09-06.00 – POLICY ON USE OF FOUNDATION AND ALUMNI ASSOCIATION FUNDS TO PROVIDE ECONOMIC BENEFITS TO TOWSON UNIVERSITY EMPLOYEES

I. Policy Statement:

This policy provides guidance to Towson University on the use of foundation or independently incorporated alumni association funds ("External Funds") for the benefit of Towson University ("University") employees. University employees also need to ensure that their actions are consistent with the Maryland Public Ethics Law.

II. Reason for Policy:

To comply with University System of Maryland ("USM") policy IX-6.00, Policy on Use of Foundation and Alumni Association Funds to Provide Economic Benefits to USM Employees, which can be found at http://www.usmd.edu/regents/bylaws/SectionIX/IX600.html.

III. Responsible Executive and Office:

Responsible Executive: Vice President for University Advancement

Responsible Office: University Advancement

IV. Entities Affected by this Policy: All University departments and operating units; all University employees; Towson University Foundation, Towson University alumni association, and any other foundations affiliated with the University.

V. Procedures:

A. General

External Funds may be used to provide economic benefits to University employees only if consistent with this policy. University employees are not to receive any economic benefit directly from an affiliated foundation or alumni association, except as provided for herein. As used herein, "economic benefits" includes cash awards or salary supplements and non-monetary items, such as personal property.

B. Use of External Funds for Benefit of University Employees
1. The University may develop award programs which use External Funds for the benefit of University employees if the University ensures that there is adequate independence of the recipients of awards from the funding source (for example, an affiliated foundation). The award program must:

   a. be established in writing and formally approved by the Vice President for Administration and Finance;

   b. identify the funding source (foundation or alumni association), the eligibility and selection criteria, the award amount and the selection mechanism;

   c. utilize External Funds in a manner consistent with the understanding of the funding entity (foundation or alumni association) and its donors if any restricted gifts are being used for the program, and;

   d. ensure that none of the award recipients have duties relating to the foundation or alumni association (or its donor) providing the External Funds, or duties relating to the award program itself. The use of External Funds to support the salary of a University employee does not disqualify the University employee from participating in an award program.

2. Economic benefits to University employees, which are of insignificant or low value that would qualify as De Minimis under IRS regulations, may be received directly from an affiliated foundation or alumni association. Benefits received from alumni associations by University employees that are a result of membership are excluded from this policy.

3. University employees who provide services to affiliated foundations for the benefit of the University, may be compensated, or provided honoraria, directly by the affiliated foundation, to the extent permitted by State Ethics Law and regulations. The University will implement policies and procedures to ensure that foundation compensated services or honoraria are for activities conducted by the affiliated foundation, and NOT by the University. University policies and procedures will seek to ensure that supervisors of University employees with employment relationships with affiliated foundations are aware of the relationships. Dual employment situations should be considered carefully in the context of State Ethics Law, as well as paragraph 9 of USM Policy IX-2.00, Policy on Affiliated Foundations. All compensation arrangements involving the President of Towson University using funds of affiliated foundations are to be approved by the Board of Regents.
4. This policy does not preclude the use by the President of an official residence owned by an affiliated foundation provided such use has been approved by the USM Board of Regents.

5. External Funds from an affiliated foundation or alumni association may be used to support a specific University position, provided that the person in that position does not have the ability to influence the foundation or association in decisions on the level of funding for the position. Notwithstanding the foregoing:

   a. fundraising for an Endowed Chair or Professorship is permitted; and

   b. external Funds received by the University pursuant to a grant (or subcontract) with an affiliated foundation or alumni association may be used (in accordance with the provision thereof and the University policy) to support a specific position where the person in that position has assisted in securing the underlying funding for the affiliated foundation or alumni association.

6. An affiliated foundation or alumni association may directly reimburse a University employee for University employment-related expenses, provided that the amounts reimbursed are reasonable, have a legitimate business purpose in the context of the work activity being performed (e.g. fundraising), and are approved by the employee’s supervisor or designee, in advance of submission to the foundation or association. In the case of the University’s President, such expense reimbursements must be reported annually to the Office of the Chancellor by September 30 for the preceding fiscal year, and reviewed by the office of Internal Audit.

7. University employees whose spouse or other family members receive benefits from affiliated foundations or alumni associations must ensure that such arrangements do not constitute violations of the State Ethics Law.

C. Implementation Procedures

The Executive Vice President for the Towson University Foundation and Vice President for University Advancement shall develop procedures to implement this policy; and shall forward a copy of such procedures to the Chancellor of the University of Maryland System.
Related Policies:

USM Policy IX-2.00, Policy on Affiliated Foundations

USM Policy IX-6.00, Policy on Use of Foundation and Alumni Association Funds to Provide Economic Benefits to USM Employees

Approval Date: 10/12/2007

Effective Date: 10/19/2007

Amended Date: 01/10/2008

Approved by: President’s Council 07/23/2007