

20.5.7 Policy on Endowed Chairs and Professorships

Policy Name: POLICY on ENDOWED CHAIRS & PROFESSORSHIPS
Approval Authority: BOARD OF TRUSTEES
Responsible Executive: Provost
Responsible Office: Office of the Provost and University Vice President
Effective Date: February 1, 2007

Revisions/Updates:

1. Policy Statement

This policy provides for the establishment and maintenance of endowed chairs and professorships to provide for the distinguished achievements of faculty, as well as recruit world class faculty.

2. Reason/Purpose for Policy

Stevens Institute of Technology is committed to the importance of endowed chairs, including Institute Professorships, in recognizing and fostering academic excellence among its faculty. Stevens also recognizes the desire of donors to support a wide variety of academic and research activities through the creation of endowed funds to enhance, in perpetuity, support for the Institute's mission.

To fulfill its commitment regarding endowed chairs, and assure the chair holders continuing funds in support of their teaching, research, and service, the Institute recognizes that guidelines and procedures are needed to ensure appropriate financial and organizational controls.

3. Policy Scope:

This policy applies to any funds named in honor of a donor or others that provide direct supplemental support for individual faculty members. This includes those chairs for which the funding is provided by an endowment or fund functioning as an endowment, or derived from a gift or discretionary administrative source.

Endowed chairs established prior to the effective date of this policy shall, to the extent consistent with the terms of the governing gift or allocation, be administered in conformity with this policy and its associated guidelines and procedures. To the extent there are inconsistencies, the original intent of the donor and terms of the gift or allocation shall prevail.

4. Related Documents:

Faculty Handbook
Statement of Gift Acceptance Policies

5. Contacts:

- a. Provost and University Vice President
- b. AVP of Development and External Affairs

6. The Policy

Endowed chairs and professorships are reserved for distinguished scholars and teachers who continue to achieve the highest levels of accomplishments. The chairs provide funds to the chair holders in support of their teaching, research, and service. Endowed chairs are supported by payout from an endowment fund, a fund functioning as an endowment, or from an annual allocation. Unless expressly prohibited by the donor or gift instrument, an endowed chair or professorship may provide payout to support the base salary and/or other salary component of a chair holder. The total amount required to establish an endowed chair shall not be less than \$1,500,000. The establishment and naming of endowed chairs and professorships shall be pursuant to this policy, and are contingent on fulfillment of funding of the endowment. The CFO and Treasurer, in consultation with the Provost and Development Office, is authorized to issue administrative guidelines and procedures to implement this policy.

a. Establishing and Naming an Endowed Chair

1. The subject area of the endowed chair, if any, must be consistent with the mission of the Institute, and academic plan of the particular school.
2. No final commitment to establish and name an endowed chair shall be made to a donor (or prospective donor) prior to Board approval.
3. If a gift for an endowed chair is intended to also provide support for other purposes, the endowment or gift agreement shall either stipulate the percentage of the gift or dollar amount to be directed to the additional purposes, or grant such discretionary authority to the Provost. In the absence of such stipulation by the donor, the total gift will be allocated for support of the endowed chair.
4. A pledge to establish an endowed chair shall be in a form such as to constitute a legally binding commitment by the donor.
5. Establishment of an endowed chair shall be contingent upon completion of funding by an agreed upon date. **The gift agreement should include a payment schedule, unless a legally binding, irrevocable commitment is in effect to complete the funding by bequest or deferred gift, for which there can be no predetermined termination date. Until funding is completed, the chair will be considered “conditionally established.”** A chair that has not reached full funding by the agreed upon date will be reviewed by the Provost and the Academic Council (in consultation with the Offices of Finance and Development) to determine the action to be taken, including the possible completion of funding from alternative sources, the disestablishment of the chair, or some other action. (See Disestablishment of an Endowed Chair, Section 2)
6. All donors should be encouraged to include, in the gift agreement, provisions permitting:
 - a. the addition of distribution amounts to principal;
 - b. alternative Institute uses of distribution amounts when the chair is vacant* ;
 - c. reallocation to alternative Institute uses if the minimum funding level is not realized or if the subject area ceases to be consistent with the Institute’s mission.

*Note: Chairs should only be vacant if the chair-holder unexpectedly resigns his/her chair or, if at renewal time, a suitable candidate cannot be identified. Under normal circumstances, a chair should never be vacant in excess of one year.

7. A chair may be named in honor of the donor or other honoree, including a current active faculty or staff member designated by the donor, and subject to the Board's approval.
8. Full disclosure of the Institute's gift practices will be made in writing to donors at, or prior to, the time of the gift.

b. Appointments to Endowed Chairs

1. Appointments to endowed chairs shall be made in accordance with the Process for Appointment of a Chair Professorship (Exhibit A)
2. An endowed chair shall be filled by an individual for a specific term, not less than three or more than five years, unless otherwise stipulated in the terms of the gift agreement
3. For term appointments, the Dean's Council will convene to discuss proposals for renewing appointments or new appointments at a time early enough to allow for the normal appointment process referenced in b1 to be applied.
4. The Board may, at its discretion, revoke the appointment to an endowed chair for cause upon the recommendation of the Provost in consultation with the President and the Academic Council. In such cases, prior notification to the current chair holder should be provided.

c. Use of Distributions

1. Distributions are defined as the dollar amounts for current expenditures made available from endowments held by the Institute or from some annual allocation.
2. Distributions are provided to holders of endowed chairs to support research, teaching, and service activities of a chair holder. Distributions are also used to support the base salary and/or other salary components of a chair holder. Expenditures shall be made in accordance with the gift or allocation terms, or, in the absence of such terms, in accordance with the *Endowment Order of Expenditures* as approved by the Provost. (*Exhibit B*)
3. The Provost shall review the terms of each chair at least every five years and take the necessary actions to ensure the Institute is fulfilling its legal obligation to utilize chair distributions fully in a manner consistent with the gift agreement.
4. Unless expressly prohibited by the gift agreement, distributions may be used to support the base salary of a chair holder. Base salary is defined as the annual salary plus associated benefits paid to a faculty member for his/her teaching, research, service, and other Institute duties during the course of the year. Distributions from a chair endowment may also be used to support other salary components such as sabbatical supplements, summer salary of the chair holder, or additional compensation, so long as it is in accordance with the donor's wishes and the applicable policies of the Institute.
5. In the event an established, fully-funded chair has remained vacant for a period of three years or more, or in the event the chair's accumulated income exceeds five year's distributions, the Institute shall review the fund's terms and administrative history to ascertain the reason for the accumulation and take corrective action consistent with the terms of the gift agreement.

d. Disestablishment of an Endowed Chair

1. A chair whose endowment has not reached full funding by the agreement's specified date shall be reviewed by the Institute; such review to include any alternative uses for

the distribution prescribed by the gift agreement and/or through discussion with the donor.

2. Subject to the donor's approval (if obtainable), and upon recommendation by the Board, the Provost is authorized to disestablish a chair in the event that:
 - a. the subject area ceases to be consistent with the Institute's mission and the academic plan of the school; or
 - b. the endowed chair remains vacant for a period of three years and the Board, after consultation with the Provost, determines there is no likelihood of filling the chair.
 3. Upon disestablishment of an endowed chair funded through a gift, the distribution shall be reallocated to the alternative purpose stated in the gift agreement or as subsequently specified by the donor. If a donor is deceased and has not specified an alternative purpose, the Institute shall request the assistance of Counsel to obtain court approval for an alternative use of the distribution in a related field.
- e. Recordkeeping and Reporting**
1. A file shall be created and maintained by the Development Office for each gift received. This file shall include the gift agreement, record of any and all additions to the fund, the annual distributions made from the fund, and any other relevant documents deemed necessary to adequately monitor the fund.
 2. The Provost shall report to the Board, on a fiscal-year basis, a list of all endowed chairs noting which are filled, which are vacant and how long each vacancy has existed, which have been disestablished, and any reallocation of chair funds. The report should include:
 - a. Chair name
 - b. Academic unit
 - c. Year established
 - d. Principal
 - e. FMV (current fund balance)
 - f. Unexpended distribution at year-end
 - g. Notation as to currently filled (incl. Holder's name and expiration date) Vacancy (if applicable, and # of months) or Disestablished (note where funds reallocated)
 3. The Office of Finance will establish accounts for each chair so that endowment distributions and expenditures of the chair holder can be properly matched and monitored. The Office shall be responsible for maintaining full documentation of any and all financial transactions affecting endowed chair funds.
 4. Annually, each chair holder shall provide a detailed report of his/her activities associated with the chair. These reports should be written and copies submitted to the Provost, the Academic Council, the Development Office, and the Chair's donor (if applicable.)

Exhibit A

PROCESS FOR APPOINTMENT OF A CHAIR PROFESSORSHIP

Chair Professorships are awarded to faculty who continue to achieve at the highest levels and demonstrate exceptional leadership in their field. Chaired Professorships must meet all requirements and wishes of the donor responsible for funding the chair.

A chair becomes vacant when the term of appointment of the current chairholder expires or when the chairholder terminates his or her employment with the Institute. The following process is followed when a chair becomes vacant.

Six months before the expiration date of a Chair appointment, the Provost shall issue a call for nominations to the Deans and Department Directors. The Provost shall include in the announcement all conditions and requirements pertaining to the chair as stipulated by the donor.

A nomination can initiate at the School level through the Dean or at the Department level through the Department Director subject to the approval of the Dean.

The nomination should be in writing and should include the following:

1. An explanation as to how, in the opinion of the nominator, the nominee meets the conditions and requirements stipulated by the chair donor.
2. A two page statement of the qualifications of the nominee outlining past and on-going accomplishments of the nominee.
3. A two page statement by the nominee which outlines a plan of how she/he plans to fulfill the requirements of the chair for the duration of the appointment.
4. Four letters of recommendation from colleagues of the nominee, either from inside or outside Stevens, two of which are from current holders of Chair Professorships.

All nominations must be forwarded to the Provost by the deadline indicated in the call for nominations.

The current holder of the expiring Chair is eligible for re-nomination. Faculty members at the rank of Associate Professor or Professor (either tenured, tenure track, or non-tenure track) are eligible, unless otherwise stipulated by the donor.

Shortly after the submission of the nomination packages the Provost shall convene a meeting a committee to review the nominations. The committee shall consist of three current holders of chaired professorships selected by the Provost. After deliberation the committee shall recommend to the Provost chair candidates in a ranking order. The Provost shall also seek recommendations from the Academic Council (consisting of the Academic School Deans and the Vice- Provosts). The Provost shall also seek input from the Chair donor as applicable.

On the basis of the collective recommendations and in consultation with the President the Provost shall submit to the Stevens Board of Trustees the name of the proposed chair holder for approval.

Exhibit B

Schedule of Endowed Chair Expenditures

Endowed chairs are established to encourage enhanced research or service in a particular field. They are also often established to recruit world class faculty in a particular discipline. When chairs are established, donors often stipulate how the income distributed from those endowed funds is to be used. Unfortunately, there are also times when the donors set no guidelines for their gifts at all.

The following schedule of expenditures denotes the order in which endowed chair income distributed for each chair is to be spent **in the absence** of donor stipulations or restrictions on spending.

1. **Discretionary sum:** The first \$10,000 or 10% of endowment distribution, whichever is less, shall be allocated as discretionary monies to the chairholder(s) to ensure fulfillment of the donor's wishes. All expenditures must be in accordance with Institute policies and procurement guidelines.
2. **Chair holder's salary:** Salary is defined as the annual base compensation and associated benefits paid to the faculty member.
3. **Travel:** cost of travel associated with the chair holder's duties as chair.
4. **TA/GA/RA:** Pay for assistants associated with the chairs may be covered.
5. **Equipment:** Additional or new equipment needed for work associated with the chair.
6. **Supplies, etc.;** Additional costs as allowed by remaining funds.