



College of Engineering Named Faculty Endowment Management Guidelines

April 13, 2016

Introduction

Purpose: The intent of this document is to communicate the background and details of new guidelines for the management of endowments in the college that primarily support faculty professorships and chairs. These guidelines will be used by the dean to manage those endowments that reside in the college for which the dean is the responsible university executive. Endowments that reside in departments for which the chair is the responsible executive are encouraged, but not required, to follow these guidelines. These guidelines will be reviewed and revised as necessary at least every three years.

Background and Motivation: With more named professorships and chairs in the college supported by endowments, and the potential for even more as we progress through a major university capital campaign, it is important to ensure that we strategically manage endowments and the named positions. These positions are critical to the future excellence of the college in recruiting and retaining the very best faculty in the context of scarce state funds and projected College growth. As a result, endowment income and other gift funds are no longer solely for the “extras,” but are needed to provide core support to the college to maintain and build our faculty, our facilities and programs to serve our students and our growing research programs.

Gift and endowment funds must be integrated into our overall plans for careful and strategic use of all our resources. The university and the state are looking carefully at our carryover of funds, and large balances affect our ability to attract new state funds for our programs.

We have many needs for faculty support in addition to professorship and chair allowances, including salary, startup, travel, graduate student fellowships, equipment, etc. Most endowment agreements include language that allows income generated from the endowment to be used for a range of purposes to support faculty. Many of our peers standardize stipends and use the additional income for a range of purposes as listed above, and we have begun to do this at the UW, especially using accrued endowment income for startup packages for new professorship or chair holders. Establishing uniform endowment payouts to faculty alleviates the artificial differences that result between faculty allowances and provides for more equitable treatment of our most valuable faculty colleagues. The guidelines below have been designed to allow: 1) more strategic use of our endowment resources to ensure the excellence of the college, 2) better stewardship for our important major donors, and 3) fairer treatment of our faculty. Thus the following provisions will apply to all appointments:

1. Annual faculty allowances will be set as follows:
 - a. \$50K named chair
 - b. \$25K named professorship
 - c. \$15K for career development professorships (aimed at early career professors, designed to rotate and non-renewable)
2. Reduction of these allowances may be made at any time if financial conditions make that necessary. Every effort will be made to avoid or minimize the effect on faculty and their programs.
3. Transition to these standard payouts and guidelines will be made when new professorship or chair appointments are made or when reappointments are processed. Appointment letters will indicate that these appointments will be subject to these guidelines, and will note any modification of the guidelines, on a yearly basis.
4. The annual transfer of allowance funds to the faculty member's account will not be made if two or more years of allowance funds remain unspent, unless arrangements have been made in advance with the department chair or dean responsible for the endowment.
5. Upon conclusion of a faculty member's term, any remaining funds in the faculty members' allowance account will be returned to the endowment distribution account or re-invested in its principal.
6. The faculty member holder may use the endowment allowance for a variety of purposes in support of his/her scholarship and research activities in alignment with the gift agreement and university policies. These include, but are not limited to: travel, equipment and supplies, student support, "B" portions of salary, endowment salary supplements, etc.
7. A term-funded professorship or chair will have the same allowance funding as an endowed appointment.
8. The amounts specified for discretionary allowance shall be reviewed every three years for possible inflation adjustment.
9. Holders of chair or professorship appointments who are on an approved leave of absence for a period not to exceed one year will continue to receive full privileges. If an approved leave of absence is extended beyond one year, the allowance may be stopped while the holder is on the additional leave.
10. The chair or the dean responsible for administering the endowment may use excess income to support faculty and the academic mission within the guidelines established in the gift agreement and university policy. This may include, but is not limited to: establishing an additional professorship or chair position, reinvesting to grow the endowment, faculty startups, faculty salary or various salary supplements, the uses listed in item 5 above, etc.
11. Holders of these positions should comply with best practices for communicating with donors, use of their titles, etc., found in MyCoE on the College of Engineering website and distributed at the time of the appointment.