

Regulation on the Distinguished Professors Endowment Trust Fund

- I. Purpose. The following regulation is designed to provide System-wide consistency and clarity regarding implementation of the Section 600.2.3 of the UNC Policy Manual, *Policy on the Distinguished Professors Endowment Trust Fund*.
- II. Goals. Among the goals of the Distinguished Professors Endowment Trust Fund (DPETF) is to stimulate private support and commitment to strengthening the faculties and promoting excellence throughout all of the constituent institutions of the UNC System. The General Assembly's goal in creating the DPETF was to encourage each constituent institution to “solicit and receive gifts from private sources to provide matching funds to the trust fund challenge grants.”¹
- III. Definitions. The following operational definitions apply to this regulation:
 - A. “Focused Growth Institutions.” Refers to Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University.
 - B. “Private Gift” or “Private Contribution.” A donation from a private individual or entity (including any foundation or business entity). Federal grant funds do not meet the definition of a “private gift” or “private contribution.” Private contributions to institutional Endowment Funds must be given or pledged specifically for the purposes of the trust fund, and only contributions received after July 1, 1985 may be credited to the special endowment fund of the institution.
 - C. “Special Needs Institutions.” Refers to University of North Carolina School of the Arts and the University of North Carolina at Asheville.
- IV. Procedures for Institutional Plans for Establishment of Professorships
 - A. Plan for Establishment of Endowed Professorship. When the private gift is placed in the institutional Distinguished Professors Endowment Fund, the chancellor shall prepare a succinct plan for the establishment of the endowed professorship contemplated. This plan must be submitted to the president for review and approval. The plan accompanies a request for state matching funds to be transferred from the Board of Governors Trust Fund or escrowed to support the proposed professorship. No transfer or escrow of a state challenge grant shall be made in the absence of an approved plan.
 - B. Plan Description. Plans for the establishment of endowed professorships submitted by chancellors to the president must describe:
 1. The name of the professorship;

2. The general level of salary and other benefits and perquisites, and the anticipated amounts to be supported annually from the endowment;
3. The academic department or other unit to which it is anticipated that the new professorship will be assigned;
4. The academic rank of the professorship (i.e., full professor, associate professor, or assistant professor);
5. Whether the professorship will be in perpetuity (i.e., for the duration of the full-time service of the distinguished professor as a faculty member) or time-limited;
6. If the appointment is time-limited, the duration of the appointment (the standard recommended appointment length is five years):
7. Whether the professorship will be filled by an external or internal appointment or by either. Institutions are encouraged to consider plans for external appointments who will constitute distinguished additions to the faculty;
8. The expected benefits to the institution; and
9. Steps to ensure compliance with all selection procedures included in subsection VII of this regulation.

C. **Material Changes to the Professorship.** Before material changes can be made to the professorship, an amended plan for the establishment of the professorship must be submitted with the changes reflected.

1. Material changes to plans for professorships must be approved by the original private donor whose gift created the endowment fund or a representative of the donor before submitting an amended plan for approval.
2. Material changes include changes to:
 - a. The academic department or other unit to which the professorship is assigned;
 - b. The academic rank of the professorship (i.e., full professor, associate professor, or assistant professor);
 - c. Whether the professorship will be in perpetuity (i.e., for the duration of the full-time service of the distinguished professor as a faculty member), or time-limited;
 - d. If the appointment is time-limited, the duration of the appointment; and
 - e. Whether the professorship will be filled by an external or internal appointment or by either.

3. Material changes do not include selecting a new holder of the professorship when filling a vacant position.

V. Procedures Queuing Transfer of State Fund Requests

A. Insufficient State Funds. In the event that sufficient state funds are not available in the Board of Governors Trust Fund to meet the pending requests for matching dollars, requests shall be placed in a queue to await the availability of State funds. Only requests with approved plans and for which the requisite private gift has been received shall be placed in the queue.

B. Additional State Appropriations. Once additional state appropriations are made, the allocation shall be used to fund as many of the professorships in the queue as possible.

C. Escrow. So long as requests for transfer of funds to match full private gifts exceed the total available dollars, no state funds shall be placed in escrow.

D. Priority for Full Private Funding. Priority shall be given to those professorships for which full private funding has been received. The date when the private funding was complete and the date when the professorship was placed in the queue shall be the principal factors used to determine the order of transferring state matching funds from the Trust Fund to the institution. An effort shall be made to fund some professorships at each level.

VI. Procedures for the Use of Funds

A. Income Earned from Funds. By law, the principal from neither the state funds nor the private gift can be spent, only the income earned from the endowment can be used.

B. Use of Income Earned from Funds. Income from the endowment cannot be used for any purpose other than the support of the endowed professorship. For example, a salary supplement for the holder, travel, and research expenses associated with their professional responsibilities, stipends for teaching, and research assistants for the distinguished professor, special equipment, or library books needed to support the teaching and research of the holder of the endowed professorship.

C. Income Use. It is a violation of the law to spend the income from the Distinguished Professors Endowment Fund for purposes unrelated to the particular professorship. The amount and purpose of the expenditures each year shall be determined through consultation between the professorship holder, the appropriate department chairperson, and their dean.

D. Establishment of Professorship before Matching State Funds. Constituent institutions may use a portion or all the income paid out of a Distinguished Professor Endowment Fund to establish an endowed professorship prior to the receipt of the state matching funds if all the following conditions are met:

1. The required amount of funds from private sources has been collected in full pursuant to Section 600.2.3 II., of the UNC Policy Manual;
2. The plan for the professorship has been approved by the president;
3. The professorship does not carry the title of "Distinguished Professorship" until the state matching funds have been received; and

4. The donor(s) has provided written permission allowing the interest earned on the endowment to be used to support the purposes of the gift prior to the receipt of the state matching funds, and the donor(s) understands that the title of "Distinguished Professor" is limited to those endowments that have received state matching funds.

VII. Procedures for the Selection of Endowed Professorship Holders

A. Selection of Professor for the Endowed Professorship. The selection of each professor to hold an endowed professorship shall be made in the following way:

1. The selection and appointment procedures followed shall be fully consistent with the institution's tenure policies and regulations and other applicable personnel policies;

2. The Distinguished Professor shall be appointed at the rank of full professor,² the Distinguished Scholar at the rank of associate professor, and the Distinguished Fellow at the rank of assistant professor, and the appointment shall be subject to approval by the Board of Governors at those institutions not designated as special responsibility constituent institutions with management flexibility to appoint and fix compensation.³

3. The academic discipline to which the person is appointed shall be one of major importance to the educational program of the institution; and

4. The person appointed shall have a record of outstanding accomplishment in that discipline or field as a teacher and scholar or practitioner.

B. Intention of Endowed Professorships. The endowed professorships are intended for full-time faculty members, not for persons whose primary duties are administrative. If subsequently appointed to a senior administrative position, however, the holder of a professorship under this program may retain the professorship under the original terms of appointment to the endowed professorship.

C. Exception Circumstances. In exceptional circumstances, a professorship may be held by more than one faculty member simultaneously, with the income from the endowment used for allowable expenses of all faculty members who hold the professorship, in accordance with the professorship's approved plan.

D. Vacancy in an Endowed Professorship. When a vacancy occurs in an endowed professorship established with the Endowment Fund, the chancellor shall consult with the institutional board of trustees. If material changes are to be made to professorship, the chancellor shall thereafter recommend to the president any amendments to the approved plan. Upon approval of the amended plan by the president or under continuation of a plan without amendment, selection and appointment of the new distinguished professor, including distinguished scholar and distinguished fellow, shall then proceed in accordance with this regulation.

E. Additional Requirements. Some professorships must meet additional requirements for the selection of the distinguished professor. Those professorships are identified below. All professorships other than those listed below need only meet the requirements in subsections VII.A., and VII.B., of this regulation.

1. Any endowed professorships established using nonrecurring funding appropriated under the 1993-95 Current Operations Appropriations Act⁴ shall “recognize excellence in undergraduate teaching as the primary criterion for selection.”
2. Professors selected to fill the professorship funded through the C.D. Spangler Foundation Challenge Grant must be appointed only as a “Distinguished Professor” and only at the rank of full professor.
3. A list of the professorships that must meet either of the requirements listed above is included in the Distinguished Professors Endowment Trust Fund Operations Manual.

VIII. Reporting Requirements. Reports regarding the number and current status of the Distinguished Professorships at each institution shall be reported to the president annually by July 1. Reports to the president shall include the level of each professorship, the name of the professorship, whether the professorship is vacant or filled, and the professorship’s department. For filled professorships, the name of the professor shall be included. For vacant professorships, the date the position was vacated shall be included.

IX. Other Matters

- A. Effective Date. The requirements of this regulation shall be effective on the date of adoption of this regulation by the president.
- B. Relation to Federal and State Laws. The foregoing regulation as adopted by the president is meant to supplement, and does not purport to supplant or modify, those statutory enactments, regulations, and policies which may govern or related to the subject matter of this regulation.

¹S.L. 1985-757, Sec. 202; G.S. 116-41.13-41.19).

²At the University of North Carolina School of the Arts, other appropriate rank shall be conferred.

³See Sections 600.3.2 and 600.3.4 of the UNC Policy Manual.

⁴S.L. 1993-321.