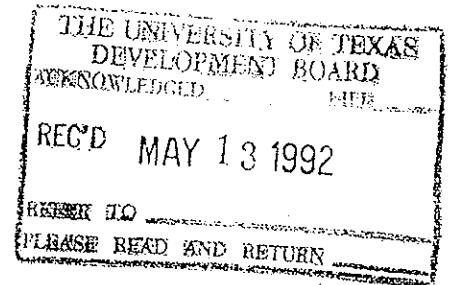




EXECUTIVE VICE PRESIDENT AND PROVOST  
THE UNIVERSITY OF TEXAS AT AUSTIN

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May 8, 1992



MEMORANDUM

To: Ms. Sue Leander  
Ms. Pat Clubb

From: Stephen A. Monti *SAM*

Subject: Gifts from "Faculty" Foundations

As you know, a review of our policies regarding acceptance of gifts from faculty members has been undertaken in response to several recent requests. To assist this review, the Development Office was kind enough to survey several peer institutions regarding their policies. From the information you obtained, it appears that other public institutions of higher education are somewhat more flexible with respect to the acceptance of faculty gifts.

There are three separate potential "faculty member" gift funding sources: an individual faculty member, a faculty member's company and a foundation where a faculty member has a principal interest. The University will accept an unrestricted gift given to the department, college and/or University by all three of these prospective donors. If, after receipt of an unrestricted gift and when there is no formal or informal quid pro quo understanding with the donor, the responsible University official controlling the gift makes a decision to support the research or scholarly work of the donor faculty member from institutional funds, such an action does not constitute a violation of University policy. The purpose of this memorandum is to summarize our current policies regarding gifts from individual faculty members and a faculty member's company where the benefits of the gift will accrue to the donor faculty member and to describe the change in policy with respect to gifts from foundations where a faculty member has a principal interest.

The University will not accept gifts (both cash and non-cash) from faculty members or from a faculty member's company if the benefits of the gift will accrue to the faculty member providing the gift or if any control over the use of the gift will be exercised by that faculty member. In such cases, the potential conflict of interest considerations outweigh any possible institutional benefit. The "benefit" and "control" terms have been, and will continue to be, broadly interpreted to include budget decision authority over the funds, the potential authority or status

enhancement due to control of the use of non-cash gifts, the potential for reputation enhancement by virtue of scholarly work supported by the gift, and the potential competitive "advantage" over other faculty due to enhanced research funding resulting from such a gift.

With respect to bona fide tax exempt foundations in which the faculty member has a principal interest, the University will accept gifts from the foundation directed to support the research of a faculty member associated with the foundation under the conditions that no direct economic benefit (salary, or expenses, or travel, or royalty sharing from future intellectual property rights derived from the research supported by the gift) accrue to the faculty member. At the discretion of the dean, signature authority over such funds may be accorded to the faculty member and the chairman and/or dean are required to co-sign on all expenditures.

Thank you for your assistance in this matter. By copy of this memorandum, this modification of our gift policy is being brought to the attention of the Dean of Natural Sciences and the Business Manager. Please let me know if there are any questions.

SAM:cs

cc: Mr. Bobby G. Cook  
Dr. Robert E. Boyer