

September 2002

## MANAGEMENT OF THE GOTTSCHALK FUND

### Background

The Gottschalk Family Chair for Cranberry Research was established in 1990 and the Memorandum of Agreement between the Gottschalk Family, the University of Wisconsin College of Agriculture and Life Sciences and the University of Wisconsin Foundation was signed on August 21, 1990. The MOA specifically identifies the Department of Horticulture as the department eligible to receive the benefits from the Fund. The MOA clearly states that the Fund “will provide partial salary support for a full-time faculty member, funds for equipment and travel, and funding for graduate research assistants.” Initially, the CALS position on the use of the fund was to direct the earnings of the fund to the support of the Gottschalk Chair. When the endowment was fully funded (\$1,200,000) and the salary savings reached the \$30,000 level, the Dean of CALS recommended that it would be appropriate for the college to add \$15,000 (in 1990 this was about one-half of a faculty salary) and an FTE to support an additional position in the Department of Horticulture for cranberry research. The Fund principal cannot be spent.

In July of 1991 Dr. Brent H. McCown was named the Gottschalk Chair by the Department of Horticulture. The appointment was for five years with a review at the end of the fourth year. The review was delayed for one year due to reduced funding in years one to three. A satisfactory review finding led to the appointment of McCown as the Gottschalk Chair for another five years (1997-2001). A review for the second appointment is pending departmental approval of an operational plan for the use of the Gottschalk Fund.

The Gottschalk Fund reached the planned \$1,200,000 level in 1999. In 2001, the Department appointed Dr. Kevin Kosola as a small fruit physiologist to conduct research on cranberries. His appointment is in line with the philosophy espoused by CALS in 1991 (for the addition of another FTE to support cranberry research) and agrees with the research priorities developed by the Department. Kosola’s appointment is 100% on 101 funds. A letter from Dean Elton Aberle to Chair Larry Binning and Dean Paul Ludden sets forth the financial arrangement for the Kosola position. He is partially funded from salary savings resulting from a transfer of 101 funds from McCown’s position. The amount transferred is the same as that portion of McCown’s salary that is covered by the Gottschalk Fund for the Gottschalk Chair (\$32,500 in 2002). The Department also pays about \$10,563 in fringe benefits (2002) from the Gottschalk Fund to cover the portion of McCown’s salary supplied by the Fund. In addition the Department may transfer \$20,000-25,000 annually to McCown’s cranberry research program. The letter also states that the Fund may be used to support the startup package negotiated for the Kosola position, and that any further transfer of funds from the Gottschalk Chair Fund to the Kosola program will require the Dean’s approval. (To date we have not found any further correspondence concerning this arrangement.)

## **Premises on the use of the Gottschalk Fund**

- The Fund principal cannot be spent.
- The Fund shall be administered and distributed by the Department of Horticulture.
- The Fund will not be subject to any annual Departmental charges.
- Monies received from the investment of the Fund will be managed by the Department of Horticulture as requested by the Gottschalk Family.
- The UW Foundation will annually advise the Department of the total amount available for distribution to support the Fund's objectives.
- The Gottschalk Chair will be selected by the Department and serve for five years.
- The Gottschalk Chair will be reviewed at the end of the fourth year of his/her term.
- Subsequent five year terms are possible with satisfactory reviews and recommendation of the faculty.
- A mechanism should be created to allow for coverage of expenses when less than expected earnings are encountered.
- Ideally, no faculty salary should be dependent on the Fund. If this is not possible, then an annual fixed allocation should be set aside for the Gottschalk Chair's salary, and, salary savings resulting from this should be returned to the Gottschalk Chair for research support.

## **Operational Plan**

The Department of Horticulture will establish a Gottschalk Committee. The Committee will be appointed by the Department Chair and will be responsible for developing recommendations regarding the management of the Fund. It is understood that the fund will make annual allocations and that the size of the Fund will vary from year to year. Five year commitments to the Gottschalk Chair and other recipients must be protected/insured in order to provide for timely research and other obligations. The Committee will monitor the fund balance and be prepared to recommend to the Department how to alter disbursements in times of luxuriance or crisis. Recipients of the Fund will give a brief, one page annual report to the Department each January indicating how the funds were spent and the success of the programmatic effort.

Ideally, the Department wants the Fund to grow in order to strengthen its overall cranberry research, teaching and outreach activities. However, at this time, the commitments for the Fund are as large or larger than the amount generated annually by the Fund. Thus, the Department will make plans for present commitments and also, consider how it will handle future commitments should the Fund grow at a rate faster than it is used.

Regarding present commitments, the Department of Horticulture will annually distribute \$88,000 from the Gottschalk Fund for the following priorities.

1. Salary support to the Gottschalk Chair (Present and continuing commitment of \$32,500+\$10,563 fringes).\*
2. Research support to the Gottschalk Chair-\$25,000.
3. Research support to Dr. Kosola's research program-\$20,000.

Regarding future commitments, after the Fund earnings have grown to at least \$300,000 the Department of Horticulture will annually distribute \$100,000 from the Gottschalk Fund for the following priorities:

1. Support to the Gottschalk Chair, in the form of salary (\$20,000, this a fixed amount and not subject to salary percentage) and research support (\$25,000, plus the \$20,000 return from the salary savings for a total support package of \$45,000).\*
2. Support to Dr. Kosola's research program (\$35,000) until he has achieved tenure, at which time the \$35,000 will revert to general cranberry research, teaching and outreach support (see item 3 below).
3. Support to other cranberry research, teaching and outreach as approved by the Gottschalk Committee (\$20,000—all Department of Horticulture faculty, including those mentioned above, are eligible for this support).

\*Gottschalk Chair Salary (\$20,000) will be paid by the Fund until the Department of Horticulture has renegotiated with the Dean of CALS to have salary for the Chair paid by the College. All salary savings resulting from payment of the Gottschalk Chair by the Fund shall revert to the Gottschalk Chair's program. The Department should also ask the College to reimburse the fringe benefit cost (presently \$10,563) on the McCown salary commitment from the Fund. For this to be successful the Dean will have to agree to pickup Kosola's entire salary on 101 without the assistance from the McCown salary savings.

Submitted Sept. 12, 2002