

## **Grinnell's Endowment Spending Policy**

Grinnell College relies heavily on its endowment to support its operations and capital projects. Indeed, nearly half of the revenues for the annual operating budget are provided by the endowment. Because the endowment figures so significantly in our operating budget, the Board of Trustees established the following policies to protect its long-term value by setting limits on how much of the endowment may be used annually (the policy on distribution) and how much the endowment contribution to the operating budget may increase or decrease from one year to the next (the policy of budget allocation). The budget allocation policy also takes into account that the College uses endowment funds to meet a number of obligations in addition to providing revenues for the operating budget.

### **Distribution**

*Endowment distribution is calculated as 4.0% of the 12-quarter moving average endowment market value determined annually as of the December 31 immediately prior to the beginning of the fiscal year.*

### **Budget Allocation**

*The College shall not allocate 100% of this distribution to the operating budget. Factors in determining the allocation included:*

- 1) revenue balance,*
- 2) expenditure discipline,*
- 3) facility requirements (including debt service) and strategic initiatives, and,*
- 4) the allocation to the operating budget should not increase or decrease more than 5% of the prior year's budget allocation.*