



# UNIVERSITY OF RICHMOND

## Policy Manual

---

<b>Policy #:</b>	<b>FIN-15003</b>	<b>Policy Title:</b>	<b>Use of Income from Endowed Chairs</b>
<b>Effective:</b>	<b>07/01/2022</b>	<b>Responsible Office:</b>	<b>Controller's Office</b>
<b>Date Approved:</b>	<b>06/06/2022</b>	<b>Approval:</b>	<b>University President</b>
<b>Replaces Policy Dated:</b>	<b>10/01/2013</b>	<b>Responsible University Official:</b>	<b>Senior Assoc. Vice President &amp; Controller</b>

---

**PURPOSE:**

This policy is designed to ensure that the University honors the intentions of donors and that income from endowed chair funds and other gifts designated for support of faculty and administrative positions are used effectively in supporting the University's academic mission.

---

**SCOPE:**

This policy applies to all donor restricted funds that have been established at the University of Richmond to support an endowed chair. This policy applies to the University of Richmond and all of its Affiliates. As used in this policy, the term "Affiliates" means organizations or entities in which the University owns a controlling interest or has the right to elect the majority of the entity's governing board.

---

**INDEX:**

- FIN-15003.1 .....Definitions
- FIN-15003.2 .....Use of Income
- FIN-15003.3 .....Endowed Faculty Chair Professional Development Funds — "Chair Funds"
- FIN-15003.4 .....Creation of Additional Chairs with Appreciated Income
- FIN-15003.5 .....Periodic Evaluation of Endowed Chair Funds

# FIN-15003 - Use of Income from Endowed Chairs

---

## **POLICY STATEMENT:**

---

### *FIN-15003.1 – Definitions*

#### Endowed Faculty Chairs

Endowed faculty chairs represent the highest academic honors that an institution can bestow upon faculty members. Typically, an appointment to an endowed faculty chair is made in recognition of the individual's attainment of the highest levels of teaching, scholarship, research and service in his or her discipline or field.

#### Endowed Administrative Chairs

Endowed administrative chairs are created to support the recruitment and retention of administrators in key leadership capacities for the University. An appointment to an endowed administrative chair is made in recognition of the individual's record of professional accomplishment and upon assumption of a leadership position associated with the chair.

### *FIN-15003.2 - Use of Income*

Income from an endowed chair shall be used to support the teaching, scholarship, research, and service activities of the named faculty or administrative chair, in accordance with the terms of the gift documentation and University policies. Income from the endowed fund will be distributed in accordance with the University's approved spending rate policy.

In order to further the purposes articulated by the donor, income from the endowed chair will be used first to support a significant portion of the salary and related fringe expense of the named chair holder, and, in the case of endowed faculty chairs, to establish a professional development fund ("chair funds") for his or her use.

Subject to any donor-stipulated terms or conditions, typical uses of the remaining income from an endowed chair may include summer salary, sabbatical support, research support, and start-up costs (excluding office furniture). Other appropriate uses of endowed chair funds may be permitted under the terms of the gift agreement and related documentation. Such uses must be approved in advance by the Controller.

Expenses and other charges to endowment funds must comply with all applicable University policies and procedures including, but not limited to, compensation, travel and procurement. Items purchased with endowed funds are the property of the University.

Reasonable expenses directly associated with the search and recruitment of named chairs or professors may be charged to the endowment when the chair is vacant, subject to the University's standard policies and procedures.

### *FIN-15003.3 - Endowed Faculty Chair Professional Development Funds — "Chair Funds"*

Unless otherwise specified in the gift documentation, a portion of the payout from an endowed faculty chair will be used to create a professional development fund, established at the University's prevailing amount, for the chair holder's use.

- A. Professional development funds associated with an endowed chair may be spent only by the chair holder during the time of his or her service as the named chair or professor. Unspent professional development

## FIN-15003 - Use of Income from Endowed Chairs

---

funds associated with an endowed chair may not be spent by the chair holder after his or her term of service in the chair expires.

- B. In the case of a chair holder who is a distinguished visiting faculty member, the visiting chair holder may be awarded professional development funds from the income of the endowed fund, in accordance with University's policies related to those funds. Supplies or equipment purchased with chair funds will remain at the University at the completion of the visiting chair's appointment.
- C. Expenditures from the professional development fund must be used to support the teaching, research or service work of the chair holder or to increase his or her effectiveness. Expenditures must comply with applicable University policies and procedures including, but not limited to, compensation, travel and procurement. All items purchased with professional development funds remain the property of the University. Examples of expenditures typically charged to professional development funds include computers and printers, travel, research equipment, costs to sponsor lectures, symposia or similar events in the chair holder's field, and research assistance. The purchase of furniture with professional development funds is generally not permitted.
- D. Unspent professional development funds may be carried forward into the new fiscal year, in accordance with current University guidelines regarding carry forwards, until the expiration of the chair holder's term. Funds not spent by the chair holder at the end of his or her term or appointment period will revert to the endowed chair fund.

Questions and requests for approval regarding endowed fund purchases should be directed to the appropriate Dean's Office. Additionally, the Dean's Office must be notified of all expenditures, review appropriate receipts, and keep a record of the account. These accounts are subject to audit by the Controller's Office or Internal Audit.

### *FIN-15003.4 - Creation of Additional Chairs with Appreciated Income*

Should an endowment appreciate to the extent that excess payout is generated beyond that which reasonably accommodates the needs of the endowed chair or professorship and a compelling reason can be articulated as to how the creation of an additional chair would significantly advance both the interests of the University and the intentions of the original donor(s), the University may recommend to the Board of Trustees that an additional endowed chair or professorship be established. The Board of Trustees is the only University body with the authority to create an additional chair from an existing endowed chair.

Requirements:

- A. The original gift documentation must not prohibit such an action or specify an alternate or secondary use of the excess income that would be inconsistent with establishing an additional chair or secondary endowment.
- B. Unless otherwise provided for in the original gift documentation, the University (Advancement) will obtain the concurrence of the donor, if available, prior to initiating a request to create an additional chair from an existing fund.
- C. The market value of the original endowment must be the larger of (a) two times the current gift minimum to establish an endowed chair or professorship, or (b) if the original endowment was intentionally funded

## FIN-15003 - Use of Income from Endowed Chairs

---

by the donor at a level higher than the gift minimum, the value of the fund must be at least two times the original gift level.

- D. The proposed new endowed chair or professorship must be aligned and consistent with the areas of interest identified by the original donor, as documented in the gift agreement and related records.

The recommendation to create an additional chair from an endowment will typically be made by the Dean in cases of endowed faculty chairs. The determination of whether creating an additional faculty chair from an existing chair endowment is appropriate will be made by the Executive Vice President & Provost, in consultation the Vice President for Advancement, the Executive Vice President & Chief Operating Officer, and General Counsel. The determination of whether creating an additional endowed administrative chair from an existing fund is appropriate will be made by the President, in consultation the Vice President for Advancement, the Executive Vice President & Chief Operating Officer, and the Vice President & General Counsel. The creation of the new Chair requires action by the Board of Trustees, upon the recommendation of the President. Exceptions to the funding level requirement may be considered in extenuating circumstances and require the approval of the President, Executive Vice President & Provost, and the Executive Vice President & Chief Operating Officer.

### *FIN-15003.5 - Periodic Evaluation of Endowed Chair Funds*

At the point that an endowed chair becomes vacant and prior to beginning the process to appoint a new chair holder, the University will evaluate the use of the endowment to ensure ongoing compliance with donor restrictions and, when not inconsistent with the original gift intent, with current University policies. Changes to the use of the endowed fund may be made at that time to ensure that the continued use of the fund furthers the interests of the donor as contained in the gift documentation.

### **RELATED POLICIES:**

---

*ACD-7301* – Appointment of Endowed Chairs

*FIN-4403* – Procurement Policy

*FIN-4200* – Travel Policy

### **POLICY BACKGROUND:**

---

Reviewed by President's Cabinet before approval on September 23, 2013.

Titles updated without further revision in 2018.

Non-substantive language changes for clarification, reviewed by Cabinet before approval on June 6, 2022.

### **POLICY CONTACTS:**

---

Senior Assoc. Vice President & Controller