

ENDOWMENT CAPITAL AS A SYSTEMIC LEGAL INSTRUMENT FOR STRENGTHENING THE HIGHER EDUCATION SYSTEM IN POLAND: *DE LEGE FERENDA* PROPOSALS

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Abstract. The aim of this article is to examine the feasibility of implementing endowment-type mechanisms as a policy instrument for strengthening the financial stability of public universities in Poland. The study is motivated by increasing fiscal constraints and the misalignment between short-term public funding cycles and the long-term nature of university missions. Adopting an interdisciplinary approach at the intersection of management, economics, and law, the article combines doctrinal legal analysis with qualitative empirical research based on a survey of university executives. The findings indicate both strong institutional support for capital-based financing mechanisms and significant limitations of the current funding model. The article reconceptualizes the endowment as a public-law capitalization instrument operating within the general government finance framework, rather than as a purely philanthropic construct. On this basis, it advances a *de lege ferenda* proposal for the systematic transfer of government securities to increase universities' core funds. The study contributes to research on higher education finance and public governance by integrating legal and management perspectives and by offering a theoretically grounded and practically applicable model of endowment adapted to continental European conditions.

Keywords: public universities; higher education financing; endowment; Treasury securities; public finance law; capitalization mechanisms.

INTRODUCTION

The financial stability of public universities is a critical component of the State's constitutional responsibility to promote scientific development, provide higher education, and ensure equitable access to tertiary learning. As state-owned legal entities operating within the general government sector, public universities perform activities of a permanent and continuous nature, the outcomes of which materialize over long time horizons. This structural characteristic requires financial arrangements that extend beyond short-term budgetary financing and allow for capital accumulation as well as long-term planning of research and infrastructure development.

The Polish higher education financing model relies predominantly on annual budgetary transfers, shaped by the principle of budget annuality and recurring legislative decisions. While this model is consistent with core principles of public financial management, it generates a structural mismatch between the short-term horizon of public financing and the long-term nature of universities' missions. As a result, current expenditure instruments dominate, whereas capital-based mechanisms capable of supporting long-term institutional development remain weak and underutilized.

The reform of the higher education system introduced by the Act of 20 July 2018 – Law on Higher Education and Science significantly restructured the financial framework of public universities, including the introduction of a revised system of university funds. Within this framework, the non-remunerated transfer of Treasury securities emerged as an instrument that effectively increased universities' core funds and strengthened their equity position. However, despite its use at the entry into force of the Act and in subsequent years, this mechanism has remained episodic and has not been institutionalized as a permanent component of the higher education financing system.

From the perspective of public finance law and fiscal accounting, the transfer of Treasury securities to public universities exhibits the characteristics of a capitalization instrument rather than a spending measure. Such transfers increase the core fund without affecting revenues or expenditures in the profit-and-loss sense and remain outside the scope of the stabilizing expenditure rule applied in Poland. Moreover, until redemption, these operations are neutral with respect to public debt due to intra-sector consolidation within the general government framework. These features distinguish the instrument from conventional budgetary subsidies and align it with capital formation mechanisms observed elsewhere in the public sector.

Despite these advantages, the current legal framework does not allow Treasury security transfers to function as part of a long-term capitalization strategy for public universities. In the absence of a clear statutory

mandate, the instrument is applied on an *ad hoc* basis, dependent on discretionary executive decisions, rather than serving as a predictable and durable source of financial stability. At the same time, the legal construction of the core fund provides a suitable institutional vehicle for the accumulation of non-consumptive capital within public universities. The possibility of transferring Treasury securities to higher education institutions free of charge was provided for, *inter alia*, in the Act of 3 July 2018 – Provisions Introducing the Law on Higher Education and Science,¹ the Act of 17 December 2021 on special solutions serving the implementation of the Budget Act for 2022, as well as in the Budget Act for 2022 of 17 December 2021.²

Against this background, the article explores the feasibility of introducing a functional equivalent of an endowment into the Polish system of public higher education financing. While endowments do not exist as a distinct legal category in Polish law, their defining feature – the permanent allocation of capital with preservation of the principal – is consistent with capitalization mechanisms applied to other state-owned entities. A relevant point of reference is the capitalization of public development institutions through non-remunerated transfers of Treasury securities.

The central argument advanced in this article is that a systemic endowment-based capitalization of public universities can be achieved within the existing constitutional and fiscal framework, without undermining fiscal discipline or macroeconomic stability. The article proposes a statutory amendment enabling the regular transfer of Treasury securities to public universities, with such transfers explicitly designated to increase the core fund and treated as a permanent capital base.

From a management perspective, endowment mechanisms may also be interpreted as instruments that enhance organizational financial resilience and reduce dependence on unstable external funding sources. Alojzy Z. Nowak emphasizes that such solutions may provide a foundation for building durable financial reserves while simultaneously enabling the generation of additional resources through investment activity and stronger linkages between universities and the economic environment [Nowak 2025, 158-61]. This dual perspective – legal and managerial – justifies the adoption of an interdisciplinary research approach.

The contribution of this article is threefold. First, it reconceptualizes the endowment not as a purely philanthropic or private-law institution,

¹ The Act of 3 July 2018 – Provisions Introducing the Law on Higher Education and Science, Journal of Laws item 1669 as amended.

² The Act of 17 December 2021 on Special Solutions Serving the Implementation of the Budget Act for 2022, Journal of Laws of 2022, item 270 as amended. The Budget Act for 2022 of 17 December 2021, Journal of Laws of 2021, item 2707.

but as a public-law capitalization instrument operating within the general government finance framework. Second, it bridges legal and management perspectives by interpreting the endowment as a mechanism that enhances financial resilience and supports the long-term stabilization of resources in higher education institutions. Third, it contributes to the literature by advancing a concrete *de lege ferenda* proposal that operationalizes the concept of the endowment within the Polish legal system through the mechanism of government securities transfers, thereby linking abstract institutional models with implementable regulatory solutions.

Methodologically, the article adopts an analytical and normative approach, combining doctrinal legal analysis with a systemic perspective on public finance institutions. This is complemented by selected empirical insights, including survey evidence collected from university management. The analysis leads to *de lege ferenda* conclusions regarding a sustainable model of public university capitalization that reconciles fiscal constraints with institutional autonomy and long-term financial resilience.

1. ENDOWMENT AS AN INSTRUMENT OF FINANCIAL STABILIZATION IN HIGHER EDUCATION

An endowment constitutes a specific form of segregated capital, the defining feature of which is the preservation of the principal and the use of exclusively the returns generated through its investment [Kawałko and Twardosz 2003, 10]. In its classical formulation, an endowment is not intended to finance an institution's current operations but serves as a long-term financial safeguard, enabling the pursuit of strategic objectives over a multiannual – and often intergenerational – time horizon. This construction distinguishes endowments both from recurrent operating subsidies and from earmarked funds of a consumptive nature [Schimanek 2023, 73].

From an economic perspective, an endowment may be understood as a mechanism designed to generate a stable income stream while preserving the real value of capital. From the standpoint of public finance law and accounting, its key characteristic lies in the non-consumptive nature of the principal, which is permanently excluded from the institution's current financial circulation. As a result, the endowment cannot be used to cover operational costs but instead forms part of the entity's permanent capital base [Rebetak and Bartosova 2021, 2-3].

Both the academic literature and the practice of public and nonprofit institutions indicate that endowments are most frequently established through donations aimed at providing durable support for activities deemed socially valuable [Binfarè 2025, 1170-177]. This is particularly evident in sectors

such as education, healthcare, scientific research, and culture. Depending on the legal framework, endowments may take different organizational forms – ranging from internally segregated funds within a legal entity to separate trust-based structures – while their economic and social functions remain largely consistent [Irvin 2010, 632-36].

A core structural element of an endowment is the inviolability of its principal. This feature provides assurance to donors and stakeholders that the contributed assets will not be depleted but instead preserved and incrementally increased over time. Consequently, endowment investment policies are typically governed by prudential principles, with a strong emphasis on low-risk instruments. In practice, this implies portfolio diversification and a preference for assets characterized by high security and predictable returns, such as government bonds, high-grade debt securities, and other low-volatility financial instruments.

Alongside traditional donor-based endowments, contemporary practice increasingly recognizes the existence of so-called quasi-endowments. These instruments are established without private philanthropy, most often through internal institutional decisions or the transfer of public assets. Although they may lack formal perpetuity, quasi-endowments perform a comparable stabilizing function by enabling capital accumulation and reducing reliance on volatile current funding streams [Borowiec and Kuśmierk 2013, 25]. Within the higher education system, endowments serve several critical functions. They facilitate the creation of a durable capital base that enhances universities' resilience to fluctuations in public funding and macroeconomic conditions. They contribute to the diversification of revenue sources, thereby limiting dependence on annual budgetary decisions. Endowments also support long-term investment, particularly in research and teaching infrastructure, and strengthen the financial credibility and international competitiveness of universities. Finally, by mitigating exposure to short-term fiscal constraints, endowments enhance institutional autonomy and support strategic decision-making.

Decisions regarding the management of endowment assets are typically entrusted to governing bodies designated by the institution's statutes. This implies that effective endowment design requires not only appropriate financial instruments but also robust governance and oversight frameworks that ensure transparency, accountability, and alignment with donor intent or public objectives.

The endowment mechanism is widely employed in Anglo-Saxon higher education systems, where it constitutes a cornerstone of long-term financial stability. Prominent examples include Harvard University, Yale University, and the University of Oxford. Historically, the origins of endowments date back to the thirteenth and fourteenth centuries, when the universities

of Oxford and Cambridge began to accumulate permanent assets conceived as a form of intergenerational compact within the academic community.³

In contemporary practice, the scale of endowments at leading Anglo-Saxon universities significantly exceeds their annual operating revenues. As of 30 June 2025, Harvard University's endowment amounted to approximately USD 56.9 billion, making it the largest university endowment worldwide.⁴ Yale University reported an endowment of approximately USD 44.1 billion [Francia 2025], while other major U.S. institutions, such as Stanford University, held endowment assets of comparable magnitude USD 40,8 billion.⁵ In the United Kingdom, the University of Oxford's endowment resources as of 31 July 2024 amounted to GBP 8.7 billion, when college assets are included.⁶ Although smaller in absolute terms than their U.S. counterparts, these endowments remain substantial relative to annual operating budgets and play a crucial role in financing research and teaching activities.

These examples confirm that endowments function as systemic financial stabilizers, enabling universities to undertake projects with very long planning horizons. Endowments whose value exceeds annual operating revenues by multiple factors generate investment income that can be reinvested or allocated to sustained support for research programs, scholarships, infrastructure development, and strategic initiatives.

Against this comparative background, the situation in Poland is marked by a pronounced asymmetry. Polish law does not explicitly recognize endowments as a distinct legal institution, while at the same time it does not prohibit arrangements with similar economic characteristics. The absence of a clear normative framework means that endowment-like mechanisms depend primarily on organizational initiative and internal statutory decisions. As a result, such arrangements remain fragmented, lack systemic reach, and do not constitute a stable element of the higher education financing model.

These considerations lead to the conclusion that an endowment – understood as a durable instrument of financial stabilization – possesses significant adaptive potential within the Polish higher education system. Fully realizing this potential, however, requires the establishment of an appropriate legal

³ See <https://www.sgmk.edu.pl/po-co-uczelnia-publicznej-fundacja-i-kapital-zelazny/> [accessed: 10.03.2026].

⁴ See Financial Overview From the Vice President for Finance and the Treasurer, <https://finance.harvard.edu/sites/g/files/omnum12671/files/2025-10/fy25-financial-overview.pdf> [accessed: 19.03.2026], p. 8.

⁵ See <https://news.stanford.edu/stories/2025/10/report-investment-portfolio-value-endowment> [accessed: 19.03.2026].

⁶ Aggregated College Accounts Aggregated Statement of Financial Activities For the year ended 31 July 2024, <https://d307gmaoxpdmsg.cloudfront.net/collegeaccounts2324/aggregated.pdf> [accessed: 10.02.2026].

framework that enables systemic implementation while respecting the principles of public finance, university autonomy, and long-term macroeconomic stability. This issue provides the starting point for the further analysis undertaken in this article.

2. ENDOWMENTS IN POLAND: CURRENT STATE, EARLY IMPLEMENTATIONS, AND BARRIERS TO DEVELOPMENT

2.1. Quasi-endowments in the non-governmental sector

In the Polish institutional context, the operation of endowment-type capital arrangements remains largely indirect and non-systemic. Nevertheless, for more than two decades one may observe the gradual development of so-called quasi-endowments within the non-governmental sector. At present, several dozen entities – primarily nationwide foundations – maintain segregated asset pools that perform a stabilizing and long-term financial function.

Among the most recognizable examples are the Foundation in Support of Local Democracy, the Stefan Batory Foundation, and the Foundation for Polish Science. Although these funds do not always meet the criterion of perpetuity in a formal sense, they perform an economic function analogous to that of a classical endowment by providing a degree of financial independence from current revenue streams. This phenomenon, however, is neither widespread nor systemic. Its limited scale results from several persistent structural barriers. First, insufficient knowledge and managerial capacity in the field of capital management and financial investment remain a significant constraint for many non-governmental organizations. Second, most third-sector entities operate with limited financial resources that are fully absorbed by the execution of current statutory activities, leaving little scope for capital accumulation and investment. Third, the absence of precise legal regulations explicitly addressing endowments increases legal uncertainty and decision-making risk. Finally, philanthropic culture in Poland – particularly in the form of long-term, capital-based donations – remains relatively underdeveloped [Schimanek 2024].

2.2. Endowments in Polish universities: early experiences

Against the background of non-governmental sector experience, early attempts to implement endowment mechanisms within academia merit particular attention. For many years, Polish higher education lacked structures resembling permanent endowment funds, due both to universities' limited financial capacity and to regulatory uncertainty.

The first example of a classical endowment in Polish non-public higher education is provided by Kozminski University. The Kozminski University Development Foundation established an endowment whose returns are allocated to scholarships, scientific research, internationalization, and academic staff development. This model is based on close cooperation between the university and the business community, as well as active engagement of private donors.⁷

The Kozminski endowment functions as a strategic instrument supporting the institution's long-term development objectives. In particular, it enables the financing of international academic mobility, the recruitment of foreign faculty on long-term contracts, and the implementation of higher-risk research projects. This example demonstrates that an endowment can constitute an important component of the strategy of a university aspiring to a strong international position, especially in a competitive environment for top-tier students and researchers.⁸

Of even greater systemic relevance, however, is the establishment of an endowment within a public university. In 2025, the Poznań University of Economics and Business created the first endowment fund in the Polish public higher education sector. Asset management was entrusted to a university foundation, allowing a clear separation between the university's teaching and research functions and the professional management of financial assets.⁹

The PUEB Endowment was designed as a long-term instrument, invested in low-risk financial instruments, with generated returns allocated to strategic purposes, including academic scholarships, research grants, and developmental projects for students and doctoral candidates. Of particular importance is the tripartite relationship among donors, the university, and the university foundation, which enhances transparency, legal security, and capital durability.¹⁰

The model adopted by PUEB demonstrates the feasibility of adapting the endowment concept to the operating conditions of a public university while respecting public finance principles and institutional autonomy. At the same time, it remains an isolated solution, dependent on the initiative and organizational capacity of a specific institution.

⁷ See *Strategiczna filantropia, Rozmowa z dr Sylwią Hałas-Dej, Prezes Fundacji Rozwoju Akademii Leona Koźmińskiego, o strategicznej filantropii i współpracy z biznesem*, 31-32. Education that matters, Leon Koźmiński Academy 2024.

⁸ See <https://fundacjarozwojualk.pl/czym-jest-kapital-zelazny/> [accessed: 11.02.2026].

⁹ See <https://ue.poznan.pl/aktualnosci/uep-powolal-kapital-zelazny-pierwszy-fundusz-wieczysty-na-uczelnii-publicznej-w-polsce/> [accessed: 10.03.2026]; <https://ue.poznan.pl/universytet/kapital-zelazny/> [accessed: 10.03.2026].

¹⁰ *Ibid.*

2.3. Barriers and prospects for the development of endowments in Poland

An analysis of existing experience indicates that the development of endowments in Poland encounters persistent systemic barriers. Among the most significant is the absence of clear and comprehensive legal regulations governing the creation, protection, and use of perpetual or long-term capital. Another important limitation is the relatively low scale of private donations – particularly alumni giving – which distinguishes the Polish context from Anglo-Saxon models [Schimanek 2023, 72].

Additional challenges include limited expertise in long-term fund management and a weak tradition of endowment use within the public sector. These factors contribute to the perception of endowments as elite or inaccessible instruments rather than as potential components of a systemic model for financing higher education.

At the same time, there are signs of growing maturity in academic philanthropy and an increasing need to diversify university revenue sources. The future development of endowments in Poland depends in particular on the professionalization of asset management, the strengthening of university foundations, and the establishment of stable legal frameworks enabling the systemic capitalization of public universities. In this context, the role of the State as an initiator and guarantor of capital-based mechanisms becomes particularly significant, providing the point of departure for the further normative analysis undertaken in this article.

3. SURVEY RESEARCH ON ENDOWMENTS IN HIGHER EDUCATION: METHODOLOGY AND RESULTS

3.1. Rationale and objectives of the study

The Polish legal system currently lacks a framework that would enable the systematic and recurrent capitalization of university funds in a manner comparable to models operating in Anglo-Saxon countries. Experiences related to the non-remunerated transfer of Treasury securities to universities in the years 2019-2024 were incidental in nature and did not lead to the establishment of a durable capitalization mechanism for higher education institutions. Although this instrument was significant from both a balance-sheet and financial stabilization perspective, it was not embedded within a long-term strategy aimed at building endowment-type capital.

In view of these circumstances, the authors decided to conduct an empirical study aimed at identifying the views of university executives on: (1) the functioning of the non-remunerated Treasury securities transfer mechanism, (2) the level of knowledge and experience related to endowments, (3)

perceptions of the role of the State in building perpetual-type funds, and (4) potential directions for the use of income generated by such capital.

3.2. Research methodology

The study was conducted in the form of a structured questionnaire survey among 39 individuals currently holding or previously having held senior management positions at universities, including rectors, vice-rectors, chancellors, deputy chancellors, and chief financial officers. The sample was purposive and consisted of respondents with direct experience in university financial management and interactions with central government administration.

The questionnaire included closed-ended and semi-open questions grouped into four thematic areas: institutional status and experience with bond-based financing, familiarity with and use of endowment mechanisms, assessment of the potential for attracting private funding, and preferences regarding the scale and allocation of endowment income. The collected data were subjected to descriptive analysis, with a focus on identifying prevailing trends and divergences in respondents' opinions.

3.3. Institutional status of respondents' universities and experience with bond-based financing

The survey results indicate that the majority of universities represented by respondents (71.8%) do not participate in the "Excellence Initiative – Research University" program. At the same time, all universities covered by the survey benefited from non-remunerated transfers of Treasury securities between 2019 and 2024.

The impact of this instrument on universities' financial situations was assessed very positively. As many as 69.2% of respondents considered it very significant, while a further 23.1% regarded it as significant. This means that over 92% of respondents perceived a tangible and positive effect of this mechanism on financial stability. At the same time, university executives reported a high level of knowledge regarding the functioning of the instrument: 94.9% assessed their knowledge as good or very good. This result suggests that potential implementation barriers do not stem from a lack of institutional competence on the part of universities.

3.4. Endowments: level of knowledge, practice, and assessment of potential

The concept of an endowment is widely recognized among respondents, with 97.4% declaring familiarity with the term. However, the level

of knowledge was most often assessed as good or moderate, confirming that endowments are perceived by university leadership as a desirable but relatively new financial instrument.

In practice, only four respondents (10.3%) reported the actual existence of an endowment at their institution. Among the remaining respondents, nearly half (47.1%) declared that the establishment of an endowment was being considered for the future. These data reveal a substantial gap between awareness of the need for endowment capital and the practical capacity to implement such mechanisms.

Particularly telling is the assessment of the potential to attract significant private funding. As many as 66.7% of respondents indicated that universities rather lack such opportunities, while only 17.9% selected “rather yes” or “definitely yes.” This result confirms the limited development of academic philanthropy in Poland and a low level of confidence in building endowments based solely on private resources.

Despite this cautious assessment, more than 97% of respondents stated that the State should actively support the creation of endowments, including through the mechanism of non-remunerated Treasury securities transfers. This constitutes a clear signal of support for systemic, publicly anchored solutions.

3.5. Preferred endowment size and allocation of returns

Respondents were also asked to assess a proposed endowment level equivalent to 15% of a university’s core fund. Responses were divided: 26 respondents expressed approval, while 13 expressed a negative view. Among those critical of the proposal, the dominant opinion was that the proposed level was too low – a position shared by 95% of respondents in this group.

With regard to spending priorities for endowment returns, respondents most frequently indicated investment financing (48.7%) and scientific research (33.3%). Other areas, such as personnel-related expenditures or the financing of core operational activities, were mentioned far less often. These preferences confirm that endowments are perceived primarily as development - and investment-oriented instruments rather than as tools for alleviating short-term budgetary pressures.

3.6. Conclusions from the survey analysis

The analysis of survey results leads to several important conclusions. First, there is strong support for State involvement in the process of building endowments, alongside a continued high dependence of the higher education system on public funding. At the same time, low confidence in the

availability of private resources points to structural limitations in the development of academic philanthropy in Poland.

Second, endowments are perceived as desirable instruments, but difficult to implement without initiative and support from the State. In this context, the mechanism of non-remunerated Treasury securities transfers emerges as a potentially effective tool for building autonomous revenue sources for universities.

Third, differing views on the optimal size of an endowment reflect the absence of established standards and experience in this area. At the same time, the fact that a portion of respondents consider the 15% threshold too low indicates aspirations to approximate Anglo-Saxon models, in which endowments play a central role in university financing.

These findings provide important empirical support for the legislative proposal advanced in the subsequent part of the article.

3.7. Limitations of the study

The study is subject to several limitations. First, the use of purposive sampling and the relatively small number of respondents limit the generalizability of the findings to the entire population of Polish universities. Nevertheless, this sampling strategy was intentional and aimed at capturing the perspectives of individuals directly involved in financial decision-making processes within higher education institutions, which is consistent with qualitative research approaches [Strumińska-Kutra and Kołodkiewicz 2012, 39-40].

Second, the focus on individuals occupying top-level managerial positions introduces a potential limitation related to the strategic and institutional perspective of respondents, which may differ from that of other groups within the academic community. As indicated in the methodological literature, research conducted among organizational elites requires particular interpretative caution, as respondents' statements may be shaped by their institutional position and the roles they perform. Therefore, in accordance with methodological recommendations, the authors indicate whose problems, views, and perspectives are presented in this publication [Kostera and Krzyworzeka 2012, 182].

Third, the questionnaire survey method captures self-reported attitudes and values, which may differ from actual organizational practices. Responses provided by participants may reflect normative expectations, adopted communication strategies, or perceptions of the institutional role, rather than actual operational activities. Consequently, the findings should be interpreted as reflecting dominant patterns of understanding and conceptualization of the phenomena under study, rather than as a direct account of organizational practices [cf. Jemielniak 2012, IX-XVI].

Fourth, it is important to acknowledge the limitations resulting from the interpretative nature of qualitative research, in which the institutional context and the relationship between the researcher and respondents play a significant role. As emphasized in the literature, findings of this type are context-dependent and are not intended for strict statistical generalization, but rather serve to identify interpretative patterns and organizational logics. Qualitative research helps to understand processes and their consequences [Kostera 2010, 240; Jemielniak 2012, IX-XVI].

Despite these limitations, the study provides important insights into the perception of endowment mechanisms and their potential role within the Polish higher education system. The qualitative methods employed enable a novel and comprehensive analysis of a phenomenon that remains relatively underexplored in the existing literature [Glinka 2013, 121; Strauss and Corbin 2015, 3; Modzelewska 2020, 14].

4. AUTHORS' PROPOSAL FOR AN AMENDMENT TO THE LAW ON HIGHER EDUCATION AND SCIENCE (*DE LEGE FERENDA*)

The conducted doctrinal-legal, comparative, and empirical analyses lead the authors to the conclusion that the absence of a systemic mechanism for the capitalization of public universities constitutes one of the key barriers to the long-term financial stability of higher education in Poland. The use to date of the instrument consisting in the non-remunerated transfer of Treasury securities, despite its positive impact on universities' financial standing, has been incidental and has not resulted in the durable anchoring of this solution within the legal system.

Accordingly, the authors present a proposal for an amendment to the Law on Higher Education and Science aimed at establishing a permanent, normatively embedded mechanism for building an endowment for public universities. The endowment is understood here as a durable, non-consumptive capital resource increasing the core fund of a university.

4.1. Draft of a new statutory provision

It is proposed to introduce a new article into the Law on Higher Education and Science:

Article X:

1. *By 30 April of each fiscal year, the minister responsible for the state budget, upon the request of the minister responsible for higher education and science, shall transfer Treasury securities to a public university or to a university entitled to financing under the rules applicable to public universities, for the purpose of increasing the core fund.*

2. *The nominal value of liabilities arising from Treasury securities issued and transferred to public universities and international research institutes shall not be lower than 0.2% of Gross Domestic Product.*
3. *The value of Gross Domestic Product shall be determined on the basis of the assumptions of the draft State Budget Act for the relevant fiscal year and shall refer to the same year for which the transfer of Treasury securities referred to in paragraph 1 is planned.*
4. *The allocation of Treasury securities referred to in paragraph 1 shall be subject, mutatis mutandis, to Articles 368(1)-(3), 371(1), and provisions issued pursuant to Article 402.*
5. *The minister responsible for the state budget shall determine, by issuing an offering letter, the terms of issuance of the Treasury securities referred to in paragraph 1 and the manner of performance of the obligations arising therefrom.*
6. *The offering letter shall specify in particular: a) the issue date; b) the legal basis for the issuance; c) the nominal value per unit in Polish zlotys; d) the price or the method of its determination; e) the interest rate or the method of its calculation; f) the method and dates of payment of principal and any ancillary claims; g) the maturity date and provisions concerning early redemption.*
7. *The issuance of Treasury securities referred to in paragraph 1 shall take place on the date of their registration in the securities depository, in an amount equal to the nominal value of the issued Treasury securities.*
8. *Articles 98 and 102 of the Public Finance Act of 27 August 2009, as well as provisions issued pursuant to Article 97 thereof, shall not apply to the issuance of Treasury securities referred to in paragraph 1.*
9. *Funds obtained from the Treasury securities referred to in paragraph 1 may be used exclusively for financing expenditures on tangible fixed assets and intangible assets within the meaning of the Accounting Act of 29 September 1994, or for the repayment of loans or credits incurred to finance such expenditures.*
10. *Articles 38-41 of the Act of 16 December 2016 on the Principles of State Property Management shall not apply to legal acts concerning the disposal of Treasury securities by the entities referred to in paragraph 1.*
11. *Article 423(2) shall not apply to legal acts concerning the disposal of Treasury securities by the entities referred to in paragraph 1.*
12. *The minister responsible for the state budget may grant consent for the disposal of Treasury securities referred to in paragraph 1, taking into account in particular the need to ensure the stability of public finances and the level of the general government deficit.*

4.2. Rationale for the proposal

The proposed regulation seeks to establish a durable mechanism for building an endowment for public universities through the cyclical increase of their core funds. The transferred Treasury securities would function as a form of “capital reserve,” safeguarding the long-term operation of universities and enabling the planning of infrastructure investments over a multiannual horizon.

This solution draws on the experience related to the entry into force of the 2018 reform of higher education and subsequent capitalization decisions, as well as on capitalization mechanisms already present in the Polish legal order with respect to state legal persons, in particular the *Bank Gospodarstwa Krajowego*. The transfer of Treasury securities does not constitute expenditure within the meaning of the stabilizing expenditure rule (Article 112aa of the Act of 27 August 2009 on Public Finance),¹¹ as it increases universities’ equity rather than their current revenues.

An important element of the proposal is the reliance on the existing algorithm for financing teaching and research activities when allocating the transferred securities. This approach preserves the principle of balanced development within the higher education system and prevents the concentration of capital exclusively in the largest academic centers.

The financial foundations of public universities should not be considered solely through the lens of ad hoc budgetary instruments but rather as a structural issue closely linked to the constitutional principle of university autonomy. Autonomy, as enshrined in Article 70(5) of the Constitution¹² of the Republic of Poland, is not merely declaratory in nature but requires real material foundations for its effective exercise. As Graca noted the funding level of the Polish higher education sector is disproportionate in relation to the country’s economic development, despite the reform considering changes in the mechanisms for determining and classifying financial resources for public universities from the state budget [Graca 2024, 34]. Without an adequate asset base, a public university cannot pursue an independent and long-term research, teaching, or staffing policy, and its autonomy is reduced in practice to the management of annual budgetary transfers.

In this context, particular significance attaches to the construction of the core fund regulated in Article 409(3) of the Law on Higher Education and Science. The core fund constitutes the primary equity fund of a public university and serves as a permanent component of its asset structure

¹¹ The Act of 27 August 2009 on Public Finance, Journal of Laws of 2025, item 1483 as amended.

¹² The Constitution of the Republic of Poland of 2 April 1997, Journal of Laws No. 78, item 483 as amended.

[Zieliński 2023, 409]. The core fund is not an instrument of current financing but an expression of asset stability and, consequently, of the capacity to perform public tasks over the long term. In this sense, it has an institutional rather than merely technical or accounting character. As noted by Hulicka, sources of fund increases are not treated as revenues, and expenditures financed from funds do not constitute costs. Operations on the core fund therefore do not affect the financial result of the entity, while the fund balance is presented on the liabilities side of the balance sheet. This accounting treatment confirms that the core fund performs a function analogous to equity capital in private law, while retaining its public-law character [Hulicka 2019, 409].

In practice, however, Polish public universities do not possess core funds of a scale sufficient to ensure constitutionally guaranteed autonomy. A financing model based almost exclusively on annual budgetary subsidies subordinates university operations to short-term budgetary policy. In such circumstances, autonomy remains formal rather than material, contrary to the interpretation of Article 70(5) of the Constitution as requiring real conditions for institutional independence.

For this reason, concepts involving the creation of a separate “endowment” outside the core fund must be regarded as systemically unjustified. The Law on Higher Education and Science already provides an instrument for accumulating durable assets, and the creation of additional funds or extra-legal structures would fragment financial responsibility, undermine transparency, and violate the principle of rational legislation. As aptly observed by Zieliński, the core fund is the only university fund that is by definition permanent and non-earmarked, and thus the natural carrier of long-term capital.

Against this background, the capitalization of the core fund through the transfer of Treasury securities is particularly well justified. This solution is fully consistent with public finance principles, does not undermine fiscal prudence, and does not artificially improve universities’ financial results. It enables the gradual accumulation of durable capital without requiring a one-off increase in budgetary expenditure, while at the same time materially strengthening universities’ asset positions.

From a constitutional perspective, this mechanism should be viewed as an instrument for implementing Article 70(5) of the Constitution by providing the material foundations of university autonomy. Autonomy cannot be reduced to organizational or programmatic freedom alone but must also encompass the capacity to shape development strategies on the basis of stable financial resources. Only a sufficiently robust core fund, functioning as an endowment, allows public universities to genuinely reduce their dependence on short-term budgetary decisions.

Consequently, in Polish legal and institutional conditions, the construction of an endowment for public universities should occur exclusively through systematic and substantial increases in the core fund, particularly via Treasury securities. This approach is consistent with the constitutional principle of university autonomy, the structure of the Law on Higher Education and Science, and the fundamental rules of public finance, constituting a rational and coherent direction for reform.

The proposal also introduces an explicit restriction limiting the use of funds obtained from bond redemption to investment purposes. This non-consumptive design prevents the use of endowment capital for current expenditures, which constitutes a key feature distinguishing it from traditional subsidy instruments.

Taking into account the nominal GDP forecasts adopted in the explanatory memorandum to the draft Budget Act for 2026, public universities would be recapitalised with Treasury bonds with a nominal value of at least approximately PLN 8.32 billion in 2026, PLN 8.79 billion in 2027, PLN 9.27 billion in 2028, and PLN 9.76 billion in 2029.¹³

CONCLUSIONS

In recent years, endowments have become an increasingly prominent topic in the debate within civil society organizations. The Civil Society Organizations Development Program for 2018-2030, implemented by the National Institute of Freedom, identified three priorities directly related to endowments: support for the creation of initial endowment capital, co-financing of existing funds, and the development of operational mechanisms. While these initiatives are important for the third sector, they have not resulted in the emergence of a systemic model that could be directly transferred to the higher education sector [Schimanek 2024].

The analysis conducted leads to the conclusion that the introduction of a systemic endowment based on Treasury securities represents a realistic and public-finance-compliant proposal for the durable strengthening of higher education in Poland. The proposed mechanism does not undermine fiscal stability, remains neutral with respect to the stabilizing expenditure rule, and allows for the consolidation of public debt within the general government sector until bond redemption.

The solution offers clear systemic advantages. It strengthens the long-term financial stability of universities, increases their asset-based autonomy, and enables

¹³ *The explanatory memorandum to the draft Budget Act for 2026*, <https://www.gov.pl/web/finanse/projekt-przekazany-do-sejmu-rp4> [accessed 19.03.2026].

infrastructure investment planning beyond the annual budget cycle. At the same time, reliance on existing allocation algorithms limits discretion and promotes balanced development across institutions of varying size and profile.

Expert perspectives, including the views of Alojzy Z. Nowak, indicate that the introduction of endowment-type mechanisms could significantly enhance universities' financial autonomy, support innovation-oriented activities, and strengthen links between academia and the wider economy [Nowak 2025, 160].

It should be emphasized, however, that the proposed endowment model is initially passive in nature. Universities do not acquire investment autonomy comparable to Anglo-Saxon models, and the role of the State remains dominant. This limitation should nevertheless be regarded as acceptable at the stage of building core capital, as a condition for systemic safety.

In this context, endowment should be understood not merely as a passive financial reserve, but as an institutional mechanism enabling the diversification of funding sources and the long-term strengthening of university resilience.

The article contributes to the development of research on higher education finance by proposing a novel perspective on endowment as a public-law capitalization instrument rather than a purely philanthropic construct. It also advances the understanding of financial resilience in higher education by showing how capital-based mechanisms can complement traditional budgetary funding and support long-term institutional stability. More broadly, the study contributes to the debate on public governance by highlighting the role of asset-based financing in strengthening the capacity of public institutions in knowledge-based economies.

In the authors' view, the proposed solution has the potential to become the most significant reform of public university financing since 2018, laying the foundation for the further development of capital-based instruments and the gradual strengthening of academic philanthropy. In this sense, the endowment may become not only a financial tool but also an element of a new paradigm of university governance under conditions of growing fiscal and demographic uncertainty.

Samer Masri, director of PKO BP Brokerage House, indicated during the international CEE Capital Markets conference in London that PKO BP Brokerage House is in the process of preparing a new endowment fund management service for non-profit organizations such as foundations and universities: "Endowment capital is funds that an organization does not spend on current purposes, but invests with the intention of protecting and increasing value. Current expenses are then covered by the return on investment. This solution helps non-profit entities, such as non-governmental organizations, universities, and research units, become independent of donations

and grants. It is a popular solution in the US and Western Europe.¹⁴ PKO BP SA is not determining the market potential at this stage, as it depends on the interest of entities, but indicates that it sees interest from universities in the proposed solution. The Rector of the University of Warsaw, Prof. Dr. Habil. Alojzy Z. Nowak in an interview for *Strefa Biznesu*,¹⁵ emphasizes the importance of endowment capital for the development of Polish science, particularly the development of research, its internationalization, and commercialization, as well as for the development of academic staff and the academic community. Alojzy Z. Nowak highlights several potential sources of endowment capital: 1. budget support, including treasury bonds and special financial instruments. 2. the possibility of issuing bonds by universities, with appropriate legislative and organizational changes. The Rector also cites his speech at an international conference in Dubai, which contributed to the international discourse on the financing of science through budgetary sources as the basis and endowment capital, which provides independence to universities. The question therefore arises: can universities issue bonds under current Polish law? The current provisions of the Bonds Act and the Higher Education Act do not explicitly provide for such a possibility. The Act of January 15, 2015, on Bonds, in Article 2, defines bond issuers, including: “1) legal entities, including legal entities with their registered office outside the territory of the Republic of Poland: a) conducting business activities or b) established solely for the purpose of issuing bonds, 2) legal entities authorized to issue bonds under separate acts, 3) limited joint-stock partnerships, 4) cooperative savings and credit unions and the National Cooperative Savings and Credit Union, 5) municipalities, counties, and voivodeships [...], 6) financial institutions of which the Republic of Poland or the National Bank of Poland is a member [...]”¹⁶ Therefore, the Act does not explicitly designate universities as bond issuers, but only in Section 2 indicates legal entities authorized to issue bonds under separate acts. The Act of July 20, 2018, the Law on Higher Education and Science, does not grant universities the direct right to issue bonds. Therefore, it would be advisable to conduct further research into changes in Polish legislation to allow universities to issue bonds. One potential solution could be to introduce provisions into the Higher Education Act allowing universities to issue bonds, including perpetual and revenue bonds, which would fulfil Article 2.2) of the Act on Bonds. However, a detailed analysis and proposed provisions should be the subject of further research. Further research, as mentioned above, should also be conducted on the effectiveness of using Treasury securities in the mechanism of building endowment capital.

¹⁴ See <https://stooq.pl/n/?f=1746902&search=kapita%C5%82%2B%C5%BCelazny> [accessed: 23.03.2026].

¹⁵ See <https://strefabiznesu.pl/najwieksza-polska-uczelnia-chce-10-mln-zl-i-zbiera-kapital-zelazny-rektor-rozprawia-sie-z-glosna-sprawa-pzu/ar/c3p2-28831913> [accessed: 22.03.2026].

¹⁶ The Act of 15 January 2015, on Bonds, Journal of Laws of 2015, item 1667.

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