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ADMINISTRATIVE
POLICIES AND PROCEDURES MANUAL

SUBJECT

UNIVERSITY ENDOWMENT POLICY

SUB-TOPIC

PURPOSE AND SCOPE

Endowments are a critical element in The University of Texas at Dallas' ability to maintain quality in its academic and research efforts.

The University recognizes that each endowment is unique and that exceptions may, from time to time, be appropriate. The policies in this section are designed to permit maximum flexibility in securing additional endowments.

All endowments will be established in accordance with Series 60000: Development of the *Regent's Rules and Regulations* and the U.T. Dallas Gift Acceptance Procedures.



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SUB-TOPIC

ENDOWMENT POLICY GUIDELINES

Management Policy for Endowment Distributions - Background Information

The University of Texas at Dallas (UTD) seeks and receives private sector contributions for the purpose of establishing endowments to fulfill the mission and goals of the institution. Endowments are designated for the following purposes:

- Faculty positions (chairs and professorships),
- Scholarships and fellowships,
- Programs.

The principal of the endowment provides a permanent legacy in support of UTD's mission and goals and cannot be expended, unless otherwise specified by the donor. Distributions from endowment funds represent an important and growing source of funding for UTD.

The following guidelines are intended to ensure the effective management of endowment distributions in compliance with the donor's designations and will enable accurate reporting to donors on how the funds are expended.

- A. The endowment administrator, designated by the President/Provost, is responsible for the management of endowment distributions of each of the endowments under his/her purview. The designated endowment administrator is responsible for ensuring that endowment distributions are used:
 1. for the purpose(s) intended by the donor(s) and according to the official document(s) associated with the establishment of the endowment(s) by the Board of Regents of The University of Texas System or its designee(s);
 2. in accordance with applicable policies approved by The University of Texas System Board of Regents and The University of Texas at Dallas.
- B. Endowment distributions will be budgeted and used to carry out UTD's mission of instruction, research and service in compliance with the donor(s) wishes and UTD's policies. Expenditure budgets will not be over expended and expenditures will conform to UTD's annual operating budget.
- C. The endowment compliance officer will be responsible for providing the designated endowment administrator with a copy of the Endowment Detail Report which delineates the donor's purpose and the terms of the endowment agreement for each established endowment under his/her purview.
- D. The designated endowment administrator will approve all expenditures and transfers of funds from the endowment distribution account.
- E. Transfers of funds from the endowment distribution account to UTD operating account(s) may be made only when the restrictions for the operating account are consistent with the terms of the endowment agreement.
- F. Endowment distributions cannot be used to establish or create, in whole or in part, another endowment, except in accordance with *UT System Gift Acceptance Guidelines*.
- G. Endowment distributions should be expended on an annual basis. When it is impossible or impracticable to use all endowment distributions on an annual basis, accumulations in excess of twice the annual distribution will be reinvested in the corpus of the endowment. Exceptions will be granted by the President only upon request of the designated endowment administrator and with the consent of the President's Cabinet.
- H. The designated endowment administrator is responsible for preparing and signing an annual year-end Report of Use that summarizes the expenditures and transfers from the endowment distribution account. The annual Report of Use will also include a brief explanation of how the endowment distribution was used to meet program objectives and donor designations.