

## **Just What Is an Educational Endowment? How Does It Operate?**

An endowment is a fund managed for the benefit of an institution (such as UCSB), with the stipulation that it be invested with only a fractional amount “paid out” each year for a designated purpose while the remaining fund principal remains intact. This allows for the donation to have a much greater and longer term impact than if it were spent all at once. Generally, the endowment payout rate is a set percentage (which the fund’s fiduciary may vary depending upon market performance) so that the fund will grow over time, keeping pace with inflation.

The UCSB Foundation currently invests its endowment assets in the General Endowment Pool (GEP), a diversified fund administered by the Treasurer’s Office of The UC Regents to provide both growth of principal *and* long-term stability. The payout rate is 5% of a 60-month rolling average of GEP share value.

The UCSB Foundation manages hundreds of endowments for the benefit of academic, administrative, athletic, and other programs on this campus. Four Department faculty (Doyle, Fredrickson, Leal, and Tyrell) presently hold endowed professorships, all established by private donors at the \$500,000-1,000,000 level. The Robert G. Rinker Laboratory Endowment will be the first designed to support a Department teaching facility. Future goals are to establish additional endowed faculty chairs, fellowships for graduate students, and scholarships for needy undergraduate students. In these three areas, the Department is still not competitive with older, longer established chemical engineering programs.

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