

1. Title

Fees for Endowment Administration and Management and Enhancement of Philanthropy to Support University Missions

2. Rule and Regulation

Sec. 1 Background. Each University of Texas institution is charged with raising private sector philanthropic contributions for the establishment of Endowments and other funds to fulfill the educational, research, and clinical missions and goals of the institution. Endowments are designated for student scholarships and fellowships, faculty and research support, and for programmatic purposes. Administration and management of the Endowments are the joint responsibility of the U. T. System Administration and each institution. They 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.

Philanthropy across U. T. institutions constitutes a critical revenue source to augment other income such as tuition and fees, sponsored research, and clinical revenue.

Sec. 2 Type and Amount of Mandatory Fees. As authorized by *Texas Education Code* [Section 65.37](#), the Board of Regents assesses the following fees from Endowments for endowment administration, management and compliance, and the enhancement of philanthropy. Investment-related expenses are not covered under this Rule, but are covered by the Investment Management Services Agreement between the U. T. System Board of Regents and The University of Texas/Texas A&M Investment Management Company (UTIMCO).

2.1 Institutional Endowment Fee. The Board of Regents assesses an endowment fee of 0.80% (80 basis points) of the market value of the Long Term Fund's (LTF's) net asset value of an institution's Endowments to be disbursed to each institution. Such endowment fee shall be used by each institution to ensure endowment administration and compliance; to provide more adequate funding for development operations at the institution; and to substantially increase philanthropic revenue to support

the education, research, and clinical missions and goals of the institution.

All new Endowments created after September 1, 2022, will be assessed the Institutional Endowment Fee.

Only Endowments that were previously exempted from the Institutional Endowment Fee (formerly the “development allocation”) prior to August 31, 2022, are grandfathered.

Donors with cumulative Endowments with a market value in excess of \$50 million at one institution may request an exception from the institutional president to allow their Endowments to be assessed the Institutional Endowment Fee at 20 basis points at that institution once the cumulative market value of the Endowment exceeds \$50 million.

- 2.2 Administration and Management Fee. The Board of Regents assesses an administrative fee of an amount up to 0.03% (3 basis points) of the market value of the LTF’s net asset value to be disbursed to U. T. System Administration for the support of Systemwide administration of the LTF and management efforts in the provision of direct service and support to the institutions. The amount of the fee assessed will be the amount needed to cover related operational costs approved by the Board of Regents in the annual budgeting process, up to the authorized amount.
- 2.3 System Administrative and Endowment Fee. The Board of Regents assesses an administrative fee of an amount up to 0.20% (20 basis points) of the market value of the LTF’s net asset value of only U. T. System Administration’s restricted Endowments (not institutional Endowments) to be disbursed to U. T. System Administration to ensure appropriate administration and management as well as compliance with the agreements made with Endowment donors. The amount of the fee assessed will be the amount needed to cover related operational costs approved by the Board of Regents in the annual budgeting process, up to the authorized amount.

Sec. 3 Program Details. Operational details, including UTIMCO's processing of distributions related to these fee assessments, are to be determined by the Chancellor, the Executive Vice Chancellor for Health Affairs, the Executive Vice Chancellor for Academic Affairs, the Executive Vice Chancellor for Business Affairs, and the Vice Chancellor for External Relations, Communications and Advancement Services, in consultation with UTIMCO. Funds resulting from the fee assessments are to be distributed annually based on the prior 12-quarter average of the market value of the LTF Endowments 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 Systemwide Policy UTS 138, 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, Communications and Advancement Services
Audit Office

8. Dates Approved or Amended

[Regents' Rules Revision History](#)

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu