

**University of Guelph
Policy on Endowed Chairs**Effective Date:
Signature/Position:April 1, 2012
Vice-President Academic and Provost**I. Scope and Definition**

1. This policy guides the establishment and administration of all “Endowed Chairs” as defined in this policy and established by gift to University of Guelph. For convenience, “Endowed Chairs” may include a number of different levels of support and term (length) and all will collectively be referred to as “Endowed Chairs.” Endowed Chairs which may be “named” and privately supported, are awarded to honour extraordinary academic achievement and to recruit and retain the most distinguished scholars.
2. An Endowed Chair is an opportunity for faculty for support of funding from a gift for a specified period of time (limited term) or as an endowment fund (in perpetuity) established by a gift or gifts from private sources. Funding is made available to the University of Guelph in support of a faculty members, research, and service activities. An Endowed Chair will be assigned to a department, organized research or service institute, division, or school. In all cases, Endowed Chairs must be established within existing University academic programs and organizational structures.

II. Chair Definitions:

1. Permanent Endowed Chair. A permanent endowed chair may be used to honour a distinguished University of Guelph faculty member or to attract such a scholar and teacher to the University. The chair holder must be a member of the faculty. Appointment to a permanent endowed chair is can be for a fixed term or for the appointee’s term as a member of the faculty. Funding for this type of chair holder must be in the form of an endowment.
2. Limited Term Chair: A chair with a set term (normally no more than five years) may be used to honour a distinguished University of Guelph faculty member or to attract a distinguished scholar and teacher to the University. Limited Term chair holders may be eligible for additional terms. In general, a reappointment to a term endowed chair will be considered a new appointment. Funding for this appointment may be in the form of an endowment or funding for a limited time which must match the period of the appointment(s).

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The plan submitted for an Endowed Chair must meet the following criteria and review process;

1. The Provost retains the authority for establishing and naming endowed chairs and no commitment to a prospective donor should be made prior to approval by the Provost.
2. Deans and department chairs should work together with the donor, and the Office of Alumni Affairs and Development to ensure that the proposed endowed chair meets the criteria listed below for subject, breadth, and flexibility. The chair definition should be broad enough to allow new research directions and to ensure as broad a candidate pool as possible. A proposal to establish an endowed chair should address the following:
 - a. Is the proposed endowed chair consistent with the mission of the University and the academic plan of the college or academic unit in which the chair is appointed?
 - b. Does the proposed Endowed Chair call for the University to make a commitment to an area that is consistent with the academic plan? For example, if it requires that a department hire the chair holder in a particular area, is this consistent with priorities of the department and college?
 - c. Does the proposal require that the University or College commit additional resources e.g., an additional FTE, and if so, is this commitment feasible and within the priorities of the college academic and financial plan? How are these additional resources identified in the College and allocated in the schedule of the gift agreement and beyond?
 - d. Does the proposal make commitments or demands that are inappropriate (e.g., too narrow a research focus, involvement of the donor in University decision making responsibilities, prescribe an accountability framework to the donor that is not consistent with University policies or collective agreements)?

B. Funding of the Endowed Chair

1. All contacts and discussions with prospective donors shall be coordinated with the Office of Alumni Affairs and Development and the relevant college/division.
2. All Endowed Chair proposals must be accompanied by a formal plan consistent with this policy and the final donor agreement.

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3. This policy and the funding of Endowed Chairs will apply to all funds named in honor of a donor or other sources that provide direct, financial support for individual faculty members. This includes funding received for an Endowed Chair for which;
 - a. the funding provided by an endowment from which there is annual on-going payout in accordance with the University's Endowment Management Policy ;
 - b. the funding is derived from annual gifts (non-endowed) or a discretionary administrative source;
 - c. the funding provided on a limited term basis for a specified period of time consistent with gift terms.
4. The minimum amount of a gift or gifts required to establish a Permanent Endowed Chair shall not be less than \$500,000. (The full salary of a faculty member cannot be supported without a minimum endowment of \$5.0 million in capital. Endowments capitalized at any value less than this will support only a portion of a salary and/or operating costs e.g., stipends, travel, operating costs at levels prescribed in the University's Endowment Management Policy.)
5. Establishment of an Endowed Chair shall be contingent upon full funding as specified in accordance with the gift agreement. The gift agreement shall include a proposed payment schedule specified at the time of approval by the Provost, unless there is a legally binding, irrevocable commitment to complete the funding by bequest or similar deferred gift for which there can be no predetermined termination date. A request to approve the actual appointment of an Endowed Chair should not be made prior to receipt of at least one fourth of the sum required to fund the endowment or in the case of a limited term appointment, the first year's total requirement.
6. The gift agreement shall permit appropriate alternative distribution of the income if the subject area of the endowed chair ceases to be consistent with the University's mission or the academic plan of the campus. Such alternative distribution shall be as closely related to the donor's original intent as feasible.
7. Whenever full funding of the endowment will be dependent upon receipt of future pledge payments or upon realization of a deferred gift or bequest, the donor should be encouraged to include in the governing gift agreement (a) a provision permitting alternative University uses of income during the period in which the fund is accumulating and (b) a provision permitting reallocation to alternative University uses if the minimum funding level is not achieved.

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8. Endowment income made available to holders of Endowed Chairs shall be used to support the teaching, research, and service activities of the chair holder, in accordance with the gift agreement and University policies. Any resource commitments greater than the funding level provided in the gift agreement must be identified and allocated in a budget recommended annually by the chair holder to the department chair or research head. The use of endowment payout to support any portion of the salary of the chair holder must be made in accordance with University policy.
9. The terms of the endowment shall be reviewed periodically by the responsible Dean (or designate) to ensure that the University is continuing to fulfill its legal obligations to use Endowed Chair income in a manner consistent with the donor's expressed intent.
10. If an established, fully funded chair has remained vacant for a period of three consecutive years or more, or if the chair's accumulated income exceeds five years of annual payout (relative to the original plan), the Dean responsible shall review the fund's terms and administrative history to ascertain the reason for the accumulation and take appropriate corrective action consistent with the terms of the gift instrument.

IV. Disestablishment of an Endowed Chair

1. Subject to the donor's approval, the Provost, upon recommendation by the Dean and following consultation with legal counsel is authorized to disestablish an endowed chair. Normally this event would be triggered by;
 - a. The subject area ceases to be consistent with the University's mission or the academic plan of the campus; or
 - b. The Endowed Chair remains vacant for a period of three consecutive years and the Provost, after consultation with the appropriate Dean or Division Head, determines there is no likelihood of filling the chair.
2. Upon disestablishment of an Endowed Chair, endowment income shall be reallocated to the alternative purpose stated in the gift instrument or as subsequently specified by the donor in consultation with the Provost, Dean and the legal counsel. If a donor is deceased and has not specified an alternative purpose, the Provost shall request the assistance of legal counsel in obtaining appropriate approval for an alternative use of endowment income in a related field.

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V. Summary of Chair Proposal and Approvals

The following information must be completed and submitted to the Provosts Office as part of planning and approvals for the establishment of an Endowed Chair.

Please click [here](#) for the General Description and Risk Review word doc.

General Description and Risk Review

| | | | |
|---------------------------------|--|--------------------------------|--|
| Chair Name | | | |
| Chair Type | e.g., Permanent Endowed Chair, Limited Term Chair. | | |
| Total Donation | \$ | Received over (# years) | |
| Sponsoring Dean /College | | Department | |
| Gift Agreement Drafted? | Y/N | Author | |

| Risk Review | |
|---|--|
| Project Benefits and Opportunities | Summarize any opportunities for as a result of accepting these funds. E.g., in support of a specific IP Goal, how it strengthens or supports the University's mandate and Strategic Areas. |
| Project Costs and Risks | Summarize any risks associated with acceptance of these funds e.g., ability to deliver, constraints, potential gaps created (financial or other resources/commitments), |

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Funding and Commitment Summary

| | | | |
|---|--|--|---|
| Total Donation | \$ | Received over (# years) Attached financial plan if available | |
| For Endowment Funding | | | |
| Value of Permanent Endowment | \$ | Year Completed | |
| Endowment Annual Payout | \$ | Payout Rate | % |
| Total Annual Commitments | \$ | Over How Many Years | |
| Describe main direct commitments | e.g., Tenure track faculty salary or portion | | |
| Are there any funding commitments greater than gift? | <i>If yes, explain how these are to be covered with the College/unit budget.</i> | | |
| For Limited Term Funding | | | |
| Total Term Contributions | \$ | Over How Many Years | |
| Total Temporary Commitments | \$ | Over How Many Years | |
| Describe nature of direct commitments | e.g., Tenure track faculty salary or portion | | |
| Total Base Commitments | <i>Are there any University base commitments beyond the Term of the gift? How are these to be covered?</i> | | |
| Are there any funding commitments greater than gift? | <i>If yes explain how these are to be covered with the College/unit budget.</i> | | |

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Approvals

APPROVALS:

The undersigned certify that the gift agreement meets all the requirements of, and is consistent with, the University's Policy on Endowed Chairs;

| | | | |
|----------------------------------|--|-------------|--|
| Prepared by | | Date | |
| Dean or Division Head | | Date | |
| AAD | | Date | |
| Provost/VP Academic | | Date | |