

Texas Woman's University University Regulation and Procedure

Regulation and Procedure Name: Establishing Permanent Endowment Funds

Regulation and Procedure Number: URP: 03.300

Policy Owner: University Advancement

POLICY STATEMENT

The Board of Regents of Texas Woman's University ("TWU"), the Chancellor and President of TWU, and the Board of Directors of the Texas Woman's University Foundation ("TWUF") recognize that the growth of endowment funding to support TWU students, faculty, programs, equipment, and capital expansion is critical to the university's long-term growth and continuing success.

APPLICABILITY

This policy is applicable to TWU Employees and Guests.

DEFINITIONS

1. "Employee" means any individual at TWU who is hired in a full-time, part-time, or temporary capacity in a faculty or staff position, or in a position where the individual is required to be a student as a condition of employment.
2. "Endowment funds" means resources of TWU and the TWUF that are invested over the long term with the purpose of producing earnings. Endowments generally arise through gifts from donors and/or other external sources. Endowment funds may be classified further as:
 - a. "Permanent Endowments" means assets designated by the donor (or other external party) to be held in perpetuity. The corpus of these endowments may never be spent, and expenditures must be made in accordance with the endowment agreement.
 - b. "Term endowments" are established when the donor specifies that the endowment will terminate following a particular date or event and that the corpus of the endowment may be expended in accordance

with the endowment agreement. Until the passage of the specific date or event, term endowments operate similarly to permanent endowments, with expenditures from the interest earnings made in accordance with the endowment agreement.

- c. "Quasi endowments" are established when the donor specifies that the corpus of the endowment may be expended from time to time to meet the charitable purposes of the fund. In addition, quasi endowments may be established by the Board of Regents of TWU or the Board of Directors of the TWU Foundation, with formal action, to set aside funds to be maintained as endowments.
 - d. "Funds Held in Trust by Others" means the classification for endowments where the corpus is managed and invested by a third party and the earnings are distributed back to the institution (such as a charitable remainder trust.)
3. "Guests" means any individual not affiliated with TWU.

REGULATION AND PROCEDURE

- I. The Chancellor and President of TWU, or their designee, will provide the final approval for the establishment of any permanent endowment fund.
- II. Academic Endowments
 - A. Endowed Academic Positions are intended to promote excellence. Faculty holders shall have had a distinguished record of excellence (chairs or professorships) or demonstrated accomplishment or future promise in their respective intellectual field. Holders of endowed academic positions shall contribute substantially to the mission and goals of the university. Holders of endowed academic positions are stewards of the endowments and are subject to periodic evaluation to ensure satisfactory performance.
 - B. Academic Endowment Appointments
 - 1. Endowed academic positions are appointed for three-year terms and only as long as the holders are employed by the university. Positions are renewable at the option of the university as long as the academic position holder is fulfilling the mission and expectations of the appointment.
 - 2. Endowed visiting professors may be appointed for one-year or less, including fractions of academic semesters. These appointments are also renewable at the option of the university.
- III. Endowed Chair

- A. The minimum donation to establish a distinguished endowed chair or endowed chair may vary by college and type of research. The dean will consult with the Executive Vice President of Academic Affairs and Provost (“EVPAA/Provost”) and the Vice President for University Advancement (“VPUA”) before determining the amount requested for the establishment of a chair in various programs. Recruitment and retention of top faculty engaged in intensive laboratory research require higher levels of support.
- B. Minimum endowment level is \$1,000,000 for Endowed Chair
- C. The donor may name an endowed chair in the college, school or program of choice. The spendable income is typically used to supplement the chair holder's salary, as well as provide additional income to reasonably complement the chair holder's work, including items such as the purchase of special publications, the hiring of graduate students to assist the chair holder in research projects, the involvement of post-doctoral students in the specific discipline, and other expenses that directly support the teaching or research of the chair holder. Without the prior approval of the Chancellor and President, no more than fifty percent (50%) of the prior fiscal year's distribution may be used as salary supplement for the individual holding a chair.

IV. Endowed Professorship and Visiting Professorship

- A. The minimum donation to establish an endowed professorship may vary by unit and type of research. The dean will consult with the EVPAA/Provost and the VPUA before determining the amount requested for the establishment of a professorship in various programs. Recruitment and retention of top faculty engaged in intensive laboratory research require higher levels of support.
- B. Minimum endowment level is:
 - 1. \$500,000 for Endowed Professorship
 - 2. \$500,000 for Visiting Professor/Scholar/Artist-in-Residence
- C. The donor may name an endowed professorship in the college or program of choice. The spendable income may be used for the supplementation of salaries and other purposes supporting the endowed professor.

V. Endowed Lectureship

The donor may name an endowed lectureship in the college or program of choice. The minimum donation to establish an endowed lectureship is \$250,000. The spendable income is used to support honoraria, publicity, and other expenditures incurred in hosting distinguished leaders on a TWU campus.

VI. Endowed Fellowship/Graduate Assistantship

The donor may name an endowed fellowship/graduate assistantship in the college or program of choice. The minimum donation to establish an endowed fellowship or graduate assistantship is \$100,000. The spendable income is used to support a fellow or graduate student.

VII. Scholarship Endowments

The minimum donation to establish a scholarship endowment is \$25,000.

VIII. Procedures for Establishment of Endowments

A. Prior to acceptance, the OUA will review all requests to ensure the minimum threshold levels and other applicable criteria are met specific to the type of endowment being requested.

1. All endowments to the TWUF must be made in compliance with applicable federal and state laws, and after acceptance by the institution, must be used as designated in the endowment agreement.
2. The OUA will coordinate with the donor and the development officer to finalize endowment agreements based upon preapproved templates. All applicable TWU policies and internal procedures should be considered when developing the endowment agreement to ensure acceptable criteria are established and to prevent any unnecessary barriers in the ongoing administration of the endowment funds.

IX. Request by Donor to Modify Endowment

Generally, the terms and conditions relative to a completed endowment agreement may not be modified. However, it is recognized that donors of endowment funds, on occasion, have requested and directed that the usage or purpose of their endowment be changed if mutually agreeable with TWU and the TWUF. All such requests must be made in writing by the donor to the OUA.

X. Request by University to Modify Endowment

A. Upon recommendation by the EVPAA/Provost, the Chancellor and President is authorized to modify an endowed academic position for a related purpose which reasonably aligns with the donor's original intent as set forth in the endowment agreement if: the subject area ceases to be consistent with the University's mission or campus academic planning statement; or the academic position funded by the endowment remains

vacant for more than five years and the dean concludes that the academic position is likely to remain unfilled.

- B. If an endowed position is modified within a period of an existing appointment, the current appointment will be honored.

XI. Administration

A. Recording Endowment Earnings

During the initial setup of a new permanent endowment fund, a separate operating fund (i.e., university gift account) will be established to receive the endowment distribution and to provide for the accounting of allowable expenditures.

B. Financial Management and Compliance

1. Fund managers are responsible for ensuring expenditures from operating funds follow the terms and conditions of the endowment and all applicable federal, state, and university policies.
2. Fund managers are responsible for addressing and correcting all non-compliant expenditures.
3. Expenses incurred by departments for endowment purposes should be charged directly to the applicable university gift account. Pooling or aggregating expendable funds from different endowments should be avoided.
4. Excessive accumulation in university gift accounts should be avoided. Fund balances will be deemed excessive when the balance is greater than the previous two years distributions combined.
5. Questions regarding the interpretation or scope of the terms and restrictions of an endowment should be directed to the Executive Director of Donor Relations and Chief Operating Officer (“COO”) of the TWU Foundation who will engage the Office of General Counsel (“OGC”) as necessary.

REVIEW

This policy will remain in effect and published until it is reviewed, updated, or archived. This policy is to be reviewed once every six years. Interim review may be required as a result of updates to federal and state law or regulations, Board of Regents policies, or internal processes or procedures.

REFERENCES

None

FORMS AND TOOLS

None

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