Media Contacts

Katy McCreary
National Association of College and University Business Officers
202.861.2503 | kmccreary@nacubo.org

Emily Roy
Prosek Partners
646.818.9232 | pro-commonfund@prosek.com

U.S. Higher Education Endowments Report Stable Returns, Increase Spending to $33.4 Billion in FY25

The NACUBO-Commonfund Study of 657 colleges and universities reports a 10-year average return of 7.7% as of fiscal year 2025

February 12, 2026 (Washington, DC) – In a turbulent year, U.S. colleges and universities increased spending from their endowments to help stabilize operations and support their students, faculty and missions, new data from the National Association of College and University Business Officers (NACUBO) and Commonfund show.

Data from the 2025 NACUBO-Commonfund Study of Endowments® (NCSE), show that the 657 U.S. colleges and universities and affiliated foundations participating in the Study reported a 10-year average annual return of 7.7 percent on their endowment assets in fiscal year 2025, an increase from 6.8 percent last year. The one-year return for FY25 was 10.9 percent, down modestly from last year's 11.2 percent.

The 657 institutions in this year's study represented a total of $944.3 billion in endowment assets. The median endowment was $253.6 million, and more than one-quarter of Study participants had endowments that were $100 million or less.

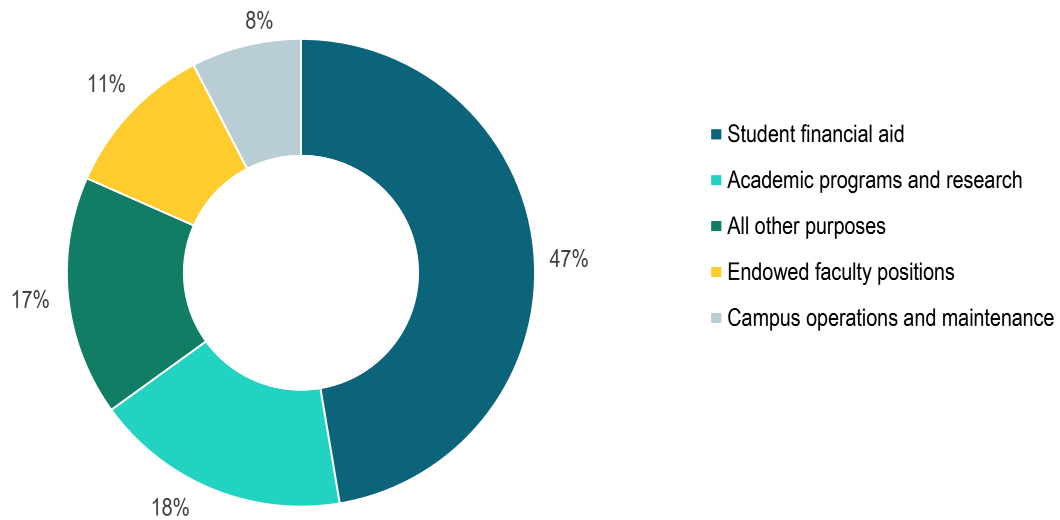
In total, participating institutions withdrew $33.4 billion from their endowments during FY25, an 11.0 percent year-over-year increase and an increase over the past two years of more than 17.0 percent.

Institutions committed 47.4 percent of endowment spending to student financial aid, making it the single largest annual distribution of endowment assets. Additional distributions went to academic programs and research (17.7 percent of spending), endowed faculty positions (10.8 percent), operation and maintenance of campus facilities (7.6 percent), and all other purposes

(16.6 percent). On average, institutions participating in the FY25 Study used their endowments to fund 15.2 percent of their annual operating expenses, up from 14 percent in FY24. (All data in the Study are for fiscal years beginning July 1 and ending the following June 30, which coincides with the fiscal calendars of the vast majority of colleges and universities.)

“This year’s report shows how important well-managed endowments are to colleges and universities,” said Kara D. Freeman, NACUBO President and CEO. “Endowments help fuel innovation and serve as a stable foundation for institutions. Because of challenges in the economy, some institutions relied more heavily on their endowments—but that additional spending benefited students, faculty, staff, research, operations, and more. Endowments make college possible and more affordable, and contribute to better lives for all.”

SPENDING POLICY DISTRIBUTIONS BY PURPOSE
657 Responded Institutions



While returns were strong, endowments did not receive as many donations as in recent years. New gifts for all Study participants declined 9.2 percent to just under $14.0 billion from FY24’s $15.4 billion. Some institutions saw significantly steeper declines: Those with assets under $50 million reported a decline of 26.5 percent.

Commonfund Institute Executive Director George Suttles observed that recent returns have been steady—a five-year average of 10.2 percent for Study participants. “That said,” he noted, “there are years when returns are flat or negative and there are major retrenchments such as we saw in the Great Recession and financial crisis of 2007– 2008. Gifts to endowments are a key part of the formula when it comes to the long-term strength and stability of our institutions of higher learning.” Declines in gift-giving are a concern for all institutions, but particularly for smaller ones that may be less resourced and vulnerable to changes in fund flows.

The total of 657 institutions participating in the NCSE for FY25 was all but unchanged from last year’s 658 institutions. All data in the Study are for the fiscal years beginning July 1 and ending the following June 30.

Investment Returns

Across all study respondents, the highest return, 11.8 percent, was reported by institutions with assets over $5 billion; the lowest, 10.5 percent, was reported by those with assets between $101 and $250 million. (All returns are reported net of fees.)

AVERAGE ONE-, THREE-, FIVE-, 10-, 15-, 20-, AND 25-YEAR NET ANNUALIZED RETURNS

Numbers in percent (%)	TOTAL INSTITUTIONS
TOTAL INSTITUTIONS	**657**
1-year net annualized return	10.9
3-year net annualized return	10.0
5-year net annualized return	10.2
10-year net annualized return	7.7
15-year net annualized return	8.5
20-year net annualized return	7.3
25-year net annualized return	6.6

The highest one-year returns came from actively and passively managed global equities and actively and passively managed developed non-U.S. markets—each delivering returns of about 17 percent.

In a period of steady returns, three-year returns jumped to 10.0 percent from 3.4percent in last year's Study, as FY22's -8.0 percent return dropped out of the calculation. Five-year returns also improved, rising to 10.2 percent from 8.3 percent.

The comparatively level returns reported for FY25 across the various size segments may be attributed to good performance across asset classes and strategies. U.S., non-U.S. and global equities along with emerging markets posted the best gains and private strategies were not far behind. Fixed income delivered its strongest returns in recent years. Not a single allocation produced a negative return in FY25.

Endowments from all institution types reported similarly strong returns. Institutionally related foundations (IRFs) and combined endowment/foundations each reported average returns of 11.1 percent, while public colleges and universities reported a 10.9 percent average and private institutions reported 10.8 percent.

Asset Allocation

The way participating institutions' assets were diversified across a range of asset classes and strategies did not reflect material changes from FY24 to FY25 (measured on a dollar-weighted basis).

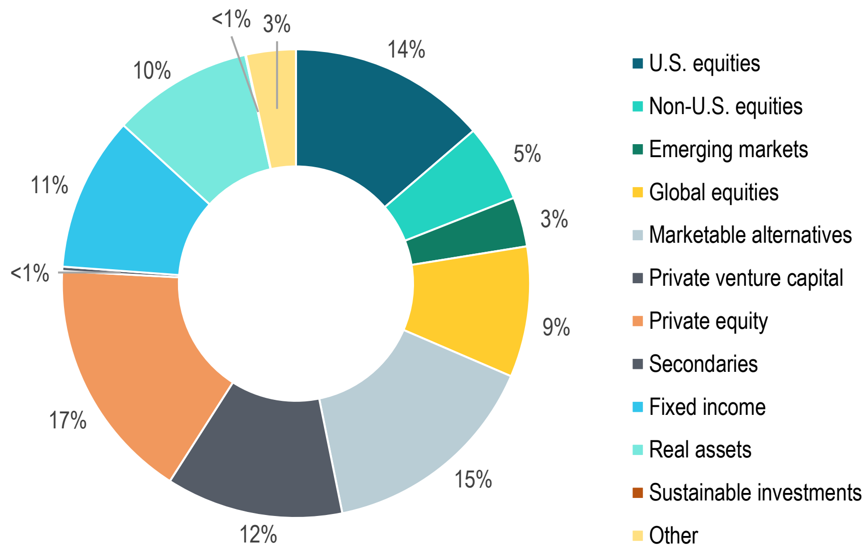
In FY25, equities accounted for 86 percent, fixed income for 11 percent and "other" for 3 percent of total participants' dollar-weighted allocations. Dividing the equity allocation into its two major components, public equities accounted for 31.5 percent of the overall allocation and private/alternative strategies for 54.5 percent.

Spotlighting the difference in allocations across size cohorts, institutions with assets under $50 million allocated 12.5 percent of their portfolios to alternatives; those with assets between $251 and $500 million (the median among the seven size cohorts), 32.3 percent; and those with assets over $5 billion, 62.5 percent. Fixed income allocations were in the 20 – 26 percent range for three size cohorts, 12 – 17 percent for three more and only fell into single digits (8.2 percent) for the largest endowments.

Among all participants' allocations (dollar-weighted), private equity was the largest (16.8 percent) followed by marketable alternatives (15.4 percent), and U.S. equities (13.7 percent). Two others were in double digits: venture capital (12.2 percent) and fixed income (10.7 percent).

Commonfund's Suttles observed that institutions with higher allocations to public equities have benefited in recent years, as these allocations have outperformed private strategy allocations. "Over longer periods of time," Suttles commented, "private/alternative strategies have proven to add value to endowment portfolios. The larger point is that endowments that are well diversified are better positioned for long-term success in the ever-changing conditions found in global financial markets."

ASSET ALLOCATION*
657 Responded Institutions



*dollar-weighted

When allocation data are reviewed by institutional type, U.S. equities was the largest allocation for three of the four types (all but private institutions) followed by double-digit allocations to private equity, marketable alternatives, global equities and fixed income.

Budget Support and Annual Spending Rates

In recent years, endowments have funded an increasingly large share of participants' annual budgets. Endowments funded an average of 15.2 percent of NCSE participants' annual operating budgets in FY25, up from 14.0 percent in FY24 and 10.9 percent in FY23. From a long-term, historical perspective, rates in the mid-four percent range were more common as far back as the 1980s.

"Endowments are there when times are tough, but the increased reliance on endowments to fund operating expenses is a trend worth watching carefully," said NACUBO's Kara Freeman. "There is no doubt that business officers are grappling with pressures on operating budgets. But growing operational needs should be balanced against endowment spending rates to protect long-term sustainability and intergenerational equity, ensuring that colleges and universities can rely on their endowments in challenging times in the future."

Historically, larger endowments spend much more on budget support than their smaller counterparts. This gap has been narrowing in recent years, however. For FY25, the share of budget funded by the endowment was in the 13 – 15 percent range for most participants, increasing to the 18 – 19 percent range only among institutions in the two largest size cohorts—a much tighter range than has been seen in data from earlier years' Studies.

The average annual effective spending rate in FY25 was 4.9 percent, up moderately from 4.8 percent in FY24 and 4.6 percent in FY23. In FY25, the highest average annual effective spending rate, 5.5 percent, was reported by institutions with assets between $51 and $100 million. Private institutions reported an effective spending rate of 5.4 percent, compared with 5.1 percent for combined endowment/foundations, and 4.1 percent each for public institutions and IRFs.

Since NACUBO created the Study of Endowments in 1974, it has become the most comprehensive annual survey and analysis of the endowment management and governance policies and practices of U.S. institutions of higher education and their affiliated foundations. NACUBO and Commonfund partnered for an eighth year on the FY25 study. The full study is available for purchase online at https://www.nacubo.org/Research/2025/NACUBO-Commonfund-Study-of-Endowments.

About NACUBO

NACUBO, founded in 1962, is a nonprofit professional organization representing chief administrative and financial officers at more than 1,700 colleges and universities across the country. NACUBO works to advance the economic vitality, business practices and support of higher education institutions in pursuit of their missions. For more information, visit www.nacubo.org.

About Commonfund Institute

Commonfund Institute is among the nation's most trusted sources for relevant, useful, and proprietary data, analytics, and best practices in financial management. The Institute provides a wide variety of resources, including conferences, seminars, roundtables, and online learning through Commonfund Institute Online. Insights cover topics such as endowments and governance; proprietary and third-party research such as the Commonfund Benchmark Studies®; publications including the Commonfund Higher Education Price Index® (HEPI); and events such as the annual Commonfund Forum and Investment Stewardship Academy. For more information, visit www.commonfund.org.

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