



RESOLUTION

concerning

CONNECTICUT STATE UNIVERSITY SYSTEM POLICY
on
ENDOWMENT GUIDELINES FOR STATE MATCHING FUNDS

April 6, 2000

WHEREAS, In October of 1997 guidelines concerning the solicitation and acceptance of endowment fund eligible gifts were adopted by the Board of Trustees in compliance with Public Act 97-293 (An Act Concerning the Advancement of Public Institutions of Higher Education), and

WHEREAS, This Act mandated the creation of a permanent endowment fund for the Connecticut State University System and provided a matching state grant for contributions made to the endowment funds of the System, and

WHEREAS, An Act Concerning Higher Education (P.A. 99-285) was passed in the 1999 Legislative session and subsequently signed by the Governor in July, 1999, and

WHEREAS, This Act mandated that each university's portion of the endowment fund state grant and their share of earnings on the grant be transferred to the university's endowment fund annually within thirty days of receipt by the Connecticut State University System, and

WHEREAS, Certain other revisions to the guidelines have also been recommended, therefore be it

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby rescinds Board Resolution #97-70, "Connecticut State University System Policy on Endowment Guidelines for State Matching Funds" and addendum thereto, and be it further

RESOLVED, That the Board of Trustees for the Connecticut State University System hereby adopts the attached addendum as said Policy.

A Certified True Copy:

William J. Gibes, Jr., Chancellor

CONNECTICUT STATE UNIVERSITY SYSTEM
BOARD OF TRUSTEES
ENDOWMENT GUIDELINES FOR STATE MATCHING FUNDS

Preamble

The Board of Trustees of the Connecticut State University System is empowered by Public Act 97-293 to establish a permanent Endowment Fund for the universities within the Connecticut State University System and the System as a whole to encourage donations from the private sector through a match in the form of Endowment Fund state grants. As directed by Public Act 99-285, each university's portion of the Endowment Fund and their share of earnings on the grant will be transferred to the university foundations within thirty days of receipt by the System, pro rated on the basis of endowment gifts contributed to each university and the Connecticut State University System. These funds will be used for endowed professorships, scholarships and programmatic enhancements.

The Connecticut State University System strongly encourages the solicitation and acceptance of gifts that enable it to fulfill the system's mission. For an institution dedicated to higher education, private gifts are essential. For a public institution dedicated to higher education, they enable us to build a greater university than the state alone can build.

Endowment gifts may be sought from individuals, corporations, foundations and other organizations — including municipalities — for purposes, positions, and programs which meet the needs of the university. Endowment gifts to benefit each university should be deposited respectively into the endowment funds of the university foundations: CCSU Foundation, Inc., ECSU Foundation, Inc., Southern Connecticut State University Foundation, Inc. and Western Connecticut State University Foundation, Inc. Donations to the CSU system should be made to the Connecticut State University System Foundation, Inc.

Policy Guidelines for the State Matching Gifts Program

- a. The matching program and these policy guidelines apply to each university, the system as a whole, and the single foundation associated with each.
- b. An endowment fund eligible gift is a gift to, or for the benefit of, any of the state universities of the CSU system or the system as a whole, of cash or assets which may be reduced to cash or which has a value that is ascertainable by the universities or the system. The gift must either be specifically designated by the donor for deposit in the Endowment Fund of the university or the system, or be deposited by the university or system in the Endowment Fund because of the explicit or implicit terms of the gift. Whenever possible, donors should be urged to specify in writing that their gift is to be deposited into the Endowment Fund so that it will be eligible for the State match. Endowment Fund eligible gifts made on behalf of a state university or the system as a whole shall be deposited in a permanent Endowment Fund in the appropriate foundation established pursuant to section 4-37e and 4-37f of the general statutes.

- c. The match will apply to 1) all pledge payments and gifts which create an endowment, and 2) all pledge payments and gifts which add to an existing endowment.
- d. The maximum amount of matching funds which may be applied to any single pledge payment or gift is \$2,500,000 per year. Endowment fund eligible gifts which require a greater match may be given the additional match in subsequent years.
- e. All endowment fund eligible gifts and pledge payments will be matched on a one-for-two basis (one match dollar for every two dollars in endowment fund eligible gifts).
- f. Pledges must be documented by a signed agreement from the donor in which payments to be received during the matching period are specified.
- g. Endowment fund eligible gifts and properly documented pledge payments will be matched or reserved for a match in the order they are received. Properly documented pledges will not be matched until the actual payments are received; however, they will reserve matching funds during the period of the match and they will not be displaced by gifts received later.
- h. Endowment fund eligible gifts (and properly documented pledge payments) received from reunion, memorial gift campaigns or other group gift campaigns will be matched with the approval of the chief advancement officer of the institution.
- i. Endowment fund eligible gifts of property are those that are converted to cash during the matching period; such gifts will be eligible for the match when the conversion occurs.
- j. Life income and other deferred gifts will not be eligible for the match until the principal is irrevocably received.
- k. Bequests, charitable remainder trusts, and charitable gift annuities will be matched during the period in which they are received.
- l. Exceptions to the provisions of these guidelines which are not governed by statute may be granted by the Chancellor or a President. All exceptions are to be reported to the Board of Trustees.
- Because conditions change over time, all endowment instruments should contain the following contingency clause, or a clause with substantially similar language that has been reviewed by appropriate legal counsel:

If circumstances should arise in the future that make it illegal, impossible, or impracticable to use the gift for the purpose specified above, then the President of the University may submit a request for modification of this purpose to the Board of Trustees of the _____ Foundation. If, in the best judgment of the Trustees, such modification is deemed prudent, they may authorize the use of the income from the Fund for the fulfillment of objectives as near as practical to the primary purpose of this fund. In the event of such modification, the name of _____ will continue to be associated with the fund.

- Endowment gifts which foundations receive on behalf of their university or the System must not inhibit the foundation or university from seeking gifts from other donors, be they similar or different, foreign or domestic. Further, no gift can be received that limits, beyond a general definition of subject area, the research that a faculty member or student can perform. A gift cannot be received which reserves the designation of the beneficiary for the gift to the donor or one which restricts the beneficiary to relatives or descendants.
- The foundations and universities value, and will protect, the integrity and independence of both organizations as well as the academic freedom of the university community. Gifts that may expose the foundations or universities to adverse publicity, require expenditures beyond their resources, or involve them in unexpected responsibilities because of their source, conditions, or purposes will be referred to the chief advancement officer involved who may withhold approval of acceptance, pending a review.
- Foundations will not accept gifts for the universities that involve discrimination based upon race, religion, sex, age, national origin, color, handicap or any other basis prohibited by federal, state, and local laws and regulations. Foundations cannot accept gifts which are restricted to the future employment, admission, or any other benefit of the recipient of the gift. Nor can the Foundation accept gifts that obligate it or the University to violate any other applicable law or regulation, or that violate the Foundation's certificate of incorporation, or bylaws.
- This policy is designed to provide guidance to the Foundations and university communities and the general public so as to facilitate the gift-giving process. It is not intended to limit philanthropic creativity. Therefore, this policy is to be interpreted liberally so that prospective donors may enjoy the greatest freedom possible in formulating their gifts.

Procedure for Receiving State Matching Grant

1. During each fiscal year, endowment fund eligible gifts are to be sent directly to the university or system foundation the donor wishes to support. The foundation records and acknowledges the contribution and is responsible for approving the gift's eligibility.
2. Endowment fund eligible gifts and pledge payments received beginning January 1, 1998 and ending December 31, 2007, are the only funds that are eligible for the state match.

3. Each university foundation and the system foundation will report all endowment fund eligible gifts raised between January 1 to December 31 of each year to the CSU Board of Trustees no later than January 31 of the following year.
4. The Chairperson of the CSU Board of Trustees will certify the total amount of all endowment fund eligible gifts received by or for the benefit of the system as a whole and each state university during the preceding calendar year to the Secretary of the Office of Policy and Management, to the joint standing committee of the General Assembly on Appropriations, and to the Commissioner of Higher Education, by February 15 of each year.
5. Following the appropriation of the required state match to the Department of Higher Education, the state matching grant will be received and deposited into the permanent System Endowment Fund of the Connecticut State University System, located within the Connecticut State University System Foundation, as soon as possible after July 1 of the appropriate year.
6. Within thirty days of receipt by the System, each university's portion of the endowment fund state grant and their share of earnings on the grant will be transferred to the Endowment Funds of the university foundations pro rated on the basis of the amount of endowment gifts contributed to each university.

Maximum State Commitment by Year

Calendar Year Gift Received	Fiscal Year Matched	Maximum State Match
1998	1999-2000	2.5 million
1999	2000-2001	5.0 million
2000	2001-2002	5.0 million
2001	2002-2003	7.5 million
2002	2003-2004	7.5 million
2003	2004-2005	7.5 million
2004	2005-2006	7.5 million
2005	2006-2007	7.5 million
2006	2007-2008	5.0 million
2007	2008-2009	5.0 million

Investment Policies and Guidelines

- Matching money deposited in the System and University Endowment Funds will be invested, subject to the provisions of P.A. 97-293, according to policies and guidelines established by the Foundations.
- Only the income earned from the Endowment Funds can be spent. Principal balances shall not be invaded.

ITEM

Endowment Guidelines for State Matching Funds.

BACKGROUND

An Act Concerning Advancement of Public Institutions of Higher Education was passed in the 1997 Legislative session and subsequently signed by the Governor. Among other things, the Act directed the Board of Trustees for the Connecticut State University System to establish a permanent Endowment Fund into which would be placed a state grant, up to a specified amount, which matches on a 1:2 ratio funds donated to the endowment funds established at each university and for the system as a whole. The Act further directed the Board of Trustees for the Connecticut State University System to adopt guidelines with respect to the solicitation and acceptance of endowment fund eligible gifts.

Subsequently, An Act Concerning Higher Education was passed in the 1999 Legislative session and afterwards signed by the Governor. This Act directed the Board of Trustees for the Connecticut State University System to transfer to each university's endowment fund, on an annual basis within thirty days of receipt, each university's portion of the endowment fund state grant plus interest. Such funds would be used for endowed professorships, scholarships, and program enhancements which may include enhancements to any activity undertaken by the universities to create an environment for quality education.

ANALYSIS

The guidelines adopted in 1997 need to be revised to reflect this change. Also, the 1997 guidelines included a limitation as to the size of the gift that would be considered matchable; this limitation is not required by statute, and is being eliminated. Another change suggests that more explicit language be used by donors in designating gifts for endowment purposes. Highlights of the revised guidelines are as follows:

- Each university's foundation will hold and invest donations received by that foundation.
- State matching funds will be deposited in the statutorily required permanent System Endowment Fund which will be administered by the Trustees of the Connecticut State University System Foundation.
- Within thirty days of receipt by the System, each university's portion of the endowment fund state grant and their share of earnings on the grant will be transferred to the Endowment Funds of the university foundations pro rated on the basis of the amount of endowment gifts contributed to each university. Such funds will be used for endowed professorships, scholarships and program enhancements.
- The state match will apply to all pledges and gifts which create an endowment and all pledges and gifts which add to an existing endowment.
- The maximum amount of matching funds which may be applied to any single gift or pledge is \$2,500,000 per year.
- Endowment fund eligible gifts and pledge payments will be matched in the order in which such gifts and pledges are received.

CHANCELLOR'S RECOMMENDATION

Approve the Endowment Guidelines for State Matching Funds.