

October 31, 2008

CHANCELLOR'S CABINET  
DEANS, DEPARTMENT CHAIRS, ORU DIRECTORS  
DIRECTORS OF STRATEGIC INITIATIVES

RE: New campus guidelines on distribution of yield from endowed chairs

Dear Colleagues:

In January, we distributed implementation guidelines regarding the distribution of payout from the Hewlett endowed chairs. Since that time, we have worked with Vice Provost Zedeck to create a corresponding yield distribution model that applies to all endowed chairs on the campus. We have received considerable input from a broad group of stakeholders including vice chancellors, deans, faculty and staff from numerous departmental and central campus units. We are now providing an updated version of the guidelines which supersede the version distributed in January. These guidelines will apply to all new and existing chairs on the Berkeley campus. University Relations is taking the necessary steps to implement this transition.

Yours sincerely,

Robert J. Birgeneau  
Chancellor

George W. Breslauer  
Executive Vice Chancellor and Provost

Attachment

cc: Development Directors

## UC BERKELEY IMPLEMENTATION GUIDELINES

### Endowed Chair Payout

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

- 1) Endowment payout distributions for \$2 million Hewlett chairs and all new appointments to centrally-held chairs
  - a) First \$25,000 from the yield = scholarly allowance for the chair-holder.
  - b) One-third (thirty three percent) of the remainder = graduate student support in the unit of the chair-holder; the funds may provide support for the chair-holder's graduate students.
  - c) Two-thirds (sixty seven percent) of the remainder = faculty salary pool to help pay for the academic year professorial salary of the chair holder.
  
- 2) Endowment payout distributions for \$3 million Hewlett distinguished chairs for multidisciplinary initiatives
  - a) First \$25,000 from the yield = scholarly allowance for the chair-holder.
  - 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 chair-holder; the funds may provide support for the chair-holder's graduate students.
  - d) Two-thirds (sixty seven percent) = faculty salary pool to help pay for the academic year professorial salary of the chair holder.
  
- 3) Endowment payout distributions for new appointments to locally-held chairs and re-appointments to existing centrally- and locally-held chairs.

For new appointments to locally-held chairs:

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

For reappointments to existing centrally- and locally-held chairs, the Chancellor will write a letter to the incumbent chair-holder asking for his or her decision of whether to convert the chair to the model above used for new appointments to locally-held chairs, or to continue the payout arrangements from when the chair was previously assigned to the chair-holder.
  
- 4) Inflation adjustment for payout amounts

The amounts specified for the scholarly allowance for chair-holders and the multi-disciplinary infrastructure support will be subject to an inflation adjustment every five years. The first adjustment will be implemented for fiscal year 2013-14.
  
- 5) Residual funds at end of chair-holder appointment

In the case of current chairs that are vacated or rotated and that contain residual scholarly allowance or other chair-holder-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 chair-holder's appointment will be reserved for the incumbent chair-holder, separate from income allocated to a subsequent chair appointee.

6) Carry-forwards when new chair appointed

During any period in which a chair is vacant, payout will continue to be distributed in accordance with the terms 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.

7) Administering unit for management of funds

The scholarly allowance fund and the graduate student support fund may be managed by the department/division/school or college of the chair-holder, or in the case of a \$3 million Hewlett chair, by the administering unit of the multidisciplinary initiative of the chair-holder. The appropriate administering unit will be determined by the Dean or the Executive Vice Chancellor and Provost 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.

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 one third of the funding for the chair has been received, at which time the campus gift management office can request approval of the chair from the UC Office of the President so that departmental payout may begin.

9) Exceptions

The above terms do not apply if the terms of the chair require other arrangements. Exceptions will be considered on a case-by-case basis.

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