



## POLICY

### **Title:** Quasi-Endowment Funds

#### Policy Statement

The University, through its Board of Trustees, may establish, alter, or terminate quasi-endowment funds. A quasi-endowment fund functions in substantially the same manner as a true or permanent endowment fund, except that (1) the terms of a quasi-endowment fund are established by the University, not by an external donor, and (2) the University may spend down the principal of a quasi-endowment fund under the authority of the Board. If the original source of a quasi-endowment fund is a restricted gift or other restricted assets, the fund must retain the restricted purpose as originally specified, and the fund's principal and earnings may be expended only for that purpose.

#### Reason for the Policy

From time to time the University may decide to designate assets as quasi-endowment funds. These funds gain the benefit of the earning power of the University's consolidated endowment pool while retaining the flexibility to be expended in whole or in part. Because the creation, management, and termination of quasi-endowment funds involve the University's consolidated endowment pool, they may proceed only with the approval of the Board of Trustees. These funds create a mechanism for the University to save and invest sums of money to be spent over time to achieve long-range academic objectives.

#### Applicability of the Policy

This policy applies to all University of Vermont faculty, staff, and students and to all academic and non-academic units.

#### Definitions

*Quasi-endowment fund:* an expendable fund designated by the Board of Trustees for medium- to long-term investment. A quasi-endowment fund is established by the Board to function like an endowment fund but may be totally expended at the discretion of the Board. The fund's assets are invested in the same manner as those of a true endowment and have the same payout provisions.

#### Procedures

A minimum asset value of \$50,000 is necessary to establish a quasi-endowment fund. A department may use its own internal funds for this purpose.

Once established, a quasi-endowment fund's principal must remain within the consolidated investment pool for at least three years. New cash or assets may be added to a quasi-endowment fund only if that cash or

those assets are unrestricted or bear restrictions that are compatible with the established quasi-endowment fund.

Following the establishment of a quasi-endowment fund and the expiration of the three-year lock-up period, its principal may be partially or totally expended only with the approval of the Board.

Requests or proposals to establish quasi-endowments must be directed in the first instance to the University Controller. That official may then advance the request or proposal to the Vice President for Finance and Administration (VPFA). If the VPFA determines that a quasi-endowment should be established, said establishment will be subject to the approval of the Budget, Finance, and Investment Committee or the Executive Committee of the Board of Trustees.

## Contacts

<b>Questions concerning the daily operational interpretation of this policy should be directed to the following (in accordance with the policy elaboration and procedures):</b>	
<b>Title(s)/Department(s):</b>	<b>Contact Information:</b>
University Controller	Claire Burlingham (802) 656-2903

## Forms/Flowcharts/Diagrams

- None

## Related Documents/Policies

- None

## Regulatory References/Citations

- None

## Training/Education

Training will be provided on an as-needed basis as determined by the Approval Authority or the Responsible Official.

## About this Policy

<b>Responsible Official:</b>	Vice President for Finance and Treasurer	<b>Approval Authority:</b>	Board of Trustees
<b>Policy Number:</b>	4.12.1	<b>Effective Date:</b>	May 21, 2011
<b>Revision History:</b>	Approved by the University of Vermont Board of Trustees: May 21, 2011 Approved by the President on June 7, 2011 and reaffirmed: May 7, 2016 Reaffirmed by the University of Vermont Board of Trustees Chair: May 20, 2016 Reaffirmed by the University of Vermont Board of Trustees: October 26, 2019		

	Amended by the Budget, Finance and Investment Committee: May 17, 2024
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