

College and University Endowments

Endowments have enabled institutions to dramatically increase student aid, enhance access for low- and middle-income students, and strengthen academic programming.

- Endowments help keep postsecondary education accessible for all students—particularly low- and middle-income students—through scholarships and other forms of financial aid, and bolster funding for an institution’s educational activities.
 - [About two-thirds](#) of annual endowment spending boosts financial aid and academic programs.
 - Colleges and universities with the largest endowments are often the ones most likely to offer need-blind admission, meet students’ full demonstrated financial need, and offer no-loan financial aid packages.
- Endowments allow colleges and universities to maintain excellence and offer a broad array of student support services.
 - Endowments have helped public institutions weather significant fluctuations in state support over the past 20 years that often do not keep pace with costs for student aid and other services.
 - They are also important for private institutions, which do not benefit from state appropriations and rely on their endowments to provide students with a high-quality education at an affordable cost.
- Institutions with the largest endowments often have the lowest net prices because they provide significant grant aid to students.
 - The price for students who received financial aid at the 25 private institutions with the largest endowments was, on average, 70 percent lower than the posted price.
 - Increasingly, these institutions have adopted no-loan financial aid programs for low-and middle-income students.
- Endowments help drive innovative research and underpin U.S. global competitiveness. They support faculty and student exploration of new fields, develop and apply new technologies, and discover new knowledge, particularly when the work is so innovative that funding is not readily available from other sources.
 - While endowment spending in total is insufficient to recoup lost federal research funding, the [National Science Foundation](#) found that institutions contribute about 25 percent of the total funding for research conducted on campus, much of which comes from endowments.
 - Institutions, often relying on federal research funding and endowment spending, conduct innovative research on crucial topics such as understanding a particular disease and developing prevention strategies, and pursue technological breakthroughs in fields such as artificial intelligence, quantum sciences, and advanced manufacturing.

- Innovation and research funded at least in part by endowments have led to important discoveries in science, medicine, education, and other fields that benefit millions of individuals and our national security, economy, and overall well-being.

Endowments advance an institution’s mission by funding programs that benefit students, staff, and the broader community.

- Endowments vary in size, structure, and organization, but they share a common, legally mandated purpose as public charities: to support their institution’s mission by expanding and enhancing education, research, and programs that serve the public good.
- Endowments support nearly every aspect of an institution’s activities and provide a foundation for all their important work—keeping college accessible, supporting educational activities, building the research programs that drive innovation, and serving as economic anchors for communities, all of which have impacts that extend well beyond campus.
- Endowments are aggregations of donor-directed gifts invested by a college or university to support its mission in perpetuity, allowing institutions to make commitments for educational activities now and far into the future with the knowledge that the resources to meet those commitments will be available.
- Historically, the federal government has treated the endowments of all nonprofit colleges and universities the same, in recognition that—no matter the size—they must be used to support the institution’s philanthropic educational and research missions.

Endowments provide stability and help to ensure the long-term sustainability of postsecondary education.

- Endowments ensure an ongoing benefit for multiple generations, guaranteeing that the education offered today remains available—and of the same value and quality—decades from now.
 - Colleges and universities exercise careful stewardship as they strive to spend as much as reasonably possible on the current generation without diminishing the resources available for future generations.
 - Endowments are managed so that, for example, a fund supporting a scholarship today will still be able to support students many years from now.
- Even in difficult financial times, endowments can help sustain institutions’ teaching and research missions, allowing them to provide support for faculty and students.
 - Endowments provide stable support for core charitable activities year after year, even in times of market downturns.
- Endowments consist of many separate accounts—often funded by individual donations with legally binding restrictions—allowing donors to support specific purposes with the assurance that their gifts will fulfill their intentions over time.
- At institutions with larger endowments, annual endowment expenditures typically cover a greater share of the institution’s expenses.