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3/14/07
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UNIVERSITY OF MASSACHUSETTS

QUASI ENDOWMENT POLICY

The University and each of its campuses shall designate annually unrestricted operational funds as quasi-endowment funds. These funds shall be transferred to the UMass 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 UMass Foundation subject to an agreement between the University and the UMass Foundation.

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 University of Massachusetts 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The principal of such funds may be withdrawn from the Foundation and returned to University operating cash when and if the President so authorizes. Such withdrawals will be approved only under extraordinary circumstances that clearly require the use of these funds. The President will notify the Trustees whenever such a withdrawal is approved.

The President is authorized to suspend required annual unrestricted operational fund contributions to the quasi-endowment for FY10 and FY11. Such suspensions will be approved only under extraordinary financial circumstances. The President will notify the Trustees whenever such a suspension is authorized.

UNIVERSITY OF MASSACHUSETTS
UNIVERSITY'S QUASI-ENDOWMENT POLICY

GUIDELINES

1. The goal is to have the overall University's endowment double approximately every four years through quasi endowment allocations, principal growth and private giving.
2. The University's annual audited financial statements will reflect unrestricted funds that each campus designated to increase that unit's quasi-endowment fund.
3. In the initial years FY '08 to FY '13 each campus shall allocate 10% of their previous ending year June 30 operating cash balance to their quasi-endowment fund. Each succeeding year the percentage designated shall not be more than 105% of the previous year's designation.
4. Campuses are encouraged to and may also designate gifts to the quasi-endowment fund.
5. Campus leadership may encourage sub-units within the campus to actively add funds to the quasi-endowment. Sub-units will benefit by having an endowment that they can utilize and also use to encourage others to add to through gifts and other giving.