BOV-018

Endowment Spending Policy and Administrative Fee

Effective Date Friday, June 13, 2008

Status Final

Last Revised Thursday, September 14, 2023

Policy Type Board of Visitors

Contact Office Vice President and Chief Financial Officer (Office of the)

Oversight Executive
Executive Vice President and Chief Operating Officer

Applies To Academic Division, Medical Center, College at Wise, and University-Associated Organizations.

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Policy Statement

Reason for Policy

To provide reliable and predictable endowment distributions and a fee for administering the endowment by the University, its schools, and units.

Definition of Terms

Terms

Description There are no terms that require definition.

Policy Statement

An endowment spending policy was initially approved by the Board of Visitors in April 2001 and revised in April 2005, June 2008 (to include the creation of a fee for administering the endowment), and December 2017 (to increase the administrative fee). The current version of the policy was adopted by the Board of Visitors in September 2021.

ENDOWMENT SPENDING POLICY AND ADMINISTRATIVE FEE
(Approved September 23, 2021)

RESOLVED, the endowment spending policy, effective July 1, 2022, shall be as follows:

The spending policy calls for a percentage increase in the annual distribution from the endowment, unless such increase causes the distribution to fall outside a range defined as 3.0% on the low end and 5.0% on the high end of the market value of the Pooled Endowment Fund. If the distribution falls outside of this range, the Finance

Committee may recommend either raising or lowering the rate of increase. The first distribution under the new parameters will be made in July 2022.

ENDOWMENT ADMINISTRATIVE FEE
(Approved on December 8, 2017)

WHEREAS, the Board of Visitors wishes to advance a philanthropic campaign to invest in the University's strategic priorities; and

WHEREAS, an increase in the endowment distribution can be achieved without affecting the sustainability of future payouts, and is an appropriate alignment of administrative expenses and revenues;

RESOLVED, the University shall increase the administrative fee on the endowment, effective July 1, 2018, from 50 basis points (bps) to 100 bps to support increased advancement efforts and an accompanying increase in annual philanthropic commitments and cash flow, with such additional 50 bps increase to be utilized at the direction of the Vice President for Advancement and subject to the development of agreed-upon protocols for information sharing, goal setting, and accountability standards that apply to all University advancement functions and University-related foundations; and

RESOLVED FURTHER, the University will maintain the 50 bps of the endowment administrative fee dedicated to funding Advancement, effective July 1, 2024, and it will remain at that level unless other action is taken by the Board of Visitors. (Approved by the Finance Committee on June 2, 2023)

Policy Background

Reference Board of Visitors Minutes:
BOV Minutes April 6, 2001 pg. 5976
BOV Minutes April 1, 2005 pg 6875
BOV Minutes June 13, 2008, pgs 7629 - 7630
BOV Minutes December 8, 2017, pg 10575
BOV Minutes September 23, 2021 pg 11814 (Finance Cmte.)
BOV Minutes June 2, 2023 pg 12350 (Finance Cmte.)

Major Category Board of Visitors

Category Cross Reference
Finance and Business Operations

Approved By Board of Visitors

Approved Date Friday, June 2, 2023