



UNIVERSITY OF RICHMOND

Policy Manual

Policy #:	FIN-15001	Policy Title:	Endowment Spending Policy
Effective:	11/22/2019	Responsible Office:	Office of Business Affairs
Date Approved:	11/22/2019	Approval:	Board of Trustees
Replaces Policy Dated:	04/21/2017	Responsible University Official:	Executive Vice President & Chief Operating Officer

PURPOSE:

The University of Richmond’s spending policy was developed with the objectives of meeting the current operating needs of the University, providing year-to-year budget stability and protecting the future purchasing power of the fund against the impact of inflation.

SCOPE:

This policy applies to the University of Richmond and all of its Affiliates. As used in this policy, the term “Affiliates” means organizations or entities in which the University owns a controlling interest or has the right to elect the majority of the entity’s governing board.

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POLICY STATEMENT:

FIN-15001.1 – Policy

The University’s annual endowment spending distribution shall be determined each year based on the sum of a two-part, weighted calculation:

Market-value based component — this amount is calculated by determining the average endowment market value at June 30 for the preceding five years, lagged by one year, and multiplying that average value by five percent (5%). Thirty percent (30%) of this value is included in the determining the annual spend from the endowment.

Spending component — this amount is calculated by increasing or decreasing seventy percent (70%) the prior year’s calculated endowment spending distribution by an inflation factor, using a five-year average of the Higher Education Price Index, as published by the Commonfund, at June 30.

FIN-15001.2 – Applicable Regulations & Accreditation Standards

SACSCOC Principle 13.3 (*Financial Responsibility*)

SACSCOC Principle 13.4 (*Control of Finances*)

Virginia Uniform Prudent Management of Institutional Funds Act (Va. Code §64.2-1100 *et seq.*)

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RELATED POLICIES:

N/A

POLICY BACKGROUND:

Policy revision reviewed by President’s Cabinet and Planning and Priorities Committee before approval by Board of Trustees on 11/22/2019.

Policy revision in 2017 separated the endowment spending policy from the University’s investment policy, without changing the spending policy.

Policy revision reviewed by President’s Cabinet and Planning and Priorities Committee before approval by Board of Trustees on 12/2/2016.

Policy revision reviewed by President’s Cabinet and Planning and Priorities Committee before approval by Board of Trustees on 12/4/2015.

Prior to revision in 2015, the Endowment Spending Policy had been in place since before FY 2007.

POLICY CONTACTS:

Executive Vice President & Chief Operating Officer