

**Doc. T07-018, as amended**  
*Passed by the Board of Trustees*  
*March 14, 2007*  
*Revised: 6/10/09; 12/11/13*

## **UNIVERSITY OF MASSACHUSETTS QUASI-ENDOWMENT POLICY**

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### **PURPOSE**

To ensure that the proper approval is in place for the establishment of any new quasi-endowments, and for any additions or withdrawals from existing quasi-endowments.

### **I. INTRODUCTION**

The University has made a commitment to grow its endowment funds. The University and campuses collectively shall seek this growth through a combination of contributions to both the true and quasi-endowment funds. Annually, each campus shall be required to grow their endowment funds through a combination of donor contributions and unencumbered unrestricted operational fund transfers as quasi-endowment funds. These funds shall be transferred to the University of Massachusetts Foundation, Inc. (Foundation) while remaining designated funds to the campus that generated those funds. The quasi-endowment funds shall be invested consistent with a strategy specific to long term assets by the Foundation subject to an agreement between the University and the Foundation.

### **II. POLICY STATEMENT**

- A. All such funds shall be allocated to this purpose at the beginning of each fiscal year and reported annually in the University's annual audited financial statements. Such funds shall be transferred to the Foundation and the normal spending rules and accumulation of earnings and appreciation will apply. All funds will be designated to the campus from which they were contributed.

The principal of such funds may be withdrawn from the Foundation and returned to University when and if the President so authorizes. The President will notify the Board of Trustees whenever such a withdrawal is approved.

- B. Quasi-endowment funds may be used as matching funds for permanent endowment if the President so authorizes.
- C. The President is authorized to suspend required annual unrestricted operational fund contributions to the quasi-endowment and will notify the Trustees when such suspensions occur.

### **III. STANDARDS**

The President, in consultation with the Vice President(s) and Chancellors, will issue administrative standards to implement this policy. Campuses may establish campus policies (and guidelines) within the scope of this policy (and standards). Campus policies (and guidelines) may be more, but not less, restrictive than the standards.

**UNIVERSITY OF MASSACHUSETTS**  
**ADMINISTRATIVE STANDARDS FOR THE QUASI-ENDOWMENT POLICY**  
**(Doc. T07-018, as amended)**

**I. INTRODUCTION**

*Quasi-Endowment Policy Standards* set forth the requirements for allocating and designating funds as quasi-endowment funds. Campuses may establish campus policies and guidelines within the scope of University policy regarding allocating and designating funds as quasi-endowment funds. Campus policies and guidelines may be more, but not less restrictive than the President's Administrative Standards.

The University has made a commitment to grow its endowment funds. The University and campuses collectively shall seek this growth through a combination of contributions to both the true and quasi-endowment funds. Annually, each campus shall be required to grow their endowment funds through a combination of donor contributions and unencumbered unrestricted operational fund transfers as quasi-endowment funds. These funds shall be transferred to the University of Massachusetts Foundation, Inc. (Foundation) while remaining designated funds to the campus that generated those funds. The quasi-endowment funds shall be invested consistent with a strategy specific to long term assets by the Foundation subject to an agreement between the University and the Foundation.

**II. QUASI-ENDOWMENT POLICY**

The Quasi-Endowment Policy (Doc. T07-018) and these standards establish the general requirements. This section further defines the standard for satisfying the requirements of the policy.

- A. All such funds shall be allocated to this purpose at the beginning of each fiscal year and reported annually in the University's annual audited financial statements. Such funds shall be transferred to the Foundation and the normal spending rules and accumulation of earnings and appreciation will apply. All funds will be designated to the campus from which they were contributed.
- B. The principal of such funds may be withdrawn from the Foundation and returned to University when and if the President so authorizes. The President will notify the Trustees whenever such a withdrawal is approved.
- C. Quasi-endowment funds may be used as matching funds for permanent endowment if the President so authorizes.
- D. The President is authorized to suspend required annual unrestricted operational fund contributions to the quasi-endowment and will notify the Trustees when such suspensions occur.

**III. STANDARDS STATEMENT**

- A. The President in consultation with the Chancellors shall determine annual and five-year goals for the growth of both quasi and permanent endowment funds specific to that campus.

- B. The annual quasi-endowment baseline contribution will equal 5% of campus current unrestricted, unencumbered cash measured as of 6/30.
1. If a Campus meets their annual and/or multi-year goals for permanent endowment fund growth, they will only be required to contribute half of the annual contribution requirement to the quasi-endowment.
  2. If a campus' achievement in permanent endowment growth for an annual period exceeds the total of its quasi and true endowment goals / requirements for that period, the campus will be allowed to forego its mandatory quasi contribution requirement for that period or make such contribution to its Long Term Investment fund.
  3. As of the revision date of these standards, up to 50% of prior quasi-endowment contributions in excess of the cumulative required baseline contributions may be made available to apply to current contribution requirements. This includes any funds previously reinvested which were the result of the quasi-endowment annual spendable funds distribution from the Foundation. The University Treasurer will track and report such balances annually as part of the determination of the required annual contribution.
- C. Excess contributions identified in B.2. above may be made to a Long Term Investment Fund held separately by the Foundation in an agency capacity and managed similarly to the goals of other quasi-endowment funds. The expected minimum period of time that a contribution will remain in the Long Term Investment fund is three years. Both deposits and withdrawals from the Long Term Investment Fund may be made with Presidential approval and a notice period of at least six months or on a schedule approved by the Foundation Investment Committee.