

Endowment Compliance Training



Developed by
The University of Texas at Dallas
Office of Development and Alumni Relations,
Endowment Services

What is an endowment?

- Endowments provide perpetual support for UT Dallas
- The endowment agreement is a legal document that has been approved by the Vice President for Development and Alumni Relations, the President and the UT System Board of Regents
- The principal of the endowment (amount donated) is **never spent**
- Only the money earned from the investment of the endowment principal is available for use

Endowment Stewardship

UT Dallas maintains the highest level of accountability to the endowment donor by:

- Ensuring a high level of stewardship to strengthen donor trust, potentially resulting in additional support from the endowment donor
- Providing an annual financial report and statement of use to the donor

Where are endowment funds held?

- All UT Dallas endowed funds are held by the Board of Regents
- As of March 1, 1996, all endowed funds are invested under UTIMCO (The University of Texas Investment Management Company)
- UTIMCO oversees all endowed investments for The University of Texas and Texas A&M Systems
- UTIMCO transfers quarterly cash distributions to UT Dallas cost centers (Nov, Feb, May, Aug)

Endowments by Purpose

Academic Position

endowed or named academic positions for professor's research and scholarly activities:

- Distinguished University Chair
- Distinguished Chair
- Chair
- Distinguished Professorship
- Professorship
- Faculty Fellowship

Student Support

scholarships and fellowships for tuition and fees or graduate research

Miscellaneous endowments

program support, research, lecture series, excellence funds, faculty/staff awards, campus enhancements, general unrestricted opportunity funds

Terms & Definitions

- **Permanent Endowment:** created at the request of the donor
- **Quasi-Endowment:** institutional funds functioning as an endowed fund
- **Book Value:** original value of gifts and contributions to the endowment (remains the same over time)
- **Market Value:** price an asset brings from willing buyers and sellers (fluctuates)
- **Endowment Restricted Gift Cost Center:** endowment cash distributions/revenue spendable account

Endowment Accountability

In order to uphold the highest level of accountability between UT Dallas and the endowment donor, the President appointed the Vice President for Development and Alumni Relations as the **Designated Endowment Executive**.

All management, training, compliance and risk assessments, and compliance certification to UT System for endowments are handled by the **Directors of Endowment Services** within the Office of Development and Alumni Relations.

Endowment Compliance Risk & Responsibilities

- Develop comprehensive plan to:
 - identify and minimize risks
 - establish and implement new controls and procedures
- Conduct training of all faculty and staff who have access to endowment cost centers
- Enforce endowment accumulations guidelines (excessive balances)
- Monitor and address unfilled endowed academic positions
- Insure appropriate use of endowment distributions
- Eliminate all inappropriate expenditures
- Monitor endowment cost centers with no expenditures

Excessive Balances

Quarterly endowment account balances are reviewed to ensure that the accumulation (unspent funds) has not exceeded the amount allowed by UT System (Policy: UTD BP3034). If accumulation exceeds the allowed amount, the endowment's responsible party must provide **in writing**:

- Why funds are being allowed to accumulate
- Plans to spend accumulated funds before end of fiscal year
- If applicable, why funds should be allowed to accumulate beyond fiscal year
- How much of accumulated funds should be reinvested

Appropriate Use of Endowments

Donors may specify the purpose of the endowment in their endowment gift agreement.

To support the donor purpose, UT Dallas provides the following acceptable uses for an academic position:

- Research, including clinical research
- Equipment
- Professional travel for endowed holder or a staff member
- Curriculum development
- Publications
- Recruitment expenses to fill a faculty endowed position

Inappropriate Use of Endowments:

- Personal benefit, such as parking permits or regalia
- Setting up a home or remote office
- Gifts
- Transfer of funds or payments to outside organizations unrelated to holder's scholarly efforts
- Membership to a non-academic organization
- Social events with no academic or research purpose (i.e. holiday parties, donor events, team building)

Endowed Scholarships and Fellowships

UT Dallas has **endowed undergraduate scholarships** that can be either school specific or university wide (open to all majors)

Appropriate Use:

- Tuition and fees **ONLY**

Inappropriate Use:

- Stipend, travel, conference reimbursements or payment to student directly instead of through UT Dallas tuition account (bursar)

UT Dallas has **endowed graduate fellowships** that can be either school specific or university wide (open to all majors)

Appropriate Use:

- Tuition and fees
- Research Assistants
- Research activities

For more information



This training module is always available at the UT Dallas [Office of Institutional Compliance website](#).

If you have questions:

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