Funding the Advancement of NC State University:
Updated Q&A about gift and endowment assessments

1) What is the new fee structure?

The one-time, up-front gift assessment fee introduced in 2010 will increase from 5% to 7% (with 4% designated for central Advancement, and 3% designated for the fundraising unit to which the gift was allocated.) Similar to existing practice, no one-time fee will be assessed on gifts to endowment.

Assessments to endowments and building to endowment funds are computed on an annual basis. Currently, the endowment assessment varies across the different foundations at NC State. The new endowment assessment change will provide much needed consistency across all colleges and units with a 125 basis point assessment on income from all endowment funds (including non-operating quasi-endowment funds). Use of assessment revenue will continue to be restricted for advancement/development activities. The additional assessments resulting from this change will benefit both central advancement (at 65 basis points) and college-based foundations (at 60 basis points).

2) What will NC State do with the additional funds?

NC State is committed to providing the best service possible to ensure that gifts are used according to our donors' intentions. Like other organizations that depend on philanthropic support, the university needs to cover administrative costs incurred in managing its fundraising operations.

All revenue generated from these fees will be invested in the advancement/development programs in central Advancement and at the college/entity levels. Since the gift fee was first implemented in 2010, NC State has used these additional revenues to hire development staff in eight different colleges and in central Advancement. The gift fee has also provided critical funding for program support and donor relations. The revenue generated from this increase will allow NC State to continue to expand and grow our fundraising efforts while building our endowment and advancement infrastructure to sustainable levels.

3) Do other universities take this approach to fund advancement?

Yes. This approach has been in practice for several years by many universities across the country, including most of our peer institutions. Gift assessments from our peers range from 2% to more than 8% annually. Other charity organizations have administrative cost rates on average that range between 10% and 20%.

NC State has been conservative in our approach and will continue to review our gift assessment and endowment assessment fees moving forward. Any change in future would be in line with industry standards. It should be noted that with this implementation, 93% of every current use dollar gifted to NC State supports the specific program for which it is given, and 100% of the dollar goes to support NC State. We strive to keep costs down and insure the highest possible return on investment.

4) Do assessments affect the tax-deductible amount of a donor's gift?

No, donors receive full tax credit and a receipt for the full amount of their gift. Information indicating full tax credit and related gift assessment fees are, and will continue to be, included on all gift receipts.

Note that a donor may wish to make a current-use gift that ensures that the program benefiting from their gift receives a specific amount inclusive of the gift fee. In this case, they may elect to provide a gift calculated as the net amount intended for the department plus 7% of that value.

5) Will open pledges for current use gifts be charged the increased gift fee?

Payments on fixed pledges (pledges with a defined end date) made prior to July 1, 2017 will be grandfathered at the 5% rate (and 3%/2% split). Beginning July 1, 2017, all open-ended (perpetual) pledges, typically pledges set up through payroll deduction, bank draft or credit card, will be assessed at the new prevailing current rate, 7%, regardless of the assessment rate at time pledge was recorded.

6) Are there any changes from the 2010 guidelines about what types of gifts are assessed?

No, the guidelines established in 2010 as to the types of gifts assessed and/or exempted from the one-time gift assessment fee will remain intact. Similarly, the 2010 guidelines also remain unchanged as it pertains to which endowed funds are assessed.