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Green Revolving Funds Provide Community Benefits Through Innovation

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Amanda is a senior undergraduate at the University of Nebraska-Lincoln. She is a political science major, with minors in environmental studies and public policy. She has been researching Green Revolving Funds with other UNL students for one year. They hope to install a revolving fund at UNL in the next two years. This op-ed was written for an Energy and Environmental Economics class with the goal of being published to encourage the use of Green Revolving Funds.

Green Revolving Funds Provide Community Benefits Through Innovation

Universities are meccas of education, research and innovation. They have the capability to provide a community with much more than an education. Universities can provide societal outcomes like greater political interest, higher interpersonal trust, and better health. All universities should apply this wealth of potential to progress the sustainability of the community.

Energy conservation projects are generally viewed in a positive light because they result in lowered operating costs to the producer, followed by lower costs for the consumer. Developing renewable energy can provide a community with jobs, a safer environment, and a sense of energy security. However, long-term investments can be scary when the future of renewables is not guaranteed. It's difficult for government and public offices to make these kinds of investments, but the process for universities should not be so difficult.

In the spring of 2013, UNL's Student Council passed two bills focused on sustainability, one of which called for the University to stop investing in fossil fuels. According to Powershift.org, universities and colleges collectively have \$12 billion worth of stock in the fossil fuel industry. Members of the UNL community have expressed an interest in divesting from fossil fuels and investing in sustainability and energy efficiency instead. Although UNL has not invested fossil fuels since, we have not divested, or worked to offset those investments.

Some universities have allocated resources for sustainable development. The University of Vermont has lead an ambitious "Leading by Design" project on campus to develop tools and academic infrastructure, continuing the university's community leadership in education and sustainability. Projects like this one can reach their full potential when funds are provided through a Sustainability Initiatives Revolving Fund (SIRF).

The Revolving Fund is a self-supplying account with no fiscal year limitation as it is replenished by sustainable investment returns. The fund finances measures that reduce resource usage or mitigate greenhouse gas emissions. Initial investments can come from a variety of sources, but the goal of the fund is to provide the community with initial funds for cost-saving investments. As projects are completed, newly generated capital provides opportunity for new projects.

SIRFs are attractive for universities since they have historically been financially successful. Iowa State University has an SIRF of \$3 million. The seed money for this fund was collected from interest on prior university investments. The fund anticipates a 29.1 percent return on investment, "equivalent to a \$157,788 annual return per year, out of the \$539,519 invested to date," according to the Sustainable Endowments Institute. Of the 52 existing revolving funds, the median annual return-on-investment is 32 percent, with no losses, according to the Billion Dollar Green Challenge.

A successful SIRD funds high cost projects with high returns. ISU's Live Green Loan fund financed a \$30,000 door project to separate the training facility's practice area from the entryway. The university expects to see savings of around \$6,000 per year in reduced heating costs.

Finding sources for seed capital can be challenging. Funds are often obtained from the operating budget, savings from utility rebates and incentives, and endowment. At UNL, however, funding might be easier to obtain from alumni donations or grants. The campaign for ISU's fund was led by the president of the university with help from administrators. Although the fund can be driven by students, a cooperative administration is also of vital importance.

Climate change is a reality. It's time for all universities to address the degradation of our planet and take action, because they can. Initiating an SIRD signals institutional commitment to sustainable progress and stewardship. Not only will an SIRD provide communities with opportunities in sustainability, it will provide students with experience, educate the community, and create a healthier environment.

An SIRD creates opportunity for small-scale projects that, if successful, can become large-scale, government-sponsored projects. It provides a community with a safe place to try new efficiency innovations. Sustainability Initiative Revolving Funds should be employed at all universities with the goal of benefitting the entire community.