

REGULATION TRANSMITTAL LETTER

Transmittal # 10
December 18, 2024

Regulation	Title	Action
600.2.3[R]	Regulation on the Distinguished Professors Endowment Trust Fund	Amended 12/18/24 <i>Redline Version Attached</i>

The actions taken on the above regulations were reviewed and approved by the President for inclusion in the UNC Policy Manual.

The entire UNC Policy Manual is accessible at: <https://www.northcarolina.edu/apps/policy/index.php>

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 600.2.3, *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(s) or entity(ies) (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 North Carolina School of Science and Mathematics, the University of North Carolina School of the Arts, and the University of North Carolina at Asheville.

C.D. “STEM subject area” has that meaning found at N.C. Gen. Stat. § 116-41.13A(3). UNC System Office will publish and maintain a list of approved STEM degree programs based upon STEM two-digit Classification of Instructional Program (CIP) codes.

IV. Procedures for Institutional Plans for Establishment of Professorships

A. Plan for Establishment of ~~Endowed a Distinguished~~ 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/estimated amount ~~available to be supported~~ annually from the endowment and the planned uses of those available funds;
3. The academic department or other unit to which it is anticipated that the new professorship will be assigned, with a certification of an approved STEM degree program/area;
4. The academic rank of the professorship (i.e., full professor, associate professor, or assistant professor²);
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-limited³;
6. If the appointment is time-limited, the duration of the appointment (the standard recommended appointment length is five years)³;
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 an Established Distinguished~~ Professorship. Before material changes can be made to the professorship (to include those in the queue, with an approved plan but not yet funded), 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. Documentation of donor approval to change is a required component of the plan change submission.
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 professor⁴);

- 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.

3.4. Non-STEM Distinguished Professorships established prior to legislative changes in fiscal year 2024 may retain their original academic/degree program areas. Those plans may be changed, to include changing the academic area to another non-STEM field or a STEM program. However, if an institution receives additional donor support for an established professorship and requests additional state matching funds to move it up to a higher endowment level, the academic focus must be in a STEM subject area.

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 ~~S~~state funds. Only requests with approved plans and for which the full requisite private gift has been received shall be placed in the queue.

B. Additional State Appropriations. Once additional state appropriations are made, and the funds are available in the trust fund, 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 State Matching Funds~~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. However, An effort shall be made to fund provide state matching funds each year for at least one ~~some distinguished~~ professorships at each ~~level~~ institution with an approved, fully-funded (by donor) plan in the queue. The UNC System Office will accept and consider special requests from an institution to alter the order of funding for their own professorship plans in the queue.

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.

~~1. For example, Approved uses included would be, 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, ~~and~~ special equipment, or ~~library items books~~ needed to support the teaching and research of the ~~distinguished holder of the endowed~~ professorship.

~~1.2. No funds shall be drawn from the specific endowment for use when the position is vacant, with the exception of specific recruitment incentives to secure a replacement distinguished professor. Allowable uses for the funds during recruitment/hiring phase are: a sign-on bonus, moving expenses, and lab/research start-up funds (to include equipment purchase, lab renovations, etc.).~~

~~B.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 the ~~if~~ dean.

~~C.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 ~~IV~~, of the UNC Policy Manual;

~~2.~~ The plan for the professorship has been approved by the president ~~and the professorship is in the funding queue;~~

~~1. The professorship does not carry the title of "Distinguished Professorship" until the state matching funds have been received; and~~

~~2.3.~~ The donor(s), ~~or a representative of 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 Distinguished~~ Professorship Holders

A. Selection of Professor for the ~~Endowed Distinguished~~ Professorship. The selection of each professor to hold an ~~an endowed distinguished~~ 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. ~~At 15 constituent universities,~~ ~~the~~ Distinguished Professor shall be appointed at the rank of full professor,⁵ 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.⁶ At the University of North Carolina School of the Arts, other appropriate rank may be conferred, and all faculty endowed under the DPETF program at the North Carolina School of Science and Mathematics shall be “Distinguished Faculty.”

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—Distinguished~~ Professorships. The ~~endoweddistinguished~~ professorships are intended for full-time faculty members, not for persons whose primary duties are administrative.

1. If a Distinguished Professor subsequently is 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.

a. Senior administrative positions are those at the dean, or equivalent level, and above. Distinguished professors assigned to administrative positions shall retain the right to use distinguished professor funding, for teaching and research purposes, while in the administrative positions.

b. New Distinguished Professor positions cannot be created and assigned to administrative positions at the level of dean/equivalent or above, and a faculty member sitting in a senior administrative position cannot be given a Distinguished Professorship title and retain the senior administrative position.

2. Department chair and program director positions, as well as associate or assistant deans, are not considered senior administrative positions. However, the ability to establish or to retain the Distinguished Professorship and title depends upon the expected duties. The institution must certify to the UNC System Office that the administrative duties will not be more than 50 percent of the time and effort. In order to hold the Distinguished Professorship and retain the title, the normal faculty member duties of teaching and research must account for more than 50 percent of the time/effort.

a. Any new plan for establishing a Distinguished Professorship in these administrative positions must certify in the plan that the duties will be at least ~~more than~~ 50 percent faculty duties of teaching, research/creative activity, and non-administrative service. ~~and research~~

b. If an established Distinguished Professor is being elevated to these administrative positions, ~~they~~the institution must notify the UNC System Office and obtain approval. The institution shall certify that teaching, research/creative activity, and non-administrative service constitute at least 50 percent of the faculty member’s duties and shall provide the faculty member’s workload plan, developed in accordance with UNC Policy Manual ~~§§~~ 400.3.4, *Policy on Faculty Workload*, and 400.3.4[R], *Regulation on Faculty ~~demonstrating~~ Workload*, demonstrating the same.

~~certifying that the duties will be more than 50 percent of normal faculty duties of teaching and research~~

~~B.C.~~ Exceptional Circumstances. Distinguished professorships may not be established with the intent to allow for more than one faculty member at a time. In exceptional circumstances, an established distinguished professorship position may be held by more than one faculty member simultaneously only with specific special permission from the UNC System Office prior to any actions. The institution must request permission and demonstrate, make a strong case for (1) why the professorship needs it is needed to support more than one faculty member, and demonstrate (2) how, with the income from the endowment will be used for allowable expenses of all faculty members who hold the professorship, in accordance with the professorship's approved plan. The request must specify a limited timeframe for the dual assignment of the professorship. More than two faculty members in a single Distinguished Professor position is not allowed.

~~D.~~ Vacancy in an Endowed Professorship. When a vacancy occurs in an endowed professorship established with the Endowment Fund, the institution shall notify the UNC System Office, and begin preparation for filling the position as soon as possible. the chancellor shall consult with the institutional board of trustees.

1. The chancellor shall consult with the institutional board of trustees. If material changes are to be made to the 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.

2. Processes and associated activities to fill the professorship must begin within 60 days of the vacancy, and the institution should make every effort to fill plan on filling the vacancy by the end of the semester following the semester in which the vacancy occurred. The institution shall notify the UNC System Office if, and the reasons why, the position will not be filled within this timeline.

3. Per UNC Policy 600.3.4, Section III.B.1., institutions with delegated management flexibility may "appoint and fix compensation for faculty awarded the designation of Distinguished Professor." Institutions without delegated management flexibility should conform to required human resources processes to obtain approval for conferring tenure and appointing Distinguished Professors.

1.4. The institution shall notify the UNC System Office's DPETF administrator when the position has been filled of the fill, once the new distinguished professor has started working at the institution.

~~C.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 Act⁷ shall “recognize excellence in undergraduate teaching as the primary criterion for selection.”

2. For distinguished Pprofessors selected to fill the professorship funded through the C.D. Spangler Foundation Challenge Grant, they must be appointed only at the full professor (Distinguished Professor) or associate professor (Distinguished Scholar) ranks and levels, with a preference for full professor. ~~s 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 college/school and (if applicable) department and academic specialty/area. 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 relate to the subject matter of this regulation.

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

² All Distinguished Professorships at the North Carolina School of Science and Mathematics shall be “Distinguished Faculty.”

³ The duration of Distinguished Faculty at the North Carolina School of Science and Mathematics is determined by the length of their contract.

⁴ Not applicable to Distinguished Professorships at the North Carolina School of Science and Mathematics, due to all being Distinguished Faculty.

⁵~~At the University of North Carolina School of the Arts, other appropriate rank shall be conferred.~~

⁶See Sections 600.3.2 and 600.3.4 of the UNC Policy Manual.

⁷S.L. 1993-321.