

Standard Practice Guide Policies

Gift Acceptance

602.02

Applies to: All Departments and Units of the University

I. POLICY

The solicitation and acceptance of private gifts and gift commitment (pledges), including support from individuals, corporations, foundations, and associations, is governed by the Bylaws of the University of Michigan's ("U-M") Board of Regents ("regents"). This authority applies without qualification to schools, colleges, and units ("SCUs"), regional campuses, and to all members of the university community who might solicit or receive gifts in the university's name. The Bylaws give the president, the chancellors, the executive vice president and chief financial officer ("CFO"), and the CFO's written designee authority to accept all gifts. The CFO generally delegates authority to accept gifts to the vice president for development.

Regents Bylaw Sec. 3.05 (<https://regents.umich.edu/governance/bylaws/chapter-iii-business-management-finance-and-property/>) stipulates: "Each gift is accepted subject to the general policy of the regents that the wishes of donors, with respect to their gifts, shall be loyally observed, so long as in the Board's opinion, such wishes do not conflict with the proper administration of the university under changes that may develop in the course of time."

II. GUIDELINES

- A. Gifts and grants are solicited and accepted for purposes that are consistent with the educational, research, and service missions of the university. The executive officers, deans, and directors are responsible for making such determinations of consistency.
- B. To qualify as a charitable contribution for which the university will issue a gift receipt, a transfer of funds or property to the university must be to, or for the use of, the university in conducting its educational, research, and service missions directly and through its various entities under the authority of the regents; and meet the requirements of the IRS for deductible, charitable donations. The Office of the Vice President for Development, through its Gift and Records Administration Team, issues all gift receipts on behalf of the regents.
- C. Although payable to the university, transfers that are directed to, or for the use or benefit of particular named individuals, are considered by the IRS as a private benefit not qualifying for the charitable contribution deduction. Consequently, the university will not issue a gift receipt for such transfers, including, but not limited to, the transfers of the types illustrated below:
 1. For financial aid to a specified student;
 2. For contributions to provide compensation for a named faculty or staff person;
 3. For contributions directed to specific individuals for their research or related activities.
 4. For contributions to an account over which the transferor/donor has expenditure control.
- D. Proposed gifts for building purposes, and any gift whose maintenance will add to the ordinary operating budget of the university shall be accepted only with the express permission of the regents, in accordance with Regents Bylaw Sec. 3.05 (<https://regents.umich.edu/governance/bylaws/chapter-iii-business-management-finance-and-property/>).
- E. The university controls the investment of endowment funds, and such control is not subject to donor restrictions. The university invests gifts for endowment and makes distributions for spending in accordance with its investment policies (see SPG 501.11 (<https://spg.umich.edu/policy/501.11>)).
- F. Generally, the university sells non-cash gifts as soon as possible after receiving them, and spends or invests the proceeds in accordance with the university's investment policies and its agreement to loyally observe wishes of donors as described in Bylaw Sec. 3.05. However, the university may accept and choose to not sell gifts of financial interests for which there is no ready public market, real property, or other property. Such determination will be made in accordance with the policies and guidelines concerning the type of property donated.
- G. The university will not accept gifts in cases in which it is clear to the university that the funds or property donated were acquired by other than legal means, or that clear title to the donated assets does not flow from the donor to the university.
- H. Acceptance of a gift does not imply endorsement or approval by the university of the views, occupations, or activities of a donor.
- I. The university may decline to accept gifts when such acceptance would not be in the best interests of the university, as it determines in its discretion.
- J. No gift will be accepted that is contingent upon the university raising "matching funds"

by any formula, unless circumstances merit a specific waiver of this restriction by the vice president for development.

- K. No gift will be accepted that infringes upon the university's control over its established policies and process for admissions; appointments and promotions; the conduct of teaching and research; the employment of faculty and staff; the construction of facilities; or any of its other activities.
- L. No gift will be accepted that would require the university to contravene its established policy of nondiscrimination and equal opportunity (see Regents Bylaw 14.06 (<https://regents.umich.edu/governance/bylaws/chapter-xiv-miscellaneous-rules-and-regulations/>)).
- M. No gift will be accepted if the potential donor requires that its purposes cannot be disclosed publicly.
- N. The university reserves the right to apply a percentage of certain gift funds toward the general costs of operating the institution.
- O. The university's practice is to publicly recognize donors. However, if after careful consideration, the university determines that such recognition is not in the best interests of the university, the university may end such recognition.
- P. The university understands and respects the preference of donors who wish to remain anonymous, including in its report to the regents. When donors request anonymity, the identity of the donor(s) must still be known by the president of the university, the vice president for development, and such staff members that they determine have a need to know. Further, as a public institution, the university is subject to the Freedom of Information Act ("FOIA") and may be required to disclose donor information in accordance with the law.
- Q. The university may offer donors naming opportunities in accordance with its policies.

III. GIFT AGREEMENTS

The Office of the Vice President and General Counsel ("OGC") oversees written agreements that document the terms agreed upon by donors and the university. The OGC must review all such agreements prior to their execution.

- A. If a gift is for endowment the donor must state in writing that the gift is for endowment, in perpetuity, or other words that indicate the donor's intent that the gift be permanently retained by the university.
- B. The gift agreement should provide that the gift is to be administered at the direction of an appropriate executive officer, dean, or director.
- C. Gift agreements for faculty positions should state that incumbents for faculty positions are to be selected in accordance with university policies and practices governing faculty appointments, and in accordance with the principles of academic freedom.
- D. The selection and appointment process for any professorship or student award which results from a gift, should be expense-free to the university, except indirect overhead expenses (e.g., cost of space, utilities, regular salaries of administrative personnel and staff, etc.), which are costs to be borne by the university. An example might be a donor's interest in establishing a national selection committee for a donated position. The university must specifically waive this prohibition against such expenses.
- E. Donors may give the university the right to add surplus distributions to the endowment principal, or accumulate them for later use for the purpose designated by the donor, as determined with the university's sole discretion. The university may also agree with the donor to accumulate all distributions for a period of time in order to make a significant initial award from the endowment.
- F. Scholarships, fellowships, and other types of student aid are to be awarded in a manner that is consistent with university policies and procedures for admitting students and awarding student aid. Provisions for student loans must be specifically approved by the financial aid office of the lending SCU.
- G. Any gift agreement pledging future contributions for a post, position, program, or activity not presently funded; or for which the university agrees to create a permanent post, position, program, or activity; must stipulate that it is mutually agreed upon by the signing parties that any consequent university action is taken in reliance upon the pledge. This requirement may be waived by the CFO or provost, depending on the post, position, program, or activity that is being funded.
- H. All gift agreements and gift letters should be made, governed by, and interpreted under the laws of the State of Michigan.
- I. In the case of all gift agreements, it is permissible to include clauses concerning:
 - 1. Appropriate publicity of a gift.
 - 2. Informing the donor of the outcome of a selection or appointment.
 - 3. Providing a periodic report of activity to the donor.
 - 4. Stipulating the donor's intention that a gift not replace present university support for program, position, or other purpose.

For information about various methods of giving, types of gifts, and contact information, see <https://leadersandbest.umich.edu>. (<https://leadersandbest.umich.edu>.)

File Attachments

Printable PDF of SPG 602.02, Gift Acceptance (https://spg.umich.edu/sites/default/files/policies/602X02_0.PDF)

SPG Number:
602.02

Applies To:
All Departments and Units of the University

Date **Owner:**
Issued: Office
October of
17, the
2005 Vice
President
Last
for
Updated: Development
February
12, **Primary**
2021 **Contact:**
Office
Next
of
Review
the
Date: Vice
February President
12, for
2026 Development

Related Policies:
University Investments and Endowment Funds (/policy/501.11)

Related Links:
UM Giving (<https://leadersandbest.umich.edu>)