Policy on the campaign reinvestment fee

Policy Type: Local
Responsible Office: Development and Alumni Relations
Initial Policy Approved: December 2012

Policy Statement and Purpose

Virginia Commonwealth University collects a 4 percent campaign reinvestment fee on all qualifying gifts to further fund its development and alumni relations efforts.

Half of the fee supports centralized development and alumni relations efforts at the university level, increasing functionality and efficiency of gift processing, donor stewardship and alumni engagement, as well as helping to execute future fundraising campaigns. The remaining 2 percent supports the development infrastructure of the schools/units to which the gifts were made. Depending on available resources, some schools/units might opt out of assessing their portion of the fee.

The fee was recommended by the Development and Alumni Relations Advisory Committee appointed by the president and was approved by the VCU Board of Visitors in August 2010.

Table of Contents

Who Should Know This Policy ................................................................. 1
Definitions ......................................................................................... 1
Contacts ............................................................................................ 2
Procedures ......................................................................................... 2
Forms .................................................................................................. 4
Related Documents .......................................................................... 4
Revision History ................................................................................ 4
FAQs .................................................................................................... 4

Who Should Know This Policy

Members of the VCU Board of Visitors, university-affiliated foundation board members, university leadership, all Development and Alumni Relations personnel and all faculty and staff involved in any DAR activities.
Definitions

Qualifying gifts
Transactions deposited and processed by Advancement Services, including all online gifts, all cash deposits to current, endowment and capital funds, as well as nontax-deductible cash. Charitable trusts and bequests are assessed at the time they are realized. The fee on stock gifts is assessed on the gift value credited to the donor, which may differ from the actual proceeds. Other noncash gifts that are immediately liquidated are assessed upon receipt of the proceeds.

Nonqualifying gifts
- Gifts-in-kind
- Insurance premiums
- Payments on pledges made before Oct. 1, 2010
- Awards on proposals submitted before Oct. 1, 2010
- Other exceptions as approved by the vice president for Development and Alumni Relations

Contacts
The Office of the Vice President for Development and Alumni Relations provides the official interpretation of this policy. Contact the associate vice president for Advancement Services with specific questions.

Procedures

1. Fee assessment: The 4 percent campaign reinvestment fee is collected on all qualifying gifts received by the university and its affiliated foundations between July 1 and June 30 each fiscal year. The fee revenue is divided evenly between the schools/units based on the donors’ intent and the Office of the Vice President for Development and Alumni Relations for reinvestment in universitywide development efforts.

   A. Governing rules
   Campaign reinvestment fee collection is governed by the following rules, effective October 2010:
   - The fee is not collected on any amount greater than $2 million on a single gift.
   - Schools/units can request not to assess the 2 percent fee designated for fundraising purposes on its gifts. If an exemption is approved, the 2 percent fee is distributed to the gift account to which the gift was made.
   - Schools/units can request that the 2 percent fee not be assessed on a particular gift.

   To request an exemption, the dean/director in the school/unit must complete the Request for Exemption form and send it with copies of the gift documentation electronically to the vice president for Development and Alumni Relations for review and approval. If the exemption is approved, the form is returned to the unit’s fiscal office and forwarded to the Office of Gifts and Records Management, where copies of the documents are scanned and attached to the gift record in the database. If the exemption is not approved, the form and copies are returned to the dean.
In cases where the donors (individuals, corporations or foundations) refuse to pay the fee, the beneficiary school/unit must transfer alternative funds equal to the value of 2 percent of the gift to the campaign reinvestment fee revenue index held by the vice president for Development and Alumni Relations. The campaign reinvestment fee does not affect the tax deductibility of gifts, and donors receive gift receipts for the full amount of their donations.

B. Approved requests for exemptions are processed upon receipt.

C. Fee calculations
Advancement Services determines the campaign reinvestment fee revenue realized from all qualifying gifts. The fee revenue total is calculated and recorded each month, and reports are provided to the university and its affiliated foundations regarding the amount to deduct from each gift before it is deposited in the appropriate fund. Gift fees are assessed on a monthly basis.

D. Current month and year-to-date reconciliations are performed to assure that the campaign reinvestment fee has been assessed properly on all qualifying gifts.

E. Fee assessment reports are sent to the foundations requesting the transfer of the campaign reinvestment fee from the foundations’ gift accounts to their fee holding accounts.

F. Monthly reports are sent to the directors of development in the schools/units and posted in the Reporting Center on the DAR intranet.

G. Fee records are posted to a log file.

H. Year-end reconciliation.
   Advancement Services reconciles its log file with the fee reports distributed during the fiscal year.

2. Campaign reinvestment fee (CRF) indexes: The Banner Finance system includes five indexes for each school/unit that are designed to track development and alumni relations expenditures funded by the CRF revenue collected in the previous fiscal year. Four indexes are directly related to four expenditure categories (Annual Giving, Alumni Relations, Major Gifts and Donor Relations and Stewardship). The fifth index is associated with the “other” expenditure category, but its primary purpose is to act as a depository for fee revenue from the foundations. Expenditures should not be incurred in this category/index unless they do not fall under one of the other four expenditure categories/indexes.

3. Notifications of the campaign reinvestment fee revenue collected: During the first quarter of the fiscal year, the vice president for Development and Alumni Relations emails each dean/director informing him/her of the total campaign reinvestment fee collected on qualifying gifts to the school/unit in the previous fiscal year.

4. Release of funds:
   A. Virginia Commonwealth University, School of Business and School of Engineering Foundations
   At the beginning of the fiscal year, the foundation(s) will deposit the fee revenue collected on qualifying gifts received in the previous fiscal year into the school’s/unit’s CRF revenue index. Use of the funds is contingent upon an approved CRF expenditure plan.
B. Medical College of Virginia Foundation
Fee revenue will be deposited only on a reimbursement basis in accordance with MCV Foundation policy.

5. Expenditure Plan: To spend the CRF revenue, a request must be submitted and approved by the vice president of DAR. The request must indicate specifically how the school/unit would like to spend the funds. The person initiating the request completes and signs the campaign reinvestment fee form and gets the approval and signature of the dean/director. A representative of the dean/director sends the request electronically to the director of DAR Finance and Budget. The director reviews and forwards the form to the vice president of DAR for approval. If the vice president approves and signs the form, the form is scanned and sent to the appropriate foundation(s), the director and the person who submitted the request. If the request is not approved, the vice president notes the reason on the form and his office returns it to the person who submitted the request with a copy to the director.

6. Expenditure Tracking: DAR Finance & Budget tracks expenditures in the schools'/units’ fee revenue indexes on an annual basis.
   - Banner reports and foundation reports will be used to ensure compliance with expenditure plan submitted to and approved by the vice president of DAR.
   - Descriptions in Banner Finance must be complete and provide the purpose of the expenditure.
   - Documentation for expenditures can be requested.
   - Expenditures incurred for purposes other than development and alumni relations efforts must be moved from the CRF indexes to non-CRF indexes in the schools/units.
   - Expenditures that have not been approved by the vice president, even those for development and alumni relations efforts, must be moved from CRF indexes to non-CRF indexes in the schools/units.
   - Expenditures that were originally approved for one purpose and later approved for another purpose must be moved from the CRF indexes to the non-CRF indexes in the schools/units.
   - Revenue moved from the fee revenue indexes must be returned.

7. Impact reporting: Each year, the vice president for Development and Alumni Relations reports to the University Resources Committee of the VCU Board of Visitors on the fee revenue collected and expended in the previous fiscal year. Program codes in the Banner Finance system and a special index structure assist the vice president in acquiring the information for this report. Expenditures can be tracked to Annual Giving, Alumni Relations, Major Gifts, and Donor Relations and Stewardship. Fee revenue is deposited into the “other” category of expenditures. If necessary, expenditures can be incurred in this index if they do not fall under the other four categories. Account activity for all five categories is reflected in organization codes created for all schools/units in Banner Finance.

Forms

- Campaign Reinvestment Fee Form (http://www.support.vcu.edu/pdfs/forms/CRFform.pdf)
- Request for Exemption Form (public access not available)
- Request for Payment Form (http://mcvfoundation.org/main/secure/ficofficers.php)
Related Documents

- Reporting Suspected University-related Misconduct/Noncompliance and Protection from Retaliation (http://www.assurance.vcu.edu/Policy%20Library/Reporting%20Suspected%20University%20Misconduct-Noncompliance%20&%20Protection%20from%20Retaliation.pdf)
- VCU Code of Ethics (http://www.president.vcu.edu/pdfs/ethics.pdf)
- VCU Creed (http://www.vcu.edu/vcu/creed.php)
- Personal Reimbursements (http://www.assurance.vcu.edu/Policy%20Library/Personal%20Reimbursements.pdf)
- Other Corporate Card (P-Card) Documents (http://procurement.vcu.edu/i-want-to/use-p-card/learn-the-basics/#.UZEJ4qKG34g)

Revision History

This policy was revised in October 2013 to change staff titles in the procedures.