



[SF 2453](#) – Regents Universities, Required Investment in Innovation Funds (LSB6901SV.2)
Staff Contact: Michael Peters (515.281.6934) michael.peters@legis.iowa.gov
Fiscal Note Version – Final Action

Description

[Senate File 2453](#) requires that starting July 1, 2027, each institution under the control of the State Board of Regents (BOR) shall invest at least 1.0% of its total foundation-managed endowment assets, calculated based on the average quarterly market value of assets for the most recent fiscal year, into an innovation fund that supports the commercialization of institution technologies, spinouts, or research-derived innovations. A foundation-managed endowment may implement this investment requirement through direct commitments, reallocation of existing assets, or rolling commitments of capital. This requirement exempts any assets that are subject to donor restrictions or intent that expressly prohibit such an investment. The Economic Development Authority is required to maintain a public list of all innovation funds eligible for investment under the Bill.

The Bill allows a foundation board to grant a one-year waiver from these requirements if adequate innovation fund capacity is unavailable or market conditions would materially impair prudent investment. An institution may be granted more than one waiver under this exemption.

Each institution is required to submit annual reports to the BOR, which will compile the reports for submission to the General Assembly by December 1 of each year. The Bill takes effect December 31, 2026.

Background

Educational institutions fundraise from alumni and other donors and use the donations for investment. Institutions use investment earnings to fund scholarships and other academic initiatives while maintaining the principal in the endowment. Endowment funds are also subject to donor-imposed restrictions and must adhere to fiduciary standards defined in the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Endowments are managed in accordance with asset allocation decisions approved by the board of the educational institution. Colleges and universities often affiliate with private entities to administer their endowments and the endowments' earnings. The current foundation endowment assets as reported by the BOR are as follows:

- State University of Iowa (SUI): \$1,800.0 million
- Iowa State University (ISU): \$1,880.0 million
- University of Northern Iowa (UNI): \$239.0 million

Additional information on each of the universities' endowment programs can be found here:

- [SUI](#)
- [ISU](#)
- [UNI](#)

Innovation funds, as defined in Iowa Code section [15E.52](#), are State-certified investment vehicles designed to support early-stage, high-growth companies and the commercialization of research within Iowa. As of June 30, 2025, five innovation funds have been certified by the

Iowa Economic Development Authority Board. In FY 2025, these funds received approximately \$7.5 million in total investments.

Assumptions

- The Bill assumes that 1.0% of the current foundation-managed endowment assets (\$39.2 million) will need to be reinvested. It is unknown if the current asset allocation already fulfills a part or the entirety of the requirement or what proportion of assets are exempt under the donor restriction or prohibition standard.
- It is unknown if any new asset allocation will receive a similar return on investment as the current investment vehicle.
- Any potential costs related to the reallocation of investments are unknown.

Fiscal Impact

The fiscal impact of SF 2453 is unknown. There may be some costs associated with the reallocation of assets or varying returns on investments, but the potential impact cannot be estimated with the information available.

Source

Board of Regents

/s/ Jennifer Acton

May 28, 2026

Doc ID 1605208

The Fiscal Note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this Fiscal Note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
