



The Ohio University Foundation

Frequently Asked Questions: The Unrestricted Gift Rule

Q1: What is University Advancement

- Ohio University Advancement builds and strengthens relationships that inspire investment in the University and its mission. Through engagement and fundraising efforts, Advancement is called to **make OHIO better**. We acknowledge that the University is good. It is a singular place to live and to learn. What we have must be honored and **sustained**. We also acknowledge that what we have isn't perfect and becoming **better** requires **change** and **action**. It requires a thoughtful funding model that will sustain OHIO Advancement and its future—enabling us to do our best work on OHIO's behalf.
- The primary goals of Advancement's fundraising efforts are:
 - **Increase the size of the endowments** that support Ohio University. The larger the endowment, the stronger the university's reputation. Alumni and friends know that when they contribute to their University, they're investing in future generations. The value of a university endowment makes a statement about the value of every degree granted.
 - **Increase unrestricted gifts** that support the University through The Fund for OHIO. Unrestricted gifts provide a nimble funding source that can be directed to strategic priorities, to emerging opportunities, and to address unforeseen challenges.
- Private philanthropy is key to advancing OHIO's mission. Our potential lies in expanding public/private partnerships, growing our endowment, and securing a reliable source of unrestricted gifts.
- Meeting this challenge requires an investment in a robust Advancement program that engages OHIO's students, alumni, volunteers, and donors in ensuring our University's future. We must invest now in order to build a sustainable funding program for our future.

Q2: How will we ensure reliable sources of funding?

- OHIO has developed a plan to strengthen the power of every gift to The Ohio University Foundation.
 - **FIRST**: The revised Endowment Spending Policy lowers the endowment administrative fee by 10 basis points per year (beginning in FY21), from 2.0 percent in FY20 to 1.5 percent in FY25.
 - **SECOND**: The Unrestricted Gift Rule requires that a small percentage of most gifts made to current-use (non-endowed) accounts be directed to The Fund for OHIO.
- This funding model will benefit all colleges, units, and campuses by strengthening the endowment, by directing funds to vital programs and initiatives now, and by augmenting long-term endowment growth and our Advancement efforts overall.
- This plan increases the impact of every gift made to OHIO. Now, not only will every gift influence the programs that donors care most about, but every gift also will provide the fuel to address the opportunities of the future and to grow OHIO's base of private support. And, this structure better aligns OHIO with practices across the nation.

Q3: What is the purpose of the Unrestricted Gift Rule?

- The **purpose** of the Unrestricted Gift Rule ("the rule") is to enable The Ohio University Foundation ("the Foundation") to support its mission of securing provide philanthropy in support of OHIO.

Q4: When does/did Unrestricted Gift Rule go into effect?

- January 1, 2020.

Q5: How will the Unrestricted Gift Rule be applied?

- The rule is applied as non-endowed gifts are received by the Foundation, in accordance with the following rates:
 - 5 percent of all gifts and pledge payments up to \$1 million (*e.g. a \$100 gift would result in \$95 being directed to the non-endowed fund of the donor's choice, and \$5 being directed to The Fund for OHIO*).
 - 3 percent on the portion of any gift or pledge payments that exceed \$1 million, but are less than or equal to \$5 million.
 - The rule will not be assessed on the portion of any gift or pledge payment that exceeds \$5 million.
- For gifts of cash, cash equivalents, and marketable securities, including payments by check, credit card, electronic funds transfer, and publicly traded stocks and bonds, calculations will be based on the gift's market value as of the date of receipt by the Foundation.
- For gifts that must be held for a period of time prior to liquidation, including gifts of real estate and non-marketable securities, or gifts delivered via a charitable gift annuity or charitable trust, calculations will be based on the value of the cash proceeds received from the liquidated gift.

Q6: Are any gifts exempt from the Unrestricted Gift Rule?

- Gifts or pledge payments directed to the corpus of an endowment. Endowments are subject to an administrative fee calculated in accordance with the Foundation's Endowment Spending Policy.
- Payments made on pledges that are/were documented prior to January 1, 2020.
- Real estate or in-kind gifts, if the gift is to be retained (i.e. not liquidated or converted to cash) for use by the Foundation or University.
- Gifts or philanthropic grants from private foundations the governing boards of which prohibit the assessment of such a fee as an established organizational policy, which can be documented in writing. *This exclusion does not apply to recommended grants received from donor advised funds.*

Q7: Why an Unrestricted Gift Rule?

- Ohio University's base budget must remain focused on the University's core mission of teaching, research, and service. Operational support for fundraising from OHIO's base budget simply cannot increase in the face of current funding realities.
- OHIO's fundraising efforts will continue to be donor-driven – thus encouraging alumni and friends to give to the programs that mean the most to them.
- It has been standard industry practice to assess a fee on cash gifts to philanthropic organizations to invest in current and future fundraising efforts that support the core missions of institutions.
- *The Association of Governing Boards of Universities and Colleges* and the *Council for the Advancement and Support of Education* defined the major revenue sources for fundraising budgets and the five most prevalent are endowment management fees, unrestricted gifts, assessment fees on cash gifts, institutional support and income on daily cash balances – 70 percent of survey respondents rely on three or more of these sources.

Q8: How do OHIO's endowment spending policy and gift rule model compare to other universities?

- The majority of public universities have successfully implemented such models and have had them in place for some time. Gift assessments at our peer institutions generally range from 5 percent to 10 percent. Here are a few benchmarks:
 - A 2009 survey by the Council for the Advancement and Support of Education (CASE) reported that 80 percent of universities were assessing some variety of fee, assessment or gift share, on contributed funds.
 - Current (2019) examples include:
 - Multiple Mid-American Conference (MAC) schools have implemented gift fees or assessments on non-endowed gifts ranging from 2 to 15 percent.
 - Rutgers: 5 percent of gifts greater than \$10,000, 10 percent of gifts less than \$10,000.
 - University of Connecticut: 5 percent on non-endowed gifts
 - UCLA: 6.5 percent
 - Iowa State University: 5 percent
- **This is an important, much-needed update to OHIO's funding model for Advancement, bringing the University into a more modern and competitive alignment with contemporary, peer institutions, and all designated changes and modifications fall well within the ranges identified as appropriate by industry standards.**