

UADA Policy 306.1
Division of Agriculture Endowment Spending Policy

Purpose

The purpose of this policy is to establish a governance structure and spending thresholds for University of Arkansas System Division of Agriculture (UADA) endowments.

Scope

This policy applies to all institutionally held endowments where investment decisions are under the direct control of UADA. This policy does not apply to endowments held on behalf of UADA by the Agricultural Development Council, a constituent entity of The University of Arkansas Foundation, Inc. or the Arkansas 4-H Foundation, Inc.

Policy

Minimum Endowment Thresholds

Although UADA welcomes donations of any amount, the following minimum thresholds shall apply when determining if a gift to the institution is considered an endowment:

- Annual prize or award - \$5,000
- Scholarship - \$15,000
- Lectureship – \$50,000
- Named Research Professorship - \$500,000
- Named Research Chair - \$2,000,000

UADA Endowment Spending Policy Committee

This policy establishes the UADA Endowment Spending Policy Committee (Committee). The Committee shall consist of the Vice President for Agriculture, all UADA Senior Associate Vice Presidents, the UADA Associate Vice President for Finance and Administration, and all UADA Assistant Vice Presidents for Finance and Administration.

UADA Endowment Spending Policy Committee - Duties

The Committee shall establish and publish an annual spending percentage rate for withdrawals from managed endowment returns, with the remainder income returned to the managed endowment corpus as a hedge against inflation and to preserve the future purchasing power of the managed endowment fund. Additionally, the Committee may establish an annual percentage rate to be assessed and withdrawn from managed endowment return funds as an administrative fee on these funds which it administers. If conditions warrant, such as market performance resulting in an unsustainable change in available return income, the Committee, at its sole discretion, may adjust the spending percentage rate at any time during the annual period in question. If managed endowed accounts are underwater, the spending percentage rate may be restricted to an amount as low as 0.0%. If managed endowment accounts are underwater, the Committee may also choose to modify or waive any managed endowment administrative fee. For purposes of this policy, endowed accounts are considered underwater when the current fair market value of the endowment falls below its original value at funding.

Division of Agriculture Endowment Spending Policy Committee – Considerations

The Committee shall strike a prudent balance between the goals of providing substantial support for current UADA operations and preserving the long-term purchasing power of UADA's managed endowment assets in perpetuity. In making a determination to appropriate or accumulate, the Committee shall strongly consider the University of Arkansas Foundation's endowment spending policy for its owned assets. In addition, the Committee shall be guided by instructions found in the Uniform Prudent Management of Institutional Funds Act (Arkansas Code § 28-69-801 et al.), including acting in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

- (1) the duration and preservation of the endowment fund;
- (2) the purposes of UADA and the endowment fund;
- (3) general economic conditions;
- (4) the possible effect of inflation or deflation;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of UADA; and
- (7) the investment policy of UADA.

Revision Dates:

June 15, 2023