

(2) The Secretary gives up to 20 points to the applicant with the lowest market value, at the end of the applicant's fiscal year preceding the year it applies for an endowment challenge grant, of its existing endowment and quasi-endowment fund in relation to the number of full-time equivalent students enrolled at the institution in the fall of the year preceding the year it applies for an endowment challenge grant.

(3) In measuring the applicant's need for an endowment challenge grant, the Secretary excludes real estate from being considered as part of the applicant's existing endowment or quasi-endowment fund.

(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 E—What Conditions Must a Grantee Meet Under the Endowment Challenge Grant Program?

§ 628.40 What are the restrictions on the amount of an endowment challenge grant?

(a) To receive an endowment challenge grant, an institution must raise at least \$25,000 in matching funds and qualify for at least a \$50,000 grant under paragraph (c) of this section.

(b) If an institution obtains at least \$25,000 in matching funds and raises all the nongovernmental funds it proposed to raise in its application, the institution may receive a grant equal to twice the amount of matching funds it raises up to—

(1) \$500,000 in any fiscal year in which the amount appropriated for the Endowment Challenge Grant Program is less than \$15,000,000;

(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,