university finance offices is unfortunately still all too necessary. Bogus arguments and false choices between financial and

³⁹ Some administration-led initiatives have attempted to measure impact, largely on a program-by-program basis. The Democracy Collaborative has a forthcoming report which aims to develop a comprehensive dashboard to evaluate success.

social returns are constantly being offered up.⁴⁰ Having the right arguments ready at hand for rebuttals remains critical. Some of this can be accomplished by continuing to ensure that students have the materials they require in an easy-to-use fashion. It will also require developing new materials in response to demand.

A number of the campaigns suggest the need to “think bigger” right from the start. Several universities have found it too easy to accede to modest demands on community investing and may


have been prepared to go further even as a beginning step. This will also be important as students develop strategies that include broader responsible investment demands as a follow-up to victories on community investment. Related to this, there seems to be a need for additional research and analysis that would show what a model bottom-up approach to community investing would look like at scale, in terms the endowment community can understand and embrace.

The South Africa apartheid divestment campaign spanned decades, suggesting the need to dig in for the long haul.



Columbia students and others march to demand South African divestment.

⁴⁰ For example, in recent years fixed income investments have outperformed other asset classes, given the era of asset bubbles through which we have all been passing.

A decorative graphic in the top-left corner of the page, consisting of a grid of orange lines that intersect to form a pattern of small squares. The lines extend from the top-left towards the center of the page, with some lines being longer than others, creating a sense of depth and movement.

Stronger ties with community groups and organizations, particularly those most directly impacted by the increased availability of community capital, will ensure that community investment is allocated according to the real needs of residents and will work to improve their lives.

NEXT STEPS

Additional successes by student-led campaigns to promote community investing will accelerate the trend, raise the profile of the issues, and boost activist morale, helping to begin the complex task of building a self-conscious student movement around community financial needs as part of the broader push for ethical and social governance criteria and responsible investing. Scalable models of student-led community investment through CDFIs and local credit unions are necessary if endowments are to be leveraged to the degree we have seen with procurement and real estate activities. In order to move the needle on use of endowments, while also looking beyond the private nonprofit universities and liberal arts colleges profiled in this paper, it will be important to reach high-profile institutions such as Harvard⁴¹ or Stanford that,

⁴¹ Harvard has supported affordable housing in Boston and Cambridge by investing \$20 million in low-interest

if they were to shift their investment practices and adopt community investing through CDFIs, would be game-changers in the field and make a significant impression on peer institutions.

A focus on private nonprofit universities and liberal arts colleges has been understandable, given that these schools often have larger endowments and/or are particularly susceptible to targeted student campaigns. But a large majority of students in the United States attend public universities, and urban serving universities and public institutions represent a huge area for potential growth. As is the case with UTPA and UTB in South Texas, public universities may not have big endowments, but they do have considerable

loans through the Harvard 20/20/2000 initiative. See Harvard Gazette, "Harvard's 20/20/2000 Affordable Housing Initiative Helped Build, Renovate 4,350 Units in Boston and Cambridge," *Harvard Gazette*, November 1, 2010, <http://news.harvard.edu/gazette/story/2010/11/harvard%E2%80%99s-20202000-affordable-housing-initiative-helped-build-renovate-4350-units-in-boston-and-cambridge/>.

operating budgets (which is where much of the action has been to date on student-led community investing). Public universities also contain separate schools and colleges that conduct their own investing—especially medical centers and hospitals. From a budgetary perspective, these institutions often out-power the rest of the institution and invest in their own programming and mission. If the university community investment movement is to get to scale it will need to make inroads among these public institutions.

The risk of the current approach to student-led campaigns is that it does not immediately suggest a way forward to achieving scale—either in increased community investment locally, or in terms of spreading responsible investment practices throughout endowments. In the case of the University of Chicago, community investment was accepted because it was seen as easier to do than responsible investment, and wouldn't require negotiation in the way that changes to endowment investment practices would. The result has been short-term certificates of deposit at CDFIs and university claims that they have met student demands on the issue. The danger is that student turnover and institutional memory problems mean wider efforts can then be waited out. The good news is that many of the same things that should be done to boost the effectiveness of the current approach—fostering new partnerships and community ties, involving alumni, sustaining efforts over time, etc.—will also help address the question of scalability and “what next?” Increased

participation in other venues and national-level conversations such as the Anchor Institution Task Force would be a good place to start.

Beyond that, it could be useful to establish student organizing groups and committees on investor responsibility at institutions already practicing community investing, both as a means of providing student support and input and to ex-

If Harvard or Stanford were to shift their investment practices and adopt community investing through CDFIs, it would be a game-changer in the field.

ert some oversight over problematic issues such as gentrification and other unintended consequences seen in some of the community development cases outlined in this paper. All of these

universities would benefit from greater student involvement in pushing forward their work on community investment.

Another area for exploration is establishing links between community investment and the curriculum—both directly, through courses such as the one being developed at USF, and (perhaps more interestingly) indirectly, through activities such as the architecture program at Brownsville and its focus on affordable housing. Some public universities already have partnerships with community development corporations (CDCs), opening up another avenue in seeking to engage public institutions. In the right circumstances, such connections could lead to accompanying investments.

University trustees and administrators might be more willing to entertain community investments if they take the form of mission-related investments tied to curricula. “Curricula is important, it's not a one-off, it's a regular way of think-

ing and a philosophical approach,” argues John Wheeler, Senior Vice President for Administration at Case Western Reserve University in Cleveland, Ohio. “It’s probably one of the most powerful ways of engaging because it is their core mission.” Many of the leading universities engaged in community investing are looking for ways to integrate their educational missions and community activities. Students could participate simply by studying and researching the existing models of university community investment, or demanding curriculum be created if one does not already exist.

That said, achieving the kind of scale of community investing seen at Duke and Penn for student-led efforts might require a somewhat different approach. One goal could be to expand successes into greater community investing or parlay them into efforts on responsible investing more broadly. As noted above, on commu-

nity investing, at least, there is a need for some technical work to design a scalable model that fits with the current approach to bottom-up sustainable community development through CDFIs. In some instances, student campaigners are already struggling to find appropriate CDFIs in their immediate geographical area. Given rules at some universities that restrict deposits as a percentage of a financial institution’s overall deposits, the op-

tions for simply pushing more of the same at a particular school may be limited.

One factor in the success of other student economic justice campaigns—such as the HEI divestment victory—has been the sustained presence on the ground of full-time organizers capable of working in concert with a coalition of organizations and actors. This suggests that it may be useful to experiment with “pilot” campaigns to test out different strategies involving sustained on-the-ground organizing by students working in the community, as well as on campus, as part of a broader community coalition. Building student-community alliances, as noted above, will help ensure the longevity of community investment campaigns in the face of the graduation of key student organizers and help concretize the stakes for university constituencies who are often detached from the urgency of community investment issues. Stronger ties with community groups and

“Curricula is important, it’s not a one-off, it’s a regular way of thinking and a philosophical approach,” argues John Wheeler, Senior Vice President for Administration at Case Western Reserve University in Cleveland, Ohio. “It’s probably one of the most powerful ways of engaging because it is their core mission.”

organizations, particularly those most directly impacted by the increased availability of community capital, will ensure that community investment is allocated according to the real needs of residents and will work to improve their lives.

Taking all the lessons from the case studies in this report into account, it is possible to imagine a different kind of university community investment effort—a hybrid of the models set out in the

case studies above, one that has the scale of the administration-led efforts while retaining the bottom-up approach of the student-led initiatives. Nurturing student activism, supported by the community, that encourages universities to invest

a difference at institutions and in communities across the country. However, given the scale of community need and the vast resources available to America's colleges and universities, there is so much more that still remains to be done. Find-

Stronger ties with community groups and organizations, particularly those most directly impacted by the increased availability of community capital, will ensure that community investment is allocated according to the real needs of residents and will work to improve their lives.

through their local CDFIs will lead to significantly higher returns at the community level, benefitting the residents who live there—and the investing institution itself—in a sustainable and responsible manner. As the case studies in this report show, a lot of good work is already underway, making

ing new ways to bring together students, faculty, community members and college administrations in pursuit of a longer-term vision of responsible community investing will be a critical part of ensuring that universities ultimately deliver.



ACKNOWLEDGEMENTS

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We would also like to thank our colleague Steve Dubb at The Democracy Collaborative for his help in conceptualizing and guiding the project and for providing comments throughout the writing process that helped shape the final draft.

A November 2012 conference on the future of higher education endowments jointly convened by REC and the Initiative for Responsible Investment at Harvard University also provided much food for thought.

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Finally, we would like to acknowledge and express our sincere thanks to all the individuals listed in the Appendix below for taking time out of their busy schedules to engage with us on the issue of university community investing.

APPENDIX A

Interview Subjects, Reviewers and Contributors

MARY BAUDOQUIN, Assistant for Social and International Ministries, Jesuits of the New Orleans Province

GEORGE BENNACK, Associate Director for Rural and Business Development, University of Texas-Pan American

KELLY BROTZMAN, Director of the Office of Service Learning, Loyola University New Orleans

JAMIE BROUSSARD, Alumna, Loyola University New Orleans

ROBERT CALVILLO, Executive Director, Affordable Homes of South Texas

MAUREEN CURLEY, President, Campus Compact

CAITLIN DALLY, Alumna, University of San Francisco

JOSH DALY, Interim Director of the Center for Community Engagement, Loyola University New Orleans

MARY DONAGHUE, Alumna, American University

IRV DOWNING, Vice President of Economic Development and Community Services, University of Texas at Brownsville

SHARI GARMISE, Vice President of the USU/APLU Office of Urban Initiatives, Association of Public and Land-Grant Universities

MELISSA GASS, Alumna, Tulane University

COREY GUILMETTE, Student and Chair, Wesleyan Committee for Investor Responsibility, Wesleyan University

IRA HARKAVY, Associate Vice President and Director, Barbara and Edward Netter Center for Community Partnerships, University of Pennsylvania

JOSHUA HUMPHREYS, Fellow, Tellus Institute

MARK KASWAN, Associate Professor, University of Texas at Brownsville

CAITLIN KEARNEY, Alumna, University of Chicago

HEATHER MACK, Director of Community Engagement, Research and Assessment, Loyola University New Orleans

NICK MITCHELL-BENNETT, Executive Director, Brownsville Community Development Corporation

LISA PRIETO, Chief of Staff, Office of the President, University of Texas-Pan American

MARY SCHELLENTRAGER, Alumna, American University

DANIEL SHEN, Student, Yale University

NAKUL SINGH, Student, University of Chicago

BRETT VETTERLEIN, Alumnus, Fordham University

JOHN WHEELER, Senior Vice President for Administration, Case Western University

DAVID WOOD, Director, Initiative for Responsible Investment, Harvard University

PHAIL WYNN, Jr., Vice President of the Office of Durham & Regional Affairs, Duke University

APPENDIX B

About the Authors

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APPENDIX C

About REC's Community Investment Initiative

The Responsible Endowments Coalition (REC) is the principal organization working in support of student-led university community investment efforts in the United States. REC was founded in 2004 by students from Barnard College, Duke University, the University of Pennsylvania, Swarthmore, and Williams College who successfully leveraged the power of their schools' large endowments to create change. These students recognized a need for the creation of a broad network of support for student endowment activists. They hoped to encourage new campaigns that would ultimately change the way universities consider the social and environmental impacts of their investments.

REC seeks to empower students by encouraging campaigns to integrate environmental, social, and governance issues into university investment policies. Since its inception, REC has helped catalyze the formation and improvement of more than 47 Committees on Investor Responsibility (CIR) at schools around the United States with responsibility for overseeing the social and environmental impacts of their endowments, including voting on corporate proxy resolutions and filing shareholder resolutions. REC has worked with students at over 100 institutions of higher education.

Today, REC is the leading organization working with college stakeholders to change the way

endowments are invested. Over the last year, REC has helped lead a growing movement for fossil fuel divestment and reinvestment in climate change solutions that has reached thousands of students. REC has also mobilized colleges to support political contributions disclosure, environmental regulations, and reform on Wall Street as shareholders at major corporations and banks. The organization has researched strategies for community investing and, over the course of its history, secured investments of over \$5 million in communities nation-wide.

REC's Community Investment Initiative was launched in 2008 to build on this work by promoting local community investment by universities via CDFIs. Through the initiative, REC has provided activist students and faculty with technical assistance, training, guidance on strategy and tactics, and direct financial support. In this way, REC has been a driving force behind successful student-led community investment campaigns at a number of universities, including Mount Holyoke College, Macalester College, Fordham University and the University of Chicago. Last year, REC educated over 300 students and 30 administrators on community investment at 40 university campuses and conferences across the country.

REC support to student campaigns on community investing has largely occurred on the ba-

sis of a template by which students can conceptualize, plan, and initiate their campaign, together with a toolkit for organizing and implementing them. From the beginning, however, REC viewed any success in securing a commitment from a particular institution to direct resources into community investing as only a first step. Securing modest university investment in local CDFIs has always been intended to lead to more sus-

tained responsible investment policies and practices. Going forward, in addition to inspiring larger community investments at additional schools, REC is looking for ways to further advance conversations about both community investment and the implementation of broader responsible investment of endowment assets.

