

§ 628.10

or by a foundation that is exempt from taxation and is maintained for the purpose of generating income for the support of the institution. The principal or corpus of the fund may not be spent. “Endowment fund” includes “quasi-endowment fund”.

Endowment fund corpus means an amount equal to the endowment challenge grant or grants awarded under this part plus matching funds provided by the institution.

Endowment fund income means an amount equal to the total value of the endowment fund established under the grant minus the endowment fund corpus.

Quasi-endowment fund means a fund which the governing board of an institution or foundation establishes to function as an endowment in that the principal is to be retained and invested. However, the entire principal and income may be spent at any time at the discretion of the governing board.

(Authority: 20 U.S.C. 1065)

[49 FR 28521, July 21, 1984, as amended at 52 FR 11258, Apr. 8, 1987; 52 FR 36375, Sept. 28, 1987; 58 FR 11163, Feb. 23, 1993]

Subpart B—What Type of Grant Does the Secretary Award Under the Endowment Challenge Grant Program?

§ 628.10 What are the characteristics of an endowment challenge grant?

Each endowment challenge grant awarded by the Secretary under this part—

(a) Must be matched by the institution receiving the grant with one dollar of non-Federal funds for every two dollars of Federal grant funds;

(b) Must be invested by the institution; and

(c) Must have a duration of 20 years.

(Authority: 20 U.S.C. 1065)

[58 FR 11163, Feb. 23, 1993]

34 CFR Ch. VI (7–1–02 Edition)

Subpart C—How Does an Eligible Institution Apply for an Endowment Challenge Grant?

§ 628.20 What shall an applicant include in an application for an endowment challenge grant?

An applicant shall include in its application the amount of the endowment challenge grant it is requesting, a description of its short-term plan and long-term plan for raising and using endowment challenge grant funds, and information sufficient for the Secretary to—

(a) Evaluate the application under the selection criteria set forth in § 628.31 and the priorities set forth in § 628.32; and

(b) Determine whether the applicant will administer the endowment challenge grant in accordance with the regulations in this part.

(Approved by the Office of Management and Budget under control number 1840–0531)

(Authority: 20 U.S.C. 1065)

[49 FR 28521, July 21, 1984, as amended at 52 FR 11258, Apr. 8, 1987; 58 FR 11163, Feb. 23, 1993; 59 FR 46175, Sept. 7, 1994]

Subpart D—How Does the Secretary Award an Endowment Challenge Grant?

§ 628.30 How does the Secretary evaluate an application for an endowment challenge grant?

(a) In evaluating an application for an endowment challenge grant, the Secretary—

(1) Judges the application using the selection criteria in § 628.31 and the priorities in § 628.32;

(2) Gives, for each criterion and priority, a score up to the maximum possible points in parentheses following the description of that criterion or priority; and

(3) Gives up to 130 total points, 90 points maximum for the criteria in § 628.31, and 40 points maximum for the priorities in § 628.32.

(b) In selecting recipients for grants, the Secretary follows the procedures in

34 CFR 75.217(d) and (e) of the Education Department General Administrative Regulations.

(Authority: 20 U.S.C. 1065)

[49 FR 28521, July 21, 1984, as amended at 52 FR 11258, Apr. 8, 1987]

§ 628.31 What selection criteria does the Secretary use in evaluating an application for an endowment challenge grant?

In evaluating an application for an endowment challenge grant, the Secretary uses the following three criteria:

(a) The Secretary measures the applicant's past efforts to build or maintain its existing endowment and quasi-endowment funds by the dollar and relative increase in market value to the applicant's existing endowment and quasi-endowment funds over the applicant's four fiscal years preceding the year of application using the formulas set forth in paragraphs (a)(1) through (a)(5) of this section.

(1) In measuring an applicant's dollar increase in its endowment and quasi-endowment funds, the Secretary—

(i) Subtracts from an amount equal to the market value of the applicant's endowment and quasi-endowment funds at the end of the four-year period described in paragraph (a) of this section an amount equal to the market value of the applicant's endowment and quasi-endowment funds at the beginning of that four-year period; and

(ii) Divides the result obtained in paragraph (a)(1)(i) of this section by the applicant's full-time equivalent enrollment at the end of the four-year period.

(2) The Secretary awards points on a sliding scale giving 10 points to applicants with the highest dollar increase as calculated in paragraph (a)(1) of this section and no points to applicants with the lowest dollar increase.

(3) In measuring an applicant's relative increase in market value of its endowment and quasi-endowment funds, the Secretary—

(i) Divides an amount equal to the market value of the applicant's endowment and quasi-endowment funds at the beginning of the four-year period described in paragraph (a) of this section by the applicant's full-time equivalent

enrollment at the end of the four-year period.

(ii) Adds \$50 to the amount obtained in paragraph (a)(3)(i) of this section.

(iii) Divides the result obtained in paragraph (a)(1)(ii) of this section by the amount obtained in paragraph (a)(3)(ii) of this section.

(4)(i) If the amount of endowment per full-time equivalent student under paragraph (a)(3)(i) of this section is \$50 or more, the Secretary awards points on a sliding scale giving 15 points to applicants with a relative increase of 100 percent or more and no points to applicants that have had a relative decrease of more than 20 percent.

(ii) If the amount of endowment per full-time equivalent student under paragraph (a)(3)(i) of this section is less than \$50, the Secretary awards points on a sliding scale giving 15 points to applicants with a relative increase of 100 percent or more and no points to applicants that have had no relative increase.

(5) In measuring the applicant's past effort, the Secretary—

(i) Excludes real estate from being considered as part of the applicant's existing endowment or quasi-endowment fund; and

(ii) Includes an endowment or quasi-endowment fund operated by a foundation if the foundation is tax-exempt and was established for the purpose of raising money for the institution.

(b) The Secretary considers the degree of proposed nongovernmental matching funds. (Total: 15 points maximum for the highest proposed percentage)

(1) The Secretary measures the degree to which an applicant proposes to match the grant with funds from sources other than a State or local government—giving up to 15 points to applicants proposing to obtain the largest percentage of matching funds from those nongovernmental sources.

(2) If an applicant is applying for an endowment challenge grant for the first time, the Secretary multiplies the maximum number of points (i.e., 15 points) on this criterion times the following fraction: