

NACUBO Endowment Study and SRI

In 2000, the first year the NACUBO Endowment Study (NES) began asking about socially responsible investment (SRI) practices, 17.8 percent of institutions responded that they consider SRI criteria in their investment decision making, including 10.4 percent of public institutions and 21.7 percent of independents. That discrepancy between public and independent institutions has continued as a general pattern. In 2007, 16.9 percent of public institutions reported considering SRI criteria in their investment management decisions versus 27.7 percent of independents.

Something that does not appear to correlate is investment pool size. Larger endowments are as likely to consider SRI criteria as are the smallest. For 2007, 28.2 percent of the largest endowments considered SRI in their investing compared with 31.8 percent of the smallest investment pools. This also held true in 2000, where 19.4 percent of institutions with portfolios greater than \$1 billion considered SRI criteria compared to 20.4 percent of those with endowment pools of less than \$100 million.

FIGURE 1 Whether Institutions Considered Social Responsibility Criteria in Investment Management Policies, FY07

Endowment assets	Considered social responsibility criteria %	Did not consider social responsibility criteria %	Did not consider except when required by donors %
Greater than \$1 billion	28.2	62.0	9.9*
> \$500 million to ≤ \$1 billion	22.4	65.5	12.1*
> \$100 million to ≤ \$500 million	22.0	65.7	12.2
> \$50 million to ≤ \$100 million	17.2	63.1	19.7
> \$25 million to ≤ \$50 million	26.6	60.2	13.3
Less than or equal to \$25 million	31.8	42.6	25.6
Public	16.9	66.2	16.9
Independent	27.7	57.0	15.3
Full sample	24.0	60.2	15.9

788 institutions provided data on their investment policy features

*Fewer than 10 institutions responding

Source: 2007 NACUBO Endowment Study

FIGURE 2 Social Responsibility Criteria Followed, FY07

Investment pool assets	Neither produce nor market tobacco products	Neither produce nor market alcoholic beverages	Do not engage in commercial gambling or gaming businesses	Have no significant involvement in weapons manufacturing	Do not violate U.S. child labor laws or standards in either domestic or foreign operations	Adhere to sound environmental policies and practices	Do not do business in countries on terrorist-supporting watch list	Do not produce nuclear energy	Other
	%	%	%	%	%	%	%	%	%
Greater than \$1 billion	55.0	5.0*	5.0*	--	5.0*	--	5.0*	--	65.0
> \$500 million to ≤ \$1 billion	46.2*	23.1*	23.1*	23.1*	30.8*	23.1*	15.4*	15.4*	46.2*
> \$100 million to ≤ \$500 million	48.1	29.6	24.1	22.2	20.4	14.8*	9.3*	5.6*	50.0
> \$50 million to ≤ \$100 million	74.1	66.7	59.3	22.2*	18.5*	18.5*	11.1*	11.1*	18.5*
> \$25 million to ≤ \$50 million	52.9	41.2	44.1	29.4	29.4	26.5*	11.8*	8.8*	41.2
Less than or equal to \$25 million	61.0	46.3	48.8	34.1	31.7	26.8	17.1*	19.5*	51.2
Public	37.0	15.2*	13.0*	8.7*	6.5*	8.7*	6.5*	8.7*	60.9
Independent	62.2	44.8	43.4	28.7	28.7	22.4	13.3	10.5	40.6
Full sample	56.1	37.6	36.0	23.8	23.3	19.0	11.6	10.1	45.5

Based on 189 institutions that consider social responsibility criteria in investment management policies

*Fewer than 10 institutions responding

Source: 2007 NACUBO Endowment Study

FIGURE 3 Profile of Article Participants

Institution	City	State	Control	FTE students	FY07 year-end endowment market value (\$000)
Brown University	Providence	RI	Independent	7,940	2,780,798
California State University, Dominguez Hills	Carson	CA	Public	9,308	6,730
Goshen College	Goshen	IN	Independent	860	121,076
Haverford College	Haverford	PA	Independent	1,138	539,589
Neumann College	Aston	PA	Independent	2,533	14,935
University of Washington	Seattle	WA	Public	44,221	2,184,374
University of Wisconsin System	Madison	WI	Public	147,900*	351,914

*This number was reported for purposes of this article and differs from that reported in the 2007 NES.

Source: 2007 NACUBO Endowment Study (NES)