Fund Development for Campus Sustainability Initiatives

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**Overview**

As centers for research, creativity, and expression, university and college campuses are the leading force behind cultural and technological change. Campuses should be living laboratories: models to the nation of an equable and sustainable future (Campus In Power 2009).

Established in 2009, the Indiana University Office of Sustainability (IUOS) is in the process of developing an identity, defining goals, and implementing recommendations from the Task Force on Campus Sustainability. Collaborative partnerships and additional funding are needed to support innovative sustainability and energy conservation projects on the Indiana University Bloomington campus.

As the first fund development intern, I had several objectives: I) create a development portfolio, II) research strategies and pursue funding opportunities and III) maintain an organizational system and make recommendations for fund development initiatives.
I. Development Portfolio

The first objective was to create a development portfolio to enable IUOS to efficiently convey its mission and goals to internal and external audiences as well as to aid in the future pursuit of prospective donors and grants. I facilitated the development of a mission statement for the Office of Sustainability and worked with Bill Brown to set goals and write project proposals. In addition, I set up an IU Foundation account to support initiatives of the Office of Sustainability and to be used in future donor solicitation campaigns.

A. Fund Development Objectives

Short Term
- Set goals and priorities for fund development
- Review successful models for Revolving Loan Funds and develop IU model
- Relationship building- accompany Bill Brown at relevant fund development meetings
  - Schedule and attend meetings with appropriate parties
  - Document relevant meeting notes and make follow-up recommendations
- Develop and implement strategies for donor support
  - Fund designated for IUOS (work with IU Foundation)
  - Cases for support documents, brochures, and presentation
    - General description of IUOS, past successes, future needs
    - Targeted project descriptions for individual donors or grant proposals
  - Record keeping of contacts and potential donors

Long Term
- Develop and implement strategies for donor support
  - Develop list of potential individual and corporate donors (IU Foundation and Alumni Association)
    - Reference IU Foundation and Task Force members’ suggestions
    - Contact individuals or organizations with letter or phone call
    - Schedule following up meetings with interested donors
- Research possibility of Campus Campaign in collaboration with IU Foundation
  - Letter to faculty or student groups
- Expand research on potential external funding mechanisms including grants
  - Begin application process for any relevant grants including query letters, cover letters, etc.
    - Example: Indiana Energy and Development stimulus funding
B. Mission Statement

In order to be consistent in proposals and future grant applications, it has become one of my initiatives to facilitate the development of a mission statement for the Office of Sustainability. A mission statement must be the guiding passion behind an organization’s operations- from the strategic plan to day-to-day operations. A mission helps keep an organization focused on its true objective and role within the context of other organizations working to better a community. A mission statement often serves the first message that people will hear about an organization. It must be clear, concise, and relatable for the audience that an organization is trying to reach.

When writing a mission statement, it is important to collaborate among all relevant stakeholders. Though developing consensus can be difficult, it is essential that people who have a strong stake in the organization, from directions, staff, interns, and volunteers, be represented in some way. For the Office of Sustainability’s mission statement, I have been working with other interns (primarily Andy Davis), Emilie Rex, Bill Brown, and Michael Hamburger. We have reviewed recommendations from the Advisory Board and mission statements for other sustainability offices (such as the City of Bloomington and other colleges and universities).

In addition, to the typical challenges organization’s face when writing a mission statement, the Office of Sustainability has the additional complexity of defining sustainability. Sustainability has become a buzzword and is used by different people to mean different things. At the Office, we agree on several themes of sustainability: there are ecologic, economic and equity components, it requires global thinking and local action and collaboration, and it is necessary for the prosperity of future generations. Bill’s definition of sustainability as “thriving within our means” is one of the most concise and understandable versions I have heard.

At the conclusion of my internship, we reached general consensus on the mission statement below. However, Michael Hamburger suggested it needs final approval from Bill Brown and the Sustainability Advisory Board.

Draft Mission Statement:

Under the recommendation of the Task Force on Campus Sustainability, the Indiana University Office of Sustainability (IUOS) was established to develop and implement a plan for sustainability on the IU-Bloomington campus. The mission of IUOS is to facilitate collaborative academic and operational initiatives to address issues of human-environment interaction in research, graduate and undergraduate education, and community engagement. IUOS defines sustainability as “thriving within our means to achieve balance among environmental health, economic prosperity, and social equity.”
C. Relationship Building- Record of Meetings

Development Portfolio
- July 1\textsuperscript{st} - Mission statement meeting with Emilie Rex (Internship Coordinator) and Andy David (Communications Intern)
- July 17\textsuperscript{th} - Meeting with Bill and Emilie (language to setup IU Foundation account)
- July 17\textsuperscript{th} - Meeting with Bill, Emilie, David Gehl (intern), mission statement brainstorming

Duke Energy Proposal Meetings
- June 8\textsuperscript{th} - Meeting with Bobbi Bosch (IUF) and representatives from Duke Energy
- June 11\textsuperscript{th} - Meeting to prioritize Duke Energy Proposals with Charlie Matson, Bobbi Bosch, and Bill
- June 12\textsuperscript{th} - Meeting with Kristin Hanks about green computing proposal
- June 15\textsuperscript{th} - Meeting about Greening Indiana Memorial Union proposal with Steve Mangan (Sodexo), Tom Simmons (IMU Associate Director), Nora Kayden, Bill and Michael Hamburger
- July 28\textsuperscript{th} - Meeting with Bill and Bobbi Bosch, edits to Duke Energy’s top proposal choice, Greening IMU
- July 29\textsuperscript{th} - Meeting with Bill, final edits to Greening IMU proposal

Other Meetings Relevant to Fund Development initiatives
- June 3\textsuperscript{rd} - Meeting with Office of the Treasurer about RLF
- June 4\textsuperscript{th} - Bill’s presentation about IU Office of Sustainability for Indiana Recycling Coalition
- June 5\textsuperscript{th} - Meeting with Bill and IUSA President and Vice President (discussed bike exchange program, student fee initiative, etc.)
- June 25\textsuperscript{th} - Task Force Advisory Group (reviewed meeting minutes)
D. IU Foundation Account to Support the Office of Sustainability

A priority goal for my internship was setting up an account with the IU Foundation to accept donor gifts in support of the Office of Sustainability at IU- Bloomington. Bethan Roberts, Development Director at IU Foundation, served as my contact to begin the process of setting up an account (initial inquiry about the account was on June 25, 2009). I collaborated with Bill Brown and Emilie Rex to write the language necessary to set up an account (submitted on July 24, 2009).

Bethan was instrumental in facilitating this process but unfortunately, we were not able to get approval from IUF Gift Administration in time for the August 14th Research Symposium.

I have several recommendations to continue to this account setup process:

• A finalization of the IUOS mission statement.
• A meeting between Bill Brown and the IUF to decide if the gift agreement for the “Sustainability Fund” has appropriate language to fit the needs of IUOS.
• Creation and approval of a general solicitation card (perhaps based on the draft cards I created for the symposium) that can be distributed at IUOS events.
• Once the account is open, submit a request for a “Give Now” button to be place on the IUOS website. The button provides to a link to the IU Foundation and will enable donors to give by credit card directly to the IUOS account.

Sample Language from Current “Bloomington Sustainability Fund”
Gifts to the fund will be used for the general support of the Bloomington Office of Sustainability, which is meeting the needs of the present without compromising the ability of future generations to meet their own needs.

Expenditures may include but are not limited to projects and programs to implement sustainable systems, support student sponsored and other institutionally endorsed efforts, financial support for speakers and conferences and related travel and hospitality related to the Office of Sustainability.
II. Fund Development

The second objective involved researching and pursing funding opportunities.

A. Research Funding Strategies for Campus Sustainability

*Raise the Funds- Campus Action Toolkit*, published by Campus In Power and supported by the Association for Advancement of Sustainability in Higher Education (AASHE), addresses the importance of reliable and effective funding mechanisms for campus sustainability projects. Unfortunately, it is often financial roadblocks that deter colleges and universities from implementing or even beginning projects and initiatives. *Raise the Funds* provides seven examples of funding mechanisms:

1. Student Fees
   - Over 50 colleges and universities nationwide have approved small “green fee” increases to fund major, institution-wide, and student-directed sustainability and energy initiatives.
   - Revenue from these fees can be used to create a fund for campus sustainability projects. The fund can be managed by students under faculty and administrative guidance.

2. Energy Service Companies (ESCO) and University Partnerships
   - ESCOs are businesses that design and implement energy saving projects for their clients.
   - The savings in energy costs are used to pay back the capital investment of the project over a five- to twenty-year period.
   - ESCO- University partnerships (ESCUPs) have been used at universities to reduce energy costs and provide expertise in building retrofits.

3. Endowments and Internal Campus Banks
   - Internal campus bank (ICB) is a term used by administrators to describe funds designated for campus capital projects.
   - Projects for endowment or ICB spending can include the installing energy-saving retrofits, co-generation combined heat and power systems, purchasing renewable energy credits, installing solar panels or wind turbines and other energy-related strategies.

4. Administrative Funds
   - Funding for sustainability initiatives can be provided by an administrative office or through individual academic departments.
   - The funds are usually distributed as budget appropriations or grants and can support sustainability projects such as capital and infrastructure improvements,
new curricula, new research projects or research centers, greening campus systems, service learning initiatives, etc.

5. External Grants
   - Grants come from three main areas: public sources such as federal or state funding programs, non-profit foundations, or from private companies.
   - A wide variety of grant-making institutions are increasingly interested in funding environmental, sustainability, and renewable energy proposals.
   - Since external grants bring in new funding to the university budget, grant winners can often leverage additional university (administrative) funding.

6. Alumni Funds
   - Alumni networks can be useful for guidance, monitoring, technical/consulting expertise, connections to industry, as well as an additional influence on universities to pursue sustainable projects.
   - A sustainability donation option can be compelling to alumni who might not considering donating otherwise.
   - Contributions might be to an existing sustainability fund, restricted gifts to a particular project or center, or the establishment of an independent alumni sustainability fund.

7. Revolving Loan Funds
   - An initial sum of money is set aside to create the fund and the fund is then distributed to sustainability projects that have a quantifiable monetary savings, often energy efficiency or water conservation.
   - The money “revolves” through the fund and a portion of the returns from projects is reinvested into the fund until the project is entirely paid off.

B. Research on Implementing a Revolving Loan Fund (RLF)

I created a summary guide on how revolving loan funds can be used to fund energy-efficient building upgrades, with the loan fund being repaid from energy savings, and how other universities have implemented such a system. RLFs are a proactive and self-sustaining approach to advancing campus sustainability. The benefits of implementing a RLF at Indiana University include: a possible 25-30% return on investment, consistency with the IU Master Plan goals for sustainable campus growth and enhancement, and reduced electrical and water consumption.

The Harvard Green Campus Loan Fund was started with $3 million in 2003. In five years, it has grown to a $12 million fund with a 27% median return on investment. In 2006, Harvard President Summers said that “the best investment in the University is not the endowment but the Green Loan Fund.”

**See section V. Appendix, Case for Establishing a Revolving Loan Fund for IUB Campus Sustainability Projects**
C. Corporate and Foundation Relations

Bill and I worked with Bobbi Bosch and Kelly Smith, Corporate and Foundation Relations at the IU Foundation, to develop a relationship between Duke Energy and the Office of Sustainability. Bill and I explained the history of the Task Force on Campus Sustainability and several new initiatives of the Office of Sustainability. Duke Energy was interested in many of our ideas and IUOS agreed to provide 1-page summaries and budgets for five projects. Next, I coordinated with several operational and academic entities if their support was necessary for the implementation of the projects (including Engineering Services, IMU Directors Office, and Sodexo). Bobbi and Kelly submitted our summaries to Duke Energy representatives. Duke Energy encouraged IUOS to submit a formal proposal on The Greening of the Indiana Memorial Union project. I partnered with Bill to write the formal proposal (short answer questions as part of an online submission form). We worked with the IU Foundation to edit our answers and budget and submit the proposal online. Our proposal was on the agenda of the Duke Energy Foundation Board meeting at end of July.

As of August 13, 2009, the Office of Sustainability received confirmation that the Duke Energy Foundation would provide $50,000 to fund The Greening of the Indiana Memorial Union project.

**Five Summary Proposals:**

*Indiana Campus Energy Productivity Event*
SustainIU model of speaker series and IU Energy Challenge
$30,000

*Solar Photovoltaic Demonstration Project*
Grid-tied 9.6 kilowatt panel on roof of a classroom building
$100,000

*Desktop Energy Management Study and Rebate Program*
Energy savings for computing proposed by Kristin Hanks
$174,546

*Energy Conservation Revolving Loan Fund*
Initial seed funding for RLF
$100,000

*Greening Indiana Memorial Union*
Two day charrette to re-design and recommend policies for IMU
$55,000
Project Description: Greening Indiana Memorial Union

The Office of Sustainability proposed a two-day green charrette for the Indiana Memorial Union, one of the university’s most historic and beloved buildings. Green charrettes are an effective planning tool to improve the energy, water and materials efficiency of facilities and recommend more sustainable operations and maintenance practices. Bill Brown participated in the Greening of the White House in 1993 and IUOS interns attended the 2009 Greening of the Indianapolis City-County Building.

The green charrette team, comprised of external volunteers, Duke Energy experts, and IU staff and students, will participate in the charrette, culminating in a report to guide future renovation and operational decisions. A follow-up reception will begin fundraising and implementation of a LEED for Existing Buildings Operations & Maintenance certification for the IMU.
III. Documentation and Recommendations

Ultimately, long-term financial support is essential for the success of the IU Office of Sustainability. Thus, my third objective was to thoroughly document my progress by maintaining records of contacts, web resources, and important email communications. My top recommendation is to pursue seed funding, create guidelines based on the precedence at other universities and to implement a campus revolving loan fund. These resources will position IUOS to become competitive for both internal and external funding opportunities in the near future.

A. Recommendations

- Submit proposal to SPEA V558 Fund Development to be a partner organization for the service learning course component
- Continue to enhance Office of Sustainability development portfolio
  - Complete cases for support document (general description of IUOS, past successes and future needs)
  - Create brochure outlining goals, initiatives, and future needs of the Office of Sustainability
- Secure seed funding for a campus revolving loan fund
  - Create guidelines and implement fund based on the precedence at other universities
- Fundraising campaign targeting alumni and other donors
  - Kick-off fundraising could be associated with the Greening IMU project
- Continue to research and apply for grant funding
IV. Resources

A. Financing Campus Sustainability

Association for the Advancement of Sustainability in Higher Education (AASHE)
- *Raise the Funds- Campus Action Toolkit*, published by Campus In Power and supported by the AASHE. http://www.campusinpower.org/Campus_INpower/HOME_.html

B. Campus Revolving Loan Funds

AASHE

Harvard University
- http://green.harvard.edu/loan-fund

Iowa State University
- http://www.livegreen.iastate.edu/loan/

C. Indiana University Resources and *The Greening of the Indiana Memorial Union* Project

Indiana University
- Indiana University Bloomington Master Plan
- Indiana Memorial Union Strategic Plan 2007-2012 http://imu.indiana.edu/about_the_union/mission.shtml

SustainIndy
- Greening of the City County Building. http://www.sustainindy.org/greening-the-city-county.cfm

Duke Energy
V. Appendix. Case for Establishing a Revolving Loan Fund for Sustainability Projects

What is a Revolving Loan Fund (RLF)?
• Provides a funding mechanism for initial capital costs for money-saving sustainability projects that conserve energy and other resources and reduce waste
• A portion of the utility savings generated is reinvested into the fund enabling the fund to grow to help finance additional projects
• Seed money may come from a variety of sources
• To grow the fund over time, each project returns slightly more money to the fund than the original loan amount
• Overcomes the challenge of higher initial costs in pursuing campus sustainability projects
• Generates “found cash” from the savings that environmental projects generate
• A proactive and self-sustaining approach to advancing campus sustainability

Why IU would benefit from a RLF?
• Financial benefits
  o Approximate 25-30+% annual return on investment possible
  o Stable, sizable, ever-growing pool of funding
  o By reducing energy consumption, IU can reduce exposure to future energy cost spikes
  o Showcase IU as a leader in innovative funding mechanisms for campus sustainability
• Institutional and educational benefits
  o Greener image for IU, higher campus sustainability rankings, enhanced recruiting
  o Can be administered by board of students, faculty and administrators
  o Helps fulfill the goals of the IU Master Plan
    ▪ Utilizes sustainable strategies for campus growth and enhancement
    ▪ Empowers students with meaningful experiences outside of the classroom
    ▪ Enhances interdisciplinary learning and community building
• Environmental benefits
  o Reduced pollution of air and water through enhanced energy, water and resource efficiency
  o Reduced carbon footprint
  o Reduced water use

Potential Methods of Implementation at IU
• Establish RLF legal and technical structure based on other precedents
• Identify potential seed funding
  o IU Foundation
  o Donors, grants, ARRA
  o Direct university funding
  o Student initiated fund
• Identify potential pilot projects and estimate savings
• Perform pilot project, verify savings, and fine turn RLF structure
• Build fund and enhance IU efficiency
Revolving Loan Funds at Other Universities

Harvard Green Campus Loan Fund (GCLF)

- In 2003, a $3 million initial fund was created to provide capital for high performance campus design, operations, maintenance, and occupant behavior projects.
- Accomplishments 2003-2007:
  - 153 projects
  - Now a $12 million fund; $11.5 million loaned out
  - $4 million in savings
  - 27% median Return on Investment (ROI)
  - Estimate annual savings of $625,000
- In 2006, President Summers said that "The best investment in the University is not the endowment but the Green Loan Fund."

University of Michigan Energy Conservation Measures Fund (ECM Fund)

- Initial seed funding of $2 million from the General Fund Utilities Budget to finance energy conservation measures in General Fund buildings (not technically a RLF).
- Fund receives annual allocation of $1.5 million on the basis of a projected $1 million in annual savings from such an allocation over a 5-year period.

Iowa State University

- Established a $3 million energy conservation loan fund to provide up to $1 million annually in interest-free loans for campus projects that focus on energy conservation and sustainability.
- Projects must demonstrate quantifiable savings.
- No project is too small for a loan and the maximum single loan amount is $100,000, though committee will review merits for applications exceeding this amount.

Macalester College Clean Energy Revolving Fund (CERF), Minnesota

- Established in spring 2006 with $27,000 from Macalester’s Student Government and Environmental Studies department.
- Loans for projects that save money and advance sustainability on campus.
- The CERF may fund projects that do not have a financial return if they provide striking sustainability advantages and do not threaten the long-term viability and success of the fund.