

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 unit 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	Cost Center Fund Balance as of 12/31/20	Total Spending Distribution Available to Spend as of 12/31/20
0705262400	0705262400	\$64,728.05	\$617,288.06	\$0.00	\$760,969.54
0705262400	1215515960	\$0.00	\$0.00	\$143,681.48	\$0.00

$$\frac{\$760,969.54}{\$64,728.05} = 11.76 \text{ years of accumulated spending distribution}$$

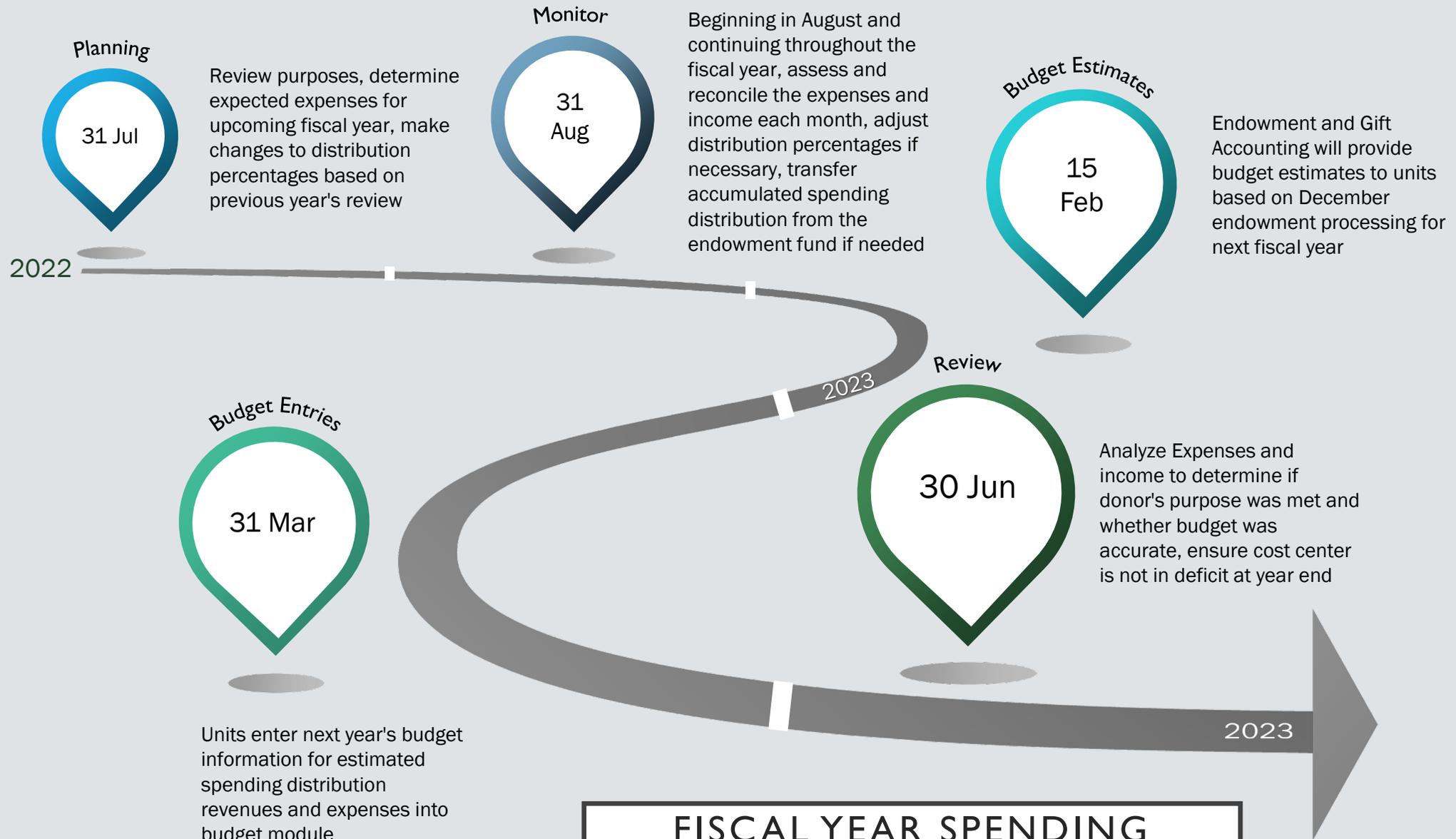
SPENDING DISTRIBUTION UTILIZATION

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 accumulated

- Endowment professorship and chair open positions
 - Determine if actively need to recruit
 - Determine if need to modify purpose with UK Philanthropy's assistance if cannot fill the position
- Discuss with UK Philanthropy if changes needed 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	S
Est. annual spending dist.	586.71	State Funded Proportion	0.00
Number of shares	1,493.59	Adjusted Contributed Value	0.00
Service fee	0.9500	Next Yr Est Spend	0.00
Share value	11.7314	Endowment Category	T
Spending rule rate	0.4275	Fund Currency	USD
RCTF	N	First Deposit	12/06/2021
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
Add		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
<input type="checkbox"/> UBIT	Revenue line <input type="checkbox"/>
<input checked="" type="checkbox"/> Discretionary	Expense line <input type="checkbox"/>
<input checked="" type="checkbox"/> Valid for Payroll	
<input checked="" type="checkbox"/> Capital Account Asset Flag	
<input checked="" type="checkbox"/> On/Off Campus	

SAP TRANSACTIONS

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

Cost Object Associations Look-up

Program Options

Company Code: UK00

Object Selection Output

All
 Active Only
 Inactive Only

Object Selection

Cost Center: 1215361070 to 1215363000
 WBS\Capital Project: to
 WBS\Grant: to
 Cost Share
 Internal Order: to
 Fund: to
 Department: to
 Overview Only

Status	Cost Center	Funds Center	WBS Elem.	Bus. Area	Fund	Func. Area	FunctArea text	Messages	FC-Fund Ca	FC-Bdgt Fa	FC-Discret	FC-Cap Ast
■	1215361970	1215361970		0101	0213619700	0570	Intercollegiate Athletics		I	03		X
■	1215361990	1215361990		0101	0213619900	0110	General Acad Instruction	Cost Center BLOCKED for Posting!	I	03		
■	1215362020	1215362020		0101	0213620200	0812	Undergraduate Scholarship		E	10		
■	1215362030	1215362030		0101	0213620300	0460	Academic Admin, Personnel		I	03	X	
■	1215362040	1215362040		0101	0213620400	0520	Social and Cultural Devel		I	03		
■	1215362050	1215362050		0101	0213620500	0812	Undergraduate Scholarship		E	10		
■	1215362060	1215362060		0101	0213620600	0230	Departmental Research	Cost Center BLOCKED for Posting!	I	03		
■	1215362070	1215362070		0101	0213620700	0610	Executive Management		I	03	X	
■	1215362080	1215362080		0101	0213620800	0810	Scholarships		E	10		
■	1215362090	1215362090		0101	0213620900	0110	General Acad Instruction		I	03	X	

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 reviews.
- Supported Purposes
 - Quickly research supported purposes (cost centers).
 - Filtering capabilities for such information as endowment types, faculty appointments, and RCTF funding.

Reporting ability for utilization options and notes

- Extract to Tableau will allow reports to be written to combine data from EGATS, SAP, and RADAR
- 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

Endow Term:

Term to True Amount: \$0.00

Exempt from Service Fees:

Spec Conditions:

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 spending distributions according to the endowment's purpose.

- Monthly Faculty Database (FDB) appointment notifications include endowment appointments soon to expire and positions with appointments expiring within a year of the notification date.
- The FDB maintenance calendar includes running the FDB report “Endowment Occupant Review Report” 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 freeform notes related to vacant positions can be added
- See the EGATS [website](#) for Quick Reference Guides for Faculty Appointments and Notes.

The screenshot displays the EGATS system interface for a faculty appointment. The top navigation bar includes tabs for 'Supported Purpose', 'Documents', 'Donor Purpose', 'Validation Messages', 'FI Data - Fund', 'Title and Type History', and 'Governing Document'. The 'Supported Purpose' tab is active, showing details for '1215387660 Neurology Research Professorship #1'. Below this, there are sub-tabs for 'Detail & Notes', 'Appt. & Recruitment', 'Validations', 'FI Data - Cost Center', and 'Title & Type History'. The 'Appt. & Recruitment' tab is selected, displaying a table with the following data:

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

Additional information on the left side of the interface includes: EG-SP Link (Active), 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, and Usage Contact: N/A. An 'Add Recruitment Info' button is visible in the top right corner of the 'Appt. & Recruitment' section.

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

Not Recommended

- Transfer the accumulated spending distribution in the cost center back to the endowment fund
- Causes the funds to become a permanent part of the endowment fund and cannot be moved back to the cost 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 decision

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

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TOTAL FUND MARKET VALUE	60,326.07-
TOTAL FUND LIABILITIES	0.00

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