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AGENDA
SPONSORED PROGRAMS COMMITTEE

Wednesday, June 29, 2016
11:30 a.m.
The Claiborne Building
Louisiana Purchase Room 1-100
Baton Rouge, Louisiana

I. Call to Order

II. Roll Call

III. Program Policy Revisions: Endowed Chairs for Eminent Scholars and Endowed Professorships

IV. Request for Endowed Chair Appointment without National Search: Tulane University

V. Conversion of Matched Endowed Chair to Endowed Professorships: University of New Orleans

VI. LUMCON Executive Director Start-Up Allocation

VII. Other Business

VIII. Adjournment

Committee Members: Roy Martin III, Chair; Joseph Wiley, Vice Chair; Raymond Brandt; Marty Chabert; Edward Markle

AGENDA ITEM III

Program Policy Revisions: Endowed Chairs for Eminent Scholars and Endowed Professorships

Background Information

Board of Regents Support Fund (BoRSF) faculty endowment programs – Endowed Chairs for Eminent Scholars and Endowed Professorships – match State funds with non-State contributions to establish permanent endowments, the earnings from which provide supplementary support for high-value and productive faculty. Endowed Chairs assist to attract and retain nationally and internationally recognized eminent scholars in high-value academic and research areas, while Endowed Professorships help campuses to retain and encourage quality faculty at all levels.

Staff Summary

Through annual campus reporting since 2011, staff has noted that numerous vacancies persist in both faculty endowment programs and earnings in some endowment funds have accrued to high levels. In October 2015 reporting, the statewide long-term vacancy rate in Chairs was 23% (74 slots) and 7% in Professorships (156 slots). Some vacancies have persisted for more than a decade. Across all matched endowments, as of FY 2014-15 reporting, $355 million in expendable income has been retained, 59% above the $600 million corpus value of the endowments.

These practices are counter to donor intent in establishing endowments to support the work of excellent faculty. In addition, they prevent the Board's endowment programs, and by extension the BoRSF, from achieving constitutionally mandated goals of enhancing the quality of education and contributing to economic development.

To ensure that future faculty endowments are selected wisely and used in accordance with donor, program, and BoRSF requirements, five revisions are recommended:

- For new matches, a requirement to fill the Chair/Professorship within a set period of time or return matching funds to the Regents; for existing matches, a requirement to notify the non-State donor of a long-term vacancy and determine donor preference for future disposition of the endowment;
- Provisions for donors to repurpose unused principal and interest under certain circumstances;
- A cap on funds over corpus that may be retained in the endowment account;
- A requirement to furnish donor agreements to the Regents and secure affirmation of donor understanding of applicable Board policies; and
- Campus responsibility to provide documentation related to matched endowments to the Regents upon request.

Specific language relative to these recommended policy changes is provided in Attachment A. If approved, these changes will be incorporated into existing policies effective July 1, 2016.

Senior Staff Recommendation

The Senior Staff recommends that the Committee approve revisions to the Endowed Chairs for Eminent Scholars and Endowed Professorships program policies in Attachment A.

ATTACHMENT A

Recommended Revisions: BoRSF Endowed Chairs for Eminent Scholars & Endowed Professorships Program Policies

1. For endowments matched in FY 2016-17 or later, if the faculty endowment has not been filled within three years after provision of BoRSF matching or two years following departure of the most recent faculty holder of the endowment, the campus shall return matching funds and associated unexpended earnings to the Board of Regents. If special circumstances have precluded appointment of a faculty holder, the campus shall submit for Board approval a written request and justification to retain matching funds for one additional year, along with a detailed summary of activities undertaken since the vacancy occurred to fill the faculty endowment and plans to fill the faculty endowment in the immediate future. 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 the Board of Regents, which has sole authority to grant final approval.

   For endowments matched prior to FY 2016-17 and vacant for more than two years, on an annual basis the campus shall notify the non-BoRSF donor no later than October 1 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. This notification shall be documented by a signed donor statement, submitted to the Board of Regents Deputy Commissioner for Sponsored Programs by October 15, indicating that the donor is aware of current policies governing vacancies and the donor's preferred course of action. The donor may request to convert the contribution, the BoRSF match, and related earnings to another BoRSF endowment subprogram (e.g., split a Chair into Professorships, convert a Professorship into a Graduate Scholarship, etc.). If the donor wishes to redirect the original 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 the Board of Regents. If a donor wishes to retain the non-State contribution at the campus and require no campus action to fill the vacancy, the Board of Regents reserves the right to seek return of the BoRSF matching funds and associated interest.

2. The non-BoRSF donor shall have the right to reallocate and/or change the purpose of the original contribution in the following circumstances: (1) the campus has not adhered to the terms of the agreement with the donor or Board of Regents policies; (2) the campus has not met its fiduciary responsibilities 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 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 the Board of Regents; disposition of earnings associated with the donor's reallocated contribution should be negotiated between the campus and donor. This policy provision shall not supersede the donor's rights under the law.

3. For all endowments matched in FY 2016-17 or later, the market value of the total endowment fund shall not exceed 125% of corpus at the end of any fiscal year in which the faculty endowment 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).

4. Beginning with the FY 2016-17 competition, the campus shall furnish as part of the initial proposal a copy of the donor agreement applicable to the endowment for which match is sought; if the endowment contribution is made as part of a larger gift, the terms specific to the endowment may be excerpted for submission. Under no circumstances should the campus furnish donor agreements or conditions not related to the endowment for which match is sought. Donor agreements and excerpts submitted to the Board of Regents shall be deemed confidential pursuant to La. R.S. 44:4.1 and R.S. 17:3390, and not subject to disclosure under R.S. 44:1 et seq.

   In addition, 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, shall be submitted as part of the proposal. A template for the donor statement shall be provided by the Board of Regents.

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

AGENDA ITEM IV

Request for Endowed Chair Appointment without National Search:
Tulane University

Background Information

At its January 12, 2015 meeting, the Board unanimously approved the following revision to the Endowed Chairs for Eminent Scholars policy:

> **Effective immediately, all campuses shall provide documentation to the Commissioner of Higher Education that each Chair vacancy is being filled – whether externally or internally – following a national search. Any request for waiver of this policy shall be made in writing to the Commissioner of Higher Education and reviewed by external consultants. Upon receipt of the consultants' response, the Commissioner will provide a formal recommendation for consideration and approval by the Board of Regents. Board approval of the waiver must be provided prior to appointment of the chairholder. The Board reserves the right to render a campus not in compliance with this policy to be ineligible for new Endowed Chairs funds.**

Staff Summary

In accordance with this policy, Tulane University has submitted a request for a waiver of the Endowed Chair national search requirement, to appoint Mr. Onnig Dombalagian, J.D., to the John B. Breaux Chair at the Tulane University Law School.

Documentation outlining Mr. Dombalagian's qualifications was provided to Dr. Roy Koenigsknecht, professor emeritus at the Ohio State University and chair of the BoRSF Endowed Chairs for Eminent Scholars review panel. Dr. Koenigsknecht concluded that this appointment is appropriate and recommended approval; Dr. Joseph C. Rallo, Commissioner of Higher Education, concurred.

Senior Staff Recommendation

The Senior Staff recommends approval of Tulane University's request to appoint Mr. Onnig Dombalagian to the John B. Breaux Chair. As stipulated in Board policy, the Letter of Appointment of Mr. Dombalagian to the Breaux Chair must be submitted to the Board within 90 days of this approval.

AGENDA ITEM V

Conversion of Matched Endowed Chair to Endowed Professorships: University of New Orleans

Background Information

In August 2011, the Board of Regents approved a policy to permit the division of Endowed Chairs funds to establish Endowed Professorships at a minimum level of $250,000. Pursuant to this policy, several campuses have divided Endowed Chairs into high-level Professorships.

Staff Summary

The Jerome L. Goldman Chair in Naval Architecture and Marine Engineering is a $1 million Endowed Chair established at the University of New Orleans with BoRSF match in FY 1998-99. The Chair is currently vacant, and UNO now requests to divide it into three Endowed Professorships, as follows:

- Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering I, with a corpus value of $333,333.33;
- Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering II, with a corpus value of $333,333.33; and
- Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering III, with a corpus value of $333,333.34.

The original donor and the University of Louisiana Board of Supervisors have endorsed this conversion. The staff supports UNO's request and applauds its recognition of the value of establishing Professorships at higher corpus levels.

Senior Staff Recommendation

Consistent with Board of Regents policies, the Senior Staff recommends approval of the conversion of the Jerome L. Goldman Chair in Naval Architecture and Marine Engineering into three Professorships, as follows:

- **Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering I, with a corpus value of $333,333.33;**
- **Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering II, with a corpus value of $333,333.33; and**
- **Jerome L. Goldman Endowed Professor in Naval Architecture and Marine Engineering III, with a corpus value of $333,333.34.**

AGENDA ITEM VI

LUMCON Executive Director Start-Up Allocation

Background Information

The Louisiana Universities Marine Consortium (LUMCON) is a coastal and marine sciences consortium of which all Louisiana public and independent campuses are members. In addition, LUMCON has its own research faculty and operates the W. J. DeFelice Marine Center in Cocodrie, including research vessels for the Gulf of Mexico. Dr. Craig McClain, formerly of the NSF-funded National Evolutionary Synthesis Center (NESCent), begins his tenure as LUMCON's Executive Director on July 1, 2016.

Staff Summary

To ensure that Dr. McClain has the necessary resources to implement his vision for LUMCON, including upgrading facilities, adding faculty, and identifying staff expertise needed, one-time start-up funds are imperative. Up to $1,000,000 may be provided through previously unspent monies in the Board of Regents Support Fund (BoRSF) for activities related to Dr. McClain's initial work at LUMCON; start-up funds provided through this mechanism must be used in accordance with the BoRSF's mission and eligible categories for expenditure as defined in the Louisiana Constitution. Funds would be distributed on a contract basis, with a work plan and budget to be approved by Regents staff prior to disbursement, and would be available for a maximum of three (3) years. These funds shall be provided in addition to any monies for deferred maintenance approved during the second Special Session.

Senior Staff Recommendation

The Senior Staff recommends provision of $1,000,000 from previously unspent monies in the Board of Regents Support Fund as start-up funds for the incoming Executive Director of LUMCON. Allocation of funds shall be contingent upon a contractual agreement and acceptable work plan, budget, and timeline, and available for a maximum of three (3) years.