UMR
UNIVERSITY OF MISSOURI-ROLLA

INTEROFFICE MEMORANDUM
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TO: Academic Council

FROM: John F. Carney III
Chancellor

DATE: October 15, 2007

RE: Two Issues under Old Business

1. Distribution of Sponsored Research Indirect Recovery

Policy Memorandum III-27 has been developed to address the issue of the distribution of sponsored research indirect funds.

2. Gift Fees

Attached Policy Memorandum III-28 deals with the recently instituted gift assessment policy. When I arrived on campus in 2005 I inherited a systemic budget deficit of approximately $6 million. At the request of the Academic Council, a special campus meeting was called in January of 2006 to address some specific issues; one of which was the university's budget. I made it clear at this meeting that, in order to address the campus' $6 million deficit and the budget cutting directive received from President Elson Floyd in December 2005, business as usual was not an option. Administrative unit cost reductions were required. In my April 13, 2006 State of the University address, I presented the breakdown of reductions, totaling $1.1 million, that was submitted to President Floyd. The one unit that I did not cut was University Advancement, given that we are in the middle of a $200 million Capital Campaign with an extremely lean fund raising staff. We researched creative ways to allow us to maintain and strengthen our fundraising activities without undue expense to the campus. It is standard industry practice to assess a fee on cash gifts to philanthropic organizations to cover the cost of raising a dollar (***Giving USA*** quotes this cost as 25% in philanthropy as a whole and 23% in higher education while the Better Business Bureau sites 35% as acceptable). A 2000 survey conducted by the ***Association of Governing Boards of Universities and Colleges*** and the ***Council for the Advancement and Support of Education*** defined 20 major revenue sources for fundraising budgets including the five most prevalent: endowment management fees, unrestricted gifts, assessment fees on cash gifts, institutional support and income on daily cash balances. Seventy percent of survey respondents rely on three or more sources. In the 2006 University of Montana Fee Survey, 29 of 51 respondents assessed a gift assessment fee, 41 of 51 respondents assessed an endowment management fee, and 19 respondents assessed both. It is interesting to note that four respondents not assessing fees were the UM campuses.

So, in order to help deal with our budget problem without cutting University Advancement, we have instituted the assessment and management fee structure described in PM III-28. I want to emphasize that only endowments established after July 1, 2007 are subject to the one percent management fee. It is projected that this external revenue will reduce our operating budget expenses by approximately $600,000 per year. Furthermore, our fundraising operation will be well positioned to continue to raise additional gifts in the future.

JFC:chg
Enclosures

Date of Current Revision: October 1, 2007
Date of Original Issue: October 1, 2007
Originally Issued By: John F. Carney III

POLICY MEMORANDUM

No. III-27

Distribution of Sponsored Research Indirect Recovery

The following policy is to be used to distribute 25% of the indirect cost funds recovered from grant and contract expenditures.

1. Distribution of the indirect cost funds will be as follows:

Vice Provost for Research	16.25%
Investigator	5.00%
Department	3.75%

2. Exceptions to the policy must be approved by the Provost.

EFFECTIVE DATE:	Immediately
RESPONSIBILITY:	Vice Provost for Research
BASIS:	Chancellor

John F. Carney III
Chancellor

University of Missouri-Rolla
Office of the Chancellor

Date of Current Revision: July 1, 2007
Date of Original Issue: July 1, 2007
Originally Issued By: John F. Carney III

POLICY MEMORANDUM

No. III-28

Gift Fees

All cash gifts given to UMR and the MSM-UMR Alumni Association are subject to a 5% assessment fee, effective July 1, 2006. *(This excludes funds raised by the department-based phonathon program for which each department/program pays a service fee.)* The assessment fee is to be used to offset the University's annual investment in the development operation.

All endowments established after July 1, 2007 will be assessed an annual 1% endowment management fee.

EFFECTIVE DATE:	Immediately
RESPONSIBILITY:	Vice Chancellor for University Advancement
BASIS:	Chancellor

John F. Carney III
Chancellor