

Doc. T96-135

Passed by the Board of Trustees

December 4, 1996

**UNIVERSITY OF MASSACHUSETTS
PUBLIC HIGHER EDUCATION ENDOWMENT INCENTIVE PROGRAM
IMPLEMENTATION PROCEDURES**

These procedures are adopted pursuant to section 15E of Chapter 15A of the General Laws of Massachusetts. They are intended to implement the Public Higher Education Endowment Incentive Program established under section 15E for the University of Massachusetts, including its five campuses.

I. DEFINITIONS

As used in this document, the following words shall have the following meanings:

Academic Purpose – Any purpose that furthers the academic mission of the University including but not limited to student scholarships; endowed chairs or other faculty positions; acquisition of library holdings, laboratory equipment, or any other material that supports teaching, learning, studying, research or the like; the acquisition, construction, repair or development of classrooms, laboratories, libraries, study halls, performance space or any other facilities that support teaching, learning, studying, research or the like; teaching, research, lectures and other scholarly activities undertaken by faculty or students.

Alumni – Individuals who have received a degree (earned or honorary) from a University campus or its legal predecessor.

Annual Fund – The fund(s) established by campuses or the Foundation from donations from alumni and other supporters the principal of which may be expended immediately for specified purposes.

Chief Development Officer – The individual designated by the Chancellor of each campus to be primarily responsible for fundraising and development activities on that campus.

Endowment Fund – The fund(s) established by or in the Foundation from donations and from which only the earnings and not the principal ordinarily may be expended immediately for specified purposes.

Foundation – The University of Massachusetts Foundation, Inc., or such other foundation as has been certified by the Board of Trustees pursuant to section 37 of Chapter 15A of the General Laws.

Matching Funds – Funds appropriated by the General Court to fund the Public Higher Education Endowment Incentive Program and made available for the University.

II. DONATIONS SUBJECT TO MATCH

A. Acceptance of Gifts

All gifts to the University shall be subject to acceptance by the Board of Trustees pursuant to its policies on acceptance of gifts, as such policies may be amended from time to time. All gifts to the Foundation shall be subject to acceptance pursuant to the Foundation's policies on acceptance of gifts, as such policies may be amended from time to time. The Board of Trustees shall have complete authority to accept or reject any gift offered to the University from any donor, including the Foundation. The Board of Trustees may delegate its authority under this section to the President.

B. Anonymity of Donors

If a donor requests anonymity, the Board of Trustees shall, upon such terms as are acceptable to it and the donor, preserve the donor's anonymity consistent with the requirements of law. The Foundation shall similarly preserve the anonymity of donors who request it. The Board of Trustees may delegate its authority under this section to the President.

C. Certification for Match

1. Reports by the Foundation – Not later than five days after the end of each quarter of the fiscal year, the Foundation (1) in consultation with each Chief Development Officer shall provide to each Chancellor a report listing all donations received by the Foundation on account of the campus for such donations as are required or permitted to be used exclusively for Academic Purposes; and (2) shall provide to the President a report listing all donations to the University received by the Foundation not allocable to one or more specific campuses, for such donations as are required or permitted to be used exclusively for Academic Purposes.
2. Reports to the President – Not later than ten days after the end of each quarter of the fiscal year, the Chancellor, in consultation with the Foundation, shall provide to the President a report listing all donations received by the campus, or by the Foundation on account of the campus, where such donations are required or permitted to be used exclusively for Academic Purposes. Each such report shall contain the date of the gift, the name of the donor unless the donor has requested anonymity, the amount of the gift if cash or the value of the gift if property, and the terms of the gift. Said report shall contain any additional information which the President may deem appropriate.
3. Report to the Board – Within thirty days following the close of each quarter of the fiscal year, the President shall provide a report to the Board of Trustees through its Development Committee containing a summary of gifts to the University and Foundation that are eligible for Matching Funds. Said report shall contain the President's certification of the value of gifts received which are required or permitted to be used for Academic Purposes and the President's certification of the gifts that shall be eligible for Matching Funds that quarter.
4. Annual Reports – Within thirty days after the end of each fiscal year comprehensive reports on eligible donations for the entire fiscal year shall be prepared. The President shall certify to the House and Senate Committees on Ways and Means the amount of eligible gifts received by the University for each fiscal year in which the Endowment Incentive Program is funded by the

General Court.

D. Apportionment of Matching Funds

Ten percent of Matching Funds shall be reserved for use in matching gifts on a one dollar to two dollar basis in the discretion of the President. The Chancellors may request matches from the reserve based on the unique aspects of the gift and its contribution to the mission of the University.

The remainder of the Matching Funds in each fiscal year shall be apportioned to the campuses so that each campus's available share is equal to that campus's percentage of the fundraising support to the University or the Foundation for or on behalf of all five campuses in the prior fiscal year as reported in the University's "Report of Private Support". (*For example, if forty percent of the prior fiscal year's gifts were to or for the Amherst campus, then in the current fiscal year the Amherst campus would be eligible for forty percent of the remainder of the Matching Funds.*) The President or his designee shall inform each Chancellor at the beginning of the fiscal year of the apportionment to the campuses. If in any year a campus has not received gifts in the amount necessary to receive its total apportionment in Matching Funds, the President may distribute the remainder of its apportionment to other campuses with enough gifts to warrant the additional Matching Funds.

E. Criteria for Matching Funds

The determination of which gifts for Academic Purposes shall be eligible for Matching Funds (and in the case where eligible gifts exceed Matching Funds available, those gifts which shall be matched) shall be within the discretion of the President but shall generally be based on the following criteria:

1. Ten percent of each campus's apportionment of Matching Funds may be used to match individual giving on a one dollar to two dollar basis. This portion should be used for new and increased gifts for Academic Purposes to the campus Annual Fund.
2. The remainder of the campus apportionment shall be used to match gifts to Endowment Funds for Academic Purposes on behalf of that campus of Ten Thousand Dollars (\$10,000) or more. The match shall be on a one dollar to two dollars basis.
3. Gifts received by the University President's Office or Foundation for the entire University system will be matched with funds drawn from each campus's apportionment in an amount equal to the percentage of the gift which is expected to benefit each campus.

F. Pledges, Bequests and Deferred Gifts

1. Pledges in writing of gifts greater than \$10,000 to be paid within a five-year period shall be eligible for Matching Funds under E.2 above. Matching Funds shall be distributed only as the funds are received. Pledges/gifts may be from one or more donors.
2. Bequests are eligible for Matching Funds upon receipt of the funds.
3. Deferred gift annuities and trusts which are irrevocable and have remainder value shall be eligible for Matching Funds based on the value of the remainder which shall be determined in conformity with the provisions of the Internal Revenue Code of 1954, as amended and

regulations and tables promulgated thereunder. Documentation shall be included with each submission and will be certified by the Foundation.

III. EXPENDITURE OF MATCHING FUNDS

Annual Fund Matching Funds received by the Foundation may be used for the following purposes: (a) for the same purposes as the original matched gift; (b) for campus endowment fund; or (c) to support the development operation.

As part of his annual report, the President shall provide to the Development Committee of the Board of Trustees, information received from the Chancellors indicating the purposes for which Annual Fund Matching Funds were used.

IV. MISCELLANEOUS PROVISIONS

A. Audit

The books and records of each campus Annual Fund and of the Foundation Endowment Fund shall be kept in accordance with generally accepted accounting principles; except as may be modified by the University Treasurer. All books and records shall be open to inspection by the University Treasurer and Controller and copies of all audits shall be provided to the University Treasurer.

B. Appraisals of Property

All gifts in kind shall be valued and appraised if necessary in accordance with the provisions of the Internal Revenue Code of 1954, as amended (including regulations promulgated thereunder), that prescribe the manner in which charitable gifts are to be valued for federal tax purposes.

C. Filing

A copy of these Implementation Procedures shall be filed with the House and Senate Committees on Ways and Means not later than January 1, 1997. Any amendments to these Procedures shall be promptly so filed when adopted.

Quarterly reports and requests for Matching Funds shall be filed with the House and Senate Committees on Ways and Means, with copies to the Board of Higher Education, as required by law and applicable guidelines.

**UNIVERSITY OF MASSACHUSETTS
GUIDELINES FOR THE IMPLEMENTATION OF THE PUBLIC HIGHER
EDUCATION ENDOWMENT INCENTIVE PROGRAM
(Doc. T04-083, Addendum to Doc. T96-135)**

Gifts for Facility Construction and Maintenance

The Commonwealth of Massachusetts has generously committed to a multi-year program of matching private funds raised for endowments at the University of Massachusetts. The matching fund program has language that specifically encourages the matching of so called facility construction and maintenance funds. Clearly the legislature wanted to encourage fund raising to improve the infrastructure of the University of Massachusetts.

Two of the primary goals of the University of Massachusetts are to both increase our permanent endowment and to dedicate funds to the overall improvement of our buildings. Therefore the State match program is very helpful in meeting these goals.

1. The original gift and match principle of any Public Higher Education Endowment Incentive program endowment may not be reduced.
2. The University of Massachusetts and the University of Massachusetts Foundation will count private gifts for capital improvement as eligible for the State match.
3. Campuses are urged to borrow equivalent amounts of such endowed capital funds from the University of Massachusetts Building Authority to accomplish the capital project envisioned by the gift.
4. The University of Massachusetts Foundation spending rate will be adjusted for these capital endowments to allow an annual spending rate of up to 8.5% to be distributed back to the campus as long as any outstanding debt for the project is outstanding. When all debt has been liquidated that particular capital endowment will revert to the standard University of Massachusetts Foundation annual spending rate.
5. Any additional appreciation accrued beyond the initial gift and match “the endowment” may be utilized by the University of Massachusetts Foundation to meet the 8.5% annual spending rate goal in order to meet obligations for the capital project completed as long as any outstanding debt payments for the project are outstanding.