

# Guidelines for Payout from Endowed Chairs and Professorships

(Revised February 2013)

This document provides UC Berkeley campus-specific rules and procedures for endowed chair and professorship payout administration in accordance with the *Policy on Endowed Chairs and Professorships* (APM 191).

## **1) Endowment payout distributions for \$2 million Hewlett Chairs and for all new \$2 million chairs as of January 1, 2009.**

- a) First \$25,000 from the yield = scholarly allowance for the chairholder.
- b) One-third (thirty three percent) of the remainder = graduate student support in the unit of the chairholder; the funds may provide support for the chairholder's graduate students.
- c) Two-thirds (sixty seven percent) of the remainder = faculty salary pool to help pay the academic-year professorial salary of the chairholder.

## **2) Endowment payout distributions for \$3 million Chancellor's Distinguished Multidisciplinary Hewlett Chairs and for all new \$3 million chairs for multidisciplinary initiatives as of January 1, 2009.**

- a) First \$25,000 from the yield = scholarly allowance for the chairholder.
- b) Second \$25,000 from the yield = allocation to support infrastructure of the multidisciplinary initiative.
- c) One-third (thirty three percent) of the remainder = graduate student support in the unit of the chairholder; the funds may provide support for the chairholder's graduate students.
- d) Two-thirds (sixty seven percent) = faculty salary pool to help pay the academic-year professorial salary of the chairholder.

## **3) Endowment payout distributions for new appointments and reappointments for Common Good Model (pre-Hewlett) chairs, including both existing centrally-**

**and locally-held chairs.**

- a) First \$25,000 from the yield = scholarly allowance for the chairholder.
- b) Second \$25,000 from the yield = graduate student support in the unit of the chairholder; the funds may provide support for the chairholder's graduate students.
- c) The remainder = faculty salary pool to help pay the academic-year professorial salary of the chairholder.

\* For reappointments to existing centrally and locally held chairs, the Chancellor will write a letter to the incumbent chairholder asking for his or her decision of whether to convert the chair to the Common Good Model or to continue the payout arrangements in effect when the chair was previously assigned to the chairholder.

\* Prior to distribution of scholarly allowance, chairholders will submit a budget to the administering unit.

**4) Endowment payout distributions for \$5 million Chancellor's Endowed Chairs**

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

**5) Endowment payout distribution for \$1 million Endowed Professorships**

**(\*available for non-tenured junior faculty only)**

- a) First \$25,000 from the yield = scholarly allowance for the faculty member.
- b) Remainder = graduate student fellowships in the department or research area of the Professorship holder.

**6) Inflation adjustment for payout amounts**

The amounts specified for the scholarly allowance for chairholders and the

multidisciplinary infrastructure support will be subject to an inflation adjustment every five years. The first adjustment will be implemented for fiscal year 2013-14.

### **7) Residual funds at end of chairholder appointment**

In the case of current chairs that are vacated or rotated and that contain residual scholarly allowance or other chairholder-controlled funds that are unspent, the unspent funds that are budgeted or liened for specific projects that are already in progress and that extend beyond the chairholder's appointment will be reserved for the incumbent chairholder, separate from income allocated to a subsequent chair appointee.

A chairholder who anticipates having accumulated scholarly allowance or other chairholder-controlled funds at the end of their term that are budgeted or liened for specific projects already in progress – and within the purpose of the fund as designated by the donor – should submit a budget to their dean prior to the end of their term, and request approval to retain those funds.

### **8) Carry-forward funds when new chairholder 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 chairholder, any accumulated carry-forwards in the scholarly allowance or other chairholder-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.

### **9) Administering unit for management of funds**

\$2 million chairs and all non-Hewlett chairs:

- **Scholarly Allowance:** The scholarly allowance fund is administered by the department of the chairholder and expended at the discretion of the chairholder,

in accordance with University policy.

- Prior to the annual distribution of scholarly allowance, chairholders will submit a budget to the administering unit.
- **Graduate Student Support:** The graduate student support fund may be administered by the department/division/school or college of the chairholder. The appropriate administering unit will be determined by the dean or the executive vice chancellor and provost at the time that the fund is established, and is subject to revision upon appointment of a new chairholder.
- **Faculty Salary Support:** The portion of the payout for faculty salary support is allocated directly to the appropriate central account.

\$3 million Chancellor's Distinguished Multidisciplinary Chairs:

- The Campus Budget Office will manage the distribution of payout for the Chancellor's Distinguished Multidisciplinary Chairs, as it does for all of the Chancellor's discretionary chairs. The Budget Office will work with the appropriate offices/units to determine the chart strings for the various payout distributions.
- **Scholarly Allowance:** Consistent with the gift terms of the chair, the Campus Budget Office will determine whether the scholarly allowance fund will be administered by the chairholder's home department, a specific unit affiliated with the initiative, or by the Campus Budget Office directly. Scholarly allowance is expended at the discretion of the chairholder, in accordance with University policy.
- Prior to the annual distribution of scholarly allowance, chairholders will submit a budget to the administering unit.
- **Graduate Student Support:** Consistent with the gift terms of the chair, the Campus Budget Office will determine whether the graduate student support fund will be administered by the chairholder's home department, a specific unit affiliated with the initiative, or by the Campus Budget Office directly.
- **"Glue Money":** The purpose of the "glue money" is to support activities within the

specific multidisciplinary initiative, center, or institute affiliated with the chair and those funds will be allocated by the director of that initiative, center, or institute.

\* In cases where multidisciplinary chairs clearly fall within a single academic division (e.g., L&S, College of Engineering), and where the chair is not affiliated with a particular center or institute with a separate administrative structure, the allocation of “glue money” will be controlled by the respective dean.

\* In all other cases, the vice provost will determine how the “glue money” will be administered.

\* Should a new center or other unit be created that is to be affiliated with the multidisciplinary chair, the vice provost may redirect authority for allocation of the “glue money” to the director of the new unit.

- **Faculty Salary Support:** The portion of the payout for faculty salary support is allocated directly to the appropriate central account.

## **10) 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 one-third 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.

## **11) 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.

Administrative chairs (as identified in gift terms), chairs for visiting professorships, and chairs established before 1/1/2009 that are funded by term endowments are exempt from these guidelines. For these chairs, payout will be distributed in accordance with the original fund terms and University policy.

## **12) Endowed chair income to support UC Berkeley programs**

To be supported through income from endowed chairs, graduate students must be UC Berkeley students and lecture programs and the like must be sponsored by UC Berkeley. In publications resulting from research supported by an endowed chair, UC Berkeley's support must be acknowledged.