

Policy: Named and Endowed Funds

Section: Finance

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President, Provost, Vice President for
Finance & Administration, and
Foundation President & CEO

July 2009 - Library Support section revised to provide
greater clarity

Procedure Number:

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Article 1: Purpose

The named and endowed fund policy establishes minimum funding levels and other donor recognition procedures for faculty, student, and program support and for construction and renovation projects throughout campus. The intent is to ensure that named facilities and funds are consistent with Oregon State University's role as a public trust and that gifts to the endowment are sufficient to accomplish the donor's, the University's, and the Oregon State University Foundation's objectives. The policy seeks to:

- Provide guidance to prospective donors and University staff about the size and structure of gifts.
- Promote uniform naming levels across all colleges and programs.
- Ensure that permanent endowments will fully support the desired purposes.

Documentation

Details of any naming recognition must be clearly documented in the signed Gift Agreement between the donor and the Foundation.

Exceptions

The OSU Foundation Gift Acceptance Committee is charged with reviewing requests for exceptions to the Named and Endowed Fund Policy and approving any deviations from the stated guidelines.

Fund Minimum

The Foundation requires a minimum commitment of \$25,000, with a maximum five-year pledge period, to create a named fund (endowed or current use).

Article 2: Policy

A. FACULTY SUPPORT

Faculty Positions

A named faculty position is the highest honor bestowed by the University on an outstanding member of the faculty. The income from an endowed position fund is used as deemed appropriate by the dean of the college and the Provost to supplement the salary of the named faculty member and/or to support the academic pursuits and endeavors of the holder of the endowed position. Creation of all endowed and named positions requires prior approval by the Office of the Provost. Appointment of individuals to faculty positions is an academic process carried out through the Office of the Provost. It is the dean/director's responsibility to ensure funding within the college/unit is sufficient to support the endowed position (i.e., all costs associated with the position—salary, OPE, office and lab space, etc.—not covered by the endowment must be covered from the college/unit's budget).

Named positions may not be bestowed on faculty until the minimum required funding has been received by the Foundation (i.e., though pledges are sufficient to create an endowed position, no faculty may be selected for the position until the actual "cash in" reaches the required minimum).

Name Selection

The exact name applied to a faculty position will be agreed upon by the donor(s), the Foundation, and the appropriate OSU dean/director, with final approval reserved for the Provost. The Office of Donor Relations in the Foundation will coordinate the approval process.

The format for a named faculty position should remain standard but may be preceded by a name suggested by the donor and followed by a collegiate or departmental modifier. Additional modifying terms such as "distinguished" or "endowed" should be avoided. Some examples include:

Jane and John Doe Dean of Engineering

Jane and John Doe Professorship or Chair in Pharmacy with the recipient known as the Jane and John Doe Professor of Pharmacy (for the holder of either a Professorship or Chair)

Library Support

Each year, 0.5% of the endowment payout from faculty position endowments established after December 31, 2008, will be directed to the OSU Libraries for collection development or other library support. For example, a \$1 million endowment to support a faculty position would pay out \$45,000 annually, assuming a payout rate of 4.5%. Of that total, \$225 (0.5%) would be directed to the OSU Libraries.

Faculty Support

<i>Opportunity</i>	<i>Description</i>	<i>Endowment</i>	<i>Current Use</i>
Deanship of a College or Directorship of a Center or Institute	<ul style="list-style-type: none"> ▪ May be designated to a college or unit ▪ Appointment must be approved in advance by the University President and Provost 	\$5M	N/A
Chair	<ul style="list-style-type: none"> ▪ May be designated to a college and unit ▪ Appointment must be approved in advance by the Provost 	\$2M	N/A
Coach	<ul style="list-style-type: none"> ▪ May be designated to a particular sport within the Athletics Department ▪ Appointment must be approved in advance by the Athletic Director 	\$2M	N/A
University Professorship	<ul style="list-style-type: none"> ▪ May be designated to a college or unit ▪ Appointment must be approved in advance by the Provost 	\$1M	N/A
Professorship	<ul style="list-style-type: none"> ▪ May be used to bring visiting scholars to campus for a fixed term (minimum of one quarter) or rotated among existing exceptional faculty ▪ May be used to cover salary stipend, travel, and/or housing costs (for visiting faculty) ▪ May be designated to a college or department ▪ Appointment must be approved in advance by the dean 	\$500K	\$25K/year for minimum of 3 years in current use support
Faculty Scholar	<ul style="list-style-type: none"> ▪ May be used to provide research funds for a newly tenured faculty member of exceptional promise for up to three years ▪ May be designated to a college or department ▪ Appointment must be approved in advance by the dean 	\$250K	\$12.5K/year for minimum of 3 years in current use support

Note: The figures above represent University-wide minimums; specific colleges or programs may have higher minimum levels. For coaching positions, different sports have different minimums. In most cases, endowments support existing University positions. With appropriate institutional approvals, new positions may be created but require substantially higher investments. Faculty endowments in excess of \$5 million require special approval of the Provost.

B. STUDENT SUPPORT

Scholarships are awarded for undergraduate or graduate students based upon a variety of factors: academic achievement, skills, talent, financial need, or a combination thereof. Funds may be designated for undergraduates (scholarships) or graduates (fellowships). Selection criteria for any scholarship/fellowship will depend on: donor preferences as documented with the Foundation in the Gift Agreement; the University's established procedures for financial aid as determined by the Office of Financial Aid & Scholarships in accordance with information provided on the Free Application for Federal Student Aid; and relevant state and federal laws.

Named scholarships may not be awarded to students until the minimum required funding has been received by the Foundation (i.e., though pledges are sufficient to create a named scholarship, no student may be selected for the award until the actual "cash in" reaches the required minimum).

Name Selection

The exact name applied to a student scholarship or fellowship will be agreed upon by the donor(s), the Foundation, and the appropriate OSU dean/director, with final approval reserved for the Assistant Provost for Enrollment Management. The Office of Donor Relations in the Foundation will coordinate the approval process.

The format for a named student scholarship or fellowship should remain standard but may be preceded by a name suggested by the donor and followed by a collegiate or departmental modifier. Additional modifying terms such as "endowed" should be avoided. Some examples include:

*Jane and John Doe **Scholarship** in Engineering with the recipient known as the Jane and John Doe **Scholar**;*

*Jane and John Doe **University Fellowship** in Engineering with the recipient known as the Jane and John Doe **University Fellow***

Student Support

<i>Opportunity</i>	<i>Description</i>	<i>Criteria Donors May Request for Recipients</i>	<i>Endowment</i>	<i>Current Use</i>
University Fellowship	University's most prestigious fellowship program for students in graduate or professional programs.	<ul style="list-style-type: none"> ▪ Area of study ▪ Class standing (master's or doctoral candidate) ▪ Merit-based only 	\$700K	\$35K/year for minimum of 3 years in current use support
Trustee Scholarship	Trustee Scholarships differ from Presidential Scholarships in that they may be designated for in- or out-of-state students. Award amount to the student is greater to cover tuition and to defray other related educational expenses (books, supplies, room & board).	<ul style="list-style-type: none"> ▪ College preference ▪ Undergraduates only ▪ Merit-based only ▪ In-state or out-of-state 	\$400K	\$20K/year for minimum of 4 years in current use support
Presidential Scholarship	For Oregon residents. May support tuition and other related educational expenses (books, supplies, room & board). Four years of support, assuming student maintains eligibility.	<ul style="list-style-type: none"> ▪ College preference ▪ Merit-based only ▪ Undergraduates only ▪ Oregon residents ("in-state" students) 	\$150K	\$7,500/year for minimum of 4 years in current use support
University Honors College Scholarship	Four-year scholarship for students enrolled in the University Honors College.	<ul style="list-style-type: none"> ▪ College within the Honors College ▪ Undergraduates only ▪ Need- or merit-based 	\$100K	\$5,000/year for minimum of 4 years in current use support
Diversity Achievement Award	Four-year scholarship for students with financial need and/or merit; in addition applicants must meet <u>at least one</u> of the following criteria: <ul style="list-style-type: none"> ▪ member of ethnic minority community; ▪ disability; ▪ low income status; ▪ 3.65 GPA or 1800 SAT; or ▪ 3.65 GPA and 36 or more college credits for transfers. 	<ul style="list-style-type: none"> ▪ College preference 	\$25K	\$5,000/year for minimum of 4 years in current use support

<i>Opportunity</i>	<i>Description</i>	<i>Criteria Donors May Request for Recipients</i>	<i>Endowment</i>	<i>Current Use</i>
General Undergraduate Scholarship or Graduate Fellowship	Minimum of one year tuition support.	<ul style="list-style-type: none"> ▪ College or department preference 	\$25K	\$5,000 /year for minimum of 4 years in current use support
OSU Alumni Association Scholarship	For first-generation college students and for students of alumni.		\$25K	\$5,000/year for minimum of 4 years in current use support

Notes: These represent University-wide minimums; different units may have higher minimums.

Corporations and other organizations may make annual awards or prizes to students that fall below the minimum amounts outlined above. However, care must be taken not to characterize these as “scholarships” or “fellowships.”

Gifts of any size are welcome and may be directed to any of the colleges’ or departments’ existing scholarship or fellowship funds.

C. FACILITIES

Exploration of a New Facility

Before the University and the Foundation undertake any fundraising efforts for a new or renovated facility, the dean of the college or the director of the unit seeking a new facility must secure the support of the following individuals to explore the feasibility of such a project:

- Provost and President of the University to gauge their support and interest in the facility
- Vice President for Finance and Administration to assess eligibility for state matching bonds
- Director of Facilities Services to develop a schematic design for the facility
- President of the Foundation to approve a fundraising plan and a philanthropic goal for the facility

Once these meetings have occurred, a meeting of the University President, Provost, Foundation leadership, and the dean or director should occur to decide whether or not to proceed with the exploration of a fundraising effort for the facility.

Lead Gift First

For new construction projects with a significant philanthropic component, a lead gift of at least 50 percent of the philanthropic goal (or 2 to 3 gifts totaling 50 percent of the total) must be secured before any other gifts are accepted for the project, i.e., the project will not be publicly launched until the lead gift(s) is secured. In addition, the Foundation will not set up an account to receive any other gifts toward the facilities project until the lead gift(s) is secured. In certain rare circumstances, it may be deemed acceptable by the presidents of the University and the Foundation for the Foundation to accept individual gifts of \$1 million or more prior to the lead gift(s) being secured, but only with a contingency attached to the gift. For renovations/refurbishments of existing facilities where the total project will amount to \$5 million or more, the same rule applies as above (a lead gift commitment(s) of at least 50 percent of the philanthropic goal must be secured for the project to proceed).

Naming Public Spaces

The University's architectural naming policy governs the naming of all public spaces and structures on campus. The Office of Donor Relations will serve as liaison between the development officer, donor, and university approval process. When a proposed naming involves a philanthropic commitment, the gift shall constitute a significant portion of the total cost of the structure/space to be named. Specifically, the gift shall fund either 25 percent of the total construction or replacement cost, or at least 50 percent of the private fundraising portion of the project, whichever is greater. No commitment regarding the naming of a public space shall be made to a donor prior to approval of the proposed name. Additionally, no permanent signage will be displayed in any facility until the donor has fulfilled his/her pledge in its entirety.

Approval of Pricing Structures

A pricing structure that articulates the required funding levels for all naming opportunities must be submitted to the Foundation's Office of Donor Relations at least three months in advance of the beginning of the solicitation period for any approved (by the Provost and the President of the Foundation) facility project. The total dollar amount of the pricing structure should exceed the total philanthropic goal of the project by at least 25 percent. The Office of Donor Relations, with the Senior Vice President for Development in the Foundation, will coordinate an approval process with the President of the Foundation, the Vice President for University Advancement, and others as appropriate. The Office of Donor Relations will deliver a written decision within three weeks of the date the material was submitted.

Naming or Renaming an Existing Facility or Space

When a facility has reached the end of its useful life and/or will be replaced or substantially renovated or if there is simply donor interest, the existing structure may be named or renamed. If appropriate, recognition of earlier donors and honorees will be included in or adjacent to new and renovated facilities, as well as in redeveloped areas. If at any time following the approval of a naming, circumstances change substantially so that the continued use of that name may compromise the public trust, the University will consult the General Counsel of the University and with the Oregon Attorney General regarding future action. If relevant, the Office of Donors Relations will coordinate communications with previous donors or family members for all such "re-namings."

Deferred Gifts

In general, outright gifts are desired for facility projects. Request to apply partially deferred gifts, i.e., pledge payments beyond five years or an irrevocable planned gift, will be considered on a case-by-case basis, subject to the financing plan for the facility. Regardless, for the University to consider any arrangement of this type, a minimum of 50 percent will be required as an outright gift.

Article 3: General Information

Endowed Program Support

A variety of opportunities are available to donors wishing to support a particular program or project. A named program support endowment may be established with a minimum gift of \$25,000.

Named Current Use Funds

In certain cases, it may be appropriate for a faculty support fund or a scholarship fund to be named for a period of years when a donor agrees to make a series of gifts in support of the particular purpose. For example, an individual could agree to create the John Doe Professorship for a minimum of three years. Advance approval of both the dean/director and the Provost is required to create named funds.

Naming a College, Department, or other Major Unit

Naming a major unit within the University requires a substantial commitment that stands to fundamentally transform the program. The appropriate amount and exact use of a naming gift will vary among programs but it should always be large enough to measurably lift a program to a new standard of excellence. Although these guidelines suggest a starting point for consideration, the present value of the gift should be sufficient (either in absolute dollars or as a percentage of the program's annual budget) to effect fundamental change.

Deferred Gifts

Revocable deferred gifts will not be announced and recognized as completed named gifts until the funds are received. When received, if the funds are insufficient to completely support the desired purpose, the Foundation may, in concert with the University, invest the funds until the desired level is reached. Alternatively, the Foundation and University may recognize the gift with a naming opportunity at the appropriate level and purpose most closely reflecting the donor's original intent. For this reason, it is strongly encouraged that cascading language is included in all gift agreements for the creation of deferred endowed funds.

Example: John Doe designates a portion of his estate to create the John Doe Chair in Engineering upon his death. Doe's gift will be recognized as a deferred gift consistent with other deferred gift intentions to the Foundation. If upon Doe's death, the funds received by the Foundation are not sufficient to support a chair at that time, the Foundation may invest

the gift until it is sufficient to support a chair or may instead create the John Doe Professorship in Engineering.

Irrevocable deferred gifts may be immediately used for naming purposes if the present value of the deferred gift is equivalent to the minimum gift level currently requirement. This present value will be determined as outlined in the Foundation's campaign gift counting guidelines. Though a named chair may be created through such an irrevocable deferred gift, a faculty member may not be appointed to the chair until the deferred gift is realized and the minimum funds are received by the Foundation.

Example: Jane Smith creates an irrevocable charitable trust to support the Jane Smith Chair in the College of Liberal Arts. At the time of establishment and recognition, the minimum required gift to establish a chair is \$2 million. At her age and using the current IRS discount interest rate at the time the gift is established, the present value of the trust would need to be at least \$2 million to be recognized and announced as a chair. When the trust matures, a faculty member could be appointed to the endowed position.

Commercial Influence

To avoid any appearance of commercial influence or conflict of interest, additional due diligence will occur before recommending that a building or fund be named in recognition of a gift from a corporation or corporate foundation.

Exceptions

Requests for exceptions to the policies should be submitted in writing to the OSU Foundation Gift Acceptance Committee (OSU_GAC@oregonstate.edu).

Please direct any questions about this policy to Mr. Shawn L. Scoville, Senior Vice President for Development at the Oregon State University Foundation, at 541-737-9312 or shawn.scoville@oregonstate.edu.