

Texas Tech University
COLLEGE OF ENGINEERING
Operating Policy and Procedures
[Approved by Executive: 10/08/2008]

COE OP 40.03 Endowed Faculty Appointments

Date: September, 2008

Purpose: The purpose of this Operating Policy is to establish procedures and guidelines for managing the endowment accounts associated with endowed chairs and professorships.

Review: This OP will be reviewed summers of every odd-numbered year by the Dean's Office, with recommendations for revision presented to the departmental chairs by August 15.

University Ops related to Endowed Chairs and Professorships

- OP02.08 Operation and Maintenance of Endowed Funds
- Regents Rules, Chapter 09

1. Background and Definitions

An endowed chair, professor or fellowship generates funds that are intended to support the research or other activities of a designated faculty member at Texas Tech University.

Each endowed chair, professorship or fellow was established by a donor. An endowment agreement, signed by the donor and the University, exists for each endowment and includes possible stipulations on the use of the endowment funds. Any subsequent changes to an endowment agreement requires approval by the donor (or donor's heirs) and the University.

For each endowed faculty position, there exists:

- (1) one or more endowment accounts containing the corpus of the gift which is invested and controlled by the University or the TTU Foundation;
- (2) one or more interest accounts, controlled by the college, into which the spendable earnings generated by the endowments are transferred quarterly by the University or Foundation; and
- (3) one operating account, controlled by the designated faculty member, into which the college transfers the spendable earnings.

When appointed to an endowed chair, professor or fellow, the faculty member has access to funds generated by the investment of the endowment associated with the endowed position. Per Regents Rules 09.02.10, the annual spendable earnings are targeted to be 4.5% of the average unit market value for the 12 quarters just ended. The holder of an endowed position has discretion in the use of those funds, subject to University fiscal policy regarding the use of discretionary funds and subject to any restrictions included in the endowment agreement. The holder of the endowed position and his/her supervisor are responsible to be aware of the

endowment agreement and to assure that all uses of funds are consistent with University policy and the endowment agreement.

The purpose of this operating policy is to specify the procedures to be followed by both the College of Engineering and the designated faculty member in managing endowed chair, professor and fellow accounts.

2. Endowment Accounts

Per TTU OP02.08 the corpus of endowed chairs and professorships are managed, invested and controlled by the University and/or the TTU Foundation. The spending policy on endowed funds is defined in Regents Rules 09.02.10 and 09.02.18. These are currently allocated in the following manner:

- 4.5% of the corpus is the spendable earnings, transferred quarterly (typically January, April, July, and October) into the college's interest account, for use as dictated by the donation;
- 0.5% administrative fee is charged to cover the investment and management costs;
- the remaining return on investment is returned to the corpus. This allows the corpus to grow over time and adjust for inflation.

The amount of an endowment account can be found on the Banner system or through the TTU Endowment Register. Faculty members holding endowed chairs or professorships can access this information at any time with a written request to the Dean.

3. COE Interest Accounts

For endowed faculty positions that are currently filled, once the University or Foundation transfers the spendable funds into the College of Engineering interest accounts, the full amount of spendable earnings will be transferred as soon as possible into the faculty members operating account. While this will be done in a timely manner, faculty member should anticipate that this transfer could take up to one month to accomplish after the end of the quarter. The transferred amount is defined in Regents Rules 09.02.10.c.

As described below in Section 7 of this policy, the first distribution of the spendable earnings each fiscal year will be withheld by the College of Engineering until an approved annual endowment report is received from the holder of the endowed chair or professorship.

For endowed faculty positions that are currently vacant, the funds transferred into the interest accounts will be held in the college and not distributed into operating accounts. The college will allow the interest accounts for each vacant endowed chair or professorship to accrue approximately eight quarters of spendable earnings. Once this level is reached, additional spendable earnings transferred into the interest account will be returned to the endowment account and will add to the corpus.

4. Operating Accounts

Operating accounts will be controlled and managed by the faculty member holding the endowed chair, professorship or fellow. These individuals are expected to use these funds in a prudent

manner and to adhere to all restrictions specified in TTU OP02.08 and the endowment agreement. It is anticipated that each endowment may have unique controls or restrictions on the use of the operating funds based on the wish of the donor. All endowed chairs, professors and fellows will be given a copy of the endowment agreement when they accept an appointment of this type.

5. Initial Operating Account Balance

When an endowed faculty position is initially filled, the college will provide the faculty member with the amount of spendable earnings accrued by the endowment during the previous four quarters. However, if the position has not been vacant for a full year, the new endowed position holder will have access to accrued spendable earnings since the position was vacated. If more than one year's worth of spendable earnings have accrued in the COE interest account, these funds will be returned to the endowment account and will add to the corpus.

6. Recruiting and Moving Expenses

Unless expressly forbidden by the endowment agreement, funds from the college interest account associated with an endowed chair, professor or fellow may be used to recruit and relocate new faculty to fill the position. Unless otherwise determined by the endowment agreement, these funds will only be available when there is more than four quarters of spendable earnings accrued in the interest account and will be limited to the surplus over the previous year's worth of spendable earnings. A request to use these funds for recruiting or moving expenses must be made in writing to the Dean before any expenditures are committed.

7. Annual Reports

At the end of each fiscal year, faculty members holding endowed chairs and professorships will submit an annual report describing how the operating funds have been used in the previous year. These reports will be submitted to the Dean no later than August 31 and will be revised as requested. When finalized, the annual report will be submitted to the donor. The interest for the first quarter of a fiscal year (and subsequent quarters) will not be transferred in the operating account until the annual report is accepted by the Dean.

8. Renewal of Endowed Faculty Appointments

In some cases, the appointment to an endowed chair, professor or fellow position has a stipulated length of appointment in the endowment agreement. Typically, the appointment can be renewed pending a successful review. The supervisor of the endowed chair, professor or fellow is responsible to trigger the review which is to occur during the 12 months prior to the expiration of the endowed appointment. If a review and formal reappointment does not occur prior to expiration of the previous appointment, a review and possible reappointment can occur at any future date, as triggered by the supervisor or the dean.

Attachment A is a listing of the current endowed chairs, professors and fellow positions and the length of their appointment as defined by the endowment agreement. If no length of appointment is defined in the agreement, then the endowed faculty appointment remains in place until the faculty member ends employment by TTU or voluntarily vacates the endowed position.

ATTACHMENT A. Listing of Current College of Engineering Endowed Positions

<u>Endowment</u>	<u>Department</u>	<u>Length of appointment</u>	<u>Current Chairholder</u>	<u>Date of appointment</u>	<u>Renewal date</u>
The John R. Bradford Chair in Engineering	Any accredited	Initial: 10 years Subsequent: 7 years	Gregory McKenna (ChE)	9/1/99	9/1/09
The Roy Butler Chair in Petroleum Engineering	Petroleum	No length specified	Lloyd Heinze	12/1/05	NA
E. L. Derr Professor of Industrial Engineering, #1	Industrial	Initial: 3 years Subsequent: 3 years	Vacant		
E. L. Derr Professor of Industrial Engineering, #2	Industrial	Initial: 3 years Subsequent: 3 years	Vacant		
The George P. Livermore Chair in Engineering	Petroleum	No length specified	Vacant		
Jack Maddox Distinguished Engineering Chair	Initial: Electrical Subsequent: Any	5 years	Vacant		
The Edward E. Whitacre, Jr. Endowed Chair in Electrical and Computer Engineering	Electrical & Computer	Renewable 5 year appointments	Hongxing Jiang	5/18/08	5/18/13
The Linda Whitacre Endowed Chair in Electrical and Computer Engineering	Electrical & Computer	Renewable 5 year appointments	Jingyu Lin	5/18/08	5/19/13
The AT&T Endowed Professorship in Electrical and Computer Engineering	Electrical & Computer	No length specified	Vittal Rao	9/1/07	NA
The AT&T Endowed Professorship in Industrial Engineering	Industrial	Initial: 3 years Subsequent: 3 years	Vacant		
The Bryan Pearce Bagley Regents Chair in the College of Engineering (Partnership with Rawls College of Business)	Not specified	No length specified	David Wyrick (IE)	8/1/07	NA
The Keh-Shew Lu Regents Chair in The Department of Electrical and Computer Engineering	Electrical & Computer	Renewable 5 year appointments	Donald Lie	9/1/07	9/1/13

The Charles Bates Thornton Professorship in Engineering	Electrical & Computer	No length specified	Magne Kristiansen	3/1/90	NA
The George F. and Joan M. Watford Professorship in Petroleum Engineering	Petroleum	Renewable 3 year appointments	Malgorzata Ziaja	12/20/07	12/20/10
The J. W. Wright Regents Chair in Mechanical Engineering	Mechanical	No length specified	Alan Jankowski	1/1/07	NA
Sun Company Professorship in Petroleum Engineering #1	Petroleum	No length specified	M. Rafiqul Awal	12/20/07	NA
Sun Company Professorship in Petroleum Engineering #2	Petroleum	No length specified	Shameem Siddiqui	12/20/07	NA