

# UCR Policies and Procedures

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**Campus Policy Number: 500-15**

**Policy and Procedures on Endowed Chairs: Establishment, Administration, and Appointment of Faculty**

**Policy Owner: VCUA**

**Effective Date: 12/01/2017**

## **A. Introduction**

Gifts of private support that are endowed to fund faculty members' research are essential catalysts for recruitment and retention of top faculty at the University of California. Acceptance of such gifts requires careful documentation of expectations with donors, thoughtful deliberation about the gifts' fit with UCR's academic mission, and thorough analysis and shared understanding of the guidelines and costs associated with fulfilling the intentions. This process is necessarily a partnership among the Riverside Division of the Academic Senate, the administration, and the development office, all of whom share these goals:

1. Furthering the research, teaching, and service mission of UCR;
2. Creating revenue streams to support and encourage faculty research excellence;
3. Treating donors in ways that show respect, integrity, and responsiveness; and
4. Promoting a culture of philanthropy whereby benefits accrue to the students, faculty, programs, and facilities of the University through the generosity of private support.

## **B. Definitions and Authority**

1. Policy: This policy is in accordance with University of California policy and shall guide the establishment of all endowed chairs and professorships, including those established by gift to the UC Regents or to the UC Riverside Foundation. Endowed Chairs are awarded to honor extraordinary academic achievement and to recruit and retain the most distinguished scholars.
2. Definition: An endowed chair is a perquisite that is supported by income from an endowment fund established by a gift or gifts from private sources and is made available to a distinguished faculty member in support of his/her teaching, research, and service activities. An endowed chair may be campus-wide or assigned to a department, organized research unit, division, or school.
3. Approvals: The establishment and naming of an endowed chair is subject to approval by the Office of the President ("UCOP") upon recommendation of the Chancellor. No commitment for establishing and naming a chair shall be made to a prospective donor prior to Presidential approval.

## **C. References**

APM 191, Policy on Endowed Chairs and Professorships

APM 265, Policy on Presidential Chairs

#### **D. Required Minimum Levels for Endowed Chairs**

1. Minimum Endowment Principal: The endowment principal shall be received and maintained, as set forth in the endowment required minimum levels approved by the Chancellor (incorporated into this policy as an attachment: "Campus Endowed Fund Minimum Amounts")
2. Faculty and Salary Provision: Prior to any commitment on the part of the University, the campus must have available and must commit, if necessary, the general fund faculty provision and salary for the holder of the chair. *[Note: UCOP policy allows for use of endowment payout to support base salary unless expressly prohibited by the gift agreement.]*

#### **E. Establishment and Funding of an Endowed Chair**

1. An endowed chair will be established only upon acceptance by the Chancellor of either:
  - i. Cash or a binding pledge that immediately or within a reasonable period of time will create a corpus in an amount sufficient to provide income adequate for meeting the purposes of the chair, or
  - ii. A legally binding commitment to provide appropriate income at the end of each fiscal year from an equivalent corpus held inviolate by a trustee. In the latter case, per APM-191, §B.7., following approval by the President the Chair will be deemed "conditionally established" until full funding is achieved. *[Note: APM 191 provides for contingent approval of chairs to be funded through a bequest or deferred gift.]*
2. Pledges to the UCR Foundation shall be supported by a binding agreement by the Foundation to transfer endowment income annually to The Regents to fund the chair in accordance with UCOP Administrative Guidelines for Campus Foundations. If the donor defaults on his/her/their pledge, the Chancellor will determine the disposition of the endowed chair.
3. Compliance with Academic Plan: The area of study must be in accord with the mission of the University of California and the academic plan of the campus. The chair definition should be broad enough to allow new research directions and to ensure as broad a candidate pool as possible.
4. Provision for Alternative Uses: The endowed chair and the annual income produced will be used for the designated area of study for as long as that area within UCR's academic program. If the designated area of study no longer is a part of UCR's academic program, the Chancellor may use the income from the endowment to support a chair in an area of study on the campus related as closely as possible to the donor's original interest and intent. Alternative uses of endowments will only occur after full consultation with the faculty of potentially affected academic units and, if possible, the original donor or donor's family or official designated representative. Potentially affected academic units will be identified by the dean, after consultation with the chair of the school/college executive committee.
5. Naming and Campus Review: If desired, a chair may be named in honor of the donor or an honoree proposed by the donor, subject to approval of the President. Completed proposals are reviewed for campus approval as outlined in Section III. A.

## **F. Roles and Responsibilities**

### **DEANS, RELEVANT DEPARTMENT CHAIRS, and FACULTY, as appropriate**

- Identifies a faculty FTE for the proposed chair.
- Dean responds to Academic Senate committee inquiries regarding chair proposal during review process
- If an endowed chair is to be named for someone other than the donor, dean attests that the honoree or his/her family or official representative is willing to accept the honor.

### **ASSOCIATE VICE CHANCELLOR DEVELOPMENT (AVCD) OR DESIGNEE**

- Coordinates contacts and discussions with prospective donors
- Completes the *Initial Request to Name* form
- Prepares proposal and draft gift agreement
- Submits all original documents to Associate Vice Chancellor, Advancement Administration

### **ASSOCIATE VICE CHANCELLOR ADVANCEMENT ADMINISTRATION (AVCAA) OR DESIGNEE**

- Drafts Chancellor's transmittal letter and UCOP *Item for Action* proposing the endowed chair
- Coordinates review, approval, and signature process for all documents requiring attention from the Riverside Division of the UC Academic Senate, Provost/EVC or designee, VCPB, and VCUA
- Distributes UCOP approval letter to Provost/EVC, VCUA, AVCD, Vice Provost for Academic Personnel, and appropriate Dean/Chair
- Office of record for all original gift documentation

### **VICE CHANCELLOR UNIVERSITY ADVANCEMENT (VCUA)**

- Reviews and approves all endowed chair proposals prior to routing

### **VICE CHANCELLOR PLANNING AND BUDGET (VCPB)**

- Provides analysis of any potential budgetary impact of chair creation that will not be funded by the naming gift

### **ACADEMIC SENATE CONSULTATION AND RECOMMENDATIONS**

- Chair assigns chair proposal documentation to appropriate committees for review and recommendation
- Executive Council reviews committee recommendations and provides overall Senate recommendation to Provost/EVC or designee and Advancement Office

### **PROVOST AND EXECUTIVE VICE CHANCELLOR (P/EVC) OR DESIGNEE**

- Reviews and approves recommendations in consultation with relevant Department Chairs, Deans, Vice Chancellor of Finance and Business Operations, and Chancellor.
- Signs and dates UCOP *Item for Action* with background information and sends to Chancellor for submission to UCOP President.

### **CHANCELLOR OR DESIGNEE**

- Sends approval/transmittal letter with naming packet to UCOP

- Forwards UCOP response with all attachments to Advancement
- In the case of anonymous donors, ensures that accepting the gift is consistent with the mission of the university.

#### **G. Procedural Guidelines**

1. AVCD or designee, dean, donor discuss, negotiate terms of gift
2. Draft Gift Agreement/*Initial Request to Name* reviewed/approved by VCUA; consultation with Chancellor and Provost/EVC as necessary
  - Gift agreement will include the following elements: the addition of payout to principal; alternative University uses of payout during the period prior to full funding of the endowment or when the chair is vacant; reallocation to alternative University uses if the minimum funding level is not ultimately realized, or if the subject area ceases to be consistent with the University's mission and academic plan of the campus; and disclosure of campus administrative fee practices
3. *Initial Request to Name* form executed by AVCD, or designee within five business days
4. Proposed endowed chair documentation routed to VCPB, Provost/EVC or designee, and Academic Senate within five business days
5. Recommendations from Academic Senate, department chair, and dean provided to Associate Vice Chancellor Advancement Administration within 30 business days
6. Gift Agreement executed by all parties
7. Completed chair packet including Chancellor transmittal letter and Office of the President (UCOP) *Item for Action* executed by Provost/EVC or designee and Chancellor within five business days
8. Chancellor's Office sends signed letter, chair packet to UCOP within three business days
9. Chancellor's Office distributes approval letter from UCOP to AVCAA immediately upon receipt

#### **H. Use of Endowment Income**

Income from an endowed chair is to be made available to the faculty member appointed to the chair in support of teaching and research, in accordance with University regulations and according to a budget discussed annually by the chair holder, department chair and the appropriate dean and/or vice chancellor prior to the normal budgetary process. Use of funds will be reviewed annually by the Provost/EVC and AVCD. Endowed chair funds will be used in a manner consistent with the donor's intent and balancing the faculty member's goals with University needs.

1. The budget in any given year will not exceed the amount available from the existing endowment.
2. Base salary during the academic year and the budgeted position for the faculty member appointed to the chair shall be provided by general funds available to the campus and/or by the endowment payout.
3. Provision shall be made in the gift agreement for addition of unexpended income to principal at the discretion of the Provost/EVC when circumstances warrant such action.

#### **I. Stewardship**

At least once every five years, VCUA or designee reviews endowment terms to ensure

continuing fulfillment of UCR's legal obligations to use endowed chair income in a manner consistent with the donor's intent.

At least once every five years, Provost/EVC or designee and VCUA or designee will confirm that chair holder meets the criteria of the endowed chair gift agreement.

Each chair holder must submit to the Dean(s) via the Department Chair(s) an annual budget for use of the endowment payout for the coming year and a letter to the donor outlining university and scholarly accomplishments for the past fiscal year as a result of the funding received from the endowment. The letter should include research undertaken, professional activities including conferences, honors, publications, etc. related to the stated purpose of the chair.

Annually, via the Department Chair(s), the Dean(s) review(s) the chair holder's annual budget for use of the endowment payout for the coming year as well as an annual letter to the donor outlining university and scholarly accomplishments for the past year as a result of the funding received from the endowment. The Dean forwards the original letter to the Provost/EVC, VCUA and AVCD for review and transmission to the donor

AVCAA provides to UCOP, on a fiscal-year basis, a report that lists the status of all approved UCR endowed chairs to include UCOP format chair name, academic department, code for discipline, year approved, fiduciary, pledged amount, book value, market value, unexpended payout, and filled or vacant. A copy of the report will be provided to the Provost/EVC and, for each college/school, the appropriate dean

#### **J. Unfilled Chairs**

During any period when the chair is not permanently occupied while the search is in progress, the Dean, after consultation with the relevant department(s), may request of the Provost/EVC or Chancellor to use spendable endowment income to support research and teaching in the designated area of study

Per APM 191, if an established fully funded chair is vacant three or more consecutive years, or has accumulated the equivalent of five years of spendable payout, the Provost/EVC or designee initiates discussion with the relevant Dean(s) and initiates appropriate corrective action to ensure that the University meets its legal obligation under California trust law

#### **K. Appointment to Endowed Chairs**

An endowed chair may be filled by only one individual at a time and is renewable with review every five years by the Provost/EVC and Vice Chancellor University Advancement or designee based upon the criteria of the endowed chair gift agreement. In the absence of continued merit and promotional advances (e.g. for Professor Step V and above) the Academic Senate Committee on Academic Personnel will perform an academic quinquennial review of the chair holder's scholarly achievements. The Chair appointee will be informed of this policy during recruitment. An endowed chair may be filled successively by a series of individuals appointed for prescribed periods, unless otherwise provided in the terms of the gift.

The Chancellor or his/her designate will make campus level appointments for endowed chairs in consultation with the appropriate dean(s), vice chancellors, and Riverside

Division of the Academic Senate Committee on Academic Personnel (CAP).

For an endowed chair held at the college or school level, the Dean recommends appointment to the Provost/EVC after consultation with the faculty of the affected department(s). Affected department(s) will be identified by the dean, after consultation with the chair of the school/college executive committee.

The Provost/EVC:

- Will forward recommendation to the Committee on Academic Personnel, the candidate's home department, and appropriate college or school dean for review and advice before making an appointment of a faculty member who is already a member of the UC regular faculty ranks,
- Will provide the Committee on Academic Personnel with:
  1. Memo to CAP from the PEVC (if chair position is for a campus endowment rather than college/department directed, then PEVC should provide background on nomination & selection process to ensure transparency & fairness);
  2. Copy of endowed chair agreement;
  3. A department letter that includes: nomination of candidate from proposed department with vote, including the correct rank and area of study based upon the criteria of the endowed chair agreement, stated effective date with term up to 5 years, explanation of qualifications and how candidate fits the endowment as well as the academic plan of the college/school;
  4. Dean's recommendation letter (including Executive Committee vote if endowed chair is held at the college level); and
  5. Candidate's CV with teaching, research, & service contributions
- Will review and approve all college-school-unit level appointments to endowed chairs that will be recommended by the dean of the college-school-unit
- Will follow all normal review procedures for appointment of a faculty member who does not already hold a regular rank appointment. For new recruitments consults Committee on Academic Personnel (CAP) at time of appointment
- Will notify appropriate office(s) of the appointment, including VCUA, VP Academic Personnel, Dean, Department Chair

Appointments will be renewable with review every five years by the Provost/EVC or designee and Associate Vice Chancellor for Development for adherence to the terms of the endowment. Chair appointee will be informed of this policy during recruitment.

#### **L. Disestablishment of an Endowed Chair**

Per APM 191, the Chancellor may recommend disestablishment of an endowed chair to the President, and will do so after consultation with the Academic Senate.


**REVIEWED AND APPROVED BY:**

  
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Kim A. Wilcox, Chancellor

4/26/18  
Date

  
\_\_\_\_\_  
Cynthia K. Larive, Provost and Executive Vice Chancellor

12/01/2017  
Date

  
\_\_\_\_\_  
Peter A. Hayashida, Vice Chancellor, University Advancement

12/1/17  
Date

## Campus Endowed Fund Minimum Amounts

(January, 2015)

These levels are all minimums, not maximums. Each proposal for an endowed fund will be tailored to reflect the specific giving opportunity, funding needs, and the philanthropic marketplace/prospect availability. The actual amount for a given endowed chair should be established using desired payout as a starting point for calculation. Current (2014-15) spending policies are:

- a. **UC Riverside Foundation** – the spending policy is to withdraw per unit for each fiscal year **4%** (less 0.5% endowment cost recovery) of the average unit market value of the endowment fund calculated using the closing unit market value on the last day of each of the 84 contiguous months the last of which ended on May 31 of such fiscal year.
- b. **UC Regents General Endowment Pool** – expenditure rate per unit of the General Endowment Pool (GEP) for expenditure in the 2014-15 fiscal year shall remain at a rate of **4.75%** (less 0.55% endowment cost recovery) of a 60-month moving average of the market value of a unit invested in the GEP.

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<u>Endowment naming opportunities</u>	<u>Minimum current amount*</u>
Deanship	\$3,000,000
Department Chair or Directorship	\$2,000,000
Endowed Faculty Chair	\$1,000,000
Term Chair	\$500,000
Graduate Fellowship (full tuition)	\$300,000
Undergraduate Scholarship	\$100,000
Endowed Fund (various purposes)	\$25,000

Effective January 2014

\* *Endowment naming opportunities funded by a future gift from one's estate should be individually negotiated with University Advancement.*