

UNIVERSITY OF CALIFORNIA, DAVIS

BERKELEY • DAVIS • IRVINE • LOS ANGELES • MERCED • RIVERSIDE • SAN DIEGO • SAN FRANCISCO



SANTA BARBARA • SANTA CRUZ

DEVELOPMENT & ALUMNI RELATIONS
OFFICE OF THE VICE CHANCELLOR

ONE SHIELDS AVENUE
DAVIS, CALIFORNIA 95616-5270
(530) 754-4438 FAX: (530) 754-2294

TO: André Knoesen, Academic Senate Chair

FROM: Ralph Hexter, Provost and Executive Vice Chancellor
Shaun B. Keister, Vice Chancellor for Development and Alumni Relations

DATE: January 21, 2015

RE: DRAFT - UC Davis Endowed Chair Payout Guidelines

UC Davis seeks to develop Endowed Chair Payout Guidelines. An initial draft was circulated last year and a decision to implement was put on hold. Now including some initial feedback, the attached document provides UC Davis campus-specific guidelines and procedures for endowed chair payout administration in accordance with the Policy on Endowed Chairs and Professorships (APM 191).

Establishing procedures is very important in providing consistency across our campus in the way that payout is distributed to endowed chair and professorship holders. This policy would apply to new positions going forward – not to existing positions, and only applies where specific guidelines were not articulated by the donor in the gift agreement associated with each fund. We will always defer to donor wishes when they articulate specific ways for funds to be used.

Exceptions will be considered on a case-by-case basis by the Vice Chancellor for Development & Alumni Relations in consultation with the Provost and Executive Vice Chancellor through written requests for exception from the Dean or Vice Chancellor of the school, college or division.

Having such guidelines in place is critical to our success as we grow our development enterprise, and presumably have a significantly greater number of endowed positions to administer in the future. 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. Since UC Davis does not have one specific clearinghouse, or oversight function for endowment expenditures, such guidelines are prudent to provide some consistency across both campuses.

DRAFT
UC DAVIS ENDOWED CHAIR PAYOUT GUIDELINES
(Proposed January 21, 2015)

This document provides UC Davis campus-specific rules and procedures for endowed chair payout administration in accordance with the *Policy on Endowed Chairs and Professorships* (APM 191). These guidelines apply to **new** positions going forward – not to existing positions, and **only** apply where specific guidelines were not articulated by the donor in the gift agreement. We will always defer to donor wishes if they chose to direct chair payout.

1. Endowment payout distributions for all newly established endowed chairs will be based on the following payout model effective April 1, 2015

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.

- a. Up to \$25,000 from the yield = scholarly allowance for the chair holder. (This could include start-up costs, support for chair's nine-month salary, research funds – developed by the chair holder in consultation with the dean).
- b. Up to \$25,000 from the yield = support for graduate student/professional student mentees of the chair holder or other graduate students under the supervision of the chair holder. If no appropriate graduate students can be funded, support for postdoctoral mentees of the chair holder or other postdoctoral in the chair holder's unit. If no graduate students or postdocs in the unit, funds may be used for programs activities consistent with the purposes of the chair.
- c. The remainder = faculty support pool managed by the dean.

2. For those chairs created after April 1, 2015, endowment payout distributions for all new appointments and reappointments will follow the same model as above

3. Payout distributions from endowments of \$3 million or more, including \$5 million Chancellor's Endowed Chairs

Endowment payout distributions will be determined on a case-by-case basis, subject to approval by the Chancellor. Payout will provide support for research, teaching, graduate student support, faculty salaries, other academic pursuits or initiatives of the chair holder, and multidisciplinary infrastructure support if the chair is multidisciplinary.

A Chancellor's Endowed Chair is awarded to recognize and advance the career of an exceptional scholar who has achieved international stature, and whose work has had meaningful impact beyond his or her own discipline.

4. Inflation adjustment for payout amounts

The amounts specified for the chair holder's scholarly allowance and the multidisciplinary infrastructure support will be subject to an inflation adjustment every five years. The first adjustment will be implemented for fiscal year 2018-19.

5. Residual funds at end of chair holder appointment

It is the stewardship obligation of the chair holder to spend funds annually. Carry forwards should be minimized with a plan for expenditure. In the case of current chairs that are vacated or rotated and contain residual scholarly allowance or other unspent funds, the unspent funds that are budgeted for specific projects already in progress will be reserved for the incumbent chair holder. This is provided that a budget for the expenditure of such funds is approved by the dean prior to the end of the chair holder's term.

A chair holder who anticipates having accumulated scholarly allowance or other chair holder-controlled funds at the end of their term (budgeted or lienied for specific projects already in progress) should submit a budget to their dean prior to the end of their term, and request approval to retain those funds.

6. Carry-forward funds when new chair holder appointed

During any period in which a chair is vacant, payout will continue to be distributed in accordance with the payout distributions above. At the appointment of a new chair holder, any accumulated carry-forwards in the scholarly allowance or other chair holder-controlled fund will be put back into the principal of the endowment, so long as it is consistent with the terms of the chair, unless the carry-forward as a matter of departmental policy, is being used for start-up packages.

Carry-forward funds that accumulate due to a chair vacancy that are not returned to the endowment principal will remain in the area designated by the donor and managed in accordance with these guidelines and university policy.

7. Administering unit for management of funds

The scholarly allowance fund and the graduate student support or research support fund may be managed by the department/division/school or college of the chair holder. The appropriate administering unit will be determined by the dean at the time the fund is established and is subject to revision upon appointment of a new chair holder. If there is no clear administering unit, funds will be managed by the Executive Vice Chancellor and Provost or his or her designee.

The Campus Budget Office will manage the distribution of payout for the Chancellor's Endowed Chairs, including multidisciplinary or discretionary chairs. For each multidisciplinary chair, the campus Gift Management office will review the gift terms with the Campus Budget Office to determine whether the payout distribution will be administered by a specific department affiliated with the initiative, or by the Campus Budget Office. The Campus Budget Office will work with the appropriate offices/units to determine the chart strings for the various payout distributions. Prior to the annual distribution of payout, chair holders of multidisciplinary chairs will submit a budget to the administering unit (Campus Budget Office, department, center, etc.).

8. Reinvestment strategy for underfunded chairs

To maximize the rate of return and to build the overall campus endowment, endowed chair payout will be reinvested in the endowment principal until all of the funding for the chair has been received, at which time the campus Gift Management office will request approval of the chair from the UC Office of the President so that departmental payout may begin.

9. Exceptions

The above Guidelines do not apply if the gift terms of the chair require other arrangements. Exceptions will be considered on a case-by-case basis by the Vice Chancellor for Development & Alumni Relations in consultation with the Provost and Executive Vice Chancellor through written requests for exception from the Dean or Vice Chancellor of the school, college or division.

Administrative Chairs (as identified in gift terms), chairs for Visiting Professorships, and chairs established that are funded by Term Endowments are exempt from these Guidelines. For these chairs, payout will be distributed in accordance with the fund terms and university policy.

10. Endowed chair income to support UC Davis programs

To be supported through income from endowed chairs, graduate students must be enrolled at UC Davis and postdoctoral scholars must be employed by UC Davis. To the greatest extent possible, in publications resulting from research supported by an endowed chair, the donor-selected name for the chair should be acknowledged (ex: The John Smith Chair in Biology).