



THE UNIVERSITY of  
NEW ORLEANS

**ADMINISTERED BY: Office of Vice  
President for Business Affairs**

**Policy No: AP-BA-38.2**

**TITLE: Spending and Financial  
Reporting Policy for Louisiana  
Board of Regents Endowments**

**EFFECTIVE DATE: February 21, 2014\*  
(\*Policy Revised, see below)**

**CANCELLATION:**

**REVIEW DATE: Spring 2018**

#### **PURPOSE**

This policy governs expenditures from endowed funds of The University of New Orleans Board of Regents Endowments. The policy describes the procedures by which the University of New Orleans administers the spending and financial reporting function for Louisiana Board of Regents Endowed Funds.

#### **AUTHORITY**

*Uniform Prudent Management of Institutional Funds Act (UPMIFA) L.R.S. 9:2337.1-10; Board of Regents Endowed Chair, Endowed Professorship and Endowed Scholarship Programs Statement of Investment Policy and Objectives;*

*Board of Regents Endowed Chairs for Eminent Scholars Program Policy; Board of Regents Endowed Professorship Program Policy; University of Louisiana System Policy and Procedures Memoranda FB-IV.(4)a – Policy on University Foundations and Other Affiliated Organizations; University of New Orleans Foundation Affiliation Agreement; University of New Orleans Foundation Funds Management Agreement*

#### **DEFINITIONS**

1. Board of Regents Endowment - Donation to the University, matched by the State, to support teaching, research, and/or service. The purpose of the endowment is indicated in writing by the endowment's benefactor, with the concurrence of the University, its system administration, and the Legislature. State funding is provided for endowed positions at varying levels:
  - A. Endowed Professor: \$60,000 from the benefactor; \$40,000 from the State.
  - B. Endowed Chair: \$600,000 from the benefactor; \$400,000 from the State.
  - C. Endowed Super Chair: \$1,200,000 from the benefactor; \$800,000 from the State.
  - D. Endowed Super Professor: \$120,000 from the benefactor; \$80,000 from the State.

E. Endowed Scholarship: \$60,000 from the benefactor; \$40,000 from the State.

2. Below Corpus (Underwater Funds) - Accounts with market value balance of the endowment is less than the original historic value. Interest generated by an account that is below corpus is not customarily available for disbursement to the endowment holder.
3. Fringe Benefits – The annual negotiated rate assessed to all endowment funds negotiated with the Department of Health and Human Services (DHHS) used to fund health insurance, retirement, and related programs.
4. Endowment Holder - The person who, consistent with University and System appointment guidelines, is designated to occupy the endowed chair or endowed professorship.
5. Endowment Spending Allocation – A portion of earnings from the endowment. Based on the return on the invested capital for the current and future support of the Program, the University of New Orleans Foundation’s Investment Committee determines the annual spending allocation.

#### **GENERAL POLICY**

In accordance with the University’s Affiliation Agreement with the UNO Foundation, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) guides the University of New Orleans Foundation Investment Committee in determining the annual endowment spending allocation amounts.

The Foundation will annually (during the spring) approve an allowable spending rate from Louisiana Board of Regents Endowed Chair and Professorship Program Endowments based on the market value as of December 31, for the upcoming July 1 - June 30 University Fiscal Year. The allowable spending rate will be determined based on the amount of the endowment that is prudent considering the following factors (UPMIFA Guidelines): the duration and preservation of the endowment fund; the purposes of the institution and the endowment fund; general economic conditions; the possible effect of inflation or deflation; the expected total return from income and appreciation of investments; other resources of the institution; and the investment policy of the institution.

Under the Board of Regents guidelines, spending of Chair and Professorship Endowment funds is permitted only if the current endowment market value exceeds the original corpus of the endowment by an amount at least equal to the amount to be spent in the next fiscal year for which spending is to be made. If the current market value of an endowment is below the original corpus of that endowment, no spending is allowed; therefore, no allocation can be made from the endowment fund. Note that the University may elect to supplement the endowment allocation from other University funds at its discretion to achieve its academic objectives. Individual calculations for each Chair or Professorship Endowment are required by the Regents Policy.

The availability and amount of each endowment’s maximum spending allocation will be sent by Academic Affairs to the appropriate Dean by April 15 for the upcoming Fiscal Year. Endowment Holders will be required to present a projected budget for the Fiscal Year, ([Endowments Spending Allocation and Budget Request](#)). Since the allocation will vary from one fiscal year to the next, a new

personnel action form will be required each year.

If the spending allocation policy does not allow a monetary award, the recipient shall keep the title, so long as the established goals and objectives are met.

Whenever the holder of an Endowed Chair and/or Professorship has changed, a Personnel Action Form must be submitted to update the Rank/Title line to include the Endowment title.

Fringe benefit charges will be assessed to each endowment account for any salaries and/or wages at the University's agreed upon rate with the Department of Health and Human Services (DHHS).

All endowment expenditures must be processed through the UNO accounting system. Direct spending from the UNO Foundation is not permitted.

Unexpended spending allocations from the previous fiscal year may be accessed if the request is made in writing to the University of New Orleans Foundation.

In accordance with Board of Regents regulations, the Office of Business Affairs will electronically submit individual endowment data no later than October 1st of each year following the end of the fiscal year. The reports will reflect the activities of each Endowed Chair, Endowed Professorship and Endowed Scholarship. Data will include current holder name, date of last status change, fiscal spending allowed, endowment market value, investment portfolio category distribution (Hedge, REITS, International, Private, Other, International Fixed, Other Fixed and Fixed Income rating).

John W. Nicklow, Ph.D.  
President  
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\*Policy Updates:  
Revisions: 7/22/2016