

REPORT OF  
FACULTY WELFARE COMMITTEE

ADMINISTRATIVE CHARGE ON CONTRIBUTIONS TO EDUCATIONAL FOUNDATION

The Faculty Welfare Committee met with Chris Vlahoplus, Executive Director of the Foundation, and John O'Donnell, Fiscal Officer for the Foundation on November 27, 1983. The following is a summary of the main points that were covered.

1. A major change in the University's organization of fundraising took place during 1977-1978. At this time the structure of fundraising was decentralized to allow colleges and departments to collect and earmark funds for their own use but in a coordinated fashion. Arrangements were made to enable units to maintain earmarked accounts for the use of these funds. Funds can be disbursed from these accounts only with the approval of the designated departmental officer. "For sums of over \$1500, the signature of the President of the Foundation is also required."\*
2. In order to provide additional unrestricted funds, the Foundation decided in 1980 to begin assessing a one time fee of 10% on the aggregate contributions made to a unit each year. This charge is not made against endowed merit earnings, gifts-in-kind, or monies for construction of facilities.
3. Unrestricted funds, those not earmarked for any particular unit, are used for three purposes:
  1. General University programs such as the Faculty-Staff Insurance Program (1983 - \$70,000), the Faculty-Staff Dependent Scholarship Program (1983 - \$44,000), general scholarships, the Provost's Venture Fund, and student exchange programs.
  2. Support for academic activities within colleges which are not large fundraisers. Some colleges or departments are not in as advantageous a position to raise funds as are others. For those, like the Humanities, which are not raising large sums, unrestricted funds are used to support their academic activities such as conferences.
  3. Support for the operations of the Foundation to meet State requirements that universities and foundations keep an "arms length" relationship.
  4. The University spends about \$300,000 in unrestricted funds (1983-84) of which approximately \$50,000 comes from assessments. The remainder comes from unrestricted gifts and interest on investments.
  5. The 10% charge is assess in a flexible fashion. No unit pays more than \$10,000, although some units raise more than \$100,000. The Foundation calculates 10% on the aggregate of all non-endowed gifts for the year and bills the unit in that amount. At this point the department may negotiate with the Foundation on the final charge. Issues such as the size of the account, the specific needs of the unit, and past practice may influence the decision on the final assessment.
  6. There is no charge on endowed funds. Interest on endowed funds accrues to the unit. Interest on other funds becomes unrestricted funds.

7. Unrestricted funds are limited to academic areas and the President's Office. "Anyone within a college or department who administers an unrestricted fund cannot contribute to that fund."\* This safeguard has been instituted to comply with IRS guidelines.
8. The Foundation is audited by independent auditors. The State Auditor's Office is voluntarily supplied with copies of the annual audit.
9. The Foundation is presently under pressure to maintain an "arm's length" relationship with the University. They have offices off campus, contract for services with the University (computers, printing, etc.) and pay for their own telephone and postage costs.
10. Figure on present faculty contributions. In cash and pledges, the Family Fund Campaign - faculty, staff and Board - now stands at over a million dollars.

\*These statements come directly from the Educational Foundation polices statement.