

Move Our Money



A Community Investment Toolkit for Students

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In this toolkit, we seek to provide an easy-to-use, easy-to-access resource of the most important pieces of knowledge that our coalition has acquired for bringing community investment to a college or university campus. Over the past decade, institutional investors have begun to realize the benefits of putting their money in the community instead of big banks, and community investment has grown from a \$4 billion dollar industry into over \$25 billion today.

The Move Your Money Project has raised awareness of the positive change we can create by taking our money out of big banks and investing in local financial institutions. Now, REC and allies are working to change our financial system to support local communities by moving college and university money. We hope you will join us!

The Responsible Endowments Coalition

What is Community Investment?

Community investing is directing capital from investors to communities underserved by traditional financial services. It provides access to credit, equity, capital, and basic banking products that these communities would otherwise not have. In the U.S. and around the world, community investing makes it possible for organizations to provide financial services to low-income individuals, and to supply capital for small businesses and vital community services, such as child care, affordable housing, and health care. Major banking institutions like Bank of America, JPMorgan Chase and Citigroup are not interested in providing fair services to all people, as witnessed by the foreclosure crisis.

Using the tools of community investment we can redirect money to support local institutions and communities and away from banks like those that helped to cause the foreclosure crisis. REC believes that community investment that promotes economic models that are more responsible and just, even if they are in higher-income communities, are valuable in the struggle to alter the American economic landscape.

So, how does it work?

Individuals and institutions invest their capital into *Community Development Financial Institutions (CDFIs)*. There are different types of CDFIs (see the ‘Good Terms to Know’ page in this toolkit), which offer varying types of investments and services. All CDFIs use the investments they receive toward fulfilling their mission statements, which include an **explicit commitment to community economic development**. This is an important distinction to make between CDFIs and mainstream financial institutions. Whereas the Bank of America down the block may be lending to some local businesses, it is also distributing its investors' *capital* (a.k.a. money) across the globe to multinational corporations, governments, and other financial institutions. Investors in CDFIs, meanwhile, are guaranteed that their capital will circulate within the CDFIs designated community, making community investment much more transparent than conventional investment.

How do colleges and universities do community investing?

We’re going to focus on the two simplest ways in which schools can start investing. First, schools can invest a portion of their endowment into CDFIs. Many schools keep a certain percent of their endowments invested in *cash assets*, which are typically stable investments with a low rate of return and high *liquidity* – essentially, the money is available and easy to access. Some examples of investments in the cash asset class include *government bonds* and *certificates of deposit* from banks. (These are just different types of low-risk, low-interest investments to keep money accessible and slowly, safely growing.) Since CDFIs frequently earn comparable rates of return to these cash asset investments, schools could transfer the percent of their endowments dedicated to cash assets to CDFIs.

Second, schools can use a CDFI or other community-focused bank for some of their *operating funds*. A school’s operating account is like a school’s checking account, while the endowment is like a school’s savings account. Most schools keep a large portion of their operating capital in cash assets to ensure maximum liquidity. Some of these investments can be transferred to CDFIs, since CDFIs provide many of the same services as mainstream financial institutions.

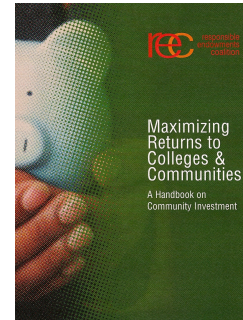
If this sounds a little daunting, it’s OK. Check out the ‘resources’ and ‘good terms to know’ if any of these terms sound unfamiliar or technical. It’s really not that complex, and you don’t have to have a formal financial background or education to make a difference. That’s part of the beauty of it!

Resources

The following resources can be helpful for individuals or groups working on community investment or socially responsible investment policies.

Handbooks

- REC publishes its very own handbook targeted at administrators and trustees. *Maximizing Returns to Colleges and Communities: A Handbook on Community Investment* can be a good resource if you want to dive into the deep end. There's definitely a few technical terms in here, so it would be a more dense read, but at the very least it couldn't hurt to give a few of these to the "people in charge" at your school. You can find it online at <http://www.endowmentethics.org/handbooks>.
- REC's Student Handbook is a guide to responsible investment and advocating for responsible investment on your campus. Also available at <http://www.endowmentethics.org/handbooks>.
- Equity Trust's *Investing in Social Change: A Student Handbook on Community Investment by Colleges and Universities* is a good resource, but is about ten years old. A good deal has changed since then.



Researching banks and credit unions

See also "How to find local institutions" later on in this toolkit.

- www.communitydevelopmentbanks.org: Provides a complete list of community development banks that participate in CDARS (Certificate of Deposit Account Registry Services); aka, they are federally insured.
- Credit Union National Association's (http://www.creditunion.coop/cu_locator/quickfind.php): Includes a credit union locator
- National Credit Union Administration (http://www.creditunion.coop/cu_locator/quickfind.php): To determine the asset size of a particular credit union, look at this database.
- Independent Community Bankers of America (<http://www.icba.org/aboutICBA/index.cfm?ItemNumber=614&sn.ItemNumber=1738>): Search (by state and region) for community banks in your area.
- National Credit Union Association (www.ncua.gov)
- National Community Investment Fund (www.ncif.org): Includes a national database of Community Development Banks.

Helpful Organizations

- The Opportunity Finance Network (www.opportunityfinance.net): A network of financial intermediaries who identify and invest in opportunities capable of benefiting lower-income people.
- Community Reinvestment Fund, USA (<http://www.crfusa.com/>): This organization gives capital to local community development lenders. Their website includes a list of institutional investors in CRF notes.
- ACCION International (www.accion.org): Provides information on the reasons why microfinance is needed and includes a helpful “Glossary of Terms” related to microfinance.
- Opportunity Finance Network (www.opportunityfinance.net): Includes several publications on Revolving Loan Funds and a national database of the Opportunity Finance Network’s members.
- Community Investing Center (<http://www.communityinvest.org>): Provides resources for potential investors including a national database of Community Investment options.
- Center for Community Self-Help (www.self-help.org): A good resource on the beneficial effects of investments in Community Development Credit Unions.
- National Federation of Community Development Credit Unions (www.cdcu.coop): a network of credit unions, including a complete list of federally insured community development credit unions.

Other resources and information

- Investopedia (www.investopedia.com): Help yourself make sense of the financial world with this helpful encyclopedia of financial terms.
- The Community Investing Center (www.communityinvest.org) is a great general all-purpose resource for learning more about the benefits of community investment. They can connect investors to resources, and they also have a products and organizations database.
- Move Your Money (www.MoveYourMoney.info): This campaign, which aims to move money from the “Too Big to Fail Banks” into local financial institutions, helps you find community banks and credit unions (<http://moveyourmoney.info/find-a-bank>). Their “resources and FAQ” page includes helpful facts, a step-by-step guide to moving your personal checking account, sample fliers, and advice (and help!) on moving institutional money – like endowments.

Examples/Models

- Sample Legislation: Depositing Public Funds in Local Banks (<http://www.newrules.org/banking/rules/depositing-public-funds-local-banks>): This site contains model legislation outlines and examples of real legislation that could be used or have been used to move government bank accounts to smaller, more local banks and credit unions. It might be helpful in drafting your own bill to move your school’s money.
- Community Investment in an Institutional Portfolio (<http://www.endowmentethics.org/sampleproposals.html>): This 2004 report produced by Mount Holyoke students provides tons of information on incorporating community investment into a college portfolio.

Where to Start

So you've decided you want to make community investment happen at your school. Great! But now what? You're going to have to begin brainstorming what your goal(s) may be, and what strategies or tactics you may want to employ in getting them accomplished. You're also going to have educate yourself about how power works at your school in order to target the right people.

Does our college keep cash in the endowment, or just in the operating account? Which do we want to target? What would each process require? Which would be easier and why? Which would have more impact and why? The endowment is like a school's savings account; the operating budget is like their checking account. Most, but not all, endowments keep about 5% of their total assets in cash. (The rest are investments – stocks, bonds, etc.) The operating budget, on the other hand, will be more “liquid” (accessible) and will probably have a good percentage in cash. The operating budget may be an easier target. Places to look for endowment information: the school's annual report, most of which are available online, a school's 990 tax form, which is accessible on guidestar.org (free registration required), and REC's “Researching Your Endowment” webinar.

Why is our cash in the bank it's in? Are their connections to interests within the administration? See “How To Find Out Where Your School's Bank Is” later on in this toolkit. If there is a specific bank or ATM branch on campus or a presence during major events (freshmen orientation, etc.) where they have offers on credit cards or other services, then your university may have a business deal with that bank.

What type of bank is that bank? Is it a community or a national bank? Do we support its practices? If not, why don't we want our money to be with that bank? What don't we support about its practices? Is it even necessary to focus on the bank that the school uses right now at all?

Do we prioritize/value locality or need when choosing a new bank? This is something you could nail down early, or potentially a situation where you could bring a few options to administrators if you're not sure how they'd react.

What community banks / CDFIs are in our area? What are their practices?

Who has the power? Who can make this happen? How do we approach that person/people? This is almost always the Board of Trustees of your university, but the Chief Financial Officer or Chief Investment Officer is often an important figure as well. For more about understanding how power works at your school, check out REC's student handbook, available online at www.endowmentethics.org/handbooks .

Do we want to run a parallel campaign / have a parallel goal to have students and professors move their personal accounts? To make this decision you will have to assess your own capabilities and the capacity of the group of people you're working with. Running a parallel campaign could give you leverage over the administration by educating and engaging more people about the ask you're making of the school at the same time as asking them to move their money. This could significantly expand your audience. However, if you're not careful, you could overextend and not have enough time to properly research and write a proposal.

How to find local institutions

There are a lot of different local financial institutions out there. Here's tips on how to find them. See also the "Resources" section of this toolkit.

How to find community banks:

The Independent Community Bankers of America website has a community bank locator, searchable by location. <http://www.icba.org/consumer/BankLocator.cfm?sn.ItemNumber=51757>

[FindABetterBank.com](http://www.findabetterbank.com) will look up different banks in your area, as will [Bankfox.com](http://www.bankfox.com). (While they are adding more community banks to their list, though, they include larger banks in their search results, so be wary.) Both sites also allow you to compare either estimated fees or savings, checking and CD accounts at different banks.

The Move Your Money Project has a helpful tool that allows you to search for "sound and local banks and credit unions". (here: <http://moveyourmoney.info/find-a-bank>)

www.communitydevelopmentbanks.org provides a complete list of community development banks that participate in CDARS (Certificate of Deposit Account Registry Services); aka, they are federally insured.

How to find a credit union:

On <http://www.findacreditunion.com>, you can search for credit unions by location, name, or even affiliation with other institutions.

The National Credit Union Administration (<http://www.ncua.gov/DataServices/FindCU.aspx>) and the Credit Union National Association (http://www.creditunion.coop/cu_locator/quickfind.php) also have credit union locators on their websites.

If you are looking for federally insured credit unions go to [CULookup.com](http://www.culookup.com)'s database. A federally insured credit union will be more desirable to the administrators, so they're not worried about the potential of losing the school's money.

If you are looking for credit unions with reputable credit card offering policies, check out [CreditCardConnection.org](http://www.creditcardconnection.org).

Once you've located a bank or credit union, don't forget to research its reputation and record.

Check out to [BankRate.com](http://www.bankrate.com) or Bauer Financial (<http://www.bauerfinancial.com/home.html>) to see how it is rated. Your argument for community investment will be a lot stronger when you can demonstrate that the institution you are considering is sound, reliable, and a good investment. Federally insured institutions are your best bet.

A note about the size of institutions to look for: CDFIs with assets of over \$10-\$15 million are best to look for - it'll make the administrators more comfortable. A \$10 million institution is small, but not tiny. (\$2 million is.) A \$50 million institution would be nice, but there aren't that many. For perspective, Bank of America is at \$1 trillion. That's 10 million x 100,000.

Good Terms To Know

Investment is the process of committing money to an asset or item in the hopes that it will generate income in the future.

Deposit Accounts are any sort of accounts (checking, savings, etc.) at a banking institution that allow the account owner to withdraw or deposit funds.

Community Development Financial Institution (CDFI): A private-sector financial group that specializes in investing local communities, lending money to non-profits, small businesses, and low-income individuals often left out by mainstream banks and financial institutions. There are six main types of CDFIs:

1. **Community Development Banks** are depository institutions which aim at providing financial services like any other bank (lending, credit, etc) to low-income communities, investing their capital directly back into the community, often in large community projects in order to rebuild the area economically. They are federally insured.
2. **Community Development Credit Unions** are member owned depository financial cooperatives with the specific goal of providing financial services, like a Community Development Bank (see #1), however all the holdings of a credit union are collectively owned by all individuals invested. CDCUs specialize in making small loans to their members who could not get them from the big banks. CDCUs are insured through the National Credit Union Administration, a government-backed agency.
3. **Community Development Loan Funds** are not depository institutions but collect capital investments from individuals and institutional investors (like universities) below market-rates and then re-lend to non-profit housing and business developers in low-income communities. They are not federally insured.
4. **Community Development Venture Capital Funds** provide businesses focusing on job and wealth creation that benefit low-income individuals and communities with equity, a type of investment where returns are not seen until a shareholder sells the holdings or assets are liquidated. They are not federally insured, considered higher risk, and are not for deposits.
5. **Microenterprise Development Loan Funds** focus on small loans to low-income small-businesses and self-employed individuals who are usually denied credit and loans from mainstream banks and financial institutions. They are often a peer-lending model, where one individual loans a small amount of money to another individual. They are not insured.
6. **Community Development Corporations** function like a normal corporation or business but are community controlled and have the explicit goal of community development through providing affordable housing, creating jobs, and providing social services to underserved and low-income communities. They are not federally insured.

Operating Budget (or Operating Account): Every university has an operating account comprised of the monies needed for the university to function (including paying bills, salaries, wages, etc) which is usually deposited in a traditional bank. The operating budget is one of the first places to start when trying to get your school to move their money because it is usually a cash investment and can be easily transferred to a Community Development Bank or Credit Union.

Cash Asset Class: This is a section of the university's endowment, closely related to the operating budget. Like the operating budget this is usually deposited in a traditional corporate bank and is used for things like paying salaries, general maintenance, and emergency situations. This is another good place to start for community investment because the money can be moved with minimal financial risk to investments.

Common concerns and questions

In holding conversations with administrators or other university members about the benefits of community investment opportunities, you may also be faced with questions about the potential risks. A good general response may be to turn the question back to them – after all, it’s their job to investigate these opportunities. Nevertheless, since you are the one proposing these alternatives, fiduciaries or administrators may put the burden of proof on you. Here’s some answers to some common concerns and questions.

The cash assets under scrutiny must have a certain amount of liquidity (accessible at any time.)

Smaller portions of the money can be invested in various CDs so that they expire at different times. That will help give the university free access to the funds. This is known as *laddering*.

The systemic risk facing CDFIs is too big for us. How do we know they will survive the current economic climate?

Since we can’t do anything about systemic risk, the best response may be to just pivot back to why we’re doing this in the first place. The big banks failed because they peddled exotic financial products that turned our whole economy sour, and only survived because the government bailed them out. We don’t want our money in banks that are creating these problems. Failures of small banks are a result of the economic climate due to the failures of the too-big-to-fail ones.

or

We’re concerned about the management at this institution. How do we know they have the competence necessary to handle our money?

Tell your investment people that, just like any other investment, it is the fiduciaries’ responsibility to check the financial stability of the institution. Unlike say, Citi, whom many institutional investors just blindly trusted, you should remind them that this is a good example of checking out the investment before you make it!

Also, **use federally insured institutions**. CDFIs are federally insured for up to \$50 million dollars per depositor through the CDARS (Certificate of Deposit Account Registry Service) program. You can learn more about the CDARS program at www.cdars.com.

As for the management of the bank, go into a meeting having done the research. If you (or they) think it will be problematic, consider finding somewhere else. How long have they been around? How did they handle the financial crisis? What is their history and experience in the community? You can often find potential selling points just by discovering who these people are by looking at the staff biographies on the bank’s website. If they’re not there, call.

We’re concerned about maintaining the same interest rate as the bank we’re currently using.

Many of the cash assets that the school already holds may have the same interest rate as those of the CDFI. There are also market rate return community investment opportunities in fixed income, public equity, private equity, and venture capital. If you want to learn more about these more complex strategies, they are laid out in our Community Investment handbook for administrators (see “Resources”), but that’s not what we’re focusing on in this toolkit so you don’t need to explore them if you don’t want to.

What about inflation?

Inflation isn’t relevant here – cash is cash, and inflation is going to affect all cash deposits the same. Investors generally use other investments to hedge against inflation, but we’re talking about cash, so it’s not an issue.

How to find out where your school's bank is

One of the easiest ways to find out where your school banks is to simply ask. However, that doesn't necessarily mean asking the administration, or going to the Board of Trustees. Some schools might be open about that information (which is great!) but many are not. And, if they have been less than supportive of your campaign, acting in a confrontational manner will hardly help.

If there is a bank on campus, or a lot of ATMs from a specific bank on your campus and then a corresponding bank branch in the surrounding area, chances are that that bank has some kind of relationship with your school. Why not go in and casually ask if your school banks with them? At the end of the day, it's a pretty valid question - you could be curious about discount student rates or simply intrigued about the popularity of a certain bank. And, at the end of the day, you're just taking up a minute of someone's time - and who knows, they might have the information you need.

If you do decide to approach the administration directly with questions or concerns about the relationship(s) your university has with major financial institution(s), a letter of inquiry may be effective. You could make it public, and signed by members of the community if you feel that it would be successful.

See below for a more confrontational letter of inquiry that may be effective in a public, multi-signatory statement after you have exhausted other options. Feel free to use it for inspiration.

Dear X:

The risks taken by our biggest banks have done deep and lasting damage to our economy. The damage is evident here where [numbers for local unemployment or layoffs, budget deficits, students leaving school, foreclosures] and we call on the administration to disclose to us the university's relationships with the big banks.

These same big banks are fighting common sense changes to our financial system. The top eight spenders pumped \$29.8 million in 2009 into their fight against consumer financial protection and other reforms.

And these banks are using their enormous power to block long-overdue reform that would make student loans more affordable. The New York Times reported on February 18 that the big banks are battling to hold onto taxpayer subsidies that the Obama administration intends to re-direct to needy students. [Lobbying: <http://articles.latimes.com/2010/feb/16/business/la-fi-bank-lobbying16-2010feb16> ; student loan reform: <http://www.nytimes.com/2010/02/18/education/18loan.html>]

We know that there are alternatives to these giant banks—strong community banks that lend locally to help [our town] create more jobs and shore up budgets. Legislatures in New Mexico, Maryland, Massachusetts, and other states are voting to move money away from the big banks.

We ask that you disclose to us the university's current contracts for general banking, payroll, credit and debit card, line of credit, short- and long-term investment management, and other financial services.

Please include for each the contract name, value of contract, period of service, type of service, contractor(s) names, and the contracting department.

We look forward to... [*Deadlines may be a good idea here*]

Sincerely,

(signed names)

Credit - SEIU

Move Our Money: Sample Campus Campaign Plan

Don't let this sample campaign plan hold you back if you're not starting in August, for example. This may just be a helpful way of framing expectations and goals for yourself.

August

- Work on plans for the school year and get in touch with the Responsible Endowments Coalition for materials and information.
- Find out what bank(s) your school uses.
- At orientation, stand with a sign and flyers promoting a local bank or credit union next to the big bank table selling accounts and credit cards. Give out information about your campaign.
- Get a table at your club fair or just table at the student center/student union.

September

- Recruit people to join you! Bring more people into campaign; reach out to other student groups on campus to form a Move Our Money coalition that begins planning actions.
- Contact any faculty or administrators you think would be supportive. Talk to them about what other higher-ups you could recruit.
- Call your first meeting with your new recruits and talk about long term goals/strategy, and first steps.
- Try to have some kind of panel presentation, teach-in, workshop, or just an open dialogue about the needs of your community. Make sure you frame community investment as a proposed solution to some of the problems you discuss.
- Write op-eds! An article that can be shared on the Huffington Post and REC's websites calling for your school to move its money can make a big impact.
- Begin to research community banks/credit unions that you'd like your university to invest in.
- Encourage students to pledge to move their own money to a community bank/credit union.

October

- Ask your schools officials what bank(s) they are using and ask them to consider moving a piece of their deposits/CDs to another institution.
- Send representatives to REC's national conference.
- Talk to your student government/union about moving its operating funds. Begin the process of a resolution for them to do that, including their support of the school moving a portion of its money.

November

- Stage a Move Our Money event! Keep working on student pledges to move money and sign petitions calling for school to do the same. Invite administrators, local bank representatives, faculty, politicians, and any other stakeholders who may be interested.
- Begin researching local community banks and credit unions. Start drafting a more formal proposal to move your school's money.

December

- Have a end-of-semester event celebrating all the good work you did. You can use this to pick up morale if it's low, raise money, and make sure people know you're here to have fun too.
- School Break – Keep up the enthusiasm by sending out articles of what other schools and institutions are doing.

January

- Call first meeting of your group in second semester. Strategize and think about what can be effective in the spring.
- Write an Op-Ed. Remind people you aren't going away anytime soon.
- Begin contacting community organizations in your area that do social justice work. If you want to make the community better, you have to get them involved too.

February

- Hold Move Our Money workshop/teach-in with local banks, community organizations and community development financial institutions.
- Begin finalizing your formal presentation/proposal for the Chief Financial Officer and Board of Trustees. Pick a few people who will be the presenters and create a "pitch."
- Present your pledges/petitions with a shorter more informal proposal for community investment to your Chief Financial Officer. Schedule a meeting with the CFO and Board of Trustees to present in detail your proposal.

March

- Present to Board of Trustees and/or Chief Financial Officer about potential to move their money. Give options but don't back down. They are most likely going to be negative at first. Remember that you are doing this for the benefit for the community and the university.

April

- School moves money! Send press release out nationally with REC's help, and publicize it on the Huffington Post. Talk about next year, and encourage further dialogue in the future about responsible investment and its potential to do good at your school!

Case Study:

Community Investment at Mt. Holyoke College

Mount Holyoke College, located in South Hadley, Massachusetts, is a historic women's college with a \$400 million endowment. In 2003, a group of students became interested in community investment and its possible application at Mt. Holyoke. First, they did some research and discovered that 1% of Mt. Holyoke's endowment is perpetually allocated in **cash asset investments**, which are stable investments with typically low rates of return. Next, the students researched the type of community investment which might be most applicable at Mt. Holyoke, and they discovered a few **Community Development Loan Funds** which offered similar rates of return to Mt. Holyoke's cash investments.

In the fall of 2004, students requested a meeting with the investment committee of the trustees to present their proposal that 1% of the endowment be invested in Community Development Loan Funds. Unfortunately, the students' presentation was not very well researched or organized, and the trustees rejected their proposal. The trustees did, however, give the students a sample proposal—titled, "Timber as an Asset Class"—as a reference for future presentations. So, armed with this example, the students set out to create a more socially responsible version of an investment proposal.

In the spring of 2005, the students were again prepared to make a presentation to the investment committee of the trustees. This time, students came prepared with a 36-page proposal (available on REC's website) and a professional presentation. Although the trustees were impressed by the students' dedication and professionalism, they still were not ready to commit endowment funds to community investment. Therefore, the trustees granted students the permission to fundraise to create a fund separate from the endowment which would serve as a trial for eventual incorporation into the endowment AND which would exist in perpetuity as a learning tool for students interested in socially responsible investment.

Students were disappointed by the outcome but excited by this opportunity to engage directly in community investment. With the help of a staff member in Mt. Holyoke's Development Office, the students began their fundraising efforts with the trustees themselves, and they were able to raise \$25,000 to establish the fund. In the fall of 2005, the Mt. Holyoke Committee on Socially Responsible Investment was officially created to oversee the investment of this fund. The committee is composed of 6-8 students, one faculty member, one staff member from the Development Office, and one staff member from the Office of Financial Services. Although faculty and staff members serve on the committee, all final investment decisions are made by students.

In the spring of 2006, the committee made its first investment of \$10,000 into the Cooperative Fund of New England (CFNE), a community development loan fund that was able to specialize the committee's investment in Western Massachusetts—an important value to students on the committee. Following the recommendation of staff and faculty members on the committee to diversify its investment portfolio, the students decided to make their next investment of \$5,000 into the New Alternatives Fund, a screened mutual fund specializing in alternative energy sources. In the subsequent two years, the committee made further investments of \$5,000 each into the PAX World Mutual Fund and the Portfolio 21 Mutual Fund.

In order to continually recruit new student members, and educate the larger campus community on socially responsible investment, student committee members organize an annual week of awareness culminating in a teach-in on responsible investment at Mt. Holyoke. Additionally, students write an annual report on the state of the fund which is sent to donors and members of the investment committee of the trustees.

As of the spring of 2010, students had again presented to the investment committee of the trustees, proposing that 1% of Mt. Holyoke's endowment be invested in community investment and that the trustees establish a Social Choice Fund for alumnae gifts dedicated to responsible investment. Students had not yet received a response from trustees, and student recruitment to the committee had stalled. Students have been working on incorporating the Mt. Holyoke Committee on Socially Responsible Investment into the student government committee structure to ensure better continuity of student and staff involvement.

Pros and Cons of Mt. Holyoke's Approach....

- **Pro:** Student control of investment decisions.
- **Pro:** Annual reporting allows students to keep donors, trustees, and campus community updated on the status of the fund.
- **Pro:** Through direct engagement with mutual funds and community development loan fund managers, student committee members learn a lot about responsible investment.
- **Pro:** Because the fund exists in perpetuity, it will continue to be a resource for students interested in responsible investment, and the returns from its investments will eventually establish a scholarship fund dedicated to helping students from Western Massachusetts attend Mt. Holyoke.
- **Con:** The existence of the committee has allowed trustees to delay incorporation of community investment into the actual endowment.
- **Con:** Because students are responsible for recruitment to the committee, larger campus engagement with responsible investment has lagged.

Sample Op-Ed: American University

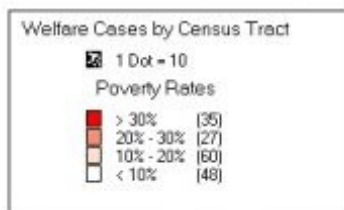
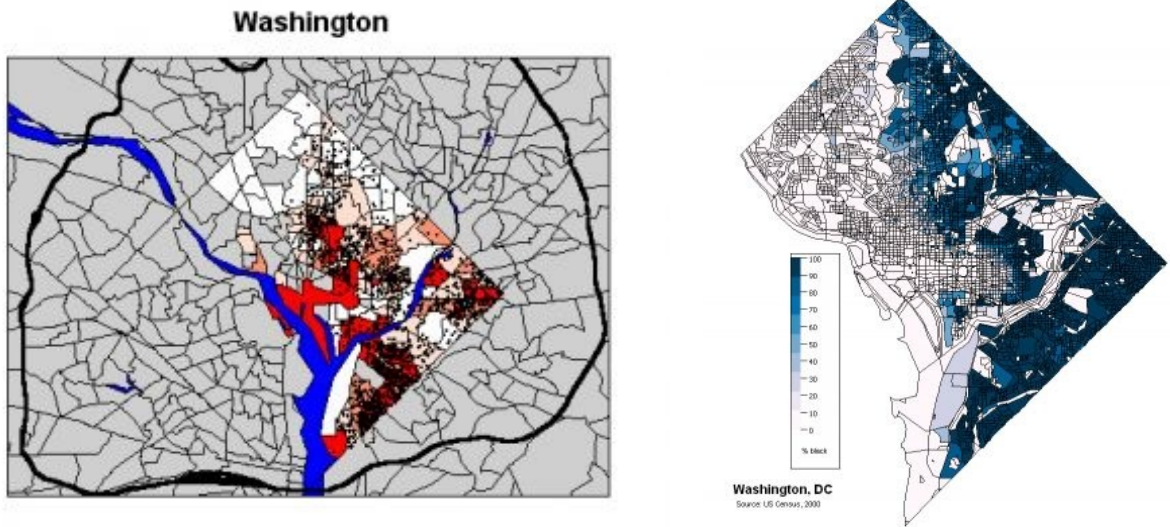
“American University Students Want Community Investment”

Mary Schellentragar, REC Mid-Atlantic Student Organizer, 2009-2010

American University is located in upper Northwest DC and shares its neighborhood with members of DC's professional upper middle class. To resist isolation from the rest of the city, the university maintains a focus on internships, community service, and taking advantage of the resources and opportunities that the city has to offer. However, to fully embody our mission to be a "private university with a public responsibility," we must take one step further to support economic justice for every community in DC. Our city is immensely segregated, where communities of color have disproportionately lower incomes. As students at American, we are very concerned about inequality in DC and how we can utilize our privilege to benefit less privileged communities.

What can we do as students to lessen this disparity? Individual students as well as universities and other institutions must start putting money in Community Development Financial Institutions (CDFIs), such as community banks and credit unions, so communities who are underserved by our area's corporate banks can gain access to credit, loans, and the opportunity to provide for their families. As part of the DC community, American University can positively impact these communities by moving some of the cash from our endowment into CDFIs. AU students are campaigning for the university to transfer some of the cash assets from its endowment into CDFIs such as the [City First Bank of DC](#) . Totalling \$4.3 million dollars, these investments would significantly impact low-income communities of color.

These two maps show which communities in DC are composed of people of color (blue) and which communities are living in poverty (red). They show a strong correlation between the two.



Since 1998, City First Bank has been providing economic opportunities to underserved communities. Their efforts have resulted in 2,000 jobs and more than 1,400 units of low-income housing for these communities. Between 2004 and 2007, City First lent out over \$150 million to community members who used the funds for community development projects, such as small businesses, and for achieving personal financial goals. DC residents who enjoy sugary pursuits know of the delicious bakery [Cakelove](#) on U Street, but few know that owner Warren Brown was only able to open the bakery with financing by City First.

By investing in CDFIs, American University will be directly contributing to community control of economic resources. Having access to financial services is an effective way for communities to lift themselves out of poverty. Without CDFIs, many vibrant community-owned businesses would go out of business. National chains would move in to fill the void, thus accelerating the gentrification process.

American's deposits would be just as protected in City First as it is in big corporate banks. City First and many other CDFIs are FDIC insured for deposits up to \$250,000. The [CDARS](#) program of diversifying risk ensures that the government will protect investments of up to \$50 million in CDFIs. It's time that American University makes our endowment money work for our communities and engages in direct community investment!

For more information, and to find a local credit union or development bank, try the [Coalition of CDFIs](#), [National Federation of Community Development Credit Unions](#), or the [Move Your Money](#) campaign.

Sample Press Release: Fordham University

A press release sent out to the local papers, blogs, or any other media that may have interest in running the story can never hurt. Press releases are an easy way to get the message out easily to many different sources without having to make a bunch of phone calls, too – and they can be extra effective considering that the story concerns not just the university, but the community too. For more resources about how to write effective press releases, contact REC at organize@endowmentethics.org and we can give you some tips.

FOR IMMEDIATE RELEASE

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FORDHAM STUDENTS WANT UNIVERSITY TO INVEST IN THE BRONX

Bronx, NY— September 16, 2010 — A coalition of students, faculty, and staff at Fordham University have launched a campaign demanding that the administration begin the process of community investment, moving its money away from large traditional banks and into Community Development Financial Institutions (CDFIs).

Fordham for the Bronx, the student group working on the campaign, claims that because of Fordham’s Jesuit mission and Catholic social justice teachings, their school should be more than willing to invest its money in the economically depressed community the university, faculty, staff, and students call home.

“Not only will we be helping individuals and small businesses from our neighborhood and providing a degree of economic empowerment for the Bronx,” said Brett Vetterlein, student organizer from Fordham for the Bronx, “but we will also be challenging the financial structure that brought us into this economic recession.” A study of 505 different CDFIs around the country found that in one year those institutions studied:

- Financed and assisted 8,185 businesses, which created or maintained 35,609 jobs;
- Facilitated the construction or renovation of 69,893 units of affordable housing;
- Built or renovated 750 community facilities in economically disadvantaged communities; and
- Provided 32,728 alternatives to payday loans and helped 91,180 low-income individuals open their first bank account.

This comes from a report by the Coalition of Community Development financial Institutions, which studied data about the performance of CDFIs in FY 2006.

“If Fordham wants to live up to its Jesuit mission, if we as members of this community want something better for our neighbors then we need Fordham to move its money and start making a change in the Bronx,” said Vetterlein.

Fordham for the Bronx is a student organization at Fordham University dedicated bringing social and economic justice to the Bronx through community activism.

Sample proposal: Seattle University

Below is the proposal successfully put forward by students at Seattle University by its Committee on Responsible Investment. In addition to this proposal, they also attached a glossary of terms and a list of resources for the administration, many of which are listed in the Resources section of this toolkit. Giving the powers to be a copy of the administrator Community Investment handbook (available on our website at www.endowmentethics.org) can't hurt, too.

Proposal for Community Investment

The Committee on Responsible Investment (CRI) proposes that the Investment Committee transfer Seattle University's cash from its current bank(s) into a Community Development Financial Institution (CDFI) that serves the greater Puget Sound area. To allow a CDFI to manage this cash would be upholding our institution's Jesuit values by allowing a federally insured non-profit to utilize our capital for their development goals of providing capacity building services and low interest loans to disadvantaged workers in our community as well as to promote conservation and sustainability in our region.

Community development banks provide low-income communities with financial services. Their mission is to provide capital to rebuild lower-income communities through targeted lending and investment. Deposits in CDFIs are insured by the federal government, which means that these institutions are no more risky than the FDIC-insured bank(s) with which Seattle University currently conducts business.

Making Seattle University's cash available to these institutions will provide substantial benefits not only to the community but also to the university. These benefits include but are not limited to:

- Strengthening Seattle University's relationship with the Puget Sound community by investing in a bank that shares common values.
- Ensuring that the cash portion of the endowment is safely and responsibly overseen and utilized for good.
- Increasing financial awareness and transparency on campus by building a relationship with a CDFI

Recommended Institutions:

Shorebank Pacific

Shorebank Pacific is a Community Development Bank headquartered in Ilwaco, Washington. The bank was started as a joint project of Shorebank (the first community development bank in the nation, based out of Chicago, Illinois) and EcoTrust, an environmental group based in Portland, OR. Shorebank Pacific is committed to making improvements in three defined areas: community, conservation, and economy, and employs a Sustainability Staff specially trained to work with customers in these areas. Through this process, "most businesses can realize gains in fiscal competitiveness, community expansion, and material efficiency" (<http://www.eco-bank.com/science/index.php>).

Shorebank Pacific is not only committed to sustainability, but offers:

- Unlimited FDIC insurance on business checking accounts;
- Participation in the CDARS program (*Ed. note: a definition of CDARS was given in a footnote*)
- Competitive rates compared to traditional banks

More information regarding Shorebank Pacific can be found on their website at: <http://www.eco-bank.com/index.php>

Pacific International

Pacific International Bank began operating in 2001 and was founded to support small business owners, especially those underrepresented in the greater Pacific Northwest. Each of the five area branches are FDIC certified, and the bank's mission statement highlights their overall goal to best serve the community as a whole through knowledge of the community and the skills of their officers: "The underlying purpose of PIBank has always been to increase the wealth and prosperity of the Korean and other under-served communities in the Pacific Northwest." (<https://www.pibank.com/eng/about.about.ceo.html>).

Unlike many large-scale banking institutions, throughout the recent financial crisis, PI Bank has steadily grown, continuing its commitment to community while offering competitive services in:

- Personal, business, and international banking;
- Competitive loan packages to business owners and business buyers;
- Market-leading deposit rates and
- A broad range of culturally-adapted savings products
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More information regarding Pacific International Bank can be found on their website at: <https://www.pibank.com>

Recommendation

The Committee on Responsible Investment recommends that the University consider depositing its cash assets in one or several local Community Development Financial Institutions so that this capital may be utilized in our community to promote the mission and values of the university by means of a valuable partnership with a local community banking institution. The CRI recommends utilizing the attached community investment handbook provided by the Responsible Endowments Coalition for further details, consultation, models and case studies.

Tips for making a good presentation

Pitching community investment to administrators and students requires different tactics. However, you should have a solid grasp on your facts, figures, and basic goals when speaking to both.

When presenting to administrators:

- Realize that they care about money: At the end of the day, they prioritize profit. Let them see that community investment cannot only be profitable, but it can profit their school in other ways.
- Realize that they care about power and reputation: They don't want to see their school's ranking or position diminished; emphasize that community investment positively contributes to their image
- Don't waste their time: They have a lot of responsibilities. Respect their time by sticking to a set agenda.
- Use qualitative facts: Let them know you've done your research.
- Be professional: Have your stuff organized ahead of time. You don't necessarily have to be in suits and pearls, but looking presentable is a good idea. It will make them respect you a lot more.

When speaking to students:

- Make it accessible: Students probably haven't accumulated the kind of economic knowledge that the head of your board of trustees has. It's okay to be more broad here, and explain your general message in relatable terms.
- Connect it to your school's overall message: Students chose their college for a reason. Let them see how community investment only furthers that vision.
- Bring it to their point of view: Explain to them the benefits of moving their personal finances to small and local banks and credit unions. Seeing it on a personal level might help them understand the gravity of community investment on an endowment level.
- Tailor it to their likes and dislikes: You might know a little bit more about the students you are pitching to than the administrators. So use that to your advantage. If you are trying to gain the support of a bunch of students who you know volunteer in the local public school, explain to them the contributions your local bank makes low-income education.
- Be casual: Make yourself approachable and comfortable. It might even make the students come to you.

Special thanks and gratitude

The REC Student Steering Committee, 2009-2010
with extra appreciation for the efforts of:

Olivia Grugan,
Hannah McMeekin, and
Sarah Pritchard

Mary Schellentrager

Maura Rendes

Caroline Incledon and **Brett Vetterlein,**
Community Investment Campaign Organizers,
for their invaluable contributions to this piece

Cheyenna Weber

Jason Judd and the **Service Employees**
International Union for allowing our use of the
sample letter of inquiry

Move **Our** Money: A Community Investment Toolkit for Students

1st Edition: Published September 2010. Available online at www.endowmentethics.org .



The Responsible Endowments Coalition (REC) is a student-founded, student-driven organization that believes that colleges and universities can create a more just and sustainable world by investing their collective \$300 billion in more socially and environmentally responsible ways. We are an all-purpose resource to help students however we can in achieving this vision. **For questions, suggestions, or advice, we encourage you to email us at organize@endowmentethics.org.** Good luck in your work!



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