Scope

This policy covers guidelines for the administration of endowed professorships at the Yale School of Medicine.

Policy Statement

Professorships should:

1. Provide honor to our most successful faculty.
2. Provide a predictable income stream for these faculty members to invest in their academic programs, as well as other programs that they determine merit the use of their funds.
3. Permit chair holders to set aside some reasonable level of funds for future use.

All endowed payouts must first meet the terms of the indenture and the intent of the donor. Within the limits of the indenture, these policy guidelines apply.

Reason for the Policy

The purpose of the policy for funding of professorships is to clarify and articulate the appropriate use of these funds, directing them towards the sustainment of the academic priorities of the School and its individual faculty/departments/sections.

Definitions

Long Term Spending Rate

The Long Term Spending Rate is determined by the University and is currently 5.25 percent, modified by a smoothing rule that adjusts spending gradually to changes in endowment market value. More information about the spending rule, which is used to provide consistent distributions that are not drastically affected by abrupt changes in the value of the endowment, can be found at:

http://www.yale.edu/about/Endowment_Update.pdf

The total Yale University endowment spending for the year is the sum of 80% of the prior year’s actual endowment distribution, adjusted for inflation, plus 20% of the targeted spending amount.

Minimum Contribution to Create an Endowed Professorship.

The Medical School minimum contribution required to create an endowed professorship is $3 million.

Policy Sections
00.1 New Professorship

1. All professorships newly awarded to faculty should adequately fund each of the professors and allow the awarding of the maximal number of professorships.

2. The goal is to start each professor with an endowment income equal to the payout on the minimum amount of gift required to fund an endowed professorship. Corpus and income would then grow with time as the Yale endowment grows.

00.2 Endowed Professorship Fund Income Distribution

1. If the market value of the fund supporting a professorship is less than the university minimum, the administrative holder of the fund may fund the professorship at the income stream generated or it may fund it at the level described in Section 00.1 above, at its expense.

2. If the market value supporting a professorship is equal to or more than the minimum funding required to endow a professorship at YSM, the administrative holder of the fund may in accordance with the terms of the indenture elect to:
   a. Fund multiple professorships at the new professorship level, contingent on the approval of the dean and the president,
   b. Fund one professorship at the level of a new professorship, utilizing the remainder of the funds to support the department/section/school in accordance with the indenture or
   c. Fund the professorship using all the funds generated.

3. Each professorship will grow or decrease with the value of the University endowment.

00.3 Administrative Charges/ Excess Fund Balances

1. $25K from the endowment income will be removed and provided to the department/section within which the professor’s primary appointment resides. In keeping with the terms of the indenture, these funds may be used for support of the professor (salary, secretarial support, etc.) or, at the discretion of the chair/section chief, may be returned to the chair holder.

2. If unspent endowment income exceeds $500K at year end, funds in excess of $500K will be transferred to the center or department that holds the endowment for use in accordance with the indenture and the intent of the donor. Under exceptional circumstances related to creating funds for development of a program with high institutional value, and with pre-approval of the Department and Dean, balances in excess of $500K will be allowed to remain. Upon departure of the faculty holding the chair, any residual funds will be transferred back to the home organization the month after the departure occurred.
Related Information
Endowed Income Spending Guidelines: See YSM Procedures and Guidelines
http://info.med.yale.edu/finops/management/index.html

Contacts
Provide a list of contacts in the table format below.

<table>
<thead>
<tr>
<th>Subject</th>
<th>Contact</th>
<th>Phone</th>
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<tbody>
<tr>
<td>Interpretation</td>
<td>YSM Financial Operations Business Administrator</td>
<td>785-2560</td>
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<td>Development</td>
<td>YSM Development</td>
<td>436-8560</td>
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<tr>
<td>Finance</td>
<td>YSM Financial Operations</td>
<td>785-3890</td>
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</tbody>
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Revision History

Forms and Exhibits