

MICHIGAN STATE
UNIVERSITY

June 26, 2020

MEMORANDUM

To: Committee on Budget and Finance

From: Mark P. Haas *Mark P. Haas*
Vice President for Finance and Treasurer

Subject: Fund Functioning as an Endowment
Homer Nowlin Estate Income Utilization Amendment

RECOMMENDATION

The Trustee Committee on Budget and Finance recommends that the Board of Trustees amend the Homer Nowlin Estate income distribution to fully utilize expendable resources in order to enhance programs in communities, agriculture and natural resources.

RESOLUTION

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby amends the distribution of the Homer Nowlin Estate expendable income as follows:

- 80% of spending policy distributions to the Homer Nowlin Chair in Water Research;
- 15% of spending policy distributions to the Homer Nowlin Chair in Consumer Responsive Product Agriculture; and
- 5% of spending policy distributions plus royalty income to the College of Agriculture and Natural Resources Dean’s discretionary account.

BE IT FURTHER RESOLVED, that if either of the Chair positions are vacant, the funds allocated to the vacant position can be transferred, at the Dean’s discretion, to the Dean’s discretionary account until the position is filled.

BACKGROUND

In February 1981, the Board of Trustees authorized the “utilization of the income from the Homer Nowlin Estate to (1) establish the Homer Nowlin Chair in Agriculture and Natural Resources, and (2) establish a fund functioning as an endowment known as the Homer Nowlin Endowment.” The Board also directed that income in excess of that required to fund the Homer Nowlin Chair be reinvested in the Homer Nowlin Endowment Fund.



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In April 2002, the Board of Trustees authorized the redistribution of the expendable income (consisting of oil royalties and spending policy distributions) from the Homer Nowlin Estate in order to (1) strengthen the University's capacity in consumer responsive product agriculture, and (2) establish a multidisciplinary partnership that will focus on creating a sustainable future for Michigan. To accomplish this, \$400,000 (adjusted annually for inflation) was to fund the Homer Nowlin Chair in Water Research, \$75,000 (adjusted annually for inflation) was to be made available to elevate an existing faculty position to that of the Nowlin Chair in Consumer Responsive Product Agriculture, and \$25,000 (adjusted annually for inflation) was to be used to initiate the Sustainable Michigan Fund.

In December 2005, the Board of Trustees authorized an amendment such that any current expendable balances not reverted to principal or future expendable balances remaining after funding the three existing initiatives, be transferred to a discretionary account in the College of Agriculture and Natural Resources Dean's office to be used for programs in communities, agriculture and natural resources.

Due to the decrease in expendable income from oil royalties and the establishment of a separate endowment addressing the sustainable future in Michigan, Dean of College of Agriculture and Natural Resources, Ron Hendrick, has recommended an amendment to the distribution of the Homer Nowlin expendable income (consisting of oil royalties and spending policy distributions) from the Homer Nowlin estate to be changed to:

- Homer Nowlin Chair in Water Research: 80% of spending policy distributions
- Homer Nowlin Chair in Consumer Responsive Product Agriculture: 15% of spending policy distributions
- Dean's discretionary account: 5% of spending policy distributions plus royalty income

In addition, if either of the Chair positions are vacant, the funds allocated to the vacant position can be transferred, at the Dean's discretion, to the Dean's discretionary account until the position is filled.

Interim Provost Teresa Sullivan has approved this recommendation from Dr. Ron Hendrick, Dean of the College of Agriculture and Natural Resources.

cc: Board of Trustees, S. Stanley, T. Sullivan, N. Beauchamp, B. Quinn, N. Barr, M. Zeig, J. Rayis, L. Adams, M. Heil, S. Harwood, R. Hendrick, L. Gremel, C. Leese