

**LOUISIANA BOARD OF REGENTS**

**ENDOWED CHAIRS FOR EMINENT  
SCHOLARS PROGRAM POLICY**

**Revised: July 1, 2017**  
**Effective Date: July 1, 2017**

**ENDOWED CHAIRS FOR EMINENT SCHOLARS PROGRAM POLICY**  
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**BOARD OF REGENTS SUPPORT FUND  
ENDOWED CHAIRS FOR EMINENT SCHOLARS  
PROGRAM POLICY**

**I. INTRODUCTION**

Modeled after the Louisiana Endowment Trust Fund for Eminent Scholars which was created by statute during the 1983 regular session of the Louisiana Legislature and repealed during the 2001 regular session of the Louisiana Legislature, the Board of Regents Support Fund (BoRSF) Endowed Chairs program first awarded chairs under the aegis of the Support Fund in the spring of 1987. All chairs were endowed at \$1 million: \$600,000 in non-State funds, with a \$400,000 match from the Support Fund. Between FY 1986-87 and FY 1990-91 the amount of Support Fund money devoted to the program was increased commensurate with rising demand. During FY 1990-91, the Board of Regents (BoR) acted to eliminate all but restricted bequests from the “first-come, first-served” basis upon which the program had previously been conducted. The “Guidelines for the Submission of Proposals for the Competitive Program for Matching Funds to Endow Chairs” were first issued in the fall of 1990, and have governed administration of the Competitive subprogram since that time.

In 1993 BoR engaged the services of a distinguished team of out-of-state consultants to conduct a comprehensive review of the overall Endowed Chairs program, focusing upon the 42 chairs which had been endowed as of June 1992. The ensuing consultants’ report contained recommendations which BoR ultimately adopted, including: the conduct of a national search prior to the filling of subsequent chairs as well as on occasions when previously funded chairs become vacant; inclusion on the said national search committee of at least one scholar external to the campus, in the field of the prospective chair, with no affiliation to the Board or the donor; permission for universities to submit proposals for chairs to be endowed at the \$2 million level, with the 40:60 ratio of Support Fund to non-State contributions maintained; and assignment of rating points for proposals based on a plan in the application to recruit minority and women scholars in areas historically underrepresented at the applicant institution.

After a brief period in which applications for endowed chairs leveled off and even declined somewhat, the success of universities in procuring non-State donations fueled a dramatic increase in applications for chairs in FY 1996-97 and FY 1997-98. The increased demand was met in whole or part by supplemental appropriations from the Legislature during each of these years.

A second comprehensive review of the Endowed Chairs program was conducted during the summer and fall of 1998. The report provided summary assessments of each of the 82 endowed chairs then occupied, in addition to recommending several programmatic changes, including requirements that universities allocate a salaried faculty line for requested chairs and provide at least minimum support for associated start-up costs. The review panel also recommended that a Society of Eminent Scholars be formed to help broaden the impact of the Eminent Scholars both within and without their respective universities.

The third and most recent comprehensive review of the Endowed Chairs program took place in January 2009 and resulted in a set of recommendations that BoR unanimously adopted, including revisions to allow endowment of new chairs up to \$3 million and enhanced reporting and communication among universities,

chairholders, donors, and BoR. This review was the catalyst for additional revisions of the Endowed Chairs Program Policy.

The policy document which follows represents an effort to maintain and strengthen the most valuable features of the Endowed Chairs for Eminent Scholars program as demonstrated over decades of operation while incorporating new policy provisions that allow the program to adapt to current circumstances and challenges. In this way, the program can continue to make noteworthy contributions to academic and economic enhancement within Louisiana.

## **II. POLICY EFFECTIVE DATE**

The effective date of this revised policy is July 1, 2017.

## **III. APPLICATION OF POLICY**

Except as noted, for each matched chair the institution shall abide by the rules and guidelines established in the program policy in force during the year in which the most recent chairholder was appointed. BoRSF policies related to expenditure of earnings are not applicable to a non-State contribution until the chair is matched in accordance with the process and requirements outlined in this policy and related requests for proposals (RFPs).

## **IV. PUBLIC POSTURE OF BoRSF MATCH**

BoR is constitutionally entrusted with the allocation of the Louisiana Quality Education Support Fund (Support Fund) toward four specific goals enumerated in La. Const. art. VII, §10.1(D). The Support Fund is a constitutional dedication to promote excellence in higher education and enhance economic development through a set of specified purposes, which include the endowment of chairs for eminent scholars. In accordance with the constitutional parameters and restrictions, BoR through the Support Fund provides State funds to match non-State endowments.

The public dollars provided as match to endowments do not lose their public character and function, even when entrusted to or managed by a non-public entity or matched to a private donor's contribution. The endowed chairs toward which BoR is authorized to allocate public funds must be used within a reasonable period of the State match and consistently over time to achieve the specific goal of attracting eminent scholars to foster economic development. An endowment created through a non-State donation matched by State dollars is not simply a fund held by a university-affiliated foundation or other managing entity, as such funds being held are not required to serve a specific public purpose distinct from the institutional mission.

Accordingly, Support Fund policies restrict the use and investment of such funds to ensure all related activities serve the purposes for which Support Fund money may be expended. Should the public funds contributed for these purposes not be used to accomplish the mandated goals of the Support Fund and/or address specific BoR policy requirements, such funds and all associated earnings shall be subject to revocation by BoR. All agreements and arrangements related to the non-State funds are strictly the obligation of the original private donor, his/her successors, and the campus; no private agreement or act of donation shall contravene or supersede State constitution and laws, and any BoR policy adopted in accordance therewith. To that end, all

institutions and their affiliated foundations shall fully inform private donors of the purpose of the donation, initial and subsequent time periods within which a State-matched donation must be put to use, the possible reversion of the State match if it is not put to use or ceases to be usable, and the options available to the donor should such reversion occur.

## **V. ELIGIBLE INSTITUTIONS**

Public institutions under the management of the Louisiana State University Board of Supervisors, the Southern University Board of Supervisors, the University of Louisiana System, and the community colleges and technical community colleges within the Louisiana Community and Technical College System, as well as regionally accredited independent institutions of higher education which hold membership in the Louisiana Association of Independent Colleges and Universities, are eligible to participate in the Endowed Chairs program.

## **VI. ELIGIBILITY PER CAMPUS VACANCY RATES**

If a campus's percentage of vacancies of greater than two years' duration in the Endowed Chairs program exceeds 20%, that campus shall not be eligible to submit proposals for additional Endowed Chairs matches during that year.<sup>1</sup>

## **VII. VACANCIES AND RETENTION OF BoRSF MATCHING FUNDS**

BoRSF faculty endowment programs are designed to provide matching resources to non-State donations, the earnings from which support the productivity and performance of superior faculty. Persistent vacancies are not in the interest of participating campuses and faculty nor supportive of BoRSF constitutional and program goals. Vacancies also do not serve the intent of the non-State donor, to the extent that the donor expects the contribution to support faculty work. In addition, they sequester significant State resources – corpus and earnings – during the period of vacancy, severely limiting any impact these funds might have, especially in view of sharply declining State support for higher education. The following provisions are made to ensure that endowments matched by the State are needed, useful, and representative of campus priorities, as reflected in their consistent use; if an endowment is not consistently used, State funds should be freed to be applied to other priorities.

For endowments matched in FY 2016-17 or later, if the faculty endowment has not been filled within four years after provision of BoRSF matching or three years following departure of the most recent faculty holder of the endowment, the campus shall submit for BoR consideration and approval a written request and justification to retain the matching funds, along with an account of activities undertaken since the vacancy occurred to fill the faculty endowment, problems and barriers encountered, and plans and a timeline to appoint a faculty

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<sup>1</sup> A campus's percentage of BoRSF-matched endowed chair vacancies longer than two years shall be calculated as the number of matched slots reported as unfilled for longer than two years divided by the total number of slots matched at the campus. The duration of an endowed chair vacancy shall be calculated from August of the academic year following the departure of the most recent chairholder or, in the case of new or not-yet-filled chairs, from August of the calendar year in which Board match was provided. Endowed chairs with market values below corpus are excluded from policy formulae related to vacancy rates.

holder. Such request shall be submitted to the Deputy Commissioner for Sponsored Programs and assessed by both Sponsored Programs staff and the Commissioner of Higher Education, with staff recommendations forwarded to BoR, which has sole authority to grant final approval. If the campus does not act as approved to fill the slot, the campus shall return matching funds and associated unexpended principal and earnings to BoR. BoR reserves its right to seek a return of the match only in this circumstance or where it finds that the endowment becomes unusable as described in the paragraph below.

For endowments matched prior to FY 2016-17 and vacant for more than two years, the campus shall notify the non-BoRSF donor of the duration of the vacancy along with plans, if any, to fill the vacancy within the next two years, and request that the donor indicate how he/she wishes to proceed. Based on documentation retained by the campus, the campus's annual fiscal report for each affected endowment shall certify that the donor is aware of current policies governing vacancies as well as indicate the donor's preferred course of action and a timeline for implementation of the action plan or account of progress toward implementation if a multiyear plan is underway. If the donor prefers to redirect the original non-State contribution and/or earnings to an activity not permissible under BoRSF endowment programs, the campus shall submit for BoR approval a plan to redirect the BoRSF share to a BoRSF-eligible endowment category to fund a donor contribution awaiting State match. In the event that the endowment becomes unusable (e.g., the associated academic program ceases to exist and the donor does not agree to redirect the original non-State contribution to a category eligible for BoRSF match), the campus shall return the BoRSF matching funds, with associated unexpended earnings, as soon as possible after the circumstance becomes known. BoR reserves its right to seek a return of the match only where it finds the BoRSF funds have become unusable for their intended purpose and no other acceptable use – repurposing the endowment or redirecting matching funds to an eligible endowment category – can be identified.

## **VIII. TYPES AND FUNDING OF ENDOWED CHAIRS**

Effective beginning FY 2017-18, eligible campuses (see Section V) may apply for four kinds of endowed chairs, determined by the chairholder's intended role and responsibilities: (1) primarily research; (2) primarily education; (3) primarily workforce; and (4) combination, anticipating an equal division of responsibilities among two or more of the categories above. While it is expected that chairs will include a mix of these functions, these categories should be used to identify the chair's intended chief responsibility or contribution. All chairs for which matching is sought must be clearly and demonstrably aligned with the submitting campus's role, scope, mission, and strategic priorities. It is the responsibility of the campus to make a strong case for the appropriateness of permanent investment of public funds for the intended purpose(s), and to specify donor-approved plans for adjustment of the chair's purpose, function, goals, and/or other restrictions in the event that its subject area, foci, or emphases evolve or decline in priority or utility.

The minimum level of funding for any type of endowed chair is \$1 million, inclusive of a private contribution of \$600,000 and BoRSF match of \$400,000. BoR permits and strongly encourages submissions requesting chairs at higher endowment levels. BoRSF matching will be provided in indivisible increments of \$400,000, at a ratio of 60% private contribution to 40% BoRSF.

The proposal is required to demonstrate that the endowment level requested is appropriate to the discipline and campus type in which the chair will be established, competitive to attract a faculty member of suitable quality

and expertise. For requests in science, technology, engineering, and business disciplines, which typically require greater investments in personnel and/or facilities, higher endowment corpus levels are strongly encouraged; a proposal in these disciplines at the minimum corpus level must be justified level in terms of its competitiveness in the national market for superior faculty with appropriate qualifications. In addition, the proposal must specify all resources, including compensation, research/education/training infrastructure, student support, and/or professional development support, committed by the campus or other stakeholders to support the chair on a consistent basis and enable the chairholder to achieve the goals and purpose(s) set forth in the proposal.

It is essential that development officers plan and collaborate with academic administrators during donor negotiations to ensure the alignment of the donor's intent with institutional and departmental needs, thus avoiding requests of State matching for chairs that are overly narrow in focus or outside the campuses or a specific unit's strategic focus. BoR has no control over faculty endowments created without State match; such chairs may thus be established through an agreement between the donor(s) and campus, without a BoRSF contribution.

**A. Consolidation of Two or More Extant Chairs**

An institution may petition BoR for permission to consolidate two or more extant chairs. The petition must document clearly the reasons for the request and must include, at a minimum, a strong rationale for the consolidation of the chairs and the written concurrence of the original donor or the donor's legal representative. There are no limits on the number of extant chairs that may be consolidated into a single slot.

**B. Changing Disciplines of Previously Awarded Chairs**

An institution may petition BoR for permission to change the academic discipline(s) for a particular chair. The petition must document clearly the reasons for the requested change. The documentation must contain the written concurrence of the original donor or the donor's legal representative.

**IX. RESTRICTED BEQUESTS: IRREVOCABLE ESTATE GIFTS**

Effective beginning FY 1999-2000, the submission of a proposal is required for a restricted bequest to be considered. Proposals submitted under the bequests subprogram must adhere to all format and documentation requirements that apply to other Endowed Chairs program proposals, and chairs funded under this subprogram are subject to the same post-award reporting requirements and accountability measures as other chairs. Additionally:

- A. A cover letter must accompany the proposal notifying BoR of the bequest and identifying the receiving institution, department, etc., as well as the benefactor and the official name of the proposed chair;
- B. The bequest subprogram shall be limited to restricted bequests which specifically indicate that the intention of the donation of the non-State matching funds is to endow a chair under BoRSF Endowed Chairs program;
- C. When required documentation is submitted for restricted bequests, included among that documentation must be an affidavit signed by the Executor of the Estate, stating that the

bequest was made with the intention that such funds would be matched with Support Fund money to establish an endowed chair;

- D. Once a request for matching funds to endow a chair has been submitted under the Restricted Bequests subprogram, its category of submission may not be changed to the Competitive subprogram; and
- E. Proposals must receive a “satisfactory” rating (i.e., a score of at least 70) by consultants in order to establish eligibility for funding. Proposals deemed ineligible in one cycle may be revised and resubmitted in a future funding cycle.

BoR shall continue to encourage private donors to contribute \$600,000 or more to fund eminent scholar chairs through various irrevocable estate planning instruments. These chairs may be funded in any academic discipline. Eligible restricted bequests with rating scores of at least 70 will be funded at the rate of two per year (or \$800,000 total in Support Fund matching monies) on a “first-come, first-served” basis. Eligible restricted bequests that are unfunded in any given fiscal year due either to lack of funds or to failure to achieve a rating of “satisfactory” shall be placed in the queue for funding in a subsequent fiscal year, again in rank order on a “first-come, first-served” basis and subject to proposal rating requirements (see Section IX.E). Chairs awarded to institutions of higher education as the result of bequests shall not count toward the monetary limitations set forth in Section X of this policy.

#### **X. LIMITATIONS PER FISCAL YEAR: PER PUBLIC CAMPUS AND THE LOUISIANA ASSOCIATION FOR INDEPENDENT COLLEGES AND UNIVERSITIES SYSTEM**

When requests exceed funds available, the following limitations apply relative to the amount of money that will be awarded per campus under the Competitive subprogram: (a) each public campus will be limited to \$1.2 million per fiscal year; and (b) all Louisiana Association of Independent Colleges and Universities (LAICU) campuses combined will be limited to a total of \$1.2 million per fiscal year. Excluded from this total are chairs funded at the \$2 million level or above that are designed to further the State’s targeted economic development and diversification initiatives. In the external evaluation process, reviewers will be instructed that requests for \$2 million chairs shall be viewed neither more nor less favorably than those for \$1 million.

Thus a single public university, or all LAICU campuses combined, with restricted bequests and the specially targeted chairs excepted, would be able to receive as much as \$1.2 million under the Competitive subprogram to endow either: (a) one \$2 million chair and one \$1 million chair; (b) three \$1 million chairs; or (c) one \$3 million chair. Since the LAICU campuses and each public campus must operate, respectively, as a unit, this limitation is taken into consideration when funding decisions are made by BoR. If, for example, a LAICU campus submitted a \$2 million proposed chair and that chair is recommended by the consultants, no \$3 million chair or other \$2 million from a LAICU campus can be considered under the Competitive subprogram; rather, the next highest ranked request for a \$1 million chair at a LAICU campus will be the next proposal that could be considered for funding.



## **XI. SELECTION AND EXPECTATIONS OF THE EMINENT SCHOLAR**

### **A. Standards of Appointment**

BoRSF-matched endowed chairs are granted in recognition of attainment of national and/or international distinction for having made unique and significant impacts on their field through outstanding research, creative scholarly achievement, teaching, and/or service. Institutions will ensure that appointments are made only to those individuals who, consistent with the role, scope, and mission of the host campus, meet the following standards of eminence, adapted to the type of endowed chair (i.e., combining research/scholarly and teaching/educational foci, in which the research/scholarly focus is pre-eminent; or combining teaching/educational and research/scholarly foci, in which the teaching/educational focus is pre-eminent).

1. Attainment of exceptional national and/or international distinction for outstanding research or other creative scholarly achievement. Examples listed below are representative of supporting evidence for a nominee's national and/or international distinction at a level clearly above that expected of a typical professor at the host campus.
  - a. The publication of highly cited or recognized books, articles, reviews, works of art, and other evidence particular to the field of scholarly achievement. Publications shall be in scholarly journals or sources customary to the field of interest.
  - b. Significant contributions to economic development including patents, licenses, inventions, and start-up companies
  - c. Directorships of national centers
  - d. Awards, prizes, and certificates of recognition from professional organizations and foundations
  - e. Grants in support of research, study, or creative works
  - f. Offices held in learned societies
  - g. Papers read before learned societies
  - h. Lectures or performances delivered at other academic, industrial, or professional venues
  - i. Services as expert, consultant, etc., to business, industry, governmental agencies, and educational organizations
  - j. Evidence of success of the nominee's graduate students (where appropriate)
2. A superior record of teaching and outreach as confirmed through previous appointments, experience, and formal recognition

Except under unusual circumstances, as approved by the Commissioner of Higher Education and the non-State donor(s), chairholders, upon assuming the chair, will be full-time, tenured faculty members at their respective institutions.

## **B. Selection of the Endowed Chairholder**

### **1. National Search**

The proposal must make clear the plan to conduct a well-documented national search for the candidate. A national search should be conducted both for new chairs and for refilling chairs that have been vacated. Search committees must include at least one individual external to the campus who is a recognized expert/scholar in the general field of the prospective chair, but who is not affiliated with either the private donor or BoR. A description of the types of individuals who would serve on the search committee must be included in the proposal. The priority of the Endowed Chairs program is recruitment of new eminent scholars, rather than retention of existing faculty; however, a current employee may be named as the chairholder when he/she emerges as the selection of the national search committee.

### **2. Appointment of an Internal Candidate Without a National Search**

Though the eminence, quality, and appropriateness of candidates for endowed chairs are best gauged through a rigorous national search, faculty already employed by the campus may be appointed to an endowed chair without a national search, provided approval of BoR of Regents and the non-State donor is granted. Such appointments should occur only infrequently and may be proposed only when the internal candidate meets relevant standards of appointment established by BoR (see Section A, above) and detailed in the approved proposal.

Permission of the non-State donor(s) shall be required for internal appointments. Donor permission shall not be required under the following circumstances: 1) the donor is deceased; 2) the donor has in writing requested no contact; and/or 3) despite a good faith effort, the donor's contact information could not be located.

To request appointment of an internal candidate without a national search, a letter of request from the campus head or his/her designee shall be submitted to the Commissioner of Higher Education and include the following:

- a. Campus rationale(s) for selection of an internal candidate
- b. Alignment of the candidate's qualifications with existing standards for the chair (see Section A, above, and standards detailed in the approved proposal)
- c. The candidate's current curriculum vitae
- d. Documentation of non-State donor approval of the proposed appointment

Upon receipt of these documents, the Commissioner will develop a formal recommendation for consideration and approval by BoR. BoR approval must be provided prior to appointment of the chairholder. BoR reserves the right to render a campus not in compliance with this policy to be ineligible for new Endowed Chairs funds.

## **C. Letter of Appointment**

At the time the appointment is made, the institution shall send a Letter of Appointment to the chairholder which details and emphasizes mutual commitments and expectations. The letter shall

stipulate both resources available to the chairholder and the degree of control over same he/she will have to accomplish specified goals. Additionally, the letter shall inform the chairholder of the high standards expected of the position; the attainment of these will be evaluated through periodic reviews. An institution's pattern of holding chairholders to the highest standards reflected in the Letter of Appointment shall be a critical consideration as BoR grants awards during competitive reviews for subsequent chairs.

The letter shall also make the chairholders aware of the standards of performance set forth in Section XI.D of this policy and other responsibilities of the chairholder, including the acknowledgement of support requirement set forth in Section XXIV.

A copy of the Letter of Appointment, including signatures of the chairholder, the appropriate department chair(s), and the chief executive officer of the higher educational institution, must be forwarded to the Commissioner of Higher Education no later than ninety (90) days following the appointment of the holder. Regular peer reviews of the chairholder shall be based on BoR's Standards of Performance and other performance expectations delineated in the Letter of Appointment.

#### **D. Standards of Performance**

The following standards of performance shall be expected of all chairholders, adapted to the type of endowed chair requested:

1. a continuing record of scholarly and creative endeavors;
2. leadership in academic units and collaborations with scholars and the private sector;
3. pursuit of professional activities that enhance the reputation of the university;
4. exceptional/innovative teaching, student advisement, mentoring, and leadership in curriculum development;
5. attraction of high-quality students; and
6. contributions to the State's economic enhancement and/or to solutions for community/health/business/education problems.

### **XII. PARTICIPATION OF ENDOWED CHAIRS IN ACADEMIC LEADERSHIP ROLES**

Superior chairholders should serve as intellectual leaders with the potential to foster new collaborations and generate new initiatives to enrich research and instruction and enhance infrastructure, as well as encourage collaboration among scholars across university boundaries. Chairholders who have made laudatory achievements and contributions should be recognized on a periodic basis. Campuses should also consider inviting superior chairholders to provide counsel and assistance in the recruitment and evaluation of candidates for other Eminent Scholar appointments.

### **XIII. ADMINISTRATIVE REQUIREMENTS FOR PARTICIPATION IN ENDOWED CHAIRS PROGRAM**

Each university, as a condition of requesting State matching funds through the Endowed Chairs for Eminent Scholars program, shall provide with its proposal the following:

- A. An affidavit from the financial institution in which the institutional matching funds are held verifying that the participating institution has received and deposited private matching funds in the amount of \$600,000 for each \$400,000 requested in State match and that the funds received and deposited meet all eligibility requirements pursuant to the Endowed Chairs Program Policy;
- B. An assurance that the institution will provide, from sources other than the endowment, a base salary line for the proposed chair at a level commensurate with the chairholder's experience and qualifications, but at a minimum equivalent to the average full professor salary for the department or unit in which the chair will be housed.
- C. An authenticated statement (notarized in the presence of two witnesses) which shall indicate that the institution will in good faith comply with the requirements of the Endowed Chairs Program Policy. Such compliance statement, moreover, shall be signed by the highest administrative official or other head of the participating institution; and
- D. Documentation from the management or governing board of the participating institution stating its approval of the establishment of an endowed chair to be supported by the proceeds of the requested chair.
- E. Beginning with the FY 2016-17 funding cycle, a copy of the donor agreement or summary as described in Section XIV applicable to the endowment for which match is sought. If the endowment contribution is made as part of a larger gift, only the terms specific to the endowment should be provided. Under no circumstances should the campus furnish donor agreements or conditions not related to the endowment for which match is sought.
- F. A donor statement of understanding, indicating that the donor has received a copy of and understands program and investment policies relevant to the appropriate BoRSF subprogram (see Section XIV). A template for the donor statement shall be provided by BoR.

Each university, under the supervision and management of its management or governing board shall have the responsibility for the maintenance and investment of its Endowed Chairs program assets in a manner consistent with its duties as fiduciary for such funds and in accordance with the Board of Regents Endowed Chairs, Endowed Professorships, and Endowed Scholarships Programs Statement of Investment Policy and Objectives. Each participating institution's Endowed Chairs program assets shall be administered and maintained as restricted endowments.

Each participating institution shall enter into an Agreement with BoR that incorporates specific responsibilities of the participating institution regarding reporting and adherence to the rules and guidelines established by this and previous policy documents. The Agreement shall remain in effect for a specified number of years and renewed periodically. If the institution fails to comply with the terms of this Agreement, the Deputy Commissioner for Sponsored Programs will notify the institution in writing of the deficiencies and acceptable remedies. The institution will have ninety (90) days from the date of the notification to correct the deficiencies or provide adequate explanations to the Commissioner of Higher Education and BoR indicating why such correction is inappropriate or unnecessary. Failure to address deficiencies in a manner satisfactory to BoR will render the institution ineligible to compete in the Endowed Chairs for Eminent Scholars program until compliance is reestablished.

#### **XIV. SHARING OF DONOR/BoRSF RESTRICTIONS**

To certify that all contributing parties to each faculty endowment understand the conditions under which it is to be established and maintained, beginning with the FY 2016-17 competition the campus shall furnish as part of the initial proposal a detailed summary of all terms, inclusive of but not limited to conditions and restrictions related to disposition of endowment earnings, selection and retention of faculty holder(s), and intent of the endowment, set forth in any agreement(s) with non-State donor(s) specific to the endowment submitted for State match. Upon BoR staff's request, any portion of donor agreement(s) directly related to purpose of and restrictions pertinent to endowments matched with State funds must be furnished to an auditor for review at the campus; BoR staff shall not make copies or remove from the campus documents immediately pertaining to donor agreements without campus permission. Such information reviewed by BoR staff shall be deemed confidential pursuant to La. R.S. 44:4.1 and La. R.S. 17:3390, and not subject to disclosure under La. R.S. 44:1 et seq. Under no circumstances will the campus or its representatives be required to furnish to BoR staff agreements or other documents not related to the endowment for which State match is sought. BoR reserves the right to refuse BoRSF matching funds for any donor funds subject to terms which contravene or conflict with BoR policies until such are resolved, or terms to which BoR staff is not given access to ascertain the donor's intent.

In addition, a donor statement of understanding, indicating that the donor has received a copy of program and investment policies relevant to the appropriate BoRSF subprogram and understands the conditions under which the State provides and maintains endowment matching funds, shall be submitted as part of the proposal. A template for the donor statement shall be provided by BoR staff.

#### **XV. ELIGIBLE MATCHING FUNDS**

Funds raised by a post-secondary institution from non-State sources and eligible for State matching funds shall consist solely of funds derived from contributions made after July 1, 1984, and contributed and dedicated for the purposes of the BoRSF Endowed Chairs program. For purposes herein, the term "contributions" shall mean only such funds that are actually collected for BoR match after July 1, 1984, and verified by the respective institution in a manner deemed satisfactory to BoR.

Campuses and foundations should ensure donors are aware that the full non-State contribution must be on deposit to be eligible for BoRSF matching. Should a donor wish to contribute and the campus choose to accept funds incrementally over time toward a BoRSF-eligible endowment, such contributions shall not be recognized or matched until the full required amount has been deposited. If Board programs and/or policies change during the period in which the donor is building a contribution for match, that contribution shall be considered for match under the program(s) and policies in place at the time the non-State contribution is completed and the campus's request for BoRSF match is submitted to BoR.

#### **XVI. RETENTION OF REVENUES AND ALLOCATION FOR EXPENDITURE**

The sum of the funds provided from State and private sources at the establishment of the endowed chair, including State matching funds of \$400,000 or more and private matching funds of \$600,000 or more, shall constitute the original principal of the institution's endowed chair (the "original principal"). Once established,

the endowed chair shall be invested pursuant to the Louisiana Board of Regents Endowed Chairs, Endowed Professorships, and Endowed Scholarships Programs Statement of Investment Policy and Objectives. In no event shall any amount of the original principal be expended, consumed, or invaded, and it shall only be used for prudent investments on behalf of the endowed chair.

The total market value of the endowment fund shall not exceed 125% of corpus (i.e., corpus value plus 25% of that value) at the end of any fiscal year in which the Endowed Chair is filled unless the campus has sought and been granted prior approval from the Board of Regents to retain and grow earnings for a specific purpose (e.g., a major equipment purchase). For Chairs matched prior to FY 2017-18, campuses shall have five years from the effective date of this policy to become fully compliant with this provision; if additional time is needed, the Board will consider formal requests for extension on a case-by-case basis. All expenditures must meet the policy provisions of policy section XVII and provide meaningful academic and/or research support for the chairholder.

If an Endowed Chair is vacant, revenues shall be placed in an expendable account for each year of the vacancy. Market value at the end of the fiscal year shall be determined by the total amount held in the principal account, less any funds deposited for expenditure. Upon appointment to the Chair, the next holder shall be notified of the expendable balance and provided with guidelines for use as well as BoR policies governing retention of expendable funds over time.

## **XVII. USE OF EXPENDABLE EARNINGS**

The purpose of BoRSF-matched faculty endowments is to provide a steady, permanent source of supplementary funding to support the faculty holder's professional academic and/or scholarly work. Accordingly, campuses must ensure that faculty holders expend available funds regularly and retain minimal amounts in expendable accounts; a spendable balance not to exceed 25% of the total market value of the endowment account may be retained for expenditure in a future year except in special circumstances (e.g., accrual of sufficient funds for a major equipment purchase or, as in recent years, excessive accrual of expendable earnings) as approved by BoR. This shall include all dollars allocated for expenditure, including any funds unspent at the end of a previous fiscal year. When the endowment is vacant, spending is not permitted beyond appropriate fees charged by the managing entity, though expendable amounts shall continue to be calculated and retained for expenditure by the holder, when appointed.

Earnings may be used by the chairholder for any professional purpose related to the chair as defined. BoR strongly encourages that each participating institution (a) allow the use of at least one-half of the trust income of the endowed chair at the discretion of the chairholder to support expenses directly associated with the chairholder's scholarly work, and (b) use no more than one-half of the trust income as a supplement to the salary of the chairholder.

Consistent with Constitutional restrictions on the BoRSF and BoR policies, chairholder expenditures must be supplementary and enhancing in alignment with the defined purposes and goals of the chair. Per Article VII, §10.1, no expenditures may "displace, replace, or supplant appropriations from the general fund...for higher education." Endowment earnings may not be used for general operational costs of the institution, college, or department, including repair and maintenance, construction and renovation, or standard office/laboratory

equipment. If a cost or category of costs is typically borne by the campus, college, or department for non-endowed faculty, it should also be borne for a chairholder. A campus, college, department or other entity receiving funds in violation of these expenditure provisions shall be required immediately upon discovery to reimburse the endowment's expendable account in the full amount disbursed.

## **XVIII. PLANS TO ADDRESS NECESSARY REVISIONS**

Higher education is constantly evolving in focus and priorities. To ensure endowments, which are intended to exist in perpetuity, can be responsive to changes in academic, scholarly, educational, and other areas related to the endowment's purpose, for all endowments matched in FY 2016-17 and later, the donor agreement with the campus shall specify how endowment-related decisions will be made over the long term in the event that revisions are needed. If a faculty endowment becomes no longer useful to the campus (e.g., the related academic program is terminated) and the endowment cannot be adjusted to accommodate a current focus, the BoR reserves the right to redirect or withdraw the BoRSF matching funds.

## **XIX. CONDITIONS FOR REPURPOSING OF NON-BoRSF DONOR CONTRIBUTION**

Provided the donor agreement(s) permits and subject to applicable legal restrictions, the non-BoRSF donor shall have the right to reallocate and/or change the purpose of the original non-State contribution in the following circumstances: (1) the campus has not adhered to the terms of the agreement with the donor or BoR policies; (2) the campus has not met its fiduciary duties, including the duty of care/prudence, duty to investigate, duty of loyalty/obedience, and duty to minimize costs, in management of the faculty endowment; and/or (3) the faculty endowment has remained vacant in excess of three years upon start-up or two years for subsequent appointments. If the donor wishes to redirect the original non-State contribution and/or earnings to an activity not permissible under BoRSF endowment programs, the campus shall immediately return the BoRSF matching funds, with associated unexpended earnings, to BoR; disposition of earnings associated with the donor's reallocated contribution should be negotiated between the campus and donor.

## **XX. REPORTING TO BOR**

On an annual basis, each institution shall submit to BoR a single report that relates the professional accomplishments of chairholders (publications, presentations, exhibits, patents, etc.), external funding generated, the use of endowed funds, and vacancies in existing chairs. Also on an annual basis, each institution shall report to BoR as enumerated in the Louisiana Board of Regents Endowed Chairs, Endowed Professorships, and Endowed Scholarships Programs Statement of Investment Policy and Objectives.

The campus has the duty to fully cooperate with BoR and provide any and all specified programmatic and fiscal information, documentation, etc. related to matched endowed chairs to BoR when requested. This applies even if the endowed chair is rescinded and/or a lawsuit is filed. Specifically, the campus and any designated managers of endowed funds shall not limit or impede BoR's right to audit and shall not withhold documents related to BoRSF Endowed Chairs program awards.

## **XXI. REPORTING TO FACULTY HOLDER AND ACADEMIC ADMINISTRATION**

On at least an annual basis, the campus or its designated manager of faculty endowment accounts (e.g., the associated foundation) shall provide in writing the following information to the faculty endowment holder, the appropriate administrative head (department chair, center director, dean, etc.), and the campus's chief academic officer:

- Corpus value of the endowment(s) held
- Market value of the endowment(s) held, including any amount held in a principal account
- Total amount available for expenditure in the current year, and maximum spendable balance that may be carried forward in accordance with Board policy

The holder shall also be notified by the appropriate campus office of the permissible uses of expendable funds, the amount(s) and purpose(s) of funds allocated at the campus's discretion (e.g., salary supplements); the amount available for expenditure at the faculty holder's discretion, and policies relating to the cap on retention of expendable funds without BoR approval. Such notifications shall be timely, to permit the faculty holder sufficient time to plan for meaningful expenditure of funds during the year.

## **XXII. REQUIRED COMMUNICATION WITH DONORS**

For each endowed chair matched by BoR, the institution shall annually provide to the donor, at a minimum, the following information: the status of the chair (vacant or filled), the current market value, and the amount allocated for expenditure in the most recently completed fiscal year.<sup>2</sup> Donor reporting shall not be required under the following circumstances: 1) the donor is deceased; 2) the donor has in writing requested no contact; and/or 3) despite a good faith effort, the donor's contact information could not be located.

## **XXIII. PERIODIC BOARD OF REGENTS REVIEWS**

### **A. Annual Review**

BoR will engage a single team of out-of-state consultants to review all proposals submitted for matching funds each fiscal year. In all cases, proposals will be ranked and prioritized in accordance with a merit-based peer review process. An institution's pattern of holding chairholders to the high standards reflected in the Letter of Appointment (see Section XI.C) shall be a critical consideration in the granting of awards for subsequent chairs.

### **B. Comprehensive Program Review**

With assistance from out-of-state experts, BoR will periodically review the overall Endowed Chairs program.

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<sup>2</sup> A certification of compliance with this requirement, based on documentation retained by the campus, shall be included in the annual fiscal report to BoR. Compliance shall be attested to in the report provided by private or Legislative auditors.



#### **XXIV. PUBLICITY AND ACKNOWLEDGEMENT**

BoR shall publicize accomplishments of the Endowed Chairs program through the broad dissemination of brochures, newsletters, and news releases to the media and other appropriate outlets.

Institutions and chairholders shall include an acknowledgement of support from the Endowed Chairs program as part of any professional publication. A suggested wording is: "This research was supported in whole or in part by the Louisiana Board of Regents Endowed Chairs for Eminent Scholars program."

#### **XXV. REQUEST FOR WAIVER**

If a campus identifies acute and exceptional circumstances that warrant an exception to any provisions of the Endowed Chairs program policy, a waiver may be formally requested in writing to the Commissioner of Higher Education, acting for BoR.