

COLUMBIA UNIVERSITY

Designating Endowment Accounts as Central/Current

Purpose of the Policy

The purpose of the policy is to establish the criteria for determining the status of an endowment account as:

- Central/Non-central
- Current/Non-current

Policy Responds to

This policy responds to a need to properly categorize these funds for budgetary purposes consistently throughout the University. Additionally, these designations are currently used to identify funds which support the Capital Campaign.

Owner of this Policy

The Office of Management and Budget.

Who Should Know this Policy

This policy applies to:

- All Schools & Departments who have any financial or administrative responsibilities for endowment accounts
- Office of Management and Budget
- Office of the Controller
- Office of Alumni & Development

Exclusions or Special Situations

None

Policy Statement

The “Central” and “Current” designations categorize endowment funds for budgetary purposes as described below. These classifications help the Schools and the Finance Division understand the usage of funds from two perspectives:

1. Central/Non-Central

Designating an account as central or non-central identifies its ability to support core functions of the School.

- **Central:** If the endowment is unrestricted or covers core functions occurring with or without the endowment gift (e.g. financial aid, professorships/salaries, research, etc.), or use of the endowment income is substitutional and may free up general unrestricted funds to be spent on other activities, it is to be marked central.
- **Non-Central:** If the endowment terms are restricted by the donor to a program or purpose that would otherwise not be funded with unrestricted funds, it is to be marked non-central.

2. Current/Non-Current

Designating an account as current or non-current identifies the ability to spend the income distributed.

- **Current:** If the endowment income distributed may be spent within the current or next fiscal year, it is to be marked current.
- **Non-Current:** If the terms of the fund or current situation prevent the spending of the funds in the current or next fiscal year (e.g. building endowment fund, required reinvestment while chair is vacant as directed by gift agreement), it is to be marked non-current. No spending should occur from an account that is marked non-current.
- **Underwater funds:** Underwater funds where spending is required to be halted may be changed to non-current.

Adjustments to the transfers of 70 basis points

Endowment funds that are coded both “Central” and “Current” receive an additional 70 basis points distribution. The additional income generated by the fund is spent in accordance with the terms, freeing up an equivalent amount of unrestricted funds that are used to support the Capital Campaign.

- **Unspent Central funds:** If a school is unable to use all of the current year distribution due to restrictions on the fund, OMB will work with the school to rebate a portion of the 70 basis points.
- **Changing a non-current central fund to current:** When a non-current central fund is reclassified as current, the school may be assessed the 70 bps and the 70 bps that had been reinvested will be distributed from the endowment.

Establishing or changing “Central/Current” status

Establishing “central/current” status occurs when the endowment account is established (Procedures to create new endowments are found at: <http://www.endowmentadmin.columbia.edu>)

Requests to change the “central/current” status should be properly approved by the School’s Senior Financial Officer¹ and submitted to Endowment Compliance for review.

Change requests should be submitted in July and August for the upcoming fiscal year. Attribute changes will be made at the beginning of the fiscal year, during July and August, so changes will be in effect for all income distributions. Mid-year changes will be made when in accordance with the endowment terms.

Roles and Responsibilities

Office of Management and Budget

The Office of Management and Budget has final approval on all changes to central/current status.

Office of Endowment Compliance

The Office of Endowment Compliance reviews the terms of endowments and consults OMB as required.

¹ CUMC is required to have approval from the CUMC Controller’s Office and A&S is required to have approval from the Vice President’s Office.

Schools and Departments

Schools and Departments manage their endowment funds and determine whether any adjustments should be made to the central/current status.

Contacts

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