

The Infrastructure and Operations Fund

Philanthropy plays an increasingly significant role at UC San Francisco (UCSF). For the past decade, UCSF has placed among the top 20 colleges and universities nationwide that received the most charitable support. New gifts received and payout from the University's \$4 billion endowment provide more than \$500 million annually for faculty salaries, student scholarships, fellowships, capital projects, and programmatic support. Private sources now provide significantly more financial support than what UCSF receives in funding from the state of California.

The generosity of our donors enables our faculty and staff members to launch new areas of discovery and further develop projects and programs that support UCSF's mission. The expansion of these vital activities leads to an accompanying increase in the

UCSF's Infrastructure and Operations (I&O) Fund supports the utilities, facilities, information technology, and other core administrative services that back UCSF's endeavors and help our faculty and staff achieve UCSF's mission.

cost of providing the information technology, utilities, administration, and facilities required to operate scientific laboratories, provide service to the community, conduct research, educate students, and care for patients.



The vast majority of UCSF's donors restrict their gifts to funding for specific projects or activities of their choice, such as particular areas of research that are important to them. As a result, the University must cover the infrastructure and administrative costs necessary to support the activities funded by these restricted gifts.

In order to help close this gap and ensure a sustainable financial model for the future, UCSF launched the Infrastructure and Operations (I&O) Fund in 2014. The I&O Fund uses a 10% assessment on each restricted gift to help pay for the facilities, infrastructure, and core administrative costs required to carry out the purpose of that gift. In contrast, indirect cost charges on federal and other externally sponsored research are significantly higher. For example, these assessments ranged from 33% to 60.5% beginning in fiscal year 2020, and are updated annually.

UCSF is grateful for our supporters, who overwhelmingly recognize the need to fund core services and infrastructure costs and who appreciate that these are not simply "overhead" charges. Rather, they are real costs necessary to carry on the important work of our faculty, provide the best patient care, and educate the next generation of leading health care providers and researchers.

UCSF is not alone in facing this challenge. Most of our peer research universities, including all University of California campuses, have similar assessment models in place, and many have significantly higher rates than UCSF's.

INFRASTRUCTURE AND OPERATIONS FUND Q&A

Why does the I&O Fund exist?

UCSF's revenue sources are heavily restricted, and private gifts pay only a portion of the cost of the activities they support. The University must also fund the utilities, facilities, information technology, and other administrative services that enable these endeavors. Because the traditional sources of the central unrestricted funding for these infrastructure costs are under intense pressure, UCSF must rely on private support to maintain a sustainable business model.

How is the I&O assessment calculated?

When a gift is received, 4% is assessed; when the revenue from the gift is made available for spending, another 6% is assessed. For current expendable gifts, this effectively amounts to a 10% assessment at the time the gift is received. For endowment gifts, the assessment is 4% of the total gift, taken from initial payouts, and 6% is assessed on each annual payout.

The I&O Fund is a component of the Core Financial Plan. What is the Core Financial Plan?

The Core Financial Plan is UCSF's term for the funds from unrestricted sources that support the basic operations of the schools, administration, utilities, and infrastructure across the campus, as well as strategic campus-wide initiatives. The primary sources of these funds, which amounted to \$625 million in fiscal year 2018, include indirect cost recovery on federal contracts and grants, state appropriations, tuition, and investment income. The Core Financial Plan supports key infrastructure and investments in the future of UCSF, including:

- Facilities investments: on-time, emergency, and deferred maintenance obligations for existing campus buildings and scheduled renewal projects.
- Technology investments: business, research, and clinical systems and related infrastructure.
- Strategic programmatic investments and utilities.
- Ongoing funding of central administrative functions including finance, development, human resources, environmental health and safety, IT operations, research administration, student services, and security.
- Operating requirements of the schools, including support for faculty, instruction, and research.
- Campus seismic investments, such as those currently underway on UCSF's Parnassus campus, as well as at Zuckerberg San Francisco General Hospital, which houses UCSF programs and staff.

What types of gifts qualify for the I&O Fund's scholarship exemption?

Gifts restricted by the donor to support UCSF professional and graduate degree student expenses – such as tuition, living expenses, or other educational costs – are not subject to the I&O assessment. This may include stipends or merit-based student awards that are NOT intended to be used for research expenses.

Gifts to support trainees in non-degree programs such as residencies and postgraduate clinical and research fellowships are not exempt from the assessment.

The fund restriction from the donor determines whether a gift fund is exempt from the assessment. The use of an unrestricted or departmental unrestricted fund for scholarships or fellowships, when the fund is not specifically restricted for student support, does not exempt the fund from the assessment.

How much do UCSF's peers assess?

UCSF's peer research institutions assess gifts at rates ranging from 8% to more than 15%. The UCSF Office of University Development and Alumni Relations maintains benchmarking information about our peers' gift assessment models. Please contact Joseph Calger, assistant vice chancellor, for more information.

What if a donor doesn't want his or her gift to fund the assessment?

This is an institution-wide program, so individual exceptions cannot be made. If the donor's gift does not cover the assessment, the assessment must be covered by departmental unrestricted funds. If neither the donor nor the department will fund the assessment, UCSF cannot accept the gift.

Whom should I contact with questions?

Joseph Calger

Assistant Vice Chancellor, Central Development Services
University Development and Alumni Relations
joseph.calger@ucsf.edu

Michael Clune

Associate Vice Chancellor, Budget and Resource Management
UCSF Finance
michael.clune@ucsf.edu