

Stony Brook's Endowment and the Stony Brook Foundation

Why do universities have endowments?

A university endowment is developed to provide support for the teaching, research, and public service missions of the institution in perpetuity. Charitable donations are the primary source of funds for such endowments. Generally, the principal is preserved and only investment income may be spent in accordance with state and federal regulatory restrictions and prudent, industry accepted institutional guidelines.

As noted in *Understanding University College Endowments* put out by the American Council on Education in 2014, these endowments provide stability, leverage other resources, encourage innovation and provide a long-term base of support. They supplement annual funding from tuition, non-endowment gifts, federal grants, and state appropriations, but do not replace these annual revenue sources. At an industry accepted annual spend of 4%-5%, endowment earnings at most colleges and universities cover only a small percentage of the annual budget. It is critical that endowment trustees meet their fiduciary responsibility by preserving principal and reinvesting much of the additional earnings to ensure endowment support for the future, including during times of economic downturn when returns and donations may be lower than usual and institutional needs may be higher than usual.

Stony Brook Foundation

Established in 1965, the Stony Brook Foundation (SBF) is a private, 501(c) (3) nonprofit entity. It exists to advance the goals of Stony Brook University by raising and managing private funds on the University's behalf. Since its inception, SBF has raised nearly \$1 billion in gifts and employs best practices and procedures to ensure all gifts to the University are distributed consistent with each donor's expressed intent and that it meets the requirements of the laws governing charitable contributions, non-profit status and endowment management.

Funds Managed by SBF (FY19/20)

SBF manages thousands of individual funds that fall into the following categories:

- *Endowed funds*
 - Endowed funds are invested and the investment earnings are used to support the purpose of the gift in perpetuity. Each year, as investment gains accrue, SBF provides a distribution to campus account holders as directed by the donor agreements. This distribution is currently set at 4.5% of the five-year rolling average of the endowment's market value.
 - The minimum gift to establish an endowment is \$100,000.
 - SBF manages a total of 584 funds totaling \$279,331,276
- *Current use funds*
 - Gifts (and grants) given to the Stony Brook Foundation for current use are immediately available to support the University according to the donor's wishes. In some instances, current use gifts may be placed into an existing fund and commingled with other gifts that were made for the same purpose - a good example of this are Dean's and/or Chair's Funds for Excellence. Gifts and grants made for specific purposes are placed into separate gift fund accounts.
 - The minimum gift to establish a current use fund is \$1,000.

- SBF manages a total of 2,344 current use funds totaling \$224,930,123
- *Other Funds*
 - These funds include fixed assets, loan receivables, gift annuities, and other non-spendable funds.
 - Examples include plant funds and departmental student loan funds
 - SBF manages a total of 111 funds totaling \$11,365,760.
- *Foundation Operating and Reserve funds*
 - SBF manages a total of 83 funds totaling \$19,549,988.
- *Agency Funds*
 - SBF serves as the fiscal agent for various entities including, for example, the Alumni Association and Brookhaven National Lab.
 - SBF manages a total of 53 funds totaling \$48,884,761.

What kinds of activities are supported by SBF funds?

Thousands of programs across campus benefit from support from SBF endowed and current use funds as well as from SBF direct funding. Every school and college and some administrative areas receive funding, and a majority of the funds are spent in support of research, faculty, and student services and scholarships. This ranges from the Alda Center to the Sociology Fund for Excellence to the Red Watch Band program to much more.

Other examples of areas that receive support include:

- Scholarships, fellowships and prizes including those awarded by the Office of Financial Aid and those awarded by individual school and departments for undergraduate and graduate study.
- Advancement staff and events including the annual scholarship gala, 40 Under 40 alumni celebration, and faculty investitures.
- 63 endowed chairs and professorships
- Faculty Trustee awards
- Research Discovery Prize
- Government Relations
- Academic Centers and Institutes
- University and Departmental Funds for Excellence
- Student Emergency Support
- Hospital Crisis Fund, Stony Brook Heart Institute, MART, Children's Hospital
- Research investments
- Campus programs including Career Services, URECA, WISE, Staller Center, EOP and others.
- Wolf Share Bike program, Seawolves United, Student Arts Festival
- Presidential commitments to start-up and retention packages.
- Search, financial and other consultants