

FCR 11

Office of the President
January 24, 2006

Members, Board of Trustees:

ESTABLISHMENT OF COLLEGE OF AGRICULTURE TOBACCO SETTLEMENT QUASI-ENDOWMENT

Recommendation: that the Board of Trustees approve the establishment of the College of Agriculture Tobacco Settlement Quasi-Endowment with the funds received through the Tobacco Transition Program, estimated to be \$785,641. The quasi-endowment fund will be used to match private gifts to support endowed undergraduate scholarships.

Background: As a tobacco quota holder, the College of Agriculture is eligible to participate in the Tobacco Transition Payment Program. The federal program represents the end of tobacco marketing quota and price support loan programs. Quota holders are the landowners of the farm where a tobacco quota was assigned. Landowners with an established 2004 basic marketing quota on their farm as of October 22, 2004 are eligible for the Tobacco Transition Payment Program. President Bush signed the bill that ends the quota system on October 22, 2004. In 2005, the college received \$90,000 as the first payment and in December 2005, the college elected to take a lump sum payment of \$686,163 and a second payment of \$9,478 to complete the buyout process. Final distribution of the settlement payout is expected on or after January 15, 2006.

Dr. M. Scott Smith, Interim Provost and Dean of the College of Agriculture, has requested that the total amount of the tobacco payout be used to match private gifts of \$10,000 or more to existing endowed undergraduate scholarships and gifts of \$10,000 or more to create new undergraduate scholarship endowments. The college will match \$1 for every \$2 of private gifts. Said match will add to the principal of the College of Agriculture endowed undergraduate scholarships. This matching incentive program will generate \$2,356,923 in additional endowed scholarship funds for the College of Agriculture. This figure includes private gifts and the Tobacco Settlement Fund payout.

Action taken: Approved Disapproved Other _____