

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:

$$\frac{\text{Amount of matching funds proposed from nongovernmental sources}}{\text{Total proposed amount of matching funds}}$$

(3) If an applicant has previously received an endowment challenge grant, the Secretary uses the following formula in awarding points under this criterion:

$$\frac{\text{Amount of matching funds proposed from nongovernmental sources}}{\text{Total proposed amount of matching funds}} \times \frac{\text{Amount of matching funds from nongovernmental sources actually raised under previous endowment challenge grant}}{\text{Amount of matching funds proposed to be raised from nongovernmental sources under the previous endowment challenge grant}} \times 15 \text{ points} = \text{Points on this criterion}$$

(c) The Secretary considers the need for an endowment challenge grant as measured by the applicant's lack of resources.

(1) The Secretary gives up to 50 points to applicants with the least resources as measured, at the end of the applicant's fiscal year preceding the year it applies for an endowment challenge grant, by revenue per full-time equivalent student it receives from the sum of the following—

- (i) Federal, State and local government appropriations;
- (ii) Unrestricted Federal, State and local government grants and contracts;
- (iii) Eighty percent of tuition and fees; and
- (iv) Unrestricted and restricted "endowment income".

(2) In measuring the applicant's resources, the Secretary—

- (i) Defines the factors in paragraphs (c)(1)(i) through (iv) as they are defined in the Education Department Higher

Education General Information Survey of Financial Statistics.

(ii) 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 12, 1984, as amended at 49 FR 37325, Sept. 21, 1984]

§ 628.32 What funding priorities does the Secretary use in evaluating an application for an endowment challenge grant?

In evaluating an endowment challenge grant application, the Secretary uses the following two priorities:

- (a) *Recipient or former recipient of a grant under the Strengthening Institutions, Special Needs, Hispanic-Serving Institutions, Strengthening Historically Black Colleges and Universities, or*