

Appendix 1. Faculty Compensation Plan (Base, Supplement, Incentive - BSI)

COLORADO SCHOOL OF PUBLIC HEALTH

FACULTY COMPENSATION PLAN POLICIES AND PROCEDURES

A. Background

The School requires a faculty compensation system that allows salary adjustments for potential reductions in funds available to the School, and to reward faculty appropriately for increased productivity when additional funds become available. Such a plan has been approved by the Regent's as the "Alternative Compensation Plan for the Health Sciences Center Schools". BSI allows the School to spread the financial risk appropriately and minimize termination of faculty in the case of financial exigency. The flexible system will also allow significant salary increases when the funds are available without obligating the School indefinitely. Thus, BSI provides necessary flexibility at the time when the funds available to the School may fluctuate substantially from year to year. The capacity to lower salaries will not avoid the option to terminate non-tenured faculty in case of School or Departmental financial problems. However, it should substantially decrease the number of such terminations and thus help preserve the academic character of the School.

The School expects that compensated faculty will strive to maintain an agreed upon percent of their base plus supplement salary from grant, contract, consulting or clinical sources, as outlined in the faculty workload expectations. The "target percentage" of grant, contract, clinical/practice, and consulting income is subject to change and must be approved by the Chair (Division, Section Head) on an annual basis. Failure to meet the "target percentage" agreed upon for individual faculty may result in no salary increase or a decrease in subsequent years.

B. Policies

1. All paid faculty at the rank of instructor or higher in all departments will participate in the BSI Salary Plan. The normal salary for tenured and tenure track faculty at the rank of assistant professor or above will include a Base and Supplement component. The normal salary for instructors and senior instructors, clinical/teaching track and research series faculty will include a Supplement component only. Incentives may be provided under School policies, but are not guaranteed from year to year. Faculty members who participate in the Plan will not be eligible for the 1/6th rule.
2. The total salary will be considered the base plus supplement components. Base salary and State funding are separate entities under this plan. BSI is applied uniformly to all faculty members; however, BSI does not involve the assignment of State dollars in any way. The sources of the funds that make up the Base for any individual are not explicitly defined, but derive from any combination of State appropriations, tuition, clinical income, grants/contracts or other available revenue.

3. The base component should be set annually by an objective and verifiable formula. The base must not yield a school-wide average dollar amount for the base component that is greater than 80% of the national school-wide average salary of ranked faculty.
4. Each faculty member will be notified each year in writing of the various (BSI) components of his/her salary for the subsequent fiscal year as part of the normal budget process. The supplement is subject to re-evaluation each year.
5. Consistent with University policy, individual salaries and salary increases will be based on merit, the individual's total contributions to the School, and the availability of funds.
6. There will be no maximum (cap) on the salary increase a faculty member may receive in a given year, however, as a general guideline, salary increases should not exceed 15%.
7. The maximum decrease in salary allowed in a given year will be 15%, unless a decrease of more than 15% is reviewed and approved by the Dean and the Chancellor. No faculty member's salary may be decreased below his/her individual Base level except in cases when the Board of Regents decides to reduce faculty salaries.
8. The commitment of a Base salary component extends only for the length of a faculty member's contract (at-will for faculty on at-will appointments; time limited for non-tenured faculty; indefinite for tenured faculty), subject to any Regent resolution or policy that changes University salary commitments.
9. The base component, approved for each tenured faculty member, will be the annual salary recognized by the University with respect to compensation associated with tenure status.
10. For faculty members with "split" appointments or with appointments less than full-time, the base component shall be prorated to reflect the percentage of salary supported by the school. "Split" appointment is defined as faculty with employment by more than one school within the University of Colorado System or employment by an affiliated institution such as the Veterans Administration or National Jewish Medical Center. Faculty at partner institutions are not eligible for the BSI plan.
11. Retirement benefits and the salary used for grants will be calculated based on total salary.
12. Fiscal constraints may result in freezing the base or delaying a base adjustment in any given year. The Dean is responsible for making a determination of when the base should be adjusted due to fiscal constraints.
13. The BSI Salary Plan will be reviewed as necessary, and at least once every five years.
14. Additional Compensation for Consultative Activities

Income from various types of consulting or medical/legal work may be applied to the incentive component of salary or placed in a faculty development account following

University Rules on Additional Compensation and the policies described herein. These monies must be earned within a time commitment of no more than ~10%, one-half day/week of the Faculty member's time, not in extended blocks. Exceptions may be approved in writing by the Chair (Division, Section Head). All consulting activity and financial reimbursement for these activities must be reported to the Department Chair.

15. Clinical Practice

Any faculty member with a primary paid appointment in the School who wishes to practice clinical medicine must also have a secondary appointment in the School of Medicine, through which such practice will be conducted. Policies regarding clinical practice are outlined in the Memorandum of Agreement with the School of Medicine, dated February 2008. Salary derived from clinical income will be used to cover a portion of the base, supplement, or incentive portions of salary as agreed upon annually between the School of Medicine and School of Public Health department chair (Division, Section Head).

14. Approval and Amendments to Plan

Faculty compensated by the School may vote on the plan and must approve it by a two-thirds (2/3) vote. In case of faculty concerns with the BSI system, a faculty meeting may be convened at the request of at least three School faculty members on the University payroll. A request to change the School BSI plan will require a quorum of half plus one of compensated School faculty members and a simple majority vote. The Dean or designee will then proceed to propose appropriate changes in writing that will require approval by a two-thirds (2/3) vote of the compensated faculty.

C: Procedure

1. Base Salary Component

- a. Each tenured or tenure track faculty member at the rank of assistant professor or above will have a Base salary component as defined below. The Base will equal 70% of the average salary (base plus supplement) of the prior year of all non-clinical tenured or tenure track basic science faculty in the School of Medicine (per the Rules of the School of Medicine then in force) and also including all tenured or tenure track faculty in Departments of the School by rank. The base component for each faculty member will be re-adjusted each year based on Regent and University policies pertaining to annual salary adjustments. The Base Salary does not include benefits which are calculated based on total salary.
- b. Instructors and senior instructors, and faculty of any rank in the non-tenure tracks (clinical/teaching, research series, clinical) will not have a Base salary component, in recognition of the very diverse range of employees this group encompasses.

2. Supplement Salary Component

- a. Each faculty member at the rank of instructor or above will have a Supplement component to their salary. For tenured or tenure-track assistant professors and above, the difference between the faculty member's current salary and Base salary as defined above will be the Supplement. For instructors, or faculty in the non-tenure tracks, the Supplement will be the faculty member's current salary, since they will not have a Base component.
- b. The sources of funds for the supplement component can include all funds available to the school that are eligible for use as faculty compensation consistent with Campus, University, State and federal fiscal rules.
- c. The Supplement will be determined annually for the subsequent fiscal year and will be based on merit - i.e., the faculty member's contributions to the division, the department and the School; his/her accomplishments in teaching, research clinical work, administrative activities and service; and on the funds available.
- c. The Compensated Faculty of the School, by simple majority vote, will develop guidelines for development of the Supplement component of salary, consistent with the missions of the departments and the School. The guidelines will be submitted to the Dean for review and approval.
- d. As part of the normal budget process, and before July 1st of each year, the Supplement component for each faculty member will be submitted to the Chancellor for his review and approval. Pursuant to Section 23-5-117 of the Colorado Revised Statutes, the Regents now delegate to the Chancellor of UCD the authority to approve the Supplement component of faculty salaries.
- e. There will be no upper cap on Supplement increases in a given year; however, total salary should not be increased more than 15% a year as a general guideline.
- f. Total salary may not be decreased more than 15% in a given year unless a decrease of more than 15% is reviewed and approved by the Dean and the Chancellor.
- g. Administrative stipends for valid administrative duties will be included in the Supplement but will end when the person leaves the administrative position and are subject to change from year to year depending on the nature of the administrative duties. Therefore, the 15% limitation on increases and decreases described in the preceding paragraph will not apply to administrative stipends. It is noted that administrative positions are "at will" positions.
- h. Salary Decrease/Bridge Funding

Continued salary support from the School at the prior fiscal year's level is dependent on the availability of extramural, and clinical/practice funds to individual faculty members to cover the Supplement portion of their salary. If such funds are not available to the faculty member, a Department may, for two years, maintain their salary at the level received during the fiscal year in which the faculty member lost extramural or clinical/practice support, dependent upon the availability of School or department funds. If, at any point during the

two-year period, the faculty member recovers funding, he/she is immediately responsible for resuming the portion of his/her salary according to School and department guidelines.

If extramural support (i.e., grants and contracts) is not recovered within a two-year period, the faculty member, at the discretion of the Chair, will be subject to salary reduction in accordance with the BSI Plan guidelines. The same performance criteria which are considered to justify maintenance or increase of the supplement level will be considered in decisions to decrease a supplement, whether to an individual faculty member based on performance, or to multiple faculty based on budget shortfalls. In the event of a disagreement between the faculty member and the Chair regarding the decrease in supplement, a grievance committee consisting of 3 senior faculty from the department will be formed to review the rationale for the decrease in supplement. This committee shall advise the Dean on the issue. The Dean's decision is final and cannot be appealed.

3. Incentive salary component

- a. The Compensated Faculty of the School, by simple majority vote, will review and approve guidelines for the Incentive component of salary, consistent with the missions of the departments and the School. The guidelines will be submitted to the Dean for review and approval. Incentives will be provided with no guarantees from year to year.
- b. Consulting and Medical Legal Activity

A University of Colorado employee who wishes to engage in external professional activity for pay during his or her appointment period must process all such consulting and medical/legal activity not otherwise exempt (as defined below) through the School, with approval of the department Chair and following the policies and procedures of UCD. Such approval allows the faculty member to be covered under the University's liability program, unless otherwise noted in any written agreement. The employee also must provide satisfactory assurances that such activity will not interfere with employment obligations to the University, result in a possible conflict of interest or conflict of commitment nor exploit improperly the responsibilities and work or ideas of students, staff, and collaborators. The department chair shall inform the Dean (or next level of review) of all disclosures.

A University employee who accepts a consulting assignment for compensation from a non-University person or entity shall not use University resources without prior written approval of his or her department chair and appropriate reimbursement for use of such resources in concordance with conflict of interest and commitment policies at each of the Universities.

Consulting and medical/legal work are defined as:

- i) Consultation fees and retainers for educational, scientific, technical or other types of professional service.
- ii) Fees for medical/legal work such as the provision of depositions, expert opinion or expert testimony or the review of medical records.

iii) Payments for editorial services; authorship of articles, pamphlets, books or book chapters; review of manuscripts; service on corporate (for profit) boards.

iv) Payments from educational institutions, private companies, hospitals, health maintenance organizations, insurance companies, other third-party payers, state or local agencies, or other institutions for clinical, educational, scientific, technical or other types of professional service.

c. Distribution of incentive

Faculty who generate income through this mechanism must have prior written approval by the Chair (Division, Section Head) for more than \$10,000 in incentive income during an academic year. Failure to receive prior written approval may result in loss of incentive bonuses over \$10,000. If target percentages are not met for annual income percentages, consulting income must first be used to cover salary, before being used for professional development or incentive.

Disbursement of consulting income:

- i) Program Operation Costs: Five percent (5%) of gross income will be assessed to fund personnel and supplies for administration of the consulting activities. Any changes to the amount of this assessment may be recommended by the Dean and approved by the Executive Council.
- ii) A Department Enrichment Fund (DEF) may be established by simple majority vote of Departmental faculty and may specify a percentage of consulting income (no greater than 45% of gross income) to be placed in it. Uses of this Fund will be determined by Departmental faculty and approved by the Chair in accordance with University Policies.
- iii) The remainder of the income will be allocated to the individual faculty member as additional, taxable compensation or may be placed in a faculty development account.

iv) Faculty Development Accounts

Development accounts must be used in compliance with UCD fiscal policies, and assets purchased with these funds will become assets of the University under applicable rules then in force. Policy permits usage of faculty development funds for: business-related personal travel (not by a family member), registration fees, memberships, subscriptions, books, presentation preparations, reprints, travel and relocation expenses associated with sabbaticals, calendars, software, individual or special projects (including expenses for student or staff), equipment (not for general use) and maintenance and insurance. Professional licensure fees and Board examination costs are not reimbursable by University policy unless required by the job description. Members will be required to state their preferences regarding disbursements prospectively.

Regardless of the source of income, the amounts or percentage of an individual faculty member's incentive funds that are to be put into a development account must be established before the money is received, and approved by the Chair (Division, Section Head) in writing. Once the funds are placed into the faculty development account, the member can not take the funds as salary incentive or any other form of remuneration. Monies can only be placed in a faculty development account if the target percentage from grants and contracts is met for the year. Targets will be evaluated at the end of the year prior to transfer of monies to development accounts.

d. Exempt faculty activities

The following categories of activities will be exempt from the purview of the BSI Plan for the uses of incentive income:

- a) Gifts as defined in the University of Colorado Denver "Fiscal Policy for Accounting for and Deposit of Gifts through the CU Foundation".
- b) Sponsored research projects.
- c) Monetary prizes and awards recognizing meritorious accomplishments. The sponsor of the prize or award must have a published description of its criteria and selection process for this exemption to apply.
- d) Compensation received during a sabbatical, military or certain other approved leaves of absence.
- e) Income from royalties, licensing fees or the sales of patents and other types of intellectual property. Distribution of income of this nature will be governed by separate University of Colorado policies.
- f) Honoraria

Honoraria, are defined as one-time payments for lectures, articles, visiting professorships, study sections (e.g. NIH, NSF, not-for-profit health agencies), and service on boards for non-profit corporations. Such honoraria are not part of the BSI plan and may be retained directly by the faculty member, who is responsible for all applicable federal and state taxes. The Chair (Division, Section Head) must review honoraria payments not meeting the requirements. Should there be a grievance between the faculty member and the Chair, the Dean shall provide the faculty member with a written decision that is final, conclusive, and binding. The decision of the Dean is final and cannot be appealed.

Policies regarding honoraria paid by the University to employees or external persons are found in University of Colorado Administrative Policy Statement (October 1, 2007).

e. Salary obligations to faculty at affiliates

Faculty at affiliates (other than Partners) receiving some portion of their salary from the School will be clarified on a case by case basis by relevant Department. Once such clarification is made, a letter will be sent to the faculty member that will outline the commitment and the various salary components. The letter will be countersigned by the Department chair, the Dean and the faculty member. As applicable, the BSI Salary Plan will be used. (In no case will the Base exceed the Base used for other faculty at the same rank as defined below.) For new faculty at affiliates receiving partial salary support from the University, the letter of offer will detail what, if any, continuing salary obligations exist from the University and in what way components are involved (i.e., Base or Supplement).