

MOTION

I move to approve the Resolution of Appreciation for Sharon Eubank.

MOTION

I move to approve the Resolution of Appreciation for Tina Marriott.

MOTION

I move to approve the Resolution of Appreciation for Muskan Walia.

MOTION

I move to select one or more items from Milliman's feasibility study report to forward to the Legislature for their review and further recommendation.

Higher Education Student Success Endowment Budget Review & Spending Policy Proposal

June 6, 2025



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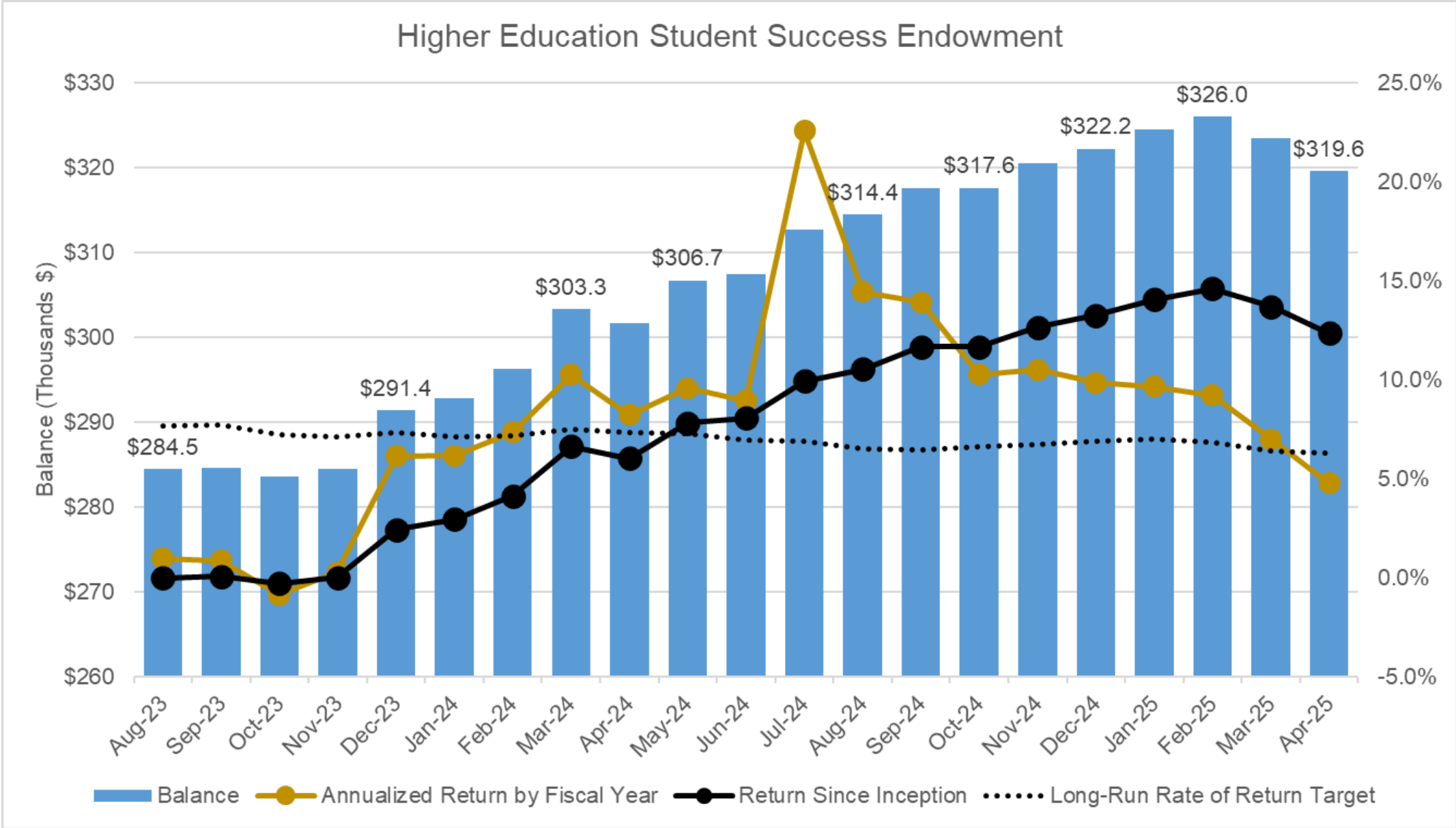
Bottom Line Up Front

Pursuant to state code and Board policy, the Board must review Higher Education Student Success Endowment (Endowment) performance and annually approve an Endowment budget.

In December of 2023, the Board adopted an Investment Policy Statement, including an annual Endowment withdrawal formula. The Board has not yet adopted a formal policy on procedures for spending Endowment proceeds.

The Board will be asked to approve an estimated FY 2025 and proposed FY 2026 budget for the Endowment, along with a formal spending policy.

Endowment – Status Update



Endowment – Status Update

Higher Education Student Success Endowment Fund				
Endowment Fund Asset Classes	April 25 Closing Balance	April 25 % of Assets	Target Weight	Target Range
Capital Appreciation			75.0%	60-85%
Public Equity & Alternatives	\$117,474,574.90	36.8%	25.0%	10-45%
Private Equity & Alternatives	\$18,829,285.35	5.9%	25.0%	0-35%
Public & Private Real Assets	\$20,163,897.00	6.3%	10.0%	0-20%
Other Directional Strategies	\$74,380,691.81	23.3%	15.0%	0-25%
<i>Subtotal</i>	<i>\$230,848,449.06</i>	<i>72.2%</i>		
Capital Preservation			25.0%	15-40%
Relative Value Strategies	\$55,430,773.43	17.3%	18.0%	10-30%
Global Fixed Income	\$25,850,747.01	8.1%	5.0%	0-10%
Cash and Cash Equivalents ¹	\$6,537,190.34	2.0%	1.5%	0-5%
Portfolio Hedges	\$949,848.19	0.3%	0.5%	0-1.5%
<i>Subtotal</i>	<i>\$88,768,558.97</i>	<i>27.8%</i>		
Total	\$319,617,008.03	100.00%	100.0%	

1) Public Treasurer's Investment Fund holdings in April 2025

Endowment – Status Update

Withdrawals & Spending Amounts

- Due to the annual admissions cycle and timing of year-end close, Endowment withdrawals lag Endowment spending
 - FY 2025 spending of \$7,600,000 to address the FAFSA gap supported by FY 2024 undeposited final UHEAA distributions
 - FY 2026 proposed spending of \$8,476,000 supported by proposed FY 2025 Endowment withdrawal

Endowment – Estimated FY 25 & Proposed FY 26 Budget

FY 2025 Budget - Estimated		
Net Assets	Beginning of Period	End of Period
Strategic Asset Allocations	\$307,425,730	\$319,617,008
Revenue		
Investment Gain, Interest & Earned Income		\$12,545,930
UBHE Withdrawals		-\$8,476,000
Expenditures		
Allocated Expenses		-\$354,652
UBHE Spending Policy Programs ²		-\$7,600,000
Total		-\$7,954,652
End of Period Net Assets After Withdrawals & Expenses		\$311,141,008
Net Change in Position		\$3,715,278
FY 2026 Budget - Proposed		
Net Assets	Beginning of Period	End of Period
Strategic Asset Allocations	\$311,141,008	\$331,365,174
Revenue		
Investment Gain, Interest & Earned Income		\$20,578,817
UBHE Withdrawals		-\$10,531,386
Expenditures		
Allocated Expenses		-\$354,652
UBHE Spending Policy Programs		-\$8,476,000
Total		-\$8,830,652
End of Period Net Assets After Withdrawals & Expenses		\$320,833,787
Net Change in Position		\$9,692,779

← This year’s proposed Endowment withdrawal

← Last year’s FAFSA Gap/Other Aid distributed

← Next year’s estimated Endowment withdrawal

← This year’s proposed Endowment distribution

² FY 2025 spending of \$7,600,000 was supported by final dispositions of the Utah Higher Education Assistance Authority and therefore did not require a withdrawal from the Endowment.

Motion – Endowment

MOTION: I move to approve the FY 2025 and FY 2026 Higher Education Student Success Endowment budgets as proposed.

Proposed Board Policy R1101 – Spending Guidelines

Gives the Board the option to elect to spend endowment proceeds:

- **To support priority system-level funding items**, allocating any remaining proceeds to institutions for use in eligible programs;
- **To preserve 10% of the proceeds to support priority system-level funding items**, allocating any remaining proceeds to institutions for use in eligible programs; or
- **To allocate 100% of the proceeds to institutions** for use for eligible programs.

Proposed Board Policy R1101 – Allocation

If the Board chooses to allocate funds to institutions, such funds would be allocated at a **90 percent degree-granting/10 percent technical college** split, and distributed as follows:

- 50 percent — **based on budget-related full-time equivalent enrollment**, as defined by [Board Policy R501-3.4](#), in the most recent fiscal year of available data; and
- 50 percent — **based on the amount of state aid disbursed to the institution among the approved programs** outlined in the policy.

Proposed Institutional Allocation Formula

FY 2026 Endowment Distribution	\$8,476,000
Board % Retained	10.0%
Board Allocation	\$847,600
Institution Allocation	\$7,628,400
Degree-Granting %	90.00%
Degree-Granting Allocation	\$6,865,560
Technical College %	10.00%
Technical College Allocation	\$762,840
State Aid Weight	50.0%
FTE Weight	50.0%

Proposed Institutional Allocations

DG Institution	2023-24 Total Eligible State Aid*	2023-24 Total Eligible State Aid %*	State Aid Based Allocation	2023-24 Annualized			Total Allocation	
				Budgeted FTE	FTE %	FTE Based Allocation		%
University of Utah	\$1,875,040	14.90%	\$511,554	32,452	25.43%	\$872,943	\$1,384,496	20.2%
Utah State University	\$2,178,045	17.31%	\$594,220	20,598	16.14%	\$554,076	\$1,148,296	16.7%
Weber State University	\$1,908,095	15.16%	\$520,572	14,425	11.30%	\$388,025	\$908,597	13.2%
Southern Utah University	\$1,052,425	8.36%	\$287,125	10,931	8.57%	\$294,038	\$581,164	8.5%
Snow College	\$396,300	3.15%	\$108,120	3,638	2.85%	\$97,860	\$205,980	3.0%
Utah Tech University	\$704,630	5.60%	\$192,239	7,843	6.15%	\$210,973	\$403,212	5.9%
Utah Valley University	\$3,095,020	24.60%	\$844,392	24,591	19.27%	\$661,486	\$1,505,878	21.9%
Salt Lake Community College	\$1,372,900	10.91%	\$374,558	13,137	10.29%	\$353,379	\$727,937	10.6%
Degree Granting Total	\$12,582,455	100.00%	\$3,432,780	127,615	100.00%	\$3,432,780	\$6,865,560	

Technical College	2023-24 Total Eligible State Aid*	2023-24 Total Eligible State Aid %*	State Aid Based Allocation	2023-24 Annualized			Total Allocation	
				Budgeted FTE	FTE %	FTE Based Allocation		%
Bridgerland Tech	\$155,100	14.13%	\$53,908	899	14.92%	\$56,912	\$110,820	14.5%
Davis Tech	\$202,300	18.43%	\$70,313	1,445	23.98%	\$91,477	\$161,790	21.2%
Dixie Tech	\$103,500	9.43%	\$35,973	602	9.99%	\$38,110	\$74,084	9.7%
Mountainland Tech	\$180,700	16.47%	\$62,805	1,331	22.09%	\$84,261	\$147,066	19.3%
Ogden-Weber Tech	\$179,600	16.37%	\$62,423	1,114	18.49%	\$70,523	\$132,946	17.4%
Southwest Tech	\$91,000	8.29%	\$31,629	245	4.07%	\$15,510	\$47,139	6.2%
Tooele Tech	\$85,900	7.83%	\$29,856	207	3.44%	\$13,104	\$42,960	5.6%
Uintah Basin Tech	\$99,300	9.05%	\$34,513	182	3.02%	\$11,522	\$46,035	6.0%
Technical College Total	\$1,097,400	100%	\$381,420	6,025	100.00%	\$381,420	\$762,840	

Total	\$13,679,855		\$3,814,200	133,640		\$3,814,200	\$7,628,400
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*Eligible state aid include programs for which an institution could use endowment funds (Promise Grant, Talent Development Grant, Technical Education Scholarship, and TH Bell Scholarship)

Current Student Aid Context

- Expected Pell Grant Shortfall
- Proposed significant cuts to current programming:
 - Reduction in maximum Pell Grant
 - Decrease in Federal Work Study funding
 - Exclusion of part time students for Pell eligibility
 - Elimination of funding college access programs
- Affordability continues as a barrier to access & completion

Proposed Board Policy R1101 – Eligible Programs & Innovative Proposals

Automatic Inclusion

Utah Promise
Program

Technical
Education
Scholarship

Talent
Development
Award

T.H. Bell
Scholarship

Approval Needed

Institutional
Proposals
Due April 1



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MOTION

I move to approve new Board Policy R1101, *Higher Education Student Success Endowment Spending Guidelines and Reporting*.

MOTION

I move to elect to allocate 90% of the FY 2026 Endowment proceeds to institutions according to formula and retain 10% for Board spending priorities. I further move to allow the Board to determine its spending priorities and spend its 10% allocation within the next year.

MOTION

I move to approve the Consent Calendar.