



### 6.10.3 Establishment and Management of Endowments

Chapter 6 - Fiscal	Original Effective Date: October 2007
Section: 6.10 Endowments and Current Use Gifts	Date Last Reviewed: December 2022
Responsible Entity: Vice President/Chief Development Officer	Date Last Revised: December 2022

#### I. Purpose

It is the responsibility of The University of Texas Health Science Center at San Antonio (UT Health San Antonio) to uphold the highest level of accountability between UT Health San Antonio and donors by establishing standards for the appropriate use, management and annual reporting on the use of income distributions from established endowments.

#### II. Scope

This policy applies to newly established and existing endowments at UT Health San Antonio.

#### III. Policy

UT Health San Antonio seeks and receives private sector contributions for the purpose of establishing endowments to fulfill the mission and goals of the university. Endowment gifts are those for which donors have stipulated, under the terms of a gift agreement creating the fund, that the principal of the fund is not to be spent. The principal of the fund is to remain in perpetuity and invested for the purpose of producing present and future income.

The Office of Institutional Advancement (OIA) monitors use of endowments to ensure funds are used in compliance with the donor’s intent and within the rules and regulations of the UT System Board of Regents. The OIA Endowment Compliance Services provides training and counsel each year to all Endowment Holders and Administrators with the goal of maintaining compliance in all endowment matters.

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### A. Endowment Levels

Endowments are designated for the following purposes and are established at the following minimum levels:

1. Endowed Faculty Positions (Chairs and Professorships)
  - a. Faculty Fellowship: \$250,000
  - b. Professorship: \$500,000
  - c. Distinguished Professorship: \$1,000,000
  - d. Chair: \$2,000,000
  - e. Distinguished Chair: \$3,000,000
  - f. Distinguished University Chair: \$4,000,000
  - g. President's Distinguished University Chair: \$5,000,000
2. Scholarships and Fellowships
  - a. Scholarships: \$50,000
  - b. Graduate Fellowships: \$100,000
3. Programs and other educational activities
  - a. Miscellaneous/Programs: \$50,000

### B. Establishing an Endowment

1. When accepting a new endowment gift all monies are to be received by the OIA. The OIA prepares a gift agreement defining the purpose and terms of the gift and seeks approval from The University of Texas System (UT System) to accept the gift.
2. Upon final approval of the endowment by UT System's Office of Institutional Advancement and Gift Planning Services, written notification is sent to the Office of the President and funds are transferred to UT System via a wire transfer.
3. Ultimately, the OIA provides the department/division Endowment Administrator a copy of the gift agreement and supporting documentation which defines the donor's purpose and the terms for the established endowment.
4. A list of all endowments, including endowed appointments, the purpose and any restrictions designated by the donor(s) will be maintained by the OIA.

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#### C. Additions to an Established Account

When accepting an addition to an established endowment, notification and monies are to be forwarded to the Office of Institutional Advancement (OIA).

#### D. Guidelines for Use of Funds

1. Income distributions on endowments are deposited into local endowment accounts (Funds 48004 and 48500) on a quarterly basis.
2. Distributions from an endowment are subject to conditions or restrictions required by the donor(s), consistent with guidelines approved by the UT System Board of Regents and adhere to all applicable laws and regulations.
3. For endowed chairs and professorships, the respective school will pay from its funds such amounts as are necessary to set the salary of the holder at a level commensurate with their record, experience, and position in the faculty. Distributions from the endowment may be used both for salary supplementation and for other professional support of the holder of the endowed position. Appropriate expenditures can include, but are not limited to:
  - a. Salary support for the designated holder or staff member to allow greater focus on the donor directed endowment purpose;
  - b. Research;
  - c. Clinical research work (with the exclusion of normal operational costs);
    - i. Endowed academic positions may only subsidize normal clinical operations if this intention is consistent with the stated purpose of the endowment.
    - ii. All endowment expenditures involving human subject research should be assessed for clinical procedures. Research projects involving clinical procedures, billing risk must be reviewed and approved by the institutional Clinical Trials Office (CTO) with adherence to institution-wide CTO policies and procedures.

*Note: the Mays Cancer Center has offices with equivalent responsibilities that are required to comply with the same institutional regulations and UT System policy; the institutional CTO verifies conformance of the institution-wide CTO policy and process.*
  - d. Equipment;
  - e. Professional travel and development (holder or staff);
  - f. Student support;
  - g. Administrative overhead to support the holder's scholarly activities;

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- h. Consultants;
  - i. Curriculum development;
  - j. Publications;
  - k. Recruitment expenses; and,
  - l. Specific guidelines mentioned in the endowment agreement.
4. Endowment distributions may also be used to pay an appropriate part of the salary of the holder of the endowed position commensurate with an authorized reduced faculty workload when required by other duties of the position or when the holder is on part-time or full-time research leave which is otherwise unfunded. It is provided specifically, however, that, in no event, will endowment distributions be used to supplant any other source of funds used to pay the base salary of the holder of the position when the holder is performing their regular duties. Salary expenditures must comply with University policies.
  5. Expenditures related to the recruitment of an Endowed Holder for unfilled endowed chair and professorship positions is permitted.
  6. For endowed fellowships, distributions from the endowment may be used to supplement the salary of the Endowed Holder of the fellowship, who may be a qualified person of any academic rank irrespective of tenure status and will also be available for other professional support of the holder.
    - a. The endowed fellowship may be used to provide temporary support (not to exceed one academic year) of distinguished scholars who are in temporary residence at the institution while participating in planned academic programs;
    - b. visiting scholars who are in temporary residence at the institution for special academic programs or purposes;
    - c. an institution faculty member who has made unique contributions to academic life or to knowledge in their academic discipline; or
    - d. institution faculty of any academic rank, irrespective of tenure status, who have been selected for teaching excellence through procedures established by the institution.
  7. Grants for endowed visiting professorships and endowed teaching fellowships of at least \$50,000 already under contractual agreement for the future, bequests included in wills made prior to April 14, 1988, and other prior bona fide arrangements for endowed teaching fellowships and endowed visiting professorships are accepted in this regulation.
  8. Grants for endowed lectureships of at least \$20,000 already under contractual agreement for the future, bequests in wills made prior to April 14,

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1988, and other prior bona fide arrangements for endowed lectureships are excepted from the minimum amount restriction in this regulation. Salary expenditures must comply with University policies.

#### E. Managing an Endowment

1. Endowment distributions are to be budgeted and used by the Endowment Administrator and Endowed Holder to carry out UT Health San Antonio's mission of instruction, research and service in compliance with the donor(s) wishes and according to the official document(s) associated with the establishment of the endowment by The University of Texas System Board of Regents or its designee(s); and in accordance with applicable policies approved by the Board of Regents and UT Health San Antonio.
2. Each department will maintain a permanent endowment file with the gift agreement and supporting documentation on each endowment held in the department.
3. The Endowment Administrator and Endowed Holder are responsible for the management of distributions from each of the endowments in their department or division. They must approve all expenditures and transfers of funds from an endowment distribution account. In some instances, approval from the Endowment Compliance Executive may also be required.
4. Signature authority for primary expenditures for an endowed position shall be given to the Endowed Holder and other appropriate staff ensuring there is an appropriate segregation of duties.
5. Transfers of funds from an endowment distribution account to an UT Health San Antonio's operating account(s) may be made only if the restrictions for the operating account are consistent with the terms of the endowment agreement.
6. Endowment distributions cannot be used to establish or create, in whole or in part, another endowment, except in accordance with UT System gift acceptance procedures.
7. Endowment distributions should be expended on an annual basis. Accumulations greater than 10% of the ending market value of the previous fiscal year (unless below \$5,000) must include a plan to expend the accumulated balance in the annual *Report of Use*. A department's *Report of Use* may be reviewed for appropriateness by the Endowment Compliance Committee and Endowment Compliance Executive.
8. Requests for reinvestment of distributions may be granted upon review and approval of the Endowment Compliance Committee and Endowment Compliance Executive.

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9. The Endowment Administrator is to be notified of non-compliance issues to ensure timely resolution. At the discretion of the Endowment Compliance Executive and Endowment Compliance Committee, if after 30 days the issue is determined to be of significance and has not been resolved, a written follow-up memo will be sent to the appropriate dean requesting an in person meeting to resolve the issue. When an issue is properly resolved, the Endowment Administrator must notify the Endowment Compliance Executive and Endowment Compliance Committee.
10. Endowment Holders/Managers are required to adhere to UT System standards for endowment compliance in order to continue as a holder.

#### F. Training Responsibilities

1. The Endowment Administrator will provide a current list of Endowed Holders and names of individuals with signature authority or who assist in the management of endowments to the Senior Manager of Endowment Administration at the beginning of each fiscal year and as changes occur throughout the year.
2. Individuals with signature authority or who assist in the management of endowments, including Endowed Holders/Managers, must complete biennial training.

#### G. Reporting Requirements

1. The Endowment Administrator will provide a detailed *Report of Use and Self-Assessment Certification* to the Senior Manager of Endowment Administration by November 1 each year.
2. The Endowed Holder/Manager will submit a *Statement(s) of Accomplishment* outlining research, educational programs, or other activities that have directly benefited from the endowed chair or professorship and support the endowment purpose to the OIA, by November 1 each year.
3. If an endowed faculty position is unfilled, the dean and the department chair may consider the appointment of a qualified interim holder and defined budget for a designated time while recruitment efforts continue for a holder. The interim holder's qualifications should support the purpose and intent of the endowment. See Institutional Handbook of Operating Policies (IHOP) Policy [3.1.4 Endowed Appointments](#) for additional guidance.  
  
Recruitment efforts and interim holder appointment plans for unfilled faculty positions must be submitted directly to the OIA in the *Statement(s) of Accomplishment* by November 1 of each year.
4. The *Report of Use and Statement(s) of Accomplishment* forms are used to develop an annual letter from the president to each donor reporting endowment stewardship.

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### H. Compliance and Reapproval

1. All endowments for academic positions are subject to periodic review.
2. Endowments Holders/Managers whose endowments are not in compliance or do not have approved spending plans will be provided specific options and timelines for restoring endowment compliance. Holders/Managers must implement recommended plans to restore compliance within the approved time period. Plan implementation is monitored by the Senior Manager of Endowment Administration.
3. Endowment Holders/Managers whose endowments remain out of compliance and who do not implement their approved spending plans by the end of the fiscal year may be removed as Holders/Managers. In such cases, Holders/Managers will have been counseled throughout the year and formally notified in writing. Holders/Managers may appeal a decision not to reappoint. The appeal procedure for a Holder who is not reappointed is through their dean. See IHOP Policy [3.1.4 Endowed Appointments](#) for additional guidance.

### IV. Definitions

*When used in this document, the following words have the meaning set forth below unless a different meaning is required by context.*

Endowment Administrator – individual responsible for managing, reporting, and complying with UT Health San Antonio and donor guidelines for endowments, in most cases the department Administrator.

Endowed Holder (Holder) – faculty member officially appointed by the president to an endowed faculty position (chair or professorship).

Endowment Compliance Executive – individual responsible, vice president for institutional advancement, for ensuring UT Health San Antonio’s endowments are in compliance, and annually certifies endowment compliance to The University of Texas System. The Endowment Compliance Executive serves as the chair of the Endowment Compliance Committee.

Endowment Compliance Committee – responsible for ensuring the appropriate level of endowment compliance from a broad institutional perspective, and for reviewing the institution’s endowment compliance plan. The Committee is composed of the chair and representatives from a Dean’s Office and from the Institutional Compliance and Privacy Office, Office of Finance or Accounting and a School representative. To assist the Committee, representatives from Academic Administration, Business Affairs, Student Financial Aid, Student Services, the Executive Research Committee,

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and other selected departments that hold or manage endowments may be invited to provide advice to the Committee on an as-needed basis.

Manager of Advancement and Endowment Services – individual responsible for designing, developing, implementing and evaluating acceptance of endowment gifts following [UT System \(UTS\) Policy 138, Gifts Acceptance Procedures \(GAP\)](#).

Senior Manager of Endowment Administration – individual responsible for designing, developing, implementing and evaluating the Endowment Compliance Program at UT Health San Antonio.

#### V. Related References

For questions regarding this policy, contact the Office of Institutional Advancement at 210-567-9219 or [makeslivesbetter@uthscsa.edu](mailto:makeslivesbetter@uthscsa.edu).

The University of Texas System (UTS) Policy  
[UTS 138 Gifts Acceptance Procedures \(GAP\)](#)

Institutional Handbook of Operating Policies  
[Chapter 6 Fiscal Policies, Section 6.10 Endowments and Current Use Gifts](#)

#### VI. Review and Approval History

- A. The approving authority of this policy is the University Executive Committee.
- B. The review frequency cycle is set for three years following the last review date, a time period that is not mandated by regulatory, accreditation, or other authority.

Effective Date	Action Taken	Approved By	Date Approved
10/2007	Policy Origination		
02/2020	Review/Revised		
12/2022	Review/Revised	Executive Committee	12/13/22