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An Investigation of Development Policies Related to the Establishment of Endowed Chairs at Research I and Ii Universities

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AN INVESTIGATION OF DEVELOPMENT POLICIES RELATED TO THE ESTABLISHMENT OF ENDOWED CHAIRS AT RESEARCH I AND II UNIVERSITIES

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DEDICATION

In memory of my Dad.

To my Mom, brother Bob and sister-in-law Joyce.
I am forever grateful for your loving support.

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ABSTRACT

This study examines the content and use of development policies to establish endowed chairs at Research I and II universities. Research universities were selected for this study because they typically have the largest endowments compared to other types of institutions. Baseline data were collected from these institutions about their endowed chairs, the amount invested in endowed chairs, and the total amount of their endowments. Endowed chairs are an intriguing subject because they carry prestige, they exist in perpetuity, and they each add a million dollars or more of gift income to a university's total endowment. Making a gift to a university to establish an endowed chair is a substantial and long-term investment in higher education. This study illuminates how policies are used to create an endowed chair at research universities.

A million dollar gift results in a significant investment in the academic life of the institution, especially $1 million to perpetuate a faculty position in a specific discipline. When a gift for an endowed chair is possible, the institution must balance its academic plan with the financial needs of the institution. At the same time, the needs of the donor are weighed against the needs of the university. When these issues balance, institutions receive major gifts for academic positions. When they do not balance, the institution and the donor may disagree and remain at odds.

This contentious relationship between university and donor has existed in higher education since the first chair was created at Harvard in 1719. Tension resulted between Harvard and the donor of the first endowed chair and those tensions still exist as endowed chairs are established at colleges and universities today. Donors often expect or desire to make decisions that the institution believes are inappropriate.

This study examined the practices of accepting gifts for endowed chairs at research universities. Qualitative research methods were used to understand these practices. The data were gathered from development officers' responses on a questionnaire and samples of policy documents they submitted. The data from the questionnaires were tallied and the policy documents were analyzed.

The findings showed that, despite their significant investment in endowed chairs, institutions do not have policies that support decisions made to create endowed chairs. Universities that have endowed chairs usually have endowed chair policies, but policy content is often sparse and rarely states why an endowed chair would be refused. The study also reports data concerning endowed chairs that have not been collected in any other study. Further, the study gives institutional leaders recommendations for creating policy, including content areas that can make a policy a viable and valuable instrument.

CHAPTER I

INTRODUCTION

Background

When an endowed chair is established at an institution of higher education, it can help strengthen an academic department, recognize a distinguished faculty member, and enhance the institution's stature and financial security. The following incident illustrates how an endowed position can also result in confusion, differences between faculty members and campus leaders, and unmet or unchallenged expectations by the donor whose gift establishes the chair.

In 1995 the president of the University of Hawaii at Manoa wanted to move an endowed chair from the tourism school, where it had been for ten years, to the business school. The president felt the change was necessary because the donor of the chair was unhappy that the chair had been vacant on several occasions (Nicklin, 1995). Faculty members, however, argued that the chair hadn't been filled because the donor had been involved in hiring decisions and that moving the chair would "give the donor too much influence over campus matters" (p. A44). The Faculty Senate then asked for a policy that required the support of the faculty before any endowed positions could be moved.

This situation at the University of Hawaii is not an isolated case. Since the first endowed chair was established at Harvard in 1719, colleges and universities have had difficulty balancing the institution's needs against the interests of the donor. Because the academic institution itself makes decisions about accepting donations, the Hawaii example also raises the question about how susceptible a college or university is to external factors and how it can protect itself from being influenced by external factors.

This study singles out donors as external factors. Contributions from corporations, foundations, organizations, alumni and other individuals are an important revenue source for higher education. A total of $12.75 billion was donated to higher education in 1995 (Council for Aid to Education [CFAE], 1996), an increase of 3.2 percent from 1994. In its 1995 Survey of Voluntary Support of Higher Education, the CFAE (1996) also reported the amounts donated for four major purposes: current operations; property, buildings and equipment; loan funds; and endowment. The Survey stated that $3.8 million, 30 percent of charitable contributions at 1,086 colleges and universities, were made for endowment purposes. In response to this news, Richard W. Trollinger, executive director of development at Centre College (KY), said that donors favor gifts for endowment because they are more permanent than for buildings (Nicklin, 1996).

Funds for endowment are invested and only the interest earned on these funds is available for institutional use (Massy, 1990). When a donor makes a charitable contribution for endowment, it is usually large, in the tens of thousands of dollars. The donation is large because the interest earned from the endowment often provides annual support for an activity, a program, or a faculty position (Massy, 1990). This study more closely examines donations given for institutional endowment.

The size of an endowment is often used to describe the institution and its financial condition. The National Association of College and University Business Officers (NACUBO) has conducted an annual endowment survey since 1971 to examine the size of college and university endowments and their market growth. In 1995, 73% of the 460 endowments reported in the study were for private institutions and 26% for public institutions (NACUBO, 1996). The majority of endowment assets is held by research universities, both public and private. Public research universities held 87% of public sector endowment assets while representing slightly more than one-half of all public institutions, including 2-year institutions. Only 12% of private institutions were research universities, but they held 62% of the private endowment assets for this sector (NACUBO, 1996).

Because research universities receive the substantial amount of donations for endowment, they were chosen as the target population for this study. Research universities are one of six general categories of colleges and universities, based on the most recent definitions of higher education institutions (Carnegie Foundation for the Advancement of Teaching, 1994). The other general categories are Doctoral Universities, Master's (Comprehensive) Colleges and Universities, Baccalaureate (Liberal Arts) Colleges, Associate of Arts Colleges, and Specialized Institutions.

The specific focus of this study is on endowment donations to research universities that are used to establish faculty positions, typically called **endowed chairs**. The position of an endowed chair is generally regarded as a prestigious position within the university (Bell, 1986; Fitzpatrick, 1985; Ford, 1985) and within the academic discipline represented by the chair. The creation of the chair can be fraught with problems such as not having enough interest generated from the endowment gift to cover the cost of the entire faculty member's salary and other expenses. The university might also accept a donation for an endowed chair in an academic discipline that is not an institutional priority or for which the university has no corresponding department. Establishing an endowed chair could also be complicated by the donor's desire to be involved in hiring faculty or deciding course content (Netherton, 1995).

A fascinating aspect of a donation for an endowed chair is not the donor's interest in supporting a specific academic department, but rather if the donor's interest is parallel to university needs (Smith, 1993). The tension between donor interest and university needs, documented throughout the history of endowed chairs in the United States, serves as an important theme throughout this study. This study not only examines the size of university endowments devoted to endowed chairs, but also the ways that universities solicit and accept these donations. An important element in the study is the examination of policies used by research universities to accept donations that create endowed chairs. The policies, along with other procedures or practices, demonstrate the extent to which universities are susceptible to external factors and whether they have safeguards to protect them from the potential influence of a donor.

The study also establishes baseline data about the number and size of endowed chairs at research universities. These baseline data are important since the annual NACUBO study does not collect data on the uses of endowment funds. In addition, as of this writing neither national databases are published by any group nor comprehensive surveys about endowed chairs are conducted.

Key Assumptions

The study begins with four key assumptions: (a) overall endowment and specifically endowed chair funding are critical as a designation of a university's prominence and financial security (Fitzpatrick, 1985; Massy, 1990); (b) donor preferences influence the academic disciplines represented by endowed chairs (Curti & Nash, 1965; Netherton, 1995); (c) universities place a great deal of emphasis on securing major gifts for endowed chairs (Dunlop, 1982; Ford, 1985); and (d) carefully prepared institutional policies are necessary for the proper oversight of creating endowed chairs (Brittingham & Pezzullo, 1990; Morrell, 1991; Smith, 1993).

Endowment Critical

For fiscal year 1995, more than 175 universities and colleges reported endowments of $100-million or more and 17 of the top 20 endowments were more than $1 billion (NACUBO, 1996). Even small colleges like Grinnell College (IA), Macalester College (MN), and Oberlin College (OH) are respected for their endowment and this endowment is often used as a characteristic of prestige or academic excellence with donors and with potential students. Universities rely on endowment for providing annual income for unrestricted and restricted purposes. For example, according to NACUBO (1996), median endowment size is $70 million, making $3.29 million available to an institution during 1995. NACUBO (1996) reports that institutions use an average of 4.7% of their endowment for spendable purposes.

Donor Preference

The personal and professional interests of donors often influence the academic disciplines represented by their gifts to establish endowed chairs. Clearly it is the donor's close relationship with the university that inspires the donor to make a donation in the first place. Since donors provide funds for purposes that are of interest to them, endowed chairs can be influenced by the interests of those who have the kind of wealth necessary to make a major gift. For instance, over the past 20 years the business climate has produced many successful entrepreneurs. The number of endowed chairs in the field of entrepreneurship has also increased. As a precursor to this study, endowed chair position vacancies as advertised in The Chronicle of Higher Education were recorded for a 6-month period in 1989 and 1990. It is not surprising that the greatest number of chairs advertised were in the fields of business, finance/accounting, public affairs and entrepreneurship and many of these were newly created chairs.

Foreign philanthropists have also influenced endowed chairs in the United States. From July 1992 through December 1993, six American universities received foreign donations for endowed faculty positions (Blumenstyk, 1994). These foreign donations included $5 million from Tokyo Electric Power of Japan to create an environmental research program and professorship at the Massachusetts Institute of Technology, $3.5 million from the Korea Foundation to create an endowed chair in

Korean literature at Harvard, and $500,000 from H. H. Shaikh Hamad bin Issa Alkhalifa, Crown Prince of the State of Bahrain, for an endowed chair in the School of Business at American University.

The interests of donors are further illustrated in the following examples of newly created endowed chairs as announced in The Chronicle of Higher Education during 1996 and 1997:

1. Duke University receives $1 million from Ford Motor Company for a professorship in global marketing (November 29, 1996).

2. University of California at San Francisco receives $1.1 million from Radiometer America, Inc. to endow a fellowship in anesthesia research (November 29, 1996).

3. The University of Missouri at Columbia accepts $550,000 from Ralston Purina Inc. for a professorship in small animal nutrition (November 29, 1996).

4. The American University receives $2.6 million from Mohammed Said Farsi of Jidda, Saudi Arabia, to endow a professorship in the study of Islam and peace (January 24, 1997).

5. Case Western accepts $2.3 million from Blue Cross of Ohio for a professorship in the nursing school (June 21, 1996).

6. Georgia Institute of Technology receives $1.5 million from LaRoche Industries to endow a chair in chemical engineering (January 24, 1997).

Development Growing

Colleges and universities conduct fund raising activities, including the solicitation of endowed gifts, through their development departments. Raising funds has become an important function of universities (Smith, 1993) and more time and effort are provided to receiving large, or major, gifts (Brittingham & Pezzullo, 1990; Dunlop, 1982). Universities today, through their development offices, are frequently conducting million dollar plus campaigns. Led first by Stanford in 1987, Columbia, the University of Pennsylvania, Cornell, Yale, Harvard, the University of Michigan, and the University of California-Berkeley have since announced or conducted campaigns with goals to raise $1-billion or more. Columbia's campaign to raise $2.2 billion is expected to conclude in the year 2000. There is no doubt that raising money for colleges and universities is big business for these institutions.

Policies Important

Educational leaders believe that written policies are important in the practice of educational fund raising. Brittingham and Pezzullo (1990), Smith (1993), and Netherton (1995) recommend that educational institutions develop procedures and policy statements to strengthen fund raising programs and maintain ethical integrity. The increased consumer orientation of donors calls for policies that also serve the needs of donors. According to Morrell (1991), donors want to act more as partners, with legal agreements that say so, than as just providers of resources. Morrell (1991) also states that donors are demanding more accountability from schools and colleges about the use of their gifts. "Donors and prospects want to know—and perhaps need to know—how we structure institutional finances, where we invest their gifts, and what our objectives are in making those investments" (p. 59). Decision-making is facilitated by written policies, especially when a university considers accepting a donation (Smith, 1993). "It is essential for colleges to have comprehensive, well-thought-out gift policies and procedures which look the gift horse straight in the mouth and ensure that there are no unwanted surprises lurking inside," says Smith (1993, p. 1). Speaking as development officers themselves, Pezzullo and Brittingham (1990) report that development officers must determine what private support to pursue or accept. How should an institution respond to donors' wishes or demands and, at the same time, best serve the institution and the greater community?

Specifically in the area of endowment, professional organizations such as the National Association of College and University Business Officers (NACUBO), the Association of Governing Boards (AGB), and the National Association of College and University Attorneys (NACUA) recommend that governing boards adopt policies to address the purposes and investment of endowed funds. Once a governing board appropriates endowment income for spending, it must set policies on how such funds should be used (Massy, 1990). Further, having guidelines for the use of endowment funds and establishing an investment policy may help an institution increase its endowment gifts (Stuhr, 1985). For example, 65% of the 460 institutions in the NACUBO (1996, p. 6) study spend a "prespecified percentage" of the market value of the endowment, thereby returning some interest to the principal. Stuhr (1985) also suggests that discussing the conditions of accepting a gift and the institution's sound business practices with donors provides them with a clear sense of how their gift would be invested and used.

The need for policies, the emphasis on raising funds, the influence that donors can wield, and the importance of endowment are four key assumptions of this study. These assumptions help form the basis for a review of related literature, including the historical significance of endowed chairs. They also influence the fundamental research questions for this study.

Research Questions

This study investigates the current practices of selected universities regarding how endowed chairs are established and to learn more about the process involved in their establishment. The research conducted in this study was guided by the following fundamental questions:

1. Do universities that have endowed chairs have written policies to establish them? What approval is needed to implement policies? How often are policies updated?

2. What kinds of questions do policies seem to be answering? Do the policies forestall, allay or predict concerns?

3. Are there types of policies concerning function or intended audience?

4. Are there any differences in policies between public and private universities? Between Research I and Research II universities?

5. From institutional policy analysis, these questions will be addressed:

   a) For what purposes are endowed chairs established?

   b) Who participates in the decision-making process to create an endowed chair?

   c) Are there various types and funding requirements for endowed chairs?

   d) Is there a provision in the policy for contact between the development office and the academic discipline?

   e) Is an investment policy stated?

   f) What expenses for the endowed chair are to be paid annually by the endowment?

   g) What ethical concerns, if any, are addressed in the policy?

   h) Do policies address situations where the university might refuse a gift for an endowed chair?

Significance of the Study

One of the most obvious benefits to conducting this study is to add to existing knowledge since the body of research concerning endowed chairs is limited. Beyond this, however, there are several reasons why this research is significant for development practitioners and other university administrators.

The first is to identify what is commonplace or current practice. The essential components of a policy to establish an endowed chair have not been identified previously. For future research, especially as changes in practices emerge or new trends develop, characteristics of current practices are needed. This is especially important in a field such as university advancement or development, which has become an essential activity of a broad range of institutions (Brittingham & Pezzullo, 1990).

The second reason why this research is significant is because it can be instructive. The results can assist institutional leaders as they make decisions about new or existing endowed chairs. While the results will be particularly helpful for development officers—in writing new policies or improving existing policies—-the research will be beneficial for academic administrators faced with an expanding role in the solicitation and approval of endowment gifts. The results will also be instructive for researchers in higher education who wish to study external factors concerning university fund-raising activity.

A third significant reason for conducting this study is to expand knowledge about internal policy-making, especially as it relates to accepting permanent, invested gifts that often shape an institution's future. As universities continue to announce million- and billion-dollar campaigns, the need for accountability and good business practice will increase. Further, an intensified call for ethics in fund raising will lead development officers, university presidents and governing boards to adopt and follow policies that are socially conscious and of high moral value.

Definitions

The Development Office is the department or division often assigned to raise funds for the university. These offices are also referred to as institutional advancement. Either one describes the university's activities for raising funds from individual donors, businesses, organizations, foundations, and alumni. **The Chief Development Officer** (CDO) frequently has the title of Vice President for Development and oversees all aspects of development activity for the university. In research universities, it is common to have a main development office and also have individual development offices raising funds for specific colleges or divisions of the university like a School of Business or a Medical School. These arrangements can be either "centralized" with development officers reporting directly to the main development office or "decentralized" with development officers for the schools reporting only indirectly to the main development office.

Endowed Faculty Chair can refer to a specially funded faculty position, an endowed professorship, a distinguished professorship and other designations. To simplify the many descriptions used by universities for this study, an endowed faculty position will be called an endowed chair. However, differences among the various types of endowed faculty positions among the respondent institutions will be reported in the study. An endowed chair is typically a permanent faculty position in an academic department of the university (Fitzpatrick, 1985). According to Massy (1990) income generated from the principal of the endowment fund is used to support the functions and activities of the chair holder. In private universities, the income may support salary and other activities. In public universities, salary is typically supported through state funds and the interest income provides funds for other expenses such as research and professional travel.

Major Gifts are charitable contributions of substantial amounts made to universities. A major gift for one university may be $100,000, while another university may consider donations $1 million or more to be major gifts. Major gifts are difficult to obtain because it may take a long time to build a relationship with a donor before the request is made for the gift. Because of both their size and complexity, gifts for endowed chairs usually are considered major gifts.

Development Policies refer to any document that defines processes, guidelines, or procedures related to fund-raising activities of the institution. **Related policy documents** are used for other purposes and may contain excerpts from policy to help clarify processes or guidelines.

Research University is one of six general categories of higher education institutions established by the Carnegie Foundation for the Advancement of Teaching (1994). The Research category is further divided by two levels, I and II. Currently, a Research I university receives $40 million or more in federal support for research and development annually, while a Research II university receives between $15.5 and $40 million (Carnegie, 1994). Research I and II universities, either public or private, offer a full range of baccalaureate programs, award at least 50 Ph.D. degrees annually, and make research a high priority. At the time of this study, there were 104 Research I and II universities (Carnegie, 1987).

An Overview of the Study

This study examines how Research I and II universities establish endowed chairs through charitable donations. This is a descriptive study using qualitative research methods to collect data and provide meaning to the data collected. The data were collected when Chief Development Officers at each of 104 universities were asked to complete a questionnaire about their use of policies to accept gifts for endowed chairs. The CDOs were further asked to provide a copy of their policies and statistics about the endowed chairs at their institution. As a result of this request, three areas of data resulted: (a) responses from the questionnaires, (b) statistics about the universities' endowed chairs and overall endowment, and (c) policy statements. All three areas of data were analyzed individually and then synthesized to answer the study's fundamental research questions.

Chapter Summary

There is no doubt that a gift in perpetuity can have a dramatic and lasting effect on an institution of higher education. It is a gift, like the $1 million given by the Ford Motor Company to Duke University, that garners newspaper headlines for both the institution and the donor and subsequently allows faculty members to bring acclaim to themselves and their institutions. With billions of dollars invested in university endowments, major gifts are critical for the university's academic and financial growth. A gift for an endowed chair is an important major gift. Further, a donor interested in endowing a chair can have a significant effect on the strategic needs of the university.

All of these factors suggest a continuum where at one end, a university exerts more internal control, encouraging gifts for endowed chairs only for those fields of study that are part of its academic priorities. At the other end of the continuum may be a university where external donors influence the academic disciplines that receive priority. Studying guidelines or policies used to establish an endowed chair may provide valuable insight into this continuum.

CHAPTER II

REVIEW OF THE LITERATURE

This chapter is divided into three sections of literature review: (a) educational fund raising in higher education, particularly that which is concerned with major gifts, the collection of endowment data, and development policies; (b) the history of endowed chairs; and (c) research on endowed chairs as reflected by a limited number of formal studies.

Educational Fund Raising

While fund raising in American higher education is nearly as old as higher education itself, the period since 1965 has seen both an enormous expansion of institutional fund raising and a unifying conception of fund raising as part of an institution's overall efforts to advance (Brittingham & Pezzullo, 1990). Even though educational fund raising has grown in importance, its research literature has been slow in developing.

Scholarly research on educational fund raising only started to grow around 1980, as doctoral dissertations began to examine issues such as the legal aspects of giving, attitudes of donors, and gift income levels at universities (Bargerstock, 1982; Evans, 1986; Woods, 1987). As an aspect of institutional management, fund raising was not represented in educational journals. Before 1990, for instance, there were no monographs about educational fund raising in the ASHE-ERIC Higher Education Reports published by the Association for the Study of Higher Education and the ERIC Clearinghouse on Higher Education. In 1992, the Fund Raising School of the Indiana University Center on Philanthropy introduced its own series of monographs, New Directions for Philanthropic Fundraising. Prior to this series, a key source of practical information about fund raising in higher education was found in Currents published primarily for member institutions of the Council for the Advancement and Support of Education. Many books for professionals in higher education and in other nonprofit organizations also offered additional strategies and explained the basic concepts and procedures of fund raising.

Today, the literature about educational fund raising still pales in comparison to the critical role that fund raising plays on college and university campuses. The literature is still largely based on “how-to” information (Ford, 1985; Netherton, 1995). To understand fund raising, someone new to the field can rely on books and journal articles that describe the "how-to" of raising funds for higher education, practical workshops, or on-the-job experience.

From this limited arena of literature concerning educational fund raising, it is the information concerning major gifts that is most relevant to this study. An institution’s quest for major gifts provides the opportunity to seek gifts for endowment or for endowed chairs.

Dunlop (1982, 1987) and Stuhr (1985) provide a context for the communication with donors that is necessary to obtain major gifts such as those that create endowed chairs. Both authors draw on their own experiences to emphasize the importance of good communication with donors. Dunlop (1982) suggests that one staff member should be responsible for creating a plan to strengthen the institution's relationship with a potential donor. The process of communicating with the donor and involving the donor in the life of the institution, as described by Dunlop (1982), is time-intensive and should be carefully documented. He also suggests that building a relationship with a donor may take two years or more to reach the point where a major gift can be requested. Communicating to donors how endowment funds are established is critical to build institutional endowment, according to Stuhr (1985). Building relationships with donors and communicating the need for development are also stressed by Ford (1985). In a description of how Berea College (KY) more than doubled its endowment between 1967 and 1984, Ford (1985) explains that endowment gifts "usually don't come out of the blue" (p. 18). Donors are carefully cultivated before being asked for a major gift, according to Ford.

Ford also suggests that the institution's governing board make decisions that promote endowment gifts, including the creation of investment policies. Stuhr (1985) also emphasizes the need for "clearly defined, written terms and uses for endowment funds" as the first step to increasing an institution's endowment. The terms and uses of funds need to be discussed with potential donors and their advisers, says Stuhr (1985), along with the ways in which the donor can make the gift such as through gifts of cash, securities or property. Morrell (1991) also says that donors demand accountability about the use of their gifts and a clear and detailed policy can help answer a donor's questions. "Donors and prospects want to know—and perhaps need to know—how we structure institutional finances, where we invest their gifts, and what our objectives are in making those investments" (Morrell, 1991, p. 59).

The solicitation of major gifts is not without its problems, however. In 1989, the University of Utah returned a $15 million donation that had taken six years to negotiate. The funds were returned after a community-wide protest against renaming the university medical center and medical school for the donor ("In Brief: Giving," 1989). An alumnus of Yale University recently questioned his alma mater's need for more endowment funds ("Give & Take," 1996). The donor believed that the reasons for donating to endowment became less compelling as the endowment grew larger.

While publicized accounts of negative aspects of major gifts may prompt discussion, states Brittingham and Pezzullo (1990), these situations seldom answer fundamental questions: "To what extent do large gifts, frequent gifts, or timely donations that accomplish a specific purpose create special obligations for an institution toward the donor? What are the nature and the degree of the obligation? When should a gift be refused?" (p. 56). The critical need for resources may lead even the best-intentioned person to accept a gift for the wrong reasons. According to Briscoe (1994, p. 106), "fundraisers act unethically because they want to get as large a gift possible as soon as possible for their organizations."

Policies that help accept or reject gifts are essential, especially when there is what Breckon and Snapp (1995, p. 15) call a "convergence of goals." They propose that institutions not accept a gift if it does not further the mission of the organization. Brittingham and Pezzullo (1990) suggest four reasons why an institution would refuse a gift: (a) influence or the appearance to influence the institution's objectivity or freedom; (b) the source of the funds is questionable; (c) the donor's restrictions on the gift are unacceptable to the institution; and (d) because of the size of the gift, the institution could become dependent on a single donor. "Broad institutional participation within the institution in the development and refinement of such policies and procedures may also help balance the drive within institutions for their fund raising staff's success with the bottom line" (Brittingham and Pezzullo, 1990, p. 96).

The arena of major gifts is aided by other research that is relevant to this study, including the tabulation of data that measure charitable giving to education and the size of university endowments, collected respectively by the Council for Aid to Education (1996) and NACUBO (1996). Both reports underscore the enormity of philanthropic giving to colleges and universities and the billion-dollar investments maintained by university endowments.

History of Endowed Chairs

Of all types of gifts to a university, the endowed chair is perhaps the most intriguing because it is often more than $1 million and because it funds a position often synonymous with prestige and academic excellence. The preferences and motives of donors have had a significant effect on both curriculum and the establishment of endowed chairs as these chairs are recognized for their prestige for both donor and chair holder. Moreover, the tensions that can exist between donor and university today are the same tensions that existed with the establishment of the very first endowed chairs in higher education.

In a listing of current endowed chairs and professors who hold those chairs, one of the universities that participated in this study describes the academic chair:

> In the sixteenth century a chair, complete with arms, legs, and back, was a rare article of furniture and, therefore, highly prized. Commoners sat on three-legged stools or benches, while the gentry used cushions. Only the very distinguished—notably monarchs and high churchmen—used chairs.
>
> Thus, when a worthy teacher was accorded the rank of professor with a life income provided by his king or bishop, he also received an actual chair as a symbol of his high status in education.

The endowed chair has its origins at the University of Bologna which was founded by a public gift that endowed 23 professorial chairs in 1088 (Veysey, 1965). Robert de Sorbon used the same principle to endow a faculty by forming the world-famous Sorbonne in Paris in the 1200s. However, the current practice of endowing chairs to recognize or attract distinguished scholars comes from 16th-century England (Foxwell, 1985). In 1502, Lady Margaret Beaufort, mother of King Henry VII, endowed professorial chairs at Cambridge and Oxford. According to Curti and Nash (1965) English appeals of the time fully exploited the idea that the wealthy owed their fortunes to God and consequently had a duty to perform good works. The colonial American college, taking its tradition from the English, also became "an expression of Christian charity, both in the assistance that it gave to needy young men and in the assistance that it received from affluent old men" (Rudolph, 1962, p. 178).

John Harvard, a graduate of Emmanuel College in England, was the first person to make a substantial private benefaction to an American college when Harvard College was established in 1636. For only three hundred pounds, Harvard had his name attached to the new college. Income from gifts and bequests went a long way toward paying the expenses involved in founding and nourishing Harvard and, later, eight other colonial colleges (Curti & Nash, 1965).

In colonial times, most philanthropic donations were made simply for the good of the college or for the propagation of learning and piety. Philanthropy in 17th century America was not considered a tool with which to effect changes in higher education, and Harvard's administrators chose to let tradition be their guide in its application (Curti & Nash, 1965).

The First Endowed Faculty Position

Thomas Hollis was a London merchant who first donated to Harvard College in 1719. When Harvard President John Leverett asked Hollis to endow a divinity professor, it set off a stormy disagreement. Through the power of his philanthropy, Hollis attempted to effect a major change in college policy. The ensuing clash between philanthropist and college officials was the first of its kind in the history of American higher education as explained by Curti and Nash (1965). "While accepting his money, Harvard defied Hollis's wishes to liberalize its religious policies, but the Englishman was successful in making one inroad into the traditional classical curriculum" (p.13).

The disagreement came in two ways, first when Harvard did not confirm the guidelines with Hollis and second, when the Board of Overseers became embroiled in the controversy. Because Hollis received nothing formal from the College, he drew up his own guidelines. In his guidelines, he was hoping to liberalize the religious views of the College by giving himself the right to approve the professor named to the position. The Board of Overseers, ministers who were orthodox and more conservative in their views than the faculty and the president, became concerned and rewrote the guidelines. The guidelines underwent several drafts until the Board of Overseers included a section requiring the faculty member to have sound and orthodox principles. The details of how faculty members would be tested to have these principles were not shared with Hollis.

The controversy between Thomas Hollis and Harvard College raised the question of the relationship that should exist between a philanthropist and a college at an early date. Curti and Nash (1965, p. 18) offer further questions about the relationship:

> Should the donor's desires be the sole criterion used in administering a contribution? Or is the college justified in altering the philanthropist's terms if it feels that by so doing it can better serve the purposes of higher education? The answer depends on whether one believes the donor or the college officer is better qualified to interpret the needs of the institution.

Because the Hollis donation led to an innovation in the curriculum, "the Hollis-Harvard controversy revealed that the willingness of college authorities to accept innovations determined the creative role that philanthropy could play in higher education" (Curti & Nash, 1965, p. 20).

Hollis did not let the dispute interfere with his philanthropic interests. In 1727, he endowed another faculty position at Harvard, the Hollis Professorship of Mathematics and Natural and Experimental Philosophy, an important breakthrough for science in the curriculum. According to Curti and Nash (1965) it was one of the first attempts by a philanthropist to use his donation in a creative rather than a sustaining fashion. Hollis also left a bequest after his 1731 death. Even after his death, Hollis remained Harvard's single largest donor well into the 1800s. Today, the Hollis Professorship of Divinity still exists at Harvard University.

Donor Influence in Colonial Colleges

In addition to the Hollis donations, other early endowed chairs also reflected donor preferences, especially their desire to create the curriculum. The first endowed chair at Harvard established by an American donor was made in 1764 by Thomas Hancock, a Boston merchant. Hancock wanted someone to teach the Oriental languages, especially Hebrew. Likewise in 1770, the bequest of Ezekiel Hersey, a physician in Massachusetts, established a Professorship of Anatomy and Physic (Curti & Nash, 1965).

The pressure for change toward the practical that philanthropy applied to higher education continued during the nineteenth century and also depended on the emergence of a new elite in American society (Curti & Nash, 1965). Instead of patronizing the classical colleges run by and for the old elite, many 19th century entrepreneurs tried to transform the colleges or to create new ones that were more responsive to their interests. According to Curti and Nash (1965, p. 61,) "the great fortunes of the members of the new elite gave them the opportunity, through philanthropy, to implement their novel educational ideas."

The influence of donor preferences continued into the 1800s as Harvard and other great institutions of higher education developed (Curti & Nash, 1965). At Harvard in 1820, a voluntary subscription or fund drive established a professorship of mineralogy and geology, and in 1842, the Fisher Professorship of Natural History and the Perkins Professorship of Mathematics were named in honor of their donors (Curti & Nash, 1965). In 1861 Benjamin Thompson, a physicist, bequeathed Harvard a one thousand-dollar annuity for a professorship. The holder of the Thompson professorship, according to Curti and Nash (1965), was required to teach "the utility of the physical and mathematical sciences for the improvement of the useful arts, and for the extension of the industry, prosperity, happiness, and well being of society" (p. 63).

According to Veysey (1965), the influential businessmen making donations to endow faculty chairs knew they had the power to impose conditions on their gifts. Veysey (1965) cites instances at Cornell and Berkeley in the late 1880s where the donors directly interviewed candidates for chairs of philosophy to insure their religious views.

In addition to changes in the curriculum, the endowing of professorships prior to the American Revolution brought great prestige to Harvard and also to Yale. These endowments, according to Rudolph (1962), brought a sense of stewardship that invigorated the acceptance of charitable donations with a sense of public responsibility. According to Finkelstein (1984, p. 13), President Kirkland of Harvard was instrumental in providing momentum for the "professor movement" in the early 19th century. Unfortunately, as Finkelstein (1984) notes, Kirkland began appointing faculty members during his administration, 1810-1828, without the donations yet in hand to pay them and frequently needed to use tuition revenues to pay for faculty salaries. This was a drastic departure from practices during the 18th century when Harvard would not hire the faculty member until the gift accumulated to a sufficient level to support the chair holder.

The first 25 years of the 19th century were the beginning of the "professor movement" with the founding of many small colleges. It was also the ascent of college teaching as a career. By the mid-1800s, endowed faculty positions were more frequently used to attract and retain a respected faculty. The case of the arrival of eminent Swiss zoologist Louis Agassiz's in America in 1846 is a good example. Harvard wanted to hire Agassiz so much that it convinced a donor to change the original intent of a gift for a school of applied science to an endowed professorship. In 1846, Yale also hired two well-known professors in agricultural chemistry and vegetable and animal physiology and in practical chemistry. Because Yale didn't have the funds necessary, it solicited its alumni to raise the funds for the professorships.

Influence of Industrialists

The study of higher education is filled with examples of how industrialists created and changed major universities during the late nineteenth and into the early twentieth centuries. Men like Joseph Wharton, John D. Rockefeller, Stephen Van Rensselaer and Peter Cooper wanted to promote their own ideals about trade, business leadership, and useful training. As these changes took place, donations of six and seven figures started to be more prevalent and not just at large universities.

In the 1880s, John Sterling, a 1864 Yale graduate, influenced Lord Strathcona, an Englishman and one of the owners of the Canadian Pacific Railroad, to bequeath Yale $500,000 for a chair for the study and investigation of problems relating to transportation (Curti & Nash, 1965). In the early 1900s, reports Curti and Nash (1965, p. 124), "the University of Chicago heralded a series of benefactions which established 29 distinguished professorships named for the donors." Eugene Kelley, a multimillionaire businessman and banker, endowed a chair of ecclesiastical history and served as treasurer and financial consultant at the Catholic University of America, for which he received the papal honor of Chamberlain of the Cape and Sword (Curti & Nash, 1965).

Around this same time on the West Coast, one of the earliest and largest endowed chair donations was from Edward Tomins, a member of the Board of Regents of the University of California who was impressed by the importance of trade relations with the Far East. Tomins established a professorship of Oriental languages at the University of California. The University of California also received a donation from Darius Mills to establish a professorship of intellectual and moral philosophy. Mills' gift was made at the suggestion of another member of the Board of Regents (Ferrer, 1930, in Curti & Nash, 1965).

Such philanthropists, notes Veysey (1965, p. 349), "believed they were entitled to spend their money in any way they saw fit. Seeking to mold public opinion along 'sound lines' they viewed the university as a natural and appropriate instrument." Not too long after the turn of the century this position noticeably softened with donors and institutions recognizing that the college needed a certain degree of academic independence. Veysey (1965), however, notes that despite the agreement, the basic power of the donor remained.

Continued Need for Policies

As philanthropy in higher education moved toward the 20th century, problems with donor interference in providing gifts for endowed chairs still ensued. At Columbia in the 1890s, president Seth Low had to be dissuaded from taking a gift for a professorship of music made contingent on the donor's naming the incumbent (Curti & Nash, 1965). In 1916, a trustee at Columbia, A. Barton Hepburn of the Chase National Bank, contributed $150,000 without publicity for a chair in business administration, the nucleus of the new School of Business. As Curti and Nash (1965) report, Hepburn skillfully used his influence in breaking down indifference toward the venture, which many educational and community leaders felt was unnecessary.

At Cornell in the late 1880s, Felix Adler was dropped from the faculty because of his religious liberalism partly because Henry W. Wage, chairman of the board and a generous donor, wanted to make Cornell into a "more explicitly Christian institution."

Adler's salary was paid by donor Joseph Seligman. The trustees, however, vindicated their action on the ground that gifts for endowed professorships could be accepted only if the choice of the incumbent was left to them, a procedure which, while academically sound, was invoked *ex post facto*.

"John D. Rockefeller, probably from lack of interest, refrained from taking part in the appointment or dismissal of professors at the university he founded," writes Curti and Nash (1965, p. 134). And University of Chicago President William Rainey Harper, reports Hofstadter and Metzger (1955, p. 421, in Curti & Nash, 1965, p. 134), firmly declared that "no donor of money to a university . . . has any right before God or man, to interfere with the teaching." On the constructive side, the great gifts enlarged the freedom of activity of educational experts who shared with the philanthropists joint leadership in building privately supported universities (Curti & Nash, 1965).

Referring to the Hollis controversy, Curti and Nash (1965) describe Harvard President Charles W. Eliot's 1869 inaugural address. "Forgetting at least one notable exception, Eliot expressed pride in what he termed the fact that through its long history Harvard had guarded gifts so carefully that no one could point to a single example of malfeasance or betrayal of the donor's intention" (p. 137). According to Curti and Nash (1965) Eliot also said that the university accepted gifts and kept them in a special fund if the donor so stipulated, because not managing the fund well would be disastrous. "For this reason, wisdom suggested the advantages of not restricting too narrowly the uses to which a gift might be put and of allowing it to be managed within the main stream of the institution's resources" (p. 137).

In spite of Eliot's words of assurance and his omission of the controversy surrounding its first endowed chair, Harvard continued to have conflicts over the purposes of major gifts. In fact, one gift opened wider opportunities and presented more problems than any other donation of the modern era. The gift was from Gordon McKay, a self-trained and successful engineer and inventor who was not a Harvard graduate. McKay's will, probated on his death in 1903, established a $20 million trust whose income was ultimately to accrue to Harvard for the establishment of professorships, scholarships, and facilities bearing his name. All funds, the will stipulated, must be allotted in the interest of furthering the applied sciences, especially mechanical engineering, in an environment of general culture and broad intellectual outlook. Curti and Nash (1965) report that, "At first Harvard President Lowell wanted to transfer the $20 million to MIT, but the Massachusetts Supreme Court said the agreement didn't match the donor's intent, so Harvard developed its own engineering school" (p. 148).

In 1930, Abraham Flexner, admitting the delicacy of refusing a gift for some object that might prove a drain, nevertheless indicted educational leaders for failing to enlighten givers, for accepting gifts they could not in fact afford to take. "It is a thousand pities that of this vast total so much has been applied to poor and unworthy purposes, for what President Wilson called side shows," said Flexner (Curti & Nash, 1965, p. 166). "The American University president of recent years," Flexner continued, "has fearlessly hewed to the line, accepting money for general and important purposes -- the central disciplines, the accepted and necessary professionals -- and refusing to accept special gifts which almost invariably make the university poorer and weaker, rather than richer and better. . . . The asset of today becomes a liability tomorrow" (p. 166).

From the 1890s through the 1920s, benefactors and their philanthropic foundations played an increasing role in university funding. While universities benefited from the donations, which had become larger and more frequent than in the 19th century, they became wary of the influence associated with donations from private philanthropic foundations and sought "some kind of equilibrium" (Rudolph, 1962, p. 465). In 1925, reports Rudolph (1962) the regents of the University of Wisconsin prohibited the solicitation or acceptance of foundation benefactions for five years. According to Curti and Nash (1965) many universities created foundations with separate governing boards in order to seek private support on behalf of the university and avoid conflicts between the university and donor. The university foundation could accept grants on a "no strings" basis and dispense them to the faculty itself.

The Importance of Endowment Increases

Very early in its history Harvard aggressively asked for donations from patrons in England and on many occasions before 1789, according to Rudolph (1962), requested funds from the General Court of Massachusetts to take care of its expenses. While Harvard has constantly had more endowed chairs than any other university, its total endowment did not become prominent until the 20th century. In fact, Union

College was the most richly endowed college in the United States before the Civil War (Rudolph, 1962). In 1854, Union's endowment had been aided by a gift of $600,000 from its president, Eliphalet Nott, who had invented a successful stove.

Metzger (1987) points out that early colleges were reliant on donations for faculty salaries. Some institutions acquired endowments large enough to support new faculty positions before they appointed anyone to occupy them. In 1860, Harvard had the largest endowment and even though it was no more than $1 million, it was several times larger than the average at the other American colleges (Metzger, 1987). That changed quickly in the 1870s when John S. Hopkins' bequest of $3.5 million made Johns Hopkins' endowment the largest at that time. Ten years later donations for endowment by Leland Stanford and John Rockefeller eclipsed even that of Hopkins.

At Harvard, endowment funds tripled between 1869 and 1878 and tripled again in the next 20 years. During this same crucial period gifts for current use increased nearly 150-fold, growing from the insignificant sum of $829 to $124,266. By 1909, when Eliot retired as president, the sum of gifts for current purposes was double the 1889 amount (Curti & Nash, 1965).

It was not a coincidence that the 11 private institutions in the Association of American Universities (AAU), which possessed 40% of the $323 million in total endowments in all of American higher education accumulated by 1910, were also the leading creators of new faculty positions at this time (Metzger, 1987). "By 1910 Johns Hopkins faculty had grown from 50 to 215; the Yale, Wisconsin, and Cornell faculties, starting with smaller rosters, ended up with 450, 520, and 750 members, respectively"

(Metzger, 1987, p. 145).

Public Institutions and the Quest for Endowment

Philanthropists began to make donations to state universities beginning in the early 1900s. A few earlier gifts set precedents for this. Citing the 1854 publication Endowment of the Terrell Professorship of Agriculture in the University of Georgia, Curti and Nash (1965, p. 159), describe one of these gifts.

> One of the earliest examples of this kind of philanthropy was the money Dr. William Terrell, a Virginian who received his medical education in Philadelphia, gave in 1853 to establish an agricultural professorship at the University of Georgia. The donation of $20,000 was attached to the salary of the professor of chemistry in the College of Arts and Sciences, and though for a time it was held by a New Yorker who edited The Southern Cultivator it seems to have had little effect on the agricultural practices of the state.

The University of Wisconsin received only a few important gifts before World War I. But William F. Vilas, an early graduate whose fortune rested on lumber and the practice of law and who held two cabinet posts under President Grover Cleveland, left an extraordinary bequest to his alma mater. The gift was expected to appreciate to several million dollars and was given to endow professorships with salaries of $10,000 a year, a figure twice the prevailing faculty salary in America's strongest institutions at the time Vilas made his will in 1906. No less unusual and foresighted was the provision that these professors were to devote almost all of their time to research. By 1961, enough money had accumulated so that Wisconsin was finally able to establish the first Vilas Professorships (Curti & Nash, 1965).

Controversies in Recent Years

Tensions between major gift donors and institutions continue even today, especially over issues related to hiring the faculty. In 1987, Duke University announced that it might not accept a $20 million gift unless the donor's conditions were changed. The donor, Disque D. Deane, suggested that he would sit on an executive committee that would oversee the hiring of professors for positions that would be created by the gift. According to The Chronicle of Higher Education ("Philanthropy Notes," 1987), H. Keith H. Brodie, president of Duke, was concerned about protecting the institution's autonomy, while still giving the donor the opportunity to create a new research institute.

A few years later, Columbia University's Graduate School of Journalism also questioned a large gift for a faculty position ("Business and Philanthropy," 1992). The question concerned an endowed chair in international journalism funded by FIAT USA and the influence that the chair holder, Furio Colombo, had with FIAT in creating the chair. As reported in The Chronicle of Higher Education ("Business and Philanthropy," 1992), Colombo had close ties with FIAT, wrote a column for a newspaper owned by the company, and was identified by bank officials as asking for the funds to create the journalism chair.

At the University of Nevada, the Board of Regents rejected a $2 million gift to endow a doctoral program in hospitality administration because of the donor's demands (Nicklin, 1993). The donation would have come from a Japanese company, ACE Denken, a slot machine manufacturer, but the company wanted the university to prepare materials for them about worldwide trends in gaming technology and conduct seminars for their employees in return for the gift.

In case studies of four Research Universities and one Comprehensive University conducted in 1992 (Hagman-Shannon, 1993), the issue of donor influence was incorporated into one university's fund raising campaign planning. In this planning, the university identified four issues relative to establishing endowed faculty positions: "the donor may want to reinforce an academic program that the institution wants to de-emphasize; the donor may want more emphasis on research than is desirable for the department; the donor may want to get into too much detail; the donor may become alienated if positions are not filled on schedule" (p. 62).

One of the most published controversies in recent years concerned a $20 million gift returned to the donor by Yale University (Calabresi, 1995). The gift, by Texas oilman Lee M. Bass, was given to Yale in 1991 with the intention of endowing a new program in Western Civilization. The university did not immediately create the program, however, and there was disagreement among administrators and faculty about creating a new program when other programs were faltering and about the political correctness of course offerings (Mercer, 1995). When he learned of the delay, Bass tried to create a new agreement with Yale in late 1994 that would have allowed him to approve the professors who would teach the courses ("Yale to Return," 1995). The controversy then reached a critical point and Yale returned the gift, with interest, to Bass.

The conflict over moving an endowed chair from the school of tourism to the school of business at the University of Hawaii cited in Chapter I also included donor involvement in faculty matters. As reported by Nicklin (1995), the donor, Alexander and Baldwin, was disappointed that the position had been filled only three times in 10 years. Travel-industry professors, however, said they had trouble filling the chair because the company and the University's former president vetoed a number of candidates chosen by a selection committee.

The ethics of making a gift for an endowed chair created a debate in the United States House of Representatives between the chairman of the House banking committee and the ranking Republican on that committee. The debate concerned a donation of $1 million made by a group of bankers to Wartburg College (IA) to endow a chair in the name of Rep. James A. Leach, the top Republican on the banking panel. According to The Chronicle of Higher Education ("Ways & Means," 1994, p. 29), Rep. Henry Gonzales of Texas said that "the banking leaders who endowed the chair had financial interests in matters before the banking panel." Leach said there was no conflict of interest. As a result, Gonzales called for the ethics committee to change its rules since its review of the situation found the establishment of the endowed chair to be consistent with applicable ethical standards.

In 1995, two Republican state senators from California failed in their efforts to rescind the appointment of Angela Davis to an endowed professorship at the University of California at Santa Cruz. Davis, a longtime activist for black, feminist, and Communist Party causes, was expected to develop ethnic-studies courses as part of her appointment. As reported in The Chronicle of Higher Education ("Ways & Means," 1995, p. A23), Jack W. Peltason, president of the University of California System, would not reconsider Davis' appointment to an endowed professorship in spite of their objections.

History Summary

"Time and again" say Curti and Nash (1965) "philanthropy has provided the telling force behind the ideas that characterize American higher education today" (p. 259). Curti and Nash go on to say, "Philanthropy, especially the large-scale variety, has enabled the donor to play a special role in transforming his ideas into social institutions" (p. 259). Donor actions may be praised or deprecated, but they cannot be ignored. The consequences of donor actions, as they stimulate others, may ripple outward in ever widening circles far beyond the donor's single creative or influential act. According to Curti and Nash (1965, p. 259), "By definition, philanthropy touches the lives of others and in this quasi-public aspect demands responsibility."

The history of endowed faculty chairs clearly reveals that donors and their ideology have played an important role in creating college curriculums by establishing endowed chairs. Throughout history, receiving a gift for an endowed chair has had a much greater external influence on the college or university than receiving a gift for operating purposes. Gifts for endowed chairs have frequently been made to promote donor interests and not necessarily the priorities of the institution. Further, throughout history, the tension between college and donor concerning the purpose of these large donations remains, although lessened by precedent and policy.

Endowed Chairs

The research literature about endowed chairs is scarce (Bell, 1986; Fitzpatrick, 1985, 1986) and limited. Fitzpatrick (1985) and Bell (1986) characterized the creation of endowed chairs as a recent phenomenon in their disciplines of nursing and gerontology, respectively. Fitzpatrick found that 12 of 20 endowed nursing positions had been established since 1980 and Bell reported that 23 of the 29 chairs in gerontology had also been created in the years since 1980. These two studies contain the only research-based data about the amount of funding needed by a university to establish an endowed chair. The literature about endowed chairs, however, does identify aspects of policy that relate to the research questions of this study.

Addison Winship II may have created the first published collection of data about gifts for endowed chairs in a survey he undertook through the auspices of CASE, the Council for the Advancement and Support of Education, in 1984. Winship queried 118 private secondary schools, professional schools, private colleges and private and public universities on the subject of how they solicit major gifts. The responses received from 68 institutions in the Winship study (1984) included minimum funding levels needed to create an endowed chair, a characteristic of endowed chairs described in the literature (Bell, 1986; Fitzpatrick, 1985; Netherton, 1995). In Winship's (1984) study there were only 18 universities among the 68 respondents and the data concerning funding levels were not separated by type of institution, thus limiting its relevance.

Chairs in nursing, according to Fitzpatrick (1985), have a range in levels of minimum gift level between $200,000 and $1.5 million because the interest from the endowment is used by some universities to supplement salary and by others to fund the entire position. Chairs in gerontology, however, according to Bell (1986), require an endowment of $1 million. Netherton (1995) provided eight examples of institutions and their endowed chair policy. Three of the eight were universities with two reporting minimum levels at $1 million and one university reporting a range of $1.5 to $2.5 million as a minimum. Hagman-Shannon (1993) also found a range in endowed chair gift minimums among the universities in her case studies and in 15 institutions responding to a preliminary survey to determine relevant issues for the case studies.

The research of Winship, Fitzpatrick, Bell and Shannon in the 1980s and early 1990's yielded five other relevant descriptors about endowed chair policy that were amplified by Netherton's advice from and to practitioners in 1995. The first descriptor concerns the amount of funding needed to fill the position of an endowed chair or to "activate" the chair. One-third of the respondents in Winship's (1984) survey were reluctant to fill a chair unless the position was fully funded and half of the respondents had a policy for when they could activate a chair. Fitzpatrick (1985) addressed the policy of "cash in hand," citing Case Western Reserve's policy. Institutions in Hagman-Shannon's (1993) preliminary survey also identified the need for guidance, especially when the donor wants to contribute funds over time or establish an endowed chair through a will or other planned giving tool. According to Netherton (1995), some institutions of higher education will announce a chair after a partial payment, but few will fill the position before the full amount is received. Hagman-Shannon's 15 university respondents also acknowledged situations with endowed faculty positions that were created in past years but are now under funded.

A second descriptor is the issue of differences between public and private institutions. From his data, Bell (1986) noted that public universities were moving into the domain once occupied solely by private universities. Of the 21 universities in the Bell study, 9 were public and 12 private and the number of gerontology chairs was evenly divided. Hagman-Shannon's (1993) work began with the premise that policies would be more developed at private universities. She found that private university policies were less detailed so that administrators can have more flexibility in establishing endowed chairs, while public institutions were more eager for detailed policy guidelines. The third descriptor derived from early research is the naming of the chair with Fitzpatrick (1985) describing how the donor's name is used most often in announcing endowed nursing chairs. In a few cases, the name of the chair also honored a leading person in the development of the profession.

A fourth descriptor concerns the appointment or term of the faculty member who will hold the position of endowed chair. Fitzpatrick (1985) reports some variation among schools of nursing, but that most appointments are for an unlimited period of time. Almost all of the appointments to chairs in gerontology identified by Bell (1986) were with tenure. "Distinguished scholars are not likely to be attracted to a chair if the appointment is perceived as short term," asserts Bell (1986, p. 515). A detailed description of how five universities have conducted faculty appointments for endowed positions is found in Hagman-Shannon's 1993 dissertation. The fifth and last descriptor is the dissemination of policy to the campus community. From interviews with development officers and academic leaders at five universities, Hagman-Shannon (1993) concluded that more disclosure about process could diminish questions about impropriety and compromises or issues related to academic freedom. She found these concerns existing among all five of the institutions in her study.

The research prior to 1994 produced six key aspects about endowed chairs: minimum funding levels, the amount needed to activate the chair, the name of the chair, the term of the appointment of the faculty member to the chair, and the dissemination of policy to the campus community. Netherton's (1995) advice to development officers amplified those descriptors and emphasized the use of policy. Unless a university has a well-thought-out policy, says Netherton (1995), the university can face troubles such as an under-funded position, a chair tied to a low-priority subject area or an over-involved donor. Netherton also suggested that universities review their policies periodically.

Other descriptors identified in Netherton's (1995) work include written agreements between donor and university to create the chair, stewardship of the gift, and additional duties the chair holder will have relevant to reporting to the donor. Netherton also addresses the tension that may exist between donor and university. In Netherton (1995), Jenny St. John, vice president for external affairs at Thunderbird, the American Graduate School of International Management, advises colleagues to be wary of gifts with strings attached, "You don't ever want to promise something your institution can't or won't do—and that's not easy when you see a million dollars floating before your eyes" (p. 15).

Of secondary support in examining policies for endowed chairs is a handful of assertions by Massy (1990), Netherton (1996) and others that policies are necessary for good management of an advancement program, help universities be accountable for a donor's investment, and clarify decision-making when raising funds is balanced against institutional priorities.

A description of endowed chairs would be aided by knowing the number of chairs established at Research I and II universities and the amount of endowment that is invested in those chairs. However, this author's literature search uncovered no data collected or reported nationally or by university type about the number of endowed chairs established or their dollar value. Associations that were contacted, but did not have data about endowed chairs, include the Association of American Universities, the American Association of University Professors, the National Association of State University and Land Grant Colleges, the Council of Independent Colleges and the Association of Catholic Colleges and Universities. Linda Keep, data expert at the National Center for Higher Education Management Systems (NCHEMS), and Robert F. Carbone, director of the Clearinghouse for Fund Raising at the University of Maryland, were unaware of any pertinent data or any research currently being conducted on the subject. Many of the people contacted were aware of historical narratives about specific chairs, such as Ried's (1987) chronicle of the Boylston Chair at Harvard University.

The literature about endowed chairs is limited, but it yields several characteristics about creating the endowed chair, including the amount of the gift that creates the chair. Taken together, these characteristics point to the need for university policy to help guide the process and insure that decisions are made in the best interest of the university.

Chapter Summary

This chapter not only describes the creation, but the paradox, of endowed chairs throughout the history of higher education in America. The paradox between the university's need for resources and its ability to carefully and critically accept major gifts or gifts for endowed chairs was illustrated in a review of the literature. Practitioner-oriented information, journals, doctoral dissertations, and an historical account of endowed chairs that began in 1719, chronicle the conflicts between academic institution and donor. The literature review also pointed out a second paradox that exists in higher education itself. While experts agree that fund raising policies and procedures are vital to maintain the integrity of institutional mission, history repeatedly describes institutional decisions that compromise that integrity. These paradoxes raise further questions about the practices of colleges and universities in regard to accepting gifts that establish endowed chairs.

CHAPTER III

METHODOLOGY

Introduction

This study reveals how Research I and II universities establish endowed chairs through charitable contributions. Key questions throughout the research address how universities use policies to establish endowed chairs and whether or not policies help forestall or allay undue influence by the donor in making the contribution. The research design produced responses to those questions and also examined differences between public and private institutions. The research process yielded a description of policy content and how the policies are used by the university development office.

The study used qualitative methods to arrive at a rich description of the processes and guidelines identified by the universities studied. The qualitative design was emergent, meaning that data were first collected then analyzed. Following in this chapter are descriptions of the targeted population, the overall research design, the survey and data collection methods utilized, data analyses and a chapter summary.

Institutions Investigated

The typology of post-secondary institutions widely accepted today by the higher education community is defined by the Carnegie Foundation for the Advancement of Teaching (1994). For this study, Research I and Research II universities were identified from the Carnegie Foundation's 1987 classifications, the most recent listing at the time this research was conducted. The Research Universities were selected because proportionately they have the largest endowments among all categories of institutions of higher education (NACUBO, 1996). Research I and Research II universities (see Appendix A) are at the top of the classification scheme because of the total amount of research funding received from the federal government and the number of doctoral degrees awarded annually. In previous studies about endowed chairs, respondents represented more than one type of institution of higher education (Hagman-Shannon, 1993; Netherton, 1995; Winship, 1984) or were specific to one academic discipline (Bell, 1986; Fitzpatrick, 1985). Selecting Research I and II universities as the target population for this study provides a standard for describing policies for establishing endowed chairs by the single group of institutions with proportionately the largest endowments.

Research Design

A qualitative research design using two specific methodologies was used in this study. A qualitative approach was selected because the literature about endowed chairs was scarce and disperse and provided no baseline data. Qualitative research provided in this study the best way to discover and understand the policies and actions of universities relative to creating endowed chairs. The qualitative approach is based on a phenomenological position, to understand the meaning of things, according to Patton (1990), Glaser and Strauss (1967) and others. Glaser and Strauss (1967) explain that the design does not begin with a theory, but theory emerges from the design, creating discoveries that are closely related to the daily realities of the subject. In this case, the reality is to make sense out of endowed chair policies and practices of major universities. The task of this researcher was to find patterns within the words and data and present those patterns. Maykut and Morehouse (1994) call this task context sensitivity, that is, understanding phenomena in all their complexity and within a particular environment.

The two methodologies used in this study included survey research and document retrieval which led to the discovery of data describing the establishment of endowed chairs. Using these two modes of data collection and having the flexibility to contact respondents to verify information collected helped insure the trustworthiness of the data. The survey was used to gather information about how chief development officers use policies and to obtain data about the universities' endowed chairs. The survey also facilitated initial document retrieval. Documents were then analyzed using qualitative coding methods. The results from the two approaches revealed a rich description of how universities use policy to establish endowed chairs. From this description, a theoretical framework could be developed that could then serve as the basis for future research.

In addition to Glaser and Strauss (1967), several authors support the basis for the two research approaches used in this study. Dillman (1978) and Backstrom and

Hursh-César (1981) establish a context for the survey instrument and the follow-up necessary to insure an adequate response. Maykut and Morehouse (1994) explain the use of survey methods in qualitative research, especially when combined with document coding and analysis as defined by Miles and Huberman (1984). Miles and Huberman provide the specific method for the general domain of analysis: data collection, data reduction, data display and conclusion drawing. Fielding and Fielding (1986) as well as Crowson (1987) and Maykut and Morehouse (1994) explain the philosophy of qualitative data collection and the value of multiple data collection strategies. Krippendorf (1980) discusses methods for analyzing the content areas of policies.

Six descriptive studies provided further help in applying qualitative methods and content analysis to the higher education setting. Four of these studies are doctoral dissertations. Hagman-Shannon (1993) prepared case studies of five different types of institutions of higher education and their use of planning in the establishment of endowed chairs. Clousing (1992) conducted a qualitative study of the effectiveness of policies used to place special education students in school settings. Schuller (1991) conducted a descriptive study of educational policy studies, including a history of the field. Pardini (1987) analyzed the content of campus AIDS policies and while her narrative was exceptionally brief at 37 pages, it nonetheless offered an example of how a group of policy statements can be examined. Ragan and McMillan (1989) offer a similar analysis in their examination of college recruitment information sent to an interested high school senior by 28 liberal arts colleges selected because they shared similar characteristics. All of these works provided practical examples of how qualitative research methods can be used in higher education research.

Development of the Survey

The questionnaire (see Appendix B) was designed by the researcher by incorporating key research questions into survey items for the chief development officer or other institutional development official to answer. The questionnaire also requested the amount of funding invested in chairs at each university as well as other related data. The goal in creating the questionnaire was to make it understandable and easy for the development officer to use. An introductory paragraph to the survey also provided a message to respondents about the purpose of the questionnaire and an assurance that data for each institution would be reported anonymously. Including this assurance was important in order to increase responses to the questions and to collect valuable data about each university's investment in endowed chairs.

One research question and a portion of another question were addressed in the survey. Two additional questions and the remainder of the other question were addressed in the policy analysis. One research question was addressed in both the questionnaire and the policy analysis. The questions specifically addressed in the survey were: (a) Do universities that have endowed chairs have written policies to establish chairs, what approval is needed to implement the policy, and how often are policies updated? (b) Who participates in the decision-making or approval process? and (c) Are there any differences in policies between public and private universities or between Research I and Research II universities?

Questions about the university's policy and use of policy were limited to two pages on the survey and the third page requested specific data about endowed chairs at the university including the name of the contact person at the institution. For ease in survey completion, the researcher decided to include a graphic box with six windows for data about each university's endowed chairs. These data included (a) the number of endowed chairs, (b) the academic discipline with the most chairs and the number in that discipline, (c) the average number of chairs established in recent years, (d) the number of years the university has had endowed chairs, (e) the total amount of funds invested in endowed chairs, and (f) the average gift amount needed in recent years for an endowed chair.

Pilot of Survey

As soon as the questionnaire was designed, it was piloted with three academic institutions that were not in the study's target population but had a history of establishing endowed chairs. Each of the institutions' top-ranking development officers was asked to respond to the survey and to make suggestions about its content and format. Piloting the survey resulted in only a few changes to how questions were worded with two questions reversed in order to improve sequencing. In addition, more space was added to improve readability. Overall, however, the pilot sites offered no substantive suggestions for change to the survey and all three indicated an interest in learning about the research findings.

Data Collection Procedures

Survey Procedures

Before mailing the researcher-designed survey, the Research I and II status of the 104 universities (Carnegie Foundation, 1987) was confirmed using the 1987 Carnegie typology. The researcher determined that each institution's chief development officer (CDO) would be the best source for policy information about establishing endowed chairs. In addition, the name of the person completing the questionnaire was requested, along with a title and phone number, so that follow-up could be made if needed.

The names of the chief development officers and addresses for their universities were obtained from the 1992 membership directory of CASE, the Council for Advancement and Support of Education. Because development officers have many titles, the title most frequently found was Vice President for Development. If that position was not listed in the directory, a position such as Vice Chancellor for Advancement or Director of Development was used. Using the directory, the name and title of a contact person were identified for each of the 104 universities.

A personalized cover letter (see Appendix C) was prepared to inform each CDO about the purpose of the study and to encourage participation. Each letter was dated August 17, 1993 and included the investigator's name and phone numbers in case CDOs had questions or wanted to make other requests. The letter, signed by the investigator, asked CDOs to respond within one month, by September 17, 1993.

A packet containing the survey and cover letter was prepared for mailing to each institution. A mailing label for each return was also enclosed on the assumption that universities sending policies would use a larger envelope. The 104 packets were mailed on August 17, 1993 using first-class postage. None were returned for an incorrect or insufficient address.

The same week that the questionnaires were mailed, a file folder with an index label was created for each of the 104 universities. Folders were alphabetized into four sections: Private I, Public I, Private II and Public II. Once survey responses began to be received, the folders were used to keep each university's material together: the questionnaire, policies or related material and any correspondence received or sent. In addition, if the investigator had a phone conversation with the CDO or others at each university, those conversations were summarized in a memo and placed in the folder.

The first response was received within seven days after the August 17 mailing. Subsequently, two universities called with specific questions. The first inquiry asked for a definition of a policy statement and this was done by describing some of the topics that might be covered in a policy such as funding levels, contact with a potential donor, and types of gifts used to establish a chair. The investigator also read the beginning of some simple statements that might be contained in a policy statement or document: "It is our policy to establish endowed chairs . . . " "It is the policy of the university to set the funding level of a chair at . . . ." These responses were sufficient for this first inquiry. The second request from a university was to have an early look at the results in order to assist the university in finalizing its draft policy. This university was told that a summary of the project would be sent to all participants when results were available.

As each response was received, it was recorded on two specific logs. The first log was a listing, by date, of the receipt of the material. The second log was a master chart of all universities to indicate the receipt of material and if a questionnaire and/or policy statement was received. The log also noted if the university intended to send a policy statement at a later date. Each university's name was written on each questionnaire. If the name was not apparent on the policy statement, it was also written on the document. As appropriate, the investigator's database was updated with the name and phone number of the responding development officer and a more complete address if one was provided.

As each questionnaire was received, it was reviewed and notes made about the investigator's impressions, questions, or suggestions for later analysis. These observations were made in a section of a notebook containing the two logs and information about follow-ups needed with universities not responding or promising information at a later date.

By October 8, 1993, 41 responses had been received and a follow up letter (see Appendix D) was sent to the remaining 63 universities. One university telephoned to ask if a draft policy was acceptable and the university was encouraged to send the draft. Another 15 responses were received before November 1, 1993.

As of January 9, 1994, 62 universities had responded, with three universities not sending policies even though they had indicated they would. Telephone calls were made to each of the three institutions to request a copy of their policy. Two universities did not believe they would be able to send policies that were still being written. The third university indicated that its response on the questionnaire was in error and it actually did not have a written policy. The questionnaire was then corrected.

Three final questionnaires were received during February 1994, bringing the total number of respondents to 65. These 65 responses represented a 62.5% rate of return. Policies or related documents were received from 43 institutions, representing a 66.2% rate of return from the 65 respondents. Questionnaires were received from 67.6% of the public institutions. A questionnaire was returned by 77.8% and 50% of Public I and Public II universities, respectively. Questionnaires were received from 51.5% of private institutions, with 44% of Private I and 75% of Private II universities returning questionnaires. Policies and related documents were returned by 52% of the public university respondents and 52.9% of the private university respondents. In addition, policies and related documents were returned by private and public institutions at both the I and II Carnegie levels. As a result, the number of questionnaires and policies was representative of the target population.

Data Analyses Procedures

With data collected and compiled, the next step was to proceed with a variety of data analyses. The data analyses yielded an understanding of the content of the policies as well as an understanding of the relationship between the responses on the questionnaire in relation to the content of the policies. Six steps were used to analyze the data: (a) creating a typology and coding instruments to use in the analysis of content areas; (b) initial coding of narratives; (c) analysis of policy titles; (d) pattern coding for content areas; (e) revisiting the typology and the policy titles; and (f) a final synthesis of the descriptive data and the content area data.

Creating a Typology and Coding Instruments

To describe the content of policy statements, a typology (see Appendix E) was developed following methods used by Miles and Huberman (1984). First, a broad typology of content was created using three of the five research questions and responses from the questionnaire. Content areas from the research questions included (a) the approval needed to implement policies and how often policies are updated, (b) types of policies concerning function or intended audience, (c) the purpose of endowed chairs, (d) who is involved in the decision-making process to create the endowed chair, (e) funding requirements, (f) investment policy, (g) use of endowment interest, (h) contact between the development office and the academic discipline, and (i) situations where a university might refuse a gift for an endowed chair. Responses on the questionnaire yielded additional content areas such as (a) hiring, (b) how the gift is made by the donor, (c) written agreements, and (d) recognition and involvement of the donor. Each content description was recorded on a sheet of paper. Descriptions of each of these content areas were then written on index cards. The researcher arranged the cards under each content description and using this visual display, added more characteristics and moved cards from one content description to another. The next step was to review policies from one public university respondent and one private university respondent. Additional index cards with characteristics were then added. This step was repeated one more time until a final listing of characteristics resulted.

The final typology included the following 13 categories: (a) introductory comments to the policies that might indicate when policies are reviewed; (b) definition of an endowed chair; (c) purpose or reasons why the university has endowed chairs; (d) naming or titles of endowed positions; (e) approval needed for creating a chair, including the development office's collaboration with academic departments, and reasons for refusing a chair; (f) funding or the amount of gift necessary to create an endowed chair; (g) agreement or other written documentation between the donor and the university; (h) making the gift, including pledges, and how much of the gift is needed to activate the chair; (i) use of funds, including salary, travel, and research; (j) endowment management or investment policy; (k) donor involvement in public relations, recognition, and hiring; (l) hiring the chair holder; and (m) an appendix that would include examples of documents or lists of endowed positions and their gift levels.

All of these categories were then listed on one page, in a three-column format. Each category was designated with a key alphabet letter and each characteristic, listed under the category name, designated with a numeral. For example, there were 19 characteristics in the category of A-Approval, while there were only five characteristics in D-Donor Involvement. Additions to the typology were expected during the analysis and room was left on the coding charts for new categories. This typology became the first coding instrument.

Next, a cover page (see Appendix F) was created as the second coding instrument for each university. The cover page contained a place for the university's name and whether it was a public or private institution. The cover page included a yes/no section to summarize if the policies addressed the eight concerns of one of the research questions: (a) the purpose of endowed chairs, (b) who participates in decision-making, (c) types and funding levels, (d) collaboration between development and academic departments, (d) investment policy, (f) expenses paid annually, (g) ethical concerns, and (h) why a university refuses a chair. Also provided on the cover sheet was a place to record the number of pages of the policy document, the number of exhibits or attachments, and the date of the policy. The cover page also included categorical responses for the researcher to determine how the material in the policy was presented, the intended audience, the format, language, and the policy's depth of explanation. A section for additional comments was also included.

Initial Coding

The next step, initial coding, utilized the previously described coding instruments with each respondent. There were three objectives to this phase of the research. The first was to determine the subject matter of the policy statements using the coding sheet. The second objective was to determine the function and type of the policies using the cover sheet. The third objective was to gather other information relating to key research questions and to make observations or notes about the policies for further follow-up. This third objective was accomplished by also using the cover sheet. The steps used by the researcher for each policy were to determine subject matter using the coding sheet and then complete the cover sheet. To facilitate this procedure, photocopies were made of each policy and of each related document (Maykut & Morehouse, 1994). The original policy was returned to the file folder and the photocopy was used for coding.

Miles and Huberman (1984) suggest that codes be written in the margin to the left of the narrative while comments or remarks be noted in the right margin. In working with these pages, however, it was easier for the researcher to write the alpha numeric codes in the right margins. Additional notes were made on the cover page or on the coding sheet itself, referencing if needed the specific alpha numeric code.

Using the master list of codes, the narrative of each of the 34 policy statements and nine related documents was read. Words, sentences and paragraphs were examined to determine subject content to match the characteristics on the coding sheet. If subject matter did not match any alpha numeric code, it was added to the category it most closely resembled and written on the coding sheet. After each narrative was coded, the codes were transferred to the coding chart. The name of each university and its identification number were written at the top of each coding chart.

When each coding chart was finished, a cover sheet for each policy was also completed. A notation was made in the additional comments section for related policies. Other observations and impressions about the policy were also noted.

These coding steps were repeated for each policy narrative beginning first with public universities and then with private universities. The 34 policies were coded first, followed by the 9 related documents with no less than 10 narratives and no more than 20 completed at one time. After the public university policies were completed, another research memo was written to see if the researcher's database could pinpoint differences between the actual content of the policies and the responses on the questionnaire. Further research memos suggested that respondent comments to the questionnaire be compared to policy narratives and that related documents be reviewed again to see if it was appropriate to include them in the final synthesis.

Policy Titles

Before setting aside the coded copies of the policies and related material used in previous steps, a list of document titles was created as a third step in the data analysis. This list was used to determine if there were any distinctions or differences in titles and if there were differences between private and public universities. The names of the documents, along with the university's ID number and status, were recorded on single pieces of paper and placed in an envelope. A research memo was made to review these for themes after the pattern coding at a later time. However, following a second examination of the policy titles, it was determined that there were no differences or distinctions.

Pattern Coding

The fourth step was pattern coding, a direct follow-up to the initial coding and policy title listing. At this point in the research, related documents were reviewed in follow-up to a previous memo and, as a result, they were removed from the process. The initial coding of related documents confirmed their intrinsic difference to actual policies. Compared to actual policies, the related documents did not reflect current practices or procedures. Three of the nine documents were drafts or discussion documents that were not adopted. One was an explanation of the state's process for matching funds without an explanation of the procedures at the identified university. Five of the nine were campaign brochures for potential donors, none of which closely resembled any of the 34 actual policies. The researcher then determined that including the related documents could misrepresent the final content description. As a result, the pattern coding was conducted using the 34 actual policies, 24 of which were from public universities.

The purpose of the pattern coding was to find themes, similarities and differences among the data. Before these aspects were determined, two copies were made of the completed coding forms. One set of copies was kept in reserve if needed later. The second set was used for the pattern coding. The cover sheets were set aside with a research memo to review later when coding sheets were completed. For each coding sheet, the university's unique identification number was written next to each category. Because there were 10 private universities, they were noted with a 'P' next to the number and the public institutions were noted with only their identification number. Next, each sheet was cut into 13 sections called 'squares.' Squares for each of the 13 corresponding categories were placed in marked envelopes. For each envelope, the squares were divided by paper clipped stacks into those that were coded and those with no coding. The squares would eventually indicate the number of policies that contained specific content and, according to Miles & Huberman (1984) these pieces of data prompt memos, often translate into larger themes and even force analytical activity.

The number of squares for each category was then verified. Each envelope was reviewed and the squares counted as coded or not coded and the number of private and public universities in each category was recorded. The squares with coding were counted a second time to make sure the count was accurate. When all 13 envelopes were completed, the coding sheet was updated to include new descriptors or to improve existing descriptors.

To start the pattern coding, a chart was designed to record data for each category. Each chart (see Appendix G) represented one of the 13 categories. The columns of the chart noted the number of public and private universities with coded squares and those without coding; the final column was for tallies and observations. One by one, each of the thirteen envelopes was analyzed. The steps taken with each envelope were: (a) Set aside squares with no coding; (b) Group the private and public squares to determine if there are similarities or differences between these two groups and then note those similarities or differences in the Tallies/Observation column; (c) Tally the number of citations for each of the characteristics in the section and write the tally in the Tallies/Observation column; (d) Also in the Tallies/Observation column, record those characteristics not used; and (e) Return coded squares to the envelope and remove those not coded. A research note was prepared to review the characteristics not used, along with those that received low tallies to identify issues that seemed to be lacking or of low priority in the policies, especially those that might lead to ethical dilemmas.

When finished with all 13 envelopes, all of the squares with no coding were put into a 14th envelope and marked as "blank." The charts were then transferred to a computer document and the handwritten data verified to the typed data. A second version of this computer document was created. In this version, tallies and notes in the Tallies/Observation column were used to write a brief narrative. The narrative provided richer description of the content of each category.

The cover sheets were analyzed next, beginning with a tally of the eight Yes/No questions from each institution's cover sheet. When a tally of each question was completed, it was compared to the chart that resulted from the pattern coding. The tallies were identical, verifying the number of policies that addressed specific policy concerns, including why a university refuses a chair and who participates in decision-making. Following this, the average number of pages, average number of exhibits, and median date of the policy were computed.

The two final steps in the cover sheet analysis were completed next. The five descriptions of the policy style (audience, language, depth of explanation, affinity, and format) were tallied for the 34 policies and investigator's comments were reviewed for any further clarification. The comments from the cover sheets did not necessitate any further analysis, but noted examples of language or content that could be used later in reporting the results of the analysis.

Revisiting the Typology and Policy Titles

This step in the research was to return to the original typology of the 13 categories. With the pattern coding information collected, there were now two different versions of the original typology. The first version focused on characteristics that appeared most frequently in policies; the second typology included those appearing infrequently or not at all.

The new version of the typology used the characteristics, by category, with the highest number of tallies. This new typology not only eliminated all characteristics with low tallies, but also those not used at all. Reducing the categories to those with high tallies also led to combining some of the categories to create seven categories instead of the original thirteen. The seven new categories were: Introduction & Purpose of Chairs, Definition of a Chair & Use of Funds, Making the Endowment Gift, Creating the Chair, Agreement or Contract, Management and Donor Stewardship. Characteristics receiving at least five tallies were listed for each of the categories.

The second typology of low priority items and non usage items was then created, acting on a previous research memo. Of the original thirteen categories, only the Appendix as a whole category appeared in the low priority typology. Characteristics in the other twelve categories that received less than five tallies were listed. This listing included 21 characteristics receiving no tallies.

The two typologies were compared to the chart with narrative to see if the narrative was congruent with the typologies. The narrative was then compared to the cover sheet analysis to see if those observations were congruent. After this was done, the narrative from the chart was used to create another document describing the policies by category. Finally, policy titles were reviewed to determine if commonalities or differences appeared among all respondents or between public and private institutions.

Final Synthesis

The final synthesis was the most complicated step. It involved computing frequencies and cross tabulations from the database; comparing written comments from the questionnaire to the policy data analysis and to the frequencies; and preparing responses to each research question based on the database, the written comments, and the policy analysis.

The database program, SPSSPC, was initially used to store data to be analyzed. Each university was entered into the database, along with its Carnegie Classification and its public/private status. If not provided on the questionnaire, the size of each university's endowment was obtained from NACUBO (1996). Written comments from respondents were prepared separately from the database. To enter responses into the database, each question or response category on the questionnaire was given a unique abbreviation. Possible responses, including 'did not respond,' were identified and designated for each question. The data in this program were later converted to

SPSS6.1 for Windows prior to content area analysis. When the data were transferred to the new program, some fields were repeated in a different format for easier analysis. For instance, the size of the university's endowment was originally entered with the actual amount of dollars. A second field was created to change these amounts to categories of amounts. When finished with this step, there were 38 fields for each university record that contained descriptive data and questionnaire responses.

The first step in the final synthesis examined the frequencies of all fields on the database for inconsistencies and for results that would indicate fields that should be cross-tabulated in order to better describe the respondents. As a result, the frequencies were reviewed for (a) basic descriptions of all 104 universities; (b) the 65 respondents; (c) the 43 universities that provided policies and related documents; and (d) the 34 institutions with actual policies. Suggestions were noted for cross-tabulations that would provide more description and those tabulations were made.

Next, written comments from the questionnaires were matched with category information from the policy analysis and also with frequencies and cross tabulations that corresponded to the comments. For each question that resulted in written comments, the comments were grouped by various categories of responses. Following this step, all three types of data—the database frequencies, written comments, and analysis of content areas— were matched to the appropriate research question to determine if an answer had resulted. A written summary of these questions and answers was then used to make final observations and draw conclusions from the data.

Provisions for Trustworthiness

The reader must have confidence in what this researcher will report and in the outcomes of the study. Maykut and Morehouse (1994) say that a detailed description of the research process and outcomes provides readers with a basis for judging the credibility of the study. They also argue that multiple methods of data collection and an audit trail of activities support the idea of trustworthiness. Mischler (1990) also supports the idea of validation through trustworthiness.

Trustworthiness is the term used by Lincoln and Guba (1985) to refer to the believability of these findings. In a quantitative study, one would assure the validity and credibility of the research statistically. Instead, Lincoln and Guba (1985) point to the researcher's actions in designing, carrying out, and reporting the study that leads the reader to believe that the results are credible. Strauss and Corbin (1990) call this reconstructing the data into a recognizable reality.

The data in this study are the responses to a questionnaire and the narrative content of the policy statements. Analogous to quantitative research, data have been systematically and carefully collected and analyzed. Uncommon to quantitative research, however, the analyses of the data are conducted during and after the collection of the data, thereby facilitating further data collection or data analysis strategies. The investigator also maintained a log of notes and observations throughout the research by using the method of memoing to record her thoughts, ideas or questions as the data collection, reduction and display are implemented. Memoing as defined by Miles and Huberman (1984) helps link data together or clarify relationships between data later in the analysis.

Chapter Summary

The qualitative research design described in this chapter provided an excellent way to collect and analyze procedures and documents regarding policy for the 104 research universities in the study. The research design used survey research and document retrieval to discover data that would describe these procedures. The development and pilot of a survey instrument resulted in a questionnaire that was returned by 62.5% of the total population of 104 universities. Policies or related documents were submitted by 43 of these 65 respondents. A typology of policy content areas, created primarily from the fundamental research questions, was used to examine the narrative of the policies and determine the characteristics of these content areas, as well as their frequency.

The specific methods used for this study relied on patterns and characteristics to emerge from each previous step. Data were collected, tallied, divided or categorized, and then displayed in order for patterns or themes to emerge. Memoing by the investigator was used as a way to ask questions suggested by the data and guide future steps in the research process. These qualitative methods yielded the findings that are presented in Chapter IV concerning the content and use of policies to establish endowed chairs.

CHAPTER IV

RESULTS AND DISCUSSION

This study examined the current practices of research universities in establishing endowed chairs, particularly the policies used to guide the process of establishing these chairs. The research conducted in this study attempted to answer several fundamental questions set forth in Chapter I concerning the content and use of policies. These questions were guided by a review of the literature about endowed chairs and the history of endowed chairs in American higher education. The research further attempted to gather baseline data about the number of endowed chairs and the amount of funds invested in endowed chairs for the universities that participated in the study.

The target population for this study included Research I and Research II universities as defined by the Carnegie Foundation for the Advancement of Teaching (1987). The data for the study were received using survey methods and document retrieval and analysis. Of 104 Research I and II universities, 65 responded to a questionnaire sent by the researcher with 34 submitting policies and 9 sending related documents. The survey and policy responses were provided by a development officer at each university. Responses to the questionnaire, along with the synthesis of policy statements, provide the basis for the following analyses.

The following sections in this chapter include: (a) general descriptions of the target population, endowments of the universities studied, and the endowed chairs and amount invested in endowed chairs at the universities; (b) endowed chair policies at research universities, including how the development officers use policies, the content of the policies, the style and format of the policies, and the survey results versus policy content; (c) answers to the fundamental research questions posed in Chapter I; and (d) a discussion of the findings.

General Descriptions

In this section, characteristics of research universities will be described relevant to the institutions and their experience with endowed chairs and endowment. Responses to the questionnaire were used to form these descriptions. The endowment data were gathered from questionnaire responses and, where noted, from NACUBO (1996).

Target Population

Research I and II Universities as defined by the Carnegie Foundation for the Advancement of Teaching (1987) were the target population of the study. When the survey was conducted in 1993, there were 104 universities classified as Research I or Research II Universities. Of these 104 universities, 71 were Research I and 33 were

Research II Universities as shown in Table 1. Of the 71 Research I universities, 45 were public and 25 were private institutions. Of the 34 Research II universities, 26 were public and 8 were private. Of the target population of 104 universities, 71 were public and 33 private.

At the time of the survey, Research I institutions received \$33.5 million or more in federal support for research and development annually; Research II institutions received between \$12.5 and \$33.5 million. Both Research I and II universities awarded at least 50 Ph.D. degrees each year. The Carnegie Classification was updated in 1994, and today, Research I universities must receive \$40 or more annually in federal dollars and institutions must receive between \$15.5 and \$40 million to be classified as a Research II university.

Respondents

Sixty-five of the 104 Research I and II universities returned questionnaires for a response rate of 62.5%. Respondents represented both private and public universities, as well as Research I and II categories. The strongest response came from Research I-Public universities with a 77.7% return and Research II-Private with 75%. Table 1 compares the target population with the questionnaire responses. The table also identifies the number of institutions that submitted policy documents.

TABLE 1

RESPONSES TO THE SURVEY (N=65)

University Type	Number in Population	No. Returned Questionnaire	% of Pop.	No. Sent Policy	% of Pop.
Research I					
Public	45	35	77.8	20	44.0
Private	25	11	44.0	7	28.0
Research II					
Public	26	13	50.0	5	19.2
Private	8	6	75.0	2	25.0
Subtotal					
Public	71	48	67.6	25	35.2
Private	33	17	51.5	9	27.3
Total	104	65	62.5	34	32.7

Endowment

Research I and II universities typically have large endowments. All but five of the target population of 104 research universities reported data for a listing of higher education institutions ranked by the 1995 market value of their endowment assets (NACUBO, 1996). In that ranking, Research I and II universities dominate all other Carnegie types in the size of their endowments. In fact, 35 of the 50 largest endowments belong to Research I and II universities.

For this study, universities reported their endowment size as of the 1993-94 academic year. The endowment size reported here (see Table 2) is based on data from 57 of the 65 questionnaires returned. The average endowment for these 57 institutions was almost $480 million. The major difference in endowment size among respondents was found between public and private institutions. The 17 private universities have an average endowment over $1 billion, while the average endowment size of the 40 public universities is $248 million. Five of the 17 private universities and 3 of the 40 public universities have endowments over $1 billion. Of the 5 private universities with endowments over $1 billion, one university has an endowment that exceeded $5.5 billion in 1993. Without the endowments of $1 billion or more, private university endowments average $477 million and public institutions average $152 million. The midpoint on the endowment range for private universities is $626 million and $123 million for public universities in the study.

TABLE 2

ENDOWMENT SIZE (N=57)

	Public Universities n=40	Private Universities n=17	All Universities
Average Size	$248 million	$1 billion	$480 million
Midpoint of Range	$123 million	$626 million	$212 million
Largest	$1.8 billion	$5.7 billion	$5.7 billion
Smallest	$15.8 million	$2.8 million	$2.8 million

Endowed Chairs

Fifty-nine of the 65 respondent universities provided information about the number of endowed chairs at their institutions (see Table 3). Of these 59 universities, 48% have fewer than 25 endowed chairs, while another 20% reported having between 25 and 49 chairs. Only two universities have 500 or more endowed chairs. Of the 59 universities that provided data about endowed chairs, 14 were private universities. Nine of these 14 have 100 or more endowed chairs. In contrast, 38 of the 45 public universities have less than 100 endowed chairs and 26 have less than 25 endowed chairs. The average private university has 166 endowed chairs, while the average public institution has 63 endowed chairs. The midpoint of the range for number of endowed chairs is 140 for private universities and 16 for public institutions. For both public and private universities, medicine and engineering are the disciplines that have the most endowed chairs and rank far above other disciplines like business, law, the arts or humanities.

Fifty-four of the 65 respondent universities identified the number of years they have had endowed chairs. All but one of the 13 private universities responding to this question have had endowed chairs for at least 50 years, while just the opposite is true of public universities. Thirty-six of the 41 public universities have had chairs only in the past 50 years. Two public universities and six private universities have had endowed chairs for 100 years or more. While private universities have the edge in endowed chair history, 46 of 59 universities reported being active in creating endowed chairs in the past five years.

TABLE 3

NUMBER OF ENDOWED CHAIRS (N=59)

Number of Chairs	Public Universities n=45	Private Universities n=14	Total
Under 25	26	2	28
25 - 99	12	3	15
100 - 249	6	6	12
250 - 499	0	2	2
500+	1	1	2

Endowed Chair Investments

All but 20 of the 65 institutions reported on the amount of their endowment invested in endowed chairs. The average university has over $46 million invested in endowed chairs. Of 45 respondents, five universities have $100 million or more invested in endowed chairs, while 28 have under $25 million invested in endowed chairs (see Table 4). Of these 28, 16 have less than $10 million invested in endowed chairs. Because only seven private universities reported this data, the averages for private institutions may not be representative. Therefore, averages for both public and private respondents are not presented.

More importantly, the amount invested in endowed chairs has a strong relationship to two other factors. The amount of endowment invested in endowed chairs corresponds significantly to the number of endowed chairs reported by the institutions as indicated in Table 4. In addition, the amount invested in endowed chairs also closely corresponds to the total amount of endowment. As a proportion of total endowment, however, the amount invested in endowed chairs decreases as the number of chairs increases. This statistic may be a reflection of institutional history in that universities that have solicited funds for many years will have had more opportunity to seek endowment funds for purposes other than endowed chairs and to invest endowment assets to increase the overall size of their endowment.

The growth in the number of endowed chairs is also faster at private research universities than at public institutions. Only 25% of public institutions established five or more chairs during the five years preceding 1993, compared to 42.8% of private universities. The remaining 75% of public institutions had established at least one endowed chair in the preceding five years.

Forty-nine universities provided data on minimum gift requirements for an endowed chair. The average minimum gift requirement is $1 million for public universities and $1.25 million for private universities. Ten universities require $1.5 million or more, but the average and the midpoint of the range among all respondents was $1 million.

Endowed Chair Policies

Of the 65 respondents to the survey, 64 have endowed chairs and one university, at this time, was attempting to create an endowed chair. That university subsequently established an endowed chair. Among the 65 respondents, 40 universities, or 61.5% of the respondents, have policies. There was no difference between private and public universities concerning the existence of an endowed chair policy. The proportion of public universities with policies was 60.4% and for private universities the proportion was 64.7%. An additional 10 universities had related material and nine of these reported that they intend to adopt a formal policy in the near future. In addition, only 11 of the 40 institutions with policies reported that the policies were created as the result of a capital campaign. This is important because there may be a perception among development officers that a capital campaign is often a catalyst for institutional planning and policy making.

TABLE 4

RELATIONSHIP OF AMOUNT INVESTED IN ENDOWED CHAIRS TO ENDOWMENT SIZE

(N=45)

Average Amount Invested in Endowed Chairs	Average Endowment Size	Percentage of Endowment Invested in Endowed Chairs
$9.5 million [less than 25 chairs]	$132 million	7 percent
$30.5 million [25 - 99 chairs]	$427 million	7 percent
$183 million [100+ chairs]	$1 billion	2 percent

Only 15 universities, or 23% of the respondents, had no policy or related material. Of the 25 with related material or no policy, 16 development officers cited five major reasons why their institutions did not have an endowed chair policy: (a) institutional issues such as lack of interest, poor management, lack of campus vision, and "long standing disagreement among faculty, deans, vice chancellors and chancellors as to what policies should prevail"; (b) institutional history without guidelines or as one development officer wrote, "our tendency is to minimize rules to retain flexibility or maneuverability"; (c) deciding each gift for an endowed chair on a case by case basis; (d) decentralized development activity that, according to one development officer, makes it "difficult to mandate a university-wide policy"; and (e) inexperience with endowed chairs or too much change happening in development to take the time to create policies. One development officer said that the university's lack of policy was due to "no single person assigned to write policy by the provost's office."

Comments by development officers who have policies are the opposite of those cited by development officers without policies (see Table 5). Of the 40 universities with policies, 31 development officers, or 78%, provided comments about why these policies are useful to them. Their top three responses were to provide a framework, to be consistent, and to set minimum gift levels.

TABLE 5

REASONS FOR HAVING OR NOT HAVING ENDOWED CHAIR POLICIES

Reasons for Having Policies	Reasons for Not Having Policies
Help solve institutional issues	Institutional issues in the way
Provides a framework for decisions	Never had policies
To be consistent	Easier to do case by case
Provides parity for campus units	De-centralized development office
Sets minimum gift levels	No one assigned to write policies
Negotiate w/donor & avoid litigation	
Determines viability to raise funds	

In providing a framework, development officers cited the need for parameters, clear-cut procedures and a way to examine issues surrounding endowments. One development officer wrote that creating the policy "forced the institution to examine issues surrounding endowments—i.e., is this a salary supplement to an existing budget line, what are endowments named, and who can change the name."

Concerning consistency, development officers cited the need to eliminate ambiguity and give all parties something in writing. "Codifying procedures eliminates dealing with issues on an ad hoc basis," wrote one development officer.

By setting gift levels, development officers said minimums help avoid under-funded chairs and also help define the type of positions that can be endowed. "If sufficient funding is not achieved, the gift really doesn't work as it is designated to work" wrote a development officer.

In addition to these three reasons, development officers also said that endowed gift policies help avoid litigation, provide a basis on which to negotiate with a donor, and ensure that donors understand the need for the chair and are recognized appropriately for their generosity. Development officers also said that creating endowed chair policies often help resolve institutional issues, determine the viability to raise funds, and provide parity for administrators of different units or colleges. A development officer noted that creating policy was a catalyst for institutional leaders, "Setting minimum amounts forced deans to think about what it would take to endow a chair."

How Universities Use Policies

Information concerning the universities' use of endowed chair policy was gathered from survey responses provided by a development officer of each university. Survey questions addressed how policies are created, reviewed and approved. In 24, or 60%, of the 40 universities with policies, the CDO or head of the University Foundation initiates the policy creation and review. Universities, however, do not review policies often. In fact, 28 of the 40, or 70%, said they were not reviewed annually and over half of the respondents said they reviewed policies "as needed." When policies are reviewed, however, over 65% seek approval from the Board of Trustees. Seventy percent of public universities seek Board approval of their endowed chair policies, while only 58% of private universities have their endowed chair policies approved by their governing boards.

Once a university has an endowed chair policy, the policy is often published and disseminated to development staff, faculty, and to donors. Twenty-eight, or 70%, of the 40 universities with policies said that policies are shared with development staff, while 29 said they share policies with faculty and staff. Only 19 universities, 16 of which are public institutions, distribute policies to donors.

Eleven respondents, or 27.5% of the universities with policies, said policies have been used to decline a contribution for an endowed chair. Ten of these development officers said that the gift amount offered was too low. Seven development officers cited donor influence as the reason an endowed chair was declined, particularly where the donor wanted control over the faculty appointment or use of the chair. In addition, six development officers said that donor interests were inconsistent with university goals.

Policy Content

The 34 universities that sent policy documents represented 32.7% of the target population, 52.3% of the respondents, and 85% of the universities with endowed chair policies. These 34 policy documents were reviewed for content, style and format. As a result of this analysis, 13 content areas emerged (see Table 6). The content areas are not always found in university policy documents under these 13 headings, but rather, are contained in the text of the policy document. The 13 content areas are ranked in order of frequency in Table 6 and a description of each of these content areas, in their order of frequency, begins with the funding of the chair and minimum gift levels.

TABLE 6

CONTENT AREAS FOUND MOST OFTEN IN ENDOWED CHAIR POLICY RANKED BY FREQUENCY (N=34)

Rank	Content Area	% of Policies
1	Funding of the chair/minimum gift levels	94
2	Title of the Endowed Chair	85
3	Approval Needed to establish endowed chair	71
4	How the Donation can be made	68
5	Definition of an Endowed Chair	67
6	Hiring	60
7tie	Written Agreement with Donor	53
7tie	Use of Funds by the Chair Holder	53
9tie	Purpose of Endowed Chairs	50
9tie	Investment Strategies	50
11	Introductory Comments	44
12	Appendix	32
13	Donor Involvement in the Process	29

Funding of the chair. Funding of an endowed chair or the minimum gift level required was addressed in all but two of the policies, making this the content area most often included in an endowed chair policy. The majority of the policies listed the gift amount needed by the university to endow a chair. The gift minimum is important because interest earned on this gift amount will accrue annually to cover the expenses of the chair. For private institutions, the expenses include salary; at public institutions, the expenses usually do not include salary. For all institutions, funding levels were almost always listed in relation to the title of the chair, such as Endowed Chair,

$1 million. This listing also serves other purposes in that at least one-third of the policies list a brief description of the chair in addition to the title and amount. Only two of the 34 policies suggested that minimum levels be reviewed every three to five years.

Creating a title for the chair. Titling the chair was included in 85% of policies. The most common faculty positions used for endowed chairs were professor, university professor or chair. Distinguished chairs, eminent chairs or eminent professors were mentioned slightly less often. In addition, the majority of policies also indicate that the name of the donor is used with the faculty position to create the title for the chair. A few policies gave specific examples of how a donor's name would fit into the title for each level of endowed position, such as "the James Smith University Professor of Economics." When a list of titles was included in the policy or as an attachment, it almost always began with the most prestigious endowed position or the position that required the largest gift amount. The titling of chairs is the same for public and private institutions.

In addition to the title, eight universities described the chair holder's duties. A private university policy, for example, states that "the holder of an appointment to an endowed chair is expected to carry a reasonable teaching responsibility and, where appropriate, to teach both graduate and undergraduate courses. The appointee shall contribute to the scholarly activity of the department in which he or she resides and, through seminars and other intellectual contact with students, add to the enrichment of the academic life of the campus as a whole."

Approval needed to establish a chair. Seventy-one percent of policies included a description of how endowed chairs are approved, but only 62% of the policies identified the university personnel who are involved in the approval process. Of those that identified specific personnel, three positions play a key role in approving the establishment of a chair: the president or chancellor, the provost or academic vice president; and the dean of the college or the department head. Some policies, such as the one below from a public university, describe a complicated process to establish an endowed position:

> Responsibility for monitoring the procedures to establish a distinguished professorship rests with the Office of the Senior Vice Chancellor for Academic Affairs. The department in which the professorship will reside initiates a request that a professorship be established, whereupon the Office of the Dean obtains the appropriate data and drafts a Request to Establish a Distinguished Professorship which, after review by the associate dean for academic affairs and the assistant vice chancellor for development, is then forwarded to the office of the Senior Vice Chancellor for Academic Affairs.
>
> The appropriate committee of the Academic Senate and the Academic Planning Board shall be consulted by the academic vice chancellor with respect to the scope and subject area of the proposed professorship. However, prior to such consultations, the assistant vice chancellor for development should be consulted by the senior vice chancellor to insure that the proposed professorship is in conformity with the expressed wishes of the donor(s). The director of the office of the Budget should also be consulted because of any possible fiscal impact.

Other policies, like this one from a public institution, simply state that "Recommendations to the Board concerning acceptance of gifts for endowment of academic positions will be made through the Chancellor to the Board." Less than one-third of the policies state that endowed chairs need to match institutional goals. This statement from a public university is one of the most detailed: "Chairs, professorships, and other endowment opportunities must be part of an academic plan approved by the provost and a development plan approved by the senior vice president for University Relations."

Almost half of the policies indicate that the development office has close contact with the academic department in arranging for the endowed chair. No policy indicated that a university place limits on the number of chairs that could be established or that a university had goals to establish a specific number of chairs. Only one policy from a public university directly cited a reason for declining to establish a chair: "Endowments may be refused by the University or by the faculty of the assigned academic unit on the ground that acceptance would be detrimental to the academic mission of the University or unit." There appeared to be no difference in this content area between public and private institutions.

<u>Making the donation.</u> How the donor makes a gift to endow a chair was described in 68% of the policies. Having the donor make a "legally binding commitment" or an "irrevocable gift" was emphasized in almost all of these policies. If a donor wanted to make a pledge to create the endowed chair, universities suggested a payment schedule, with most policies suggesting a limit of five years to make payments. Most policies indicated that the full amount of the gift was needed to hire for the position or "activate" the chair, but not all universities required the full amount. One private university policy states that a search will not be authorized until "the University has at least half of the total funding in hand and an irrevocable commitment

for the remaining half within three years." Some policies also offer donors the opportunity to create a term chair that is not endowed but supported by annual gifts over a term of five years or as long as agreed upon by the donor and the university.

In five cases, policies identified the staff and faculty positions who are authorized to solicit the donor for the gift. Two policies were concerned with who is solicited for an endowed chair and that endowed chair policies be used consistently with these potential donors. Only a few policies mention that an endowed chair can be created through a bequest, but those policies do not provide detail about how that arrangement is made. There were no differences in this content area between public and private universities.

Definition of a chair. Most of the policies are written with the assumption that the reader understands endowment. One public university, however, begins its policy by stating, "An endowed gift is one in which the original principal is never invaded; the gift exists in perpetuity." Ten other policies define endowment in the same way. In defining an endowed chair, however, state universities are more likely to define a chair by the interest earned from the principal. The following definition of an endowed chair from a private university is typical of one-sentence descriptions contained in both public and private university policies: "An Endowed Professorship is a professorship supported by a permanent endowment which provides support for some scholarly activities as well as a significant fraction of the chair holder's salary." Twenty-three of the 34 policies, 19 of them from public institutions, contained some definition of an endowed chair.

<u>Hiring/appointing the chair holder</u>. Hiring procedures were included in nearly 60% of the policies, but only in three of the nine private university policies. At least half of these policy documents provided a detailed description of each step in the hiring process. If a policy did not contain a detailed description, it was almost always emphatic that the faculty member appointed to the endowed chair would be hired using established academic hiring practices. One-third of the policies identified if the endowed chair would be filled by hiring a new faculty member or appointing an existing faculty member. In a few cases, the hiring varied with the level or type of endowed chair. In one institution, for instance, the highest level of endowed chair is filled by a faculty member not currently at the university, while two other levels of endowed chair are filled by current faculty members. When hiring procedures are described in summary or in detail within the policy, half of the universities include some language to indicate that the university determines the qualifications for candidates for endowed chair positions. Four universities, including this public university, specifically prohibit donor interference, "The participation of donors in the academic selection process is inappropriate and should be strongly discouraged." However, for another public university, a donor may have some influence in the chair holder. The university's policy states that the university would accept support "for a named chair or professorship from a donor for a particular university professor when this appointment has been approved by the department, college, vice president and senior vice president for academic affairs."

Only five policies discuss the length of terms of the chair holder, similar to this statement from a private university: "The term of the appointment shall be determined by the President of the University upon recommendation of the dean of the appropriate college, consistent with the conditions of the grant." A few policies were specific with lengths of five years and possible re-appointment. Other conditions cited by a few policies included how the appointment would be announced and how emeritus status would be awarded.

Written agreement. Over half, 53%, of the policies contained information about creating an agreement with the donor or making a written proposal to the donor. Some of the policies referred to this written agreement or proposal as the "gift instrument." The purpose of most of these agreements was to confirm or propose the discipline of the chair, the title of the chair, and the commitment by the donor to provide a gift of a specific amount for the chair. Several policies indicated that the written agreement would also include provisions for changing the purpose of the chair, if needed, as long as the general intent of the donor was preserved. A few policies provided sample language that is used in the written agreement, primarily having to do with payment schedules and annual financial reports that the university would provide to the donor concerning the endowment. There was no difference between private and public universities in this content area. Only two universities indicated that the written agreement would confirm university policy to expend a specific percentage of the interest for the chair and to return the remaining interest to the principal. None of the policies indicated that the written agreement identifies the specific expenditures allowed for the chair holder or that narrative reports would be provided to the donor about the chair holder's research, teaching or other scholarly activity. Slightly over half, 53% of policies, contained information about a written agreement with the donor.

Use of funds. Only three private universities described how interest earned from endowment funds would be used. The funds for these three institutions were designated for salary, scholarship, professional activities, equipment, graduate assistants, and a library fund. Fifteen public universities identified specific expenses allowed for the endowed chair. Funds for travel, conferences and research were identified most often. Staff support and secretarial help were also important, but graduate or research assistants were not mentioned specifically in any public university policy. Support for equipment was mentioned in at least five public university policies, and one policy noted that "any durable purchases made with such discretionary funds remain the property of the university."

Purpose of the chair. Half of the 34 policies described the purpose of an endowed chair as providing a benefit to the university or the faculty or both. The top two reasons for having endowed chairs were to aid the university in attracting and retaining scholars and to recognize faculty. One public university policy states, "The creation of endowed chairs not only brings or retains outstanding faculty, but improves the financial standing of the University." Only one policy revealed that endowed chairs benefit students and five policies cited satisfying the personal goals of the donor as a purpose. Public universities are as likely as private universities to describe the purpose of an endowed chair.

Endowment and investment strategies. Content concerning endowment was included in half of the policies. Most content concerning endowment and investment strategies confirms that only income from the fund is used for expenses. This content area also explained why income may not be used to support a chair holder such as "during any period in which a chair is not occupied while the search proceeds for a suitable candidate." If a chair is not occupied, income may be returned to principal, or as this public university policy states, "the Chancellor may authorize the appropriate Dean to use the endowment's income in support of research and teaching in the designated area of study." Policy may also indicate if funds need to be added to principal on a regular basis. For example, five public university policies include a statement similar to this one: "If it is desired that a portion of income be added to principal on a regular basis in order to preserve the long-term value of the principal, an agreement to this effect should be secured from the donor at the time the endowed chair is established."

The majority of policies that discuss endowment emphasize that investments and expenses be well-managed. Only four policies referred to a specific investment policy and one university sent its 14-page investment policy as evidence. No policy cited NACUBO guidelines or policies. One policy, from a public university, was clear that the donor could not be involved with the investment of the fund: "Donors should not be given assurances that their gifts will be invested in a manner inconsistent with the general policies of the university. This is particularly true in cases where the donor wishes to: (1) direct that specific investments be made, or (2) direct that a specific investment manager be used." One university suggested that a five-year plan for the growth of the fund be developed before the donor agrees to the gift.

Introductory comments. If a policy begins with an introductory comment, it is usually brief, limited to one or two statements that describe the policy. For instance, this public university policy begins, "This section outlines policy and procedures regarding the establishment of endowed chairs through the support of gifts to the university." Of the 34 policies, 11 public and 4 private universities contained introductory comments. One private university begins its policy statement with a one-page preface that describes the purpose of endowed chairs with glowing descriptions like this one: "Endowment provides the university with the flexibility to meet the diverse and uncertain needs of the future. It protects our hard-won efforts from the uncertainty of political and economic change." Introductory comments tend to include information about why the university has an endowment or the importance of endowed chairs. Almost none of the policies mention how often the policies are reviewed and who initiates the policy review. None of the policies contained information about how long the university has had endowed chairs.

An Appendix. The appendix appears to be an infrequently used vehicle with only 11 of the 34 policies containing samples. Of the policies that included samples, five were from private universities and all included a list of funding levels. Other appendix items were a sample agreement, a guide for stewardship of endowment gifts, and a letter appointing the chair holder.

Donor involvement. Apart from making the gift, the donor's role in establishing the chair was discussed in less than one-third of policies, seven public and three private institutions. In four of these 10 universities, policies contained language to clarify the extent of the donor's role, but only as it relates to the donor's involvement in hiring or investment of endowment, described in previous sections. Policies that limit the donor's role in hiring tend to identify other appropriate donor involvement activities such as receiving an annual report from the dean or chair holder, being invited to campus events, and public relations related to the announcement of the chair.

Policy Style and Format

Endowed chair policy documents for all universities average three pages, but policies for public universities are slightly longer at four pages in length. Of the 34 policies in this study, the shortest was one-half page and the longest was 20 pages. Most were typed documents, but four were printed. Twenty-five, or 73.5%, of the 34 documents were identified by the year in which they were approved or revised, with 15 policies created or revised since 1990. The oldest policy was dated 1984.

The content and the language of the policy, as well as its format, indicated its use and audience. Policy documents were generally for internal use with administrators, development officers, or deans and department heads. Seven policies were taken directly from Development office handbooks or policy manuals, five were written as directives from provosts or development vice presidents to campus leaders. Two policies were taken from policies adopted by the state board of regents and two other policies were excerpted from personnel handbooks.

Overall, policy statements did not provide detailed descriptions, except for specific content areas like funding levels and hiring. In fact, the language in almost all of the policies was formal, with words such as "shall" and "must" used throughout. This statement from a public university policy is one of the most formal: "Once the funding is in place, the cognizant vice president shall solicit and receive nominations of candidates for the new chair according to procedures established by the college concerned and approved by the cognizant vice president." Three of the four printed documents, as opposed to the typed documents, were less formal in language and were directed to the donor audience.

Survey Results versus Policy Content

Some findings from the examination of policy content have a direct relationship to development officers' responses on the questionnaire. A comparison of policy content to survey responses resulted in five considerations for how policies are used, all raising further questions.

Both the survey results and policy content indicated that policy documents are written and disseminated internally. The tone and language of the policies appear intended to a campus audience, specifically development staff and administrators. Of the 40 universities with policies, 28 disseminated policy to development staff and 29 to faculty. However, 19 development officers said they shared policies with donors, yet only a few of the policies contained the language and appearance needed for an external audience.

Development officers use the endowed chair policy as a guide to accept or refuse a gift to the university. Minimum gift levels, for instance, were cited by 10 of 11 development officers as a rationale for declining a gift for which the amount of the intended gift was too low. Six development officers declined endowed chair donations because the donor's intent was inconsistent with university goals, but of these six, only two had policies in which endowed chair policy would substantiate this decision. These two were among only ten policy statements that contained language requiring the purpose of the endowed chair to agree with university mission or priorities. This statement from a public university serves as an example: "The subject area of an endowed professorship or chair should be consistent with the mission and the academic plan of the University."

Throughout the history of endowed chairs, the tension between donor and university has centered around the donor's interference in the hiring process. In the surveys, seven development officers said they declined a gift because of donor influence, yet only four policy documents contained specific language that prohibited a donor from being involved in the hiring process. Also contradictory is that one public university would allow a donor to choose the faculty member appointed as the chair holder.

Development officers were accurate when they said their policies were reviewed "as needed" instead of annually or on a schedule. Only 11 of the 34 policies examined were dated within the four years preceding the administration of the survey.

More than half of the universities reported that the CDO initiated policy review, but none of the policy documents described policy review, who initiates it, or how often the endowed chair policy is reviewed. Only a few policies suggested that minimum gift levels be reviewed every few years.

Responses to Research Questions

Answers to this study's guiding research questions were developed through careful analyses of both the survey responses and the policy documents. The questions below follow the list of research questions identified in Chapter I, but a few questions have been grouped. For all questions, the answers pertain to Research I and Research II universities.

<u>Do universities that have endowed chairs have written policies to establish them?</u> Yes, universities that have endowed chairs have written policies to establish them. This study showed that 61.5% of Research I and II universities with endowed chairs have such policies.

<u>What approval is needed to implement the policy?</u> Most university endowed chair policies are approved by the Board of Trustees or similar governing body. For some state universities, the policy is approved by the Board of Regents or even the

legislature.

How often are policies updated? According to development officers, policies are updated "as needed," but over half of the policies examined in this study were created or updated within the four years prior to 1993. In addition, periodic capital campaigns have not been the primary impetus for creating policy.

What kinds of questions do policies seem to be answering? The primary question answered by policies is how large a gift is needed to endow a chair. Because most policies provide minimum funding levels for endowed chairs, this study determined that $1 million is the standard. Policies also identify the titles of the endowed chair positions and describe the approval process for establishing the chair. In general, policies do not contain guidelines concerning the involvement of the donor.

Do the policies forestall or allay or predict concerns? What are the ethical concerns addressed in the policy? Do policies address situations where the university might refuse an endowed chair? Endowed chair policies appear to answer questions that a faculty member or dean may ask, but they are hesitant to identify the limits of a donor's involvement. Only a few universities have created policies that specifically indicate where the donor's influence stops. In this study, only one policy contained a sentence that indicated why the university would refuse an endowed chair. Further, because policies do not indicate boundaries to a donor's involvement and they are primarily internal documents, they do not give institutional leaders guidance on how to communicate policy to a donor or how to ameliorate a situation with a donor who wants more involvement than the university is willing to allow. Overall, policies do not address situations where they would refuse a chair.

Are there types of policies concerning function or intended audience? Almost all endowed chair policies are internal documents intended for development officers, administrators or faculty leaders. The average policy is three or four pages long and covers basic elements but does not provide detailed information except for minimum gift levels and the hiring of the endowed chair holder. In only a few cases, policy documents are created for an external audience. It is more likely that excerpts from policy are included in publications for donors that are intended to promote gifts for endowed chairs.

Are there any differences in policies between public and private universities? Policies for public universities appear to be more detailed than for private institutions. Public university policies are, on average, one page longer and contain more detail about the steps necessary to create and approve an endowed chair.

Are there any differences in policies between Research I and Research II universities? There does not appear to be any difference in endowed chair policies between Research

I and Research II universities.

For what purposes are endowed chairs established? Half of the universities in this study cite a purpose for endowed chairs. The main purposes indicated in the policies were for the university to attract and retain faculty and to recognize faculty excellence.

Who participates in the decision-making process to create the endowed chair? Three campus officials have a key role in approving the creation of an endowed chair. In order, they are the president or chancellor, the provost or academic vice president, and the dean or head of the academic department. The chief development officer or foundation official has a primary role in soliciting or confirming the gift that creates the chair.

Are there various types and funding requirements for endowed chairs? Yes, most universities have more than one level of endowed position and the funding amount varies for each level. Three titles appear most frequently: endowed professorship, university professorship, and endowed chair. One million dollars is the standard amount required to establish a chair. The name of the donor is frequently used in the title of the chair, along with the name of the discipline.

Is there a provision in the policy for contact between the development office and the academic discipline? Just under half of the policies examined in this study indicated that the development office works closely with the academic department or school in which the endowed chair would be established.

Is the investment policy stated? No, investment policy is generally not included in endowed chair policy. However, some policies contain guidelines for re-investing unused interest or for how interest can be used if the chair is not filled even though it is fully funded.

What expenses for the endowed chair are to be paid annually by the endowment? Policies for private universities are not specific about the purpose of the interest, other than its use for salary and scholarly activity. Public university policy is more specific in that interest from the endowment usually does not go toward salary. Expenses for endowed chairs at public universities include travel, conferences, research and support staff.

Discussion

The analyses conducted in this study not only provided baseline data about endowed chairs at research universities, but they also provided a rich description of the content of endowed chair policies and a composite of how universities use these policies. Taken together, these three areas of analyses provide insight into the arena of major gift seeking in higher education. A 62.5% institutional response adequately represented the target population. This positive response may be indicative of the desire of development officers to support this study or to learn about the practices of other institutions. The fact that 57 of 65 institutional officers took the time to complete the data section of the questionnaire was evidence that development professionals were earnestly assisting in this research. It also showed that universities are engaged in endowed chair gift activity to the extent that more information would be helpful to them. Upon closer examination, the results of this study provide more insight when discussed in relation to (a) the baseline data, (b) use of policies and (c) policy content. A summary will conclude this discussion.

The Baseline Data

The size of university endowment reported in the results of this study reflects the research data described in Chapter II. These results confirm that endowments at research universities are substantial and that endowments at private universities are larger than public universities. Even without including endowments of $1 billion or more, the midpoint on the range for all respondents was a respectable $152 million. An endowment of $152 million, for instance, would today rank 128th among 460 other institutions of higher education (NACUBO, 1996).

It was also not surprising that private universities have more endowed chairs on average than public institutions. Even though public universities have fewer chairs, 75% of them have at least one chair compared to 100% of private universities. More important is the fact that most research universities, 46 of 59 in this study, are actively seeking gifts for endowed chairs. More experience with endowed chair gifts may help increase the number of endowed chairs being established at public institutions in the years ahead. From the results of this study, a parallel relationship emerges between the number of chairs and the amount invested in endowed chairs. This relationship seems logical. Even more significant is the fact that a greater number of chairs also indicates a larger overall endowment. Every institution fit this pattern, leading to an assumption that endowed chairs may be an indicator of endowment size. It certainly demonstrated that endowed chairs have a specific role in an institution's endowment planning. Another statistic that is important and needs more study is the proportion of the amount invested in endowed chairs in relation to overall endowment. Whether an institution has one chair or 100, endowed chairs account for an average of 7% of their endowment principal. This provides further evidence that gifts for endowed chairs are a key factor in an institution's endowment growth. The only exceptions to this would be those few institutions of higher education with endowments larger than $1 billion.

The data further answered a question asked most frequently by development officers about the amount of the gift universities should require of donors. One could call it the million dollar question. While the results of this study provide the million dollar answer, the analyses also indicated that there is no one answer. Each institution needs to set a gift amount that will adequately provide for the financial needs of the chair holder and the institution. Copying others or not reviewing gift minimums on a regular basis may put a university at risk of establishing an under-funded endowed chair.

Use of policies

The greatest insight into an institution's use of endowed chair policies came from responses by the development officers. For example, the development officers reported that policies were not created because of capital campaigns, thus clarifying mixed assumptions in the literature that campaigns serve as an impetus for identifying needs and priorities (Brittingham & Pezzullo, 1990) or that policies are usually developed or reviewed after a chair is established (Netherton, 1995). The development officers also reported that policies are not reviewed on a regular basis and legal counsel is seldom involved in policy review or approval. Endowed chair policy is typically an internal document, useful for only a handful of people, probably those holding positions named in the policy. While endowed chair policies are usually not shared with donors, many policies are not even shared with the development staff.

At institutions that do not have policies, development officers reported that either they never had policies or institutional issues got in the way of creating policies. They said it was easier to make decisions on a case-by-case basis. On the other hand, development officers at institutions with policies reported that policies help address institutional issues and provide consistency and a framework for decisions. Compared to institutions with policies, universities without policies have a weak argument. On the other hand, the reasons cited by development officers for having policies are weak compared with the lack of specificity found in the actual policy documents. The value of having policy may have helped institutions decide to create policy, but it did not influence the content of the documents.

Policy Content

It was encouraging to discover that the majority of universities that have endowed chairs have some kind of policy to guide their establishment. But while the existence of policies was somewhat positive, the content of the policies was disappointing. The most significant discovery was that policies did not contain language that would preclude donor influence. This is important because the history of endowed chairs makes it clear that donor influence is the most contentious aspect of establishing an endowed chair. And yet it was omitted or sidestepped in almost every policy document examined. Omitting language concerning donor influence may occur because universities are eager to obtain funds and want to be able to negotiate with a donor. Institutions may feel that prohibitive language in a policy document closes the door to that negotiation. The history of endowed chairs would confirm, however, that not every university administrator has the skills necessary to successfully negotiate a gift for an endowed chair.

The history of endowed chairs also demonstrates that a donor's involvement in the hiring process often creates problems for the university. Yet, the subject of hiring is included in only 60% of policy documents. Content about hiring seldom describes important elements about the chair such as the terms of the chair, the status of tenure, or if the chair holder will be selected from internal or external candidates.

Also significant was that universities generally describe how an endowed chair is approved, but their policies do not state that these decisions are made with regard to their academic plan. Only one university policy actually states that it would refuse a gift if it conflicted with academic mission. Given that the language used in policies frequently includes words like "shall" and " must," it seems unusual that the policies are not more strict in content. Because policies are not usually shared with donors, it is unlikely that policies do not address donor issues out of concern they might offend potential donors.

Overall, endowed chair policies are basic guidelines that describe the approval process, funding levels and the titles of endowed chairs and, to some degree, other aspects of establishing a chair. The funding level policies, along with the titles, for types of chairs are the information most often shared with donors. How the funding levels are determined by the university, however, is usually not described in endowed chair policy.

Summary

The baseline data in this study describe a donor investment in higher education of mammoth proportions. For example, if the $152 million average endowment size was multiplied by the 104 research institutions in the target population, the total amount of endowment would be just under $30 trillion. Up to $3 trillion of that may be invested in endowed chairs. These amounts for Research I and II universities added to the investment by other Carnegie classifications would be even more staggering.

The data between public and private universities were frequently compared and differences between the two types of institutions were apparent primarily in their experience with endowed chairs. Private institutions have sought gifts for endowed chairs for much of their history and their endowment investments reflect this experience. The "sameness" of the policies studied may also indicate that public universities have borrowed the basic elements of policies from private institutions. Even though public institutions have less experience with endowed chairs, their policy documents are slightly longer than those of private institutions, indicating that public universities may need more information in order to be better prepared for accepting gifts for endowed chairs. They also may have more state regulations that influence their gift policies. The reasons remain unclear.

The results also provide a study in contrasts between institutions with policies and those without policies. The universities without policies seemed almost cavalier about the absence of policies as if having or following policies was an imposition. In contrast, universities with policies held the policies in esteem, although the level of this esteem wasn't matched by the same level of intensity in the content of their policies. Universities with policies appear to have some of the same cavalier attitude displayed by institutions without policies. It is unclear whether this is unintentional or whether universities really do have "unwritten guidelines" and need as much flexibility as policy documents describe. The poor dissemination of policies raises further questions about how policies are used. Are policies not shared with others because of the need to control the gift process? Are the policies useful? Are there verbal explanations that need to accompany the written policy to make it useful? Would a development officer or provost be embarrassed to share the policies with other administrators or faculty members or a potential donor?

Finally, the perspective that most of the policies neglected was the interest of the donor. The policies may have answered the questions of an academic dean or a faculty member, but they would have been less than satisfactory for a potential investor. For instance, why would a donor give a university $1 million in perpetuity and not have an agreement in writing? Why would a donor agree to make this gift and not know what is expected of the faculty member holding the position? How will the department spend the interest? Will the donor receive an annual report concerning the activity of the chair holder? How much interest is expected and how does the institution determine its investment strategy? Clearly, a university would be better served by having policies that satisfy the interests of the donor, as well as the faculty and administration. Only then can a university create a clear path to establishing an endowed chair.

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This study examined the use and content of development policies that concern the creation of endowed chairs at research universities. Sixty-five of the 104 institutions invited to participate in the study responded, providing data about their policies, endowment and endowed chairs, and examples of policy documents. The analyses of these data provided a rich description of the content areas addressed by policies and also some specific ways that development officers at these institutions use their policies. A summary of the study, conclusions, recommendations for institutions creating policies, and suggestions for further research follow.

Summary

This study examined how Research I and II universities establish endowed chairs using charitable donations. With billions of dollars invested in university endowments, major gifts, including those for endowed chairs, are critical for a university's academic and financial growth. A gift for an endowed chair is an important major gift. Further, a donor interested in endowing a chair can have a significant effect on the strategic needs of the university. Studying guidelines or policies used to establish an endowed chair was intended to provide valuable insight into the institution's ability to carefully and critically accept major gifts balanced against its need for resources.

This paradox of the university's need for resources and its ability to carefully and critically accept major gifts or gifts for endowed chairs was illustrated in a review of the literature. Practitioner-oriented information, journals, doctoral dissertations, and an historical account of endowed chairs that began in 1719, chronicled the conflicts between academic institution and donor. The literature also raised further questions about the practices of colleges and universities in regard to accepting gifts that establish endowed chairs. These questions helped to formulate the fundamental research questions for this study.

This study was conducted in order to determine the policies and practices of research universities because they have the largest endowments compared to other classifications of institutions of higher education (Carnegie, 1994; NACUBO, 1996). The intent of the study was also to gather baseline data about the endowed chairs and endowed chair endowments of these universities, since no similar data existed nationally.

To answer fundamental research questions and gather baseline data, qualitative research methods were used to collect and analyze the data. Chief Development Officers at each of 104 universities were asked to complete a questionnaire about their use of policies in accepting gifts for endowed chairs. The three areas of data that resulted were: (a) responses from 65 institutions on the questionnaires, (b) statistics about 57 universities' endowed chairs and overall endowment, and (c) 34 policy statements and 9 related documents. All three areas were analyzed individually and then synthesized to answer the study's fundamental research questions.

There were six significant findings in this study, beginning with the baseline data. The baseline data in this study describe a donor investment in higher education endowment and endowed chairs of mammoth proportions. For the 104 research institutions in the target population, the total amount of endowment is close to $30 trillion with up to $3 trillion of that invested in endowed chairs.

Second, the history and experience of public and private universities are reflected in the differences between their baseline data. The average research university has an endowment of $480 million, with $46 million invested in endowed chairs. Endowments at private institutions average $1 billion, while endowments at public institutions are considerably less at $247 million. The majority of private universities have 100 or more chairs, while the majority of public institutions have under 25 chairs. Almost all of the private institutions have been seeking gifts for and establishing endowed chairs for 50 or more years, while most of the public universities have established endowed chairs only in the past 50 years. The growth in the number of endowed chairs in recent years is also faster at private research universities. Public and private institutions differ considerably in the size of their endowments and the amount invested in endowed chairs, but at both public and private institutions, medicine and engineering are the disciplines that have the most endowed chairs.

The third significant finding is that the amount invested in endowed chairs closely corresponds to the total amount of endowment. Endowed chairs represent 7%

in the case of endowments of $100 million or even $400 million. But, when an endowment reaches $1 billion, the proportion for endowed chairs drops to 2%.

The three remaining findings concern the policy documents themselves. First, the findings indicate that endowed chair policies are the same for public and private universities. Of 13 content areas examined, public and private universities did not differ greatly in the language, style or depth of content included in their policies. Public university policies tended to be slightly longer, possibly attributed to state regulations. Another significant finding was that the content of policies was sparse. Many policies would not say enough about the process to help a new academic dean or development officer accept a gift for an endowed chair. Moreover, policies rarely address key issues of donor influence. In fact, only one policy actually stated the reason why it would refuse a gift for an endowed chair. Policies do an adequate job of identifying the amount of gift needed for an endowed chair, the titles and levels of endowed positions, and the approval needed to establish the endowed chair. However, policies give little insight into the purpose of endowed chairs and how funds are spent annually. Barely half of the policies indicate that a written agreement with the donor is needed. In addition, even though they are primarily internal documents, policies are poorly disseminated to faculty and development staff.

Finally, universities seem more concerned with accepting a large gift than with having guidelines that would help them negotiate with a donor. In comparing the content of policies to institutional officers' reports of policy use, the findings indicate that decisions being made in regard to endowed chairs were not often substantiated by endowed chair policy. While several development officers reported that they had refused to accept a donation for an endowed chair, their policies do not specify why a donation would be refused. In addition, policies are not regularly reviewed, nor do they indicate who reviews them.

Conclusions

The findings of this study provide a "snapshot" of endowed chairs and the content of endowed chair policy, as well as how policies are used at research universities. The findings of the study lead to five major conclusions that are all interrelated: (a) the magnitude of endowment size and the pressure to raise funds for endowment; (b) the pressure to raise funds eclipses the need for guidelines and policies; (c) lack of vision or academic planning impedes the creation of policies; (d) lack of depth in policies leaves universities vulnerable in making their own decisions; and (e) policies that do not address donor issues place an institution at risk.

Baseline Data Powerful

The baseline data concerning endowment and the amount of endowment invested in endowed chairs underscore the importance of endowed chairs in American higher education. An estimated $3 trillion have been invested in endowed chairs at the 104 institutions in this study. The amount would be an even larger number if combined with the amount invested in endowed chairs at all other Carnegie classifications of institutions.

The averages for endowment size and amount invested in endowed chairs point out the impact that each research university has as an investor. The continued activity by both public and private institutions in soliciting gifts for endowed chairs reflects the importance of endowed chairs to academic enrichment and faculty recognition. The significance of all the baseline data makes it imperative that information about endowment invested in endowed chairs for research universities be updated and published annually.

Pressure to Raise Funds

The increased demand on institutions to raise endowment funds leads to the second conclusion. Institutional need for funds is overshadowing the need for a comprehensive policy to guide decisions. Recent news stories indicate that either institutions do not have endowed chair policy or do not follow policy. Between 1992 and 1995, for example, six headline-making dilemmas concerning endowed chairs occurred at respected institutions like Columbia, Duke and Yale. These reports could be interpreted as a kind of wake-up call. The findings in this study indicate that universities that have endowed chairs have policies to establish them. Further, institutional officers believe policies are important. Yet, policies are not doing the job that they have the potential to carry out for academic institutions. The content of most policies is sparse and weak, seldom addressing the issue of donor influence in straight-forward language.

Each university should compare its endowed chair policies with similar excerpts from its student handbook or faculty manual. Were the endowed chair policies written with the same attention to detail? It is not that universities are unaware of the conflicts that could result between donor and institution. It is more likely that universities prefer the flexibility of making gift acceptance decisions without too many rules. Unfortunately, this means that they frequently follow “unwritten” guidelines when it comes to securing gifts for endowment. This flexibility helps accommodate a donor’s wishes and allows an institutional officer more latitude in negotiating a gift. In fact, many development officers would probably be surprised to discover that their policy does not substantiate some of their decisions. If together academic leaders and development officers would give endowed chair policies a closer review, their collaboration could result in policies that help everyone balance the pressure to raise funds against the interest of the donor.

Lack of Vision

Institutions without vision or an academic plan have difficulty creating policies although the creation of policies would help stimulate their academic planning. Without an academic vision, the process for establishing an endowed chair is difficult, confusing or frustrating for the development or academic officers involved. Decisions are made at the moment without regard for long-range institutional planning. Worse yet, decisions take too long to be made and any opportunity with the donor is lost. Without academic direction, a decision could be made to establish a chair that has no relation to an academic program. The university may find itself needing to create a department or program to accommodate the new chair. In another situation, a hasty decision could result in a direction for an academic department not supported by the faculty. Institutions need to be able to accept donations for endowed chairs knowing that the purpose of the chair is part of a strategic academic plan. Having policies that include language to this effect supports decisions to decline gifts that would establish chairs contrary to this academic direction.

Lack of Depth in Policies

The content of endowed chair policies is sparse and weak, leaving universities vulnerable to donor influence. The weak content prompts a university to adopt "unwritten" policies that are transmitted word of mouth or held in someone's memory. If policies are weak, the institutional officer asking a donor for a gift will need to be a skilled negotiator. If the officer is not a skilled negotiator, the university may end up with faculty members who are confused, development officers who make promises to donors that cannot be kept, and donors who are unhappy with the way their $1 million has been invested.

To improve endowed chair policies, universities need to describe the internal approval processes, list the types of endowed chairs, and identify gift amounts. Beyond this, institutions should answer questions that a donor ready to invest $1 million should ask. Will this chair be filled by a faculty member currently at the university or will someone be hired from another institution? What will be the duties of the chair in regard to teaching or research? How long does the faculty member serve in this position? Will the university use all of the interest each year or will some be returned to principal to help build the endowment? For what types of expenditures will the interest be used? Answers to these questions will add sufficient depth to policies to help make them useful to university officials and to donors alike.

Policies Need to Address Donor Issues

Policies that address donor issues can be helpful to an institution in many ways. Universities need to take a bold step by including more language in their policies to identify the role of the donor, such as "The appointment of the chair holder will follow university hiring policies; the participation of the donor in the selection process is inappropriate." Clear and detailed policies can help cultivate donors for their gifts because they anticipate the questions of prospective donors. Policies should also include language to indicate where donor involvement is appropriate, such as "Each year the dean of the college will provide the donor with a report on the status of the chair, including a financial statement and a narrative describing the scholarly activity of the chair holder."

To keep policies in tune with donor issues, policies need to be reviewed on a regular basis. After an endowed chair is established, academic and development officers should discuss the process in order to recommend changes to policies or procedures. Donors who have funded endowed chairs should be asked how informed or comfortable they were as the endowed chair was being established. Comprehensive policies can be useful and valuable tools for a university. For public institutions, comprehensive policies may also alleviate scrutiny from legislators or other public officials. For all institutions, comprehensive policies can bring development officers and academic leaders together to discuss and to insure the academic direction of the institution.

Recommendations for Creating and Using Policy

It is clear from this study that institutions that have endowed chairs have a development policy to help them create endowed chairs. The data from this study, as well as the lessons apparent throughout the history of endowed chairs, suggest specific content to include in a comprehensive development policy for establishing endowed chairs.

Content of the policy. Policies should provide a definition of an endowed chair and indicate how the funds for the endowed chair will be spent. However, policies need to establish minimum gift levels for each type of endowed chair and indicate the title of the endowed chair. The policy should also describe who approves the gift and how the chair is created. The policy should also explain the gift methods and terms. For policies to be useful, they should address the issue of hiring and specifically the role that the donor does not play in choosing candidates. Colleges and universities may find it helpful to include all of these arrangements in a written document with the donor and, if so, this should be indicated in the policy. Where possible the policy should describe how the donor interacts with institutional officers as the chair is created. The policy should further identify the decisions that are made by the donor and the decisions that are made by the university. If an institutional investment policy exists, it should be identified in the development policy.

The findings from this study also lead to five specific recommendations for institutions planning to create or revise their development policies regarding endowed chairs.

1. Reflect academic priorities. Before creating or when revising a development policy regarding endowed chairs, the development officer should involve academic leaders to confirm the institution's needs and priorities. If endowed chair policy is new, development officers should be prepared to press academic leaders for direction. When the policy is written, it should be clear to the reader that endowed chairs are of value to the institution and are part of its future growth. It should also be clear that the purpose of the endowed chair needs to fit with the academic mission or plan.

2. Language and appearance are important. When policies are typed neatly and written well, they are inviting to the reader and easier to use. Policies that are written in simple terms also can be used with any audience. This means that the language in the policy needs to be down-to-earth to avoid jargon and words like "shall," and to provide explanations where needed. Policy statements do not need to be detailed. If the institution does not want to discuss a specific issue in detail, it can use language to indicate its need for flexibility. To determine a policy's readability, a development officer may want to invite a faculty member or a donor to read the policy before it is adopted. In language and in their manner of presentation, policy documents

that are readable and understandable are more likely to be used.

3. Share policies with development staff, academic leaders and donors. Policy documents that are accessible are also more likely to be used. If an institution is seeking several gifts for endowed chairs, policies need to be disseminated and also discussed with campus leaders. Institutions may also find it helpful to prepare a separate printed document of endowed chair policies for donors. A document specifically for the donor audience could be embellished with a description of how a particular endowed chair was created or how current endowed chair holders have brought prestige to the institution or how the donor can be recognized for this investment.

4. Review the policy every two or three years. Once a policy is created, it should be reviewed on a regular basis. The policy may also be included as a component of strategic planning. The review procedures and the title of the individual responsible should be indicated in the policy itself to insure its review.

5. Collaboration is essential. The creation or review of policy can be a useful tool in improving the development office's relationship with academic departments. Development officers should discuss the policies with academic deans or department heads to learn about their concerns and to identify steps that can be taken to address their concerns. Creating or reviewing policy can also help to provide unity for a decentralized development office.

Suggestions for Further Research

More research concerning endowed chairs is needed to provide direction to institutional leaders. Where this study stopped, many other studies concerning endowed chairs can begin. Further study is suggested in at least four areas: (a) endowed chair policy, (b) gifts for endowed chairs, (d) endowed chair data, and (d) endowed chairs.

Endowed chair policy. With data collected in this study or from another population of institutions, policy documents could be examined to rate them using specific criteria or to classify them into different types. With this study as a baseline, additional questions can now be asked of institutions that have policies. A researcher may want to determine if institutions with policies create endowed chairs at a faster rate than institutions without policies.

Gifts for endowed chairs. Many studies, including several dissertations, have examined donor attitudes. Now it would be interesting to know if the donor's motivation to create an endowed chair is different than the motivation of other major gift donors. Case studies that examine the creation of an endowed chair from the donor's perspective might also provide more insight into donor motivation and how policies can facilitate the gifting process. While institutions in this study report that medicine and engineering have the largest number of endowed chairs, new data could be collected to determine if these same disciplines lead in the number of chairs established in the past five years or if other disciplines are currently more popular. It might also be interesting to examine specific instances of controversy, like those cited in the recent history of endowed chairs, to determine if those institutions had policy or used policy when negotiating with the donor.

Endowed chair data. The data in this study concerning the number of endowed chairs and the amount invested in endowed chairs at Research I and II universities could be updated annually or every two years and then disseminated nationally.

Endowed chairs. Academic leaders may want more information about endowed chairs or seek answers to these questions: (a) How do other faculty perceive faculty members who hold endowed chairs? (b) How satisfied with their positions are faculty holding endowed chairs? (c) How do university expectations of an endowed chair holder differ from their actual experience? (d) What are the responsibilities of endowed chair holders in regard to teaching and research? (e) What is the chair holder's involvement with the donor? (f) What are trends for hiring new chairs, externally or internally, junior or senior faculty, term limits or lifetime appointments? (g) What influence on departmental productivity can be associated with the presence of an endowed chair?

Summary

This study is the only existing research that describes development policies used to establish endowed chairs for one population of academic institutions. The results of the study yielded a description of policy content, data about endowed chairs and the amount of endowment invested in endowed positions, and comments from development officers about the use of these policies at their institutions. The findings of this study will be helpful for institutions in creating or reviewing their policies.

Even further, the results of the study provide a context for why policies are needed to insure a positive experience for the institution and the donor when an endowed chair is created. The tension between donor interest and university needs proved to be a central theme in this study. Overall, institutions have not addressed this issue. Their policy documents do not make the donor's role clear.

Gifts for endowed chairs are important and can effect the strategic direction of an institution. These findings suggest an imperative for any university or college that seeks gifts for endowed chairs. Development policy needs to reflect the institution's rationale for endowed chairs and clearly describe the balance between institutional integrity and the donor's charitable intent.

APPENDIX A

RESEARCH I AND II UNIVERSITIES

Research I - Private (25)

Boston University
California Institute of Technology
Carnegie-Mellon University
Case Western Reserve University
Columbia University
Cornell University
Duke University
Harvard University
Howard University
Johns Hopkins University
Massachusetts Institute of Technology
New York University
Northwestern University
Princeton University
Rockefeller University
Stanford University
University of Rochester
University of Southern California
University of Pennsylvania
University of Miami
University of Chicago
Vanderbilt University
Washington University
Yale University
Yeshiva University

Source: A Classification of Institutions of Higher Education. Carnegie Foundation for the Advancement of Teaching, 1987.

Research I - Public (45)

Colorado State University
Georgia Institute of Technology
Indiana University at Bloomington
Louisiana State University and A & M
Michigan State University
New Mexico State University
North Carolina State University
Ohio State University
Oregon State University
Pennsylvania State University
Purdue University, Main Campus
Rutgers, the State University of New Jersey
State University of New York at Stony Brook
Texas A & M University
University of Arizona
University of California at Berkeley
University of California at Irvine
University of California at Los Angeles
University of California at San Diego
University of California at Davis
University of California at San Francisco
University of Cincinnati
University of Colorado at Boulder
University of Connecticut
University of Florida
University of Georgia
University of Hawaii at Manoa
University of Illinois at Chicago
University of Illinois at Urbana/Champaign
University of Iowa
University of Kentucky
University of Maryland at College Park
University of Michigan at Ann Arbor
University of Minnesota at Twin Cities
University of Missouri at Columbia
University of New Mexico
University of North Carolina at Chapel Hill
University of Pittsburgh
University of Texas at Austin
University of Tennessee at Knoxville
University of Utah
University of Virginia
University of Washington
University of Wisconsin at Madison
Virginia Polytechnic Institute and State University

Research II - Private (8)

Brandeis University
Brown University
Emory University
George Washington University
Georgetown University
Rensselaer Polytechnic Institute
Syracuse University
Tulane University

Research II - Public (26)

Arizona State University
Auburn University
Florida State University
Iowa State University
Kansas State University
Mississippi State University
Oklahoma State University, Main Campus
Southern Illinois University at Carbondale
State Univ of New York at Buffalo
State University of New York at Albany
Temple University
University of South Carolina at Columbia
University of California at Santa Barbara
University of Nebraska at Lincoln
University of Oregon, Main Campus
University of Rhode Island
University of Oklahoma, Norman
University of Wyoming
University of Kansas, Main Campus
University of Massachusetts at Amherst
University of Delaware
Utah State University
Virginia Commonwealth University
Washington State University
Wayne State University
West Virginia University

Source: A Classification of Institutions of Higher Education. Carnegie Foundation for the Advancement of Teaching, 1987.

APPENDIX B

QUESTIONNAIRE

An Analysis of Policies for Endowed Chairs

8/93

Responses to this questionnaire will directly help me conduct an analysis of policies concerning the establishment of endowed faculty chairs at our nation's major universities. Please be assured that responses and data you provide will not be reported by your institution's name.

1) Yes__ No__ Does your university have endowed faculty chairs?

2) Yes__ No__ Do you have written policies concerning establishing endowed chairs? *Please enclose a copy of your policies with this questionnaire*

A. If "No," are policies now being written? _____
When expected?____________ Skip to Question 13.

B. If "Yes," were your policies created as a result of a capital campaign?

3) Yes__ No__ Are endowed chair policies approved by your institution's Board of Trustees?

When were the current policies approved? _______________________
(month/year)

4) Yes__ No__ Are the policies reviewed annually?

If "No," when are they reviewed? ____________________________________)

5) Who initiates/coordinates the policy review? (position title/deptartment)

____.

6) Who else is responsible for reviewing the policies? (position titles/departments)

____

____

7) Yes __ No __ Are there state-level laws or administrative rulings that define the parameters of your policy for establishing endowed chairs? Describe (use back of questionnaire).

8) Yes __ No__ Are the policies published in a comprehensive document of development policy?

If "Yes," do all development staff receive a copy of this document? Yes__ No__

9) Yes __ No__ Are the policies disseminated to faculty/staff outside of the development office?

10) Yes __ No__ Are the policies disseminated to donors?

11) Yes__ No__ Are your policies useful? List reasons why they are important.

____

____

____

____

12) Yes __ No __ Have you ever said "no" to a donor wishing to establish an endowed chair? When? ______________
Why did you refuse?

13) For universities <u>without</u> written policies, please list the reasons you do not have written policies.

14) If available in audited data or by estimate, would you share the following information with me? *Be assured that your university's data will not be reported by name.*

Specific Information About the Endowed Chairs at Your University:

Total Number of Endowed Chairs? ________ #	**Academic Discipline with Most Chairs and How Many?** ______________ ______ #	**Average Number of Chairs Established Each Year Based on Past 5 Years?** ____________ #
How many years have you had endowed chairs? ____________ #	**Total amount of endowment invested in endowed chairs?** $______________	**Average Endowment Gift for a Chair Based on Past 5 Years?** ____________ #

University: ____

Contact Person: ______________________ **Title:** ___________________

Phone: ________________ **Ext.**_______ **Fax:** ____________________

Please mail completed questionnaire and copies of your development policies by September 17, 1993 to:

Mary McLaughlin
Endowed Chair Study
Loyola University
820 N. Michigan Ave
Chicago IL 60611

APPENDIX C

COVER LETTER

August 17, 1993
Endowed Chair Study
312/477-3203

Name
Position
University
City, State, Zip

Dear [name]:

It is not surprising that the first endowed faculty chair in the U.S. was established at Harvard. But, would it surprise you to learn that even in 1719 questions were raised about the donor's motives and the need for guidelines for accepting gifts of this kind?

Today, we create endowed chairs as a customary development practice, but it is a subject rarely studied. For the past 15 years as a development officer I have found the subject of endowed chairs to be fascinating. As a result, it is the focus of my doctoral dissertation through the Higher Education program of Loyola University Chicago.

Your assistance with this research will help me conduct an analysis of the development policies used by 104 public and private Research I and II universities to establish endowed chairs. Here is what I am asking you to send me before September 17, 1993:

- A completed questionnaire; for confidentiality, your responses will not be reported by institution.
- A copy of your policies -- internal or external documents, guidelines, descriptions -- that govern the establishment of endowed chairs. ***This is most important to my analysis!***

Thank you for helping me with this critical phase of my research which will be an important addition to our knowledge of development policy. The results will be shared with you.

Cordially,

Mary McLaughlin
Ph.D. Candidate, Loyola University

Enc: Questionnaire & Return Address Mailing Label

Note: *I will diligently send you a second request if I don't receive your questionnaire and policies before September 17!*

APPENDIX D

FOLLOW-UP LETTER

October 8, 1993
Endowed Chair Study
312/477-3203

Name
Title
University
City, State, Zip

Dear [Name]:

In late August I sent you a questionnaire regarding development policies your institution uses to establish endowed chairs. The questionnaire asks for information for a study I am conducting for my doctoral dissertation through the Higher Education program of Loyola University Chicago.

Your assistance with this research will help me conduct an analysis of the development policies used by 104 public and private Research I and II universities to establish endowed chairs. If you have set aside the questionnaire, another one is enclosed. **Please know that your questionnaire responses, as well as <u>a copy of your written policies</u>, are essential to this study.**

Therefore, please return the materials to me by <u>October 31, 1993</u>.

Thank you very much for helping me with this critical phase of my research. The results will be shared with you and data will not be reported by institution.

Cordially,

Mary McLaughlin
Ph.D. Candidate
Loyola University Chicago

P.S. If you have questions or need additional time, please call the phone number listed above and leave a message; I <u>will</u> return your call.

APPENDIX E

TYPOLOGY/CODING SHEET

I- Introductory
1 Philos University
2 History of Chairs
3 Use/exceptions
4 Why endowment
5 Review of the Policy
6 Questions re Policy

C - Chair Defined
1 named positions
2 perpetuity/define end
3 income purpose
4 principal inviolate
5 Supplement base salry
6 offers annual gifts

P- Purpose
1 For University
2 Attract/retain scholars
3 intellectual foundation
4 attract grants or gifts
5 create financial base

6 For Faculty
7 Reward
8 Recognition
9 Encouragement
10 own research funds

11 For Students
12 climate of inquiry

13 For Donor
14 Name link to scholar
15 Source of satisfaction
16 Shape intellectual life
17 Benefit the university

N- Naming
1 name equsals funding
2 Distinguished
3 Chair
4 Professr
5 Lectureship
6 Deanship
7 Fellowship
8 Visiting Scholar
9 Curatorship/Librarian
10 Visiting Artist
11 Eminent
12 Regents'
13 Presidential
14 responsibility/job

A- Approval
1 Board of Regents
2 Board of Trustees
3 President/Chancellor
4 Provost
5 VP-Development
6 Development Comm
7 Pres of Foundation
8 Legal counsel
9 VP-Finance
10 Finance Review Com
11 Dean or Dept head
12 Faculty Senate or com
13 External review panel
14 Who can negotiate
15 Deadlines/time limits
16 Limits on no. chairs
17 Dev collab w/ Dean
18 Reasons saying 'no'
19 Donor approves

F - Funding
1 Minimums
2 university/fnd & state
3 university and found
4 state matches amount
5 State limits no. Chairs
6 Adding $ to principal
7 Chairs in memory

G - Agreement
1 Contract/agrement
2 Terms of the chair
3 Use of the funds
4 Subject area/ mission
5 Public announcement
6 sample language
7 Re: hiring
8 change ok w/donor
9 Cmpgn to raise $$
10 University's reporting

M- Making Gift
1 Development policies
2 cash/stock or other
3 Bequest, how handled
4 Pledges
5 Needed to activate chr
6 Who solicits

U- Use of Funds
1 Salary/full
2 Salary/partial
3 Fringe benefits
4 Grad assistant
5 Travel or conferences
6 Research
7 Secretary, part-time
8 Secretary, full-time
9 Supplies
10 Publishing costs
11 Computer /equipment
12 Housing

R- Endowment
1 Use of annual income
2 income to principal
3 manage expenses
4 Investment policy
5 NACUBO
6 annual budget
7 Reports to Board/State
8 durable goods

D- Donor Involvement
1 Chair report to donor
2 Dean report to donor
3 Public relations
4 Donor in hiring or not
5 Recognition of donor

H- Hiring
1 Relationship to chair
2 search vs receipt of $
3 tenure
4 annual review
5 revocation of chair
6 name public official
7 hiring policies
8 duties of chair
9 Special conditions

X- Appendix
1 rulings or memos
2 Samples
3 Funding levels/descr
4 Definition of Terms
5 List of current chairs

APPENDIX F

COVER PAGE

Univ. ________________

Public Private

I II

Policy Analysis addresses these questions:

____ Yes	____ No	Purpose of endowed chairs
____ Yes	____ No	Who participates in decision-making
____ Yes	____ No	Types and funding levels
____ Yes	____ No	Collaboration between Dev & Dept
____ Yes	____ No	Investment policy stated
____ Yes	____ No	Expenses paid annually
____ Yes	____ No	Specifically addresses ethical concerns
____ Yes	____ No	Why university refuses a chair

_____ Number of pages _____ Number of exhibits __________Date on Policy

Audience:

Internal External Either Undetermined

Language:

Informal Mixed Formal

Depth of Explanation:

Sparse or vague Mixed Adequate Detailed

Affinity:

Donor Chairholder Faculty Dev Administration

Format:

Draft Typed Document Printed booklet/brochure

Additional Comments:

APPENDIX G

SAMPLE PATTERN CODING CHART

Category of Content	Coded			Blank			Tallies
	Public	Private	Total	Public	Private	Total	
Intro-ductory	11	4	15	13	6	19	Gen=6 1-one 2=two, both private 3=five 4 = one, private 5 = two 6 = four
	Not used:			**Observations**			
				Little difference private/public			

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