

September 11, 2006

**Summary of  
Administrative Guidelines for  
Allocation, Reallocation and Administration of Gifts and Bequests  
Received by The Regents and the Campus Foundations**

- I. Proposed and restated provisions for allocation and reallocation:
  - A. Delegations of authority and procedures for allocation and reallocation will be consistent for gifts and bequests received by The Regents and by the Campus Foundations.
  - B. Allocation authority within the Office of the President would be held by the President; it is currently held by the Provost.
  - C. The Chancellors would be granted authority for allocation and reallocation of gifts and bequests up to \$5,000,000, consistent with campus gift, grant, and capital expenditure authority. The current authority is limited to allocation of gifts and bequests up to \$500,000. Chancellors would be granted unlimited authority for funds to be designated as funds functioning as an endowment (FFE), including gifts over \$5,000,000 from which no more than five percent of market value could be withdrawn in any one year, in addition to the standard payout. The authority may be redelegated for gifts and bequests up to \$1,000,000. These changes would require new delegations of authority to the Chancellors and the Vice President–Agriculture and Natural Resources. Acceptance of new gifts and bequests over \$5,000,000 would require Presidential approval.
  - D. Presidential approval would be required to withdraw in a single year, in addition to the standard payout, more than five percent of any FFE or quasi-endowment corpus with a current market value over \$5,000,000.
  - E. The Chancellor or VP–ANR and their designees would be permitted to make a withdrawal from the principal of a Regents FFE only during the fourth quarter of the fiscal year to discourage use of FFEs as passbook accounts (based on appropriate justification, emergency withdrawals from FFEs up to \$1,000,000 would be approved by Institutional Advancement, Office of the President, and emergency withdrawals from FFEs over \$1,000,000 would be approved by the President).
  - F. An individual bequest to The Regents or to a Campus Foundation that exceeds \$5,000,000 must be submitted to the President for acceptance. In addition, it must be submitted to the President for allocation, unless such a gift or bequest is to be established as an FFE.
  - G. Each allocation would be made with as few restrictions as possible, based on university need, equity across functional areas, and utility.

- H. Campuses would be required annually to monitor and review Regents and Campus Foundation endowment administration by each benefiting department to ensure timely expenditure of payout (UCOP will provide access to an electronic database for Regents endowments and FFEs that provides expenditure information on a current basis); the objective of such review is to resolve possible accumulation issues in advance of periodic audits.
  - I. Campuses would be required to conduct a periodic review of all individual Regents and Campus Foundation endowments at least every ten years. The review would assess fund administration consistent with the donor's terms, the intentions of the Chancellor or other administratively imposed terms, and whether the fund has been administered appropriately for the highest and best use within those terms. UCOP will provide access to an electronic database with current-expenditure information for Regents endowments and FFEs to assist with oversight of these funds.
  - J. The guidelines articulate a procedure for campus and Presidential approval of non-gift funds used to establish an FFE, or used for addition to any gift fund, including a true endowment.
  - K. When a donor has not specified the type of fund for gift administration, the University will exercise the prerogative to administer the gift as an FFE. If the Chancellor prefers a current use or plant fund for a gift in excess of \$50,000, the campus must include in the gift record justification and documentation for the benefit of current use over future use (i.e., FFE). The President must approve a campus proposal to use such a gift or bequest over \$5,000,000 for a current or plant fund.
  - L. Either Campus Counsel or the Office of the General Counsel must review and approve as to legal form any allocation proposal for administration of a gift or bequest for which the donor has not provided complete fund terms (i.e., location, purpose, and type of fund).
- II. Reiterated and clarified practices
- A. Each allocation of a gift or bequest must be consistent with a donor's interest and not be used to support areas the donor would likely not approve;
  - B. Each campus at its own discretion must establish a central office of record to maintain the terms of all campus Regents and Foundation endowments and funds functioning as endowments. The central office of record in most cases is located within Advancement Services/University Relations. However, a campus may choose instead to assign the responsibility for maintaining records and conducting the required fund reviews to another office, such as campus accounting;
  - C. For the first time, the long-standing practice of recognition by the University of donor gifts and bequests will be articulated in writing as an established systemwide policy.