

Endowed Professorships

OVERVIEW

Washington State University (WSU) and the WSU Foundation (WSUF) are committed to the tradition and importance of endowed professorships, including distinguished professorships, in recognizing and fostering academic excellence among University faculty. All endowment funds and their payouts are to be used for the enrichment of University programs.

This policy recognizes the obligation of the state of Washington to be the primary fund source for support of the University's core faculty positions. The University also recognizes the desire of donors to support a wide variety of academic and research activities through the creation of endowed funds to enhance, in perpetuity, state support for the University's mission.

Authorization

The policy in this section (*BPPM 30.82*) authorizes the establishment of endowed professorships to provide recognition for the distinguished achievements of faculty as directly related to research, teaching, and service.

The Provost is authorized to approve all endowed professorships, and to issue administrative procedures and guidelines for implementing this policy.

The Provost must approve the endowed professorship before acceptance of the designated gift is finalized.

Applicability

The policy and the accompanying procedures in this section (*BPPM 30.82*) apply to all funds named in honor of a donor or others that provide direct supplemental support for individual faculty members. This includes funding:

- Provided by:
 - An endowment distribution,
 - A quasi endowment distribution (see also *BPPM 30.78*), or
 - An annual gift or other source of funding;
- Derived from a gift or a discretionary administrative source; and
- Provided on a term basis for a specified period consistent with gift terms or administrative allocation terms.

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Applicability (cont.)

This section covers endowed professorships, including distinguished professorships and all other similar arrangements established under other names (but not including fellowships). For convenience, all such arrangements are collectively referred to as *endowed professorships*.

Endowed professorships established prior to publication of this section are, to the extent consistent with the original intent of the donor and terms of the governing gift or allocation instrument, administered in conformity with this section. To the extent there are inconsistencies, the original intent of the donor and the terms of the gift use agreement is honored.

Purpose

Endowed professorships are reserved for the recruitment and retention of distinguished scholars and teachers. *Distinguished* is defined by the designated unit based on internal criteria.

Endowed Professorship

An endowed professorship provides funds to a faculty member in support of his or her teaching, research, and service. In addition, unless expressly prohibited by the gift use agreement, an endowed professorship may provide payout to support the base salary and/or other salary components of a faculty member.

See the definitions of [Payout](#) and [Base Salary](#) below.

Administrative Endowed Professorship

An administrative endowed professorship is held by an administrator such as a department chair, director of an organized research unit, dean of a school, college, or campus, vice chancellor, or chancellor. An administrative professorship provides support for the teaching, research, and service activities of the department, research unit, school, college, or campus.

See also [Simultaneous Administrative Position](#) and [Annual Use Summary](#).

ESTABLISHMENT AND NAMING

The establishment and naming of endowed professorships must be:

- Conducted in accordance with this policy;
- Contingent on fulfillment of funding of the endowment; and
- Subject to University policies, procedures, and guidelines to ensure appropriate financial and organizational controls.

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Subject Area

The subject area of the endowed professorship, if any, must be consistent with the mission of Washington State University and the academic plan of the designated academic unit, college, or campus the fund is to benefit.

Prior Approval

No final commitment to establish and name an endowed professorship is made to a prospective donor prior to the Provost's approval. The Provost's approval of the endowed professorship must occur prior to the acceptance of any private funding.

Gift Use Agreement

If a gift for support of an endowed professorship is intended also to provide support for other purposes, the governing gift use agreement must either:

- Stipulate the percentage of the total gift or the residual amount or the dollar level to be directed to the additional purposes; or
- Grant such discretionary authority to the dean, chancellor, or vice president signing the gift use agreement.

In the absence of such a stipulation by the donor, the total gift is allocated for support of the endowed professorship.

Pledge to Establish

A pledge to establish an endowed professorship must be in a form that constitutes a legally binding commitment by the donor.

Funding

Each endowed professorship is supported by:

- A payout from an endowment fund;
- A fund functioning as an endowment (i.e., quasi endowment); or
- An annual gift or other source of funding.

Minimum Funding Level

To establish an endowed professorship, a fund must reach the minimum required by the WSUF. The minimum endowment principal must be after any applicable administrative fees. For information regarding the current WSUF minimum funding levels, see:

foundation.wsu.edu/

Deans may establish higher minimum funding levels to meet individual college needs. (See also [Use Agreement Provisions.](#))

Endowed Professorships

Minimum Funding Level (cont.)

If the professorship is to be funded through an annual gift for current use or an administrative allocation, the initial and future allocations must at least equal the amount of the annual payout of a WSU endowment with a market value which meets the minimum funding level. This condition provides the growth necessary to respond to inflation.

This minimum also applies to deferred gifts or bequests, the present value of the remainder interest of which is used to determine whether the minimum is met.

State Matching Funds

When state funding is available and the gift use agreement includes a request from the donor to seek state funding, state matching funds are to be sought for each eligible professorship, in accordance with *RCW 28B.76.565*. State matching funds should not be implied or guaranteed in gift use agreements or discussion with donors.

Completion of Funding

The establishment of an endowed professorship is contingent upon completion of funding by an agreed upon date. The gift use agreement or allocation includes a payment schedule specified at the time of Provost approval, unless a legally-binding, irrevocable commitment is in effect to complete the funding by bequest or deferred gift. A bequest or deferred gift does not include a predetermined termination date.

Following approval by the Provost and until funding is completed, the professorship is deemed *pending*. The dean or the dean's designee must review any professorship that has not reached full funding by the end of the specified period to determine the appropriate action. Appropriate actions may include:

- Possible completion of funding from alternate sources;
- Dissolution of the professorship (see [Dissolution](#)); or
- Other action.

WSU Foundation (WSUF) Review

The Gift Acceptance and Management Committee of the WSUF reviews all proposals to fund all or any portion of a professorship fund through a deferred gift or legally-binding commitment to bequeath. Each deferred gift and legally-binding commitment to bequeath must have an estimated present value of remainder interest equal to or in excess of the minimum dollar amount required to fund the professorship. The WSUF planned giving office may make the calculation of the estimated remainder interest.

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WSU Foundation (WSUF) Review (cont.)

The Gift Acceptance and Management Committee must approve a proposal from a donor to create an endowed professorship with assets to be held by a fiduciary external to WSUF.

Use Agreement Provisions

All donors should be encouraged to include in governing gift use agreements provisions permitting *all* of the following actions:

- The addition of accrued distributions to principal.
- The distribution of funds to benefit the designated position's area.

When distributions exist, first preference is always that the funds benefit the designated position's area. However, when the position is vacant, the donor may designate in the gift use agreement a secondary use of the funds which is closely aligned to the original intent.

- As a last resort, and still in close keeping with the gift use agreement terms, the reallocation to alternative University uses if the minimum funding level is not ultimately realized or if the subject area ceases to be consistent with the University's mission and the academic plan of the campus.

The donor may elect to specify in the gift use agreement that if the position remains vacant, creating unused distributions, that the distributions be halted, therefore growing the fund principal. In this situation the donor should be advised that increasing the fund principal may create issues in the future if the principal exceeds market value.

For current examples of wording to use in drafting the gift use agreement, development officers should contact the WSU Foundation.

Naming

A professorship may be named in honor of the donor or other honoree, including a current active faculty member, designated by the donor, subject to the Provost's approval.

Fee Disclosure

Full disclosure of any administrative fee practices is made to donors at or prior to the time of the gift.

Endowed Professorships

APPOINTMENT

Faculty Appointment Procedures

Appointments to endowed professorships are made in accordance with regularly established University procedures for faculty appointments (see *BPPM* 60.11), except as noted in [Simultaneous Administrative Position](#). The designation of a faculty member for appointment to an endowed professorship is made by the college in accordance with the standards and procedures of this policy.

Term of Appointment

An endowed professorship may be filled by one individual for an indefinite period (subject to periodic review) or for a prescribed period, unless otherwise provided in the terms of the gift use agreement or the terms of the administrative allocation. Most commonly, deans may consider a term of appointment to be five years.

The dean may decide to reassign a professorship in accordance with campus procedures, including consultation with the Provost. In such cases, the dean or the dean's designee should provide notification to the current professorship holder.

Simultaneous Administrative Position

An endowed professorship holder may serve simultaneously in an administrative position, e.g., department chair; director of an organized research unit; director of a school. The University has distinct appointment procedures for professorship holders and for administrative officers, so such appointments must therefore be reviewed separately. (See *BPPM* 60.11 and 60.12.)

In the case of an administrative endowed professorship, the administrative officer is automatically designated as the professorship holder. (See also [Annual Use Summary](#).)

Vacant Professorship

The dean or the dean's designee reviews endowed professorships that remain vacant for a consecutive period of three years. Such review ensures that the University meets its obligation to fulfill the terms of the gift and to expend endowment payouts consistent with those terms. The intent of this policy is that accumulated payout is not allowed to exceed five years of payout. (See [In Case of Vacant Professorship](#).)

Pending Professorship

A campus may appoint a professorship holder prior to completion of the pledge payments. Such a professorship is referred to as *pending*.

Endowed Professorships

Pending Professorship (cont.)

The payout of the fund is made available to the professorship holder in accordance with the terms of the gift use agreement. If the donor has specified that the payout be added to the principal until the endowment is fully funded, then the payout is added to the principal. Under such circumstances, the professorship holder does not receive the payout until the endowment equals the value of the pledged amount.

In the event of a professorship that does not reach full funding by the end of the specified period, see the provisions for dissolution of endowed professorships in [Dissolution](#).

USE OF FUND PAYOUT

Payout

Fund payout is defined as the dollar amount for current expenditure made available from an endowment held by the WSUF.

Use for Endowed Professorship

Fund payout is provided to holders of endowed professorships to support teaching, research, and service activities of a professorship holder. Such allowable expenses may include, but are not limited to:

- Travel
- Equipment
- Wages for research and graduate assistants

In addition, fund payout may be used to support the base salary and/or other salary components of a professorship holder. (See also [Base Salary](#).)

The dean or other designated unit leader may require candidates to submit a plan of activity for use of the endowed position funds prior to the naming of a professorship/chair holder.

The dean or other designated unit leader may require the professorship holder to submit an annual plan of activity for use of the endowed position funds.

Expenditures must be made in accordance with the gift or administrative allocation terms and a budget recommended annually by the professorship holder to the department chair. The appropriate campus administrator must approve the budget proposal in the normal budgetary process, in coordination with the dean, except as noted in [Annual Use Summary](#).

Endowed Professorships**Use for Endowed Professorship (cont.)**

Following consultation with the appropriate campus administrator or counsel, the dean may approve a professorship holder's proposal to allocate a portion of the fund payout for support of the academic endeavors of the department or college for a specified period, consistent with gift use agreement terms.

Use for Administrative Endowed Professorship

Funding, based on unit policies regarding expenditures and budgets, is provided to a holder of an administrative endowed professorship to support the teaching, research, and service activities of the department, research unit, school, or college. (See also [Administrative Endowed Professorship](#) and [Simultaneous Administrative Position](#).)

The administrative professorship holder determines use of the payout according to an annual budget approved by the appropriate campus administrator in the normal budgetary process. The dean or the dean's designee (or the Provost if a dean is the holder of the administrative endowed professorship) reviews the terms of the fund at least every five years and takes the necessary actions to ensure that the University is fulfilling its legal obligation to utilize professorship payouts fully in a manner consistent with the gift use agreement.

Base Salary

Unless expressly permitted by the gift instrument, fund payout may not be used to supplant the base salary, or a portion of the base salary, of a professorship holder. Base salary is defined as salary paid to a faculty member for his or her teaching, research, service, and other University duties during the course of the year. The use of endowment payout may be used to supplement the base salary of the professorship holder in accordance with University policy and campus procedures. (See also [Written Procedures](#).)

The payout from a professorship endowment may also be used to support other salary components, including, but not limited to:

- Summer salary of the holder;
- Additional compensation under an approved compensation plan in accordance with applicable policies; or
- Other additional compensation permitted by University policy.

Unless expressly permitted by the gift use agreement, fund payout may not be used to support sabbatical supplement.

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Annual Use Summary

The professorship holder must also provide annual summary of the uses of the funds. The summary must specifically address how the expenditures supported the research, teaching, and service of the professorship holder in accordance with the gift use agreement. The dean then determines if sufficient progress and activity have occurred before reallocation of new funds for the professorship holder's use.

In Case of Vacant Professorship

In the event an established, fully-funded professorship remains vacant for a period of three years or more, or in the event that the professorship's accumulated income exceeds five years of payout, the dean, chancellor, vice president, or designee must review the fund's terms and administrative history to ascertain the reason for the accumulation. The dean, chancellor, or vice president (or the applicable designee with the dean/chancellor/vice president's approval) must then take appropriate corrective action *consistent with the terms of the gift use agreement*. Such action may include:

- Implementing a new expenditure plan designed to fill the professorship and/or to utilize the payout fully.
- Redesignating the professorship and/or fund purpose, following consultation with and approval of the donor.
- If the donor is not available, seeking legal means for a redesignation of the professorship and/or fund purpose.

DISSOLUTION

Review

The establishment of an endowed professorship is contingent on completion of funding. A professorship whose endowment has not reached full funding either by the end of the specified pledge period or the maturity of the deferred gift or bequest must be reviewed by the dean or the dean's designee. Such a review is to include any alternative uses for the payout prescribed by the gift use agreement and/or through discussions with the donor.

Subject to the donor's approval and upon recommendation by the dean, the Provost is authorized to dissolve an endowed professorship in the event that:

- The subject area ceases to be consistent with the University's mission and the academic plan of the campus; or
- The endowed professorship remains vacant for a period of three years and the dean, after consultation with the Provost and the department chair, determines there is no likelihood of filling the professorship.

Endowed Professorships

Fund Payout

Upon dissolution of an endowed professorship funded through a gift, the fund payout is reallocated to the alternative purpose stated in the gift use agreement or as subsequently specified by the donor in consultation with the dean. If a donor is deceased and has not specified an alternative purpose, the dean or dean's designee must request the assistance of institutional and/or WSUF legal counsel to obtain court approval for an alternative use of fund payout in a related field.

COLLEGE/CAMPUS PROCEDURES

Written Procedures

A college and/or campus may have written procedures regarding:

- Establishment and naming of endowed professorships
- Dissolution of endowed professorships
- Filling of professorships
- Use of endowment payout for faculty salaries

These procedures must incorporate and be consistent with the policy and procedures in this section (*BPPM* 30.82). The Provost must approve the college/unit written policies prior to implementation.

Routing

Copies of college/campus policies and procedures on endowed professorships must be forwarded to the Provost with a copy to the Vice President for Advancement.

REPORTING

Annual Report to WSUF Board of Trustees

The Provost and/or Vice President for Advancement reports annually to the WSUF Board of Trustees on the establishment and naming and the dissolution of endowed professorships and the use of established professorship funds.

Annual Report to Provost

Each fiscal year, the dean coordinates with the WSUF to provide a report on all endowed professorships to the Provost. The report must include the following information for each professorship:

- Professorship name
- Academic unit
- Specified discipline

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Annual Report to Provost (cont.)

- Year approved, or, if for a term professorship, the inclusive years during which the professorship is in effect.
- Pledged amount
- Book value at year-end
- Market value at year-end
- Unexpended payout at year-end
- Confirmation of a current appointment to the professorship, vacancy of the professorships, or dissolution of the professorship and reallocation of professorship funds.

Gift Use Agreements

Gift use agreements for professorship endowments held by WSUF are kept at the WSUF offices as well as within the administering college.

SAMPLE LANGUAGE FOR GIFT USE AGREEMENTS

To obtain samples of the most current template and potential uses language for gift use agreements to establish endowed chairs or professorships, contact the WSU Foundation; telephone 509-335-6686; e-mail foundation@wsu.edu.