

COLUMBIA UNIVERSITY POLICY ON ENDOWMENT AND GIFT FUND ADMINISTRATION AND COMPLIANCE

Effective Date: May 1, 2008
Latest Revision: December 2016

Policy Statement

It is the policy of Columbia University to adopt and adhere to standards that are designed to ensure the proper management, administration and compliance of restricted endowment and gift funds. Endowment and gift funds are an important part of the University's operations and play an integral role in helping the University achieve its goals. These funds impose upon the University contractual, legal and ethical obligations, as well as financial and management reporting responsibilities (among other responsibilities). Furthermore, the proper management and administration of our endowment and gift funds helps maintain and enhance the confidence and trust of the University's constituents (especially its donors).

Reason for the Policy

The purpose of this endowment and gift fund policy is to set forth principles and procedures that are designed to ensure the University complies with its responsibility to properly manage and administer its endowment and gift funds.

Primary Guidance to Which This Policy Responds

This policy responds to the legal requirements of state and federal law, Generally Accepted Accounting Principles and to the specific contractual obligations of individual gift instruments.

Responsible University Office

Office of the Controller

Revision History

Policy originally issued and effective May 1, 2008; 1st revision effective October 2011, 2nd revision effective July 2012, 3rd revision effective December 2013, 4th revision effective December 2016.

Who is Governed by This Policy

This policy applies to all University employees with financial, administrative and reporting responsibilities in connection with endowment and gift funds, including the University departments that provide support with respect to endowment and gift funds (e.g., Office of the Controller, Office of the General Counsel, Office of Alumni and Development).

The Office of Alumni and Development maintains the University's policies and procedures relating to the solicitation, acceptance, and voluntary stewardship of gifts, pledges, and bequests. This policy is not meant to encompass or supersede those separate policies. In addition, this policy is not intended to cover all aspects of endowment and gift fund management, administration, and compliance. For example, this policy does not

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cover the rules and requirements relating to the financial accounting and reporting of endowment and gift funds.

Who Should Know This Policy

- All persons governed by this Policy (see above)
- Deans, Department Chairs, Directors of Institutes, Centers, and other University units
- Departmental Administrators and other departmental staff
- All University faculty and staff with signature authority over one or more endowment or gift funds
- All University employees with financial, administrative, and reporting responsibility with respect to endowment or gift funds
- Office of the Controller staff
- Office of the General Counsel staff
- Office of Alumni and Development staff

Exclusions & Special Situations

None

Policy Statement

I. Endowment and Gift Fund Overview

A gift is a voluntary, irrevocable, gratuitous transfer to, and acceptance by, Columbia of cash or cash equivalent, securities, property of value, or execution of an instrument that legally vests an interest of value in the University. The donor may designate a gift for unrestricted use by the University (or a particular school, department or unit) or may provide for a specific purpose for the gift.

A gift may be placed in a:

- An endowment fund (ENXXXXXX) where the gift is invested and an annual payout is spent in accordance with the terms. An endowment may either be a permanent or a quasi endowment.
- A fund for current use where the gift is expended in accordance with the terms. This may be a gift fund (GTXXXXXX) or, if for a capital project, a plant fund (CPXXXXXX).

A. Permanent (“True”) Endowment Funds

A permanent (“true”) endowment is a fund established in accordance with donor restrictions, to exist in perpetuity. There are two types:

- 1. True Endowments governed by the New York Prudent Management of Institutional Funds Act (“NYPMIFA”)**

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Under NY Law, the University may appropriate so much of a permanent endowment fund as is prudent for the uses, benefits, purpose and duration of the fund.¹

- The University may appropriate and spend from an endowment fund that has a market value that is less than the value of the original gifts so long as any appropriation is prudently determined in accordance with the factors set forth in NYPMIFA.
- Coded in ARC with a project type “EHDVN”, as spending original gifts is not prohibited.

2. True Endowments where NYPMIFA may not apply

In certain cases, NYPMIFA may not apply and the original value of all gifts contributed to the endowment, also called historic dollar value or corpus, may never be expended. In these cases, only the income and appreciation earned by the endowment fund may be expended for the purpose specified by the donor and agreed to by the University.

- This rule applies to funds:
 - created prior to the adoption of NYPMIFA, where the donor elected not to have NYPMIFA apply; or
 - as directed by a donor’s specific instructions in a gift instrument.
- If the market value of the endowment fund is less than the value of the original gifts, often called an “underwater” endowment, no appreciation is available to fund the spending, so the University may not appropriate and spend from the endowment. These funds will have their annual distribution automatically reinvested to principal until the fund is sufficiently above historic dollar value.
- Coded in ARC with a project type “EHDVY”, as spending original gifts is prohibited.

B. Quasi Endowment Funds

A quasi endowment (sometimes called “board designated”) is a fund that functions like an endowment, but without any legal restriction to hold the fund permanently. Thus, net appreciation, reinvested income and/or principal may be appropriated and expended in full. There are two types:

1. Donor-Directed

Donors may direct that their gifts be held as quasi-endowments, either because they envision the spending of principal at some point (or under certain conditions), or because they want to give the University that flexibility. The corpus of donor-established quasi-endowment accounts may be expended in accordance with donor terms and restrictions.

2. University-Directed

The University may designate certain funds to be held as quasi-endowments.

¹ See **Appendix A** for the specific considerations in determining appropriations from endowment funds under NYPMIFA

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Both types are coded in ARC with a project type “EQUAS”.

C. Current Use Gift Funds

Where the donor has not designated a gift for endowment, the gift is to be fully expended, unless the terms specify otherwise. These current use gifts are held in a gift fund (or if a gift for a capital project, a plant fund) in order to track the gift and related spending.

D. Common Endowment and Gift Purposes

Donors may designate the terms and restrictions of an endowment or gift. Many funds are commonly designated to support:

1. **Professorships** - Please see **Appendix B** for detailed information on Professorships, including requirements for the Trustees establishment of a Professorship and the Professorship Spending Guidelines
2. **Financial Aid** (Scholarships, Fellowships)
3. **Research**
4. **Capital Projects**

II. Establishing an Endowment or Gift Fund

A. Accepting a Gift that Establishes an Endowment or Gift Fund

1. Prior to soliciting or accepting any gift that establishes an endowment or gift fund, the responsible parties within each school, department, institute, center, or other University unit (“schools and departments”) must understand the proposed terms and the restrictions on spending and use, and have confidence that the school or department will be able to administer and spend in accordance with those terms and restrictions.
2. The Office of Alumni and Development requires the use of its standardized gift agreements for new gifts, other than bequests. These standardized agreements include provisions that facilitate the proper management and administration of the gifted funds. Exceptions to this requirement are evaluated on a case by case basis by the Office of Alumni and Development.
3. Prior to acceptance, all gift agreements must be approved by an authorized individual at the school or department receiving the gift, and by the Office of Alumni and Development, which will consult with the Office of General Counsel, the Gift Review Committee and University Officers and Trustees as necessary. Only the Executive VP for University Development and Alumni Relations or a VP of Development may accept a gift on behalf of the University.
4. Please review the Office of Alumni and Development’s **Gift Policies Manual** for further information related to the proper documentation for a gift and other matters: <http://policylibrary.columbia.edu/gift-policies-manual>. Standard gift agreement templates can be found at:
<http://campaigncentral.columbia.edu/ccp/policies/policypg.jsp?doc=Standardized>

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GiftA.html

B. Creating an Endowment or Gift Fund in ARC

1. All endowments and gifts must be set up in the University's financial system. Proper documentation must be submitted to establish and document the terms and restrictions of the fund. As per the **Gift Policies Manual**, the minimum for establishing an endowment is \$50,000.
2. A record for each endowment and gift is also set up in Advance/Athena, the centralized system of alumni and gift data at the University, and the authoritative repository for endowment and gift documentation.²
3. Approval by the EVP for Finance, or his/her designee, is required to set up an endowment fund in ARC.

III. Compliance with Endowment and Gift Fund Restrictions

A. Budgeting and Expending Endowment and Gift Funds

1. Budgeting

As part of the process of budgeting endowment and gift fund expenditures, schools and departments must ensure that planned expenditures are in compliance with the terms of the gift instrument.

- Pooled Endowment funds: Most of the University's endowments are part of an endowment pool, which is managed by the Columbia Investment Management Company.
 - During the annual budget process, the Office of Management and Budget calculates the University wide endowment spending rate per share for the following year, which is then approved by the Trustees. The approved spending rate is then multiplied by the number of shares each endowment fund holds to calculate the endowment income for the coming fiscal year. This information is then distributed to the schools and departments for use in developing their budgets.
 - The fair market value of a pooled endowment fund is based upon the number of shares the fund has in the total endowment pool, multiplied by the share price. Fund additions (new gifts, transfers, reinvestments) buy shares, and fund subtractions (transfers, decaps) sell shares, at the monthly price per share at the time of the transaction.
- Separately Invested Endowments: A small number of endowments are invested outside the endowment pool, in accordance with the donor's investment restrictions. These funds receive only the actual income (dividends, interest, royalties, rents) that the investments generate.
- Gift funds: In most cases, the entire gift received may be budgeted for spending. However, the agreement should be reviewed for instructions that limit the ability to spend (e.g. a \$100,000 gift to be spent \$20,000 over 5 years).

² Note that in certain cases, additional documents may reside with the Office of the General Counsel.

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2. Expenditures

All Deans, Department Chairs, Institute and Center Directors, and other University employees with financial, administrative and reporting responsibility with respect to endowment and gift funds are responsible for ensuring that the expenditure of these funds complies with the terms of the gift instrument, applicable legal and accounting standards, and University policy.

- Endowment Term Sheets are available on the Endowment Administration website (www.endowmentadmin.columbia.edu). The Endowment Term Sheets provide access to key information regarding the terms and restrictions of an endowment fund. University personnel are expected to utilize the Endowment Terms Sheets when administering and spending from endowments.
- Questions about the interpretation and scope of terms and restrictions in gift instruments should initially be directed to the Director of Endowment Compliance who will involve the Office of the General Counsel as necessary.
- Each school or department must understand all applicable restrictions, standards and policies, even if the funds are transferred from another department.
- Any reporting and stewardship obligations are the responsibility of the school or department spending the fund.
- All transactions must be properly approved and documented so that there is sufficient written explanation to support the use of the funds. In addition, approvals for all transactions related to expenditures are subject to University policies on transaction approval and authority.

3. Charging Expenses to Endowment and Gift Funds

Expenses incurred for endowment and gift purposes should be charged directly to the applicable endowment or gift fund. Given the careful accounting and financial tracking that is required, transferring, pooling, or aggregating funds from different endowments or gifts should be avoided.

- After a thorough review of the restrictions of each fund to confirm a transfer is appropriate:
 - Transfer entries involving endowment or gift funds must be approved by a Senior Business Officer.
 - Schools or departments **must** keep detailed documentation to substantiate appropriate use and demonstrate that expenditures meet the terms of each endowment or gift. Documentation substantiating appropriate use **must** be attached to the transfer entries in the financial system. A substantiation template is available on the Endowment Administration website to assist in properly documenting these transactions.

4. Overdrafts and Surpluses in Endowment and Gift Spending

Each school or department is responsible for monitoring its endowment and gift funds to ensure the fund balance does not fall into deficit and/or is not accumulating substantial surplus.

a. Overdrafts

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In general, a surplus in one endowment or gift fund may not be transferred to another endowment or gift fund, particularly if the purpose of the transfer is to cover a fund overdraft. Transfers into any restricted fund to relieve overdrafts, from either unrestricted or restricted balances, may complicate donor reporting and, therefore, are not recommended. Expenses should be moved from the restricted endowment or gift fund to an unrestricted fund to relieve the overdraft.

b. Surpluses

As a matter of policy, surpluses and excessive accumulation of income or gifts should be avoided and these funds should be expended regularly each year. Under limited circumstances (e.g., the terms of the gift actually contemplate accumulation), accumulation may be appropriate.

Options for surplus spending include:

- Supporting activities in the next fiscal year that conform to donor restrictions.
- Committing the funds to future planned and approved programs/recruitment that conform to donor restrictions.
- If an endowment, reinvesting part or the entire surplus, if consistent with donor restrictions. Note, however, that accessing these surplus funds in the future requires that the department follow the decapitalization procedures outlined below.

B. Decapitalization (“Decapping”) of Endowment Funds

Decapping is appropriating for expenditure the net appreciation, reinvested income and/or principal from endowment principal beyond the amount distributed as a result of the spending rule. As stated earlier, under NY Law, unless the donor has provided specific instructions either in a gift instrument or other writing, the University may appropriate so much of an endowment fund as is prudent for the uses, benefits, purpose and duration of the fund.³

Unless the donor specifies otherwise, the University’s policy is not to decap below 120% of the value of the original gift(s) to an endowment fund, adjusted annually at the HEPI (Higher Education Price Index) rate for periods beginning in 1961, and CPI prior to 1961 and during any period for which HEPI is not available. Inflation adjustments will begin three years after the date of the first gift to the fund, or if unavailable, the fund establishment date. If there have been additions to principal over many years, a more detailed inflation calculation may be required. Any exceptions to this policy must be reviewed and approved by the Office of Endowment Compliance, the VP of Budget and Planning and the Executive Vice President for Finance and Information Technology and approved by the Board of Trustees.

³ See Appendix A for the specific considerations in determining appropriations from endowment funds under NYPMIFA.

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Quasi endowment principal accounts are not subject to this rule and may be decapped in full.

Decapped funds must be used exclusively for the uses and purposes for which the endowment fund was established. As a matter of stewardship, potential decaps must be discussed with the Development Office of the academic unit involved.

See the University's policy "**Decapitalizing Endowment Funds**" for further details.

C. Modifying Restrictions

Modifying the terms and restrictions of an endowment or gift is a significant proposition. There are essentially three ways to modify donor restrictions:

1. Seek the donor's or donors' **written** consent. Oral agreements are not acceptable.
2. If changed circumstances make it illegal, impracticable, or impossible to expend the funds in accordance with the terms of the agreement, and if the donor cannot or will not agree in writing to a proposed change in purpose, a cy pres action can be initiated by the University, to petition a court for a modification of restrictions. Inconvenience or general difficulty in administration is not a legally acceptable basis for cy pres. Endowment funds that are more than 20 years old and less than \$100,000 may be eligible for a simplified modification process, which includes providing written notice to the Attorney General.
3. If changed circumstances make it illegal, impracticable, or impossible to expend the funds in accordance with the terms and the gift agreement includes a cy pres provision that permits Columbia to make that determination and modify the restriction(s), Columbia can make these modifications in accordance with the process, and within the limitations, set forth in the gift agreement.

If a school or department is contemplating a request to modify one or more restrictions through any of the ways listed above, the senior officer must contact the Office of the Controller who will involve the Office of the General Counsel as needed. In cases where a donor will be contacted about modifying a restriction, the Development Office of the appropriate academic unit should also be contacted because, in most instances, the fund raising relationship managers will be the best people to make first contact with the donor, to explain and negotiate the changes being sought.

D. Substantiation, Monitoring, Stewardship, and Reporting Requirements

1. Substantiation

Detailed information must be maintained regarding the amount of expenditures from endowment and gift funds and the purposes for which the expenditures are made. The documentation must be sufficient to substantiate that the funds were used in accordance with the fund's terms and restrictions. At the close of each fiscal year, each school and department is required to confirm that all expenses in the endowment and gift funds utilized were compliant with the applicable terms and restrictions.

2. Monitoring

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The Office of the Controller is authorized to conduct ongoing monitoring of endowment and gift fund administration and compliance. In particular, the Office of the Controller has the authority to:

- review fund transactions, including fund transfers, for compliance with donor restrictions and/or University policy;
- monitor surpluses and overdrafts; and
- monitor all other aspects of endowment and gift fund administration and compliance.

All schools and departments are required to respond to inquiries and requests for information from the Office of the Controller regarding matters of endowment and gift fund administration. Determinations issued by the Office of the Controller concerning endowment and gift fund administration and compliance, and interpretations received by the Office of General Counsel regarding donor terms and restrictions must be followed.

Annually, Internal Audit may review a random sample of endowment and gift funds. This review is designed to ensure that endowment and gift administration functions are subject to adequate and effective controls.

3. Stewardship

Sometimes endowment or gift terms require the University to give periodic reports to donors regarding the use of their gifts. The school or department should coordinate with the Office of Alumni and Development to ensure that donor-mandated stewardship reports are completed timely. In addition, Development prepares many voluntary stewardship reports, so the school or department is required to facilitate voluntary reporting as requested.

4. Reporting

Section 513 of the Not-for-Profit Corporation Law requires the University's Treasurer to present to the University's Board of Trustees an annual report as to the endowment and gift funds held by the University, the use by the University of those assets, and, if an endowment, their income. The report is prepared by the Controller's Office for presentation to the Trustees.

IV. Summary of Responsibilities

Below is an extract of the responsibilities discussed in this policy. **Please note this is not an exhaustive list of the responsibilities for these University units.**

Office of the Controller

- Serve as the centralized resource for questions regarding the administration and compliance of endowment and gift funds pursuant to this policy, including compliance with the terms and restrictions of an endowment and gift fund
- Coordinate and review matters, as necessary, with the various University departments that are involved in endowment or gift administration and compliance, including the

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Office of Alumni and Development, the Office of General Counsel, the Office of Management and Budget, and Internal Audit

- Provide support with respect to endowment and gift funds
- Review and approve requests to create an endowment fund Conduct ongoing monitoring of endowment and gift fund administration and compliance
- Prepare the annual report on endowment and gift funds on behalf of the Treasurer for presentation to the Board of Trustees

Office of the General Counsel

- Provide support with respect to endowment and gift funds
- Advise on the interpretation and scope of terms and restrictions in gift instruments
- Determine, as appropriate, whether a fund is a candidate for a cy pres proceeding
- Advise as needed on the terms of proposed gift agreements

Office of Alumni and Development

- Maintain the University's policies and procedures relating to the solicitation, acceptance and voluntary stewardship of gifts, pledges, and bequests
- Store information about the endowment and gift funds, including the terms and restrictions and images of the gift documents on the Advance/Athena system
- Approve gift agreements, prior to acceptance, and consult with the Office of General Counsel, and University officers and Trustees as necessary
- Oversee stewardship

Office of Management and Budget

- Work with the Controller's Office, as necessary, to determine if the fund is central or non-central
- Calculate the University wide endowment spending rate per share for the following year fiscal year

Internal Audit

- Determine the adequacy and effectiveness of internal controls as they pertain to endowment or gift compliance and administration

School / Department / Institute / Center / and Other University Units (Including Deans, Department Chairs, Institute and Center Directors, Senior Business Officers, and University employees with financial, administrative and reporting responsibilities with respect to endowment and gift funds.)

Day-to-day responsibility for the financial administration of endowment and gift funds may be delegated by a Dean, Department Chair, Institute or Center Director (or similar head of a University unit, as applicable) to the senior business officer and/or a financial administrator of the applicable unit. The ultimate responsibility for stewardship and financial management remains with the Dean, Department Chair, Institute or Center Director. The senior business officer of the unit should work with the Dean, Department Chair, or Director, and in coordination with Office of Alumni and Development or

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School-based Development staff, as applicable, to ensure appropriate controls and procedures are in place for the school or center to fulfill the following responsibilities:

- Ensure that the expenditure of endowment and gift funds complies with the terms of the gift instruments, applicable legal and accounting standards, and University policy
- Consider the legal requirements for endowment and gift fund expenditures in the budgeting process
- Understand all such restrictions, standards and policies, even if funds are received from another department (or other University unit)
- Use the Endowment Term Sheets and Advance/Athena as the primary source of endowment and gift fund information
- Understand the terms and restrictions of proposed gifts and have confidence that the school or department will be able to administer and spend in accordance with those terms and restrictions, prior to soliciting or accepting any gift
- Use the standard gift agreements
- Review and approve gift agreements (prior to acceptance) by an authorized individual at the school
- Submit a ChartField request to create a new endowment fund or update the attributes or terms of an existing endowment fund. A job aid to assist in completing the request can be found at:
http://finance.columbia.edu/files/gateway/content/training/job_aids/endowment_project_request_ja.pdf Approve and properly document transactions so that there is sufficient written explanation to support the use of the funds
- Monitor endowment funds to ensure the fund balance does not fall into deficit and/or is not over expended
- Spend endowment income and gifts regularly
- Fulfill any reporting and stewardship obligations that are the responsibility of the applicable school or department
- Ensure all approvals for transactions related to expenditures are in accord with University policies on transaction approval and authority
- Ensure any pooling or transferring is appropriate and detailed documentation is attached in the financial system to substantiate use in accordance with the terms and restrictions
- Follow the guidelines promulgated by the Office of Management and Budget, Office of the Controller, and the Office of General Counsel for accessing the net appreciation of true or quasi endowment funds
- Confirm that all expenses in the endowment and gift funds utilized were made in compliance with the applicable terms and restrictions at the close the fiscal year
- Respond to inquiries and requests for information from the Office of the Controller regarding matters of endowment or gift fund administration
- Comply with determinations issued by the Office of the Controller concerning endowment or gift fund administration and compliance, and interpretations received by the Office of General Counsel regarding donor restrictions
- Contact the Office of the Controller if a school or department is contemplating a request to modify one or more restrictions

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Contacts

Any questions or inquiries with respect to the administration of this policy, including compliance with the terms and restrictions of an endowment or gift fund, should first be directed to the senior officer within the appropriate school or department. The senior officer may then contact for further direction, clarification or assistance with respect to any issue. For additional information, please visit the Endowment Administration website at www.endowmentadmin.columbia.edu.

Questions regarding the compliance and financial administration of endowment or gift funds:

Office of the Controller

Contact: Jacqueline Erickson, Director of Endowment Compliance

Email: je2015@columbia.edu

Phone: (212) 854-9689

Questions regarding legal issues (e.g., legal interpretation of terms and restrictions, modifying restrictions):

Office of the General Counsel

Contact: Remi Silverman, Associate General Counsel

Email: rs@gc.columbia.edu

Phone: (212) 854-0287

Questions regarding professorship appointments (Appendix B):

Office of the Provost

Contact: Pearl Spiro, Associate Provost

Email: ps27@columbia.edu

Phone: (212) 854-1337

In addition, the Office of University Compliance provides a compliance hotline website for confidential, anonymous, and open communication of any concerns or suspicions of business misconduct, including endowment and gift fund administration and management. For more information, please refer to the website:

<https://www.submitreport.com/columbiauniversity.jsp>.

Website for Endowment related policies, forms, procedures

- www.endowmentadmin.columbia.edu

Cross References to Related Policies (<http://policylibrary.columbia.edu/>)

- Decapitalizing Endowment Funds
- Gift Policies Manual
- Distinguishing Gifts from Sponsored Projects

Training

- **Endowment Administration and Compliance**

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Administrators who are involved with the financial, administrative, or reporting responsibilities with respect to endowment funds must complete this class. This training is mandatory in order to obtain access to the Endowment Term Sheets.

Register at: <http://finance.columbia.edu/content/endowment-administration-compliance-0>

- **Advance/Athena**

Access to Advance/Athena is available to University employees who have administrative, fundraising, or financial responsibilities involving endowment or gift funds. Training is required for all Advance/Athena users. For additional information about Advance/Athena, including online training schedules, visit:

<http://www.advance.columbia.edu/>. For additional inquiries, please email advtraining@columbia.edu.

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Appendix A

Specific considerations in determining appropriations from endowment funds under NYPMIFA

In accordance with the New York Prudent Management of Institutional Funds Act (“NYPMIFA”), when determining appropriations from permanent endowment funds, the University considers the following 8 factors:

- The duration and preservation of the endowment fund
- The purposes of the institution and the endowment fund
- General economic conditions
- The possible effect of inflation or deflation
- The expected total return from income and the appreciation of investments
- Other resources of the institution
- Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on the institution
- The investment policy of the institution

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Appendix B Professorships

Trustee Approval Requirements

Establishment or Revision of a Named Professorship

All named professorships must be approved by the Provost followed by the Board of Trustees.

- The request to establish or revise a professorship is made by the Dean of a School and/or the appropriate academic executive vice president in a letter to the Provost. These request letters must contain relevant terms and restrictions from the gift instrument, and must be reviewed and approved by the Office of Endowment Compliance, prior to submission to the Provost. The Provost's Office reviews and approves these requests, and prepares them for submission to the Trustees.

In accordance with the University's Gift Policies Manual, in an effort to avoid any potential conflicts, only faculty members who have retired from full-time appointments may be honored through the naming of endowed professorships.

- It is not the intention to discourage the laudable impulse of a donor (or group of donors) to honor outstanding active faculty through an endowed professorship in their name. If a donor desires to establish a fund to honor an active member of the faculty, the following options are available:
 - the chair may be established under an alternative name and then renamed for the faculty member upon his/her retirement;
 - the professorship may be created in the active faculty member's name, but it may not be filled until s/he retires; or
 - proceeds from the fund established may be used to support the faculty member's work or research while s/he is active, and then converted to a professorship upon his/her retirement.

Appointing Faculty to a Professorship

The Provost and the Trustees must also approve appointments of full professors and associate professors to a professorship. As the process may differ for associate professors with and without tenure, the Provost's Office should be consulted. The School must ensure that the appointment is in accordance with the terms of the agreement. The appointment request may be included in the letter requesting the establishment/revision of the professorship or may be a separate request.

Appointments to named visiting and assistant professorships do not require approval from the Provost and the Trustees, assuming that the Trustees have approved the establishment of the named visiting and/or assistant professorship.

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Timing of Establishments and Appointments

Typically, a professorship is established when full payment has been received or when the fund has reached the minimum amount required through a combination of gifts and capital appreciation.

- Incremental Professorships (new faculty position): Under certain circumstances, at the request of the dean and/or donor (or, in some instances, through an advocate such as the development officer or dean and/ or academic executive vice president), the professorship may be established by the Trustees when at least 50% of the gift has been received. In those cases, an incumbent will not be appointed to an incremental professorship until the entire pledge has been fulfilled.
- Substitutional Professorships (for an existing faculty member): Because of the importance of establishing new professorships in the current climate for recruitment, a dean may request formal establishment of a substitutional chair and appointment of a first incumbent when at least 50% of the endowment minimum has been established. Donors might also wish to provide additional spendable support to accelerate the process.

Submitting Establishment, Revision, and/or Appointment Requests to the Provost's Office

- The draft request letter and copy of relevant gift agreements should be sent to the Office of Endowment Compliance (endowmentadmin@columbia.edu). Endowment Compliance will provide comments/approval, and copy the Provost's Office.
- The draft request letter should contain the exact name of the professorship; information about the gift, including how much the University has received to date, and the schedule of payments (if any are remaining); the terms of the professorship, including which ranks of faculty may hold it (and whether the original incumbent may continue to hold it as he/she receives changes in title) and the field of specialization of the incumbent (if the terms do not specify a particular field, the letter should state so); and the biography of the donor(s), including how much and for what they have donated to the University in other contexts.
- A calendar of deadlines for submission of these materials to both the Office of the Provost and Endowment Compliance must be observed in order to ensure submission at the intended Trustee meeting/teleconference.
<https://finance.columbia.edu/content/basic-procedures>

Professorship Spending Guidelines

The gift instrument must be reviewed in order to determine a donor's directions with respect to the type of expenses that may be paid from an endowment. Some professorship endowments are very straight forward, being restricted by the donor simply for the support of the professorship, without additional restrictive or expansive language. These endowments are sometimes referred to as "plain vanilla" professorship

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endowments. The Office of General Counsel has established guidelines for expenses that may be allowable for those straightforward, “plain vanilla” professorship endowments which can found at <https://finance.columbia.edu/content/key-policies>.

- These expenses are only allowable when the professorship is filled, unless the gift agreement provides otherwise.
- Expenditures charged to the endowment may only be for those incurred once the incumbent has been appointed by the Trustees.
- When the professorship is not filled and the agreement has not specifically provided for spending or reinvesting during the vacancy, the department may determine whether the spending distribution should be reinvested during this time.

As these are guidelines, you may have questions about how they apply to a specific fund or set of circumstances, and should contact the Office of Endowment Compliance, who will involve the Office of the General Counsel as needed.

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