



Opportunities and Stacking Funding: Paying for Energy Efficiency and Renewable Energy Projects in Illinois Colleges

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Background

Institutions of higher education play a critical role in educating future energy and sustainability leaders; training future workers in energy efficiency and clean energy trades; and efficiently managing buildings and operations across a very large building footprint¹.

Higher education in the U.S. is responsible for about 5 billion square feet of floor space² and the costs to operate and maintain these buildings is significant. Altogether, colleges and universities in the United States emitted approximately 121 million MTCO₂E, or nearly 2% of total annual U.S. GHG emissions in 2005 alone³. Much of these emissions are the byproduct of the energy generated for electricity, heating, and cooling buildings. Colleges can save money by investing in energy efficiency projects that reduce energy costs.

As Illinois continues to pursue a path towards 100% renewable energy by 2050, the portfolio of buildings across Illinois community colleges will play a significant role by adopting Net Zero energy plans, reducing energy use, and deploying more efficient and renewable energy technologies. Buildings in Illinois higher education can serve as a model for achieving goals

¹ Inga Žalėnienė, Paulo Pereira, Higher Education For Sustainability: A Global Perspective, Geography and Sustainability, Volume 2, Issue 2, 2021, Pages 99-106, ISSN 2666-6839, <https://doi.org/10.1016/j.geosus.2021.05.001>.

² <https://betterbuildingsolutioncenter.energy.gov/sectors/higher-education>

³ Parikhit Sinha, William A. Schew, Aniket Sawant, Kyle J. Kolwaite & Sarah A. Strode (2010) Greenhouse Gas Emissions from U.S. Institutions of Higher Education, Journal of the Air & Waste Management Association, 60:5, 568-573, DOI: 10.3155/1047-3289.60.5.568

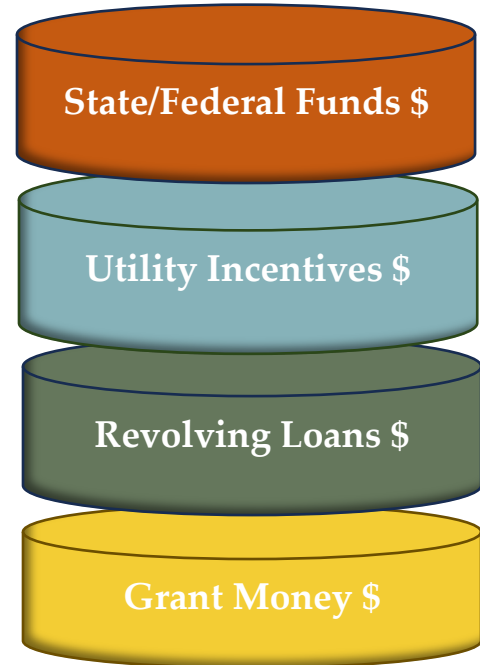
towards grid resilience, decarbonization, and electrification by investing in energy efficiency and expanding renewables.

Funding Energy Efficiency and Renewable Energy Projects

Building construction and maintenance can be costly for large energy efficiency and renewable energy projects, and self-funding is limited. Knowing where to look and how to stack funding for projects is key for administrators who are responsible for maintaining infrastructure and meeting current and future energy efficiency and renewable energy goals as prudently and affordably as possible.

The strategy of stacking multiple funding sources can reduce overall costs to the college and stretch local dollars further. The definition of “stacking” (a.k.a. layering) is using multiple sources of funds to complete a project. The funding sources need to be tracked separately. The image to the right is a simple representation of stacked funding to support a project.

Stacking funding may require creativity, a little more planning and additional coordination in terms of identifying funding sources and applying to those sources across different applications and contracting timelines. Some grants require a certain percentage match (e.g., 5% to 15%) and will specify the types of match funding that are acceptable. Grant criteria can also be the applicant’s plan or ability to leverage other programs to achieve their goal.



Illinois based community colleges may be able to take advantage of federal, state, and private grant and loan funds, as well as utility incentives for use on projects that reduce energy and carbon emissions. From January 2021 to December 2024, federal funding levels for energy and sustainability projects in the U.S. were at an all-time high which catalyzed projects to meet U.S. clean energy and climate goals for lowering energy costs, reducing air pollution, and creating good-paying jobs. The

federal landscape for renewable energy and energy efficiency is now rapidly changing. As projects are identified, college administrators, especially on the financing side, will be concerned with how the project is funded.

Funding Landscape

The financing landscape includes traditional financing, including leases and loans, internal financing, bonds, energy savings performance contracts, and other financing mechanisms. No one-size-fits-all approach to energy efficiency and renewable energy financing exists.



The [Better Buildings Solution Center](#) of the U.S. Department of Energy provides resources on the types of available financing for energy efficiency projects where you can explore financing options for renewable energy and energy efficiency projects.

The [Better Buildings Solution Center Financing Navigator](#) is a tool that matches the organization's project, and preferences to financing options that are the best fit for your project.

The [Higher Education Energy Financing primer](#) provides specialized guidance and solutions to meet the needs of the higher education sector. Common financing solutions including energy savings performance contracts (ESPCs), internal funding, leases, debt or loan, and other options such as efficiency-as-a-service and power purchase agreements are provided. Case studies from universities are also presented.

The following resources are also available for community colleges: [Green Revolving Funds](#) and a [Guide to Efficiency-as-a-Service](#).

The [Energy Efficiency Revolving Loan Fund Capitalization Grant Program](#) is a program of the Illinois Environmental Protection Agency, in partnership with the Illinois Finance Authority and Climate Bank, made possible through the Bipartisan Infrastructure Law and the U.S. Department of Energy. The program will support and accelerate energy efficiency projects in Illinois with a focus on assisting nonprofits, public entities, and underserved communities.

Incentives Table

The table below summarizes existing funding opportunities and resources that may be stacked with other capital to fund energy efficiency and renewable energy projects. It is curated for Illinois community colleges and provides several existing and anticipated funding opportunities. These sources are current through March of 2025. Grant and funding opportunities are subject to change.

The table below is organized into five sections: Sponsored Grants and Technical Assistance, Federal Incentives, Illinois State and Utility Incentives, Grants, and Technical Assistance.

Incentive	Eligible Uses	Funding
Sponsored Grants and Technical Assistance		
Illinois Green Economy Network (IGEN)	Curricula development for energy efficiency and renewable energy-related courses and programs; energy efficiency and renewable energy-related equipment, energy-related conferences and workshops; and customized education and training with partners	Funding varies by project and is competitively available for member institutions; funds are available through the Renewable Energy Resources Trust Fund (RERTF) through the Illinois Environmental Protection Agency.
IGEN Technical Assistance provided through SEDAC	Planning and analysis for energy reductions to get to net zero; on-site energy audits and recommendations; plan and design review	Funding varies by project with support from IGEN.
Illinois State and Utility Incentives and Funding		
Illinois Energy Efficiency Revolving Loan Fund	Energy efficiency, building electrification, energy storage, and renewable energy projects	Bridge loans with low-interest, short-term financing up to \$1,000,000.
Illinois Shines	Solar photovoltaic installations	Varied by size of project; Solar Renewable Energy Credits are available for Distributed Generation solar projects: Search for Illinois Shines qualified vendors

Ameren Incentives	Interior and exterior lighting, Instant Incentives, HVAC, specialty & custom projects	Varied by project
ComEd Incentives	Lighting, small business and facilities, refrigeration, HVAC solutions, kitchen equipment, variable speed drives, lab equipment, new construction	Varied by project
Nicor Gas Incentives	Space and water heating, steam traps, efficiency improvements, boiler tune-ups	Varied by project
Illinois Finance Authority and IL Office of Energy: Energy Efficiency Revolving Loan Fund Capitalization Grant Program	Building electrification, energy storage, and distributed generation projects	Loan amounts ranging from \$50,000 to \$1,000,000
Grants		
Great Lakes Environmental Justice Thriving Communities Grant Making Program . The fiscal sponsor is The Minneapolis Foundation.	Grant funds available for a broad range of environmental and public health efforts in underserved communities as defined by the EPA	Grant applications are accepted on a rolling basis starting in December of 2024 through 2026. Institutions of higher education are eligible. \$40 million in funds will be distributed for projects across 3 Tiers. Tier 1: Assessment and Engagement up to \$150,000. Tier 2: Community Education and Planning up to \$250,000. Tier 3: Project Development and Implementation up to \$350,000
Second Nature (focus on sustainability in higher education)	Campus climate action initiatives, including decarbonization, climate resilience, and justice projects	Member colleges may be able to receive catalyst grants up to \$10,000 and receive pro-bono consulting, access to solutions center and on-call Second Nature staff

Technical Assistance		
Great Lakes Environmental Justice TCTAC	Helps rural, tribal, and historically underserved communities in EPA Region 5 locate and apply for federal funding opportunities	Trainings and information about funding opportunities; grant identification and navigation; project development; budget & planning support; and grant management assistance
Better Buildings Challenge: Higher Education Sector	Conduct an energy assessment, pledge organization-wide energy savings goal, show case a project, report results	Receive technical assistance and energy efficiency solution development assistance, connect with network allies, public recognition
Federal Incentives and Funding		
Federal ITC – Direct Pay Reimbursement (48E)	Solar, wind, geothermal, fuel cells, and/or battery storage projects	6% base credit, up to 30% of costs of new, qualified clean energy property; provisions and size limitations may apply for maximum credit; additional bonus credits up to 70% total. Learn more about how to claim the “elective pay” credits from the federal government on this available PowerPoint published by energy.gov
Commercial Electric Vehicle Tax Credit (45W)	Qualified commercial clean vehicles	15-30%, up to \$7,500 for vehicles less than 14,000 pounds; up to \$40,000 for vehicles 14,000 pounds or more
Alternative Fuel Infrastructure Tax Credit (30C)	Fueling equipment for natural gas, propane, hydrogen, electricity, E85, or biodiesel >20% in non-urban and low-income communities	6% of depreciable costs; or 30% of depreciable costs if project meets U.S. DOL prevailing wage and apprenticeship requirements -- max \$100,000