

**BOARD OF HIGHER EDUCATION**

**REQUEST FOR BOARD ACTION**

**NO.:** BHE 22-50

**BOARD DATE:** May 3, 2022

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**APPROVAL OF THE FY2022-FY2023 ENDOWMENT INCENTIVE PROGRAM  
GUIDELINES**

**MOVED:** The Board of Higher Education hereby adopts the attached Endowment Incentive Program guidelines for Fiscal Year 2022 and 2023.

**VOTED:** Motion adopted by the on BHE 5/3/2022.

**Authority:** Massachusetts General Laws, Chapter 15A, Section 15E; Chapter 102 of the Acts of 2021 (Line Item 1599-2046)

**Contact:** Joe Wallerstein, Interim Deputy Commissioner for Administration and Finance

## **FY2022 and FY2023 Endowment Incentive Program Guidelines Background Information**

In June 2006, the Massachusetts Legislature amended Chapter 15A, Section 15E entitled the "Public Higher Education Endowment Incentive Program." The program was originally authorized in FY1996 and expired at the end of FY2001. In FY20, Massachusetts Legislature re-established a program, through supplemental budget language in Chapter 142 of the Acts of 2019 to provide state matching support to encourage private fundraising by foundations of the University of Massachusetts, State Universities, and Community Colleges, or by the institutions themselves through June 30, 2021.

In FY22, the "An Act Relative to Immediate COVID-19 Recovery Need" (H.4269) appropriated \$25M in Federal American Rescue Plan Act (ARPA) funds for the Endowment Incentive Program. The appropriation allocated the \$25 million as follows: University of Massachusetts, \$15 million; State Universities, \$5 million; and Community Colleges, \$5 million. The effective date of the legislation was December 13, 2021, and the legislation provides that expenditures can be made through June 30, 2027.

The responsibilities of the Board of Higher Education under the statute are to establish the guidelines defining the matching ratio for funds raised; identifying the allowable purposes for the funds raised; and ensuring that each institution shall have an equal opportunity to secure matching funds. M.G.L. c. 15A, section 15E; (H.4269, Line Item 1599-2046.) The Board is also responsible for disbursing the Commonwealth's appropriation according to the guidelines, and reporting to the legislature on the allocations of matching dollars.

Consistent with the legislation, the proposed Guidelines confirm that the Commonwealth will match private donations based on a ratio of \$1 in state funds for each \$2 raised by an institution or foundation.

In terms of the timeframe for allowable donations, the proposed Guidelines provide that contributions to an institution's endowment that are consistent with the requirements in the Guidelines and are pledged and accepted on or after January 1, 2022 through June 30, 2023 shall be eligible for the purposes of this program.

The Commissioner will monitor the progress of the Endowment Incentive Program and periodically will report to the Board on the status of the program and, as may be necessary, suggest any modifications to these guidelines that will ensure the optimal use of the appropriated funds.

**Public Higher Education Endowment Incentive Program Guidelines:  
FY2022 and FY2023**

Purpose	Encourage private fundraising and endowment growth by Commonwealth public higher education institutions and foundations.
Funding available	<p>\$25 million</p> <p>University of Massachusetts - \$15 million          State Universities: \$5 million or \$555,555 per university          Community Colleges: \$5 million or \$333,333 per college</p>
Matching Schedule	<p>\$1 match for every \$2 pledged from any private endowment donor and accepted in accordance with the Case Reporting Standards and Management Guidelines for Educational Fundraising after on or after January 1, 2022 through June 30, 2023, subject to the criteria established in the guidelines below for Donations Eligible for Match.</p>
Donations Eligible for Match	<p>Private contributions to the endowment (permanently restricted funds) for the purposes of this program shall be permitted for capital outlay programs for the academic facilities of those institutions; endowed scholarship funds; endowed professorships; endowed STEM programming; endowed research positions; endowed programming in the arts and humanities; endowed funds to increase diversity and inclusion on public higher education campuses; endowed funds that increase persistence and completion rates; endowed early college programs; and endowed funds that encourage innovative financial aid strategies, including income share arrangements, provided that the terms of any said income share agreements shall be pre-approved by the Board of Higher Education.</p> <p>In addition, the Board of Higher Education may, at its discretion, approve such other purposes that may be proposed by a public institution of higher education, provided that the institution can demonstrate that the proposed purpose is: 1) consistent with system-wide goals and campus mission statements; and 2) the campus proposal is supported by measurable goals and metrics.</p>

Process for Campus Participation	Consistent with M.G.L. c. 15A, § 15E, for each institution the program shall be administered by its foundation, as defined in M.G.L. c. 15A, § 37, in accordance with procedures adopted by the institution's board of trustees by June 15, 2020. Such procedures shall include the method for each board of trustees to certify to the house and senate committee on ways and means the actual amount received in private contributions to the endowment in each fiscal year. Such procedures shall also include safeguards for protecting the anonymity of donors who indicate their desire not to be identified.