Revised Guidance and Practice on Faculty Recruitment Allowances
(effective November 12, 2020)

Introduction

Faculty Recruitment Allowances (FRAs) are payments to certain eligible faculty permitted under Section 190, Appendix E of the Academic Personnel Manual ("APM 190 Appendix E"). On this campus, FRAs have proved a useful aid in faculty recruitment and, in some cases, retention.

At the same time, FRAs are not without their issues. They represent a significant share of the cost of recruitment and retention. As a means of offsetting the high cost of housing in the Bay Area, in particular helping new faculty with down payments, they are a very tax-*dis*advantaged means of doing so. They are also not without political and public relations risk. For all those reasons, especially their impact on tight budgets, they need to be used judiciously and appropriately. This document sets forth some guidance and best practices, as well as new policies.

Terminology

As stated in APM 190 Appendix E, "The primary purpose of the Faculty Recruitment Allowance is to provide support for housing costs, but the [recipient] may also use the allowance to support childcare expenses, education or tuition assistance, or similar expenses." Note that the purpose is to help faculty with the high cost of living in California while an employee of the University; as such, a FRA is *not* a signing bonus and should never be referred to as such.

Amounts and Funding

The UC Office of the President (UCOP) sets a "maximum" level for FRAs. As of this writing, that is $73,600. However, UCOP has granted campuses authority to exceed that maximum, up to $150,000, without seeking UCOP's approval. On this campus, deans have been delegated authority to approve FRAs above the maximum, but not exceeding $100,000. FRAs that exceed $100,000, but not $150,000 can be approved by the Vice Provost for the Faculty. Although, in most cases, individuals receive only one FRA, in some cases (retention, recruitment from another UC), an individual may receive multiple FRAs; in those cases, the aforementioned limits apply to the *sum* of the FRAs received (so, *e.g.*, an individual who received a $50,000 FRA at recruitment and for whom a $75,000 FRA is sought as part of a later retention package, exceeds the $100,000 limit on decanal discretion and, thus, the second payment would require the approval of the Vice Provost).

Heretofore, the division of who (*i.e.*, department, dean, or campus) pays what portion of a FRA has been either determined by deans (if the startup package is conforming or if funded without campus support) or via negotiations between deans and the central campus. Going forward, no more than $60,000 of a FRA can be funded from central campus sources (*i.e.*, funds from the EVCP) except in the following circumstances:

1. A FRA greater than $60,000 is needed to meet a similar enticement in a competing offer (in recruitment or retention). The principal examples of similar enticements are forgivable loans or signing bonuses; *and*
2. The relevant dean and/or department provides at least 50% of the funding above $60,000.

The $60,000 limit roughly matches the average FRA over the past 3.5 years.

Moreover, the central campus contribution to any FRA is limited to $100,000. Note that the EVCP/central campus contribution to a FRA is *not* in addition to funding provided under conforming startup packages, but is part of any such funding.

Payout

APM 190 Appendix E stipulates that a FRA may be disbursed in a single payment, or may be paid out in equal or unequal amounts over a period not to exceed ten years. For many reasons, best practice is considered to be to pay a FRA in one lump sum. For FRAs that rely in part or in whole on EVCP funds, the following rules apply regarding payout:

1. Payout of funds must commence no later than 18 months after the effective start date of the appointment or effective date of a retention action;
2. The FRA must be fully paid out no later than five years after the effective start date of the appointment or effective date of a retention action;
3. No unpaid portion of the FRA can be paid during a period in which the candidate is on leave without salary from the University; and
4. No unpaid portion of the FRA can be paid once a faculty member has indicated an intention to separate, has separated, or is in the last year of service.

The rationales for #1 and #2 are that we wish to limit unpaid commitments on our balance sheet, which can be challenging from an accounting perspective and can serve as a political liability by making our reserves appear larger than they really are. The rationale for #3 is that a FRA is not intended to provide funds, in whole or in part, for a "sabbatical." The rationale for #4 is that a FRA is not a signing bonus, is not a "going away present," and is meant to support faculty committed to the institution.

Repayment Following Early Separation

APM 190 Appendix E permits and encourages the establishing of conditions for the repayment of FRAs should a faculty member cease to be an employee of the campus. Per APM 190 Appendix E, the Chancellor is authorized to establish conditions for repayment. Utilizing that authorization and consistent with existing campus practice, the following rules govern repayment.

Terminology and Notation

- Let T denote the total amount of the promised FRA.
- Let R denote the total amount of the promised FRA that has been paid at the time of separation (necessarily, $R \leq T$).
- *Normal timing:* if the FRA is paid out fully or the first installment paid between July 1st and December 31st of a given year, then the *start date* for the purpose of determining repayment obligations is considered to be the July 1st of that year.
- *Midyear timing:* if the FRA is paid out fully or the first installment paid between January 1st and June 30th of a given year, then the *start date* for the purpose of determining repayment obligations is considered to be the January 1st of that year.

- *Years of service:* is the number of years (calculated to the nearest half year) between the date of separation and the start date of the FRA (as defined above) *less* time on unpaid leave (each semester of unpaid leave counting as half a year).

Repayment Obligation

A faculty member with Y years of service (as defined above) is entitled to keep all FRA payments if $Y \geq 5$. If $Y < 5$, a faculty member with Y years of service (as defined above) is entitled to keep up to $T \times Y/5$ of the FRA payments received by time of separation. If $Y < 5$ and $R \leq T \times Y/5$, then the faculty member has no repayment obligation. If $Y < 5$ and $R > T \times Y/5$, then the faculty member must repay $R - T \times Y/5$. As instructed by APM 190 Appendix E, a written agreement between the faculty member and the University stipulating these terms must be agreed to by both parties before any portion of a FRA can be paid.