

668-0 Policy

The Negotiated Salary Program (NSP) allows the University to provide additional compensation to faculty who are in Good Standing. Faculty will participate in the program for (renewable) periods of one to two years, based on an annual review process. NSP supplements the salary (rank, step, off-scale) determined in accordance with the academic review process for faculty.

668-2 Purpose

The purpose of the Negotiated Salary Program is to provide a common administrative framework within which participating units (schools, colleges, or departments) can compensate faculty according to the competitive requirements of academic disciplines. Specific goals of this Program are:

- a. To leverage non-state-appropriated funds to recruit and retain outstanding faculty.
- b. To encourage the appropriate mix of teaching, research, and service activities of the quality required by the University of California.
- c. To provide incentives that encourage and recognize significant contributions to the University mission.
- d. To offer consistent benefits and privileges to general campus faculty.

668-4 Definitions

- a) **Total Negotiated Salary:** The total negotiated salary will be comprised of the covered salary (for rank and step plus any off-scale component) and a negotiated salary component. Negotiations will be conducted annually to determine an individual's total negotiated salary for the following NSP period;

these discussions begin with the participating faculty member and the department chair and recommendations are forwarded to other reviewers as outlined in 668-6.

The scale and off-scale component are covered under the University of California Retirement Plan (UCRP) up to the amount permissible under law and in accordance with UCRP provisions and regulations. The negotiated component of salary is not covered compensation under UCRP but may be subject to an employee/employer matching contribution to the University's Defined Contribution Plan (DCP). [A DCP process for NSP is being developed during fall 2011.] All compensation paid by the University under the NSP will be subject to Federal and State withholding and reported on a W-2 form as wages in accordance with IRS regulations and University policies and procedures.

- b) **External Funding:** For the purposes of this policy, external funding refers to any non-state-appropriated funds, such as (but not limited to) endowment or gift income, professional degree fees, self-supporting degree fees, and contract and grant support. Campus implementation plans will detail which external funding sources can be used in support of this program.
- c) **Good Standing:** The definition of Good Standing includes, but is not limited to, meeting teaching, research, and service obligations as defined by the unit implementation plan, and compliance with all applicable University policies, procedures, and training requirements.

668-6 Responsibility

The overall goals of the program are to position the institution to excel and to increase flexible funding for the units involved. Responsibility for the excellence that generates non-state-appropriated funds rests at all levels.

- a) Faculty members are responsible for remaining in Good Standing and for exemplary contributions to the University mission, e.g. external recognition, research dissemination, educational innovation, and the generation of non-state-appropriated funding to support faculty activities. To participate, faculty members submit a proposal to the department chair.
- b) Department chairs are responsible for evaluating faculty proposals and for verifying that faculty members are making significant contributions to the University mission.
- c) Review of a total negotiated salary is determined according to campus policy and practice and may include review by the Committee on Academic Personnel (CAP), in accordance with established campus practice.
- d) Deans are responsible for reviewing and endorsing individual faculty proposals and for assuring that appropriate resources are available for the total negotiated salary. The dean is responsible for determining whether a faculty member is in Good Standing after input from the department chair and the faculty member. Any faculty member who is determined not to be in Good Standing must be provided with written information regarding how to return to Good Standing.
- e) Executive Vice Chancellors/Provosts are responsible for approving faculty proposals. This authority may be re-delegated.
- f) Chancellors are responsible for managing the negotiated salary program at the campuses. This authority may be re-delegated.

668-10 Criteria

a) **Implementation Plans**

An implementation plan must be developed and approved for each participating unit and its faculty. Implementation plans will include a limit on the percent of salary for the total negotiated salary and the percent required to establish the contingency fund, in addition to the following:

1. Process and timing for soliciting, receiving, and reviewing faculty proposals.
2. Process for evaluating faculty proposals.
3. Method for predicting and defining the appropriate stability of the Program.
4. Management of the contingency fund that supports the Program.
5. Process for consulting with faculty on the development of Good Standing criteria.
6. Approval hierarchy.
7. Notification and documentation process.

b) **Determination of the Total Negotiated Salary**

The total negotiated salary for each faculty member will be recommended by the appropriate dean after consultation with the department chair and before or after consultation with CAP (on campuses where CAP has input into salary

recommendations). Each proposed total negotiated salary must be based on past performance and current responsibilities. It is not based solely on the availability of funds. See APM - 668-6 for approval responsibilities.

The funding must be derived from a stable source, paid in accordance with any related fund source restrictions, and sufficient to include the related benefits costs. The funding source(s) must be secured or scheduled by June 30 of the year prior to implementation of the total negotiated salary.

c) Maintenance of the Total Negotiated Salary

Total negotiated salaries are effective for a one- or two-year period corresponding with the University fiscal cycle of July 1 - June 30. Once a total negotiated salary has been implemented it must be maintained for that period. No changes or retroactivity may be approved. Even when State funds are released and effort is supported by external funds, in no case will a faculty member's State-funded covered salary be permanently reduced as a result of participation in this Program.

d) Regular Duties

Participation in this program may not disrupt the required balance in duties or otherwise negatively impact a faculty member's regular research, teaching or service obligations. Teaching done as a part of the standard course load would not make a faculty member eligible for the NSP.

668-14 Eligibility

Faculty members who are in Good Standing are eligible to apply for participation in the Negotiated Salary Program provided all other conditions of the campus plan are

met and provided their unit has a plan. Faculty members who are participating in the Health Sciences Compensation Plan may not participate. A participating unit may adopt the plan for all faculty members through a process established in the implementation plan document.

668-16 Limitations

External consulting and other externally compensated activities are permitted in accordance with APM - 025, Conflict of Commitment.

The Chancellor must establish a campus or school maximum percent of total negotiated salary and the percent required to establish the contingency fund.

If a faculty member transfers from one UC campus to another, s/he must renegotiate his/her salary according to the implementation plan at the new campus.

668-24 Authority

The Chancellor has authority to determine whether the campus will participate in the Negotiated Salary Program after consultation with the campus Academic Senate and Executive Vice Chancellor/Provost.

The Chancellor has authority to approve NSP implementation plans and any modifications or limits to the total negotiated salary component.

The above authority may be re-delegated.

668-96 Reports

This policy will be evaluated by the Office of the President at the end of three years to ensure that its goals are being met.