



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

OP 02.02: Solicitation of Gifts and Grants from Private Philanthropic Sources

DATE: April 25, 2012

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to set forth Texas Tech University policies and procedures related to solicitation of all gifts, donations, and non-contractual grants from private philanthropic sources (e.g., individuals, foundations, and corporations).

REVIEW: This OP will be reviewed in April of even-numbered years by the vice chancellor for institutional advancement (VCIA). Changes regarding financial procedures will be made with the concurrence of the chief financial officer (CFO).

POLICY/PROCEDURE

1. Definition of Gifts

- a. For the purpose of this OP, gifts, donations, and non-contractual grants are defined as follows: charitable contributions of any kind of property, real or personal, including pledges, which are given for restricted or unrestricted purposes by donors from the private sector (e.g., individuals, foundations, and corporations). A gift is a voluntary transfer of property from one to another without consideration. It is donative in nature and bestowed by the donor voluntarily and without expectation of any tangible return.
- b. Included in the above definition are gifts such as cash, securities, and tangible personal property and real property.
- c. Not included in the above definition are grants from public entities, including local, state, and federal entities, or contractual grants, contracts, or purchase orders from private sources. The Office of Research Services will communicate approaches and receipts for contractual grants from private sources with the Office of Institutional Advancement (OIA).

2. General

- a. All solicitation of gifts from private sources by any Texas Tech University (TTU) faculty member, staff member, student, student organization, or related corporate entity shall be coordinated and cleared before the fact with the OIA. The VCIA, in conjunction with the development officer in the responsible college or unit, if applicable, or an appropriate staff member of the OIA, will work with the faculty member, staff member, student, student organization, or related corporate entity on the project.
 - (1) Any project for which gift funding in excess of \$1,000 is sought must receive approval from the appropriate academic and OIA administrator. Funds may not be formally solicited for a center or institute prior to approval of the establishment of the center or institute by the Board of Regents.

- (2) In the approval process, the sponsors of the project must agree that, should the fundraising goal not be reached, TTU support in excess of what might be committed initially will not be sought. In addition, a plan must be provided by the project sponsor to the VCIA and the president specifying what will happen to the gift funds should the fundraising project not reach its financial goal. The sponsor must agree to inform the principal donors in advance of how the funds will be used should the goal not be reached.
 - (3) The OIA maintains a master calendar for all fundraising events. All events must receive prior approval from the OIA.
 - (4) All fundraising projects and events shall comply with TTU policies and procedures, as well as federal and state law.
 - (5) Any written statement concerning tax deductibility of contributions must be reviewed and approved by the OIA.
 - (6) Policies and procedures relating to the use of TTU name by a third party or unrelated entities are found in OP 01.06.
- b. If any faculty member, staff member, student, or student organization receives any unsolicited question from a prospective donor regarding a possible gift to TTU or Texas Tech Foundation, Inc., (TTFI), the OIA should be notified of the inquiry as soon as possible following the initial contact.
- c. Fundraising programs can be initiated by TTU or by TTFI.
- d. The related corporate entities of TTU, other than TTFI, are defined as separately incorporated, nonprofit organizations with federal tax-exempt status, which, pursuant to their governing documents, exist solely to support TTU and have contracts with TTU setting forth such support. These organizations are:
- (1) Texas Tech Alumni Association;
 - (2) Museum of Texas Tech University Association;
 - (3) Ranching Heritage Association;
 - (4) Texas Tech Association of Parents; and
 - (5) Texas Tech University Law School Foundation.

TTU personnel may assist the above-listed related corporate entities in any fundraising efforts in which the contributions are made to TTFI or TTU as designated by the donor.

TTU personnel and students may assist organizations, other than those listed above, with fundraising efforts, provided contributions are made to TTFI or TTU as designated by the donor.

- e. Corporations and Foundations

All research, project, and gift solicitation proposals to private foundations or corporations

must be cleared by the director of Corporate and Foundation Relations if the following indicators of a gift exist:

- (1) The award is from a non-governmental source and is either for buildings or facilities, research or a specific project, or for the endowment of TTU;
- (2) The donor specifically intends the award to be a charitable gift, as reflected by the characteristics of the award instrument;
- (3) The conditions or stipulations placed on the intended use of the award are reasonable and serve to direct the funds to areas such as scholarships, facilities, or general research support of specific interest to the donor;
- (4) The donor intends the gift to be irrevocable and, therefore, relinquishes the right to reclaim the gift or any unused remainder; and
- (5) The donor makes the gift to TTU or TTFI without expectation of direct economic benefit or other tangible benefit commensurate with the worth of the gift.

f. Office of Research Services

The Office of Research Services will have responsibility for negotiation and administration of the award if any of the following indicators exist:

- (1) The award is from a governmental or quasi-governmental entity or is a subcontract or purchase order from a federal contractor;
- (2) The award is from a corporation's research and development budget and is perceived by the company as a "cost of doing business" rather than a charitable gift;
- (3) The for-profit private sponsor hopes to gain direct economic benefit as a result of the activity to be conducted under the agreement;
- (4) The award is the result of a project proposal to the sponsor, and there is a written contract between the sponsor and TTU;
- (5) The sponsor is contractually entitled to formal financial, technical, or activity reports;
- (6) There are specific limitations concerning patents, copyrights, publications, or the use and ownership of equipment;
- (7) The unused portion of the award is revocable if the grant is not being used to the sponsor's satisfaction; or
- (8) The activity supported by the award involves patents, hazardous substances, animal or human research subjects, or classified material.

3. Payment of Gift-related Fees

a. Finder's Fees or Commissions

- (1) Neither TTU nor TTFI will pay any fee to any person in consideration of directing a gift to TTU or TTFI. Such fees could be illegal and, in the case of irrevocable deferred

gifts that involve management of assets, the payment of such may subject TTU, its Board of Regents, TTFI, its Board of Directors, or the staff of TTU to federal and state security regulation.

- (2) No commission or finder's fee of any type will be paid to any party in connection with the completion of a gift to TTU or TTFI.

b. Professional Fees

TTFI will pay reasonable fees for professional services in connection with the completion of a gift to TTFI as follows:

- (1) If the potential gift is valued at \$100,000 or more and if the expenses to be paid by TTFI are \$5,000 or more, staff shall contact the Board of Directors of TTFI with a firm estimate of the anticipated expenses and shall poll the Board of Directors on the proposed expenses. If approved, staff shall have the authority to pursue a commitment on the gift.
- (2) If the potential gift is valued at \$100,000 or more and if the expenses to be paid by TTFI are less than \$5,000, staff shall have the authority to pursue a commitment on the gift without approval of the Board of Directors.
- (3) If the potential gift is less than \$100,000, TTFI will not agree to pay the related expenses.

4. **Matching Gifts**

- a. Some foundations and corporations provide gifts to TTU and TTFI to match certain academic contributions made by their employees. The OIA will verify receipt of the gift. The matching gift forms require the signature of the VCIA or designee for certification that the gift is eligible for match based on the company's matching gift policy.
- b. Matching gifts, including the original and matching contributions made to the related corporate entities of TTU, will be forwarded to the OIA for deposit into an account whereby the funds will be used as established by the matching gift company's policy. At no time will the funds be transferred to the related corporate entity for deposit to a bank account maintained by such entity.