

# Texas Tech University System

## Regulation 01.08

### Endowment Fund Expenditure Monitoring – Standards of Practice

Approved April 19, 2021

Next Scheduled Review: April 19, 2026

#### 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 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 Carry Over Balance – Endowment spendable fund balances greater than two years' worth of distributions 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](#)*

## 2. Standards

- a. 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).
- 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.
- c. Endowment spendable funds should not have excessive carry over balances without approved Spending Policy Exception Form on file.
- d. Endowments should not carry a balance of more than two years of annual endowment distributions unless it has an approved Spending Policy Exception Form on file. Endowments with excessive carry over balances are subject to automatic reinvestment.

## 3. Reporting Requirements

- a. Annually, the IA Compliance and Stewardship Office will prepare a monitoring report of all endowment operating funds with excessive carry over balances and provide to the TTUS component CFO's for further action.
- b. Annual Time Line and Action Plan
  - i. On or Before March 1 – IA prepares and distributes report of all endowment operating funds with excessive balances as of January 31st to TTUSA and component CFO's.
  - ii. On or Before May 1 – TTUSA and component CFO's will coordinate with departments to adjust spending levels and/or complete the necessary Spending Policy Exception Forms as applicable and will provide all completed exception forms and/or other updates on monitoring procedures to the TTUSA CFO, Vice Chancellor for Institutional Advancement and University Presidents, as applicable.
  - iii. On or Before June 1 – The TTUSA CFO's Office in coordination with IA and component CFO's will 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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