

Texas Tech University System

Regulation 01.08

Endowment Fund Expenditure Monitoring

Approved: April 21, 2021

Updated: June 6, 2024

Next Scheduled Review: June 6, 2029

1. General

- a. Endowment funds are an important part of the Texas Tech University System's (TTUS) operations and augment the fiscal resources available to TTUS to achieve its goals. These funds impose upon both the Texas Tech Foundation, Inc. (TTFI) and TTUS contractual, legal and ethical obligations, as well as financial and management reporting responsibilities.
- b. TTUS has established a high priority for maintaining excellence in fiduciary responsibility and accountability to donors. TTUS Office of Institutional Advancement and each component institution of TTUS shall ensure the proper administration and enforcement of all monitoring procedures outlined in this document.
- c. Underutilized endowment resources could represent a lack of fiduciary responsibility to fulfill donor intent and damage donor stewardship efforts. As such, TTUS and each component institution will actively monitor for underutilized endowment funds to ensure institutions are making the best use of donor contributions.
- d. Definitions
 - i. Financial Manager – Individual that has been designated with spending authority on endowment funds. Financial manager designation should be limited in accordance with applicable operating policies of TTUS components.
 - ii. Excessive Carryover Balance – Endowment spendable fund balance(s) greater than two years' worth of distributions when compared to all associated endowment corpus funds AND greater than \$1,000.
 - iii. Endowment Spendable Fund – Fund established separate from the endowment and/or quasi endowment corpus that is credited with distribution earnings of the corpus and serves as the expense fund for the department.
 - iv. Reinvestment – Transfer of funds from the spendable fund back into the corpus for long term investment (i.e., adding to the principle).
- e. Reference – TTUS Component Operating Policies
 - i. TTU: [OP 02.08 Operation and Maintenance of Endowment Funds](#)
 - ii. TTUHSC: [OP 02.08 Operation and Maintenance of Endowment Funds](#)
 - iii. TTUHSC El Paso: [OP 02.08 Operation and Maintenance of Endowment Funds](#)
 - iv. ASU: [OP 32.04 Operation and Maintenance of Endowment Funds](#)
 - v. MSU: [OP 32.01 Donations, Gifts, and Endowments](#)

2. Standards

- a. Components are responsible for developing and adhering to a component level operating policy and/or procedures for underutilized endowments. Each component and the Office of the Vice Chancellor and Chief Financial Officer (VCCFO) will agree on the method of communication that documents each components' efforts towards monitoring and addressing underutilized endowments.
- b. The financial manager is responsible for ensuring that all expenditures comply with the terms of the endowment agreement, applicable legal and accounting standards, and all TTUS policies and regulations. Copies of all Endowment Agreements are available and should be referenced by the appropriate financial manager and/or department unit responsible for spending (see contact below).
- c. Endowment spendable funds should not have excessive carryover balances unless an approved exception has been documented and should be utilized for the purpose(s) listed on the endowment agreement. Component CFO offices should document endowments with excessive carryover balances and work with college/school/department units on a utilization plan.
- d. The utilization plan should be documented and agreed to by both the component CFO office and college, school, and/or departmental unit. Component CFO offices should collaborate to engage other campus partners with the college, school, and/or departmental units to ensure that the utilization plan is adhered to for each endowment.

3. Reporting Requirements

- a. Annually, TTUSA IA will prepare a monitoring report of all endowment spendable funds with excessive carry over balances and provide an informational copy to System leadership, including but not limited to the Chancellor, VCCFO, and Vice Chancellor for Institutional Advancement.
 - i. ASU and MSU will need to continue to report underutilized endowment information to TTUSA IA for reporting to System Leadership.
- b. Annual Timeline and Action Plan
 - i. On or Before March 1 – IA prepares and distributes report of all endowment spendable funds with excessive carry over balances as of January 31st to System leadership.
 - ii. On or Before May 1 – Component CFO's will coordinate with college, school, and/or departmental units to review underutilized endowments. Component CFO's will share utilization plans in an electronic format with the VCCFO and IA offices to document progress in addressing underutilized endowments.
 - iii. On or Before June 1 – The VCCFO's office will collaborate with each component CFO to make final recommendations on funds needing reinvestment into the corpus based on excessive underutilization.
 - iv. On or Before July 1 – All approved transfers to reinvest funds will be completed by TTUS Financial Accounting and Reporting, as applicable.

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