



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

November 21, 2024

Higher Education Student Success Endowment Financial Record Review & Fiscal Year 2026 Budget Adoption

[Utah Code 53B-7-803](#) and [Board Policy R1100, *Higher Education Student Success Endowment*](#), require the Utah Board of Higher Education to review financial records of the endowment and to annually approve and submit an endowment budget to the Legislature. Accompanying this memo are monthly audited financial statements, including information on endowment net assets, investment units of participation, realized/unrealized gains/losses, and allocated expenses, along with a proposed FY 2026 Endowment budget for Board consideration.

In its June 2024 Board meeting, the Board approved an FY 2025 allocation formula for the endowment and directed the Commissioner's office to allocate the funds to Utah System of Higher Education institutions to help students who are unable to complete a FAFSA due to the ongoing limitations of the revised federal form. As opposed to withdrawing funds from the endowment during its transition to an optimized asset allocation portfolio, the Commissioner's office leveraged \$7.6 million in final dispositions from the Utah Higher Education Assistance Authority that would have otherwise been deposited into the endowment to support the FY 2025 institutional allocations. As such, proceeds have not yet been withdrawn from the endowment for Board spending priorities. Finally, while the Board adopted an endowment investment and distributional policy in its December 2023 meeting, it has not yet enacted a formal spending policy. The Commissioner will continue to develop endowment spending policy options for Board consideration and present them to the Board for action at the Board's discretion.

Commissioner's Recommendation

The Commissioner recommends the Board review and approve the attached endowment financial records, including the FY 2026 budget proposal.

Attachments

Attachment 1 – Summary of Changes in Market Value Net Assets

Attachment 2 – August 2024 Asset Allocation

Attachment 3 – FY 2024 Actual, FY 2025 Authorized, and FY 2026 Proposed Budget