

VII. STANDING COMMITTEES

A. Academic and Student Affairs Committee

in Joint Session with

B. Finance, Audit and Facilities Committee

Approve Revised Endowment and Program Naming Policy

RECOMMENDED ACTION

It is the recommendation of the administration, the Academic and Student Affairs Committee, and the Finance Audit and Facilities Committee that the Board of Regents approve the revised Endowment and Program Naming Policy (*Board of Regents Governance*, Regent Policy No. 9), to be effective July 1, 2012.

BACKGROUND

After discussion with President Young, deans and vice presidents, chief advancement officers and key volunteers, a review of peer benchmarks, and internal conversations about school/college needs, we propose increases in the minimum gift size required to establish some types of endowments.

Addressing the Gap between Purpose and Need

University endowment minimums have not been raised since July 2003, when the Board of Regents approved the current Endowment and Program Naming Policy. During that time, tuition, salaries and the cost of doing business have increased while the consolidated endowment fund's distribution rate has been reduced. As a result, some endowments established with a minimum gift are too small to sufficiently support the purpose for which the endowment was created.

With continued annual increases in tuition expected over the next several years and no salary increases on the near horizon, the gap between many endowments' distributions and student and faculty needs will continue to grow.

Providing a More Congruous Experience for Multi-Unit Donors

Over the past several years, several schools and colleges have increased their endowment minimums. This has resulted in a number of different price points across campus, particularly for endowed professorships and chairs. In the course of increasing minimums to help ensure that endowment distributions better sustain the needs they were established to support, it is desirable to bring minimums into closer alignment while respecting the varying needs of different schools, colleges and campuses.

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Seizing the Intra-Campaign Opportunity

The intra-campaign period is an ideal time to make necessary increases to endowment minimums. Based on a review of business needs, gift potential and peer benchmarks, we suggest a two-tier endowment minimum structure. This provides the option for each school/college/campus to select the tier which best fits its business needs and donor base – allowing for flexibility while narrowing the range of price-points across campus.

We saw during Campaign UW that in most instances, donors established endowments with gifts at or near the minimum amount. Raising our – and our donors’ – sights will help us secure gifts that meet academic units’ business needs going forward.

Staying the Course

We will carry on with our current philosophy that minimums are truly minimums. Units remain welcome to solicit/accept endowment gifts over and above the minimums listed.

Policy Changes

To further the appropriate stewardship of endowment donors, we advocate for the addition to the policy language noting that endowment minimums represent the minimum gift a donor (or group of donors) must give to establish a new endowment, and that matching monies not provided by private funds will be added to the endowment, but not applied to meeting the minimum.

Implementing the Adjusted Minimums

Consensus across the campus community is that the ideal date for the new minimums to take effect would be July 1, 2012. Fundraisers may choose to use the window between the approval and effective dates to encourage gifts at the current minimum where appropriate. In addition, exceptions to the new minimums will be approved on a case-by-case basis for gifts currently under discussion (as documented through contact reports, pre-approved pledges, and prospect tracking records in Advance) received after that date.

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REVIEW AND APPROVALS

The revised policy has been reviewed and approved by the President, the Board of Deans, the Campaign Executive Committee, the UW Foundation Board, the Interim Provost and Executive President, and the Vice President for University Advancement.

Attachment

Revised Endowment and Program Naming Policy (*Board of Regents Governance, Regent Policy No. 9*)

Endowment and Program Naming Policy

1. Introduction

Significant gifts to support the University of Washington offer an opportunity to appropriately recognize donors. This recognition may include the creation of permanently named endowment funds and/or named programs.

An endowment is a permanent fund established for a specific purpose. The principal of an endowed fund is invested to grow over time while the distributions it produces are used to support the endowment's purpose. Gifts for endowment are extremely valuable in enhancing the quality of the University of Washington's teaching, research, facilities, and student experience, since endowments provide perpetual funding for their intended purpose. They need to be regularly expended, and donors need to be acknowledged on a regular (at least annual) basis.

Because of their permanent nature, named endowments must be established with great care and sensitivity to the goals and needs of both the donors and the University. The ((suggested)) minimum may vary by college or discipline between two price levels and may also be adjusted from time to time in proportion to changing costs. The University reserves the right to make final determinations in specific cases.

The endowment agreement (a document signed by the donors and appropriate academic and administrative leadership) drafted for a particular gift outlines the use and administration of that gift. Endowment gifts shall be invested in the Consolidated Endowment Fund (CEF) administered by the University. The investment, management, and expenditure of funds shall be in accordance with University policies and procedures.

The purposes of these naming criteria are to:

- Provide guidance to prospective donors and to University staff about the desired size of a gift to attain a particular naming opportunity.
- Promote uniform naming levels in all UW schools, colleges, programs, and campuses.
- Ensure that permanent endowments are at sufficiently high levels to appropriately support the desired purposes.
- Provide a mechanism for evaluating proposed major naming gifts through the appropriate channels.

2. Types of Endowed Support

a. Endowed Funds

Endowed funds offer donors the opportunity to give the University and departments maximum flexibility in enhancing their respective programs. Purposes for these funds may include: unrestricted or broadly-defined support, library collections, student travel, publications series, etc.

The minimum outright gift for support is as follows:

((Endowed Fund \$25,000 and above))	Tier 1	Tier 2
<u>Endowed Fund for Program Support</u>	<u>\$25,000</u>	<u>\$25,000</u>
<u>Endowed Fund for Undergraduate Student Support</u>	<u>\$25,000</u>	<u>\$25,000</u>
<u>Endowed Fund for Graduate or Professional Student Support</u>	<u>\$50,000</u>	<u>\$50,000</u>
<u>Endowed Fund for Faculty Support</u>	<u>\$50,000</u>	<u>\$100,000</u>
<u>Endowed Fund for Research Acceleration</u>	<u>\$100,000</u>	<u>\$100,000</u>

1) Administration

Endowed funds are available for use by the designated unit. The appropriate administrative or academic leader shall be responsible for administering expenditures from the fund, consistent with the stated uses as defined in the endowment agreement.

b. Scholarships and Fellowships

Endowed scholarships and fellowships offer donors the opportunity to make possible a university education for deserving students. Endowment agreements provide the vehicle for identifying the criteria by which students are selected.

Donors do **not** directly participate in the selection process, but **will** be notified of the selection.

The minimum outright gifts for various levels of student support are as follows:

Undergraduate Student Support:

((Scholarship \$ 50,000 and above	
Presidential Scholarship	\$100,000 and above
Regental Scholarship	\$250,000 and above))

	Tier 1	Tier 2
<u>Endowed Undergraduate Scholarship</u>	<u>\$100,000</u>	<u>\$100,000</u>
<u>Endowed Distinguished Undergraduate Scholarship</u>	<u>\$250,000</u>	<u>\$250,000</u>

Graduate Student Support:

((Fellowship \$100,000 and above	
Presidential Fellowship	\$250,000 and above
Regental Fellowship	\$500,000 and above))

	Tier 1	Tier 2
<u>Endowed Graduate Fellowship</u>	<u>\$100,000</u>	<u>\$250,000</u>
<u>Endowed Professional Student Scholarship</u>	<u>\$100,000</u>	<u>\$250,000</u>
<u>Distinguished Endowed Graduate Fellowship</u>	<u>\$250,000</u>	<u>\$500,000</u>
<u>Distinguished Endowed Professional Student Scholarship</u>	<u>\$250,000</u>	<u>\$500,000</u>

1) Appointments and Criteria

The selection of scholarship and fellowship recipients should be consistent with donor intent as articulated in the endowment agreement. In determining the language for these agreements, the selection criteria should reflect information about students that is readily available from University records.

2) Administration

University-wide scholarships shall be approved and signed by the Vice President and Vice Provost for Student Life. University-wide fellowships shall be approved and signed by the Dean of the Graduate School. Chancellors, deans, and vice presidents shall approve and sign unit-based scholarship and fellowship endowment agreements pertinent to their areas. The University official signing the agreement is responsible for ensuring that the expenditures are consistent with the endowment agreement.

c. ~~(Endowed Staff Positions~~

~~Named positions endowed through private gifts provide creative and ongoing support for roles that are not necessarily academically based but are important to the University's academic mission. Positions that can be endowed include, but are not limited to, curators, librarians, directors, and archivists.~~

~~The minimum outright gift for endowed staff support is as follows:~~

~~Endowed Staff Position \$250,000 and above~~

~~1) Appointments and Criteria~~

~~The appointment of recipients should be consistent with donor intent as articulated in the endowment agreement. In determining these agreements, the terms should reflect general operating practices of the University and outline alternative uses in case positions change over time.~~

~~2) Administration~~

~~Deans and chancellors shall be responsible for administering expenditures related to unit positions in accordance with University policies and procedures and for ensuring that expenditures are consistent with the endowment agreement approved by the donor.)~~

d.) Chairs, Professorships, and Fellowship

The University of Washington seeks support for the creation of endowed chairs and professorships, which provide significant benefits in recruiting and retaining outstanding faculty at the University. These endowed gifts greatly enrich support for the teaching and research activities of distinguished faculty and bring public recognition of their status.

Both chairs and professorships may be used to supplement the base salaries of faculty members. They also may provide professional support for the activities of faculty members appointed to the endowed position, including, but not restricted to, research assistance, travel, and staff support.

The minimum outright gifts for various levels of faculty support are as follows:

Faculty Fellowship	\$ 100,000 and above
Professorship	\$ 250,000 and above
Chair	\$1,000,000 and above
Regental Chair	\$3,000,000 and above)

	Tier 1	Tier 2
Endowed Faculty Fellowship	\$100,000	\$250,000
Endowed Professorship	\$500,000	\$1,000,000
Endowed Chair	\$2,000,000	\$3,000,000
Deanship	Market Price	

In addition, the University offers an opportunity to support faculty via a non-endowed vehicle(=

Professorship (Term) \$15,000 and above/year for 3 – 5 years))
Term Professorships, where current use gifts approximately equal to the payout from an Endowed Professorship are made for a term of three to five years.

1) Appointments and Criteria

The regents of the University of Washington have delegated the authority to establish named endowed professorships and chairs to the Vice President for University Advancement, unless there is something unusual or special about the gift that would benefit from regental review.

Appointments to professorships and chairs involve appropriate levels of faculty advice. The appropriate chancellor or dean shall recommend a candidate to the Provost, who shall in turn recommend the candidate to the President for approval by the regents.

Donors do not directly participate in the selection process, but in the endowment agreement they may specify an academic area where the endowment should be focused. Donors will be notified of the appointment.

Depending on the wishes of the donor and the concurrence of the appropriate chancellor or dean and the Provost, a professorship or chair may be filled by a recipient for an indefinite period, subject to review at least every five years, or it may be a rotating professorship or chair for a shorter period of time.

The President shall assign University-wide professorships and chairs to the various academic disciplines and units at his or her discretion.

2) Administration

Chancellors and deans shall be responsible for administering expenditures related to endowed professorships and chairs in accordance with University policies and procedures to assure that administration is consistent with the endowment agreement.

The designated field for an endowed professorship or chair may be specified to include academic departments and major sub-disciplines within a department, school, or college.

Distributions from the endowment shall support positions within the academic discipline specified by the donor at the time of acceptance of the gift so long as that discipline or area of study continues at the University. The endowment agreement shall permit appropriate alternative use of the distributions by the regents, upon the recommendation of the President, should the subject area of the professorship or chair cease to be consistent with the University's mission or its academic plan. Such alternative distribution shall be as closely related to the donor's original intent as is feasible.

In years when a professorship or chair is vacant, the administrator, as provided in the endowment agreement, may elect to:

- a) Return the endowment's annual distributions to the principal, or
- b) Designate the distributions for support of faculty and/or students in the field supported by the endowment.

~~(e-)~~ d. Schools, Colleges, and Programs

For gift-related naming opportunities, endowing a school, college, or program offers donors a premier opportunity to substantially benefit a particular unit of the University. Because naming represents an important event in the history of the institution, it requires an extraordinary gift. The endowment should generate a distribution that provides significant support to the annual operating budget of the entity named.

1) Administration

All naming actions shall be by action of the Board of Regents upon recommendation of the President.

In naming a school, college, or program, the regents, University President, Provost, and other administrators and ~~((development))~~ **advancement** staff must be involved prior to reaching final agreement with a donor. (For naming of facilities, refer to the *Board of Regents Governance*, Regent Policy [No. 6](#), "Facilities and Spaces Naming Policy.")

Naming actions shall not detract from the institution's values, dignity, integrity, or reputation, nor shall any such action create a conflict of interest or confer special privileges. In the event of changed circumstances, the University reserves the right on reasonable grounds to revise the form of or withdraw recognition in consultation with the donor when possible.

BR, July 18, 2003; RC, March 24, 2011.