

University of California, Berkeley

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Policy Revised: July 1, 2021 (see end for explanation)

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Next Review Date: June 30, 2025



Assessment and Distribution of the Campus Philanthropic Allocation and Research Administrative Fee

Responsible Executive: Vice Chancellor, University Development and Alumni Relations

Responsible Office: Advancement Operations, University Development and Alumni Relations

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Policy Statement

It is the policy of the University of California, Berkeley to offset a portion of the costs of fundraising and administering research gift funds, including those intended to support research, by assessing a philanthropic allocation or research administrative fee on each gift. With the exception of research gifts, gifts are assessed a philanthropic allocation of 5.0%. Research gifts, defined as unrestricted funds to support the research of one or more specified faculty members or research programs, are assessed a research administrative fee of 10.5%.

Scope of Policy

This policy affects:

- Principal Investigators
- Chief Administrative Officers, Division Finance Leaders, Management Service Officers, and Budget Analysts
- Development Officers, Fundraisers, and Gift Processors

Why We Have This Policy

As the University's financial model continues to evolve, the campus has an increased need to raise private support. The philanthropic allocation and research administrative fee are necessary to recover a portion of the costs of fundraising and of administering research gifts.

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The philanthropic allocation is used by the Chancellor, vice chancellors, and deans to support the advancement activities of the campus, including all aspects of fundraising, communications, and alumni relations

The research administrative fee is used by units responsible for administering research gift funds to offset a portion of the costs incurred. Additionally, the research administrative fee supports an investment in future research via the Berkeley Futures Fund and the Cost Sharing Fund.

Procedures

STANDARD PHILANTHROPIC ALLOCATION ASSESSMENT AND DISTRIBUTION FOR NON-RESEARCH GIFTS

The philanthropic allocation is 5.0%. It applies to all cash gifts, including payments on pledges and bequest distributions. For non-cash gifts (i.e., securities), the philanthropic allocation is assessed on the gift value at the date of the donation and deducted from the net proceeds received on the sale of the asset. No philanthropic allocation is assessed on gifts of tangible personal property (gifts-in-kind). Select documented agreements made with donors prior to July 1, 2016 prohibiting the assessment of the gift fee, as it was then known, are to be honored. Information about such agreements is maintained by University Development and Alumni Relations.

The philanthropic allocation is shared between the campus and the unit benefitting from the gift. The Chancellor receives 2.5% distributed to a discretionary philanthropic allocation fund (56992) used to support campus fundraising efforts. The remaining 2.5% is distributed to a discretionary philanthropic allocation fund (56996) administered by the vice chancellors and deans responsible for the units benefitting from the gifts. This distribution occurs quarterly. In the case of gifts to endowments, the allocation is made when the gift is invested in the general endowment pool. For all units under the Executive Vice Chancellor and Provost (EVCP), the distribution is made at the dean or director level.

If more than one vice chancellor or dean benefits from a gift, the philanthropic allocation is split proportionally, provided the proportions are negotiated and documented at the time the fund to which the gift is allocated is established.

Vice chancellors and deans are expected to use their portion of the philanthropic allocation within their division, college, or school to support fundraising efforts. This is consistent with the campus's explanation of the philanthropic allocation to donors.

For campus affiliates, the 2.5% portion of the philanthropic allocation that would generally be distributed to a vice chancellor or dean is distributed to the affiliate director. Affiliates include, but are not limited to, the Cal Alumni Association, International House, The Faculty Club, and the Mathematical Sciences Research Institute.

Gifts for scholarships and fellowships are often administered by the Financial Aid and Scholarships Office or the Graduate Division. However, these units do not necessarily benefit from the gift. If a gift is made for a scholarship or fellowship within an academic discipline, the benefitting unit is the

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appropriate college or school, and the philanthropic allocation is distributed to the appropriate dean, provided the benefitting unit is identified upon receipt of the gift. If an academic discipline is not identified, the philanthropic allocation is distributed to the Vice Chancellor–Student Affairs (for scholarships) or the Dean of the Graduate Division (for fellowships).

Under some circumstances, the Chancellor retains the portion of the philanthropic allocation that would otherwise be distributed to the vice chancellors and deans. This includes but is not limited to:

- Unrestricted bequests, regardless of how they are later allocated; and
- Gifts to be used at the Chancellor’s discretion, such as those made to the Cal Fund.

In situations where a donor will not fund the philanthropic allocation and where securing the gift is strategically important to a vice chancellor or dean, the vice chancellor or dean may elect to forgo the 2.5% that would normally be distributed to his or her DeptID and to fund the 2.5% that would normally be distributed to the Chancellor. In such cases the Chancellor’s portion will be funded from the vice chancellor’s or dean’s philanthropic allocation fund.

Additional information about the philanthropic allocation and the exception process can be found on the campus’s advancement intranet, Eureka, at <https://eureka.berkeley.edu>.

**STANDARD RESEARCH ADMINISTRATIVE FEE ASSESSMENT AND DISTRIBUTION
FOR RESEARCH GIFTS**

The research administrative fee of 10.5% is divided as follows:

- 7.5% to cover the costs of the administering unit;
- 2.0% to cover the costs of central campus units involved in research administration; and
- 1.0% to invest in future research via the Berkeley Futures Fund and Cost Sharing Fund.

The research administrative fee applies to all research gifts. A gift is considered a research gift when it is designated as funds to support the research of one or more specified faculty members or research programs. Funds are classified as research gifts, as distinguished from contracts and grants, when the funds are irrevocable, and the donor does not impose contractual requirements; i.e., there are no deliverables. The research administrative fee is assessed upon transfer of the gift to the administering unit as a one-time-only fee.

The 7.5% portion of the research administrative fee (placed in a separate unrestricted fund) is available to the administering unit at the time the gift is recorded on the unit ledger. Units are expected to use their portion of the fee to support the administrative costs associated with supporting that research gift fund.

If more than one principal investigator benefits from a gift, the 7.5% portion of the research administrative fee is split proportionally, provided the proportions are negotiated and documented at the time the fund to which the gift is allocated is established.

The 2.0% portion of the research administrative fee is available to the central campus units involved in research administration at the time the gift is recorded on the ledger.

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The 1.0% portion of the research administrative fee is distributed to an unrestricted fund administered by the Vice Chancellor for Research and is used as in investment in future research including cost-sharing and seed funding activities.

Responsibilities

University Development and Alumni Relations:

- Codes charitable gift funds to reflect appropriate philanthropic allocation and research administrative fee assessments.
- Assesses philanthropic allocation and research administrative fee.
- Responds to departmental inquiries regarding the assessment and distribution of the philanthropic allocation and the research administrative fee.
- Coordinates review and approval of philanthropic allocation exceptions.
- Redistributes the philanthropic allocation and research administrative fee in accordance with the terms and conditions of this policy.

Vice Chancellors and Deans:

- Provide to University Development and Alumni Relations their DeptID for the discretionary philanthropic allocation fund (56996).
- Establish procedures for further redistribution of the philanthropic allocation, if so desired, within their areas of responsibility.
- Approve and fund philanthropic allocation exceptions.

Website Address for This Policy:

<http://campuspol.berkeley.edu/policies/philanthropicallo.pdf>

Glossary

Development: Fundraising through donations to the campus.

Philanthropic Gift: A contribution to the University intended as a donation and bestowed voluntarily and without expectation of tangible compensation. Normally gifts are awarded irrevocably.

Philanthropic Allocation: The percentage of a gift's value deducted from the gift to help offset the cost of fundraising.

Research Administrative Fee: The percentage of a gift's value deducted from the gift to help offset the cost of administering research.

Unrestricted Fund: A fund controlled by a unit to be used at the unit's discretion.

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Related Documents

Chancellor Robert Birgeneau's March 14, 2005 Memorandum on New Overhead Allocations to Support Research:

<https://calmessages.berkeley.edu/archive/message/12396>

Report on Proposed Campus Research Support Policy:

<http://research.chance.berkeley.edu/docs/CampusResearchSupportPolicyReport3-1-05.doc?id=23>

Indirect Costs at Berkeley: A Primer:

<http://research.chance.berkeley.edu/docs/IDCPrimer11-19-04.doc>

Revision History

Revision of July 1, 2021:

The name of the responsible office was updated to reflect a changed organizational structure in University Development and Alumni Relations.

The use of philanthropic allocation funds was clarified to encompass all aspects of advancement.

The next review date was changed to reflect the fact that Light the Way: The Campaign for Berkeley launched later than originally anticipated and, therefore, will extend beyond the original timeframe. The Philanthropic Assessment will be reviewed in the context of planning for the next campaign.

Revision of March 15, 2016:

The name of the policy was changed from Assessment and Distribution of Campus Gift Fee to Assessment and Distribution of the Campus Philanthropic Allocation and Research Administrative Fee. All references to the term "gift fee" were changed to philanthropic allocation.

Throughout the document, the Responsible Office's name was changed from University Relations to University Development and Alumni Relations.

The philanthropic allocation is 5.0% as opposed to 2.5% for the gift fee.

Revision of April 24, 2009:

The Responsible Executive was changed from Donald McQuade to Scott Bidy. The Responsible Office was changed from Development Operations to Advancement Operations. Broken hyperlinks were updated.