

BOARD OF HIGHER EDUCATION

REQUEST FOR BOARD ACTION

NO.: BHE 25-37

BOARD DATE: May 20, 2025

AFFIRMATION AND AMENDMENT OF THE FY2025 ENDOWMENT INCENTIVE PROGRAM GUIDELINES FOR THE FY25 GAA BUDGET APPROPRIATION

MOVED: The Board of Higher Education hereby affirms the attached Endowment Incentive Program guidelines initially approved by the BHE in May 2022 (BHE 22-50), provided that the funding allocations and disbursement timelines are hereby amended to include the additional \$15 million in funding appropriated in the FY25 GAA Budget, as well as any additional funding appropriated through FY25 supplemental budgets, as set forth in Attachment A (as amended).

VOTED: Motion adopted by the BHE on 5/20/2025.

Authority: Massachusetts General Laws, Chapter 15A, Section 15E; Section 2 of Chapter 140 of the Acts of 2024 (Line Items 1596-2425; 1596-2426); BHE 17-23; BHE 22-50; BHE 23-15; BHE 23-70; and BHE 24-11.

Contact: Matthew Cole, Deputy Commissioner for Administration, Finance, and Operations

FY25 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 the 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 effective date of the legislation was December 13, 2021, and the legislation provides that expenditures can be made through June 30, 2027.

At its May 2, 2022 meeting, the BHE adopted guidelines for the Endowment Incentive Program funds appropriated by H.4269, "An Act Relative to Immediate COVID-19 Recovery Need." (Attachment A, as amended). These guidelines adopted in BHE 22-50 address the match's purpose, the matching schedule, eligibility and matching timeframe, consistent with the BHE's statutory authority and the applicable line item language. *BHE Motion 22-50*.

Every year since FY22, the legislature has appropriated funds to support the Endowment Incentive Program as follows:

- The FY23 GAA Budget created a new line item (7066-0115) that allocated an *additional* \$20 million to be made available in FY23 as follows: University of Massachusetts, \$10 million; State Universities, \$5 million; and Community Colleges, \$5 million.

- The FY24 GAA Budget created new line items (1596-2425, 1596-2426) funded by the Education and Transportation Trust ("Fair Share") that allocated *an additional* \$10 million to be made available in FY24, with 1596-2425 appropriating \$5 million for the State Universities and \$5 million for the Community Colleges and 1596-2426 appropriating \$10 million for the University of Massachusetts. Unspent funds were carried forward to FY25 through supplemental appropriations, providing \$1,874,183 with \$799,367 available for the State Universities and the remaining \$1,074,816 available for the Community Colleges.

Each time the legislature appropriates new funding for the Endowment Incentive Program, the BHE must review and update its guidelines to ensure alignment with legislative intent for each appropriation.

The current FY25 GAA Budget¹ appropriates additional funding to support the Endowment Incentive Program as follows:

- \$5 million for the State Universities (1596-2425); and
- \$10 million for the University of Massachusetts (1596-2426).

In administering the Endowment Incentive Program, the responsibilities of the BHE Board of Higher Education (BHE) generally include establishing the guidelines related to the distribution and use of the funds, defining or affirming 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, (FY25 GAA, 1596-2425; 1596-2426). The BHE is also responsible for disbursing the Commonwealth's appropriation according to the guidelines and reporting to the legislature on the allocations of matching dollars. Under the current implementation procedures, institutions are required to submit to the Department of Higher Education a list of eligible donations, along with the requested match amount, and must attest that the eligible donations meet the guidelines established by the BHE.

In recent years, through appropriation language the legislature has further defined and delimited the BHE's responsibilities in this area. BHE For line item 1596-2426, which appropriates funds to the University of Massachusetts, the BHE's responsibility is limited to implementing the program in a manner that ensures that each UMass campus shall have equal opportunity to secure matching funds. (FY25 GAA, 1596-24-26).

The responsibilities of the BHE for line item 1596-2425, which appropriates funds to the State Universities are broader, and include establishing the guidelines related to the distribution and use of the funds; 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; (FY25 GAA, 1596-2425).

Consistent with the legislation, the current guidelines (Attachment A) 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. The current guidelines also establish the expected fundraising timelines *for each appropriation*, and provide that funds shall be made available for matches, either pledged or received in accordance with Case

¹ In addition, on April 7, 2025 the House Ways and Means Committee filed H.4005 which includes proposed, supplemental appropriations of \$10 million for line-item 1596-2425 for the State Universities, and \$10 million for line-item 1596-2426 for the University of Massachusetts. Should this supplemental appropriation pass, such funds would be subject to the guidelines under this motion.

Reporting Standards and Management Guidelines for Educational Fundraising consistent with the expenditure timeframes for each appropriation.

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.

Recommendation

The Department recommends using the current program guidelines adopted by the Board (*BHE Motion 22-50*) to administer FY25 appropriations, as amended. The current guidelines, as amended, would cover eligible matches made during FY25 between July 1, 2024, and June 30, 2025. The only recommended amendments to the existing guidelines are to amend the funding line to clearly identify the additional FY25 appropriations, including the segmental allocations, and to amend the matching schedule line to specify the disbursement timelines for the additional FY25 funding. The proposed amendments are identified in Attachment A, in red font.

Attachment A

**Public Higher Education Endowment Incentive Program Guidelines:
FY2022, FY2023, and FY24 (as adopted by BHE 22-50, affirmed via BHE 23-15 and
BHE 24-11, with proposed amendments noted in redline)**

Purpose	Encourage private fundraising and endowment growth by Commonwealth public higher education institutions and foundations.
Funding available (via H. 4269, 1599-2046)	\$25 million University of Massachusetts - \$15 million State Universities: \$5 million or \$555,555 per university Community Colleges: \$5 million or \$333,333 per college Note: \$1,829,150.22 available in FY25 (\$1,495,343.40 for the Community Colleges and \$333,806.82 for the State Universities)
Funding available (via FY23 GAA, 7066-0115)	\$20 million University of Massachusetts - \$10 million State Universities; \$5 million or \$555,555 per university Community Colleges: \$5 million or \$333,333 per college Note: \$0 available in FY25
Funding available (via FY24 GAA, 1596-2425)	\$10,000,000 State Universities; \$5 million or \$555,555 per university Community Colleges: \$5 million or \$333,333 per college Note: \$1,874,182.55 available in FY25 (\$1,074,815.98 for the Community Colleges and \$799,366.57 for the State Universities)
Additional funding available (via FY25 GAA, 1596-2425)	\$5,000,000 State Universities; \$5 million or \$555,555 per university
Matching Schedule	\$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 on or after January 1, 2022 through June 30, 2027 for funding available via H. 4269; between July 1, 2022 through June 30, 2023 for funding available via FY23 GAA (7066-0115); between July 1, 2023 and June 30, 2024 for funding available via the FY24 GAA budget (1596-2425); between July 1, 2024 and June 30, 2025 for funding available

	<p>via the FY25 GAA budget, remaining FY24 funding continued into FY25, and any subsequent, supplemental appropriations in FY25 under line item 1596-2425, subject to the criteria established in the guidelines below for Donations Eligible for Match.</p>
<p>Donations Eligible for Match</p>	<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, consistent with state and federal law; 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>
<p>Process for Campus Participation</p>	<p>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.</p>

