

Responding to Calls for Catholic College and University Endowments to “Care for Our Common Home”

By Joshua Burgher, Principal, Joseph Russell, Partner and Elizabeth Gousse Ballotte, Principal

Catholic colleges and universities are increasingly divesting from fossil fuels as part of their efforts to put into action Pope Francis’ encyclical on care for creation, "[Laudato Si’, on Care for Our Common Home.](#)" The impetus for action has further increased since COP26, the U.N. climate summit in Glasgow, Scotland and thousands of Catholic institutions – including 80 Catholic colleges and universities worldwide and 30 in the U.S. – have signed letters of intent for action¹. Universities, such as Georgetown University, DePaul University, Gonzaga University and many others, are enthusiastically mobilizing to “care for our common home.”

Impact Offices

For many colleges and universities, efforts for social and environmental impact are well underway and the demand for demonstrated progress to address the challenges of the world to students, faculty, administrators, communities and partners have increased exponentially. In response, many colleges and universities have developed “impact offices” where environmental, sustainability and governance (ESG) issues are discussed and defined, and for which actions are taken for improvement, establishment and tracking of metrics. These impact offices have been successful in creating a shared view of the impact objectives and a platform for engagement, communication and assessment of progress toward realizing these objectives.

Impact Investments

To achieve desired impact objectives colleges and universities are focusing on impact investing through the allocation of all their endowments. “Impact investments” are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return². While there are many types of impact investments, and degrees in which colleges and universities utilize them, endowment funds can be put to work each year to support both the college’s and/or university’s core mission and through the specific investments made.

Keep in mind, impact investing can be inclusionary (e.g., investing in funds that offer some sort of positive social return) or exclusionary (e.g., not investing in funds that hold equities in oil, gas, tobacco, firearms, etc.). In many organizations, the call to exclude investments in fossil fuels have been loud; however, robust conversation has also commenced on the value of oil, gas and other companies to portfolios and desperately needed investment returns.

For Catholic colleges and universities, the impetus for divesting from fossil fuel as a result of the Pope’s encyclical and momentum across the Catholic Church is significant. While many know exactly how to do this and what the impact of this decision means to endowment earnings, many do not. In fact, after a whirlwind 20 months of pandemic, environmental chaos and social justice unrest, many colleges and universities have not been able to take a step back and even establish impact objectives or fully understand all of the money, time and effort allocated to ESG initiatives and other important topics.

¹ <https://www.ncronline.org/news/earthbeat/official-launch-laudato-si-action-platform-offers-catholics-concrete-steps-toward>

² <https://thegiin.org/impact-investing/need-to-know/#what-is-impact-investing>

How PKF O'Connor Davies Can Help

PKF O'Connor Davies has expertise in planning for and successfully executing environmental and social impact objectives, including impact investing for colleges and universities. Through our ESG *Impact Quickscan*[™], we can quickly help assess your impact efforts and investments and provide a clear reporting of findings and recommendations to frame the path forward. For those colleges and universities with a good sense of their impact objectives, PKF O'Connor Davies can assist with setting up an impact program office to coordinate these activities, develop metrics to measure progress and support initiatives to engage and communicate with students, faculty, administrators, boards, communities and partners.

Contact Us

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