




**Manual:** Development and Alumni Relations Policy Manual  
**Section:** General Policies and Procedures  
**Subject:** Vanderbilt University Endowment Distribution Utilization Guidelines  
**Number:** DAR-ALL-050  
**Applies To:** Vanderbilt University endowments including those with distributions that are granted to VUMC  
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## I. Overview

All expenditures associated with Vanderbilt University endowments must align with donor intent and support the strategic academic mission of each school or area at Vanderbilt University. Donor intent is generally outlined in a gift agreement; however, older endowments may have other documentation that legally binds the use of the fund.

In addition to donor documentation, the university has further defined endowment utilization guidelines to provide guidance to the university community on appropriate uses of endowment distributions. These utilization guidelines are intended to supplement donor intent as outlined in the relevant gift instrument.

The Office of Stewardship in Development and Alumni Relations will be able to provide you a copy of the gift agreement or answer any questions you may have regarding donor intent.

## II. Definitions

- A. “Endowment Distribution Utilization Guidelines” mean guidelines produced, and as may be periodically revised by VU, that govern the use of distributions from certain endowment types that are managed by VU.
- B. “Gift Instrument” means a record or records, including a solicitation, under which property has been granted to, transferred to or held by VU.
- C. “Donor Restriction” means a restriction, condition, or release requirement imposed by the donor under the terms of the Gift Instrument.



### III. Responsibilities

Appropriate expenditures from endowment distributions are the responsibility of each dean and must be reviewed and approved by the dean or program director or his/her designee. As documented in section 8.3 in the Master Endowment and Grant Agreement, appropriate expenditures for funds granted to VUMC are the responsibility of the VUMC CEO and VUMC CFO. Each school or program must maintain adequate documentation on the use of the endowment distribution and be able to clearly substantiate that such use is in accord with the donor's intended purposes and university procedures. Adverse legal, financial and donor relations consequences can arise from unsubstantiated or inappropriate expenditures.

### IV. General Guidelines

- A. Expenditures from endowment distributions must honor and comply with the terms of the Gift Instrument. Notwithstanding any provision in these Guidelines or elsewhere, VU must fully comply fully with any and all terms, conditions, restrictions and requirements either promised to or imposed by the donor as described in the Gift Instrument. Therefore, to the extent that the terms or conditions of the Gift Instrument conflict with these Guidelines, the Gift Instrument shall control the administration of the endowment fund. In cases where endowment distributions are granted to VUMC, VU is responsible for the interpretation and communication of donor intent to VUMC along with Gift Instrument compliance.
- B. Departments must utilize the First Dollar Principle when utilizing endowment distributions; in other words, they must use dollars generated from endowment distributions to fulfill the donor purpose before using unrestricted funds.
- C. Endowment distributions are strictly prohibited from use by any political campaign, or to support attempts to influence legislation by any governmental body or the outcome of any election, to disseminate propaganda in collection therewith or for any purpose prohibited by law.
- D. Endowment distributions should not be used for any purpose that would jeopardize the eligibility of either VU or VUMC for exemption from federal and state taxation.
- E. Endowment distributions with a donor-restricted purpose must be accounted for separately. Direct expenses may be incurred only as necessary to carry out donor restricted purpose.
- F. The endowment name as communicated by Vanderbilt University will be used when referencing said endowment to ensure appropriate stewardship of funds.
- G. Recipients of endowment distributions may be required to provide donor stewardship reports.
- H. Only overhead costs that are directly related to the restricted purpose of the endowment may be charged. No institutional taxes, fees or internal assessments shall be charged to endowment distributions.
- I. The use and management of all endowment distributions shall comply with all laws, including the Tennessee Uniform Prudent Management of Institutional Funds Act (UPMIFA), as amended, or any successor thereto.



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- J. Endowment distributions may not be utilized for department social activities such as retirement parties, holiday parties, staff/faculty gifts, etc. (except as noted below in V. B. a.)
- K. The terms described in these Guidelines are not confidential and should be explained to any prospective or current donor or donor representative upon inquiry to fully explain the anticipated use by Vanderbilt. While a physical copy of these Guidelines need not be provided, the terms described herein are, and should be, provided in sufficient detail to a donor or a donor representative seeking clarity or understanding of how a particular gift fund will be used by Vanderbilt (absent a superseding condition, restriction or requirement requested by a donor subject to acceptance by Vanderbilt).

### V. Permissible Expenditures by Fund Type

- A. Scholarships, including stipend support, for undergraduate, graduate and professional students
  - a. Permissible Expenditures, as defined by the Cost of Attendance as determined by the Office of Student Financial Aid and Scholarships:
    - Tuition fees
    - Housing and meal expenses
    - Books and school-related supplies, including technology
    - Reasonable personal expenses, such as an allowance for clothing, laundry, personal items and recreation
    - Reasonable personal transportation costs associated the recipient's cost of attendance at Vanderbilt University
    - Academic programmatic expenses (e.g., immersion experiences, study abroad fees, etc.)
  - b. Guidelines for awarding:
    - Preferably, the scholarship should support the same recipient(s) for the tenure of their degree, if not otherwise stated in the Gift Instrument.
    - Generally, the scholarship should award a similar amount each year and should support the fewest number of recipients as practicable to maximize the recipient impact.
    - Small one-time or "top up" scholarship awards, aligned with the permissible expenditures above may be given to additional recipients who meet the Donor Restriction. These scholarship awards are typically given to students in their graduating year, to fully utilize the scholarship endowment distributions.
- B. Prizes and Awards for students, faculty and staff
  - a. Permissible Expenditures:
    - Monetary prize or award consistent with Donor Restriction
    - Modest gift for the recipient(s) with a fair market value not to exceed fifty dollars (\$50), unless under special circumstances and approved by Vice chancellor for Development and Alumni Relations.
    - Departmental plaque
    - Departmental event celebrating honoree(s)
    - Acquisition, printing and publishing costs associated with award or prize



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### b. Guidelines for awarding:

- Generally, the award amount should be consistent with other award amounts at the school.
- As Endowment Distributions increase over time, award amounts may increase and/or multiple awards may be made, unless otherwise specified in the Gift Instrument.
- In certain situations, student awards may be used to provide tuition support; however, if used in this way, the award should be administered by the appropriate financial aid office and coordinated through Development and Alumni Relations.

### C. Named University Fellowship or Post-Doctoral Support

#### a. Permissible Expenditures:

- Salary, wage and benefit (SWB) of the direct recipient
- Non-SWB expenses of the direct recipient, e.g. related travel, conferences, publication costs, subscriptions, consultants
- Stipend support of the direct recipient
- Health Insurance of the direct recipient.
- Equipment and research related expenses of the direct recipient not reimbursed by sponsored research funding, as approved by departmental leadership
- Pro rata share of common research services provided by pooled services
- Excess distributions after support of the direct recipient(s) may be used for programmatic support of the fellowship program. See section V.D.a. for permissible programmatic expenditures.

#### b. Guidelines for awarding:

- Spending should be prioritized for recipient support
- Generally, a fellowship should support the fewest number of recipient(s) as practicable to maximize the recipient impact.

### D. University Fellowship or Post-Doctoral Programmatic Support – as identified by DAR

#### a. Permissible Expenditures:

- Programmatic support of the fellowship or post-doctoral program
- Salary, wage and benefit (SWB) of the recipients, program director, and/or program staff
- Health insurance of direct recipients
- Non-SWB expenses of recipients, e.g. related travel, conferences, publication costs, subscriptions, consultants
- Stipend support of the recipients
- Equipment and research related expenses of the recipients not reimbursed by sponsored research funding, as approved by departmental leadership
- Pro rata share of common research services provided by pooled services
- Academic retreats and seminars associated with the fellowship program
- Pro rata share of other expenses necessary for program operation

#### b. Guidelines for awarding:

- Spending should be prioritized for programmatic support of fellowship or post-doctoral program



E. Named Clinical Fellowships and Resident Education Support

a. Permissible Expenditures:

- Salary, wage and benefit (SWB) of the direct recipient
- Non-SWB expenses of the direct recipient, e.g. related travel, conferences, publication costs, subscriptions, consultants
- Stipend support of the direct recipient
- Equipment and research related expenses of the direct recipient not reimbursed by sponsored research funding, as approved by departmental leadership
- Pro rata share of common research services provided by pooled services
- Excess distributions after support of the direct recipient may be used for programmatic support of the resident or fellowship program. See section V.F.a. for permissible programmatic expenditures.

b. Guidelines for awarding:

- Spending should be prioritized for recipient support

F. Clinical Fellowships and Resident Education Programmatic Support

a. Permissible Expenditures:

- Programmatic support of the fellowship or resident education program
- Salary, wage and benefit (SWB) of the recipients, program director, and/or program staff
- Non-SWB expenses of recipients, e.g. related travel, conferences, publication costs, subscriptions, consultants
- Stipend support of the recipients
- Equipment and research related expenses of the recipients not reimbursed by sponsored research funding, as approved by departmental leadership
- Pro rata share of common research services provided by pooled services

b. Guidelines for awarding:

- Spending should be prioritized for programmatic support of fellowship or resident education program

G. Faculty Chairs and Professorships

a. Permissible Expenditures for Endowed Chairs with Appointed Chair Holder:

- Salary, wage and benefit (SWB) of the direct recipient
- Non-SWB expenses of the direct recipient, e.g. related travel, conferences, publication costs, subscriptions, consultants
- Equipment and research related expenses of the direct recipient not reimbursed by sponsored research funding
- Pro rata of common research services provided by pooled services
- SWB of a dedicated administrative assistant(s), or the pro rata SWB of a shared administrative assistant
- Construction or renovation of lab space dedicated to the direct recipient or pro rata of shared lab space
- SWB and/or financial aid for the direct recipient's team such as, research assistants, graduate students, fellows or other individuals supporting the work of the direct recipient



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- Related expenses of the direct recipient's team, e.g. travel, conferences, training.
  - Academic retreats and seminars associated with direct recipient's team or lab, or within the academic area of the recipient.
  - Equipment and research related expenses within the academic area of the direct recipient.
  - Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminar(s) related to the research area.
  - For Chairs restricted to the position of Dean, Department Chair, Division Chief, Center/Institute Director, additional expenses related to the duties of the position.
- b. Permissible Expenditures for Endowed Chairs with Vacancy:
- Salary, wage and benefit (SWB) of faculty member(s) within the academic area of the endowed chair restriction. Faculty members being supported during the vacancy period may not utilize the chair title.
  - Equipment and research related expenses within the academic area of the endowed chair restriction.
  - Pro rata of common research services provided by pooled services.
  - SWB of an administrative assistant(s) within the academic area of the endowed chair restriction
  - Construction or renovation of space within the academic area of the endowed chair restriction.
  - SWB and/or financial aid for research assistants, graduate students, fellows or other individuals within the academic area of the endowed chair restriction.
  - Academic retreats and seminars associated with a team or lab within the academic area of the endowed chair restriction.
  - Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminars related to the endowed chair restriction.
  - For Chairs restricted to the position of Dean, Department Chair, Division Chief, Center/Institute Director, additional expenses related to the duties of the position.
- c. Guidelines for awarding:
- Expenditures from vacant chairs may only be made for a two-year period from the ending date of the last appointment of a direct recipient or the date that the chair becomes fully funded.
  - Following the two-year period, expenditures may not be made from vacant chair endowments. Fund may be reinvested or saved for future faculty start-up packages.
  - Due to the long-term financial implications resulting from the global COVID-19 (2019-nCoV) pandemic, the spending terms on vacant chairs has been expanded to three years, effective from fiscal years 2021-2023.



H. Faculty Career Development Awards, Directorships, Dean's Faculty Fellows, Chancellor's Faculty Fellows

a. Permissible Expenditures:

- Salary, wage and benefit (SWB) of the direct recipient
- Non-SWB expenses of the direct recipient, e.g. related travel, conferences, publication costs, subscriptions, consultants, etc.
- Equipment and research related expenses of the direct recipient not reimbursed by sponsored research funding
- Pro rata of common research services provided by pooled services
- SWB of a dedicated administrative assistant(s), or the pro rata SWB of a shared administrative assistant
- Construction or renovation of lab space dedicated to the direct recipient or pro rata of shared lab space
- SWB and/or financial aid for the direct recipient's team such as, research assistants, graduate students, fellows or other individuals supporting the work of the direct recipient
- Related expenses of the direct recipient's research team, e.g. travel, conferences, training
- Academic retreats and seminars associated with direct recipient's team or lab
- Equipment and research related expenses within the academic area of the direct recipient.
- Academic retreats and seminars associated with the academic area of the direct recipient
- Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminars related to the research area

b. Permissible Expenditures for endowed faculty fellowships and directorships with vacancy:

- Salary, wage and benefit (SWB) of faculty member(s) within the academic area of the endowment restriction. Faculty members supported during vacancy may not use endowed chair title.
- Equipment and research related expenses within the academic area of the endowment restriction.
- Pro rata of common research services provided by pooled services.
- SWB of an administrative assistant(s) within the academic area of the endowment restriction.
- Construction or renovation of space within the academic area of the endowment restriction.
- SWB and/or financial aid for research assistants, graduate students, fellows or other individuals within the academic area of the endowment restriction.
- Academic retreats and seminars associated with a team or lab within the academic area of the endowment restriction.
- Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminars related to the research area

c. Guidelines for awarding:

- Expenditures from vacant faculty funds may only be made for a two-year period from the date of the last appointment of a direct recipient or the establishment date of the faculty fund.



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- Following the two-year period, expenditures may not be made from a faculty endowments. Fund may be reinvested or saved for future faculty start-up packages.
- Due to the long-term financial implications resulting from the global COVID-19 (2019-nCoV) pandemic, the spending terms on vacant faculty funds has been expanded to three years, effective from fiscal years 2021-2023.

### I. Research Support

#### a. Permissible Expenditures:

- Salary, wage and benefit (SWB) of faculty, students and/or staff conducting research
- Non-SWB expenses of faculty, students and/or staff conducting research, e.g. related travel, conferences, publication costs, subscriptions, consultants, etc.
- Equipment and research related expenses not reimbursed by sponsored research funding
- Pro rata of common research services provided by pooled services
- SWB of a dedicated administrative assistant(s), or the pro rata SWB of a shared administrative assistant
- Construction or renovation of lab space dedicated to the use of the research area
- Financial aid (undergraduate, graduate and professional students) of research team.
- Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminars related to the research area

### J. Departmental or Programmatic Support

#### a. Permissible Expenditures:

- Salary, wage and benefit (SWB) of faculty, students and/or staff supporting the academic program.
- Equipment and program related expenses not reimbursed by sponsored research funding.
- Pro rata of common research services provided by pooled services
- SWB of a dedicated administrative assistant(s), or the pro rata SWB of a shared administrative assistant supporting the program.
- Construction or renovation of space dedicated to the use of the program.
- Financial aid (undergraduate, graduate and professional students) for students enrolled or majoring in the program.
- Expenses associated with hosting a visiting faculty member, invited speaker(s) and/or seminars for program.
- Academic retreats and seminars associated with program.
- For Directors of Programs, additional expenses related to the duties of the position.





K. Lectureships

a. Permissible Expenditures:

- Lectureship endowment may be used to support a guest speaker visiting campus, or a key-note speaker at a campus symposium or conference.
- Expenses associated with travel and lodging of the guest/lecturer. Travel expenses should be consistent with the university's travel and entertainment policy.
- Expenses associated with reception, luncheons, event space, and other incidental costs associated with the lectureship. Entertainment expenses should be consistent with the university's travel and entertainment policy.
- An honorarium may be provided to the guest/lecturer as a token of appreciation. Any honorarium provided is not a contractual obligation or form of payment for the services provided during the event.
- Pro rata share of SWB of a dedicated faculty or staff member working on lectureship logistics.

b. Guidelines for awarding:

- Lectureships, promotions and materials should appropriately recognize the donor in print, online and during event introductory remarks.
- The endowment must be used for at least one named lectureship per academic year.
- Once at least one named lectureship has occurred during an academic year, excess funds may be used for a complementary purpose within the school or department identified in the gift documentation. An example of a complementary purpose would be the support of an individual conveying knowledge to a group of individuals in the subject area of the endowment restriction, such as teaching support.
- If multiple lectureship endowments have the same donor restrictions, these endowments may be used together to support one event. In these cases, the event should be "co-branded" with both named lectureships equally recognized.

c. Guidelines for awarding during presidentially declared national emergency:

- As we are currently in a presidentially declared national emergency resulting from the global COVID-19 (2019-nCoV) pandemic, if a named lecture has not already occurred in fiscal year 2020, the school or department should withhold the average cost of the lectureship with the anticipation of using these funds for an additional named lecture in subsequent fiscal years, and any excess funds may be used for complementary purposes as suggested above.

L. Library and Art Acquisition Endowments

a. Permissible Expenditures:

- Expenses associated with acquisition of materials, print or virtual content, in support of the libraries and Fine Arts Gallery at Vanderbilt.
- Expenses associated with the maintenance, storage, archives, or cataloging library materials or art collections.
- Subscriptions to materials, print or virtual.



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- Pro rata share of SWB of a dedicated faculty or staff member working on projects.
- b. Guidelines for awarding:
  - The use of the fund should be directly related to any subject matter included in donor restrictions.

### **VI. Exceptions**

Any exceptions to the utilization guidelines outlined above must be approved in advance by the Vice Chancellor for Development and Alumni Relations and the Provost and Vice Chancellor for Academic Affairs, or their designees. Questions or requested exception should be directed to VU DAR Office of Stewardship at [stewardship@vanderbilt.edu](mailto:stewardship@vanderbilt.edu).