

THE UNIVERSITY OF WYOMING

BOARD OF TRUSTEES “SPECIAL” MEETING REPORT

Wednesday, October 23, 2013

3:00 p.m.

Conference Call in Old Main Boardroom

AGENDA

- I. Approval of Response to 2013 Legislative Session Budget Bill Footnote, Boswell.....1
- II. Wyoming Governor’s Energy, Engineering, STEM Integration Task Force (WGEESIT) Update, Sternberg/Gasem [No narrative provided in advance of meeting.]

I. AGENDA ITEM TITLE:

Approval of Response to 2013 Legislative Session Budget Bill Footnote, Sternberg/Boswell

CHECK THE APPROPRIATE BOX(ES):

- Work Session
- Education Session
- Information Item
- Other Specify: Special Meeting

BACKGROUND AND POLICY CONTEXT OF ISSUE:

**University of Wyoming Responses to the
Legislative Reporting Directive**

Introduction

Below are responses to the seven requests for reports. Most of them are divided into three sections – a summary of UW's current practices, the president's recommendation to the Board of Trustees, and some details about the issue.

During their mid-September meeting, board members reviewed initial recommendations for all of the reports except the sixth one, which pertains to matching funds and the UW Foundation. The revised text below contains the revisions the Board suggested at this meeting.

During the meeting on October 23rd, Board members will review the revised recommendations and consider their final adoption. For those that are accepted, the recommendations will then become those of the Board of Trustees as conveyed to the three legislative committees. UW must submit the reports no later than the end of the month.

Legislative Directive (As required in House Enrolled Act 45, 2013 Session, pages 43-44)

Not later than October 31, 2013, the trustees of the University of Wyoming shall report to the joint interim committees of minerals, business and economic development, education and appropriations and provide recommended changes to either existing legislation or university regulations implementing the following management changes.

Report #1: Installation of Permanent Art Work

(i) Report on the current practices for installing permanent artwork on the campus and recommend a policy requiring prior trustee approval of artwork which is permanent and which becomes a fixture on university properties

Current Practice: In October 2012, the President's Public Art Committee developed policies and practices to govern the installation of permanent and temporary artwork in public spaces on campus. Prior to the development of the policy, there was no formal process for review and approval of the installation of works of art.

President's Recommendation: The Board of Trustees will review and approve the Public Art Committee policy to ensure the effective oversight of the installation of artwork on the UW campus. The UW President, in consultation with the Board President, will have approval authority for installation of permanent works of art that will become a fixture on University properties. The President will notify the Board of the works of art he approves for installation.

Detailed Response

The legislature's directive for this report came soon after the President's Public Art Committee created a new policy. This new policy can be found at the following link:

http://www.uwyo.edu/govcom/_files/docs/policies/uw%20public%20art%20policy%20%2010-23-12.pdf

One of the committee's charges is to evaluate and provide recommendations to the UW President on proposals for the placement of permanent and temporary art on campus in both interior and exterior places. Artwork includes sculptures, paintings, murals, photographs, drawings, prints, mixed media, electronic media and gardens, whether purchased or donated. In addition to the content, the committee reviews the cost, location, duration and means of installation.

The President appoints the five members of the committee, which serves in an advisory capacity. All public artwork is subject to review and approval by the President before it is placed on campus. The policy does not apply to the established academic programs in the UW Student Union Gallery, Art Museum, college or department galleries including the exterior space of the Visual Arts Building, and student exhibitions.

Report #2: Selection of Deans

(ii) Report on the current practices of selecting the deans of the university colleges and recommend a policy which incorporates a selection committee which uses non-university personnel trained in the college's disciplines and which eliminates the capacity of individual university faculty to eliminate or veto candidates for the dean selection.

Current Practice: When forming a selection committee to fill a vacancy in a college dean's position, UW usually includes non-university personnel with expertise in the pertinent area as a member of the group. The process does not provide an individual faculty member with the ability to veto candidates for the open position.

President's Recommendation: UW will formalize the practice of including non-university personnel on selection committees for deans by amending UW Regulation 5-804.4 to ensure a minimum number of participants. The Uni-Reg will also make clear that the decisions of the selection committees are not binding on the Provost, President, and Board of Trustees.

Detailed Response

Responsibility for selecting and recommending deans of UW's colleges resides with the provost (who is also the vice president for academic affairs). The president and board of trustees review the Provost's recommendations and provide the final approvals.

The selection process is guided by UW Regulation 5-804 and includes the following stages. The provost appoints and charges a search committee, which is normally chaired by the dean of another college or by a university vice president. The committee membership includes representatives from the college's faculty, other areas of the university and non-UW employees.

It is common practice for the search committee to include members who do not work for the University but have expertise related to the college's mission. For example:

- In 2007, the search committee for the College of Engineering dean included Dr. Mike Kmetz, founder and CEO of IDES, Inc.
- In 2009, the search committee for the College of Law dean included two practicing attorneys, Terry Mackey and the Honorable Mike Sullivan.
- In 2009, the search committee for the College of Health Science dean included Dr. Brent Sherard, then-director of the Wyoming Department of Health.
- In 2013, the search committee for the College of Arts and Sciences dean included Marcia Britton, director of the Wyoming Humanities Council.

After the provost appoints the members, the search committee develops a position announcement and a national or international search strategy, subject to review by the university's employment practices officer and the approval of the provost. The search committee reviews applications, conducts interviews with applicants, and checks references. The group then recommends a slate of finalists to the provost for on-site interviews.

The provost invites some or all of the recommended finalists to visit the campus. They interview with college faculty, staff, and students; the president, vice presidents, and other deans; and in open sessions to which university employees, students, and the public are invited. All who participate in this process receive invitations to comment on the finalists.

The search committee provides to the provost a summary of the candidates' strengths, weaknesses, and observations without ranking the candidates. The provost selects a preferred finalist, negotiates terms of employment, and forwards a recommendation to the president. The president and provost will jointly forward the recommendation to the trustees for final approval.

No individual faculty member, other than the provost and president, has the ability to eliminate or veto candidates for a dean's position. Unanimity is extremely rare within the faculty. For every candidate, there are typically some faculty members who oppose his or her selection. Veto powers would make it essentially impossible to appoint deans. As a result of the provost's decision, president's recommendation, and trustees' approval, the selection rests on an assessment of who has the best qualifications and leadership attributes, not on who has the unanimous support of the faculty.

The board directs the provost to continue including in search committees for college deans outside experts in disciplines related to the college's mission and to formalize this policy in UW's Regulations.

Report #3: School of Energy Resource Staff

(iii) Report on the current practice of selecting and retaining staff assigned to the school of energy resources, and recommend a policy which provides an approval and review process for the school staff by the energy resources council.

Current Practice: The director of the School of Energy Resources (SER) oversees the effort to fill administrative vacancies in the SER. He may appoint a designee to perform this duty for non-administrative positions. Members of the Energy Resource Council (ERC) are not formally involved in employee hiring or evaluation processes.

President's Recommendation: SER will formally include a member of the ERC in the selection process for filling the deputy directors' positions and consult the Council in evaluating their performances. The selection process for the director will include the Chairman of the ERC, or his designee, and will involve consultation with the Council membership during the process of developing the position description. In addition, the provost will report to the ERC regularly on the search and will consult with the Council before forwarding any recommendation to the president. The president and provost will jointly recommend a nominee for approval of the Board of Trustees.

Detailed response

For any non-administrative staff position, such as a clerical staff position, UW classifies the position according to the essential duties; identifies the knowledge, skills, and abilities required; and advertises the position. The director or director's designee screens the applicants, interviews a subset of them, and then offers the position to the best-qualified interviewee. The appointment is subject to approval by the provost, who is the vice president for academic affairs.

For any administrative position other than the director's, such as a deputy director, the director develops a position announcement subject to review by the university's employment practices officer and the approval of the provost. The position description includes the essential duties, the required qualifications, and any preferred qualifications. The director then reviews applications, selects a set of interviewees, conducts interviews, and offers the position to the best-qualified candidate. Appointments to administrative positions are subject to approval by the provost, the president, and the trustees.

For the director's position, the provost appoints a search committee, which develops a position announcement subject to review by him and the employment practices officer. The position description includes the essential duties, the required qualifications, and any preferred qualifications. The search is international in scope. The search committee screens the applicant pool to identify a slate of applicants recommended for interviews. After the interviews, the provost gathers feedback from the university stakeholders and the Energy Resources Council. After further consultation, the president and provost jointly recommend a candidate for the approval of the board of trustees.

The board directs the following:

1. A review process that seeks input from the Energy Resources Council on any performance evaluation involving an administrative position in the School of Energy Resources and a report to the Energy Resources Council on the outcomes of any such evaluation;
2. A selection process that includes at least one representative from the Energy Resources Council on the search committee for a deputy director position in the School of Energy Resources
3. A selection process for the director that includes (1) membership by the chair of the Energy Resources Council (or the chair's designee) on the search committee, (2) consultation by the chair or designee with others on the Energy Resources Council during the process of developing the position description, (3) regular reports by the provost to the Energy Resources Council on the progress of the search, and (4) consultation with and feedback from the Energy Resources Council before forwarding any recommendation to the president and board of trustees.

Report #4: Razing of Building on the Original Campus

(iv) Report on the current practice of razing buildings constructed as part of the original campus prior to 1980, and recommend a policy which provides for approval by the legislature before razing any historic building.

Current Practice: In considering the deconstruction of an historical building, UW conducts an internal assessment of the structure's continued value, including its historical significance.

President's Recommendation: In consultation with the Wyoming State Historic Preservation Office, UW will develop a list of buildings that are historic as determined by their eligibility for inclusion on the National Register of Historic Places. The list will include historic districts, such as the original part of campus surrounding Prexy's Pasture. If the Board of Trustees determines that one of the buildings on the list of historic structures should be razed, it would include the demolition in its capital construction budget request to the legislature, giving the Governor and legislators the opportunity to respond to that decision before any action occurs. The Board may act immediately when an historic structure poses an imminent threat to safety or health.

Detailed Response

In University Regulation 2-1, the Board of Trustees' policy regarding UW's buildings and property development states:

The selection and employment of architects for all buildings of the University, the adoption of plans, specifications, and details for such buildings, and the receiving of bids and awarding of contracts shall be a function of the Trustees upon recommendation of the Physical Plant and Equipment Committee. Through this Committee, the Trustees shall maintain general supervision over the construction and equipping of all University buildings. Names of buildings shall be selected by the Trustees. No building shall be named after any person actively connected with the University at the time.

While the razing of historic structures is not mentioned specifically, UW adheres to this policy for the deconstruction of all University buildings, including those in the original part of campus built prior to 1980.

In determining whether a building should be torn down, UW considers several factors, including the structure's place within the present and future context of the University's programs; whether it continues to meet regulations pertaining to life safety, accessibility, fire safety, and structural integrity; the condition of its operating systems; and the expense of its continued use and operation versus the costs of constructing and maintaining a new facility.

The building's historical value is also assessed, although the evaluation is more formal if federal funds or a federal agency is involved. That is because federal regulations require the participation of a professional historian and the Wyoming State Historic Preservation Office (SHPO) in determining whether the structure is historic (important in history) or historical (old but not significant) when federal funds are involved in a project. The historian and SHPO use the criteria of the National Register of Historic Places (which can be found at http://www.nps.gov/NR/publications/bulletins/nrb15/nrb15_2.htm) in determining the historical value of a building. If the structure is determined to be historic, federal law requires that it be preserved or the adverse actions mitigated, which could include in some instances razing the building and preserving it through photographs, drawings, or other materials.

In cases in which UW is considering the deconstruction of a building when federal involvement is not an issue, which is the case in most instances, a professional historian and the SHPO are not consulted. This is because the State of Wyoming does not have an historical preservation law that requires their participation. Instead, the Administration Division usually reviews the UW Historical Preservation Plan the SHPO helped prepare in 1999 (the plan can be found at <http://www.uwyo.edu/facilitiesplanning/campus-planning/>) that evaluates the historical value of many of UW's older buildings. The effort did not result in the formal nomination of any structures to the National Register of Historic Places but does serve as a reference in determining what buildings are historic.

Two recent examples demonstrate how the internal process works in assessing the historical value of structures that are proposed to be razed. UW purchased the former Iverson Hospital, built in 1919, and converted it into an office building. In 2007, the legislature provided funding to move the technology and police functions housed in the building to newer structures and to knock down the former hospital to expand the adjacent parking lot. An internal assessment of the structure determined that it was not historic, and the Board of Trustees agreed during its May 2011 meeting when it approved the old building's deconstruction. The evaluation was part of the public record.

UW's Capital Facilities Plan, 2011-2016 concludes that Merica Hall should be deconstructed due to the expense of continuing to maintain it compared to the cost of a new building. The administrative offices within the building would be moved to other parts of campus. The report notes that Merica Hall is eligible for the National Register of Historic Places and recommends that some of the original building material be saved and placed in a memorial to the building (p. 73). The Board of Trustees approved the plan in 2011.

The Board believes that a more formal process is necessary in determining the historical significance of UW's older buildings. It directs the Administration Division to consult with the Wyoming State Historic Preservation Office in updating the 1990s study of UW's historical structures. The study should include an assessment of all buildings that were built prior to 1980, as well as an assessment by a professional historian. The Board of Trustees will review the revised study and consider its adoption.

The Board will also adopt a policy pertaining to the razing of any structure on the list of historic buildings. If the Board decides to deconstruct one of these buildings, it will include the demolition in a capital construction budget request to the legislature, providing the Governor and legislators with a formal opportunity to review this decision before it is carried out.

Report #5: Architectural Features

(v) Report on the current policies for architectural features of new buildings on campus, and recommend a permanent policy for minimum standards of appearance which preserves the classical architecture represented on the buildings facing Prexy's Pasture as well as Old Main in all future construction.

Current Practice: Through various documents, the Board of Trustees provides general policy guidance on the architectural features of new buildings, including those around Prexy's Pasture.

President's Recommendation: In 2014, UW will revise and update its capital facilities plan and long-range development plan, including minimum standards that preserve classical architectural features. UW will hold public meetings to solicit comments from elected officials and community members about the proposed revisions, including the standards, before the Board of Trustees considers the revised plans and minimum standards for approval. The president will review plans for new and renovated buildings to ensure they meet the standards the Board develops.

Detailed Response

UW's approaches to the development of properties and the design of buildings have been formalized in various documents that the Board of Trustees has adopted. These guidelines are generally worded to provide a preferred direction for architectural designs on campus but do not prescribe details.

For example, the Long Range Development Plan (LRDP), which can be found at <http://www.uwyo.edu/facilitiesplanning/lrdp/>, contains policies that govern site and facility development and offer facility design guidelines. The Historic Preservation Plan describes the historical architectural design of the University. In designing a new structure or an addition to an existing one, UW issues "Instructions to Architects and Engineers" that provides specifications for the materials acceptable to the University, based upon the general policies that the Board has put into place.

The public can review these documents and policies through the UW web site. The designs incorporated into building projects are posted on the "Projects" section of the UW Facilities Planning website. These projects are divided into four categories - "In Planning", "In Design",

"Under Construction" and "Recently Completed". Images of the projects are posted when they become available.

The historic buildings around Prexy's Pasture reflect evolving architectural designs over time and do not possess the same architectural styles. Many of them have sandstone exteriors that face the Pasture but use a mixture of other masonry materials, such as brick, cast stone, and precast concrete on the remaining facades. There is a consistency in the sandstone and the colors of the other materials. Given the variation in styles reflected in the heart of campus and the differing architectural approaches and policies since the 1970s, the buildings on the eastern part of the campus have not followed the historical architectural context exhibited around Prexy's Pasture (and in the Old Main building).

The Board of Trustees will review its existing policies regarding architectural features and develop revised ones that set minimum standards that provide a clearer and more detailed direction for future building construction and renovation. These policies will recommend that new UW construction projects facing Prexy's Pasture be designed with sensitivity for existing historic architectural features, particularly the use of sandstone ashlar masonry, color, and ornate design patterns that avoid box-like appearances. Buildings and other improvements should blend harmoniously with the historic built environment. New buildings should not block important views or visually overpower existing historic structures. Should the use of sandstone ashlar not prove feasible for new construction, other building materials that are compatible with the color and texture of sandstone masonry would be substituted.

The policy will also direct that the fundamental architectural elements that characterize the historic structures around Prexy's Pasture should be carried forward to new and renovated buildings elsewhere on campus. While adherence to architectural tradition would not be as strict for these buildings as those in the heart of campus, there should nevertheless be a clear and evident visual connection so that viewers readily recognize the building as being a part of the University's architectural landscape.

The policy will contain a provision for public meetings in which UW would seek comments from the community regarding plans for a new or renovated building. The University will also periodically hold public meetings to review its long range development plans.

The revised policy will also stipulate that the UW President review architectural designs for new and renovated construction, and upon his approval, forward them to the Board for its review and final approval.

Report #6: Matching Funds and the UW Foundation

(vi) Report on the custodian of all matching funds appropriated by the state for all matching programs, including the amount appropriated, the current market valuation, investment policies and spending policies for those funds. The report shall also include the mechanism used to match the funds, including valuation of future gifts, and work with the joint judiciary interim committee to transfer all such state matching funds to permanent education trust funds established under Article 15, Section 20 of the Wyoming Constitution.

Below is the requested information. In contrast to the other six reporting requests, this one does not require the UW Trustees to offer a recommendation at this time. The policy decisions will come later following discussions with the Joint Judiciary Committee, as noted in the last half of the above reporting language. The UW Trustees and UW Foundation (UWF) met with the Joint Judiciary Committee in July to review the current practices and policies regarding the investment of the state funds contained in the UW Endowment Fund and the distribution of the earnings from those investments. Another meeting will occur in Laramie November 7 and 8.

The Custodian of all State Matching Funds Provided to UW: Over the years, the State has provided four types of matching funds to UW – Endowment Fund, Academic Buildings Fund, Athletic Buildings Fund and the Wyoming Reclamation and Restoration Center Fund (WRRC). As private matching contributions are received, the State Treasurer issues the state matching funds for these four accounts to UW, which are expended through the UW accounting system following University procedures and regulations.

The oversight of the four matching accounts varies. UW oversees the investment of the state matching funds for the Academic Buildings Fund and the WRRC. However, State Statute 21-16-904 requires that “the university immediately transfer all matching funds received (for the Endowment Fund) to the university foundation to be permanently invested.” UW has implemented this statutory requirement through a Memorandum of Agreement (MOA) with UWF in which the Foundation manages the state matching funds appropriated to the Endowment Fund. This MOA also includes the Athletic Buildings Fund as well as all private matching contributions for the four funds.

The following table details the amount of state matching funds the legislature has appropriated to each of the four funds, the amount of private contributions raised thus far and the amount of state funds UW has actually received through October 2, 2013:

	<u>Appropriations</u>	<u>Donor Commitments</u>	<u>State Match Received</u>
Endowment	\$88,650,000	\$88,639,481	\$85,982,238
Athletic Facilities	\$29,000,000	\$21,778,989	\$18,614,625
Academic Facilities	\$66,027,478	\$45,944,880	\$36,376,546
WRRC	\$1,500,000	\$600,000	\$525,000
Total	\$185,177,478	\$156,963,350	\$141,498,410

Current Market Valuation: The Endowment Fund operates differently than the other three accounts. State and private money in the Endowment Fund is invested, with the earnings directed to the intended beneficiaries, a management fee and reinvestment. This Fund had a market value of **\$93,290,052** on June 30, 2013. Funds in the Athletic and Academic Facilities Funds and the WRRC are expended as the projects are started and ultimately completed.

Investment Management Oversight (Attachment A –

<https://www.uwyo.edu/foundation/files/docs/attachment%20a%20investment%20committee%20obios.pdf>): The UWF’s Investment Committee oversees the organization’s investments and related policies. It consists of twelve members, including three ex officio members (UW Trustee Jeff Marsh, UW President Bob Sternberg and UW Vice-President of Administration). The current Chairman is Dick Taggart who is a retired Chief Financial Officer of Weyerhaeuser Corporation. Mr. Taggart administered Weyerhaeuser’s pension fund for over twenty years and has a national investment reputation. The current Vice-Chairman is Scott Neu, Vice President of the Investment Management Division at Goldman Sachs. Mr. Neu’s team at Goldman Sachs advises over 100 clients with over \$100 billion in assets. Roy Whitney and Frank Mendicino are former chairs of the committee. Mr. Whitney has over 40 years of experience as CEO and Chairman of a private equity and investment banking firm, and Mr. Mendicino has almost 35 years of experience as Managing Director of a series of venture capital funds. Collectively, the committee has over 200 years of financial management and investment experience. The Investment Committee makes all the internal policy and asset management decisions.

Since 1999, the investment consultant for the UW Foundation endowment portfolio has been Monticello and Associates of Denver. Monticello is an independent asset management consulting firm with over 150 foundations as clients including the University of Colorado, Colorado State University, Denver University, Northern Colorado and Colorado School of Mines. Monticello clients have over \$60 billion in assets under management. Monticello makes recommendations, performs due diligence and conducts detailed reviews of all of the investment managers at least one time per year.

Investment Policy (Attachment B –

<https://www.uwyo.edu/foundation/files/docs/attachment%20b%20investment%20policy%20921%2013.pdf>: As Of June 30, 2013, the Foundation’s market value of its pooled assets totaled \$360,874,203. The UWF’s Investment Policy provides guidelines for the management of the endowment pool, including fiduciary duties and responsibilities defined in Wyoming law. The policy includes investment objectives, investment vehicles, asset allocation, rebalancing, compliance, investment restrictions, distributions, management fees and investment manager oversight and hiring.

These guidelines also include the Investment Committee’s long term return objective, which is currently 8.25%. The payout policy stipulates that 4% of the earnings be provided annually to the intended beneficiaries (UW departments, programs and projects, for instance). This policy also assumes an annual inflation rate (3%) and sets the Foundation’s administrative fee (1.25%). (Attachment C is a spreadsheet that reflects the Payout/Spending Policy for FY13 – <https://www.uwyo.edu/foundation/files/docs/attachment%20c%20state%20match%20and%20gift%20transfers.pdf>)

State Statute 21-16-904(a)(iii) stipulates that UW shall permit the UWF to assess a fee for the “reasonable costs of administration” of the Endowment Fund. This annual fee is now 1.25% and is assessed quarterly based upon the quarterly market value of the endowment. It is paid from the income or realized capital gains. For all accounts not in the investment pool (excluding

accounts holding non-income producing real estate), an annual fee of 1.25% of the principal asset value, assessed quarterly, is deducted from income.

Based upon a provision in UW’s MOA with the UWF, the UW Board of Trustees must approve any increase in the annual fee. The Board approved an increase from 1% to 1.25% in the spring of 2013. Before making this decision, fee information was compared to approximately thirty universities, including twelve land grant schools, which have varying endowment sizes. The study demonstrated that this fee increase is still “low” by national standards.

Spending Policy (Attachment D –

<https://www.uwyo.edu/foundation/files/docs/attachment%20d%20spending%20policy.pdf>):

The spending policy for the endowment funds, with a perpetuity focus, has two primary goals – a predictable and stable flow of income to the beneficiaries and protection of the long-term viability of the assets for generations to come. The policy meets both objectives by assessing a number of factors, including the long-term investment component (market value), last year’s spending allocation, and adjustments for inflation. It is a solid model, incorporating comparisons to other universities, preparing for down markets and monitoring spending. The UW administration supports the weighted average spending policy adopted by the UW Foundation in 2010.

Mechanism Used to Match the Funds and Valuation of Future Gifts –

Attachment E -

<https://www.uwyo.edu/foundation/files/docs/attachment%20e%20state%20matching%20program%20letter1.pdf>

Attachment F -

<https://www.uwyo.edu/foundation/files/docs/attachment%20f%20memorandum%20of%20general%20eligibility%20criteria.pdf>

Attachment G –

<https://www.uwyo.edu/foundation/files/docs/attachment%20g%20w.s.%202021-16-901%20to%2021-16-904.pdf>

UW’s institutional fundraising priorities are established by the University President in collaboration with UW Vice President for Academic Affairs and in consultation with deans, directors, faculty and UW Foundation staff. They are then reviewed by the UW Board of Trustees. UW requests state match appropriations to support the fundraising priorities. The UW Foundation works with donors to match their giving interests with these priorities.

Monitoring these funds is a collaborative effort between UW and the UW Foundation to ensure gift and state match funds are used as directed. When the legislature established the first UW Matching Funds program (the Endowment Fund) in 2001, the implementing legislation provided general eligibility criteria to access the matching funds. The State Treasurer (Cynthia Lummis at that time) issued additional guidelines regarding how the state funds should be administered, gifts accepted, and requests for the state match endowment funds made.

The UWF lists each gift that it has received and that qualifies for a state match on the New Commitments Report which it submits to the State Treasurer's Office. The UW Foundation President, UW VP for Administration and the State Treasurer approve the report. The state matching dollars are then transferred from the State to the Office of UW Vice President for Administration. As specified in the MOA, UW then transfers the funds pertaining to the Endowment Fund and Athletic Facilities Fund to the UWF for management.

Besides cash contributions, UW also receives stock gifts supporting the UW matching funds programs. These are sold immediately upon receipt by the UW Foundation and the resulting cash becomes eligible for matching funds. Tangible assets are sold and the value of the net proceeds determines the amount of requested state match.

Report #7: Endowed Faculty Positions

(vii) Report on the allocation and assignment of all endowed faculty positions, and develop a policy for annual reporting to the legislature on the allocation and use of the endowed chairs throughout the university.

Current Practice: As required by state statute, UW develops and submits an annual report concerning the faculty positions supported through the Excellence in Higher Education Endowment. The University supports other endowed faculty positions that are not included in this report.

President's Recommendation: UW will significantly expand its annual statutory report to include all endowed faculty positions, regardless of the source of funding, as well as the faculty who are supported by state funds that the legislature appropriated specifically for those positions. UW will also develop a policy specifying that endowed positions are not lifetime appointments and that periodic reviews will be conducted of the occupants' performance to determine if expectations, including statutory and donor intent, are being met. The results of those reviews will be included in the annual report.

Detailed Response

Under current practice, pursuant to W.S. 9-4-719 and 21-16-1204, UW reports each year by October 1 to the Governor, Joint Appropriations Interim Committee and Joint Education Interim Committee on the use and expenditure of earnings from the Excellence in Higher Education Endowment fund. The State Treasurer's Office invests the corpus of the Excellence Endowment and distributes the earnings, as governed by statutory provisions, to the community colleges and UW.

The Excellence Endowment Report offers a substantial amount of information, as specified in the statutory requirements. The information includes:

- A complete list of the faculty positions (known as Wyoming Excellence chairs) partially or fully funded through the endowment program.
- The name of each faculty member, together with that individual's education and experience, and a summary of his or her activities during the year.

- A description of the benefits of the research or instruction to students, businesses, industries, or other Wyoming residents.

In addition, each annual report includes an explanation of the strategy UW employs in allocating the endowed positions among the instructional and research areas identified as priorities in the legislation. The legislation calls for the recruitment and retention of “faculty possessing abilities necessary to expand instruction and research in disciplines related to economic and social challenges facing Wyoming, including but not limited to energy, natural resources, wildlife, science, earth sciences, health sciences, agriculture, education and engineering.” Of these, at least four shall be in the College of Education.

The statute also directs the expenditure of Excellence funds for “faculty with established reputations in teaching and research in other areas of distinction as identified in the university academic plan, including disciplines important to the state and region and its history and culture such as business, arts and humanities, mathematics, cultural studies, economics and law.”

UW has filed eight annual reports thus far. They are posted on the UW Academic Affairs website at: http://www.uwyo.edu/acadaffairs/plans/leg_init/index.html

The Trustees propose the following expansion of the annual report:

1. Expand the scope to identify faculty positions funded by state appropriations to create, sustain, and expand the Business College and UW School of Energy Resources (SER). For example, the SER was created at the same time as the Wyoming Excellence Endowment and the two programs serve complementary roles in building faculty expertise in UW’s areas of distinction. SER positions are not endowed positions—rather, they are funded with the SER’s biennial budget appropriations. However, they are similar to Wyoming Excellence positions in that they are designed to attract distinguished faculty who are established in their disciplines. SER faculty members are expected to be university-wide leaders in teaching and research in energy-related science and engineering fields. There are currently 12 SER faculty members, with academic appointments in Engineering (3), Geology and Geophysics (3), Mathematics (2), Business (2), Chemistry (1), and Agriculture (reclamation) (1). Several searches for new SER positions were initiated during academic year 2012-2013 in response to the expansion of the SER budget. These new hires are expected to be in energy engineering, energy geology, and energy management and law.
2. Expand the scope of the annual report to identify all endowed faculty positions at the university. Approximately 30 UW faculty members hold chair appointments, professorships, or fellowships endowed by private donors through gifts to the UW Foundation. These faculty members are located throughout the university in the colleges of Agriculture and Natural Resources, Arts and Sciences, Business, Education, Engineering and Applied Science, Law, and the Haub School in accordance with the terms of the donors’ gift agreements. In almost all cases, endowments established by private gifts do not suffice or are not intended fully to fund the faculty member’s salary and benefits. Instead, the university combines earnings on the private endowment with other sources of funds as necessary to achieve the purpose of the gift. These other

sources include “regular” faculty lines established with the block grant and earnings on the Excellence in Higher Education Endowment. For example, the Spicer Chair in Collaborative Natural Resource Management, located in the Haub School and the Department of Agricultural and Applied Economics, is jointly supported by the Spicer Endowment and the Excellence in Higher Education Endowment.

3. In addition, expand the introduction of the annual report to describe the vision for the allocation of all endowed and distinguished faculty positions, including SER positions, throughout the university. Doing so will highlight the complementarities among the Wyoming Excellence chairs, the SER positions, and the privately endowed positions in building strength in in instruction and research in UW’s strategic areas of distinction.