

**ENDOWMENT
SPENDING DISTRIBUTION
UTILIZATIONS**

SPENDING DISTRIBUTION UTILIZATION

Why is appropriate spending
distribution utilization important
for the university?



- Ensures that we are good stewards of donors' contributions
- Provides an excellent source of perpetual funding for a donor's specified purpose
- Frees up other sources of funding for other purposes

SPENDING DISTRIBUTION UTILIZATION

Benchmark

Two years or less of spending distribution
available to spend

SPENDING DISTRIBUTION UTILIZATION

Calculation

Total spending distribution
available to spend
divided by

Total projected spending
distribution to be earned in
one year

Example

Fund	Receiver Account for Spending Distribution	Total Projected Spending Distribution 2021-2022	Endowment Fund Spending Distribution Available as of 12/31/20
0705262400	0705262400	\$64,728.05	\$617,288.06
0705262400	1215515960	\$0.00	\$0.00

$$\begin{array}{r}
 \$760,969.54 \\
 \hline
 \$64,728.05
 \end{array}
 = 11.76 \text{ years of accumulated s}$$

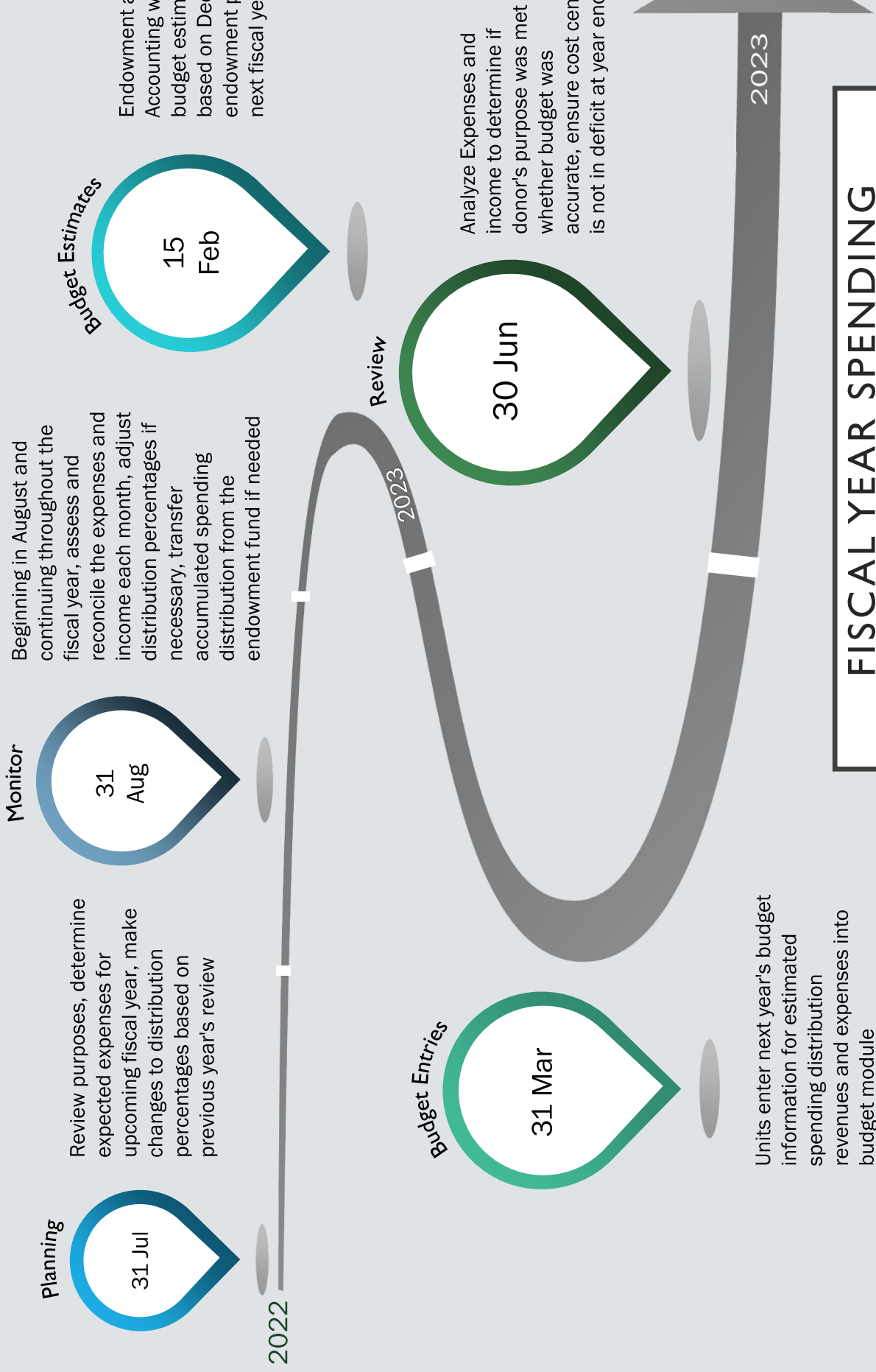
SPENDING DISTRIBUTION UTILIZATION

Guidelines

- Expectation that units will utilize the spending distributions for the endowments unless:
 - Within one year of first deposit date
 - Agreement language:
 - Prohibits using spending distributions for a period of time
 - Permanently restricts unused spending distributions
- EGATS will have utilization resources available in August 2024
 - Keep planning and utilization records
 - If building spending distribution for a specific purpose, add utilization note

If more than two years accumulate

- Endowment professorship and chair open positions
 - Determine if actively need to recruit
 - Determine if need to modify purpose with Philanthropy's assistance if cannot fill the position
- Discuss with UK Philanthropy if changes need for the endowment purpose if too restrictive
- UK Philanthropy work with donor to amend purpose
- Donor aware but wants to keep purpose as stated – make utilization notes
- If donor no longer available to amend the purpose, UK Philanthropy will review options



FISCAL YEAR SPENDING DISTRIBUTION UTILIZATION TIMELINE EXAMPLE

SAP TRANSACTIONS

FM5S – Display Fund

Add UK Endowment fields

- Endowment type
- Estimated annual spending distribution
- Service fee
- RCTF
- Endowment Term
- Special Condition
- First Deposit
- Spending Distribution Percentage

Additional UK Fields for Endowment

Endowment type	4	Non-Std Spending Distribution
Est. annual spending dist.	586.71	State Funded Proportion
Number of shares	1,493.59	Adjusted Contributed Value
Service fee	0.9500	Next Yr Est Spend
Share value	11.7314	Endowment Category
Spending rule rate	0.4275	Fund Currency
RCTF	N	First Deposit
Endowment Term	12/31/2025	
Governing Document	E	
Exempt from service fees	<input type="checkbox"/>	
Spending Agreement	4	
Special Condition		

Cost Center and Fund cannot both be entered on the same line

Delete	Cost Center	Fund	Distribution percent
		0725636100	100.00
	1215523300		

SAP TRANSACTIONS

FMSC – Display Funds Center

Additional UK Funds Center Attributes

- Funding Category Code
- Budget Family
- Discretionary
- Capital Account Asset Flag

UK Attributes

Funding Category Code	E
Research Priority Area	N
Budget Family	10
F & A Cost Category	V01
Department	8M500
Functional Area	0810
Class. of Instr. Pro	25.0101
Cancer Research Match	N
Sponsored Flag	S
NSF Category	9J6
A-133 Cluster	
Academic Session	0

UBIT

Discretionary

Valid for Payroll

Capital Account Asset Flag

On/Off Campus

Revenue line

Expense line

SAP TRANSACTIONS

Cost Object Associations Look-up

Program Options

Company Code:

Object Selection Output

All
 Active Only
 Inactive Only

Object Selection

Cost Center to

WBS(Capital Project) to

WBS(Grant) to

Cost Share

Internal Order to

Fund to

Department to

Overview Only

ZFI_COBJ – Cost Object Details Lookup

- Input options
 - Active/inactive
 - Ranges
 - Variants
- Master Data available in layout
 - Funding Category Code
 - Budget Family
 - Discretionary Flag
 - Capital Account Asset Flag

Status	Cost Center	Funds Center	WBS Elem.	Bus. Area	Fund	Func. Area	FuncArea text	Messages	FC-Fun
<input checked="" type="checkbox"/>	1215361970	1215361970		0101	0213619700	0570	Intercollegiate Athletics		I
<input checked="" type="checkbox"/>	1215361990	1215361990		0101	0213619900	0110	General Acad Instruction	Cost Center BLOCKED for Posting!	I
<input checked="" type="checkbox"/>	1215362020	1215362020		0101	0213620200	0812	Undergraduate Scholarship		E
<input checked="" type="checkbox"/>	1215362030	1215362030		0101	0213620300	0460	Academic Admin, Personnel		I
<input checked="" type="checkbox"/>	1215362040	1215362040		0101	0213620400	0520	Social and Cultural Devel		I
<input checked="" type="checkbox"/>	1215362050	1215362050		0101	0213620500	0812	Undergraduate Scholarship		E
<input checked="" type="checkbox"/>	1215362060	1215362060		0101	0213620600	0230	Departmental Research	Cost Center BLOCKED for Posting!	I
<input checked="" type="checkbox"/>	1215362070	1215362070		0101	0213620700	0610	Executive Management		E
<input checked="" type="checkbox"/>	1215362080	1215362080		0101	0213620800	0810	Scholarships		E
<input checked="" type="checkbox"/>	1215362090	1215362090		0101	0213620900	0110	General Acad Instruction		I

ENDOWMENT AND GIFT ACCOUNT TRACKING SYSTEM (EGATS)

Utilization menu option on Endowment Detail Screen

- Effective dates for plans
- Pick list for Use-Plan:
 - Spending Down
 - Building Spending Distribution (spending on hold)
 - Possible Amendment (spending on hold)
 - Agreement Restrictions (spending on hold)
 - Actively recruiting (see Appt & Recruitment)
 - Other
- Pick list for Possible Amendment
 - Purpose Too Restrictive
 - Unusual Agreement Terms
 - Purpose No Longer Applicable
 - Contributed Value Insufficient
 - Other
- Notes explaining utilization or possible amendment

Dashboard options

- Utilization
 - Utilization information can be filtered and downloaded to Excel for comprehensive reporting.
- Supported Purposes
 - Quickly research supported purposes
 - Filtering capabilities for such information by endowment types, faculty appointment types, and funding.

Reporting ability for utilization optimization

- Extract to Tableau will allow reports to be generated and combined with other data from EGATS, SAP, and RAD
- Currently being developed

ENDOWMENT AND GIFT ACCOUNT TRACKING SYSTEM (EGATS)

EGATS: FI Data – Fund

- Endowment type
- RCTF
- First Deposit Date
- Special Conditions
- Pooled Distribution percentage

Endowment Fields:

Contributed Value ⓘ -\$111,692.32
 Market Value ⓘ -\$129,140.15
 Spend Dist Reinv Available to Spend ⓘ -\$1,196.76
 Underwater Current 0% | 0.00%
 Underwater Annual 0% | 0.00% | as of FY22 Period 07

Endow Type: 4 SCHOLARSHIP
 RCTF: N

Governing Doc: E Endowment Agreement

First Deposit: 3/16/2012

Pooled Distribution

Active - 01/27/2024 to 12/31/9999 ▾

Cost Object	% Dist	Description	Effective Period
0705242900	100.00	LOIS MAI CHAN ENRICHMENT FUND	01/27/2024 - 12/31/9999
1215502310	0.00	LOIS MAI CHAN ENRICHMENT FUND	01/27/2024 - 12/31/9999

FACULTY APPOINTMENTS

Occupant data is important for institutional reporting and the utilization of distributions according to the endowment's purpose.

- Monthly Faculty Database (FDB) appointment notifications include endowment appointments and positions with appointments expiring within a year of the notification date.
- The FDB maintenance calendar includes running the FDB report "Endowment Occupant Review every quarter."
 - Has similar content to the Supported Purpose list in EGATS
- College-level EGATS users with update access can make notes about the status of recruitment.
 - Notes appear in Supported Purpose List and FDB Notifications

FACULTY APPOINTMENTS

FDB email notification example

Vacant Endowed Chair and Professorship Positions, occupied in the last year since date of this notification		
Endowment Title	Last Occupant (appointment end date)	Pending Board Action
ACME Endowed Chair in Creative Writing (0705111111 1215322222)	Shakespeare, Willaim, Ph.D. (06/30/2023)	No pending board actions for the position
Dumbledore Endowed Professor of Magic (0705333333 1215377777)	Potter, Harry (6/30/2023)	Pending appt for Hermione Granger 7/1/2024 at BOT Level
Lunar Endowed Chair in Space Research (0705333333 1215377777)	Spock, Leonard (9/30/2023)	Building principal through 6/30/2027

From EGATS recruitment notes

FACULTY APPOINTMENTS

- **Common issues encountered when creating board actions:**
 - Cannot find the endowed chair or professorship position in pick list
 - The position has an unexpected type (chair vs. professorship) or title
 - The position is already occupied with valid appointment
- **EGATS can be used as a resource for more information:**
 - Find the position title with look-up by cost center, fund number, or endowment name
 - View threshold information for professorship to chair transition
 - View the agreement for donor specific purposes, official title, etc.
 - Check Supported Purposes
 - Is there a supported purpose with a chair or professorship type?
 - Are there unique supported purposes (cost centers) when an endowment supports multiple chairs or professorships?

FACULTY APPOINTMENTS

EGATS

- Faculty appointment information is found on the Supported Purpose tab of the Endowment
- Appt & Recruitment tab – information on the occupant, status, dates of appointment, notes
- Add Recruitment Info button – recruitment type (other, building principal, recruiting) and free related to vacant positions can be added
- See the [EGATS website](#) for Quick Reference Guides for Faculty Appointments and Notes.

Supported Purpose Documents Donor Purpose Validation Messages FI Data - Fund Title and Type History Governing Document

EG-SP Link 1215387660 PROF Dist: 0.00%
3/29/2005 to 12/31/9999
Neurology Research Professorship #1
Held By: Faculty Member , M.D., Ph.D. 07/01/2023 to
06/30/2026

Appt Period: 07/01/2023 to 06/30/2026
Usage Contact: N/A

1215387660 Neurology Research Professorship #1

Detail & Notes Appt. & Recruitment Validations FI Data - Cost Center Title & Type History

Appt. & Recruitment

Entry Type	Status	Period	Occupant	Academic Appointment / Rec
Appointment	Active	7/1/2023 - 6/30/2026	Faculty Member , M.D., Ph.D. 12138990	Medicine / Neurology Associate Professor / Regula

REINVESTED SPENDING DISTRIBUTIONS

Best Practice

- Change the distribution to go 100% to the endowment fund rather than the spending distribution cost center so future distributions will be reinvested
- These reinvested distributions will become part of fund's market value and will be invested in the endowment pool
- Spend the distributions that have accumulated in the cost center
- Transfer spending distributions available to spend from the endowment fund to the cost center as needed to cover expenses

TOTAL FUND CONTRIBUTED VALUE	53,031.40-
TOTAL FUND SPENDING DISTRIBUTION REINVESTED	3,996.85-
SPENDING DISTRIBUTION REINVESTED AVAILABLE TO SPEND	777.37-
SPENDING DISTRIBUTION RESTRICTED USE	0.00
SPENDING DISTRIBUTION PERMANENTLY RESTRICTED	3,219.48-
TOTAL FUND PRINCIPAL	57,028.25-
TOTAL FUND MARKET VALUE	60,326.07-
TOTAL FUND LIABILITIES	0.00

Not Recommended

- Transfer the accumulated spending distribution cost center back to the endowment fund
- Causes the funds to become a permanent part of endowment fund and cannot be moved back to center in the future to be spent
- Rare occurrence requires the following:
 - Donor approval
 - Authorized by the college dean or director
 - Well documented with the reason for the distribution

TOTAL FUND CONTRIBUTED VALUE	
TOTAL FUND SPENDING DISTRIBUTION REINVESTED	
SPENDING DISTRIBUTION REINVESTED AVAILABLE TO SPEND	
SPENDING DISTRIBUTION RESTRICTED USE	
SPENDING DISTRIBUTION PERMANENTLY RESTRICTED	
TOTAL FUND PRINCIPAL	
TOTAL FUND MARKET VALUE	
TOTAL FUND LIABILITIES	

ACTION ITEMS

- Determine priority endowments to utilize spending (greater than 2 years accumulated spending distribution)
- Review agreements
 - Purpose
 - Restrictive language/obsolete purposes
 - Restrictions on spending
- Work with philanthropy officers on agreements that need to be modified
- Actively recruit for open faculty positions
- Use EGATS to document use plan, amendments, and faculty appointments
- Adjust spending distribution percentages if necessary
- Monitor spending and plan results

QUESTIONS?

Endowment and Gift Accounting

Email:

endowment@uky.edu

Websites:

www.uky.edu/ufs/endowment-and-gift-accounting

www.uky.edu/ufs/endowment-and-gift-account-tracking-system-egats