

1. Title

Fees for Endowment Administration and Management

2. Rule and Regulation

Sec. 1 Background. Each University of Texas System institution is charged with raising private sector contributions for the establishment of endowments to fulfill the mission and goals of the institution. Endowments are designated for student scholarships and fellowships, faculty and administrative support, and for programmatic purposes. Administration and management of the endowments are the joint responsibility of the U. T. System and each institution. The U. T. System and System institutions must devote adequate resources to assure appropriate accounting and use of endowment funds. In addition, high-quality, effective compliance programs are of fundamental importance and represent an ongoing fiduciary responsibility of System Administration and each institution. As authorized by *Texas Education Code* [Section 65.37](#), the Board of Regents may assess fees for endowment administration and management.

Sec. 2 Type and Amount of Fees. The Board of Regents authorizes The University of Texas Investment Management Company (UTIMCO) to assess an administration and management fee of up to 0.20% of the market value of the Long Term Fund's (LTF) net asset value as determined by UTIMCO for the support of endowment administration and management efforts by each institution.

In addition, the Board of Regents authorizes UTIMCO to assess an administrative fee of up to 0.03% of the market value of the LTF's net asset value as determined by UTIMCO for the support of endowment administration and management efforts by System Administration for support of enhanced and expanded System Administration endowment administration and management efforts. These administration and management fees replace the previously charged fee for endowment compliance (0.08%) and the fee for education purposes (0.02%) and those fees will no longer be assessed.

Sec. 3 Implementation and Use of Fee. This Rule authorizes a small portion of the LTF (up to an aggregate of 0.23%) to be used to offset the U. T. System and an institution's administrative and

management activities to ensure appropriate administration and management as well as institutional compliance with the agreements made with endowment donors. The Chancellor may authorize an institution to exercise this funding option and assess up to 0.20% of the market value of its endowments invested in the LTF and up to 0.03% of the market value of all LTF endowments for System Administration.

To be eligible to receive these administration and management fees above a rate of 0.08% for the institutions and 0.02% for the U. T. System, System Administration offices and each institution must provide evidence of expenditures on endowment administration and management based on guidance provided by the Office of External Relations and verified by institutional internal audit departments in coordination with the System Audit Office. The assessment of the administration and management fees on the endowments may not exceed the amount necessary to reimburse System offices and the institution for its verified endowment administration and management expenses. An institution may exempt specific endowments from the assessment and is not required to assess a fee if it wishes to absorb administration and management expenses.

Sec. 4 Program Details. Operational details are to be determined by the Chancellor, the President and Chief Executive Officer of UTIMCO, and/or their designated representatives.

4.1 Basis of Distributions. Assessment level distributions will be made annually based on the prior 12-quarter average of the market value of the LTF on May 31 of each fiscal year.

3. Definitions

Endowment – funds that typically have certain donor imposed restrictions placed upon the principal and/or the funds available for distribution (e.g., income and/or gains).

4. Relevant Federal and State Statutes

Texas Education Code [Section 65.37](#) – Funds Received for Trust Services

5. Relevant System Policies, Procedures, and Forms

[The University of Texas System Administration Policy UTS138, *Gift Acceptance Procedures*](#)

6. Who Should Know

Administrators
Chief Business Officers
Development Officers

7. System Administration Office(s) Responsible for Rule

Office of External Relations
Audit Office

8. Dates Approved or Amended

October 12, 2007
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

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