

Endowed Chairs at UC San Diego

ABA Meeting
May 5, 2015

Process and Policy Overview

What is an Endowed Chair?

- A long-used mechanism in the academic world
- Being appointed to an endowed chair is a means to honor esteemed faculty primarily with “status” but at UCSD, also with discretionary funds.
- An endowed fund must exist to support the chair holder, the principal of which is invested in perpetuity.
- Most endowed chairs are donor-created. But some have been created with approved re-allocations of university funds, or university funds have been used to match a donor gift.

How does the Endowment Work??

- The endowment corpus principal as invested produces an annual investment total return comprised of cash and appreciation. This grows the principal.
- A law called “Uniform Prudent Management of Institutional Funds Act” governs management of endowment as to investment practices and payout.
- All institutions with an endowment set a “Payout Policy” - which is otherwise known as the rate used to calculate the amount to be “pulled out” from the principal annually to expend.



Endowed Chair Policies at UCSD

Policies:

- UCSD PPM 410-30 – Endowment Minimums (all types)
- UCSD PPM 230-8 - Endowed Chairs and Professorships (under revision) and UC APM 191

Endowed Chair Minimums

- **General Campus (excluding SIO) : \$1,000,000**
- **SIO: \$2,000,000**
- **Health Sciences: \$2,000,000**
- **Administrative Chairs (All): \$3,000,000**
- **NEW: Vice Chancellor Chairs: \$5,000,000 (academic only)**



“In Perpetuity”

- ALL endowments, including endowed chairs are **permanently created** (ie..the “endowment”).
- **The permanency of the endowment is different from the appointment period of the chair holder.**



Who can be appointed to an Endowed Chair?

- To be appointed to any endowed chair, the person must first and foremost be a member of the academic senate.
- Additional criteria are in the academic policy by TYPE of chair.



What can endowed chair payout be used for??

- Previous policy said all payout to chair holder:

Endowment income made available to holders of endowed chairs shall be used to support the teaching, research, and service activities of the chairholder, in accordance with the gift terms and University regulations, and according to a budget recommended annually by the chairholder to the department chair or research head and approved by the appropriate vice chancellor, except as noted in Section D.2 below. Following consultation with the appropriate campus administrator, a chairholder may exercise the option of designating a portion of the endowment income from the chair for use in the academic endeavors of the department, research unit, school, or college for a prescribed period. The use of endowment payout to support the base salary of the chairholder must be made in accordance with University policy and campus procedures.

Types of Endowed Chairs



PERMANENT Chair:

- This refers to the length of the term of appointment to the chair (not its “permanency” as a chair).
- Appointment to a permanent endowed chair is for the **appointee’s entire tenure as a member of the faculty** (ie..for as long as they are employed by UCSD in their position). The endowed chair will be declared vacant at the time of retirement, termination or death of the Chair holder.
- These types of chairs are rare, as this language is not typically used and only added if the donor requires it.



PERMANENT Chair (continued):

- Policy requires these chair holders to be **tenured members of the faculty**.
- **NEW:** appears that the campus has elected to make more term appointments, unless donors require permanent appointments, so ensure faculty and donors understand this, if you believe this is an important concern to them.



TERM Chair:

- Unless the endowed chair gift agreement states the chair is to be for a permanent appointee, then by default, the chair may be appointed for a **specified term of years** – usually five and **renewable**.
- All academic senate members are eligible.
- **NEW: At UCSD – term appointments are now to be the standard case.** The chancellor determined that this the preferred appointment process to be used, and is one of the changes being made to PPM 230-8. The standard is a five year term, renewable.



ADMINISTRATIVE Chair:

- An administrative chair is intended to enhance the attractiveness and academic prestige of an **administrative position** for a distinguished scholar and teacher (i.e., still an academic).
- Appointment to such an endowed chair is limited to a senior faculty member who is or will be a dean, department chair, director of an Organized Research Unit.
- The terms of the gift agreements dictate who will be occupy the chair by virtue of the position.



NEW Vice Chancellor Chair:

- A Vice Chancellor chair is intended to enhance the attractiveness and prestige of a **Vice Chancellor position with an academic appointment** (i.e., no VC chairs for non academics)
- Appointment to such an endowed chair is limited to a Vice Chancellor.
- The terms of the gift agreements dictate who will occupy the chair by virtue of the position.
- **UCSD does not have any of these yet.**

CHCHchanges.....

What are the **NEW** changes?

- Changes are being made to UCSD PPM 230-8 to dictate that the first \$25K of the endowed chair annual payout will be for the “scholarly allowance” for the chair holder. (same uses as in PPM)
- The balance of payout (if any) is to be available for the department to use to assist with the salary of the chair holder and/or graduate fellowships.
- Five year Term Chair appointments will become the typical “standard”, renewable.
- For chairs that are less than \$625K in value, they will not produce a full \$25K in payout. For these chairs, whatever the payout is, it will be solely for the scholarly allowance.

Why Were the Changes Made?

- The funding environment for UC and UC San Diego has changed, necessitating new approaches to managing this campus resource.
- Term chairs will allow greater flexibility for change as needed or renewal if appropriate.
- Unless the donor terms state different requirements, all chairs, as they vacate in the future, will be included in the new changes.
- If a new chair, they will initially be filled and managed in this manner.
- Note, these changes are similar to the Presidential Matching Chair program and those employed at UCB and even elsewhere on our campus.

What are the Presidential Chairs?

- Created by new opportunity from UCOP.
- UCOP will provide \$500K for eight chairs per campus and create a Regents FFE for each.
- Campus has to raise at least a full match to the \$500K per chair.
- **REQUIRED** payout split:
 - UCOP fund payout is for the scholarly allowance. Initially it will not meet the \$25K minimum. Department augments.
 - The donor fund payout will provide the salary and grad student support and **CANNOT** be used to augment scholarly allowance

How Will This Be Administered?

- It will be a challenge for all of us, to be honest.
- Each division and department will need to ensure their faculty and fund administrators are trained.
 - Pay attention to award letter language, which will be amended to clarify the chair payout split requirements as chairs turn over and new ones are created.
 - Inform chair holders of policy and process.
 - Payout will probably come into ledgers without any allocation to the split. Departments need to implement the split and ensure proper use.
 - Foundation has not yet determined how to handle or our exact role, but we welcome your ideas. Expenditures occur on the campus side, so we have little impact there.

