

March 17, 2015

RALPH HEXTER
Provost and Executive Vice Chancellor
Office of the Provost

SHAUN KIESTER
Vice Chancellor
Development and Alumni Relations

**RE: Davis Division of the Academic Response:
Draft Endowed Chair Payout Guidelines**

Thank you for forwarding the draft Endowed Chair Payout Guidelines (Guidelines) for Academic Senate consultation. The Guidelines were distributed to all Davis Division of the Academic Senate standing committees. Detailed responses were received from the standing committees Academic Personnel – Oversight (CAP), Faculty Welfare, Graduate Council, and Planning and Budget; in addition, to responses from the Colleges of Agricultural and Environmental Sciences, Letters and Science, Biological Sciences and Engineering as well as the School of Education Faculty Executive Committees. Normally, I do not provide a complete report of comments received; however, I am making an exception in this case. The following restates key points for emphasis and to establish our position based on feedback:

- Currently endowed chairs are able to expend funds and are held accountable for expenditures. How will implementing limits to use and expenditure enhance research and teaching?
- Given the Guidelines seek to limit new endowed chairs ability to expend funds; why should the campus provide deans with limitless ability to create and expend a “faculty support pool?”
- Limiting endowed chair payouts will create a disincentive for donors and department chairs to establish new endowed chairs.
- The \$25,000 limit on graduate student support is insufficient; and the current Guidelines do not contemplate tuition increases over time.
- Endowed and department chairs represent a significant population directly impacted by the proposed Guidelines.

The current draft represents the third attempt to limit endowed chair payouts. The first was in 2008, and the second in 2013. A successful development campaign is a team effort requiring support from all members of the campus community. It is clear that current endowed and department chairs are committed to successful development efforts. Current chair holders are in the best position to provide insight into guidelines for future chair holders. We encourage you to engage these members of our community before drafting guidelines or policies.

The Academic Senate does not support the current draft Guidelines.

Sincerely,



André Knoesen, Chair
Davis Division of the Academic Senate
Professor: Electrical and Computer Engineering

Enclosure: Compilation Report of Response to the Draft Endowed Chair Payout Guidelines



Davis Division Academic Senate

Request for Consultation Responses

DRAFT - Endowed Chair Payout Guidelines

March 13, 2015

Provost Hexter and Vice Chancellor for Development Keister have provided Draft Endowed Chair Payout Guidelines that, if implemented, will impact future endowed chairs. Divisional feedback is appreciated to inform draft guideline review.

CAP Oversight Committee

February 13, 2015 1:17 PM

CAP has reviewed the draft "UC Davis Endowed Chair Payout Guidelines" document. CAP found the document somewhat difficult to interpret in the absence of supporting information concerning prior practice, the fraction of endowments that lack specific donor guidelines, and the current or anticipated proportions of endowments that are sufficient for immediate payouts versus those targeted for re-investment.

Nevertheless, the following points arose during the CAP discussion.

(a) CAP supports restriction of the proposed policy to new endowments, the provision to petition for exceptions, and the commitment to respect specific donor instructions whenever they have been articulated.

(b) The phrase "faculty support pool managed by the dean" in article 1c is vague and open to unduly broad interpretation. This may be problematic if the remainder is comparable to or exceeds the \$50,000 support amounts identified in articles 1a and 1b. It may also conflict with an implicit intent to support research in a particular discipline, by empowering the dean to support work in other disciplines, or for other purposes broadly interpreted in the context of the quoted phrase. CAP feels that greater clarity and specificity is necessary in article 1c.

(c) CAP feels that a clearer motivation for the different guidelines presented in articles 1 and 3 is desirable, since the former entails strict limits to the support amount, while none are mentioned in the latter.

(d) CAP has some concern about the re-investment strategy outlined in article 8. With modest rates of return, a very substantial time period may be needed for an underfunded endowment to reach a desired target amount. This may be in conflict with a donor's desire to see funds put promptly to productive use by an endowed chair who can usefully exploit a more modest payout scheme. Are mechanisms in place to avoid unduly long re-investment schedules before a chair can be endowed?

Council of School & College Faculty Chairs (AGRICULTURE)

March 16, 2015 11:29 AM

The Faculty Executive Committee (FEC) of the College of Agriculture and Environmental Sciences (CA&ES) has reviewed the proposed UC Davis Endowed Chair Payout Guidelines provided by Provost Hexter and Vice Chancellor for Development Keister on January 21, 2015. The FEC reached out to all CA&ES faculty for comment on this proposed policy change. It is important to note that we received a number of comments from Department Chairs, current Endowed Chairs as well as more junior faculty. These additional comments are provided in the attachment to this comment.

These comments are uniformly, and in some cases vociferously, negative with respect to this proposed policy. To our knowledge, this is the third time the CA&ES FEC has been asked to comment on a proposed change to the UC Davis Endowed Chair Payout Guidelines. Proposals similar in concept were put forth in 2008 and more recently in December of 2013 and in both cases the CA&ES FEC strongly recommended against adoption of such a policy (see both appended CA&ES FEC comments from 2008 and 2013). Please note the 2013 Endowed Chair Payout Guidelines proposal was withdrawn prior to CA&ES FEC could comment, however the comment generated at that time is appended.

The CA&ES FEC recognizes the modifications made to this policy from the version proposed in December of 2013 whereby this policy will only apply to newly established endowed chairs. However, CA&ES faculty continue to view this proposed policy quite negatively and problematic on numerous fronts (detailed below). **As a consequence the CA&ES FEC does not support implementation of this policy.**

Below is a summary of the CA&ES faculty comment on this policy. For clarity, these comments are grouped into five themes.

1) Lack of sufficient rationale for changing the UC Davis Endowed Chair Payout Guidelines

It is unclear to the FEC and many CA&ES faculty why this proposed change is needed. As stated in the memo accompanying the proposed policy.

“It is an industry best practice to have guidelines, particularly to ensure funds are used in an appropriate manner that would be deemed worthy by the donor, and that adds value to the overall mission of UC Davis.”

While this is certainly a worthy goal, no information is provided to suggest current misuse of endowment funding much less how this policy will add value to the overall mission of UC Davis. In the section of APM 191 regarding endowed chairs there is language indicating endowment fund usage “must be consistent with the mission of the University of California and the academic plan of the campus”. Why is the current policy articulated in APM 191 not sufficient?

Various comments from CA&ES faculty suggest that donors most appreciate knowing that their valuable contributions are advancing the teaching and research missions of the University at the level of an endowed chair, not necessarily advancing the larger Administration goals. While the current wording of the policy will allow for customizing the donors intent ahead of time, several faculty commented on the unfortunate disincentive created by this policy whereby donors would need to be “on guard” to ensure their endowment is not coopted for other purposes. This is particularly problematic in cases where establishment of endowed chairs/professorships are part of

planned giving. In that case it becomes the burden of Department Chairs or other Development staff to constantly track and ensure planned giving of endowed chairs/professorships are used for a purpose intended by the donor.

In general, most faculty who commented considered this new policy a strong disincentive for recruitment of new endowed chairs/professorships in their respective departments/fields. Indeed, considering this donor perspective, one faculty commented that the policy is “PR nightmare begging for news coverage”. This certainly does not seem in the interest of the overall mission of UC Davis.

Other faculty commented that creating an endowed chair/professorship policy to provide a revenue stream for administration through a default mechanism (i.e. by donors not overtly stating otherwise) is not in line with an honest and open relationship with donors. In particular, if donors wish to support broader administrative goals they can readily do that within the confines of the existing endowed chair policy per APM 191.

2) Lack of rationale for constraining payout of endowed chairs at \$50K

One of the key aspects of this policy is the purposeful constraint of endowed chair payout to \$50K with further restrictions on how the funding can be used. Numerous faculty questioned why any capping of payout was articulated as no overt rationale was provided for this aspect of the policy. Indeed, this lack of clarity led many to assume the cap is solely to ensure increasing funding towards administrative aims, to the detriment of the endowed chair holder. Since different fields of study at UCD operate with different fiscal burdens in both research and teaching, why should all endowed chairs pay the same level?

Numerous faculty commented that the \$50K cap would provide a disincentive for donors to endow at a level resulting in more than this minimal \$50K payout. Thus, as proposed, this constraint would seem to reduce, not enhance, research being done in the discipline intended by the donor.

Additional comments suggested the 50K cap (with spending restrictions detailed below) would impact the ability of Departments to use these endowments to attract high caliber faculty to UC Davis. Attracting the best and brightest faculty is clearly in the overall mission of the UC Davis, this policy would seem to negatively impact such recruitment.

In the same vein, faculty commented on how this policy, with the \$50K cap in endowment spending, is not sufficient to promote transformative change in a research and teaching program. As a consequence, this policy may lower incentive for young faculty to strive for such endowed positions, or more alarmingly, pursue more lucrative endowed positions at other Universities given restrictions at UCD.

3) Lack of rationale for structuring how endowed funding can be spent.

The policy further defines that the \$50K endowment funds be used to support graduate students at \$25K with a further \$25K going to more general support. Given faculty who obtain endowed chairs are leaders in their field, this constraint on how the endowment funds are spent is not in line with the respect due such faculty. As one faculty put it, “I believe any truly preeminent scholar would be insulted by this policy and the lack of trust in faculty by the administration that it embodies.”

Other faculty, including many existing endowed chairs, commented that restriction in how endowment funds are spent ignores the precise nature by which endowed chair funding is most useful. Several endowed chairs (see attached letters) described how flexibility in spending of endowment funds allows the chairs to be most creative and leverage their overall program funding to advance new research and teaching agendas in ways donors would respect, appreciate and admire. Indeed, purposeful structuring of endowment payout would seem to dampen the entrepreneurial

spirit of CA&ES faculty to leverage these funds to their maximum effect.

Many faculty commented on the lack of definition of the faculty support pool managed by the dean. No definition is provided for how this pool will be managed and what priorities it will be used for. This fact stands in glaring opposition with the overt management proposed for the \$50K payout to the endowed chair.

4) Lack of communication or engagement of faculty in developing these guidelines.

In December of 2013 Provost Hexter suspended implementation of a prior version of these Endowed Chair Payout Guidelines with the following statement.

“suspended.....until we have had sufficient time for broader consultation and dialogue with all stakeholders, from whom we will welcome further input and feedback. We want our guidelines to be understood by all interested parties and regarded by all as a helpful tool, not as a barrier.”.

Unfortunately the CA&ES FEC is unaware of any broad consultation or dialogue with stakeholders that has occurred beyond that provided in December of 2013. Given the many concerns with this policy the CA&ES FEC strongly recommends further dialogue between the Provost and Vice Chancellor for Development and Department Chairs and existing Endowed Chairs and other interested faculty to become more fully informed on their grave concerns with this policy.

5) Conflict of interest this policy generates

One problem with this policy is the conflict of interest it institutionalizes. It will be to the Dean's advantage to encourage donors to **not** place any restrictions on the endowment so that the Dean will maximize discretionary funding coming to the Dean. However, the Development Officers who will be charged with advising donors in essence report to the Dean. This creates a potential incentive for Development Officers to not present donors with a full range of options for funding chairs nor fully elaborate on the consequences of donor choices. Conversely it will be in the best interest of Departments and Department Chairs with whom the donor interacts to vet any information coming from Development Office. Pitting the interests of the administration against those of the faculty and academic departments creates possible conflict and most certainly gives a negative impression to potential donors.

Response continued on next 5 pages.

The following CA&ES faculty provided comment on the Endowed Chair Policy

Charles	Bamforth	03/12/15	Endowed Chair
Trish	Berger	03/06/15	
Dave	Block	03/07/15	Endowed Chair & Department Chair
Kent	Branford	03/10/15	
Linda	Bisson	03/11/15	
Dario	Cantu	03/10/15	
Ted	DeJong	03/06/15	
John	Eadie	03/06/15	Department Chair
Richard	Grotjahn	03/06/15	
Bruce	Hammock	03/11/15	
Will	Horwath	03/11/15	Endowed Chair
Ermias	Kebreab	02/24/15	
Doug	Kelt	03/06/15	
Cynthia	Lin	03/10/15	
Maria	Marco	03/11/15	
Alyson	Mitchell	03/12/15	Endowed Chair
Peter	Moyle	03/07/15	
Christian	Nansen	03/09/15	
Anita	Oberbauer	03/11/15	Department Chair
Ken	Shackel	03/09/15	
Ron	Tjeerdema	03/09/15	Associate Dean
Chris	van Kessel	03/08/15	Department Chair
Dirk	Van Vuren	03/06/15	
Andrew	Walker	03/10/15	Endowed Chair
Andrew	Waterhouse	03/08/15	

From: Charles Bamforth <cwbamforth@UCDAVIS.EDU>
Subject: Re: endowed chair policy
Date: March 11, 2015 at 4:20:20 AM PDT
To: David Andrew Mills <dammills@UCDAVIS.EDU>

David

This is what I wrote last year.

"As Anheuser-Busch Endowed Professor of Malting and Brewing Sciences for some 15 years I have always striven to deliver effectively, productively and responsibly for the constituency that this endowment is intended to support, namely malting and brewing. It is a key income source in furtherance of a discipline that brings high exposure to this campus and which enjoys high productivity when viewed from any perspective. However it is in a field that does not readily lend itself to attracting the 'bigger buck' funding to be had from the likes of NIH. Every dollar, spent wisely and well in pursuit of the program, is to be cherished.

"When I hand over the reins to the next incumbent it is in the hope that they too will be in a position to fully embrace the relevant constituency without fear that funding will be diverted elsewhere."

I would now add this:

Although the current pay out is only in the 25K to 30K region, it represents a valuable resource that I use cautiously and wisely on a diversity of activities that I consider relevant to the position. I believe that provided the Endowed Professor/Chair is a prominent and authoritative member of the constituency in which the Endowment is positioned (in my case brewing), it is the holder who is best placed to make a judgment on how those funds are used. Were this endowment one that yielded more than 50K per annum I would certainly resent absolutely if some of the money was then diverted to a faculty support pool managed by someone else. I am quite certain that the brewing industry would be extremely unhappy if the proceeds from their gift were being siphoned off to support activities that were not clearly relevant to them.

Those of us who embrace carefully and closely our constituencies and strive to ensure that we interface with them to the best advantage of all parties depend on a trusting relationship. I am sure that many other endowments are like the one that I am proud to be the holder of: established specifically to ensure that resources are devoted to a specific cause and not as a source of money to be used in ways that are of little interest to the benefactor and may even be counter to their desires and beliefs.

Best regards
Charlie

Charlie Bamforth
President, Institute of Brewing and Distilling

Distinguished Professor
Department of Food Science and Technology
2158 Robert Mondavi Institute North Building
University of California
Davis
CA 95616

From: Trish Berger

Sent: Friday, March 06, 2015 1:49 PM

To: David Andrew Mills

Cc: Lori A Fulton

Subject: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Dear Dave,

I am very much in favor of support for graduate students but I am very much opposed to the restrictions established for less-defined endowed chairs. I do not buy the argument for standardization; presumably the holder received the 5 year appointment because they deserved it and spending should be more open to their discretion.

1. I do not think the distribution of funds between graduate student funding and other funding should be dictated by the campus if the donor does not have specific stated wishes. Aside from all other considerations, perhaps the first \$50,000 might be used to support a laboratory technician that might be present on a day to day basis for training students in specific procedures, a very valuable arrangement in laboratory-based science.
2. I think the remaining funds should go to the holder of the endowed chair not to the Dean for redistribution.

Trish

To: Dave Mills, Chair
CAES Faculty Executive Committee

Dear Dave,

I have read the proposed new plan for endowed chairs and have the following comments.

First, The document states at the onset : “An Endowed Chair honors and promotes the work of a faculty member who is acknowledged as among the **preeminent scholars** in his or her field, and whose work has **made a significant difference to society**” (the emphases are mine). The document then proceeds to assume these preeminent scholars need significant oversight in how they might spend a donor’s funds and implies the lack of oversight on how those funds are currently being spent mandates and upfront restriction of fund use. I believe any truly preeminent scholar would be insulted by this policy and the lack of trust in faculty by the administration that it embodies. I would prefer the administration institute a common annual reporting policy for all chair holders, review how funds are being spent, and if there is a problem then and only then should policies like this one be considered. What is the evidence of misuse of current endowment funds by faculty?

Second, it is nice for the administration to finally be placing a priority on graduate student welfare. However a limit of 25,000 seems arbitrary given the actual costs incurred by students. For the graduate groups I am in support annual student support ranges from stipends of \$24,800 (50% TA stipend) to GSR stipends typically between \$27,000 and \$29,500. In addition student fees and tuition are currently \$13,730. Therefore a student actually costs between \$38,530 and \$43,200. I do not think endowed chairs should be prevented from nor have to request special permission to fully fund a graduate student from their endowment funds. Thus the limitation of 25,000 seems unnecessary. Again it would be a good idea for the administration to do a survey of how endowment funds are currently being spent before assuming this will provide more, not less, funding to graduate students.

Third, the report seems to imply that regardless of the size of the endowment and the funds generated the holders will only receive \$50,000 of the funds and states that unspent funds at the end of the term of the endowment will be returned to the principal of the endowment. Previous versions of this proposal outlined the fate of the remainder of the endowment income but this is lacking from this current proposal – what happens to income generated over 50K? A “faculty support pool” is too vague of a statement given the specific restrictions being placed on expenditure categories of the holder of the endowment. If our goal is good donor stewardship the policy should clearly state what the funds generated will be used for in total not just the fraction going to the Chair. This policy clearly states that the administration fully trusts the Deans but not the faculty and I doubt it will appeal to donors.

Finally, I am disturbed by the conflict of interest this policy clearly institutionalizes. It will be to the Dean’s advantage to encourage donors to not place any restrictions on the endowment so that the Dean will maximize discretionary funding coming to the Dean. However, the Development Officers who will be charged with advising donors in essence report to the Dean. It is therefore highly unlikely donors will be given the full range of options for funding chairs nor understand what unrestricted means. I have dealt with many donors over the years and rarely do they enjoy funds spent at the discretion of an administrator with no restrictions. It will be in the best interest of Departments and Department Chairs with whom the donor also interacts to point out the flaws in the information coming from Development. Pitting the interests of the administration against those of the faculty and academic departments never gives a positive impression to potential donors.

This policy attempts to correct a problem that has not been shown to exist, implies that faculty cannot be given full discretion over funding or it will be misspent, creates a “backdoor” for Dean discretionary funding and continues to reinforce the isolated thinking and lack of trust of non-

administrators of the central administration. I suggest the administration institute instead a common annual reporting structure for endowed chairs, see how funds are being spent, and clearly define what the nature of the problem is.

Sincerely

Linda F. Bisson, Professor and Geneticist
Department of Viticulture and Enology

From: David E Block
Sent: Saturday, March 07, 2015 10:36 AM
To: Ralph J Hexter; Shaun B Keister
Cc: Andre Knoesen; David Andrew Mills; Mary E. Delany
Subject: Comments on New Endowed Chair Policy

Dear Ralph and Shaun:

I am writing to address the proposed new policy for endowed chair payouts. I am writing as both a department chair that spends a large percentage of my time on development and as a holder of the Ernest Gallo Endowed Chair in Viticulture and Enology (research chair) and the Marvin Sands Endowed Department Chair (administrative chair). While some of the issues from the previous draft policy have been addressed (e.g. following the wishes of donors prospectively and retrospectively), this new policy is still highly problematic in my opinion.

First, it is not clear what problem that this policy is trying to solve. I think it is important to establish this first, as the policy would certainly read differently depending on the solution sought. For instance, if you are trying to raise money for administration, then the policy should focus on maximum payout and not be concerned with how the endowment is spent by the chair holder. If the worry is that the money is not being used responsibly, then guidelines for use are important, but there is no need to cap the payout. Having used these examples, I don't feel like capping payouts or constraining use of endowment will be productive long term.

In terms of capping payouts, I think this is problematic and a disincentive for charitable giving—or at least it will be for the potential donors with whom I've interacted. I realize that this new draft policy states that donors' wishes will be honored, so maybe this is not a huge problem. However, shouldn't every department and development person on campus then assure that there is language in every agreement that all payout go to the chair holder for perpetuity? If they don't get that in every agreement, what incentive is there for a donor to give any more than the minimum donation for establishing a chair? For a \$1.5 million chair (the current minimum), already \$10,000 will be taken annually for uses apart from the chair holder's program. So what extra benefit will the donor see if they give \$2 million or more? This is problematic at best and a disincentive for giving, at worst. While the current wording of this policy may allow us to avoid these problems by customizing the wording for each new chair agreement, I do worry about planned giving. We currently have at least one or two agreements in the works for chair establishment through planned giving. If a policy change like this one is implemented and planned giving agreements are not updated (not an easy task for department chairs to keep track of, especially when chairs change every few years and may not have information on past agreements), the university could be using money for a purpose not intended by the donor. This is also problematic and a real situation that I could see happening with my department and its potential donors.

Finally, I do not understand why spending for an endowed chair needs to be constrained. One of the true advantages that I have seen, myself, of holding an endowed chair is that I have the ability to use the income towards exciting new projects for which I don't have current funding (and for which funding might take years to obtain). This allows me to act on new ideas and work on issues important to science and to my stakeholders. We just did this last year when a sabbatical visitor and I were able to organize a group of faculty on campus to develop a new innovative system for vineyard irrigation. Considering the immense need in the grape industry for innovation in water use and mechanization, this work is very timely and we went from nothing to a system installed at Oakville in 10 weeks. This could not have been done without an endowed chair. However, some of this was in the form equipment and some in form of undergraduate researcher support (10 undergrads actually). Over the last few years, most of my endowed chair support has gone to graduate students. However, the arbitrary split that you are proposing would not have worked for me. \$25,000 does not pay for a graduate student or a post-doctoral fellow. Both of these cost on the order of \$50,000-\$60,000 per year in my field

(and most STEM fields) between stipend and tuition/benefits, let alone supplies. What if preliminary work can't happen in a lab without a piece of equipment that is \$50,000? Why would you not allow a faculty member to purchase that equipment? It seems counterproductive to impart these constraints artificially if there isn't a problem that we are trying to solve, and potentially an inefficient use of a Dean's time to have work with endowed chairs on budgeting or exceptions every year—especially if there is a goal to establish more endowed chairs on campus (certainly our departmental goal and part of the CA&ES Vision Committee's statement from 2013).

These are just my thoughts on this new policy given my perspective as a chair holder and department chair working extensively with potential donors and stakeholders. I urge you to reconsider this policy to make it one that encourages, rather than discourages, the establishment of these special forms of faculty recognition and support at UC Davis.

Best Regards,

Dave

David E. Block

Ernest Gallo Endowed Chair in Viticulture and Enology

Professor and Marvin Sands Department Chair, Department of Viticulture and Enology

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From: KENT BRADFORD [mailto:kjbradford@ucdavis.edu]
Sent: Tuesday, March 10, 2015 4:17 PM
To: David Andrew Mills
Cc: Lori A Fulton
Subject: Comment on UC Davis Endowed Chair Payout Guidelines

David:

I appreciate the opportunity to comment on the proposed Endowed Chair Payout Guidelines. While not currently benefitting from such an endowment, I am currently involved in an effort to raise funds for one. As this proposed policy could have significant implications for that effort, I would like to register my concerns about this policy as drafted.

As I understand it, for endowments up to \$3 million, the payout per year would be limited to a maximum of \$50,000, or only 1.7% on the endowment amount. For larger endowments, the payout would be determined on a case-by-case basis, which leaves the amount undetermined. Any earned funds from the endowment would go into a faculty support pool managed by the dean (I assume of the appropriate college, as this is unspecified). On the other hand, the introductory paragraph says that this would only apply when the donor's payout wishes are not specified in the gift agreement.

One has to ask why a donor would be motivated to create a large endowment (i.e., greater than \$1 million) if the payout is limited to \$50,000 per year (i.e., 5% of \$1 million; although interest rates are down, investments of the endowment funds have generally had a return for distribution of ~5% in the past). Donors do not generally contribute to a specific named chair endowment with the expectation that a large fraction of the potential financial benefit will go to other programs at the discretion of a dean. In addition, a limit of \$25,000 on graduate student or postdoc support is laughable. It should at least be set at the current campus full costs estimate for a graduate student (over \$50,000 per year) and adjusted in keeping with changes in tuition, fees and salary. Direct support to the chair holder would be in addition to this, but again, \$25,000 is not much to support current scientific research. In principle, putting a fixed value in a policy document like this automatically ensures that it will be out of date immediately, requiring a change of policy and the bureaucracy associated with it to make future adjustments. If there is to be a limit, it should be set in relation to something meaningful in terms of realistic costs of supporting students or staff or conducting research so that it would automatically adjust over time.

In our case, we are conducting an endowment campaign to try to provide support for a chaired position as well as for program support. We have been told that this requires a minimum of \$5.5 million. If we achieve that goal, the donors will want all of the available returns (after providing for maintenance of the endowment corpus) to go toward the support of the program. Even after paying for a faculty salary and benefits, there would be considerably more than \$50,000 for program support from such an endowment. If we do not reach that goal, then receiving all of the earned income available will be even more important. If this document becomes policy, we will be sure to include language when establishing the endowment that would make this intent of the donors clear.

Although the first paragraph says that donors' wishes prevail, paragraph 9 (Exceptions) seems to say that if those wishes are not within these guidelines, then it is at the discretion of the administration whether to grant an exception. This paragraph 9 is unclear, as the first sentence says that "The above Guidelines do not apply if the gift terms of the chair require other arrangements," then the next sentence says that exceptions must be applied for via written request. Which is it?

While the intent of this policy as written seems to be to limit payouts to endowed chairs and direct remaining funds to the discretion of the deans, one has to ask whether going forward,

endowed chair positions without directions on payouts are likely to occur. In the course of working on our present endowment, I asked development staff whether in fact large endowments are made without specification as to the intended area of focus and support. The response was that this has almost never happened. Thus, I find the organization of the document rather misleading, particularly for a potential donor, where the first major bold bullet point you see is that the payout will be severely limited and excess funds will be diverted to discretionary purposes. This is not the first thing you would want a potential donor to read when inquiring about UC Davis policy on endowed chairs. At a minimum, I would recommend that the last sentence and a half of the introductory paragraph be changed into the first major bolded bullet, stating clearly that donors to endowed chairs have the right to specify how payouts will occur from the earnings. The second point could then say clearly that "If the donor does not specify how the endowment payout will occur, then they will be based upon the following payout model." These changes would make it clear to potential donors (who are the ones who will be requesting these guidelines) that they have the right to specify how the payout from their endowment will be directed, and that only in the absence of such direction would the default guidelines go into effect. Similarly, if the Exceptions in paragraph 9 are intended to apply only to endowments that do not have donor specifications, that should be made clearer.

I think that the organization of this policy document would be misleading to potential donors and to UC personnel working with donors to establish new endowments, particularly the bolded bullets 1 and 2 that at first glance seem to imply that the limited payouts will apply to all new chairs and to reappointments to those chairs and the ambiguity over the donors' ability to specify other payouts without requiring administrative approval. If this is to be a general policy on endowed chair payouts, then the first bulleted paragraph needs to say explicitly that the donors' wishes as specified in the gift agreement take priority. The current paragraphs 1 and 2 should be virtually the last paragraphs in the document, stating that **if no disbursement directions are included in the gift agreement**, then payouts will be determined by the following, etc.

Thank you for this opportunity to comment,
Kent Bradford

Kent J. Bradford
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From: Dario Cantu <dacantu@ucdavis.edu>
Subject: Endowed Chair Payout Guidelines
Date: March 10, 2015 at 12:26:01 PM PDT
To: David Andrew Mills <damills@ucdavis.edu>

Dear Dave:

I read the proposed "Endowed Chair Payout Guidelines" and I would like to express my concerns.

I believe that the proposed policy "endowment payout distributions" will severely undermine the effectiveness of endowments to promote competitive research in our laboratories. While I understand the importance of charging indirect costs as a percentage of philanthropic gifts to sustain administrative costs, I believe that imposing a limit in the amount destined to the chair holder violates the donor's intention, which is to fund research activities in the awarded laboratory and not to support unspecified administrative activities. In addition, I think that the payout model of 50% destined to personnel costs and 50% destined to supply costs would probably work in a steady funding situation, which is not the reality. Flexibility in how PIs use their funds is critical for effective investment of the awarded funds, including the possibility of purchasing or replace equipment with saved funds carried forward year to year.

I do hope that the proposed guidelines will be modified to reflect the importance of endowments in supporting the cutting-edge and groundbreaking research in the UC campuses.

Best Regards,

Dario Cantu
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Phone: (530) 752-2929
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From: THEODORE DEJONG [mailto:tmdejong@ucdavis.edu]
Sent: Friday, March 06, 2015 3:22 PM
To: David Andrew Mills
Cc: Lori A Fulton; Chris van Kessel; Andre Knoesen
Subject: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

I think it would be important for the administration to articulate why this change in policy is needed other than to put more funds in the pocket of the Deans.

The Statement reads as if we have no policy. This is wrong. We have a policy. The current policy is to give the payout of endowments to the endowed chair holders. The Administration needs to be more honest and provide a rationale for why this needs to be changed. It sounds like a socialization program of taking from the rich and giving to the Deans. I think if that is what it is then rather than giving the payout funds above a specified amount to the Dean's it should go to the Departments who house the Endowed chairs for distribution to graduate students, junior faculty or perhaps to newly endowed chairs whose payout is less than the specified limit.

Endowments are most often given to support programs within department and it is usually the relationship between departmental faculty or the programs of a specific Department that encourage people to donate. Thus, if there are "excess" payout funds from a given endowment it would be most logical to allocate those to other uses in the same program or department. The way the new policy reads endowment funds for an Endowed Chair in department X might end up being spent in an entirely different area that is not even close to wishes of the donor.

I think this will be a tremendous disincentive for donors to establish endowed professorships and will not honor the likely intent of the donors. Having a policy that outright says that funds generated by endowments beyond a specified amount will go to "administration" makes no sense. When is the last time a donor established an "Endowed Dean" or "Endowed Vice Chancellor"? If someone wishes to do that fine, but that should not be an established default policy.

I know of at three instances when people or groups expressed a desire to establish endowed positions at UCD but were turned off by being told by a Dean that the endowment should be established in a College rather than in a Department.

This proposed policy should not be accepted as stated and the Senate and Departments should stand up against it.

Ted DeJong
Distinguished Professor

From: John Eadie

Sent: Friday, March 06, 2015 4:49 PM

To: Chris van Kessel; Mary E. Delany; Michael McCarthy; Beth A Ober; Michael Parrella; Randal J Southard; David E Block

Cc: Jeffrey S Ross-Ibarra; John Yoder; Joseph DiTomaso; Brad Hanson; Kenneth W. Tate; Eduardo Blumwald; Kassim Al-Khatib; Richard Michelmore; Thomas Gradziel; Anita Oberbauer

Subject: Re: Endowed chairs income

Chris. I will be sending my own letter, will encourage all of my faculty to do so, and suggest we collectively send a revised version of our last letter, noting that despite our very strong opposition, little seems to have changed (although I need to read the new agreement again carefully). Specifically, our last letter requested the following:

(1) The January 1, 2014 date for implementation of these guidelines be postponed, and the policy be put on hold indefinitely pending further discussion.

DONE (due I suspect to the strong pushback despite it being released on the last day of fall quarter with implementation targeted the first of January)

(2) Beginning immediately in the new year, the Provost should arrange for open and full discussion of this policy with Deans, chairs of departments, endowed chair holders, the Academic Senate, and affected faculty.

NO DISCUSSIONS AT ALL THAT I AM AWARE OF (as chair of a department and an endowed chair holder).

(3) Engagement with key donors to current and pending endowed chairs and professorships be pursued, and their viewpoints and suggestions on how this policy should / should not be implemented be sought before ANY action is taken.

NO DISCUSSIONS AT ALL THAT I AM AWARE OF (AT LEAST WITH MY DONORS)

(4) We urge the administration to resolve this matter quickly to avoid long-term repercussions to our ability to attract funds for new endowed chairs. The broad scale perception that UC Davis is redirecting payout for general use funds after an endowment has been established – rather than to support the activities specified by donor intentions – will have a chilling and long-lasting effect on our philanthropic partnerships from which it will be difficult to recover.

(NOT RESOLVED. INSTEAD, THE ISSUE DISAPPEARED FROM SIGHT (for many of us at least), THEN WAS ROUTED THROUGH ACADEMIC SENATE WITH NO ENGAGEMENT OR INVITATION TO REVIEW BROADLY (more of a “there it is if you find it” approach). MOST OF US IN CAES WERE NOT AWARE THIS WAS EVEN BEFORE THE SENATE UNTIL TODAY.

(5) If any of these guidelines are implemented, something we strongly disagree with and cannot support for the reasons outlined above, they should be applied only to newly established endowments in the future with full knowledge and agreement by the donors. Any changes to existing endowments should be carried out only with full consultation and written agreement of the donors, or their legal representatives, who provided the gifts leading to the establishment of the endowed chairs. revise the letter we wrote and send in.

THIS SEEMS TO HAVE BEEN ADDRESSED BUT IT IS LOOKS LIKE THERE COULD BE WIGGLE ROOM – e.g. What happens with an appointment of a new chair holder and exiting endowed chair position? What happens with the 5 year renewals?. MUCH MORE CLARIFICATION AND SPECIFICATION IS NEEDED.

So, the only clear response was halting the first implementation, with some limitation on applying this to past positions (but this is vague).

The fact that we voiced our concerns strongly and collectively last time, and yet (1) changes are relatively small and (2) many of the concerns raised in our letter were not addressed, leads me to suspect that a similar letter as last time will not be ANY MORE effective.

I understand the dire financial circumstance of the campus, but the continuing lack of transparency, discussion and willingness to engage in broad discussion, along with once again a very truncated timeline leaves me pessimistic. We will need to do more. Is it time to ask donors to engage in the conversation? Should this be a more public discussion since it is about how a public university proposes to repurpose funds given to support very specific research, teaching and outreach needs.

I don't want to be unproductive and simply rock the boat -- we all recognize the need for the campus to find support when state funding has declined, but I do not feel that faculty and chair holder's concerns (and through us, our donors) are being listened too. We need to find a way to talk louder perhaps. Or at least more convincingly.

Frustrated musings, but I will work to pen my personal letter and happy to work with you and others to revise our collective letter. Open to other ideas on how to be heard more effectively.

Thanks
John

John M. Eadie, Chair
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Fax: (530) 752-4154

From: Richard Grotjahn [mailto:grotjahn@ucdavis.edu]
Sent: Friday, March 06, 2015 5:46 PM
To: Lori A Fulton; David Andrew Mills
Cc: Jeffrey Williams; Richard Grotjahn
Subject: Re: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Hi David,

In the fall of 2008 the topic of revising endowed chairs to extract funds for general campus support was brought to the attention of the UCD divisional academic senate. At that time I was chair of the CA&ES FEC and Jeffrey Williams was the vice chair.

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After some discussion as well as polling of CA&ES faculty a document was prepared and sent to the Provost in late November. The FEC minutes at that time tended to be detailed, so you might look through those. I recall circulating this with Executive Council (Bob Powell may have been Chair at that time). **I am attaching the document sent to the Provost.** A similar proposal was made several years later as I recall, necessitating a similar email as this one.

Regarding the latest proposal, it is clear that some concessions have been made to faculty objections. Other issues remain, not the least of which is the document has vague wording as well as some inconsistencies. I am also attaching a version of the latest document, but with comments. I urge you to please consider the comments that I make there. I also wish to stress what is in my first comment: I have personal stake in the handling of endowed chairs.

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I hope this information is useful.

Regards,
Richard Grotjahn

26 November 2008

To: Provost and Executive Vice-Chancellor Barbara Horwitz
Re: Proposed Endowed chairs policy
From: Prof. Richard Grotjahn, Chair, CA&ES Executive Committee
Cc: CA&ES Executive Committee

Overview

This letter is in response to the October 2008 report of the Office of Resource Management and Planning analyzing proposed changes to the Endowed Chair and Professorships Policy plus supporting documents provided to the Academic Senate. I sent the documents to Professors and Specialists in the College of Agricultural and Environmental Sciences (CA&ES). They were given an opportunity to vote on the proposed changes as well as to send me their comments. Below is a condensed synopsis of votes and comments I received. The CA&ES Executive Committee (CA&ES-EC) also considered the policy on 7 and 21 November 2008. The tone of the CA&ES-EC discussion paralleled the written comments highlighted below. At the 21 November meeting the committee voted unanimously to oppose any change in the current policy regarding endowed chairs. As you can see from these results and comments, the Professors and Specialists in the CA&ES are overwhelmingly opposed to the proposed changes. The proposal would strongly hinder efforts to obtain endowments for new chairs, make it very difficult to hire quality people for these chair positions, and would violate the trust of donors of existing endowments. The CA&ES Executive Committee asks that you reject the proposed changes to policies and retain the current policies regarding endowed chairs.

I. Prologue.

The CA&ES has a major stake in this policy change since 25 of 108 (23%) of all UCD endowed chairs are in the CA&ES (25 of 62, 40%, if the School of Medicine is excluded). (*NB*: I do not hold an endowed chair, and I do not have any foreseeable prospect of holding such an appointment.)

II. Professors and CE Specialists online straw poll

During 14-19 November, 370 Professors and Specialists in the CA&ES were polled. 100 people voted. Respondents overwhelmingly object (>80%) to any policy change that broadens the distribution of the payout and especially the changes proposed.

1. People were asked to select their preference from the 3 alternatives proposed. They were also given the 4th option: to make no change. The results are: Alternative 1: 9 Alternative 2: 3 Alternative 3: 1 Make no change: 87 votes

2. When asked if the endowed chairs policy should be somehow revised to partition funds more broadly:

Strongly support: 4 Support: 6 Neutral: 6 Oppose: 20 Strongly oppose: 64 votes

III. Comments from faculty and CE specialists.

Comments were received from 26 Professors and Specialists. Most respondents make several points. Nearly all comments were critical of the proposed policy changes. None expressed support for any of the policy options but a few comments suggested ways to reduce some negative impacts if the new policy were adopted. Typed single space, the comments run for a dozen pages. Due to the lengthy responses I only provide excerpts below. Also, I grouped the comments into 6 categories. The order of the categories reflects the frequency that a type of comment is mentioned; the category holding the most frequently-stated type of comment is listed first:

1. It will discourage future endowments

"I have been ...obtaining endowment funds from external groups, and it is certain that they would balk at providing such funds if a substantial fraction of the return was diverted to other uses" "I cannot imagine this [new endowment] campaign being successful with our stakeholder group under the proposed policies" "...UCDavis lost an \$1M endowed chair to Texas A&M because we could not guarantee the favorable conditions that the other university was able to give. ...We already lack competitiveness in this arena" "The proposed changes will turn over control of the funds from individuals who are intimately familiar with the field, to administrators who are NOT familiar...future donors will likely send their donations elsewhere" "The proposals are a disaster and it will have a significant negative effect on any future endowed chairs." "I am currently negotiating with a potential donor ...for an endowed chair in our department.... There is no reason why a major donor (>\$1M) would give such a gift to the university when only a small fraction of their money would be used to support the research program of the endowed chair." "If I were a donor and hear this change of policy I would put my money in a different institution." "If donors wanted to support central campus operations, then they would have done so. Proposing to read the fine print to see whether or not funds for current endowed chairs can be absorbed by the administration will just make donors more reluctant to endow money for research at UCD." "...likely outcome of implementing a shared endowment resource model will be to discourage donors from creating endowed chairs. Donors ... often have specific criteria in mind in donating resources to specific programs or areas of research with specific legacy outcomes in mind." "it provides a major disincentive for benefactors to support endowed chairs above a minimum level." "...people give to set up an endowed chair [so] there will be funds going to a particular line of research they feel passionate about. If the administration siphons off most of the proceeds from the endowment that incentive is gone." "release of information that this is being considered will be a public relations catastrophe. If implemented, it would essentially kill the chance of creating any new endowed chairs and is likely to jeopardize all fundraising."

2. *Loss of programmatic funding or inability to accomplish expected work*

“the Anheuser-Busch Endowment... supports a line of endeavor that is very difficult to secure funding for through other channels” “endowments provide critical funds to support programs that are highly valued by stakeholders.” “This change would compromise the programs of holders of existing endowed positions. For many ...endowment funds are critical to enable the holder to accomplish the research objectives that were expected by (and promised to) the donor.”

“\$25,000 to support the endowed chairs research program is insufficient. This allocation does not provide for equipment and supplies and doesn't even support one graduate student”

“...constrain[s] the ability of faculty to explore new research areas because the dollar threshold is too way too low.” “one of our endowed chairs receives \$100K ... to leverage for additional funding through commodity groups. By reducing his portion to \$25K, he will no longer be [able] to conduct research in this area... another [chair]...supports the applied aspects of his program by hiring a technician...He would no longer be able to do this with such a cut to his program.”

“[our department] did not even consider levels as low as \$25,000 per annum...between \$50,000 and \$80,000 is required to provide a research program in the sciences with [funds to] enable a serious new research effort... If this policy was implemented, I would no longer pursue support for additional endowed chairs, as their programmatic impact would not be worth the effort”

3. *Violation of donor trust*

“The mere implication that endowments can be changed after the fact is going to compromise our reputation.” “a very bad policy that will compromise donor trust in our system” “...it appears that the intent is to change policy when the chair turns over” “would cause a loss of trust with donors who provided endowment funds with the understanding that they would be used in perpetuity to support specific programs, not the general campus budget” “those who [create] an endowed chair have specific expectations. These expectations are not met by giving the professor \$25k.” “These changes dramatically effect the wishes of the donors when they so generously established these endowments. It does not do much for our image and trust when we divert their contributions for other intentions.”

4. *'Ethics' of the proposal*

“UCD should adhere to the *spirit* of the endowment's original intent, In cases where UCD could legally get away with reallocating endowments,...this should be avoided...on ethical grounds” “it is wrong to presume that a lack of explicit language in the endowment forbidding the proposed change, is grounds for 'allowing ' a change.” “The proposal to target endowments with carryover funds is unfair.” “Existing endowments should be managed according to policies ... that the donor would have agreed to.” “I think it is unethical to divert the money of the endowments from their original purpose.” “...there would be a legal precedent showing that our institution does not honor its commitments.” “The only ethical path is to engage the 100+ endowed chair donors, present your case for support, and apply the new policy where the donors agree, including redrafting the gift language so that both parties are clear on the new agreement.”

5. *Insufficient justification or participation*

“I am surprised they never listed the potential negative aspects to the alternative policies, of which there are many.” “disturbing that there was no presentation of pros and cons of existing and proposed policies.” “little justification for making the changes” “disturbing that the Task Force that developed this policy did not contain members from either CA&ES or the School of Medicine, which together hold over half of the endowed chairs and professorships on campus.” “The committee looks a little lopsided- was there College of Ag representation? Medical School?” “The composition of the task force was not balanced. It did not include representatives from the two colleges that had the majority of endowed chairs.”

6. *Other comments*

“Why don't we invest our efforts in bringing more endowed chairs to UCDavis. We should take advantage of UC Berkeley's misstep” “I get invitations to apply for chairs. If another university were to attempt to recruit me away from Davis with an endowed chair that only pays \$25[k] I would think it a stupid joke. If it cannot pay for a post doc or full-time technician, then it is not

worth the paperwork” “penalizing those units that have been active in bringing resources to the campus to support those that have not been as successful is not a policy that promotes faculty involvement in seeking extramural support to replace dwindling public funding.” “Will this policy change affect other types of endowments besides endowed chairs?” “Any changes made should only apply to future endowed chairs, not to existing endowments.” “How will this change help UCD address issues of importance to our stakeholders?”

IV. CA&ES Executive Committee. During the 7 November and 21 November 2008 meetings of the CA&ES executive committee the policy was discussed and voted upon. The tone of the discussion paralleled the written comments highlighted above. At the 21 November meeting the committee voted unanimously to oppose any change in the current policy regarding endowed chairs.

V. Summary and Recommendation. Given the current challenging budget situation it is very important that UC Davis find ways to encourage donations and the creation of new endowed chairs. The proposed changes to policy will reduce such donations. Hence Faculty in the CA&ES generally voice strong opposition to the proposed endowed chairs policy changes. The CA&ES Executive Committee asks that you reject the proposed changes to policies and, at the least, retain the current policies regarding endowed chairs. We encourage the UC Davis administration to work with Faculty to facilitate such donations

From: Bruce Hammock [<mailto:bdhammock@ucdavis.edu>]

Sent: Wednesday, March 11, 2015 3:30 PM

To: Ralph J Hexter

Cc: Mary E. Delany; David Andrew Mills

Subject: The proposed changes to funding allocation for endowed chairs is a great reason to give funding to Stanford

Dear Ralph

My father in law could not have been happier to give a large gift to UC Berkeley years ago. When he found a few years later how they had misused the funds, his generosity to the university ended. The proposed changes to endowed professorships certainly will make alumni donors think twice before making such an investment in higher education at UC Davis.

Bruce

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Bruce D. Hammock
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From: William Horwath
Sent: Wednesday, March 11, 2015 3:32 PM
To: David Andrew Mills
Cc: Lori A Fulton; Randal J Southard
Subject: Re: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Dear David,

My response below.

The endowed chair is one of the highest honors a faculty member can achieve in their careers. It allows them an additional set of resources to do cutting edge science, engagement and technology transfer with stakeholders. Some of the best science and outcomes become reality through the realization of this award, which is the intent of the donor. In addition, the intent of the donor is to provide incentive to a faculty member that is recognized for being above average and over achieving in their area of scientific expertise so that more cutting edge research can be accomplished. Essentially, an endowed chair ensures the best science and social good is done by selecting individuals who have a proven track record in promoting science or social discovery that benefits humanity, the core mission of the university.

I strongly disagree that a portion of the chair payout should be used to pay their salary. This is robbing Peter to pay Paul, a metaphor with an origin in 16th-century England. Faculty salaries are the responsibility of the university, using other funds to defray the costs seems inappropriate, especially in consideration that this is a distinguished award. This is not the intent of the donor who assumes the funds are used for new exciting research and discovery. I would prefer the endowment be used to fund undergraduate and graduate students, post docs and possibly an allowance for administrative support for the endowed chair. Many endowed chairs have large research programs and their departments are struggling to provide a suitable level of administrative support.

The formula presented in the proposed guidelines, \$25k chair allowance and \$25K graduate student support, does not make sense. It costs about \$40k to support an in-state graduate student, including stipend, tuition and fees. An additional \$10k would be required to support research for a total of about \$50k per year. The average payout for endowed chair is likely that sum.

The carry forward policy makes sense if the chair holder accumulates more than 2 years of funds. However, as mentioned above, most of one year's payout would be consumed for one graduate student. If the endowment were used to pay a post doc the total annual payout would be insufficient and therefore require a significant carry forward to pay the salary and research needs just for one year. It seems appropriate for flexibility in carry forward funds as long as the chair holder has a plan to justify spending the money in a reasonable amount of time.

In summary, there needs to be oversight of endowed chair funds to ensure appropriate use of resources. However, micromanaging endowed chair payouts to pay their salaries and to support unrelated activities seems a troublesome oversight issue or meddling and is not the intent of the donors.

William Horwath, Professor of Soil Biogeochemistry
Chairman Agricultural and Environmental
Chemistry Graduate Group
J. G. Boswell Endowed Chair in Soil Science
Dept. Land, Air and Water Resources
University of California Davis
530 754-6029

From: Ermias Kebreab <ekebreab@ucdavis.edu>

Subject: Endowed chair payout

Date: February 24, 2015 at 12:21:00 PM PST

To: David Andrew Mills <damills@UCDAVIS.EDU>

Hi Dave,

My comment is that I don't think there is enough justification given for this ruling. What is wrong with making arrangements with specific donors as the donation were made.

The endowed chair is effectively limited to 50k a year. Why would the dean take the rest? It is not possible to fund a grad student or post doc for just 25k a year. What if the chair wants to spend over 50 k one year for equipment and 50k to hire a post doc another? There is little flexibility. I know it says special arrangement and the like but why make it harder to do the job? To me it does not make sense at all. It should be done case by case and always in consultation with donors. If donors want to give money to deans then that should be separate and not part of endowed chair payout.

Thank you,
Ermias

From: Douglas A Kelt
Sent: Friday, March 06, 2015 4:15 PM
To: David Andrew Mills
Cc: Lori A Fulton; John Eadie
Subject: RE: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Dear Dr. Mills,

Thank you for the opportunity to comment on the draft guidelines for payout of UC Davis Endowed Chair funds. I confess that the logic underlying these seems entirely counterproductive to the mission of UC Davis, and is almost certain to have a negative impact both on the endowed chairs themselves and especially on our ability to attract funds for endowed chairs.

I do not have and do not expect ever to have an endowed chair, so this is unlikely to impact me in any tangible way. However, they certainly seem to be conceived without consideration of the negative consequences that seem inevitable, for research, pedagogy, and the perception of the taxpaying public. Specifically, this proposal appears to comprise a policy that mandates that a minimum of half of the predicted payout of a baseline endowed chair position (e.g., \$2.5M, 4% payout = \$100K, of which only \$50K is available to the endowed chair). Moreover, if the endowment grows then the proportion available to the chair decreases while the proportion redirected to the undefined "faculty support pool" increases.

My specific concerns with this proposal follow.

1. The "faculty support pool" is not defined and has no clear intent.
2. The "faculty support pool" is, by definition, irrelevant to ANY endowed chairship, and to potential donors. As a result:
 - a. The likelihood that donors at this level will be eager to establish an endowment from which at least 50% of the proceeds are immediately redirected to a vague and undefined "pool" seems remote.
 - b. Indeed, "faculty support" from this "pool" could conceivably support faculty pursuing research irrelevant to the theme of the endowment or even in conflict with the intent of the endowment, further impacting the likelihood that donors will be attracted to UC Davis.
3. Stating that "We will always defer to donor wishes if they chose to direct chair payout" fails to offset the inevitable impression of a money grab, and seems certain to make potential donors leery from the outset.

The seemingly inevitable consequences of these points include (but likely are not limited to):

1. Greatly reduced probability of attracting endowment funds.
2. Effectively eliminate incentive by chair holders to grow the endowment, as the chair holder would receive no return on such effort.
3. Reduced support for targeted research, which is entirely counter to the intent of the donors.
4. Reduced support for graduate support, also counter to the intent of most donors. \$25K is not a large amount of support for graduate students (and students often are the biggest "bang for the buck" in terms of research productivity).
5. Tremendous public relations disincentive and a compelling impression of greed by campus stakeholders and indeed the general public. This is a PR nightmare begging for news coverage!

I suspect that further consideration would yield additional problems with this plan, but the very essence of this is ill conceived and counter to the very mission of a land-grant university. I implore the campus to abandon this foolish effort before we further promote the growing impression of an ivory tower campus with limited interest in serving our mission. I personally do

not believe that impression but I hear it from friends and neighbors. This policy is certain to foment additional negative perceptions by the California public and our diverse stakeholders.

Thank you for inviting comments on this policy.

Douglas A. Kelt
Professor of Wildlife Ecology
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dakelt [at] ucdavis [dot] edu

-----Original Message-----

From: Cynthia Lin [mailto:cclin@primal.ucdavis.edu]

Sent: Tuesday, March 10, 2015 9:18 PM

To: David Andrew Mills

Cc: Lori A Fulton

Subject: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Hi David,

Thanks for seeking our comment on the UC-Davis Endowed Chair Payout Guidelines.

My comment is the following:

I think that endowed chairs should be allowed to use their endowment payout to cover their summer salary, since having summer salary enables them to work on their research during the summer.

Thanks for your leadership!

Best,
Cynthia

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C.-Y. Cynthia Lin
Associate Professor
Agricultural & Resource Economics
Environmental Science & Policy
University of California, Davis
<http://cclin.ucdavis.edu>
=====

From: Maria Marco <mmarco@ucdavis.edu>
Subject: Endowed Chair Payout
Date: March 11, 2015 at 2:51:47 PM PDT
To: David Andrew Mills <damills@UCDAVIS.EDU>

Dear Dave

I would like to express my deep concern for the proposed revisions to the UC Davis Endowed Chair Payout Guidelines. Section 1 limits payout distributions for newly established endowed chairs to up to \$25,000 in scholar allowance and \$25,000 for graduate student/professional support.

In short, I strongly disagree with the new policy. This proposed cap should not be imposed.

There should not be a cap on funds available to endowed chairs. Secondly, to add insult to injury, the proposed amounts are extremely low and would not do much to defray either personnel costs or to provide sufficient funds to perform the innovative research and outreach required by endowed chairs. For example, this amount would not be sufficient to support an in-state graduate student for more than half a year. Although it is possible that funds available to some endowed chairs might not make it to that limit, this proposed cap prevents the opportunity to maximize the function of those that go well-beyond this limit. What is deeply concerning is that not only will this new policy apply to new endowed chairs, but it will also apply to existing ones with new appointments (section 2)!

The outcome of this policy will be two-fold: (i) a severe reduction in the interest in and output of endowed chairs and (ii) a reduced capacity to attract new funders for endowed chairs because of the stipulation that the funds are (mainly) going to fund undefined college/university activities.

In essence, this proposed policy is underhanded and is at the expense of the faculty the endowments are intended to support.

Sincerely
Maria

Maria L Marco
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From: Alyson Mitchell <aemitchell@ucdavis.edu>
Subject: Re: endowed chair policy
Date: March 10, 2015 at 6:12:26 PM PDT
To: David Andrew Mills <dammills@UCDAVIS.EDU>, Charles Bamforth
<cwmbamforth@UCDAVIS.EDU>, Hildegard Heymann <hheyman@UCDAVIS.EDU>, Andrew
Walker <awalker@ucdavis.edu>, Roger Brett Boulton <rbboulton@ucdavis.edu>

Dave

This is what I wrote last year...

Alyson

Dear Provost Hexter,

Attached please find a letter expressing my concerns on the new UC Davis Endowed Chair Payout Guidelines released to the department on Dec 10, 2013. I believe that these guidelines will seriously impede scholarship and research at UC Davis, will discourage gifts from future stakeholders and offend current stakeholders. More importantly, this policy imparts the perception that UC faculty are not excellent stewards of stakeholder money. This has the effect of demoralizing faculty who work hard to stretch every endowment penny. Additionally, this policy change will seriously affect Departments with Endowed Chairs to use these endowments for recruitment activities or target of excellence hires.

I am proud to be the current John Kinsella Endowed Chair. Over the past few years, this position has allowed me to develop a personal relationship with Ruth Kinsella (John's wife). Ruth is actively engaged in the Department of Food Science & Technology and at UC Davis. My relationship with Ruth is important to me. I do not want to be in a position of ever having to explain to Ruth that University Administration has decided to change endowment policies and co-opt a significant percentage of the next Kinsella Endowment. Endowments are generally gifted in the spirit of giving faculty the freedom to endeavor in research in their area of specialty. This policy is direct in opposition of promoting creative research at UC Davis.

I ask that you please reconsider this potentially very damaging policy change. In the least, the faculty, and especially the current endowed chairs, should be allowed to weigh in on any changes prior to implementation.

Respectfully,

Alyson Mitchell

From: "Peter B. Moyle" <pmmoyle@ucdavis.edu>

Subject: **Endowed Chair Payout Guidelines**

Date: March 7, 2015 at 2:57:40 PM PST

To: David Andrew Mills <damills@ucdavis.edu>

Cc: Dirk Van Vuren <dhvanvuren@ucdavis.edu>, John Eadie <jmeadie@ucdavis.edu>

Dr. Mills- Dirk Van Vuren's analysis (below) of the Endowed Chair Payout Guidelines reflects my opinions of this very bad idea well. I have the additional perspective of helping to raise funds for, and contributing to myself, the Peter B Moyle and California Trout Chair in Cold Water Fish in the past two years. The largest donors to the endowment are businessmen, board members of California Trout, an NGO dedicated to protecting fish and fisheries around the state, by protecting habitat. They donated \$2.5 million on assumption that it would be a good investment, one that assured that UCD would continue to have a faculty position in freshwater fish ecology. Their expectation is also that the person holding the position would be a distinguished scientist who would use the endowment funds for research and teaching in the area. If these very astute people thought a substantial part of their investment would go for other university purposes, especially unspecified ones, they would not have contributed the money. They all have many other places to put their funds to benefit California streams and lakes.

If the proposed payouts include California Trout Chair, then I and the wonderful staff in CAES can be rightfully accused of practicing deception when talking to the donors. As a donor, I would feel a sense of betrayal myself. Certainly, their application will cause an abrupt end to contributions that this group of donors (and their friends!) might make to increase the endowment or to fund other university causes. I predict that if the Hexter guidelines are instituted, there will be a dramatic drop in contributions toward endowed chairs university wide with fewer chairs being established. If UCD really wants to create a fund for miscellaneous administrative purposes, then a fund-raising effort to endow vice chancellorships should be instituted. This at least would be an honest approach.

Peter Moyle.

Peter B. Moyle
Distinguished Professor
Department of Wildlife, Fish, and Conservation Biology
Center for Watershed Sciences
University of California
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Office: 1369 Academic Surge
Tel: 530-752-6355 (rarely answered)
<http://moyle.ucdavis.edu>

From: **Christian Nansen** <chnansen@ucdavis.edu>

Date: Mon, Mar 9, 2015 at 8:58 AM

Subject: Comment on proposed cap of the payout to endowed chair

To: Ralph J Hexter <hexter@ucdavis.edu>

Cc: Michael Parrella <mpparrella@ucdavis.edu>, Shaun B Keister <sbkeister@ucdavis.edu>, "Mary E. Delany" <medelany@ucdavis.edu>, Andre Knoesen <knoesen@ece.ucdavis.edu>

Dear Professor Ralph Hexter,

It has come to my attention that the upper administration has developed a proposal that would cap the payout to endowed chair holders to \$25,000 for research support and \$25,000 to support a graduate student (\$50,000 total). Any payout higher than that would be used by the upper administration. In my view, endowed chairs were founded by well-meaning, well-educated, and well-funded individuals or institutions with the strategic intention of boosting research and teaching within very specific areas. If their intention was to support the university more broadly, they would have given the money with no strings attached. And I think such endowed chairs with **no** capping of pay-outs are very important to UC Davis.

Endowed chairs enable the university to recruit very talented scientists, who can then bring in more funds and collaboration to the university – I strongly doubt that transferring funds to upper administration would have the same effect. So to me, this proposal seems like a very short-sited approach with negligible merit.

However, if the upper administration goes forward with this proposal, then I think it should consider capping or reducing its own salaries and bonus structures, so that the negative effects this would have on research and teaching (presumably the main revenue streams of the university) are at least partially matched with a reduction in budget costs.

Yours truly,
Christian

Christian Nansen
Integrated Pest Management
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UC Davis Briggs Hall, Room 37 (basement)
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Website: <http://chnansen.wix.com/nansen2>

From: Nitin Nitin <nnitin@UCDAVIS.EDU>
Subject: RE: endowed chair policy-comments Nitin
Date: March 12, 2015 at 9:03:40 AM PDT
To: David Andrew Mills <dammills@UCDAVIS.EDU>

David, Thanks for sharing this document. Based on the review of this doc, my suggestion and critique are described below:

1. I appreciate the overall motivation of having written policies that support the intent of endowed chair positions.
2. In reading this document, my major concern is the approach used to determine the "support for the endowed chair positions".

My impression is that the endowed chair position is aimed at advancing the research and training in the selected area/field selected by the donor. I believe with this intent, the amount invested by the donor in supporting the endowed chair can be significantly different in different fields. Having a fixed amount with an upper limit of (\$50000/year) may not be adequate for supporting the high level of research in many areas in today's environment. I believe that this arbitrary cap in the amount proposed can be a limitation in attracting promising outside candidates and in some case internal candidates for these positions. My recommendation would be to re-consider this recommendation and have the yearly amount proportional to the endowed chair funding. Furthermore, it would be helpful if significant fraction of funding (upper 80-90% of the total funding) is used for supporting the research mission of the position.

3. It understand the intent to have a new policy and its implementation such that it does not impact the current status of endowed chair positions. It would be helpful to evaluate and determine how different is this policy from the current standing in the university and how does it impact the overall funding of these endowed positions? Overall review of it at the campus and college level will be helpful in understanding the changes being proposed and their impact.

Best Regards, Nitin

Associate Professor
Departments of Food Science and Technology
And Biological and Ag. Engineering
University of California Davis
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nnitin@ucdavis.edu

Dr. David Mills
Chair
CA&ES Faculty Executive Committee

Dear Dave,

I am writing to express concern and disagreement with the proposed policy on Endowed Chair Payout Guidelines. Although I appreciate we are in a new funding model, but I have general concerns with the policy. I ask the College's FEC to urge Provost Hexter to revisit the terms of the proposed policy.

First, setting a limit to the dollar amount distributed does not take into consideration changes in the economy nor the value of the endowment corpus. Why should excess be redirected to the Dean's Office when an endowment is typically was established with a particular intent by the donor? I understand that should the donor explicitly define the use then that will be honored but having the policy be the default contradicts long-term partnerships and credibility with our most supportive stakeholders. Any suggestion that endowments could have their intent changed in the absence of specific legally-binding directions will damage our relationships in the community. Perhaps the default could be full payout to the chair holder or full payout less a fractional administrative fee.

Second, the values put forth (e.g., a maximum of \$25,000 for scholarly allowance for the chair holder; up to \$25,000 for support for graduate student/professional student mentees; only if no appropriate graduate students can be funded, support for postdoctoral mentees) do not provide sufficient funds to support fully a graduate student. Restricting the use of the funds in such a manner with maximums gives no flexibility for taking risks on new ideas, being nimble to capture quickly emerging opportunities on short notice, to bridge 'long-term' projects, or creatively use the funds to generate connectivity to stakeholders. I would favor permitting the chair holder to use his/her best judgment and creativity to best honor holding the endowed chairmanship.

Ideally there needs to be a better explanation of what the Dean's "Faculty support pool" comprises. If these funds are diverted to a general college use pool that would be viewed as repurposing endowment funds, a strategy that will greatly displease current and future donors and risks disengagement and distrust on the part of our donor constituency. An ancillary question is if a college has significant numbers of endowed chairs will the campus then reduce other revenues if the campus expects payouts in excess of \$50,000 to go into a general college fund.

The Provost outlines that there needs to be consistent policies on use of endowments but I suggest that the policy should apply to carry forward and not redirection of the endowment funds.

Sincerely,

A.M. Oberbauer, Ph.D.
Professor & Department Chair
Department of Animal Science

From: KENNETH SHACKEL <kashackel@ucdavis.edu>

Subject: RE: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

Date: March 9, 2015 at 1:01:24 PM PDT

To: David Andrew Mills <damills@ucdavis.edu>

Dave – here is a summary from me,

Two comments: 1) the justification for the draft policy is weak and/or misleading, and 2) the limit of \$50,000 support is arbitrary and may result in a conflict of interest.

1) The draft says “Establishing procedures is very important in providing consistency across our campus in the way that payout is distributed to endowed chair and professorship holders,” and consistency is certainly a good thing, but not an end in itself. What is meant by consistency in “the way that payout is distributed,” and why is “the way” relevant? APM 191 already has language about who should handle endowed chair funds, so that part of “the way” is already established. The only other thing in the draft relevant to the purpose of the policy is “It is an industry best practice to have guidelines, particularly to ensure funds are used in an appropriate manner that would be deemed worthy by the donor, and that adds value to the overall mission of UC Davis,” but APM 191 already has language about this, and there is no connection made between the appropriate use of funds and “the way that payout is distributed.” These are completely separate issues – we are all responsible to use funds appropriately, and procedural details about the way this is done may have an impact on this, but no case is made to explain how the proposed way will ensure that “funds are used in an appropriate manner.”

2) The proposal essentially states that no matter how much an endowment pays, a maximum of \$50,000 will go to support the faculty and their research, and the rest goes to the dean. It further states that “Up to \$25,000 from the yield = support for graduate student/professional student,” but this does not make sense as \$25,000 is not full support for a graduate student. This prevents any endowment from fully supporting a graduate student - is there a reason to impose this limitation? A \$25,000 limit is also imposed on research support, and while it may make sense to put a limit on the amount of funds that can go directly to a faculty's salary, in order to avoid the appearance of a conflict of interest, there is no apparent reason for putting a limit on their research support. The policy appears to be an incentive all endowments to stay under the \$50k limit – but this itself may cause a conflict of interest for the dean, as it will be in their interest to manage endowments so that they go over the \$50k limit if possible. If the dean needs support to administer endowments, and/or believes that a certain fraction of any endowment should be used to support the “faculty support pool managed by the dean,” then they should state that and establish a consistent indirect cost level to cover it.

From: Randal J Southard <rjsouthard@ucdavis.edu>
Subject: Endowed chairs
Date: March 12, 2015 at 12:17:02 PM PDT
To: David Andrew Mills <damills@UCDAVIS.EDU>
Cc: Lori A Fulton <lafulton@ucdavis.edu>

David

I have little to add to the concern over the proposed guidelines for dispersal of endowed chair funds. The provost's plan is an example of micromanagement and oversight of resources that should go entirely to the endowed chair to spur creative scholarship. That is the intent of the endowments. Details of how the dean's pool would be managed are not clear.

In sum, I suggest wholesale rejection of the proposal.

Sorry for the late comments.

Randy Southard
Chair, LAWR

From: Ronald Tjeerdema <rstjeerdema@ucdavis.edu>
Subject: Faculty Comment on UC Davis Endowed Chair Payout Guidelines
Date: March 9, 2015 at 4:16:10 PM PDT
To: David Andrew Mills <damills@UCDAVIS.EDU>
Cc: Lori A Fulton <lafulton@ucdavis.edu>

David Mills, Chair
CA&ES Faculty Executive Committee

Dear Dave:

Thanks for the opportunity to respond to the proposed new guidelines. First, I want to say that in general I have no issue with the development of campus-specific guidelines and procedures. However, it would be useful to know in what respect the current UC guidelines are not sufficient to guarantee that the funds from an endowment are appropriately used. In addition, it would be useful to better understand if there have been instances of improper use at UC Davis to date which would necessitate the formation of new, more restrictive guidelines.

In terms of the endowments themselves, they are granted to those faculty members deemed to be the leaders of their respective fields. As such, they should maintain discretion as to how best to use the funds to enhance their contributions to their chosen fields. In addition, funds from endowments should be available to enhance support for students and postdoctoral scholars. The proposed new guidelines would limit the payout of funds to such trainees to \$25,000/year, which would be insufficient to fully cover the costs of salaries, benefits and, if pertinent, tuition remission. I also find the allocation of a maximum of \$25,000/year to the chair holder's scholarly activities to be both limiting and overbearing on the chair holder's ability to best judge the use of the funds. In particular, use of funds for the chair's nine-month salary essentially reduces the support available for trainees in lieu of potentially funding a core campus responsibility.

Finally, by limiting annual payouts to a maximum of \$50,000 would in essence discourage donors from donating more than the minimum need to achieve this level, as use of the excess would be subject to the needs of higher administration and not necessarily in accordance with the best intentions of the donor.

Best wishes,

Ron

Ronald S Tjeerdema, PhD, DABT
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From: CHRIS VAN KESSEL [mailto:cvankessel@ucdavis.edu]
Sent: Sunday, March 08, 2015 7:30 PM
To: David Andrew Mills
Cc: Lori A Fulton; Andre Knoesen; Mary E. Delany; Shaun B Keister
Subject: UC Davis Endowed Chair Payout

Hi Dave,

The Provost has proposed new guidelines for UC-Davis Endowed Chair payout. An almost similar proposal was circulated in 2013 but the proposed guidelines were put on hold a week after they were circulated because of widespread opposition across campus. It appears this is the second try by the Provost to establish new payout guidelines. A similar attempt was made by the previous Provost, Virginia Hinshaw, also abandoned after much opposition.

The Provost alludes in his letter to the Academic Senate Chair, Andre Knoesen, about the need of establishing payout procedures. There are currently procedures in place on payout associated with endowed chairs and that is that the pay-out goes to the endowed chair holder. As far as I am not aware of and as long as UCD existed and there were endowed chair holders, there has ever been a problem with this guideline. If there are problems with it, the department would very much like to know what these problems are. Can the Provost provide the departments with a few examples of problems with the payout to the endowed chair holders? If there are no problems with the current guideline, why is there a need for a fix?

Whereas there does not seem to be a problem with the current guidelines, I am most concerned that future donors will be most concerned if the payout of their endowment will become part of the core budget of UCD and does not go in its full amount to the endowed professorship. The proposed guidelines can only be counterproductive in obtaining new endowed chairmanships for UCD. It is very hard to see how these new guidelines become an incentive for a potential donor to make a gift for an endowed chair.

Based on the above, it is unclear to the department of Plant Sciences why new guidelines are needed as the current guideline works very well. The proposed payout guidelines can only be counterproductive in the short and long term, in particular when new endowed chair holders are been discussed with potential donors. Therefore, the department does not support the proposed new guidelines and will be opposed to any change that is a disincentive for potential donors to establish new endowed chairmanships.

Chris van Kessel
Chair
Plant Sciences

From: Dirk Van Vuren <dhvanvuren@ucdavis.edu>

Subject: Endowed Chair Payout Guidelines

Date: March 6, 2015 at 1:19:54 PM PST

To: <damills@ucdavis.edu>

Dear Dr. Mills,

I have read the new "Guidelines" and they make no sense to me, hence they sound like a "money grab" by UCD. I should say I do not have an endowed chair, and to my knowledge whether these guidelines are approved or not will have no effect on me. Rather, these guidelines are poorly written.

It is my understanding that an endowed chair is commonly supported by a \$2.5 million endowment. At 4%, that means a yield of \$100K each year to support the research of the chair holder, in the discipline specified by the donor. Hence, what the document seems to saying is, "We are going to take half the money and spend it on something else, and we aren't going to tell you what that is." My concerns:

1. What is the "faculty support pool" and why is it important?
2. The new Guidelines will mean a reduction in the amount of research that is being done in the discipline intended by the donor. This seems counter to the intent of the donation, which is to promote such research. Isn't UCD interested in seeing more support for research, not less?
3. The new Guidelines should have a negative impact on recruiting donors for new endowments ("Half or more of your money will go to something different than what you intend").
4. Chair holders will have zero incentive to grow the endowment, since UCD takes anything beyond \$50K.
5. A total of \$25K/year as not a lot for student support – in fact, it will support less than 2 students.
6. Graduate support will be impacted, because students that would otherwise have been supported off the endowment will now be competing with other students for scarce RAs and TAs.

I would be willing to support this plan if it made sense; but it doesn't.

Thank you for the opportunity to comment.

Sincerely,

Dirk H. Van Vuren, Professor
Wildlife, Fish & Conservation Biology

From: Andy Walker <awalker@ucdavis.edu>
Subject: Re: endowed chair policy
Date: March 10, 2015 at 5:32:54 PM PDT
To: David Andrew Mills <damills@ucdavis.edu>

Hi Dave — the endowed chair policy is wrong in so many ways. First of all it seems to entirely disregard the wishes of the donor. Have the donors been polled to verify they want a portion (small or large) going to campus administration? Certainly they would have to agree to these changes in the allocation of the money they have donated to support research.

The inflexibility of the new policy is also needlessly restrictive. Why set a dollar amount for a graduate student? They already cost well above 25K with a GSR and tuition, and of course post-docs salaries are well above this limit. The beauty of the current policy is its flexibility. I am an endowed chair holder and have used these funds to partially support students, visiting scholars, and post-docs. I have funded germplasm collection trips, which has been a tremendously valuable for my breeding program and also to one-on-one interactions with students as we collect together. I have used the funds to purchase equipment in emergencies when PCR equipment breaks down and monies to replace them have been budgeted in grants. I have let these funds accrue so that larger pieces of equipment (something commodity boards rarely fund) can be purchased and I have used them to pay for service contracts on various pieces of equipment. The flexibility in endowed chair's funds is what makes them so valuable and a boon to research programs.

The donors of these funds understand the beauty of this flexibility and want to support given research programs. If the funds are going to go to administrative and general campus purposes this should be articulated to them at the very beginning of the donation process, and explicitly spell out where the funds are to go and the constraints upon their use.

Thanks for taking this on Dave, Andy

M. Andrew Walker
Professor
Louis P. Martini Endowed Chair in Viticulture

2152 RMI North
595 Hilgard Lane
Dept. Viticulture and Enology
UC Davis
Davis, CA 95616-3014

From: Andrew L Waterhouse
Sent: Sunday, March 08, 2015 5:17 PM
To: Lori A Fulton
Cc: David Andrew Mills
Subject: RE: Faculty Comment on UC Davis Endowed Chair Payout Guidelines

David,
I have a few comments on these proposed guidelines. While I have organized in in a particular way, feel free to use these comments in any order that helps you build an overall commentary. Let me know if you would like me to help edit a final statement.

The distribution of funds in this new proposal will turn much endowed chair income from research support into salary support. While it might appear to be a laudable goal to use philanthropic funds to shift faculty salaries from the State to private funding, if enacted this new policy is likely to send a message to State Government that UC does not need State support even for the faculty, worsening the situation rather than improving it.

Endowed chairs should provide adequate support to a faculty member to make a significant impact on their research program. Today, in science and engineering, this would be at least \$75,000 per year in order to cover the salary of a postdoc, research supplies and related costs. Lesser amounts demonstrate a weak commitment to research excellence while UC Davis is, we are told, striving to be a top research university.

While a focus on graduate student support is admirable, restriction on the use of funds by faculty is one more way to punish ourselves with more busy work for everyone. Faculty should be motivated to support graduate students by structural differences between graduate student costs and other options, not by creating new administrative burdens.

Best Regards,
ALW

This is the letter to Provost Hexter composed by John Yoder and approved by the CAES FEC but never sent in Dec. 2013 due to suspension of the Endowed Chair Payout Guidelines at the time.

Dear Provost Hexter,

The Faculty Executive Committee of the College of Agriculture and Environmental Sciences vehemently objects to the revised Endowed Chair payout guidelines of Dec 2013. The committee discussed the revised guidelines at a meeting on Dec 12 and found the proposed payout guidelines unwise and unfair. Benefactors won't want their donations diverted from the programs they are supporting and doing so is simply bad economic policy. Chairs in the CAES are often donated by individuals or organizations with a direct financial interest in the success of the endowed chair and these groups clearly won't want to see their investments diverted to a general support pool. It will be particularly disastrous for future fundraising if donors learn of the redirection of their donations after the chair has been established. The taxes mandated by these guidelines will make it much more difficult to recruit or retain donors and are counterproductive to the goals of any capital campaign.

The FEC also finds the guidelines unfair to existing and future chair holders. Without justification, the guidelines divert a significant amount of endowed chair funds towards administration. Furthermore, the guidelines are unreasonably restrictive to the chair's ability to manage their own program. The guidelines demand the funding of grad students as a top priority and postdocs, or undergraduates, can only be hired when a grad student is not found. This level of micromanagement is not necessary or useful. Allowing existing chairs to grandfather until their reappointments is of little consolation because most chairs are up for renewal in less than five years. Endowed chairs are awarded to highly valued faculty with exceptional expertise in the areas of benefactor interest; certainly these individuals are best qualified to know how the funds should be expended.

We also protest the complete lack of communication or engagement of faculty in developing these guidelines. The policy was a complete surprise for most faculty, including those directly affected, and proclaiming these guidelines in the middle of December with a Jan 1 implementation is a strategy more befitting third world politics than UC Davis.

John Yoder

Chair, Faculty Executive Committee of the College of Agriculture and Environmental Sciences

Council of School & College Faculty Chairs (BIOLOGICAL SCIENCES)

February 27, 2015 11:23 AM

The CBS FEC has concerns with item 1. We would like some justification or explanation for the \$50,000. cap on support for the endowed chair and the transfer of the rest of the funds to the Dean (item 1C).

Council of School & College Faculty Chairs (ENGINEERING)

February 13, 2015 2:22 PM

Response continued on next page.

Thursday, February 12, 2015

To: Andre Knoesen, Chair
Davis Division of the Academic Senate

From: College of Engineering Faculty Executive Committee

SUBJECT: DRAFT - UC Davis Endowed Chair Payout Guidelines

The Executive Committee does not see any reason to change the payout rules for endowed Chairs. In fact, the proposed rules seem to restrict the magnitude and flexibility of endowments for use by the intended recipients. Thus, we do not support the proposed changes.

College of Engineering Faculty Executive Committee

Council of School & College Faculty Chairs (LS: HACCS)

March 4, 2015 5:38 PM

It has been pointed out that the "up to 25K of the yield" for graduate student support is a bit odd. This amount is not sufficient for even a 25% GSR over the full year academic year (never mind the summer). There should be more flexibility.

Council of School & College Faculty Chairs (LS: MATH/PHY SCI)

March 12, 2015 9:56 AM

The L&S Executive Committee reviewed this document in our March meeting. Our one concern was that the "faculty support pool managed by the dean" was completely undefined. As the proposal currently reads, it seems that a dean could use this for *anything* that could be considered "faculty support," whether or not it was related to the endowed chair. Is this the intention? Could a dean use "faculty support" money from a chair in one department to support faculty in a different department? How about in the same department but a very distantly related subfield? We are very uneasy with the idea of siphoning off money from an endowed chair without any limitations on its use; we would expect this to discourage donors and demoralize departments.

Faculty Welfare

March 2, 2015 7:32 PM

The Faculty Welfare Committee sees the rationale behind a uniform treatment of endowed chair payouts across campus, where no specific guidelines are given by the donor. However, the proposal did not provide sufficient justification for the chosen funding cap or the use of the remaining funds by the Dean. In addition, the use of these additional funds for a “faculty support pool” was simply too vague and should, in practice, require specific details on and accounting of their usage to ensure transparency.

Graduate Council

March 13, 2015 1:05 PM

Response continued on next page.

March 13, 2015

RFC: DRAFT Proposed Endowed Chair Payout Guidelines

The Graduate Council, based on a memo from its APD Committee, forwards their recommendations for the aforementioned RFC.

The Academic Planning and Development (APD) Committee met on March 10, 2015, and considered the Draft Endowed Chair Payout Guidelines.

APD considered the rationale given in the memo, but did not find that this justified monetary limits on graduate support and faculty research.

The APD Committee strongly recommends that all of the resources from the endowment should accrue to the endowed chair, as is the intention of the donor(s), with no monetary limits being placed on the endowed chair payout. The honored recipients should continue to be allowed to manage their endowed funding to further their research and related mentoring and scholarly activities; recipients of endowed chairs have a good record of managing these types of resources.

Furthermore, APD discussed that if somehow limits had to be placed upon the endowed chair payout, that they should be greater in value; and for graduate student support, that instead of specific monetary values, that the wording be "Up to the amount needed to support a GSR IV student along with non-resident fees, all other fees, and stipend support for 0.50 FTE during the academic year and 1.00 FTE during the summer."

Sincerely,



Kyaw Tha Paw U, Chair
Graduate Council

/vm

C: Gina Anderson, Academic Senate Executive Director

Planning & Budget

March 12, 2015 2:30 PM

CPB has reviewed and discussed the DRAFT – Endowed Chair Payout Guidelines. Although we offer suggestions and comments on the submitted guidelines, CPB does not understand what is driving this effort.

What problem is this policy solving? Why is it being proposed?

Without this additional information, CPB cannot gauge the value of, nor comment on the proposed policy.

In addition, CPB notes the following,

- **Guideline #1:** The \$25,000 limit referenced would not even cover a graduate student, and there is no mechanism specified that allow for tuition increases over time; On what basis was \$25,000 selected?
- **Guideline #5:** This indicates that a chair holder must work with the dean if they anticipate having residual funds at the end of their term. Are deans really going to review budgets and anticipated residuals the chair holder? CPB notes that many chair holders also save funds over years in order to assist colleagues or their department in the process of large equipment. This policy would essentially halt this practice.
- **Guideline #9:** Regarding exceptions, it is not clear how an exception is made if the donor's wishes require other arrangements. For example, if the donor does not want the gift to go to a chair.