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Policy on the Distinguished Professors Endowment Trust Fund

I. Purpose. 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 professorships for selected distinguished professors.¹

A. 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.² 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.”³

B. 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 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 \$2,000,000.⁴

C. In 2023, the General Assembly amended the legislation to require that distinguished professorships created pursuant to this program be in a STEM subject. The General Assembly defined “STEM subject area” as any subject area in a field of scholarship related to science, technology, engineering, or mathematics, excluding law and journalism.

D. Consistent with the terms and conditions set out in the legislation, the Board of Governors adopts the following policy for administering the Board of Governors Distinguished Professors Endowment Trust Fund “the Trust Fund”).

II. Definitions. The following operational definitions apply to this policy:

A. “Focused Growth Institutions.” Refers to the following institutions, which have targeted support and development: 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 the following institutions, which have targeted missions and smaller enrollments: the North Carolina School of Science and Mathematics, the University of North Carolina School of the Arts, and the University of North Carolina at Asheville.

D. "STEM subject area" has that meaning found at N.C. Gen. Stat. § 116-41.13A(3).

III. General

A. Appropriated Funds. All funds appropriated for the Trust Fund shall be held by the Board of Governors in accordance with G.S. 116-36.1.

B. Matching Funds. 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 IV., below, and subject to all requirements and conditions in the policy and regulation being met by the institutions that apply for allocations.

IV. Requirements for Private Contributions

A. Establishment of Distinguished Professors Endowment Fund. 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 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.

B. Levels of Endowed Professorships. The statutes provide for grants for endowments up to \$2,000,000. This policy provides for four levels of endowed professorships: an endowment of \$500,000, an endowment of \$1,000,000, an endowment of \$1,500,000, or an endowment of \$2,000,000.

C. Matching Requirements for an Institution other than Focused Growth or Special Needs Institution. State matching funds will be provided only in the amounts shown below for each level of private funds raised. For a constituent institution other than a focused growth or special needs institution, the institution must have the following amounts in private contributions in its Endowment Fund to qualify for the corresponding transfer of the state matching funds from the Board of Governors Trust Fund:

| Private Contribution | State Matching Funds | Total Endowment |
|-----------------------------|-----------------------------|------------------------|
| \$ 1,333,000 | \$ 667,000 | \$ 2,000,000 |
| \$ 1,000,000 | \$ 500,000 | \$ 1,500,000 |
| \$ 666,000 | \$ 334,000 | \$ 1,000,000 |
| \$ 333,000 | \$ 167,000 | \$ 500,000 |

D. Escrow Requirements for an Institution other than Focused Growth or Special Needs Institution. For constituent institutions other than focused growth and special needs institutions, the appropriate state challenge grant amount may be placed in escrow in the Trust Fund for an institution that meets the following thresholds of funds raised and committed, provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment(s) and shall be made on or before the anniversary date of the initial payment(s), and the full amount shall be paid within five years of the initial payment(s). When the full requisite amount is in the institution's Endowment Fund, the state challenge grant shall be paid from the Board of Governors Trust Fund.

| Initial Private Contribution | Written Pledge Contribution | State Matching Funds | Total Endowment |
|-------------------------------------|------------------------------------|-----------------------------|------------------------|
| \$ 222,000 | \$ 1,111,000 | \$ 667,000 | \$ 2,000,000 |
| \$ 166,600 | \$ 833,400 | \$ 500,000 | \$ 1,500,000 |
| \$ 111,000 | \$ 555,000 | \$ 334,000 | \$ 1,000,000 |
| \$ 55,500 | \$ 277,500 | \$ 167,000 | \$ 500,000 |

E. Matching Requirements for Focused Growth and Special Needs Institutions. For focused growth and special needs institutions, the institution must have the following amounts in private contributions in its Endowment Fund to qualify for the corresponding transfer of the state match from the Board of Governors Trust Fund to its Endowment Fund. State matching funds will be provided only in the amounts shown below for each level of private funds raised:

| Private Contribution | State Matching Funds | Total Endowment |
|-----------------------------|-----------------------------|------------------------|
| \$ 1,000,000 | \$ 1,000,000 | \$ 2,000,000 |
| \$ 750,000 | \$ 750,000 | \$ 1,500,000 |
| \$ 500,000 | \$ 500,000 | \$ 1,000,000 |
| \$ 250,000 | \$ 250,000 | \$ 500,000 |

F. Escrow Requirements for Focused Growth and Special Needs Institutions. For focused growth and special needs institutions, the appropriate state challenge grant amount may be placed in escrow in the Trust Fund for an institution that meets the following thresholds of funds raised and committed, provided that each payment or aggregate payments on this balance shall be no less than the amount of the initial payment(s) and shall be made on or before the anniversary date of the initial payment(s), and the full amount shall be paid within five years of the initial payment(s). When the full requisite amount is in the institution's Endowment Fund, the State challenge grant shall be paid from the Board of Governors Trust Fund.

| Initial Private Contribution | Written Pledge Contribution | State Matching Funds | Total Endowment |
|-------------------------------------|------------------------------------|-----------------------------|------------------------|
| \$ 166,600 | \$ 833,400 | \$ 1,000,000 | \$ 2,000,000 |
| \$ 125,000 | \$ 625,000 | \$ 750,000 | \$ 1,500,000 |

| | | | |
|-----------|------------|------------|--------------|
| \$ 83,300 | \$ 416,700 | \$ 500,000 | \$ 1,000,000 |
| \$ 41,600 | \$ 208,400 | \$ 250,000 | \$ 500,000 |

V. Procedures for Establishing Endowed Professorships

A. A Plan for Establishment of the Endowment Fund. After an institutional board of trustees establishes the Endowment Fund required in section IV., above, the chancellor shall prepare a plan for the establishment of all endowed professorships 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.

B. Named Endowed Professorship. The board of trustees may name an endowed professorship in honor of a donor, benefactor, or other person or organization in consultation with the private donor(s) and chancellor in accordance with applicable institutional or UNC System policies and state laws.

C. Recipient Title. For a full professor, the recipient of a Distinguished Professorship shall be called "Distinguished Professor;" for an associate professor, the recipient shall be called "Distinguished Scholar;" and for an assistant professor, the recipient shall be called "Distinguished Fellow." All Distinguished Professorships at the North Carolina School of Science and Mathematics shall be called "Distinguished Faculty."

D. Duration of the Distinguished Professorship. 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 Distinguished Scholars and Distinguished Fellows shall be for a time-limited, renewable term during a faculty member's full-time service at the respective rank of associate or assistant professor. The Board of Governors delegates the authority to designate a Distinguished Professorship, including Distinguished Scholar and Distinguished Fellow, 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.⁵ Distinguished Faculty at the North Carolina School of Science and Mathematics shall be on a time-limited, renewable term coinciding with their contract.

E. Visiting Professors. Except for visiting artists at the University of North Carolina School of the Arts, the endowment may not be used for visiting professors.

F. Subject Matter of Distinguished Professorships. New Distinguished Professorships added starting in fiscal year 2024 shall be in a STEM subject area. Existing Distinguished Professorships can remain in the academic area of establishment unless the institution requests additional state matches to upgrade the level of the professorship. In those instances, the subject area must be in an approved STEM subject area. The President shall promulgate regulations denoting by two-digit Classification of Instructional Program (CIP) code what subject areas are STEM subject areas. The System Office shall make this list available on its website.

VI. Reporting. No later than December 15, 2024, and annually thereafter, the Board of Governors shall identify and provide to the Joint Legislative Education Oversight Committee of the North Carolina General Assembly a list of degree programs in STEM subject areas by two-digit CIP code and the number

of Distinguished Professorships, however named, at each constituent institution in each STEM subject area by two-digit CIP code.

VII. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption of this policy by the Board of Governors.

B. Relation to Federal and State Laws. The foregoing policy as adopted by the Board of Governors is meant to supplement, and does not purport to supplant or modify, those statutory enactments which may govern or relate to the subject matter of this policy.

C. Regulations and Guidelines. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

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

²S.L. 1995-507, Sec. 15.12; G.S. 116-41.18.

³S.L. 2003-293; G.S. 116-41.13.1, et. seq.

⁴S.L. 2005-276, Sec. 9.21(a-c); G.S. 116-41.15; 116-41.16; and G.S. 116-41.17.

⁵See Sections 600.3.2 and 600.3.4 of the UNC Policy Manual.