



**Use of Earnings from Endowed
Chairs and Professorships**

POLICY STATEMENT

An endowed chair or professorship generates expendable distributions intended to support the salary, benefits or other activities of a designated faculty member at the University of Notre Dame. The purpose of this policy is to outline acceptable uses of endowed chair earnings and certain procedures to be followed by both the Colleges and the designated faculty member in managing endowed chairs.

I. Background

Endowed chairs are established upon commitment of resources either from a donor or from University designated sources. Donor funded endowed chairs are ideally supported by written agreements, signed by the donor and the University, instructing the University to establish a chair endowment fund, and may include stipulations on the use of these funds. Any subsequent change to an endowment agreement requires approval by the donor (or donor's heirs) and the University.

Each endowed chair or professorship contains the following:

1. One or more endowment funds containing the corpus of the gift, which is invested and controlled by the University.
 - a. Each endowed chair has a primary corpus fund.
 - i. For donor funded chairs, this corpus fund would include initial and subsequent gifts from donors, and generally be permanently restricted.
 - ii. Chairs established by University designation would include the initial and any incremental transfers of University resources into the fund, and would be unrestricted in nature.
 - iii. Corpus funds are generally invested in the Notre Dame Endowment Pool ("NDEP"), and generate expendable distributions (i.e. spending appropriations) based on the pool units held and the University's approved spending plan
 - iv. When a chair is not on spending, earnings are typically reinvested back into the corpus.
 - b. Endowed chairs may also have a secondary endowment fund, into which previously distributed but unspent, spending plan appropriations are "reinvested" (see further in paragraph 2.a.iii. below). Such funds generally are temporarily restricted in nature, but act essentially in the same manner as the primary corpus fund in that they hold units in the NDEP and generate expendable distributions under the NDEP spending plan.
2. One or more spending funds, controlled by the college or department, into which the expendable distributions generated by the endowments are transferred quarterly by the University.
 - a. Each endowed chair generally has a primary spending fund to which the quarterly expendable distributions from the endowments are credited.
 - i. This fund is used to support the chairholder's salary and benefits.
 - ii. In addition, a portion of the expendable distributions from the endowments may be transferred from this fund to a professional activities fund each fiscal year (see paragraph 2.b. below).
 - iii. Primary chair spending funds typically do not accumulate balances. Generally, any residual balance in this fund at year end, above a nominal level (~\$1,000), is "reinvested" back into the endowment to maximize the long-term growth of the chair's resources (see paragraph 1.b. above).
 - b. Each chair also has a professional activities fund into which a portion of the expendable distributions from the endowment are transferred each year from the primary spending fund.

- i. As described in Section II, these funds may be used at the discretion of the chairholder to support chairholder activities subject to the University's policy regarding the use of professional activities funds and subject to the restrictions imposed by the associated endowment agreement.

Balances in professional activities funds are not reinvested annually and may accumulate depending on the timing of their utilization by the chairholder. In addition, in the event a faculty member ceases to be the chairholder but still remains associated with the chair (using the title of Chair Emeritus), any unused funds may be transferred to their non-chair discretionary fund at the request of the Dean and with the approval of the Provost. Otherwise, any remaining funds will be returned to the chair spending fund.

Upon appointment as an endowed chair, the faculty member gains access to the spending funds associated with the endowed position as well as all documentation related to donor restrictions. The chairholder and his/her department chair or Dean are responsible for ensuring usage of the funds are in compliance with donor stipulations provided in the endowment agreement, as well as University policy.

II. General Expenditure Guidelines—Filled Chairs

As described above, expendable distributions to chair spending funds (i.e. endowment spending appropriations) are primarily used for the chairholder's salary and associated benefits, with an annual allocation for professional activities as well. The portion of expendable distributions allocated to the chair's professional activities fund may be used to support the activities of the chairholder, consistent with University policy and the donor's intent as reflected in the associated endowment agreement. Generally, professional activities funds may be used for purposes such as:

1. Research and teaching support materials (e.g., print materials, biological specimens, computer software, art supplies, etc.)
2. Travel expenses
3. Equipment supporting the chair holder and/or his/her research or field of study
4. Graduate assistant stipends
5. Staff and/or student wages
6. Office supplies, miscellaneous services and materials
7. Journal subscriptions (The subscription must be an institutional subscription.)
8. Institutional memberships/certifications/dues/fees (Payments for non-transferable memberships, certifications, etc., are unallowable.)
9. Licenses/permits (non-personal)
10. Communications costs (telephone, cell phone, postage)
11. Testing, medical and/or diagnostic laboratory fees
12. Incidental rental of space and/or equipment
13. Repair and maintenance of building and/or equipment which directly support the endowed position
14. Honoraria, fees for invited speakers and/or scholars-in-residence supporting scholarly interests of the chairholder.

III. General Expenditure Guidelines—Vacant Chairs and Professorships

Expendable distributions from endowment funds are recurring and are used to support the named chair or professorship as outlined above. If the chair or professorship position is vacant, a portion of the expendable endowment distributions may, in accordance with donor restrictions and with the approval of the Provost, be accumulated and used for reasonable expenses associated with recruiting prospective chair/professorship occupants, as well as to cover relocation and start-up costs associated with filling the vacant chair/professorship

The respective Dean and Provost shall review the status of vacant endowed chairs or professorships annually to ensure the University is meeting its obligation to fulfill the terms of the donor's benefaction.

In the event an established, fully funded chair or professorship has remained vacant for extended period, the Provost shall consult with the respective Dean to ascertain the reason and take appropriate action consistent with the terms of the endowment agreement.

Procedure for Accumulation of Endowment Earnings

The process by which start-up funds are allowed to accumulate is as follows:

1. Dean identifies the need or desire to accumulate chair earnings for a well-defined purpose that can be readily understood as allowable given the restrictions imposed by the donor
2. Dean's interpretation of allowability and donor intent is confirmed by Research and Sponsored Programs Accounting ("RSPA")
3. Dean requests approval from the Office of the Provost to accumulate chair earnings in spending account
4. Provost Office approves request for accumulation (i.e. earnings that will not be swept back to the corpus at year end but will instead be allowed to grow across fiscal year boundaries).