

University Gift/Endowment Assessments

In order to support the institution and defray central expenses (overhead) the university applies an assessment to gifts, endowment payouts, and sponsored activity. This official assessment rate has historically ranged from 15-26%, excluding space charges. All gifts, both current use and endowment payouts, are now subject to a 20% overhead assessment that partially supports indirect program and administrative costs, such as Facilities, Payroll, Human Resources, Information Technology Services, Public Safety and other administrative support services. On sponsored activity the federal allowable rate is 26%, which is below the actual university calculated cost of over 30% when a fully accounting is conducted.

For current use gifts, the administrative assessment is charged at the time expenses are incurred (the money is spent) and for endowments, when the payout is credited to the expense fund. Also, for the three-year period FY26-28, endowments will be assessed an additional 7.9% to fund critical additional institutional investments, this corresponds with an increase in the overall spending rate on university endowments which is critical to the financial stability of the university. This increase in the assessment is not reducing the amount of funding available to the unit that is the recipient of the endowed fund.

Expenses incurred for (i) tuition-reducing financial aid or (ii) capital projects are excluded from the university assessment.

If a donor specifically disallows or reduces the administrative costs to be applied to otherwise eligible gifts, the department benefiting from the gift fund is responsible for covering the associated assessment shortfall from other sources, i.e. departmental funds. It is the responsibility of the Department to ensure that there are sufficient funds in the alternate funding sources to cover those overhead shortfall charges, incorporate any such substitution in their budget submission and inform the Budget Office accordingly.

Any exception to this policy is at the discretion of the (i) President, or (ii) collectively, the Provost and the Executive Vice-President.

Example of how endowments are being held harmless despite the increase in current assessment rates:

Example of Endowment Payout

	<u>FY2025</u>	<u>FY2026</u>
<i>Endowment Value</i>	1,000,000	1,000,000
<i>Payout Percentage</i>	7.00%	8.25%
<i>Dollar Payout</i>	70,000	82,500
<i>University Assessment (percent)</i>	15.00%	20.00%
<i>University Assessment (dollars)</i>	10,500	16,500
<i>Special Assessment (percent)</i>	0.00%	7.90%
<i>Special Assessment (dollars)</i>	-	6,518
Net Spend for Unit	59,500	59,483