

SECTION VII – ENDOWMENT MANAGEMENT

71 ENDOWMENTS

71.01 Minimum Endowment Levels

The Board encourages gifts of all sizes; however, the high cost of administering endowment accounts requires a minimum acceptable endowment threshold. The Board authorizes the Chancellor to establish minimum funding levels for endowments at each of the System universities.

(Policy last reviewed 8/24/2023)

Related Statutes, Policies, or Requirements

[Texas Property Code, Chapter 163 – Management, Investment, and Expenditure of Institutional Funds](#)

[Texas Education Code § 51.0031 – Deposits and Investments](#)

[Texas Education Code § 51.004 – Separate Accounts; Donations; Interest](#)

[Texas Education Code § 51.008 – Certain Receipts to be Deposited in State Treasury](#)

[Texas Government Code, Chapter 2256 – Public Funds Investment Act](#)

System Administrative Memoranda (SAMs)

[08.A.03– Gift Acceptance](#)

[03.F.02– Endowment Management](#)

71.02 Pooled Investment Funds

To promote the effective implementation of the Board’s investment philosophy, assets of individual endowments, except where prohibited, are co-mingled with assets of other endowments in the purchase of shares, called units, of open-ended, pooled investment funds administered by the System. The Pooled Investment Fund is intended to provide a predictable source of income to meet current needs and to provide growth through market value appreciation. At least once annually, the Senior Vice Chancellor for Administration and Finance will recommend to the Board of Regents’ Endowment Committee the asset allocation to be maintained by the investment managers. The asset allocation should ensure capital growth and income production in appropriate proportions to preserve the assets’ real value and the long-range purchasing power of endowment income.

(Policy last reviewed 11/21/2024)

Related Statutes, Policies, or Requirements

[Texas Property Code, Chapter 163 – Management, Investment, and Expenditure of Institutional](#)

Funds

Texas Government Code, Chapter 2256 – Public Funds Investment Act

Texas Education Code § 51.0031 – Deposits and Investments

Texas Education Code § 51.004 – Separate Accounts; Trust Funds; Interest

Texas Education Code § 51.008 – Certain Receipts to be Deposited in State Treasury

System Administrative Memoranda (SAMs)

03.F.02 – Endowment Management

03.F.03 – Distribution of Income from Selected Endowments

71.03 Management of Endowments

71.03.1 Investment Management

All endowment and alternative investment portfolios are managed by the System’s external investment managers; real property holdings may be externally managed or managed internally by the Senior Vice Chancellor for Administration and Finance. All investments are managed in accordance with the Endowment Fund Statement of Investment Objectives and Policies approved by the Board. The Endowment Fund Statement of Investment Objectives and Policies is on file in the Board of Regents office and on the Treasury website.

71.03.02 Endowment Management

The Board authorizes the Chancellor and the Presidents to approve the creation of new endowments that have been accepted by the System in accordance with System policies. System endowments will be managed in accordance with System policies regarding accounting, investment income, and spending policy distributions.

The appropriate university President and the Board must approve full or partial withdrawals of any endowment from the pooled investment fund, unless: a) the Office of General Counsel determines that the terms of the endowment necessitate the transfer of funds to the University of Houston Foundation; and b) the endowment has a fair market value of less than \$500,000. In this case, the Chancellor is delegated the authority to approve the transfer to the University of Houston Foundation.

▲ (Policy last reviewed 11/21/2024)

Related Statutes, Policies, or Requirements

Texas Property Code, Chapter 163 – Management, Investment, and Expenditure of Institutional Funds

Texas Government Code, Chapter 2256 –Public Funds Investment Act

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[Texas Education Code § 51.0031 – Deposits and Investments](#)

[Texas Education Code § 51.0032](#)

[Texas Education Code § 51.004 – Separate Accounts; Trust Funds; Interest](#)

[Texas Education Code § 51.008 – Certain Receipts to be Deposited in State Treasury](#)

System Administrative Memoranda (SAMs)

[08.A.03– Gift Acceptance](#)

[03.F.02– Endowment Management](#)

[03.F.03 – Distribution of Income from Selected Endowments](#)

72 INVESTMENTS

72.01 Investment Objectives

The System shall invest all endowments, local, or other available funds to optimize return on investment to the extent possible, balanced with the appropriate level of risk. All investments should comply with the goals of the System, its universities, and all appropriate laws and restrictions.

72.01.1 Local Funds

The treasurer or an external investment manager approved by the Board shall invest all local funds in accordance with Investment Policy for Non-Endowed Funds approved by the Board. All demand deposits shall be collateralized as required by law. Longer-term funds shall be invested to ensure the safety of principal, liquidity, and maximum yield with primary emphasis on safety and liquidity.

72.01.2 Bond-Related Funds

Proceeds from the issuance of bonds and revenues designated for debt repayment are invested in accordance with bond resolution investment instructions. Bond-related funds are managed by the treasurer.

(Policy last reviewed 8/24/2023)

Related Statutes, Policies, or Requirements

[Texas Property Code, Chapter 163 – Management, Investment, and Expenditure of Institutional Funds](#)

[Texas Government Code, Chapter 2256 – Public Funds Investment Act](#)

[Texas Education Code § 51.0031 – Deposits and Investments](#)

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System Administrative Memoranda (SAMs)

[03.F.02 – Endowment Management](#)

[03.F.03 – Distribution of Income from Selected Endowments](#)

79 ENDOWMENT MANAGEMENT MISCELLANEOUS