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# Spending Policy Changes: Endowments

June 2009

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## SUMMARY OF SURVEY RESPONSES

### Survey

We recently surveyed 165 U.S. colleges and universities, 39 museums and libraries, 27 independent schools, and 29 other institutions regarding their current spending policies, recent and future changes to these spending policies, and expectations for endowment withdrawals for the current and next fiscal year. The survey was designed to share information on how institutions are coping with the current economic downturn, which has intensified the challenge of balancing the competing goals of maintaining the purchasing power of the endowment and providing a maximum financial benefit to institutions facing increased financial pressures. At its core, a spending policy is designed to balance the needs of both current and future generations. The challenge is finding the balance by providing continued (or growing) financial support to the institution while being mindful of preserving the endowment value in an uncertain market environment.

While the endowment represents only part of an institution's financial resources, tracking changes in spending policy and practices can provide a snapshot of how endowments are tackling not only the current situation but also the long-term strategies for recovery and growth.

We received responses from 113 institutions. Of this group, 68 are colleges and universities, 18 are museums and libraries, eight are independent schools, and 19 are other institution types. For the purposes of this report we will focus on the 45 respondents that are not colleges and universities. Responses from the 68 colleges and universities are provided in the exhibits as a reference.

Although responses varied, more respondents expect to increase rather than decrease total endowment withdrawals in the current fiscal year relative to the prior fiscal year. For the fiscal year ending in 2010, more respondents plan to decrease withdrawals to preserve wealth in what may be a protracted, difficult environment. Institutions reflect longer-term strategic changes through a change in spending policies. Among the 45 responding institutions (respondent group excluding colleges and universities), six approved changes to their policies for fiscal year 2009 in the last six months, while 21 have approved or are considering changes for fiscal year 2010 or beyond. The following sections summarize our findings.

### Overview of Spending Policy Changes

Of the 45 respondents, 19 indicated they have implemented, have approved, or are seriously considering making a change to their spending policy (Exhibits 1A–2D).

- Changes to a spending policy can take time to implement. While some institutions were able to make changes to the current fiscal year, others are planning changes that will not go into effect until 2010 or later. Seven institutions reported making policy changes in the last six months, though some were

planned before the steep market decline in late 2008. One of these changes affected the spending rule, two decreased the spending rule target rate, one increased the rate, and four made other types of changes. These changes are outlined in Exhibit 2A.

- Most institutions planning to make changes to their spending policies will do so in fiscal year 2010 or later. Two respondents have plans to modify their spending rule type, while seven have approved or are seriously considering making changes to the spending rule target rate. Of these seven institutions, one intends to decrease the rate, while two plan to increase the rate. The remaining four institutions are planning to make a change to the rate but have not determined the magnitude or direction of the change.
- One institution has approved making a change to the way in which it smoothes market values in the market value-based spending rule (Exhibit 2B).
- Two institutions are considering adding or making changes to spending floors, caps, and collars. One is considering adding a collar to its calculations and the other will adjust the smoothing period to match the rule (Exhibits 1A and 2C).

Not all institutions are amending the spending policy itself. Some are opting to temporarily override the policy and either increase or decrease the funds being withdrawn from the endowment (Exhibit 3A).

- For fiscal year 2009, two of the 45 respondents expect to spend more than the amount calculated by the stated policy and four plan to spend less.
- For fiscal year 2010, five of the 45 respondents to this question expect to spend less than their spending policy dictates and none reported plans to spend more.

### **Anticipated Total Endowment Withdrawal for 2008–09**

- Survey respondents provided the anticipated total endowment withdrawal for fiscal year 2009 as a percentage of beginning market value. Two-thirds of the group hovered around 5%, with one-third expecting to spend between 4.0% and 4.9% (14 institutions) and the other one-third expecting to spend between 5.0% and 5.9% (15 respondents). Anticipated withdrawals for the remaining third ranged between 0% (no spending) and 7.0% (Exhibit 4A).
- Of the 45 respondents, 13 plan to hold spending at a constant level and do not expect to change the withdrawal amount in fiscal year 2009 or 2010 (Exhibit 5A).

- Of those that anticipate changing the withdrawal amount in 2009, seven anticipate increasing the withdrawal amount, and eight will most likely draw less. The remaining 30 will make no change (Exhibit 5A).
- In fiscal year 2010, 18 of the 45 survey respondents expect to reduce their withdrawal from the previous year, while nine will most likely increase it. In addition, two are undecided and 16 plan to make no change (Exhibit 5A).

### **Overview of Spending Rules**

- Market value–based spending rules, which base spending on a prespecified percentage of endowment market value or a trailing average market value, continue to be the most common, used by 35 of the 45 reporting institutions (Exhibit 6A).
- The most common smoothing period, used by 25 of the 35 institutions with market value–based spending rules, is a three-year time horizon. The majority of this group (18 of 35) calculate moving averages based on quarterly data (Exhibit 7A).
- Eight reporting institutions employed collars to maintain spending rates within a band. Additionally, five institutions defined only a cap on spending (Exhibits 8A and 8C).
- In general, institutions that use constant growth spending rules also employ collars to provide a link between spending and endowment market values. However, of the eight institutions using collars, only one has a constant growth spending rule. The remaining seven are split between the other policy types (Exhibits 8A and 8C).

## **EXHIBITS**

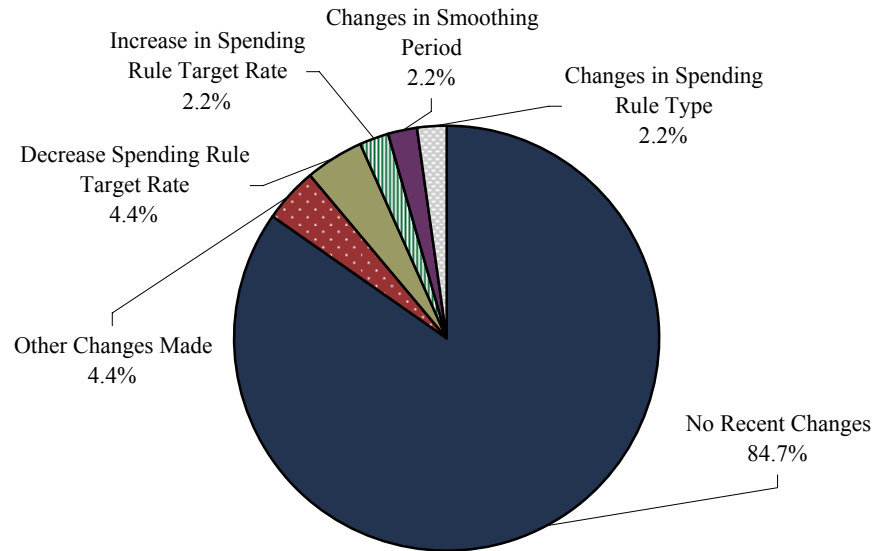


**Exhibit 1A**

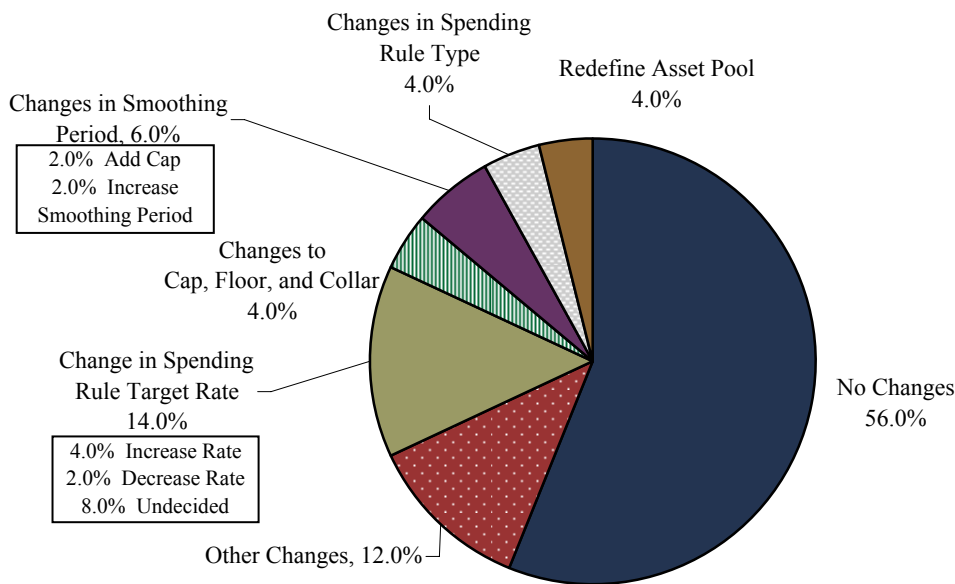
**CHANGES IN SPENDING POLICIES  
Endowments (ex Colleges and Universities)**

**By Type**

**Changes Implemented in the Last Six Months**



**Changes Approved for Implementation or Under Consideration**



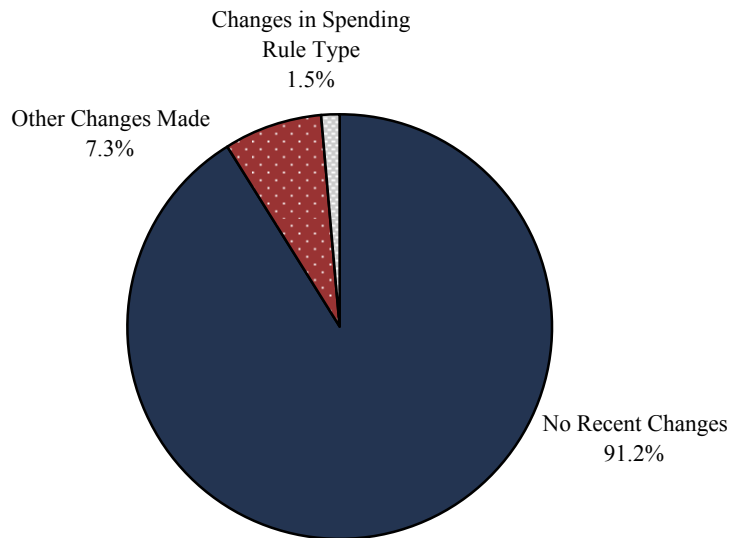
Notes: In a few instances, institutions had changes in multiple categories. In total, there were seven changes made at six institutions. The bottom chart reflects the 22 changes approved for implementation or under consideration at 17 institutions.

**Exhibit 1B**

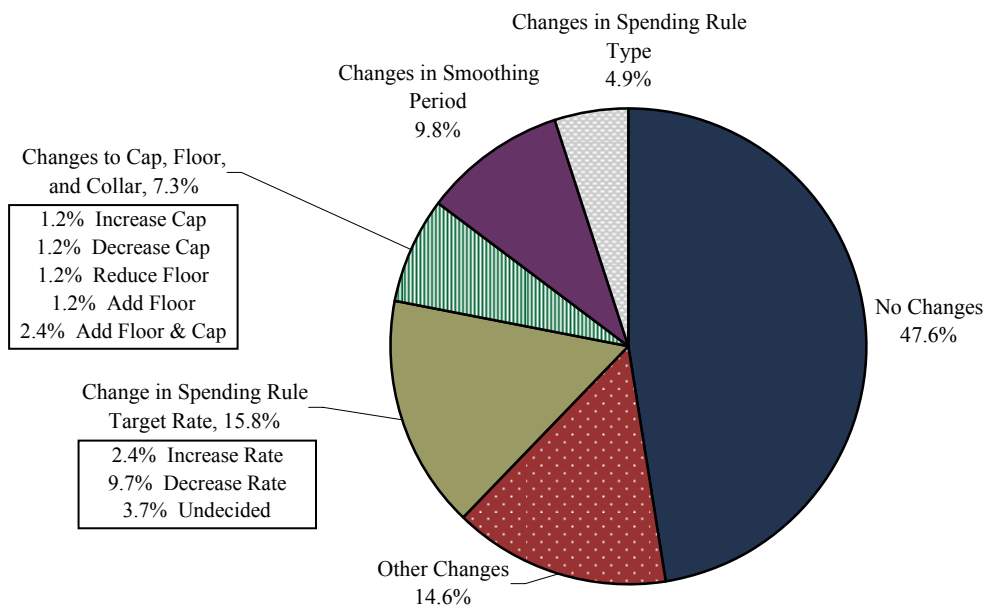
**CHANGES IN SPENDING POLICIES  
Colleges and Universities**

**By Type**

**Changes Governing Spending in 2008–09  
Implemented in the Last Six Months**



**Changes Governing Spending in 2009–10 and Beyond  
Approved for Implementation or Under Consideration**



Notes: In a few instances, institutions had changes in multiple categories. In total, there were six changes made at six colleges and universities for 2008–09. The bottom chart reflects the 43 changes approved for implementation or under consideration at 29 colleges and universities for 2009–10.

## Exhibit 2A

### CHANGES IMPLEMENTED IN THE LAST SIX MONTHS Endowments (ex Colleges and Universities)

#### Changes to Spending Rule

Code	Type	New	Previous
26	ML	12-Q moving average MV	Constant growth policy

#### Changes to Spending Rule Target Rate

Code	Type	New	Previous
31	O	Increase Spending Rule Target Rate to 5.0%	Spending Rule Target Rate of 4.0%
32	O	Decrease the Range of the Spending Rule Target Rate to 5.0%–6.0%	Spending Rule Target Rate between 5.0% and 7.0%
37	O	Decrease Spending Rule Target Rate to 5.0%	Spending Rule Target Rate of 5.5%

#### Other Types of Changes

Code	Type	Description of Change
4	IS	For the 2009–10 budget our spending rate was calculated using the average of the prior ten quarters plus two estimated quarters. The board wanted the effects of the downturn in the market to be realized sooner, rather than wait and have 2010–11 have a large decrease in the amount available to spend.
25	ML	Application of spending policy to invested unrestricted reserves being eliminated over five-year period.
32	O	In June 2008, the board directed management to begin moving toward a 5% spending rate over a period of years. At that time, spending was at 6% within the previously approved range of 5% to 7%. While it was not a change to the policy, the board recognized in September 2009 that we would be spending a much higher percentage of the current value of the fund and directed management to lower spending in 2009. Management proposed changes that lowered the budgeted spending rate to 4.5% of the average value but was approximately 6% of the current value.

Notes: Institutions with multiple changes are listed in each relevant category. IS indicates independent school, ML indicates museum or library, and O indicates Other.

**Exhibit 2B**

**CHANGES GOVERNING SPENDING  
IMPLEMENTED IN THE LAST SIX MONTHS  
Colleges and Universities**

**Changes to Spending Rule**

<u>Code</u>	<u>New</u>	<u>Previous</u>
65	Hybrid policy	Constant growth policy

**Other Types of Changes**

<u>Code</u>	<u>Description of Change</u>
61	With the new UPMIFA law, changed the payout rate from 2% to 4% for those endowments underwater (if this is consistent with the agreement).
76	4% spending allowances that bring gift fair market value underwater can be granted, but only with approval from the investment committee. Also, spending allowances in excess of 4% can now be approved on an exceptional basis.
91	Override spending rule to focus on actual dollar amount necessary for the budget, as opposed to the amount calculated from spending rule.
98	Suspend spending on underwater accounts.
103	Investment committee has considered UPMIFA and decided to spend only ordinary income on underwater funds.

Note: Institutions with multiple changes are listed in each relevant category.

## Exhibit 2C

**CHANGES GOVERNING SPENDING  
APPROVED FOR IMPLEMENTATION OR UNDER CONSIDERATION  
Endowments (ex Colleges and Universities)**

**Changes to Spending Rule**

Code	Type	Current	Proposed Change
16	ML	Prespecified % of moving average MV	Hybrid policy
32	O	Prespecified % of moving average MV	To be determined

**Changes to Spending Rule Target Rate**

Code	Type	Current	Proposed Change
2	IS	Spending Rule Target Rate of 4.0%	To be determined
15	ML	Spending Rule Target Rate of 5.0%	To be determined
16	ML	Spending Rule Target Rate of 5.0%	To be determined
37	O	Spending Rule Target Rate of 5.0%	Considering a decrease to this rate
40	O	Spending Rule Target Rate of 4.5%	Spending Rule Target Rate of 5.0% (Fiscal Year 2010)
43	O	Spending Rule Target Rate of 5.5%	Spending Rule Target Rate of 5.6% (Fiscal Year 2010–11)
45	O	Spending Rule Target Rate of 4.0%	To be determined

**Spending Rule Mechanics: Changes to Smoothing Periods**

Code	Type	Current	Proposed Change
15	ML	5% of 12-Q moving average MV	5% of BMV
16	ML	5% of 16-Q moving average MV	5% of 20-Q moving average MV

**Spending Rule Mechanics: Smoothing Period Changes Under Consideration**

Code	Type	Current	Proposed Change
7	IS	12-Q moving average MV	Calculate using the latest quarter's value (or a more recent measure of the endowment value)

**Spending Rule Mechanics: Changes to Caps, Floors and Collars**

Code	Type	Current	Proposed Change
17	ML	Collar: 4.0–6.0% of a 12-Q moving average MV	Collar: 4.0–6.0% of a 16-Q moving average MV
25	ML	No floor or cap in place	Considering a spending cap of 7%

Notes: Institutions with multiple changes are listed in each relevant category. IS indicates independent school, ML indicates museum or library, and O indicates Other.

**Exhibit 2C (continued)**

**CHANGES GOVERNING SPENDING  
APPROVED FOR IMPLEMENTATION OR UNDER CONSIDERATION  
Endowments (ex Colleges and Universities)**

**Other Types of Changes**

<u>Code</u>	<u>Type</u>	<u>Approved</u>
9	ML	Keeping the absolute spending level flat for FY2010 and FY2011.
31	O	Deduct debt outstanding in order to get to "net long term pool." The spending amount would be a product of the target rate times the net pool.
32	O	Following the review of the spending policy in June 2008, the board directed management to move to a targeted spending rate closer to 5%. Management is adjusting the spending levels and will then work on the spending rule.
34	O	Apply spending rate to both unrestricted and purpose-restricted endowments. (Currently only applied to purpose-restricted endowments.)
37	O	Matching challenge grants have been eliminated as an incentive to donors.
41	O	Our state recently adopted UPMIFA and the spending rule will be revised to incorporate a three-year rolling average and may also keep the current floor and cap percentages.
42	O	For FY 2009–10, authorize 70% of the 5% of rolling 12-Q average. Review market conditions at 12/31/09 for decision if the organization will spend the remainder 30% of the allocation in 1/1–6/30/10 period.
<u>Code</u>	<u>Type</u>	<u>Under Consideration</u>
28	O	Discussions are underway regarding newer bequests that are currently underwater.

Notes: Institutions with multiple changes are listed in each relevant category. IS indicates independent school, ML indicates museum or library, and O indicates Other.

**Exhibit 2D**

**CHANGES GOVERNING SPENDING IN 2009–10 AND BEYOND  
APPROVED FOR IMPLEMENTATION OR UNDER CONSIDERATION  
Colleges and Universities**

**Changes to Spending Rule**

<u>Code</u>	<u>Current</u>	<u>Proposed Change</u>
61	Prespecified % of moving average MV	Constant growth policy beginning 2009–10
75	Prespecified % of moving average MV	Constant growth policy beginning 2010–11
89	Prespecified % of moving average MV	To be determined
109	Prespecified % of moving average MV	Hybrid policy (long-range possibility)

**Changes to Spending Rule Target Rate for 2009–10**

<u>Code</u>	<u>Current</u>	<u>Approved for 2009–10</u>
60	Spending Rule Target Rate of 5.0%	Decrease Spending Rule Target Rate to 4.5%
75	Spending Rule Target Rate of 5.0%	Decrease Spending Rule Target Rate to 4.0%
85	Spending Rule Target Rate of 4.75%	Decrease Spending Rule Target Rate to 4.0%
100	Spending Rule Target Rate of 5.0%	Decrease Spending Rule Target Rate to 4.0%
109	Spending Rule Target Rate of 5.0%	Decrease Spending Rule Target Rate to 4.86%

**Changes to Spending Rule Target Rate Under Consideration**

<u>Code</u>	<u>Current</u>	<u>Proposed Change</u>
53	Spending Rule Target Rate of 5.75%	Decrease to Spending Rule Target Rate of 5.0%
58	Spending Rule Target Rate of 4.8%	Decrease to Spending Rule Target Rate of 4.5%
61	Spending Rule Target Rate of 4.0%	To be determined
72	Spending Rule Target Rate of 5.0%	To be determined
87	Spending Rule Target Rate of 4.5%	Increase to Spending Rule Target Rate of 5.0%
89	Spending Rule Target Rate between 4.5% and 5.5%	To be determined
94	Spending Rule Target Rate of 4.0%	Increase to Spending Rule Target Rate of 4.5%
113	Spending Rule Target Rate of 5.0%	Decrease to Spending Rule Target Rate of 4.0%

**Spending Rule Mechanics: Changes to Smoothing Periods for 2009–10**

<u>Code</u>	<u>Current</u>	<u>Approved for 2009–10</u>
64	12-Q moving average MV	20-Q moving average MV (transitioning to a 16-Q average in 2009–10 and then adding one to the calculation period per quarter until it reaches 20-Q)
85	24-Q moving average MV	28-Q moving average MV
103	3-Y moving average MV	20-Q moving average MV

**Spending Rule Mechanics: Smoothing Period Changes Under Consideration**

<u>Code</u>	<u>Current</u>	<u>Proposed Change</u>
61	12-M moving average MV	12-Q moving average MV
74	3-Y annual moving average MV	12-Q moving average MV
75	12-Q moving average MV	8-Q moving average MV (or less)
90	12-Q moving average MV	24-Q moving average MV
113	12-Q moving average MV	20-Q moving average MV in FY2014 (or earlier)

Note: Institutions with multiple changes are listed in each relevant category.

**Exhibit 2D (continued)**

**CHANGES GOVERNING SPENDING IN 2009–10 AND BEYOND  
APPROVED FOR IMPLEMENTATION OR UNDER CONSIDERATION  
Colleges and Universities**

**Spending Rule Mechanics: Changes to Caps, Floors and Collars**

<u>Code</u>	<u>Current</u>	<u>Proposed Change</u>
51	Collar: 4.5% to 5.5% of a 12-Q moving average MV	Possible reduction to floor.
82	No floor or cap in place	Considering floor at some percentage of a moving average.
85	No floor or cap in place	Considering adding cap/floor feature eventually (not FY2010).
88	Cap: 10% increase over prior year	Will likely cap growth at 0% until 3-Y average statistic fully reflects current losses.
90	Collar: 4.5% to 6.0% of a 12-Q moving average MV	Possibly allow increase in ceiling cap up to 7% upon board approval.
104	No floor or cap in place	We intend to formally incorporate a cap and a floor. Probably 4.0% to 6.0% of BMV.

**Other Types of Changes**

<u>Code</u>	<u>Implementation in 2009–10</u>
96	Reduced spending by 10% on a one-time basis for FY2009–10. We used to increase each year for inflation around a range, and have lowered the range along with no inflation-based increase, for FY2009–10.
109	In FY2010 the intent is to hold endowment spending flat (in terms of dollars per share) with FY2009, in anticipation of an even greater decrease in the endowment payout in FY2011 (in terms of dollars per share) at the targeted rate of 5%.

<u>Code</u>	<u>Under Consideration</u>
63	If need be, we will begin to spend return on a larger amount of principal in our portfolio.
65	Hybrid policy is being overridden to control spending. We are increasing spending by 1.5% per year and not taking the full authorized draw. We plan to hold spending at less than authorized for several years. The overall 5% target remains the same.
66	We have drafted an Underwater Endowment protocol, identifying any endowments that are "underwater" as of 12/31, with spending to cease as of 7/1, unless donor approval received.
72	We are limiting distributions on underwater funds.
78	We will reset endowment spending at a lower level and will likely resume our methodology from there. We have done "step-ups" in the past, and this will be a "step-down."
85	Will consider possible further cuts to FY2010 spending at June 2009 meeting if market conditions continue to deteriorate.
86	We will bypass our policy in FY2010 and keep spending constant with FY2009 levels. Plan to return to rule for FY2011.
95	Set aside 12-Q average since it would generate too high a spending rate in the wake of a market value decline we do not believe will be quickly reversed. Goal is to keep spending below 7% of 7/1/09 market value if possible next year. We have determined that program continuity is more important than a mechanistic rule for the next year. We have not yet decided whether to revise our long-term spending policy for future years.
101	Perhaps we will add a temporary cap.
113	Reduce per unit payout by 25% in FY2009 and an additional per unit payout reduction of 25% in FY2010. Then freezing spending at the level reached by the end of FY2010 until no later than the end of FY2013.

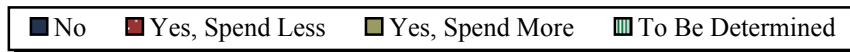
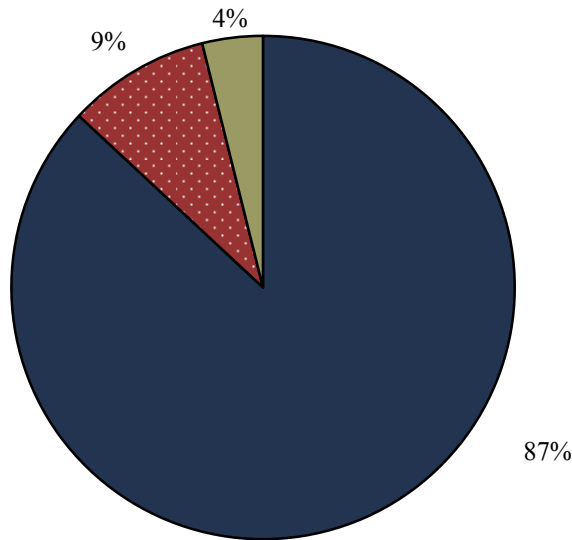
Note: Institutions with multiple changes are listed in each relevant category.



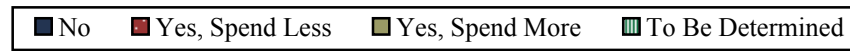
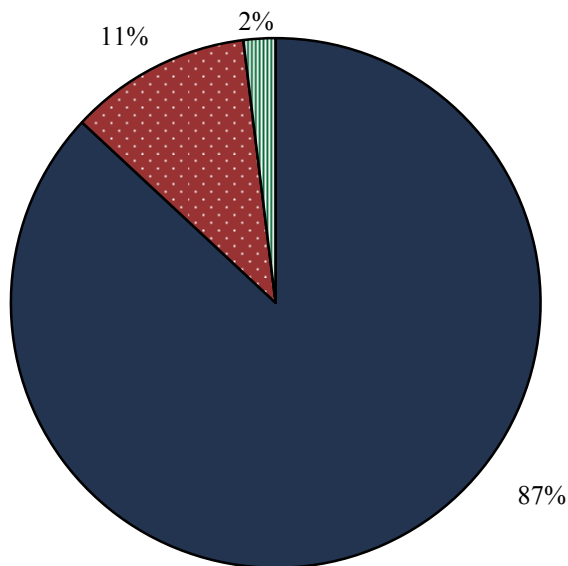
**Exhibit 3A**

**DO INSTITUTIONS EXPECT TO OVERRIDE THE SPENDING RULE?  
Endowments (ex Colleges and Universities)**

**Fiscal Year Ending 2009**



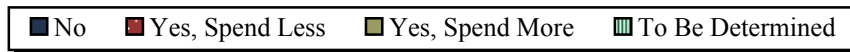
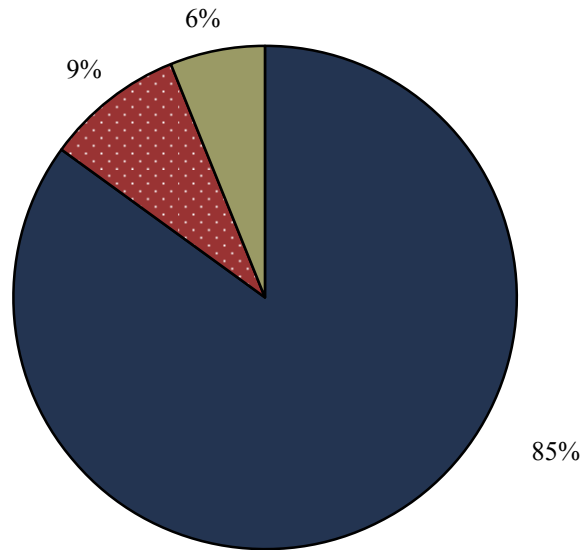
**Fiscal Year Ending 2010**



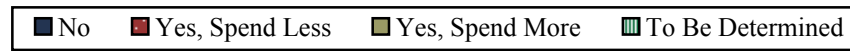
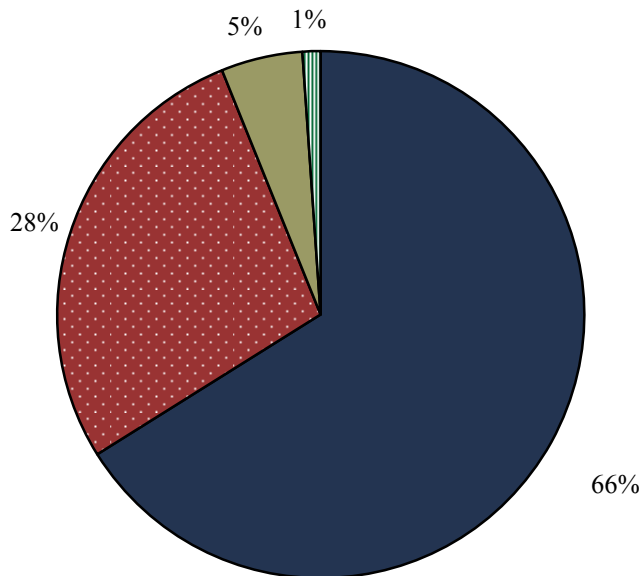
**Exhibit 3B**

**DO INSTITUTIONS EXPECT TO OVERRIDE THE SPENDING RULE?  
Colleges and Universities**

**Fiscal Year 2008–09**



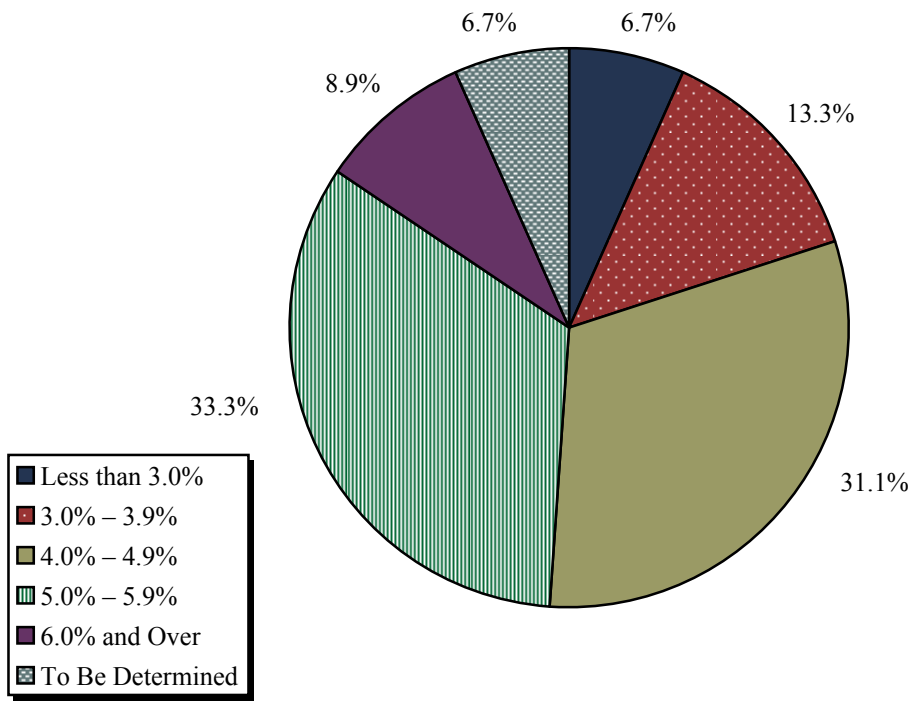
**Fiscal Year 2009–10**



**Exhibit 4A**

**ANTICIPATED TOTAL ENDOWMENT WITHDRAWAL  
Endowments (ex Colleges and Universities)**

As a Percentage of Beginning Market Value

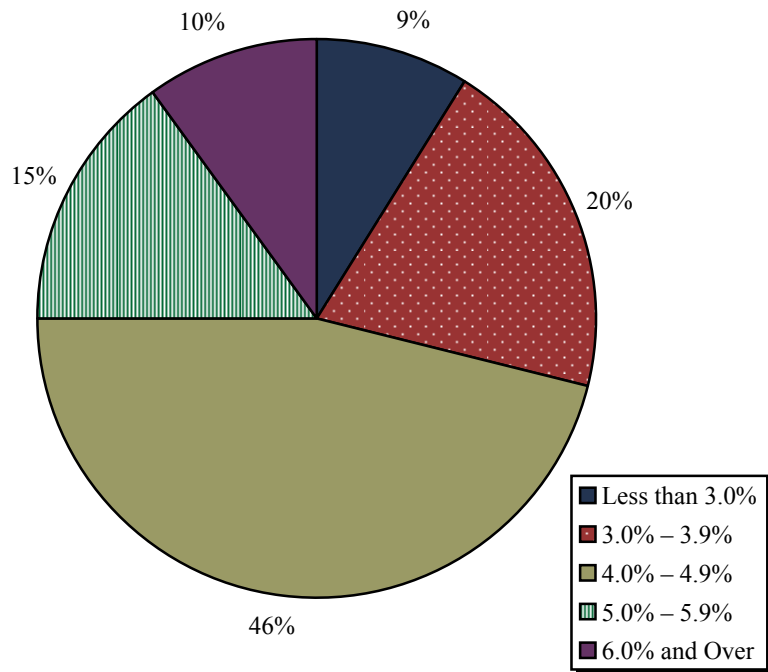


	All	Independent Schools		Museums and Libraries		Other	
		n	%	n	%	n	%
Less than 3.0%	6.7%	--	--	--	--	3	6.7%
3.0% - 3.9%	13.3%	4	8.9%	1	2.2%	1	2.2%
4.0% - 4.9%	31.1%	3	6.7%	6	13.3%	5	11.1%
5.0% - 5.9%	33.3%	--	--	7	15.6%	8	17.8%
6.0% and Over	8.9%	--	--	2	4.4%	2	4.4%
To Be Determined	6.7%	1	2.2%	2	4.4%	--	--

## Exhibit 4B

**ANTICIPATED TOTAL ENDOWMENT WITHDRAWAL  
Colleges and Universities**

As a Percentage of Beginning Market Value (June 30, 2008)

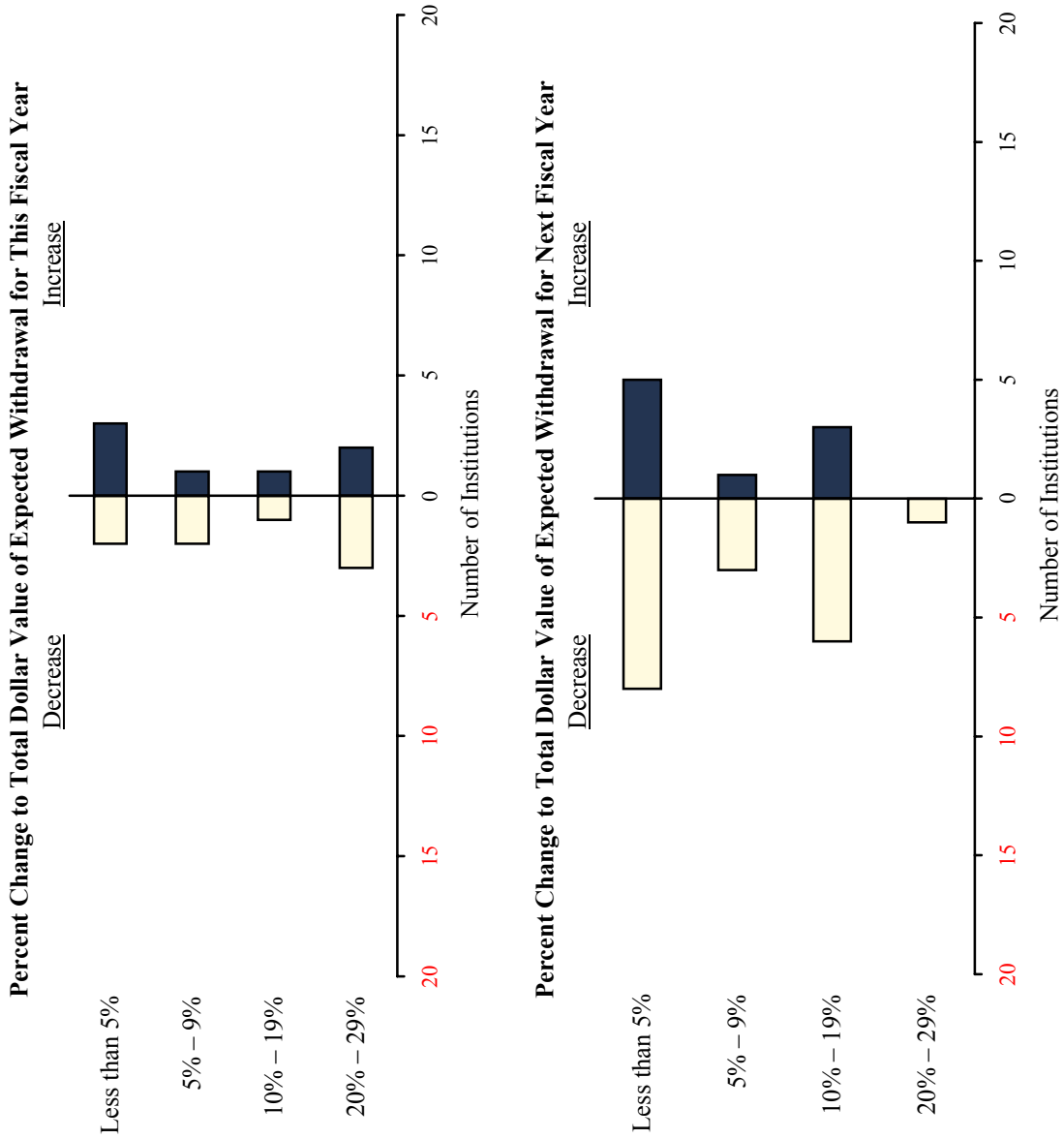


	Colleges and Universities	
	<i>n</i>	%
Less than 3.0%	6	9%
3.0% - 3.9%	13	20%
4.0% - 4.9%	31	46%
5.0% - 5.9%	10	15%
6.0% and Over	7	10%

Note: One institution did not provide data.

Exhibit 5A

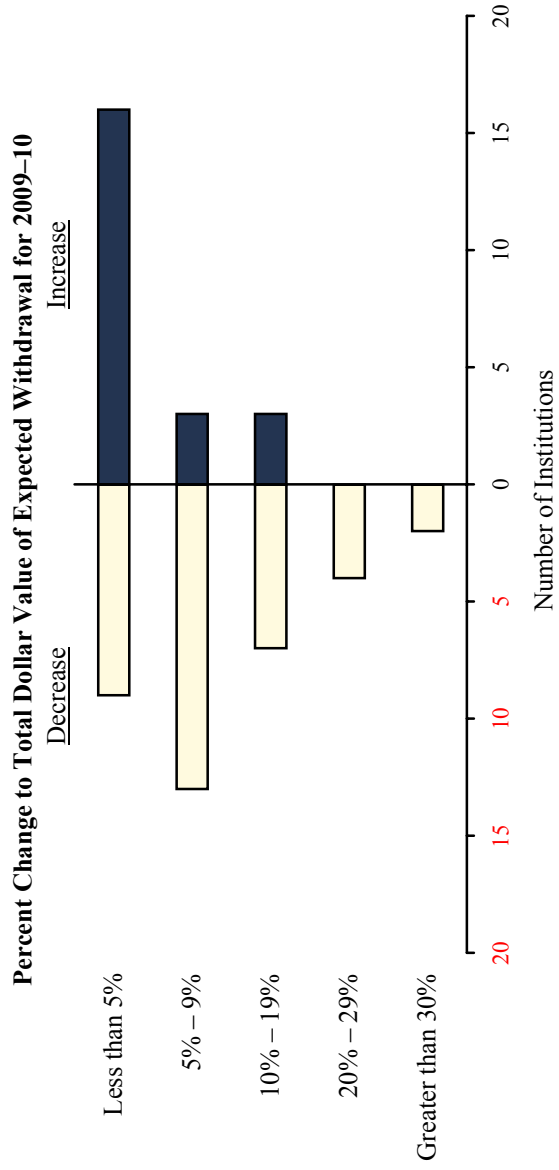
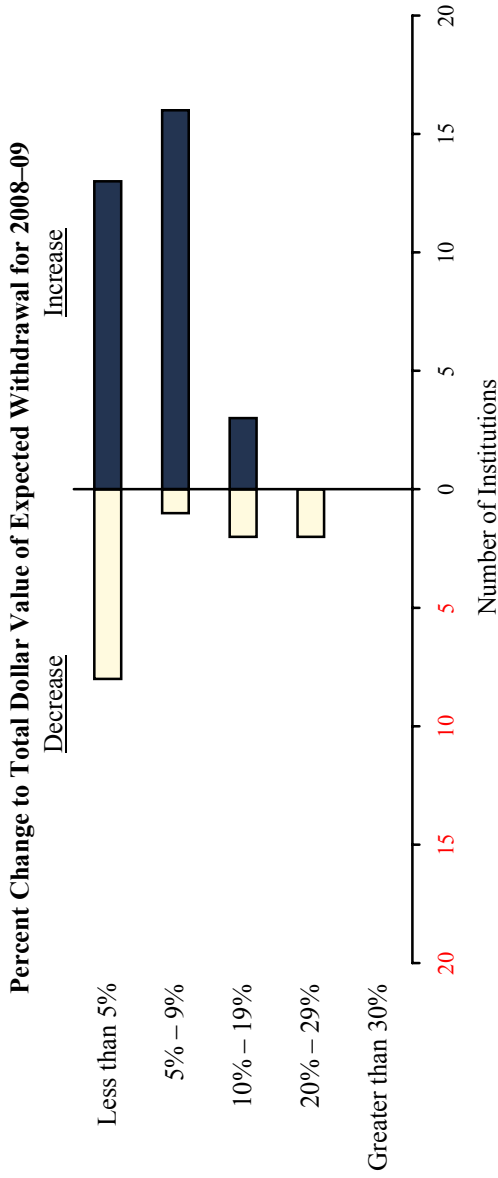
**TOTAL ENDOWMENT WITHDRAWAL (INCLUDING REGULAR SPENDING DISTRIBUTION)  
Endowments (ex Colleges and Universities)**



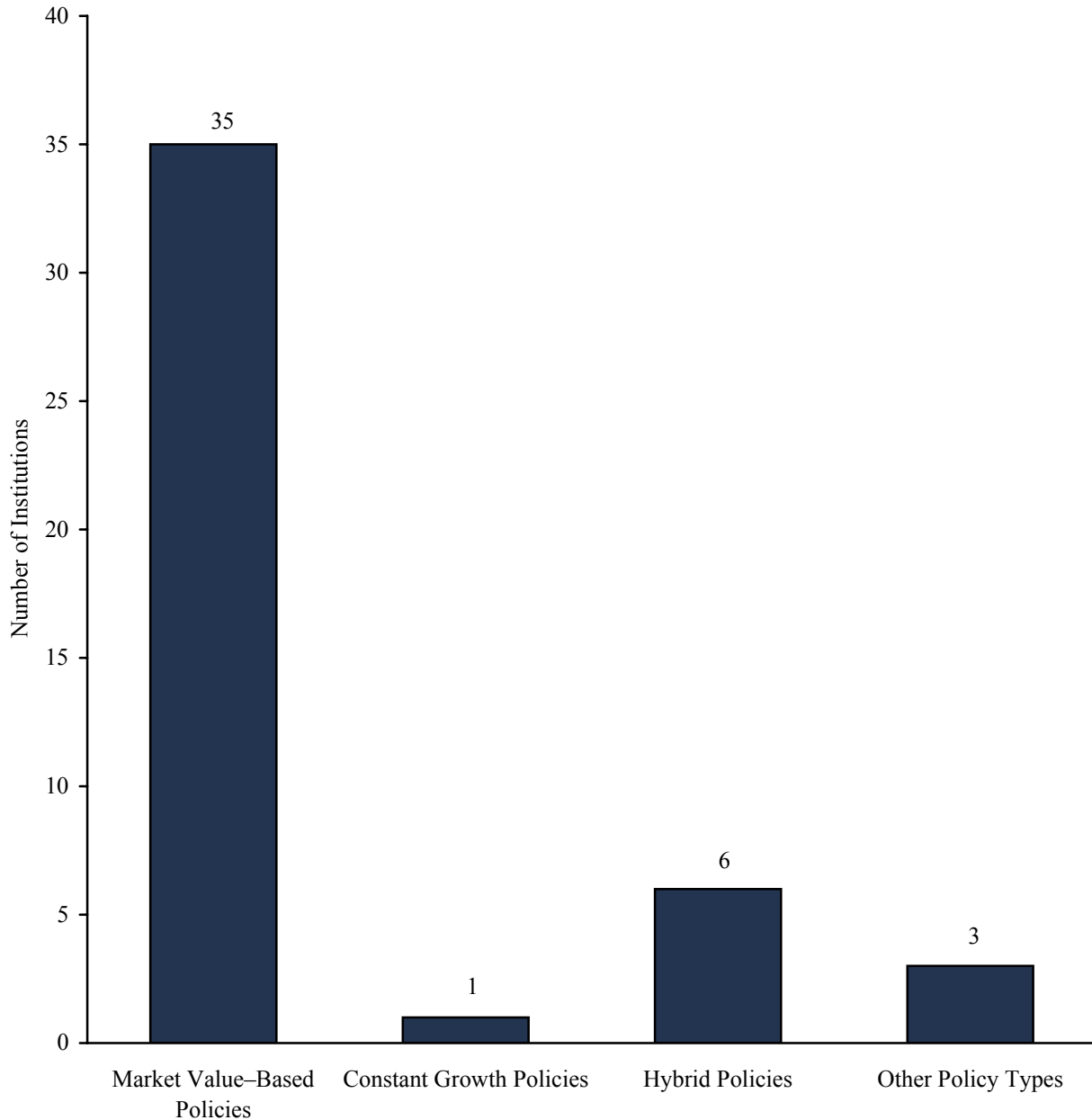
Notes: The remaining institutions did not report changes. In 2008–09, 30 remain the same. In 2009–10, 16 remain the same and two were not provided.

Exhibit 5B

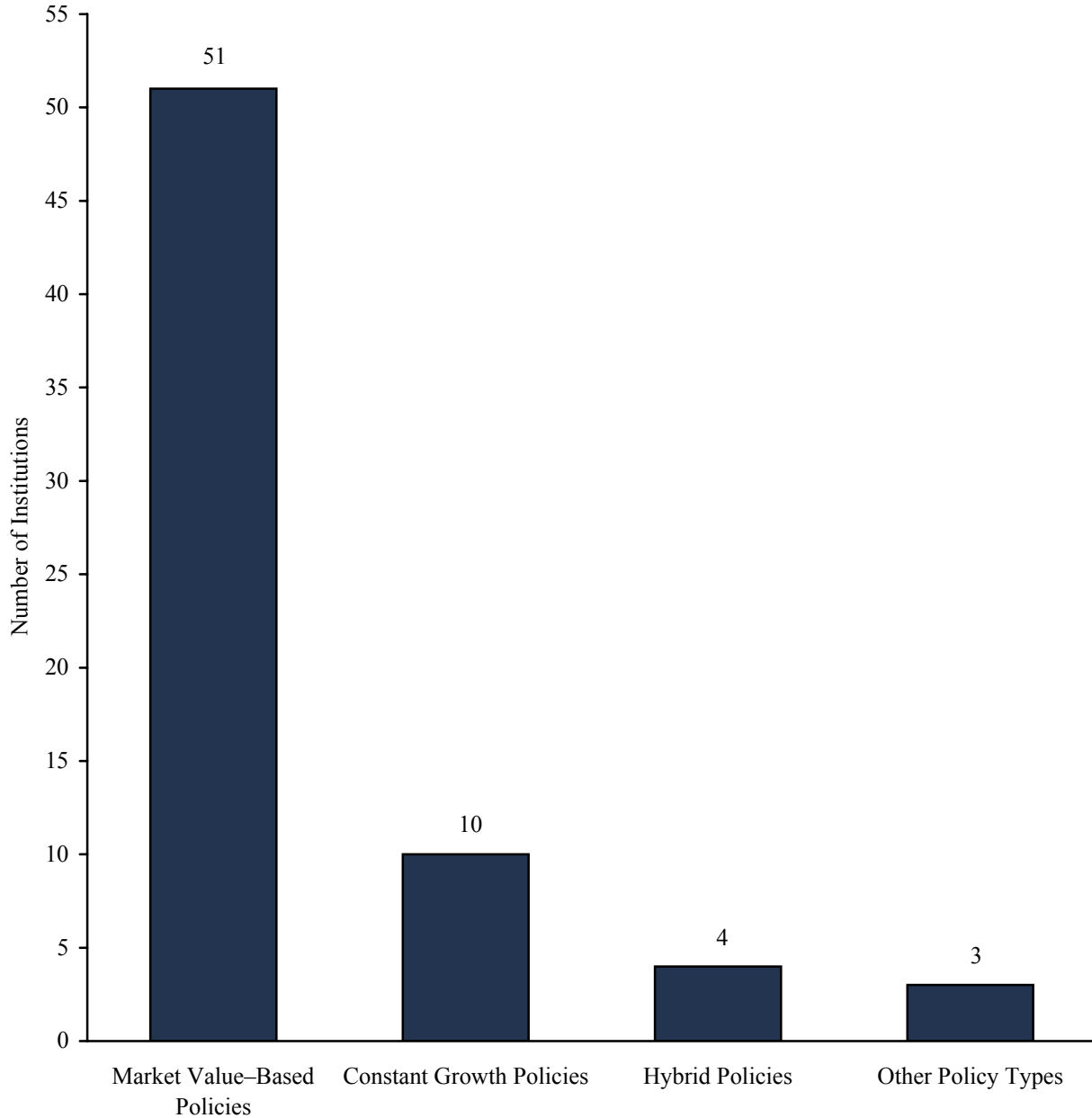
**TOTAL ENDOWMENT WITHDRAWAL (INCLUDING REGULAR SPENDING DISTRIBUTION)  
Colleges and Universities**



Notes: The remaining institutions did not report changes. In 2008–09, 21 remain the same and two were not provided. In 2009–10, ten remain the same and two were not provided.

**Exhibit 6A****CURRENT SPENDING POLICY TYPES  
Endowments (ex Colleges and Universities)****By Policy Type**

Notes: Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.

**Exhibit 6B****CURRENT SPENDING POLICY TYPES  
Colleges and Universities****By Policy Type**

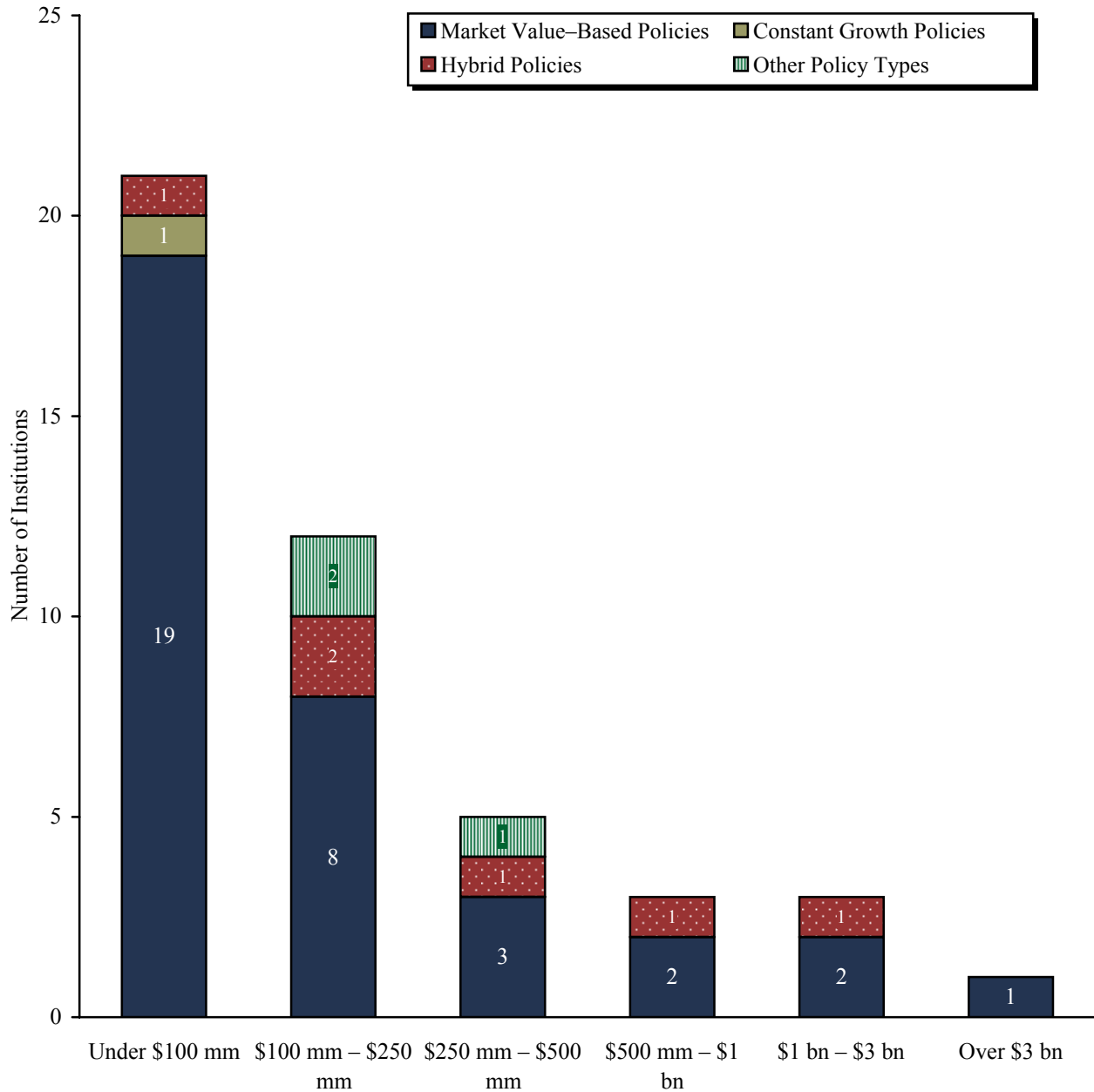
Notes: Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.



**Exhibit 6C**

**CURRENT SPENDING POLICY TYPES  
Endowments (ex Colleges and Universities)**

**By Endowment Asset Size**

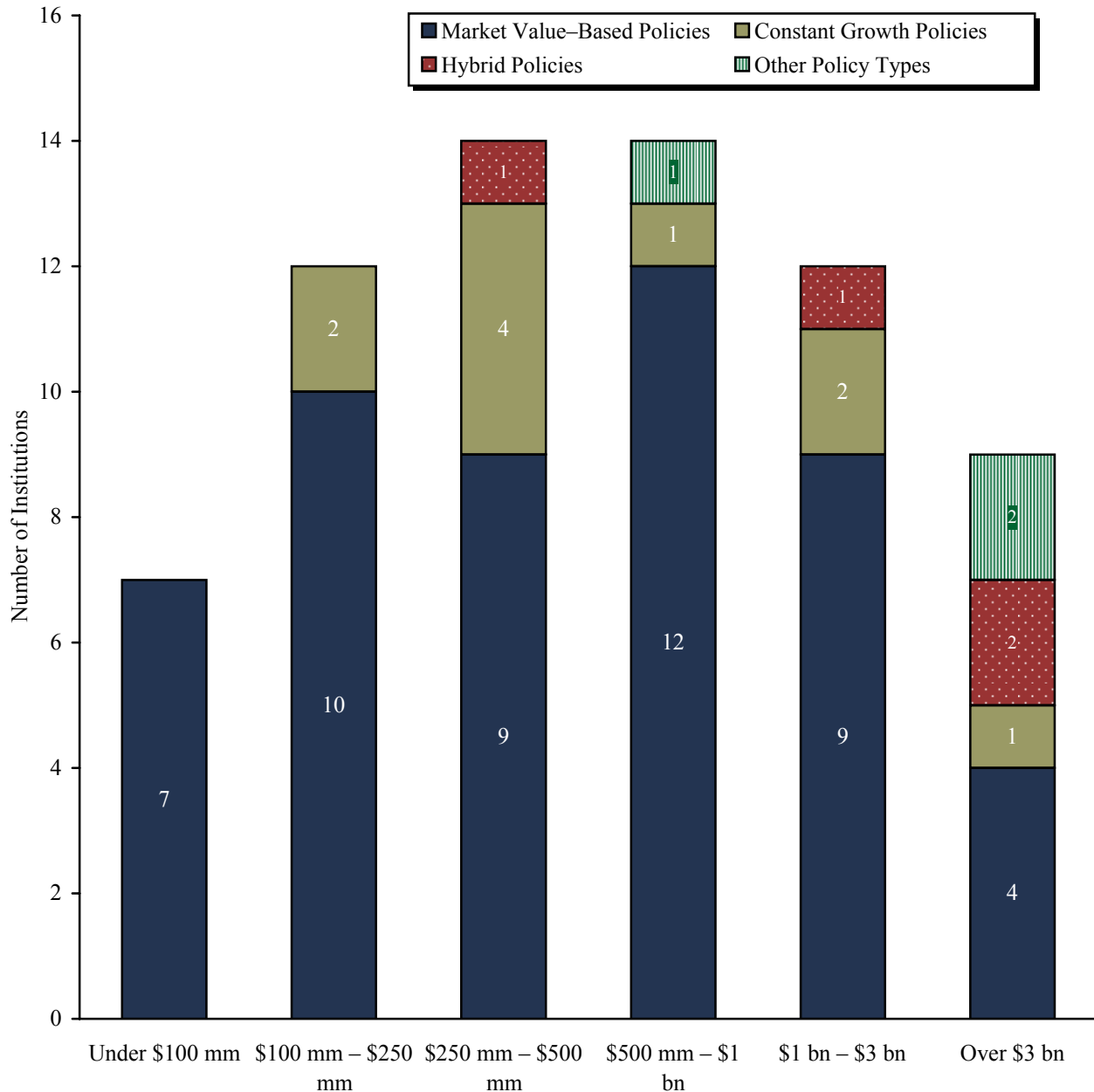


Notes: Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.

## Exhibit 6D

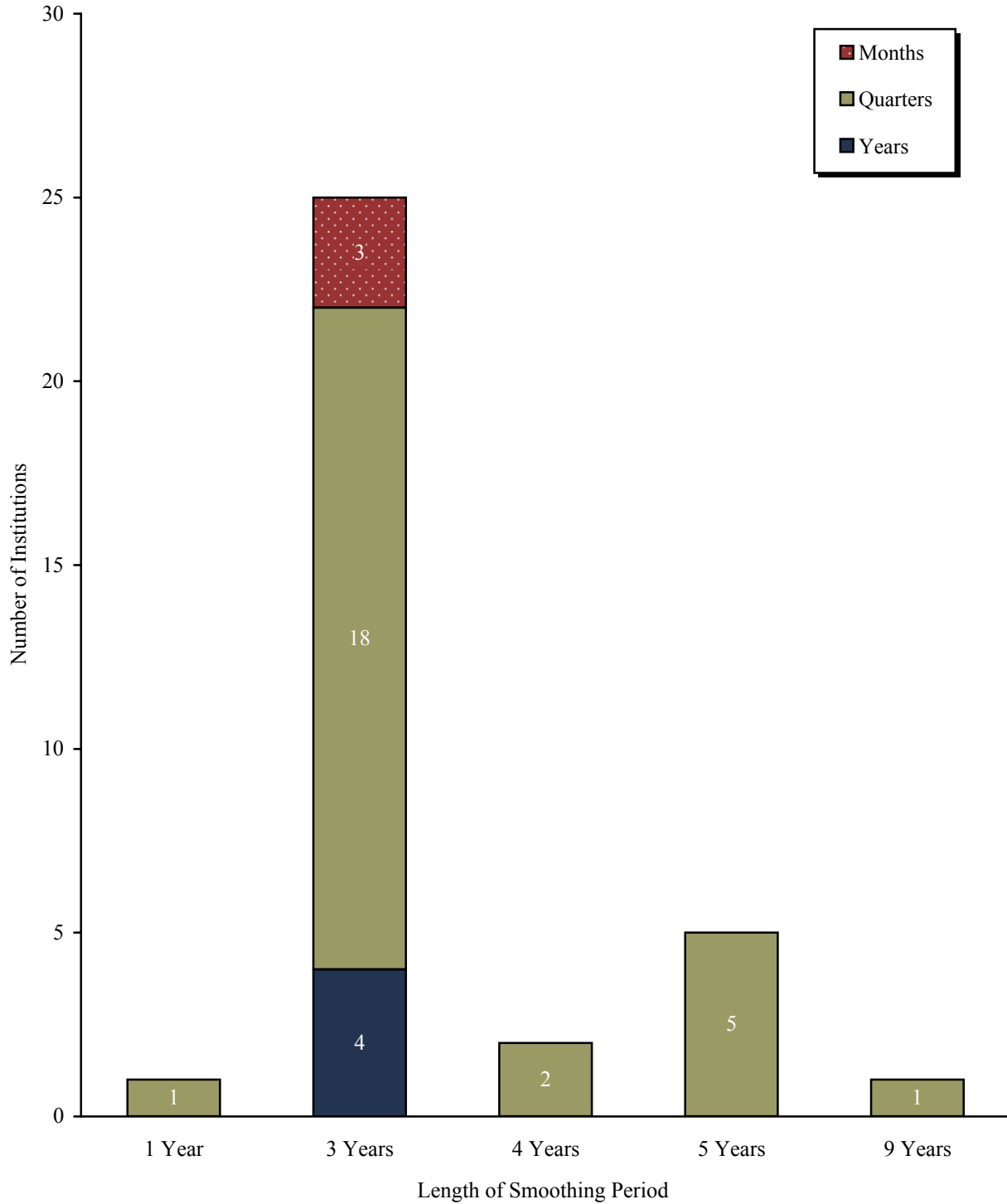
CURRENT SPENDING POLICY TYPES  
Colleges and Universities

## By Endowment Asset Size



Notes: Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.

## Exhibit 7A

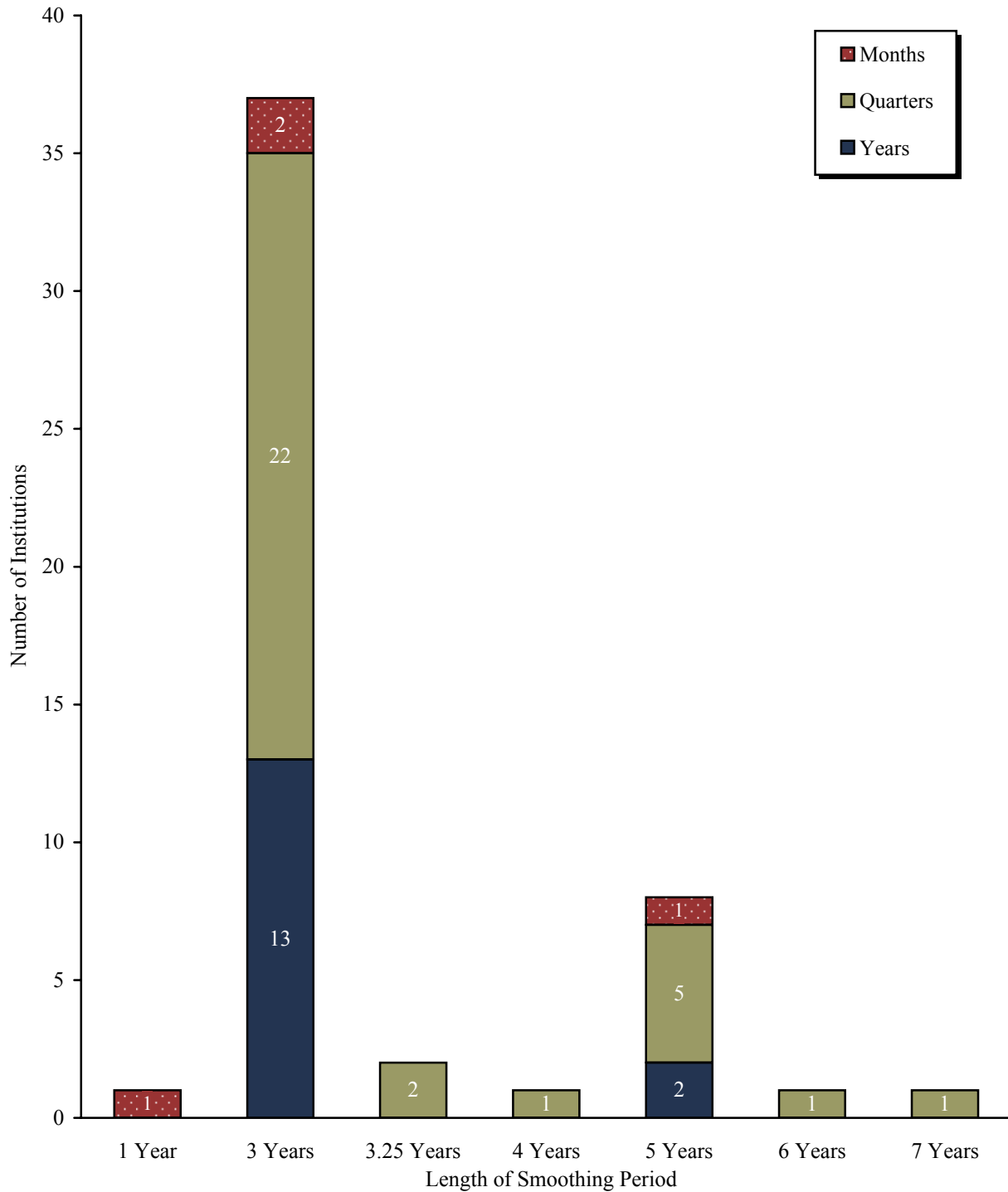
**SMOOTHING PERIODS FOR MARKET VALUE-BASED POLICIES  
Endowments (ex Colleges and Universities)****By Unit of Time Measurement**

Note: One institution is using the beginning market value.

## Exhibit 7B

SMOOTHING PERIODS FOR MARKET VALUE-BASED POLICIES  
Colleges and Universities

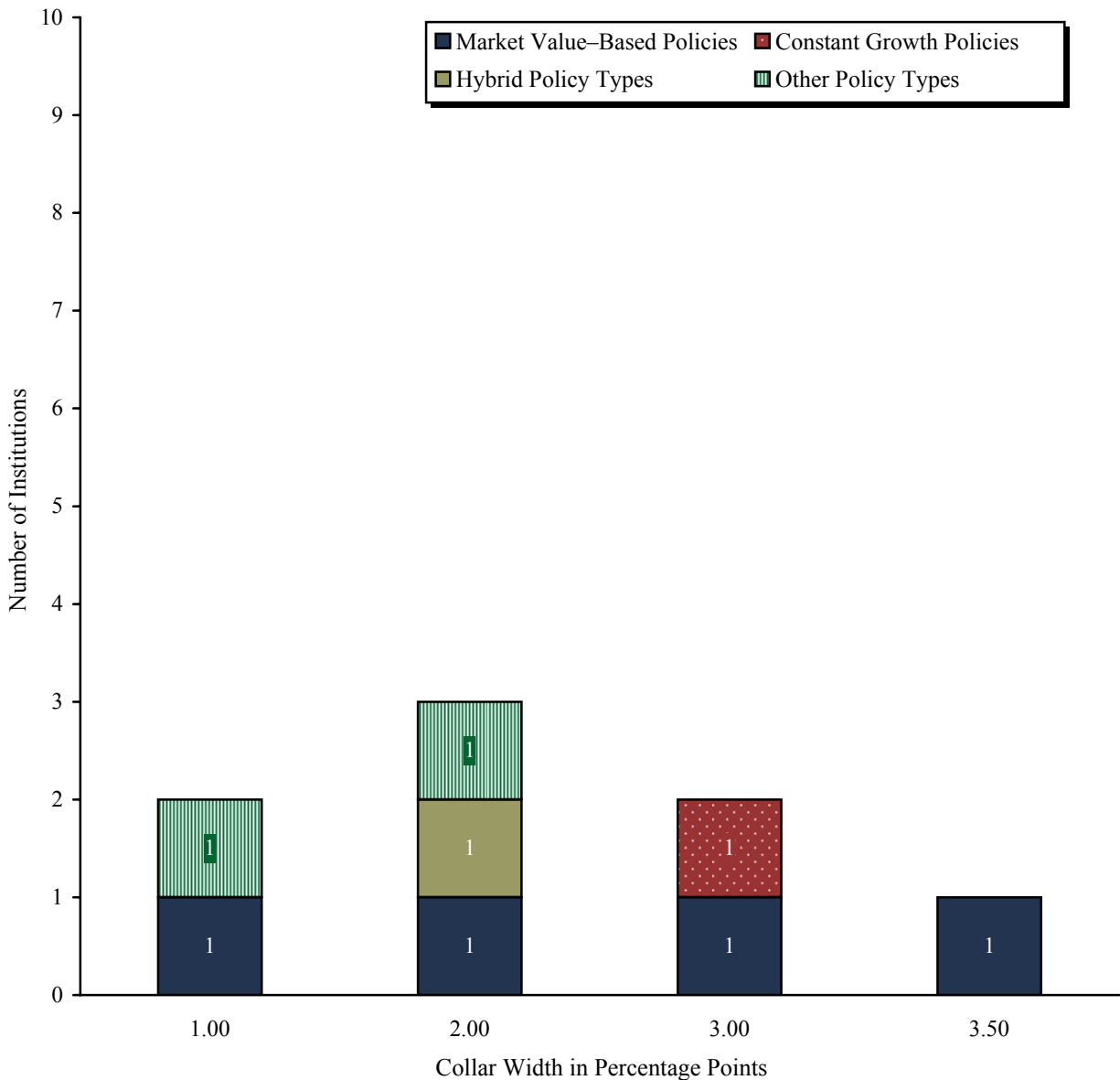
By Unit of Time Measurement



Note: One institution categorized as "3 Years" is calculating a 12-quarter moving average market value with a one-year lag.

## Exhibit 8A

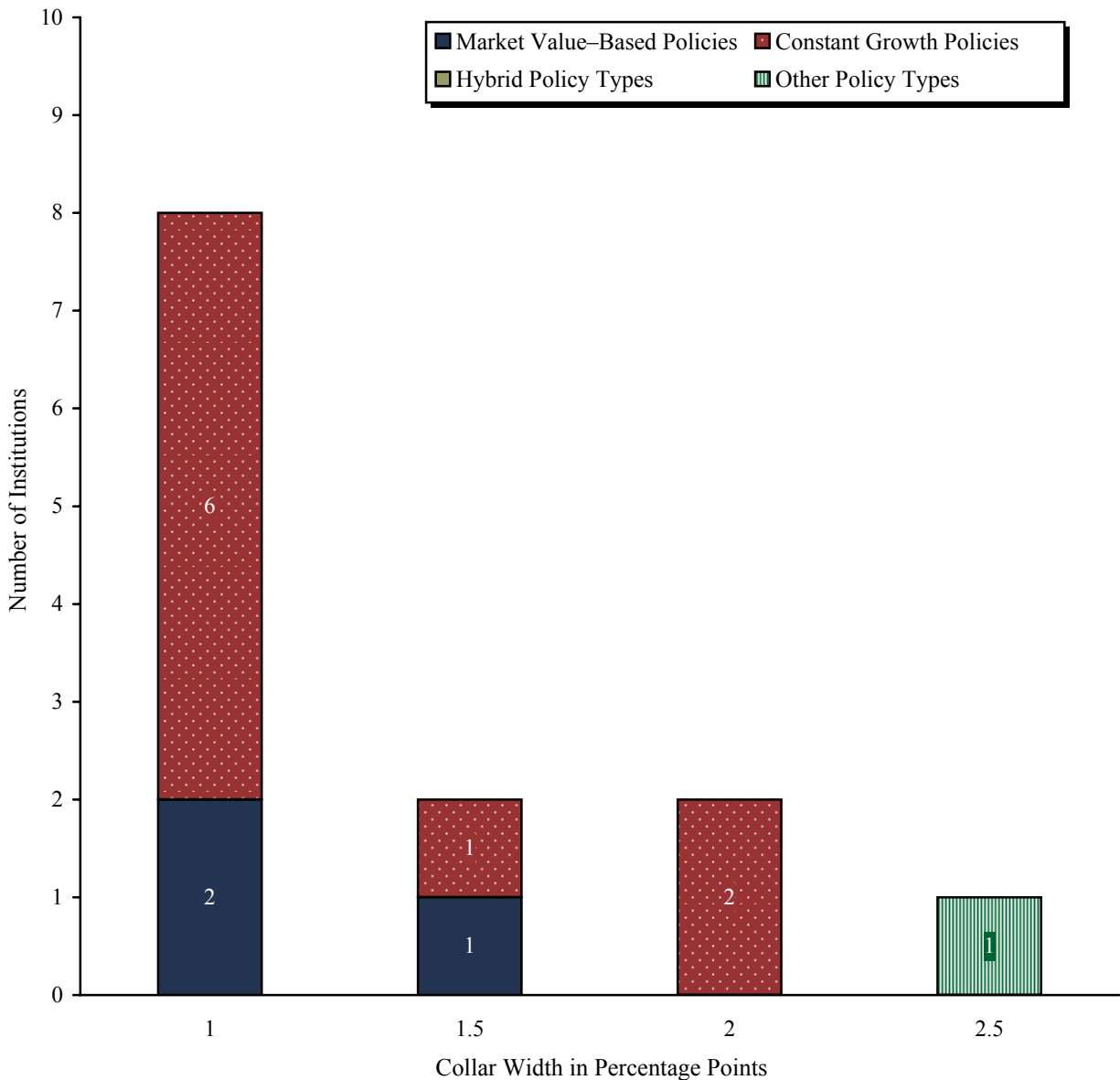
**COLLAR WIDTH AND SPENDING POLICY**  
**Endowments (ex Colleges and Universities)**



Notes: Of the 45 institutions participating in the survey, eight indicated the use of a spending collar. Those using only a floor or cap are detailed in Exhibit 8C. Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.

## Exhibit 8B

**COLLAR WIDTH AND SPENDING POLICY**  
**Colleges and Universities**  
**(2008–09 Spending)**



Notes: Of the 68 institutions participating in the survey, 13 indicated the use of a spending collar. Those using only a floor or cap are detailed in Exhibit 8D. Hybrid spending policies essentially have the effect of spending a prespecified percentage of an exponentially weighted average market value. The rule is expressed as a weighted average of a constant growth rule and a percentage of market value (or average market value over one to two years) rule. Other spending rule types are those that cannot be classified as market value-based, constant growth, or hybrid policies.

**Exhibit 8C****SPENDING RATE COLLARS, FLOORS AND CAPS  
Endowments (ex Colleges and Universities)****Collars Calculated as Moving Average Market Values  
By Number of Occurrences**

		Collar Width (Percentage Point Range)			
		1.00	2.00	3.00	3.50
Midpoint of Floor and Cap	4.00		1		
	4.25				1
	4.50	1			
	5.00	1	2		
	5.50			2	

**Calculation of Other Caps and Floors**

Code	Type	Cap Only
1	IS	5.0% of a 13-Q moving average MV
4	IS	6.0% of a 12-Q moving average MV
9	ML	5.0% of a 36-M moving average MV
14	ML	5.0% of a 12-Q moving average MV
33	O	2.0% of a 12-Q moving average MV

Note: IS indicates independent school, ML indicates museum or library, and O indicates Other.

**Exhibit 8D****SPENDING RATE COLLARS, FLOORS AND CAPS  
Colleges and Universities****Collars Calculated as Moving Average Market Values  
By Number of Occurrences**

		Collar Width (Percentage Point Range)			
		1.00	1.50	2.00	2.50
Midpoint of Floor and Cap	4.00			1	
	4.25				1
	4.50	1		1	
	4.75		1		
	5.00	6			
	5.25	1	1		

**Calculation of Other Caps and Floors****Code** **Cap Only**


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55	5.3% of the beginning market value
74	6.0% of a three-year moving average MV
76	4% spending allowances that bring fair market value underwater must be approved by investment committee
77	Spending cannot increase more than 10% over the prior year
88	Spending cannot increase more than 10% over the prior year
112	5.0% of a three-year moving average MV

**Code** **Floor Only**


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102	Distribution rate cannot be less than the prior year's rate
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## Participating Institutions

### *Colleges and Universities*

American University	Mount Holyoke College
Amherst College	Nevada System of Higher Education
Arizona State University Foundation	New York University
University of Arkansas	UNC Charlotte Investment Fund
Boston University	Northwestern University
Brown University	University of Notre Dame
Carnegie Mellon University	University of Oklahoma Foundation
Case Western Reserve University	Pennsylvania State University
Chapman University	Pepperdine University
The University of Chicago	University of Pittsburgh
Claremont Graduate University	Pomona College
Claremont McKenna College	The Principia Corporation
Colgate University	Purdue University
Connecticut College	Randolph-Macon College
Davidson College	Rosalind Franklin University
University of Delaware	St. Lawrence University
DUMAC, LLC	University of St. Thomas
Emory & Henry College	University of San Diego
Emory University	Scripps College
Hamilton College	University of Southern California
Harvey Mudd College	Swarthmore College
Haverford College	Temple University
University of Houston	Texas A&M Foundation
University of Illinois Foundation	University of Texas System
Iowa State University Foundation	Trinity University
Kansas State University Foundation	Vanderbilt University
Kansas University Endowment Association	University of Vermont
University of Louisville Foundation, Inc.	Virginia Tech Foundation
Lycoming College	University of Washington
Macalester College	Washington & Jefferson College
University of Miami	Washington University in St. Louis
University of Michigan	Western New England College
Michigan State University	Yeshiva University
Mills College	York College of Pennsylvania

## Participating Institutions

### *Independent Schools*

The Hotchkiss School  
Kamehameha Schools  
Lakeside School  
Miss Porter's School

The Phillips Exeter Academy  
Punahou School  
Shady Hill School  
The Winsor School

### *Museums and Libraries*

Chemical Heritage Foundation  
The Children's Museum of Indianapolis, Inc.  
Colonial Williamsburg Foundation  
Connor Prairie Foundation  
Edsel & Eleanor Ford House  
The Henry Ford  
Hagley Museum  
Hillwood Museum and Gardens Foundation  
Historic New England

Henry E. Huntington Library & Art Gallery  
International Center of Photography  
Museum of Fine Arts, Boston  
Museum of Fine Arts, Houston  
Museum of New Mexico Foundation  
Museum of Science, Boston  
National Trust for Historic Preservation  
The Nelson-Atkins Museum of Art  
Winterthur Museum and Country Estate

### *Other*

American Friends Service Committee  
Baystate Health, Inc.  
Boston Symphony Orchestra  
Brookings Institution  
Children's Healthcare of Atlanta  
Father Flanagan's Boys Home  
International Association for Dental Research  
The John F. Kennedy Center for the Performing Arts  
Massachusetts Eye and Ear Infirmary  
Mission Health System, Inc.

National Geographic Society  
Ochsner Clinic Foundation  
Partners HealthCare System, Inc.  
Ravinia Festival Association  
The Santa Fe Opera  
The Scenic Hudson Land Trust Inc.  
The United Hospital Fund  
The Vivian Beaumont Theater Inc.  
Woodrow Wilson International Center for Scholars