

§ 628.41

(2) \$1,000,000 in any fiscal year in which the amount appropriated for the Endowment Challenge Grant Program equals or exceeds \$15,000,000 but is less than \$25,000,000; or

(3) \$1,500,000 in any fiscal year in which the amount appropriated for the Endowment Challenge Grant Program equals or exceeds \$25,000,000.

(c) If an institution does not raise all the nongovernmental funds it proposes to raise in its application, the Secretary reduces the institution's grant by multiplying the grant amount requested by the following fraction:

$$\frac{\text{Amount of matching funds raised from nongovernmental sources divided by}}{\text{Amount of matching funds proposed to be raised from nongovernmental sources}}$$

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

[57 FR 11163, Feb. 23, 1993]

§ 628.41 What are the obligations of an institution that the Secretary selects to receive an endowment challenge grant?

(a) An institution that the Secretary selects to receive an endowment challenge grant shall—

(1) Enter into an agreement with the Secretary to administer the endowment challenge grant;

(2) Establish an endowment fund independent of any other endowment fund established by or for that institution;

(3) Deposit its matching funds in the endowment fund established under this part;

(4) Upon receipt, immediately deposit the grant funds into the endowment fund established under this part; and

(5) Within fifteen working days after receiving the grant funds, invest the endowment fund corpus.

(b) Before the Secretary disburses grant funds and not later than a date established by the Secretary through a notice in the FEDERAL REGISTER (which date may not be later than the earlier of the last day of availability of appropriations or eighteen months after an institution has been notified that it has been selected to receive a grant), an institution shall—

(1) Match, with cash or low-risk securities, the endowment challenge grant funds to be received under this part;

(2) Certify to the Secretary—

(i) The source, kind and amount of the eligible matching funds;

(ii) That the matching funds are eligible under paragraph (b)(1) of this section and § 628.42; and

(3) Have a certified public accountant or other licensed public accountant, who is not an employee of the institution, certify that the data contained in the application is accurate.

(c)(1) For the purpose of paragraph (b)(1) of this section, "cash" may include cash on hand, certificates of deposit and money market funds; and

(2) A negotiable security, to be considered as part of the institution's match—

(i) Must be low-risk as required in § 628.43; and

(ii) Must be assessed at its market value as of the end of the trading day on the date the institution deposits the security into the endowment fund established under this part.

(Approved by the Office of Management and Budget under control number 1840-0564)

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

[49 FR 28521, July 21, 1984, as amended at 49 FR 37325, Sept. 21, 1984; 52 FR 11258, Apr. 8, 1987; 53 FR 49146, Dec. 6, 1988]

§ 628.42 What may a grantee not use to match an endowment challenge grant?

To match an endowment challenge grant, a grantee may not use—

(a) A pledge of funds or securities;

(b) Deferred gifts such as a charitable remainder annuity trust or unitrust;

(c) Any Federal funds;

(d) Any borrowed funds; or

(e) The corpus or income of an endowment fund or quasi-endowment fund existing at the closing date established by the Secretary for submission of eligibility requests under the Endowment Challenge Grant Program. This includes the corpus or income of an endowment or quasi-endowment fund established by a foundation if the foundation is tax-exempt and was established for the purpose of raising money for the institution.

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