APPENDIX R

POLICIES

The University of North Carolina
Board of Governors

600.2.3
Adopted 10/11/85
Amended 11/10/95
Amended 07/12/02
Replaced 09/12/03
Amended 11/11/05

DISTINGUISHED PROFESSORS ENDOWMENT TRUST FUND

The Distinguished Professors Endowment Trust Fund was established in 1985 by the North Carolina General Assembly to enable each constituent institution of the University of North Carolina to receive and match challenge grants to create endowed chairs for selected distinguished professors (Chapter 757 of the Session Laws of 1985, Sec. 202; N.C.G.S. §§116-41.13-41.19).

In 1995, the General Assembly amended the statute that authorized the trust fund, to make clear that distinguished professorships could be awarded to either current faculty or newly hired faculty (Chapter 507 of the Session Laws of 1995, Sec. 15.12; N.C.G.S. §116-41.18).

The original legislation provided for matching grants on the basis of one dollar in State money to be allocated from the trust fund for every two dollars in private funds. In 2003, the General Assembly amended the statute to change that ratio to a one-to-one basis for constituent institutions designated as "focused growth institutions" or as "special needs institutions." (Chapter 293 of the Session Laws of 2003; N.C.G.S. §116-41.13.1 *et. seq.)*

The statutory amendment identified seven constituent institutions, i.e., 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, as focused growth institutions. Two others, the North Carolina School of the Arts and The University of North Carolina at Asheville, were identified as special needs institutions.

In 2005, the General Assembly amended the legislation to increase the possible amounts of challenge grants that could be received under the legislation by allowing a challenge grant of up to $667,000 to be paid on a two-to-one basis for non-focused-growth and special needs institutions and of up to $1,000,000 to be paid on a one-to-one basis for focused growth and special needs institutions for a maximum total award of $2,000,000. (Chapter 276 of the Session Laws of 2005, Sec. 9.21(a-c); N.C.G.S. §§116-41.15; 116-41.16; and N.C.G.S. §116-41.17)

Consistent with the terms and conditions set out in the legislation, the Board of Governors of the University of North Carolina hereby adopts the following policy for administering the Board of Governors' Distinguished Professors Endowment Trust Fund (hereafter "the Trust Fund").

I. General

1. All funds appropriated for the Trust Fund shall be held by the Board of Governors in accordance with N.C.G.S. §116-36.1.

2. Matching funds shall be allocated by the President to the constituent institutions from appropriated funds and interest earnings in the Trust Fund in accordance with the schedule set out in Section II below, and subject to all requirements and conditions in these regulations being met by the institutions that apply for allocations.

II. Requirements for Private Contributions

1. An institutional board of trustees, to be eligible for an allocation from the President under the schedule set forth herein, shall establish a Distinguished Professors Endowment Fund (hereafter "Endowment Fund") to be administered in accordance with N.C.G.S. §116-36 and private contributions received for this purpose shall be deposited to that Endowment Fund, together with the challenge grant from the Trust Fund. Federal grant funds do not meet the definition of "private gift" or "private contribution."

2. Private contributions to this Endowment Fund 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.

3. For a constituent institution other than a focused growth or special needs institution, the institution must have $1,333,000 in donations and interest in its Endowment Fund to qualify for $667,000 in State matching funds to establish a $2,000,000 endowment, must have $1,000,000 in donations and interest to qualify for $500,000 in State matching funds to establish a $1,500,000 endowment, must have $666,000 in donations and interest to qualify for $334,000 in State matching funds to establish a $1,000,000 endowment, and must have $333,000 in donations and interest for $167,000 in State matching funds to establish a $500,000 endowment.

4. For constituent institutions other than focused growth and special needs institutions, the appropriate challenge grant amount ($667,000, $500,000, $334,000, or $167,000) may be placed in escrow in the Trust Fund for an institution that has in its Endowment Fund $222,000, $166,600, $111,000, or $55,500, respectively, and written pledges of additional private contributions in the amount of $1,111,000, $833,400, $555,000, or $277,500, as appropriate; provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment or payments and shall be made on or before the anniversary date of the initial payment or payments and the full amount shall be paid within five years of the initial payment or payments. When the full requisite amount ($1,333,000, $1,000,000, $666,000, or $333,000) is in the Endowment Fund, the challenge grant shall be paid from the Trust Fund.

5. For focused growth and special needs institutions, the institution must have $1,000,000 in donations and interest in its Endowment Fund to qualify for $1,000,000 in State matching funds to establish a $2,000,000 endowment, must have $750,000 in donations and interest to qualify for $750,000 in State matching funds to establish a $1,500,000 endowment, must have $500,000 in donations and interest to qualify for $500,000 in State matching funds to establish a $1,000,000 endowment, and must have $250,000 in donations and interest to qualify for $250,000 in State matching funds to establish a $500,000 endowment.

6. For focused growth and special needs institutions, the appropriate challenge grant amount ($1,000,000, $750,000, $500,000, or $250,000) may be placed in escrow in the Trust Fund for an institution that has in its Endowment Fund $166,600, $125,000, $83,300, or $41,600, respectively, and written pledges of additional private contributions in the amount of $833,400, $625,000, $416,700, or $208,400, as appropriate; provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment or payments and shall be made on or before the anniversary date of the initial payment or payments and the full amount shall be paid within five years of the initial payment or payments. When the full requisite amount ($1,000,000, $750,000, $500,000, or $250,000) is in the Endowment Fund, the challenge grant shall be paid from the Trust Fund.

III. Procedures for Establishing Endowed Chairs

1. At the time an institutional board of trustees establishes the Endowment Fund required in Section II, the chancellor shall prepare a plan for the establishment of the endowed chair or chairs contemplated. This plan shall be submitted to the President for review and approval. No challenge grant shall be made in the absence of an approved plan. The plan shall describe:

   a. the number of chairs contemplated;

   b. the general level of salary and other benefits and perquisites, and the anticipated amounts to be supported annually from the Endowment Fund;

   c. the academic department or other unit to which it is anticipated that the chair or chairs will be assigned;

   d. whether the chair 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; and

   e. the expected benefits to the institution.

2. The Board of Trustees may name the endowed chair or chairs in honor of a donor, benefactor, or other person or organization.

3. N.C.G.S. §116-41.18 allows Distinguished Professorships for the duration of the full-time service of the distinguished professor as a faculty member, and it also allows time limited appointments when authorized by the Board of Governors and the board of trustees at the institution when a Distinguished Professorship is originally established or when it is vacated. The Board of Governors delegates the authority to designate a Distinguished Professorship as time limited to the boards of trustees of those constituent institutions designated as Special Responsibility Constituent Institutions with Management Flexibility to Appoint and Fix Compensation.

4. The selection of each distinguished professor to hold an endowed chair shall be made in the following way:

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

    b. The Distinguished Professor shall be appointed at the rank of 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.

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

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

5. When a vacancy occurs in an endowed chair established with the Endowment Fund, the chancellor shall consult with the institutional board of trustees. The chancellor shall thereafter recommend to the President any amendments to the approved plan or shall recommend continuation of the plan without amendment. Upon approval of the plan by the President, selection and appointment of the new distinguished professor shall then proceed in accordance with these regulations.

*At the North Carolina School of the Arts other appropriate rank shall be conferred.