Funding Students First

The Board of Regents approved an initiative to promote private contributions for need-based student scholarships in October 2006. The program, entitled Students First, creates a 1:2 matching pool for gifts received for this purpose. The University will provide matching funds up to $37.5 million for the first $75 million raised.

A Presentation to

Board of Regents
Academic and Student Affairs Committee
January 18, 2007
In addition to the CEF, the Treasury Office invests the University's cash balances in a separate, commingled pool known as the Invested Funds.

The asset allocation for the Fund includes three pools: Cash (20% Target), Liquidity (50% Target) and Long Term (30% Target).

This asset allocation is designed to ensure the University can meet day-to-day financial obligations while generating better than money market returns.

Excess returns have come primarily from the Long Term Pool which is invested in the University's CEF.

Accumulated appreciation in the Invested Funds, which has historically averaged 2% or less of the total, serves as a backstop for guaranteeing depositors' principal and providing daily liquidity.

Double digit returns in the Long Term Pool over the past three years have significantly increased the Fund’s accumulated appreciation.

Given the unusual amount of appreciation in the Fund, the decision was made to move up to $37.5 million into an endowment to support *Students First*—$20 million of which has already been transferred.

The remaining accumulated appreciation in the Invested Funds will provide a buffer equal to or greater than historical averages.

The decision to fund *Students First* with excess appreciation will not affect the Fund's ability to meet day-to-day cash needs or its ability to generate benchmark returns.