

# University Endowment & Wakaf

By Zaini Ujang (2018)



## MOTIVATION TO CONTRIBUTE?

Knowledge on benefits & roles of endowment

Governance & readiness to manage the funds

Direct benefits to the **beneficiaries**

Direct benefits to the **contributors**

**Regular** reporting and updating

# University Endowment

By Zaini Ujang (2018)



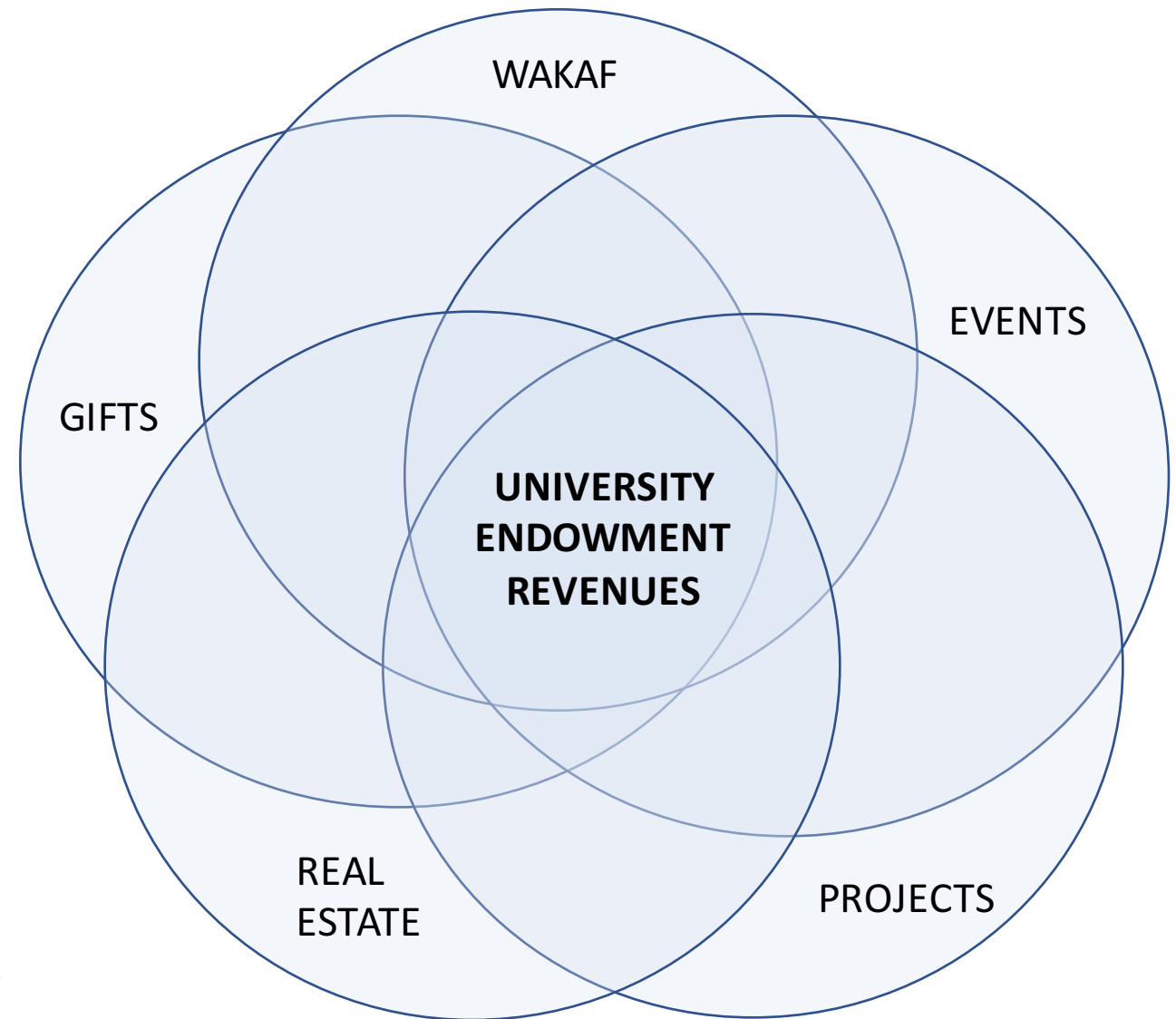
**WAKAF** Islamic endowment portfolio

**GIFTS** Tax-incentives donation

**REAL ESTATE** Revenue from long-term rental, lease

**EVENTS** Annual gatherings, social activities

**PROJECTS** Split revenue portfolios, eg books, salary



# Endowment practices

## Three BAN-PIT principles



- **B**
  - Beneficiaries to students
  - Build academic facilities
  - Brand professorial chairs
- **A**
  - Aims are crystal clear
  - Areas are well defined
  - American- or, Al-Azhar-Model
- **N**
  - Naming
  - Nation-based
  - Neutral politically
- **P**
  - Projects to raise fund consistently
  - Portfolios to be annually reported to stakeholders
  - Programs on knowledge-based e.g. lecture series, books, executive programs
- **I**
  - Investment return to be spent
  - Innovation in fund raising
  - Intellectually driven activities
- **T**
  - Transparency in spending
  - Timely in spending/donating
  - Trajectory of benefits/revenues



Rakesh Khurana  
 PROF RAKESH KHURANA  
 Dean, Harvard College  
 17 July 2018  
 Harvard Endowment



HARVARD ENDOWMENT  
 1. Not accepting corporate gifts  
 2. Accept corporate donation on research activities with unrestricted clauses  
 - accept corporate gifts/donation with specific unrestricted clauses

FOCUS  
 Financial aids to Undergraduates:  
 Tuition fees and room & boarding  
 - focus on to undergraduates fees, board

MOST DIFFICULT  
 Unrestricted fund that university can use e.g. research building  
 - research buildings

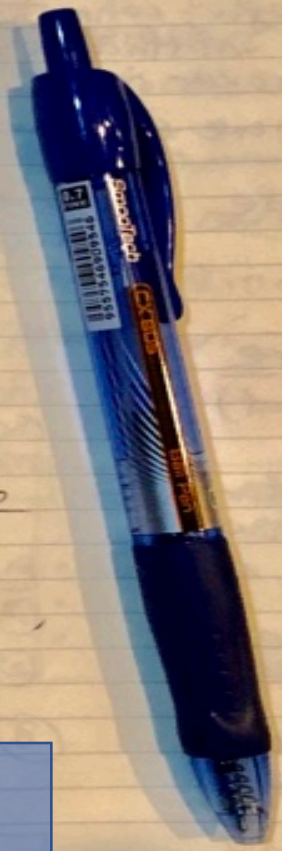
ALUMNI REUNION  
 1. Select "class officers"  
 2. Compete among classes  
 3. Give info about tax deduction  
 4. Give email address free  
 - Men ~~get~~ get this allocation from

Alumni Reunion  
 - select class officers  
 - contest among classes  
 Tax deduction

Permanent email addresses - given  
 IMPORTANT LESSONS WITH RICH PEOPLE  
 - Ask for advise, you also get money  
 - Ask for money, you will get good advise  
 "ask money, you will get good advice"

3 types of gifts:  
 1. Time - young people  
 2. Talent - " "  
 3. Treasure - old/mature

Advancement office  
 ADVANCEMENT OFFICE  
 1. Full time officer  
 2. Specialised "PRINCIPALS"  
 3. Mostly female  
 4. Previous banking back ground



# Funding of public universities in Malaysia



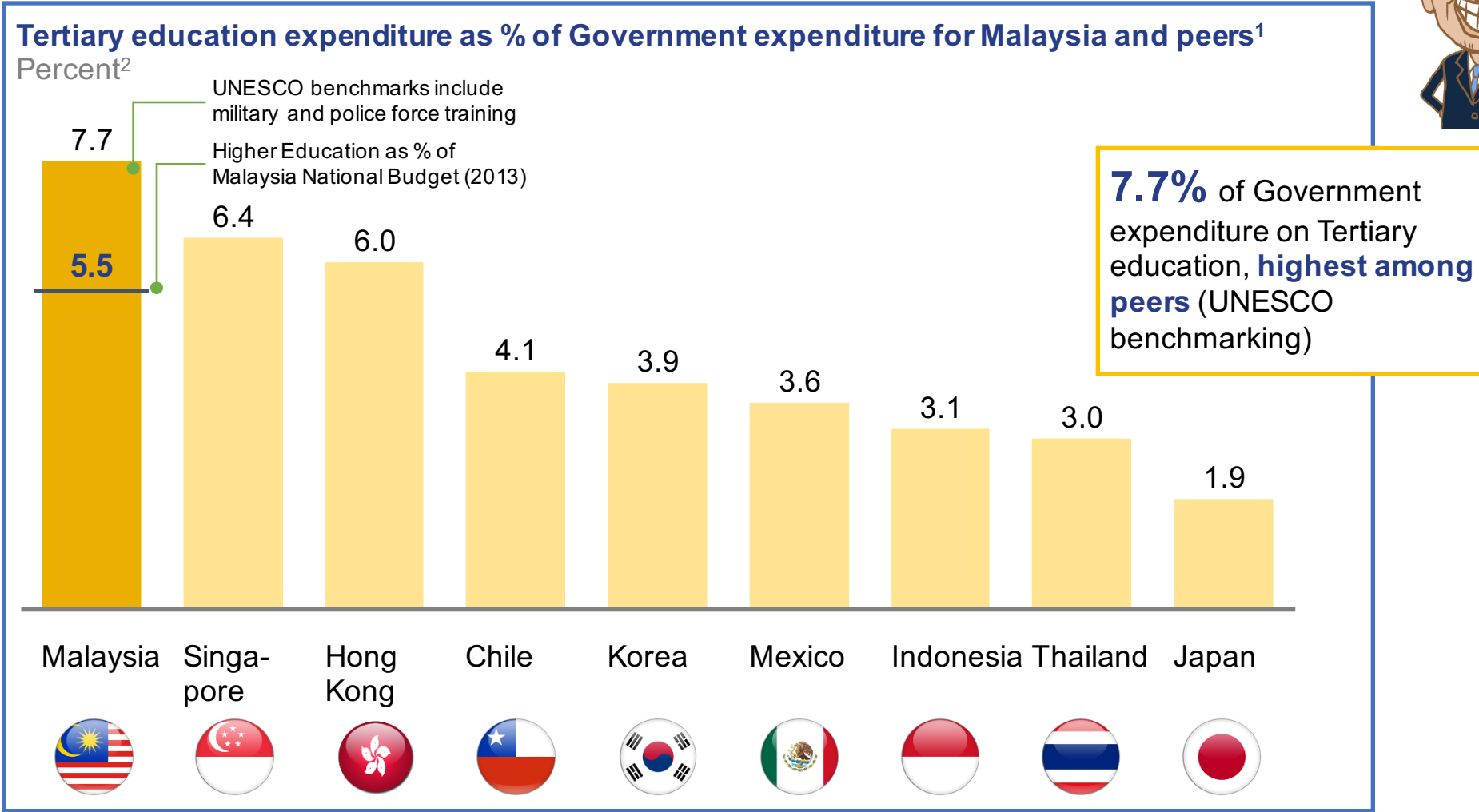
	Government grant	University internal revenue
1970s	98%	2%
1980s	97%	3%
1990s	95%	5%
2000s	90%	10%
2016	<85%*	>15%

\*85% is OA42,000 (pemberian) kepada semua UA

UA perlu buat penjajaran semula belanjawan mengikut keperluan dan keutamaan tanpa perlu mendapat kelulusan Pegawai Pengawal. Hanya perlu kelulusan Ketua Aktiviti di bawah OBB

The Government is deeply committed to Higher Education, as evidenced by its high investment relative to peers

UNESCO DATA



1 Peers based on the following categorization: Asian Tigers (Hong Kong, Singapore, South Korea, Japan), SEA neighbours (Indonesia, Thailand, Singapore) and comparable GDP per capita (Chile, Mexico)

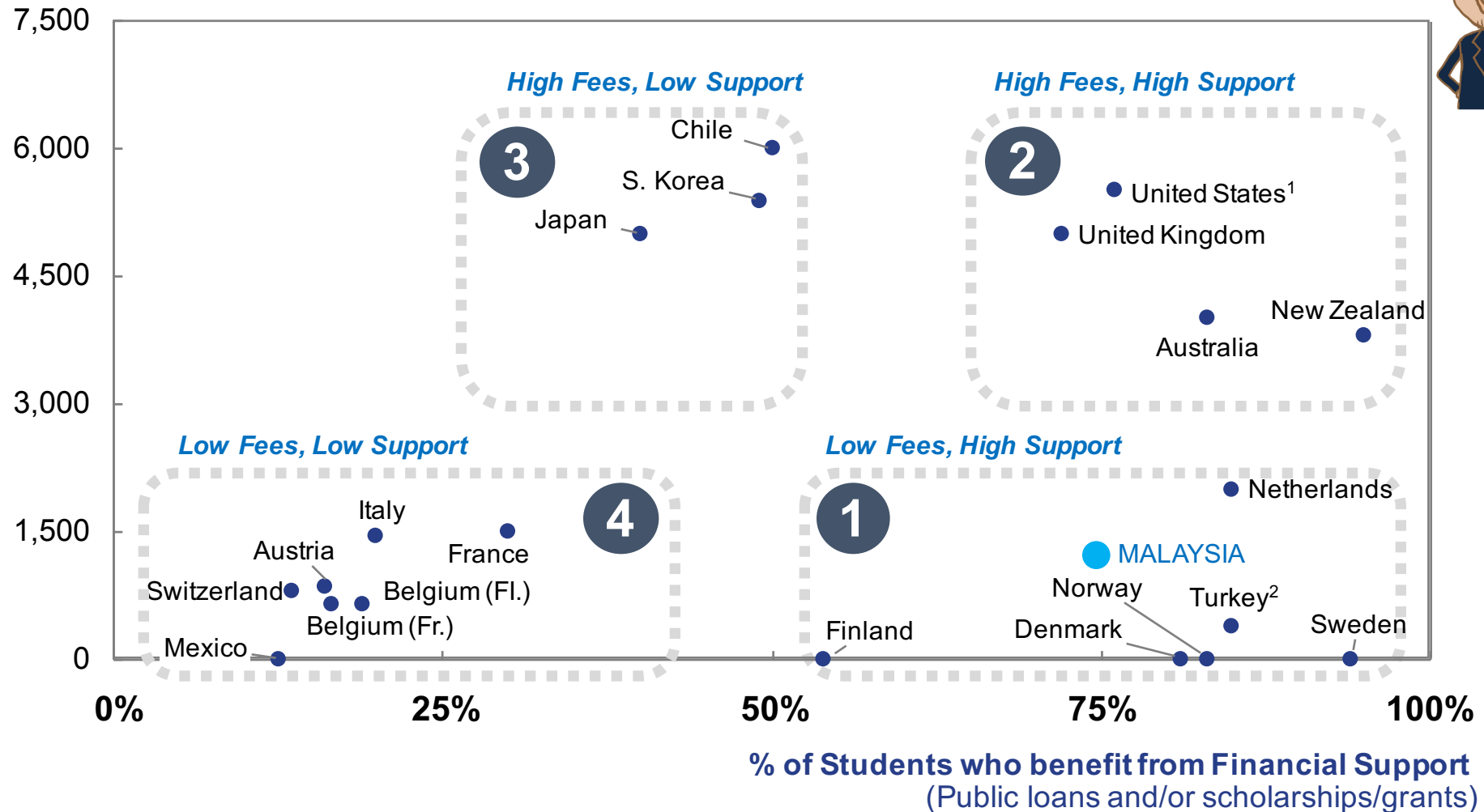
2 Latest data available: Singapore (2013), Chile, Hong Kong, Indonesia, Japan, Thailand (2012), Malaysia, Mexico, Korea (2011)



# Government support and student fees for public HLIs

## Average Tuition Fees for Public HLIs (first degree programmes)

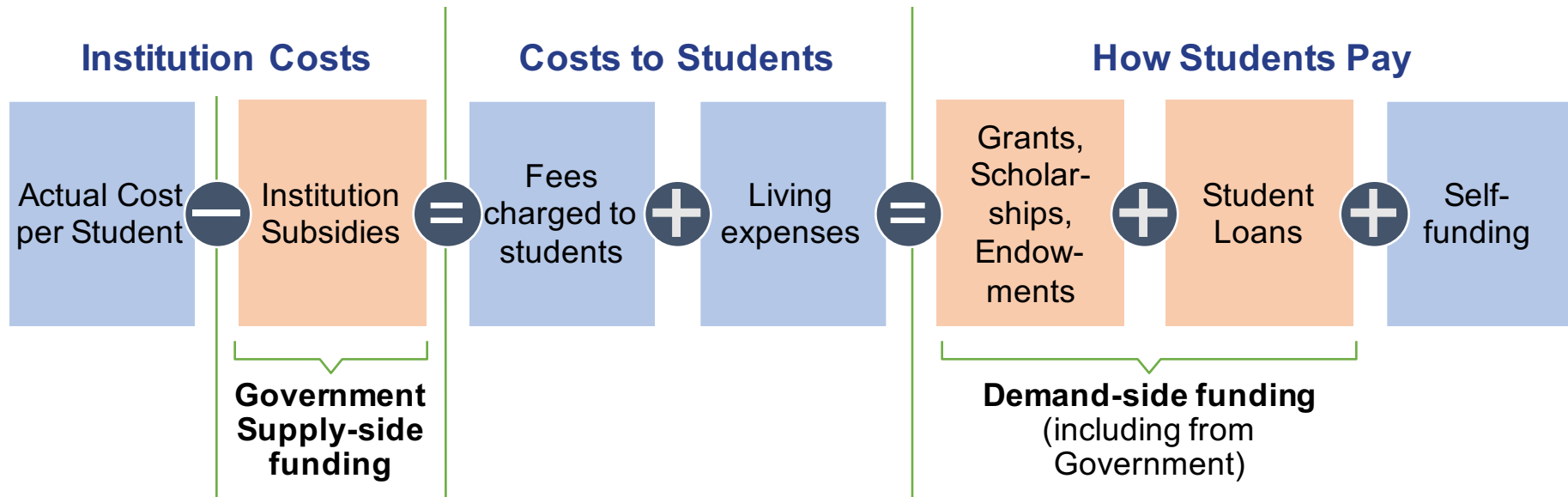
Full-time national students in USD (PPP basis), 2010-11



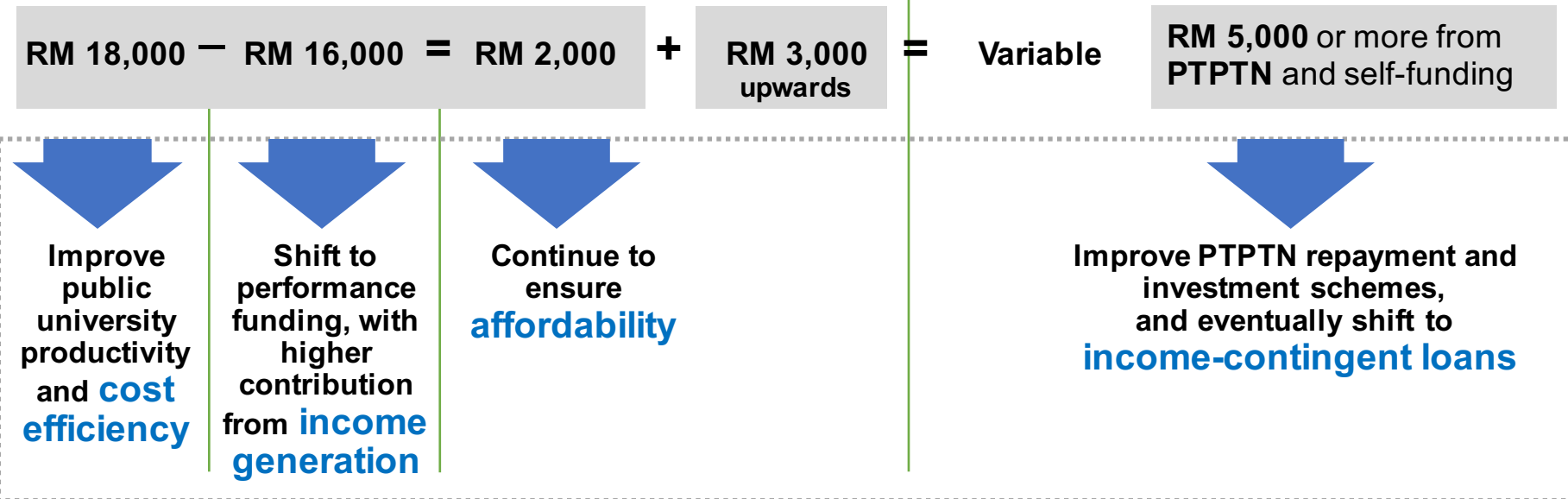
1 Figures are reported for all students (full-time national and full-time non-national/foreign students)

2 Cost of higher education is lower in Turkey than many countries (40% below OECD average) and 70% of financial support comes in the form of student loans

# Annual higher education costs for public HLIs and students

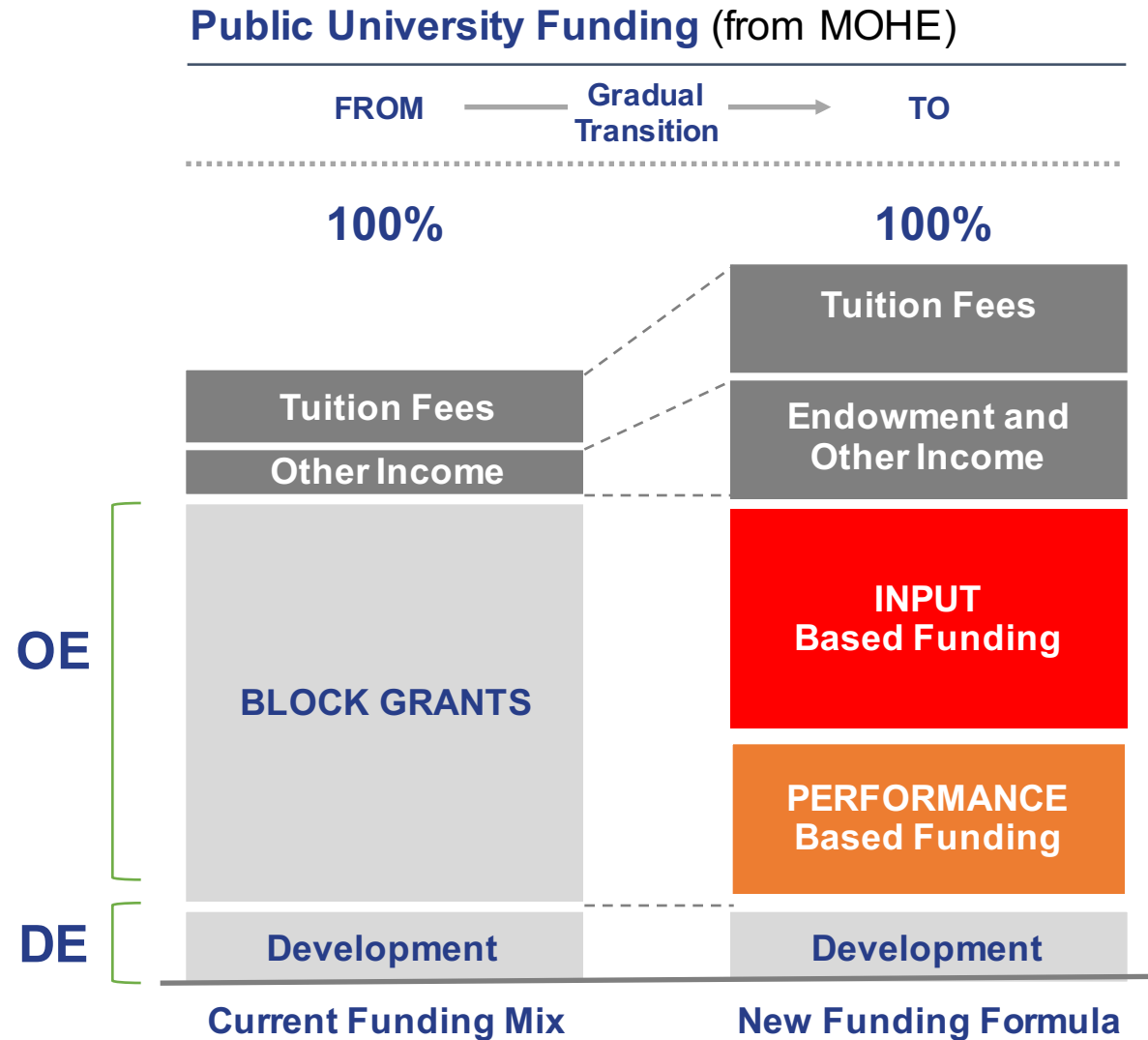


## Example of a Student at a Public University





FRAMEWORK: The MEB (HE) outlines shift away from block grants to a new framework for allocating funding to public universities



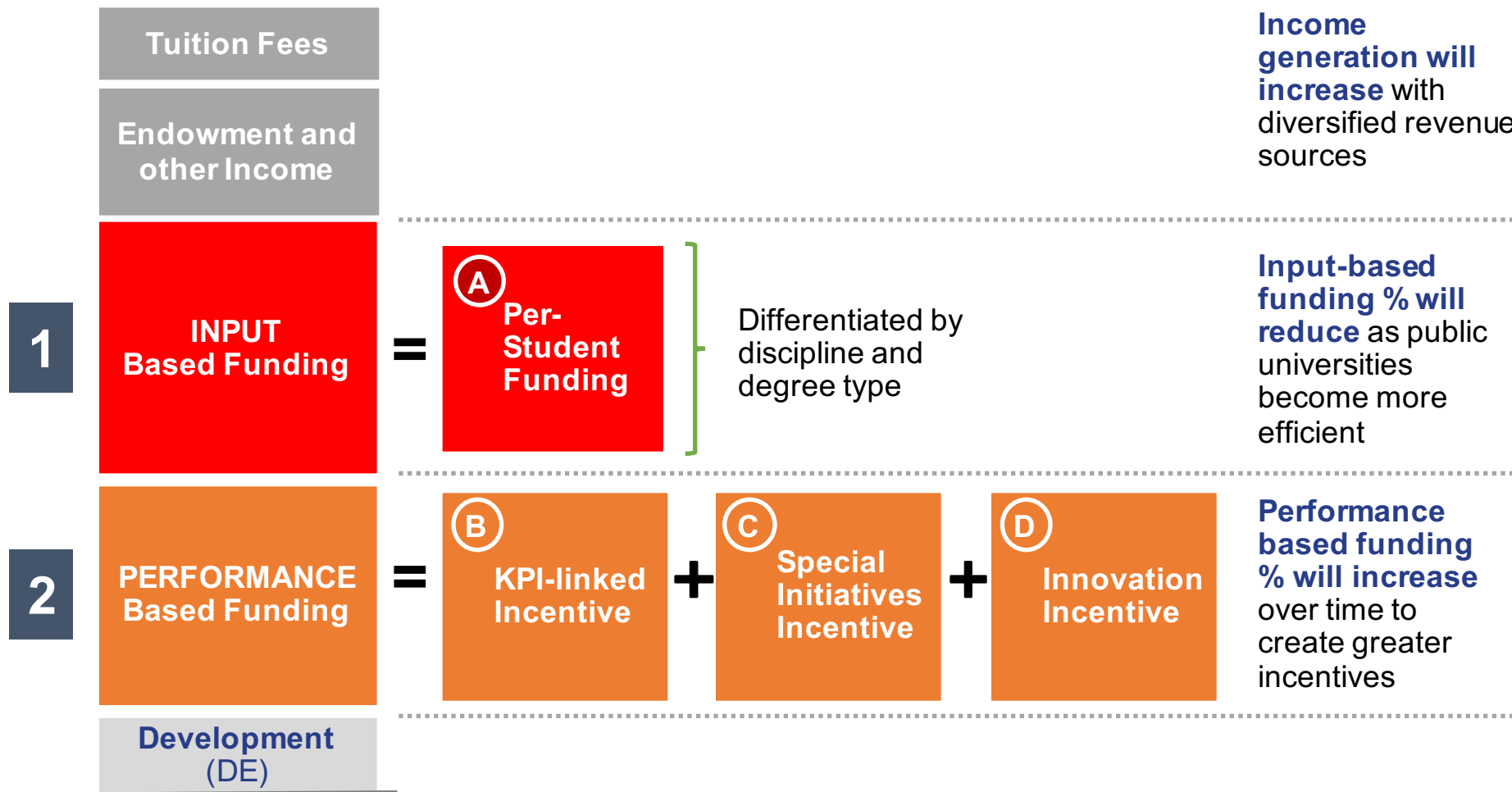
# FUNDING FORMULA: The new formula to determine public university budget allocation consists of four main components

**Moving towards End-state Funding (aspiration: 2020)**



**100%**

**New Funding Formula**



**Income generation will increase** with diversified revenue sources

**Input-based funding % will reduce** as public universities become more efficient

**Performance based funding % will increase** over time to create greater incentives

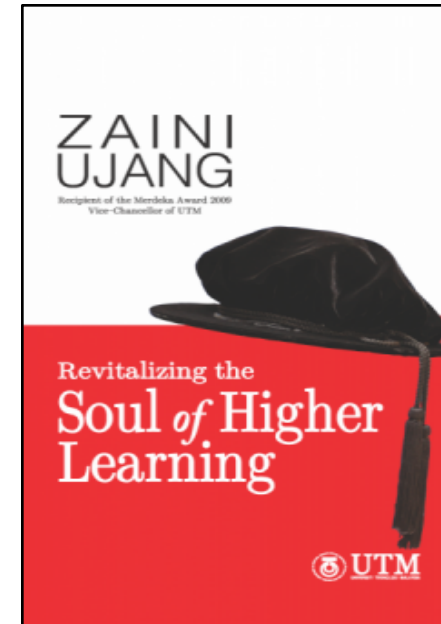
**Funding for each Public University**

# Task 2008-2013

Transforming UTM from undergraduate-local-centric to graduate-and-global centric (a global brand)



	Indicators	2008	2020
1	Staff with PhD	737	2100
2	ISI impact factors	153	7000
3	Postgraduate (%)	25%	70%
	Postgraduate no.	4,850	14,000
4	Mean Intake CGPA	3.11	4.00
5	Research grant (RM m)	124	400
6	Intellectual property	1075	10,000
7	Spin-off companies	1	1000
8	Internal revenues (RMm)	47.86	900



## UTM key performance (*amal*) indicators



	Indicators	2008	2011	2012	2013	2015	2020
1	Staff with PhD	737	1018	<b>1143</b>	1500	1800	2100
2	SCOPUS journals	678	1078	<b>2500</b>	3500	6000	15,000
	ISI impact factors	153	802	<b>2000</b>	3000	4000	7000
	SCOPUS citation	1372	3791	<b>5000</b>	7000	10,000	50,000
3	Postgraduate (%)	25%	46%	<b>53%</b>	55%	60%	70%
	Postgraduate no.	4,850	10,888	<b>12,883</b>	13,000	13,500	14,000
	PhD students no.	1269	3439	<b>4445</b>	5000	6000	7000
	<b>PhD Graduate on time</b>	-	-	-	50%	<b>60%</b>	<b>90%</b>
	<b>Post-doctoral fellows</b>	<b>&lt;10</b>	<b>&lt;20</b>	<b>&lt;20</b>	300	<b>500</b>	<b>1000</b>
4	Mean Intake CGPA (UG)	3.11	3.47	<b>3.71</b>	3.75	3.80	4.00
5	Research grant (RM m)	124	103	<b>78</b>	150	200	400
6	Intellectual property	1075	2185	<b>2770</b>	3300	6000	10,000
7	Spin-off companies	57*	14	<b>18</b>	200	400	1000
8	Staff research load	30%	50%	55%	60%	60%	70%
9	Endowment (RM m)	0	31.9	50	70	100	500



# FINANCIAL DATA

IN MILLIONS For the Fiscal Year ended  
June 30...

	2017	2016	2015	2014	2013
<b>REVENUES</b> .....	<b><u>\$ 800 m.</u></b>	761	707	676	612
<b>EXPENSES</b> .....	<b><u>\$ 731 m.</u></b>	704	660	645	571
<b>CASH FROM OPERATIONS</b>	69	57	47	31	41
<b>CAPITAL INVESTMENTS</b>	78	113	81	92	80
<b>BUILDING DEBT OUTSTANDING</b>	64	71	78	85	91
<b>UNRESTRICTED RESERVES</b>	145	103	125	99	83
<b>ENDOWMENT</b>	3,472	3,209	3,309	3,210	2,828
<b>TOTAL ASSETS</b>	<b>\$ 4,821</b>	<b>\$ 4,508</b>	<b>\$ 4,587</b>	<b>\$ 4,409</b>	<b>\$ 3,831</b>



AUG 2016

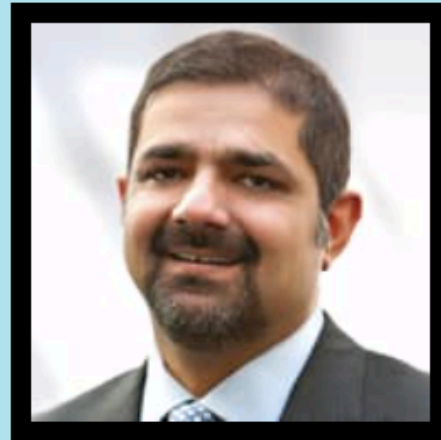
## New Full Professors



**Julie Battilana**  
Joseph C. Wilson  
Professor of Business  
Administration



**Leemore Dafny**  
Bruce V. Rauner  
Professor of Business  
Administration



**Karim R. Lakhani**  
Charles Edward Wilson  
Professor of Business  
Administration



**Ramana Nanda**  
Sarofim-Rock  
Professor of Business  
Administration

# STATEMENT OF ACTIVITY & CASH FLOWS\*



HARVARD | BUSINESS | SCHOOL

ANNUAL REPORT 2017



FOR THE FISCAL YEAR ENDED JUNE 30,

Revenues (in millions)	2017	2016	2015
MBA Tuition & Fees	\$ 133	\$ 127	\$ 120
Executive Education Tuition	191	176	168
Publishing	221	217	203
Endowment Distribution	146	138	127
Unrestricted, Current Use Gifts	42	40	36
Restricted, Current Use Gifts	32	32	27
HBX	12	10	5
Housing, Rents, Interest Income, & Other	23	21	21
<b>Total Revenues</b>	<b>\$ 800</b>	<b>\$ 761</b>	<b>\$ 707</b>



## ANNUAL REPORT 2017

**Expenses**

Salaries & Benefits	\$ 327	\$ 309	\$ 294
Publishing & Printing	70	70	65
Space & Occupancy	68	62	68
Supplies & Equipment	12	14	7
Professional Services	63	65	52
Fellowships	48	47	44
University Assessments	24	22	20
Debt Service	4	4	5
Depreciation	40	38	34
Other Expenses	75	73	71

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<b>Total Expenses</b>	<b>\$ 731</b>	<b>\$ 704</b>	<b>\$ 660</b>
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Cash from Operations	\$ 69	\$ 57	\$ 47
Depreciation	40	38	34
Non-Cash Items	1	—	—

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<b>Cash Available for Capital Activities</b>	<b>\$ 110</b>	<b>\$ 95</b>	<b>\$ 81</b>
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## ANNUAL REPORT 2017



Capital Expenses	\$ (78)	\$ (113)	\$ (81)
Change in Capital Project Pre-Funding	19	(12)	(9)
Use of Gifts for Capital Projects	51	20	38
<b>Net Capital Expenses</b>	<b>\$ (8)</b>	<b>\$ (105)</b>	<b>\$ (52)</b>
New Borrowings	\$ 0	\$ 0	\$ 0
Debt Principal Payments	(8)	(7)	(7)
Capitalization of Endowment Income	(4)	(3)	(3)
Decapitalization of Endowments	3	5	5
Other Non-Reserve Activity	(51)	(7)	2
<b>Changes in Debt &amp; Other</b>	<b>\$ (60)</b>	<b>\$ (12)</b>	<b>\$ (3)</b>
<b>Increase (Decrease) in Reserves</b>	<b>\$ 42</b>	<b>\$ (22)</b>	<b>\$ 26</b>
<b>Beginning Reserves Balance</b>	<b>\$ 103</b>	<b>\$ 125</b>	<b>\$ 99</b>
<b>Ending Reserves Balance</b>	<b>\$ 145</b>	<b>\$ 103</b>	<b>\$ 125</b>

# Insentif?

“Daripada Annas bin Malik, Rasulullah saw bersabda: ‘Tujuh perkara yang seseorang itu masih berterusan mendapat pahala daripadanya walaupun setelah meninggal dunia:

- 1) Ilmu yang diajarkan
- 2) Mata air yang dialirkan**
- 3) Perigi yang digali**
- 4) Pohon yang ditanam**
- 5) Masjid yang dibina
- 6) Mashaf al-Quran yang ditinggalkan sebagai pusaka
- 7) Anak-anak yang sentiasa mendoakan keampunan untuknya”



*Al-Jami' Al-Sohih: 3596  
Kitab al-Targhub wal-Tarhib (Bab Sedekah)*