



## CHAPTER 4 - BUDGET AND FISCAL AFFAIRS Table of Contents

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- ten percent of the outstanding paper of an issuing corporation;
6. Investment grade obligations of state and local governments; and
  7. Repurchase agreements that have underlying collateral consisting of those items and those restrictions specified in paragraphs 1 through 6 above.
- E. Investments of allowable monies shall be made in accordance with written policies approved by the governing board of each institution or agency. The written investment policy shall address liquidity, diversification, safety of principal, yield, maturity and quality and capability of investment management, with primary emphasis on safety and liquidity. Provision shall be made for institutional officials authorized to make investments, for reporting and documentation of investments, and for selection of financial institutions.
- F. To the extent practicable, the institutions' investment policies shall include provision for utilization of a system of competitive bidding in the investment of state funds. Such system shall be designed to maximize yield within each class of investment instrument, consistent with the safety of the funds invested. Institutions and agencies may invest allowable monies through the Office of the State Treasurer or, provided a higher return on the investment can be earned, with other financial institutions.
- G. Interest income from investments made by the State Treasurer shall accrue to the Agency Special Fund or fund from which the investment was made, in accordance with the provisions of 70 O.S. § 3906. Each institution and agency shall develop an interest-income distribution plan to ensure that investment income shall be deposited to the source generating the principal invested.

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*Approved June 29, 1994 and June 27, 2013.*

**4.20 ADMINISTRATION OF THE REGENTS ENDOWMENT FUND PROGRAM**

**4.20.1 Authority**

House Bill No. 1581 of the 1988 Oklahoma Legislature appropriated \$15 million to the Oklahoma State Regents for Higher Education for the purpose of establishing an endowment program to support the establishment of faculty chairs and professorships, and to carry out other related activities to improve the quality of instruction and research at colleges and universities of The Oklahoma State System of Higher Education. Examples of instruction-related projects eligible to participate in the endowment program upon approval of the State

Regents are visiting professorships, artist in residence, lectureships and other such support activities. In 70 O.S. Supp. 2008 § 3951, 3952, and 3954, the Oklahoma Legislature provides the statutory framework for the endowment program that includes the fiduciary responsibility of the trustees and permissible investments for the endowment.

**4.20.2** Purpose of the Oklahoma State Regents' Endowment Program

Endowed chairs and distinguished professorships should be established in academic areas, which will contribute to the enhancement of the overall cultural, business, scientific, and/or economic development of Oklahoma. Endowed chairs and professorships must be established in areas for which the institution has ongoing, approved academic programs.

**4.20.3** Regents' Endowment Trust Fund

- A. The Endowment Trust Fund shall be administered by the State Regents in their role as trustees. The Endowment Fund shall be a permanent fund and shall be used for the purposes of establishing and maintaining endowed chairs and professorships at institutions in The Oklahoma State System of Higher Education, and for any other related activities approved by the State Regents to improve the quality of higher education instruction at State System institutions.
- B. Upon authorization of the State Regents, an endowment fund will be established in the State Regents' Agency Special Account or in a custodian bank or trust company to receive monies appropriated by the Legislature, as well as any monies or assets contributed from any source, public or private.
- C. No earnings of the trust fund shall be used for the administrative expenses of the office of the State Regents for Higher Education; expenses incurred by the State Regents in the administration of the trust fund and of the endowment program shall be paid from monies appropriated for the general operating budget of the coordinating board.
  1. Establishment and Operation of Endowment Accounts

Principal. The principal held in the Regents' Endowment Fund shall be used for the establishment of and allocated to endowment accounts within the Regents' Endowment Fund for the benefit of public institutions of higher education within the State of Oklahoma.

Investment Return. The investment return on the principal of the Regents' Endowment Fund shall be allocated for the benefit of individual institutions for which the accounts are respectively designated and shall be remitted to such institution for the support of endowed chairs and professorships approved by the State Regents, together with other activities approved by

the State Regents to improve the quality of instruction and/or research at State System institutions. The investment income approved by the State Regents for distribution to an institution shall be deposited in the institution's operating revolving fund (Fund 290). Any investment income not designated for remittance to an institution shall become part of the principal of the Endowment Fund.

Account levels. The levels indicated for each category are the amounts of private donations required to establish an account. The private donation will be matched dollar for dollar with public monies for those private donations \$250,000 or less and at 25 cents of public monies for every private dollar received at \$250,001 and above.

- i. Endowed chair accounts may be established at the research universities with a minimum private donation of \$500,000; at other institutions, the minimum required is \$250,000.
  - ii. At the research universities, professorship accounts may be established with a minimum private donation of \$250,000. At other institutions, professorships may be established with a minimum private donation of \$125,000. Thus, when fully funded with both private and public matching monies, professorships at research universities will be endowed with a minimum of \$500,000 and professorships at other institutions will be endowed with a minimum of \$250,000.
  - iii. Lectureships, artist-in-residence, and similar accounts may be established with a minimum private donation of \$25,000 only at regional and special purpose universities and community colleges. Thus, when fully funded with both private and public matching monies, said accounts will be endowed with a minimum of \$50,000.
- D. Initial Eligibility. To be initially eligible for an endowment account within the Regents' Endowment Fund, an institution must request an account and must have on deposit as provided in Section F of this policy an amount equal to at least one-half (50%) of the requested account with a written commitment that

the balance will be contributed within a thirty-six (36) month period.

- E. Time Limitations. The total matching requirements shall be equal to the amount of the requested endowment account in each instance and shall be deposited within a period of thirty-six (36) months from the date of approval of the account by the State Regents. Provided, an institution may deposit in an endowment account matching funds in an amount which exceeds the required matching amount. Any endowment account for which the institution fails to provide the full matching amount within the time established shall be available to be awarded to another public institution of higher education. No investment return shall be remitted to any institution from an endowment account before the institution has deposited the total required match for the endowment account as provided in Section F of this policy.
- F. Private Sources of Matching Monies. Funds that an institution submits for matching purposes must originate from monies contributed to the institution after July 1, 1988, from private sources specifically designated by the donor to be used for purposes specified in this program. Monies provided for matching purposes may not be drawn from regularly allocated funds from the Oklahoma State Regents for Higher Education, proceeds of fees or charges authorized by the State Regents of Higher Education, nor from federal grants or reimbursements. In instances where the qualifications of all or a portion of the amount of matching monies are questionable, the institution shall request express approval of the State Regents to apply that amount toward the matching requirement. Monies for matching purposes may be contributed to and retained by a foundation for which the sole beneficiary is the respective institution. The foundation must demonstrate that the funds are being held on behalf of the institution as outlined in Section F of this policy; provided, monies contributed by a foundation whose sole beneficiary is an institution may qualify as private matching monies only if the monies are transferred from the foundation to the State Regents for deposit in the State Regents' Endowment Fund. Private matching monies contributed by the foundation may not be retained in that foundation, but must be deposited in the State Regents' Endowment Fund.
- G. Deposit of Private Matching Monies. Any institution, which provides matching monies, shall deposit the matching funds to one of the following:
  - 1. The State Regents' Endowment Fund
  - 2. The institution's endowment matching fund
  - 3. A fund of a foundation whose sole beneficiary is that institution. If the matching monies are not deposited in the Regents' Endowment Fund, the net investment return on matching monies shall be retained in the fund.

H. Ownership of Private Matching Monies. Ownership of private matching monies transferred by an institution to the State Regents' Endowment Fund for investment shall remain with the institution. Upon request, the monies may be returned to the institution for deposit in Item G.2 above.

**4.20.4** Report on Activities Supported by the State Regents' Endowment

Each participating institution shall submit reports as requested to the State Regents in which the investments of the matching funds, earned interest income (including capital gains and losses) and the costs of managing the investments are presented in detail. The report shall also include a full accounting of the expenditures of earnings of both the public monies and the private matching monies. Diminution of the original private matching amount may, at the discretion of the State Regents, constitute a forfeiture of the Regents' Endowment Funds, which the institutional monies were to match.

**4.20.5** Application Procedures

- A. All institutions in The Oklahoma State System of Higher Education are eligible to apply for an endowed chair, professorship, or other related projects under the Regents' Endowment Fund Program. State System institutions desiring to participate in the Regents' Endowment Fund Program shall make application to the State Regents upon meeting requirements for establishing an endowment account as set forth in this policy.
- B. The application shall include certification of deposited private matching monies by the president of the institution, including the date of receipt, the repository, and the name of the donor(s). Names of donors will be held in confidence by the State Regents, upon request.

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*Adopted by the State Regents on October 17, 1988; Amended January 19, 1994 and June 25, 2009.*