Caltech

Administration of Philanthropic Contributions, Endowed and Current-use Restricted

How Donors Help Caltech Change the World

From the Richter scale to the quark to the observation of gravitational waves, Caltech changes the world, by design. That is how a small community of outstanding people makes such an extraordinary impact on science, technology, and society. Caltech unites the best scientists and engineers, those who are curious, creative, and ambitious in their visions of what could be. Together, these scholars break down boundaries and build up new ways of interrogating nature and the universe. They are not afraid to fail because they know that tackling the most challenging problems often means taking the biggest risks. Today, the Institute's faculty, postdoctoral scholars, and students are pursuing state-of-the-future solutions for cleaner air, quantum computing, more powerful and versatile computer chips, and scientific instrumentation that looks outward to explore deep space and inward to reveal the mysteries of the brain.

Caltech cannot accomplish these breakthroughs on its own. Generous donors who provide financial assistance make it all possible. Donations extend the Institute's margin of excellence and competitiveness. Philanthropic support of bold ideas promotes the unfettered thinking that is the Institute's hallmark. With gifts large and small, supporters offer Caltech the flexibility to empower its people to dream big, and the resources that allow them to follow those dreams.

To Advance an Unparalleled Academic Environment

Philanthropy bolsters our distinctive culture of academic excellence and opportunity. This means not only funding original ideas, but also providing the people who create them with the facilities, the latest scientific instrumentation, and the unrestricted operational support they need to thrive. These are essential components that underlie the freedom it takes to lead at the vanguard of science and engineering. Accordingly, a portion of each charitable gift is designated for the less-visible elements at the Institute, the indirect costs, that are nonetheless essential to enable a world-changing environment.

We all understand that extraordinary science and engineering require substantial investment. Dedicating a portion of philanthropic funding to cover indirect costs is a practice common among the world's finest institutions of higher education, enabling

them to further fortify the quality of their educational and research programs. Caltech deploys this practice to achieve uncommon results. The Board of Trustees determines the indirect cost rate.

Current rates for all donations, including unrestricted support, are outlined below.

Indirect Costs for Current-Use Donations

Donation amount	Indirect cost
Less than $350,000	20.0%
$350,000–$399,999	22.2%
$400,000–$449,999	25.9%
$450,000–$499,999	28.8%
$500,000 or more	30.0%

Indirect Costs for Endowment Payouts

Approximate endowment value	Annual gross payout amount	Indirect cost for annual gross payout
Less than $7 million	Less than $350,000	20.0%
$7 million–$7,999,999	$350,000–$399,999	22.2%
$8 million–$8,999,999	$400,000–$449,999	25.9%
$9 million–$9,999,999	$450,000–$499,999	28.8%
$10 million or more	$500,000 or more	30.0%

By comparison, over 40% of funds from federal grants and sponsored projects at Caltech are apportioned for indirect costs recovery.

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Indirect costs funded by charitable gifts are often misunderstood. Importantly, these allocations are used to address the core, day-to-day needs of the faculty, students, and postdoctoral scholars who make Caltech what it is. Indirect costs help the Institute retain and recruit the very best scientific minds. They equip state-of-the-art labs. They provide a safety net for high-risk, high-reward investigations. They help fund the campus infrastructure and personnel needs that do not fit into regular programmatic budgets. And they enable Institute leaders to pivot and respond quickly when unexpected opportunities or urgent needs arise.

Those who give to Caltech signal a certain set of values: the belief in humankind's ability to make the world a better place; the conviction that Caltech's signature approach to discovery and innovation is the most advantageous way to accomplish this; and the initiative to take action and support the relentless pursuit of new knowledge, discovery, and innovation. Private donors make the measurable difference at Caltech. Dedicating a portion of donated funds to indirect costs is vital to keep the Institute competitive and at the forefront of scientific research. Without the unrestricted revenue generated from gifts, Caltech would be restricted in its ability to fully pursue its noble mission to expand human knowledge and benefit society.