

University of California

Report on Health Sciences Faculty and the Health Sciences Compensation Plan

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Background¹

Health sciences education occupies a special place in American higher education with unique functions and responsibilities. In medical education, the orientation to clinical practice, essential to the teaching function, requires an emphasis on sophisticated patient care, in addition to an emphasis on research and the advancement of knowledge. In dentistry, nursing, pharmacy, and other health sciences education as well, clinical teaching is integrated with basic science and applied research. The University of California is committed to excellence in instruction, research, and public service in the health sciences just as it is committed to the same goals in other academic disciplines. As a public university in California authorized to grant professional degrees in the health sciences, the university has a responsibility to the state, the public, and its students to maintain the breadth and depth of its curricula, the creativity of its research efforts, and the quality of its health care services.

To ensure the level of excellence essential in the University of California, special effort is exerted to recruit and retain the best and most dedicated faculty. Special compensation plans have been developed at UC since 1965 to provide for quality across academic programs in the health sciences disciplines. These health sciences compensation plans have been created to offer a competitive salary structure and the framework within which the University attracts and retains outstanding faculty while maintaining a balance among teaching, research, and service, including clinical practice.

Health sciences disciplines require varying compensation levels in order to remain competitive with comparable schools across the country. However, because university health sciences schools share some common needs and operating requirements, in 1999, the University developed a uniform Health Sciences Compensation Plan (HSCP, the Comp Plan, or the Plan) to govern compensation arrangements and to account for compensation plan income to the university's schools of medicine, dentistry, nursing, pharmacy, and other health sciences units as approved by the Provost and Executive Vice President for Academic Affairs. The primary purpose of the Plan is to manage and hold in trust the professional income generated by its faculty, which is redistributed to the school, the departments, and to the faculty. The implementation, administration, and continued operation of the Plan is contingent on the understanding and assurance that it will not require the expenditure of more state-appropriated funds in the university budget than operation without the Plan would require.

Campus and Faculty Profile

There are 17 health sciences schools in the University of California, 13 of which participate in the Health Sciences Compensation Plan (see Table 1). Health sciences faculty represent 43 percent of all faculty FTE at the University of California.²

The health sciences schools use the entire array of faculty titles available, which include the Professor In Residence, Professor of Clinical (*e.g., Medicine*), the Health Sciences Clinical Professor, and the Adjunct Professor title series, all of which are ineligible for tenure, and by policy, may be funded only 50% or less from state funds, with the balance funded by clinical income, extramural contracts and grants, and gifts and endowments.

As of October 2015, there were 17,694 total faculty FTE, of which 43% or 7,575 FTE were health sciences faculty. Of the 7,575 total health sciences faculty FTE, 1,641 FTE, or 22%, were tenured, tenure-eligible, or recalled from the Professor series (see Table 2).

¹ Philosophy, Appendix A, APM - 670, Health Sciences Compensation Plan

² October 2015 CPS snapshot

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Table 1. UC Health Sciences Schools and Participation in the Health Sciences Compensation Plan

UC Campus	Health Sciences School	Health Sciences Compensation Plan (HSCP) Participation?
Berkeley	Public Health	No
	Optometry	Yes
Davis	Medicine	Yes
	Nursing	Yes
	Veterinary Medicine	No (Strict Full Time Plan) ³
Irvine	Medicine	Yes
Los Angeles	Dentistry	Yes
	Medicine	Yes
	Nursing	No
	Public Health	No
Riverside	Medicine	Yes
San Diego	Medicine	Yes
	Pharmacy	Yes
San Francisco	Dentistry	Yes
	Medicine	Yes
	Nursing	Yes
	Pharmacy	Yes

Table 2. Health Sciences Faculty FTE by Title Series Compared to all UC Faculty FTE

	Series	HS FTE	Total FTE	% HS
Senate Faculty	Professorial - Tenure	1,394.87	7,496.47	19%
	Professorial - Recall	99.86	147.94	68%
	Professorial - Non-tenure	145.87	1,408.42	10%
	Professor of Clinical X	982.10	983.01	100%
	Professor in Residence	924.51	945.24	98%
	Lecturer with PSOE and SOE	5.00	236.21	2%
	Acting Professor	5.44	47.61	11%
		Sub-total	3,557.65	11,264.91
Non-Senate Faculty	Lecturer (Unit 18)	65.44	2,105.29	3%
	Health Sciences Clinical Professor	3,155.46	3,158.12	100%
	Adjunct Professor	769.97	983.20	78%
	Visiting Professor	26.11	182.72	14%
		Sub-total	4,016.98	6,429.34
All Faculty	Total	7,574.63	17,694.25	43%

³ The Strict Full Time Plan was instituted in 1972 for all health sciences schools, and replaced over the years by other variations of what would become the Health Sciences Compensation Plan in 1999. By action of the Regents, Veterinary Medicine was approved to continue participation in the Strict Full Time Plan, which allows participation in outside professional activities when all earnings derived from those activities are deposited to the Plan in exchange for a salary scale that is higher than that of the Professorial Fiscal Year salary scale.

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APM - 670, Health Sciences Compensation Plan (HSCP)

Policy

APM - 670 governs the salary and benefits programs and accounts for the Compensation Plan income with which the participating health sciences faculty are compensated for education, research, and patient care activities. HSCP faculty members hold appointments greater than 50% time that are funded by a HSCP unit. Income earned by HSCP faculty as a result of academic and professional activities accrues to the campus or school HSCP, not to the individual. Such income is paid into a dedicated Health Sciences fund account. Professional fee income may be combined with funds from other sources, e.g., extramural contracts and grants, gifts, endowment income, and/or consulting fees, to provide for the additional compensation. Provisions for compensation, accountability, disbursement of funds, and contingencies, are defined in the specific school or campus HSCP Implementation Procedures that are reviewed and approved by the Provost and Executive Vice President for Academic Affairs. Once the HSCP Implementation Procedures are approved by the Provost, the campuses or schools may allow individual departments to create HSCP Implementation Procedures that may be more but never less restrictive than the approved campus/school HSCP Implementation Procedures or APM - 670.

Responsibility

The **Regents** approve, amend, and may repeal the HSCP and any other compensation plans developed in addition to the HSCP.

The **Provost**:

- Approves the inclusion or exclusion of a health sciences school, discipline, or specialty in the HSCP
- Approves campus and school Implementation Procedures within the limits of the HSCP
- Issues administrative regulations and procedures

The Provost consults with **Academic Senate** committees before submitting revisions to the Plan to the Regents. The appropriate division of the **Academic Senate** and other committees review and comment on Implementation Procedures and any proposed exceptions to the Implementation Procedures which the Chancellor intends to submit to the Provost.

The **Chancellor** has operational authority to:

- Develop, implement, and monitor campus procedures, subsequent to approval by the Provost
- Assure that HSCP participants and Academic Senate committees have the opportunity to review and comment on proposed campus Implementation Procedures

The **Dean** approves scale assignments that are recommended by the **Department Chair**, who once per fiscal year, provides each faculty participant a written notification of the faculty member's total annual compensation.

A school-specific **Advisory Committee** that includes Senate and non-Senate faculty members representative of the disciplines and faculty series participating in the Plan is established to review and comment on proposed Implementation Procedures, assist the Dean in resolving issues that may arise from implementing the Plan, such as reviewing Good Standing criteria, resolving issues related to scale assignments, and hearing faculty grievances.

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Salary components and fund sources for HSCP participants -- the X, X', Y, and Z components

HSCP faculty receive a base salary (X and X' components) and may be eligible for negotiated additional compensation (Y component), plus, if appropriate, incentive/bonus/outside consulting compensation (Z component). Generally, off-scale salaries are not awarded to HSCP faculty.

Base salary or X and X' components of pay. Base salary is the approved rate on one of the 10 HSCP Salary Scales, Scales 0-9, associated with the faculty member's academic rank, step, and Academic Programmatic Unit (APU). An APU is a grouping of faculty within a specific discipline who have similar clinical, teaching, and/or research responsibilities. APUs are proposed and created by the campus or school, a responsibility oftentimes delegated to the department chair for the dean's approval. Each APU is assigned to one of the 10 HSCP Salary Scales. Scale 0 (X) is equal to the Professorial Fiscal Year Salary Scale for general campus faculty. Scales 1-9 (X') are higher than Scale 0 (X) by an established factor: Scale 1 is 1.10 times the value of Scale 0; Scale 2 is 1.20 times Scale 0; and so on, however, the factor is not always based on a 10% increment. X' represents the differential between Scale 0 and the faculty member's HSCP Salary Scale assignment (1-9). Base salary for faculty assigned to APUs and HSCP Salary Scales above Scale 0 is composed of X and X'.

No state funds may be used for any component of compensation beyond the University's fiscal year salary scale, i.e., beyond Scale 0 or X. Compensation above Scale 0 (X) must be funded from HSCP and other non-state funds, the use of which must be in compliance with any associated fund source restrictions.

Negotiated additional compensation or the Y component of pay. The component of pay beyond base or (X,X'), if any, is the negotiated amount of additional compensation known as the Y component. Additional compensation is any compensation (other than an administrative stipend) paid to a HSCP faculty member by the University in excess of the faculty member's full-time salary. The Y component is negotiated annually, based on the recommendation of the department chair or dean, and approved by the dean. Factors that may be considered when determining negotiated additional compensation include academic performance, quality of work, and productivity in the areas of teaching, scholarly activity, clinical activity, research, and service. The Y component is paid to faculty through the University payroll system. It is subject to federal and state withholding and it is reported on a W-2 form as wages. The Y component of pay is above base pay and is not considered covered compensation for UCRP (or the 2016 defined contribution supplement or retirement option). On some campuses, the Y component may be eligible for optional disability and life insurance programs.

Incentive/bonus compensation or the Z component of pay. HSCP participants may earn additional incentive or bonus compensation above base salary (X,X') and negotiated additional compensation (Y), which is known as the Z component. A major factor in determining incentive/bonus compensation is revenue generation from consulting, expert witness fees, clinical fees, and other types of revenue-generating professional activity. The Z component is negotiated annually with the department chair or dean. The Z component is paid to faculty through the University payroll system. It is subject to federal and state withholding and it is reported on a W-2 form as wages. Z compensation may be paid on a monthly, quarterly, semiannual, or annual basis, as specified in department/school/campus Implementation Procedures. It is not considered covered compensation for UCRP (or the 2016 defined contribution supplement or retirement option).

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APM - 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants

The fundamental principle of the HSCP is that the University provides HSCP faculty with compensation above the level of the University base salary, in return for which the University and HSCP schools obtain the full-time professional services of the faculty member. Therefore, HSCP faculty recognize that all of their professional services are owed to the University. Income generated by HSCP members is managed by, accounted for, and reported as revenue to the University, with the exception of honoraria, prizes, royalties, and administrative stipends. Earnings derived from outside professional activities are deposited to the school Plan fund accounts, and may be returned to the faculty member as Y or Z payments under specific terms of the department/school/campus Implementation Procedures.

HSCP faculty can engage in outside consulting and other activities in accordance with University policies, and specifically, in accordance with the terms of APM - 671. The policy provides guidance to identify and manage outside professional activities in order to avoid conflicts of commitment. Equally important is the acknowledgement that faculty engage in outside professional activities to cultivate scholarly, professional, and creative competence in service of the University's teaching, research, clinical care, and service mission. The general intent is to ensure that when a faculty member participates in activities outside of the University, the activities do not interfere with fulfilling the individual's responsibilities to the University. Outside professional activities that interfere with a faculty member's professional obligations to the University constitute a conflict of commitment. As APM - 670 makes clear, the success of the academic and clinical enterprise is dependent on the productivity and revenue generation by all Plan participants. Also, APM - 670 stipulates special conditions for clinical work, in particular that all clinical income is due the Plan and that in no case will Plan participants be allowed to retain income from patient care (clinical) activities. These principles and practices in APM - 670 carry through into APM - 671.

APM - 671 provisions include the following, which must be specifically defined in department/school/campus Implementation Procedures:

- 1) a minimum of 21 days and a maximum of 48 days annually to engage in outside professional activities
- 2) a maximum annual outside professional earnings threshold of \$40,000 or 40% of the fiscal year base salary scale (Health Sciences Compensation Plan Salary Scale 0), whichever is greater, a threshold that the Provost may adjust periodically
- 3) a preapproval requirement after either the time or earnings threshold has been reached
- 4) taxation for the first \$40,000 earned as well as subsequent earnings
- 5) the types of activities for which time limits and income earned count toward the approval thresholds.

Management and Reporting of Professional Service Income and Expense

All professional services income generated by HSCP members is managed by the University, with the exception of the maximum \$40,000 annually or 40% of Scale 0 that may be retained by faculty members under certain conditions. Department/school/campus Implementation Procedures must include attestations of the following (and others as specified in APM - 670 and APM - 671):

- all income generated by HSCP participants are managed by, accounted for, and reported as revenue to the University

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- department/school/campus Implementation Procedures include billing and accounting procedures necessary to ensure accountability of funds
- all financial transactions are handled in accordance with University policies and procedures
- professional fee billing and collection activities are conducted by the University, or by external vendors with which the University has contracted for services; all fees are deposited with the University; all University policies and procedures must be adhered to and are subject to audit
- a contingency fund has been established in the event of shortfalls

Relevant Policies

- [APM - 670, Health Sciences Compensation Plan](#)
- [APM - 671, Conflict of Commitment and Outside Activities of Health Sciences Compensation Plan Participants](#)
- [UC Accounting Manual, Health Sciences Compensation Plans, Chapter H-214-75](#)