

**TITLE:** 2022-24 Endowment Match Program Update

**DESCRIPTION:** Staff will provide an update regarding universities' use of 2022-24 Endowment Match Program funds to date.

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In the 2022-24 biennial budget bill, the General Assembly appropriated \$40 million in state bond funds for the Endowment Match Program, also called Bucks for Brains, with \$30 million authorized for the research universities through the Research Challenge Trust Fund and \$10 million authorized for the comprehensive universities through the Comprehensive University Excellence Trust Fund (22 RS, HB 1) to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health (i.e., STEM+H fields). The state funds are used as a dollar-for-dollar match for private endowment gifts and pledges raised by institutions.

The Council on Postsecondary Education oversees and administers the Endowment Match Program as put forth in the [2022-24 Endowment Match Program Guidelines](#) (hereafter, "The Guidelines"). The Guidelines define specific eligible uses of funds, matching requirements, and program-level requirements on the use of funds.

The Guidelines require institutions to endow particular portions of their Bucks for Brains funds in two categories of eligible uses (i.e., the "Use of Funds Requirements"). At the research universities, at least 70 percent must be endowed to support chairs, professorships, research scholars, research staff, and research infrastructure (i.e., Category 1 Uses), while no more than 30 percent may be endowed to support graduate fellowships or mission support activities (i.e., Category 2 Uses). At the comprehensive universities, at least 50 percent must be endowed to support chairs, professorships, research scholars, research staff, and research infrastructure (i.e., Category 1 Uses), while no more than 50 percent may be endowed to support graduate fellowships, undergraduate scholarships, or mission support activities (i.e., Category 2 Uses). Figure 1 breaks out the total state matching funds appropriated (i.e., \$40,000,000) by eligible use category and sector. This information item summarizes universities' use of program funds to date. Detailed information for each university can be found in the attached materials.

**Figure 1. Total State Matching Funds Available by Eligible Use**

	<i>MIN Funds for chairs, professorships, or research scholars, or research staff and infrastructure</i>	<i>MAX Funds for mission support activities or graduate fellowships or undergraduate scholarships</i>	<b>Total</b>
Research	\$21,000,000	\$9,000,000	\$30,000,000
Comprehensive	\$5,000,000	\$5,000,000	\$10,000,000
<b>Total</b>	<b>\$26,000,000</b>	<b>\$14,000,000</b>	<b>\$40,000,000</b>

Figure 2 shows the total amount of requests for state matching funds under the Bucks for Brains program that have been approved or are currently pending. The figure also shows the amount of approved or pending requests as a percent of the total state matching funds available shown in Figure 1. Pending requests are those the universities have submitted to CPE staff that are currently undergoing review and revision. In total, 50 percent of state matching funds appropriated in 2022-24 are currently pending or have been approved.

**Figure 2. Total Approved and Pending State Matching Fund Request by Eligible Use**

	<i>Funds for chairs, professorships, or research scholars, or research staff and infrastructure</i>	<i>Funds for mission support activities or graduate fellowships or undergraduate scholarships</i>	<b>Total</b>
Research	\$15,141,514	\$1,485,000	\$16,626,514
Comprehensive	\$2,185,250	\$2,090,396	\$4,275,646
<b>Total</b>	<b>\$17,326,764</b>	<b>\$3,575,396</b>	<b>\$20,902,160</b>

→ **As a Percent of Total State Matching Funds Available by Eligible Use**

	<i>Funds for chairs, professorships, or research scholars, or research staff and infrastructure</i>	<i>Funds for mission support activities or graduate fellowships or undergraduate scholarships</i>	<b>Total</b>
Research	72%	17%	55%
Comprehensive	44%	42%	43%
<b>Total</b>	<b>67%</b>	<b>26%</b>	<b>52%</b>

Figure 3 shows the number of approved and pending endowment match requests that support each eligible use. It is important to note that match requests can be submitted for endowments that support multiple eligible uses and, therefore, the total in Figure 3 does not reflect the total number of endowment match requests received to date. As can be seen, the two most common uses supported by approved or pending endowment match requests are (1) professorships and (2) undergraduate scholarships.

**Figure 3. Total Number of Endowments by Detailed Eligible Use Supported**

	Category 1					Category 2		
	Chairs	Professorships	Research Scholars	Research Staff	Research Infrastructure	Graduate Fellowships	Undergraduate Scholarships	Mission Support
Research	6	12	0	0	1	3	0	5
Comprehensive	0	12	0	4	4	3	22	2
<b>Total</b>	<b>6</b>	<b>24</b>	<b>0</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>22</b>	<b>7</b>

Figure 4 shows the remaining state matching funds under the Bucks for Brains program broken out by eligible use category based on the aforementioned “Use of Funds Requirements” (i.e., the 70/30 and 50/50 rules). It is important to note that the universities must endow at least \$9,007,137 of the remaining funds to support Category 1 Uses; however, universities are not required to use any program funds for Category 2 Uses and, as such, could choose to endow some or all of the \$10,090,704 to support Category 1 Uses instead.

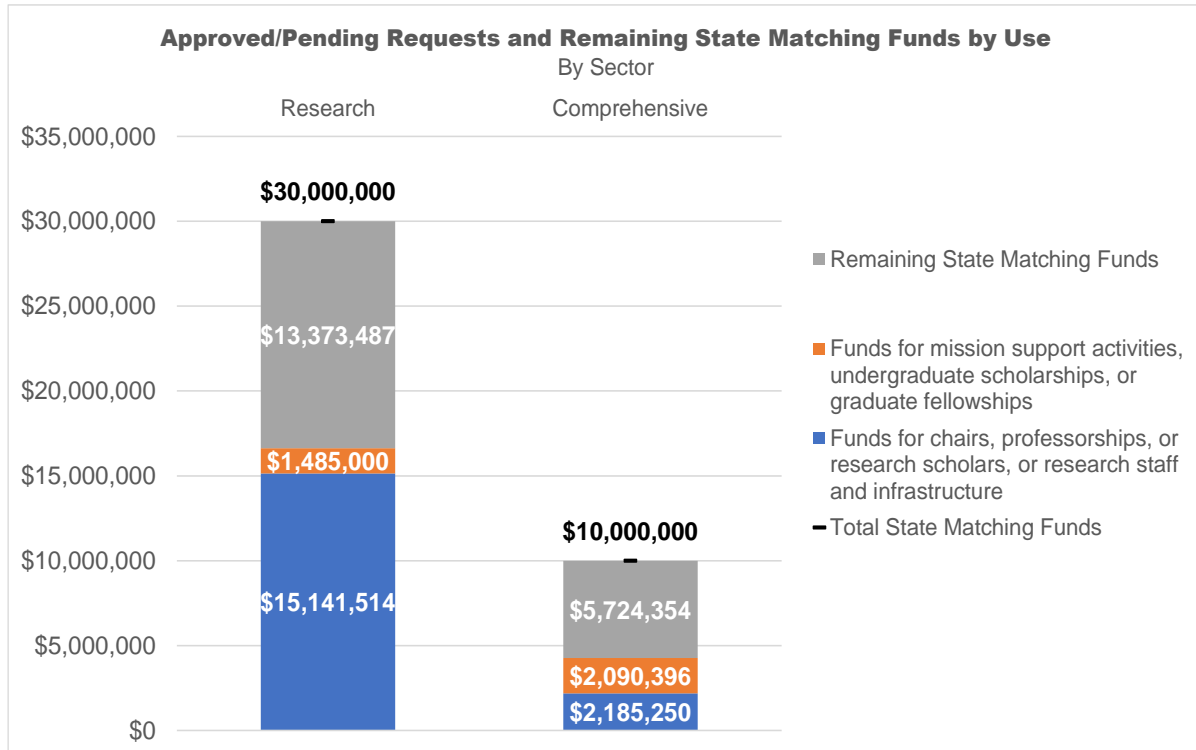
**Figure 4. Total Remaining State Matching Funds Available by Eligible Use**

	<i>MIN Funds for chairs, professorships, or research scholars, or research staff and infrastructure</i>	<i>MAX Funds for mission support activities or graduate fellowships or undergraduate scholarships</i>	<b>Total</b>
Research	\$5,858,487	\$7,515,000	\$13,373,487
Comprehensive	\$3,148,650	\$2,575,704	\$5,724,354
<b>Total</b>	<b>\$9,007,137</b>	<b>\$10,090,704</b>	<b>\$19,097,840</b>

Figure 5 summarizes all the information above regarding universities’ use of Bucks for Brains program funds to date in a single graph. As anticipated, the research universities have prioritized endowing funds to support research activities of endowed chairs and professors, as opposed to endowing funds for mission support and graduate fellowships. Meanwhile, the

comprehensive universities have taken a balanced approach, requesting almost an equal amount of funds for endowments supporting both categories of eligible uses.

**Figure 5. Summary Chart**



## SUPPORTING INFORMATION

Kentucky recognizes the importance of research to the economic well-being of its citizens. The Endowment Match Program, also known as Bucks for Brains, encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky’s transition to a knowledge-based economy. The program matches public money with private gifts dollar-for-dollar to fund chairs, professorships, research scholars, staffs and infrastructure, fellowships and scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky’s research presence into national prominence.

State funding for the Endowment Match Program is appropriated to the Research Challenge Trust Fund (RCTF) for the research universities and to the Comprehensive University Excellence Trust Fund (CUETF) for the comprehensive institutions. Both trust funds were created with passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

For the 2022-24 biennium, the General Assembly authorized \$40 million in bond funds for the Bucks for Brains program, with \$30 million appropriated to the Research Challenge Trust Fund and \$10 million appropriated to the Comprehensive University Excellence Trust Fund (22 RS, HB 1) to support efforts to grow endowments for initiatives in fields of science, technology, engineering, mathematics, and health. Per KRS 164.7911(2), these funds “shall not lapse at the end of a fiscal year but shall be carried forward in the respective trust fund accounts and shall be available for allotment for their respective purposes in the next fiscal year.” As such, funding for the Bucks for Brains program remains available for institutional use until matched and distributed.

### 2022-2024 Allocation of Program Funds

University of Kentucky	\$20,000,000
University of Louisville	10,000,000
<i>Total RCTF</i>	<i>\$30,000,000</i>
Eastern Kentucky University	\$2,227,800
Kentucky State University	667,800
Morehead State University	1,279,000
Murray State University	1,484,900
Northern Kentucky University	1,864,600
Western Kentucky University	2,475,900
<i>Total CUETF</i>	<i>\$10,000,000</i>

The Council on Postsecondary Education oversees and administers the Endowment Match Program. The Council establishes areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on uses of program funds and results achieved. The *2022-24 Endowment Match Program Guidelines* define eligible uses of program funds and a use of funds requirement, which is discussed in detail below.

At the research universities, the Council’s *2022-24 Endowment Match Program Guidelines* require that:

- 1) at least 70 percent of program funds must be endowed for the purpose of supporting chairs, professorships, or research scholars, or research staff and infrastructure that directly support the research activities of an endowed chair, professor, or research scholar and
- 2) no more than 30 percent of program funds may be endowed for the purpose of supporting mission support activities or graduate fellowships.

At the comprehensive universities, the *2022-24 Endowment Match Program Guidelines* require that:

- 1) at least 50 percent of program funds must be endowed for the purpose of supporting chairs or professorships, or research staff and infrastructure that directly support the research activities of an endowed chair or professor and
- 2) no more than 50 percent of program funds may be endowed for the purpose of supporting mission support, graduate fellowships, or undergraduate scholarships.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their respective campuses. The governing boards are required by Council guidelines to review and approve all donations, gifts, and pledges that will be matched with state funds and used to establish new endowments or expand existing endowments under the Bucks for Brains program. Furthermore, the boards are charged with ensuring that the purposes of each endowment and sources of matching funds comply with Council guidelines and serve the public good. Documentation of board approval must be submitted with each endowment request.